

**Investigating marketing factors that influence customer  
loyalty in the sports betting industry.**

by

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## **DECLARATION**

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### **Investigating marketing factors that influence customer loyalty in the sports betting industry.**

I declare that this dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged through complete references.

I further declare that I submitted the dissertation to originality checking software and that it falls within the accepted requirements of originality.

I further declare that I have not previously submitted this work, or part of it, for examination at the University of South Africa (UNISA) for another qualification or any other higher education.

**Signature:**



**Date:** October 2021

## **DEDICATION**

This master's dissertation is dedicated to my beautiful wife, Carol Mkunga Madoro, who has been a source of encouragement to stay focused regardless of the many challenges that came my way. To my beautiful two daughters, Cheryl and Cheryse, thank you for sacrificing playing time and allowing me to complete this project.



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## **Abstract**

This study was motivated by the current lack of empirical evidence to prove the relationship between factors influencing customer loyalty in the sports betting industry. The researcher was interested in investigating customer loyalty factors (bookmaker trust, effective complaints handling, loyalty programmes, effective communication, and customer satisfaction) that might have led to the uneven distribution of the market share among bookmakers in Gauteng.

A quantitative research approach was employed and the convenience sampling method used for this study comprised respondents that were provided on a database by Osmoz Consulting. A total of 385 valid responses from participants aged between 18 to 65 were collected using an online questionnaire and all racial groups were included regardless of their gender. A descriptive and standard multiple regression directed on IBM Statistical Package for Social Sciences (SPSS) was used.

This study found that all the five factors have a significant positive influence on customer loyalty. However, trust and effective complaints handling were the main factors influencing customer loyalty. Bookmakers are encouraged to focus on improving trust and ensuring effective handling of complaints. Management in the sports betting industry should invest more effort in ensuring that complaints are effectively handled, and trust between bookmakers and bettors is greatly improved. This research was done in Gauteng only and this is the main limitation to this study.

## **Key Terms.**

Customer loyalty, loyalty programmes, trust, effective complaints handling, customer satisfaction, effective communication, bettors, sports betting industry



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# CHAPTER 1.

## ORIENTATION OF THE STUDY

### 1.1. Chapter Introduction

This chapter introduces the entire study and comprises the background to the study, the problem statement, and research objectives. It highlights the significance of the study to both management in the sports betting industry and academia. Further, it highlights limitations to the study and defines key terms used. An outline of the research methodology for this study is also presented, while a detailed methodology is discussed in chapter 3.

### 1.2. Background

Sports betting in South Africa has grown to become the second most popular mode of gambling after casinos (Sangoco, 2019). A report by the National Gambling Board (2017) discovered that South Africa is one of the leading betting countries in the world, with just less than one third (30.6%) of 18 years and older people having participated in one mode of gambling or another in the year 2016. According to the figures released by Stipp (2019), sports gambling gross revenue in South Africa grew from R2,7 billion (US\$185 million) in 2010 to around R6,8 billion (US\$462 million) (forecast) in 2019. Nienaber (2016) says that reasons for the growth of the sports betting industry in South Africa are unknown and therefore cannot be attributed to marketing since the legal environment is not in favour of advertising and/or promotion of any gambling activities. The Gambling Act (2004) effectively renders most of the common traditional marketing factors proved to be effective in other countries legally inapplicable in South Africa.

Nonetheless, betting companies must do their best to build long-term customer loyalty with this industry's already available nomadic customers (Kotler et al., 2017). Customer loyalty is critical in the betting industry, especially since there is limited capacity for product differentiation and very little price elasticity involved (Griffiths et al., 2017; Hing, 2014). Therefore, the need for betting companies to influence customers to consciously decide to be loyal to one bookmaker becomes essential (Ferreira et al., 2016). Consequently, customer loyalty has become the fulcrum of sports betting marketing in South Africa. However, available literature and previous studies on this subject do not relate to the South African context due to legal constraints (Hanss et al., 2015; Griffiths et al., 2017).

Several studies have indicated that customer loyalty is driven by customer satisfaction (which is itself a result of service quality), communication, loyalty programmes, organisational trust (credibility), among many other factors (Toyin and David, 2011; Ferreira et al., 2016; Kotler et al., 2017; Khadka and Maharjan, 2017). Therefore, it has become evident that research must be undertaken to investigate and ascertain whether these same drivers have the same influence on customer loyalty in the betting industry, particularly in South Africa; the extant literature is scant in this regard. The main objective of this study is to investigate marketing factors that influence customer loyalty within the sports betting industry.

### **1.2.1. Sports betting Explained**

Though betting can be addictive if left unchecked, bettors, in general, cannot be classified as a vulnerable group. However, within this group of bettors, there is another sub-group of people who develop an addiction to betting (gambling), called problem gamblers. This sub-group is the one that can be referred to as vulnerable. There is considerable debate

over the nature and cause of problem gambling, but it is understood to involve an uncontrollable urge to gamble, such that the persons involved cause significant harm to themselves and others (Nzimande et al., 2010).

The National Gambling Board of South Africa has put systems to ensure that bookmakers adhere to responsible gambling regulations (NGB, 2017). This effort involves identifying problem gamblers and blacklisting them. Therefore, the bettors who are allowed to gamble cannot be classified as a vulnerable group.

The study focused on recreational gamblers, who only place bets on social occasions with friends or colleagues. This constitutes most gamblers who bet on online lottery and sports or use formal betting shops (NGB, 2017). Note that this research is not intended to promote sports betting (gambling). Instead, it investigates the factors that influence customer loyalty in the sports betting industry with the hope that responsible authorities will also use these factors to try and control the spread of betting in South Africa, which, if left unchecked, leads to problem gambling. It is also relevant to note that the government licences bookmakers, and this makes the industry a legitimate sector that also contributes to the national fiscus.

The Australian Gaming Council (2012) refers to sports betting as the 'wagering on all types of local, national or international sports other than the established forms of horse and greyhound racing, whether conducted on or off course, or in person, by telephone or via the internet.' An almost similar definition is shared by Casinopedia (2019), which defines sports betting as the umbrella term used for the betting action involved with predicting a sporting event and placing a wager on the outcome of that event to win money. Unlike the Australian Gambling Council, Casinopedia (2019) mentions betting on horse races and car races as part of sports betting. However, the National Gambling

Statistics (2018) separates horse race betting from sports betting, even though they are both placed under one mode called 'betting'. Nonetheless, sports betting has grown to become one of the most popular modes of gambling in South Africa (National Gambling Statistics, 2018:7). Casinopedia (2019) alludes that in recent years, sports betting has extended to involve non-sporting events such as, among others, elections, beauty contests, and reality shows.

Betting on sports in South Africa was legalised in 1965 by The Gambling Act of 1965, when all other forms of gambling were officially banned (Sangoco, 2019). By then, only horse racing was the only sport that bettors betted on. After the South African government banned all forms of interactive gambling, betting on horse racing, football and rugby became very popular with bettors since it was the only form of gambling allowed by law (Sangoco, 2019).

The popularity of sports betting attracted many bookmakers into this industry, and since then, it has grown from strength to strength. By definition, a bookmaker is a company that takes bets, calculates odds, and pays out winnings (Oxford dictionary).

According to the figures released by Stipp (2019), sports gambling gross revenue in South Africa grew from R2,7 billion (US\$185 million) in 2010 to around R6,8 billion (US\$462 million) (forecast) in 2019. In their Financial Year (FY) ending 31 March 2018, the National Gambling Board of South Africa recorded that the biggest percentage growth in Gross Gambling Revenue (GGR) came from the sports betting industry, which reported an increase of 28.5% from FY2015 to FY2016, and 14.3% between FY2016/2017 and again increase by 20.7% at the end of FY2018 (National Gambling Statistics, 2018:7). This implies a considerable increase in the number of punters who are now trying their luck with sports betting (both online and land-based).



Licensing of bookmakers in South Africa is done by any one of the nine provincial Gambling Boards across the country in each province. As of 31 March 2018, Gauteng accounted for the highest number of licensed operational bookmakers (119), followed by KwaZulu-Natal (46) and Western Cape (37). In contrast, the highest number of licensed operational bookmaker outlets were in the Western Cape, which had 143 outlets (26.4%), followed by Gauteng with 119 (22.0%) (National Gambling Board, 2018:19). GGR from the sports betting industry increased from R3,46 billion from FY2014/15 to R6,14 billion by the end of FY2017/18 (National Gambling Board, 2018:21). The above figures are what motivated the researcher to carry out the study in Gauteng.

The provincial boards oversee all activities carried out by bookmakers, including the marketing aspect, which covers advertising and promotional activities (The Gambling Act, 2004).

Bestsportsbetting (2019) lists over 50 legal online and land-based betting shops in South Africa competing for the same customers. According to top100bookmakers.com (2019), the current top 10 betting companies in South Africa, in no particular order, are as follows:

Topbet, Betway, Sportingbet, Sunbet, Gbets, Hollywood, SportPesa, Supabets, TAB Online and World Sports Betting. Bettingtop10 (2019) gives an almost similar list but also includes popular casinos websites. Based on the number of estimated visitor traffic, Hollywoodbets boasts 54% of the online-market share, followed by Supabets and Betway with 11,5% market share each, leaving the rest of the bookies to share the remaining 33% (top100bookmakers.com, 2019). As a result, the researcher is interested in investigating customer loyalty factors that might have led to this uneven distribution of the market share.

Sports betting is done on two platforms, that is, land-based and online. Land-based sports betting, also known as brick and mortar or offline, is where bettors go to physical locations to place their bets. In contrast, online sports betting refers to the act of placing bets via websites and mobile applications (gamblingsites, 2019). Betstories (2017) states that land-based shops in the United Kingdom were reported to be leading in gross gambling yield by more than a 1.5 billion British pounds compared to online sites. However, according to gamblingsites (2019), with the advent of the internet and mobile platforms, sports betting exploded online as witnessed between 2009 and 2016 when online gambling grew from a reported 20 billion United States dollars to more than 40 billion annually, projected to grow to nearly 60 billion dollars in the next few years.

This section intended to give a view of what sports betting entails, so that it becomes easier for the reader to understand the industry under study.

### **1.2.2. Customer Loyalty in the sports betting industry**

Wohl (2018) discovered that betting companies mistake gambling problems (addiction) as loyalty, making it difficult to separate loyal customers from problem gamblers. Nevertheless, a study conducted in Italy by Calvosa (2016) concluded that only less than 18% of bettors are loyal to one particular bookmaker, with over 70% having unstable or polygamous loyalty to different bookmakers, and about 10% not showing loyalty to any bookmaker. However, the study did not investigate further the factors that drive loyalty in this industry, and this current study sought to close that gap.

### **1.2.3. Loyalty programmes in the Sports betting industry**

According to Wohl, (2018), the literature on sports betting loyalty programmes is scant. Most of the information discussed under this topic in this study was obtained from the sports betting sites and bookmakers reviewers' sites in South Africa.

Sports betting loyalty programmes are rewards provided to online bettors for consistently placing bets with the same bookmaker. Loyalty programmes for land-based (brick and mortar) shops are currently difficult to find in the sports betting industry (Wohl, 2018). There are several types of loyalty rewards programmes offered by bookmakers, but this study will only consider points, tiers, prizes, cash backs, enhanced odds, and free bets.

#### **1.2.3.1. Points**

Most bookmakers have a form of a points system. The actions that earn a bettor some points can differ significantly across bookmakers; they range from several measures including frequency of play, amount of money wagered, amount of losses, and the average amount wagered per bet (Davies, 2016). More often, different types of bets are worth different amounts of points, and it is common for bets with higher odds to be worth more.

#### **1.2.3.2. Tiers**

Various rewards programmes by many bookmakers are organised by tier. For instance, the more frequently a customer bets, and the more money they gamble with, the higher the level for which they will qualify. Minimum requirements for a tier can be based on points or the amount of money bet weekly or monthly. Higher levels will be privy to better prizes. Where cashback bonuses are available, the top tiers usually get the larger percentages back on losses. Some bookmakers also give a wide variety of things such as merchandise, free meals, gift cards, and trips, depending on how much they value a given tier of bettors.

#### **1.2.3.3. Prizes**

Under this loyalty programme, bookmakers reward their bettors with bonuses based on the bettor's activity (GamblingSites, 2019). Some bookmakers have a points-exchange programme in which a customer may trade their points for whatever merchandise or

reward is available. Other bookmakers enter their most loyal bettors in raffles or tournaments in which they can receive prizes ranging from cash, shirts, vacation packages, to even cars. For example, WSB offered chances for all-expenses-paid trips to a bettor and three friends to watch HSBC sevens in Cape Town from 14–15 Dec 2019 after they had deposited R200 or more into their betting accounts. Another example is that of Supabets, where the bookmaker enters its customers in draws to win prizes of R500 for predicting results of certain matches. Figure 1.1 below shows the use of loyalty programmes by one of the bookmakers in Gauteng.



**Figure 1.1.** Prizes as a loyalty programme in the sports betting industry (Source: Supabets Website, July 2020)

#### 1.2.3.4. Money-back bonus

Money-back bonus is another common loyalty rewards programme in the sports betting industry. Money-back on all losses is a reward that you can find most commonly in the tier-based rewards programme although there are also instances where cashback is only offered for set amounts of time. Under this programme, a bookmaker rewards a bettor with a free bet or a percentage of the amount the customer would have deposited or lost on the events wagered (Davis, 2016). Bettors that are after the money-back are drawn by the possibility of getting a portion of their losses back through these cashback

programmes. However, just like most other loyalty programmes, the worth of this reward depends entirely on how much a customer bets.

Below are examples of money-back loyalty programmes offered by some of the leading bookmakers in Gauteng, South Africa. Figure 1.2 below shows money-back examples offered by Supabets and Hollywoodbets, which are some of the leading bookmakers in the province.



Figure 1.2. Money-back loyalty programme.

#### 1.2.3.5. Enhanced odds/ boosters

According to GamblingSite (2019), some bookmakers select certain sporting events and offer higher odds on them than usual. These in-game rewards allow the bettor to, for example, move the odds for an event in a favourable direction for a single bet. Sometimes bookmakers will let a bettor drastically change a line and shift odds; for example, a **2/1** odds wager will be shifted up to **20/1**, but there is always a low maximum bet limit when this is allowed. Below is an example of a bet booster offered by Betway, which is one of the top bookmakers in Gauteng Province.

WIN **Boost**  
bet your way and boost your  
**MULTI BET WINNINGS**  
by up to **150%**

**Boost your Multi Bet winnings by up to 150%**

Boost your Multi Bet winnings by up to 150%. For each leg with odds of 1.2 or more added to your Multi Bet betslip, we'll boost your winnings. The more legs you add, the bigger your boost.

**Figure 1.3.** Bet booster (source: Betway South Africa)

**1.2.3.6. Free bets**

The most common loyalty programme offered by bookies to online bettors comes in the form of free bets. These bets may be rewarded at random when a bettor reaches a certain tier for holidays or account anniversaries. Most commonly, they are given out when bettors hit previously determined amounts of total money lost. Most bookmakers in Gauteng offer free bets as a welcome offer to newly signed-up online customers and on a bettor's birthday as a birthday present.

**1.2.3.7. Bonuses**

Unlike the other programmes discussed above that are meant to incentivise bettors to keep them coming back, the bonus programme aims to lure the bettor to the bookmaker's door (Litman, 2021). Bonuses carry fewer restrictions and stipulations compared to other programmes discussed earlier above. To encourage customers to stick around, free money that customers receive in deposit or sign up bonuses will have rollovers and requirements before the withdrawal of any money is approved, and this is less likely to be the case with rewards that customers would have earned through other programmes. There are different types of bonus programmes offered by bookmakers in Gauteng to try to gain loyalty from their customers.

The most common one is **deposit bonus**, and this usually comes with a maximum bonus limit. Supabets, WSP, and Playabet offer up to **R10 000** of this type of bonus to their customers. Figure 8 below shows examples of this kind of bonus.



**Figure 1.4.** Deposit bonuses by different bookmakers in Gauteng. Sources: Supabets; World Sports Betting; Betway; Hollywoodbets)

There is also what is termed as **sign-up-bonus** for new accounts that submit their documents for Financial Intelligence Centre Act (FICA) to have their accounts activated, and these range from R10 to R100.



**Figure 1.5.** Examples of sign-up bonuses offered by Supabets and Hollywood bets. Sources: Supabets; Hollywoodbets.

Another common type of bonus is the **multi-bet-bonus**, also known as the accumulator boost offered for betting on more than two sporting events. This bonus offers bettors a 'nice win' with a low stake.



**Figure 1.6.** Examples of multi-bet bonuses offered by bookmakers in Gauteng.  
**Sources:** Supabets; Holywoodbets; Betway,

### 1.3. Problem statement

The growth in the regulated gambling market, both online and brick and mortar shops, is accompanied by a continuous increase in the level of competition globally and South Africa (Calvosa, 2016; Gauteng Gambling Board, 2019). This growth has necessitated the need to build long-term loyalty with customers who are always moving from one bookmaker to another. The sports betting industry is very competitive, with over one hundred and twenty bookmakers registered in Gauteng alone, making the customer loyalty phenomenon critical (GGB, 2019). There is limited capacity for product differentiation and very little price elasticity involved in this industry (Griffiths et al., 2017; Hing, 2014). Therefore, the need for bookmakers to influence customers to consciously decide to continue betting with one particular bookmaker becomes essential. Consequently, customer loyalty has become the fulcrum of sports betting marketing in the country, given the gap between the market-share leaders and competitors. However,



studies that investigate factors influencing customer loyalty in the sports betting industry in South Africa are scarce (Nienaber, 2016). Therefore, this study aims to investigate these factors in South Africa.

## **1.4. Research objectives**

### **1.4.1. Primary objective**

The primary objective of this study was to determine the marketing factors that influence customer loyalty in the sports betting industry in Gauteng, South Africa.

### **1.4.2. Secondary objectives**

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

- To determine the influence of loyalty programmes on customer loyalty within the sports betting industry.
- To determine the influence of trust (credibility) on customer loyalty in the sports betting industry.
- To determine how service quality, with particular reference to complaints handling, influences customer loyalty within the sports betting industry.
- To determine the influence of effective communication on customer loyalty in the sports betting industry.
- To determine the influence of customer satisfaction on customer loyalty within the sports betting industry.
- To determine the main factors influencing customer loyalty in the sports betting industry.

## **1.5. Significance of the study**

This study intends to address the current lack of empirical evidence to prove the relationship between factors influencing customer loyalty in the sports betting industry.

It proposes a new model that has not yet been tested in relation to factors that influence customer loyalty as it relates to the sports betting industry in Gauteng, South Africa.

Moreover, the constructs in this current study have received limited attention regarding

how they influence customer loyalty, particularly in relation to the sports betting industry in South Africa.

Practically, the research could assist marketing managers in the sports betting industry to identify and understand the marketing factors that drive customer loyalty in the sports betting industry. This could help them concentrate on the actual factors that impact customer loyalty in the sports betting sector, rather than depending on loyalty drivers that proved to work in other sectors.

### **1.6. Research methodology**

Quantitative and qualitative research methods are the two main approaches that are often used in social science researches (Levitt et al., 2018; Leedy and Ormrod, 2013).

Qualitative Research is primarily exploratory and is used to understand underlying reasons, opinions, and motivations (Mohajan, 2018). In addition, qualitative research is also used to uncover trends in thought and opinions, and dive deeper into the problem.

On the other hand, quantitative research, employed in this study, quantifies the problem by generating numerical data that can be transformed into usable statistics and, at the same time, saving time and resources (Bryman, 2001 in Daniel, 2016). While this approach enables replicability, it also makes generalisation possible because of scientific methods used for data collection and analysis (Rahman, 2017). For that reason, it was selected as the best option for this study.

Since this research intended to investigate factors influencing customer loyalty in the sports betting industry, the use of a quantitative approach was more appropriate as compared to qualitative approach because the research relied on hypothesis testing and the researcher needed not to do intelligent guesswork, but to follow clear guidelines and

objectives (Lichtman, 2013:4; Wright et al., 2016). Above all, the main factor that motivated the choice of this approach is it guaranteed respondents anonymity, which is important since most gamblers are not comfortable having their gambling information exposed.

The research was based entirely on the positivism philosophy, which gives rise to quantitative methodology (Mukherji and Albon, 2014).

### **1.7. Research design**

According to Cooper and Schindler (2014), research design is a procedural time-based plan to outline every research activity. It is based on the research question and guides the selection of sources and types of information for specifying the relationship among study factors.

This study was carried out using the causal design, also referred to by Leedy and Ormrod (2013) as correlation. The research design is descriptive and answers the causality of customer loyalty in sports betting. Furthermore, this design allowed for the testing of the formulated hypotheses and confirming the covariation between the influencing factors and customer loyalty sports betting industry (Cooper and Schindler 2014). In addition, causal design is the best route to take if the research intends to look for asymmetrical causal relationships that are stimulus-response in nature, between factors (independent variable (IV) and dependent variable (DV)). The IV and DV in the current research are the influencing factors and customer loyalty, respectively.

This was the best design for this study because the intention was to test how different marketing factors influence customer loyalty in the sports betting industry in Gauteng.

## **1.8. Working population**

The actual number of people engaging in sports betting in South Africa is not known, but the National Gambling Statistics (2018) stated that slightly under a third of South Africans aged between 18 and 35 years engage in one form of gambling or another. Gauteng Province has a population of approximately 15.5 million people (Statistics South Africa, 2020).

Among the population, 64% (9.92 million) is aged between 18 and 65 years, and 32% (3.1 million) engage in one mode of gambling or another, bringing the working population to 3.1 million members. The target population was gamblers of all races between the ages of 18 years and 65 years regardless of their gender.

## **1.9. Sampling method**

Malhotra et al. (2017) noted that there are two sampling procedures which are: probability and non-probability sampling. Besides being arbitrary and subjective, the probability of any member of the population being chosen is unknown when using non-probability (Babin and Zikmund, 2016). More so, using this method, Cooper and Schindler (2014) posited that researchers randomly choose sample elements as they wish or where they find them. On the other hand, probability sampling gives all population members an equal known non-zero chance of being selected (Salkind, 2012; Zikmund et al., 2016).

However, given the unknown number of sports bettors in Gauteng, a less desirable non-probability sampling method known as convenience sampling was applied when collecting data. According to Babin and Zikmund (2016), convenience sampling is a sampling procedure of obtaining those people or units most conveniently available to participate in the research study. Using this method, Creswell (2013) noted that respondents would be chosen based on their convenience and availability. This goes a

long way when it comes to obtaining many completed questionnaires quickly and economically. However, this method has a significant problem with dependence.

Dependence in convenience sampling means that the sample items have connections to each other in some way. This issue creates interference problems with statistical analysis. A majority of hypothesis tests, including the chi-square and t-test, have an underlying assumption of random selection. Since this research method can't provide that outcome, the p-values produced by the samples become quite misleading in most circumstances (Gaille, 2020). To mitigate this, respondents were drawn from a long list of willing participants that were readily available to participate in the research.

The convenience sampling for this study comprised respondents that were provided on a database by Osmoz Consulting. The researcher drew samples from this database of bettors and an online questionnaire was sent to these respondents via emails resulting in 404 responses being collected.

This was the best option for the research, especially given that the researcher had access to the bettors' database. The bettors willing to participate in the research provided their responses through an online questionnaire (Bornstein et al., 2015).

### **1.10. Sample size**

Cochran (1963;75) in Israel (1992) suggested that when a population is too large to measure easily, a sample size formula that does not account for the size of the large population should be employed. Since the actual number of people who engage in sports betting is currently unknown in South Africa, the following formula will be used to calculate the sample size:

$$n = Z^2pq/e^2$$

where  $n$  is the sample size,  $Z^2$  is the abscissa of the normal curve that cuts off an area  $\alpha$  at the tails,  $e$  is the selected level of precision,  $p$  is the estimated proportion of an attribute present in the population, and  $q$  is  $(1-p)$ . The  $z$  value is found in statistical tables (Israel, 1992)

A sample size of **404** respondents was targeted for this study. However, only 385 responses that met the desired criteria were considered for further analysis as detailed in chapters 4, 5, and 6.

### **1.11. Data collection method**

Data collection is defined as a process of collating information from relevant sources to find answers to the research problem or to test the hypothesis and evaluate the outcomes (Leedy and Ormond, 2013). The data collection was conducted online with the use of an online questionnaire.

Secondary data were used to assist the researcher with the literature review. These data were collected from books, newspapers, magazines, online portals, journals, and records from the gambling board and betting companies. However, care was taken on the selection criteria when choosing the secondary data. The criteria included accredited journals, date of publication, source reliability, quality of discussion, depth of analysis and the contribution of the text to the research's development.

Primary data were collected through online questionnaire, which is efficient and cost-effective (Erickson, 2017).

### **1.12. Data collection instrument**

Online questionnaire constituted the data collection instrument. The questions on the questionnaire were mainly in the form of a rating scale, which, according to Leedy and Ormond (2013:189), “is more useful when behaviour, attitude, or other phenomenon of interest needs to be evaluated on a continuum...”. A detailed discussion of the structure of the questionnaire used for this research is provided in Chapter 3 (see section 3.1.5.2.)

Among various customer loyalty measures discussed in the literature review in Chapter 2 (Section 2.1.6), the researcher chose the customer loyalty Index (CLI). CLI is a standardised tool to track customer loyalty over time.; it was chosen because it incorporates the values of the other three methods: Net promoter score (NPS) (Section 2.1.6.1), repurchasing, and upselling (Pascal, 2016). The three questions of CLI were pinned on each one of the customer loyalty influencing factors discussed in the literature review to investigate the effect of each factor on customer loyalty in the sports betting industry.

### **1.13. Data analytical techniques**

Once data were collected, data analysis was considered. The analysis comprises two wide approaches: acquiring descriptive estimates and performing tests of hypothesis to acquire inference on the data collected (Labani et al., 2017). The collected quantitative data were captured into a software package and analysed using IBM SPSS. Pearson’s correlation coefficient was used to interpret the outcomes as they related to objectives.

The effects, motives, relationships, and statistical importance of these associations were established and reported in chapters 4 and 5. Rashid (2015) points out that when executing the Pearson’s correlation test in SPSS, it is crucial to use the correlations with

a statistically important correlation for the analysis. Chandra (2014) notes that a correlation coefficient allows to quantify the magnitude association's quality between numeral variables. The Cronbach's alpha was used to test the items' reliability, descriptive statistics, means, standard deviations, and construct correlation. Cronbach's alpha measures internal consistency: how closely related a set of items is as a collection and is considered a measure of scale reliability (Goforth, 2015).

#### **1.14. Ethical considerations**

Fouka and Mantzourou (2018) posit that the major ethical issues when conducting research include informed consent, harmlessness, respect for anonymity and confidentiality, and respect for privacy. To ensure that this research followed ethical considerations, the researcher adhered to the following procedures.

First, the researcher ensured that the respect for the dignity of participants was prioritised all the time by providing adequate information and assurance concerning participation and allow them to participate voluntarily. In addition, the participants' privacy and level of confidentiality of the information they provided were ensured. Furthermore, before collecting data, the researcher also ensured that participants remained anonymous. Moreover, they were informed about the aim of the study.

Finally, while the researcher did not include participants under the age of 18 or over the age of 65, the use of unacceptable or discriminatory language was avoided in the questionnaire. The researcher applied for ethical clearance, and it was approved by the University's Ethics Committee. A copy of the ethical clearance certificate is attached as an appendix (**ERC Reference#:2021\_MRM\_001**) (Appendix C).



### **1.15. Proposed Chapter outline**

Chapter 1 is a general introduction to the research; it comprises the introduction, background to the study, statement of the problem, research objectives, significance of the study, and limitations. The second chapter includes the theoretical literature on customer loyalty, definitions, types, and dimensions. Methods of measuring customer loyalty are also highlighted in this chapter. Chapter 2 also elaborates on the drivers of customer loyalty in the betting industry, formulates hypotheses, and develops a conceptual framework for the study. Chapter 3 presents the research methodology, research approach, research design, data collection methods, and data collection instruments and techniques. Meanwhile, Chapter 4 presents data presentation and analysis, while Chapter 5 discusses findings. Chapter 6 provides conclusions and recommendations.

### **1.16. Definition of key terms**

**Customer Loyalty** - is a trust-based relationship between a bookmaker and the punters it serves (Larson, 2018). Such relationship prompts the punters to place their bets with that one particular bookmaker rather than competitors.

**Customer Loyalty drivers** – these are factors and facets that influence punters to be loyal to a bookmaker.

**Sports betting** – is the activity of predicting sports results and placing a wager on the outcome.

**Bookmaker** – sometimes shortened as “bookie”, is someone who facilitates gambling, most commonly on sporting events. A bookie sets odds, accepts, and places bets, and pays out winnings on behalf of other people (Chen, 2019).

**Bettor (punter)** - a person who gambles, places a bet or makes a risky investment.

**Loyalty Programmes** – these are programmes designed by bookmakers to offer rewards, discounts and special incentives as a way to attract and retain customers.

**Trust** – this is the willingness of the average consumer to rely on the ability of the bookmaker to perform its stated function.

**Complaints Handling** – is the ability or inability of a bookmaker to handle a problem brought by a customer to the company's attention with the expectation of some redress.

**Effective communication** – the ability to exchange information between bookmakers and customers effectively and efficiently.

**Customer satisfaction** – a measurement that determines how happy customers are with the bookmaker's products, services and capabilities.

### **1.17. Chapter summary**

This chapter outlined a view of the research's aim of investigating the factors influencing customer loyalty in the sports betting industry. It introduced the study, presented the background of the research, and highlighted the contribution of this study to the academic and corporate worlds. Moreover, the researcher indicated that the idea of this study was not to promote betting but to spotlight some of the factors that responsible authorities might use to curb the spread of problem gambling. The problem statement, research objectives, research methodology, limitation of the study, definitions of central words, and chapter outline were also highlighted. The following chapter presents a detailed discussion on customer loyalty as it relates to the sports betting industry.

## **CHAPTER 2.**

### **LITERATURE REVIEW**

#### **2.1. Introduction**

The preceding chapter provided a general orientation to the study focusing on the background, problem statement, research objectives as well as the methodology followed. This chapter reviews the literature on customer loyalty, specifically factors influencing customer loyalty. The literature on this study centred mainly on marketing factors that drive customer loyalty and how these factors influence customer loyalty in the sports betting industry in Gauteng. While this chapter is divided into six main sections, there are sub-sections under each of the main sections.

The first section of this chapter deals with different definitions of customer loyalty. The second section provides an overview of the reinforcement theory, customer loyalty theory, and customer loyalty development model. The chapter further provides an understanding of different definitions of customer loyalty and discusses customer loyalty theories, with the aim of linking the reinforcement theory, customer loyalty theory, and customer loyalty development theory by Oliver (1999). The traditional types of loyalty and different dimensions of customer loyalty were also highlighted in this chapter to relate them to the current study. Moreover, the chapter presents methods used to measure customer loyalty in addition to discussing customer loyalty.

The more significant part of this chapter highlights the different drivers of customer loyalty with the main focus on loyalty programmes, trust, service quality, complaints handling, effective communication, and lastly, customer satisfaction, and how all these marketing factors are related to customer loyalty. The chapter ended with a conceptual

framework for this current study, which was developed following the discussion on drivers of customer loyalty.

## **2.2. Customer loyalty definitions and theories underpinning the Study**

Customer loyalty is a very complex construct. Considerable discussions exist in the academic literature over the definition of customer loyalty. According to Javalgi and Moberg (1997), defining this concept is an extremely difficult task. However, the American Marketing Association (2018), oversimplifies the concept by defining it as the situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category.

Generally, customer loyalty means the intention of repurchasing products and services, and this is the goal of the industry. Loyalty is a deeply held commitment to re-buy or re-patronise a preferred product or service consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing (Khan, 2013)

Conversely, Aaker (1991) defines customer loyalty as a reflection of how likely a consumer is to switch to another brand, especially when that brand makes a change in price, product features, communication, or distribution programmes. According to Moiserscu (2014), loyalty is beyond repeating purchases. Consumers who repeat buying from certain brand may be doing it because of inertia, indifference, switch or exit barriers, and other motives, rather than actual loyalty (Reichheld, 2003).

Larson (2018) defines customer loyalty as a trust-based relationship between a company and the customers it serves. This view resonates with several researchers who also agree

that customer loyalty is the pith and core of any marketing effort (Watson IV et al., 2015; Epstein, 2017). A study by the North-western University's Centre for Retail Management emphasised that up to 15% of a company's most loyal customers account for between 55 to 70% of organisational sales. Three quarters of these customers enjoy discussing their favourite brands with other customers (Epstein, 2017).

From the definitions above, it can therefore be concluded that customer loyalty has everything to do with the customer's conscious decision to keep buying products or services from one brand over time. Loyal customers believe that the products/services offered by the brand are the best option that fulfils their value proposition. The decision to re-buy from the same brand is influenced by several factors such as meeting and exceeding customers' expectations consistently, thus leading to a positive trust-based relationship between a brand and its customers. Interestingly, the definitions of customer loyalty proposed by researchers agree on the fact that loyalty is given to a brand. Hence, brand loyalty and customer loyalty are usually used interchangeably. Customers talk about brand loyalty while brands talk about customer loyalty. This study understands customer loyalty as a situation where a punter bets with the same bookmaker repeatedly over time rather than betting with competitors.

Although there are several theories concerning customer loyalty, this study discussed only the reinforcement theory, customer loyalty concept, and customer loyalty development model.

### **2.2.1. The Reinforcement theory**

The Reinforcement theory was proposed by B.F. Skinner and his associates in 1957. The theory, also known as Behaviourism or Operant Conditioning, posits that behaviour is shaped by controlling its consequences using a combination of rewards and/or

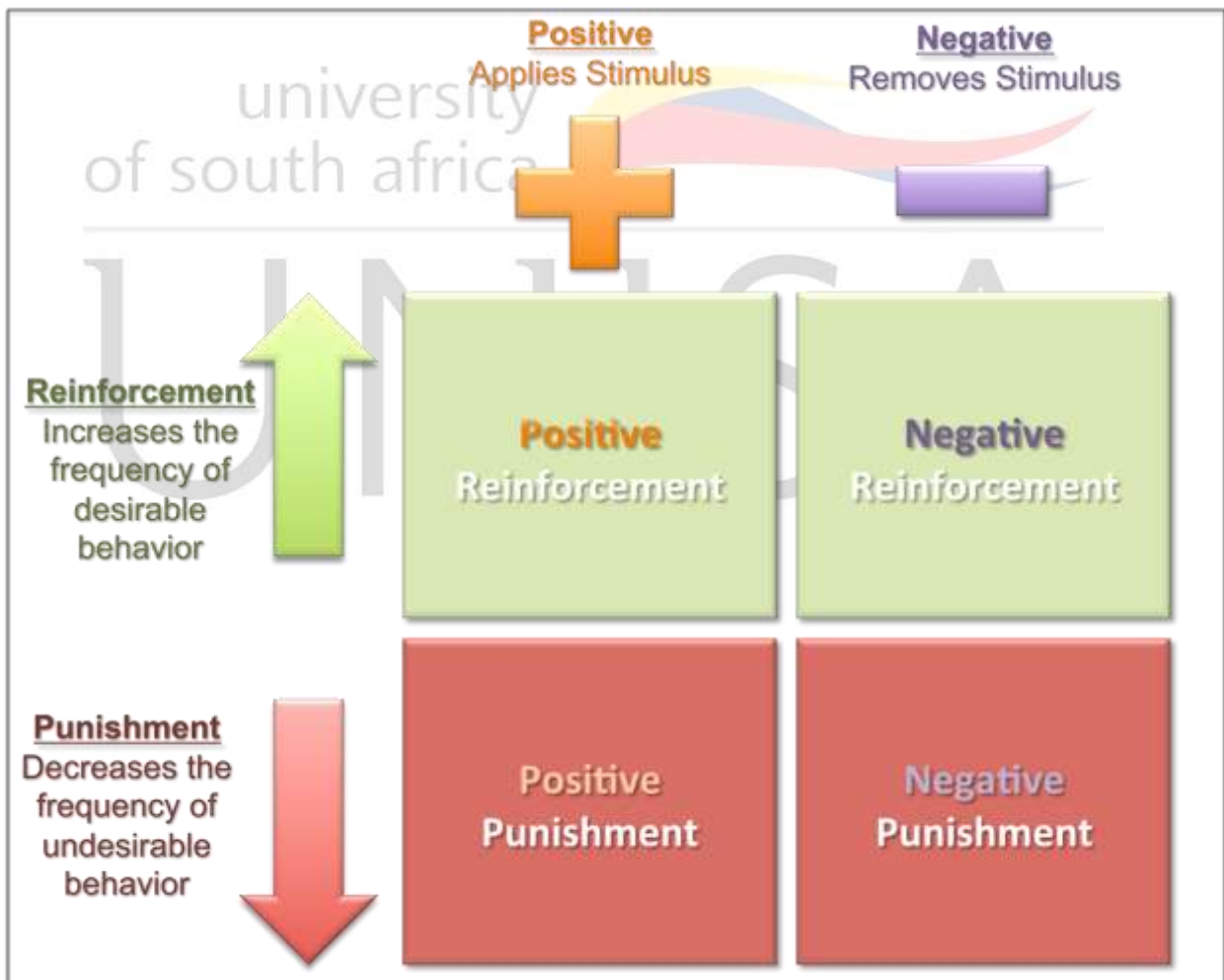
punishments to reinforce desired behaviour or extinguish unwanted behaviour (Krishnan, 2016).

According to the theory of reinforcement, there exist two methods of increasing loyalty: positive reinforcement and negative reinforcement (Krishnan, 2016). Reinforcements increase the frequency of desirable behaviour, while punishment decreases the frequency of undesirable behaviour. Basically, positive reinforcement and positive punishment help to apply a stimulus while negative reinforcement and negative punishment remove a stimulus.

Fieldman (2016) posits that this theory is regarded as one of the most important concepts for customer loyalty, hence its importance to this study. Oba (2019) also believes that positive reinforcement can be used to increase customer loyalty through providing excellent customer support, building a rewards programme, and thanking customers. He further claimed that giving customers the support they need creates a delightful experience that will encourage them to become loyal to the brand. Customer delight is when brands go above or beyond to meet customer expectations and providing an unexpected positive experience with the brand, products, or services. Delighting customers is all about establishing an emotional bond between brand and buyer (Sauro, 2019).

According to Oba (2019), when applied to the marketing environment, the reinforcement theory helps an organisation know what motivates their customers to engage with their brand. Positive reinforcement works because it inspires action, and when customers receive these positive reinforcements, they are conditioned to repeat these behaviours (Fieldman, 2016).

However, although both positive and negative reinforcements are excellent candidates for inspiring action and moulding customer loyalty, positive reinforcement is believed to be more effective because it provides more opportunities to delight customers through rewards programmes and other exceptional brand experiences. It also helps avoid the potentially harmful frustrations that negative reinforcement can introduce to a brand community (Oba 2019). Moreover, positive reinforcement does not only inspire action but also inspires confidence in the brand. Figure 2.1 below shows the reinforcement theory, with reinforcement in green and punishment in maroon.



**Figure 2.1.** The Reinforcement theory (Huitt and Hummel, 1997)

The effectiveness of the reinforcement theory is believed to depend on instances and intervals at which behaviour is reinforced, and these are called **reinforcement schedules** (Bautista, 2018). Reinforcement schedules are rules that control the timing and frequency of a reinforcement delivery to make a target behaviour more likely to happen. There are two types of reinforcement schedules: continuous reinforcement and partial reinforcement.

#### **2.2.1.1. Continuous Reinforcement schedule (CRF)**

According to Bautista (2018), under this type of reinforcement, the desired behaviour is reinforced every time it occurs. Every time a specific action is performed, the subject instantly and always receives a reinforcement (SAGE, 2015). This type of reinforcement is usually used during the early or first stages of learning a behaviour to create a strong association between the behaviour and response.

Although the reinforcement schedule is difficult to maintain in the long run due to the cost and effort of reinforcing the behaviour each time, the main advantage of using it is that it typically enables the quick learning of the desired behaviour. Regardless of it being the quickest in teaching a new behaviour, several studies have discovered that loyalty acquired through continuous reinforcement can quickly disappear due to repeated lack of reinforcement. In other words, once the reinforcement stops, so does the loyalty.

The continuous reinforcement schedule has been extensively used by organisations to gain customer loyalty through loyalty programmes. The effectiveness of this phenomenon in the sports betting industry was part of the primary objectives of this study.



### **2.2.1.2. Partial Reinforcement schedule**

This type of schedule is sometimes referred to as intermittent reinforcement schedule. Contrary to the continuous reinforcement schedule, reinforcement on the desired behaviour is only done occasionally. The main advantage of a partial reinforcement schedule is that it is more resistant to extinction even though it takes longer for loyalty to be gained under this type of reinforcement.

Partial reinforcement comes in four types that are based on time lapsed (interval) or the number of responses made (ratio): fixed ratio, variable ratio, fixed interval, and variable interval schedules.

#### **2.2.1.2.1. Fixed ratio schedule (FR)**

According to SAGE, (2015), this is when behaviour is reinforced only after a specific number of responses. For example, a punter will get a reward after reaching one thousand points or, for every 20 bet slips of R50 stake or above.

#### **2.2.1.2.2. Variable ratio schedule (VR)**

When using the variable ratio schedule, behaviours are reinforced after an unpredictable number of responses (SAGE, 2015). Although this type of schedule is associated with detrimental behaviour, it is also believed to lead to a maintenance or even an improved pace at which the behaviour is adopted. The target persons do not know when they will be rewarded again for the desired behaviour. However, it is less effective when teaching new behaviours because once a reward is received, it is followed by a pause in the behaviour.

#### **2.2.1.2.3. Fixed interval schedule (FI)**

The responses are only awarded after a specified amount of time has elapsed since the previous reinforcement. The idea is to train the target persons to time the interval, and

then the targeted behaviour occurs quickly towards the end of the interval. For example, a bookmaker can offer rewards for bettors that have signed up and continued betting with the company for, say six months continuously. This schedule is easy to implement. Just like the variable ratio, this type of schedule is not effective for teaching new behaviours.

#### **2.2.1.2.4. Variable Interval schedules (VI)**

Reinforcements on behaviours using this schedule are provided after an average amount of time since the previous reinforcement. The time between the reinforcements can sometimes be longer and shorter at other times.

#### **2.2.1.3. The reinforcement theory and customer loyalty**

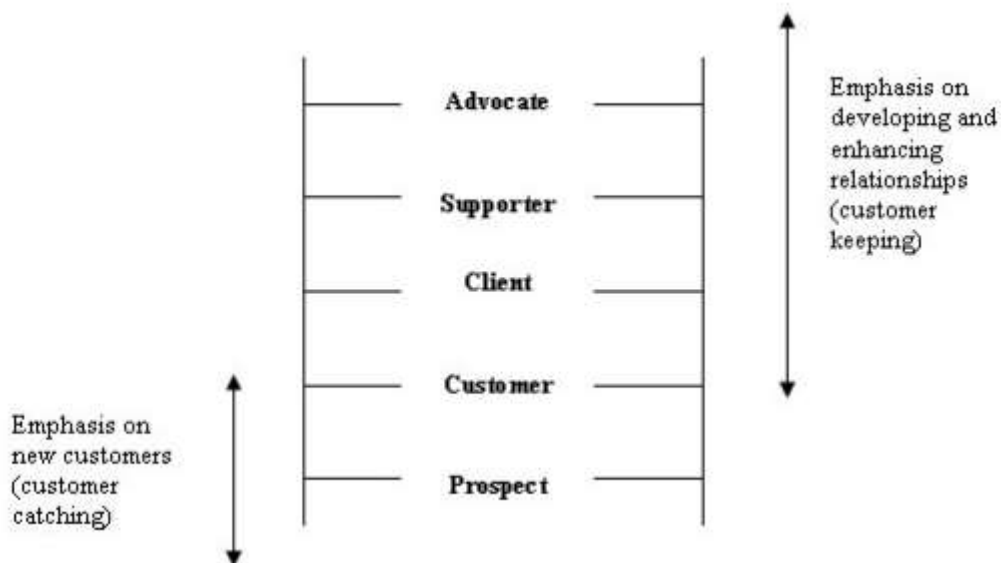
The reinforcement theory is a very useful theory when it comes to customer loyalty. For example, the continuous reinforcement schedule has been extensively used by organisations to gain customer loyalty through loyalty programmes. Feldman (2016) posits that this theory is regarded as one of the most important concepts for customer loyalty. Oba (2019) also believes that positive reinforcement can be used to increase customer loyalty through providing excellent customer support, building a rewards programme, and thanking customers. He further claimed that giving customers the support they need creates a delightful experience that will encourage them to become loyal to the brand.

The effectiveness of this phenomenon in the sports betting industry was part of the primary objectives of this study since it involves loyalty programmes. Loyalty programmes offered by bookmakers are part of reinforcements aimed at fostering loyalty with customers. For this reason, the researcher saw it fit to include this theory in the study. However, this theory has been extensively used in researches to do with customer

behaviour and employee motivation. Only a few studies link this theory to customer loyalty. Studies that link this theory to customer loyalty in sports betting are not easy to come across, hence the need for this study to try and link this theory to sports betting customer loyalty.

### 2.2.2. The Ladder of Customer loyalty in Sports betting

Payne (1994) examines consumers' progress up or along the rungs of what he termed a loyalty ladder, from suspects to customers, clients, supporters, advocates, and, eventually, partners. The customer loyalty ladder is a concept about the different loyalty relationships that customers go through in an organisation before they become loyal customers. According to Gattari (2019), there are seven steps in the ladder of customer loyalty, and each step represents one type of customer based on their loyalty to the business. This study will not go through the seven stages in detail but will seek to investigate the factors that influence customer loyalty at no particular stage of the ladder. Figure 2.2 below is a customer loyalty ladder that was developed by Christopher et al. (1991).



**Figure 2.2.** Customer Loyalty Ladder (source: Christopher et al. 1991:22)

The **first** stage on the ladder consists of **prospects**. These are people who might bet on sports. While these have not placed any bets on sports yet, they have probably expressed some interest. These people like sports but are not betting yet or engage in other forms of gambling but not sports betting. **Customers** are **second** on the ladder. These people are betting on sports, but most of them are one-time bettors. **Clients** are people who bet with a bookmaker more than once and can also be referred to as repeat customers and they are **third** on the ladder. These people are important because they have realised that a certain bookmaker is good enough to bet with more than once.

After clients become **members** who are also referred to as **supporters**, this feels like they belong to a bookie. They feel a sense of ownership with the offerings of a sports betting company. Bhasin (2018) puts **advocates** on the top of the ladder and refers to these as customers who will recommend a bookmaker when they are asked. The last stage consists of **evangelists** who are also known as **partners**, and this group of customers is walking adverts for a bookmaker. They will recommend a bookmaker without even having to be asked.

Moiescu (2014) discovered that after converting a prospect into a customer, the next marketing task is to generate repeat patronage from that customer. At this point, the customer becomes a neutral, positive or even negative client towards the brand. When the client's attitude towards the brand becomes positive, the client becomes a supporter, who is typically passive (not outspoken). At the next level, an advocate is so pleased with the brand that they actively recommend it to others. The final step represents a situation where a very close and long-term relationship is developed between the brand and the customer, based on satisfaction of mutual needs. This will be the highest level of customer loyalty.

The ladder of customer loyalty theory was included in this study to indicate the different levels of customer loyalty bookmakers should expect from their customers. This will help them develop a strategy to take each customer from their current level on the ladder to the next until they become advocates of a bookmaker.

### 2.2.3. Customer Loyalty Development model

Oliver (1999) emphasises the notion of brand loyalty situational influences. The author proposes a four-phase model of customer loyalty development and describes brand loyalty as a deeply held commitment to re-buy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour. The model of customer loyalty development proposed by Oliver (1999) includes cognitive, affective, conative loyalty and action loyalty, and these are discussed below. Below is a customer loyalty development model that was developed by Oliver (1999).

Stage	Features	Valnerabilities
Cognitive ↓	Perception of qualities and superior features	Superficial, lower loyalty
Affective ↓	Formstion of attachment and attitude toward a brand	Exposed to switching
Conative ↓	Commitment or a plan to repurchase	Plans may not lead to action
Action (Behavioural)	High willingness to act	May weaken performance

**Table 2.1. the Customer loyalty development model. (source: Oliver 1999)**

#### 2.2.3.1. Cognitive loyalty

According to Oliver (1999), cognitive ability is the first loyalty phase. In this phase, the brand attribute information available to the consumer indicates that one brand is

preferable to its alternatives. Cognition can be based on prior or vicarious knowledge or experience-based information. The depth of loyalty on this stage is no deeper than mere performance if satisfaction is not processed.

#### **2.2.3.2. Affective loyalty**

This is the second phase of loyalty development, and a liking or attitude toward the brand has developed based on cumulatively satisfying usage occasions. Affective loyalty, just like cognitive loyalty, is subject to switch (Oliver, 1999).

#### **2.2.3.3. Conative loyalty**

This stage of loyalty development is influenced by repeated episodes of positive affect toward the brand. Conation implies a brand-specific commitment to repurchase (Oliver, 1999).

#### **2.2.3.4. Action loyalty**

In the action control sequence, the motivating intention in the previous loyalty state is transformed into readiness to act. This is accompanied by an additional desire to overcome obstacles that might prevent the act, and if this engagement is repeated, action inertia develops, thereby facilitating repurchase.

Oliver (1999) outlines the vulnerabilities associated with each of the four phases. Thus, in the **cognitive loyalty** phase, vulnerabilities consist of actual or imagined better competitive features or price through communication and vicarious or personal experience, deterioration in brand features or price, variety seeking, and voluntary trial. Further on, in the **affective loyalty** stage, induced dissatisfaction, enhanced liking for competitive brands, variety seeking and voluntary trials, and deteriorating performance represents the main vulnerabilities. In what concerns the phase of **conative loyalty**, the most important vulnerabilities are persuasive counter argumentative, competitive messages, induced trials (e.g., coupons, sampling), and deteriorating performance, while

in the **action loyalty** stage induced unavailability, and deteriorating performance are the most important dangers (Oliver, 1999).

The customer loyalty development model, just like the ladder of customer loyalty, was also picked for this study because it shows the stages of customer loyalty. However, unlike the customer loyalty ladder, which focuses on customers moving up the loyalty ladder, this model focuses on the four stages of loyalty that customers may go through before becoming loyal customers to a particular bookmaker.

#### **2.2.4. Traditional types of customer loyalty**

Since customers are not the same, they do not have the same buying habits, which may be determined by the customer's financial condition, family situation, lifestyle, geographic location, and the relationship with the brand and its products. To create loyal relationships with these customers, the brand needs to know where its customers fall on the loyalty spectrum and, more importantly, where on the spectrum these customers need to be to develop the strongest relationship with the brand.

There are four traditional types of customer loyalty that exist in the market: no loyalty, inertia loyalty, latent loyalty, and premium loyalty (Griffin 2002, 22-34).

##### **2.2.4.1. No loyalty customers**

These customers are not loyal to one product or service and the brand that offers those products or services. This group is usually a small cohort, but it exists. The problem with these customers is that they will easily purchase from competitors if they feel that they have something better to offer. These customers could be called 'fair-weather friends' or 'butterflies' (Kang, 2019).

Although they actually buy from a particular brand and generate a significant amount of revenue, they simply are not there for the long haul but, they are just 'hanging around' waiting for the next deal. These customers have weak behaviour and attitude towards a

bookmaker (in the case of sports betting). These customers cannot be loyal to a particular bookmaker. Some of the reasons include habit of testing variety, being concerned more about the price/odds rather than quality. They can go anywhere to fulfil their needs and desires. Bookmakers should avoid targeting these customers because they will never be loyal customers.

#### **2.2.4.2. Inertia loyalty**

Inertia loyalty involves a low level of attachment but high repeat purchase of products or services. With this type of loyalty, customers buy products or services out of their habits and not out of loyalty. This type of loyalty is based on pattern spending and convenience. Customers only have a certain degree of satisfaction with the products and services even though they are repeat consumers. Burkard (2018) believes that customers who possess this kind of loyalty just stick around because they cannot easily move on to competitors due to factors such as contracts, service cancellation policies, or simply a lack of better options, and they feel trapped not valued. More so, this type of loyalty is mostly seen in frequently bought products and services. These customers are loyal, but not to a brand or its offer but rather to the loyalty programmes that a brand offers. Customers in this category will maximise out on all the discounts, offers, bonuses, and whatever benefits that come with being active members of a brand's loyalty programme. However, by actively courting the customers and providing the products or services in differentiated form compared to competitors, it can change them into a more desirable form of loyal customers.

#### **2.2.4.3. Latent loyalty**

Latent loyalty refers to consumers who might not often purchase from a brand, usually because its products/services are set at a seasonal or high-ticket price. When they do purchase, they always purchase from the one brand (Kang 2019). This kind of loyalty also



exists in customers with a high and positive attitude towards a specific brand but offering low repeat purchases (Harvey 2017). Repeat purchases that come with this kind of loyalty are influenced by store location or hours and lack of continuous availability, rather than their attitudinal influences. A great thing about this kind of loyalty is that customers can easily become truly loyal if a brand finds a way to build trust by meeting and exceeding these customers' expectations. If a bookmaker successfully eliminates these situational problems, it can achieve loyalty from the customers. This is the most leverageable loyalty among the four types of customer loyalty.

#### **2.2.4.4. Premium loyalty**

This fourth type of loyalty is inspired by emotional relationships that develop when customers experience real value from the brands they shop with. This value is often a combination of transactional and experiential benefits and motivates customers to "pay it back" with repeat business. Moreover, these customers are loyal to a brand, its products, services, and all that the brand offers. It is important to note that customers who possess high levels of attachment and repeated business with one particular brand exhibit this kind of loyalty. Customers with this type of loyalty often purchase from a brand and advocate on the brand's behalf when they do. Premium loyalty usually plays into a great deal of pride on the customer's part; therefore, if a customer is proud to represent this brand, then they fall into this bucket.

While these customers are vocal advocates for the brand, they are also the most frequent customers who always refer others (their family, friends, and relatives) to do business with a brand. Customers in this category will talk about their great experiences (free word-of-mouth marketing) for the brand and even bring in new customers. These are the ones that will sign up for the brand's loyalty programmes and if a brand introduces new products or services, these customers will be the first to try them out and give honest

feedback. These are usually on brand's 'early release list'. Burkard (2018) refers to this kind of loyalty as true loyalty and further refers to it as the holy grail of customer loyalty because it is built on reciprocal relationships.

### **2.2.5. Dimensions of customer loyalty**

Customers in the premium groups (types) of customer loyalty discussed above go through certain dimensions of loyalty. Maritz Motivation Solutions (2015) came up with the 4D loyalty framework that shares the four stages of customer loyalty: inertia loyalty, mercenary loyalty, cult loyalty, and true loyalty. The 4D framework describes the four dimensions of customer loyalty according to customer habits, like how often they are ready to interact with a brand and what motivates customers to love it. Figure 2.4 below shows the 4D framework.



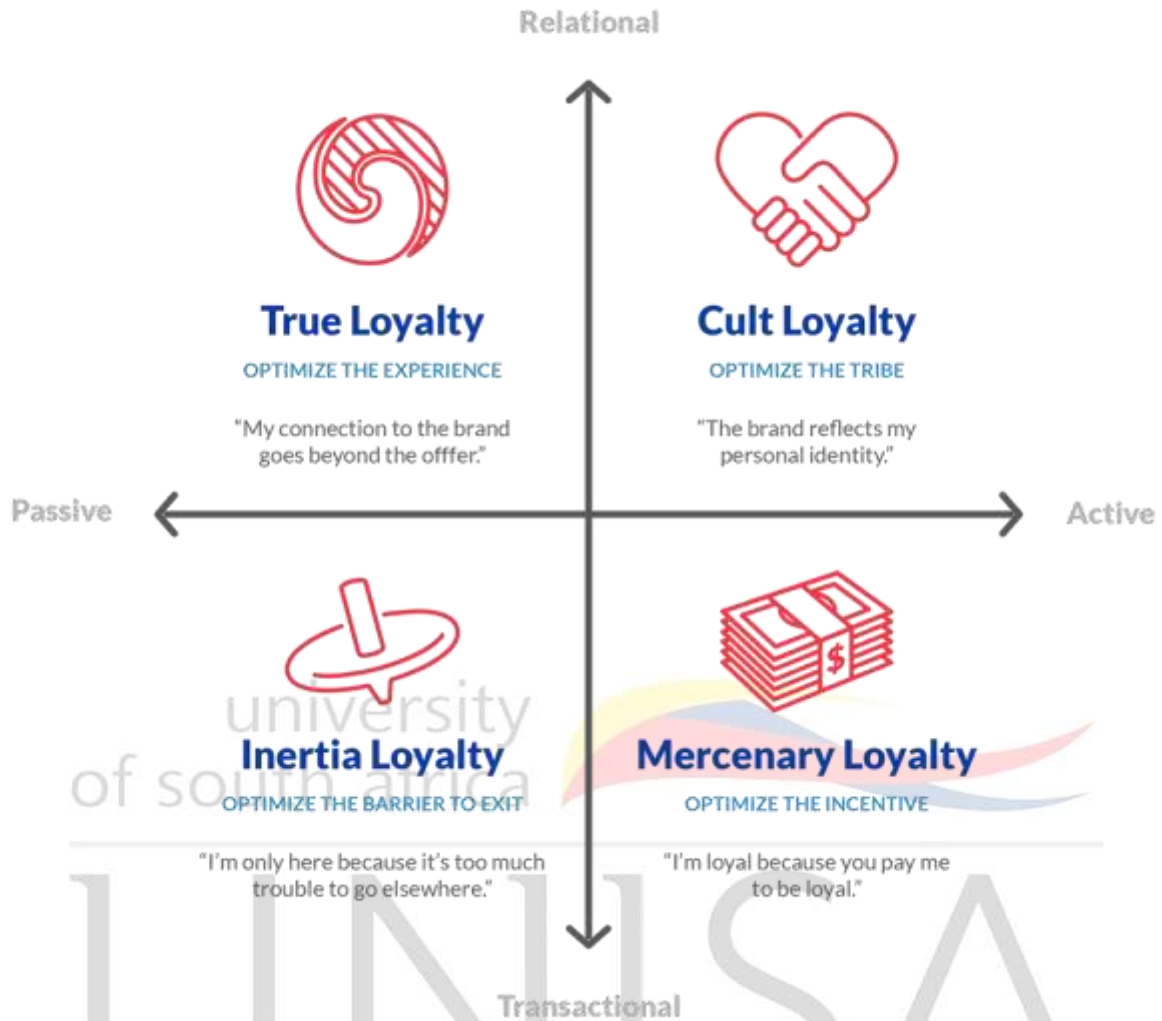


Figure 2.4. The 4D loyalty framework (Source: maritzmotivation.com)

### 2.2.5.1. Inertia loyalty

Inertia loyalty is when customers shop from a brand because there are no other alternatives they can choose from. Inertia loyalty makes it hard to leave even though it will not be enjoyable to stay. The brand may be the cheapest on the market or offer a very rare product. Here customers are easily flowing in, but they can easily disappear, too. That's why the best competitive strategy is to move past this stage and offer customers real value that shows care about them and provides a brand a chance for deeper engagement with customers (Maritz Motivation Solutions, 2015).

### **2.2.5.2. Mercenary loyalty**

Mercenary loyalty is rooted in transactional relationships (Burkard, 2018). In this stage, customers are actively engaged with a brand because they need to act to earn discounts. Valentine's Day, Black Friday and most of the loyalty programmes are examples of activities that bring customers to this loyalty stage. When customers get rewarded or receive a gift from a brand, it makes them feel they should "return the favour," which initiates that after a positive experience with a particular brand, they should make their next purchase with the same brand.

### **2.2.5.3. Cult loyalty**

A cult often refers to a group of people devoted to a charismatic leader or to a common goal. But cults can also refer to social groups defined by their complete veneration of an object or product (Hartley, 2018). Cult loyalty is the highest tier of loyalty and customers at this level patronise the brand forever, recommending it to everyone around them, and, most importantly, talking about the brand well outside the context of the product, as though the brand is a part of themselves and the world around them. Customers at this level of loyalty believe that a brand reflects their identity. When customers develop cult loyalty for a brand, they start to blend their own personal values with those promoted by the brand they've grown to love and as a result, rejecting the brand starts to feel like rejecting their values (Burkard, 2018). Cult loyalty is extremely powerful: it is virtually impossible to generate strategically no matter how effective the marketing campaigns can be. It can only emerge organically over time.

Social media, inbound marketing and a shift in engagement methods has allowed more brands to create a cult-like following through collaboration, design, and community. Kenton (2018) believes that customers, who feel that they are a part of a brand, belong

to the brand family will develop a greater connection with the brand and therefore offer greater loyalty.

#### **2.2.5.4. True loyalty**

True loyalty is the holy grail of customer loyalty because it is built on reciprocal relationships. This form of loyalty is inspired by emotional relationships that develop when customers experience real value from the brands they associate with. The reciprocal relationship creates a powerful two-way exchange of value that supports itself, resulting in competitive offers, convenience, and the promise of “something better” being of less importance since every customer’s connection to the brand is based on how much they trust the brand. At this level of customer loyalty, the brand should focus on boosting positive customer experiences (Burkard, 2018)

This study needed to follow the discussions concerning the traditional types of customer loyalty since the aim of the study bordered around the same subject, especially to investigate the factors that influence customer loyalty in the sports betting industry. However, without fully understanding the types of loyalty that customers exhibit, it was not going to be easy to come up with a meaningful study. Nevertheless, the researcher was interested mainly in the fourth type of customer loyalty, which is premium loyalty, also referred to as true loyalty, so as to investigate what influences this kind of customer loyalty in the sports betting industry.

#### **2.2.6. Methods for measuring customer loyalty**

Available literature points out several methods to measure customer loyalty (Pascal, 2016; Spyer, 2016; Qualtrics, 2019). However, only a few methods will be discussed in this research: NPSnet promoter score (NPS), repurchase ratio, upselling ratio, customer engagement numbers, and the CLI.

### 2.2.6.1. Net promoter Score (NPS)

The NPS is a metric used to measure customer loyalty where each customer answers the question: “How likely are you to recommend **company X** to a friend or colleague?” on an **11-point** rating scale, ranging from **0** (not at all likely) to **10** (extremely likely) (Zaki, Kandeil, Neely, and McColl-Kennedy, 2016). Customer responses on this question are grouped into three categories: **promoters** (9-10), **passives** (7-8), and **detractors** (0-6), where promoters are loyal enthusiasts who will keep buying and refer others and passives are satisfied but unenthusiastic customers that are vulnerable to competitive offerings (SatrixSolutions, 2019). According to Zaki et al. (2016), detractors are unhappy customers that can damage your brand and impede growth through negative word-of-mouth.

**The NPS is calculated as follows:**

$$\text{Net Promoter Score} = \text{Percentage of Promoters} - \text{Percentage of Detractors}$$

### 2.2.6.2. Upselling ratio

According to Pascal (2016), this metric tracks the ratio of customers who have bought more than one type of product or service from one brand, divided by customers who have bought only one. The bigger the ratio, the more loyal customers are to the brand.

**Formula:** number of customers with multiple products/service **divided** by the number of customers with a single product.

### 2.2.6.3. Repurchase ratio

This measures the ratio of repeat purchasers over once-off purchasers. Unlike the upselling ratio, the repurchase ratio does not measure purchase of a different product or service.

#### **2.2.6.4. Customer engagement numbers**

Bingham (2014) defines customer engagement as the extent of a customer's willingness to invest their discretionary time with a company for mutual benefit. He went on to argue that customer engagement is an effective leading indicator of loyalty and profitability. This method simply measures the sum of activities that build positive connections between a company and its customers, which result in greater involvement and advocacy. The bigger the engagement numbers, the more the number of loyal customers.

#### **2.1.6.7. Customer Loyalty index (CLI)**

This is the metric that the researcher used for this study. Spyer (2016) defines CLI as a standardised tool to track customer loyalty over time, that is, how much the customer is loyal to the brand and how much they tend to abandon it. The reason why CLI was chosen for this study is that it incorporates the values of NPS, repurchasing, and upselling. It calculates all three values with an NPS-like questionnaire on a 6-point scale with **1** standing for "Definitely Yes", **6** stands for "Definitely No". The questions asked when using CLI are as follows:

- *How likely are you to recommend us to your friends or contacts?*
- *How likely are you to buy from us again in the future?*
- *How likely are you to try out other of our products/services?*

The total CLI is the average score of all the 3 responses. The scores are rated as follows, **1=100, 2=80, 3=60, 4= 40, 5=20 and 6=0**. The bigger the average score, the more loyal the customers.

### **2.3. Conceptual model and hypotheses formulation**

Ivanauskiene et al. (2013) believe that, even though most researches have established different drivers of customer loyalty across different industries, only three different directions have been taken: service quality, brand image, and relationship equity.

Furthermore, Abu-Alhaija et al. (2018) arrived at a similar conclusion but went further to categorise these determinants into three groups: primary, secondary and moral; with customer satisfaction, trust, perceived value and perceived service quality as primary determinants. Additionally, Wang and Chaipoopirutana (2015) confirmed these determinants but went further to add complaint handling as one of the customer loyalty drivers.

Mbango and Phiri (2015) see customer satisfaction as one of the factors that, when achieved, lead to customer loyalty, resulting in better company performance. This notion is also shared by Wormly (2014), who points out that, on average, loyal customers are worth up to ten times as much as their first purchase. Moreover, loyal customers are said to provide many benefits to a seller, including recommending a seller to prospective customers as proclaimed by Kotler et al. (2017:19) who pointed that, “good customer relationship management creates customers who will remain loyal and talk favourably about the company and its products.”

When it comes to online sports betting, customer loyalty is rare because customers are just a click away from the next best alternative (medium.com, 2019). Igamingtimes.com quotes Clive Hawskwood, the CEO of the Remote Gambling Association, as having said that the average player has around five online accounts. In addition, Haried (2014) noted that problem gambling could be misinterpreted as customer loyalty.

However, betting companies are working extra hard to gain customer loyalty by creating impeccable professional marketing relationships (safestbettingsites.com 2019). The website adds that these relationships are based on trust, brand reputation, honesty and empathy, among other attributes. Moreover, betting companies need to focus on operational efficiency, data security, speed and accuracy, customer knowledge, and



personalisation and segmentation if they hope to achieve customer loyalty (igamingtimes.com, 2018).

Erjavec et al. (2016:821) indicated that the “quality of customer service, quality of staff, corporate image, and price perception affect customer loyalty.” Mbanga and Phiri (2015) share the same sentiments; they state that satisfaction acts as a mediator between marketing factors and customer loyalty, but this has not yet been tested in the betting industry.

Nevertheless, the degree of satisfaction and loyalty is affected by the industry's competitiveness (Erjavec et al., 2016). The competitiveness of the sports betting industry in South Africa makes customer satisfaction and loyalty very tenuous.

As identified by Agrawal et al. (2012) in Lund (2014), customer loyalty in the Danish sports betting industry is determined by seven factors: satisfaction, trust, commitment, emotions, perception of corporate image, value perception, and quality. Nevertheless, for customer loyalty to be attained, there is a need to reduce or eliminate cognitive dissonance in post-betting stage (Sharifi and Esfidan, 2013).

From the above discussions, this study has identified service quality, loyalty programmes, trust, communication, complaints handling, and customer satisfaction as the determinants of customer loyalty in the sports betting industry in South Africa.

### **2.3.1. Loyalty Programmes and customer loyalty**

Loyalty programmes, according to Sharp and Sharp (1997), are structured marketing efforts that reward and encourage loyal behaviour. These programmes are also referred to as rewards to customers, which are meant to encourage them to return to stores where they frequently make repurchases and be loyal (Investopedia 2018). While loyalty

programmes provide the company with information about their consumers, they also help strengthen customer relationships and reward customers for being loyal to a brand. Customer loyalty programmes are not easy to develop and manage, but if they are properly managed, they play a great role when it comes to driving customer loyalty. A similar view is shared by both Chen (2019) and Schofield (2019), who also agree that although loyalty programmes have several goals, which include to increase business and improve sales, the main aim is to strengthen the relationship between the customer and the business so that customers keep coming back regularly.

In his definition, Toporek (2012) reiterated that loyalty programmes use the psychological principles of reciprocity, commitment, and loss aversion to increase the likelihood of customer loyalty. This view is also shared by Magatef and Tomalieh (2015), who contend that there is significant evidence of the effect of all loyalty programmes on building and maintaining customer retention. However, when it comes to the gambling industry, researchers have been silent concerning loyalty programmes, probably because gambling loyalty programmes are believed to generate harm to vulnerable individuals (Wohl, 2018).

As discussed under the reinforcement theory earlier, loyalty programmes are carried out by several organisations to retain customers through rewards and incentives. Krenzin (2018) posits that loyalty programmes are a great tactic to use to get customers to act a certain way because they entice customers to spend more and push them to become more loyal. When bettors understand that betting with a particular bookmaker is positively reinforced by receiving bonuses, points, free bets or prizes, they will continue to bet with that bookmaker. However, it is still a matter of contention whether loyalty programmes bring about customer loyalty (Aaronson, 2015). Kim and Ahn (2017) point out that it is

against this observation that marketing researchers have expressed concern that loyalty programmes may not always lead to true customer loyalty due to the operant conditioning of the reward–response association. The mere focus by marketers on increasing the sensitivity to external rewards by customers may result in a lack of emotional bonds with the brand, which is much needed for customer loyalty to exist.

Owing to limited product differentiation in the sports betting industry, loyalty programmes give organisations a competitive edge (Dhamdhere, 2019). Loyalty programmes are widely believed to increase customer spending since they give customers a boost in motivation that makes them want to spend more (Krenzin, 2018). Loyalty programmes can do many things such as preventing customers from switching or defecting to competitors, providing insights into consumer preferences, driving incremental spend and increased demand, and increasing share of wallet. Most bookmakers have rewards programmes that encourage players to stick around and stay loyal to them, at least for as long as the loyalty programmes exist (Onlinebettingsites, 2019). Although every rewards programme is unique, the one thing they all share is that the more you bet, the more you get in return.

However, a study by Zakaria, Rahman, Othman, Yunus, Dzulkipli and Osman (2014) shows that in a competitive industry, customers can be loyal to more than one brand since loyalty programmes have become ubiquitous. A similar view is shared by Calvosa (2016) who emphasises that customer loyalty programmes appear less efficacious in achieving customer loyalty due to the multi-brand-loyalty in the sports betting industry. In addition, Wohl (2018) also argues that in the betting industry, it is mostly disordered gamblers attracted to loyalty programmes. Furthermore, Meehan (2018) supports this view by opining that habit can be mistaken for loyalty. Therefore, it becomes difficult to

tell apart gambling disorder and loyalty (Haried, 2014). Ma et al. (2018) draw attention to the opinion that while loyalty programmes improve customer relationships, they also lead customers to expect extraordinary efforts from companies as an entitlement.

Stephens (2018) noted that customers are most likely to seek loyalty programmes with brands they already like. This is supported by Kovač et al. (2018) and Collins (2017), who found that most customers join loyalty programmes to get preferential offers or treatment that other customers don't get and also to have a sense of belonging to the organisation.

Interestingly, Calvosa (2016) wrote that there is a limited number of customers who are exclusively loyal to one betting company; hence, most of them adopt a multi-brand-loyalty behaviour.

Nonetheless, to counter this, Dhamdhere (2019) proposes that organisations must thrive on creating programmes that are unique and distinguishable. Modern loyalty programmes must not just award points but must go beyond and appeal to customers' need for deeper engagement and personalised experiences (Dicey, 2018).

Furthermore, the main aim of the loyalty programmes is to build long-term profitable customer relationships (Chetthamrongchai, 2018). More so, loyalty programmes help organisations effectively target customers for advertising, thereby cutting advertising costs (Anastasia, 2018). Furthermore, for loyalty programmes to be effective, Meehan (2018) suggests that they have to be tied to the brand's core values and then looped around what the customer is looking for, not what the company thinks about customer experience. In contrast, Larson (2018) wrote that loyalty programmes have nothing to do with customer loyalty but are rather a way of buying repeat purchases. The author

further argued that loyal customers come back not because they are rewarded to do so, but because they want to.

Though loyalty programmes have proved to work in many industries, as indicated by the above discussion, the same has not been tested in the sports betting industry in South Africa; hence, the following hypothesis was formulated.

***H1: Loyalty programmes influence customer loyalty in the sports betting industry.***

### **2.3.2. Trust and customer loyalty**

Brand trust is defined as the willingness of the average consumer to rely on the ability of the brand to perform its stated function. It has been shown to be a key contributor to brand equity and customer loyalty. It has become a subject of much discussion amongst business, academia, and the media over the past decade (Sallam and Sefnedi, 2017). Today's consumers have more options than ever when it comes to choosing among a huge mix of hundreds of brands and thousands of products and services. In such a fiercely competitive environment, brand trust has become an important competitive differentiator (Bedgood, 2019). Orzan, Platon, Stefănescu, and Orzan (2016:145) believe that "underlying loyalty is always trust". Brand trust can be defined as a consumer's willingness to rely on the brand in the face of risk because of expectations that the brand will cause positive outcomes and to build trust, products or services must always meet or even exceed the consumers' expectations. Furthermore, brand trust leads to customer loyalty because trust creates exchange relationships that are highly valued. Therefore, in this respect, a brand needs to focus on building and maintaining trust since it represents the basis for long-term customer relationships. More so, if trust exists between the customer and the company, the effort to foster cooperative relationships will be easier (Shin, Amenuvor, Basilisco, and Owusu-Antwi, 2019).

Several brands have come under the spotlight for unethical behaviour, resulting in decreased brand trust. These breakdowns in trust occur when the actions of brands differ from the promises and values communicated by them (Portal, Abratt and Bendixen, 2019). Furthermore, brand authenticity is considered to have a positive effect on brand trust; therefore, for brands to succeed, customers have to trust them, and brands that are viewed as trustworthy are likely to be more successful than those that are not.

However, this view on brand trust has not yet been previously studied in the sports betting industry, hence the need for this study.

According to Jamilah and Hassan (2017), brand credibility is linked to brand trust. This is the extent to which a brand is perceived as trustworthy and reliable based on its past actions and the probability of its future behaviour. Mineo (2014) believes that brand credibility, respect, and fairness form the foundation of brand trust. Colleendilen.com (2015) identifies four 'R's, which form the pillars of organisational credibility: relevance, resonance, responsiveness, and reputation.

Malik et al. (2014) concluded that brand credibility involves the extent to which consumers perceive a brand as a reliable source of information (trustworthiness), its skills (expertise) and matches it with personality characteristics (attractiveness). Brand credibility is believability of product/service status information of whether the brand has the ability and willingness to continuously deliver what it promises. It has been well known that brand credibility consists of two main components, which are trustworthiness and expertise. Trustworthiness means that it is believable that a brand will deliver what it has promised, and expertise implies that the brand is believed capable of delivering the promises (Sallam and Sefnedi, 2017).

According to Pahwa (2017), reputation is the perception a brand holds in the minds of the customers, has a direct relationship with trust and customer loyalty (Sulibhavi and Shivhashanka 2017). It is hard not to worry about online reputation in today's world; hence, failing to build trust undermines customer loyalty and can damage a company's revenue (Gibson, 2019). Although traditional brand trust is still important, but as the disruption of traditional retail has shown, trust in the online promise can be a potent force and online reviews have a direct impact on the brand reputation and the ability to build brand trust (Lincoln, 2020). Reviews from trusted sources are simply the best way to gain that trust from potential consumers.

Yasin and Bozbay (2016) support this view by acknowledging that organisational reputation is the most critical, strategic and enduring intangible asset that an organisation can possess. In addition, Alhaddad (2015) emphasised that both brand image and brand trust have a positive effect on brand loyalty. Wijaya and Astuti (2018) arrive at a similar conclusion that customer satisfaction has a positive influence on trust and brand image which in turn influences customer loyalty. This is also supported by Ali et al. (2017), who summed up that brand trust and brand image have a strong positive and significant influence on brand loyalty and consumer buying behaviour.

Chinomona (2016) also identified a robust relationship between brand trust and brand loyalty. Upamannyu et al. (2015) discovered a strong relationship between customer trust and repurchase intention, even though the relationship is much stronger when corporate social responsibility is used as a moderator.

In agreement with the other studies, safestbettingsites.com (2019) suggests that for a sports betting company to be reputable, they should make sure that winnings are paid in time, bonus agreements and any other agreements must be honoured. When it comes to

disputes, customers must feel fairly treated. Hence, to gain customers' trust, companies need to ensure that products and/or "services offered match or exceed customer expectations" (Mbango and Phiri, 2015:86)

Contrary, Boniecki (2016) argues that even though customers need to know the organisation to trust it with their money, they do not care much about the brand position. However, this view needs to be investigated further in the sports betting industry, and this study will seek to validate this assertion.

Burkard (2018) believes that true customer loyalty is built on reciprocal relationships, creating a powerful two-way exchange of value that supports itself. More so, the extent of the customers' trust in a brand builds true loyalty, which in turn makes competitive offers, convenience, and the promise of "something better" matter less because every customer's connection to the brand will be based on how much they trust your brand. By delivering an experience that customers feel good about, the brand creates a sense of belonging that leads customers to believe the brand has their best interests in mind.

In their 2018-2021 publication, The British Gambling Commission points out that trust and transparency are still the most prominent concerns in the gambling industry. Machin (2019) believes that being a trusted and regulated bookmaker is critical for customer loyalty in the gambling industry, and customers view payments are a cornerstone to trusting a betting company.

This study views trust as a positive relationship between a bookmaker and a customer based on the customer's belief that the bookmaker is reliable in its ability to fulfil the promises it makes.



### **2.3.2.1. Building brand trust**

Building trust with customers is not easy, but leaving it to chance won't cut it anymore.

Below are steps suggested by different researchers to building brand trust.

**Step 1**, according to Holeksa (2019), involves knowing the brand trust goals and how to measure them through defining what trust means to the brand (Agius, 2019). This includes detailing what success looks like and how the brand will measure it. Lincoln (2020) refers to it as a value proposition whose purpose is to define a brand and communicate to customers what the brand can do for them. Setting up Google Alerts for the brand keywords will also monitor how the brand is talked about online.

**Step 2** includes appointing a brand trust lead to take responsibility for ensuring that the brand's goals and vision are well detailed, that is, how the brand wants to be perceived and how it achieves trust. The lead can develop blueprints and protocols for achieving trust in the brand's content, across its marketing activity, and in its customer service. This person also can be responsible for monitoring and evaluating perceived trust of the brand and for leading changes to continually improve the brand trust.

According to Agius (2019), **step 3** involves being authentic through brand storytelling, and this authenticity has been proven to be at the heart of trustworthiness. Consumers today are not interested in the sales pitch, the marketing lingo, or the "key benefits." They want to know who the brand is. Achieving authenticity comes down to the organisation's DNA, which is the values, goals unrelated to profit, culture, etc., and out of this comes the brand's unique and authentic voice. The brand can be authentic by being present, responding to negative feedback, addressing complaints, and engaging with the customers online (failure to respond to customers on social media can increase churn by 15%). Customers often have questions, and if there's nowhere for them to go to get their

queries answered, or the organisation do not respond promptly, it could begin to lose credibility since customers trust brands that are available to them and allow interactions (Smale, 2017). Be authentic by telling stories, which can better engage your customers and help develop a relationship, and, therefore, build trust. Getting the brand storytelling right means developing a brand narrative.

**Step 4:** the brand must offer a consistent customer experience by going further into looking at the customer's journey through the brand. Maintaining consistency ensures that brand prospects and customers know what to expect (Agius, 2019). If done well, this provides the customers with a personalised, unique, and consistently high-quality experience that demonstrates that the brand understands them and their needs. The customers' experience, the more likely they are to trust you as a brand.

**Step 5** focuses more on relationships than conversions, sales, and revenue. According to Agius (2019), 56% of consumers feel more loyal to brands that get them, those with a deep understanding of their priorities and preferences. These brands take time to understand their customers and build relationships and influence through content (Lincoln, 2020). According to Holeksa (2019), customers generally feel more loyal to brands that have an in-depth understanding of their needs and preferences.

**Step 6** requires brands to embrace transparency which is a crucial factor in eliciting trust. According to research by Reach Solutions, 58% of consumers don't trust a brand until they've seen "real-world proof" that it has kept its promises. Smale (2017) believes that transparency is showing customers the truth and being open about both the strengths and weaknesses, its products, services, etc. so that they can determine for themselves if the brand is worth doing business with.

Building social proof constitutes **Step 7**. According to a Nielsen study, 92% of global online consumers trust word-of-mouth and recommendations from friends and family above any other form of advertising; therefore, it is beneficial to harness customer-generated content. While this illustrates consumers' growing distrust of advertising, it also shows that peer reviews and social proof are more important than ever. A brand is not what it tells the customer it is; it is what customers tell each other it is (Somma, 2017).

The discussion above has pointed out that just like brand reputation, credibility is directly linked to brand trust; therefore, this study focused on trust to investigate its influence on customer loyalty in the sports betting industry. Brand trust in the sectors discussed above relies mainly on what the brand says to its customers, how it says it, and how it prioritises customers' needs. This is all communicated in the brand transparency through how it owns its mistakes and inject its personality and also how it prioritises relationships over sales. However, though several studies discovered a direct positive relationship between trust and customer loyalty in the business environment, the relationship needed to be studied further in light of the sports betting industry in Gauteng, South Africa, since literature is very silent on this topic. Therefore, the following hypothesis was formulated for this current study.

**H2: Trust influences customer loyalty in the sports betting industry.**

### **2.3.3. Service quality and customer loyalty**

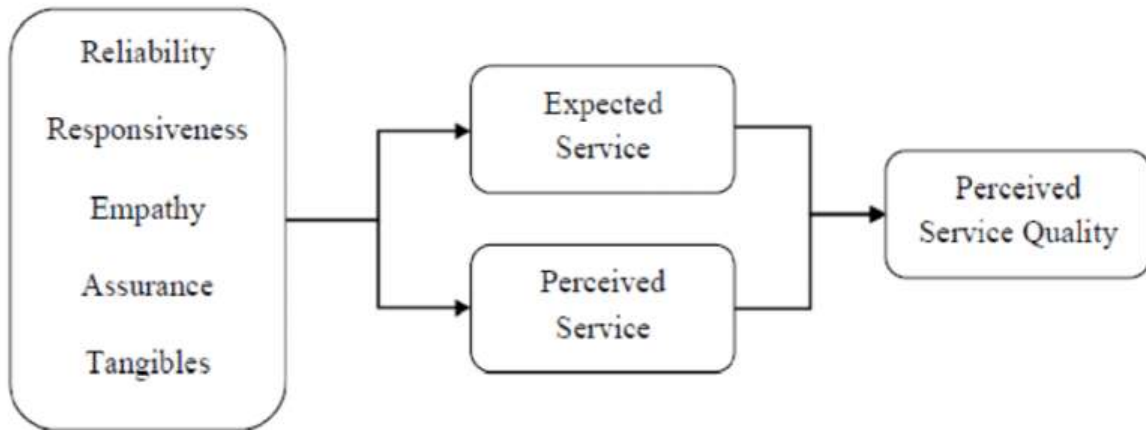
Service quality analysis impacts the development of the customer loyalty concept; therefore, service quality can be regarded as one of the most frequently analysed customer loyalty determinants. Spacey (2017) defines service quality as a subjective value of service to customers driven by needs, expectations, and/or perceptions. It is a multi-dimensional construct commonly based on customer judgements about service

suppliers and customer interactions and service itself and it is seen as the difference between customers' expectations and perceptions of service with the view of building a competitive advantage (Iddrisua, Noonib, Fiankoc, and Mensahd, 2015). Kotler et al. (2017) agree with this definition and further note that the ability of a company to constantly and consistently meet these factors is essential in building customer loyalty. This indicates that delivering quality service means conforming to customer expectations consistently and could be assessed by probing whether perceived service delivery meets, exceeds, or fails to meet customer expectations. Obviously, the perceptions of service quality and commitment are related to loyalty, but this may have a different impact on customer loyalty in a particular market (Iddrisua et al., 2015). Although there is a shortfall in meeting customer expectations, Munhurrin et al. (2010) revealed that frontline employees have a good understanding of these expectations.

There are two kinds of reasons that can determine relationship breakdown between the customer and the organisation: the natural causes (customer demand extinction) and artificial causes (inadequate product specifications, insufficient quality of service level). To increase customer loyalty, the organisation must seek to eliminate both natural and artificial customer exit reasons.

According to Gronroos (1984b), service quality has two dimensions: the technical and the functional aspects. The technical aspect answers the question of '**what**' service is provided and the functional aspect deals with '**how**' the service is provided. Parasuraman et al. (1988) went further and developed the **SERVQUAL** (Service Quality) model. The model was used to measure service quality, and it consists of 21 items that fall under five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. Tangibility involves tangibles such as equipment, personnel, communication material and

appearance of the physical facilities which customers derive their perceptions about the brand from (Fitzsimmons and Fitzsimmons 2014).



**Figure 2.5: The SERVQUAL Model** (Parasuraman et al. 1988)

While reliability is about the ability of the organisation to perform the promised service dependably and accurately, responsiveness is the willingness by an organisation to help customers and provide them with prompt service. This dimension emphasises attentiveness and promptness in dealing with customer's requests, questions, **complaints** and problems. Customers view responsiveness using the length of time they have to wait for assistance, answers given to their questions or attention rendered to their problems. Responsiveness also captures the notion of flexibility and the ability to customise the service to customer needs. On the other hand, assurance involves the organisation's ability to inspire trust and confidence in customers, and lastly, empathy is all about providing caring, individualised attention to customers (Essays, 2018). Leninkumar (2016) revealed that tangibles, reliability, and empathy had a significant positive effect on customer loyalty, while the effects of responsiveness and assurance on customer loyalty were positive but not significant. However, these findings do not

resonate with the sports betting industry, so this current comprehensive study represents this industry.

While service quality has a significant effect on customer loyalty (Elidawati et al., 2018), it is the conformity of expected service quality with the actual quality experienced that has a significant influence on the customer's loyalty (Jasinskas et al., 2016). In agreement, Priporus et al. (2017) discovered a positive relationship between service quality and customer loyalty with customer satisfaction as a mediating factor. Additionally, Kulbyte (2019) supports this view by indicating that customers no longer base their loyalty on price or product; instead, they stay loyal to companies that keep up with their increasing demands and offer them the best experience.

However, Prentice (2013), indicated that customers at different segments have distinct perceptions of service quality with various dimensions of service quality having differing effects on customer loyalty. The level of loyalty varies across different segments.

According to [bestsportsbetting.co.za](http://bestsportsbetting.co.za) (2019), first impressions count, and customers need to be treated like kings. Interestingly, Ramphal (2014) arrives at a similar conclusion and points out that service quality is highly employee-centred and depends on the customer's experience at the point of consumption. This is in agreement with Yarimoglu (2014), who also asserts that service quality is based on the three elements of the service marketing mix (7P), that is the physical environment, people and process; therefore, organisations should pay much attention to these to increase the quality of service.

Furthermore, [casinoza.com](http://casinoza.com) (2019) identifies system usability, betting markets variety, bonuses, and banking options as service quality factors that South African online bettors look at when choosing a betting company to settle with. Supporting this view is Boniecki

(2016), who also discovered that best odds, bonuses and a variety of bets are what most customers care about. Moreover, with the rise of mobile technology, online sports bettors in South Africa choose betting companies that offer them the option to place bets on an easy to use and fast mobile application (rsabet, 2019 and cardschat.com, 2019)

The Gambling Commission of UK (2017) noted that the way a bookmaker handles complaint in the sports betting industry forms the basis of how customers and stakeholders view its service quality. Complaints in the sports betting industry are related to the outcome of gambling transactions which are linked to the application of bonus offers, account management, or the ability to access funds and winnings. As raised in the earlier discussion in this study, the sports betting industry has little to no differentiation between products and very little price elasticity. Nettleton (2013:1) emphasised that “very few punters would shift from their preferred bookmaker to another on the basis that they will be offered \$1.25 and not \$1.20 for the favourite.” Against this backdrop, customer complaints handling becomes a fundamental aspect of service quality in the sports betting industry.

#### **2.3.3.1. Complaints handling and customer loyalty**

Hsiao et al. (2016) noted that complaining is one of the options available to customers to express their dissatisfaction. A complaint is when a customer brings a problem to the company's attention and expects some redress (2015). (SBIF, 2009). More generally, a complaint is an expression of dissatisfaction communicated to an organisation concerning its products and/or services (Carvajal et al. 2011).

Customers complain when they experience a service performance that falls below their expectations and this implies that dissatisfied customers are more likely to complain than satisfied ones (Keiningham et al., 2015). Therefore, complaint handling is the procedures

and actions of service providers aimed at addressing customer complaints and recovering dissatisfied customers (Ateke and Kalu, 2016). Customers express their displeasure with service failure in various ways. Crie and Ladwein (2002) identify complainers and non-complainers as two distinct groups of customers that experience dissatisfaction. Understanding customers' complaints require a continuous assessment of negative feedback and criticism from them, and, therefore, organisations need not to only carry out sophisticated computerised analysis, but should also contact dissatisfied customers directly to ascertain their grouse against the company (Ateke and Kalu 2016)

Ineffective complaints handling often leads to customer defection if the organisation does not provide an efficient solution to the particulars of the grievance. Various studies portray desertion as the gradual dissolution of a relationship due to multiple problems arising over time, noting that a severe critical incident may lead a client to defect immediately. Moreover, slow complaint handling may be seen by customers as incompetence and will have a negative effect on the credibility and thus on trust, which will impact customer loyalty.

Recent studies in the banking sector have proved that effective complaints handling results in improved customer loyalty (Carvajal et al., 2011; Salim et al., 2018). However, these findings have not been thoroughly investigated in the sports betting industry, hence the undertaking of this study.

According to Shahin (2019), different customers have different ways of complaining, from taking no action, taking private actions, taking public actions to taking a variety of both private and public actions and how an organisation deals with a complaint can mean the difference between good and bad customer service (Young Entrepreneur Council, 2017). However, the trick part of complaints handling is that complaints often do not



directly identify the source or cause of the problem. Establishing a complaints handling system that allows customers to complain and give feedback about the product/service received will allow the organisation to achieve a high level of customer satisfaction that will lead to increased customer loyalty (Simon et al. 2015).

Areas of complaints in the sports betting industry are mainly to do with suspended accounts/ funds, documents (FICA), unfair games, software/connection faults, bonus complaints/abuse, terms and conditions, gambling limits/losses, and cancelled bets, among others (Gibraltar, 2019).

In addition, Singh et al. (2016) found that effective complaint handling practices can make the complainants more trustworthy and loyal than before since it is believed that complainers are the heaviest users of a service/product. To prove this, a study by Harvard Business Review (2018) concluded that customers who have their complaints handled in less than 5 minutes go on to become loyal customers. Kian, Suradi, and Saludin (2015) arrived at a similar conclusion and add that organisations can also reap the benefits since complaints are related to satisfaction and, when correctly handled, often lead to customer loyalty.

Several studies identify almost similar formalised procedures of handling complaints, all ending with exceeding customer expectations (MacDonald, 2019, Shahin, 2019: YEC, 2017).

However, Shooshtari et al. (2018) argue that the existence of such formalised procedures is highly associated with the size of the firm, better communication channels with customers, customer feedback recording mechanisms, as well as better-trained employees.

Several studies agree that from an operational viewpoint, the complaint handling process can be summarised in three subdimensions, which are complaining accessibility, customer-organisation interaction, and compensation policy (Grougiou and Pettigrew, 2009; Mattila and Wirtz, 2004; Maxham and Netemeyer, 2002; Stauss 2002; Johnston and Mehra, 2002; Johnston, 2001). These subdimensions are adopted in the current study because they are critical aspects of complaint handling.

#### **2.2.3.1.1 Complaining Accessibility**

Complaining accessibility describes the ease with which complaints procedure can be accessed and utilised by all service users at any given time and should not be unavailable when customers wish to complain. Akene and Kalu (2018) suggested that organisations must consider the most effective way of ensuring maximum accessibility, including placing information in waiting areas where customers can see them. Complaints leaflets were also discovered to be helpful and organisations may consider effective places to display them.

Complaining accessibility also helps customers to not spend money when they intend to lodge a formal complaint, and it also reduces the time taken to complain. It also involves policies, procedures, and tools that organisations use to support communication with customers and specifically, the time taken to process complaints and to arrive at a decision (Davidow, 2003). In a nutshell, the procedure should be flexible, speedy, and friendly to customers (Nikbin et al., 2010)

#### **2.2.3.1.2. Customer-Organisation Interaction**

This allows either of the parties to have a feel of the pulse of the other. It fosters friendliness between the customer and the organisation, and these interactions are essential for organisations because they enable them to serve the customers better. On

the other hand, they also give the customers an idea of how well the organisation values its relationship with them.

#### **2.2.3.1.3. Compensation Policy**

Compensation policy refers to the company's laid down rules relating to how tangible resources can be assigned to rectify and compensate for service failures. Giving dissatisfied customers something of value as compensation rather than just an apology is often a more effective way of assuring them in service failure. The efficacy of the compensation policy of an organisation is determined by fairness, need, value and rewards of service recovery outcomes (Chebat and Slusarczyk, 2005; Wirtz and Mattila, 2004). Studies suggest that the fairness of the compensation policy of firms has a positive effect on customer loyalty.

Taking responsibility and offering restitution to customers in the unfortunate incidence of failure in the service process will ease tension and lead to satisfaction levels. Apology to the customer shows that the firm has taken responsibility for the error. However, for service recovery to be effective, the firm must go beyond a simple apology to offering something of value to the customer to cushion the effect of the service failure on the customer (Ateke and Onwujiariri, 2014). However, since service failure is inevitable, employees of service organisations should better understand and train how to handle customer complaints.

From the above discussion, it has been proved that effective customer complaints handling impacts customer loyalty. However, this assertion needs to be thoroughly investigated in light of the sports betting industry in South Africa since there is limited literature in this regard. In light of the above discussion on customer complaints handling, the following hypothesis was formulated.

***H3: Customer complaints handling influence customer loyalty in the sports betting industry.***

**2.3.4. Effective Communication and customer loyalty**

Effective communication is the most important part of customer service and the real secret to effective customer communication lies in the ability to gauge customer's expectations and then respond appropriately, especially in this age of digital communication, when organisations may not be able to meet customers face to face (Patel, 2020). Mbango and Mmatli (2019) defines effective communication as the customers' perception of the extent to which an organisation interacts with them in a warm and personal way. It is believed that effective communication tools bring about a sense of satisfaction and friendship (Mohammed and Ariffin, 2017). Furthermore, fostering effective customer communication skills should be an integral part of an organisation's values. Improving how to communicate helps promote a brand to future customers, build a strong relationship with existing customers, and address customer concerns. Doucette (2017) proclaims that even though quality service and good prices prove that organisations care for their customers, what matters to these customers is how organisations demonstrate it through ongoing attentiveness and creativity in the quality of communication.

Hence, as Kotler et al. (2017) suggest, a company must carefully integrate its many communication channels to deliver a clear, consistent, compelling, and even personalised message about the organisation and its brands. All points of contact between the customer and the organisation's content about its brand must be identified and more effort should be directed towards delivering a positive, consistent message at each contact to tie together all the company's messages and images and align them with customer preferences (Linton and Shoenberger, 2019).

According to Alawni et al. (2015), effective communication will improve customer loyalty since communication influences the satisfaction levels of the consumer in a significant manner. Since “the effectiveness of communication is not defined by the communication, but by the response”, having the right communication strategy is a great way to build customer loyalty. Kharouf et al. (2019) discovered that implementing effective communication methods will lead to a trustworthy image, which has a positive impact on attitudinal and behavioural loyalty. According to Patel (2020), effective communication with customers helps to learn the customer’s problem accurately and enables the organisation to deliver faster support, reduce touchpoints, that is, the number of interactions required to resolve an issue. In turn, this will boost customer loyalty since conversations become personalised.

Furthermore, organisations should control or influence messages to ensure consistency across all communication platforms and match brand promises made with actual performance (Takalani, 2015). Epstein (2017) arrived at a similar conclusion and noted that communicating with customers is critical when it comes to taking quick, decisive action that will equip an organisation to go a long way toward ensuring profitability and achieving customer loyalty and thriving for the long haul.

When it comes to sports betting, Igamingtimes (2018) postulates that betting is inherently time-sensitive. Therefore, effective communication about sporting events should be sent out in time to the right people with speed and accuracy. However, the author gives no further information on the impact of effective communication on customer loyalty in the sports industry. This current study sought to get a deeper understanding of the relationship between the two.

Patel (2020) suggested what he called nine proven strategies for effective customer communication. The first strategy is the use of live engagement tools for real-time assistance and this involves real-time support with live assistance tools such as video chats, co-browsing and live chats. Building omnichannel customer communication is another strategy that focuses on providing consistent communications across multiple customer touchpoints. These include online and offline channels such as mobile applications, social media profiles, brick and mortar stores, online reviews, websites, email marketing and customer service resources (Manners, 2019). The third strategy involves improving the first customer experience through reducing waiting time, avoiding scripted conversations and offering real-time support. Other strategies include the use of chatbots for automated customer communication, following customer service etiquette and best practices such as active listening, adding a personal touch, using positive words, being empathetic and avoiding jargons.

The sixth strategy, according to Patel (2020), is the regular measuring of customer communication metrics. Collecting customer feedback is the seventh strategy and this is done to improve communication skills. Monitoring social conversations both online and offline is another important strategy. This strategy involves understanding customers' preferred social channels and actively engaging them through delivering similar support across those channels to create a consistent social service experience. Through this strategy, social media may be used for announcing product releases, organisation news, content updates, and events. Last but not least is knowing what customers want and keeping things ready for them. While this helps them positively, it also reduces repetitive interactions by the customer and improves customer communication skills, eventually leading to customer loyalty.

Although the discussion above proves the undisputed impact of effective communication on customer loyalty in several industries, this current study sought to investigate this further in light of sports betting to bring about a more industry-based understanding of the impact.

***H4: Effective communication influences customer loyalty in the sports betting industry.***

### **2.3.5. Customer satisfaction and customer loyalty**

According to Pratiwi et al. (2019), customer satisfaction is an emotional state of consumers or subscribers gained after comparing the performance of a product or service that has been purchased with their expectations. Customer satisfaction has also been defined as the level of emotional reactions from service experience; thus, satisfaction is based on direct experience (Darmawan et al., 2017). Mbango (2018) defines customer satisfaction as a feeling of pleasure, fulfilment, and desire towards a service rendered, and it is also viewed as the level of post-purchase dissonance.

Customers feel satisfied when they have positive feelings towards the concerned service or product, and such positive feelings are derived from meeting or exceeding their wants, demands and expectations. Therefore, customer satisfaction, as noted by Ananda and Devesh (2018) and supported by Nobar and Rostamzadeh (2018), is a result of service quality and customer expectations, among other influencing factors; and is a positive driver of customer loyalty (Gong and Yi, 2018).

Available evidence showed a significant relationship between customer satisfaction and customer loyalty (Leninkumar, 2017). Customer loyalty is considered a result of customer satisfaction. Many authors have advocated that customer satisfaction is one of the determinates of customer loyalty, especially in the service industry (Belás and Gabčová, 2016; Coelho and Henseler, 2012). Furthermore, it can be assumed that the

relationship between customer satisfaction and customer loyalty is nonlinear. Suggestions pointed out the importance to organisations to increase customer satisfaction if they want to sustain customer loyalty (Fida, Ahmed, Al-Balushi, and Singh 2020).

According to Bahadur et al. (2018), employee empathy during employee–customer interactions have a positive and indirect effect on customer satisfaction, and it also leads to positive word-of-mouth and repurchase intentions by customers. Researches have proved that the success of customer satisfaction is not only related to an organisation’s service quality management, but it also carries significant impacts on the organisation’s future by ensuring sustainability through customer loyalty (Strenitzerová and Gaña, 2018). In addition, Odunlami (2015) points out a significant relationship between customer satisfaction and customer retention. Lee et al. (2016) arrive at a similar conclusion and further assert that customer satisfaction is more important than brand image.

Chochol’áková et al. (2015) believe that to increase customer satisfaction, the organisation can devote its efforts to increasing the value perceived by the customer by paying attention to other values, which may affect customer satisfaction, such as a fair and equal approach to the clients. Moreover, suppose an organisation wants to attract new customers. In that case, it should focus primarily on customer satisfaction, as this will significantly affect customer recommendations to friends. Conversely, if an organisation wants to keep a customer, then in addition to customer satisfaction, it must monitor the customer’s perception of the value of the services.

In contrast to the view above, Tefera and Govender (2017) doubt whether customer satisfaction will translate into customer loyalty, making it apparent that customer



satisfaction might not always guarantee customer loyalty. Though customer satisfaction may drive loyalty, it may not be very reliable, and definitely, it is not the only determinant of loyalty. Interestingly, Ullah, Khan and Shahzad (2015) support this view, who also argue that customer loyalty is more reliant on trust than satisfaction. In agreement with this assertion is Hadi et al. (2019), supported by Printhouse (2017), who both believe that high levels of customer satisfaction do not guarantee customer loyalty and that enhanced client satisfaction is not necessarily bound to produce customer loyalty or some positive outlook in the clientele, as there are other multiple factors involved in defining customer loyalty, such as convenience, expectations, customer service, personal relationships, rewards, reputation, community outreach, and switching cost.

In terms of sports betting, Netbots (2019) linked customer satisfaction with being happy with the bookmaker, and they went further to discuss ways of playing sports betting customers happy. Failing to get the customer started betting is a cause of customer dissatisfaction. Therefore, a bookmaker should help its users get started if it is determined to satisfy them. However, it is yet to be established whether customer satisfaction in the sports betting industry leads to customer loyalty and the undertaking of this study will prove this assertion.

Moreover, keeping customers happy and active is the key to keeping them. Therefore, bookmakers will acknowledge that every customer needs to experience victory since a long losing run can make a customer leave, especially if the customer feels that the bookmaker only exists to take their money. With this in mind, the bookmaker should try and increase customer satisfaction by helping the customers to win some of their bets by offering information such as sports betting tips, statistics, and predictive analysis (Netbots, 2019). However, so many bookmakers do an excellent job of customer

acquisition and then the customer is ignored while the bookmaker chases more new customers. Even after investing enormous amounts of time and cash to get new customers in, few bookmakers take the time to evaluate why so many leave them. They are trapped in an eternal cycle of replacing the lost customers, hindering true growth that can be brought about by satisfying existing customers (Netbots, 2019).

Christian et al. (2020) discovered that accessibility, security, and website design have a positive and significant effect on customer satisfaction. They further recommended that for a bookmaker to satisfy its customers, it should ensure that its website layout is easily navigated and understood. Furthermore, they also advised bookmakers to draw knowledge from banks and bear the data cost bettors incur in the process of betting in addition to a quick and prompt pay-out facility.

From the above discussion, it has become evident that there is a consensus belief that satisfied customers would return for repeat future purchases and eventually become loyal customers. This is the formal concept and the basis for thought in marketing. It supports the notion from recent studies that the relationship between satisfaction and loyalty is a strong correlation. However, though the relationship between customer satisfaction and customer loyalty is undisputed in several other industries and sectors as shown above, in the sports betting industry, this relationship needs to be investigated and that was one of the objectives of this current study.

***H5: Customer satisfaction is positively related to customer loyalty in the sports betting industry.***

### **2.3.6. Proposed research model**

The following depicts the customer loyalty model in the sports betting industry in Gauteng, South Africa.

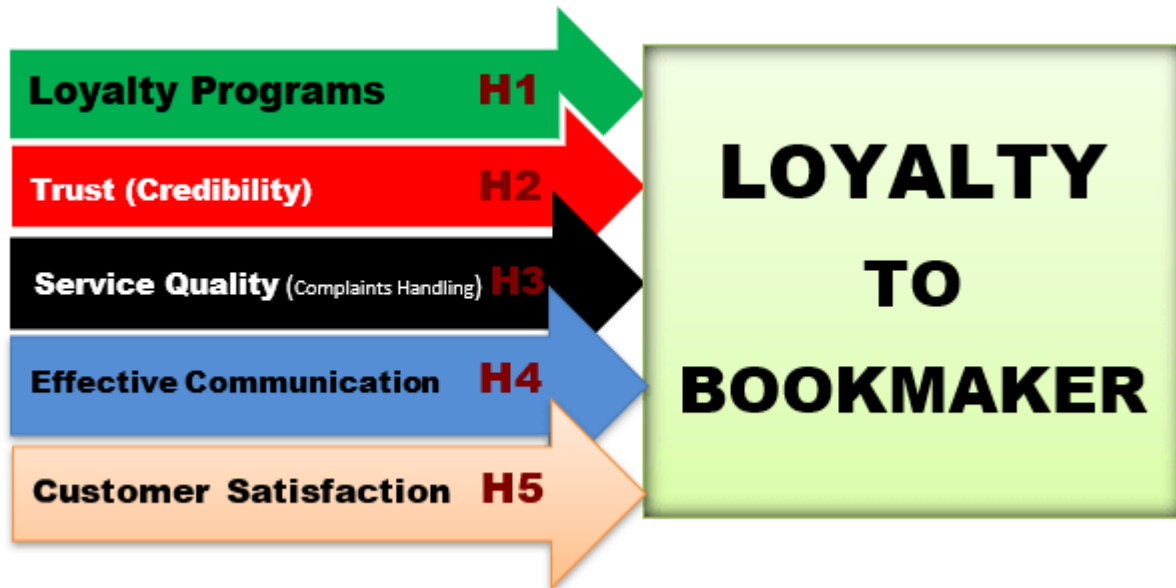


Figure 2.6: Marketing factors influencing customer loyalty in the sports betting industry in Gauteng, South Africa.

#### 2.4. Chapter summary

This chapter highlighted that customer loyalty is a very complex construct. Although it has several definitions, all of them point out to a common view that customer loyalty has everything to do with the customer's conscious decision to keep buying products or services from one brand repeatedly over time rather than buying from competitors. The theories of reinforcement, the ladder of customer loyalty, and the customer loyalty development model were selected and linked to the current study with the hope of getting a clear understanding of the customer loyalty concept. Customer loyalty comes in different magnitudes, but traditionally, there are four types of customer loyalty: no loyalty, inertia loyalty, latent loyalty, and premium loyalty, which is further subdivided into different dimensions: inertia loyalty and mercenary, cult loyalty and true loyalty.

Loyalty can be measured using several different methods: NPSnet promoter score, upselling ratio, repurchase ratio, customer engagement numbers, and CLI. The literature used in this study pointed to five drivers of customer loyalty that can be linked to the sports betting industry: loyalty programmes, trust (credibility), service quality

(complaints handling), effective communication, and customer satisfaction. The chapter concludes by highlighting the hypotheses that are going to be investigated in this study. The next chapter discusses the methodology that was followed in this study.



## **CHAPTER 3**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Introduction**

This chapter begins with a summary of the marketing research process in Section 3.1. Section 3.2 discusses the research problem/questions, while research objectives are outlined in Section 3.2.1. Section 3.3 discusses the study's research plan; Section 3.3.1 discusses qualitative, mixed-method, and quantitative research approaches, while Section 3.3.2. discusses the population and sampling method. Section 3.4 zooms in on the research conduct while Section 3.4.1 deals with the data collection method; Section 3.4.1. presents the data collection instrument for the study and Section 3.4.2. highlights the questionnaire structure approach for the research study. Section 3.5 discusses analytical techniques, followed by measures taken to guarantee the study's validity and reliability in Section 3.6. Section 3.7 discusses the pilot survey, Section 3.8. presents the ethical considerations measures taken for this study while Section 3.9 concludes the study.

#### **3.2. Research process**

The marketing research process is an organised method employed by a researcher to undertake an empirical study to attain the research objectives (Babin and Zikmund, 2015). According to Kothari (2004), a research process "is a strategy or a plan of action that guides the researcher to conduct specific research. The selection of the research method depends on how the researcher perceives reality. McDaniel and Gates (2013) believe that marketing research is all about the planning, gathering, and analysis of information which is then communicated to management, who uses it to make marketing-related decisions.

There are two categories of research, namely qualitative and quantitative research (Ntsike, 2016). Over the years, the third category, called the mixed-method, which joins the two traditional methods, was introduced to bridge the gap between qualitative and quantitative when addressing a research question (Anani-Bossman, 2018). A quantitative approach was used to attain the results for this study; this included the following five steps in the marketing research process: defining the research problems, developing research objectives, collecting data, analysing the collected data, and finally reporting on the research findings (Ferel, 2010). To conclude the identified problem, the researcher followed a process highlighted in the following sub-sections.

### **3.2.1. Defining the research problem**

McDaniel and Gates (2013) postulates that the research problem speaks to what information is required to solve the problem and how that information can be acquired effectively and efficiently. The following research question guided this current research to identify and address research gaps and achieve the study objectives:

**Which marketing factors influence customer loyalty in the sports betting industry?**

Following the research problem and question above, the research objectives of the study were drafted and presented in chapter 1. However, a quick rundown of this study's research objectives is presented below.

### **3.2.2. Determining research objectives**

Babin et al. (2015) define research objectives as specific statements that the research study tries to achieve to solve the research problem. These should be framed in such a way that they answer a specific research question. The following are the research objectives adopted for this study, and they have been highlighted in Chapter 1:

- To determine the influence of loyalty programmes on customer loyalty within the sports betting industry.
- To determine the influence of trust (credibility) on customer loyalty in the sports betting industry.
- To determine how service quality, with particular reference to complaints handling, influences customer loyalty within the sports betting industry.
- To determine the influence of effective communication on customer loyalty in the sports betting industry.
- To determine the influence of customer satisfaction on customer loyalty within the sports betting industry.
- To determine the main factors influencing customer loyalty in the sports betting industry.

The above mentioned are all secondary objectives for the study. The primary objective was to investigate the marketing factors that influence customer loyalty in the sports betting industry in Gauteng, South Africa. From the initial review of available related literature on this subject, it was discovered that loyalty programmes, complaints handling, trust, effective communication, and customer satisfaction impact customer loyalty in several industries. Therefore, the influence of these same constructs was investigated in this current study, and the findings will be discussed in the following chapters.

The research objectives were instrumental in guiding the researcher to specific information required from a given population (Lyons, 2017). The two categories of research data, primary and secondary data, assisted the researcher in addressing the research question and objectives outlined in this section.

Babin et al. (2015) concluded that the researcher should first explore all secondary data obtainable to establish which type of research should be conducted after that; primary research will then be undertaken when the availability of secondary research is limited.

The research objectives refer to specific declarations that the research study will endeavour to solve the research problem (Mothudi, 2020).

### **3.2.3. Developing the research approach**

Kothari (2004) points out that a “research approach is the outline plan, or a support structure of inquiry used to acquire answers to research questions.” This is a structured method for gathering, examining, interpreting, and outlining data in research studies (Makgopa, 2016). Cooper and Schindler (2014) defines it as a layout for fulfilling objectives and responding to queries.

This study used a quantitative approach through an online survey method. Palitano et al. (2017) described quantitative research as descriptive research that is organised and that quantifies results by employing numbers or statistical analysis. This study followed a cross-sectional descriptive method to investigate the marketing factors influencing customer loyalty in the sports betting industry. This method enabled the researcher to analyse a large amount of data using statistics and diagrams. The method enabled the quantification of data gathered in numbers through online questionnaires and helped the researcher employ statistical analysis to conclude the study (Malhotra, 2015).

The choice to use descriptive research was influenced by the intention to describe a population, situation, or phenomenon (McCombes, 2019).

#### **3.2.3.1. Survey research approach**

A survey is an estimation procedure used to gather data using structured interviews (Cooper and Schindler, 2014). Survey research consists of a cross-sectional design where data are collected by questionnaire or a structured interview on more than a single occasion and at a particular moment to gather quantitative information in relation to two or more variables (Bryman, 2012).



A standard survey can produce a required effect of gathering wide samples of data from people through their responses to questionnaires (Shrestha, 2016). This can be done through three significant modes: telephone interviews, personal interviews, and mail interviews. This study used online -questionnaire to collect the data from bettors, which allowed the researchers to gather great volumes of quality data. Furthermore, online based surveys are inexpensive, convenient, and saves a lot of time to conduct. This method is also believed to improve confidence in research study conclusions, saves cost and time, and enable participants to partake anonymously, leading to more participants being willing to participate (Rice et al., 2017).

While there are many benefits associated with using internet-based surveys, there are also remarkable disadvantages. These disadvantages include non-representative samples, participants' fraud, restrictions in the type of data gathered, financial motivation, and minimum response rate (Rice et al., 2017).

Despite numerous challenges, self-administered internet-based surveys are justified because the age group targeted for this research study is between 18 and 65, acquainted with using the internet. Data were collected from bettors around Gauteng.

#### **3.1.3.2. Empirical design**

According to Mothudi (2020), five key steps should be considered when deciding the research extent: defining the target population, sampling frame, sampling technique, sample size, and choosing the individual sample units. These steps are discussed below.

#### **3.1.3.3. Target population**

Rashid (2015) describes a population as the entity of units from which the sample is chosen. It "is the total set of elements about which we desire to make some inferences"

(Cooper and Schindler, 2014). All the individuals that met the sample criterion for inclusion in this research study constituted the target population for this research.

The individuals who made up the target population were identified and selected based on whether they were recreational bettors or not. This target population was restricted to sports betting customers residing in Gauteng from the age of 18 to 65 both male and female. The population included all racial groups in South Africa. Gauteng was chosen because is the most populated province in South Africa with over 13.4 million habitants and regarded as the economic harbor of the country. This province has the biggest number of bettors (NGB, 2018). Malhotra (2015) notes that the chosen population must be determined accurately, and the researcher should specify the characteristics of the chosen population that apply precisely to the study.

#### **3.1.3.4. Sampling frame**

A sampling frame represents the target population, which Wiid and Diggins (2013) describe as an inventory group of the population from which the researcher will generate a sample. This study's sampling frame was comprised of recreational sports bettors who were drawn from a database provided by Osmoz consulting.

#### **3.1.3.5. Sampling methods**

There are two kinds of sampling methods: probability and non-probability sampling.

- **Probability sampling**

According to Kumar (2011), probability sampling is crucial because every element in the population has an equivalent and independent chance of being selected, allowing for generalisation of results to the whole population (Malhotra, 2010). When using probability sampling, all population members are given an equal known non-zero chance of being selected (Salkind, 2012; Zikmund et al., 2009). Examples of probability sampling

methods are cluster sampling, systematic sampling, simple random sampling, and stratified random sampling.

**Cluster sample:** In cluster sampling, the population is divided into groups or clusters, and these groups are sampled for inclusion in the study (Wiley, 2019).

**Systematic sample:** Systematic sampling is a probability sampling method in which members from a bigger population are chosen according to a random starting point but with a fixed, periodic interval (Hayes, 2020).

**Simple random sample:** When choosing a sample, each observational unit or subject has an equal opportunity to be chosen. A simple random sample method is most appropriate when the population is homogenous with a fairly small population size (Etikan and Babatope, 2019).

**Stratified random sample:** Stratified random sampling is useful for data collection if the population is heterogeneous. In this method, the heterogeneous population is split into several homogenous groups, generally known as strata (Singh and Masuku, 2014). Each of these groups is homogenous, and then units are sampled at random from each of these strata (Singh and Masuku, 2014).

- **Non-probability sampling**

Non-probability sampling method is a sampling method where the sample members are not selected randomly. Leedy and Ormrod (2015). When using this method, the “researcher cannot foretell or warrant that every element of the population will be represented in the sample,” (Leedy and Ormrod, 2015:182). Different tools can be employed in non-probability samplings: snowball, convenience, quota, purposive, and self-selection (Mahlangu, 2017).

**Snowball sampling** is commonly used when it is not easy to identify the desired population of participants (Showkat and Parveen, 2017). Snowball sampling involves using the group participants to identify other participants, thus requesting early participants to refer to other study participants.

**Quota sampling:** This is when sampling is done until a specific number of units (quotas) for various subpopulations have been selected. Quota sampling is a means for satisfying sample size objectives for the subpopulations. The quotas may be based on population proportions. For example, if there are 50 men and 50 women in the population and a sample of 10 are to be drawn, 5 men and 5 women may be interviewed (Etikan and Bala,2017).

**Purposive sampling:** This type of sampling is also known as judgement sampling and it involves the researcher using their expertise to select a sample that is most useful to the purposes of the research. It is often used in qualitative research where the researcher wants to gain detailed knowledge about a specific phenomenon rather than make statistical inferences. It is also applicable where the population is very small and specific (McCombes 2019).

**Convenience sampling**, also known as accidental sampling, includes choosing available participants who agree to participate (Gravetter and Forzano, 2015). In convenience sampling, the researcher chooses individuals that are easiest to access at random until the desired sample size is obtained (Ragab and Arisha, 2018).

However, given the unknown number of sports bettors in Gauteng, a less desirable non-probability sampling method known as convenience sampling was applied when collecting data from bettors. According to Babin and Zikmund (2016), convenience sampling is a sampling procedure of obtaining those people or units most conveniently

available to participate in the research study. Using this method, Creswell (2013) noted that respondents would be chosen based on their convenience and availability. This goes a long way when it comes to obtaining many completed questionnaires quickly and economically.

In addition, the convenience sample comprised respondents who were chosen because they were easy to recruit. Using this method, the researcher drawn samples from a database of bettors (Crossman, 2019). Therefore, online questionnaire was sent out to the identified bettors drawn from the database using email addresses.

This was the best option for the research, especially since the researcher had access to the bettors' database and the bettors who were willing to participate in the research provided their responses via an online questionnaire (Bornstein et al., 2015). Responses provided by the participants were collected via an online survey tool which allowed for non-disclosure of the participant's information. The tool used only allowed for the collection of responses and it did not show from whom these responses were collected.

### **3.1.3.6. Sample size**

The sample size is defined as the number of elements comprehended in the final sample (Wiid and Diggines, 2015). Cochran (1963) in Israel (1992) suggested that when a "population is too large to easily measure, a sample size formula that does not account for the size of the large population that will be surveyed should be employed." Since the number of people who engage in spot betting is currently unknown in South Africa, the formular discussed in Chapter 1 (section 1.9) was used to calculate the sample size. A sample size of **404** respondents was considered for this study.

### **3.2.4. Data collection method**

Data collection is defined as a process of collating information from relevant sources in a bid to find answers to the research problem or to test the hypothesis and evaluate the outcomes (Leedy and Ormond, 2013).

Secondary data, which were in the form of the literature from previous researchers published in books, newspapers, magazines, online portals, journals, and records from the gambling board and betting companies were used as secondary data to assist the researcher with conducting a literature review of this study. However, care was taken on the selection criteria when choosing the secondary data. The criteria included accredited journals, date of publication, source reliability, quality of discussion, depth of analysis and the contribution of the text to the research's development.

Primary data were collected using an online questionnaire since this method was efficient and cost-effective (Erickson, 2017). The non-contact methods outlined was used to collect data from bettors. The research was intended to be conducted with the help of research assistants who were supposed to use questionnaires and also monitor progress and clarify ambiguity where necessary (Tella, 2015). However, due to the Covid19 pandemic, the research was contacted online through sending an online questionnaire to bettors.

Surveys are one of the most inexpensive, fast and practical solutions of gathering quantitative data. Another advantage of surveys is that they allow for gathering of data from an audience of any size through multiple sources at once. Results derived from surveys can be compared and contrasted from other research efforts. While offering a straightforward analysis and visualization of the data collected, surveys allow

respondents to remain anonymous thereby granting the researcher an opportunity to collect information with greater accuracy.

Questionnaires are a simple, effective way to gather information. Depending on the budget, they can be posted on websites or social media pages or send by email. Since all respondents are asked the same questions, the researcher can easily compare the results. Additionally, there are better chances of getting a high response rate, especially if respondents are allowed to remain anonymous. When the respondents are scattered far and wide, a questionnaire is a better tool as compared to other tools like interview or observation.

After identifying a suitable sample described in the steps above, the researcher collected data from the 385 bettors. Matters concerning validity and reliability were considered and these two important issues were discussed below.

### **3.2.5. Data collection instrument and development**

The data collection instrument was in the form of a structured online questionnaire sent to bettors through emails. Although the questions on the questionnaire consisted of a checklist, they were mainly in the form of a rating scale that, according to Leedy and Ormond (2013:189), “is more useful when behaviour, attitude, or other phenomenon of interest needs to be evaluated on a continuum...”

From many effective methods of measuring customer loyalty discussed in the literature review in Chapter 2 (Section 2.4), the researcher settled with the CLI. CLI is a standardised tool to track customer loyalty over time. This was chosen because it incorporates the values of the other three methods, that is, NPS (Section 2.4.1), repurchasing, and upselling (Pascal, 2016). The three questions of CLI were pinned on

each one of the customer loyalty influencing factors discussed in the literature review to investigate the influence of each factor on customer loyalty in the sports betting industry.

### **3.2.5.1. Pilot Study to identify items determining bookmaker Trust, effective communication and customer satisfaction.**

Before undertaking this research, the researcher deliberated with about 50 bettors to find out what in the bettors' view determine the trust they have to a bookmaker, what constitutes effective communication between them and bookies as well as what makes them satisfied with a bookie. It was these deliberations that led the researcher to the following factors. The following sub-sections show the list of outstanding items for each construct amongst all 50 bettors.

#### **❖ Items determining bookmaker trust**

The researcher was interested in finding out some of the items that customers consider to trust a bookmaker. These items included time taken by a bookmaker to pay out bettors' winnings, number of betting markets offered by a bookie, number of deposit options offered by a bookmaker, and number of withdrawal options made available to bettors by a bookie. The final list of 4 items is then included in this study, and the results are presented and discussed in the following chapters.

#### **❖ Items determining effective communication in the sports betting industry.**

Another area of interest for the researcher in this current study was finding out the items that bettors consider as determinants for effective communication between them and the bookmaker. Through these deliberations, the researcher came up with the following items as the final list:

- how easy it is to contact the bookmaker for assistance with queries?
- how easy it is to get information about new products and services from a bookie?
- how quickly bookies respond to emails and WhatsApp messages from bettors?
- how easy it is to get online assistance from a bookie?



### ❖ **Items determining customer satisfaction in the sports betting industry**

Five items were considered under customer satisfaction, and these were drawn from the preliminary list of items that bettors consider are the determinants of their satisfaction.

As already indicated above, these items were collected from the bettors before this study:

- satisfaction with bonuses offered by a bookmaker
- happy or unhappy with the relationship between the bettor and the bookmaker
- experience with the bookmaker (satisfied or unsatisfied)
- does the bookmaker understand the bettor's needs?
- does the bookmaker exceeds the bettor's expectations?

#### **3.2.5.2. Questionnaire structure**

A questionnaire is the backbone of any research and comprises a group of specifically designed questions to gather the necessary data required to answer a research question (Hung, 2016). There are three types of questionnaires, and these are structured, semi structured, and unstructured questionnaires. A structured questionnaire is one in which the researcher asks a pre-planned set of questions using the similar wording and order of questions as described in the interview schedule (a written list of questions, open or close-ended, made ready for use by an interviewer) (Kumar, 2011). A semi-structured questionnaire is more flexible and allows respondents to have more freedom to answer questions during the interaction or discourse than in structured interviews (Bryman and Bell, 2011). When using an unstructured questionnaire, the interviewer asks diverse questions to various participants in whatever way they perceive fit (Dana et al., 2013). Unstructured questionnaires carry out a designated set of questions; these questions are informal, free-flowing, and prompt compared to one on a structured questionnaire (Parveen and Showkat, 2017).

Apart from having a close association with quantitative analysis, a structured questionnaire is the ideal primary research measuring instrument when carrying out

survey research. This explains why the researcher opted for it. Respondents took an average of 8 minutes to complete the structured questionnaire, and there were no challenges during the process. The questionnaire consisted of close-ended questions that allowed for answers to be captured rapidly and analysed (Asim, 2015). The reason for designing a questionnaire was to ensure that the questions asked were aligned with the study's objectives and the type of information needed to complete the research. The study objectives listed in chapter 1 made it possible for the researcher to formulate the questions.

The questionnaire used for this research comprised three sections: A, B, and C. An introduction cover letter explained the purpose and reasons for the research. A copy of the questionnaire used in this study is attached as appendix A at the end of this dissertation. Ethical considerations were adhered to, and instructions were given on how to answer the questionnaire. Section A questions were meant to screen respondents and allow the researcher to know their betting behaviour. The questions included age, gender, education level, the bookmakers one places online bets with as well as as indicating if one is a recreational bettor or not. Section B comprised demographic questions such as age, highest academic level, and gender. Section C questions focused on the marketing factors that influence customer loyalty in the betting industry.

The questionnaire used in this study comprised rating scale questions designed as closed-ended questions. The rating scales are used frequently in research, particularly in surveys (Friedman and Amoo, 1999).

### **3.2.6. Pilot Survey**

A pilot survey effectively determines the study's feasibility and saves time (Leedy and Ormord, 2010). Before collecting data, a pilot study was conducted to assess the

questionnaire to curb any prospective problems (Saunders et al., 2016). This ensures that participants do not experience challenges in answering the questions and capturing data. To guarantee the questionnaire's relevance for this study, the researcher conducted a pilot survey with 35 bettors to rectify errors and alleviate challenges. The pilot survey aimed to diagnose problems that may compromise the validity of the study, to check the validity and reliability of the data collection instrument and to check that the interviews' timing is in line with the main study.

The researcher administered the questionnaires through an online-based survey. The feedback from the respondents who participated in the pilot survey was satisfactory to start rolling out the actual survey. The positive responses proved that the questionnaire design, format, and questions were clear and concise.

### **3.2.7. Ensuring validity and reliability**

To indicate how well the methods and techniques used for this research measure the constructs, the researcher tested reliability and validity. It is important to highlight that reliability is about the consistency of a measure, and validity is about the accuracy of a measure. For this quantitative research, it was necessary to consider reliability and validity when creating a research design, planning methods, and writing up results (Middleton, 2020). Reliability analysis was performed on the study's five constructs to test if each construct's set of items was internally compatible. All the constructs were internally compatible in their measurements as all Cronbach's alpha values were above 0.7. Complete validity and reliability results are attached as an appendix at the end of this dissertation. All constructs scored Cronbach's alpha values over 0.7, which indicated a good convergent validity of the results. Table 3.1 below shows that the items used to measure the constructs passed the validity and reliability test as shown by their values.

Variable	Item	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha	Number of Items
Loyalty Programs (LP)	Q8	0.514	0.302	0.739	3
	Q9	0.663	0.439		
	Q10	0.524	0.315		
Effective Complaints Handling (ECH)	Q11	0.684	0.529	0.824	3
	Q12	0.773	0.605		
	Q13	0.596	0.380		
Trust (TR)	Q18	0.494	0.270	0.705	3
	Q19	0.598	0.359		
	Q20	0.484	0.252		
Effective Communication (EC)	Q25	0.715	0.525	0.865	3
	Q26	0.792	0.628		
	Q27	0.725	0.545		
Customer Satisfaction (CS)	Q33	0.644	0.438	0.831	3
	Q34	0.764	0.586		
	Q35	0.670	0.489		

**Table 3.1. Validity and reliability assessment.**

The subsequent values of Cronbach's are explained as follows (Zikmund and Babin, 2010).

- 0.8 – 0.96: reliability is very effective
- 0.7 – 0.8: reliability is effective
- 0.6 – 0.7: reliability is acceptable or fair
- <0.6: reliability is unacceptable or poor

It is very important for a study to guarantee the quality of the research results. In doing so, the researcher considered the validity and reliability of the data for the research to be authentic (Mohajan, 2017). This was done to increase transparency and decrease the researcher's chances of being unconsciously biased (Singh, 2014).

### 3.2.7.1. Validity and Reliability

Validity is defined as the extent to which a concept is accurately measured in a quantitative study (Heale and Twycross, 2015). There are three major types of validity: content validity, construct validity, and criterion validity. **Content validity** is the extent to which a research instrument accurately measures all aspects of a construct. This

category looks at whether the instrument adequately covers all the content it should with respect to the variables.

**Construct validity** refers to the extent to which a research instrument (or tool) measures the intended construct. Thus, it considers whether the researcher can draw inferences about test scores related to the studied concept. Table 3.1 above shows that the items used to measure the constructs passed the validity test as shown by their values.

The final measure of validity is **criterion validity**, and this refers to the extent to which a research instrument is related to other instruments that measure the same variable. Criterion validity is measured in three ways which are convergent validity, divergent validity, and predictive validity.

The instruments (items) used to measure the constructs were put through a **convergent validity** test to test if these instruments were highly correlated with instruments measuring similar variables (Heale and Twycross, 2015). For instance, it was found that respondents were highly likely to respond the same to items measuring one construct. For example, bettors who agreed with item Q11 were highly likely to agree or strongly agree with item Q12 and Q13 (see table 3.2 below).

Haradhan (2017) believes that, though it is necessary, reliability is not a sufficient condition for the validity of the research. Reliability relates to the consistency of a measure. In quantitative research, reliability refers to the consistency, stability, and repeatability of results (Haradhan, 2017). Although it is impossible to give an exact reliability calculation, an estimate of reliability can be achieved through different measures.

Table 3.2 below is a snippet from the reliability test in appendix C. It shows homogeneity (internal consistency) of the items used to measure the constructs in this research. Homogeneity is the extent to which all the items on a scale measure one construct; it is assessed using item-to-total correlation, split-half reliability, Kuder-Richardson coefficient, and Cronbach's  $\alpha$ . In split-half reliability, the results of a test or instrument are divided in half. Correlations are calculated by comparing both halves. Strong correlations indicate high reliability, while weak correlations indicate the instrument may not be reliable. The Kuder-Richardson test is a more complicated version of the split-half test. In this process, the average of all possible split-half combinations is determined, and a correlation between 0 and 1 is generated. This test is more accurate than the split-half test but can only be completed on questions with two answers.

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Reliability Statistics			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items	
0.824	0.825	3	
Item Statistics			
	Mean	Std. Deviation	n
Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	4.35	0.934	385
Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	4.38	0.837	385
Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.	4.41	0.821	385
Inter-Item Correlation Matrix			
	Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.
Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	1.000	0.724	0.502
Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	0.724	1.000	0.610
Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.	0.502	0.610	1.000

**Table 3.2. Internal consistency reliability**

Cronbach's  $\alpha$  is the most commonly used test to determine the internal consistency of an instrument. In this test, the average of all correlations in every combination of split-halves is determined. The Cronbach's  $\alpha$  result is a number between 0 and 1, and an acceptable reliability score is 0.7 and higher. Items in the snippet on table 3.2 have a Cronbach's  $\alpha$  value of 0.825 above the 0.7 cut-off for acceptable values.

To ensure the reliability of this current study, the researcher avoided a subjective approach towards the study since this is the main factor that compromises reliability (Wilson, 2010).

### **3.2.8. Analysing the Data**

The researcher wishes to highlight that a more practical discussion, presentation and analysis of the data collected for this study will be done in the next chapters (chapter 4 and chapter 5). This section only discusses the theoretical importance and uses of the data techniques employed in this research.

There are several quantitative data analysis methods, and the commonly used ones are descriptive and inferential analyses. Descriptive analysis is the first level of data analysis which shows the researcher the pattern of collected data, and it helps researchers with finding the absolute numbers to summarise individual variables. It consists of mean, mode, median, percentage, frequency, and range. (Salkind, 2012; Cooper and Schindler, 2014; Bhatia, 2018).

According to Wiid and Diggins (2013), data are analysed by presenting the descriptive statistic variables: nominal, ordinal, and frequencies. The data collected for this study were analysed through descriptive and standard multiple regression conducted on IBM SPSS. The study used Pearson's correlation coefficient to convey the outcome from the objectives to determine the effects, motives, and relationships connecting the variables and the statistical importance of these associations. Descriptive analysis, normality assessment, reliability analysis, correlation, and standard linear regression were conducted to determine a relationship between the factors.

Cronbach's alpha was employed to test the items' consistency, descriptive statistics, means, standard deviations, and construct correlation (Bergeron and Rogers, 2015). Quantitative data were captured into a software package and analysed using IBM SPSS. Pearson's correlation coefficient was used to convey the outcome from the objectives to determine the effects, motives, relationships, and statistical importance of these



associations. According to Greasley (2008), SPSS is a commonly used programme for the statistical surveys of quantitative data. Rashid (2015) points out that when executing the Pearson's correlation test in SPSS, it is crucial to use the correlations with a statistically important correlation for the analysis. Chandra (2014) notes that a correlation coefficient permits a person to quantify the magnitude association's quality between numeral factors.

The Cronbach's alpha (Table 3.1 above) was used to test the items' reliability, descriptive statistics, means, standard deviations, and construct correlation. Cronbach's alpha is a measure of internal consistency; it measures how closely related a set of items are as a collection and is considered a measure of scale reliability (Goforth, 2015). Diverse statistical methods were performed to analyse the data, including descriptive statistics, correlation analysis, and multiple linear regression analysis. Descriptive statistics was used to depict the basic structure of the information in the study.

#### **3.2.8.1. Descriptive statistics**

Tlapana (2009) stipulates that descriptive statistics details what the data exhibit. Descriptive statistics analysis explains the distribution of answers on a variable, which comprehends central tendency measures (mean, median, and mode), measures the extent of or variation in the distribution range variance and standard of deviation (Saunders et al., 2016). Measures of central tendency (mean, median, and standard of deviation) were employed to conduct the descriptive statistics analysis of the five constructs: trust, loyalty programmes, effective complaints handling, effective communication, and customer satisfaction. These are presented and discussed in detail in the following chapters (chapter 4 and chapter 5). The purpose was to determine the distribution of the answers on scaled items. Furthermore, descriptive statistics were

employed to ascertain the connection between the established constructs to analyse the outcome, draw conclusions and make recommendations.

### **3.2.8.2. Correlation analysis**

Correlation is a statistical measure that uncovers the extent to which two or more variables fluctuate in close association (Zaid, 2015). Before conducting the regression analysis, a correlation test was actioned to establish the relationship between the constructs. The results conducted for the study displayed that there was a significant correlation between all constructs. A positive correlation points out the extent to which those two variables increase or decrease in parallel (Zaid, 2015).

### **3.2.8.3. Multiple linear regression analysis**

Regression analysis helps determine the correlations between two or more variables having cause-effect relations and make predictions for the topic using the relations (Uyanik and Guler, 2013). As a result, one dependent variable is expounded by many independent variables (Babin and Zikmund, 2016). The regression analysis was conducted to examine the impact of the independent factors (loyalty programmes, effective complaints handling, trust, effective communication, and customer satisfaction) on the dependent variable (customer loyalty). Therefore, one can suppose that regression analysis is a suitable statistical method to confirm or disconfirm the selected hypotheses (Rehbinder, 2011).

## **3.3. Ethical considerations**

Fouka and Mantzorou (2018) notes that the major ethical issues when conducting a research include informed consent, lack of harm, respect for anonymity and confidentiality as well as respect for privacy. To ensure that the research followed ethical considerations, the researcher adhered to the following considerations:

First, the researcher ensured that the respect for the dignity of participants was prioritised by providing adequate information and assurances concerning participation and allow them to participate voluntarily. In addition, the participants' privacy and level of confidentiality of the information they provided were ensured before they started providing any data. Furthermore, the researcher also ensured that participants remained anonymous, which was ensured before the collection of data. Respondents' personal information and voices were not recorded when collecting data. Moreover, the aims of the research were highlighted to participants. Management at the branches where data were collected were notified.

Finally, the researcher did not interview participants under the age of 18 or over the age of 65. The use of unacceptable or discriminatory language was avoided in the formulation of the questionnaire. The ethical clearance was applied for and approved by the University's Ethics Committee, and a copy of the ethical clearance certificate (**ERC Reference #:2021\_MRM\_001**) is attached as an appendix (Appendix C).

### **3.4. Chapter summary**

This chapter focused on the research methodology and design that supported this study. The research was defined, and the research process was discussed. A detailed description of each stage of the research process was provided and how they were applied during the empirical part of this study. The study population and the sample plan, the recruitment, and participant protection procedures were also discussed. This chapter also presented detailed information regarding the scope of the study, the approach, data collection instruments that were used based on the research question and stated objectives.

The chapter also explained how the validity and reliability of the study were ensured. The discussion concluded on how the data were analysed and interpreted. It also highlighted the origins of data, their general characteristics, and relevance to the present study. The following chapters build on the methodological propositions made in this chapter by employing the proposed data presentation and analysis. The next chapter provides data analysis, presentation and interpretation of the findings.



## **CHAPTER 4**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1. Introduction**

This chapter presents the major findings of the empirical data. However, the data are presented in the appendix; these include all visual representations of the data, along with the graphs and tables. This chapter presents selected and relevant data from the sports betting customer loyalty study. The sections in this chapter comprises scales, case screening, sample profile, univariate analysis, correlation analysis at item and construct levels, internal consistency reliability, and measurement model assessment. The respondent data obtained in terms of the sampling methodology are presented, followed by descriptive analytics detailing the sample's composition in terms of age, gender, academic qualification, and participation in this study. This is followed by the measurement model (confirmatory factor analysis), which assesses the validity of the research instruments, and the structural model that aims to test the theoretical model and associated hypotheses.

#### **4.2. Scales/Mapping**

The researcher intended to investigate the influence of five constructs on customer loyalty in the sports betting industry in Gauteng: loyalty programmes (LP), effective complaints handling (ECH), trust (Tr), effective communication (EC), and customer satisfaction (CS). Table 4.1 below shows the constructs and the question number on the questionnaire.

**Table 4.1. Study constructs and items used to measure them**

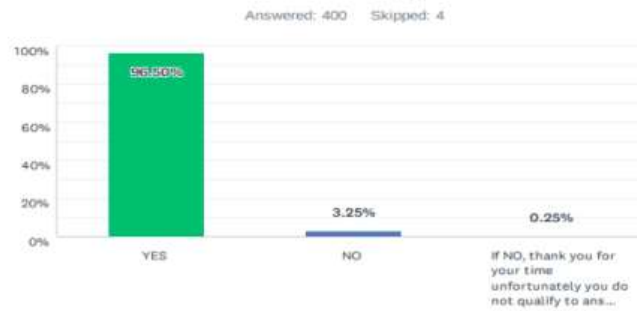
<b>Construct (Latent)</b>	<b># Items (Observed)/Qn. Number</b>
Loyalty Programmes [LP]	8, 9, 10
Effective Complaints Handling [ECH]	11, 12, 13
Trust [TR]	18, 19, 20
Effective Communication [EC]	25, 26, 27
Customer Satisfaction [CS]	33, 34, 35

### **4.3. Case screening**

Data collected from participants were captured, recorded, and screened for errors and missing values before the analysis. The reason for case screening was to proactively check the data for potential errors that could have a negative impact on the analysis. This process involved excluding cases that had missing values for item scale measures during the data collection process. Case screening also involved excluding those cases that did not qualify to be part of the final results and identifying cases where respondents did not engage with the questionnaire.

A total of 404 responses were collected for the study through an online questionnaire administered via emails. Question 1 was used to exclude participants who did not qualify to participate in the study. Only participants who answered yes to the first question were considered for further analysis. Fourteen respondents were excluded from being part of the study because they were not recreational bettors, suggesting they either do not take part in any betting activities or they are problem gamblers. One respondent did not answer any question on the questionnaire.

**Q1 Q1. Are you a RECREATIONAL BETTOR (place bets during special occasions only)?**



**Fig. 4.1**

All missing responses were considered neutral and were replaced with a value of 3. There were 10 cases with a standard deviation of 0.00, denoting non-engagement with the questionnaire. These were inspected for possible exclusion from the study, although they were considered in the final report. A total of 9 respondents answered less than half of the questions on the questionnaire and these were also excluded from further analysis. After screening the responses, only 385 were then considered for further analysis.

<b>Q1. Are you a RECREATIONAL BETTOR (place bets during special occasions only)?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	385	100.0	100.0	100.0

**Table 4.2.** Valid responses considered for analysis.

Q20	Q21	Q22	Q23	Q24	Q25	Q26	Q27	Q28	Q29	Q30	Q31	Q32	Q33	Q34	Q35	sd
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.19
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Strongl...	Agree	Agree	Agree	Agree	.19
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.26
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.26
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.26

**Table 4.3.** unengaged responses

		ID			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	12623661290	1	10.0	10.0	10.0
	12630945353	1	10.0	10.0	20.0
	12631714547	1	10.0	10.0	30.0
	12641762210	1	10.0	10.0	40.0
	12642452334	1	10.0	10.0	50.0
	12642652304	1	10.0	10.0	60.0
	12643064011	1	10.0	10.0	70.0
	12643200944	1	10.0	10.0	80.0
	12648621611	1	10.0	10.0	90.0
	12699060816	1	10.0	10.0	100.0
Total		10	100.0	100.0	

#### 4.4. Sample profile

##### 4.4.1. Gender composition

Table 4.3 below shows the gender distribution of respondents in this study. Based on the findings of this study, 59.9% of the sports betting customers are male, 33.2% are female, and 6.8% preferred not to disclose their gender

Q5. Please indicate your gender.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	127	33.0	33.2	33.2
	Male	229	59.5	59.9	93.2
	Prefer not to say	26	6.8	6.8	100.0
	Total	382	99.2	100.0	
Missing	System	3	0.8		
Total		385	100.0		

Table 4.4. respondents gender distribution

##### 4.4.2. Age

Out of the sampled respondents, 40.2% bettors were between the age of 31 and 40 years. The least contribution was from the ages between 18 and 20 years olds, who only constituted 1.8%. Bettors between the ages of 41 and 50 made 30%. Below is the age distribution of the respondents whose responses were considered for further analysis in this current study.



Q6. Please indicate your age group.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 20 years	7	1.8	1.8	1.8
	21 - 30 years	68	17.7	17.8	19.6
	31 - 40 years	154	40.0	40.2	59.8
	41 - 50 years	118	30.6	30.8	90.6
	51 - 65 years	36	9.4	9.4	100.0
	Total	383	99.5	100.0	
Missing	System	2	0.5		
Total		385	100.0		

**Table 4.5 Respondents Age distribution**

#### 4.4.3. Academic status

Table 4.5 shows the highest academic level of the bettors. Most of the bettors who took part in this study had matric as their highest academic qualification (43.3%). The least contribution came from bettors who had a degree as their highest qualification (9.2%).

Q7. Please indicate your level of education, by selecting the most appropriate option.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below matric	70	18.2	18.4	18.4
	Matric	165	42.9	43.3	61.7
	Diploma	111	28.8	29.1	90.8
	Degree	35	9.1	9.2	100.0
	Total	381	99.0	100.0	
Missing	System	4	1.0		
Total		385	100.0		

**Table 4.6. Respondents academic qualification.**

#### 4.4.4. Frequency of bookmakers

Most of the bettors (33.2%) place their bets with more than three bookmakers. About 32.4% place bets with exactly three bookmakers. Only a smaller percentage (5.7%) place bets with only one bookmaker, and 28.7% bet with exactly two bookmakers.

<b>Q2. How many bookmakers do you place bets with?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	One	22	5.7	5.7	5.7
	Two	110	28.6	28.7	34.5
	Three	124	32.2	32.4	66.8
	More than three	127	33.0	33.2	100.0
	Total	383	99.5	100.0	
Missing	System	2	0.5		
Total		385	100.0		

**Table 4.7. The number of bookies used by one bettor.**

#### 4.4.5. Favourite online bookmaker

Hollywoodbets is the favourite bookmaker amongst online bettors, with 46.6% of the bettors indicating that they place their online bets with this bookmaker. Supabets Gaming Group is the second favourite, with 24.4%, followed by Betway, with 22.6%. Topbet, which represented other bookmakers, has fewer bettors betting online with them (6.3%).

<b>Q3. Which bookmaker do you often place ONLINE bets with?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Betway	87	22.6	22.7	22.7
	Hollywood	179	46.5	46.6	69.3
	Supabets	94	24.4	24.5	93.8
	TopBet	24	6.2	6.3	100.0
	Total	384	99.7	100.0	
Missing	System	1	0.3		
Total		385	100.0		

**Table 4.8. Bettors preferred Online Bookmaker Distribution**

#### 4.4.6. Favourite physical bookmaker

Supabets was the popular physical bookmaker among bettors in Gauteng, with 56.8% indicating that they place their physical bets with this bookie. Topbet, which represented other bookmakers, was the second favourite, scoring 31% of the total valid responses. Hollywoodbets and Betway were least preferred by bettors for physical betting.

<b>Q4. Which bookmaker do you often place PHYSICAL bets with?</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Betway	17	4.4	4.4	4.4
	Hollywood	30	7.8	7.8	12.2
	Supabets	218	56.6	56.8	69.0
	TopBet	119	30.9	31.0	100.0
	Total	384	99.7	100.0	
Missing	System	1	0.3		
Total		385	100.0		

**Table 4.9. Bettors preferred physical bookmaker distribution**

#### **4.5. Items determining bookmaker Trust, EC and CS.**

Before undertaking this research, the researcher deliberated with about 50 bettors to find out what in the bettors' view determine the trust they have in a bookmaker, what constitutes EC between them and bookies, and what makes them satisfied with a bookie.

It was these deliberations that led the researcher to the following factors. The following sub-sections show the frequency distribution and item descriptives for each of the items measured.

##### **4.5.1. Items determining bookmaker trust**

Four questions were put forward to establish factors that determine the bettors' trust in a bookmaker. These items included time taken by a bookmaker to pay out bettors' winnings, number of betting markets offered by a bookie, number of deposit options offered by a bookmaker, and number of withdrawal options made available to bettors by a bookie. Table 4.9a below summarises the findings regarding bookmaker trust determinants.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q14. I trust a bookmaker that pays out my winnings within the shortest time.	n	2	5	24	116	238	385
	%	0.5%	1.3%	6.2%	30.1%	61.8%	100.0%
Q15. I trust a bookmaker that offers many betting markets.	n	10	28	72	138	137	385
	%	2.6%	7.3%	18.7%	35.8%	35.6%	100.0%
Q16. I trust a bookmaker that has many deposit options.	n	26	31	67	126	135	385
	%	6.8%	8.1%	17.4%	32.7%	35.1%	100.0%
Q17. I trust a bookmaker that has many withdrawal options.	n	0	9	25	124	227	385
	%	0.0%	2.3%	6.5%	32.2%	59.0%	100.0%

**Table 4.9a.** Bookmaker Trust Determinants item descriptive

	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	N
Q14. I trust a bookmaker that pays out my winnings within the shortest time.	4.51	4.44	4.59	5.00	0.718	385
Q15. I trust a bookmaker that offers many betting markets.	3.95	3.84	4.05	4.00	1.033	385
Q16. I trust a bookmaker that has many deposit options.	3.81	3.69	3.93	4.00	1.193	385
Q17. I trust a bookmaker that has many withdrawal options.	4.48	4.41	4.55	5.00	0.722	385

**Table 4.9b.** Bookmaker trust determinants proportional distribution

As indicated on the table above, question 14, which dealt with the period bookies took to pay out winnings to bettors, had a mean of 4.51, which was the highest, and a standard deviation of 0.718. The second was question 17, with a mean value of 4.48 and a standard deviation of 0.722. Questions 15 and 16 scored the least mean values and higher standard deviations. A 95% upper and lower confidence level for mean was used.

#### 4.5.2. Items determining effective commutation in the sports betting industry.

Another area of interest for the researcher in this current study was finding out the items that bettors consider as determinants of EC between them and the bookmaker. Through these deliberations, the researcher identified the following factors:

- how easy it is to contact the bookmaker for assistance with queries.
- how easy it is to get information about new products and services from a bookie.
- how quickly bookies respond to emails and WhatsApp messages from bettors.
- how easy it is to get online assistance from a bookie.

Table 4.10a below shows the proportional distribution of the mean, median, and standard deviation for each of the above-determining items.

Table 4.10b shows the frequency distribution of these items. The 95% lower and upper confidence level for the mean was used.

As shown in the tables below, items 21 to 24 were used to establish the factors that determine EC between the bettors and bookies. Item 21 had the highest mean of 3.44, and a standard deviation of 1.167 while item 23 had the lowest mean of 3.10 and a standard deviation of 1.135. The standard deviation for all items (21 to 24) exceeds 1.1. The median for items 22 to 24 was 3, and item 21 had a median of 4.

Over 56% of the bettors either agreed or strongly agreed with item 21 while over 54% either strongly disagreed, disagreed, or were neutral with item 23. A thorough discussion and interpretation of this data will be made in the next chapter. A total of 29.9% either strongly disagreed or disagreed with item 23. On average, 24.9% of the bettors were neutral on all items (21 to 24)

	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	n
Q21. I can easily contact my favorite bookmaker for assistance with queries.	3.44	3.32	3.56	4.00	1.167	385
Q22. It is easy to get information about new products and services from my favorite bookmaker.	3.20	3.09	3.32	3.00	1.171	385
Q23. My favorite bookmaker responds to emails and WhatsApp messages in time.	3.10	2.99	3.21	3.00	1.135	385
Q24. It is easy to get help online from my favorite bookmaker.	3.24	3.13	3.35	3.00	1.102	385

**Table. 4.10a. factors determining EC between bookies and bettors univariate analysis**

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q21. I can easily contact my favorite bookmaker for assistance with queries.	n	26	67	73	150	69	385
	%	6.8%	17.4%	19.0%	39.0%	17.9%	100.0%
Q22. It is easy to get information about new products and services from my favorite bookmaker.	n	32	87	86	131	49	385
	%	8.3%	22.6%	22.3%	34.0%	12.7%	100.0%
Q23. My favorite bookmaker responds to emails and WhatsApp messages in time.	n	38	77	118	113	39	385
	%	9.9%	20.0%	30.6%	29.4%	10.1%	100.0%
Q24. It is easy to get help online from my favorite bookmaker.	n	21	86	107	122	49	385
	%	5.5%	22.3%	27.8%	31.7%	12.7%	100.0%

**Table. 4.10b. frequency distribution of factors determining EC between bookies and bettors**

### 4.5.3. Items determining CS in the sports betting industry

Five items were considered under CS, and these were drawn from the preliminary list of factors that bettors consider are the determinants of their satisfaction. As already indicated above, these factors were collected from the bettors before this study.

According to Table 4.10c below, item 32 had a mean of 3.65 and a standard deviation of 1.032, while item 31 had a mean of 3.64 with a standard deviation of 0.963. Item 28, which had the highest standard deviation of 1.045, had a mean of 3.26. the upper and lower confidence levels were set at 95, and the scores are as shown on the table.

While 43.6% of the bettors agreed with item 31, only a total of 2.6% strongly disagreed with item 32. An average of 33 out of the 385 bettors either strongly disagreed or disagreed with all 5 items. Complete frequency distribution of the factors determining bettors satisfaction is shown in Table 4.10d below.

	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	n
Q28. I am satisfied with bonuses that are offered with my favorite bookmaker.	3.26	3.16	3.37	3.00	1.045	385
Q29. I am happy with my relationship with my current top bookmaker.	3.42	3.32	3.51	4.00	0.973	385
Q30. I am satisfied with my experience at my current top bookmaker.	3.51	3.41	3.60	4.00	0.982	385
Q31. My current top bookmaker understands customers' needs.	3.64	3.55	3.74	4.00	0.963	385
Q32. My current top bookmaker exceeds my expectations.	3.65	3.55	3.76	4.00	1.032	385

**Table. 4.10c. factors determining CS between bookies and bettors. univariate analysis**

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q28. I am satisfied with bonuses that are offered with my favorite bookmaker.	n	20	72	119	134	40	385
	%	5.2%	18.7%	30.9%	34.8%	10.4%	100.0%
Q29. I am happy with my relationship with my current top bookmaker.	n	8	65	117	149	46	385
	%	2.1%	16.9%	30.4%	38.7%	11.9%	100.0%
Q30. I am satisfied with my experience at my current top bookmaker.	n	12	44	123	149	57	385
	%	3.1%	11.4%	31.9%	38.7%	14.8%	100.0%
Q31. My current top bookmaker understands customers' needs.	n	7	44	97	168	69	385
	%	1.8%	11.4%	25.2%	43.6%	17.9%	100.0%
Q32. My current top bookmaker exceeds my expectations.	n	10	48	91	153	83	385
	%	2.6%	12.5%	23.6%	39.7%	21.6%	100.0%

**Table. 4.10d. frequency distribution of factors determining CS between bookies and bettors**

## **4.6. Factors influencing Customer Loyalty in the sports betting Industry**

As indicated earlier in Section 4.2 above, the factors influencing customer loyalty (CL) in the sports betting industry were categorised into five: LP, ECH, trust (Tr), EC and CS.

Questions 8, 9, and 10 were intended to establish the relationship between LP and CL. The questions were designed to suit the CLI method of establishing the level of CL (Section 2.4.5.). Questions 11, 12, and 13 were designed to establish the relationship between ECH and CL. A similar format to the one for LP was also used for this construct and all other constructs under study. While questions 18 to 20 were intended to determine the relationship between trust (Tr) and CL, questions 25 to 27 were intended to establish the relationship between CL and EC. The relationship between CS and CL was measured from questions 33 to 35.

### **4.6.1. Univariate analysis (item descriptives)**

The responses relating to the constructs above from 385 bettors who took part in the survey were reviewed and analysed individually. This was a granular part of descriptive statistical analysis whose objective was to summarise each item by proportional distribution along the scale. The tables in this section show the mean, median, and standard deviation for each item in the five constructs, with 95% lower and upper confidence level for the mean.

#### **4.6.1.1. LP**

Items 8, 9 and 10 dealt with LP, and the table below shows the proportional distribution of the mean, median and standard deviation. Question 8 had a mean of 3.16, a median value of 3 and a standard deviation of 1.032. Question 9 had the highest mean of 3.37, and a standard deviation of 1.075. Item 10 had a mean value of 3.35 and a standard deviation of 1.075.



	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	n
Q8.I will recommend to my friends and family members a bookmaker that offers more loyalty programs to bettors.	3.16	3.05	3.26	3.00	1.032	385
Q9. I will place my next bet with the same bookmaker because it offers more loyalty programs.	3.37	3.27	3.47	3.00	0.963	385
Q10. I will try to bet on other betting games introduced by a bookmaker which offers more loyalty programs.	3.35	3.24	3.46	4.00	1.075	385

**Table 4.10.** LP univariate analysis

Table 4.11 below shows the frequency distribution of items 8 to 10. As indicated on the table, 39.2% of the respondents agreed with item 9 that they would place their next bet with the bookmaker that offers more LP. Only 3.6% strongly disagreed with the statement. An almost similar number (39%) of the respondents also agreed that they would bet on other betting games introduced by a bookmaker that offers more LP. About 33.2% of the respondents neither agreed nor disagreed with the statement that they would recommend a bookmaker that offers more LP to friends and family members. Approximately 33.5% were also neutral on statement 9, and 25.7% were also neutral on item 10. On average, 30.8% of the bettors neither agreed nor disagreed with items 8 to 10.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q8.I will recommend to my friends and family members a bookmaker that offers more loyalty programs to bettors.	n	18	89	128	114	36	385
	%	4.7%	23.1%	33.2%	29.6%	9.4%	100.0%
Q9. I will place my next bet with the same bookmaker because it offers more loyalty programs.	n	14	54	129	151	37	385
	%	3.6%	14.0%	33.5%	39.2%	9.6%	100.0%
Q10. I will try to bet on other betting games introduced by a bookmaker which offers more loyalty programs.	n	21	68	99	150	47	385
	%	5.5%	17.7%	25.7%	39.0%	12.2%	100.0%

**Table 4.11.** loyalty programs item frequencies

#### 4.6.1.2. Effective complaints handling

Items 11, 12 and 13 dealt with ECH. The proportional distribution of these items is shown in table 4.12 below. Item 11 had a mean of 4.35, a median of 5, and a standard deviation of 0.934. item 12 and 13 had a mean of 4.38 and 4.41 and a standard deviation of 0.837 and 0.821, respectively.

	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	n
Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	4.35	4.25	4.44	5.00	0.934	385
Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	4.38	4.30	4.47	5.00	0.837	385
Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.	4.41	4.33	4.49	5.00	0.821	385

**Table 4.12.** ECH item descriptives.

On table 4.13 below is ECH items frequency distribution. As indicated in the table, 56% of the respondents strongly agreed with items 11 and 13, and 54% strongly agreed with item 12. Less than 15% of the respondents were either neutral, disagreed, or strongly disagreed with items 11 to 13, while over 85% either agreed or strongly agreed with all items under this construct.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	n	9	12	34	112	218	385
	%	2.3%	3.1%	8.8%	29.1%	56.6%	100.0%
Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	n	7	7	26	137	208	385
	%	1.8%	1.8%	6.8%	35.6%	54.0%	100.0%
Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.	n	5	7	32	123	218	385
	%	1.3%	1.8%	8.3%	31.9%	56.6%	100.0%

**Table 4.13.** ECH item frequency distribution

#### 4.6.1.3. Trust

Items 18 to 20 were based on trust. Below is a proportional distribution of the 3 items used by the researcher to establish the level of CL bettors give to a bookmaker based on how much they trust it. As shown in table 4.14 below, item 19 had the highest mean amongst all 3 and had a standard deviation of 0.816 and a median of 4.00. Items 18 and 20 had a mean of 4.27 and 4.02 with a standard deviation of 0.866 and 0.927, respectively.

	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	n
Q18. I will recommend to my friends and family a bookmaker that I trust.	4.27	4.18	4.36	4.00	0.866	385
Q19. I will place my next bet with a bookmaker that I trust.	4.37	4.29	4.45	5.00	0.816	385
Q20. I will try other new betting games that are going to be introduced by a bookmaker that I trust.	4.02	3.92	4.11	4.00	0.927	385

**Table 4.14.** Trust, item descriptives

The frequency distribution proportional to each item on trust is shown in table 4.15 below. A total of 51.2% of bettors strongly agreed with item 19, 45.7% strongly agreed with item 18, and 31.9% strongly agreed with item 20. Over 77% of the respondents either agreed or strongly agreed with items 18 to 20 and only less than 19% either disagreed or were neutral while those who strongly disagreed were between 1.8% and 2.9%.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q18. I will recommend to my friends and family a bookmaker that I trust.	n	9	7	31	162	176	385
	%	2.3%	1.8%	8.1%	42.1%	45.7%	100.0%
Q19. I will place my next bet with a bookmaker that I trust.	n	7	8	17	156	197	385
	%	1.8%	2.1%	4.4%	40.5%	51.2%	100.0%
Q20. I will try other new betting games that are going to be introduced by a bookmaker that I trust.	n	11	12	60	179	123	385
	%	2.9%	3.1%	15.6%	46.5%	31.9%	100.0%

**Table 4.15.** Trust, items frequency proportional distribution.

#### 4.6.1.4. EC

EC was covered with items 25 to 27. Below in table 4.16 is a proportional distribution of the mean, median, and standard deviation of the items, with 95% both upper and lower confidence levels. Item 27 had the highest mean of 3.15 amongst the 3 items and a standard deviation of 1.069. items 25 and 26 had 2.99 and 3.10 as mean and 1.120 and 1.048 as standard deviation, respectively.

	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	n
Q25. I will recommend to my friends and family a bookmaker that has effective communication channels.	2.99	2.88	3.10	3.00	1.120	385
Q26. I will place my next bet with a bookmaker that regularly communicates with me.	3.10	3.00	3.21	3.00	1.048	385
Q27. I will try new products and services from a book maker that always communicates with me through various platforms.	3.15	3.04	3.26	3.00	1.069	385

**Table 4.16.** Trust, items frequency proportional distribution.

The proportional frequency distribution of the items 25 to 27 is shown in table 4.17 below. Out of a total number of 385 bettors whose responses made up the final results of this study, over 240 bettors (62%) either strongly disagreed, disagreed, or were neutral on all items 25 to 27.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q25. I will recommend to my friends and family a bookmaker that has effective communication channels.	n	38	100	104	114	29	385
	%	9.9%	26.0%	27.0%	29.6%	7.5%	100.0%
Q26. I will place my next bet with a bookmaker that regularly communicates with me.	n	22	96	118	118	31	385
	%	5.7%	24.9%	30.6%	30.6%	8.1%	100.0%
Q27. I will try new products and services from a book maker that always communicates with me through various platforms.	n	24	86	121	117	37	385
	%	6.2%	22.3%	31.4%	30.4%	9.6%	100.0%

**Table 4.17.** EC, items frequency proportional distribution.

#### 4.6.1.5. CS

Items 33 to 35 dealt with CS. The proportional distribution of the mean median and standard deviation for each of these items is shown in the table below. Items 34 and 35 had a mean of 4.05 each and standard deviations of 0.954 and 1.010, respectively. Item 33 had a mean of 3.80 and a standard deviation of 1.065.

	Mean	95.0% Lower CL for Mean	95.0% Upper CL for Mean	Median	Standard Deviation	n
Q33. I will recommend my family and friends to bet with a bookmaker that I am satisfied with.	3.80	3.69	3.91	4.00	1.065	385
Q34.I will place my next bet with the same bookmaker because I am satisfied with it.	4.05	3.95	4.14	4.00	0.954	385
Q35. I will try new products and services from my current top bookmaker because I am satisfied with it.	4.05	3.95	4.15	4.00	1.010	385

**Table 4.18.** CS, item descriptives

Table 4.19 below displays a frequency distribution of each item on CS. About 40.5% of the bettors agreed with item 33, and 37.4% agreed with item 34, while 39.7% strongly agreed with item 35. While only less than 32% of the respondents were either neutral, disagreed, or strongly disagreed, over 68% of the bettors either agreed or strongly agreed with all the 3 items.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Q33. I will recommend my family and friends to bet with a bookmaker that I am satisfied with.	n	15	34	72	156	108	385
	%	3.9%	8.8%	18.7%	40.5%	28.1%	100.0%
Q34.I will place my next bet with the same bookmaker because I am satisfied with it.	n	5	23	67	144	146	385
	%	1.3%	6.0%	17.4%	37.4%	37.9%	100.0%
Q35. I will try new products and services from my current top bookmaker because I am satisfied with it.	n	10	23	58	141	153	385
	%	2.6%	6.0%	15.1%	36.6%	39.7%	100.0%

**Table 4.19.** customer satisfaction, items frequency proportional distribution.

### 4.5.3. Construct descriptives

The table below shows the mean and standard deviation scores for the constructs. These mean values were derived from the average mean of the 3 items used to represent each of these constructs. A detailed table is attached as an appendix at the end of this report. LP had a mean of 3.29 and a standard deviation of 0.830. ECH, which scored the highest, had a mean of 4.38 and a standard deviation of 0.744 while trust (Tr), which was the second-highest, had a standard deviation of 0.691 and a mean of 4.22. CS had the third-highest mean of 3.97 and a standard deviation of 0.874. The lowest mean value was 3.08 for EC, with a standard deviation of 0.958.

The overall score for CL was then calculated from the values scored by these five constructs, and a mean of 3.79 and a standard deviation of 0.453 were recorded.

<b>variables</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>LP</b>	<b>3.29</b>	<b>0.830</b>
<b>ECH</b>	<b>4.38</b>	<b>0.744</b>
<b>TR</b>	<b>4.22</b>	<b>0.691</b>
<b>EC</b>	<b>3.08</b>	<b>0.958</b>
<b>CS</b>	<b>3.97</b>	<b>0.874</b>
<b>CL</b>	<b>3.79</b>	<b>0.453</b>

**Table 4.20.** Construct descriptives

### 4.6. Normality assessment

Parametric tests assume that the numerical data cases in a sample are drawn from normally distributed populations. This means that the data values for each quantitative variable should also be normally distributed (Saunders et al., 2016). Das and Imon (2016) believe that the most frequently used statistical methods are correlation, regression, and

experimental design. However, based on one necessary speculation that the observation pursues normal distribution, the population from where the samples are gathered is usually distributed (Das and Imon, 2016).

Ghasemi and Zahediasl (2012) point out that normality should be taken seriously because when these speculations do not hold; it is not possible to draw correct and appropriate conclusions about reality. Based on this assertion, a normality test was conducted to confirm if the data were well distributed. As recommended by Kline (2015), the indicators' skewness and kurtosis values should be below  $\pm 3$  and  $\pm 10$ , respectively.

Table 4.21 below confirms that the assumption of univariate normality was met because the skewness and kurtosis values fall within Kline's (2015) recommended range. Standard errors of 0.124 and 0.248 were used for skewness and kurtosis, respectively, on all factors. LP has a skewness of -0.210 and a kurtosis of 0.039; TR has a skewness of -1.481 and a kurtosis of 3.617. ECH has a skewness of -1.481 and a kurtosis of 3.586. CL has a skewness value of -0.474 and a kurtosis value of 1.626.

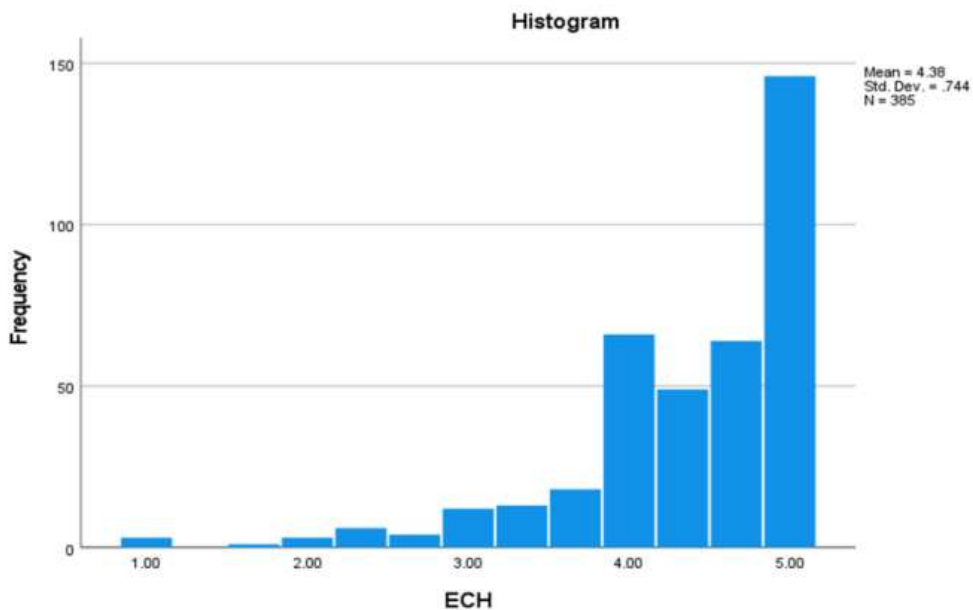
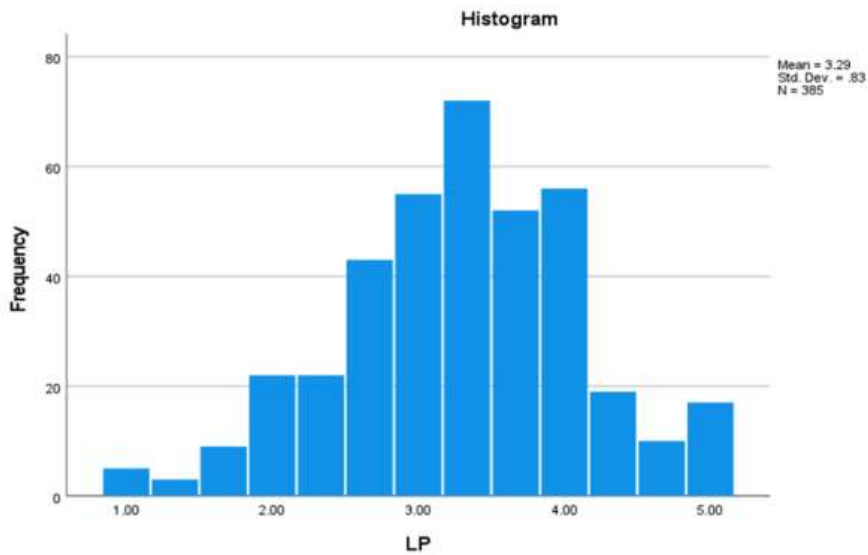
Latent Variable	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Loyalty Programs (LP)	-0.210	0.124	0.039	0.248
Trust (TR)	-1.481	0.124	3.617	0.248
Effective Complaints Handling (ECH)	-1.695	0.124	3.586	0.248
Effective Communication (EC)	-0.037	0.124	-0.748	0.248
Customer Satisfaction (CS)	-0.905	0.124	0.405	0.248
CUSTOMER LOYALTY (CL)	-0.474	0.124	1.626	0.248

**Table 4.21 Skewness and kurtosis values**

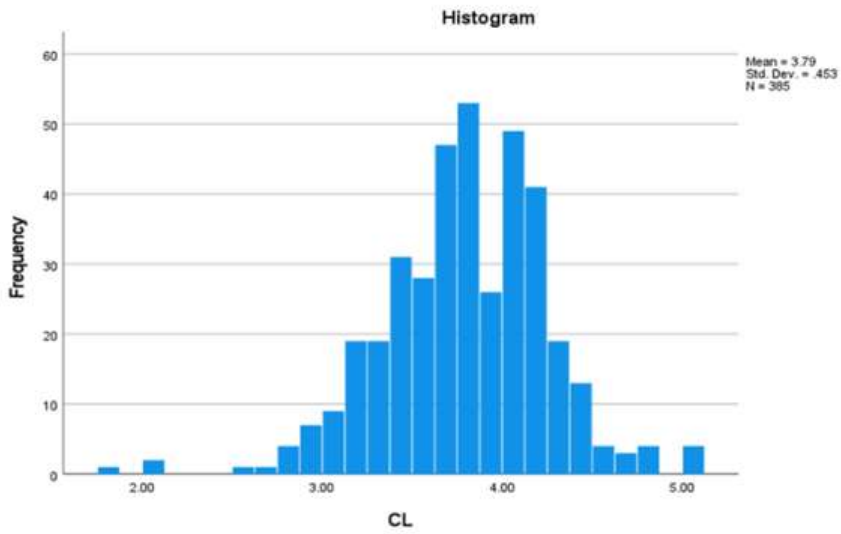
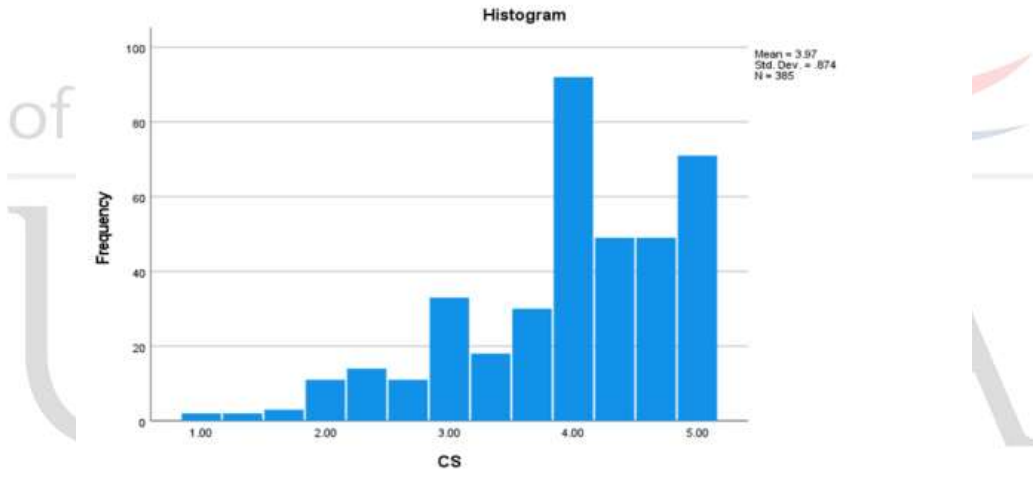
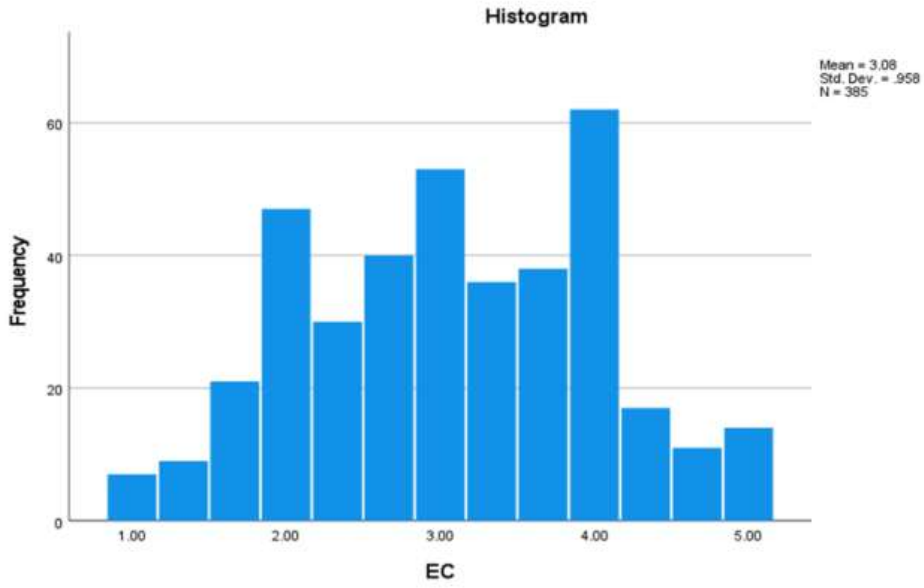
The skewness and kurtosis values acquired for the study are shown above in table 5.21, and these results imply that the information has a satisfactorily univariate normal

distribution. The results show a normal distribution of information for all items employed to measure the constructs because the coefficients are below the intervals  $\pm 3$  and  $\pm 10$ .

Below are graphs to further prove that the results of this research were drawn from a normally distributed population. Responses were collected using a scale of 1 to 5, where **1** was strongly disagree, **2** disagree, **3** neutral **4** agree and **5** strongly agree. A total of 385 valid responses were used.







#### **4.6.1. Constructs reliability**

Construct reliability, sometimes referred to as composite reliability, is a measure of internal consistency in scale items, much like Cronbach's alpha. It can be thought of as being equal to the total amount of true score variance relative to the total scale score variance. A reliability test was performed to test the items' internal consistency. Reliability is the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects (Rochford, 2011). One way of testing the reliability between the items in each factor is through the Cronbach's alpha test. Cronbach's alpha is a commonly used test to determine the internal consistency of an instrument. According to Pallant (2005), a scale with a Cronbach's alpha exceeding 0.7 is needed to create a reliable construct of multiple variables. The total Cronbach's alpha value above 0.8 denotes a very useful reliability, and a Cronbach's alpha between 0.6 and 0.8 means reliability is effective and acceptable. However, a Cronbach's alpha below 0.6 means that reliability is unacceptable or poor.

The reliability analysis was conducted on five constructs (trust, LP, EC, ECH, and CS) to test whether each construct's set of items was internally consistent. The results in Table 4.22 illustrate that all the constructs are internally consistent since they all have Cronbach's alpha values above 0.7.

Variable	Item	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha	Number of Items
Loyalty Programs (LP)	Q8	0.514	0.302	0.739	3
	Q9	0.663	0.439		
	Q10	0.524	0.315		
Effective Complaints Handling (ECH)	Q11	0.684	0.529	0.824	3
	Q12	0.773	0.605		
	Q13	0.596	0.380		
Trust (TR)	Q18	0.494	0.270	0.705	3
	Q19	0.598	0.359		
	Q20	0.484	0.252		
Effective Communication (EC)	Q25	0.715	0.525	0.865	3
	Q26	0.792	0.628		
	Q27	0.725	0.545		
Customer Satisfaction (CS)	Q33	0.644	0.438	0.831	3
	Q34	0.764	0.586		
	Q35	0.670	0.489		

Table 4.22. Reliability test

The rotated factor matrix below in table 4.23 answers the question of “which variables measure which factors?”. The idea of rotation is to reduce the number of factors on which the variables under investigation have high loadings. Rotation does not change anything but makes the interpretation of the analysis easier.

This table contains the rotated factor loadings, which represent both how the variables are weighted for each factor but also the correlation between the variables and the factor. Because these are correlations, possible values range from -1 to +1. Items Q8 to Q10 measured factor 4 (LP), Q11 to Q13 measured ECH (factor 2), and Q18 to Q20 measured factor 5 (trust). Factor 1 (EC) and factor 2 (CS) were measured by items Q25 to Q27 and Q33 to Q35, respectively.

Rotated Factor Matrix <sup>a</sup>					
	Factor				
	1	2	3	4	5
Q8. I will recommend to my friends and family members a bookmaker that offers more loyalty programs to bettors.	0.239	0.067	-0.010	<b>0.566</b>	-0.054
Q9. I will place my next bet with the same bookmaker because it offers more loyalty programs.	0.131	0.016	-0.014	<b>0.890</b>	-0.052
Q10. I will try to bet on other betting games introduced by a bookmaker which offers more loyalty programs.	0.196	0.097	-0.030	<b>0.585</b>	-0.035
Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	-0.076	<b>0.760</b>	0.091	0.138	0.119
Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	-0.025	<b>0.914</b>	0.060	0.069	0.081
Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.	-0.126	<b>0.640</b>	0.006	-0.002	0.168
Q18. I will recommend to my friends and family a bookmaker that I trust.	-0.011	0.205	0.264	-0.090	<b>0.534</b>
Q19. I will place my next bet with a bookmaker that I trust.	-0.018	0.082	0.170	0.010	<b>0.820</b>
Q20. I will try other new betting games that are going to be introduced by a bookmaker that I trust.	0.081	0.125	0.211	-0.071	<b>0.534</b>
Q25. I will recommend to my friends and family a bookmaker that has effective communication channels.	<b>0.741</b>	-0.108	0.045	0.266	0.083
Q26. I will place my next bet with a bookmaker that regularly communicates with me.	<b>0.864</b>	-0.138	0.070	0.198	0.048
Q27. I will try new products and services from a book maker that always communicates with me through various platforms.	<b>0.767</b>	-0.037	0.105	0.196	-0.053
Q33. I will recommend my family and friends to bet with a bookmaker that I am satisfied with.	0.222	0.028	<b>0.709</b>	0.069	0.138
Q34. I will place my next bet with the same bookmaker because I am satisfied with it.	-0.004	0.076	<b>0.863</b>	-0.031	0.275
Q35. I will try new products and services from my current top bookmaker because I am satisfied with it.	0.006	0.049	<b>0.718</b>	-0.085	0.233
Extraction Method: Principal Axis Factoring.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 7 iterations.					

**Table 4.23. Rotated factor matrix**

## 4.7. Correlation analysis

A correlation analysis was carried out at both item level and construct level to carefully examine if there are extreme correlations between the factors and to develop an exploratory view of how items and constructs in this study correlate. The rest of the items' effect sizes, which were calculated using Kendall's correlation coefficient, were recorded and attached as an appendix at the bottom of this report. Kendall's rank

correlation coefficient was considered the most appropriate because data for the variables contained tied ranks. Respondents were more likely to give a similar response for items under one construct. For example, if a bettor agrees that he will recommend to his friends and family a bookie that he trusts, chances were very high that he would also agree to place his next bets with the bookie that he trusts.

As indicated in Table 4.20 below, respondents were more likely to give a similar response for items under one construct. For example, if a bettor strongly agrees or agrees with item 8, chances were very high that they were also going to agree or strongly agree with items 9 and 10.

		Correlations <sup>c</sup>						
		Q8. I will recommend to my friends and family members a bookmaker that offers more loyalty programs to bettors.	Q9. I will place my next bet with the same bookmaker because it offers more loyalty programs.	Q10. I will try to bet on other betting games introduced by a bookmaker which offers more loyalty programs.	Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.	
Kendall's tau_b	Q8. I will recommend to my friends and family members a bookmaker that offers more loyalty programs to bettors.	Correlation Coefficient	--					
		Sig. (2-tailed)						
	Q9. I will place my next bet with the same bookmaker because it offers more loyalty programs.	Correlation Coefficient	.459**	--				
		Sig. (2-tailed)	0.000					
	Q10. I will try to bet on other betting games introduced by a bookmaker which offers more loyalty programs.	Correlation Coefficient	.307**	.475**	--			
		Sig. (2-tailed)	0.000	0.000				
	Q11. I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	Correlation Coefficient	0.005	0.018	0.083	--		
		Sig. (2-tailed)	0.902	0.684	0.062			
	Q12. I will place my next bet with a bookmaker that handles my complaints effectively and quickly.	Correlation Coefficient	0.032	-0.013	0.049	.618**	--	
		Sig. (2-tailed)	0.470	0.771	0.275	0.000		
	Q13. I will try out other betting games from a bookmaker that handles my complaints fast and effectively.	Correlation Coefficient	-0.040	-.089*	-0.017	.455**	.575**	--
		Sig. (2-tailed)	0.370	0.049	0.703	0.000	0.000	
	Q14. I trust a bookmaker that pays out my winnings within the shortest time.	Correlation Coefficient	-0.044	-0.061	-0.086	.374**	.480**	.486**
		Sig. (2-tailed)	0.331	0.179	0.056	0.000	0.000	0.000
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								
c. Listwise n = 385								

**Table 4.24.** Kendall's item correlation coefficient matrix

The table below shows how the factors in this study correlate. However, the researcher focused on how these constructs independently relate to CL, which was the dependent variable in this research. Since both factors contained numerical data, the Pearson's product-moment correlation coefficient (PMCC) was used to assess the strength of relationships between the factors. As indicated in the table, the results show that there is a significant correlation between the constructs. Different authors suggest different interpretations of correlation values. However, the researcher used Cohen's (1988, pp. 79–81) suggestion, which gives the following guidelines: small  $r=.10$  to  $.29$  medium  $r=.30$  to  $.49$ , and large  $r=.50$  to  $1.0$ . The values with \*\* indicate a significant relationship between the constructs at 95% confidence intervals. For instance, there is a significant correlation between CL and trust (Tr) ( $r=0.550$ ) as well as between CL and CS.

		Correlations <sup>c</sup>					
		LP	ECH	TR	EC	CS	CL
<b>LP</b>	Pearson Correlation	--					
<b>ECH</b>	Pearson Correlation	.108*	--				
	Sig. (2-tailed)	0.034					
<b>TR</b>	Pearson Correlation	-0.089	.278**	--			
	Sig. (2-tailed)	0.082	0.000				
<b>EC</b>	Pearson Correlation	.404**	-.143**	0.035	--		
	Sig. (2-tailed)	0.000	0.005	0.494			
<b>CS</b>	Pearson Correlation	-0.021	.132**	.446**	.150**	--	
	Sig. (2-tailed)	0.686	0.009	0.000	0.003		
<b>CL</b>	Pearson Correlation	.538**	.443**	.550**	.592**	.621**	--
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
*. Correlation is significant at the 0.05 level (2-tailed).							
**. Correlation is significant at the 0.01 level (2-tailed).							
c. Listwise N=385							

**Table 4.25.** Construct Correlation Matrix

Table 4.20 above indicates that CL and the marketing factors under study (LP, ECH, trust, EC and CS) are positively correlated. The strength of the relationship is robust at 96.1%

(table 4.23), which means that LP, ECH, trust, EC and CS explain up to 96.1% of the variance of CL.

#### 4.8. Hypotheses testing.

The following hypotheses were formulated to be tested in this study and are recapped:

**H1:** LP influence on CL in the South African sports betting industry

**H2:** Trust influences CL in the sports betting industry in Gauteng.

**H3:** Customer complaints handling influences CL in the sports betting industry in Gauteng.

**H4:** EC influences CL in the sports betting industry in Gauteng.

**H5:** CS influences CL in the sports betting industry in Gauteng.



**Figure 4.1. Proposed research model**

Table 4.21 below shows the unstandardised factor loadings, which are also interpreted as unstandardised regression coefficients. Also indicated in the same table are standardised factor loadings interpreted as correlations between the item and its factors. All tolerance values are  $> .70$ , and this is also good evidence for convergent validity.

**Coefficients<sup>a</sup>**

Model		Unstandardized B	Coefficients Std. Error	Standardised Coefficients Beta	t	Sig.	95% Confidence interval for B		Collinearity Statistics	
							Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.076	.060		1.271	.205	-.042	.193		
	LPx	.235	.009	.296	25.776	.000	.216	.252	.781	1.280
	ECHx	.372	.010	.422	38.322	.000	.353	.391	.851	1.175
	TRx	.430	.011	.453	38.339	.000	.408	.408	.738	1.355
	ECx	.160	.008	.234	20.139	.000	.142	.145	.763	1.310
	CSx	.243	.009	.323	28.116	.000	.226	.226	.780	1.282

a. Dependent Variable: CL

**Table 4.26**

Table 4.22 below presents the predictive effect of the marketing factors that influence CL (LP, ECH, trust, EC and CS). As indicated by the results in the table above, all the constructs under study significantly affect CL, as shown by the positive  $\beta$  values. According to the results, LP has a positive relationship to CL ( $\beta = 0.296$   $p < 0.000$ ;  $t=25.776$ ). The results also suggest that ECH has a positive relationship to CL ( $\beta = 0.422$   $p < 0.000$ ;  $t=38.322$ ). The results further prove that trust (TR) also has a significant positive effect on CL as shown by the positive **beta** value of 0.433, a **p**-value of 0.000 and a **t** value of 38.339. EC and CS were also proved to have a significant positive effect on CL as indicated by their **beta** values of 0.234 and 0.323, **p** values of 0.000 and 0.000 as well as **t** values of 20.139 and 28.116, respectively. It can then be concluded that LP, ECH, trust, EC and CL are the drivers of CL in the sports betting industry in Gauteng.

**Coefficients<sup>a</sup>**

Model		Unstandardised Coefficients $\beta$	t	Sig. P. value	Conclusions
1	(Constant)	.076	1.271	.205	LP have a positive $\beta = 0.235$ and a significant effect on CL as its p-value



	LPx	.296	25.776	.000	(0.000) is lower than 0.05. This means that LP have a direct influence on CL. Therefore, hypothesis <b>H1 is accepted.</b>
	TRx	.453	38.339	.000	Trust has the highest positive $\beta = 0.453$ , and a statistically significant influence on CL since the p-value (0.000) is lower than 0.05. This confirms that trust influences CL. Therefore, hypothesis <b>H2 is accepted.</b>
	ECHx	.422	38.322	.000	ECH has a positive $\beta = 0.422$ and a statistically significant influence on CL since the p- value (0.000) is lower than 0.05. This means that effective complaints handling influences CL. Therefore, hypothesis <b>H3 is accepted.</b>
	ECx	.234	20.139	.000	EC has a positive $\beta = 0.234$ and a statistically significant influence on CL since the p-value (0.000) is lower than 0.05. This means that EC influences CL. Therefore, hypothesis <b>H4 is accepted.</b>
	CSx	.323	28.116	.000	CS has a positive $\beta = 0.323$ and a statistically significant influence on CL since the p- value (0.000) is lower than 0.05. This confirms the positive relationship between CS and CL. Therefore, hypothesis <b>H5 is accepted.</b>

**a. Dependent Variable: Customer Loyalty (CL)**

**Table 4.27. Hypotheses testing.**

The standardised beta weights in Table 4.21. and 4.22 are the coefficients that enable comparing of the size of the effects of different independent variables if the variables have different measurement units. The tables above indicate that the major marketing factor that influences customer loyalty is bookmaker trust (TR). It has the highest beta value ( $\beta = 0.453$ ), followed by ECH, which has a beta value of 0.422. Unlike these two factors, other CL factors in this research scored beta values, which are less than 0.4, and this made these two (trust and effective customer handling) outstanding.

#### **4.9. Measurement model analysis**

Having multiple indicators (items) for each construct allowed the researcher to “balance out” the systematic error of each individual indicator, therefore zooming in on the construct on average. The error of each item was then left behind, and the researcher created the latent variable. Both the Exploratory Factor Analysis (EFA) model and Confirmatory factor analysis (CFA) were used when the researcher checked the probability of the data fitting into the proposed model. EFA model was designed to explore how items represent latent constructs while CFA, on the other hand, is a more complex and sophisticated set of techniques used to confirm specific hypotheses or theories concerning the structure underlying a set of variables. It is a way of testing how well a prespecified measurement theory composed of measured variables and factors fits reality as captured by data. CFA was considered because the researcher believed he already knew how indicators fit together to form latent constructs.

The results in Table 4.23 below show that the model predicting CL is statistically significant. The  $R^2 = 0.961$  suggesting that these predictors (LP, trust, CS, EC and ECH) explain up to 96.1% of the variance of CL.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980 <sup>a</sup>	.961	.960	.13053

a. Predictors: (Constant), CSx, LPx, ECHx, ECx, TRx  
 b. Dependent Variable: CL

**Table 4.28. Model summary**

**4.9.1. Model fit summary**

The theoretical measurement model was then measured against reality to assess if the collected data fit the proposed model. The overall model fit and the criteria for construct validity were examined, and below is a review of key fit statistics and the parameter estimates. The following tables show the model fit indices used in this research.

**CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	31	314.382	89	0.000	3.532
Saturated model	120	0.000	0		
Independence model	15	2367.97	105	0.000	22.552

**RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	0.122	0.902	0.868	0.669
Saturated model	0.000	1.000		

Independence model	0.246	0.494	0.421	0.432
--------------------	-------	-------	-------	-------

**Baseline Comparisons**

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	0.867	0.843	0.901	0.882	0.900
Saturated model	1.000		1.000		1.000
Independence model	0.000	0.000	0.000	0.000	0.000

**Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	0.848	0.735	0.763
Saturated model	0.000	0.000	0.000
Independence model	1.000	0.000	0.000

**NCP**

Model	NCP	LO 90	HI 90
Default model	225.382	175.086	283.269
Saturated model	0.000	0.000	0.000
Independence model	2262.970	2108.293	2424.998

**FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	0.819	0.587	0.456	0.738
Saturated model	0.000	0.000	0.000	0.000
Independence model	6.167	5.893	5.490	6.315

**RMSEA**

<b>Model</b>	<b>RMSEA</b>	<b>LO 90</b>	<b>HI 90</b>	<b>PCLOSE</b>
Default model	0.081	0.072	0.091	0.000
Independence model	0.237	0.229	0.245	0.000

**AIC**

<b>Model</b>	<b>AIC</b>	<b>BCC</b>	<b>BIC</b>	<b>CAIC</b>
Default model	376.38	379.08	498.93	529.93
Saturated model	240.00	250.44	714.39	834.39
Independence model	2397.97	2399.27	2457.27	2472.27

**ECVI**

<b>Model</b>	<b>ECVI</b>	<b>LO 90</b>	<b>HI 90</b>	<b>MECVI</b>
Default model	0.98	0.849	1.131	0.987
Saturated model	0.625	0.625	0.625	0.652
Independence model	6.245	5.842	6.667	6.248

**HOELTER**

<b>Model</b>	<b>HOELTER</b>	<b>HOELTER</b>
	0.05	0.01
Default model	137	151
Independence model	22	23

Standardised RMR	0.125
------------------	-------

Table 4.29 below shows the model fit indices obtained for this research. Some of the common model fit indices from table 4.24 were then measured against the thresholds proposed by Hair et al. (2014) in table 4.25 to see if the model fit the data collected in this

research. The results prove that the model fits the data and can be adapted to represent the factors influencing CL in the sports betting industry.

<b>CMIN</b>	<b>314.38</b>	
<b>df</b>	<b>89</b>	
<b>P-value</b>	<b>0.000</b>	
<b>CMIN/df</b>	<b>3.532</b>	<b>&lt;0.5</b>
<b>GFI</b>	<b>0.90</b>	<b>&gt;0.9</b>
<b>AGFI</b>	<b>0.87</b>	
<b>NFI</b>	<b>0.87</b>	
<b>TLI</b>	<b>0.88</b>	
<b>CFI</b>	<b>0.90</b>	<b>&gt;0.9</b>
<b>RMSEA</b>	<b>0.081</b>	<b>&lt;0.08</b>
<b>PCLOSE</b>	<b>0.000</b>	
<b>SRMR</b>	<b>0.125</b>	
<b>AIC</b>	<b>376.4</b>	
<b>BIC</b>	<b>498.9</b>	

Table 4.29. Model fit indices

Measure	Threshold	Value
<b>CMIN/df</b>	< 3 good; < 5 sometimes acceptable (Hair et al., 2014)	<b>3.532</b>
<b>CFI</b>	>.80 sometimes acceptable; >.90 good (Hair et al., 2014)	<b>0.90</b>
<b>GFI</b>	>.80 sometimes acceptable; >.90 good (Hair et al., 2014)	<b>0.90</b>
<b>TLI</b>	>.80 sometimes acceptable; >.90 good (Hair et al., 2014)	<b>0.88</b>
<b>RMSEA</b>	<.05 good; .05 to .1 moderate; >.1 bad (Hair et al., 2014)	<b>0.081</b>

Table 4.31. common model fit indices with their thresholds

The research confirms that the overall model Chi-Square ( $X^2$ ) at 314.38 with 89 degrees of freedom is correct. The p-value associated with this result is 0.000. This p-value is significant using a type I error rate of .05. The value for the root mean square error of approximation (RMSEA) is 0.081, indicating a moderate fit index. This value appears quite fine though slightly above the .08 guideline for a model with 15 measured variables and a sample size of 385.

In addition, the standardised root mean square residual (SRMR) with a value of .125, way above the conservative cut-off value of .05, also provides the necessary support for model fit. Furthermore, both GFI (goodness of fit Index) and CFI (comparative fit index) values were 0.9, which was not bad at all given that they are equal to the minimum acceptable value. Therefore, the above values show a moderately fit model for the research.

The indicators in this study were caused by more than one factor. The error items were assumed to correlate. This resulted in a multi-dimensional model being considered for this research. Theoretically, when working with latent variables and reflective scores, constructing a CFA is ideal for assessing if the data fit the proposed model. Below in Figure 4 is a confirmed model for this research showing reflective scores for the factors under study. This model is relatively fit, as proved by the statistical explanation above.

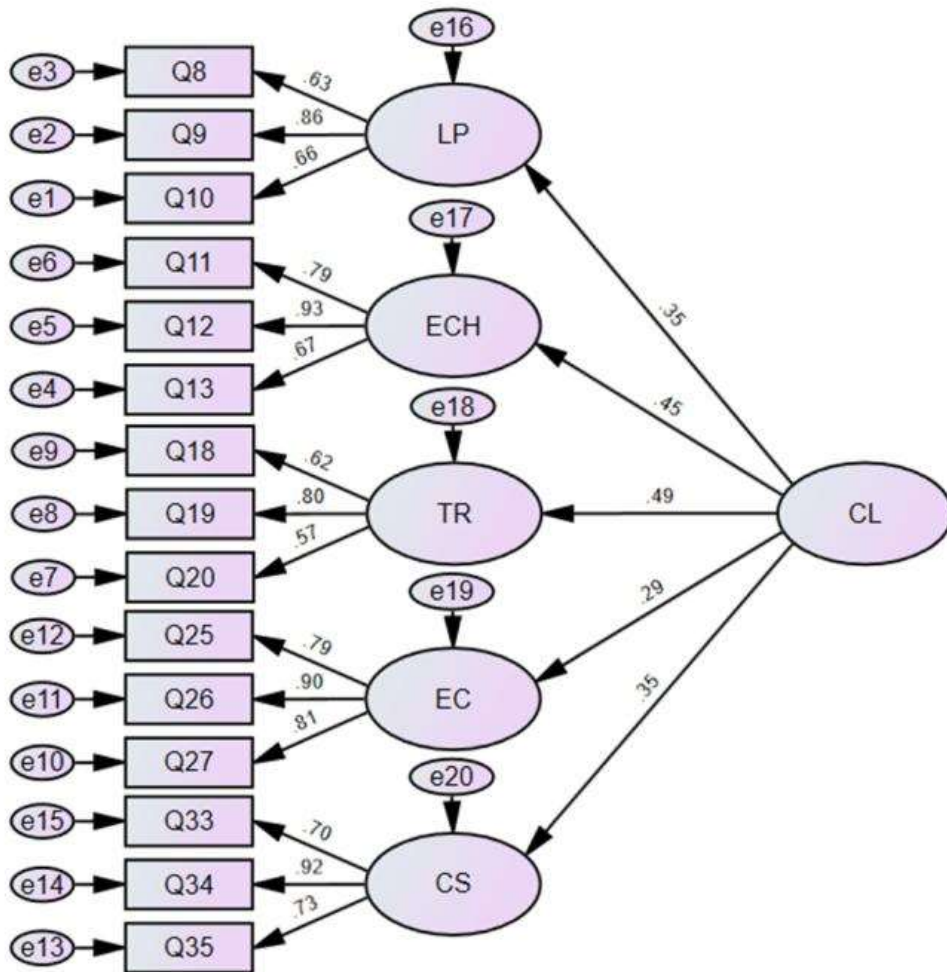


Fig 4.3. Sports Betting Confirmed CL Model

#### 4.10. Chapter summary

The primary objective was to investigate marketing factors influencing CL in the sports betting industry in Gauteng. The research was conducted with 404 respondents using a self-administered online survey. This study is quantitative; hence, a questionnaire is used to gather information from sports bettors in Gauteng. According to the results, LP, ECH, bookmaker trust, EC and CS influence CL in the sports betting industry in South Africa. However, bookmaker trust and ECH proved to have biggest influence on CL as compared to the other 3 factors. The following chapter discusses the findings, conclusions, and recommendations of the study.



## CHAPTER 5

### DISCUSSION ON FINDINGS

#### 5. Introduction

This study was designed to investigate marketing factors that influence CL in the sports betting industry. Based on the results presented in chapter 4 above, LP, bookmaker trust, ECH, EC and CS have a significant influence on CL in the sports betting industry. It was also presented in the data that ECH and bookmaker trust (TR) have higher positive significant standardised coefficients than the other factors under study.

This chapter attempts to give a more comprehensive interpretation of the data presented in the preceding chapter. A discussion on the research findings is also included in this chapter. It touches mainly on the level of influence each of the constructs under study has on CL in the sports betting industry.

#### 5.1. The demographic composition of sports bettors

This study indicates that sports bettors are mainly males (59.9%) who are between the ages of 31 and 50 years (71%). Female sports bettors are few (33.2%), and they also fall in the same age group as their male counterparts. Further, most of the sports bettors have, at most, a matric certificate as their highest academic qualification (61.7%). The reason for this might be the income level associated with this level of academic qualification, but this can only be proved by undertaking further research on why most of the bettors have no further academic qualification above matric.

According to the findings of this research, one can safely say that most of the bettors are recreational bettors, as indicated by 96.5% of the bettors who participated in the research. This means less than 5% of bettors place bets almost every day and do not wait

for special occasions to place their bets. This group can therefore be referred to as problem gamblers.

According to this research findings, 65.7% of the bettors place their bets with at least 3 bookmakers, and this makes the phenomenon of CL very complex in the sports betting industry. Whether the bettors have equal CL to all 3 bookmakers remains unknown. However, the study shows that bettors can choose to be loyal to a bookmaker based on the form of betting it offers (online or physical shop betting). For example, it was discovered from the study results that most of the bettors in Gauteng prefer to place their physical bets with Supabets Gaming Group (56.8%) as compared to other bookmakers who offer a similar form of betting.

Surprisingly, when it comes to online betting, the study found that Hollywoodbets enjoys the bigger market share (46.6%), with Supabets following up on 24.5%. This can be attributed to the fact that some bettors do not use both forms of betting for different reasons. How tech-savvy one has to be to place online bets can also be the reason for this proportional difference. As indicated above, most bettors have only matric as their highest academic qualification, which can also be a contributing factor.

## **5.2. Items determining bookmaker trust, EC and CS in the sports betting industry**

Items determining bookmaker trust, EC, and CS were listed to determine their effects. Below is the interpretation and discussion of the findings on these determining items. It is important to note that the items discussed in this section were designed solely for this study and were collected and listed through no-formal research conducted before this research on factors determining the items mentioned above. Bettors were asked to list

what they considered as determinants for trust, EC and CS and their responses were narrowed down to 4 items each, and these are discussed below.

### **5.2.1. Bookmaker trust**

According to this study, to trust a bookmaker, bettors consider four factors, which are; the time taken by a bookmaker to pay out winnings, the number of markets offered by a bookmaker, the number of deposit options offered by a bookmaker, and the number of withdrawal options offered by a bookmaker. The results show that out of these 4 factors, the outstanding bookmaker trust determining item is the time a bookmaker takes to pay out the winnings. This was proved by the number of bettors (91.9%) who either agreed or strongly agreed with the statement on Q14 (I trust a bookmaker that pays out my winnings within the shortest time).

The number of withdrawal options a bookmaker offers also leads to the amount of trust that a bookmaker gets from the bettors. 91.2% of the bettors either strongly agreed or agreed with the statement on Q17(I trust a bookmaker with many withdrawal options). Bettors are in it for money, and their main concern is how quickly they can access their winnings and the means and ways to collect their funds from a bookmaker. The quicker and easier it is, the more they trust the bookmaker. Other factors like the number of betting options/Markets and the number of deposit options are important to the bettors but not as important as the other two items.

### **5.2.2. EC**

Four (4) items that were listed as determining factors for EC were investigated further through formal research, and the findings prove that bookmakers that are easily contactable by bettors for assistance are regarded as having EC systems in place. 56.9% of the bettors believe there is EC between them and the bookmakers that they bet with

based on how easily the bettors can contact the bookmakers through different channels for assistance. However, the percentage of bettors (42.8%) who said they could not easily contact their favourite bookmakers for assistance and those who chose to remain neutral on this matter is significant enough to not be ignored. This implies that there is a more than 40% chance that a bettor may not be able to easily contact bookmakers in Gauteng for assistance with a query.

Generally, bettors agreed that it is easy to get online help from their favourite bookmakers once the bettor successfully contacts the bookmaker. When it comes to responding to emails and WhatsApp messages from bettors, there is generally poor performance amongst bookmakers as shown by 60.5% of the bettors who chose not to respond and those who disagreed to the statement on item Q23. (My favourite bookmaker responds to emails and WhatsApp messages in time).

### **5.2.3. CS**

As shown in the table below, CS is a very complex phenomenon in the sports betting industry. More than 30% of the respondents had neutral views concerning statements on Q28 to Q32. Out of a long list of items that bettors consider leading to their satisfaction with a bookmaker, the researcher narrowed them to only five, which were then used in this study. The list consisted of the nature of the relationship between bettors and bookies (happy or not happy), customer experience with the bookie, whether the bookmaker understands bettors' needs, whether the bookmaker exceeds bettors' expectation and whether bonuses offered by the bookmakers leads to CS.

Q28. I am satisfied with bonuses that are offered with my favorite bookmaker.	n	20	72	119	134	40
	%	5.2%	18.7%	30.9%	34.8%	10.4%
Q29. I am happy with my relationship with my current top bookmaker.	n	8	65	117	149	46
	%	2.1%	16.9%	30.4%	38.7%	11.9%
Q30. I am satisfied with my experience at my current top bookmaker.	n	12	44	123	149	57
	%	3.1%	11.4%	31.9%	38.7%	14.8%
Q31. My current top bookmaker understands customers' needs.	n	7	44	97	168	69
	%	1.8%	11.4%	25.2%	43.6%	17.9%
Q32. My current top bookmaker exceeds my expectations.	n	10	48	91	153	83
	%	2.6%	12.5%	23.6%	39.7%	21.6%

**Table 5.1. Sports betting CS items**

Over 50% of the bettors are satisfied with the kind of experience they are getting from their favourite bookmakers. There is also a general view amongst bettors (61.5%) that their favourite bookmakers understand the customers' needs. However, almost half (49.4%) of the bettors who participated in this research showed that they are not happy with their current relationship with their top bookmakers. Their reasons were not shared with the research, and a further study on this matter might shed light on why there is such a poor relationship between bookmakers and bettors.

According to this research, bookmakers in Gauteng are doing all they can to exceed their customers' expectations. As shown in the table above, only 15.1% of the bettors disagreed with item Q32. (My current bookmaker exceeds my expectation). More than 86% of the bettors believe that bookmakers are exceeding their expectations. This is a good sign that bookmakers are on the right track to improving CL through CS. However, the number of respondents who chose to be neutral (28.4%) on all items concerning this subject is a cause for concern. This could be linked to the fact that it is hard for bettors to be satisfied if they are always placing losing bets.

### **5.3. Factors influencing CL in the sports betting industry**

The main objective of this research was to investigate the marketing factors that influence CL in the sports betting industry in Gauteng, South Africa. Through examination of

secondary data in Chapter 2, it was concluded that five factors influence CL in the sports betting industry. These factors are LP, bookmaker trust, ECH, EC and CS. Data were collected for these five factors, and were presented in chapter 4 above. The following sections in this chapter will interpret the data and also provide a further discussion on each construct's level of influence on CL based on the effect size of each of the constructs.

Table 5.2 below shows Cohen's (1992) effect size guidelines used to determine the significance of each construct. Cohen provided rules of thumb for interpreting these effect sizes. The strength of association is small if the value of  $r$  lies around 0.1, medium if the value of  $r$  lies around 0.3, and if the value of  $r$  is greater than 0.5, the effect is large.

Strength of Association	Coefficient, $r$	
	Positive	Negative
Small	.1 to .3	-0.1 to -0.3
Medium	.3 to .5	-0.3 to -0.5
Large	.5 to 1.0	-0.5 to -1.0

**Table 5.2. Cohen's effect size guidelines. Source: (McLeod, 2019)**

### 5.3.1. LP

From the data presented above in chapter 4, LP had a standardised coefficient (effect size) of 0.296. In scientific terms, LP account for 29.6% of the variance in CL. According to McLeod (2019), this is a practical small effect. This means that even though there is a statistically strong relationship between LP and CL as denoted by a small p-value of 0.000, LP have been proved to have a practically small influence on CL. It can therefore be argued that only a small percentage (29.6%) of bettors can become loyal to a bookmaker because of LP offered. Increasing the number of LP can convert only a few bettors in to becoming loyal customers.

### **5.3.2. Trust**

Trust has the largest effect size of 0.453 amongst all the factors. The p-value for trust was also 0.000, which implies a statistically stronger relationship between bookmaker trust and CL. The effect size also denotes a medium strength of association between these two factors. It can therefore be concluded that out of the 5 factors investigated in this research, bookmaker trust accounts for 45.3% of the variance in CL in the sports betting industry and has the greatest practical influence on CL. Improving bookmaker trust can convert quite a sizeable number (45.3%) of bettors into loyal customers.

To improve bookmaker trust, the items determining bookmaker trust (Section 5.3.1) must be considered, especially increasing the number of withdrawal options and also reducing the time taken to pay out winnings.

### **5.3.3. Effective complains handling**

The effect size for ECH was 0.422, and this was the second-highest effect, denoting a practically medium significance. The p-value for this variable was also at 0.000, representing a statically significant stronger relationship between ECH and CL. However, the influence that ECH has on CL is also medium though slightly lower than that of trust. Therefore, it implies that ECH accounts for 42.2% of the variance in CL in the sports betting industry.

### **5.3.4. EC**

EC scored the least effect size (0.234) as compared to the other 4 factors. The relationship between EC and CL is statistically significant, as indicated by the p-value at 0.000. However, the association between these two factors is the weakest as compared to the other factors in this research. This implies that EC contributes 23.4% of the variance in CL and has the least influence on CL in the sports betting industry, as proved by the small

practical significance value scored (0.234). Bettors seem not to care much about the effectiveness of communication between them and their favourite bookmakers.

Therefore, improving communication effectiveness might not bring in many changes to the level of CL in the sports betting industry. Only a small effect is expected when intervention is applied to EC.

### **5.3.5. CS**

CS scored an effect size of 0.343 and a p-value of 0.000. This implies that CS accounts for 34.3% of the variance in CL in the sports betting industry in Gauteng. According to Cohen (1992), this is a practical small effect even though there is a statically strong relationship between them, as denoted by the small p-value. CS in the sports betting industry is a complex phenomenon, as proved by the study results in Section 5.3.3 above. Bettors are generally not satisfied with the bookmakers they do business with, especially when most of their bets are losing bets. This makes it difficult for bookmakers to develop strategies that can guarantee CL through bettor satisfaction. This research proves that any improvements in CS will bring about a small effect of 34.3% to CL in the sports betting industry. Based on these results, one can conclude that it is really hard to earn a considerable amount of CL through CS in the sports betting industry.

## **5.4. Chapter Summary**

This chapter looked at the effect sizes of the 5 constructs in this research to investigate the influence that each construct has on CL. The results indicated that bookmaker trust accounts for the biggest variance (45.3%) in CL, followed by ECH at 42.2%. CS is the third contributor (34.3%) to the variance in CL. EC and LP also account for the variance in CL, with each contributing 23.4% and 29.6%, respectively. Bookmaker trust and ECH proved



to have a medium influence on CL as compared to the other 3 factors (LP, EC and CS), which scored effect sizes less than 0.3, 0.3, and 0.4, respectively.

The final chapter provides the conclusions drawn from this research findings and recommendations for further research.



## **CHAPTER 6**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1. Introduction**

This study investigated the marketing factors that influence CL in the sports betting industry in Gauteng, South Africa. The data collection was completed through an online survey with 404 bettors in Gauteng. Only 385 responses were considered for final analysis. The findings, conclusions and recommendations made by the researcher are based on these screened responses and the set objectives presented in Chapter 1 of the study. This chapter presents the conclusions and recommendations based on the study's findings together with the findings of the previous studies discussed in chapter two. The empirical research findings concerning each objective are presented and compared to the theories pointed out in the literature review. The chapter has three main sections. The first summarises the main findings relating to each of the objectives of the study. Section 6.3 provides specific recommendations. Finally, Section 6.4 reflects on the limitations of the study and suggests possibilities for future research.

#### **6.2. Overview of the study**

The study is organised into six chapters. The first chapter provided the introduction and research background of the study, described the problem statement and research objectives. In addition, the chapter presented a brief overview on the research design and methodology followed in the study as well as reliability and validity assessments of the research instrument. The second chapter focused on reviewing literature on customer loyalty theories as well as factors influencing customer loyalty with particular interest to sports betting. In chapter three, the research design and methodology were described

with particular reference to empirical design procedures. This included target population, sampling strategy, data collection process, data analysis and ethical guidelines observed in conducting the data collection process. In chapter four, the quantitative data analysis was completed and the results thereof were also interpreted. The chapter five provides a discussion of the empirical findings. The following section provides the achievement of the research objectives which were formulated for the study.

### **6.3. Research Objectives, main findings, and Conclusions**

The study aimed to investigate marketing factors that influence CL in the sports betting industry. In order to achieve this aim, the researcher formulated several empirical objectives which are recapped below:

#### **6.3.1. Secondary objectives**

To achieve the primary objective, the secondary objectives were defined to gain insight into the marketing factors that influence CL in the sports betting industry.

The first objective was intended to investigate how service quality, with particular reference to complaints handling, influences CL customer loyalty within the sports betting industry. For example, the relationship between effective complaints handling and customer loyalty is outlined in section 4.7 of chapter 4 (Correlation analysis) and section 4.8 of chapter 4 (Regression analysis). Correlation analysis was used to determine the strength and direction of the association between these two factors. Also, regression analysis was used to assess the extent to which effective complaints handling predicts customer loyalty.

The second objective was to investigate the influence of bookmaker trust on CL in the sports betting industry. The relationship between trust and customer loyalty is also shown with the aid of a table (table 4.20) in section 4.7 of chapter 4 (Correlation analysis)

and table 4.25 in section 4.8 of chapter 4 (Regression analysis). Correlation analysis was used to determine the strength and direction of the association between these two factors while regression analysis was used to assess the extent to which trust predicts customer loyalty.

The third and fourth objectives aimed to investigate the influence of LP on CL in the sports betting industry and also to investigate the influence of EC on CL in the sports betting industry, respectively. While correlation analysis was used to determine the strength and direction of the association between LP and CL as well as between EC and CL (table 4.25), regression analysis was used to assess the extent to which these factors predicts CL.

Examining the influence of CS on CL within the sports betting industry was the fifth objective, and this was also achieved through the use of correlation analysis to determine the strength and direction of the association between CS and CL. In order to assess the extent to which CS predicts CL in the sports betting industry, regression analysis was used (table 4.25 and table 4.2)

The last objective was to determine the main factors influencing CL in the sports betting industry. The following section shows how each of these objectives were achieved and also draws attention to the conclusions made on each one of them.

#### **6.4. Marketing factors influencing CL in the sports betting industry.**

Chapters 4 and 5 presented, reported, and discussed the main findings to identify the key themes that stand out as central to the factors influencing CL in the sports betting industry. This section revisits the secondary research objectives.

To fully comprehend the primary objective concerning the influence of LP, bookmaker trust, ECH, EC and CS on CL, the researcher discussed the secondary objectives

simultaneously. The study provided an insight into how these marketing factors influence consumer loyalty. The objectives have already been highlighted above.

Establishing which marketing factors influence CL will assist bookmakers in selecting the appropriate marketing factors that influence CL in the sports betting industry.

The central tendency measures (mean, median, and standard deviation) were used to conduct the descriptive analysis of five latent constructs involved in this research. The purpose was to find the distribution of the responses collected from bettors on scaled items. A five-point Likert scale (where 1 = “Strongly disagree” and 5 = “Strongly agree”) was used to measure all the constructs.

It was established that 2.5 was the middle value of the five-point scale and any mean score beneath 2.5 indicated that most respondents tend to either disagree or strongly disagree with the statement. Conversely, mean scores between 2.5 and 3.4 meant that most respondents tend to be impartial about the constructs’ statements. All the mean scores equal to or above 3.5 indicated that the majority of respondents tend to either agree or strongly agree with the statements of the construct.

The sections below provide the findings based on chapters 4 and 5 on marketing factors influencing CL in the sports betting industry.

#### **6.4.1. Loyalty programmes**

LP are structured marketing efforts that reward and encourage loyalty behaviour. These programmes are also referred to as rewards to encourage customers to return to bookmakers who they frequently place bets with. Chen (2019) and Schofield (2019) agree that although LP have several goals, which include to increase business and sales,

the main aim is to strengthen the relationship between the customer and the bookmaker so that customers keep coming back regularly.

LP use the psychological principles of reciprocity, commitment, and loss aversion to increase the likelihood of CL. Magatef and Tomalieh (2015) contend that there is significant evidence of the effect of all LP on building and maintaining customer retention. Krenzin (2018) posits that LP is a great tactic to get customers to act a certain way because they entice customers to spend more and push them to become more loyal. Kim and Ahn (2017) have expressed a concern that LP may not always lead to true CL due to the operant conditioning of the reward–response association.

Owing to limited product differentiation in the sports betting industry, LP is believed to give bookmakers a competitive edge (Dhamdhere, 2019). LP can do many things such as preventing customers from switching or defecting to competitors, providing insights into consumer preferences, driving incremental spending and increasing demand and a share of wallet. Most bookmakers have rewards programmes that encourage players to stick around and stay loyal to them, at least for as long as the LP exists (Onlinebettingsites, 2019). Although every rewards programme is unique, the one thing they all share is that the more you bet, the more you get in return.

Findings on LP indicate that most respondents are impartial about the influence of LP on CL as evidenced by the overall mean score of 3.29, which was below the 3.5 acceptable minimum. For example, a bigger number of bettors (33.5%) chose to be neutral on the statement that they will place their next bet with a bookmaker that offers them more LP while 17% completely disagreed with this statement (Mean = 3.29; Std Dev. = 0.830).

- **LP Conclusions**

Chapters 4 and 5 proved that the findings of this study agree with the literature theory of the study in Chapter 2 that although LP has proved to play a significant role in influencing CL in other industries, the influence it has on CL in the sports betting industry is small as denoted by the standardised coefficient of 0.296, which was less than the acceptable cut of 0.300. However, the effect size can extend to medium if rounded off to 1 decimal place.

The findings show that only 39% of the bettors agreed that they would recommend a bookmaker that offers more LP to friends and family. In comparison, only 48.8% agreed that they would place their next bet with a bookmaker that offers them more LP and, only 51.2% agreed that they would try other betting games introduced by a bookmaker that offers more LP. However, the average number of bettors who disagreed or chose to be neutral on all the 3 questions on LP was over 53%, meaning that the majority of bettors do not fully agree that LP influences their decisions to be loyal to a bookmaker.

Furthermore, the findings show that although LP influences customers loyalty, the effect is small in the sports betting industry as compared to other industries. Therefore, from these findings, it is concluded that LP only accounts for up to 29.6% of the changes in CL. Bettors consider LP when deciding to be loyal to a bookmaker even though the effect is small.

- **LP recommendations**

As pointed out in the background section on Chapter 1, the sports betting industry has continued to grow in South Africa, making it one of the most competitive industries in the country. In every competitive industry, as proved by Zakaria et al. (2014), customers can be loyal to more than one brand since LPs have become ubiquitous. CL programmes appear less efficacious in achieving CL due to the multi-brand loyalty in the sports betting industry. The mere focus by bookmakers on increasing the sensitivity to external

rewards by bettors may result in a lack of emotional bonds with the bookmaker, which is much needed for CL to exist. While LPs improve customer relationships, they also lead customers to expect extraordinary efforts from companies as an entitlement.

The research findings show that there is a limited number of customers who are exclusively loyal to (place bets with) one betting company; hence, most of them adopt a multi-brand-loyalty behaviour. However, this can be countered by bookmakers thriving to create LPs that are unique and distinguishable such as percentage payback on losing bets. Modern LP must not just award points but must go beyond and appeal to bettors' need for deeper engagement and personalised experiences.

Furthermore, for LPs to be effective, they have to be tied to the brand's core values and then looped around what the bettor is looking for, not what the bookmaker thinks about the bettor's experience. Since this research shows that LPs have a small influence on CL in the sports betting industry in Gauteng, bookmakers can rather use them as a way of buying repeat purchases. However, the number of bettors who chose to remain neutral on loyalty programme statements (questions) prove that bettors have limited information about LP and how bettors can benefit from these programmes. EC on LP can assist bettors in understanding LP that are offered by bookmakers, and it is only then when bettors can understand the LP and their benefits.

#### **6.4.2. Trust**

Bookmaker trust is the willingness of the average bettor to rely on the ability of the bookmaker to perform its stated function. This study asserts that trust is the most critical, strategic, and enduring intangible asset that a bookmaker can possess. The findings of this research concur with The British Gambling Commission's findings in their 2018–2021 publication, which points out that trust and transparency are still the most



prominent concerns in the gambling industry and that bettors view winnings payments as a cornerstone to trusting a bookmaker. This is also supported by Ullah et al. (2015), who also found that CL is more reliant on trust rather than other factors.

A literature review done in Chapter 2 has shown that trust is a key contributor to brand equity and CL. Owing to the competitive environment in which bookmakers in Gauteng are operating within, sports bettors now have more options than ever when choosing among hundreds of bookmakers.

This study found that trust has the greatest influence on CL in the sports betting industry, as shown by the value of its standardised coefficient (0.453), a mean of 4.22, and a standard deviation value of 0.691. Over 78% of the bettors agreed with all statements on trust (Q18 to Q20), and only less than 5% of the bettors disagreed with all statements on trust while an average of 9.3% chose to be neutral on all 3 statements on trust.

- **Conclusions on trust**

The current study concurs with the literature on the influence of trust on CL. The findings reveal that most bettors agree that trust influences their decision to be loyal to a bookmaker. For instance, 51.2% of the bettors who responded to the questionnaire strongly agreed with Q19 that they would place their next bet with a bookmaker they trust, and 40.5% agreed with the same statement.

Based on these findings, it can then be concluded that bookmaker trust influences the bettors' decision to place their next bets with a bookmaker they trust. Bettors may also recommend that bookmaker to friends and family and try other betting games offered by the same bookmaker they trust. According to the findings of this research, trust contributes up to 45.3% of the variance in CL in the sports betting industry in Gauteng.

- **Recommendations on trust**

Bookmakers need to focus on building and maintaining trust since it represents the basis for long-term CL. If trust exists between the bettors and the bookmaker, the effort to foster cooperative relationships will be easier. Breakdowns in trust occur when the actions of a bookmaker differ from the promises and values communicated by them to the bettors. A bookmaker needs to deliver what it has promised. The bookmaker should show that it is indeed capable of delivering those promises because failing to build trust undermines CL and can damage a bookmaker's revenue.

Although a traditional bookmaker's trust is still important, trust in the online promise can be a potent force. Online reviews have a direct impact on the bookmaker's reputation. The ability to build bookmaker trust through reviews from trusted sources is simply another good way to gain trust from potential and existing bettors.

Bettors are in it for the money, as shown in the findings in Section 5.3.1 in Chapter 5. Therefore, it is for this notion that bookmakers are recommended to ensure that winnings are paid in time and that bettors have many withdrawal options at their disposal. Bonus agreements and any other agreements must be honoured. Regarding disputes, customers must feel fairly treated for a bookmaker to earn trust from bettors.

The extent of the bettors' trust to a bookmaker builds true loyalty, which, in turn, will make competitive offers, convenience, and the promise of "something better" matter less because most bettors' connection to the bookmaker will be based on how much they trust the bookmaker.

### **6.4.3. Effective complaints handling**

Complaining is one of the options available to customers to express their dissatisfaction.

A complaint is when a bettor brings a problem to the bookmaker's attention and expects

some redress. More generally, a complaint is an expression of dissatisfaction communicated by bettors to a bookmaker regarding the bookmaker's products and/or services. Therefore, complaints handling is the procedures and actions of bookmakers to address bettors' complaints and recover dissatisfied bettors. Recent studies in the banking sector have proved that ECH improves CL (Carvajal et al., 2011; Salim et al., 2018). Ineffective complaints handling often leads to bettors' defection if the bookmaker does not take steps to provide an efficient solution to the particulars of the grievance. However, if bookmakers effectively handle bettors' complaints in, say, less than 5 minutes, those bettors go on to become loyal customers. It was established during the literature review (Chapter 2) that areas of complaints in the sports betting industry are mainly to do with suspended accounts or funds, documents (FICA), unfair games, software/connection faults, bonus complaints/abuse, terms and conditions, gambling limits/losses and cancelled bets, among others (Gibraltar, 2019).

Findings from this research agree with the literature on ECH. It was this study's finding that ECH is the second greatest influencer of CL in the sports betting industry, as shown by the average mean of 4.38 and standard deviation of 0.744.

- **Conclusions on effective complaints handling**

The findings in this research agree with the literature on the influence of ECH on CL. It is revealed through these findings that ECH accounts for up to 42.2% of the variance in CL. More than 85% of the bettors who participated in this research agreed with all 3 items (Q11 to Q13) under the variable (ECH).

According to this research, one can conclude that ECH is the second largest influencer of CL (after bookmaker trust) in the sports betting industry in Gauteng. This variable had the highest overall mean compared to the other four factors under study, meaning that

most bettors consider ECH as their number one influencer when deciding to be loyal to a bookmaker.

- **Recommendations on effective complaints handling**

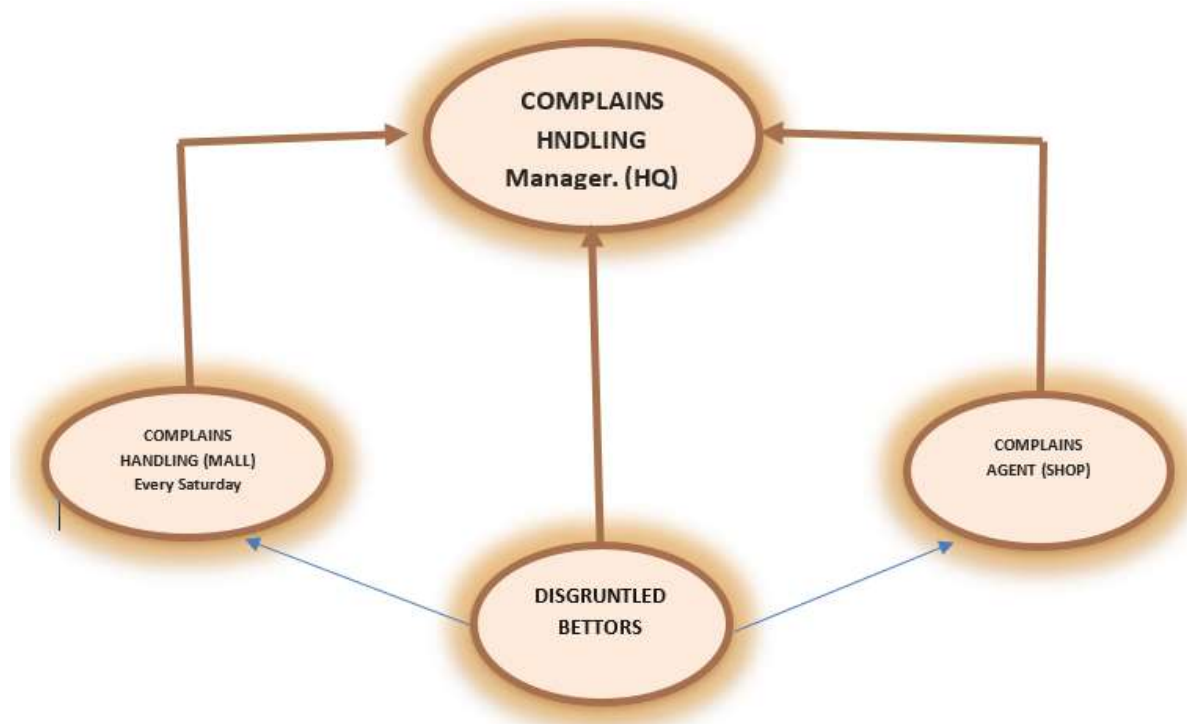
Understanding customers' complaints requires a continuous assessment of negative feedback and criticism from them. It is believed that complainers are the heaviest users of a service/product. Therefore, it is recommended that bookmakers pay attention to ECH practices to make the complainants more trustworthy and loyal than before.

To understand bettors' complaints, bookmakers should continuously assess negative feedback and criticism from bettors and not just carry out sophisticated computerised analysis but should also contact dissatisfied bettors directly to ascertain their grouse against the bookmaker. In this era of WhatsApp groups, a bookmaker should monitor conversations amongst bettors in open groups created by the bookmaker. A bookmaker can lead certain conversations in those groups to get feedback from bettors on certain matters.

By setting up complaints/queries desk in every physical shop to cater for physical bettors, bookmakers can reap the benefits of ECH since complaints are related to satisfaction, and when correctly handled often lead to CL. Similar, desks can be set up in selected busy malls as a backup to the call centre support team to cater for online bettors who have limited access to the physical shops.

Bookmakers should ensure that their complaints handling procedure is well articulated and made accessible to bettors. Complaints can be made through the shop complaints agent who has direct contact with the complaints handling office or can be made directly from disgruntled bettors to the complaints office.

Below is a suggested complaints model that bookmakers in Gauteng can adopt to ensure that they deal effectively with customer complaints to improve CL. The model suggests the setting up of complaints handling office at the bookmaker's head office to deal with complaints coming from disgruntled bettors. Bettors can bring in their complaints through the complaints handling agents stationed at physical shops and malls around Gauteng. Bettors can also be given an option to directly call, WhatsApp or email the Head Office Complains handling office for quick redress.



**Figure 6.1: Bettors complains handling model. Source: researcher's own creation.**

#### **6.4.4. EC**

EC is the most important part of customer service, and the real secret to EC lies in the ability to gauge bettor's expectations and then respond appropriately, especially in this age of digital communication, when bookmakers may not be able to meet customers face-to-face (Patel, 2020). Mbango and Mmatli (2019) defines EC as the customers' perception of the extent to which an organisation interacts with them in a warm and personal way.

Though quality service and better odds prove that bookmakers care for their customers, what matters to these customers is how bookmakers demonstrate it through ongoing attentiveness and creativity in the quality of communication (Doucette 2017).

The findings of this research show that even though EC has a statistical significance on CL, its practical influence on CL is small (**beta** value = 0.234 and **p** = 0.000).

- **Conclusions on EC**

The results of this research support the literature on the influence of EC on CL. However, the influence that EC has on CL is very small in the betting industry as compared to other industries. These current findings show that EC accounts for only 23.4% of the variance in CL in the sports betting industry. Less than 40% of the bettors who participated in this research agreed with all statements on EC. For instance, only a total of 37.1% of the bettors agreed and strongly agreed that they would recommend to their friends and family a bookmaker that has EC channels.

Based on the findings, one can conclude that EC is not seriously considered by both bookmakers and bettors in the sports betting industry. Results from Q21 to Q24 indicate a lack of EC between bookmakers and as indicated by the average mean on all items (Q21 to Q24) which is less than 3.5. This means that majority of the bettors are impartial about EC between them and the bookmakers, just like they are impartial about LP.

- **Recommendations on EC**

A bookmaker must carefully integrate its many communication channels to deliver a clear, consistent, compelling and even personalised message to its bettors. All points of contact between the bettor and the bookmaker's content about its brand must be identified, and more effort should be directed towards delivering a positive, consistent

message at each contact to tie together all the bookmaker's messages and images and align them with bettor preferences.

Instead of being their judge of the effectiveness of communication, bookmakers should rely on responses from bettors. Hence, bookmakers need to keep their ear on the ground to get responses on their communication.

Sports betting is inherently time-sensitive, and therefore EC about sporting events should be sent out in time to the right people with speed and accuracy. Putting up fixtures big matches a week before can go a long way as EC.

The use of live engagement tools for real-time support assistance with live assistance tools such as video chats, co-browsing, and live chats should be implemented by bookmakers to ensure EC.

To improve the effectiveness of their communication, bookmakers must aim to reduce waiting time and avoid scripted conversations when offering real-time support. Avoiding jargon when communicating with bettors is essential and ensures that there is no misunderstanding of the message being communicated.

Bookmakers are encouraged to collect bettors' feedback and monitor social conversations both online and offline to understand bettors preferred social channels and actively engage them on those channels. Through this strategy, social media may be used to announce new product releases, bookmaker news, content updates, and events. This will improve the effectiveness of communication, which will eventually lead to CL.

#### **6.4.5. Customer satisfaction**

CS in the sports betting industry is an emotional state of bettors, based on direct experience gained after comparing the performance of the bookmaker's services with

their expectations. Mbango (2018) define CS as a feeling of pleasure, fulfilment, and desire towards a service rendered, and it is also viewed as the level of post-purchase dissonance.

A review of literature in Chapter 2 showed a significant relationship between CS and CL. Many authors have advocated that CS is one of the determinates of CL, especially in the service industry (Belás and Gabčová, 2016; Coelho and Henseler, 2012). Furthermore, it can be assumed that the relationship between CS and CL is nonlinear. Suggestions pointed out the importance to organisations to increase CS if they want to sustain the level of CL (Fida et al., 2020).

Findings from this study concur with the literature and previous findings on the relationship between CS and CL. As the results in chapters 4 and 5 indicate, most bettors agree that they will be loyal to a bookmaker that they are satisfied with. This was shown by the overall mean of 3.97 (which was well above the 3.5 minimum value) and a standard deviation of 0.874.

- **Conclusions on CS**

Results from this current study indicate that CS has a medium influence on CL in the sports betting industry (**beta** = 0.323 and **p-value** = 0.000). This shows that CS accounts for 32.3% of the variance in CL. This is a practically significant change that bookmakers should not take for granted.

Out of the five factors (which lead to CS) that were examined in this study (Table 4.10c), most bettors agreed that they are satisfied with their experiences at their current top bookmaker (mean = 3.51 std. dev.= 0.982). The majority of the bettors who participated in this research also agreed that their current top bookmakers understand customers' needs (mean = 3.64 and std, dev. = 0.963). Bookmakers were also scored high when it



came to exceeding customers' expectations (mean = 3.65 and std. dev = 1.035). Thus, bookmakers are doing quite well in good customer experience, understanding bettors' needs, and exceeding bettors' expectations. However, mean scores on Q28 and 29, which are below 3.5, suggest that bettors are not satisfied with the bonuses they are offered (mean = 3.26 and std. dev = 1.045) as well as the relationship they have with their top bookmakers (mean 3.42 and std. dev. = 0.973).

- **Recommendations on CS**

If a bookmaker wants to attract new bettors, it is recommended that its primary focus should be on CS, as this will significantly affect bettor recommendations to friends. Bookmakers are advised to draw knowledge from banks and bear the data cost that bettors incur in betting, in addition to a quick and prompt pay-out facility. Some of the bookmakers in Gauteng now do have a data-free application that bettors can use when placing bets. However, most of these data sites have limited access to some of the betting options.

Bookmakers are also recommended to place their focus on customer experience, especially on newly acquired bettors. Helping the bettors get started can go a long way in satisfying them. Taking a newly signed-up bettor through their first bet can give the bettor much satisfaction that is required to build CL.

**Practice credits** can also be issued to new bettors so that they can learn how to bet on different games while getting used to the bookmaker's betting system. To improve bettors' experience, bookmakers should ensure that their website's layout are user-friendly to their customers. Complex sites are always avoided by bettors, especially given that majority of them have only matric as their highest academic qualification. It was discovered during this research that Hollywoodbets has the most preferred website

layout on sports games, and it might be the reason why they are leading the online market with such a big gap

Bookmakers have to acknowledge that every bettor needs to experience victory at some point. A long losing run can make a bettor leave, especially if the bettor feels that the bookmaker only exists to take their money. With this in mind, the bookmaker should try and increase CS by helping the customers to win some of their bets by offering information such as sports betting tips, statistics, and predictive analysis.

However, so many bookmakers do an excellent job of customer acquisition, and then the customer is ignored while the bookmaker chases more new customers. Even after investing enormous amounts of time and cash to get new customers on board, few bookmakers take the time to evaluate why so many leave them. They are trapped in an eternal cycle of replacing the customers they are losing, hindering true growth brought about by satisfying existing customers. CS should be considered as one of the top priorities by bookmakers if CL in the sports betting industry is to be achieved.

### **6.5. Determining the main factors influencing CL in the sports betting industry**

The last secondary objective of this study was to determine the main factors influencing CL in the sports betting industry. Table 4.21 in chapter 4 showed that the main influencing factors on CL in the sports betting industry in Gauteng are trust (mean = 4.22, std. dev. = 0.691, beta( $\beta$ ) value = 0.453 and p-value = 0.000) and ECH (mean = 4.38, std. dev. = 0.744, beta ( $\beta$ ) value, 0.422 and p-value = 0.000) as compared to the rest of the factors.

- **Conclusions**

Based on the results above, one can conclude that all the marketing factors in this study (LP, ECH, EC, trust and CS) have a significant effect on CL. According to the bettors who participated in this research, the major influential CL drivers in the sports betting industry are trust and ECH.

- **Recommendations**

The findings of this study point to the importance of bookmaker trust and ECH in the sports betting industry. It is therefore recommended that bookmakers pay more attention on these factors if they are to improve CL. Detailed recommendations on these factors was done earlier in sections 6.3.2 and 6.3.3 above.

## **6.6. Conclusion of the research study**

A total of 404 responses were collected from bettors for this research and most of the responses came from male bettors (59.9%), while 33.2% were female and 6.8% opted not to disclose their gender. Nevertheless, out of 404 responses collected, 19 were excluded from further analysis leaving only 385 valid responses from recreational bettors. Out of the 385 valid responses collected in this study, 40.2% came from bettors between 31 and 40 years. The least contribution was from the ages between 18 and years old, who only constituted 1.8%. Bettors between 41 and 50 years made 30% of the contribution to the study. Most of the bettors who took part in this study had matric as their highest academic qualification (43.3%). The least contribution came from bettors who had a degree as their highest qualification (9.2%). Most of the bettors (33.2%) place their bets with more than 3 bookmakers. 32.4% place bets with exactly 3 bookmakers. Only a smaller percentage (5.7%) place bets with only one bookmaker and 28.7% bet with exactly 2 bookmakers.

Hollywoodbets is the favourite bookmaker amongst online bettors with 46.6% of the bettors indicating that they place their online bets with this bookmaker. Supabets Gaming Group is the second favourite with 24.4% followed by Betway on the 3rd position with 22.6%. Topbet, which represented some other bookmakers, has fewer bettors betting online with them (6.3%).

Supabets was the popular physical bookmaker among bettors in Gauteng, with 56.8% indicating that they place their physical bets with this bookie. Topbet, which represented some other bookies, was the second favourite, scoring 31% of the total valid responses. Hollywoodbets and Betway were least preferred by bettors for physical betting.

The secondary research study's conclusions are established on data obtained firstly from the comprehensive research theory conducted in Chapter 2. As indicated in Chapter 2, there is interest amongst bookmakers to comprehend the factors that influence consumer loyalty in the sports betting industry.

CL is a very complex phenomenon and according to Javalgi and Moberg, (1997), defining this concept is an extremely difficult task. However, from the many definitions discussed in chapter 2 earlier, it can be concluded that CL has everything to do with the customer's conscious decision to keep buying products or services from one brand repeatedly over time rather than buying from competitors. Loyal bettors believe that the products/services offered by their favourite bookmaker is the best option that fulfils their value proposition. The decision to keep betting with the same bookmaker is influenced by many factors investigated and discussed in this study.

After a thorough review of the literature, the researcher settled for 5 marketing factors that were believed to influence CL in the sports betting industry: LP, trust, ECH, EC and

CS. This study discovered that all the above-mentioned factors influence CL in the sports betting industry, although with a different magnitude. ECH and trust were discovered to be the main factors influencing CL in the sports betting industry. However, there were several limitations associated with this study and these are discussed in the next section.

### **6.7. Significance of the study**

This study addresses the current lack of empirical evidence to prove the relationship between factors influencing CL in the sports betting industry. It brings in a new model that has not yet been tested concerning factors that influence CL as it relates to the sports betting industry in Gauteng, South Africa. Moreover, the constructs in this current study have received limited attention regarding how they influence CL, particularly in relation to the sports betting industry.

Practically, the research assists marketing managers in the sports betting industry to identify and understand the marketing factors that drive CL in the sports betting industry. This helps them concentrate on the actual factors that impact CL in the sports betting sector, rather than depending on loyalty drivers that proved to work in other sectors. Bookmakers are encouraged to focus on improving these if they are to enjoy CL. Management in the sports betting industry should invest more effort in ensuring that complaints are effectively handled, and trust between bookmakers and bettors is greatly improved

### **6.8. Managerial implications of the study**

According to the study, most of the bettors are males with matric as the highest qualification. The majority of these bettors are between the ages of 31 and 55 years old. This implies that any communication from the bookmakers to the bettors should be

designed to suit this group. Advertisements and LP should also be developed and targeted mainly to this group.

The study also discovered that only a few bettors place their bets with only one bookmaker. The majority of the bettors bet with at least three bookmakers, and this means that there is a tight competition in this industry. Prices (odds) are not taken seriously in this industry since most bookmakers have the same odds across the industry. The focus should be on ensuring that customer complaints are handled effectively and within the shortest period. The complaints handling model recommended in Section 6.3.3 (figure 6.1) above should be put into practice to ensure a smooth flow when handling bettors' complaints.

Ensuring that the bookmaker is trusted by bettors should be the number one priority for all marketing managers and every staff member in the betting industry. There should be synergy amongst all customer touchpoints from cashiers, deposits department staff, withdrawal/pay-out department staff, call centre support team, complaints handling team up to the marketing management.

LP are effective when it comes to attracting new customers and also making existing bettors stick around. However, according to this research findings, LP have a small effect on building CL. It is also important to note that unique LP can attract more bettors allowing the bookmaker to foster CL.

Though EC and CS do not have a bigger influence on CL in the sports betting industry, as compared to ECH and trust, completely abandoning them will cause enormous damage to the bookmaker. While marketing management in the betting industry should ensure

that communication between the bookmaker and the bettor is effective, they should also ensure CS is achieved.

### **6.9. Limitations of the study**

The findings of this study should be seen within the context of certain limitations that provide for further research on the subject. Firstly, the study was carried out in one province, Gauteng, and there is a possibility that these findings might not be a true reflection of the entire country. In addition, the non-probability sampling method chosen for this study is another limitation to this study. The sample was drawn from respondents with known attributes (recreational bettors). There might be chances that if a probability sampling method is employed, a different conclusion to the same study might be reached. The research covered all forms of betting (online and physical betting). Research that targets only one of the forms of betting might produce slightly different conclusions.

Another common limitation is an intentional or unintentional bias that cannot be entirely avoided. Bias will always be a variable when doing scientific research, as bias is based on previous experiences and beliefs of people. An example of this is the definition of CL and loyalty in general. Loyalty is largely a subjective matter, even for the researcher. What is perceived as CL for one individual might not be the same for someone else. This bias and perception regarding many other terms is a large limitation in the thesis.

### **6.10. Areas for further research**

This study's key findings led to the following recommendations for further research on the factors influencing CL in South Africa. For a more accurate result representing the whole country, it is recommended that similar studies be carried out in the remaining nine provinces to ascertain the findings of this research.

Trust and ECH were the main factors influencing CL in the sports betting industry. However, thorough research on these factors needs to be carried out to establish a clear understanding of them.

Future studies on this phenomenon should choose one form of betting (online or physical) and compare the results with this research's findings.

This study found out that all the marketing factors under study have a significant influence on CL. Therefore, for future research purposes, the researcher proposes conceptual models that seek to determine each factor's influence on CL in the sports betting industry, individually. For example, determining which among the many LP offered has the greatest influence on CL, or, establishing which among the bookmaker trust determinants has the greatest impact on CL.

### **6.11. Concluding remarks**

This research study investigated the marketing factors that influence CL in the sports betting industry in Gauteng, South Africa. The secondary objectives were to determine if the marketing factors influenced CL in the sports betting industry.

The findings show that LP, trust, ECH, EC and CS have a significant positive effect on CL in the sports betting industry. Trust and ECH were found to have a huge influence on CL compared to the other three factors. Therefore, bookmakers were recommended to focus on improving these two factors to enjoy CL.

Through the literature review done in chapter 2, it was discovered that there is a limited number of bettors who are exclusively loyal to one bookmaker. Hence, most of them adopt a multi-brand loyalty behaviour. This is the case, especially with online bettors. This study found out that most online bettors place their bets with at least three



bookmakers. This puts competition just a slide away from each other hence making true CL difficult in achieving in this industry. However, this study's findings show that allocating more resources to build trust with the bettors and make sure that complaints are effectively handled can put a bookmaker in a greater position to achieve CL. This does not mean that other factors are not important. The fact that these other factors have a significant influence on CL proves that they may frustrate the bookmaker's effort to gain trust if completely ignored.



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## 8. Appendices

### APPENDIX A. CONSENT FORM AND INTERVIEW GUIDELINES



**Investigating the marketing factors that influence CL in the sports betting industry in Gauteng, South Africa.**

**Department of Marketing and Retail Management**

**Informed Consent for Participation in an Academic Research Study**

Dear Respondent

We are inviting you to participate in a study entitled **“Investigating the marketing factors that influence CL in the sports betting industry in Gauteng, South Africa”**. This study aims to determine the factors influencing CL in the sports betting industry in Gauteng. This will be done by determining the relationship between sports betting CL and the factors that influence it.

**Please note the following:**

- This study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers you give.
- Your participation in this study is voluntarily and very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 15 minutes of your time.



- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- The questionnaires will be kept for five years, and the study can be found in the UNISA database.
- Should you have concerns about how the research has been conducted, you may contact **MR. MADORO C.** at 66001126@mylife.unisa.co.za, cellphone number 081 369 5190.

**Please mark the form to indicate that:**

- You have read and understood the information provided above.
- You give your consent to participate in the study voluntarily.

Please mark **X** if you agree

Date: .....

### Section A: Screening questions

**Please answer all the questions by placing a cross (X) in the appropriate block.** There are no right or wrong answers.

**Q1. Are you a RECREATIONAL BETTOR (place bets during special occasions only)?**

	<b>Mark (X)</b>
YES	1
NO	2

**If NO, thank you for your time unfortunately you do not qualify to answer the rest of the questionnaire.**

**Q2. How many bookmakers do you place bets with?**

Number of bookmakers	Mark (X)
1	
2	
3	
More than 3	

**Q3. With the order of your preferences, List 3 bookmakers that you place online bets with, starting with the one you prefer the most.**

Bookmaker	Mark
Betway	
Hollywood	
Supabets	
Topbet	

**Q3. WHICH bookmaker do you often place physical bets with?**

Bookmaker	Mark
Betway	
Hollywood	
Supabets	
Topbet	

**Section B: Demographic information**

Please answer all the questions by placing a cross (X) in the appropriate block. There are no right or wrong answers.

**Q5. Please indicate your gender.**

Gender	Mark (X)
Female	1
Male	2
I Prefer not to say	3

**Q6. Please indicate your age group.**

Age group	Mark (X)
18- 20 years	1
21- 30 years	2
31- 40 years	3
41- 50 years	4
51- 65 years	5

**Q5. Please indicate your level of education, by selecting the most appropriate option.**

Highest Academic level achieved	Mark (X)
Below matric	1
Matric	2
Diploma / Degree	3

**Section C: Variables used in the study.**

**Q8.** Please read each statement carefully and then cross **(X)** one appropriate response to indicate the extent to which you agree or disagree with each statement.

**Select;**

1. if you **'strongly disagree'** with the statement,
2. if you **'disagree'** with the statement,

3. if you are **'neutral'** about the statement,
4. if you **'agree'** with the statement,
5. if you **"strongly agree"** with the statement.

Variable no	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
<b>LP</b>						
<b>8</b>	I will recommend to my friends and family members a bookmaker that offers more LP to bettors.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>9</b>	I will place my next bet with the same bookmaker because it offers more LP	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>10</b>	I will try to bet on other betting games introduced by a bookmaker which offers more LP	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Complaints Handling</b>						
<b>11</b>	I will recommend to my friends and family a bookmaker that handles complaints quickly and effectively.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>12</b>	I will place my next bet with a bookmaker that handles my complaints effectively and quickly	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

<b>13</b>	I will try out other betting games from a bookmaker that handles my complaints fast and effectively	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Trust</b>					
<b>14</b>	I trust a bookmaker that pays out my winnings within the shortest time	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Variable no</b>	<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree.</b>
<b>15</b>	I trust a bookmaker that offers many betting markets	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>16</b>	I trust a bookmaker that has many deposit options	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>17</b>	I trust a bookmaker that has many withdrawal options	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>18</b>	I will recommend to my friends and family a bookmaker that I trust.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>19</b>	I will place my next bet with a bookmaker that I trust.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

<b>20</b>	I will try other new betting games that are going to be introduced by a bookmaker that I trust	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Communication</b>						
<b>21</b>	I can easily contact my favourite bookmaker for assistance with queries	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>22</b>	It is easy to get information about new products and services from my favourite bookmaker	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>23</b>	My favourite bookmaker responds to emails and WhatsApp messages in time	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>24</b>	It is easy to get help online from my favourite bookmaker	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>25</b>	I will recommend to my friends and family a bookmaker that has EC channels	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>26</b>	I will place my next bet with a bookmaker that regularly communicates with me	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>27</b>	I will try new products and services from a book maker that always communicates with me through various social .	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

Variable no	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree.
	<b>CS</b>					
28	I am satisfied with bonuses that are offered with my favourite bookmaker	1	2	3	4	5
29	I am happy with my relationship with my current top bookmaker	1	2	3	4	5
30	I am satisfied with my experience at my current top bookmaker	1	2	3	4	5
31	My current top bookmaker understands customers' needs	1	2	3	4	5
32	My current top bookmaker exceeds my expectations	1	2	3	4	5
33	I will recommend my family and friends to bet with a bookmaker that I am satisfied with	1	2	3	4	5
34	I will place my next bet with the same bookmaker because I am satisfied with it	1	2	3	4	5
35	I will try new products and services from my current top bookmaker because I am satisfied with it.	1	2	3	4	5

**Thank you for taking the time to complete the survey.**

**Your assistance is much appreciated!**

**==== THE END ====**

## **APPENDIX B: COLLECTED DATA SUMMARY**



data summary.pdf

## **APPENDIX C: ETHICAL CLEARANCE CERTIFICATE**



College decison template\_Approved\_2021\_MRM001.pdf

## **APPENDIX D: EDITING CERTIFICATE**



Editing  
Certificate.pdf

## **APPENDIX E: STATISTICAL DATA ANALYSIS SUMMARY**

### **1. Scales/Mapping**

<b>Construct</b>	<b># Items</b>
Loyalty Programmes [LP]	8, 9, 10
Effective Complaints Handling [ECH]	11, 12, 13
Trust [TR]	18, 19, 20
Effective Communication [EC]	25, 26, 27
Customer Satisfaction [CS]	33, 34, 35



## 2. Case screening

Baseline n = 404

### Not qualified to participate

- Q1 (You do not qualify to answer the rest of the questionnaire + No response) = 18

### Missing value analysis (scale items)

- Number of cases observed with missing values on all items = 1
- Random missing values replaced with 3 = Neutral

### Unengaged responses

- Inspect cases with SD=0 for possible exclusion from further analysis
- Number of cases identified = 10
- Not excluded

Q20	Q21	Q22	Q23	Q24	Q25	Q26	Q27	Q28	Q29	Q30	Q31	Q32	Q33	Q34	Q35	sd
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.00
Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	Strongl...	.00
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.19
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Strongl...	Agree	Agree	Agree	Agree	.19
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.26
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.26
Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	.26

		ID			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	12623661290	1	10.0	10.0	10.0
	12630945353	1	10.0	10.0	20.0
	12631714547	1	10.0	10.0	30.0
	12641762210	1	10.0	10.0	40.0
	12642452334	1	10.0	10.0	50.0
	12642652304	1	10.0	10.0	60.0
	12643064011	1	10.0	10.0	70.0
	12643200944	1	10.0	10.0	80.0
	12648621611	1	10.0	10.0	90.0
	12699060816	1	10.0	10.0	100.0
	Total	10	100.0	100.0	

**Final n = 385**

### 3. Sample profile



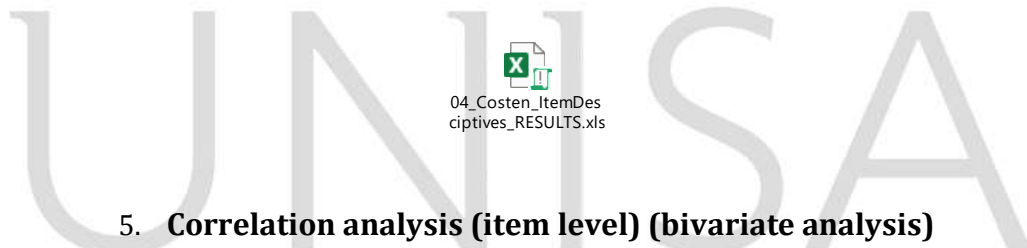
03\_Costen\_SampleProfile\_RESULTS.xlsm



### 4. Item descriptives (univariate analysis)



04\_Costen\_ItemDescriptives\_RESULTS.xls



### 5. Correlation analysis (item level) (bivariate analysis)



05\_Costen\_ItemCorrelations\_RESULTS.xls

### 6. Internal consistency reliability (baseline – a-priori specified)



06\_Costen\_Reliability\_RESULTS.xlsm

### 7. Measurement model assessment (EFA and CFA)



07\_Costen\_EFA\_RESULTS.xlsm



07\_Costen\_CFA\_RESULTS.xlsm

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980 <sup>a</sup>	.961	.960	.13053

a. Predictors: (Constant), CSx, LPx, ECHx, ECx, TRx

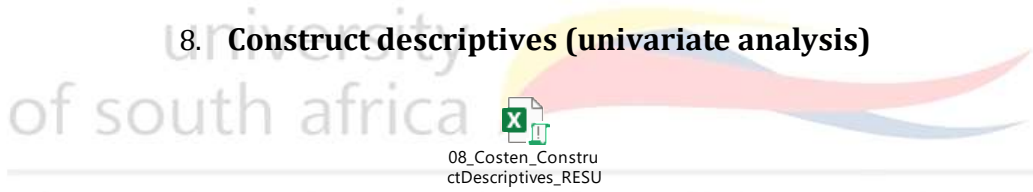
b. Dependent Variable: CL

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.076	.060		1.271	.205	-.042	.193		
	LPx	.234	.009	.296	25.778	.000	.216	.252	.781	1.280
	ECHx	.372	.010	.422	38.322	.000	.353	.391	.851	1.175
	TRx	.430	.011	.453	38.339	.000	.408	.452	.738	1.355
	ECx	.160	.008	.234	20.138	.000	.145	.176	.763	1.310
	CSx	.243	.009	.323	28.116	.000	.226	.260	.780	1.282

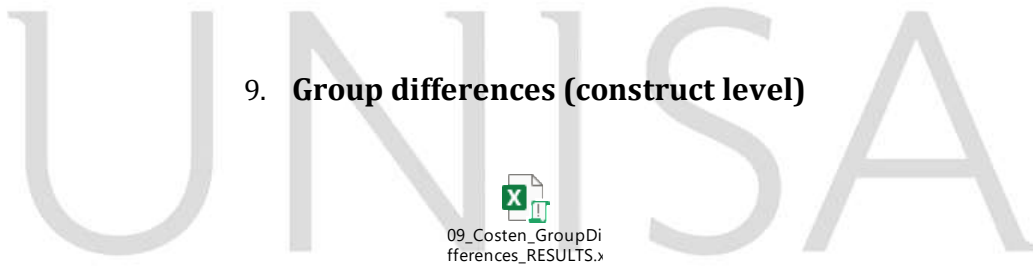
a. Dependent Variable: CL

**8. Construct descriptives (univariate analysis)**



08\_Costen\_ConstructDescriptives\_RESU

**9. Group differences (construct level)**



09\_Costen\_GroupDifferences\_RESULTS.x

**10. Correlation analysis (construct level)**



10\_Costen\_ConstructCorrelations\_RESU