EMOTIONAL ANTECEDENTS OF CUSTOMER LOYALTY IN THE FORMAL RETAIL INDUSTRY OF SOUTH AFRICA

By

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I, the undersigned, declare that this thesis “Emotional antecedents of customer loyalty in the formal retail industry of South Africa”, is my own work, and that all the sources I have used or cited have been indicated and acknowledged by means of complete references.

31 May 2019

Signature

Date

DEDICATION

Dedicated to **Gnonsoua** for His faithfulness

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LIST OF ACRONYMS AND ABBREVIATIONS

AGFI	Adjusted goodness of fit index
AIDA	Attention, interest, desire and action
AL	Attitudinal loyalty
ANS	Autonomic nervous system
ATL	Above-the line
AVE	Average variance extracted
B2B	Business-to-business
B2C	Business-to-consumer
B2G	Business-to-government
BA	Brand affect
BL	Behavioural loyalty
BMR	Bureau of Market Research
BRICS	Brazil, Russia, India, China and South Africa
BT	Brand trust
BTL	Below-the line
C2C	Consumer-to-consumer
CAWI	Computer-administrated web-based survey
CC	Customer care
CFI	Comparative fit index
CL	Convenience of location
CR	Customer rewards
CRM	Customer relationship management
CRw	Customer reward
CS	Customer satisfaction
DA	Depth of assortment

DAGMAR	Defining Advertising Goals for Measured Advertising Results
df	Degrees of freedom
EFA	Exploratory factor analysis
Exp	Exponential
FMCG	Fast-moving consumer goods
FP	Fair pricing
GDP	Gross domestic product
GFI	Goodness of fit index
GRDI	Global retail development index
GSR	Galvanic skin response
IBC	Integrated brand communication
IFI	Incremental fit index
IMC	Integrated marketing communication
KMO	Kaiser–Meyer–Olkin
M-commerce	Mobile commerce
NNFI	Non-normed fit index
OP	Online purchasing
OR	Odds ratio
PA	Product availability
PAD	Pleasure, arousal and dominance
PQ	Product quality
PSSC	Planned suburban shopping centres
PV	Product variety
PwC	PricewaterhouseCoopers
RAM	Relevance–accessibility model
RCLI	Retail Customer Loyalty Index (RCLI)
RE	Retail environment

RMSEA	Root mean square error of approximation
ROI	Return on investment
SACSA	South African Council of Shopping Centres
SAM	Self-Assessment Manikin
SD	Standard deviation
SEM	Structural equation modelling
SME	Small and medium enterprises
SOR	Stimuli, organism, response
SPSS	Statistical Package for the Social Sciences
Stats SA	Statistics South Africa
TH	Trading hours
TLI	Tucker–Lewis index
TOMA	Top-of-mind awareness
TTFF	Time to first fixation
TTL	Through-the line
UAE	United Arab Emirates
Unisa	University of South Africa
US	United States

ABSTRACT

Key terms: customer relationship management (CRM); retail brand loyalty; attitudinal and behavioural loyalty; retail brand; retail industry; rationality; emotions; attitude; psychophysiological reactions.

Despite its substantial growth and contribution to the economy of the country, the South African retail industry is faced with various challenges, including customers' changing buying habits and expectations, the evolution of e-commerce, the entry of giant retailers into the retail market, and the growing importance of the urbanised middle class and its potential purchasing power.

This creates risks that are mostly beyond retailers' control. Therefore, there is a general drive among retail brands to build customer loyalty in order to respond to these contemporary dynamics within the industry and, ultimately, enhance sustainability. It is noted from literature that current understanding of customer behaviour in the South African retail space is largely the result of rational behavioural measurement, while the subconscious behaviour of customers is often neglected.

The study on which this thesis reports attempted to address this gap in the current knowledge base. The current study makes a novel contribution to knowledge in using complementary traditional and neuromarketing instruments in a sequential mixed method research design to measure verbal, non-verbal and physiological emotions, which indicate the key influential cognitive and emotive factors shaping shopping decisions.

For a comprehensive understanding of customer behaviour, the study primarily explored the emotional antecedents of customer loyalty in the formal retail industry of South Africa. In order to explore and describe both retail brands and customers' experiences regarding the drivers of retail brand loyalty, the empirical phase of the study adopted a sequential mixed method research design. This design comprised eight individual semi-structured interviews, which focused on and explored the fundamentals of behavioural and attitudinal loyalty within the context of a customer relationship management strategy.

Based on the findings emerging from the quantitative mall intercept survey with 300 retail customers, the study identified the motivating factors of greatest likelihood among customers that best explain retail brand loyalty, namely product quality, convenience of location, customer care, product variety and availability, as well as fair pricing. Furthermore, findings emerging from the inferential analysis (structural equation modelling, two-step cluster analysis, optimal scaling and multivariate binary regression analysis) showed that brand trust, brand affect and attitudinal loyalty are key predictors of behavioural loyalty. Additionally, customer loyalty differs depending on customer predisposition towards the major retail brands tested. In this regard, Pick n Pay, Massmart and Shoprite/Checkers recorded the most favourable perceptions among customers.

As a complement to the quantitative research phase of the study, a Self-Assessment Manikin attitude measure was applied to a sample of 120 customers. This phase of the study highlighted pertinent emotional elements as key mediators in securing sustainable retail brand loyalty. In this regard, Woolworths and Pick n Pay recorded the most favourable perceptions on four stimuli, namely quality, customer rewards, customer care and brand logos.

The study also applied eye tracking and galvanic skin response techniques to a sample of 10 participants to determine customers' psychophysiological reaction to the four stimuli. Galvanic skin response findings showed that customers were especially engaged with Spar, Shoprite/Checkers and Pick n Pay, while eye tracking findings showed customers' higher visual engagement with Shoprite/Checkers, Pick n Pay and Spar.

A key overall finding of this study was the significant role of feelings and emotions in driving customer loyalty. Retail brands lose relevance when they fail to connect emotionally with customers, and without that emotional attachment, brands can easily be replaced by generic imposters. A comprehensive understanding of customer behaviour remains a quandary for marketing and business practitioners. In an attempt to address this limitation, the current study used insights from non-verbal attitudinal and psychophysiological measures to obtain a more comprehensive behavioural understanding of retail customers.

KAFUSHANE NGOCWANINGO

Amagama asemqoka: ukuphathwa kobudlelwano namakhasimende (i-CRM); ukwethembeka kwamakhasimende ezitolo zohlobo oluthile; ukwethembeka okuphathelene nendlela-kubuka kanye nokuziphatha kwamakhasimende; igama lesitolo esihwebayo; imboni yezitolo ezihwebayo; ukuthatha izinqumo ngobuhlakani; imizwa; indlela-kubuka/indlela-kucabanga; indlela-kusabela ephathelene nengqondo nomzimba.

Nakuba imboni yezitolo ezihwebayo yaseNingizimu Afrika ibonise ukukhula nokudlondlobala okukhulu futhi idlala indima esemqoka emnothweni wezwe, ibhekene nezinselelo eziningana futhi ezihlukahlukene, kubandakanya indlela-kuthenga yamakhasimende eguquguqukayo kanye nalokho okulindelwe ngamakhasimende nezimfuno zawo, ukungenisa ngezinkani kwemboni yokuhweba nge-intanethi nobuxhakaxhaka bobuchwepheshe besimanjemanje, ukungena kwezitolo eziyizikhondlakhondla emakethe yezitolo ezihwebayo, kanye nokukhula kokubaluleka kwabantu abahlala emadolobheni abasesigabeni sempilo esimaphakathi kanye namandla abo okuthenga.

Lokhu kudala ubungozi obuvamise ukuba ngaphezu kwamandla nolawulo lwezitolo ezihwebayo. Ngakho-ke, kunomkhankaso oqhutshwa yizitolo zonkana ezihlose ngawo ukwakha ubudlelwano namakhasimende kanye nokuqinisekisa ukwethembeka kwamakhasimende ukuze zikwazi ukumelana nezimo ezikhona esikhathini samanje embonini yezitolo ezihwebayo, futhi ekugcineni, ukuze zikwazi ukusimamisa ibhizinisi lazo liqhubeke njalo futhi likhule lidlondlobale. Kuphawulekile emibhalweni efundiwe ukuthi ukuqonda kanye nolwazi olujulile olukhona njengamanje mayelana nokuziphatha kwamakhasimende eNingizimu Afrika emkhakheni wezitolo ezihwebayo ikakhulukazi kuwumphumela wokukalwa kwezinga lokuthatha izinqumo ngobuhlakani nokwenza izinto emva kokucabangisisa, kepha-ke ngakolunye uhlangothi kuvamise ukushaywa indiva ukwenza izinto kwamakhasimende ngaphandle kokuqaphela nokucophelela futhi ngokuthathela izinto phezulu noma ngaphandle kokucabangisisa ngalokho akwenzayo.

Lolu cwaningo okubikwa ngalo kulo mbiko wocwaningo luzamile ukubhekana naleli gebe elikhona njengamanje eliphathelene nokuntuleka kolwazi. Lolu cwaningo lwamanje lufaka isandla esinohlonze kanye nemibono ephusile olwazini olukhona, ngokusebenzisa amathuluzi asekelayo ajwayelekile kanye nalawo asebenzisa ubuchwepheshe bokukala ukusebenza kwengqondo, ngaphansi kwedizayini yocwaningo egxile kwindlela-kusebenza exubile yokwenza izinto ngokulandelana kwazo, ngenhloso yokukala imizwa ezwakaliswa ngomlomo, ngezenzo noma ngeminyakazo yomzimba, okuyinto ebonisa izimo nezici-bunjalo ezisemqoka futhi ezinomthelela omkhulu eziphathelene nokusebenza kwengqondo kanye nemizwa, okuyizona ezilawula izinqumo zamakhasimende eziphathelene nokuthenga.

Ngenhloso yokuqonda ngokuphelele ukuziphatha kwamakhasimende, lolu cwaningo lwacubungula futhi lwahlaziya ikakhulukazi izici-bunjalo zemizwa elawula ukwethembeka kwamakhasimende embonini yezitolo ehlelekile yaseNingizimu Afrika. Ukuze kucutshungulwe futhi kuchazwe kokubili izinhlobo zezitolo kanye nezimo ahlangabezane nazo amakhasimende mayelana nezici-bunjalo ezenza amakhasimende athembeke esitolo esithile futhi athenge kusona ngaso sonke isikhathi, isigaba socwaningo esiphathelene nolwazi oluphathekayo nolubonakalayo sasebenzisa idizayini yocwaningo egxile kwindlela-kusebenza exubile yokwenza izinto ngokulandelana kwazo. Le dizayini beyibandakanya ama-*semi-structured interviews* enziwa nababambiqhaza bocwaningo abayisishiyagalombili, okuyizingxoxo ezabe zigxile ekucubunguleni ukwethembeka kwamakhasimende okuphathelene nokuziphatha kwawo kanye nendlela abuka ngayo izinto ngaphansi kwesimo seqhingasu lokuphathwa kobudlelwano namakhasimende.

Ngokususela kwimiphumela eyatholakala kwinhlolovo ebandakanya abathengi abangama-300 okwaxoxiswana nabo ezikhungweni ezinenxanxathela yezitolo, ucwaningo lwahlonza izimo nezi-bunjalo ezikhuthaza futhi zihehe amakhasimende okuyizona ezingasetshenziswa ukuchaza kangcono ukwethembeka kwamakhasimende ezitolo ezithile, okuyikhwalithi yomkhiqizo, ukufinyeleleka kalula kwendawo lapho kutholakala khona isitolo, ukunakekelwa kwamakhasimende, imikhiqizo ehlukahlukene kanye nokutholakala kwayo, ngokunjalo namanani-ntengo angambi eqolo. Ngaphezu kwalokho, imiphumela eyatholakala ohlaziyweni lwezinqumo ezithathwe ngokubheka ubufakazi kanye nokuqonda okujulile (*structural*

equation modelling, two-step cluster analysis, optimal scaling kanye ne-multivariate binary regression analysis) yabonisa ukuthi ukwethenjwa kohlobo lomkhiqizo, ukukhanga nokuthandeka komkhiqizo kanye nokwethembeka okuphathelene nendlela-kubuka kuyizibikezeli ezisemqoka zokuziphatha kwamakhasimende okuhambisana nokwethembeka emikhiqizweni ethile. Futhi ngaphezu kwalokho, ukwethembeka kwamakhasimende kuyehluka, futhi lokhu kuncike ekuhehelekeleni kwamakhasimende ezitolo enkulu ezihloliwe. Mayelana nalokhu-ke, abakwa-Pick n Pay, Massmart kanye nabakwa-Shoprite/Checkers yizona zitolo ezibonise ukuthandwa kakhulu ngamakhasimende.

Njengendlela yokweseka nokunezezela phezu kwesigaba socwaningo olukhwantithethivu olwenziwe, kwasetshenziswa isikali sendlela-kubuka esibizwa nge-*Self-Assessment Manikin* kwisampula yamakhasimende ayi-120. Lesi sigaba socwaningo saqhakambisa izimo nezici-bunjalo eziphathelene nemizwa ezifanelekile njengezinto ezisemqoka kakhulu ekuqinisekiseni ukwethembeka kwamakhasimende esitolo esithile ngokuqhubekayo. Mayelana nalokhu, abakwa-Woolworths kanye nabakwa-Pick n Pay babonisa ukuthandwa kakhulu ngamakhasimende mayelana nezici-bunjalo ezihehayo futhi ezikhuthazayo ezine, okuyikhwalithi, imivuzo yamakhasimende, ukunakekelwa kwamakhasimende kanye nemibala egqamile, igama elidumile nezimpawu zesitolo.

Ucwaningo lwasebenzisa futhi nezindlela zokucwaninga eziphathelene nokulandela umkhondo wamehlo amakhasimende kanye nezimpawu zemizwa yamakhasimende ezibonakala esikhumbeni semizimba yawo, okuyizindlela zocwaningo ezasetshenziswa kubabambiqhaza bocwaningo abayi-10 ngenhloso yokuhlonza indlela-kusabela kwamakhasimende ephathelene nengqondo nomzimba kulezi zici-bunjalo ezikhuthazayo futhi ezihehayo ezine ezishiwo ngenhla. Imiphumela yendlela yocwaningo ebheka izimpawu zemizwa yamakhasimende ezibonakala esikhumbeni semizimba yawo yabonisa ukuthi amakhasimende ahehelekela ikakhulukazi kwabakwa-Spar, Shoprite/Checkers kanye nabakwa-Pick n Pay, kanti ngakolunye uhlangothi imiphumela yendlela yocwaningo ebheka futhi ilandele umkhondo wamehlo amakhasimende yabonisa ukuheheka kwamehlo okuphakeme ezitolo zabakwa-Shoprite/Checkers, Pick n Pay kanye nabakwa-Spar.

Umphumela omkhulu futhi osemqoka otholakale kulolu cwaningo yindima ebaluleke kakhulu edlalwa yimizwa ekukhuthazeni ukwethembeka kwamakhasimende. Izitolo zilahlekelwa yiwozawoza yazo kumakhasimende uma zihluleka ukuxhumana namakhasimende ngokwemizwa, futhi ngaphandle kwalokho kuxhumana ngokwemizwa nokuzwana, izitolo zingazithola kalula zisesimweni lapho indawo yazo isithathwe yizitolo-mbumbulu ezingosandanezwe. Ukuqondakala okuphelele kwendlela aziphatha ngayo amakhasimende futhi enza ngayo izinto kusalokhu kuyinkinga nesithiyo esikhulu kwizazi nezisebenzi ezenza umsebenzi wokukhangisa nokuqhuba ibhizinisi. Njengomzamo wokubhekana nalesi sithiyo, lolu cwaningo lusebenzise ulwazi nokuqonda okujulile okutholakale kwizikali zendlela-kubuka yamakhasimende kanye nezikali zesimo sengqondo nesomzimba samakhasimende ukuze kutholakale ukuqonda okuphelele futhi okujulile okuphathelene nokuziphatha kwamakhasimende athenga ezitolo kanye nendlela enza ngayo izinto.

OPSOMMING

Sleutelterme: kliëntverhoudingsbestuur (KVB), kleinhandelsmerklojaliteit; houdings- en gedragslojaliteit; kleinhandelsmerk; kleinhandelsbedryf; redelikheid; emosies; houding; psigofisiologiese reaksies.

Ondanks sy stewige groei en aansienlike bydrae tot die landsekonomie, het die Suid-Afrikaanse kleinhandelsbedryf met verskeie uitdagings te kampe. Veranderinge in kliënte se koopgewoontes en verwagtings, groeiende e-handel, reusekleinhandelaars wat die kleinhandelsmark betree, die toenemende invloed van die verstedelikte middelklas en sy potensiële koopkrag is enkele hiervan.

Dit gee aanleiding tot risiko's wat grotendeels buite die beheer van kleinhandelaars is. As gevolg van die hedendaagse dinamiek in die bedryf, poog kleinhandelsmerke om kliëntlojaliteit te verstewig en hulle eie volhoubaarheid te verseker. Dit blyk uit die literatuur dat die kleinhandelsektor se siening van kliëntgedrag in Suid-Afrika op die meting van rasionele gedrag berus, en dat die onbewuste gedrag van kliënte verontagsaam word.

Hierdie tesis doen verslag van 'n studie om hierdie leemte in die huidige kennis te probeer aanvul. Dit lewer 'n bydrae deur aanvullende tradisionele en neurobemarkingsinstrumente in 'n opeenvolgende gemengde metode as navorsingsbenadering te gebruik. Verbale, nieverbale en fisiologiese emosies is gemeet aangesien hulle die kognitiewe en emotiewe faktore is wat inkopiebesluite bepaal.

Hierdie studie het hoofsaaklik die emosionele antesedente van kliëntlojaliteit in die Suid-Afrikaanse formele kleinhandelsbedryf verken om 'n grondige begrip van kliëntgedrag te kry. Ten einde kleinhandelsmerke en kliënte se ervarings van die drywers van kleinhandelsmerklojaliteit te beskryf en te verken, is 'n opeenvolgende gemengdemetode-navorsingsontwerp gevolg. Dit het uit agt halfgestruktureerde, private onderhoude bestaan. Hierin is gekonsentreer op die grondslae van gedrags- en houdingslojaliteit teen die agtergrond van 'n kliënteverhoudingsbestuurstrategie.

Op grond van die bevindings van ’n kwantitatiewe winkelsentrumopname onder 300 kleinhandelskliënte, is die motiveringsfaktore met die grootste waarskynlikheid aangetoon. Hulle is produkgehalte, ’n gerieflike ligging, kliëntesorg, produkverskeidenheid, beskikbaarheid en billike pryse, en bied die aanneemlikste verklaring vir kleinhandelsmerklojaliteit. Volgens die bevindings van die inferensiële ontleding (struktuurvergelykingmodellering, tweestaptrosontleding, optimale skalering en meerveranderlike binêre regressieanalise) is merkvertroue, merkaffek en houdingslojaliteit betroubare aanwysers van bedragslojaliteit. Afgesien hiervan verskil kliëntlojaliteit na gelang van kliëntpredisposisie jeens kleinhandelsmerke wat getoets is. Kliënte was vir vier stimuli (naamlik gehalte, kliëntbelonings, kliëntesorg en merklogo’s) die ontvanklikste vir Pick n Pay, Massmart en Shoprite/Checkers.

Aanvullend tot die kwalitatiewe navorsingsfase van hierdie studie is ’n selfasseringsmodelhoudingmeting op ’n steekproef van 120 kliënte toegepas. Hierdie fase het die aandag gevestig op pertinente emosionele elemente as sleuteltussengangers in die opwekking van volhoubare kleinhandelsmerklojaliteit. Vir die vier stimuli (naamlik gehalte, kliëntbelonings, kliëntesorg en merklogo’s) was kliënte se persepsies van Woolworths en Pick n Pay die gunstigste.

Hierbenewens is oogvolg- en galvaniese velreaksietegnieke op ’n steekproef van 10 deelnemers toegepas om hulle psigofisiologiese reaksie op die vier stimuli te bepaal. Die galvaniese velreaksietoetse het aangedui dat kliënte besonder ontvanklik was vir Spar, Shoprite/Checkers en Pick n Pay, en volgens die oogvolgtoetse visueel meer aangetrokke tot Spar, Shoprite/Checkers en Pick n Pay was.

Hierdie studie het bevind dat emosies in die algemeen ’n deurslaggewende rol in kliëntlojaliteit speel. Kleinhandelsmerke raak irrelevant as hulle nie ’n emosionele band met kliënte smee nie. Sonder hierdie emosionele verbintenis kan generiese bedrieërs maklik die plek van kleinhandelsmerke inneem. Bemarkings- en sakepraktisyns het nie ’n deeglike begrip van kliëntgedrag nie. Om dit reg te stel, het hierdie studie nieverbale houdings- en psigofisiologiese toetse toegepas om die gedrag van kleinhandelskliënte beter te begryp.

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CHAPTER 1

ORIENTATION AND RATIONALE FOR THE STUDY

1.1 INTRODUCTION

The value of developing strong and long-lasting relationships with customers in order to build loyalty is the overall objective of marketing philosophy (Kaufmann & Panni, 2013; Parahoo, 2012). Despite marked efforts by marketing researchers and consumer psychologists to unveil the contributing factors in building sustainable customer loyalty, one could possibly argue that building customer loyalty in the retail industry remains a daunting task (Pan, Sheng & Xie, 2011).

The following statement by Pan et al. (2011:150) confirms such complexity. According to these authors:

> *Customer loyalty is an organisation's most enduring asset. By creating and maintaining customer loyalty, an organisation develops a long-term, mutually beneficial relationship with its customers. Corporate executives are interested in fundamental questions concerning the concept of customer loyalty, e.g. the driving forces of customer loyal behaviour.*

The above statement presupposes that the generation of sustainable loyalty, as the holy grail of marketing (Lord & Tate, 2017:2) for any organisation, remains a major challenge. Pan et al. (2011) are probably part of a more contemporary school of thought that suggests revisiting both the concept of customer relationships and that of loyalty. This encompasses the redefinition and rethinking of what really makes a loyal customer.

Due to a relatively low level of loyalty in the retail industry, especially in South Africa (Brink & Berndt, 2008; Chibaya, 2016), many organisations in different industries are realising the value of customer-focused strategies, including customer loyalty, to respond to the changing environment in order to outperform competition and gain a competitive advantage (Kaufmann & Panni, 2013; Parahoo, 2012). Creating and nurturing a loyal customer base has proved to deliver a number of documented advantages (Brink & Berndt, 2008; Cant & Machado, 2004). This marketing

assumption holds true provided that the organisation has channels through which it intends to build a relationship with its customers.

In attempting to go deeper into an understanding of customers as a central theme of this study, reference is made to the contribution to knowledge made by the Greek philosopher Plato, who compared the human soul to a chariot pulled by two horses, reason and emotion. According to Plato, human behaviour clearly had an emotional component. However, it is the horse of reason that has prevailed through the centuries, and which has been used predominantly to explain human behaviour (Joubert, 2008). The so-called "grand models of customer decision-making" (Karimi, 2013:89) are derived from Plato's view, suggesting that customers predominantly use their rational mind in decision-making.

However, the effectiveness of the rational cognitive approach and its techniques used in the understanding of modern customers has raised much criticism in both academic disciplines of marketing and psychology. For example, Lindstrom (2012) questions the high rate of new product failure in the United States, which was not in keeping with ever-increasing advertising budgets and associated incidental costs. This sentiment was reinforced by Simester (2016), where it was found that huge advertising budgets do not have direct effects on new product success, even in the face of strong existing brand identity.

Conceptually, the work of Damásio (1994) contributed to theory in consumer behaviour as his findings urge marketers to study customers from an emotional perspective. This author found that emotion is a necessary ingredient to almost all decisions. In marketing, emotions from previous related experiences are recalled and these influence the options customers choose when confronted with a decision of whether to buy a product or not. These emotions therefore create preferences, which lead to decisions. Godwin, Kothai and Saranya (2012) argue that successful advertising requires the ability to see the behaviour of target human minds at the subconscious level.

Therefore, understanding of emotional processes is vital for the development of marketing and advertising campaigns because successful branding and advertising depend on understanding and developing an emotional appeal towards customers. Lindstrom (2012) concludes that customers must have an emotional connection with

the brands if the brands are to be successful. Comprehensive frameworks on the psychology of brands, based on subconscious reactions indicate a strong correlation between brand decisions and their emotionality (Plassmann, Ramsøy & Milosavljevic, 2012; Schmitt, 2012).

The discussion above points out that customers' decision-making is driven by a host of feelings and emotions, some of which are only partially accessible to their conscious awareness (Cerf & Garcia-Garcia, 2017). With a wider acceptance of customer decision-making being mostly feeling-driven, the study of subconscious processes will add substantial knowledge to both theory and practice. Therefore, with regard to loyalty, in postulating that it is fully rational, researchers are certainly not accounting for the subconscious antecedents that drive brand loyalty. In this regard, Brosekhan and Velayutham (2013:8) say:

> *A customer's buying behaviour is influenced by cultural, social, personal and psychological factors. Most of these factors are uncontrollable and beyond the hands of marketers but they have to be considered while trying to understand the complex behaviour of the customer.*

The current study follows an integrated perspective and assesses the effect of retail brands on customer attitudes based on the data collected using non-verbally expressed emotions, verbally expressed emotions as well as physiologically expressed emotions.

1.2 PREVIOUS STUDIES PERTINENT TO THE CURRENT RESEARCH

According to Mouton (2001), a literature review is an evaluative report of information found in the existing body of knowledge related to a specific field of study. The review of literature describes, summarises, evaluates and clarifies the main focus of this study, as well as its intended contribution to the existing knowledge pool through contextual gap analysis. The literature review should give a theoretical base for the research and help the author determine the nature of study under consideration. Mouton (2001:180) opines, "a review of literature is essentially an exercise in inductive reasoning, where you work from a sample of texts that you read in order to come to a proper understanding of a specific domain of scholarship". In other words, a literature review is an analysis of a segment of a published body of knowledge

prior to conducting a new study in an area of interest, demonstrating therefore the familiarity with a particular field of research.

In this specific study, a lead is taken from the work of Le Roux (2012), who conducted a study regarding the assessment of the role of corporate brand identity in corporate brand image formation. The study focused on the extent to which the various elements of corporate brand identity are perceived to contribute to corporate brand image formation of South African organisations.

Furthermore, the current study acknowledged brand loyalty and brand reputation as sub-components of brand equity as incorporated in the work of Le Roux (2012). However, the study is methodologically weak as the author approached brand image formation from the organisational perspective, with conspicuous disregard for the inclusion of customers in the sample.

In another study, Cîrneci, Angheluță and Gheorghe (2014) assessed the correlation between declared consumption of a food product and the activation of specific brain regions when customers are presented with images of the packaging of their preferred product. The brain-related attributes were assessed using functional magnetic resonance imaging (fMRI). Based on a strong correlation between these variables, Cîrneci et al. (2014) concluded that, if marketers consider using neuromarketing in the assessment of neural activities regarding people, products and brands, interesting bridge between academic research and practical applications in business could be bridged. This proposition holds essentially true in providing critical inputs to marketers and decision-makers as a way of improving both customer experiences and corporate performance.

The contextual lead provided by Cîrneci et al., (2014) and Le Roux (2012) contain the following limitations which the current study intended to address:

- The current study built on various research studies that support the potential relevance of certain brain regions for customer research, especially the role these regions play in different cognitive and emotional functions (Solnais, Andreu, Sánchez-Fernández & Andréu-Abela, 2013).
- Generally, studies that solely adopt verbal measures (including the work of Le Roux, 2012), have proved to be inadequate in sufficiently capturing the full

spectrum of customers' emotional reactions. In Le Roux's (2012) study, which involves the measurement of brand-related attributes would ideally imply the use of more advanced measurement instruments, such as the Self-Assessment Manikin (SAM), galvanic skin response (GSR) or eye tracking, with the track record of these instruments to capture the emotional state of customers in relation to decision-making comprehensively.

In the study of Cîrneci et al. (2014), the use of a neuromarketing instrument, functional Magnetic Resonance Imaging (fMRI) was adopted to assess participants' perceptions regarding brand influence. However, the study was conducted within the food industry environment with a limited sample size. To improve on the identified academic gaps, this study was set out to adopt a more robust methodological approach and a wider sample size.

1.3 JUSTIFICATION FOR THE SELECTION OF THE RETAIL INDUSTRY AS THE RESEARCH OBJECT

This study focussed extensively on the retail industry in South Africa. The focus of the study is purely determined by the critical importance of the retail industry in South Africa. The South African retail sector contributes significantly to the gross domestic product (GDP). In specific, the sector contributed approximately 5.5% of the country's GDP in 2012 (Quarterly Bulletin, 2012). The South African fast-moving consumer goods (FMCG) market is highly concentrated, with five main players (Shoprite, Pick n Pay, Woolworths, Spar and Massmart) accounting for more than 70% of the retail market of South Africa (Yao, 2013:84). These top five retailers were ranked among the global top 250 retailers (PwC, 2012). More specifically, Shoprite was ranked 92nd, Massmart 126th, Pick n Pay 133rd, Spar 179th and Woolworths 222nd in 2012. At the continental level, these retail brands were the Top 5 retailers in Africa in 2015 (Deloitte, 2015). In 2018, the global retail ranking positioned Shoprite at 94thposition, Spar at 156th, Pick n Pay at 176th, and Woolworths at 191st (Deloitte, 2018).

Over the 11-year period spanning 2003 to 2013, real retail trade sales averaged a healthy real annual growth rate of 5.4% (Van Aardt, 2014:23). This analysis displays and resonates the view that retail sector plays a vital role in the South African

economy, and that shopping centres are at the heart of this significant economic activity. The significance of the retail industry is also resonated in the views of Amanda Stops (former General Manager of the South African Council of Shopping Centres [SACSC]), who regards the advancement of retail excellence as most beneficial to customers, retailers, shopping centres, service providers and the economy in general (Quarterly Bulletin, 2012).

This broad preliminary preview of the importance and potential collective benefits of the formal retail sector presents sufficient motivation for selecting this sector as the research object of this study on customer relationship management (CRM) and customer loyalty. However, there are alternative and supplementary motives for focusing on the retail industry, which are encapsulated as in the paragraphs that follow:

- The South African formal retail industry is dynamic, and retailers constantly have to find ways to adjust business strategies to survive. According to Tustin and Strasheim (2008), challenges faced by retailers include customers' changing buying habits and expectations. Notably, South African consumers are becoming more health and brand conscious (De Villiers, 2016). In addition, customers are of late demanding more convenience and longer store hours, even 24-hour shopping (Celliers, 2018). The dynamism of the retail sector is also evident in the evolution of e-commerce, with a double-digit rates of online retail sales during 2018 (yStats.com, 2018) and a projected annual growth rate of 15% through 2021 (export.gov, 2018). Although, this view positions the importance of online shopping within a wider retail industry context, the current study emphasised that the online shopping environment has important implications for CRM in an e-business environment in particular.
- The entry of world giant retailers into the South Africa retail market (such as Walmart) may pose a serious challenge for local retailers to become increasingly competitive and to provide more diversity and value to consumers.
- As an emerging market, South Africa remains, to some extent, vulnerable to both international and local influences, and the retail sector is no exception. According to the Coca-Cola Retailing Research Council (2010), the dynamics

of emergent markets such as South Africa can be unpredictable and volatile. This creates risks for retailers that are mostly beyond their control. Factors that are most likely to pose risks to South African retailers include the deceleration of economic growth, fluctuating inflation, currency depreciation (which renders imported goods more expensive), social unrest, and deteriorating consumer and business confidence (Deloitte, 2014).

- Migration of communities from rural to large metropolitan areas and migration of communities within large metropolitan areas (Arndt, Davies & Thurlow, 2018; Ruhiiga, 2014) are important for optimal retail location.
- Furthermore, South Africa has a growing middle class (InvestSA, 2018:11; Starkey, 2017) and its potential purchasing power is of particular importance to build customer relations within the retail sector of South Africa. Finally, different consumer purchase behaviour patterns across South Africa (Starkey, 2017; Edu, Negricea & Ionescu, 2013) require careful consideration for retailers to develop an efficient CRM model.

Collectively, all these factors were important in designing future CRM and brand loyalty strategies for the retail industry of South Africa.

The next section discusses the reason underpinning the choice of the Gauteng Province for conducting this study.

1.4 MOTIVATION FOR SELECTING GAUTENG AS THE STUDY AREA

Although, it is mentioned in the title that the study was conducted in South Africa, the study was confined or restricted to Gauteng for various economic, demographic, consumption and retail development reasons.

Firstly, it is a well-documented fact that Gauteng, despite being the smallest province geographically plays a significant role in the economic profile of South Africa (Gauteng, 2018). This region contributes the largest percentage (35%) in the national GDP and this contribution is higher than both the second (KwaZulu-Natal, 16%) and the third (Western Cape, 14%) placed contributors combined (Statistics South Africa [Stats SA], 2017) - suggesting that the province is a catalyst of national

growth. Table 1.1 shows the demographic segmentation of the South African population by province.

Table 1.1: Population of South Africa by province, 2018

Province	Population	%
Gauteng	14 717 000	25,5
KwaZulu-Natal	11 384 700	19.7
Western Cape	6 621 100	11.5
Eastern Cape	6 522 700	11.3
Limpopo	5 797 300	10.0
Mpumalanga	4 523 900	7.9
North West	3 979 000	6.9
Free State	2 954 300	5.1
Northern Cape	1 225 600	2.1
Total	57 730 000	100

Source: Adapted from Stats SA, 2018.

Table 1.1 shows that, in terms of demographics, Stats SA (2018) estimates the South African population at 57.73 million, of which Gauteng contributes the largest share with approximately 14.7 million people (25,5%). The same report points out that 21.1% of the national population younger than 15 years live in Gauteng. In addition, the interest to focus the study on Gauteng was motivated by retail trade performance in the province (retail sales). Over the past decades, the highest retail sales in South Africa have been recorded in Gauteng. Finally, in terms of retail development, Gauteng has experienced the most impressive retail development in South Africa.

The Quarterly Bulletin (2012:4) reports retail development in the province at the time both in terms of retail space and the number of shopping centres. According to the Bulletin, the retail space in South Africa grew from about 5 722 846m^2 to 18 418 073m^2 from 2002 to 2010. The Bulletin further suggests that the retail land area in Gauteng grew from 3 062 929m^2 to 8 545 522m^2 during the same time frame, which was greater than the retail area of the entire country in 2002.

In addition, the Bulletin suggests that the number of retail centres increased from 111 to 634 during this period, with Gauteng accounting for 45% of the country's shopping centres. Given the strength of the motivation provided in the preceding paragraphs, it became apparent that retail sector analysis is mainly driven by the dynamics of Gauteng provincial intricacies. This thus motivates the main consideration to focus this study on Gauteng province.

In the rest of this chapter, and specifically section 1.5, the research problem, the research purpose and questions, research objectives as well as the hypotheses are discussed.

1.5 PROBLEM STATEMENT, RESEARCH PURPOSE, QUESTIONS, OBJECTIVES AND HYPOTHESES

This section covers the orientation of the study and specifies the problem statement, the purpose of the research, the objectives and research hypotheses. In this section, the central research problem is raised, and the scientific process that was considered appropriate to solve the identified problems was explored. In specific, five research objectives were specified, and five research questions were raised in tandem with the proposed research objectives – all of which emanated from the main research problem statement. To test the validity of the research proposition, four research hypotheses were stated.

1.5.1 Problem statement

Research in the field of consumer behaviour shows that the models designed for depicting customer buying behaviour (Yao, Joubert & Davis, 2016) focused mainly on the decision-making process involved without fully acknowledging the emotional states of customers. However, research by Damásio (1994) as later improved upon by Desmet (2002), Pham (2007) and Saad (2011), found that emotion does not only cause decision-making, but also determines the outcome of the decision-making process.

Additionally, documented evidence in the South African context to assess customers' rational and emotional perceptions towards retail brands in a comprehensive manner is almost non-existent. In essence, studies that have attempted to use a set of shopping motivations, such as product quality, product variety, product availability, convenience of location, customer care, fair pricing, online purchasing, depth of assortment, customer rewards, retail environment, and trading hours within the extensive methodological environment similar to this study is barely documented. For example, previous studies (Garzon & Taylor, 2016; Smith & Potter, 2010) were able to successfully establish that frequent users of loyalty cards are more likely to shop at different stores and use loyalty cards from several stores. It is noteworthy

that this studies mainly focused on customer rewards, which is a mere fragment of the focus of this study.

Furthermore, the joint potential effects of these shopping motivations together with demographics to drive shopping behaviour, inform brand communication and build attitudinal and behavioural loyalty have seldom been researched in South Africa. This gap in existing literature poses a serious challenge to retail brands marketers to deepen their understanding of consumer emotions and concomitantly make an emotional connection with them. In meeting this challenge, retailers require important information and insight into what consumers are feeling to enhance their marketing campaigns that are aimed at establishing customer loyalty, which has largely been ignored in previous studies.

Moreover, when reflecting on the literature review and evolution of customer relationship management (CRM), it also became evident that the information and knowledge exchange process in providing excellent customer experiences has not been fully addressed in existing literature, resulting in a generally poor customer service in the retail sector of South Africa (Brink and Burndt, 2008; Munshi, 2015). This realisation is problematic as the knowledge exchange process is recognised as a critical source of experience and value in the retail service delivery process. The absence of a strategic framework for CRM from which to define success is one reason for the disappointing results of many CRM initiatives (Grabner-Kraeuter & Moedritscher, 2002; Jain & Sharma, 2013). Therefore, understanding the drives behind purchase decisions regarding frequent purchases and preference is still lacking, which forms a part of the motivation for this study.

By addressing these challenges as proposed in this study, the research is aimed at improving our understanding of the needs and desires of consumers, which are cardinal to deliver quality goods, services and ideas with enhanced utility. Acknowledging therefore the need to further the advancement and understanding of consumer behaviour away from the traditional rational cognitive approach, it is assumed that predicting purchasing behaviour could be enhanced through a deeper understanding of emotive experiences as suggested by Allen, Machleit & Kleine (1992).

Against this background, the research problem involved explicating the physiological reactive subconscious nature of retail brand loyalty within a retail context. More specifically, such broad perspective was extended to a deeper understanding of emotions within the subconscious with regard to the effect of brand communication, retail customer experiences as well as customer relationship building.

1.5.2 Research purpose

The overarching purpose of this study was to investigate the drivers of attitudinal and behavioural loyalty that could influence consumer decision-making in order to advance knowledge in CRM in the highly competitive retail industry of South Africa. More specifically, the study investigated CRM from the perspectives of rational and feeling-related responses to the frequent purchased and preferred retail brands.

1.5.3 Research questions

In line with the purpose of the research, the study aimed to address five main questions as mentioned below:

Research question 1: How important are attitudinal and behavioural loyalty to major South African major retailers?

Research question 2: What do major retail brands do to acquire, maintain and enhance relationships with their customers that build loyalty?

Research question 3: What are the primary motivators that drive customer loyalty towards major South African retail brands?

Research question 4: How important are emotions in customer decision-making in particular to secure customer loyalty within the South African retail industry?

Research question 5: Can contemporary CRM insights be applied in constructing an integrated and sustainable CRM framework for major South African retail brands?

The researcher is of the opinion that a successful attempt to provide answers to these research questions will facilitate gaining insights into both brand management

and neuromarketing. Section 1.5.4 specifies the research objectives in order to address the above-mentioned research questions.

1.5.4 Research objectives

The research study aimed to address some pertinent objectives as derived from the research questions, which are outlined below, namely to –

- determine the fundamentals of behavioural loyalty that are valued most by major South African retailers;
- investigate South African major retailers' strategies, policies, processes and procedures in acquiring, maintaining and enhancing relationships with their customers to build loyalty;
- investigate the motivating factors of greatest likelihood among customers that best explain customer loyalty within the retailer sector of South Africa;
- investigate the role of emotions as potential mediators in securing sustainable loyalty within the local retail industry of South Africa; and
- develop a uniquely integrated and sustainable customer loyalty framework in the South African retail environment.

1.5.5 Research hypotheses

This section presents a discussion of the hypotheses for this study, and especially bears relevance to research objective 4 outlined above. As will be indicated in section 5.3, emotions can be measured verbally, non-verbally or reactively.

The different measures of emotions also denote different perspectives of emotions in consumer decision-making. Whereas the verbal measure denotes a more rational perspective, the non-verbal measure denotes a hybrid of rational and instinctive emotions, and the physiological measure instinctive emotions.

Against this background, four hypotheses were formulated to test (i) dependencies between retail brand loyalty (dependent variable) and the various measures of emotions (independent variables), and (ii) relationship between the various measures of emotions, namely:

→ Hypothesis 01:

Null hypothesis:

$H0_1$: Retail brand loyalty is independent from verbally expressed emotions.

Alternative hypothesis:

$H1_1$: Retail brand loyalty is dependent on verbally expressed emotions.

→ Hypothesis 02:

Null hypothesis:

$H0_2$: Retail brand loyalty is independent from non-verbally expressed emotions.

Alternative hypothesis:

$H1_2$: Retail brand loyalty is dependent on non-verbally expressed emotions.

→ Hypothesis 03:

Null hypothesis:

$H0_3$: Retail brand loyalty is independent from physiological expressions of emotions.

Alternative hypothesis

$H1_3$: Retail brand loyalty is dependent from physiological expressions of emotions.

→ Hypothesis 04:

Null hypothesis:

$H0_4$: There is no relationship between verbal, non-verbal and physiological expressions of emotions.

Alternative hypothesis

$H1_4$: There is a relationship between verbal, non-verbal and physiological expressions of emotions.

In testing these hypotheses, techniques such as eye tracking and GSR (discussed in more detail in section 5.4.4), were used to measure the emotional processing neural circuits activated by retail outlet brands.

These experiments will represent innovative research on emotional processing of local retail brands. In addition, the study built on previous work by, amongst others, Ramsøy and Skov (2014).

1.6 CONTRIBUTION TO BODY OF LITERATURE

The research fills the knowledge gap in extending the measurement of customers' reaction to the psychophysiological reactive subconscious nature of retail brand loyalty among customers. More specifically, the findings of this study provide a deeper understanding of emotions as antecedents in building retailer brand loyalty.

Against this background, the contribution of this study is three-fold.

Firstly, from a methodological perspective, the research offered the opportunity to use both traditional and neuromarketing instruments in a sequential mixed method research design. In fact, the application of psychophysiological instruments to measure decision-making insights into customer loyalty has, as far as it could be established, seldom been attempted before in terms of measuring verbal, non-verbal and physiological emotions in academic research in South Africa. The findings of the current study therefore present an integrated perspective on consumer decision-making. Another aspect of the integrated perspective of the study is that the research captured the views of both retailers and customers in assessing the drivers of brand loyalty.

Secondly, the findings of the current study have practical relevance by pointing out key influential cognitive and emotive factors shaping shopping decisions. The subsequent CRM model will inform the emotional dynamics on the customer when he or she is in a buying context. This knowledge will provide a sound theoretical and practical foundation for more refined marketing strategies (segmentation, targeting, positioning), brand communication (in planning and launching new products and even advertising campaigns) and CRM.

Finally, the outcome of the research will provide the opportunity to build an integrated model of retail brand loyalty.

1.7 KEY TERMS AND POINTS OF DEPARTURE

Any study of this nature necessarily involves a discussion of a number of industry-specific terms and consumer-related concepts. Some key terms used throughout the study are defined in the relevant chapters. The definition of the following concepts and terms is deemed necessary, as they constitute key terms in the understanding and conceptualisation of the research topic.

These are the concepts of retailing and retail trade, neuromarketing, customer loyalty, customer relationship management (CRM), customer experience, a retail and retail brands.

1.7.1 Retailing and retail trade

Retail trade includes the resale (sales without transformation) of new and used goods and products to the general public for household use. By definition, a retailer is any enterprise deriving more than 50% of its turnover from sales of goods to the general public for household use (Stats SA, 2018).

1.7.2 Neuromarketing

For advertising, marketing, brand and retail managers, neuromarketing is about revealing why consumers favour one product, service or brand over another, how these judgements are made and what makes some succeed magnificently while others fail miserably (Lindstrom, 2012).

To some, advertising is almost the enticing promise of a map to the 'buyer button', found deeply embedded in the brain of consumers. If found, neuromarketing could drastically alter the way companies market their products (Fugate, 2007).

Neuromarketing is the practice of using technology to measure the brain activity of consumer subjects as a way to discover how people respond to products or brands and marketing messages (Ramsøy & Skov, 2014).

1.7.3 Customer loyalty

According to Ladhari, Ladhari and Morales (2011), customer loyalty is defined within a psychological context and is formed by sustained customer satisfaction coupled with emotional attachments formed with the service provider that leads to a state of willingly and consistently being in the relationship with preference, patronage and premium. Rai and Medha (2013) also describe customer loyalty as a multi-dimensional construct consisting of purchase intention, recommendations, price tolerance, word of mouth, complaint (or satisfaction) behaviour, and propensity to migrate to other business.

Turning the focus to the key loyalty consructs, attititudinal loyalty refers to consumer's identification with a particular service provider and preference of a product or service over alternatives (Cheng, 2011:149) while behavioural loyalty is defined as the customers' intention to repurchase and patronise the product or services (Kumari & Patyal, 2017:115).

1.7.4 Customer Relationship Management (CRM)

Customer Relationship Management (CRM) is the business philosophy for acquiring and maintaining customers, increasing customer value, fidelity and preservation, and implementing customer-oriented strategies (Sharma & Sidhu, 2018:67).

1.7.5 Customer experience

Customer experience is the embodiment of a brand, and of each and every interaction between an organisation and a customer (actual or potential). It is a product of the organisation's physical performance and the sensations and emotions it creates (Capgemini Consulting, 2011:3).

1.7.6 A brand, retail brand

According to Le Roux (2012), a brand is a representation of tangible and intangible features that differentiate the products of the organisation, and the values associated with the brand, serving as mechanism used by organisations for achieving a competitive advantage. A brand is a multidisciplinary concept and is established by a combination of strategy, structure, communication and culture aimed at conveying the advantages of the organisation (the brand image).

In the context of this research, the selected South African retailers (Shoprite, Pick n Pay, Woolworths, Spar and Massmart) should be considered 'retail brands'.

1.8 THESIS LAYOUT

The current thesis comprises eight chapters. In this section, a summary of the content of each chapter is provided.

Chapter 1: Introduction and background to the study

Chapter 1 introduced the concept of customer loyalty and raised the fundamental concerns contemporary corporate executives attach to it. The chapter also referred to previous research and contextualised the current research study. Thereafter, it

provided the background and motivation for the research as well as the orientation of the research.

The chapter concluded with the definitions of some basic concepts for a better understanding of the research topic under investigation.

Chapter 2: The retail landscape in South Africa

The purpose of Chapter 2 is to describe the factors that influence the global and local retailing industries. In essence, the chapter describes the dynamic nature of retailing, emphasising the relationship between retailers and consumers, and shows how the industry seeks to meet consumer needs. The section highlights changes that have occurred in selected developed countries and in emerging markets. The second part of the chapter relates to South Africa, and discusses the retail dynamics on the African continent, the major South African retail brands and their strategies to adapt to these dynamics.

Chapter 3: Retail customer experience

Chapter offers a review on building customer loyalty from a customer experience perspective, especially the nature of customer experience and the motivation for positioning customer experience in the context of the current study.

The chapter concludes with a discussion on the moderating factors affecting both store-based and digital shopping experiences in the retail sector.

Chapter 4: Building brand loyalty through customer relationship management and brand communication

Business-to-consumer (B2C) markets play an important role in individual relationship management with the view to maintaining sustainable customer loyalty. The first part of the chapter explores the concept of CRM and discusses the nature of relationships existing between selected South African retail brands and their customers.

The second part of the chapter discusses the concept of branding and the subsequent strategies used to maintain quality relationships with customers. The third section approaches customer reaction from a dual perspective and fosters a paradigmatic shift in the ability of brand communication to shape perceptions.

The last part discusses customer loyalty and its antecedents.

Chapter 5: Research design and methodology

This chapter discusses the research design and methodology used for data collection and analysis for this research. It discusses the research approach followed in this study and reviews the three main research designs. A discussion of the ethical considerations regarding participants' protection features in the discussion.

Chapter 6 : Qualitative and quantitative data analysis

Chapter 6 deals with the analysis of data collected through individual semi-structured interviews with academics as well as senior marketing and shopping mall managers, using content analysis.

The analysis highlighted the fundamentals of behavioural and attitudinal loyalty as well as the South African major retailers' strategies, policies, processes and procedures in acquiring, maintaining and enhancing relationships with their customers to build loyalty. The quantitative data from the shopping mall intercept survey was analysed using both descriptive and inferential statistics. Structural equation modelling (SEM) was used to evaluate the correlation between brand trust, brand affect, attitudinal and behavioural loyalty. Cluster analysis, optimal scaling and multivariate binary logistics regression were used to segment the survey population based on their shopping motivations and demographics and ultimately to identify the distinctive competitive advantages of the selected retail brands.

Chapter 7: The feeling-related reactions to the major South African retail brands

This chapter focuses on the assessment of customers' affective or emotional reaction to specific retail brands, using the Self-Assessment Manikin (SAM), a technique grounded in the Pleasure, Arousal and Dominance (PAD) theory. The results of the physiological instruments, eye tracking and GSR conclude the chapter.

Chapter 8: Research findings, conclusion and recommendations

The chapter reflects the problem statement, research purpose, objectives and research questions that were used to guide the research.

The chapter mainly interprets the research findings and links them back to the theory. The theoretical and practical contributions, conclusions and recommendations (as well as the conclusions drawn from the deductive approach) together with a summary of the main findings of the investigation of the quantitative and qualitative measurement of participants' reaction to selected South African retail brands are described.

The chapter finally highlights the limitations of the study and identifies areas for further research.

1.9 CHAPTER SUMMARY

This introductory chapter emphasised the importance for marketing practitioners, consumer psychologists and retail brand managers to have a sound knowledge of their target customers. Customer loyalty as a strategic goal to respond to the dynamic customer patterns was presented as an ingredient for greater sustainability of the South African retail sector.

The chapter acknowledged the long tradition of rational versus emotional focus in consumer research and reflected the need to understand consumers beyond their declarative states and therefore, "the conventional wisdom was that both were needed in some sort of perceived balance for success" (Cerf & Garcia-Garcia, 2017:165) in a comprehensive understanding of retail marketing.

Therefore, building on previous research studies, the current study set out to determine the emotional antecedents of customer loyalty in the retail industry of South Africa using neuromarketing instruments. For more familiarity with the topic under investigation, the chapter provided the definition of some topics.

The thesis is structured in eight chapters.

CHAPTER 2

THE RETAIL LANDSCAPE IN SOUTH AFRICA

2.1 INTRODUCTION

This chapter primarily focuses on the retail sector as the key research subject being investigated by this study. More specifically, the chapter outlines that the retail sector has economic value and has a significant influence on the economic well-being of society. In effect, considerable research studies confirm the significant influence of the retail sector on various economic areas, such as employment and growth, both in developed and emerging countries (Fernie, Fernie & Moore, 2012; Industry Canada, 2013).

For example, in 2012, the United States retail industry's contribution to the national economy was estimated to 42 million full-time and part-time jobs, accounting for 23.4% of the total national employment (US National Retail Federation, 2014). Retail is also a large employer in New Zealand, accounting for almost 10% of New Zealand's workforce (Retail New Zealand, 2018). In South Africa, the retail sector contributes about 20% of jobs in the South African market (Malgas, Khatle & Mason, 2017).

The chapter presents an exposition of the modernday retail landscape and dynamics from both and international and local perspectives. The discussion does not only highlight the size and impact of the retail sector and major brands from a macroeconomic perspective, but also highlights the complexities of the sector which poses pertinent challenges to retail brands in building sustainable brand loyalty among customers. Consequently, the discussion is expanded in chapter 3 on contemporary retail consumer experience as a decisive factor in building customer loyalty. The rational for the shift in the focus from 'retail' (supply-side) to the 'consumer' (demand-side) also aligns with current market trends that elevates the customer ("customer is king") and customer relationship building as key strategy in advancing sustainable brand loyalty. Building on a customer centric approach the discussion advances in chapter 4 to the point where contemporary retail brand and communication strategies are explored as key to develop sustainable customer

relationship and brand loyalty. In this research journey, pertinent elements defining retail brands, customer experience and relations, behaviour and brand loyalty are uncovered and ideally used as platform for constructing the research design and relevant research constructs for the empirical study.

To start the research expedition, this chapter firstly explores different retail theories with a pertinent focus on the international retail trade environment to reflect on worldwide changes which, in most cases, apply to South Africa. Moreover, despite the continued growth of retail brands in terms of extension of the scope of their operations more often beyond their home markets, retail brands are continually faced with the customer-interfacing role in fast-changing consumer markets (Fernie et al., 2012).

The importance of discussing the change in the retail environment is based on an attempt to capture the dynamics of the ever-changing retail environment, which affect retailers' strategy to develop brands for the purpose of building brand loyalty of customers. Importantly, most studies on the retail sector have been conducted and applied to developed countries away from the current retail realities of emerging markets, such as South Africa (Mukherjee, Cuthbertson & Banerjee, 2013).

Moreover, these authors caution that, despite being a catalyst to the development of emerging markets, the pattern of future retail development in those countries is uncertain. As a result, retail brands ought to provide a thoughtful consideration about the customer-related changes in order to address the risks and challenges prevalent in the retail sector.

Moreover, by considering the apparent reasons for recurrent failure of certain retail brands in response to market dynamics, especially in emerging markets, the chapter reflects clear challenges to the sustainability of the retail sector. Addressing these challenges could arguably guide future innovative retail brand engagement and concomitant improved customer loyalty.

It is also well known that the operations of retail brands are shaped by consumer demand, and yet retail brands still understand far too little about the ability to be accurately responsive to those demands based on far-reaching changes in consumer behaviours. Consequently, building on issues left unanswered by previous

research studies, especially in the South African retail industry, the current chapter reflects the dual challenges of understanding the nature of retail change and providing a sound basis for implementing effective marketing strategies for selected South African retail brands.

The literature presents a synthesis of and reflection on the existing body of knowledge regarding retail trends and deepens customer insights from both international and local perspectives.

2.2 RETAIL THEORIES

To contextualise the retail sector, the chapter largely relies on the local South African description of the retail sector defined by Kibuuka (2018:11) as "the resale (sales without transformation) of new and used goods and products to the general public for household use".

Building on that definition, a retailer is defined as any enterprise deriving more than 50% of its turnover from sales of goods to the general public for household use (Stats SA, 2013). This selected definition corresponds with international descriptions of the retail sector (Retail Council of Canada, 2010).

As psychologists and marketing practitioners seek in-depth understanding and prediction of the behaviour of consumers, it is an important exercise to provide a holistic literature review on the fundamental assumptions regarding the growth, development and success theories that have shaped the world of retailing (Fernie et al., 2012).

In this regard, Levy and Weitz (2012:14) state, “[t]he first step in the retail management decision process is to understand the world of retailing. Retail managers need to know the environment in which they operate before they can develop and implement effective strategies.” With reference to the current study, knowledge of the retail environment is essential to enhance strategies directed at developing sustainable customer relations and ultimately brand loyal customers. Zinhumwe (2012) classifies these theories into two categories, namely retail evolution theories and retail feasibility theories.

2.2.1 Retail evolution theories

In the context of this study, and in support of a holitic understanding of the retail dynamics impacting on decision-making regarding customers, such theories will concurrently provide a sound foundation for analysing and gaining insights into the nature and extent of the retail business in South Africa and other emerging markets

2.2.1.1 The wheel of retailing theory

One of the earliest conceptual theories for explaining the gradual competitive decisions of a retail organisation is arguably the wheel of retailing theory (Berens, 1980; Fernie et al., 2012). Based on sound observations of the European and United States (US) retail operations, McNair (1958) proposes the wheel of retailing theory in an attempt to explain the retail dynamics (evolution) pattern.

As indicated in Figure 2.1, three major phases characterise this theory, namely the entry phase, the trade-up phase and the vulnerability phase, each of them with particular strategies adopted.

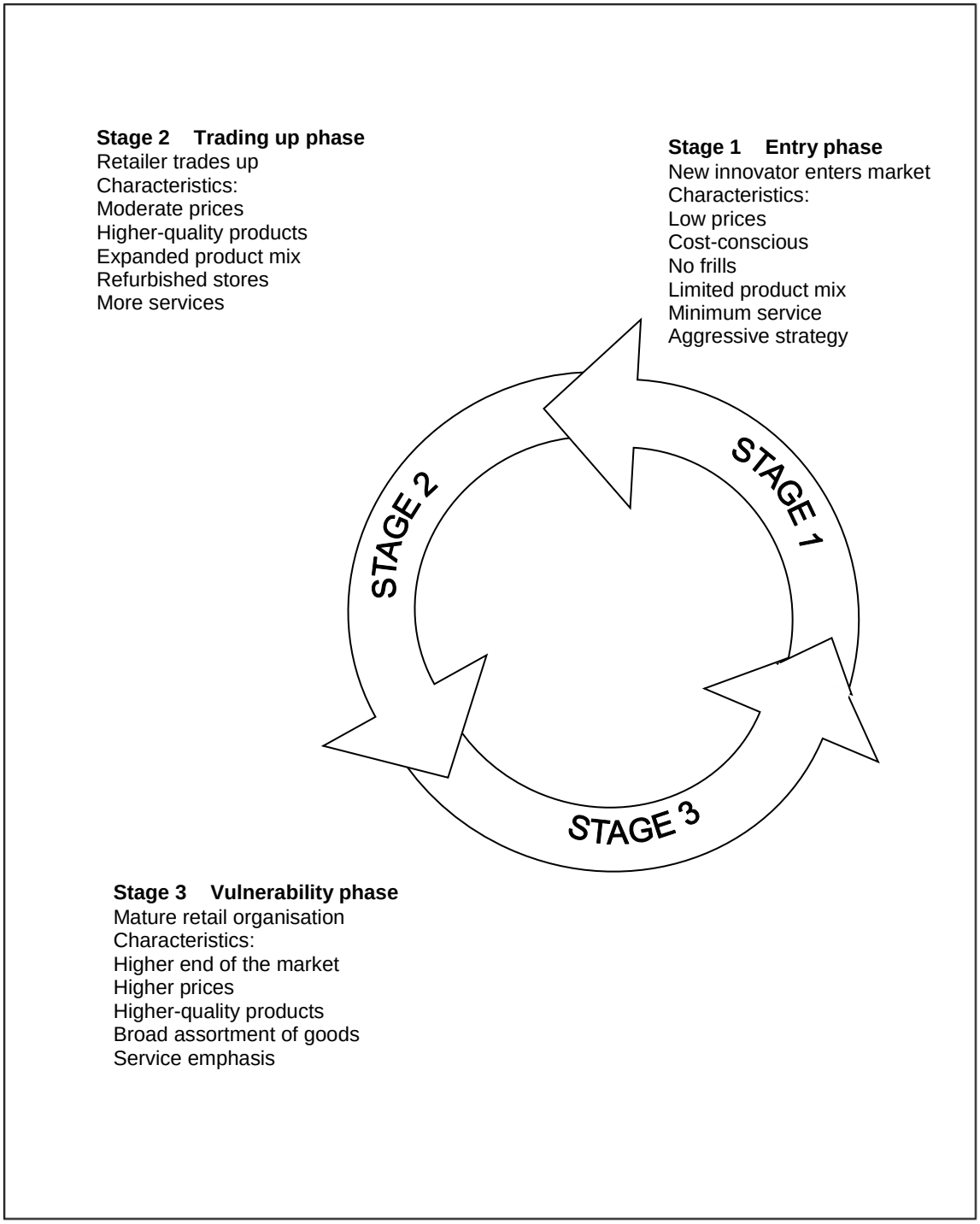


Figure 2.1: The wheel of retailing theory

Source: Adapted from Lusch, Dunne and Carver (2011:127).

The central premise of the theory is that changes in services, assortment and prices will greatly dictate the nature of the retail evolution (Lusch et al., 2011). In their introductory phase, new retail brands purposely choose to enter the market as low-status, low-margin and low-price operators (Lusch et al., 2011).

Having secured a sustainable market share, the retailers enter the second phase, usually marked with super profits as a result of increased services, sales and improved store retail mix (Zinhumwe, 2012). They quickly enter the vulnerability phase as they experience high investment costs and rising operating costs in their tendency to offer better places for shopping.

The wheel of retailing theory offers an innovative framework to manage competition. Some criticisms, however, have been raised by researchers (such as Hollander, 1960; Gilbert, 2017) regarding its applicability. These authors contend that the theory explains a generic competitive profile and assumes that any new retail organisation targets the whole market.

Lusch et al. (2011) point out that the wheel of retailing theory does not offer clarity concerning the competitive moves of niche retailers and retailers who compete successfully in terms of non-price factors. In accordance with this argument, Erdil, Erdil and Erbıyık (2014) suggest that retail institutions should have a competitive advantage based on their intangible resources, one that their competitors cannot easily replicate. Furthermore, in their article, Burt and Sparks (2002:197) introduce the concept of five generations of retail brands.

With regard to the objective of those retail brands, while the first three focus on price, the fourth and fifth generations (market leaders, usually the most successful) focus on producing strong positive identity that bypasses the price factor. A case in point is well portrayed in a study by Gayle (2004) in the airline industry where non-price factors, such as convenience of flight schedules, frequent flyer programmes, the quality of in-flight service, among other things, seem to be very important in explaining passengers' choice behaviour.

Additionally, a new retailer may not necessarily enter the market at stage 1. Some enter as a supermarket with already sophisticated outlets (Fernie et al., 2012). More importantly, as non-store retailing is gradually occupying a large percentage of the retail expenses, the application of the theory is evermore questioned.

Another shortcoming of the theory is that it attempts to portray that it is universal, and that it could be applied to all countries, regardless of their level of development. According to Gilbert (2017:11), the basic difficulty in utilising the wheel of retailing

approach is the timescale. It can vary extensively, depending on the speed of economic, social and technological change.

2.2.1.2 The retail accordion theory

The retail accordion theory was brought forward by Hollander (1966). Initially developed from the original wheel of retailing theory (Du, Cassidy & Cassidy, 2010), the theory offers an understanding of retail evolution from the perspective of the depth and width of their assortment. In essence, according to the retail accordion theory, retail organisations are expected to contemplate a series of contraction and expansion of their assortment (Lusch et al., 2011).

In support of this assumption Sasunkevich (2014) said that the retail accordion theory assumes that retailers move from outlets with a wide assortment to stores with narrow line of merchandise, and then repeat this movement over time. The retail accordion theory is a US-based theory because it highlights how the US retail sector developed periodically, and more especially how they adjusted their assortment in accordance with social and demographic patterns such as increased consumer demand, rising income, urbanisation and infrastructure development (Sasunkevich, 2014).

Usually, retailers start with a wide merchandise range with a narrow depth for small and dispersed communities and then turn to specialty stores, such as shoe stores, pharmacies and clothing stores with the advent of the megacities (Fernie et al., 2003:53).The retail accordion theory was also the object of a number of concerns, among which the silence of the theory on how competition influences the assortment type and how this can be addressed reasonably (Lusch et al., 2011).

The retail accordion theory bore particular relevance to the current study because historically, the major South African retailers have not attached much importance to rural areas and townships (Ligthelm, 2008). Essentially, only convenience stores have taken root in those places. With political changes occurring in South Africa, especially after 1994, there has been tremendous economic, demographic and social shifts that make rural areas and townships perfect places to trade (Ligthelm, 2008; Tustin & Strydom, 2010). The major South African retailers will arguably gain

insight into their marketing offers as a result of the application of the retail accordion theory.

2.2.1.3 The retail life cycle theory

There is much consistency in the marketing literature that the lifespan of a product or an industry can be tracked with regard to their sales record and the nature of competition (Jooste, Strydom, Berndt & Du Plessis, 2009).

The retail life cycle theory is applicable to the retail industry where it is assumed that retail brands and formats follow a life cycle, usually divided into four stages, namely Introduction, Growth, Maturity and Decline (Fernie et al., 2003; Lusch et al., 2011).

2.2.1.4 Conflict theory

The conflict theory considers that a retailer's overall decisions are largely influenced by its competitors' moves as it highlights the response of existing institutions to some challenge in their environment, especially from competitors (Betancourt & Gautschi, 1988).

The end result of the existence of such competition is that as time passes, the retailer and its competitor retailers blend together, upgrade their attributes, and finally create a new retail institution (Basil, Sunday, Anyadighibe & Edward, 2014).

According to Oren (1989), an electronic retail institution type is the result of conflict between traditional in-store retail institutions and traditional direct retail institutions, such as mail orders and catalogues. As the current study was primarily conducted from a customer perspective to uncover what it means to customers to remain loyal to particular retailers, existing and potential competitors' strategies proved necessary to reach such goal.

2.2.2 Retail feasibility theories

The two main retail feasibility theories that are discussed are retail location and the retail gravity theory.

2.2.2.1 Retail location

According to Jooste et al. (2009), there are ten most meaningful sources of competitive advantage an organisation can expect to build. These are a superior product benefit, a perceived advantage or superiority, low-cost operations, legal advantage, global experience, superior contact or relationships, superior competencies, scale advantage, offensive attitudes as well as superior assets.

This may well hold true for a number of organisations in specific industries. From a retail standpoint, a number of decisions greatly influence the success of a retailer, including the retailer's approach to customer service and the technology used.

Ultimately, however, the most important decision regarding retailer success is undoubtedly location, i.e. the reachability of such retailer (Levy & Weitz, 2012). The selection of a site for retail operation therefore deserves careful attention as a mistakenly selected location may lead to underperformance and failure (Karadeniz, 2009).

An excellent location is one that is unique, in other words, one that, by itself is a magnet of attractiveness and difficult to imitate; and one that exposes the retail brand to the maximum of its target audience and which multiplies purchases opportunities. Retail gravity theory is discussed briefly.

2.2.2.2 Retail gravity theory

According to the retail gravity theory, customers will prefer to shop in large cities rather than in small communities in the advent of equal travel distance due to large cities offering a better product selection (Lusch et al., 2011).

In the context of the current study, this theory triggered immediate attention and raised a number of concerns. What would happen if two well-known retailers were located in the same area with the same assortment? Would customers be loyal to both of them, or which one would they patronage?

The retail gravity theory is inadequate, for example, to explain differences between local and foreign imported products (Lusch et al., 2011). If well-informed marketing decisions are certainly grounded on excellent retail location, it is also critical to determine the feeling-related dimensions of customer choice.

2.3 OVERVIEW OF THE INTERNATIONAL RETAIL SECTOR

The constant change occurring in the international retail industry implies that 'for retailers to succeed in consumer markets, it is essential to successfully identify, analyse and act on megatrends (Boumphrey, 2017). The dynamics in such retail sector is well captured by Pradhan (2009:8) as the author states:

> *The world of retail is a fast-changing one and calls for constant evolution on the part of the retailer. A retailer not only needs to keep up with the ever-changing expectations and demands of the consumers but also needs to keep track of the competition, the changes in technology and the socio-economic climate of the nation that he is operating.*

Retailers therefore need to develop capacity in addressing those challenges in host countries and locally. The key highlights of the major world retailers and retail internationalisation will the focus of the discussion in this section.

2.3.1 Key highlights of the major world retailers

This section provides a general view of the size and performance of the Top 250 global retailers. On a composite basis, the reporting companies posted a net profit margin of 3.2% in 2016 and generated return on assets of 3.3%.

In aggregate, retail revenue for the Global Powers of Retailing Top 250 companies topped US$4.4 trillion in 2016, which roughly translates to an average size of US$17.6 billion per company (Deloitte, 2018). As indicated in Table 2.1, in terms of geographic representation, Africa and the Middle East have the lowest share all of regions.

Table 2.1: Geographic analysis of the world's leading retailers, 2018

	Number of companies	**Average retail revenue (US$ million)**	**Share of Top 250 companies**	**Share of Top 250 revenue**
Top 250 retailers	250	$17,643	100.0%	100.0%
Africa/Middle East	10	$6,789	4.0%	1.5%
Asia/Pacific	63	$10,813	25.2%	15.4%
China/Hong Kong	14	$11,610	5.6%	3.7%
Japan	32	$9,901	12.8%	7.2%
Other Asia/Pacific	17	$11,873	6.8%	4.6%
Europe	82	$18,185	32.8%	33.8%
France	12	$29,064	4.8%	7.9%
Germany	17	$25,000	6.8%	9.6%
United Kingdom	12	$17,896	4.8%	4.9%
Other Europe	41	$12,261	16.4%	11.4%
Latin America	8	$7,834	3.2%	1.4%
North America	87	$24,228	34.8%	47.8%
United States	80	$25,203	32.0%	45.7%

Source: Deloitte (2018:26).

Retailing in emerging markets in the Africa/Middle East region is, however, on a high-growth path. The rising middle class in Africa has contributed to the modernization of the retailing sector, and many African economies continue to transition toward consumption-driven markets (Deloitte, 2018). The importance of the Fast-moving consumer goods (FMCG) sector in the international sector is highlighted in Table 2.2.

Table 2.2: Sectoral analysis of the Top 250 Global retailers

	Number of companies	Average retail revenue (US$ million)	Share of Top 250 companies	Share of Top 250 revenue
Top 250 retailers	250	$17,643	100.0%	100.0%
Apparel and accessories	43	$10,055	17.2%	9.8%
Fast-moving consumer goods (FMCG)	135	$21,685	54.0%	66.4%
Hardlines and leisure goods	51	$14,698	20.4%	17.0%
Diversified	21	$14,354	8.4%	6.8%

Source: Deloitte (2018:30).

Insights from Table 2.2 informs that the world's retail business is dominated by the food sector. The FMCG retailers, with 54% of all Top 250 companies and two-thirds of Top 250 revenue are, by far, some of the largest companies among the Top 250, with average retail revenue of US$21.7 billion (Deloitte, 2018).

2.3.2 Retail internationalisation

With the advent of globalisation, a particular emphasis is put on economic integration which is defined by Aregbeshola et al. (2014:55) as:

> *the grouping of countries by agreement or treaty, usually on a regional basis, to form a trade bloc that secures benefits for the participating member states through a meaningful reduction in or total elimination of tariffs and non-tariff barriers in the cross-border movement of goods, services, capital and labour. Within the context of globalisation, the world economic structure is seriously recording an unprecedented shift in terms of the investment orientation of some major players, such as multinational corporations.*

About two decades ago, the concept of emerging markets surfaced, not because developed countries wanted it, but the whole world has been forced to acknowledge the power of change in some historically underdeveloped countries.

2.3.2.1 Place of emerging markets within the world economy

In his article entitled "Internationalization into emerging markets: A review of conceptual frameworks", Hafeez (2015:1768) states:

> *The business prospects in emerging markets would provide the multinationals with increased profits, economies of scale, low competition, investment profiles, huge markets, increased sales volumes, prolonged product lifecycles, reduced market dependence, greater growth opportunities, improved immunity to business cycles, stabilized production schedules, etc.*

The term 'emerging markets' has evolved over time. According to Warrington (2001), 'emerging markets' is the post-modern term for those countries which used to be called 'Third World', 'underdeveloped' and 'developing' countries. They stand in stark contrast to those described as 'First World', 'developed' and 'advanced', and carry with them legacies such as high population growth, illiteracy, civil conflict, unstable economies, high unemployment, poor health care and many more practices that

illuminate an ostensibly unbridgeable gap between the lifestyles and shopping behaviour of the ‘haves’ and the ‘have-nots’ (Warrington, 2001).

Such definition reflects the view of the so-called ‘advanced nations’ in the 1960s to describe the fact that these countries had desperately stayed at the fringes of development, or that world development was possible without them. However, the Coca-Cola Retailing Research Council (2010) defines an emergent market as a place where people who thought their daily existence could never improve now believe that the future will be better than the past. No doubts, this contemporary definition marks a commitment of the ‘poor’ nations to come back to ‘the concert of the nations’ to play a more robust role.

For Hafeez (2015), an emerging market is a country making an effort to change and improve its economy with the goal of raising its performance to that of the world‘s more advanced nations. This definition translates the acknowledgment of the socio-economic reforms undertaken by some countries (Poonpatpibul, 2018; Zhang, 2016) to rebalance the nature of the world economy (Chesley, Everson & Garvey, 2016).

With regard to the position of emerging markets in the world economy, current economic research studies (such as IMF, 2017; Schmidt, 2017) are of the opinion that it would arguably be a fallacy to address the world economy without reference to emerging markets, especially the BRICS group (Brazil, Russia, India, China and South Africa). Restrictions on foreign ownership, pressures to make joint ventures with local firms, trade barriers and exchange controls, melted away or were greatly reduced (Jones, 2017:7).

From a business perspective, the BRICS group boasts exceptionally attractive investment opportunities with a consumer market of over three billion people (Slobodníková & Nagyová, 2011), representing a purchasing power, with most of them belonging to the economically active population (Schrooten, 2011). Emerging markets’ share of global retail sales jumped from 32% in 2000 to 51% in 2015 (AT Kearney, 2016:1).

In 2003, emerging markets accounted for just 37% of the world GDP. Predictions establish that in 2020, the share will have risen further to 70% (Hafeez, 2015). This shift presents high potential for growth, investment and profit generation for

multinational corporations such as retailers in those countries (AT Kearney, 2016). Led by this performance, academic circles support that economic growth has shifted from developed countries to emerging markets, where the BRICS group has demonstrated increased endeavour (Mminele, 2018).

In the context of the current study, it was believed that the BRICS group constitutes new engines of global economic growth (Mminele, 2018; Morazan, Knoke, Knoblauch & Schäfer, 2012) and that special attention should be given to retail business dynamics in those countries.

2.3.2.2 Attractiveness of emerging markets: the new development hubs of international retail brands

The discussion in section 2.3.2.1 shows that most of the world's leading retailers are from Western countries (mainly from the United States and Western Europe). Recent studies found that, paradoxically, these economies show low growth prospects while the emerging markets are booming (Izmaylova & Zuccon, 2010; Pallapothu, 2013), making it an imperative for international retail brands to look for investment and growth opportunities beyond their home countries.

Investing in emerging markets is not a surprising business initiative; these markets offer faster and higher growth potential compared to more mature markets. The 2015 AT Kearney Global Retail Development Index (GRDI) highlights the 30 most attractive markets in the world (Figure 2.3), with none of them belonging to seven most advanced economies.

The most promising countries with respect to retail development are ranked based on four major criteria, namely market attractiveness, country risk, market saturation and time pressure, as highlighted in Table 2.3.

Table 2.3: The 2015 AT Kearney Global Retail Development Index

2015 Rank	Country	Market attractiveness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	GRDI score	Population (million)
1	China	66.7	55.7	42.3	96.6	65.3	1,364
2	Uruguay	93.3	60.4	68.0	38.9	65.1	3
3	Chile	98.2	100.0	13.0	37.9	62.3	18
4	Qatar	100	89.4	34.3	12.8	59.1	2
5	Mongolia	22.4	19.9	93.1	100.0	58.8	3
6	Georgia	36.5	39.1	78.8	79.2	58.4	5
7	United Arab Emirates (UAE)	97.6	84.0	16.5	33.9	58.0	9
8	Brazil	98.0	60.4	45.2	28.0	57.9	203
9	Malaysia	75.6	68.8	29.3	52.7	56.6	30
10	Armenia	35.4	37.1	82.1	66.3	55.2	3
11	Turkey	83.1	48.1	40.2	44.8	54.1	77
12	Indonesia	50.6	35.5	55.1	65.9	51.8	251
13	Kazakhstan	49.6	34.2	72.5	50.7	51.8	17
14	Sri Lanka	15.8	34.4	77.8	78.8	51.7	21
15	India	30.5	39.8	75.7	58.5	51.1	1,296
16	Peru	48.9	43.9	58.6	51.8	50.8	12
17	Saudi Arabia	78.6	64.4	30.4	27.0	50.1	31
18	Botswana	49.2	62.5	33.3	54.2	49.8	2
19	Panama	62.3	46.8	49.7	37.6	49.1	4
20	Colombia	55.6	49.3	52.0	39.1	49.0	48
21	Russia	94.9	28.4	24.5	46.6	48.6	144
22	Azerbaijan	33.9	26.9	82.4	46.8	47.5	10
23	Nigeria	19.6	8.3	94.0	66.5	47.1	178
24	Philippines	39.6	36.0	51.6	60.7	47.0	100
25	Jordan	51.1	35.5	64.2	36.8	46.9	8
26	Oman	75.0	77.3	24.9	9.8	46.7	4
27	Kuwait	81.0	68.1	33.2	0.0	45.6	4
28	Costa Rica	66.9	49.2	38.7	25.1	45.0	5
29	Mexico	82.5	56.1	0.2	38.8	44.4	120
30	Angola	22.4	9.2	99.4	45.0	44.0	22

Source: AT Kearney (2015a:2).

The analysis of Table 2.3 highlights that three out the 30 best markets are from Africa: Botswana, Nigeria and Angola. The major criteria for ranking the countries (AT Kearney (2015:2) do not offer sufficient insight regarding the assessment of customer engagement with retail brands.

This emphasises the importance of the current study, which included a focus on consumer brand engagement, which is largely ignored by the macro factors used to rank the retail development of selected countries. Arguably, Africa's contribution to world retail is still lagging behind.

Table 2.3 also confirms the presence of four critical markets in the world retail rankings, which are recurrently cited for their increased contribution to the world economy: China, Brazil, India and Russia. These markets are particularly large and diverse. For example, as is evident from Table 2.3, the 30 most attractive markets have a combined population of 3 994 billion, of which Brazil, Russia, India and China contribute more than 75%.

However, the decision to invest in particular markets involves the consideration of a number of factors, commonly used to assess the attractiveness of such markets. Insights from literature dealing with the business portfolio planning technique suggest that, under normal circumstances, priority should be devoted to markets with the highest attractive potential (Spohn, 2004).

With regard to attractiveness, however, some models have been suggested in the marketing literature, with each of them having different assessment criteria. The market growth–market share matrix (see Jooste et, 2009:55), a model with two dimensions to understand the investment possibilities of an organisation based on its relative strengths on that market with reference to its competitors, was suggested. Although the model is simplistic in practice, Spohn (2004) argues that it fails to understand that the attractiveness of markets is influenced by many more factors than market growth.

Another model, which retains attention, for its relevance to the current study, is the risk matrix (see Jooste et al., 2009:62). It describes the potential effect of the environmental forces on the long-term profits of an organisation (Jooste et al., 2009). Here the factors influencing attractiveness should be viewed as broadly as possible.

According to Levy and Weitz (2012), traditionally, the determination of attractiveness is based on two major factors, namely the potential size of the retail market in the country, and the degree to which the country supports the entry of international retail brands. Jooste et al. (2009) suggest that seven factors should be considered:

- the actual and potential market size;
- market growth;
- market profitability;
- cost structures;
- distribution systems;
- trends and developments; as well as
- key success factors.

All these factors will influence the likelihood of a retail brand to do business in a particular country. Section 2.3.3.3 discusses some key retail trends in Africa.

2.3.2.3 The African retail revolution: myth or reality?

Despite the fact that Africa makes little contribution to international trade, as reflected in the continent's declining share in world production and trade (Verter, 2017), with the largest number of least developed countries of all regions (Bora, Bouët & Roy, 2007 UNCTAD, 2017), some researchers (such as Badenhorst, 2016; Tshabalala, 2015) predict that Africa is also certainly becoming home of business and is waking up from a long economic coma.

During the last decade, the real GDP rose at an average annual rate of 4.9% between 2000 and 2008 – twice as fast as in the 1990s (Tupy & Rohac, 2014), On political ground, there is a relative entrenchment of democracy in many African countries together with increased efforts devoted to ending longstanding violent conflicts in Mozambique, Angola, Rwanda and elsewhere (Kingombe, 2014).

All these achievements represent important political and socio-economic foundations for sustained retail growth. Table 2.4 displays the 2015 AT Kearney African Retail Development Index.

Table 2.4: The 2015 AT Kearney African Retail Development Index

2015 Rank	2014 rank	Country	Market attractiveness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)
1	5	Gabon	20.2	13.0	20.7	12.1
2	8	Botswana	22.3	25.0	0.2	15.9
3	12	Angola	16.6	3.5	22.0	15.8
4	2	Nigeria	13.0	4.1	18.4	22.4
5	4	Tanzania	4.9	7.9	19.8	25.0
6	7	South Africa	25.0	22.7	0.0	9.6
7	1	Rwanda	5.7	11.2	21.6	18.2
8	3	Namibia	18.2	21.9	0.0	14.0
9	6	Ghana	10.9	11.3	21.6	18.2
10	14	Senegal	8.9	7.6	21.1	14.6
11	NR	Gambia	7.8	4.4	23.7	13.3
12	13	Zambia	8.8	8.4	13.5	18.2
13	NR	Côte d'Ivoire	8.7	3.0	22.5	13.3
14	10	Ethiopia	4.7	2.9	25.0	14.5
15	9	Mozambique	4.3	6.3	18.2	18.1

Note: Rankings for 2014 include only the Top 15. NR = Non ranked.

Source: AT Kearney (2015b:4).

In this regard, research studies (Agyenim-Boateng, Benson-Armer & Russo, 2015; PwC, 2013) point out that Africa has become a potential place of excellence for retail-related investments, especially for consumer goods retailers. The consumer (wholesale and retail) sector on the continent is expected to account for $1 380 billion in revenue by 2020, even overtaking annual revenue from the resources sector (PwC, 2013).

According to KPMG (2016), there are documented motives for increased geographic expansion of world giant retail brands into Africa. The African retail sector displays five critical trends, which are expected to boost Africa's retail sector in the long term.

These factors will draw international retail brands to establish a foothold in the African market, namely –

- the unprecedented and sustained economic growth relative to the rest of the world;
- still-low penetration rates of most consumer goods;

- saturation levels and a lack of further growth in mature markets;
- the expansion of modern retail outlets;
- the general improvement in infrastructure; and
- a shift in the preferences of African consumers from informal shopping outlets to modern formal Western-style retail.

2.4 INTERNATIONAL RETAIL DIVESTMENT

Internationalisation, which means the expansion of an organisation's operations of into new geographic areas, is traditionally understood as a huge business opportunity (Cheptea, Emlinger & Latouche, 2015; Jooste et al., 2009). This upsurge of interest in the potential added value from international involvement has, however, overlooked the unsuccessful experiences of major world retail giants, such as Walmart and Tesco (Coe, Lee & Wood, 2017; Ernst & Young, 2018; Palmer, 2004).

Other examples include the withdrawal of Carrefour, the French leading retailer, from Japan in 1993 (Ryu & Simpson, 2011); the large-scale withdrawal of Marks and Spencer (Burt, Mellahi, Jackson & Sparks, 2002) and recently, the divestment of Dia/ED's 865 stores in France (see Kantar Retail, 2018:11). These studies underscore that the main reason for these divestments is the lack of flexibility and adaptation of retailers to the host countries, with specific reference to consumer preferences (Yeng & Yazdanifard, 2015).

Furthermore, although predicted to be privileged and perfect destinations for global investment, certain emerging markets still present challenges, especially for global retailers (Yeng & Yazdanifard, 2015). China is reported to be an excellent example in case. According to Li and Liu (2015), 16 410 multinationals exited from China at the end of 2009; 24 124 others exited from the Chinese market at the end of 2011, while 30 803 multinationals exited from the country at the end of 2013.

Such unprecedented developments warrant attention as the implications of such developments may be incalculable for both the country and the corporations. Consequently, this section briefly reviews the available literature with the view to defining and discussing the perspectives on divestment, and to identify the possible reasons that may lead a retailer to adopt a divestment strategy.

2.4.1 Defining divestment

A perusal in the marketing literature shows that most of the time, there has been confusion regarding the following terms:

- divestment (Alexander & Doherty, 2009; Li & Liu, 2015);
- divestiture (Ehlers & Lazenby, 2007);
- market exit (Matthyssens & Pauwels, 2000);
- business exit (Decker, Bresser & Mellewigt, 2010);
- de-internationalisation (Reiljan, 2004);
- decommitment (Hayward & Shimizu, 2006);
- failure (Burt & Sparks, 2002);
- disinvestment (Louw & Venter, 2007); and
- business restructuring (Aregbeshola et al., 2014) – being used interchangeably.

To avoid unnecessary lengthy deliberations on all terms, the discussion is confined to only two destrinctive terms relevant to the study, namely ‘de-internationalisation’ and ‘international divestment’. According to Reiljan (2004:145), the term ‘de-internationalisation’ refers to a voluntary process of decreasing involvement in international operations in response to organisational decline at home or abroad, or as a means of enhancing corporate profitability under non-crisis conditions.

On the other hand, Alexander, Quinn and Cairns (2005) define international divestment as company actions resulting in a reduced presence in a foreign market. This may take the form of:

- closure of stores;
- sale of store chain;
- termination of a business contract or agreement (joint venture or franchising); or
- organisational restructuring in the form of changing from corporate ownership to a franchising or licensing or distribution agreement. Divestment may or may not involve market exit.”

Some scholars have already assessed the limitations of the above definitions. For example, Reiljan (2004) points out that de-internationalisation can be full or partial. Divestment does not only occur at international level; it is also applicable to the domestic market (Alexander & Doherty, 2009; Li & Liu, 2015).

Contrary to the traditionally held conception of viewing divestment as the last resort strategy to save the assets of an organisation as a result of failure, O'Connell, Park and Thomsen (2015) point out that divestiture is an investment opportunity. Whether it is a threat or an opportunity, freely decided or constrained, divestment is a critical strategic decision that requires full understanding of the retail environment.

2.4.2 Motivations for undertaking a divestment

Before venturing into any discussion concerning international retail divestment, it is an important exercise to specify that significant differences exist between the domestic and international markets of the organisation. Such differences imply that, as an organisation operates beyond its domestic market, the market realities (challenges) change in scope and the organisation therefore has to develop both reactive and proactive attitudes for long-term survival in those particular markets (Jooste et al., 2009).

Within the main body of literature on management, there is a tendency of scholars and marketing practitioners to focus on the causes of divestment rather than on any other aspect. From Aregbeshola et al.'s (2014) perspective, an organisation is exposed to international threats or risks with potential far-reaching cascading effects on performance and undermining the reputation of an organisation.

The following top 10 global risks to which a multinational organisation is likely to be exposed are identified by the Aon Global Risk Management Survey (2015:16), as reflected in Table 2.5.

Table 2.5: Aon Global Top 10 risks

Number	Top 10 risks
1	Damage to reputation/brand
2	Economic slowdown/slow recovery
3	Regulatory/legislative changes
4	Increasing competition
5	Failure to attract or retain top talent
6	Failure to innovate/meet customer needs
7	Business interruption
8	Third-party liability
9	Computer crime/hacking/viruses/malicious codes
10	Property damage

Source: Aon Global Risk Management Survey (2015:16).

Building on a number of literature reviews, Alexander and Doherty (2009) summarise the major reasons that commonly force an international retailer to divest. These include poor performance in both the retailer's domestic and in the international markets, as well as the inability to outperform other retailers and consequently achieve a competitive leadership position in specific markets. According to PwC (2012:6), the following appeared as the major considerations leading managers to adopt a divestiture decision:

- poor performance with declining market share and profitability;
- commoditising of the business model;
- cyclicality of revenue and profitability;
- a lack of historical capital investment that needs to be readdressed in the near term;
- loss resulting in businesses no longer being deemed critical to other aspects of the portfolio;
- risk profile of an industry or business no longer consistent with the balance of the enterprises' portfolios;
- non-core business inherited as part of a larger acquisition; and
- unsolicited or persistent bidders with the means to execute a favourably priced deal, and to do so quickly.

Reiljan (2004) reminds that four major reasons usually motivate divestment, namely a lack of international experiences, a change in strategy, poor performance and an increase in costs. From a management perspective, the above-mentioned reasons may be broadly divided into two categories.

The first relates to poor leadership. Thompson and Martin (2005) believe that the unsuccessful operation of any organisation is primarily due to poor leadership. Louw and Venter (2007) provide support for the incrimination of leadership. They point out that top management is ultimately responsible for planning and implementing all organisational initiatives, but if organisations, including retailers, are to be successful, there needs to be not only a core leadership team at the top but also managers at various levels of the organisation. Besides leadership inadequacy, there is insufficient knowledge of the target country dynamics usually due to a lack of market research (Doole & Lowe, 2008; Katuščáková & Katuščák, 2013).

Divestment is mistakenly understood, and most of the time is assumed to be commonly portrayed as a strategy for underperforming organisations, e.g. organisations that have underperformed in international markets. At times, literature challenges such misconception as divestiture may appear as a strategic initiative (Alexander & Doherty, 2009; O'Connell et al., 2015). A closer analysis of the justifications for adopting a divestment strategy (Dranikoff, Koller & Schneider, 2002) suggests that four criteria should prevail in selecting a divestiture candidate:

- the influence of the business unit on the rest of the corporation;
- the influence of the corporation on the business unit;
- the ability of the unit to beat market expectations; and
- the overall portfolio of the corporation.

Within the context of this study, the researcher argues that failure to innovate or meet customers' need, is the most important risk retail brands can face.

2.5 THE SOUTH AFRICAN RETAIL SECTOR

The review of selected literature presented in previous sections portrayed that there have been various retail developments both in advanced countries and in Africa. The discussion regarding the South African retail industry that follows therefore targeted

this industry. Section 2.5.1 briefly focused on the informal South African retail sector. Section 2.5.2 will explore the dynamics of the formal retail sector with a particular emphasis on the leading FMCG retailers selected for the purposes of the empirical study.

2.5.1 The informal South African retail sector

Although the current study did not focus on the informal sector, a discussion on the topic was deemed necessary because small business activity is an important sub-set of the retail sector in South Africa (Jere et al., 2014). Similarly, although the concept of informality is difficult to define (Mintah & Darkwah, 2018:61), the discussion of the informal retail sector is usually understood in the broad context of small and medium-sized enterprises (SMEs) and their effect on the economy. Researchers and practitioners attaching a growing importance to the subject of the informal retail trade perceive such trade from the perspective of a potential powerful engine in both employment creation and poverty alleviation (Jere, Jere & Aspeling, 2014; Tshuma & Jari, 2013).

Although informal businesses do exist in both the developing and developed world (Matsongoni & Mutambara, 2018), their presence and influence are, however, more evident in emerging and transition economies, especially in Sub-Saharan Africa (World Bank, 2019). Sub-Saharan Africa has high levels of informality, especially in West and East Africa, low-income countries, fragile states, and commodity exporter (World BANK, 2019:113).

At African level, the informal sector accounts for about 21% of total employment in sub-Saharan African countries and about 38% of the GDP of Nigeria (Onwe, 2013). According to Mahadea and Zogli (2018), the informal sector employs about 86% of labour in Ghana, contributing 42% to its gross domestic product (GDP). A study by Ndabeni and Maharajh (2013) found that the value of the South African informal sector is estimated to about R157 billion, making it the largest sub-sector with over one million people engaged in this activity.

Informal trade includes spaza shops, tuck shops, shebeens, kiosks, street vendors, flea markets and township general dealers (Kibuuka, 2018:12), or all activities

operating outside the official legal and fiscal system, with a resulting lack of reliable statistical information (Mbaye, 2014).

According to Ligthelm (2008), prior to the advent of democracy in 1994, the South African retail sector was dominated by small, often informal, businesses offering basic household necessities to relatively low-income earners.

Ligthelm (2008) argues that the existence of such forms of retail activities has always been diversely interpreted and conceptualised by most local retail stakeholders in South Africa. Oosthuizen, Lilenstein, Steenkamp and Cassim (2016) confirm that two opposing views are typically held by South Africans: the first is that the informal sector is an under-utilised source of new employment and it should be promoted since any employment is better than unemployment; the second view is that informality should be discouraged given its inferior quality, and that the focus should be on creating decent jobs in the formal sector (Oosthuizen, Lilenstein, Steenkamp & Cassim, 2016:3).

The major participants are women who, due to the legacy of cultural norms and practices, are concentrated in low-income, low-skilled and mostly scattered activities (Mabilo, 2018; Motala, 2002).

2.5.2 The formal South African retail sector

Contrary to the informal sector, the formal retail sector encompasses all retail brands that conform to all retail trading regulations, and which are required to undergo formal registration with the relevant authorities, such as tax and labour authorities, before they can commence operation (Qabhobho, 2012).

The retailers selected for this study feature among the biggest retailers in terms of turnover and coverage. Additionally, they make a substantial socioeconomic contribution both in Africa and in South Africa, have market leadership, and are involved in international markets (Nair, 2017). The main South African retailers are briefly described in Appendix D.

2.5.2.1 Retail development within South Africa

As discussed by Qabhobho (2012), retail business was informal in nature in the form of spaza shops, tuck shops, shebeens, kiosks, street vendors, flea markets and general dealers. The post-Apartheid South African retail landscape has, however, witnessed significant development of shopping centres countrywide. Table 2.6 provides a provincial distribution of shopping centres in South Africa as of 2014.

Table 2.6: Shopping centre in South Africa, 2014

PROVINCE	SHOPPING CENTRE PROVISION IN SQUARE METERS	% OF TOTAL
Gauteng	7 771 157	44
Western Cape	2 888 662	16
KwaZulu-Natal	2 606 258	15
Mpumalanga	1 169 205	7
Eastern Cape	961 936	5
North West	791 473	4
Limpopo	737 623	4
Free State	676 002	4
Northern Cape	196 210	1
Total	17 794 526	100

Source: Breytenbach (2014:56).

Insights from Table 2.6 show that Gauteng, the Western Cape and KwaZulu-Natal boast 75% of shopping centres in South Africa. It is also evident that Gauteng, the top province, totals almost three times the shopping centre area of the second province (Western Cape). This was one obvious motivation of this study for focusing on ascertaining the consumption behaviour of retail consumers from this province.

South Africa totals about 2,000 shopping malls, with the total shopping space well over 24 million square metres, which makes South Africa one of the most mall-rich countries in the world (Businesstech, 2017).

A key feature of retail development within South Africa is geographical expansion of large retail chains in townships and rural areas (Adatia, 2010). Until 2004, townships were dominated mainly by informal businesses, offering basic products and services. Since 2004, the majority of these dominant new business spaces are occupied by corporate retailers and their franchisees (Sewell, Mason & Venter, 2014:240).

It is noteworthy that the establishment of large retailers in townships has profoundly changed the buying patterns of the populations in these areas. For instance, Mokgabudi (2011) reports that low-income consumers in townships prefer to shop

from the closest shopping mall instead of small retailers/Spaza Shops because of the lower prices and a larger variety of goods offered (Mokgabudi, 2011: ii). The motivation for such geographical move is in the research by Tustin and Strydom (2010:59) who found that the endeavours of corporate retail brands stem from customer dynamics in township development, which they summarise as follows:

- As a result of low car ownership in townships or semi-rural areas, people tend either to walk or to use taxis to go shopping, which limit purchases to small quantities of groceries at a time;
- Similarly, because of the underdeveloped transport system, township dwellers tend to travel by taxi to shops at nearby urban retail outlets rather than to township shops located on the outskirts of the township;
- The concept 'shoppertainment' (Caboni, Dettori & Giudici, 2018:81) is not yet well developed in townships. This is the result mainly of aspirational shopping trends, which show that township residents who have moved up the social ladder prefer to shop outside their neighbourhood in upmarket retail malls, a phenomenon better known as 'outshopping' (Tustin & Strydom, 2010);
- Affluent township residents and fashion followers prefer to shop at classy boutiques and not at the mass-market clothing chains that anchor new township developments;
- Township shoppers who work in urban areas frequently buy from retailers near their workplace;
- African consumers have a high propensity to spend because of their relatively low debt levels. This increases prospects for increased retail spend over the medium term; and
- The bulk of retailers in townships can be classified as 'necessity entrepreneurs' who do business only to fend for themselves and their households.

2.5.2.2 Internationalisation of South African retail brands

There is no single and universally accepted definition of internationalisation (Azuayi, 2016:1). In this study, retail internationalisation, which means the expansion of the operations of retailer into new geographic areas, or the management of retail operations in markets that are different from each other in their regulations,

economic development, social conditions, cultural environment and retail structures (Alexander & Doherty, 2009; Luangpituksa, 2017:88) is traditionally understood as a huge corporate opportunity (Cheptea et al., 2015; Jooste et al., 2009).

According to Dakora, Bytheway and Slabbert (2010), the phenomenon of retail internationalisation has become an important feature of global business (Cao, Navare & Jin, 2018). Accordingly, various organisations across industries around the world, including the retail industry, find a vested interest in the benefits that should accrue from international involvement (Dakora, Kalitanyi, Mutematemi, Gyogluu, Bagui & Mason, 2016).

For South Africa retailers, expansion into the rest of Africa is no longer an option, it is a near necessity. South African retail chains including Shoprite, Pick n Pay and Woolworths are already operating in over sixteen other African countries, covering most countries in the Southern African region and beyond since 1994 (Dakora et al, 2016).

This upsurge of interest in the potential gains from international involvement has, however, overlooked the unsuccessful and historical retail experiences of some of the world's retail giants such as Walmart and Tesco (Moriarty & Neary, 2011). The study by Moriarty and Neary (2011) underscores that involvement into international markets is not necessarily successful.

International retailers face a set of challenges in host countries. These include international company structure, foreign laws and regulations, international accounting, cost calculation and global pricing strategy, universal payment methods, currency rates, the choice of the right global shipment methods, communication difficulties and cultural differences, political risks, supply chain complexity and risks of labour exploitation as well as worldwide environmental issues (Reynolds, 2017).

One of the major challenges is the direct contact international retailers have with consumers in the host country, which makes retailing highly culture specific (Cao, Navare & Jin, 2018:553). To succeed in international markets, retailers require good knowledge of the foreign cultures, homogeneity with viable or enabling environmental factors and suitable consumer market on both home and abroad.

Moriarty and Neary (2011) conducted a ten-year literature review on the main international retailers and conclude on seven lessons which should be considered by retailers in their investing international markets: (i) market selection is both an art and science, (ii) global expansion is a portfolio of game, (iii) consumers in developing markets are discerning, (iv) local competition is often stronger than it appears, (v) the rules are different for global and national organisations, (vi) local talent is crucial and (vii) global expansion requires a long-term view.

2.6 GAPS IN LITERATURE

The literature study acknowledged that several macro dynamics relate to and drive the retail sector. In studying the retail sector, insights into such dynamics are regarded as essential. In this regard the empirical research phase of the study starts from a broad base by first exploring the complexion of international retail trade. From the readings, the advent and potential growth of emerging fast-moving consumable consumer markets prevailed. With current and future retail growth driven by consumer demand, the trends emerging from the analysis brings into question the extent to which rational and emotional consumer behaviors feature as key drivers of retail brand preference and loyalty. Addressing this knowledge gap presents a sound theoretical framework for retail brands to develop a competitive advantage to sustain and expand business, both locally and internationally. The fact that retail activity has in recent years advanced in emerging markets, further exclaims the need for contemporary consumer behavioural research in these markets. The lucrative retail growth opportunities envisaged for emerging (and specifically Africa) economies, further inspired the need to undertake the study in a market where socially-reformed consumer demand is driven by increased purchase power, definite consumer preferences and heightened expectations of retail brand product and service offerings. In this regard it is important to note that the literature search revealed that the failure to meet customer needs is regarded as a key global risk to many retail brands. Prospects of understanding the antecedents driving modern-day consumer behaviour become evermore pertinent when witnessing the increased interest of foreign retail investors into the South African retail market. For this reason, an exposition of major contemporary international retail trends and dynamics served to lead the discussion in this chapter. A pertinent section of the

discussion was devoted to retail disinvestment as a key retail strategy for restructuring or exiting the retail market. With this in mind, an advanced understanding of unconscious customer behaviour could benefit the development of future growth, divestment and transformative retail brand strategies.

2.7 CHAPTER SUMMARY

This chapter explored international and local retail market dynamics which ultimately presented a sound basis for motivating and confining the scope of the research study. The literature review primarily served to narrow the scope of the study to a relevant study topic and area that addresses pertinent knowledge gaps in behavioural brand loyalty within the formal retail sector of South Africa. Such knowledge is crucial for advancing the knowledge base on customer relations management and brand loyalty theories and strategies.

From an academic perspective, the current study evolved from the retail evolution and feasibility theories by exploring underlying forces that drive customer behavioural loyalty. The literature exposition of retail theories pertinently highlighted several driving forces (i.e. tangible and intangible factors, product assortment, location, gravity) that prevail in the retail space and primarily drive competitive retail brand positioning and sustainability. This alongside the diverse physiognomies of the retail sector and different degrees of competitive tactics required at various stages of the retail lifecycle, highlighted the critical importance of confining the study focus on innovative research related to uncover unconscious customer behavioural brand loyalty. The literature review further resulted in the decision to confine the study to the urban retail setting of the Gauteng Province of South Africa which at the time of the study featured high levels of cross border (Africa) and provincial urbanisation as well as an escalating middle-income consumer market. The Gauteng Province is also indicative of an evolving and diverse formal retail sector with retail growth witnessed in both urban and peri-urban (or township) areas. Likewise, the literature search revealed that the Gauteng Province boasts the largest shopping centre space in South Africa dominated by five major retail brands, namely Shoprite Checkers, Pick n Pay, Woolworths, Spar and Massmart. These major retail brands were included as the main sampling units for the study. Besides dominating the local retail

market, the selection of the retail brands as study subjects was further strengthened by the presence of these retail brands in other countries.

From a retail evolution and feasibility theory perspective, the confinement of the study to a pertinent geographic area and major retail brands, largely served the purposes of developing an innovative prototype framework to investigate unconscious customer behaviour dimensions as a key predictor of frequent and preferred retail brand purchase behaviour and brand loyalty. From an academic perspective, the study advanced existing retail theory by revealing the importance of unconscious consumer behaviour as a key driver of developing customer relations and retail brand loyalty. These findings are key in guiding major retail brands in designing local and international competitive and sustainable retail brand strategies. The prototype research also serves to guide future retail growth and divestment strategies based on innovative and sound consumer behavioural intelligence emerging from this study. The latter also clarifies the reason for exploring the retail lifecycle and growth and divestment strategies in the literature section of this chapter. Overall, the literature section revealed that the retail sector is a significant contributor to growth in both international and local markets. Consequently, the knowledge gap addressed by this study will confidently enhance retail brand growth strategies driven by advanced knowledge on unconscious consumer behaviour. These are related dimensions relevant to the study is unraveled in the chapters to follow.

CHAPTER 3

RETAIL CUSTOMER EXPERIENCE

3.1 INTRODUCTION

As marketing scholars and practitioners realised the wealth, the complexity and the diversity inherent in the building of brand loyalty, they have embraced an ever-more cross-disciplinary approach. Although integrating all the necessary tools is a challenge, leading-edge organisations allocate the necessary resources to create a cohesive customer experience ecosystem (Harvard Business Review Analytic Services, 2016). In this process, different but related avenues of research have been explored in the context of the current study. In Chapter 2, contemporary dynamics in the international and local retail sector were discussed. The current chapter is concerned with designing customer experiences within the retail environment.

Transactional marketing is grounded on the fact that when a customer has bought a product, it does not forecast the probability of a new purchase, regardless of whether a series of purchases have been made (Brink & Berndt, 2008). Researchers following that approach, with a short-term vision, underestimated the customer as a potential source of return on investment (ROI) possibilities (Shien & Yazdanifard, 2014). However, the construct of relationship marketing enhanced the marketing discipline by claiming that intense and sacred relationships develop between customers and brands through interactions (Bordegoni, 2013). With consumerism, increased competition, changes in lifestyles, the advent of the Internet together with smartphones and the like, the nature of such relationships has become more difficult since customers have become more demanding than ever before.

Kim, Sullivan and Forney (2007) noticed a shift in power from the retailer to the customer. Customers started demanding full service where they once may have expected merely products and transactions. One of the various avenues for ensuring sustainability is by understanding the importance of novelty (Bromley & Thomas,

1993) and delivering true experiences that meet customers' demands as an immediate practical response (Kim et al., 2007).

Customer experience, according to Bagdare and Rajnish (2013:792), is the sum total of cognitive, emotional, sensorial and behavioural responses produced during the entire buying process, involving an integrated series of interactions with people, objects, processes and environment in retailing.

Although previous attempts to understand customer experience have adopted a silo approach, considering the effect of separate factors, such as gender, age and atmospherics (Ramlee & Said, 2014), this chapter considers an integrated analysis of customer experience focusing on factors such as customer expectations, shopping experience (both store-based and online shopping experience) as well as consumption experience. Given the strong influence of experience on customer attitude towards a retail brand in terms of approach or avoidance (D'Astous, 2000; Xu-Priour & Cliquet, 2013), the assessment of customer experiences is essential. It is therefore expected that challenging researchers with innovative research models could yield greater insights enabling retail marketers to reconfigure or extend current branding, communication and marketing strategies.

3.2 CUSTOMER EXPERIENCE

For an understanding of the concept of customer experience, the discussion below will mainly focus on the definition and classification of customer experiences.

3.2.1 The merit of embracing customer experience

In the customer experience barometer report, the KPMG group (2014:7) elevated the importance of customer experience by stating, "[f]or today's service-based sectors, where the battle for revenue growth often pivots on the preferences of the consumer, few things are as critical as the customer experience."

As markets mature and customers become more demanding, making suitable products and services available is no longer pertinent and sufficient guarantees for retailers' success in their respective markets.

Price or even quality-based competition is quickly becoming a losing proposition. In recent decades, customer experience has become a central concept in marketing management, consumer behaviour, services marketing and retailing (Tynan & McKechnie, 2010), urging academics and marketing practitioners to offer a greater understanding of their customers from the perspective of value creation in terms of experiences (KPMG, 2014; Verhoef et al., 2009).

The value of customer experience relates to the fact that customer experience strongly correlates with return on investment (ROI) and shapes customer impressions through cognitive science (Forrester, 2014; Watermark Consulting, 2018). Interestingly, high customer experience can predict of customers' willingness to buy (Du Plessis & De Vries, 2016), and customer experience correlates with customer loyalty (Zephan, 2018). Johnston and Kong (2011) conducted a literature search and found that customer experience influences expectations and instils confidence.

In an exploratory study, Yao (2016) investigated consumers' experiences attached to the consumption of selected dairy products in South Africa. The study concluded that is a source of powerful engagement opportunities with customers. Customer experience has therefore the ability to enhance customer satisfaction and retail performance (Puccinelli et al., 2009). A Study by Xu-Priour and Cliquet (2013) in China also revealed that customers' positive experience triggers positive attitudes towards store channels.

3.2.2 Defining customer experience

Previous research suggests that defining the concept of customer experience holistically has remained a challenge for marketers (Johnston & Kong, 2011). Caru and Cova (2003:11) conclude their article, "to avoid finishing again in a dead-end similar to that already seen in relationship marketing, marketers must be able to take in the full breadth of a phenomenon such as experience, from the ordinary to the extraordinary".

A closer understanding of this statement implies that customers have a series of interactions with their brands (Voorhees, Fombelle, Gregoire, Bone, Gustafssone,

Sousa & Walkowiak, 2017), with any interaction with a product, a service, or a brand encounter leaving a unique opinion, an attitude or an experience on the part of the customer (Tow, 2019). According to Lemke, Clark & Wilson (2011), customer experience is conceptualised as the customer's subjective response to the holistic direct and indirect encounter with the firm.

Admittedly, customer service is a key focal area where customers may develop experiences (Brink and Berndt, 2008). However, customer experience goes beyond customer service. Accordingly, in defining customer experience, the whole decision-making process is involved, and any separate entity has the power to generate individual experiences. Customer experience therefore is the sum of those individual experiences (Neslin et al., 2006). It may also involve multiple retail channels and repeated experiences within a channel.

Thus, it is important to consider the dynamics of an exchange when studying customers' experiences. Carbone and Haeckel (1994) suggested one of the earliest definitions of customer experience as the aggregate and cumulative customer perception created during learning about, acquiring, using, maintaining and disposing of a product or service. This definition focuses on the critical building blocks where the customer is likely to sense a particular experience.

A noticeable limitation of these definitions is that they fail to explain whether these experiences are cognitive, feeling-related, or both. Moreover, these definitions do not acknowledge the variety of sources of experience, including experience derived from brand communication, including context-specific online advertising (Ruhrberg, Kirstein, & Baran, 2017). This insufficiency is supplemented by Verhoef et al. (2009:32) who define customer experience as holistic in nature and involves the customer's cognitive, affective, emotional, social and physical response to the retailer. Similar definition was proposed by Capgemini Consulting (2011).

According to Capgemini Consulting (2011:3) –

> *[C]ustomer experience is the embodiment of a brand, and of each and every interaction between an organisation and a customer (actual or potential). It is a product of the organisation's physical performance and the sensations and emotions it creates. Customer experience encompasses every aspect of an organisation's offering – the quality of the people the customer interacts with, as well as advertising, packaging, product and service features. Ease of use, accessibility, reliability and quality all lead the customer to build up a picture of what the brand represents, and a set of expectations about that brand.*

The current study embraced customer experience as defined by Capgemini Consulting (2013).

Having defined and provided the importance of customer experience, the next step of the discussion focuses on classifying customer experiences.

3.2.3 Classifying customer experiences

One of the most popular approaches to decision-making is the cognitive approach, which considers decision-making as a series of activities expected to be performed before a customer successfully arrives at a final outcome of a decision (Ehrenberg & Goodhart, 1979; Engel, Blackwell & Miniard, 1995; Robbins, Decenzo & Coulter, 2011). The subsequent models derived from this approach can arguably be qualified as process decision-making models since they describe customers' buying process as a journey from awareness or exposure to consumption and its implications (D'Andrea, Marcotte & Morrison, 2010). On the other hand, literature on consumer behaviour also assumes that consumers have varying mind-sets or personalities that condition how they engage in decision-making or make choices (Lysonski & Durvasula, 2013:77).

Moreover, there are a number of deep and strong feelings and emotions associated with any single decision a customer makes (Beresford & Sloper, 2008; Schiffman & Kanuk, 2010). More importantly, the emotions actually experienced as a result of the outcome of a choice may or may not concur with earlier expectations (Beresford & Sloper, 2008:25).

As already mentioned in section 3.2.2, the holistic customer experience is the sum of the individual experiences (Neslin et al., 2006). In light of the above-mentioned studies, the author subdivided the customer experience process into three different stages, namely customer expectations or perceptions, shopping and consumption experiences, and structures the customer experiences occurring within each of them. Figure 3.1 captures the customer experience process in three phases.

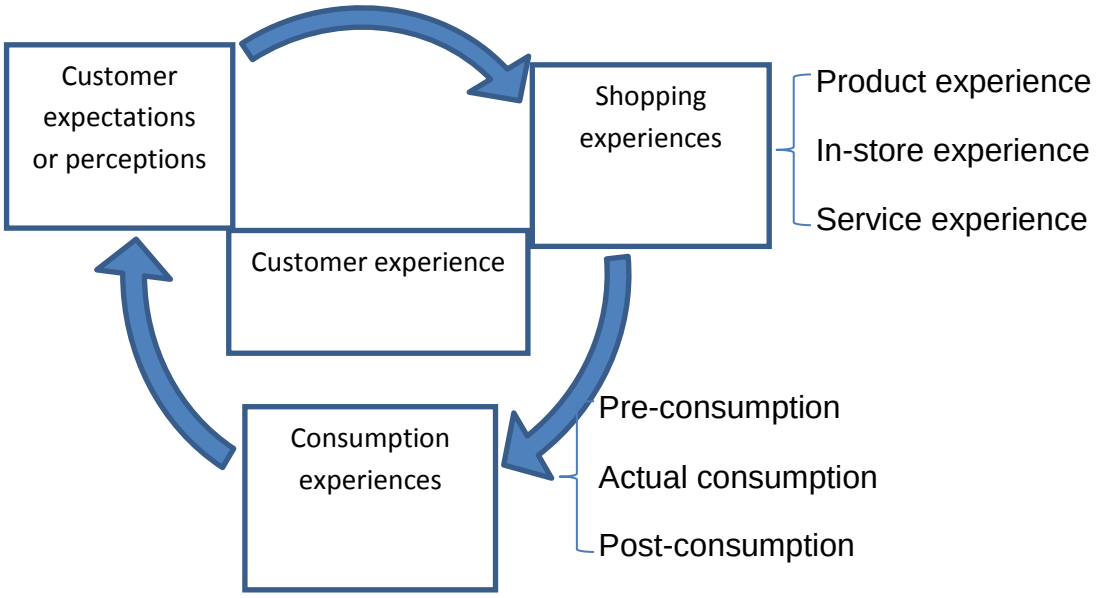


Figure 3.1: Customer experience process

Source: Author's own conceptualisation based on literature

3.2.3.1 Customer expectations and perceptions

In the customer experience process shown in Figure 3.1, it is assumed that the customer's behaviour is dynamic and unstable (Brink & Berndt, 2008). Any information or input that the customer senses, has an immediate or latent influence on the actual or potential decision to embark on when buying.

When it comes to developing an in-depth understanding of customer experience, the marketing concepts 'perceptions' and 'expectations' are two crucial components to consider because they provide the customer with a quick, partial or complete evaluation of a phenomenon.

This section gives an overview of what happens psychologically to the customer before engaging in a buying process. Strydom, Jooste and Cant (2000:84) define perceptions as the process of receiving, organising and assigning meaning to information or stimuli detected by the customer's five senses. There is therefore subjectivity surrounding the interpretation of sensations (Hanna & Wozniak, 2013), and other such as existing knowledge, previous experience, customers' attitudes and beliefs may be involved in perception.

Hanna and Wozniak (2013:75) define perception as the process of selecting, organising and interpreting sensations in a meaningful whole. Perception has the ability to greatly shape usage and buying of any product as the result of the effectiveness of marketing efforts. In a retail context, customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels (Kazmi, 2012)

3.2.3.2 Customer shopping experience

Azizi and Shariffar (2011) classify shopping motives into two groups: functional and non-functional (Azizi & Shariffar, 2011). The various forms of experiences are identified in Table 3.1

Table 3.1: Classification of non-functional motivations

Category	Motives	Reference	Example
Personal	Role playing	Tauber (1972)	Father or mother is responsible for household shopping
	Diversion	Tauber (1972)	A person goes shopping for relaxation and diversity
	Self-gratification	Tauber, 1972	Shopping for stress relief and tension reduction
	Learning about new trends	Tauber, 1972	Go shopping to see a new model of furniture, for instance
	Physical activity	Tauber, 1972	A person who has a car but goes shopping on foot
	Sensory stimulation	Tauber, 1972; Westbrook and Black (1985)	Go shopping because of looking at colourful displays
	Mental activity	Parsons, 2002	A person goes shopping only as result of technical awareness about a particular product
Social	Social experiences outside the home	Tauber, 1972	A person goes shopping because of visiting his or her friends
	Communication with others having a similar interest	Tauber, 1972	Persons who love flowers and husbandry are going to buy flowers
	Peer group attraction	Tauber, 1972	A teenager goes to a store for buying a computer game
	Company	Westbrook and Black, 1985	A person goes shopping because of being with his or her friend
	Status and authority	Tauber,1972; Westbrook and Black, 1985	Someone goes to a deluxe store with his or her expensive car
	Pleasure of bargaining	Tauber,1972	The person loves having a bargaining challenge and interaction with the seller

- **Shopping motives**

Functional motives refer to need-satisfying motives. Building on Sheth's (1983) approach, Westbrook and Black's (1985) study was devoted to identifying shopper typologies, and they concluded that there are seven dimensions of shopping, namely anticipated utility, role enactment, negotiation, choice optimisation, affiliation, power or authority and stimulation.

Alternatively, Kotzé, North, Stols and Venter (2012) identify seven different motives: shopping for bargains, shopping for gratification, shopping for entertainment, shopping for others, shopping to browse, shopping to exercise and shopping for sensory stimulation. Willems (2012) structured these dimensions into two fundamental groups: utilitarian and hedonic shopping motives.

While utilitarian motives are task-related, efficient and rational, hedonic motives are subjective and personal, customers prefer interesting experience, fantasy, entertainment, and sensory stimulation from the use of the purchased products or services (Sri, 2018:100). Researchers (Kusuma, Idrus & Djazuli, 2013; Sri, 2018) classify hedonic hopping motives into five categories, namely Adventure Shopping, Relaxation Shopping, Value Shopping, Social Shopping and Idea Shopping.

However, the work of Tauber (1972) classifies non-functional shopping motives into two major categories, namely individual and collective, as depicted in Table 3.1 below.

Collective shopping experience is briefly discussed in the next subsection below:

- **Collective (social) shopping experience**

Towards the end of the nineteenth century, shopping in Western countries, especially in the United Kingdom, underwent a development. A number of factors, including the introduction and expansion of department stores, economic growth, the developments in public transport, greater urbanisation, new forms of mass production as well as increased mobility of the population were at the heart of such development (Woodruffe-Burton, Eccles & Elliott, 2002).

Based on most of the above-mentioned factors, shopping has become a social phenomenon (Kotzé et al., 2012). Consumer socialisation postulates that shopping embodies many skills and attitudes that young consumers need to acquire and incorporate and apply whenever possible in their behaviour in all buying circumstances (Lueg & Finney, 2007).

The concept ‘consumer socialisation’ is well summarised by McNeal (1973) who argues that much consumer behaviour is performed under the influence of others. As noticed by some authors (see Arnold & Reynolds, 2003; Ng, 2003), in most cases, when customers do their shopping as a group, such as with friends and family members, they experience considerable enjoyment as a result of their interactions. Minahan and Huddleston (2008) focus the attention on gaining insights into the underlying reasons for mothers to shop together with their daughters (what

Grossbert, Carlson & Walsh [1991:155] refer to as “co-shopping”) and to uncover what is valued in the shopping experience.

These authors found that through shopping, there is a knowledge transfer from the mother to the daughter. They also found that the bond between mother and daughter is acted out when shopping and the reciprocal coaching occurs (Minahan & Huddleston, 2008:1). In a similar research study, Minahan and Huddleston (2010) found that when daughters shop with their mothers, they gain independence, trust in mother, and quality time with mother.

- **Product experience**

Research by Desmet (2002) in the area of design has resulted in an unprecedented emergence of product experience in marketing. Transactional marketing was grounded on the fact that when a customer buys a product, it does not forecast the probability of a new purchase, not even if a series of purchases have been made (Brink & Berndt, 2008).

Researchers in that era, with a short-term vision, underestimated the customer as a potential source of investment possibilities (Shien & Yazdanifard, 2014). Through relationship marketing, marketing researchers have come to realise the richness of understanding consumers from a variety of perspectives, including consumption. Kim et al. (2007) even claim that consumption is a catalyst of consumer knowledge and, consequently, a powerful source of identification of marketing strategies.

From this perspective, consumption is elevated to a cultural system, characterised by the simultaneous deployment of images, pictures and concepts, creation of affect, and mobilisation of the body (Schroeder & Zwick, 2004) as depicted in Figure 3.2.

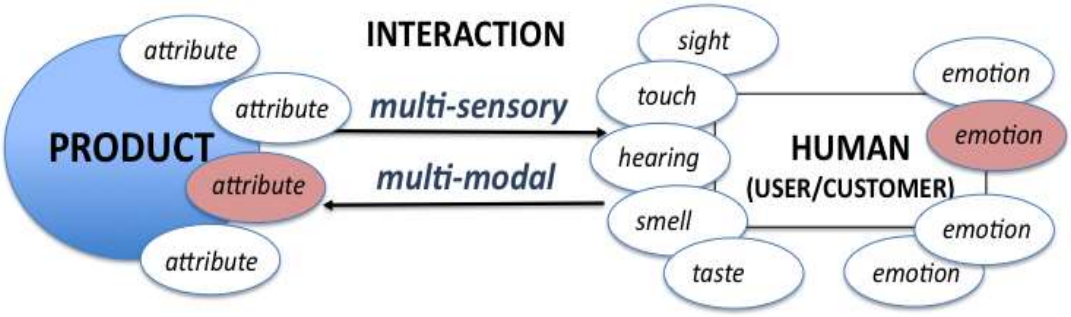


Figure 3.2: Correlation of product attributes and elicited emotions

Source: Bordegoni (2013).

Consumption becomes an adventure with consumers constantly searching for experiences that stimulate, elicit psychological excitement, and produce sensory pleasure (Kim et al., 2007). Furthermore, conceptualisation of the consumption experience leads to sensory consumption.

Krishna (2010) defines consumption as utilisation of products or experiences that engage the senses of the consumer, i.e. an experience that is processed through one or more of the five sensory modalities of taste, vision, sound, smell and touch. Previous research suggests three components of product experience, namely aesthetics, meaning and emotions.

In fact, consumers' attraction, awareness, discovery, cultivation, advocacy, purchase and use of a product engender a holistic experience, the result of a constant interaction of these three components (Fokkinga, Hekkert, Desmet & Özcan, 2014).

- **In-store experience**

Literature regarding studies on shopping behaviour appears to be substantial and diverse, with some of them being driven by the assumption that retailers aim to maximise sales from each and every customer, both retained and new ones. The achievement of such objective stems from the deeper understanding of the shopper's behaviour both in the store and beyond (Sullivan & Adcock, 2002).

Insights from Lichtlé and Plichon (2014) credit the environment with the ability to affect shopping decisions and important sources of emotions. Such importance is also referred to as "atmospherics" (Kotler, 1974:48) and servicescapes (Bitner, 1992). The stimuli, organism and response (SOR) model (see Chang, Eckman &

Yan, 2011; Murray, 2012), depicted in Figure 3.3 is the basic principle of understanding of shopping behaviour.

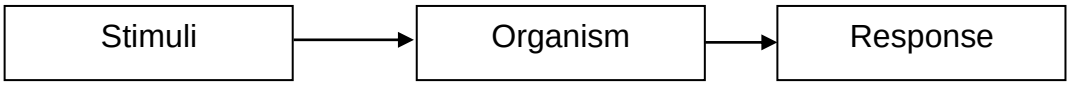


Figure 3.3: The SOR model of buyer behaviour.

Source: Adapted from Sullivan and Adcock (2002:50).

The SOR model is based on three fundamental elements commonly used to deepen the understanding of atmospherics effects: a set of stimuli, an organism, and a set of responses or outcomes (Bitner, 1992). In a retail context, the SOR model holds the belief that various kinds of stimuli can be considered, such as the in-store music or the behaviour of salespeople (Lee, Comer, Dubinsky & Schafer, 2011) or anything derived from the five senses (anything seen, heard, smelt, tasted or touched) in the retail facility.

Therefore, these senses influence the body and position it in a situation of reaction. In-store crowding has also generated some studies assessing its impact on customers (Eroglu & Machleit, 1990). In Stokols's (1972) understanding, the fact that a particular retail outlet is visited by many shoppers at a specific time which leads to crowding and render choices difficult, could affect customers' satisfaction and loyalty to the store them (Kim et al., 2007).

The researcher argues that the value of the analysis and understanding of atmospherics in this thesis presents a potential avenue to assist brand managers in making dynamic and proactive decisions regarding crowding. The SOR model adds value to the field of marketing as it contends that when customers have a feeling that their retail store is crowded, the develop strong feelings such as complaints, as crowding increases the level of arousal associated with an environment and this heightened arousal is likely to reduce the consumer's propensity to engage in affiliative behaviours such as relating to others and spending extra time and money (Noone & Mattila, 2009:32).

- **Service experience**

In the discussion that follows, it should be understood that the author restricts service experience to any physical or emotional reaction that a customer may experience as a result of an encounter with any personnel directly or indirectly related to sales activities.

Customer service is of paramount importance, and well researched in the marketing literature (Brink & Berndt, 2008; Jahanshahi, Gashti, Mirdamadi, Nawaser & Khaksar, 2011). Customer service is defined by Brink and Berndt (2008) as the totality of what the organisation does to add value to its products and services in the eyes of the customer.

From the customer experience process elaborated on earlier (see section 3.2.3), shopping experience is the second major building block after Customer expectations or perceptions), where the customer has the opportunity to assess a store and its overall services. When a customer is exposed to any service provider, i.e. a retailer, he or she will always feel satisfied or dissatisfied with the service rendered.

For such reason, most previous researchers have focused on customer satisfaction as a critical measure of the service experience (Agbor & Eriksson, 2011). Most of these researchers found that customer service has a direct effect on customer satisfaction and loyalty (Jahanshahi et al., 2011). However, a considerable number of research studies found that customer satisfaction is not a sufficiently reliable indicator in measuring customer experience (Wysocki, Kepner & Glasser, 2001). Berry, Wall and Carbone (2006) claim that, as detectives, customers visit stores to evaluate the importance of clues embedded in the performance of services critically.

They consequently identify three distinct types of service clues that could shape the service experience:

- Functional clues relate to anything that implies the technical quality of the service.
- Mechanic clues refer to the sensory presentation of the service.

- Humanic clues are any experiences derived from the verbal and non-verbal communication of the service provider that may convey a specific experience to the customer. For example, the interaction between customers and amiable sales personnel could trigger a positive shopping experience, i.e. they might experience liking and contentment or even be pleased if their desired goals are achieved.

The interaction with salespeople can be the source of one or many of the following experiences: excitement, joy, pleasure, contentment, worry, frustration and/or anger (Kidwell, McFarland & Avila, 2007; Machleit & Eroglu, 2000). Usually, modern retail stores are self-service-based. However, there are some instances where the customer is unable to locate his desired product or service. For this reason, some other researchers have examined the friendliness of sales personnel and the handling of customer complaints (Komunda, 2013; Uusitalo, Hakala & Kautonen, 2008).

Another stream of research with regard to service experience is related to the security personnel of a retail store. Some authors (such as Sim, Mak & Jones, 2006; Walker, 2006) investigated the role of security in providing customer service.

Their study emphasises the key role of security personnel in achieving a proper customer experience. In fact, Walker (2006) suggests that security personnel should be friendly in addition to instilling trust in the prospective customer.

3.2.3.3 Consumption experience

Two types of consumption experiences are discussed below, namely utilitarian versus hedonic consumption and an emotional consumption experience.

- **Utilitarian versus hedonic consumption**

In positioning consumption in the economic life cycle, Goodwin, Nelson, Ackerman and Weisskopf (2008) define consumption as the process by which goods and services are put to final use by people. Previous research (Cooke & Wardle, 2005; Mitchell & Walsh, 2004; Tenenbaum, Nordeman, Sunnerhagen & Gunnarsson, 2017) revealed that consumption is shaped by dynamics such as age and gender.

The common ground of these studies is that the customer is portrayed as instrumentally rational consumer. In the field of consumer behaviour, most models of consumer behaviour adopt this approach (Engel et al., 1995; Peter & Olson, 1987; Schiffman & Kanuk, 1997).

With regard to decision-making, two major approaches seem to emerge: the utilitarian approach and the hedonic approach. The utilitarian approach borrowed from economists, historically suggests that decision-making is viewed as a cognitive process, a matter of making a choice with the intention of maximising the positive consequences (Wanglee, 2013).

From a theoretical and empirical point of view, the utilitarian approach to decision-making, with a strong emphasis on rationality, was challenged in terms of shortcomings. World-renowned consumer researchers, Holbrook and Hirschman (1982), point to the possibility and potential benefits of advancing consumer behaviour research away from the rational approach simply because it would neglect important consumption phenomena.

In fact, the rational approach has been criticised for a lack of realism (Erasmus, Boschoff & Rousseau, 2001). Therefore, efforts to understand and to remedy these concerns have paved the way to advocacy of hedonic consumption (Alba & Williams, 2012). Alba and Williams (2012:2) define hedonic consumption as those facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of one's experience with chosen products. Put simply, consumers do not always purchase goal-directed or need-satisfying products.

In most cases, consumption is portrayed as an 'adventure' with consumers seeking some pleasurable experiences (Li, Dong & Chen, 2011). In this regard, according to (Ariely & Norton, 2009), academic literature sought to address how consumers' expectations influence, alter or hold their consumption pattern. Even if these two approaches are not exclusive, which implies that many acts of consumption are driven by some combination of utilitarian and hedonic motives (Alba & Williams, 2012), the discussion in the current study relates to hedonic consumption.

The central contention of this study is that consumption translates into emotional experiences that are unique to individual customers, namely consumers of dairy products (Andrade & Cohen, 2007; Kim et al., 2007:175).

- **Emotional consumption experience**

Emotions have been shown to play an important role in consumers' evaluation of their consumption experiences. According to various authors (Argan, Argan & Akyildiz, 2014; Hou, Xiaoding & Hu, 2013), the concept 'consumption emotion' refers to the psychological response derived from acknowledgement of products and services in consumption. For example, according to authors (such as LaSalle & Britton, 2003; Kim et al., 2007), modern shoppers are looking for something extraordinary, memorable and enjoyable.

When consumption is viewed as a process, it can be divided into three phases (Bonnefoy-Claudet & Ghantous, 2013; Caru & Cova, 2003; Davis, 2002), namely a pre-consumption phase, actual consumption phase and post-consumption phase. In each of the phases, a consumer may experience a number of emotions. In the discussion that follows, consumers' emotional experiences will embrace the three-phase classification.

Pre-consumption experience takes place at the beginning of a consumption decision continuum, whereby the prospective consumer engages in a search for a particular product or service. One of the most popular situations where one finds a pre-consumption experience is crowding. This is commonly described as a psychological state of mind when a person's demand for space exceeds its supply (Kazakeviciute & Banyte, 2012:652).

Research investigating the effect of crowding reveals mixed findings. Most studies (such as Gogoi, 2017; Mehta, 2013) found a negative correlation between crowding and consumer satisfaction and excitement due to customers' strong expressions of irritation, anger, disappointment and/or stress (Trinh, 2016). The second explanation builds on the fact that the emotional aspects are an important part of the service encounter whether the emotional benefits are at the core of the service or not.

With regard to the post-purchase consumption experience, there is always an experience associated with consuming products and services. However, this experience can be good or bad. The nature of the post-purchase consumption experience should be measured against the initial expectation of the consumer (Honea & Horsky, 2011).

For example, when expectations are matched or exceeded by a product with superior hedonic benefits, as the case in dairy products, consumers develop strong positive experiences (Yao, 2016). The contrary results in consumer disappointment (Honea & Horsky, 2011). From Pine and Gilmore's (1998) perspective, the best consumption experiences are those that engage consumers in a unique and memorable way.

In summary, across industries, developing customer experiences that are unique to customers may has captured the attention of business executives. In those industries where most products and services are commoditised (PKMG, 2018), customer experience becomes a great indicator for assessing the organisation's move toward the differentiation of its brands and service from those of the competition (McKinsey, 2017).

This brief journey through some of the theoretical conceptualisations of customer experience led the current study to the discussion of the moderating factors influencing store-based shopping experiences.

3.3 MODERATING FACTORS AFFECTING STORE-BASED SHOPPING EXPERIENCES

Sophisticated theoretical accounts of shopping circumstances together with recent studies on consumer behaviour provide unprecedented opportunities for further understanding of store-based shopping experiences. Bertolini, Bottani, De Vitis and Butcher (2010) identified out-of-stock (the unavailability) of products at retail stores as a major factor that affects store-based shopping in an FMCG context.

The unavailability of a desired item to a customer may cause frustration for such customer, who may, in turn switch to the store's competition. Using an exploratory

factor analysis on a sample of 200 respondents from the City of Dubai, a study conducted by Singh and Prashar (2013) found that five factors, namely ambience, convenience, physical infrastructure, marketing focus and safety and security are important criteria for shoppers' choice.

The behaviours displayed by retail shoppers are the result of a number of factors, and for the purposes of this study, they were broadly grouped under the following headings: environmental factors, customer value, shopping motivational orientation, store image and demographic factors.

3.3.1 Environmental factors influencing shopping experience

In their business, retailers find themselves not only offering a product assortment to their customers but, more importantly, also exposing their customers to a more rewarding shopping experience (Isaksson & Suljanovic, 2006), including the provision of excellent customer service through a set of activities and programmes.

This is based on the established belief that customers are sensation-seekers because they are constantly searching for shopping environments that are inspirational, unique and memorable (Kim, Almanza, Ghiselli & Sydnor, 2017). To address limited customer knowledge, Kim et al. (2007) encourage retail brands to engage and connect with customers in a special and personal way, based on a sound knowledge of customer's identity.

Kotler (1974) classifies the shopping environment into visual (colour, brightness, size, shapes), aural (volume, pitch), olfactory (scent, freshness) and tactile (softness, smoothness, temperature) dimensions of the store atmosphere. This is combined with three major factors, namely ambient factors (all features that are able to influence human senses), design factors (features that are directly perceptible by consumers), and social factors (people in the environment) (D'Astous, 2000:150).

3.3.2 Personal values

This section focuses on the definition of personal values, their influence on behaviour and preference.

3.3.2.1 Defining personal values

A wealth of research studies on various aspects human of behaviour has ascribed widespread importance to the concept of value. In the field of leadership for example, values are believed to be the crucial and underlying determinants of leaders' behaviour (Bruno & Lay, 2006). Knowing a person's values allows an assessment of his or her adaptation capability (Louw & Venter, 2007). In the current study, values referred to the deeply held principles, ideals, characteristics or beliefs that people hold or adhere to when making decisions (Barrett, 2010).

However, in the brief discussion that follows, the definitions will be narrowed down to select the ones that are deemed relevant to the current study. When focusing our attention on values from a consumer behaviour perspective, there is a shift in the meaning of value. Vinson, Scott and Lamont (1977) provide a useful definition of personal values as centrally held and enduring beliefs, which guide actions and judgements across specific situations.

In other words, values form the foundation of both actions and reactions, including attitudes (Hauser, Nussbeck & Jonas, 2013). According to Schwartz and Bilsky (1987:551), "values are concepts or beliefs, pertaining to desirable end states, which transcend specific situations, guide selection or evaluation of behaviour and events, and are ordered by relative importance". Brink and Berndt (2008) provided a novel definition of value as the difference between the value that the customer gets from using the product and the cost of acquiring it.

If both definitions portray an underlying reason for a consumer to opt for the purchase of a particular product or service, a major distinction resides between them. Clearly, Schwartz and Bilsky's (1987) definition positions customer value as a pre-purchase factor in decision-making. In this regard, consumers' values can be regarded as the source of motivation for any decision the consumer has to make.

This is in line with Nevid's (2013) conceptualisation of motivation being understood as those factors that activate, direct and sustain goal-directed behaviour. However, Brink and Berndt's (2008) definition, on the contrary, portrays values as a result of the consumption experience and an indicator of future decision-making.

According to Ungerer and Joubert (2011), value is defined as a concept, explicit or implicit, distinctive of an individual or the characteristic of a group, of what is desirable, and which influences the selection from available modes, means and ends of action. Put simply, personal values are a set of standards or personal traits that dictate, from an array of possible behaviours, the most appropriate to a specific situation.

Having defined the concept of value, the attention is shifted towards the dimensions of personal values. Values can be classified into two separate dimensions: terminal and instrumental (Rokeach, 1973). Terminal or final values are the desired end-states of individuals. Examples of these values are pleasure, self-respect, happiness and good health. Instrumental values are defined as values that are sufficient or necessary to achieve the desired end-states. These are responsibility, love and courage.

From another perspective, (Barnes, 2003) argues that organisations can easily distinguish two forms of value to focus on, namely functional value and emotional value. When an organisation or brand is convenient, accessible, easy to use, and saves the customer time and money, it creates functional value. Emotional value, on the other hand, implies all dispositions used by an organisation to delight the customer and make him feel special (Khana & Mohsin, 2017).

3.3.2.2 Influence of personal values on behaviour and preference

Most marketing and psychology theorists have conceptualised consumer decision-making as the result of a number of influences, usually structured into three different categories, namely environmental factors, product-related factors and consumer-related factors (Schiffman & Kanuk, 2010). The current study concentrated on consumer-related factors and addressed specifically personal values.

Marketing literature dealing with consumer behaviour (Kostelijk, 2016; Kim & Stepchenkova, 2018; Kumar, 2018; Lee & Lyu, 2016; Leutner, 2016; Manan, 2016), has devoted considerable attention to ascertaining the influence of personal values on attitude and behaviour.

In an exploratory study, O'Cass (2001) investigated the influence of personal values on purchase decision and advertising involvement and concluded that an object will be more involving if it is strongly related to a consumer's values. Rajani (2010) investigated consumers' values and the difference in consumption, attitude and intention to consume wild versus farmed fish, and to test the relationships among the constructs in Vietnam.

The findings indicated that wild fish products can be appeal to environmental and welfare concern, personal values as well as attributes beliefs level of the consumer, while demand for the farmed fish products can be enhanced mostly by appealing to the attitudinal beliefs based on the attributes. Similarly, there is substantial consistency in some research studies advocating that personal values are instrumental in brand preference and choice (Poortinga, Steg & Vlek, 2004).

A quantitative study conducted by Kaze (2010) in the Latvian insurance market on consumer social values trends provided strong support and empirical evidence on values being determinant for consumer choice and suggesting that critical emphasis be put on consumer values by insurance market players in order to adapt to changing customer preferences and gaining competitive advantages.

Joubert and Poalses (2014) conducted research on the influence of personal values on packaging preference decisions. Their findings confirmed that packaging designs evoking complex cognitive personal value structures result in stronger preferences expressed for these packs.

3.3.3 Demographic variables and shopping

Do demographic variables such as gender, age and education affect shopping experience? A separate review of literature explored whether these variables moderate shopping experience

3.3.3.1 Gender-related shopping experiences

Gender is a relevant criterion used by marketers, psychologists and advertisers to stratify their markets (Cant, 2013). The discussion of gender differences stems from the fact that shoppers want a unique experience tailored to their needs and preferences (Interactions, 2015). Gender remains one of the demographic variables most used for market segmentation (Cant, 2013).

Research studies that emphasise shopping as a gendered phenomenon appear to be diverse. A comparative study by Ellis, Abild, Buker, Park and He (2012) in Canada, Spain and the United States revealed that, among adults, significant gender differences were found in each country, with the greatest gender difference being in Spain, where 65.2% of all shoppers were females.

From a South African perspective, Potgieter, Wiese and Strasheim (2013) investigated the decision-making styles of South African consumers and identified seven decision-making styles, namely perfectionist, recreational, confused by over-choice, novelty or fashion conscious, brand conscious, value conscious and price conscious. Females are characterised as recreational, confused by over-choice, fashion or novelty conscious, and they are price-conscious shoppers, while males are quality- and brand-conscious shoppers.

Both male and female shoppers are value conscious, habitual and brand loyal, but can be impulsive shoppers (Potgieter et al., 2013). Kotzé et al. (2012) investigated gender differences in men's sources of shopping enjoyment. The commonality of those research studies is that men and women traditionally approach shopping decisions very differently (see Kraft & Weber, 2012; Teller & Jennifer, 2012), for example in terms of shopping orientation, frequency for shopping acquisitions for groceries (Abrudan, 2016).

3.3.3.2 Age and shopping experience

Previous research (see Akhlaq & Ahmed, 2016; Fenech, 2017) suggests significant discrepancies in shopping patterns pertaining to different age groups. These differences are evident in the findings of a survey conducted in North America by Cognizant (2015). Key characteristics of consumers between the ages of 18 and 34

were the propensity to shop late at night using mobile devices – more than any other age group – and researching and checking prices while in stores more often.

The research by Cognizant (2015) also indicates that about 82% of 25–34-year-olds purchase products online using mobile devices at least once a month, compared with 76% of 45–54-year-olds. Williams and Page (2011) segment the US market into the following generation cohorts, namely pre-depression generation, depression generation, baby boomers, generation X and generation Y. These generation cohorts have unique expectations, experiences, generational history, lifestyles, values and demographics that influence their buying behaviours, with noticeable age dynamics regarding advertising (Williams & Page, 2011).

According to Roedder (1981), research into how children react to television (TV) content is essentially based on a number of stereotypes around children–media relationships as to how they are perceived to respond to media messages and the underlying reasons for acting in a specific way. Uusitalo and Takala (1993) set out to investigate how two age groups (children aged 7–8 and 10–11) at different developmental stages differed in their cognitive and affective reactions to TV advertising.

The study found many differences in the cognitive reactions, whereas affective reactions and preferences for the commercials were similar. Retailers sometimes do not adopt a balanced approach in their segmentation strategy (Rousseau and Venter, 2014). According to Rousseau and Venter (2014), retailers in South Africa tend to ignore the mature markets, and focus exclusively on teens and early adulthood.

Given the observed differences outlined above, and in agreement with some authors (such as Ordun, 2015; Williams & Page, 2011), retailers should adopt a multi-generational approach when marketing their products. This will result in deepening and refining their customer knowledge in order to deliver more relevant and personalised shopping experiences.

3.4 DIGITAL CUSTOMER EXPERIENCE

Electronic commerce or e-commerce is the use of electronic communication and digital information-processing technology in business transactions to create, transform and redefine relationships for value creation between or among organisations, and between organisations and individuals (Chanana & Goele, 2012).

According to Chanana and Goele (2012), the major different types of e-commerce are business-to-business (B2B), business to-consumer (B2C), business-to-government (B2G), consumer-to-consumer (C2C) and mobile commerce (m-commerce).

From 2000 to 2017, the growth rate of Internet user is around 976.4% (Internet World Stats, 2019). The number of Internet users rose from 2,405 million (June 2012) to 3,885 million (June 2017) that accounts for 51.7% of the world population (Datta & Acharjee, 2018; Internet World Stats, 2019). Thus, the Internet has generated significant influence on all aspects of human activities, including consumer behaviour (Ghazali, Mutum, Chong & Nguyen, 2018; Hajli, 2014; Victor, Thoppan, Nathan & Maria, 2018).

This influence is translated into increasing attention in academic writing wishing to record the phenomenon. As a result, traditional strengths, such as location or product variety, are declining in importance (Accenture, 2017:2). In developed countries, most leading retail brands, including Carrefour and Walmart, have developed online capabilities which allow their customers to shop online. However, online shopping is still in its infant stage in most developing countries, such as South Africa (Tustin, Van Vuuren & Shai, 2015).

In both cases, shopping literature on the emotionality associated with shopping experience is still not well documented and deserves more attention in an effort to build customer loyalty. The discussion that follows is, however restricted to customer experience in relation to digital shopping.

3.4.1 Mobile shopping and customer experience

The world is witnessing an unprecedented digital revolution (McKinsey, 2013). With integrated marketing communication, retail marketers have a wide range of channels at their disposal for advertising and promoting their product and service offerings (Al Khattab, Abu-Rumman & Zaidan, 2015). Mobile shopping, also referred to as m-shopping (Marriott, Williams, & Dwivedi, 2017; Saprikis, Markos, Zarmpou & Vlachopoulou, 2018) is an alternative sales channel available to optimise marketing investments (Chen, 2013). In today's retail landscape, mobile shopping, which simply implies the use of mobile devices, especially smartphones and tablets to do shopping as a particular shopping medium, is making inroads (Ghazali et al., 2018). Oracle (2011a) conducted research on mobile trends and customers' perceptions of mobile shopping in the United States.

The study revealed that 48% of all US consumers are using their mobile devices to research and browse products and services, and those numbers have grown steadily compared to two previous consumer surveys (Australian Postal Corporation, 2018). Consumers search, compare prices and ask for advice using their own mobile phones (Grewal, Ahlbom, Beitelspacher, Noble & Nordfält, 2018). Based on these figures, Deloitte (2012) shares a more than optimistic future of mobile shopping and positions it as one of the most spectacular sources of growth.

3.4.1.1 Customers' experience with mobile shopping

As mentioned in previous sections, the bargaining power has shifted from retailers to customers. To stay ahead of consumers' expectations remains a source of competitive advantage. The adaptive capacity of retailers to the needs of society in general and retail shoppers in particular will play a pivotal role in such equation.

Latitude (2012) conducted a large-scale study in the United States and the United Kingdom to ascertain general shoppers' mind-sets and motivations.

They found that 66% of mobile shoppers were young (20–39 years old). Besides, 63% of the participants expected to be doing more shopping on their mobile devices over the next couple of years. The study by Safeena, Hundewale and Kamani (2011) regarding the adoption of customers' adoption of mobile commerce in the banking

sector in Saudi Arabia also noted the influence of mobile shopping on customers' purchase intentions and ultimately driving sales.

The Pew Research Center (2012) investigated the use of mobile devices within retail stores in their research. The findings showed a diversity of use, including seeking advice from a friend or family member for a purchase decision (46%), reviews of products (28%) and price comparisons (27%). These high figures are indicators of shoppers' increased demand for more out of their favourite retail outlets.

3.4.2 Factors affecting digital shopping experiences

Mukhovha (2018) points out that the current extraordinary growth registered with online retail is an indicator that the path to growth has clearly shifted from new store openings to e-commerce. Chaffey, Ellis-Chadwick, Mayer and Johnston (2009:387) define online customer experiences as a combination of rational and emotional factors of using the online services of an organisation, which influence customers' perceptions of a brand online.

A literature review by Jin (2013) identified three critical factors with high potential of impacting on shopping experience, namely convenience, interactivity and perceived risk. These are discussed below.

3.4.2.1 Convenience

Usually, the convenience aspect of online shopping is derived from its comparison with offline shopping. According to Beauchamp and Ponder (2010), 'retail convenience' refers to customers' time and effort costs associated with shopping in a retail environment. With online shopping, time and place constraints are limited, with the customer being able to shop from any vendor, anytime, anywhere in the world (Deepali, 2013; Suresh & Shashikala, 2011).

Hung, Chen and Huang (2014) point out that shopping convenience is created through the removal of physical constraints, such as spatial and geographic distance, traditional payment methods as well as fixed store hours. The potential customer can compare prices and express shipping options.

This is because product information can be obtained easily from online catalogues and product descriptions on the Internet (Jin, 2013). Beauchamp and Ponder (2010) also perceive convenience from different perspectives, namely access, search, transaction and possession.

3.4.2.2 Interactivity

Researchers (such as Dolakia & Zhao, 2009; Thombre, 2011) established that a customer-centric virtual shopping facility needs to provide shoppers with the possibility of interaction. Interactive technology are methods, tools or devices that allow various entities (individuals, machines or organisations) to engage in mediated communication to facilitate the planning and consummation of exchanges between them (Pavlou et al., 2010).

According to McMahan, Hovland and McMillan (2009), interactivity may be understood from three different streams of research. The first stream is to understand interactivity of an online store in its engaging capacity, and emphasises actual features such as e-mail options, navigational tools, transaction capabilities, customised content, user control and timeliness. Secondly, as a process, 'interactivity' refers to user control, responsiveness, exchange, two-way communication, and real-time participation for relationship building.

The last stream of research focuses on user perceptions of the interactivity of a site as a major criterion to define interactivity (McMahan et al., 2009).

3.4.2.3 Perceived risk

Online shopping literature has identified customers' perceived risk as a critical concern when engaging in online shopping decisions. Recent research studies established that the countless expansion possibilities offered by the Internet to many organisations (Alkailani & Kumar, 2011) and the benefits of online commerce over traditional commerce and optimistic predictions for future growth of online shopping (Masoud, 2013) are also surrounded with some threats in increased adoption of the Internet as a means of shopping (Ko, Jung, Kim & Shim, 2004).

Flavian and Cuinaliu (2006) define perceived security as the subjective probability in the consumers' eyes that his or her personal information will not be shown, saved

and/or stolen during online shopping activities and storage by outside vendors. Masoud (2013:76) defines perceived risk as the potential for loss in pursuing a desired outcome from online shopping.

According to Suresh and Shashikala (2011), perceived risks are the potential subjective belief about the probability of a negative outcome from any purchase decisions in terms of functional risk, physical risk, financial risk, social risk, psychological risk and/or time risk. Nayyar and Gupta (2011) define perceived risk as the functional or psychosocial risk a consumer feels he or she is taking when purchasing a product.

The common ground of all these definitions of perceived risks refers to the fear, disappointment or frustration resulting from the purchase of product or service online. The study by Zhou, Dai and Zhang (2007) found that demographic factors, Internet knowledge, normative beliefs, shopping orientation, shopping motivation, personal traits as well as the psychological perception of online shopping experience are the major factors that shape online shopping.

In a similar study, Kim (2004) investigated consumers' online shopping and purchasing behaviours. He suggests that the various factors should be grouped into consumer factors, marketing factors and finally, technology factors. According to Kim (2004), consumer factors are privacy, security, time, ease of use, convenience, enjoyment, previous experience, company reputation and tactility, while Marketing relates to product quality and variety, product promotion, delivery methods, return policy, and customer service.

Finally, technology factors include availability of a personal computer (PC) or Internet access, downloading time and representativeness of pictures and colours (Kim, 2004).Li (2014) investigated the factors influencing customers' choices of online merchants. They identified seven important influencing factors, namely reputation and trust, web quality, stickiness to a website, order fulfilment performance, price, sales volume, reviews and ratings.

3.4.2.4 Key issues in digital shopping

Online shopping has recorded a noticeable development in all kinds of purchases worldwide (Mukhovha, 2018), and this trend is to be kept upward (World Wide Worx, 2019). In spite of the tremendous development, online shopping has not been able to be a full substitute to regular trips to retail stores (Hays, Keskinocak & De López, 2005). Some reasons impeding wider adoption of online shopping are provided in literature.

A study conducted by Katawetawaraks and Wang (2011) established that security, intangibility of online product, social contact and dissatisfaction with online shopping are the major obstacles to online shopping, with the first reason being a security issue. In the United States for example, 70% of web users are seriously worried about their personal information, transaction security, and misuse of private consumer data (Katawetawaraks & Wang, 2011:70).

Among all the factors explaining a negative attitude towards online shopping, most studies point to security as the most recurrently cited. In a study conducted by Goldstuck (2010), over half of the participants (53%) who shopped online were demanding assurance of secure transactions, while 52% of demanded protection from unscrupulous websites.

These findings are supported by the recent study by Jukariya and Singhvi (2018) which shows that transaction security and multiple payment options, personal privacy and security, product price and quality, the speed of access and after–sales service were identified as the major factors affecting online shopping behaviour.

From a South African perspective, Joubert, Poalses and Moshoeu (2015) conducted a study regarding factors that influence South African consumers when purchasing online. The study revealed that the issues of security, reliability, convenience, ease of finding the product, online purchases and speed of Internet access, price of the item, ability to make more informed purchases, and no pressure from a salesperson are the major factors influencing consumers' decision to buy online.

3.5 GAPS IN LITERATURE

The literature review highlighted the need for retailers to acknowledge that their customers are affected in all aspects of their lives, one which is the impact of digital devices on customers. In their delivery systems, retailers are required to focus their managerial and marketing efforts on creating unique customer experiences. To achieve that, retailers need creativity, intuition, and dedication to your audience (Clint, 2016). The non-existence of a valuable extant body of knowledge, on these questions, especially in South Africa, left these preoccupations unresolved until the time of the current research study.

3.6 CHAPTER SUMMARY

As a stream of research within the broader marketing discipline, customer experience has become a subject of intense inquiry among marketing researchers and practitioners who have significantly advanced impressive insights into the scope in explaining the behaviour of retail customers. The literature ventured into conceptualising customer experience together with the factors that influence both store-based and online customer experience.

The literature also supports the fact that the implementation of customer experience has gained momentum, and as a result of technological developments, customers have become more knowledgeable. Thus, providing the best customer experience was highlighted as a key source of competitive advantage. From a local perspective, South African customers, with a strong negative attitude toward online shopping, show a preference for in-store shopping (Joubert et al., 2015). In their strategic planning, South African retailers should understand, evolve and integrate their online presence seamlessly with their in-store presence.

They "need to have a consistent offering on one integrated ecosystem across online and in-store in order to effectively compete and grow" (Australian Postal Corporation, 2018:4).

CHAPTER 4

BUILDING CORPORATE BRAND LOYALTY THROUGH CUSTOMER RELATIONSHIP MANAGEMENT AND BRAND COMMUNICATION

4.1 INTRODUCTION

In their book Customer relationship management and customer service, Brink and Berndt (2008) say:

> *As marketing entered the 1990s, the relationship marketing concept represented a new marketing paradigm, a shift in business thinking, from transactional marketing to building long-term relationships with customers and this was regarded as the biggest change in 50 years, in effect taking marketing back to its roots. The relationship philosophy, through its implementation in customer relationship management (CRM), became the battle cry of the 1990s.*

Most customer relationship management (CRM) programmes aim to achieve some goals, amongst others, the enhancement of profitability, income, customer satisfaction, customer retention as well as the development of customer brand loyalty. The availability of loyalty management applications is a direct response to this need. Identification of emotional (unspoken) antecedents of customer loyalty towards the selected South African retail brands will greatly help create and nurture a quality learning relationship based on consistent knowledge from both the customer and the retailer.

The current study argues that CRM is a permanent interaction process between the retail brand and the user, with the outcome being a positive brand experience leading to loyalty. The literature review in this chapter is aimed at providing a broad understanding of the major constructs, and concomitantly reflects the relationship between CRM and retail brand loyalty.

4.2 RELATIONSHIP MARKETING: A PARADIGMATIC SHIFT IN MARKETING

Researchers and marketing practitioners provide a variety of definitions of the marketing concept. An exposition of the understanding of consumer orientation stems from a reflection on some definitions.

According to Dawson (1979:19),

> *"[m]arketing is the process in a society by which the demand structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion, exchange and physical distribution of such goods and services."*

For Kotler, Roberto and Lee (2008),

> *"[m]arketing is the management philosophy that, achieving organisational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do."*

Considering the major aspects of the definitions above, O'Brien and Harris (1991:32) notice that marketing is primarily concerned with meeting consumer needs, both in terms of products and service, and in the ways they are delivered by organisations.

Furthermore, both definitions exhibit two major dimensions of the marketing concept, namely the customer or market dimension and the organisational dimension. However, Kotler et al.'s (2008) definition is a more contemporary one since they acknowledge the need for achieving a competitive advantage, given the dynamic and complex nature of consumer markets today. Most definitions of marketing encapsulate three major aspects or dimensions: an organisational dimension, a customer dimension and a competition dimension.

These basic dimensions have not changed since; instead, other approaches have emerged, which Gheysaria, Rasli, Roghanian and Norhalim (2012:543) refer to as "marketing orientations" (i.e. production, product, sales, marketing and societal orientations). These marketing orientations influence the overall actions in the organisation (Cant, 2013:7).

As the concept of marketing orientation gains stature, satisfying consumer and organisational needs and actively focusing on building relationships with customers has become a recipe for success and an important issue in marketers' agenda (Cant, 2013).

4.3 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

The current study on the retail sector of South Africa fell under the service industries and positioned CRM as one of the core concepts to be investigated further.

4.3.1 Defining customer relationship management

The perusal of the article by Boulding, Staelin, Ehret and Johnston (2005) clearly states that little is known about CRM. CRM, as a leading modern business and market strategy, is employed in the highly competing business environment and has finally become a major concern of business managers (Nwankwo & Ajemunigbohun, 2013).

However, the authors point out that the understanding of the concept differs in meaning depending on the working arena where it is being used. According to Rababah, Mohd and Ibrahim (2011), three major reasons explain discrepancies in the understanding of CRM:

- the different academic backgrounds of the researchers and scholars;
- CRM is a relatively new field of research that needs more maturity in conceptualisation; and
- the multidisciplinary nature of CRM, which it is a combination of management, marketing and information system disciplines.

In light of its benefits, CRM is commonly considered as synonymous with organisational success (see Larentis, Antonello & Slongo, 2018; Marzo, Iglesias & Rivera, 2018; Nwakanma & Jackson, 2007). Despite marketing being a discipline in its own right with a considerable amount of literature on CRM, it is worthy to note that the definitions in the current study have been carefully selected in close consideration of their pertinence to the topic under discussion. In other words, for the purposes of this study, only definitions, including aspects that were felt to be necessary to support the discussion of the nature and development of CRM in a retail landscape, have been selected.

To provide some clarity in this regard, Ryals and Knox (2001) define CRM as a relationship orientation, customer retention and superior customer value created through process management. Thus, as a business strategy, CRM is a customer-

focused business strategy that aims to increase customer satisfaction and customer loyalty by offering more responsive and customised services to each customer.

CRM is further defined by researchers (such as Lun, Jinlin & Yingying, 2008; Roberts-Lombard, 2011; Long, Khalafinezhad, Ismail & Rasid, 2012) who refer to CRM as the philosophy, policy and coordinating strategy mediated by a set of information technologies, which focus on creating two-way communication with customers so that firms have an intimate knowledge of customers' needs, wants and buying patterns.

In the same context, Buttle (2009) defines CRM as the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers and the broader community at a profit. From an information technology (IT) perspective, Rababah et al. (2011) also suggest that CRM is the building of a customer-oriented culture by which a strategy is created for acquiring, enhancing the profitability of, and retaining customers, that is enabled by an IT application, for achieving mutual benefits for both the organisation and customers.

CRM as a culture acknowledges that there is a crucial need for buy-in from the entire organisation according to Berndt and Tait (2013). This would imply that once the organisation decides to embark on CRM, from top management to front office employees, the entire organisation should change.

The IT perspective is also considered by Richards and Jones (2006) cited in Nwankwo & Ajemunigbohun, 2013) as they define CRM as a set of business activities supported by the alignment of both technology and process directed by strategy and designed to enhance firm performance in an area of customer management. Thus, successful CRM aims at fathoming the desires and needs of the customers, and is accomplished by the integration of these desires with the strategy of the organisation, technology, people and the enterprise process (Fagbemi & Olowokudejo, 2011).

In summary, it is important to emphasise that, although the definitions from other disciplines are acknowledged, the discussion of the concept of CRM takes place in the overall context of marketing thought.

In Table 4.1, the most important concepts embedded in the above definitions are highlighted.

Table 4.1: Perspectives on customer relationship management

Point of view	Description	Success requirement	Concept
As a process	This improves the relationships between the seller and the buyer. The relationship must be strong and endurable.	The institution should have the ability to discover the customer's desires and to respond to them.	CRM is creating and enhancing the engagement and relationships with the external parties, especially the agents and end consumers.
As a strategy	The value of the lifetime of the customer with the institution determines the amount and kind of resources that the organisation can invest in a relationship.	The institution should assess its relationship with the customer continuously. It should assign priorities in dealing with him or her on the basis of the quantitative profitability during the lifetime of the customer.	CRM is the investment of the company in the customers who are expected to be valuable for the institution, and the reduction of investment in the valueless customers of the company.
As a philosophy	Customer retention can be achieved better through focusing on establishing relationships and maintaining them.	The customer should be the focus of the attention of the institution, which should be oriented towards understanding the changeable needs of the customer.	CRM is not a temporary project, but a work philosophy, which aims at putting the customer in the focus or the attention of the organisation.
As an ability	Profitable and long-term relationships only arise when companies are able to customise their behaviour continuously towards every customer.	The company should possess a group of tangible and intangible resources, which the company uses to remodel its behaviour flexibly and continuously towards the customer.	CRM means the desire and ability of the institution to custom its behaviour towards every customer on the basis of the information the customer provides and what the institution knows about that customer.
As a technology	Knowledge management and reaction represent the main resources that the institution needs to establish profitable and long-term relationships with the customer.	The institution should be directed with the functional method, and also the user's acceptance of the technology applied by the institution in order to establish the customer's knowledge and reaction management.	CRM is the technology used to integrate sales systems, marketing systems and information systems to establish relationships with customers.

Source: Soliman (2011:168).

Table 4.1 clearly shows that researchers usually approach CRM from different perspectives, which are not exclusive. For the purposes of this study, the following definition of CRM is supported by the researcher:

A market-based approach, a marketing philosophy, technology-enabled process that treasures customers and their management in terms of provision and integration of consistent feedback for the development of predictive models. CRM is also both a process and a means of understanding customers individually and collectively in terms of lifetime value, driving revenue with the ultimate goal of building loyalty.

For a better understanding of CRM, it is necessary to reflect on the main reasons for implementing CRM and how this marketing concept has evolved.

4.3.2 The need for CRM

Firstly, venturing into the rationale for implementing CRM, Xu and Walton (2005) list the following reasons: improvement of customer satisfaction, retention of existing customers, provision of strategic information, and improvement of customer lifetime value.

Secondly, attempting to identify the main factors for the growing popularity of CRM, Stojanov (2009) cites the following: Attracting and keeping clients remain a management priority and the growing significance of electronic technologies and the Internet for customer care and as a sales channel is creating considerable insecurity for companies.

Buttle (2009) also states that three fundamental economic reasons explain the motivation for CRM in building relationships with customers, namely:

- improving customer retention reduces the marketing costs of the organisation;
- CRM achieves a better customer insight. As customer tenure lengthens, organisations are able to develop a better understanding of customer needs and expectations. In this process, customers come to understand what the organisation can do for them; and
- lifetime value, which postulates that a customer should not be viewed as a set of independent transactions, rather as a lifetime income stream.

Besides these benefits, Nguyen, Sherif and Newby (2007) add the advantage of superior customer service as well as increased customer loyalty. As the current study related closely to the latter concept, and based on evidence that customer

loyalty is a key catalyst for venturing into CRM, more clarity is needed on the forms of CRM. The next section therefore deals with the forms of CRM.

4.3.3 Forms of CRM

When looking at the forms of customer relationships, literature exhibits four levels, namely strategic, operational, analytical and collaborative. These forms of CRM will receive detailed explanation below.

4.3.3.1 Strategic CRM

Strategic CRM is concerned with the development of a customer-centric business culture. This culture is dedicated to winning and keeping customers by creating and delivering value better than competitors (Buttle, 2009:4). At the core of the strategic type of CRM is the way organisations apply CRM to achieve their long-term objectives. This is usually apparent in the mission statement or the vision of the organisation, therefore shaping leadership commitment and employee behaviour.

In other words, deciding to embark on CRM is initiated by managers at the highest level of decision-making within the organisation. In enforcing that strategic option, top management should convince senior management on the need of strong customer commitment, and reward all those within the organisation who do likewise.

Equally, management should also outsource guidance through consulting experienced organisations (Brink & Berndt, 2008). Other authors (Chinje, 2013; Lambert, 2010) suggest developing strong in-house programmes for managers at all levels to empower employees and initiate an outcomes-based focus.

4.3.3.2 Operational CRM

Operational CRM refers to products and services that allow an organisation to take care of its customers. Operational CRM also referred to as “the automation of business processes” (Ngai, Xiu & Chau, 2009:2592) comprises “the business processes and technologies that can help improve the efficiency and accuracy of day-today customer-facing operations”. This includes sales, marketing and service automation (Iriana & Buttle, 2006:24).

Defined in this way, operational CRM is a tool or mechanisms designed to interact with customers, and this is well rooted in customer service.

4.3.3.3 Analytical CRM

The analytical type of CRM deals with increasing customer and organisation value using the customer data. It is "being concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value" (Buttle, 2009:9).

Operational and analytical CRM are intimately related because analytical CRM builds on operational CRM, and analyse customer data to create information (Mishra & Mishra, 2009; Rababah et al., 2011). Analytical CRM is therefore, according to Chan (2005:35), the source of customer intelligence.

The information about customers' preferences, purchasing behaviour, their lifestyles and other previous purchasing and consumption behaviour is recorded and forms the basis of decision-making. This information could serve various marketing purposes such as new product development, advertising campaigns (Cant, 2013).

4.3.3.4 Collaborative CRM

Collaborative CRM is concerned with aligning supply chain members through a "coordinated mix of interaction channels (multi-channel management)" for serving customers better (Mishra & Mishra, 2009:86). Here, customers are so valued by a number of related or unrelated organisations that organisations put their resources in common (collective efforts) for increased satisfaction of customers.

This form of CRM is more evident in FMCG (Buttle, 2009:11) where retailers can align their people, processes and technologies to serve shoppers effectively and efficiently. However, all of these collaborative relationships must provide visible benefits to each collaborator so that a continuous engagement can be ensured, and the value of the collaborative work can be measured by each collaborating partner.

As specified in Chapter 1 (see section 1.7.5), in the context of the current study, the selected South African retailers were considered as retail brands. It was of paramount importance to consider the forms of CRM because the choice of a

specific type will dictate the nature of relationships that will be appropriate to customers. Therefore, as brands, once retailers have opted for CRM, there is a relationship that they need to develop with their customers on a proactive basis.

4.4 CUSTOMER–BRAND RELATIONSHIPS

Business-to-consumer (B2C) markets ascribe an important role to individual relationship management with the result of maintaining sustainable customer loyalty. Hankinson and Cowking (1993:3) state in this regard:

> *The relationship between the customer and the brand, or more precisely the customer's perception of a brand, is key to the brand's acceptance … the strength of the relationship between the customer and the brand will reflect "the fit" between the customer's own physical and psychological needs and the brand's functional attributes.*

With regard to the importance of branding, Zaba-Nieroda (2010:183) states:

> *Strong brand supports the main business strategy and increases efficiency of a company's operations. A brand affects profits. Influencing clients' preferences, it allows achieving a competitive advantage. A consistently managed brand reflects needs of the environment and responds to challenges and ensuing changes. A well-managed brand supports internal harmony as regards the vision of a company.*

This section discusses two major concepts: branding, as the art of making something arise in a person's mind when a brand is mentioned (Rein, Kotler & Ryan, 2006), and customer loyalty as a result of relationship management (CRM).

With regard to branding, the section will provide a general overview of branding, corporate branding, brand relationships and brand management. As far as customer loyalty is concerned, the section provides recent definitions and discusses the need of building loyalty, the antecedents of brand loyalty, which were used during the empirical research to assess frequency of purchase and brand preference.

4.4.1 Customer–brand relationships: a marketing imperative

Relationships form, evolve and sometimes end between brands and their customers (Edelman Intelligence, 2018). Fournier's (1998) research led the foundation to further research the mechanisms behind the relationship between a brand and consumers

(Loureiro, Kaufmann & Vrontis, 2012). Patterson and O'Malley (2006) therefore urge organisations to enhance their relationships with their customers.

The development of such widely accepted principle has led marketers to understand the power shift from corporations to customers and thus, "the customer owns the brand, not the organisation" (Kim et al., 2007:327). In support to this assertion, Terkan (2014:239) even said that "customers are no longer bound by rules to any particular brand…consumers are now in control of what they wish to see, hear and buy". Customers always keep a high level of expectations towards their favourite brand (Oracle, 2011b).

The relationship marketing ladder of loyalty (see Brink & Berndt, 2008; Mackay, 2017; Magatef & Tomalieh, 2015) contends that customers engage in a journey with organisations, in this case, retailers. When studying the nature of this relationship, marketers come to realise that customers can be moved to various levels of relationships, where partnership is the most desirable (Belaid & Behi, 2011; Kaufmann, Loureiro, Basile & Vrontis, 2012; Petzer, Mostert, Kruger & Kuhn, 2014).

The key to successful development of the relationships lies in its strength, which needs to be assessed over time (Edelman Intelligence, 2018). For a sustainable relationship, marketing managers have the responsibility of to rethink authentic strategies perpetually, giving their customers no option other than to engage, feel and embrace their brands (Cunningham & Perkins-Roberts, 2012).

Findings from Fournier's (1998) critical research identified seven different types of brand relationships, namely –

- voluntary versus involuntary;
- positive versus negative;
- intense versus superficial;
- enduring (long-term) versus short-term;
- public versus private;
- formal (role- or task-oriented) versus informal (personal); and
- symmetric versus asymmetric (Sweeney & Chew, 2002).

Fritz, Lorenz & Kempe (2014) identify four different types of consumer–brand relationships, namely “best friendship,” “unemotional purpose-based relationship,” “loose contact,” and “happy partnership.” Relationships can also be either dyadic (that is, a one-on-one monogamous relationship between a consumer and a brand) or a polygamous (Aggarwal and Shi, 2018).

Depending on the strength of the relationship, Edelman Intelligence (2018:6) identifies five types of relationships, namely Indifferent, Interested, Involved, Invested and Committed relationships. These classifications emphasise the overall communication between the retailer and its customers is an important issue for marketing managers, and at the same time, raise the need to further understand the nature of the relationships.

In their view, the following reasons support the rationale for building strong relationships between brands and their audience. First, the relationship concept as applied in a variety of situations should also be applied to the relationship between a brand and its customers. Secondly, the outcome of brand image research has demonstrated that brand image is not a reliable determinant in predicting consumer behaviour.

Building on the social exchange theory (SET) (see Cropanzano & Mitchell, 2005), it is believed that customers have humanlike relationships with brands (Mulvey, 2012). Therefore, developing such a relationship is of particular concern since the ultimate goal of marketing is to develop customer loyalty (Patterson & O’Malley, 2006). Finally, the emphasis of a brand relationship development, according to Patterson and O’Malley (2006), is a recipe that gives the organisation immunity against a myriad of environmental risks, especially competitive pressures. Importantly, most research studies have the tendency to report only positive brand-customer relationships. (such as Bowden & Gabbott, 2016; Fournier, 2013).

However, the relationships that develop between brands and their customers are not just positive. They can be also be negative (see for instance (Almeidam, 2018; Hogg, Banister & Stephenson, 2009). These negative brand relationships are discussed in section 4.4.2.

4.4.2 Brand avoidance: customer rebellion to brands

Two main concepts, ‘brand avoidance’ and ‘brand forgiveness’, have emerged in the dynamic relationships between retailers and their customers (Chung & Beverland, 2006; Lee, Conroy & Motion, 2009; Saad & Fauzi, 2017). As reported in 4.4.1, these research studies report that the relationship between a brand and its audience is, most of the time, reported as smooth and perfect.

Brand avoidance literature however contends that, at times, customer–brand relationships can be conflicting, and this is confirmed by Xiao, Li and Wei (2014:347) who say, “[i]n brand crisis, organisations usually adopt an apology, compensation, denied and silent strategy to cope with consumers, hoping to be able to get consumers to forgive and repair the damaged brand relationship.”

While the concept of brand avoidance is discussed in this section, brand forgiveness will be discussed in section 5.4.3. The quotation above from Xiao et al. (2014) draws the attention to the fact that no service provider should expect to meet its customers’ expectations all the time, and this implies that service failures are possible.

Admittedly, when customers perceive that they can no longer identify themselves with their favourite brands in the sense that those brands are repeatedly failing to engage them (Xiao et al, 2014), they deliberately decide to stay away from such brands (2009:422).

4.4.2.1 Nature of brand avoidance

Customer–brand research mostly focuses on building idealistic relationships where brands are favourably accepted (Srivastava, Fahey & Christensen, 2001). In the initial use of the concept of brand avoidance by Oliva, Oliver and MacMillan (1992), they referred to customers’ switching behaviour from one brand to another.

A more contemporary exposition of brand avoidance is presented by Lee et al. (2009:422), who define brand avoidance as “a phenomenon whereby consumers deliberately choose to keep away from or reject a brand”. Customer–brand relationships literature provides alternative expressions used interchangeably with ‘brand avoidance’ to relate to individuals’ reactions to unsatisfactory customer experiences (Huefner & Hunt, 1992) such as –

- “negative marketing events”, “negative exposure”, “brand scandal”, “negative brand exposure events” (Xiao et al., 2014:348);
- “consumer resistance” (Kozinets & Handelman, 2004:703);
- “grudge-holding” (Bunker & Ball, 2008:37);
- “customer retaliation”, “consumer anger” (Funches, 2016:31);
- “brand transgression” (Steinman, 2012:76–77; Tsarenko & Tojib, 2015); and
- service failure (Kruger, Mostert & De Beer, 2015:608).

The common ground of these terminologies is that, in those cases, customers develop the psychological premise (feeling) that they have been abused and violated eventually diminishing their confidence in the service provider, in this case, the retailer (Morrisson & Crié, 2014). The awareness of such feeling warrants reactions from the customer, including customers displaying lingering anger, resentment and hostility; spreading negative word of mouth; complaining; switching to competitors or even retaliating in some way (Kruger et al., 2015).

In their research, after evaluating the effect of product harm crisis attribution, Fan and Wang (2015) found that it can directly cause brand stigma. In investigating how the avoidance of a brand is affecting the consumer’s attitude towards other products, Lee, Conroy and Motion (2009) identify four different forms of brand avoidance, namely experiential, identity, deficit-value and moral avoidance.

- Experiential avoidance occurs as result of a previous memorable unpleasant encounter that the customer had with a brand, and this negative experience will establish a diminished likelihood of the customer purchasing from a specific retail brand (Hempel, 2012).
- Identity avoidance can be explained through the psychological construct of self-concept and consumer culture theory (Tushi, 2014), and occurs especially when consumers perceive certain brands to be inauthentic, or when they associate certain brands with a negative reference group (Lee et al., 2009).
- Deficit-value avoidance refers to a variety of situations where the organisation has failed to keep its promises to its target audience.

- Finally, moral avoidance is mostly concerned with the lack of fit between the host country and the country of origin of multinational corporations.

In one form or the other, brand avoidance affects the consumer's attitude towards retailers' product and service offering (Hempel, 2012). As a result of this classification, consistent corporate marketing communication strategies are required to cope with damaged customer–brand relationships.

4.4.2.2 Implications of brand avoidance

When brands are avoided, customers develop deep attitudes and behaviours over time that could hinder the effectiveness of a brand's marketing communication activities. The two implications identified are brand hate and customer disidentification.

- Brand hate

Brand hate appears to be cited consistently by various research studies as one of those customer–brand relationships whose ineffective management yields undesirable outcomes to the organisation (Bernhard, 2015; Karlsson & Rodrigues, 2015; Koenderink, 2014). Bryson and Atwal (2010:32) define 'brand hate' as an intense negative emotional affect towards a certain brand. According to Yao (2013), human beings are inclined to associate deep feelings and emotions in certain buying and consumption situations. Brand hate is acknowledged as one of those deep feelings, and predominantly occurs as a consequence of brand avoidance (Karlsson & Rodrigues, 2015; Koenderink, 2014).

- Customer disidentification

This implication of brand avoidance should be understood within the context of brand communication between the brand and its audience. Any brand communication endeavour always triggers a response from customers, which could be positive or negative (Zehir, Sahin, Kitapçı & Özsahin, 2011). Authors (see Elsbach & Bhattacharya, 2001; Karlsson & Rodrigues, 2015) report that the positive reaction translates into congruence between the message encapsulated in the brand communication and the customer. However, if brand marketers are not successful in

establishing congruence between their brands' identity and customer identity, there is a possible negative effect.

The approach adopted in this study was that, in the event of a perception of incongruence between the brand and the user base of the brand, a customer is more likely to disidentify himself with the brand. Therefore, in the current study the researcher believed that regardless of the intensity of brand hate and customer disidentification, which may cause customers to defect, it is still possible to win them back. That is the core of the concept of brand forgiveness, which warrants further discussion.

4.4.3 Brand forgiveness: reinitiating dialogue with the customer

The concept of forgiveness, which has a religious origin (Mbah, 2013), has been applied to the fields of marketing and psychology to address the shortcomings within the dynamic relationships between brands and their customers (Chung & Beverland, 2006; Ledin, Norell & Thorel, 2016; Sampedro, 2017).

4.4.3.1 Forgiveness: from religion to marketing

The concept of forgiveness has a purely religious connotation where it is experienced as compassionate love, and as a form of connection and re-connection (Mbah, 2013:3; McCullough, Fincham & Tsang, 2003). There is also a political connotation attached to the concept of forgiveness. In politics, and more specifically in the South African context, the core of the concept of ubuntu is forgiveness, which was the South African model of rebirth, setting the acceptable social and political conditions for peaceful coexistence of racial groups in the post-Apartheid era (Krog, 2008).

Researchers in the field of psychology (Siamagka & Christodoulides, 2016; Steiniger, 2016; Van Tongeren et al., 2014) have an interest in the concept of forgiveness, based on premise of scientific studies reporting the positive influence of forgiveness on physical, relational and emotional well-being (Holeman, Dean, Deshea & Duba, 2011).

4.4.3.2 Strategies of brand forgiveness

From a purely marketing perspective, as embraced in this study, while brand avoidance sometimes portrays accidental or unexpected situations that lead to the relative or complete rejection of a brand by customers, brand forgiveness attempts to bring customers back in spite of the experiences of a bad previous relationship.

Healing such psychological wounds (Staub, Pearlman, Gubin & Hagengimana, 2005) is possible if the organisation can locate the grievances of the customer and is able to remedy that situation. This will greatly depend on the ability of the organisation to diagnose the psychological harm done to the customer (Xiao et al., 2014). Contemporary studies (see Morrisson & Crié, 2014; Xiao et al., 2014; Fetscherin & Heinrich, 2014) suggested novel models to deal with brand forgiveness.

The current discussion will focus on these selected models in order to implement brand forgiveness.The models concur with the outcome of the literature and support the idea that brands usually offend their customers through deficits in brand communication, for instance intrusive advertising (Li, Edwards & Lee, 2002); or unpleasant customer experience (Jugenissova, Yin-Fah, Li-Chen & Kok-Siew, 2014).

Fetscherin and Heinrich (2014) suggest that the functional dimensions (i.e. customers' ability to forgive and cultural norms and strong emotional dimensions (i.e. emotional predisposition, consideration of fairness and options.

4.5 CUSTOMER REACTION TO RETAIL BRAND COMMUNICATION

While playing a key role in bridging the gap between production and consumption, retail brands' productivity, growth and success are spurred by innovation (Retail Council of Canada, 2010). Considering the brand as the most precious asset of any organisation (Ray, 2004) and brand building as a priority in retailers' agenda, the current chapter presents a discussion of brand communication as one of the most pertinent avenues to build customer loyalty.

In positioning this study in the context of B2C markets, individual retail customers, whose knowledge is a pre-requisite for success and survival of retail brands (Cant, 2013) were considered as the focal point of this study. Indeed, there are complexities

inherent to retail customers with regard to their attitude and behaviour in the ever-dynamic and competitive marketing environment. These challenges show the need for retail brands to coordinate their marketing strategies properly with the view to deliver clear, consistent and competitive messages about itself, its products and its service offering (Kehinde, 2011; Levy & Weitz, 2012).

Driven by the ability of brand communication to shape perceptions, the concept of brand communication effectiveness is largely determined by both customers' understanding of the message and their desired reaction in response to the message (Mihart, 2012).Based on sound theoretical and empirical evidence that any exposure to a brand communication affects customers' response to that brand (Zehir et al., 2011), and that strong brand building largely occurs at an affective level (Saad, 2011; Turri, Smith & Kemp, 2013), one of the major issues in consumer research has been the concepts of effective branding and customer engagement, i.e. what in the brand communication moves the customer to remain loyal to a retail brand?

Yao (2013) reports that, for decades, it has been tradition in consumer research to measure customer perceptions using a rational cognitive approach. As the forgoing discussion makes clear (see Capgemini Consulting, 2017), the adequacy and appropriateness of the methods currently in use for designing and ascertaining brand choice and brand influence on customers are fundamentally challenged. In essence, recent consumer insights offer strong support that emotions play a dominant role in decision-making and choice Gutnik, Hakimzada, Yoskowitz & Patel, 2006; Paulus & Yu, 2012; Bettiga & Lamberti, 2018).

More importantly, previous research (Kumar, 2015) established that, as rational as customers have been portrayed, in reality, their decision-making processes are mostly unconscious and cannot be reflected in overt reports; these reports may be profoundly misleading (Kumar, 2015). In postulating that customer loyalty is a fully rational phenomenon, researchers are certainly not accounting for the subconscious antecedents that drive brand loyalty (Hildebrand, Mitchell-Keller, Koch & Traylor, 2015; Ou & Verhoef, 2017).

Neuromarketing proposes a paradigmatic shift in consumer research as a result of these reported weaknesses of traditional research methods. Academic literature and the results of recent studies that investigated the psychophysiological reactions to brand communication report that neuromarketing has advanced the understanding of buying and consumption behaviour (Kumar, 2015; Ramsøy & Skov, 2014), and simultaneously offers cutting-edge possibilities in unlocking the hidden treasures and mysteries in our mind concerning customer knowledge and learning (Forbes, 2013).

The researcher believes that in translating such information into insights, retail brands will certainly respond to the major market dynamics timeously and guarantee sustainability. The aim of this chapter is to highlight how brand communication influence customers' engagement and their loyalty towards specific retail brands. More specifically, the researcher discusses some of the approaches to brand communication and positions emotion in consumer research.

The remainder of the chapter offers a discussion on neuromarketing perspectives of customer emotional engagement.

4.5.1 Overview of brand communication

Organisations are interested in investing in communication. Kotler, Armstrong, Wong and Saunders (2008) emphasise this necessity in claiming that communication is the brand's weapon as it alone can unveil what is invisible, reveal the basic differences hidden by the packaging which often looks the same among competitors, especially when this similarity is precisely the impression sought by competitors to create confusion. Communication alone can sustain the attachment to the brand (Kotler et al., 2008:244).

To stay competitive in their industry, organisations require a good fit of what they stand for and how best they can accommodate the values of their customers embodied in their decisions towards specific retail brands (Cerf & Garcia-Garcia, 2017). Figure 4.1 reflects the continued efforts by the organisation to build brand equity in adapting to changes in the industry.

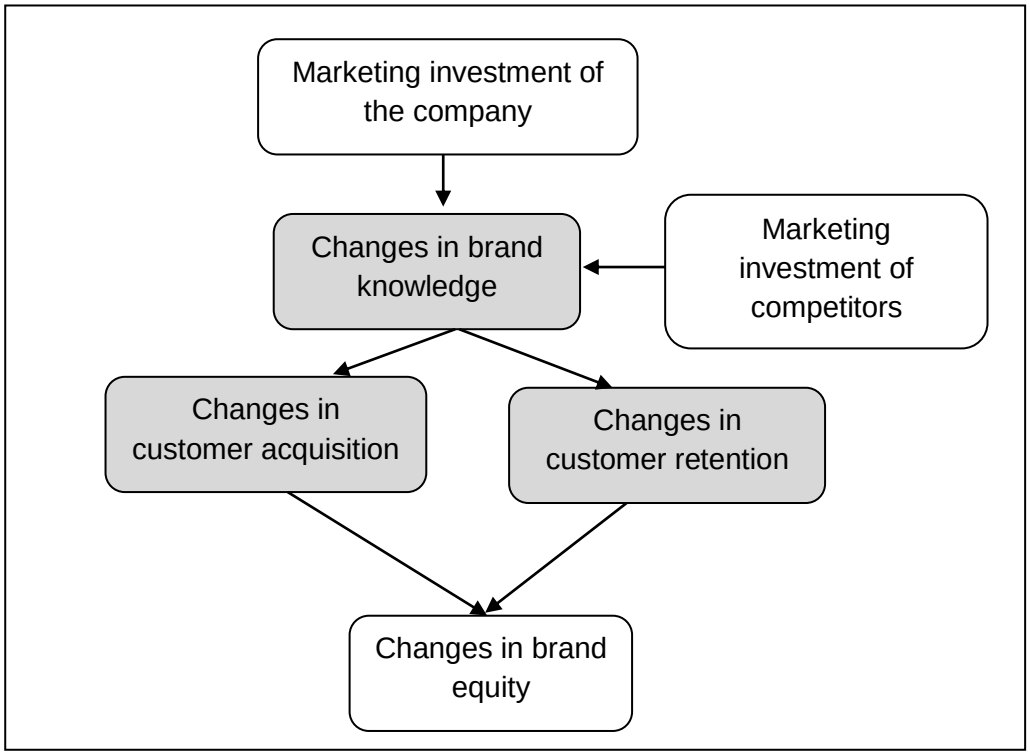


Figure 4.1: Brand knowledge and brand equity through a customer lifetime valuation (CLV) framework

Source: Cerf and Garcia-Garcia (2017:225).

As displayed in Figure 4.1, success in brand communication comprises the use of creative techniques in response to customers' reactions, i.e. about organisations' products and brands, in close consideration of competitors' marketing endeavours.

4.5.1.1 Customer reaction: a dual perspective on brand communication

Communication is defined as the exchange of ideas, information and feelings (Mihart, 2012). In the business context, organisations have learned that the ability to communicate effectively and efficiently with their target markets is critical to their success (Gerber, Terblanche-Smit & Crommelin, 2014). Organisations have also learned that customers choose a particular product or service on the basis of a myriad of favourable impressions, experiences and conversations that they have had about different brands (Klopper & North, 2011:196).

However, these positive or negative perceptions are created and managed with communication, and sustaining these perceptions is impossible without

communication (Klopper & North, 2011:196). Corporations are therefore demonstrating a compelling interest in initiating and maintaining their relationships with their stakeholders through the use of a set of marketing communication which, in most cases, serve to help marketers to build strong brands and to manage them (Keller, 2009; Reid, Luxton & Mavondo, 2005).

Much of what is also commonly known from researchers, such as Fill and Jamieson (2006), is that, regardless of the type and size, brand communication have become a business imperative for any type of organisation, such as government, charities, educational and other not-for-profit organisations. Researchers also give account of the recent dramatic changes in brand communication as a result of the influence of technological performance (Anjum, 2013), the increasing need for communication in all business areas (Mihart, 2012), and changes in the marketing environment as a whole.

Consequently, studying customers' evolving pathway to purchase and measuring the consumer attitudes, behaviours and experiences in terms of a brand is a pivotal route to consider in delighting customers and ultimately building a competitive advantage.

In effect, although Keller (2009) views brand communication as the voice of consumers, the current study called for a shift in marketing research in raising the conceptualisation of brand communication as the proactive and reactive response to the voice of customers (Minkara, 2005). When brand communication is viewed from this dual perspective, it brings to the fore the brand marketers' responsibility to assess and reconsider customers' perceptions on a continuous basis in order to engage them successfully (Lozhkina, 2017).

In line with the current discussion, brand communication and its influence would probably be well understood within the context of integrated brand communication.

4.5.1.2 Integrated brand communication (IBC): a new approach to brand communication

There is notable research evidence supporting that customers' purchase intentions, attitudes and choices are primarily influenced by marketing communication (Shih,

2010). When positioning this research within the context of retail branding, one needs to understand that, historically, branding has been understood from a product perspective, with brand communication designating all marketing activities of manufacturers concerning their products and services (Tanase, 2011).

The current study embraced the approach according to which retailers are now considered as brands (Tanase, 2011), and therefore the overall marketing communication decisions of retailers in relation to their audience were of paramount importance and deserved special attention.

It is obvious that retail brands employ different means of communication to reach their target markets (Todorova, 2015) However, such communication is sometimes on a stand-alone basis. About 22 years ago, Percy (1997:1), a well-known researcher in the field of communication, said in his book entitled Strategies for implementing integrated marketing communication:

> *A new appreciation of the need to integrate the planning of all of an organisation's marketing communications has taken root, and this total view of an organisation's marketing communications has come to be known as integrated marketing communications (IMC).*

The concept of IMC bears at least two basic assumptions, namely that –

- the organisation's marketing efforts would be synchronised to deliver a single image of the organisation and substantial return on the communication investment (Rossiter & Percy, 1997); and
- IMC would optimise communication resource utilisation (Ray, 2004).

According to Du Plooy (2012), the following are the principles that guide the planning of IMC campaign of the organisation: audience-centred planning, brand-customer touch points, synergistic integration and behavioural and relational focus.

According to Ray (2004), despite being a promising concept, IMC has failed in its implementation for three major reasons:

- Firstly, most integrated marketing communication have limited their scope and efforts to advertising, negating therefore the other communication channels,

such as public relations, investor relations, interactive or internal communication.

- Secondly, most marketing communication organisations are structured around individual media with managers given a mandate to manage specific media budgets. The tendency to build silos makes it difficult to build IMC plans internally (Ray, 2004:1).
- Finally, in the process of designing the communication, most organisations do not approach IMC from a strategic perspective; rather, they place too much emphasis on the short term. Ray (2004) suggests that integrated brand communication (IBC) be considered as a new paradigm.

According to Ray (2004), for organisations such as retail brands to implement the new suggested paradigm, IBC, they need to consider ten conditions, summarised as follows:

- start with understanding the role of a brand in your business;
- understand the factors that contribute to brand value;
- understand the audience which it needs to reach;
- frame your big idea;
- understand how far you need to shift perceptions in order to own the big idea;
- build the messages to shift perceptions;
- understand the role of each medium in making the shift and sustaining momentum;
- determine the optimum media allocation;
- measure results; and
- revisit Step 5 … and repeat the process again … and again.

The researcher argues that it is of interest to consider the various channels through which advertising is used by organisations to initiate communication endeavours with their audience.

4.5.1.3 Categorising brand communication

Literature on advertising identifies different forms of advertising used by business in their communication with their audience. For example, Durmaz (2011) identifies two general types of advertising: Digital advertising and physical advertising. Digital advertising comprises TV, radio and online advertising while physical advertising comprises press advertising, mobile billboard advertising, in-store advertising, coffee cup advertising and outdoor (street) advertising.

Other categorisations comprise guerrilla advertising (Cinnamon, 2014), transactional (Kimelfeld & Watt, 2001) and relational advertising (Durmaz, 2011). Advertising is also classified into three different forms: above-the-line (ATL) communication, below-the-line (BTL) communication and through-the-line (TTL) communication (V12 Group, 2006). The next sections briefly discuss these three forms of advertising:

- Above-the-line (ATL) communication

The V12 Group (2006:5) define ATL communication as the traditional marketing channels that strive to reach a mass audience with messages that reinforce a brand, communicate general product information or inspire an emotional response. 'ATL communication' refers to the conventional communication media used in mass communication such as television, radio, newspapers and magazines.

- Below-the-line (BTL) communication

BTL communication, by comparison, acts like traditional direct marketing efforts as they aspire to establish targeted relationships between marketers and individual consumers, and offer comparable ease in measurability (V12 Group, 2006:5). BTL methods are very specific, short-term-oriented, with memorable activities focused on targeted groups of consumers (Tustin, 2002).

These methods are under the control of the organisation. They are also less formal and more creative than ATL communications. In most cases, the cost of BTL communication efforts is much lower than that of ATL communication.

The purpose of the activities is to develop the brand by creating awareness and building a brand profile. These activities comprise door-to-door sales, telemarketing,

direct mail, exhibitions, sponsorship, sales promotions, public relations, personal selling and direct marketing. Usually, if the target group is limited and specific, particularly during the launch of a brand, it is advisable to have recourse to BTL communication.

The V12 Group (2006) provides a comparison of the ATL and BTL communication in Table 4.2.

Table 4.2: Contrasting ATL and BTL communication

ATL communication	BTL communication
Is tailored to reach a mass audience	Is targeted to reach individual consumers, based on their expressed needs and preferences
Establishes brand identity or reinforce emotional concepts surrounding a product or brand	Issues a 'call-to-action', inspiring specific customer activities or tailored messages about a product or brand
May or may not drive customer response	Drives individual responses
Is difficult – if not impossible – to measure with any accuracy	Is highly measurable, allowing marketers insight into their return on investment, as well as those tactics that are (and are not) working
Caters for the mass market	Establishes one-to-one relationships between consumers and marketers

Source: Adapted from V12 Group (2006:3).

- Through-the-line (TTL) communication

TTL communication assumes that the specialisation of retail brands in one of the two types of communication discussed above might certainly limit retail brands' overall marketing effectiveness. ATL, TTL and BTL are presented below in Figure 4.2.

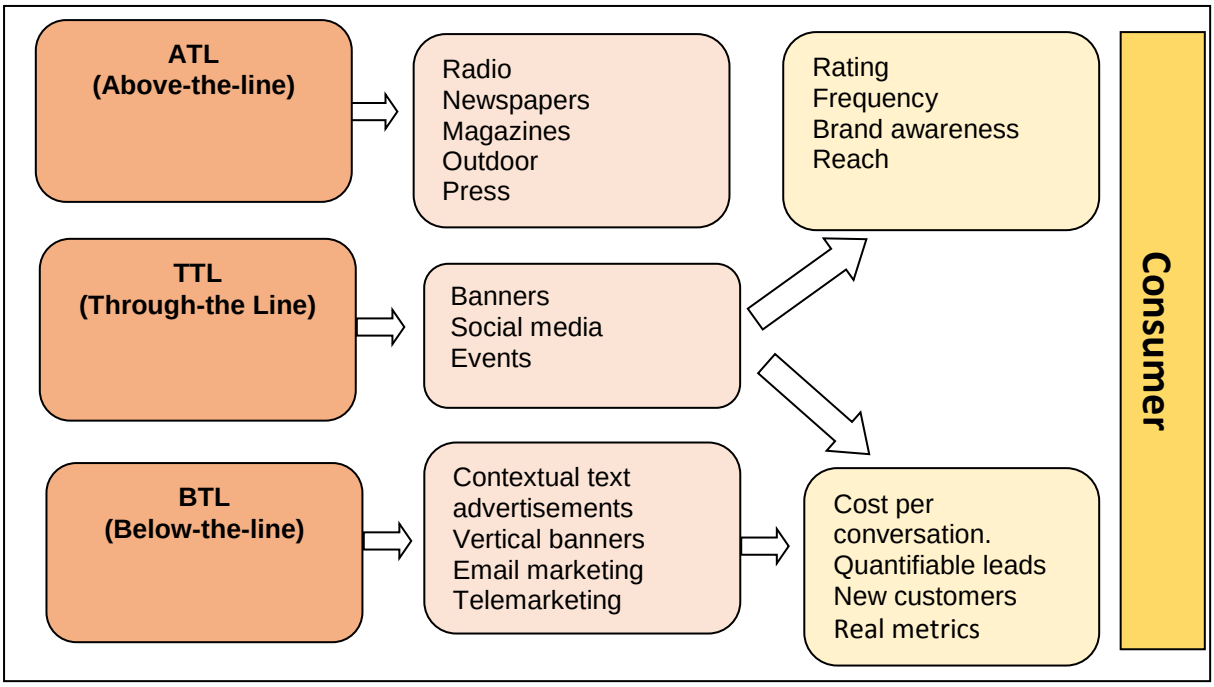


Figure 4.2: ATL, TTL and BTL communication

Source: Adapted from Red Bull Marketing Diary (2013).

Figure 4.2 suggests that TTL campaigns would be an integrated mix of ATL and BTL, as suggested by Ray (2004) in order to capitalise on their strengths. TTL therefore refers to an advertising strategy involving both above and below the line communication in which one form of advertising points the target to another form of advertising thereby crossing the 'line'.

4.5.1.4 The information processing paradigm of advertising

'Information processing' is an umbrella term for an influential tradition of advertising theory, encompassing not only a theory of communication but also a theory of human cognition (Lutz & Huitt, 2003). Rational cognitive thinking, as intellectualised by Descartes's philosophy of rationalism (see Author, date), has influenced all areas of social sciences, including psychology and marketing (Hackley, 2005). The same applies to advertising.

'Advertising effectiveness' refers to the necessary conditions that advertising must meet to have the highest probability of directly influencing brand choice (Baker, 1993). There is a wealth of research investigating the influence of advertising from

an information processing perspective, with all of them being grounded in learning theory (Hackley, 2005). The most recent development of learning theory is commonly referred to as ‘linear information processing theories’, (see Author, date: page) while some others use the term ‘hierarchy of effects theory’ (see Author, date: page) (Joubert, 2008).

However, due to the amount of material on the theory of advertising, the current research had to be uncompromising in narrowing the focus to select a few models within the theory. The earliest conceptual model of advertising introduced by Strong (1925) for creating any advertising or marketing communication message, is arguably the AIDA model (attention, interest, desire and action).

The model contends that, in order for an advertising message to have the maximum influence on its target audience, it is expected to get attention, hold interest, arouse desire, and then obtain action of the audience (Karlsson, 2007). This shows a strong analogy with the early decision-making models designed to explain consumer behaviour, such as the models of Author (date) and Author (date).

Erasmus, Boschoff and Rousseau (2001) noticed that these models are rational and cognitive in nature, and in accounting for only the rational dimension of consumers in any decision-making situation, the models are simplistic and idealistic. On the other hand, Brierley (2002) refutes the equal importance of the components of the model because advertising has shown an inability to arouse interest.

As a result, the DAGMAR (defining advertising goals for measured advertising results) model was proposed in 1961 (see Author, date). This model involves setting specific, measurable objectives for a campaign to determine whether specific objectives have been met. Therefore, advertising would work in the sequence of awareness, comprehension, conviction and action (Murray & Vogel, 1997).

The relevance–accessibility model (RAM) developed by Baker (1993) is another theory that attempts to maximise advertising effectiveness. This model is based on the assumption that four necessary and mutually conditions or prerequisites need to be met for effective advertising, namely availability of information, level relevance, relative accessibility and relative relevance.

In other words, an effective advertising has to leave an immediately accessible and retrievable imprint on the consumer's memory allowing for brand differentiation at the time of brand choice (Du Plessis, 2000).To some extent, the above theories are some variations of the information-processing paradigm (see Author, date). This represents a dominant paradigm in consumer research and involves conscious, deliberative processing (Jacoby, Johar & Morrin, 1998).

Research in consumer behaviour has, on the other hand, found that people can behave without conscious awareness, and are influenced by automatic and non-conscious processes in their purchase and consumption decisions (Chartrand & Fitzsimons, 2010; Fitzsimons & Shiv, 2001). Bargh (2002:281) also indicates that memory, affect and persuasion can be formed in "an immediate, automatic manner upon the mere presence or occurrence of that object or event".

In this regard, Du Plessis (2008:7) depicts a customer who enters a crowded shop to purchase toothpaste and has no time to think about the Colgate advertisement of the day before. Rather, most shoppers are prompted by the display on the shelves. In this particular case, the decision of which product to buy is made on the spot, and not necessarily with reference to the advertisement seen the day before.

Some emotional factors commonly referred to as 'atmospherics' will seemingly come into play. The ability of advertising to engage retail customers only on the rational cognitive ground is consequently challenged. In their article "Fifty years using the wrong model of advertising", Heath and Feldwick (2007) demonstrate that the information-processing model is flawed.

In line with these contemporary researchers, the central assertion in this study was that the emotional perspective gained through emotional advertising is a pivotal route to explore for higher customer engagement.

4.5.2 Branding and brand communication

The purpose of this study was to determine the emotional antecedents in building increased customer loyalty in the South African retail industry. In this study, retail brands were considered as separate brands. Therefore, the effects of these retail brands needed to be researched.

The concepts of branding and brand, in the particular context of retailing in relation to brand communication, received particular attention.

4.5.2.1 Branding: a multidimensional construct

De Chernatony and Dall'Olmo (1998) reflected on the concept of branding and compared the various definitions of the concept. In their review of definitions, it appears that the concept of branding evoked different realities to different authors. They finally set 12 categories of definitions based on the theme underlying the various definitions selected in their review.

These elements referred to brands in terms of their role as legal instruments, logos, company, communication shorthand, risk reducers, identity systems, images in consumers' minds, value systems, having personalities, parties to a relationship, adding value; and evolving entities (i.e. Baeva, 2011; Le Roux, 2012).

The diversity in the conceptual definitions of the concept 'branding' mainly explains the different mental models of the different members of the branding team regarding how they conceive the concept (Ind & Bjerke, 2007; Jooste et al., 2009; Sheikh, 2012) or either the 'input', or the 'output towards the consume' approach, focusing on the consumer brand perception. For example, a business such as Game from the Massmart group, with a strong market orientation has segmented its target markets, and tracks customer behaviour by segment, enabling the organisation to build a successful brand (Jooste et al., 2009:342).

A further investigation by De Chernatony and Dall'Olmo (1998) revealed three other themes, namely positioning, vision and goodwill.

4.5.2.2 Corporate branding

Initially, marketing literature regarding branding focused on the product or the service, which was also referred to as product branding (Alizadeh, Moshabaki, Hoseini & Naiej, 2014). Usually, in building brand portfolios, corporate branding is explained or conceptualised in contrast to product branding (Junior, 2018). In terms of the focus, product branding is concerned with the product and the customer (Shahri, 2011).

In organisations that favour the segmentation of their markets by product, the marketing of each product line would be allocated to a particular product manager (Cant, 2013). However, in recent years, this primacy devoted to product branding has shifted to the more robust construct of corporate branding (Alizadeh et al., 2014). The corporate brand clearly focuses on the whole organisation where top management has a crucial role and ultimate responsibility for its management. According to Roodurmun and Kassean (2010), strong and trusted corporate brands are vital to the success of any organisation as they are seen as a guarantee of quality and an insurance against risk of poor performance or financial risk.

Based on this assumption, Sørensen (2008) defines branding as "the process of creating, nurturing and sustaining a mutually rewarding relationship between a company and its internal and external stakeholders". Sørensen's (2008) definition certainly includes communication. In acknowledging the power of corporate branding as a means of communication, Shihachi (2012) defines corporate branding as the overall umbrella for the activities of corporations, and encapsulates the vision, values, personality, positioning and image of such corporations among many other dimensions. Such definition is endorsed by Ajike, Kabuoh and Ogbuanu (2015:21) who define corporate branding as the process to maintain, continue and create a positive corporate reputation and associations using the power of a brand, which in return is a promise to the stakeholder and consumer in particular at which the brand has formed a set of perceptions about a product, service or business.

Clearly, corporate branding is a composite of all the experiences, encounters and perceptions a customer has with a company. From a marketing perspective, all internal and external communication efforts should aim at presenting a single, unified message which ultimately builds consumer trust in the company – not in a particular product or service (Upamannyu, Bhakar1 & Gupta, 2015). The scope of corporate branding is therefore much broader than product branding (Hatch & Schultz, 2003). The concept of retail branding used in this study is the application of corporate branding to the specific context of retail brands (Tanase, 2011).

4.5.2.3 Retail branding

The retail industry has been evolving over time as a result of various factors. These changes are, amongst others, the increased bargaining power of retail brands vis-à-vis manufacturers, heightened volatility in retail markets, and prolific international expansion of retail operations. To survive these challenges in the long term, retail branding appears as a key differential competitive component of retail marketing strategy.

The retail industry, like many other industries, acknowledges the pivotal role of branding in shaping customer perceptions. When it comes to develop branding strategies, retail brands differ are from product brands (Ailawadi & Keller, 2004). Retail brands are typically more multi-sensory in nature than product brands, and can rely on rich consumer experiences to influence their equity (Ailawadi & Keller, 2004).

In acknowledging the evolution in the retail industry, Burt and Sparks (2002:197) identify five generations of retail brands, shown in Table 4.3.

Table 4.3: Five generations of retail brands

	1st generation	2nd generation	3rd generation	4th generation	5th generation
Branding form	Generic; no name; brand free; unbranded	Own label; unsupported own brand	Supported own brand	Extended retailer brand, i.e. segmented retail brands	Corporate brand
Strategy	Generic	Low-price copy	Me-too copy of major brands	Value-added	Corporate positioning
Objective	Increase margins; provide choice in pricing	Increase margins; reduce manufacturers' power by setting the entry price; provide better-value product (quality/price)	Enhance category margins; expand product assortment, i.e. customer choice; build retailer's image among consumers	Increase and retain the customer base; enhance category margins; improve image further; differentiation	Produce strong positive identity and practice; first choice for consumers; satisfy stakeholders
Product	Basic and functional products; commodities	Staple or basic lines with large volume	Big category products; major sale items	Image-forming product groups; large number of products with small volume (niche market)	The corporation and its tangible and intangible attributes
Technology	Simple production process and basic technology	Technology lagging behind market leaders	Close to the brand leader	Innovative technology and processes	Stakeholder relationship management
Quality/ image	Lower quality and inferior image compared with the manufacturers' brands	Medium quality but still perceived as lower than leading manufacturers' brands; secondary brand alongside the leading manufacturers' brands	Comparable with the brand leaders	Same or better than brand leader; innovative and different products from brand leaders	Quality and consistency throughout the organisation
Price position	20% or more below the brand leader	10–20% below	5–10% below	Equal or higher than known brand	Focus on delivering value
Consumers' motivation to buy	Price is the main criterion for buying	Price is still important	Both quality and price, i.e. value for money	Better and unique products	Trust
Supplier	National; not specialised	National; partly specialising to own label manufacturing	National; mostly specialising to own label manufacturing	International; manufacturing mostly own brands	Innovative partnerships

Source: Adapted from Burt and Sparks (2002:197)

As indicated in Table 4.3, the five retail brand categories display marked differences in terms of objective, strategy, technology, consumers' motivations, quality, image and suppliers.

4.5.2.4 Conceptual definitions of a brand

Kotler (1997:443) defines a brand as: "a name, term, sign, symbol, or design which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of the competitors".

According to Le Roux (2012:47):

> *A brand is a representation of tangible and intangible features that differentiate the organisation's products, and the values associated with the brand, thereby serving as mechanism used by organisations for achieving competitive advantage. A brand is a multidisciplinary concept and is established by a combination of strategy, structure, communication and culture aimed at conveying the organisation's advantages (brand image).*

The definitions suggested by Kotler (1997) and Le Roux (2012) clearly denote a traditional emphasis or content of a brand. In fact, viewed in this sense, a brand is merely something used by any organisation to market its goods and services to "passive customers" (Chaffey et al., 2009:335) or a "necessarily receptive" target audience.

This translates into one-way communication where the organisation designs its goods, services and messages and dictates them to its audience, negating therefore that the customer's perception of the brand may be different from that of the manufacturer. In this case, the suggested definitions are from the manufacturer's perspective (Vel, Suhail, Satyanarayan & Easo, 2011). The insufficient consideration of the customer's view led Kapferer (2004) to define a brand as the total accumulation of all his or her experiences, and is built at all points of contact with the customer. However, it is also well documented that all communication messages (rational and emotional) trigger customers' response to those stimuli. In this regard, Kapferer's (2004) definition highlights shortcomings and failure to consider the psychological (conscious and subconscious) influence of the effects of a brand. As alluded to by Alizadeh et al. (2014), brands are used by organisations not only with the purpose of differentiating their marketing offering from competition, but also to reach the minds and hearts of their customers, creating therefore special emotional connections with them.

In the current study, the researcher argues that there is a need to revisit the conceptual definition of a brand through a more integrated approach.

For the purposes of the current study, the integrated approach to the definition of brand, as suggested below, added more understanding of the concept, as the definition englobes most of the already-known themes embedded in the suggested definitions. For the purpose of this study, the researcher defined a brand as follows:

> *A brand is a strategic multidisciplinary concept and asset of the representation of the presence of an organisation and its shared values. A brand is a complex mechanism of identification that fosters a close relationship, bypasses competitive pressures and triggers immediate or latent target audience reaction in order to achieve loyalty (Author's own definition).*

Having defined the concept of brand, the next section focuses on the determinants of customers' response to brand communication.

4.5.3 Determinants of customers' response to brand communication

Customer loyalty is positioned as a multidimensional concept (Awan & Rehman, 2014; Bobâlcă, 2013; Rai & Medha, 2013), which means that the understanding, the conceptualisation and the mapping of the various constituents of the concept are diversely interpreted (see Chapter 5). On closer analysis of its antecedents, as they appear in separate studies (see Bobâlcă, 2013; Dib & Al-Msallam, 2015; Schivinski & Dabrowski, 2015; Sheikh, Sheikh, Rizwan & Maqsood, 2014; Zehir et al., 2011), some of them (i.e. the customer's perception of perceived quality, brand image and price fairness) are arguably recognised as the effects of deliberate and consistent brand communication efforts, and advocate the need to build strong relationships with customers through brand communication (Chang & Chieng, 2006; Fournier, 1998; Ismail, Boye & Muth, 2012; Keller, 2009).

As brand communication is the voice of the brand, so it is also the messenger of the brand to its audiences. The realisation that brand communication is a significant contributing factor to building brand loyalty motivated the researcher to explore how marketing literature explains the influence of brand communication on customers.

4.5.3.1 Knowledge equity variables

According to Aaker (1996), two sets of factors, namely knowledge equity and attitudinal equity variables have been perceived to play a key mediating role in the effectiveness of brand communication. Knowledge equity, which comprises salience, unaided awareness (brand recall), aided awareness (brand recognition), brand awareness, brand knowledge and familiarity (Aaker, 1996), embodies the cognitive dimension in the minds of consumers (Tolba & Hassan, 2009).

As the current study was concerned about the affective dimension (attitudinal equity variables) of brand communication, knowledge equity variables fall outside the scope of this discussion and are therefore not discussed.

Based on the literature study, the subsection below deals with a discussion of brand likeability as it embodies an emotional dimension.

- **Brand likeability**

Research outcomes regarding the effect of advertising likeability on advertising effectiveness provides evidence of a link between likeability and effectiveness (Bamfo, 2011; Mckechnie & Leather, 2006) advocate that advertisements in which customers take pleasure are likely to be effective. These studies support that advertising likeability translates into brand likeability since there is a transfer of attitude from the advertisement to the brand (Cummings, 2007; Kennedy, Sharp & Rungie, 2015). For instance, the study by Bamfo (2011) in Ghana confirms the positive relationship confirming that likeability helps customers to process the information in the advertisement. According to Aaker, Fournier and Brasel (2004:1), because of its relevance and potential of for insight generation, the relationship paradigm has enjoyed much resonance among marketing academics and practitioners.

This paradigm is grounded on the belief that customers welcome or reject some communication content with specific content (Puccinelli, Wilcox & Grewal, 2015). In the digital platforms, customers often use advertising blocking as to advertising content (Accenture, 2016; Iab Australia, 2016). Besides compelling brand managers to develop brands and brand messages that appeal to their customers, these

findings reposition the concept of 'likeability' as a core metric in brand positioning strategy. In this regard, Rimoldi (2008:15) concluded:

> *It seems unquestionable that […] likeability has a considerable persuasive impact on consumer behaviour, and in some cases can be the most accurate predictor of advertising effectiveness and sales. However, it should not be assumed that advertising likeability independently provides the most effective indication of advertising success, without assessing the specific situation in context.*

According to Bamfo (2011), likeability has to do with the extent to which consumers are ready to process information that is carried by an advertisement. In the researcher's understanding, this definition seems too broad for the following reasons:

- It suggests at least two options deriving from the exposure to a brand communication: acceptance or rejection.
- It does not offer likeability as a brand strategic objective (brand managers will hardly initiate a brand communication that they believe will not have a positive influence on their audience).

Arguably, the definition adopts the cognitive perspective of advertising, which shows reliance on the rational appeals of an advertisement (Sadeghi et al., 2015). However, based on sound empirical evidence that advertisements with emotional appeal have been proved to have the ability to arouse customers (Yao, 2013), the current research embraced the definition suggested by Nguyen, Melewar and Chen (2013).

According to them, brand likeability is a brand strategy based on attractiveness, credibility and expertise in order to create attachment and love by delivering beneficial outcomes for consumers and brands alike. From the perspective of increasing sales, Kerpen, Friedman and Weisman (2013) point out that traditionally, likeability has always had a subjective connotation.

One of the supporting factors explaining the subjectivity of likeability is, according to Fam and Waller (2004), the particularly strong differences perceptible across regions in brand audiences. According to Nguyen et al. (2013), likeability is also evident in many studies focusing on –

- brand love (Fournier, 1998);
- brand attachment (Malär, Krohmer, Hoyer & Nyffenegger, 2011; Park, MacInnis, Priester, Eisingerich & Lacobucc, 2010);
- customer satisfaction (Awan & Rehman, 2014);
- customer experiences (Helkkula, Kelleher & Pihlstrom, 2012); and
- brand familiarity

According to Rimoldi (2008), product category, culture and spokesperson are the factors that mediate the relationship between likeability and purchase intention. Bamfo (2011) investigated the relationship between likeability and its effectiveness in Ghana, and found that language is a critical factor that also influences likeability.

4.5.4 Emotions and brand communication

Research in the field of emotion has had yielded substantial insights into brand communication. In this section, a background on emotion in advertising is provided.

4.5.4.1 Emotions: some brief conceptual prerequisites

Many research studies undertaken in the domain of consumer behaviour, expressed interest in –

- the role of emotions in advertising (Heath & Nairn, 2005; Holbrook & Batra, 1987; Kemp, Bui & Chappa, 2012; Lavidge & Steiner, 1961);
- emotions generated by the consumption of products or the use of services (Richins, 1997; Thomson, MacInnis & Park, 2005); as well as
- emotions in product and service design (Desmet, 2002).

Despite researchers' agreement on the importance of emotions, defining emotions has a challenge (Holbrook & Batra, 1987; Richins, 1997, Scherer, 2005; Sørensen, 2008).

Due to inconsistencies in the proposed definitions, with each of them focusing on different manifestations of emotion, it has become increasingly important for researchers to consider treating emotion as a multifaceted phenomenon consisting of several components or characteristics (Desmet, 2002).

4.5.4.2 Emotional paradigm of advertising

Two overlapping paradigms of advertising theory are discussed in this review. One paradigm, already discussed in section 4.5.1.4, is information-processing theory. The other paradigm, referred to here as 'emotional advertising' draws on recent insights into consumer psychology, and considers emotion as the main driver of decision-making (Fisher & Dubé, 2005; Fels, 2016; Sadeghi et al., 2015).

The actual effectiveness, in terms of the contribution of the emotional paradigm of advertising to more customer engagement, is also discussed. Advertising is one of the fields that have witnessed profound changes as a result of the evolution of research in psychology. The widespread acknowledgement of emotions as a driver of human behaviour has added to such advances, especially in advertising.

According to Harper (2015), emotional advertising may refer to different meanings to different people, such as engagement, valence, resonance, physiological reactions, emotional priming or brand building. Traditionally, advertising focuses on its core functions, including the informative fuction which consists in tailoring messages directed to a consumer group (Shimp, 2007). However, the feedback from customers is seldom deemed necessary. In order to assess any form of customer engagement, a shift away from the informative advertiser perspective to a customer perspective involving the new concepts of co-creation of value, relationship marketing and resource integration to express its foundational premises, is required (Brodie, Hollebeek & Smith, 2011).

In the discussion within this study, the researcher considers emotional advertising as the form that elicits more emotional responses from consumers (customer engagement). However, in the field of advertising, the so-called 'emotion–reason' debate (see Du Plessis, 2005) has surfaced.

In reality, the distinction between emotional and rational advertising is one that exists only in the minds of marketers, not consumers (Hollis, 2010:2). Insights from Damásio's (1994) research, which was further advanced by researchers (such as Desmet, 2002; Pham, 2007; Saad, 2011), convincingly show that emotion does not

only cause decision-making, but also determines the outcome of the decision-making process.

According to Du Plessis (2005), two main reasons justify the need for a strong emotional response in advertising. Firstly, it can help the emotions transfer to the brand, shaping the brand perceptions. Secondly, a strong emotional response can help generate engagement and memorability. Moreover, Du Plessis (2005) summarises the rational–emotional dichotomy of advertising, and provides a balanced approach to the debate. Du Plessis's (2005) empirical findings suggest that both rational and emotional advertisements generate consumer response.

However, if the advertisement is to be effective, it should have both a rational and an emotional appeal. Emotions have become an important research topic in behavioural sciences and, not the least in advertising (Poels & DeWitte, 2006:2). Researchers (such as Lerner, Li, Valdesolo & Kassim, 2015) support that advertising is a popular marketing tool used in building and maintaining strong customer–brand relationships.

This is based on evidence that beyond its communicative function of informing consumers about a company's product or services (Terkan, 2014), adverting messages that are appealing are used to establish connections with customers through building trust.

A study by Hahn, Scherer, Basso and dos Santos (2016:49) shows that the emotional response to advertising on social media had a positive influence on brand evaluation; and consumer trust had a positive influence on brand evaluation and emotional response to advertisements on social media.

4.5.5 Psychophysiological measurement of subconscious branding

The acknowledgement of emotion in consumer decisions has led to the development of various instruments to measure customers' subconscious reaction. Within the ongoing debate of neuromarketing as a standalone research instrument, this study, rather acknowledges it as a research method that can be used in conjunction traditional research to provide additional insights into branding research.

4.5.5.1 Neuromarketing and marketing research

Usually, neuromarketing is defined in comparison with traditional research and the unique technology used. In the article “Neuromarketing, when science and marketing collide”, 4imprint (2010:1) states, “[t]raditionally, marketers and advertisers have long utilised focus group-based research as a means of gauging responses to products and communications of a brand.”

In the statement above it is implied that marketing research had to rely on survey-type questionnaires in which the customer was requested to verbalise his or her thoughts regarding the issue being investigated. These verbally expressed thoughts would therefore be analysed, and formed the basis of marketing initiatives.

One particular case in point is the report by Venkatraman, Clithero, Fitzsimons and Huettel (2012) of a market research study based on focus groups undertaken to remedy the substantial decline in the share of New Coke in 1985.

The study could unfortunately not uncover the emotional intensity of the negative responses among loyal customers. In response to this failure, Venkatraman et al. (2012:144) made the following statement, “[w]hile a cognitive segmentation approach could hold substantial promise, it faces a key obstacle: the difficulty of understanding the thought processes, both conscious and nonconscious, that consumers apply when making decisions.”

In fact, although there is merit in having recourse to traditional market research methods, there is also recurrent reluctance with regard to the reliability and depth of insights from traditional market research methods. Traditional research methods have some limitations (Richter, 2015). These limitations translate a reluctance which pave the way for the need for detailed market information, especially for sensitive marketing issues, such as customer preference and loyalty (Hubert & Kenning, 2008).

In most cases, the attempt will lead to researcher’s misinterpretation (Fortunato, Giraldi & de Oliveira, 2012). Two decades ago Aaker (1996) embraced this idea from a purely marketing perspective in positioning brand loyalty at the affective level. In

fact, he said, “[a] brand that captures the mind gains behaviour". A brand that captures the heart gains commitment” (Aaker, 1996:137).

According to Suomala et al. (2012:12), neuromarketing has emerged as a new branch of marketing that particularly focuses on ascertaining the consumer’s subliminal reactions to marketing material, brands, products and product groups.

In simple terms, neuromarketing is a brain-based research methodology that uses medical diagnostic devices (such as GSR, EEG and eye tracking devices to uncover how customers respond to marketing stimuli (Murphy, 2008). Such stimuli vary substantially from looking at advertisements to exposure to brand messages, viewing television commercials, shopping, surfing the Internet, playing video games or, indeed, engaging in almost any activity.

4.5.5.2 Neuromarketing: a complementary marketing research tool

The discussion in this section considers the remarkable contributions to the study of cognition and decision-making by Antonio Damásio (1994) as a key point of reference. Along with LeDoux (1996), Damásio (1994) helped achieve the long sought-after integration of emotion into mainstream cognitive science. Demonstrating that emotions and cognition are inextricably linked, and that our emotional systems are the substrate of much of our ability to reason, these scientists have solidified the theory that decisions are contingent on our emotions (Van Praet, 2012:84).

According to Van Praet (2012:139), marketers often speak of the need to make their messages resonate with their consumers. There is now neurological evidence that effective communication physically resounds in the brain of the receiver, echoing the thoughts and sentiments of the communicator by inducing and shaping neurological responses.

Inspired by these advances at the frontiers of marketing knowledge, the researcher perceives that, given the dynamic nature of the concept of brand communication, marketers are required to engage in an interactive research dialogue, highlighting consumers’ hidden real motives for accepting or avoiding specific brands.

Neuromarketing has been appealing to consumer psychologists and marketing practitioners who have being applying it substantially in their research studies.

Evidence of such statement is, according to Plassmann, Ramsøy and Milosavljevic (2012), the growth in number of publications in top marketing journals and Google references the number of neuromarketing companies founded.

The current study acknowledged the value of insights derived from traditional research and considered complementing traditional research methods with neuromarketing research tools as a rich avenue to deeper consumer knowledge and insights.

4.6 CUSTOMER (BRAND) LOYALTY

In this study, 'customer loyalty' and 'brand loyalty' were used interchangeably as both refer to the loyalty of customers to brands. Brink and Berndt (2008:31–32) say:

> *In the retailing sector, consumers have no reason to commit themselves to one or a few retailers because of the availability of supply in a largely undifferentiated market. What at first might appear to be 'commitment' on the part of the consumer may hide the fact that they have few other exchange possibilities and are 'trapped' rather than committed to relational exchange. The irony is that the retailing sector, where commitment is low, is the industry most heavily involved in 'loyalty 'schemes'. If commitment is a rarity in these businesses, loyalty is also in short supply*.

The authors are referring here to the retailing sector, both internationally and locally, where low loyal behaviour of retail customers is commonly being experienced by most retailers. This could be attributed to many factors, such as:

- the inappropriateness of retailers' marketing communication channels;
- failing to keep up with consumer expectations (van Belleghem, 2014);
- the inability of marketing research methods designed by retailers to deepen the understanding of their customers; and (Author, date);
- the less attractive and competitive value proposition of retailers, including generic loyalty programmes (Malamidou, Spyropoulos & Rotsios, 2016).

From these resaons, it can be confidently deducted that in one way or the other, there is unmatched expectations of customers' needs in terms of the available retail brands on offer. As a result of this gap, the recent years have been marked by increased attention and interest devoted to deepening theoretical and empirical

understanding and implications of customer loyalty in various industries, including the service industry (Amin, Ahmad & Hui, 2012; Mokhtar & Yusr, 2016; Yan., Chen & Huang, 2017).

4.6.1 Defining customer loyalty

In line with the discussion in the previous section, customer loyalty was a central concept within the current study, which needed to be studied from different perspectives. To meet this outcome, broader definitions are presented below.

Dick and Basu (1994) define loyalty as a combination of strong relative attitude and high repeat patronage. Loyalty is multi-dimensional, as it does not simply indicate whether a customer will make repeat purchases; it also serves as a measure of customer support for a business. According to Brink and Berndt (2008:31–32), customer loyalty is a customer's sense of belonging or identification with the employees, services or products of a company. The notion of patronage and bond building between the brand and its customers, which is contained in Brink and Berndt's definition is further emphasised by Prus and Randall (1995:10) who define customer loyalty as:

> *[A] composite of a number of qualities. It is driven by customer satisfaction, yet it also involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company. Finally, customer loyalty is reflected by a combination of attitudes (intention to buy again and/or buy additional products or services from the same company, willingness to recommend the company to others, commitment to the company demonstrated by a resistance to switching to a competitor) and behaviours (repeat purchasing, purchasing more and different products or services from the same company, recommending the company to others).*

In this definition, customer satisfaction is crtical to further engagement with the customer. Importantly, the definition places an emphasis on internal factors, including the provision of good service leads the customer to commit and promote the product and service offering to others. A similar definition is proposed by Zeithaml, Berry and Parasuraman (1996) and Rai and Medha (2013) who describe customer loyalty as a multi-dimensional construct consisting of purchase intention,

recommendations, price tolerance, word of mouth, complaint (or satisfaction) behaviour, and propensity to migrate to other businesses. The attitudinal and behavioural dimensions of loyalty are emphasised by Oliver (1999:34) who argues that loyalty is “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”.

An elaboration of customer loyalty is suggested by Reicheld (2003:3) who defines loyalty as the willingness of someone – a customer, an employee, a friend – to make an investment or personal sacrifice in order to strengthen a relationship. This exposition clearly shows support for long-term commitments with suppliers who give customers good value of a product or service. In this context, loyalty is primarily an attitude that could lead to the desired close relationship with the brand. Here, customer loyalty consists not only of an emotional dimension, including faithfulness and allegiance, but also more practical behavioural ideas, such as being constant (unmoved, unremitting, frequently occurring (Boukhobza, 2005).

The conceptualisation of loyalty as both attitude and behaviour (Oliver, 1999) is further supported by Timpany (2011) who argues that what is known about loyal customers is that they tend to be satisfied, they return with some level of frequency and they will talk about their experiences with others. Rai and Medha (2013:141) suggest a deeper definition of loyalty that goes beyond the concept of satisfaction.

In this regard, customer loyalty is defined within a psychological context and is developed by sustained customer satisfaction coupled with emotional attachments formed with the service provider that leads to a state of being in the relationship with preference, patronage and premium willingly and consistently (Rai & Medha, 2013:141). This definition acknowledges that loyalty relates primarily to affect, and claims a relationship orientation that calls for going beyond the boundaries of satisfaction and any other rational driver and creates a commitment-based enduring association with customers that renders immunity against competitive pressures.

These two forms of loyalty are considered to be equally critical (Kumar & Shah, 2004). Literature which abounds in this regard treat attitudinal loyalty as antecedent of behavioural loyalty (Bandyopadhyay & Martell, 2007; Carpenter, 2008; Jacoby & Kyner, 1973; Sreejesh, 2014).

The attitudinal and behavioural dimensions of loyalty are therefore further clarified when taking note of the classification of loyalty that defines what consumers do to become loyal (Oliver, 1999). According to Oliver (1999), loyalty consists of three interrelated phases, namely cognitive loyalty (based on prior or vicarious knowledge or on recent experience-based information), affective loyalty (customer's commitment) and conation (a brand-specific commitment to repurchase).

For the purposes of this study, the researcher defines customer loyalty as:

> The complete physiological adherence of the customer's conscious and subconscious reaction to the particular message encapsulated in a brand. It is all about favourable, potentially covert beliefs and attitudes coupled with consistent repeat buying behaviour (Researcher's own definition).

4.6.2 Motivations for the study of customer loyalty

In managing strategically in the twenty-first century to achieve strategic competitiveness and win in the marketplace, organisations are concerned with the centrality of customers and need to address the legitimate claims and expectations of their stakeholders, of which customers are the most important (Louw & Venter, 2007), especially that customers are the most difficult to understand (Cant, 2013).

From the available literature, the philosophy behind building customer relationships is based on the reasoning that an organisation that invests in creating and nurturing a loyal customer base is most likely to benefit from widely documented advantages. More specifically –

- loyal customers contribute to the profitability of the company (Heskett, Sasser & Schlesinger, 1997);
- the profitability of one individual customer constantly increases during his or her relationship with the company (Reichheld & Teal, 1996);

- loyal customers display lower price sensitivity (Brink & Berndt, 2008; Cant & Machado, 2004);
- loyal customers require few communication efforts from a company (Rowley, 2000);
- loyal customers act as prescribers spreading positive word-of-mouth messages (Reichheld & Teal, 1996); and
- true loyalty based on affective bonds is hard to copy, so it could become a source of competitive advantage (Palmer, McMahon-Beattie & Beggs, 2000).

Grönroos (2004) explains that an ongoing relationship with customers will help to provide a sense of security, trust and feeling of control.

4.6.3 Antecedents of brand loyalty

This section reviews some drivers of customer loyalty found in theoretical and empirical studies. These are brand trust and and shopping motivations.

4.6.3.1 Brand trust

Various definitions of the concept of brand trust are available in literature. Some of the prominent definitions relevant to this study are presented in Table 4.4.

Table 4.4: Various definitions of brand trust

Definitions	Authors
Customers should be able to trust their service providers, feel safe in their dealings with the service provider and be assured that their dealings are confidential.	Parasuraman, Zeithaml, and Berry (1985)
A belief that the partner in a negotiation will not exploit or take advantage of the other's vulnerability.	Dwyer, Schurr and Oh (1987)
A partner's belief that the other partner will perform actions that will result in positive outcomes, as well as not take unexpected actions that would result in negative outcomes.	Anderson and Narus (1990)
A willingness to rely on an exchange partner in whom one has confidence.	Moorman, Deshpandé and Zaltman (1993)
The variable most universally accepted as a basis of any human interaction or exchange is trust.	Gundlach and Murphy (1993)
Emotional security makes consumers think that the other (a brand, an employee or the firm) will fulfil their expectations of results or behaviour (expectations of brand quality, of contact with the personnel or of the overall relationship with the firm).	Singh and Sirdeshmukh (2000)
In the retail environment, trust is consumer's confidence in a retailer's reliability and integrity, which implicitly assumes that one can have trust in organisations or firms.	Doneyand and Cannon (1997)
Trust is seen as an expression of security between partners when making an exchange, or in another type of relationship.	Garbarino and Johnson (1999)
Expectations held by the consumer that the store, its people, and its products are dependable and can be relied on to deliver on their promises.	Sirdeshmukh, Singh and Sabol (2002)

Source: Singh and Jain (2015:972).

In the business world, trust is a key element in building relationships, as customers' loyalty is highly dependent on their level of trust in a brand (Bagram, 2010; Bhat, Darzi & Parrey, 2018; Jarvinen, 2014). Previous studies support the finding that brand trust affects brand affect and brand loyalty (Alan & Kabadayi, 2014; Anwar, Gulzar, Sohail & Akram, 2011).

Despite the availability of various definitions, the current study adopted the definition by Singh and Jain (2015:971), namely "emotional security in terms of fulfilment of tangible (retailer, employees, products etc.) and intangible (policies, communication, relationship quality etc.) expectations and a belief that dealings with the firm will be reliable, dependable and safe".

The diversity in classification of brand trust types in terms of trust dimension is also perceptible in literature. For example, Singh and Jain (2015) identify four trust dimensions:

- employees (their attitudes vis-à-vis customers);
- experience (customers' overall perception of the physical store);
- dependability (security and availability of products); and
- worthiness (transparent communication and customer value).

On the other hand, Tucker (2017) identifies three types of trust:

- ability trust (does the brand work for me?);
- beliefs trust (do I care about the brand?); and
- consistency trust (does it work for me over time?).

AC Nielsen (2015) identifies four trust dimensions: quality, price, recommendation, and the ability of the brand to meet needs.

It is evident from the definitions that, given the multidimensionality of brand trust (Cheng, 2016), authors tend to discuss the factors that affect brand trust. The commonality between these classifications is that when customers visit any store, either the physical store or a website, they are left with a perception of experience, of which employees' attitudes (relationship quality) may appear to be critical in securing future visits.

However, other aspects as critical as employees may be price, product quality and store design. This experience sufficiently reflects whether the retail brand matches the customer's expectation (i.e. the retailer's ability to meet customer's needs). This, in turn, will constitute a standard of service that the customer will expect at the next visit to the store, referred to as consistency trust by Tucker (2017).

By including recommendation as a trust dimension, AC Nielsen (2015) positions brand trust as a long-term generator of revenue for the retail brand as positive referrals which create a positive image of the brand in the mind of the customer.

4.6.3.2 Shopping motivations

As stated in section 1.5.5, the current research was based on the premise that customers' exposure to a retail brand usually triggers verbally, non-verbally or psychophysiologically expressed emotional reactions. This endeavour, as it

pertained to building customer loyalty, required the identification and development of a theoretical framework as a basis for measurement of customers' emotions attached to participants' shopping motivations.

The literature review below provides a theoretical evidence of the variables that were used in the primary research in assessing customers' frequency of purchase and preference.

4.6.3.2.1 Product quality

The quality of a product refers to the ability of such product to match customers' expectations. Viewed from the customer's perspective, product quality is the customer's judgemental evaluation of the retailer's product range (Razak, Nirwanto & Triatmanto, 2016). The concept of product quality often relates to the following dimensions: performance, characteristics, reliability, durability, service level, product appeal and received quality.

Researchers (Atiyah, 2016; Razak et al., 2016) also found that product quality leads to customer satisfaction. Product quality is a source of competitive advantage (Singh, 2013). Similarly, a study conducted by Putra, Hartoyo and Simanjuntak (2017) found that from the factors that influence the attitudes of retail customers, the perception of product quality is the only dominant factor that influences the attitude of retail customers.

The study also found that the perception of product quality affects sale volume significantly – the greater the perception of the quality of (in the case of the study) cement products, the greater the volume of sales generated by the retail customer. The higher the quality of the product being sold to the various customer segments of a retailer, the more likely it is that customers will purchase it. In fact, many customers are willing to spend extra for products that are deemed to be of high quality.

4.6.3.2.2 Product availability

As consumers seek products and services to satisfy their daily needs, ensuring that these products are available on the shelves becomes an imperative for retail stores, and this entails striving to keep a balance between over-stocking and stock-outs,

which potentially could result in lost sales and a possible long-term negative effect (Chishty, Loya, Ismail & Zaidi, 2015).

A shortage of working capital resulting from poor cash flow management on the part of the retailer limits the values of monthly orders, causing stock-outs because of –

- an unseasonal spike in purchasing;
- inaccurate inventory data that results from shipment variances;
- misplaced products, returns or stolen goods;
- a lack of demand forecasting due to absence of data on stock turn;
- sell-through;
- historical sales;
- promotions;
- seasonality;
- the economic climate;
- poor employee training on how to monitor stock levels and perform replenishment; and
- inefficient processes for stocking shelves and placing replenishment orders.

Other causes of stock-outs may include delays in procurement, production or distribution, which could slow down the producer's speed to market or cause improper forecasting and poor merchandising compliance (Rucker, 2018). In most instances, customers notice and, indeed, react and respond to the presence of a stock-out in their choice sets. The most important finding, according to Fitzsimons (2000), is that exposure to stock-outs is found to predict changes in the subsequent shopping behaviour of consumers, with customers exposed to a stock-out being substantially less likely to return to the same store on their next shopping trip.

4.6.3.2.3 Price

Price is a key component of the marketing mix (see Khodaparasti, Aboulfazli & Isakhajelou, 2015) as price represents a critical source of competitive advantage (Wang, Lin & Chu, 2011). Empirical studies (see e.g. Owusu, 2013; Anuwichanont,

2011:37) indicate that pricing plays an important role in influencing customers' decisions in choosing and developing loyalty with a particular product or service.

Studies in the area of psychological pricing (see e.g. Asamoah & Chovancová, 2011; Wagner & Jamsawang, 2011) found that the effect of pricing on customers usually occurs at the subconscious level, and this serves as a marketing tool for retailers to appeal to consumers' emotions and to influence their decision-making processes.

As a result, many types of discount stores throughout the industrialised world have gained considerable market shares and built their reputation, largely driven by customers' favourable perceptions of their prices (Wagner & Jamsawang, 2011).

4.6.3.2.4 Customer rewards (loyalty programmes)

The findings of existing research studies (such as So, Danaher & Gupta, 2015) have already established the importance of loyalty cards as possible avenues to increase performance. The introduction of loyalty cards, if well-designed, results in the generation of long-term lifetime value (Brink & Berndt, 2008), increases customer satisfaction, and builds brand trust (Corbishley, 2017), strengthens relationships with customers (Stuivenberg, 2015), and gives insights into purchasing behaviour and their preferences (Dlamini, 2016; Zhang & Breugelmans, 2012).

From these studies, it seems customers enjoy, in most cases, an ROI in relationships (Birkbeck, 2016). Building on those above-mentioned advantages, the South African retail industry has also experienced the launch and substantial growth of a variety of loyalty programmes. According to Supermarket and Retailer (2016:6), the biggest growth (13%) can be seen among the younger population (under 25 years of age), among those with a household income of R20 000 or less and among men.

In a literature review, Fahad and Bach (2014) identify different types of loyalty programmes, i.e. frequent buyer's rewards system, fee-based loyalty system, rebate system, non-monetary or community programme, coalition, and organic loyalty. The current study acknowledged the relevance of loyalty programmes in South African retailers' effort to staying ahead of competition.

However, the study used ‘loyalty programmes’ as a generic term for programmes that attract and maintain loyal customers, and did not intend to identify the type of loyalty programmes that would be appropriate to each selected retail brand.

4.6.3.2.5 Retail environment

Earning customer devotion and commitment to a specific brand or store takes more than just offering a good product (AC Nielsen, 2013). Kotler (1974) laid the foundation for a stream of research, which later gained substance, with a large and consistent agreement in marketing research literature on the influence of the different factors comprising the atmosphere of a store, with their potential to engage, trigger and elicit customers’ reaction.

According to some authors (De Farias, Aguiar & Melo, 2014; Kotler, 1974; Turley & Chebat, 2002), the main sensory channels of atmospherics are four main types of dimensions, i.e. the visual dimensions (colour, brightness, sizes, shapes), the aural dimension (volume, pitch), the olfactory dimension (scents, freshness) and the tactile dimension (softness, smoothness and temperature) (Lorenzo-Romero, Gómez-Borja & Mollá-Descals, 2011).

The right combination of these elements can attract customers and, at best, lead them consciously or unconsciously to repeat purchases and patronage (Paluchová, Berčík & Neomániová, 2016). Further evidence is found in the study by Ali and Mubarak (2016) who claim that atmospheric design factors, such as product assortment, crowd density, and store floor space significant influence consumer purchasing behaviour at self-serving convenience stores in Ampara District, Sri Lanka.

The current study took note of the outcome of this stream of research and integrated it in order to measure and build new knowledge.

4.6.3.2.6 Trading hours

The retail industry is under much pressure to accommodate shifts in consumers’ behaviour and attitudes, such as changing buying habits and expectations, rising household mobility, and the deregulation of trading hours (Prinsloo, 2018).

The restriction of trading hours, especially on Sunday, constitutes a major constraint to those changing patterns as they limit consumer choice regarding when to shop, they prevent product and price comparison, and challenge the opportunity cost of shopping time (Danchev & Genakos, 2015).

More importantly, in their study based on an empirical framework using data from 30 European countries, Danchev and Genakos (2015) provide evidence of a positive overall influence of trading hour deregulation on employment, stemming from both the creation of jobs by new market entrants, and from existing firms hiring more people. In some developed countries, shopping hours have been deregulated (Wenzel, 2010).

In South Africa, the retail brands considered in this study still have limited opening hours. Additionally, research findings point out that South Africans demand extended trading hours (Broll, 2016). Ultimately, such a finding has important bearing on policymaking, especially in the context of a huge youth unemployment rate in the country. The quantitative survey sought to assess the expectation participants of extended trading hours.

4.7 GAPS IN LITERATURE

This chapter provided a literature review on the contribution of CRM to build brand loyalty. From this literature, it was possible to identify some research gaps and to position the current research in the body of literature.

Theory and practice of the application of CRM have made a substantial contribution to retailers in high-income and developed markets (Chinje, 2013). These markets differ vastly from emerging markets, such as South Africa, in a variety of ways. The differences relate to size, culture, economy, sociology and the pace of retail development.

Previous research established that consumer–brand relationships are unique to consumption groups of particular products, and that differences undoubtedly exist among various groups of consumers and in different consumption contexts (O'Donohoe, 2012).

Furthermore, little is known about the nature of formal and informal relationships existing between South African retail customers and the major selected retail brands for this research study. This study was consequently an attempt to address this gap. Conducting therefore a research study in the FMCG sector in South Africa will eventually lead to the identification of buying and consumption drivers unique to the South African context.

Moreover, contrary to the well-established contention regarding the positive relationships between retail brands and their customers, the current literature review showed some negative customer–brand relationships (brand avoidance). Since such negative relationships occurring between the customer and retail brands are happening on a regular basis, brand forgiveness strategies should be applied to improve customers' experience and build customer loyalty.

It was therefore of particular concern, in the context of this research study, to draw the attention of retail brands to ways to cater for their customers and to prevent those undesirable relationships whose impact would be detrimental to them.

Engaging customers through brand communication that works has always been a challenge for brand managers (Ambavale & Surti, 2014; Keller, 2009). From the traditional paradigm of information processing, literature shows that the effectiveness of brand communication is limited.

The literature above (Hollis, 2010) suggests that shifting to the emotional paradigm has the potential to increase the influence of advertising on customers. Neuromarketing is a new and innovative perspective of taking emotional advertising research further. In essence, Plassmann, Ambler, Braeutigam and Kenning (2007) shows that advertising works in two ways: it may trigger some immediate response and/or it may change the customers' brand memories in some way that influences later behaviour.

Neuromarketing can improve the insights into customers' responses and behaviour. The application of neuromarketing to unveil the potential reaction of retail shopper in South Africa, however, is scant. Such rarity is a major challenge, which the current study intended to overcome in building strong South African retail brands.

4.8 CHAPTER SUMMARY

The literature review in this chapter reported on available literature on how CRM and brand communication could be used by retailers to build brand loyalty. Embarking on contemporary practice of CRM translates a shift in marketing orientation from transactional marketing to relationship marketing with documented advantages mentioned in the literature.

Traditional thinking in marketing contends that customers make all of their buying decisions based on considerations such as product quality, product variety, product availability, convenience of location, customer care, fair pricing, online purchasing, depth of assortment, customer rewards, retail environment and trading hours, which together determine customer's loyalty to brands.

In order to cement or strengthen a loyal relationship over time, it is however most important for retailers to focus on building strong emotional bonds with their customers (Kuhn & Mostert, 2015), which will be hard to break. Earning customer devotion and commitment to a specific brand or store takes more than just offering a good product.

The identification of emotional (unspoken) antecedents of customer loyalty towards selected South African retail brands will greatly help create and nurture a quality learning relationship based on consistent knowledge from both the customer and the retailer.

Finally, the discussion of the various sections of the chapter highlighted some gaps that partly, together with other literature review chapters, justified the need for the current research to be conducted within the South African retail sector.

Exposure to media has become part of people's daily life. Based on their influential power on customers' decision-making, organisations, such as retail brands, place particular emphasis on how to employ them to achieve their goals.

With regard to brand communication, the discussion in this chapter pointed out that two major shifts need to be embraced by South African retail brands.

Firstly, brand communication should be understood as the proactive response to the voice of customers, which implies that brand marketers should not only design communication directed at their customers; they should also have responsibility to assess and reconsider customers' perceptions on a continuous basis in order to engage them successfully.

Secondly, there is a need to move from integrated marketing communication to integrated brand communications (IBC). The value of such shift fosters not only the integration all communication emanating from a single strategic platform for the generation of greater return on the communication investment, but also the extension of brand communication to other media beyond advertising.

Following Aaker's (1996) classification, the determinants of customers' responses to brand communication were structured into two categories: knowledge equity variables and attitudinal equity variables. The latter, which deals with the affective dimension was thoroughly discussed. Next, emotion was explained, and the emotional advertising paradigm was found to have influence on customers. Based on the literature, the researcher also explored how neuromarketing is used to further marketing research.

The chapter concluded with a review on recent studies that have measured customers' arousal to brand communication together with the realisation of some gaps, which are aligned with the theoretical foundation and structure of the thesis.

This chapter concluded the literature review, which served as the theoretical foundation for the thesis, and is depicted graphically as a conceptual framework in Figure 4.3 below.

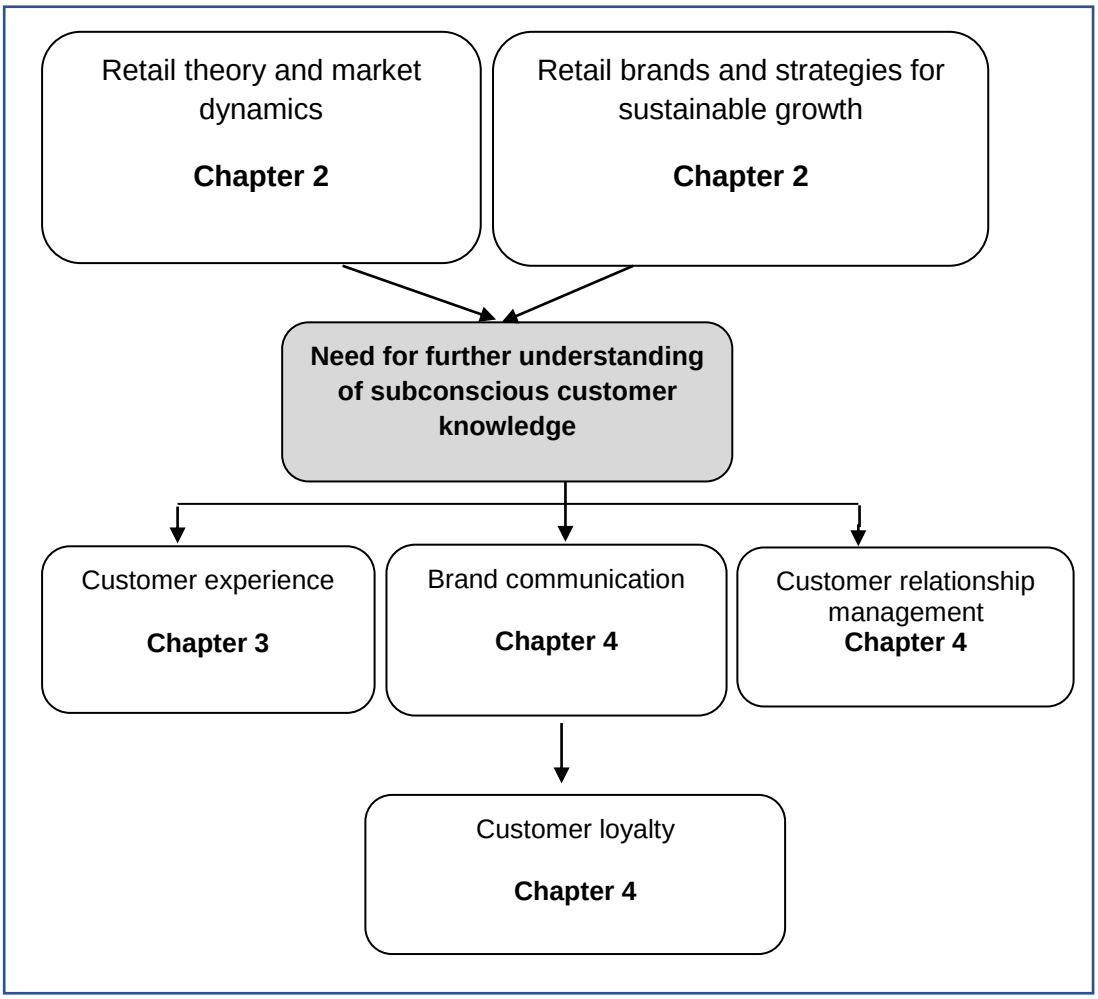


Figure 4.3: Conceptual framework derived from the literature review

CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

According to Rajasekar, Philominathan and Chinnathambi (2006:1), research methodology is a systematic way to solve a problem, a science of studying how a particular research project is to be carried out. These authors also define methodology as a study of methods by which knowledge is gained. The aim of methodology is to give the work plan of research.

In other words, research methodology is the means to an end as it specifies the researcher's deliberate but justified choices or routes to address an issue at hand, in the case of the current research, building sustainable customer loyalty by focusing on emotional antecedents.

While admitting that each research project is unique (Delaney, 2012; Tustin, Van Wyk, Martins & Ligthelm, 2005), research methodology should be perceived by the research community as the most appropriate procedure to describe, explain and predict phenomena in a specific research circumstance using applicable research methods to advance knowledge.

With these guidelines in mind, the current chapter reflects the overall approach followed to translate the stated research problem and questions into insight. The overall theoretical and conceptual foundation, as the guiding framework of the study, is firstly presented, followed by a description of the most suitable sampling plan designs for each research phase.

These plans comprise a focus on the sampling population, data collection methods, sampling methodology and sampling sizes as well as analytical approach of the research. A key feature of the discussion is the focus on research ethics.

5.2 THEORETICAL AND CONCEPTUAL FOUNDATIONS OF THIS STUDY

The research purpose, questions and objectives, as stated in Chapter 1, are again summarised below to contextualise the discussion on the research methodology addressed in this section better.

5.2.1 Research purpose

The overarching purpose of the current research was to investigate the drivers of attitudinal and behavioural loyalty that could affect consumers' decision-making in order to advance knowledge in CRM in the highly competitive retail industry of South Africa. More specifically, the study investigated CRM from the perspective of rational and feeling-related responses to the preferred retail brands.

5.2.2 Research questions

In line with the purpose of the research stated above, the study aimed to address five main questions as reflected below:

Research question 1: How important are attitudinal and behavioural loyalty to major South African major retailers?

Research question 2: What do major retail brands do to acquire, maintain and enhance relationships with their customers that build loyalty?

Research question 3: What are the primary motivators that drive customer loyalty towards major South African retail brands?

Research question 4: How important are emotions in customer decision-making in particular to secure customer loyalty within the South African retail industry?

Research question 5: Can contemporary CRM insights be applied in constructing an integrated and sustainable CRM framework for major South African retail brands?

The researcher is confident that the answers to these research questions would allow gaining insight into both brand management and neuromarketing to a comparable degree.

Section 5.2.3 specifies the research objectives in order to address the research questions.

5.2.3 Research objectives

The research study aimed to address several pertinent objectives, which are outlined below, namely to –

- determine the fundamentals of behavioural loyalty that are valued most by major South African retailers;
- investigate South African major retailers' strategies, policies, processes and procedures in acquiring, maintaining and enhancing relationships with their customers to build brand loyalty;
- investigate the motivating factors of greatest likelihood among customers that best explain customer loyalty within the retail sector of South Africa;
- investigate the role of emotions in customer decision-making as potential mediators in securing sustainable loyalty within the local retail industry of South Africa; and
- develop a uniquely integrated CRM strategy for sustainable customer loyalty in the South African FMCG retail environment.

5.3 RESEARCH APPROACH FOR THIS STUDY

A mixed method approach was adopted for this study. This section positions the mixed method research in theoretical perspective, after which its application in the current study is discussed.

5.3.1 The theory of the mixed method approach

Scientific research adopts qualitative and quantitative methodologies in the modelling and analysis of numerous phenomena. Both methodologies offer a set of methods, potentialities and limitations (Queirós, Faria & Almeida, 2017: 369) which are highlighted in Table 5.1.

Table 5.1: Differences between quantitative and qualitative research approaches

Dimension	Quantitative research	Qualitative research
Focus on understanding the context of the problem	Smaller	Bigger
Dimension of group studies	Smaller	Bigger
Proximity of the researcher to the problem being studied	Smaller	Bigger
Scope of the study in time	Immediate	Longer range
Researcher's point of view	External	Internal
Theoretical framework and hypotheses	Well structured	Less structured
Flexibility and exploratory analysis	Lower	Higher

Source: Queirós et al., (2017:371).

Research is often dichotomised as quantitative or qualitative (Tariq & Woodman, 2013:1). As indicated in Table 5.1, researchers argue that positivist (quantitative) research is weak in understanding the context or setting in which people behave. In essence, in positivist research, the voices of participants are not directly heard as the researcher is not immersed in the data (Atieno, 2009; Creswell, 2007). This perception is based on the mostly closed-ended questions being used in quantitative research, which largely limit participants' self-reported responses. On the other hand, while interpretivist (qualitative) approach holistically understands the human experience in specific settings, the smaller sample size leaves little possibility to generalise the findings to a larger population (Rahman, 2017).

Researchers' choice of the appropriate approach should be driven by the research questions (Borrego, Douglas & Amelink, 2009; Queirós et al., 2017). In the context of the current research, conducting a shopping mall intercept survey was deemed necessary to understand customers' purchase behaviour based on a selection of predetermined questions and response options. However, this approach could only partially track the intensity of customer emotions. As a complementary method, constructivist research (qualitative in-depth interviews) was applied. When quantitative and qualitative methods are used in a single study, they provide the researcher with the possibility of gaining a rich and complex understanding of people's experiences (Creswell, 2007), in this case, the feelings related to the

patronage of a specific retail brand, or even, participants' perception of retail brands' logo.

Building on the strengths of both approaches, the current study employed a mixed methods approach to investigate the various phenomena regarding retailers and customers, with a specific focus on building customer relations and advancing retail brand loyalty as a key sustainability and growth strategy.

5.3.2 Application to the current study

In order to explore and describe both retail brands and customers' experiences regarding the drivers of retail loyalty, a sequential mixed method research design (Lopez-Fernandez & Molina-Azorin, 2011; Tashakkori & Teddlie, 2003:687) was adopted for this study. Such a design comprises exploratory, descriptive and experimental research designs.

To guide the descriptive research design that aimed to address research objectives 3, 4 and 5 of the study, both traditional cognitive and neuromarketing research techniques were applied to expand the knowledge regarding cognitive and emotional behavioural loyalty. In fact, the limitations of traditional cognitive research techniques in assessing emotions as mediators of how consumers process marketing messages, have favoured recourse to neuromarketing techniques aimed at deepening the understanding of consumer behaviour.

The exploratory, descriptive and experimental research designs with the accompanying sampling plan designs are explained in more detail below.

5.4 SAMPLING PLAN DESIGN

Figure 5.1 illustrates the data collection methods and the research techniques that were used to address the different research objectives.

The illustration also clearly shows the sequential mixed method research approach as discussed in section 5.1.

The content of Figure 5.1 is further illuminated in the sub-sections to follow.

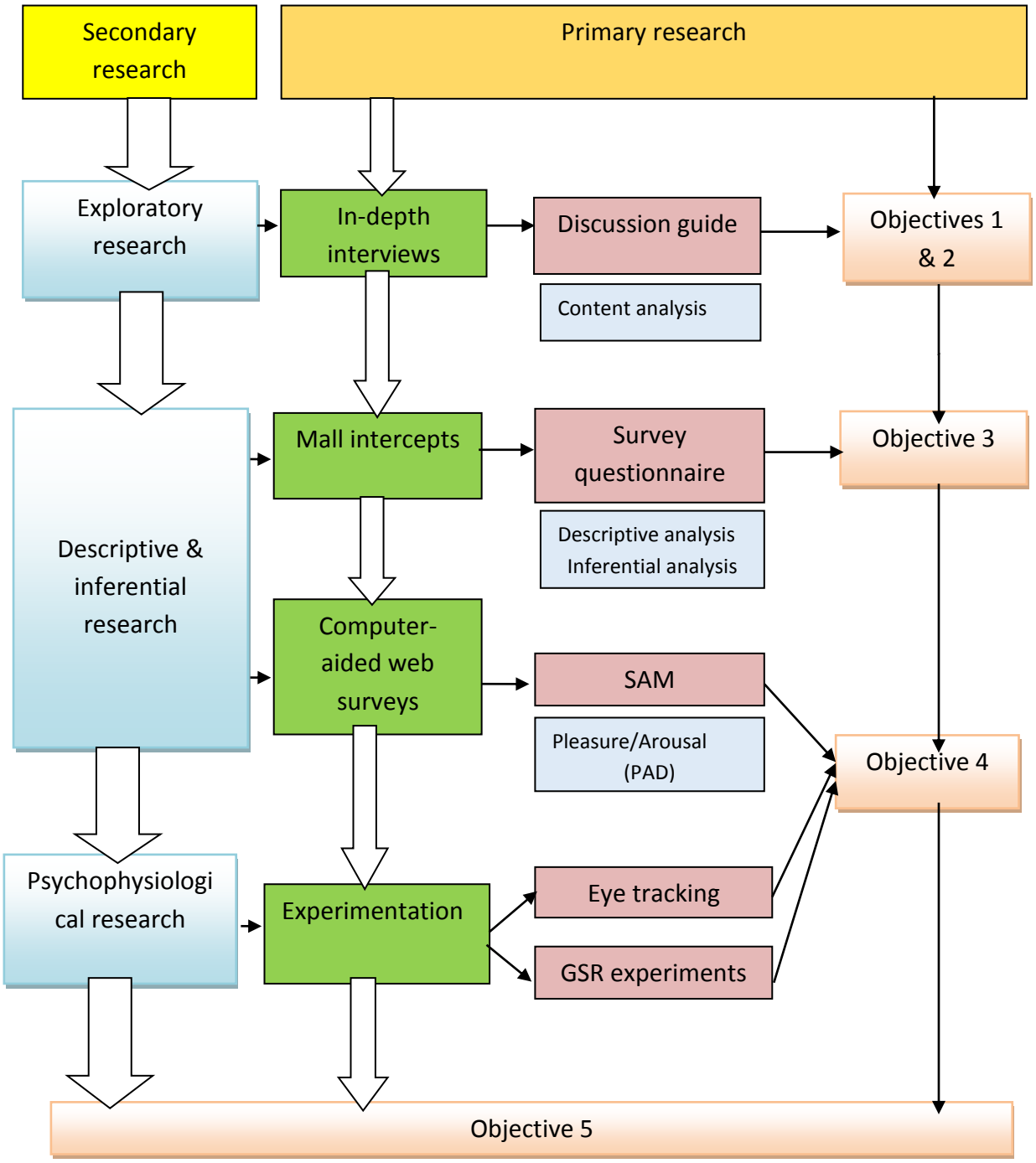


Figure 5.1: Research objectives, research techniques and associated data collection methods and analysis techniques

Source: Author's own compilation

5.4.1 Exploratory research design: in-depth interviews

Study objective 2 investigated South African major retailers' strategies, policies, processes and procedures in acquiring, maintaining and enhancing relationships with their customers to build brand loyalty.

The primary research phase focused on determining the fundamentals of behavioural loyalty that are valued most by major South African retail brands. The exploratory primary research involved eight in-depth interviews with key informants, namely retail marketing managers, shopping mall or shopping centre managers as well as selected academics with expert knowledge in those fields.

The information collected proved valuable for understanding the retail environment in which South African retail brands operate, and the key success factors in this specific industry.

5.4.1.1 In-depth interviews

In-depth interviews are usually semi-structured or unstructured. The interviewer has a number of topics and open-ended questions on which to focus the discussion rather than a list of closed questions. According to Piercy (2004:1), in a semi-structured interview, as was the case in the current study, the researcher asks a series of open-ended questions, with accompanying queries that probe for more detailed and contextual data.

Respondents' answers provide rich, in-depth information that help the researcher to understand the unique as well as shared circumstances in which the respondents live, and meanings attributed to their experiences. In-depth interviews are usually carried out on a one-to-one basis. However, they sometimes occur with a pair or small team of interviewees (Allmark et al., 2009:3).

According to Tustin et al. (2005), the fact that there is no strict set of questions gives the researcher ample flexibility to discuss a particular issue in more detail, a perfect opportunity to create questions or to probe to ensure that the best possible answer is generated. It is of paramount importance to note that in-depth interviews are mostly suitable to specific types of research.

Tustin et al. (2005:162) list some of them:

- when the issue under investigation is embarrassing, stressful or confidential;
- when a detailed analysis of rather complex situations, such as attitudes, beliefs and feelings, has to be conducted;
- when peer pressure may cause some respondents to conform to societal norms, whereas in reality they would not;
- when the interviewer needs a progressive set of images, such as buying decisions with regard to overseas holidays; and
- in complex situations where the aim is to explore rather than measure.

Stacks (2011:174) claims that, as a research method, the in-depth interview presents two major advantages. It allows the interviewer to get an understanding of not only the problem being researched but also of the person being interviewed. It also allows for introspection on the part of the interviewee and can still provide interviewer control over the type of questions asked and the order of those questions.

Moriarty (2011) points out that one attraction for researchers is that a considerable amount of data can be generated from an interview. Other aspects of the richness of data gained from in-depth interviews are provided by Fourie (2014). Fourie believes that, as developed on a one-to-one basis, in-depth interviews establish an atmosphere and a close rapport of trust conducive to a free flow of elaboration on personal feelings, recollections and opinions on the part of the interviewee.

Moriarty (2011) insists that, for an in-depth interview to reach its full potential, the interview location should be kept free from all disturbances. He also suggests that interviews should be conducted on interviewees' home ground (whether this is their actual home or a place they have chosen) in order to help them be more relaxed and allow the researcher to meet participants in a 'natural setting'.

5.4.1.2 Sampling for in-depth interviews

For this study, a detailed discussion guide was designed to include key focus areas of the semi-structured in-depth interviews (data collection method) that were conducted with eight key informants (sampling elements) in the formal retail sector (sampling unit). As specified in section 5.4.1, and based on judgemental sampling,

these experts comprised individuals who are closely associated with CRM functions with a specific focus on customer loyalty.

More specifically, in applying judgemental sampling, these were:

- A marketing manager of a major retail brand, with unique and advanced knowledge of the current and potential marketing priorities and challenges faced by the retail industry. The researcher was interested in ascertaining the current and potential marketing priorities and challenges faced by judgementally selected retail outlets for which the selection was motivated in Chapter 1;
- Five shopping centre managers or marketing managers at shopping centres, selected on the premise that the sampled major retail brands were key tenants of retail mall space, they shared experiences with retail brand managers or directors at professional society assemblies, closely collaborated with brand or marketing and communication managers, and were well educated regarding the customer base targeted by the sampled retail brands.
- The sampling elements for the qualitative study also included three experienced academic experts at higher education institutions (sampling units) with unique and advanced knowledge of customer relationship marketing and consumer behaviour in the retail industry.

The major disadvantage related to seeking expert interviews is that these are very high-level experienced individuals and it is, at times, difficult to gain access to these individuals. To overcome this constraint, interviews were conducted at convenient venues and times convenient for the participants after obtaining the necessary consent to participate.

5.4.1.3 Ethical considerations in the in-depth interviews

Ethics, which refers to what is deemed acceptable (good) or unacceptable (bad) in human conduct, has become a key issue in marketing research, just as in other areas of business research (Tustin et al., 2005). In this regard, participation by selected retail key informants (of which the selection procedure was described in sections 5.4.1.2) was voluntary and anonymous.

Thorough instructions to participate in the survey were self-explanatory and easy to follow. These were provided while the overall purpose of the research was made clear to all participants. In addition, it was emphasised that the data was collected for academic purposes (doctoral thesis) only with the aim to expand new knowledge and insights on retail brand loyalty.

During the personal in-depth interviews, participants were informed that all discussions would be recorded with their permission by using electronic recording devices and that the recordings would be used for cross-checking later. Recordings are stored for 5 years in a safe place and will be destroyed after being utilised to their full potential for research purposes.

The participants were issued with an introductory letter explaining the purpose of the study and how they could benefit from the research, and they were guaranteed confidential treatment of inputs supplied.

5.4.1.4 Data analysis for in-depth interviews

Piercy (2004) signifies that, if in-depth interviews wish to provide answers to specific research questions, the semi-structured, long interview is an ideal way to collect data in order to produce a considerable amount of textual data for analysis. However, Folkestad (2008) argues that the analysis of qualitative data, such as in-depth interviews, is, at times, complex.

Such complexity is inherent to the fact that "for each interview that is conducted more knowledge is possessed, not only about the phenomenon that is studied in itself, but also about the interview guide as well" (Folkestad, 2008:4). The successful performance of the analysis therefore requires experience on the part of the researcher.

In the analysis, a five-step approach is usually adopted, namely –

- reading the first unit of data;
- reading the second unit;
- proceeding in this fashion until all units have been assigned to categories;

- developing category titles or descriptive sentences or both that distinguish each category from the others; and
- starting all over (Folkestad, 2008; Piercy, 2004).

As far as the in-depth interview data was concerned in this study, the tape-recorded sessions of the key informant interviews were transcribed. The data obtained from the in-depth interviews was analysed by means of thematic content analysis.

The data collected was documented as text, in the form of direct quotations from the interviews to identify dominant recurring and supporting themes for insights relative to the research objectives. Once a pattern had been identified, it was interpreted in terms of the objectives set out for the research project.

This process included thematic categorisation to build a conceptual understanding of the participants' perceptions, needs and insights (Neuman, 2000). The categorisation reflected a group opinion and dominant and recurring themes.

5.4.2 Descriptive research design: mall intercept surveys

Study objective 3 intended to investigate the motivating factors of greatest likelihood among customers that best explain customer loyalty within the retailer sector of South Africa. This was assessed by using mall intercept surveys. This section explains how the sampling plan was composed for the quantitative mall intercept survey. It also discusses the methodological and analytical approaches as well as the ethical considerations.

5.4.2.1 Mall intercept survey

In a mall intercept survey, interviewers attempted to recruit shoppers or other passers-by at one or more shopping malls to take part in a study. Generally, neither the malls nor the individual participants are selected via probability sampling, although some systematic method may be used to determine who gets approached or intercepted within a given mall (Tustin et al., 2005).

The mall intercept survey is an ideal method for collecting data due to its flexibility, the quality of data and an acceptable response rate. It is also less expensive and a quicker data collection than some other methods with data obtained from a single

location, and data being verified and processed almost immediately as each interview is completed. One of the commonly reported major disadvantages of the mall intercept survey is that, most of the time, potential sample members are in transit and generally less inclined to participate in a survey. They would therefore perceive it as an intrusion and might not feel interested in the survey (Evans, Ellis, Santiago & Reed, 2006).

To address such a limitation, the survey used in the current study was kept short and focused. Furthermore, acknowledging the fact that shopper patterns and profiles vary at different times and across socioeconomic groups, the quantitative research design was developed in consultation with store managers and research demographers to ensure representative time frames for the interviews with different customer segments at different shopping times.

It is important to note that the mall intercepts served as an initial platform to design the second phase of the descriptive research model described in section 6.4.3.

5.4.2.2 Sampling plan for mall intercept surveys

Firstly, in order to identify the sampling units and elements, it was important to identify the retail trading areas of Gauteng to be targeted by the research. This presupposed a multi-stage sampling plan design where the sampling regions were selected prior to identifying the sampling units (malls and/or shopping centres where retailers were located) and, finally, the sampling elements (customers shopping at selected mall outlets).

For this purpose, Table 5.2 outlines the regional profile of the first stage of the multi-stage sampling design.

Table 5.2: Regional profile and sample sizes for the mall intercept survey

Regions	Areas	Mall or shopping centre	*Sample size*
City of Johannesburg	Johannesburg CBD	Carlton Centre	*30*
	Midrand	Boulders Mall	*15*
	Randburg	Randburg Square	*15*
	Soweto	Maponya Mall	*30*
Ekurhuleni	Alberton	Alberton City	*15*
	Boksburg	East Rand Mall	*30*
	Germiston	Golden Walk	*15*
	Kempton Park	Festival Mall	*15*
Emfuleni	Vereeniging	River Square	*15*
City of Tshwane	Pretoria (CBD)	Sammy Marks Square	*15*
	Brooklyn	Brooklyn Mall	*15*
	Menlyn	Menlyn Mall	*30*
	Wonderbroom	Wonderpark Mall	*30*
	Soshanguve	Crossing Shopping Centre	*15*
Mogale City	Krugersdorp	Cradlestone	*15*
Total			***300***

The selection of the geographic spread of the shopping malls was based on the socioeconomic profile of the consumers residing in the areas where the malls were located.

For the current study, a non-probability sample of 300 readily available (convenience quota-controlled sampling) individual shoppers in Gauteng was applied. For each shopping timeslot, six females and four males were selected until the desired quotas had been reached. Reid and Mash (2014) also suggest that, in order to capture a wide spread of participants, different timeslots should be considered. In agreement with these authors' three timeslots in the day were used (morning, afternoon and early evening, both on weekdays and over weekends).

The point-of intercept was a shopping mall where one or more of the retail outlets were located. Nevertheless, to guarantee that each shopper had an equal chance of being sampled, as suggested by Batt and Chamhuri (2011), the researcher and an assistant, occupied positions at different entrances of the shopping centre or mall.

After obtaining consent from participants, shoppers were primarily questioned about various issues discussed in section 5.4.2.3.

5.4.2.3 Questionnaire development

The research instrument was designed in close collaboration with the Behavioural and Communication Research Division of the Bureau of Market Research (BMR) at the University of South Africa (Unisa) for undertaking interviews. The exploratory research largely guided the contents and focus of the research instrument.

Structured questions were designed to ascertain the opinions, shopping behaviour, beliefs and attitudes of customers by using mall intercept interviews, which involved face-to-face interviewing of customers at the outlets of selected retailers. One of the priorities of researchers conducting a mall intercept survey is to ensure that the research participants belong to the target population of interest (Flint et al., 2016).

In accordance with that, after being screened with some questions gauging their eligibility (to identify, for instance, potential buyers from one or more of the selected retail brands) for their inclusion as well as their willingness to participate, the shoppers or passers-by were considered for further questioning (Tustin et al., 2005).

The questionnaire (Appendix A) mainly focused on behavioural and attitudinal customer loyalty, and sought to address specifically the following key focus areas:

- brand awareness;
- frequency of purchase;
- brand preference;
- advertising effectiveness;
- retailers' brand image and associations as well as motivation(s) for shopping (compared to competitors);
- customer satisfaction;
- brand switching behaviour;
- customer experience and suggestions;
- customer loyalty or commitment (willingness to continue buying at the selected stores); and
- demographic profile of customers.

The questionnaire grouped all these focus areas into four sections, namely brand familiarity and trust, retail brand purchases and preference, retail brand loyalty and switching behaviour, and, finally demographics. Various response options were provided to capture the shopper profile of customers, namely (i) closed-ended responses inclusive of nominal and interval scales as well as open-ended responses.

5.4.2.4 Guidelines for questionnaire administration

The researcher managed the fieldwork process with the assistance of a BMR interviewer who was recruited, trained and controlled in the administration of the questionnaire. To overcome the language barrier generally prevalent in the Gauteng Province, the researcher and his assistant were available to speak English and at least the four main languages in the area, namely Afrikaans, isiZulu, isiXhosa and Tswana. The following guidelines were also provided to the interviewers for conducting the interviews:

- ensuring that interviewers had all documentation or information (questionnaire, letter of introduction) available;
- self-introduction of the interviewer in a friendly and business-like manner;
- selecting respondents at the entrance of the shopping outlet with a clear explanation of the purpose of the project, and assuring participants that all information would be treated as strictly confidential;
- selecting three females and two males for each shopping timeslot;
- guiding participants who had agreed to cooperate to the interviewing stall, set up at both entrances of the mall;
- completing the questionnaire with the respondent (± 10–15 minutes) and ensuring that contact details were obtained for possible follow-up interviews;
- thanking the participant;
- following up the questionnaires for completeness and correctness – all uncertain and incomplete responses had to be followed up in person;
- returning the questionnaires to the field manager; and
- completing 15 interviews each with shoppers during the morning, mid-afternoon and late afternoon.

5.4.2.5 Pilot testing for the mall intercept survey

Pilot testing, usually referred to as pre-testing (Hurst et al., 2015:4), involves simulating the formal data collection process on a small scale to identify practical problems with regard to data collection instruments, sessions and methodology. Pre-testing is a quality control measure as it allows researchers "to detect inconsistencies in cross-cultural language relevance and word ambiguity, as well as discovering possible flaws in survey measurement variables"(Hurst et al., 2015:4).

Pretesting can also provide advanced warning about how or why a main research project could fail by indicating where research protocols are not followed or not feasible (Hurst et al., 2015). According to Tustin et al. (2005:260), there are four specific reasons for performing a pilot test, namely to ascertain that –

- the designed questionnaire would perform the anticipated functions in the research environment;
- the data collection would be as relevant and accurate as possible;
- the target respondents would participate and cooperate as fully as possible; and
- the collection and analysis of data would proceed as smoothly as possible.

In order to provide assurance that the design of the questionnaire adhered to standards, the questionnaire used in the current study had to be pre-tested during the fourth quarter of 2016, with the ultimate aim to improve on its receptivity, to ascertain potential responses for measuring loyalty towards retail brands, and to refine the final research instrument.

The pilot test comprised six interviews. These were conducted by the researcher at Eastgate Mall, located in the Ekurhuleni Municipality in Johannesburg. The target population for this study was assumed to be met at this mall as it houses four retail brands out of the five selected for the current study.

The detailed information concerning the population of interest for the pilot test is described in Tables 5.3 and 5.4. The sampling distribution is the same applied to the wider study.

Table 5.3: Population of interest for the pilot test

Sample units	Eastgate Mall
Sample elements	Pick n Pay, Shoprite, Woolworths, Spar and Massmart shoppers
Extent	Johannesburg
Time	Fourth quarter, 2016 (1 November 2016)

Source: Author's own compilation

Table 5.4: Sampling distribution

Demographics	Total
Female	3
Male	3
Young	2
Medium aged	2
Older respondents	2
Morning	2
Mid-afternoon	2
Late afternoon	2
Total	6

Source: Author's own compilation

To ensure proper administration and quality control of the questionnaire, the researcher and his assistant attended training sessions provided by the promoters. The content of the training related to customer approach, introduction, filling in participants' responses as well as the discussion of all practical problems observed during the pilot test.

5.4.2.6 Ethical considerations for the mall intercept survey

Driscoll (2011) lists the following critical ethical considerations to be adhered to when collecting primary data. As far the mall intercept surveys were concerned, they conformed to those requirements.

- voluntary participation: participation in the mall intercept surveys was voluntary. Researchers requested explicit voluntary consent before involving participants in the data collection phase; equally, the researcher requested

and obtained written consent of all 15 managers of malls or shopping centres before the actual conduct of the research;

- confidentiality and anonymity: the study guaranteed participants that their identities would be kept anonymous both in the analysis of the data and in the report in order to protect them from any information they could have revealed and whose impact could be undesirable; and
- researcher bias: researcher bias was minimised since the interviewers were carefully trained. In the advent of incomplete data collected, the researcher followed up with the contact detail provided by the participant.

The study was cleared by the BMR Research Ethics Committee (RERC) prior to starting with the interviews. These research ethical guidelines were applied in the shopping mall intercept research.

5.4.2.7 Data analysis of the mall intercept survey

The overall approach adopted for the mall intercept data was descriptive and inferential analysis. The analysis involved a three-step value chain, namely data cleaning, data analysis and format output (De Jonge & Van der Loo, 2013).

Data cleaning is a key step in preparing data for analysis purposes. In fact, the raw data that was collected from the public was not automatically 'usable' for the particular purpose for which it was collected. Data usually contains one or more of the following errors: data entry errors, distillation errors or data integration errors (Hellerstein, 2008; Yaya, 2012). Field and central editing, coding, capturing, cleaning, verifying and analysis of the data from the mall intercept survey (descriptive) were done using the IBM Statistical Package for the Social Sciences (SPSS) computer program.

After the data had been cleaned and entered into the database, the actual data analysis followed. Besides descriptive statistics, the four main inferential analytical methods used were structural equation modelling (SEM), two-step cluster analysis, optimal scaling and multivariate logistic regression model. The section below provides a brief discussion of each inferential analytical technique.

5.4.2.7.1 Structural equation modelling

SEM is a statistical tool used to modify a model and/or to develop new models, and comprises, amongst others, regression analysis (Bentler, 2010) and factor analysis. SEM has two aspects (Hershberger, Marcoulides & Parramore, 2003): confirmatory factor analysis this aspect of SEM allows a researcher to test a proposed theory or model using empirical data in order to confirm its validity (Paulsen, 2019); and exploratory (this aspect of SEM allows the development of a new theory or model.

Priester (2010) reports that SEM can be used to make inferences with regard to the psychological processes that have an influence on individual behaviour. In addition, SEM offers the possibility to assess the goodness of fit of the model, i.e. the extent to which the model represents the observed data or the consistency of the model with the data (Hershberger et al., 2003).

SEM has proved to be a widespread technique in studies attempting to explain the relationships between certain variables (Guàrdia-Olmos, Peró-Cebollero & Gudayol-Ferré, 2018; Karakaya-Ozyer, BAksu-Dunya, 2018; Tarka, 2018). As supported by Hair, Gabriel and Patel (2014), the application of SEM to marketing research has led to numerous advances that extend the capabilities of the method.

Hair, Black, Babin and Anderson (2010) summarise the major benefits of using SEM in a multi-construct model as follows:

- SEM allows researchers to investigate whether a hypothesised cause does actually have an effect by computing path coefficients between the exogenous variables and the endogenous variables. The exogenous variables are variables that are not influenced by any factor(s) in the quantitative model but which can exert an influence on other constructs under observation. Theoretically, endogenous variables are affected by the exogenous and other endogenous variables within the model (Hair et al., 2010; Schreiber, Amaury, Stage, Barlow & King, 2006).
- SEM allows researchers to measure mediating effects by easily creating additional paths in the hypothesised model (Gunzler, Chen, Wu & Zhang, 2013).

- In addition, SEM provides information about the goodness of fit of the hypothesised model, which allows researchers to compare competing models.

SEM best fitted the current research as the study intended to investigate relationships dynamics between brand trust, brand affect, attitudinal loyalty and behavioural loyalty. Although there is no golden rule in the choice of the software on which SEM should be run, certain authors (such as Gallagher, Ting & Palmer, 2008; Hair et al., 2014) recommend the usage of a user-friendly statistical package such as AMOS.

In agreement with the above, AMOS was deemed appropriate for this study. As a result, SEM was implemented by the AMOS program in SPSS.

- **Fit indexes**

According to Iacobucci (2010), the existence of several of fit indices is a major issue of model evaluation in SEM. Absolute fit indexes and incremental fit indexes are two types of fit indexes mostly used in SEM.

The absolute fit indices are used to assess the ability of the model to reproduce the actual correlation or covariance matrix (Hair et al., 2010; Hooper, Coughlan & Mullen, 2008). This index is used to assess the overall model fit of the measurement and structural models. According to Hooper et al. (2008), the absolute fit indexes do not rely on comparison with a baseline model, but measure how well the model fits in comparison to no model at all.

The absolute fit index comprises the statistically non-significant chi-square statistic ($\chi 2$), in association with its degrees of freedom (df), goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), and the root mean square error of approximation (RMSEA). For the purpose of this research, the following indices are briefly discussed:

- **Chi-square (X^2)**

Chi-square is a non-parametric technique that is used to assess the magnitude of discrepancy between sample and fitted covariance matrices (Hooper et al., 2008). Pallant (2010) refers to the chi-square test for goodness of fit as the one-sample chi-

square that is often used to compare the proportion of cases from a sample with hypothesised values or those obtained previously from a comparison population.

According to Wolmarans (2014), the chi-square is sensitive to the size of the sample, implying that it can reject the model on the basis of large samples. On the contrary, if smaller samples are used, the chi-square statistic lacks power and because of this, it might not discriminate between good-fitting models and poor-fitting models (Hooper et al., 2008).

Accordingly, there is no consensus reached about the acceptable ratio for chi-square (Hooper et al., 2008) due to its sensitivity towards sample size, and the fact that it cannot discriminate between good- and poor-fitting models. In an effort to minimise the effect of sample size, a relative or normed chi-square (x^2/df) can be used with a recommended index ranging from less than 2.0 (Tabachnick & Fidell, 2007) to less than 5.0 as the acceptable level (Hooper et al, 2008).

- **Goodness-of-fit index (GFI) and adjusted goodness-of-fit index (AGFI)**

The GFI and the AGFI attempt to adjust the goodness of fit for the complexity of the model. The GFI calculates the proportion of variance that is accounted for by the estimated population covariance (Hair et al., 2010; Hooper et al., 2008) in the sample data matrix explained by the model. Kline (2005) posits that the GFI is an absolute fit index that estimates the proportion of covariance.

It intends to determine whether the pattern of variance and covariance in the data is consistent with a structural model as specified by the researcher. The index range of GFI values is between 0 (indicative of no fit) and 1 (denoting a perfect fit) as well as a value closer to 0.90 reflecting an acceptable fit (Hooper et al., 2008).

- **Root mean square error of approximation (RMSEA)**

The RMSEA is scaled as a badness-of-fit index where a value of zero indicates the best fit (Kline, 2005). RMSEA is a measure, which conveys how well the model, with unknown but optimally chosen parameter estimates, would fit the population's covariance matrix (Hooper et al., 2008). It is also a parsimony-adjusted index, which does not approximate a central chi-square distribution.

One of the greatest advantages of the RMSEA is its ability for a confidence interval to be calculated around its value (Shadfar & Malekmohammadi, 2013). RMSEA values range from 0 to 1 with a smaller value indicating a better model fit. Acceptable model fit is indicated by a value of 0.08 or less (Hooper et al., 2008; Schumacker & Lomax, 2010).

Incremental fit indices are a group of indices that do not use the chi-square in its raw form but compare its values to a baseline model (Hooper et al., 2008; Schumacker & Lomax, 2010). Indices included in the incremental fit indices relate to comparative fit index (CFI), the Tucker–Lewis index (TLI) and the normed fit index (NFI).

- **Comparative fit index**

The comparative fit index (CFI) is an incremental fit index, which takes into account the issue of sample size that performs well when sample size is small (Hooper et al., 2008; Kline, 2005). CFI indicates the relative improvement in the fit of the researcher's model compared with a statistical baseline model known as the independence model. The CFI values range between 0 (indicative of complete lack of fit) and 1 (denoting a better model or perfect fit).

However, an acceptable model fit for the CFI should have at least a value of 0.90 or greater (Hair et al., 2010; Hooper et al., 2008). In addition, an index of 0.95 for acceptable fit is recommended (Hooper et al., 2008, Schreiber et al., 2006).

- **Normed fit index**

The normed fit index (NFI) assesses the model by comparing the chi-square value of the model to the chi-square value of the null model (Hooper et al., 2008). As with the CFI, NFI assumes that all measured variables are uncorrelated. One of the drawbacks of NFI relates to its sensitivity to sample size (Schermelleh-Engel, Moosbrugger & Müller, 2003).

The NFI values range between 0 (indicative of complete lack of fit) and 1 (denoting better model or perfect fit), but then a value greater than 0.90 is considered a good fit. In addition, an index of 0.95 for acceptable fit is recommended (Hooper et al., 2008, Schreiber et al., 2006).

- **Tucker–Lewis index (TLI)**

The key advantage of this fit index is that it is not affected significantly by sample size (Cangur & Ercan, 2015). TLI is not required to be between 0 and 1 as it is non-normed. The conventional cut-off point for the TLI measure is 0.90 with acceptable levels ranging between 0 (no fit) and 1 (perfect fit) (Schumacker & Lomax, 2010).

5.4.2.7.2 Two-step cluster analysis

In this study, the application of cluster analysis was used to expand on the results from the SEM, and the researcher wanted to explore whether there were distinct groups or profiles of participants in the study.

In cluster analysis, the assumption is that, despite the wide variety of customers, these customers may only belong to a few segments. Hence, in customer segmentation theory (see Thomas, 2017), it is explained that customers are similar within each segment (or niche) and tend to display similar behavioural and preference patterns while the opposite holds true across segments.

The segmentation criteria used included the level of education, age, gross monthly household income, brand trust score, satisfaction level with the most frequently purchased brand, behavioural loyalty, attitudinal loyalty as well as brand affect. The researcher was confident that the sound knowledge of participants' patterns would offer the opportunity of potential aid in devising a differentiated and targeted market segmentation strategy.

5.4.2.7.3 Optimal scaling

Closely related to cluster analysis is optimal scaling (see Shrestha, 2009). Optimal scaling builds on the assumption that customers can be profiled, and homogenous groups identified. Optimal scaling also allows researcher to predict behaviour.

Optimal scaling, which results in perceptual motivational maps, was relevant in the current study because it enabled the researcher to determine the factors that are correlated for each aspect regarding frequency of purchase and brand preference, respectively.

5.4.2.7.4 Multivariate binary logistic regression

Complexities inherent to customers' shopping behaviour include the behaviour of consumers while shopping or making other marketing decisions and the psychology of how they think, feel, reason, and select between different alternatives (Bashar, 2012) and their response to advertisement (Ravikumar, 2018).

Literature reveals that shoppers differ especially in terms of shopping motivations (Sohail, 2015). Demographic variables such as age, gender, education, lifestyle or geography are predominantly used to explain and evaluate shoppers' frequent purchase and preference of a brand (Akpinar, Aykin, Sayin & Ozkan, 2009; Kandasamy, 2015). Moreover, according to Wettstein, Brosig, Glauben, Hanf and Loy (2009), a general finding across existing studies is that the influence of demographic variables on brand choice is neither strong nor consistent.

The current study confidently argued therefore that despite the immense potential of demographics to explain and advance the body of knowledge in shopping behaviour, little is known about their ability to predict behaviour and preference.

The current study also argued that understanding shoppers from a motivational perspective could add value not only in terms of gathering and measuring enduring shopping behaviour, but also to explain and discuss reasons for positioning successes and failures of certain retail brands and make recommendations for improvements and suggest alternatives. A recent study by Kumar (2015) notes in this regard that there is still room for marketers and the like to investigate consumer behaviour in order to predict shoppers' reaction to various informational and environmental cues.

Such ability to predict the consumer's decision accurately could lead to targeting the products (and/or services) more effectively, cost-effectiveness in marketing strategies, increasing sales and resulting in substantial improvement in the overall profitability of the firm (Gan, Limsombunchao, Clemes & Weng, 2005) as well as clearly identifying sustainable competitive advantages.

The researcher evaluated various secondary and empirical studies in the field of consumer behaviour in general and in shopping behaviour (such as Atiyah, 2016;

Razak et al., 2016; Chishty, Loya, Ismail & Zaidi, 2015; Wang, Lin & Chu, 2011) according to particular and emerging themes, which reflect the most determining factors regarding customers' overall shopping preference used to predict shopping behaviour (see Chapter 4).

With this in mind, in the current study, the decision of a shopper to purchase frequently from a retail brand or to favour a particular retail brand is assumed to be dependent on the following independent predictors (variables):

- customer satisfaction (CS);
- brand trust (BT)
- brand affect (BA);
- attitudinal loyalty (AL);
- behavioural loyalty (BL);
- product quality (PQ);
- product variety (PV);
- product availability (PA);
- convenience of location (CL);
- customer care (CC);
- fair pricing (FP);
- online purchasing (OP);
- depth of assortment (DA);
- customer rewards (CRw);
- retail environment (RE); and
- trading hours (TH).

This study further aimed to determine whether or not the 16 independent variables sought were statistically significant predictors of customers' frequent purchases and shopping preferences in Gauteng, South Africa.

The researcher developed binary logistic regression models for determining the decision to favour a retail brand. Each of the shopping motivations was coded as 0 if not considered for favouring a retail brand and 1 if for favouring a retail brand. The section that follows will present a discussion on shopping preferences.

The preference ranking for each of the brands was recoded as a 1 if a brand had a rank of 1 or 0. Similarly, the brand most frequented by each respondent was recoded as 1 or 0.

5.4.3 Descriptive research design: computer-administrated web-based survey (CAWI)

In this section, a discussion is provided on the descriptive research design, with specific reference to the computer-administrated web-based survey (CAWI).

5.4.3.1 Computer-administrated web-based survey (CAWI)

Research objective 4 sought to investigate the role of emotional elements as mediators in securing sustainable loyalty within the formal retail industry of South Africa.

This objective was addressed using a web-based survey. An electronic questionnaire consisting of largely nonverbal emotive measures using the SAM technique (see section 6.5.1) best suited this research design. Such methodology facilitates good supervision and control (Cooper & Schindler, 2008; Tustin et al., 2005; Zikmund, Mitchell, Babin & Carr, 2013). The SAM technique is described in more detail in section 6.4.3.2. Certain advantages are associated with the use of web-based surveys.

According to Van Gelder, Bretveld and Roeleveld (2010:1293), as data collection methods, web-based surveys present the following remarkable advantages:

- web-based questionnaires generally improves data quality since validation checks can be incorporated with prompts that alert respondents when they enter implausible or incomplete answers;
- common gateway interface scripts can also be used to build in skip patterns to hide non-relevant follow-up questions, order questions randomly, give personalised feedback, or randomise participants to different versions of the questionnaire;

- experience shows that web-based questionnaires are returned more rapidly than postal questionnaires, with most respondents completing the questionnaire within a few days (Rice, Winter, Doherty & Milner, 2017); and
- substantial cost reductions (Ebert, Huibers, Christensen & Christensen, 2018; Leisher, 2014).

However, Van Gelder et al. (2010) point out that web-based surveys are known to record a high nonresponse rate, a large amount of measurement errors as well as safety and confidentiality issues, which might prevent their use in research.

5.4.3.2 Self-Assessment Manikin (SAM)

The SAM scale, developed by Bradley and Lang in the 1980s (Lang, 1980; Morris, Bradley, Waine & Lang, 1993), is a pictorial rating tool to obtain self-assessment ratings of primary emotions experienced on the dimensions of affective valence or pleasure, arousal and dominance (PAD). The instrument can be administered in an electronic format.

Figure 5.2 illustrates the SAM model consisting of the manikin nine-point rating scale, which was translated into a questionnaire for the current research.

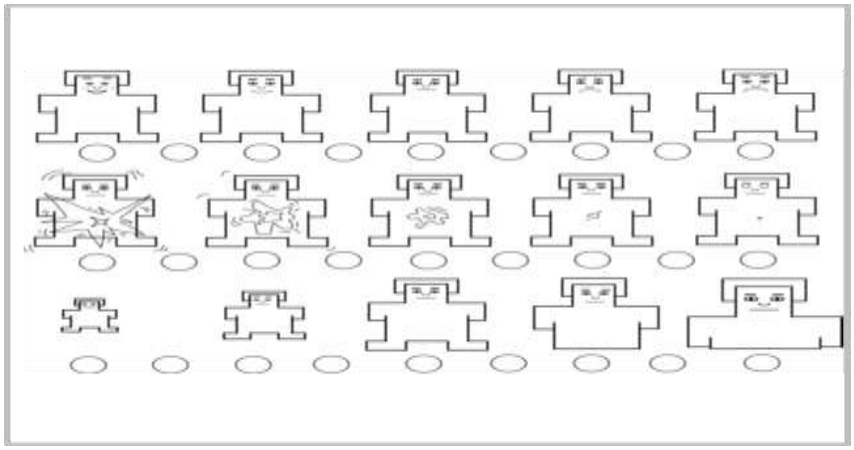


Figure 5.2: SAM Manikin nine-point rating scale

Source: Morris (1995:64).

Due to the nonverbal design, which requires little or no literacy, the instrument is usable regardless of the age and the educational or cultural background of

participants. As a research instrument, the questionnaire used in SAM is usually short.

Moreover, some research studies (see Graziotin, Wang & Abrahamsson, 2014; Yao, 2013) report that SAM is commonly employed in different fields of study, including computer science, with about 2 000 studies either referencing it or employing it. These factors were important in selecting SAM as research instrument in this portion of the study.

After viewing some brand images and advertisements of the selected retailers, participants were requested to rate their immediate emotions on a nine-point rating scale, which was depicted by static human figure manikins.

SAM is a widespread measure of emotional response applied in various qualitative and quantitative research studies (Weber, 2018; Yao, 2013). In the current study, the questionnaire was the same for all the participants, and comprised of open-ended questions related to the subject of behaviour towards the selected retailers.

5.4.3.3 Sampling for SAM

In this portion of the study, it was anticipated that some of the participants might not have Internet access or even e-mail addresses. Therefore, a census approach was adopted. The study filtered all customers participating in the shopping mall intercept survey and only those with e-mail addresses (sample units) were included in the census.

As a contingency plan, a self-completion web-based survey method was applied using SAM where participants, at the end of the shopping mall intercept survey, were requested to provide the researcher with their e-mail addresses. A month after the mall intercept survey, e-mails were sent to invite them to participate in the SAM survey.

By responding affirmatively, they promised participation. Two weeks before the due date, the researcher contacted them to remind them to participate in the survey. Finally, hundred and twenty (120 healthy participants with normal eyesight and hearing participated in the study (sample elements), which was approved by the Research Ethics Review Committee of the BMR at Unisa.

Betella and Verschure (2016) caution that the major shortcoming of web technologies in scientific research is that there is no straightforward way to ensure that participants follow the given instruction precisely. In consideration of such concern, and to avoid any possible errors or misconduct, in the current study, the electronic questionnaire was designed and sent to a web address where sample elements could access it for self-completion. The interviews were therefore conducted at a purposefully equipped computerised venue at the BMR at Unisa during the fourth quarter of 2016.

The summary of the population of interest is presented in Table 5.5.

Table 5.5: Population of interest for SAM

Sample units	Mall intercept survey participants
Sample elements	120 mall intercept survey participants with e-mail address
Extent	Gauteng
Time	Fourth quarter, 2016

Source: Author's own compilation

5.4.3.4 Ethical considerations in SAM

The role of any research ethics committee includes overseeing research being conducted within an institution in an attempt to ensure that participants' rights and privileges are being upheld (Benfield & Szlemko, 2006).

With regard to ethical considerations regarding web-based technology in social research, Fox, Murray and Warm (2003) believe that any research project should provide answers to five critical concerns, namely –

- how to approach participants;
- the guarantee of the anonymity of participants;
- protection from harm;
- data security; and
- the possible benefits to respondents.

As far as this study was concerned, good care was taken to prevent identity theft. Moreover, as suggested by Amichai-Hamburger (2013), researchers have the

obligation to protect sensitive information collected from research participants. Computer-based records were secured and were only available to researchers involved in the study through the use of access privileges and passwords. Such precaution also maintained the anonymity of participants.

The invitation to participate was restricted to the mall intercept participants in the previous phase of the research who provided the researcher with their e-mail addresses and consented to participate in a second phase of the research. All those participants received the same non-personalised message. The letter of introduction to participants sufficiently motivated the purpose of the research. They were also guaranteed feedback on the results via a designated reporting structure.

5.4.3.5 Data analysis for SAM

Participants' emotional responses were assessed within the PAD framework (Lang, 1980), which suggests that the affective quality of the experience of human emotions can be captured through three dimensions, namely pleasure, arousal and dominance (Caicedo & Van Beuzekom, 2006). However, based on agreement among some researchers (Morris et al., 1993), PAD analysis confined to the pleasure and arousal dimensions alone still provides valid results.

In order to have comparable measurements, the raw scores of each participant were typically transformed into z-scores (also known as standard scores – (see Graziotin et al., 2014). The z-score transformation was such that a participant's mean score for a variable was zero, and scores for the same variable that lay one standard deviation (SD) above or below the mean had the value equivalent to their deviation (Graziotin et al., 2014).

Therefore, one observation was expressed by how many SDs it was above or below the mean of the whole set of an individual's observations. In this way, the measurements between participants became dimensionless and comparable with each other as they indicated how much the values were spread (Graziotin et al., 2014). Based on this analysis, the emotive reactions form three general clusters.

Low pleasure (1–3) and arousal in various degrees (1–9) produced the bottom cluster of emotions, where low arousal (1–3), average arousal (4–6) and high

arousal (7–9) resulted in the sullen, troubled and alarmed segments. Secondly, Average pleasure (4–6) and arousal in various degrees (1–9) produced the middle cluster of emotions, where low arousal (1–3), average arousal (4–6) and high arousal (7–9) resulted in the indifferent, ambivalent and apprehensive segments.

Lastly, high pleasure (7–9) and arousal in various degrees produced the top cluster of emotions, where low arousal (1–3), average arousal (4–6) and high arousal (7–9) were classified as the comfortable, warmed and enthusiastic segments (Yao, 2013).

5.4.4 Psychophysiological research design

In an experiment, a researcher manipulates or sets the levels of one or more causal variables (independent variables) to examine the effect on one or more outcome variables (dependent variables) while attempting to account for the effects of all other possible causal variables, usually by holding them constant (Tustin et al., 2005).

Against this background, the current study relied on an experimental design to measure the physiological expressions of emotions, to access the inner experiences of selected customers towards retail brands. This understanding is not necessarily exclusively based upon the responses to statements or enquiries made to customers, but rather upon collecting the physiological responses while subjects are undergoing a marketing exchange (Lee, Broderick & Chamberlain, 2007).

For this purpose, 120 participants were invited to attend a series of experimental tests at the Consumer Neuroscience Laboratory at the BMR. More specifically, in this study, neuromarketing technology-related tools, namely eye tracking and GSR were used on selected subjects. These are discussed in detail below. It is important to note that these techniques were key in testing the stated hypothesis associated with research question 4 and research objective 4.

The use of different neuromarketing instruments in conjunction when investigating customers' behaviour and attitude is a well-founded approach in neuroscience, usually stemming from researchers' belief that it would allow them to come to an in-depth understanding of research phenomena (Yoon et al., 2012).

5.4.4.1 Eye tracking

Eye tracking refers to recording eye movements whilst a participant examines a visual stimulus (Collewijn, 1999). It is based upon the assumption that if one may observe where a respondent places his or her visual attention, one may better understand where the respondent places his or her mental attention (Gentry, 2007:60).

Eye tracking technology has evolved into a very robust marketing research tool, with potential uses in practical marketing applications, such as brand equity, segmentation, new product development, pricing decisions, place decisions, promotion decisions, and social marketing studies (dos Santos, de Oliveira, Rocha & Giraldi, 2015:32).

It has been used to explore such phenomena as an individual's attention, interest level, motivation and behaviour (Sciulli, Bhagat & Bebko, 2012:91). The greatest strength of eye tracking, according to Granka (2004:14), is that it highlights what a user is looking at, and in the context of information retrieval, eye tracking can depict the process whereby individuals view and read results presented to them.

Eye tracking was suitable for this study, as the research sought to analyse eye movements of selected customers in terms of attitudes towards specific retailers through a controlled eye-tracking experiment. The findings were expected to inform how participants engage with the selected stimuli, using their eye movements.

5.4.4.2 Galvanic skin response (GSR)

GSR is one those psychophysiogical instruments for assessing the emotional state of the customers (Halkin, 2016) which overcome many of the limitations and misleading results of self-reports (Kumar, 2015) and "potentially false and often inaccurate self-reports of experienced emotions from consumers" (LaBarbera & Tucciarone, 1995:37 in Boshoff & Toerien, 2017).

Galvanic skin response measurement and analysis is used to measure skin resistance, skin conductance and stress level of human being (Jayanthi, Nivedha & Vani, 2015: 12447). When a feeble electric current is steadily applied between two electrodes placed about an inch apart on the palm of the hand, the recorded

electrical resistance between them, referred to as the galvanic skin resistance (GSR), varies in accordance with the emotional state of the subject (Jayanthi, 2015: 12448).

GSR has been used in various studies as a measure of attention (Prokasy & Raskin, 1973); attitude, empathy and social interactions, especially when associated with small group interactions (Schwartz & Shapiro, 1973); reaction to music (Kuan, Morris & Terry, 2016); and consumers' emotional effect of advertisements on buying behaviour (see Boshoff & Toerien, 2017; Zhu, 2015).

Finally, despite the development of recent instruments such as functional magnetic resonance imaging (fMRI) and positron emission tomography (PET), skin conductance is still used as a proxy for neural and brain activity mainly due to its relative cost-effectiveness and its ability to measure unobtrusively and reliably (Figner & Murphy, 2011).

5.4.4.3 Sampling plan for the psychophysiological research phase

In this study, eye tracking and GSR experiments used the same participants. A census approach was also adopted. The sample elements for the study were individuals, both men and women (above the age of 18 years) who purchased goods from the selected retail stores.

For the purpose of this study, only 20 participants selected from the SAM participants (sample units) were needed. In terms of extent, the experiments took place in the Consumer Neuroscience Laboratory of Unisa during the fourth quarter of 2016.

5.4.4.4 Procedures of the experiments

As already discussed in section 1.5.5, the study identified three broad measures of emotions in consumer decision-making depending on the nature of the methods employed to measure it. These are (i) verbal measures, with a rational perspective; (ii) non-verbal measures, with a hybrid of rational and instinctive emotions; and (ii) physiological measures that assess instinctive emotions.

There are two main forms of mixed method research designs. In the parallel form, data is collected and analysed concurrently while in the sequential form, one type of

data provides a basis for collection of another type of data (Berman, 2017; Cameron, 2009; Mertens, 2005). The current study adopted the sequential approach.

However, in practice, after the in-depth interviews, the mall intercept surveys and SAM had been conducted, this study employed the simultaneous application of the neuromarketing technology-related tools on the same participants from a single location, i.e. the Neuroscience Laboratory of the BMR. Such approach prevented the duplication of the setting of the experiments and limited the duration of the study, given that few sessions were conducted.

5.4.4.5 Stimuli selection for the psychophysiological research phase

Usually, SAM, eye tracking and GSR are used to measure participants' emotive reactions elicited by some stimuli. In this study, as commonly used in similar studies and in accordance with the objectives of the study, two types of stimuli were considered:

- the logo of the selected retail brands to be viewed by the participants; and
- three shopping motivations, with their potential to trigger emotional responses from participants. Participants' eye movements were instantly measured by their emotional response triggered by customer care, customer reward and quality.

5.4.4.6 Ethical considerations in the psychophysiological research phase

With regard to ethics, the researcher ensured that the experimentation adhered to ethical standards. Great attention was therefore devoted to neuroethics (Giordano, Becker & Shook, 2016; Hamdan, 2017). Participants were informed that the duration of participation in the experimental research would be less than 30 minutes.

During eye tracking and GSR experiments, participants were informed and their consent obtained that their physiological reactions would be recorded by using electronic recording devices and that the recording would be used for cross-checking later. In supporting Wassenaar's (2006) view that autonomy and respect for the dignity of persons are vital, the study ensured confidential treatment of information and did not expect participants to provide any information against their will.

Furthermore, participant consent was required prior to actual participation. They were all informed about their right to withdraw from or discontinue participation at any stage of the experiment.

More importantly, it was important to note that neuromarketing methods are characterised by the use of small samples, in an exploratory way, with the aim of acquiring in-depth understanding of the issue under investigation (Bercea, 2012). However, it was acknowledged that neuro-science measures are intrusive in nature and this consequently has to be accounted for in data collection among human beings.

The nature and design of the study minimised any potential risk causing any physical or psychological harm to human participants. Additionally, it was ensured that internationally tried and tested techniques and tools were used during this phase. In this regard, Ramsøy (2015) (a leading international neuro-science and marketing expert from the Copenhagen Business School) was approached to guide and provide the necessary direction in the ethical use of the instrumentation.

This resulted in a three-day workshop involving the researcher and his supervisors. The workshop took place during the fourth quarter of 2015. Finally, by ensuring that one of the researcher's promotors is a consumer psychologist, and that a neuro-science expert was closely involved during the intrusive phase of the data collection, any potential uncertainty or discomfort experience by participants prior to or during the actual physiological measurements was addressed. Participants therefore did not experience any feelings of isolation or victimisation.

With regard to ethical considerations, concerning the finding of the current study agree with those by Davis (2013) concerning publication practices. In this regard, the researcher acknowledged all sources used. The researcher undertook not to submit identical copies of articles, based on this research study, to more than one publisher or journal at a time.

5.4.4.7 Conclusion on data collection and analysis

The current study adopted a sequential mixed method research design, which translated into a sequential collection and analysis of data. The final findings greatly

relied on a consolidation of sub-findings resulting from the application of different analysis techniques.

The combination of secondary, empirical and neuromarketing methods, as discussed in section 5.3.2 informed the key constructs to influence retail loyalty behaviour.

5.5 CHAPTER SUMMARY

From a methodological perspective, it was shown in the current chapter that the sole application of quantitative research or qualitative research would largely be inadequate to measure and capture the key shopping decision-making drivers that could explain customer loyalty. The fact that most of the factors investigated were beyond the scope of traditional research methods, and given the particular nature of the study, the researcher acknowledged the need to approach building customer loyalty from an integrated perspective.

Consequently, a sequential mixed method design was used to measure verbal, nonverbal and physiological expressed emotions. A detailed explanation of each data collection method, the research instruments, their implementation, ethical considerations as well as data analysis, was provided in the chapter.

The study applied innovative research instruments, i.e. the Self-Assessment Manikin (SAM), eye tracking and galvanic skin response (GSR) in an attempt to complement traditional methods and add unique value to the research. As a result, the application was valuable in modelling the primary drivers of customer loyalty within the retail sector of South Africa.

CHAPTER 6

QUALITATIVE AND QUANTITATIVE DATA ANALYSIS

6.1 QUALITATIVE DATA ANALYSIS

The qualitative phase of the research was used to gain a deeper understanding of shopping behaviour. More specifically, the main aims of this subset of the research were to determine the fundamentals of behavioural and attitudinal loyalty that are valued most by major South African retailers, and to investigate the strategies, policies, processes and procedures of the major retailers in South Africa in acquiring, maintaining and enhancing relationships with their customers to build loyalty.

The findings emerging from the qualitative research phase (i.e. the in-depth interviews, which were conducted with senior managers in the retail sector as well as senior academics from purposively selected universities in South Africa) are presented thematically in this chapter. These findings reveal neither the identity of the type of key informants nor the retail outlet or organisation in which the participants were based. This is essential in order to align with the ethical conduct of research and to protect the anonymity of the participants and the organisations in which they are based.

The analyses of the in-depth interviews produced several noteworthy findings, which are discussed in this chapter.

6.1.1 The fundamentals of behavioural and attitudinal loyalty valued most by major South African retailers

The study sought to determine the differentiating factors between frequency of purchase (behavioural loyalty) and brand preference (attitudinal loyalty). The findings discussed below showed that these two constructs are driven by a set of similar or different factors. Please note that all quotations are reproduced verbatim and unedited.

6.1.1.1 Drivers of frequency of purchase (behavioural loyalty)

Participants pointed out that the proximity of retail brands (i.e. their location) and their diversity primarily influence the customers' frequency of purchase. Good location is a key element for attracting customers to the outlet and even changing their buying habits. This is illustrated by the sentiment below:

> When I was working at the corporate, I used to go to the shopping centre over the week. But most of the time, I go to the shop that is the closest to my house. (Participant A)

It was also mentioned that behavioural loyalty depends on the need at that particular time as well as the quality of the product. This is reflected in the feeling below:

> I normally deal with XX and YY; those are my major places where I go for shopping … do I have to travel all the way to XX or YY to just buy bread in the morning? (Participant B)

Retail channel or band congruence was also listed as two of the key drivers of behavioural loyalty. In this regard, it was confirmed that customers sometimes choose to go shopping at the shopping centre or mall nearest to where they stay. There they can easily choose the options of the shops that they prefer. This factor is reflected in the statement below:

> *In most cases, the shopping centre that I choose, there is always a Woolworths, Spar or Checkers. So, I can easily choose between the different options, and then go to my preferred [shop]. (Participant H)*

Loyalty programmes were especially valued by the participants as a key factor of frequent purchase because of the ability of such programmes to reduce consumer spending. The use of loyalty cards is perceived as allowing customers to get benefits relating to repetitive purchases, which in turn, lowers the price of the items.

> *I would rather like to be an XX shopper because I know I am accumulating points than YY or ZZ where I am not accumulating anything. So, my bigger shop would be XX. (Participant D)*

Another reason that emerged from the discussion with participants was that price is a key driver of behavioural loyalty.

> *I have got a child who is at university, he's used to the XX retail chicken, but when I visit him, sometimes I can see that he has chicken from other retailers. When he sees me, however, he would say haaa mom, you should have brought chicken from XX. The fact is that he did not want to take his own money to go buy what he wants form XX. (Participant D)*

6.1.1.2 Drivers of brand preference (attitudinal loyalty)

It was mentioned that customer care and quality are issues of prominence when it comes to brand preference. It was indicated that with respect to preferred choices, and with regard to brand loyalty, observations point to factors that are prominent among the emotional antecedents contributing to loyalty as opposed to rational things.

Participants were also confident that the loyalty programmes are drivers of brand preference and choice (attitudinal loyalty). It was further mentioned that, in addition to preferring shopping where there are products that they need, consumers prefer to shop where loyalty programmes (rewards) are available. Participants also stated that they preferred shopping with retail brands where they were offered the possibility to get something in return from the shop as a result of their transaction. The sentiment below is illustrative of this statement:

> *[T]he xx card, like in the case of … because the xx card offers tangible benefits, a lot of people like it. (Participant C)*

Participants reported that the variety of the retailer's offering (product or service) also influences customers' selection of a retail brand. In this regard, they reported that, on the one hand, some retailers are 'the smaller basket' (customers shop there for limited number of items) while on the other hand, some of the retailers are associated with 'the trolley' (retailers offer a wide assortment that allows customers to shop there for everything they need).

In addition, it was mentioned that customers may go to retailer XX for their weekly shopping but for daily shopping, for example, to buy bread and milk, they will always

go to another retailer. Participants reiterated that some of the retailers are distinct in the brands that they provide, which promote health products, such as green vegetables and fruit. This has become a key selection criterion of customers.

6.1.1.3 Key contributing factors to brand trust

Participants were also probed regarding the key contributing factors to brand trust. Participants confirmed that brands are trusted if they are viewed as corporate citizens. It was explained that, if retail brands are seen to be involved in communities and thus giving back to communities, this leads to building of trust in these particular brands. Participants were adamant that this factor results in a big difference in why people chose a certain brand.

Also mentioned in the discussions is that, where companies are seen to be compliant with the legislation and therefore are regarded good corporate citizens, this helps to build trust and loyalty to the brand. In support of this assertion, it was highlighted that in South Africa, companies are trusted if they display high levels of ethics and corporate governance.

Participants stated that when consumers have consistent and full access to information about a brand this facilitates the creation of trust and loyalty to the brand. The following sentiment was articulated in support of this assertion:

> *I think the information availability whether it is around pricing or the attribute of the product or what you claim to be selling or not selling, is extremely important because your consumers are different. So, to me, the honesty in your communication whether it is communication about price and product or general things about your company, I think that's a trust eroder or not (Participant E)*

Participants indicated that the quality of the product or service is yet another important determinant of brand trust. It was emphasised that consumers, particularly those from higher-income groups, nowadays do not necessarily want cheap products and services, but rather value.

In this regard, it was mentioned that, for instance, consumers can trade down on a television set from a Samsung or LG to a Kinetic or Hisense, which is a "second-tier brand", because of the perceived high quality and value that the retailer is providing

to them. In support, participants stated that retailers have to be seen to be offering alternatives that do not erode value for the customer. The sentiment below is illustrative of the prominence of quality and value in building brand trust and loyalty:

> *To my mind, if you offer honest advertising and messaging, and you offer good value in today's world in retail, I think these are the two key components of trust. You have to be living what you say (Participant E)*

By emphasising the role of quality of service as a prominent factor in determining brand trust and loyalty, participants stated that the longer customers stand in a queue, the less they would want to be there, and the quicker the queue moves, the better it will be. They emphasised the fact that customers need convenience. They added that the ease of customer service and the speed of service are now at the forefront of customer preferences.

The following sentiment is expressive of the assertion regarding the need for promptness of customer service in support of brand trust and loyalty:

> *Take the example of South Africa. We live at a very fast pace. It is not that easy … you flow from home to work, you get to a shopping centre, you buy your items, and you still have to stay in a queue for hours. Do you know how frustrating is it? I will just put them in a trolley and simply leave. (Participant E)*

In addition, participants mentioned that customer recommendations comprise a central contributing factor to brand trust. An instance was cited that, when customers want to choose a hotel, they firstly seek for customer recommendations, especially among people in the same age group. This also applies to any other product or service where customers visit the company's website and search for what people are saying about the particular brand in which they are interested. The participants added that they thought customers take these recommendations very seriously.

However, it was cautioned that retail outlets should only post genuine recommendations from their customers. The following sentiment is illustrative of this assertion:

> *But you must not be seen to be cooking the books and buy your own recommendations. People will lose trust in you (Participant D)*

Participants were adamant that demographics were prominent determinants of brand trust and brand loyalty. They mentioned that studies have found that income (see Ramya & Ali, 2016), ethnicity (see Intharacks, 2016) and education (see Kumar, 2014; Srinivasan, Srivastava & Bhanot, 2014) shape customer buying and consumption patterns and customer profile.

Participants further stated that customer care is a key factor determining brand trust and brand loyalty. It was remarked that, if one goes shopping in the townships, for instance, one might find that the quality of customer care might differ from one outlet to another. In this regard, one customer may be treated as a 'king' whereas another may not receive such treatment.

In support of this assertion, participants were unwavering that if retailers want to maintain consistency in brand trust and brand loyalty; they have to treat each and every customer as a king. This caution is illustrated in the following sentiment:

> *Just as an example, I went to a shop in an outskirt township, and when you are getting out, the way you are treated by security personnel is almost like you have stolen from the shop. (Participant D)*

6.1.1.4 Drivers of customers' switching behaviour in the South African retail sector

Guided by probing, the in-depth interviews revealed the main reasons for customers' switching behaviour in the retail sector. It was cautioned that the analysis on switching behaviour was relatively more challenging in multi-category stores than in single-category stores. In this regard, the leading reason for customers' switching behaviour in multi-category stores was pricing. It was added that this customer defection due to pricing mostly happened in the re-seller community.

Participants added that defection due to pricing mostly happened because independent traders could afford to trade products almost for nothing in order to obtain volumes of sales. Specifically, some of the participants mentioned that in their general merchandise category, such as television sets, where retailers were the category leaders and where they found their most brand loyal customers because of a consistent offering, switching was rare. In this regard, it was revealed that the only

reason for customers switching was purely for logistical reasons, such as transportation or distance, as customers could not get to the specific store. The sentiment below is illustrative of this assertion:

I couldn't get to XX. It was easier for me to buy at YY. (Participant F)

Participants therefore agreed that the main reason why customers switched in the retail sector was around pricing and ease of access to the stores. Participants added that this was the main reason why e-commerce had to be expanded in order to maintain the customer base in specific markets in the retail sector.

Participants felt that there was a lot of emotional switching happing and that advertisement campaigns should focus on emotional brand loyalty and touch on the neuro part of customers in order to maintain and increase customer bases.

It was substantiated that such campaigns should focus on value, quality and brand trust factors in order to avoid switching and thus maintain customer bases.

6.1.2 Brand communication, customer relationship management and customer experience strategies

Participants were also probed regarding the use of retailers' marketing research in assessing customers' needs in the retail sector.

6.1.2.1 Quantitative surveys and focus group discussions

It was highlighted during the discussions that some retail outlets conduct regular surveys with their customers in an attempt to measure the customer experience with regard to various aspects such as customers' expectations, the layout of the stores as well as the level of service received.

In addition, participants mentioned that focus groups are conducted with stokvels to understand whether the retail shop is still relevant to their needs. The stokvels are invited to supplier days where the supplier enters into dialogue with customers in order to understand their needs.

6.1.2.2 Development of strengthened retailer–supplier relationships

Participants also reiterated that the retailer–customer relationships formed in the stores, especially with the commercial and trade customers, also serve as platforms for interaction and dialogue, which facilitate understanding of customer needs and preferences. It was mentioned that the insights between store workers and customers are shared with the store merchants so that when they buy, they can bear in mind the needs of the customers.

Participants also mentioned that it was all about understanding and growing with customers and knowing where to meet them on their journey. In this regard, it was emphasised that today's customers want to be serviced 24/7, that is, all hours of the day. In support of this realisation, participants cited stores that have introduced online shopping for their customers in order to increase convenience of shopping.

In this regard, the participants mentioned that price is not the only determining factor in customer satisfaction. The time during which customers can visit the shop is also an important factor. In support of this view, the following quote is reflected:

> *Sometimes, you get some people that are so price inelastic. They weigh more sensitive towards when can I shop. Can I come in the morning, at 8 o'clock before the rest of the people would get in? (Participant H)*

6.1.2.3 Social media

The study acknowledged the importance of social media and online purchasing. Sections 6.1.2.3.1 and 6.1.2.3.2 present an assessment of the state of South African retailers' use of social media and online purchasing.

6.1.2.3.1 Retailers' use of social media to enhance customer–brand relationships

Participants were requested to reflect on whether South African retailers use social media when building an omnichannel distribution. The findings indicate that, on the one hand, the retailers were not doing a good job in in this respect as they do not use social media when building an omnichannel distribution that facilitates brand communication and advertising-enhanced relationships with their customers. In this

regard, some of the participants retorted that they were not aware of any use of social media platforms by South African retailers. The following quote bears testimony to this assertion:

> *I don't see them advertising much on social media. I don't see them; I don't get their messages. Maybe they are using different platforms that I don't use. But, honestly, I don't see them! (Participant D)*

One the other hand, participants observed that some of the retailers do have an online platform, but the concern was the number of people who were actually using it at the time of this research. Those who were using these online platforms highlighted that most of the purchasing activities were around clothing and music items while the uptake on groceries was very low. Participants also observed that many young people preferred using social media platforms, such as online shopping.

It was noted that participating young people wanted to be served immediately and if this could not be done, they would switch brands. The following sentiment is illustrative of this observation:

> *A lot of our younger part of our population are really saying that serve me through this online medium because I am used to online platforms. If you don't serve me quickly enough, I will switch brands. (Participant E)*

6.1.2.3.2 Factors explaining low incidents of online retail shopping in South Africa

To understand the reasons behind the low incidents reported on online retail shopping better, additional probing was used. The participants were asked why online shopping in South Africa was lagging behind as opposed to developed markets.

High levels of consensus were notable during the in-depth interviews, which showed that, at the time of this research, participants were suspicious of online transactions. It was confirmed that this is the major reason why it is taking so long for South Africans to embrace the provision of credit card information on the online platform.

It was narrated that there are purely logistical reasons why online shopping is not accelerating in South Africa as it is in the Australian and European markets.

Participants explained that even on Black Friday weekends when their retail outlets sold large quantities of consumer goods, 70% of the customers chose to collect them in person.

The participants explained that the reasons why people were not willing to get the products delivered to their homes ranged from the fact they were not at home most of the time to the reality that they did not trust the delivery people. This clearly points out safety reasons. It was mentioned that some of the customers, for instance, wanted to open the fridge and feel and touch the products; hence, their unwillingness to have the products delivered to their homes.

The participants added that there are certainly age dynamics as well with regard to South Africa lagging behind in terms of online shopping compared to European and Australian markets. In this regard, participants observed that the online generation is generally about younger than the in-store generation. It is thus believed that, as this younger cohort move up the age ladder, online markets in South Africa might grow with and so accelerate online shopping in the country.

In addition, it was also mentioned that, as expansion of online shopping in South Africa takes place, application of the delivery-cost model becomes a requirement could ensure for survival in the retail industry. As far as grocery shopping is concerned, delivery costs make online shopping much more expensive compared to in-store shopping in South Africa (see BusinessTech, 2018).

In this regard, participants were adamant that retail markets in South Africa cannot run an e-business while having to maintain long distances for deliveries.

6.1.2.4 Customer service as a marketing strategy

This section assesses the level of customer service in the South African retail sector as well as avenues for the improvement of customer service in the South African retail sector.

6.1.2.4.1 Level of customer service in the South African retail sector

Participants explained that there was little customer service culture in South Africa. It was noted that most retail stores put their least educated personnel on the customer

service counter. The truth is that it is the most skilled personnel in the store who should be put on the customer service desk. The sentiment below was provided with reference to customer service:

> *I don't think we've got it right. Service is not really something that South Africans have in their DNA. We all say yes, the customer is our biggest advantage and it is the truth … (Participant E)*

The lack of a 'customer-first attitude' was further cited as an issue of concern in the retail sector in South Africa. It was argued that most retailers pay lip service to their customers. Participants further explained that it was the phenomenon of the 'old retailer mind' that hindered effective customer service.

In this regard, participants explained that there was an attitude among retailers that they offer a good price to the customers and that customers should hence collect their purchases and leave the store. The following sentiment supports this assertion:

> *I think it is a generational think. Just like I gave you a good price and a good product, go, go (Participant E)*

The participants bemoaned the culture of bad service in some of the shops in the retail sector in South Africa and said that the sector had become complacent. Viewed from this perspective, participants also concurred that there was little effort on the part of South African retailers to enhance customers' shopping experience.

The issue of customer service was becoming the key differentiating factor in customers choosing to go to store A rather than B or C, participants said. The quotation below is illustrative of this statement:

> *There is a general belief: XX cashiers are very rude, YY cashiers are rude. So, these are perceptions in the market. Quite frankly, I don't think retailers give enough focus to that. (Participant G)*

These statements point out the lack of appropriate engagement sometimes, with a lack of politeness and courtesy of the sales personnel, and at times, sales personnel simply do not care or are not knowledgeable enough to advise the customer in his or her product choice. In support of the quotation above, some of the participants felt that the tolerance of bad customer service in some of the retail outlets is a

consequence of the societal decay and bad service to which South Africans have become accustomed over the year.

It was reiterated during the in-depth interviews that similar levels of bad customer care were rampant in the health sector in South Africa, but that there was complacency and that people had generally accepted this level of service.In order to provide a sound basis to the current level of customer service in South Africa, as discussed above, participants were probed on the comparison of customer service levels in South Africa in relation to international markets.

Participants who had had international exposure concurred that the level of customer service in the developed countries was far ahead that in South Africa. This disparity was largely attributed to the advancement of technology in the developed countries.

Participants reiterated that in developed countries, including the United States of America, the retail sector was pioneering and advanced in terms of customer care and service. The following quote illustrates this statement:

> *for instance, in the United States of America, to be a sales assistant in a retail shop is akin to being professional. The sales assistants clearly understand the products, are well trained and provide very high-quality customer service. … sales assistants are very astute with sales skills to the point that even if customers have no intention to buy and are just browsing, 9 out of 10 times, they would purchase the product of their choice (Participants B)*

Participants also concurred that the retail sector in South Africa is still employing cheap labour and does not necessarily view the service aspect as a profession.

It was also mentioned that in developed countries, they have more skilled manpower than in the retail sector in South Africa, for instance with regard to the number of tellers in the retail shops.

Participants further said that in developed countries, they take far less time to serve customers than in South Africa. Hence, much time is spent queuing up for products and services in South Africa, and this frustrates customers and has the potential to affect brand loyalty adversely.

6.1.2.4.2 Avenues for improvement of customer service in the South African retail sector

The issue of executive buy-in was mentioned as an urgent matter for the improvement of customer service in the retail sector in South Africa. Participants stated that a proper measurement system for customer satisfaction should be used in the retail sector in South Africa.

Participants also stated that, in some of the retail shops, the customer care managers secure a one-hour slot every month where they discuss customer care with employees. Participants said that in order to augment maintenance of a good customer care system, some of the retailers institute mystery customers who go into the stores with cameras. This is done in order to detect any areas that need improvement with regard to customer care.

The issue of training and re-training (capacity building) of employees was mentioned by participants as a prominent factor in ensuring that proper customer care is maintained in the retail sector. They argued that training and re-training should be continuous as well. It was further emphasised that some of the stores have resorted to ensuring that all employees working in the store are in-sourced in order to instil an organisational culture sustainably in all employees.

The use of initiatives, such as the “block chain”, (Cognizant, 2017:2) was cited as an area of improvement. In a retail context, the block chain enables customers to have the opportunity to outline all the positive as well as negative points regarding their experiences with that outlet (IBM, 2018).

From a public perspective, when customers want to go and purchase any of the retail brands, they can immediately go to the block chain and view which positive and negative comments have been provided via social media in terms of the products and services in which they are interested.

In this regard, the block chain is of considerable benefit to both retailers and customers, especially in acting as an information and feedback loop on retail brands (Chapman, 2018).

6.1.3 Concluding remarks

Section 6.1 provided the findings from the in-depth interviews conducted with the participants. The thematic content analysis findings either support or contradict findings from previous phases of the study. It was mentioned repeatedly that behavioural loyalty is predominantly driven by proximity (ease of access, retailer's location), price, quality, customers' needs, brand congruence as well as the availability and effectiveness of loyalty programmes.

Attitudinal loyalty, however, is driven by a combination of factors and predominantly by quality, customer care, the availability of loyalty programmes, and the variety of the retailer's offering. Continuing the path towards understanding the complexity of brand loyalty, participants emphasised the importance of building customers' trust in retail brands. To be trusted, retailers need to be viewed as corporate citizens, be compliant with legislation, and be known for providing their customers with good customer service.

In addition, consistence in good customer service as well as full access to information about a brand are found to be important. These factors have the potential to build strong recommendations and word-of-mouth advertising, which strengthens the brand.

According to the analysis, customers avoid certain brands for various reasons. The main reasons why customers switch in the retail sector pertained to pricing and ease of access to the stores. Equipped with the knowledge that an understanding of the dynamics relates to shopping, most South African retailers engage in marketing research through regular surveys and focus group discussions, as well as development of strengthened retailer–supplier relationships.

Equally important for the survival of South African retailers is social media. However, South African retailers do not currently harness the existence of social media platforms.

Finally, South African retailers have to take cognisance of the general low level of customer service they need to address if they want to win the battle of customer loyalty.

6.2 QUANTITATIVE ANALYSIS OF SHOPPING MALL INTERCEPT SURVEY DATA

The overarching purpose of the current research was to investigate the drivers of attitudinal and behavioural loyalty that could affect consumer decision-making in order to advance knowledge in CRM in the highly competitive retail industry of South Africa.

To achieve this objective, the study adopted a mixed method approach based on the realisation that neither positivist nor constructivist research, on a standalone basis, would satisfactorily or appropriately measure and capture the underpinning factors that explain customer loyalty. Because most of the factors investigated were beyond the scope of traditional research methods, and given the particular nature of the study, the researcher acknowledged the need to approach building customer loyalty from an integrated perspective.

In its operationalisation, the mixed methods approach was used in a sequential way, starting with the analysis of qualitative data using content analysis as reported in section 6.1. The current section relates to the results of the quantitative mall intercept survey.

The purpose of this quantitative research was to investigate the motivating factors of greatest likelihood among customers that best explain customer loyalty within the retail sector of South Africa. Specifically, the current subset of the study explored how individual shoppers in Gauteng approached shopping and what the dominant motivating factor(s) were that they would consider both in patronising a retail brand and purchasing from it.

The researcher further analysed whether demographic profiles of customers, such as age, gender, income group, work status and the level of education affected their purchase and shopping behaviour towards retail brands.

This section presents a descriptive analysis, which is supplemented with some inferential analysis to validate the research model developed to investigate the relationships between brand trust, brand affect, attitudinal loyalty and behavioural loyalty. For this purpose, inferential analysis was limited to SEM, two-step cluster analysis, optimal scaling and binary logistic regression.

Prior to sharing the outcome of the analysis, it is important to note that the descriptive and inferential analyses are based on the research questionnaire designed for the study.

6.2.1 Descriptive analysis

This section presents a descriptive analysis of the outcome of the survey findings emerging from the mall intercepts among 300 consumers residing in Gauteng, the economic hub of South Africa (Stats SA, 2017:6).

The researcher primarily applied descriptive techniques in the analysis, including the construction of frequency distributions and measures of central location and variability.

6.2.1.1 Demographic profile of the sample

Gender distribution, gross monthly household income, participants' work status and educational attainment formed the criteria used to assess the demographic profile of participants.

6.2.1.1.1 Gender distribution

For the quantitative study, the demographic profile of shoppers was captured through gender, age groups, gross monthly household income, work status and finally the highest level of education.

Figure 6.1 illustrates the gender distribution of the sample population included in the survey.

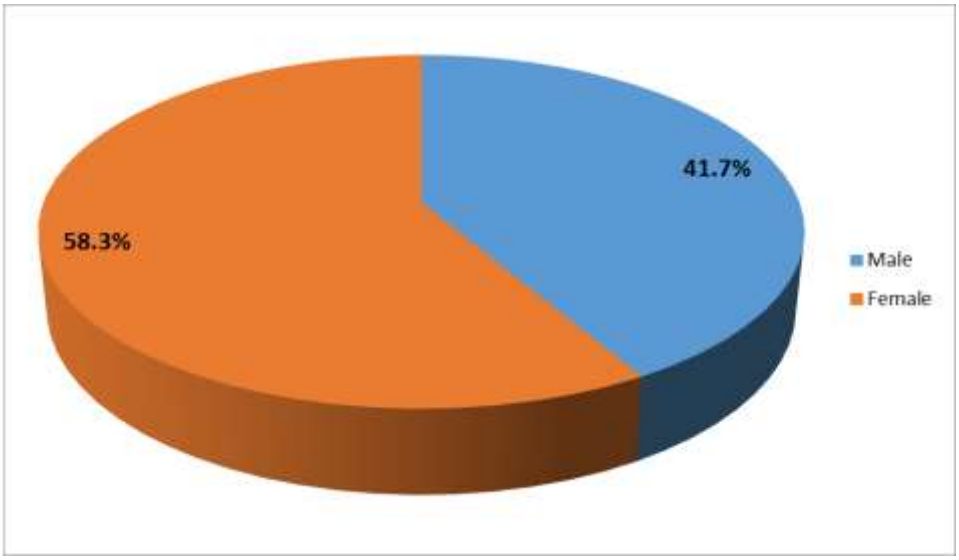


Figure 6.1: Gender distribution of the sample (n=300)

With regard to gender, the study was well informed by previous research studies (such as Lakshmi, Niharika & Lahari, 2017; Mitchell & Walsh, 2004) that gender differences exist in consumer behaviour. The South African shopping situation is no exception to this gender divide (Kotzé et al., 2012).

The results indicated that the majority of the respondents (58.3%) were female. This propensity of females to shop more than males was thus acknowledged in this study. This can, in turn, largely explain different shopping patterns.

6.2.1.1.2 Age distribution

The study considered that it would be of the highest importance to consider a broad range of age groups as these groups might exhibit noticeable differences towards shopping behaviour. Therefore, the survey population comprised young, middle-aged and elderly shoppers.

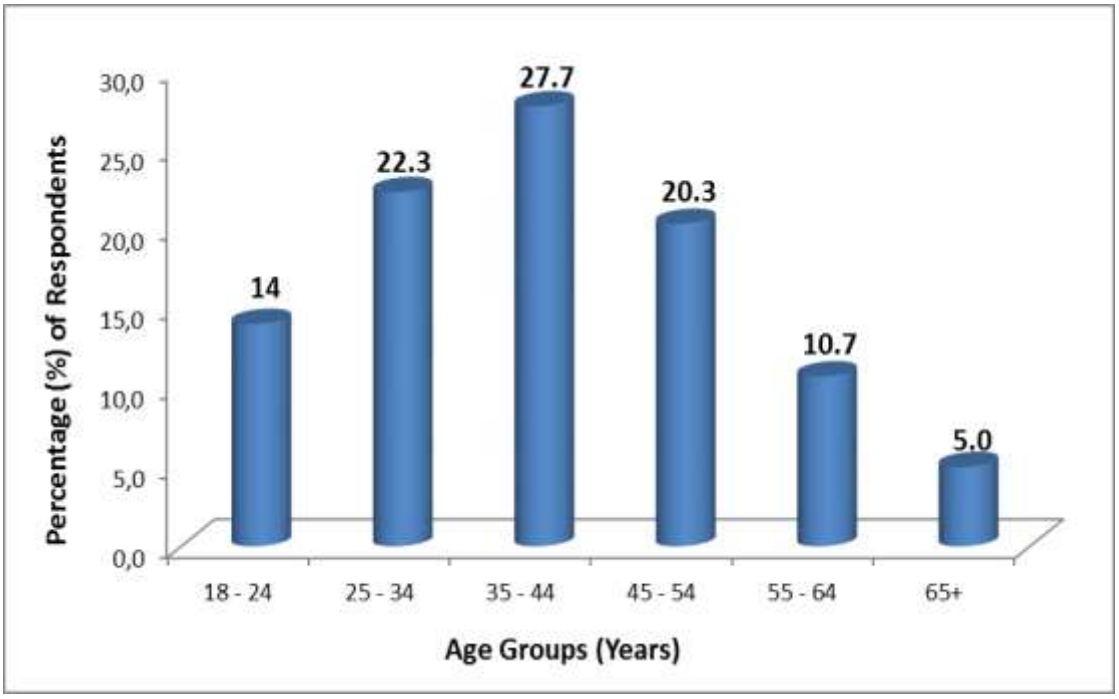


Figure 6.2: Age distribution of participants (n=300)

Figure 6.2 shows that the majority (81%) of respondents were between 25 and 64 years of age with the modal category those between 55 and 64 years old.

6.2.1.1.3 Gross monthly income

From the 300 interviews conducted with shoppers in Gauteng, 25 participants did not provide information regarding their monthly household income, probably due to the confidential nature of sharing such sensitive information.

Due to this sample loss (8.3%), the response base for the analysis of this section only comprised 275 participants who responded to the household income question. This analysis is important as the gross monthly household income is a good indicator of the spending or purchasing power of consumers.

The gross monthly household income profile is depicted in Figure 6.3.

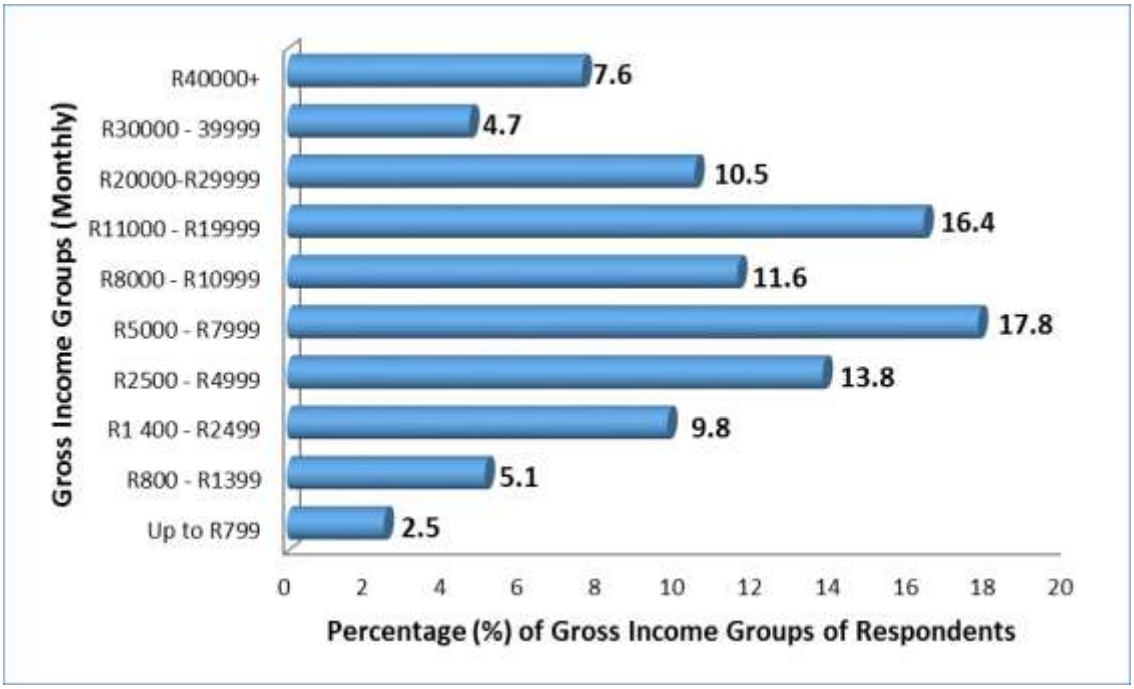


Figure 6.3: Income distribution of participants (n=275)

The sample elements for this study proved to have a high spending power with almost a quarter of the respondents (22.8%) having incomes of R20 000 or more and overall, 68.6% of participants had incomes ranging from R5 000.00 to R40 000.00 and more.

6.2.1.1.4 Participants' work status

Participants' work status was a key demographic variable, which appealed to the researcher's interest due to the general assumption that changes in lifestyles have a direct influence on shoppers and shopping patterns (Prinsloo, 2016a).

Figure 6.4 below indicates the work status of the participants in the sample.

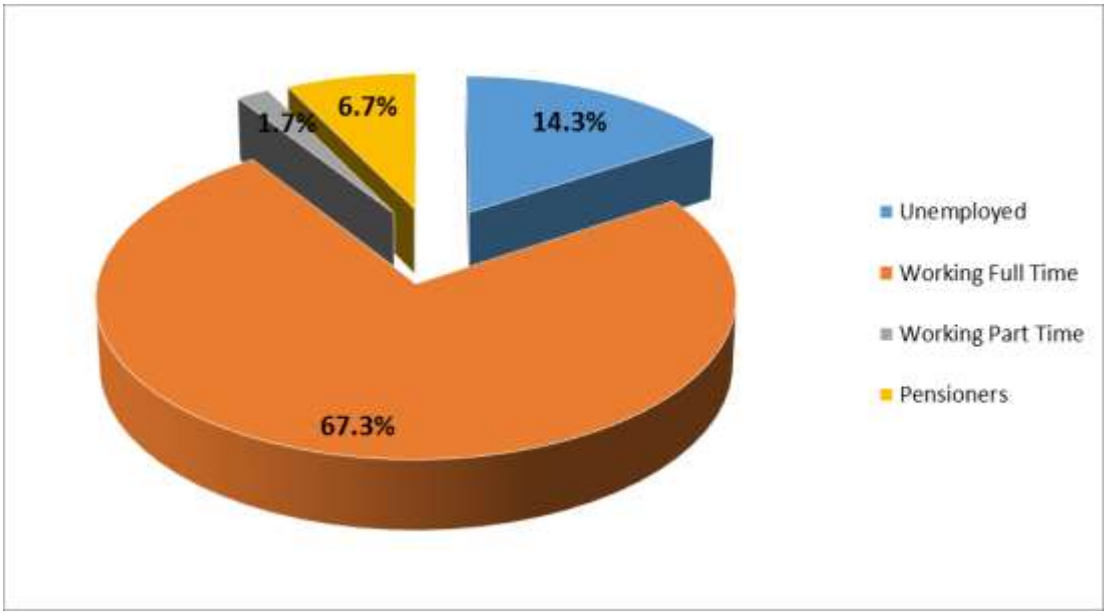


Figure 6.4: Participants' work status (N=300)

Figure 6.4 shows that the work status of participants clearly supported the high-income profile of survey participants. In terms of income, of all the respondents who participated in the Retail Brand Survey, approximately 237 (about 80%) were had full-time or part-time jobs at the time of the study.

6.2.1.1.5 Participants' highest level of education

Based on the established correlation between consumers' education attainment and their product perceptions (Mityko, 2012), the current study measured the education level of participants in relation to grocery shopping behaviour.

Figure 6.5 depicts the education level of participants as measured by the highest level of formal of education.

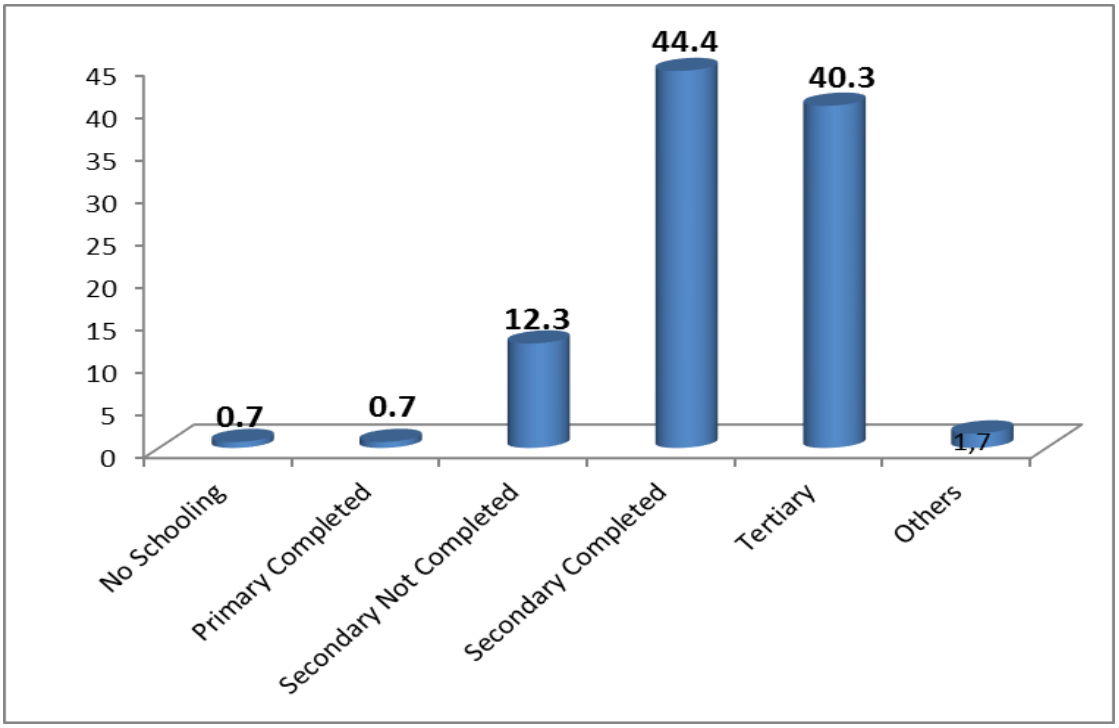


Figure 6.5: Highest level of education of participants (N=300)

The analysis of the level of education of the sample elements included in the survey shows that only about 13.7% of respondents had no school background or had completed primary but not secondary schooling. The sample represented a very educated group. The large majority (88.7%) had completed high school or had a tertiary qualification.

Additionally, the top cluster of five participants (1.7%) held a master's degree or a PhD, representing a total of about 86% of the sample capable of making shopping decisions, and the researcher assumes they will be able to shop online as well. This section presented a demographic profile of the survey population, which assisted in contextualising the outcome of the survey findings discussed in the sections below.

More specifically, the focus of the analysis in the sections to follow will be on the relevant research topic matters included in the research questionnaire.

6.2.1.2 Brand familiarity and trust

As an introductory question, respondents were requested to list any brand name that came to mind first when thinking of any retail brand in South Africa. The top-of-mind

awareness of customers was measured using an open-ended response format of which the self-identified retail brands are disclosed in more detail below.

6.2.1.2.1 Top-of-mind awareness

In recognition of brand awareness as the anchor to which other brand associations can be attached, some authors (see Aaker, 1996; Klopper & North, 2011) suggest the measurement of brand awareness prior to any brand evaluation. One of the most commonly used measurements of brand awareness is top-of-mind awareness (TOMA).

In the current research, the premise on which TOMA was based was that, in consumer behaviour, marketing research and marketing communication, the concept embodies the distinctive ability of a customer to recall a brand spontaneously from among a basket of competing brands. Based on Aaker's (1991) construct of brand equity, research studies confirm that, in a buying context, the more easily the consumer can retrieve the brand from his or her memory, the greater chance of prioritising the brand when it comes to brand choice (Bronnenberg, Dubé & Moorthy, 2019; Schivinski & Dabrowski, 2014).

In most cases, customer awareness represents both the quality of brand communication and the pertinence of brand characteristics in the mind of the customer. Table 6.1 below indicates the TOMA scores for each selected retail brand.

Table 6.1: Top-of-mind awareness

Retail brands	n	%
Pick n Pay	131	43.7
Shoprite/Checkers	120	40.0
Woolworths	19	6.3
Spar	15	5.0
Massmart (Game/Makro)	6	2.0
Others	9	3.0
Total	300	100

The survey revealed that Pick n Pay featured as the top-of-mind food retail brand in South Africa (43.7%), followed by Shoprite/Checkers (40%), Woolworths (6.3%), Spar (5%) and Massmart (2%). Other brands mentioned by only 3% of respondents

were President Hyper, Big Save, Cambridge Food and Food Lover's Market. The top five self-identified brands matched the researcher's identified brands with a cumulative brand awareness of 97%.

The fortune of respondents' self-identified brands matching the brand basket selected for the study by the researcher prior to conducting the survey clearly denotes that the retail brands selected for inclusion in this study were well known among the sampled population and within the FMCG industry of South Africa.

This presented an ideal opportunity for enriched and more in-depth research on brand familiarity and trust aspects of prominent South African retail brands.

6.2.1.2.2 Brand familiarity

Retail brand familiarity with the five predetermined retail brands selected by the researcher during the exploratory research phase was further investigated using a four-point familiarity scale. The scale anchor ranged from 1 = I am not aware of this brand to 2 = I am aware of this brand, but know nothing about it, 3 = I am aware of this brand and know a little about it, and 4 = I am aware of this brand and know it quite well. The question on brand familiarity was used as a filter question to gauge the level of knowledge of participants and to decide on whether they could qualify to continue the survey or not.

Participants who were not aware of the brand (score rating of 1) or who were aware but knew nothing about the brand (score rating of 2), were classified as those with insufficient perceptive ability to provide accurate and reliable information concerning any additional questions related to brand impressions and selected retail brand ratings.

The proportions are clearly outlined in Figure 6.6, which only displays the analysis for those respondents who claimed to be aware of the listed brands but knew a little about them (score rating of 3) and those who claimed to be aware of the listed brands and knew them quite well (score rating of 4). Those participants with score ratings of 3 or 4 were considered knowledgeable enough to provide detailed responses to the follow-up questions related to brand impressions and selected retail brand ratings.

The results on brand familiarity, showing the proportion of participants who selected a 3 or 4 among participating customers are depicted in Figure 6.6.

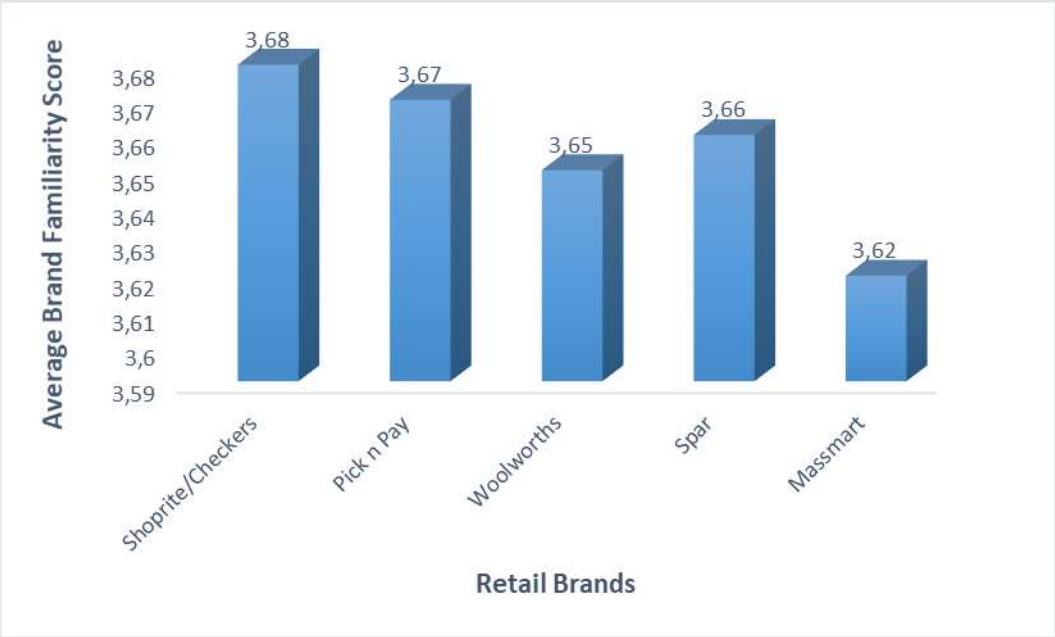


Figure 6.6: Average retail brands' familiarity scores

Despite some differences between the level of familiarity, the five brands exhibit high levels of familiarity, implying fairly good brand awareness and familiarity with the sampled retail brands.

Pick n Pay, with 99.0%, once again, appeared to be the most familiar retail brand among respondents. Comparative figures for Shoprite/Checkers and Spar were 98.3% each, while Woolworths (97.3%) and Massmart (96.0%) also achieved high levels of familiarity. Figure 7.6 displays the average level of familiarity of the 300 participating customers.

Figure 6.6 shows that Shoprite/Checkers, Pick n Pay, Spar and Woolworths are the four retail brands scoring high in terms of average brand familiarity. The difference between the average familiarity scores outlined in Figure 7.8, however, is marginal.

Although in a different order, the scores also confirm international rankings such as the global top 250 retailers published in the Global Powers of Retailing Report (2012), where Shoprite is ranked 92nd, Massmart 126th, Pick n Pay 133rd, Spar 179th and Woolworths 222nd as leading brands. Up to this point, the analysis approach

aligned with the notion of filtering relevant questions to ensure participation among qualifying respondents only.

This also applies to the next section, which only reflects the views of those respondents who claimed awareness and at least some knowledge of the listed retail brands.

6.2.1.2.3 General impression of brand

Taking a step further in the assessment of the relationships between retail brands and their customers, participants who were aware and had at least some knowledge about the selected brands were offered the opportunity to provide their general impression of the relevant brands on a 10-point scale. The impression scores ranged from 1 = extremely poor to 10 = perfect in every way.

The results are depicted in Figure 6.7.

Figure 6.7: Average general impression scores

It is important to note that respondents were only offered the opportunity to rank their brand impression if they indicated that they are aware of or had at least some knowledge of the brand being rated.

This methodology encouraged the participation of sample elements only if they met certain qualifying criteria (in this regard, claimed awareness and at least some knowledge of a brand).

More detailed descriptive analysis on general brand impressions are displayed in Table 6.2, which reflects the means and standard deviation (SD) scores for the sampled population (n) by retail brand. The value of the SD is fairly low implying fairly similar average ratings for customer rankings of the brand impression(s).

Table 6.2: Descriptive analysis and ranking of general impression for the selected retail brands

Retail brands	n	Minimum	Maximum	Mean	SD	Rank
Woolworths	292	1.00	10.00	7.48	2.43	1
Pick n Pay	297	1.00	10.00	7.32	1.92	2
Massmart	288	1.00	10.00	7.20	2.09	3
Spar	295	1.00	10.00	6.66	2.00	4
Shoprite/Checkers	295	1.00	10.00	6.42	2.31	5

SD= Standard deviation

Brand general impression means scores were further used to rank the selected brands, as depicted in Table 6.2.

It is clear from Table 6.2 that Woolworths had the most positive impression (7.48) from customers relative to other brands, followed by Pick n Pay (7.32) and the Massmart Group (7.20). Spar, with 6.66 average impression score, ranked number four. Although most participants were familiar with Shoprite/Checkers, they had a relatively negative impression about it (6.42).

This finding presented an ideal opportunity to investigate the driving forces differentiating the rated retail brands.

6.2.1.2.4 Measuring participants' brand trust

From the data collected from 300 individual shoppers in Gauteng, brand trust scores for each sampled brand were calculated following the approach suggested by AC Nielsen (2015) in three stages:

Stage 1: Each respondent was asked to indicate the familiarity with each brand on a four-point scale. The scale range would be: 1 – I have not heard of this brand, 2 – I have heard of this brand, but know nothing about it, 3 – I have heard of this brand and know a little about it, and 4 – I have heard of this brand and know it quite well.

Stage 2: The participants evaluated all brands that had been rated by them, 3 or 4 on the familiarity scale stated above. Those who rated a brand 1 or 2 on the familiarity scale were not asked to evaluate the brand (their individual brand trust score was considered to be 0).

Overall rating: The evaluation was done at an overall level for each brand by indicating the rating by the participant on a 10-point scale where 1 was 'Extremely poor' and the 10 = 'Perfect in every way'. Participants were then asked to respond to a battery of four statements that defined brand trust on a 1–10 scale where 1 would mean that the statement did not apply to the brand at all, and 10 would mean that the statement was completely applicable to the brand.

Stage 3: The final brand rating was arrived at through the following three steps:

- Step 1: Calculate a brand trust score for each respondent = ([0.5*overall] + [0.5*Attr1+Attr2 … + Attr4]/4]).
- Step 2: Multiply the brand score by the familiarity score or weight. This was either 3 or 4 as those rating the brand 1 or 2 on familiarity were directly considered to have a brand trust score of 0.
- Step 3: The total of all the brand scores (across respondents) was calculated and then divided by the total number of respondents (including those who gave brand scores of 0), i.e. the average was taken on the overall base of respondents who were asked about that brand, i.e. coded 1, 2, 3 or 4 on the familiarity scale to get the overall brand score. Thus, the final score for each

brand was on the basis of all respondents, irrespective of their level of familiarity.

- This final rating for all the brands was directly compared and sorted in descending order to determine the most trusted brands. The outcome of the evaluation is presented in Table 6.3.

Table 6.3: Average brand trust mean scores by trust dimension

Retail brands	Quality score	Price score	Recommendation score	Meet needs
Shoprite/Checkers	6.00	7.37	6.47	6.98
Pick n Pay	7.37	7.35	7.42	7.91
Woolworths	8.62	6.87	7.59	7.52
Spar	7.04	6.52	6.85	6.95
Massmart (Game, Makro)	7.33	7.02	7.27	7.59

The results displayed in Table 6.3 show a significant variation in perceptual responses of participants regarding quality, price, recommendation and their ability to meet customers' needs. The trust scores for each dimension for competing brands are briefly discussed below.

Quality – with regard to quality, with an average quality trust score of 8.62, Table 6.3 shows that most participants perceived Woolworths as the most quality-driven retail brand in Gauteng. Woolworths therefore held a competitive advantage based on quality. Participants also viewed Massmart, Pick n Pay and Spar, with average quality trust scores of 7.37, 7.33 and 7.04 respectively, as key challengers of Woolworths in terms of quality offering.

Price – the study was conducted in an environment that was not conducive to high economic growth, especially with low consumer confidence and considerable financial pressures on consumers. Using price as an indicator of grocery shopping decision-making, the survey results indicated that Shoprite/Checkers, with the highest average price score (7.37) was perceived as the dominant shopping destination, as their offer was seen to be much more competitive.

Participants clearly confirmed that Shoprite/Checkers' dedication to offering 'lower prices that you can trust' has started to pay off. Pick n Pay (7.35) and Massmart

(7.02) ranked 2nd and 3rd respectively behind Shoprite/Checkers. The customer reward systems established by Pick n Pay, i.e. the Brand Match and the Smart Shopper card, might certainly have had an influence on participants' evaluation.

Participants perceived Woolworths (6.87) and Spar (6.52) as retail brands with expensive offerings.

Recommendation – previous research studies found that customers' recommendations based on previous purchases or consumption experiences greatly influence preferences and purchasing behaviour (Zhang & Bockstedt, 2004). Importantly, loyal customers tend to recommend their preferred brand (DMA, 2016; Magatef & Tomalieh, 2015; Truth & BrandMapp, 2018). In the current study, participants were requested to rate their likelihood to recommend the selected retail brands to friends.

The results depicted in Table 6.3 show that, at the time of this research, Woolworths – with an average recommendation score of 7.59 – was the most recommendable grocery retail brand in Gauteng.

This finding probably relates to the high-quality score as well as a positive impression mean score reported by participants. The second most recommendable grocery brand was Pick n Pay, with a recommendation score of 7.42, followed by Massmart (7.27). The cases of lower recommendation for Shoprite/Checkers and Spar, despite strong advertising campaigns, could certainly be related to a relatively negative brand impression among the participants.

Ability to meet customers' needs – participants were requested to reflect on whether the selected retail brands' offer of a range of products and services actually matched their needs. The higher the rating the better the perceived ability of the retail brands to meet the needs of their customers. Table 6.3 shows that Pick n Pay, with a score of 7.91, meets the needs of most participants. Such finding is no surprise because Pick n Pay offers a range of good-quality products (ranking second behind Woolworths), and is highly recommended by participants (recommendation also ranking second behind Woolworths).

A summary of the analysis above reveals the following brand associations: Woolworths is positioned as the most quality-driven retail brand and the most recommendable brand in Gauteng. Additionally, Woolworths offers products that consumers perceive as comparatively expensive.

The market that Woolworths serves is a higher-income group. Pick n Pay is the second most recommendable retail brand; besides, they have a match of their customers' needs with above average quality products. Pick n Pay serves middle- to higher-income groups. Shoprite/Checkers builds its leadership on customer segments that are extremely price-sensitive. This is typical of lower-income groups.

The analysis of the trust dimensions from a single approach offers an understanding of the dynamics of those dimensions in influencing customer decisions.

The above four criteria (quality, price, recommendation, and ability to meet customers' needs) are consolidated into a single format measuring the brand trust scores of participants for each selected retail brand, as outlined in Table 6.4.

Table 6.4: Consolidated brand trust scores

Retail brand	Unweighted brand trust scores	Weighted brand trust scores
Shoprite/Checkers	6.45	23.91
Pick n Pay	7.34	27.03
Woolworths	7.36	27.32
Spar	6.64	24.45
Massmart	5.28	19.62

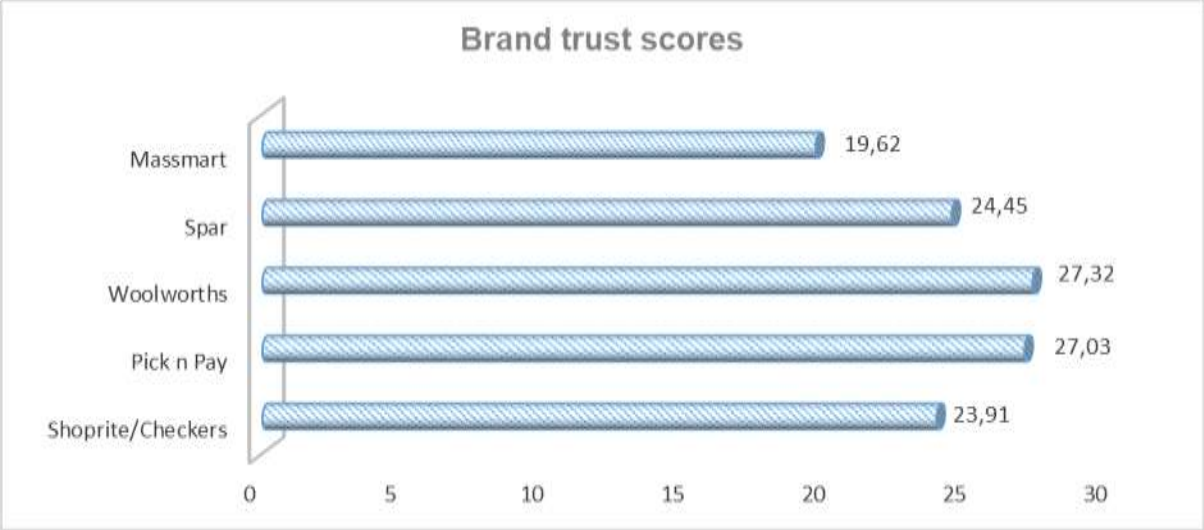


Figure 6.8: Consolidated brand scores for each selected retail brand

Using the AC Nielsen (2015) approach to calculate the overall brand trust scores, as discussed earlier, Figure 6.8 shows that the selected retail brands could be divided into three clusters. The dominant cluster comprised Woolworths and Pick n Pay. Within this cluster, Woolworths (27.32) was the most trusted grocery brand among participants. Pick n Pay showed almost equal trust leadership with an overall score of 27.03.

The second cluster comprised Spar and Shoprite/Checkers with overall trust scores of 24.45 and 23.91 respectively. Massmart, with an overall brand trust score of 19.62, was the least trusted brand among participants.

6.2.1.3 Measuring frequency of purchase

Having assessed the relationships between participants and their brands in terms of familiarity and trust, in this section, the researcher provides an evaluation of participants' behavioural and attitudinal loyalty using brand purchase and brand preference as indicators.

6.2.1.3.1 Frequent brand purchase as measure of behavioural loyalty

Participants were requested to indicate whether they had purchased from any of the listed retail brands in the 12 months prior to the survey. The results are displayed in Table 6.5 below.

Table 6.5: Frequency of purchase scores

Retail brands	N	%
Pick n Pay	289	96.3
Shoprite/Checkers	269	89.7
Spar	244	81.3
Massmart (Game/Makro)	234	78.0
Woolworths	222	74.0

Table 6.5 visually displays that Pick n Pay held the highest purchase score for the 12 months before the study. Over that period, 96.3% of participants made a purchase at Pick n Pay while 89.7% bought from Shoprite/Checkers and 81.3% from Spar. Massmart and Woolworths recorded relatively lower scores of 78% and 74% respectively.

The top three brands on familiarity scores, are also the top three on actual brand purchase score (see Table 6.9), one could possibly argue, as confirmed in previous studies by Baker, Hutchinson, Moore and Nedungadi (1986) that brand familiarity is a viable, albeit limited, marketing tool to influence consumers' decisions regarding brand purchases.

6.2.1.3.2 Retail brands most frequently used for grocery shopping

Participants who had shopped from the listed retail brands were subsequently requested to indicate the retail brand most frequently used for their grocery shopping.

Figure 6.9 below indicates the retail brands most frequently used for grocery shopping by the 300 participating customers.

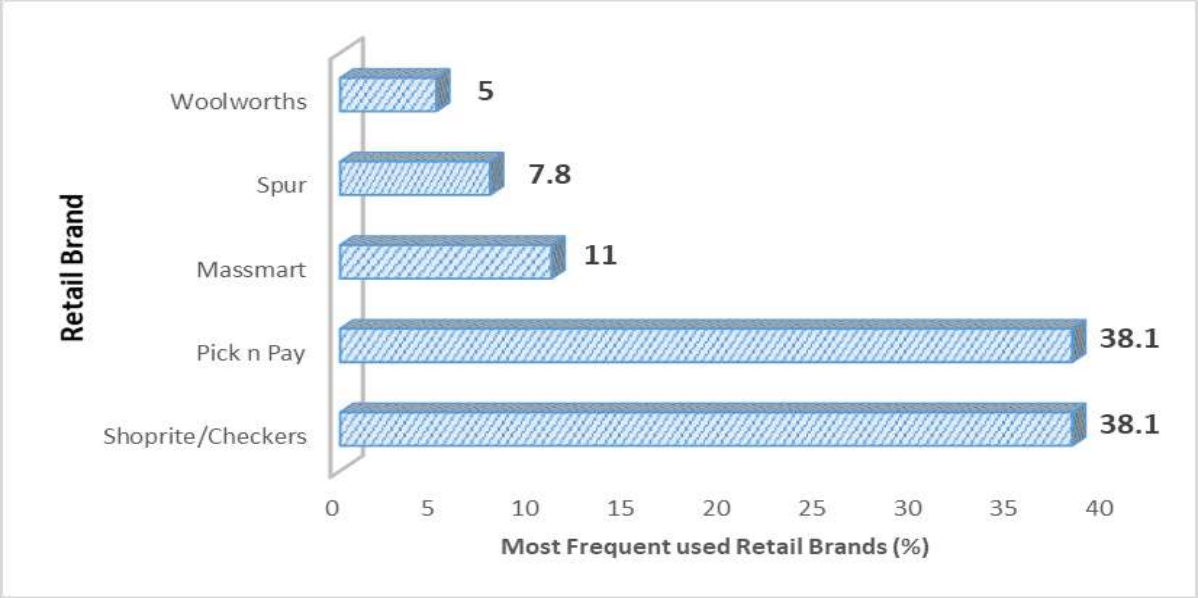


Figure 6.9 Retail brands most frequently used for grocery shopping (N=300).

Figure 6.9 shows that, despite several similarities between the selected brands in terms of actual purchase scores, retail brands visibly exhibit some distinct differences when it comes to the frequency of purchases. It is evident that, at the time of this research, the grocery shopping architecture was largely dominated by Pick n Pay and Shoprite/Checkers.

These two showed equal strong leadership as the most frequently used top grocery shopping destinations in Gauteng with 38.1% each. More than three quarters of participants reported that they frequently shopped at Pick n Pay or Shoprite/Checkers. The Massmart group held the third position with 11.0%, while Spar and Woolworths had marginal shares of 7.7% and 5.0% respectively. The lowest scores implied that Spar and Woolworths were the least frequented shops in Gauteng with respect to grocery shopping among the participants.

A niche market of 0.3% of the participants did not use the five selected retail brands as their shopping destinations; rather, they considered shopping at President Hyper (a shop found only in Gauteng). Special attention should be devoted to ascertaining the relative attractiveness of that retail brand.

6.2.1.3.3 Grocery shopping motivations for frequent purchases

A further question to the qualifying participants was to indicate the reason(s) for purchasing most frequently from the selected retail brand in the previous question. Respondents could select all that apply. The various reasons are reflected in Table 6.6.

Table 6.6: Grocery shopping motivations/shopping drivers in Gauteng

Shopping motivations	N	%
Convenience of location	238	79,3
Fair pricing	224	74.7
Product variety	219	73.0
Product quality	213	71.0
Product availability	204	68.0
Trading hours	196	65.3
Customer care	184	61.3
Customer rewards	134	44.7
Retail environment	130	43.3
Depth of assortment	26	8.7
Online purchasing	10	3.3

A set of 11 reasons were used to assess the fundamental reasons for Gauteng shoppers to consider buying regularly from a retail brand. The results contained in Figure 6.6 confirm the relevance of the selected criteria.

From the most recurrently stated reasons for shopping, Table 6.6 shows that participants primarily shopped at a specific shop on account of it being convenient for them. The researcher acknowledges that there is little consistency in the definition of the concept of convenience (Seiders, Berry & Gresham, 2000).

In the context of this study, the researcher's approach to convenience was that of access convenience, i.e. the speed and ease with which consumers could reach or engage with a retailer in person, over the phone, through a computer, or in other ways. In this case, shoppers were looking for retail brands that get closer to their consumers (i.e. near their dwelling place or workplace).

The results also revealed that, when selecting the stores for their groceries, participants had a high regard on the prices of the items. It is likely that a more competitive store would win their patronage. The third most important reason for shopping was product variety, which is the instance where the customer could envisage one-stop shopping with a single store regarding his or her shopping basket.

Other important reasons are product quality, product availability, long trading hours, customer service, customer rewards and the retail environment. To ensure the inclusion of as many reasons as possible, the researcher provided an open-ended question to participants to indicate other shopping motivations outside the listed reasons.

Besides the initial listed reasons (the grocery shopping motivations), Gauteng participants expressed eight additional reasons for exhibiting behavioural loyalty to a retail brand, namely bulk buying, safety, cleanliness, easy to locate products, money market, big space within the store to allow customers to move around, credit limit and well-stocked shelves. Cleanliness (67.0%) and bulk buying (10.7%) emerged as major additional behavioural shopping motivations for shopping. It is therefore important to adopt a new set of 13 shopping motivations to be considered altogether. The main finding implied that most South Africans consider shopping from retail brands that are in their close proximity, making convenience of location the top shopping motivation.

6.2.1.3.4 Main shopping motivations by retail brand

The study sought to identify the shopping motivation profile of each sampled retail brand in addition to depicting the generic shopping motivations pertaining to all the selected retail brands. Table 6.7 provides the results on the main shopping motivations by retail brand.

Table 6.7: The main shopping motivations by retail brand

Shopping motivations	Shoprite/ Checkers	Pick n Pay	Woolworths	Spar	Massmart
Convenience of location	100	87	11	28	11
Fair pricing	110	88	3	14	8
Product variety	87	82	10	26	13
Product quality	58	96	23	23	12
Product availability	77	79	12	23	12
Trading hours	91	72	4	26	3
Customer care	49	80	21	21	12
Customer rewards	6	94	14	16	4
Retail environment	26	54	18	19	12
Depth of assortment	10	7	2	6	1
Online purchasing	1	6	1	1	1

Note: the figures in bold correspond to the dominant shopping motivations for the respective retail brands

Table 6.7 shows that Shoprite/Checkers' distinctive advantage is related to lower prices, convenience of location (presence in most places in Gauteng) and extended trading hours (up to 20:00). In addition to that, Shoprite/Checkers offers a wide assortment (product variety) and product availability. Product quality, customer care, retail environment, the depth of assortment, customer rewards and online purchasing are marginal motivations for shopping at Shoprite/Checkers.

Table 6.7 shows a different shopping motivation profile for Pick n Pay customers. Shopping at Pick n Pay is primarily driven by four main motivations, namely product quality, customer rewards, fair pricing and convenience of location. Product variety, customer care, product availability and extended trading hours are also important. Retail environment, the depth of assortment and online purchasing are marginal reasons that drive shopping at Pick n Pay.

The Woolworths shopping profile depicted in Table 6.7 indicates that customers have high expectations regarding product quality, customer care, retail environment and customer rewards. Woolworths customers are very much aware that their retail brand has higher prices compared to competing brands, that Woolworths stores are only available in selected geographic areas with a limited assortment. The high

regard for quality and customer care, for example, is reason enough for Woolworths customers to pay a premium.

Participants perceive Spar as a store available in many geographic areas (convenience of location), with a wide a wide assortment (product variety) and long business hours. Spar also offers products of acceptable quality, guarantees the availability of their products, and values their customers (customer service). However, Spar products are perceived by the average consumer as slightly expensive.

As far as Massmart is concerned, their competitive advantage is built around a wide assortment, product quality and product availability, good customer care, a pleasant shopping environment as well as convenience of location. However, Massmart has comparatively high prices, operates limited trading hours and does not seem to have a reward system.

6.2.1.3.5 All shopping motivations (weighted index)

Based on the responses, the participants were further asked to indicate the top three most important reasons for frequently purchasing from the retail brand, in order of importance (1 = the most important reason, 2 = the second most important reason, and 3 = the third most important reason. The indication of the top three reasons for shopping from a retail brand most frequently was an attempt to identify the dominant shopping motivations.

The approach followed for the analysis of the data was that the participant's first reason (shopping motivation for preference) mentioned in the survey would be allocated a weight of 3, the second a weight of 2 and the third reason would receive a weight of 1. Thereafter, the number of times the reason was mentioned as the first choice, second choice or third choice was multiplied by the corresponding weight. The total index score was the sum of the three sub-totals. This formula was applied to product quality:

- 76 participants mentioned product quality as the most important reason;
- 38 participants mentioned it as the second reason; and
- 26 participants mentioned product quality as the third most important reason.

Therefore, the weighted total index for product quality was: 76x3 + 38x2 + 26x1 = 330. Finally, the weighted totals were ranked from the highest to the lowest, with the highest implying the top reason for purchase. In Table 6.8 below is table summarising the findings on the main reasons for frequent purchase.

Table 6.8: Top three shopping motivations for frequent purchase across retail brands

Reasons	Top three reasons for purchase (weight score)			Weighted total index	Weighted ranking
	3	2	1		
Convenience of location	222	116	33	371	1
Fair pricing	213	92	46	351	2
Product quality	228	76	26	330	3
Customer care	63	82	34	179	4
Product variety	60	74	19	153	5
Product availability	39	66	31	136	6
Trading hours	24	44	47	115	7
Customer rewards	18	20	38	76	8
Others*	24	14	8	46	9
Retail environment	6	6	11	23	10
Online purchasing	3	2	0	5	11
Depth of assortment	0	2	0	2	12

Note: * = Shopping motivations other than the 11 shopping motivations used in the table.

As Table 6.8 indicates, participants credited three dominant influencing factors on their frequency of shopping, convenience of location, price and product quality. Convenience of location was the top reason considered by participants in their shopping decision-making. Implicitly, the participants considered that they would most likely do their grocery shopping in the retail brands located close their dwelling place.

Additionally, at the time of the collection of data, South Africa was experiencing some uncertainties in the economy mostly characterised by, amongst others, a high inflation rate and low consumer confidence. Thus, price remained the second most important shopping factor as South African households were feeling financially

vulnerable at the time. In spite of these challenges, participants were very demanding in terms of product quality.

To a lesser extent, participants exhibited the need of an acceptable level of customer care. The need of convenience of location was scored at twice the need for good customer care. In other words, they were complacent with poor customer care (Brink & Berndt, 2008) as opposed to Asia where customer service has a long tradition (Economist Intelligence Unit, 2010).

The culture of superior service quality should be promoted (Adat, 2013), for instance through training. There are also instances where participants expressed the need of one-stop shopping (product variety). The availability of products on the shelves was participants' sixth major concern for frequent purchase (product availability).

Furthermore, participants believed it is a hard time for South African retail brands to operate extended trading hours, i.e. 24/7, while few participants valued the establishment of rewards systems, the availability of a pleasurable shopping environment in terms of atmospherics, and to a lesser extent, online purchase capability as well as a deeper assortment.

6.2.1.4 Overall perceived satisfaction level of participants

Having disclosed the general shopping motivations by the most frequently purchased retail brands, customers' satisfaction level across all brands was then assessed on a 10-point scale. The researcher aggregated the level of satisfaction into three segments, where 1–5 = dissatisfied customers, 6–8 = satisfied customers, and 9–10 = very satisfied customers. The results are displayed in Table 6.9.

Table 6.9: Overall perceived satisfaction level of participants

Aggregated rating scale	N	%
Dissatisfied customers 1–5	22	7.33
Satisfied customers 6–8	132	44
Very satisfied customers 9–10	146	48.67
Total	300	100

Table 6.9 reports a very high level of satisfaction among the 300 Gauteng shoppers with their most preferred retail brands with a cumulative score of 92.67 %. The mean satisfaction score of 8.2100 confirmed the high level of satisfaction among participants. The low SD of 1.52545 implied that the satisfaction scores of participants were close to the mean satisfaction score of 8.2100.

The overall satisfaction score of 92.67% was a general score for all the sampled brands. It is noteworthy that the satisfaction score mentioned above does not inform the reader sufficiently in terms of the individual performance of the sampled brands on satisfaction.

Hence, Figure 6.10 provides the overall perceived customer satisfaction level of the sample by retail brand.

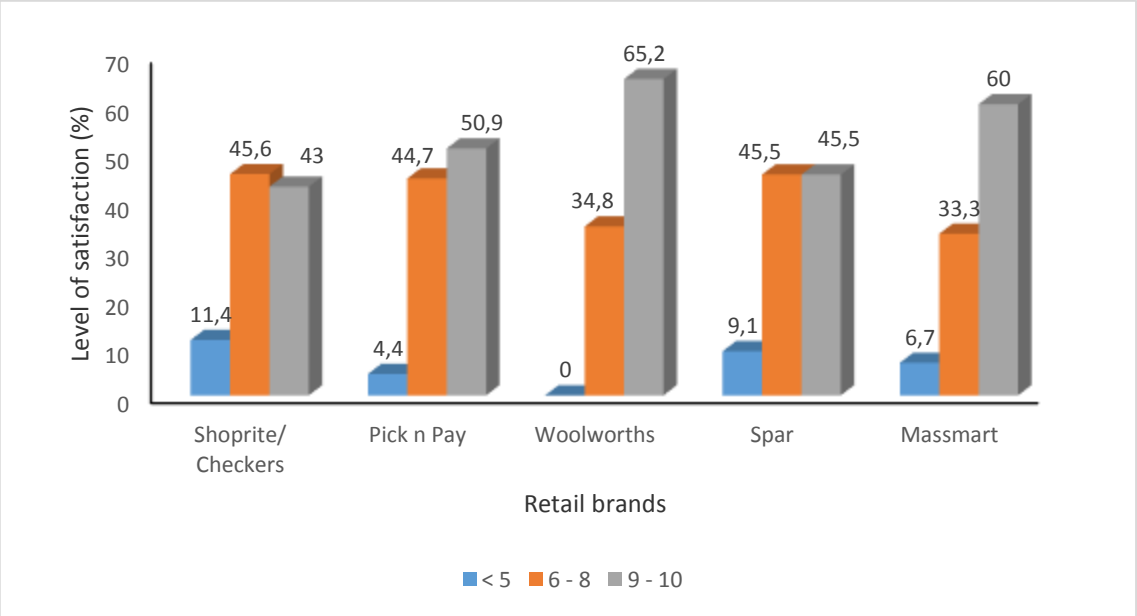


Figure 6.10: Overall perceived customer satisfaction level of the sample by retail brand

Participants' satisfaction with their most frequently purchased retail brand was assessed on a 10-point scale, where 1 = totally dissatisfied and 10 = totally satisfied. Any value below 6 was considered unsatisfactory. High satisfaction levels were

recorded. The 10-point scale was aggregated and turned into a three-point scale for more meaningful analysis purposes.

Woolworths presented an ideal portfolio of 100.0% satisfied customers. Pick n Pay ranked second with a 96.0% customer satisfaction level and a marginal proportion of 4.0% of dissatisfied customers. Massmart ranked third as the retail brand recorded a cumulative satisfaction level of 93.0% and about 7.0% dissatisfaction, followed by Spar with about 90.0% satisfied customers and 10.0% dissatisfied customers.

The Shoprite/Checkers customers recorded the lowest relative satisfaction level of 88.6%, with a substantial proportion of 11.4% of dissatisfied customers with the possibility of migrating to competitors. Participants were asked a further question on the reasons for their dissatisfaction with their retail rebrands.

The survey revealed that the major reasons for dissatisfaction with the selected stores were, in order of importance:

- unfair pricing (18.2%);
- products/food produce not fresh (13.6%);
- stock unavailability (out of stock) during specials (13.6%);
- a lack of hygiene (most of the time, the shop is dirty) (9.1%);
- poor customer service, i.e. poor staff attitude (9.1%); and
- Poor-quality products (9.1%).

All these reasons have psychological effects that lead to customer defection, brand rejection and brand avoidance.

6.2.1.5 Measuring brand preference

It has become increasingly important for retail brands, both in mature economies and emerging countries (among which South Africa), to realise the significance of brand preference issues, the reasons for brand choice, and factors influencing brand preference and shopping patterns.

The evaluation of brand preference has also become a top priority for retail managers in building and sustaining their competitive advantage. This section

provides an evaluation of participants' brand preference for the selected retail brands and the reasons supporting their choice.

6.2.1.5.1 Brand preference as measure of participants' attitudinal loyalty

Question 6 started off with the measurement of attitudinal loyalty based on the fact that human beings have deep feelings about everything they do (Paulus & Yu, 2012; Schiffman & Kanuk, 2010), including shopping. This implies that, as customers shop, they develop deep feelings in terms of their shopping behaviour. Such attitudinal loyalty uses brand preference as indicator.

Participants were requested to rank their preference for the listed retail brands, where 1 = most preferred, 2 = 2nd most preferred, etc. Customers' relative preference of one brand is captured in Table 6.10.

Table 6.10: Brand preference scores by retail brand

Weight	Shoprite/ Checkers	Pick n Pay	Woolworths	Spar	Massmart
5.00	320	470	480	115	110
4.00	236	448	180	192	148
3.00	162	156	144	270	162
2.00	110	62	72	148	202
1.00	67	11	74	62	84
Total	895	1 147	950	787	706
Ranking	**3**	**1**	**2**	**4**	**5**

The analysis provided a comparison of participants' preference among the top five South African retail brands: Shoprite/Checkers Pick n Pay, Woolworths, Spar and Massmart.

The results of the retail brand survey, reflected in Table 6.10, show that the most preferred brand was Pick n Pay whose score was the highest (1 147). Woolworths, with a 950 score was the second most preferred retail brand, followed by Shoprite/Checkers (895). The least preferred retail brands were Spar (787) and Massmart (706) respectively.

6.2.1.5.2 Drivers of brand preference (weighted index)

The approach followed for the analysis of the data was the same as used in section 6.2.1.3.5. The approach followed for the analysis of the data was that the participant's first reason (shopping motivation for preference) mentioned in the survey would be allocated a weight of 3, the second a weight of 2 and the third reason would receive a weight of 1.

Thereafter, the number of times the reason was mentioned as the first choice, second choice or third choice was multiplied by the corresponding weight. The total index score is the sum of the three sub-totals reflected in Table 6.11.

Table 6.11: Top 3 shopping preference drivers across retail brands

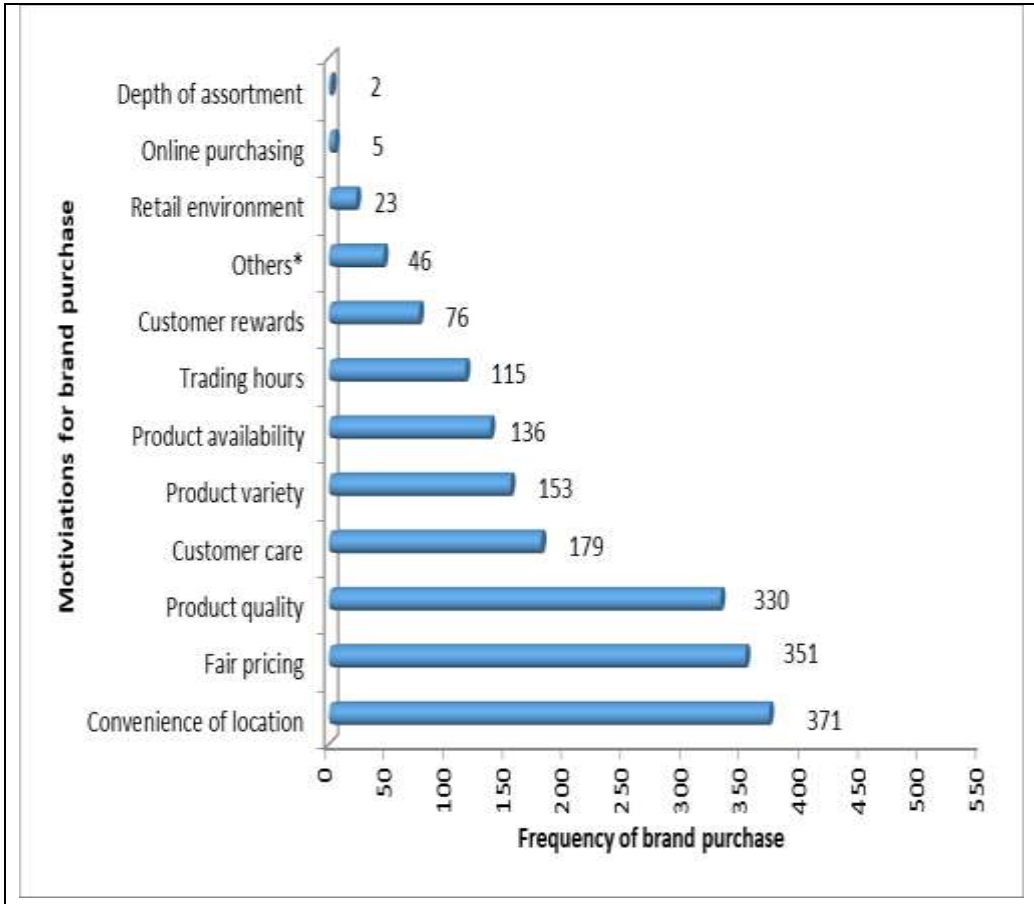
Shopping motivations	Weight sub-total index			Weighted total	Weighted ranking
Product quality	411	64	29	504	1
Product variety	78	122	48	248	2
Product availability	126	66	35	227	3
Convenience of location	99	68	25	192	4
Customer care	66	78	19	163	5
Fair pricing	36	66	35	137	6
Retail environment	12	44	36	92	7
Online purchasing	24	30	28	82	8
Other*	18	34	26	78	9
Depth of assortment	27	18	11	56	10
Customer rewards	3	2	1	6	11
Trading hours	0	2	1	3	12

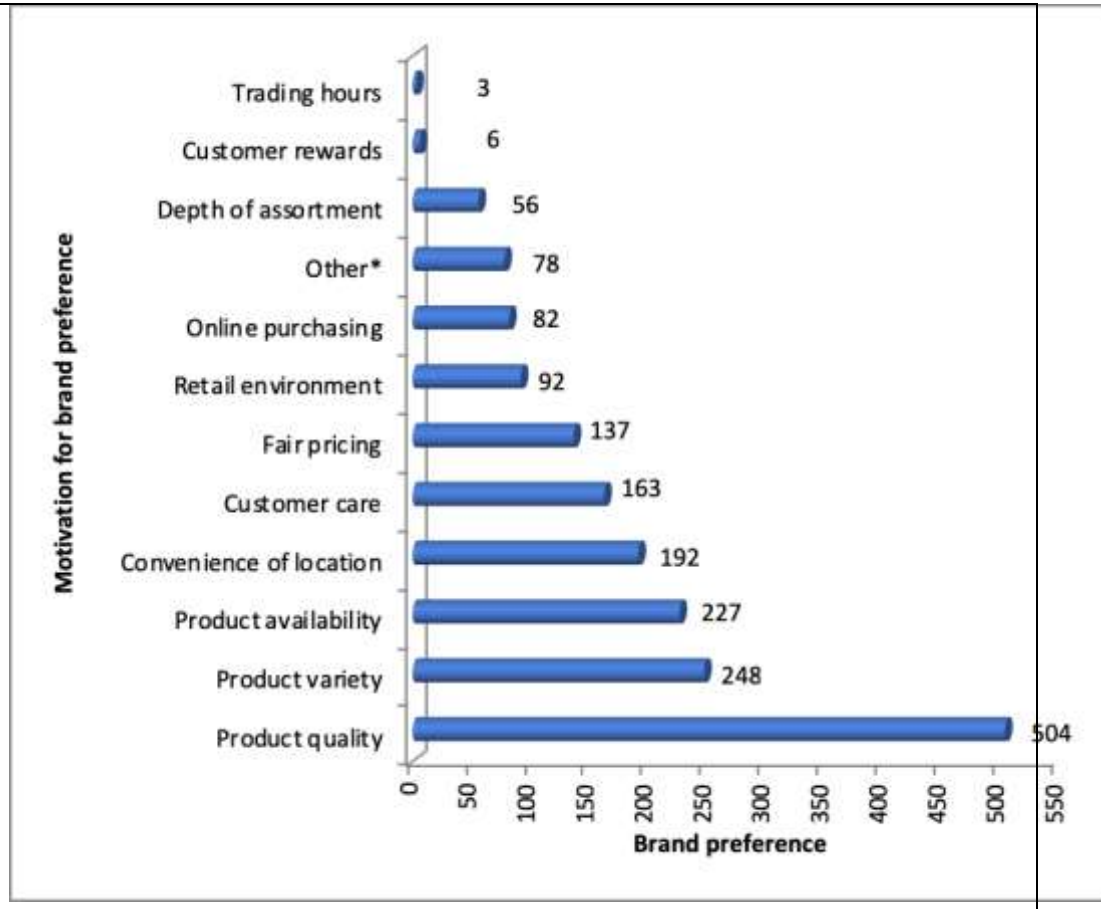
Table 6.11 shows that, overall, the results point out that, in order of importance, product quality, product variety, product availability, convenience of location and customer care are the dominant reasons for customers' preference for their retail brands.

6.2.1.6 Comparative assessment of the importance of the key shopping drivers

Figure 6.11 provides a comparative assessment of the importance of the key shopping drivers with regard to brand purchase and brand preference, using data from Tables 6.8 and 6.11.

Figure 6.11: Comparative analysis of factors driving frequent versus preferred brand purchases





The analysis unveiled significant differences between participants' motivations for frequent purchase and their preferences. Participants perceived that they would primarily consider the nearest retail brand, i.e. any retail brand close to their dwelling place for their grocery shopping (convenience of location). Frequent customers had legitimate claims and expectations towards retail brands.

The main claims and expectations were fair prices, product quality, acceptable customer care, product variety, product availability, extended trading hours and to some extent, loyalty programmes (customer rewards) in the form of discount (e.g. the Smart Shopper of Pick n Pay). This was typical of lower- to middle-income groups.

When it came to preference, distance became a lower-ranked criterion (4). In this case, participants demanded quality (number 1). Despite being the second most important criterion for frequent brand purchase, participants rated price as the number 6 reason for selecting a brand, behind convenience of location and customer care. In other words, participants were willing to pay a premium to get better service and quality.

Besides quality, participants' preference decisions were driven by product variety (one-stop shopping) for their weekly and monthly purchases. Certainly, because of the sacrifices they make to access the store (such as money or long-distance driving), participants were also demanding product availability, especially for health products.

They also expected good customer care, a pleasant retail environment, and online shopping facilities, including the use of debit and credit cards for payment. These were characteristics typical to middle- to higher-income groups.

6.2.1.7 Retail brand loyalty and switching behaviour

This section assesses brand loyalty from a behavioural perspective by measuring whether participants performed their grocery purchases from a single retail brand, from a variety of stores or whether they were not retail brand loyal at all (only one choice applied). The results are displayed in Table 6.12.

Table 6.12: Behavioural loyalty scores

Statements	N	%
I ONLY buy from ONE retail brand all the time	16	5.3
I buy from more than one retail brand	278	92.7
I am not retail brand loyal at all	6	2.0
Total	300	100

Table 6.12 shows that only 5.3% of customers performed their grocery purchases from a single retail brand. Most participants (92.7%) shopped across brands and found value at discounters, they did their grocery shopping from a variety of brands, while 2.0% of participants were not loyal to any retail brand. Of those who supported more than one brand –

- 35.3% regarded themselves as loyal to Shoprite/Checkers;
- 48.7% claimed loyalty to Pick n Pay;
- 21.3% regarded themselves loyal to Woolworths;
- 16.7% were loyal to Spar;
- 8.0% were loyal to Massmart 1%; and
- 0.3% were loyal to President Hyper and Cambridge Food respectively.

As a follow-up question, Question 10.1.1 (open-ended) assessed the single aspect that made participants switch brands. Table 6.13 provides reasons for participants' switching behaviour**.**

Table 6.13: Reasons for participants' switching behaviour

Factor	%
Price comparison	21.5
Look for what I can't find	14.6
Looking for specials	13.9
Convenience	10.6
They are not everywhere; if I can' t find them in some places, depending on the location	7.7
Distance (very far from my place)	5.8
When I am in a hurry (time pressure)	4.7
Depending on the type of product	3.3
Long trading hours	2.9
Looking for good quality products/customer service	2.9
Product (un)availability	1.8
Price and product variety/availability	1.5
Influenced by the wife/husband/friends	1.5
Consider variety of fresh produce	0.7
Depth of assortment	0.7
Move according to price and quality	0.7
According to budget	0.7
Price variety	0.7
Price, product quality and customer service comparison	0.7
Bakery	0.4
To avoid long queues	0.4
Limited assortment	0.4
Looking for health products	0.4
Price and personal relationships with some employees	0.4
The parking	0.4
When the store is full (crowded)	0.4
Looking for organic food	0.3

As per Table 6.13, participants' switching behaviour is motivated by many factors, of which the most recurrent were price (price comparison and specials), stockouts (what I can't find) and convenience of location (convenience and distance), the assortment (depending on the type of product), trading hours and quality. Thus, any discount would shift the purchase decision to the retailers running a special.

Participants who were not loyal to any brand at all were probed regarding the fundamental reasons explaining such behaviour. The results suggested that there are six reasons of equal importance, namely:

- buying during sales or anywhere they can get what they want;
- poor customer care, i.e. staff unfriendliness;
- time pressure, i.e. they are always in a hurry;
- going where service meets their needs;
- comparing price and quality; and
- buying products which meet their needs and they are not willing to engage in any emotional bond with any retail brand.

6.2.2 Inferential analysis

Inferential (multivariate) statistics comprise of techniques that assist the researcher to study samples and then make generalisations about the populations from which the samples were drawn (Hair et al., 2010). To enrich the study, we adopted a variety of techniques and methods. As presented in Figure 6.16, four techniques were used to analyse the collected data, with each providing a different lens of the analysis.

The current inferential analysis built on the descriptive analysis reflected in Chapter 7. In agreement with Zátori (2013), the current study acknowledged and adopted a mixed method methodology both in its conceptualisation and in the analysis to have an in-depth and multi-layered understanding of brand loyalty. Moreover, such an approach filled the gap of key aspects of retail shopping that have so far been under-researched.

As presented in Figure 6.12, four inferential analytical techniques, which were regarded as most suitable in support of more comprehensive data analysis, were used.

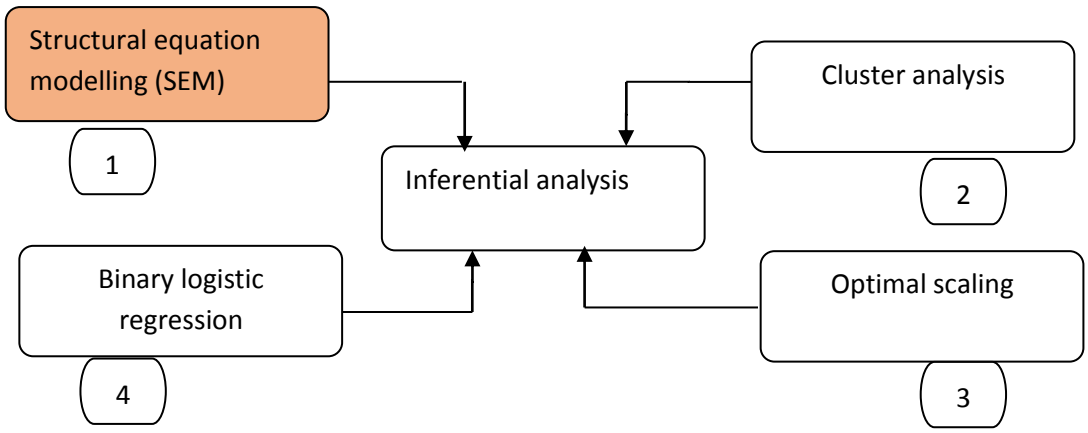


Figure 6.12: Analytical approach employed for the inferential analysis in this study

Source: Author's own conceptualisation

As illustrated in Figure 6.1.2, the techniques were SEM, cluster analysis, optimal scaling and multivariate binary logistic regression. The study perceived a normative congruence in the analysis as all four techniques targeted the research objectives to the study and recognised them as legitimate and central to a comprehensive and integrated avenue to investigate retail shopping behaviour. The study also attempted to provide a solution to the issue of where it could add value, especially how the unique opportunity presented by this study could improve the competitiveness, profitability and marketing intelligence of the major retail brands.

6.2.2.1 Structural equation modelling (SEM)

Customer loyalty, which is a marketing objective, is achieved through strengthened relationships with customers (Major, 2017). Unless a retailer is able to identify and measure the key determinants of brand loyalty, it will be a daunting task to build strong and sustainable customer–brand relationships (Brink & Berndt, 2008; British Brands Group, 2015).

As contained in chapter four, brand trust, brand affect, attitudinal loyalty and behavioural loyalty feature prominently among the key constructs used to assess consumer behaviour and attitude in marketing literature. The same approach is adopted in this chapter that pioneers the empirical aspect of the study. The relationships between these four constructs are explored through SEM as described in the paragraphs that follow.

6.2.2.1.1 Link with previous research

The current study built on previous research by Geçti and Zengin (2013) on sports shoe consumers in Turkey. In their study, a conceptual model was developed and tested via SEM on a sample of 428 consumers. The study set out to examine the relationships between brand trust, brand affect, attitudinal loyalty and behavioural loyalty. From their result, it emerged that a positive relationship exists between brand trust and brand affect. In specific, brand trust was found to be positively related to both attitudinal loyalty and behavioural loyalty in the sports shoe market in Turkey using an online survey technique. The current study investigated the same constructs, and it was envisaged to build on Geçti and Zengin's (2013) work but applied to the broader retail environment of South Africa. Thus, the current study expanded the theoretical basis initiated by Geçti and Zengin and enriches research investigating interrelationships between these constructs.

6.2.2.1.2 The hypothesised model derived from literature review

The statistical relationships between brand trust, brand affect, attitudinal loyalty and behavioural loyalty were already assessed in other studies (Geçti and Zengin, 2013; Mishra, Kesharwani & Das, 2016). The literature search conducted as part of the theoretical foundation of the current study also clearly supported that these variables are key constructs in building deepened customer–brand relationships and brand loyalty. Building on this overall statistical relationship between brand trust, brand affect, attitudinal loyalty and behavioural loyalty, this subset of the study developed the following hypothesised research model, as reflected in Figure 6.13, and sought to determine whether there is a good fit between the elements of the empirically manifested structural model and the theoretically hypothesised model.

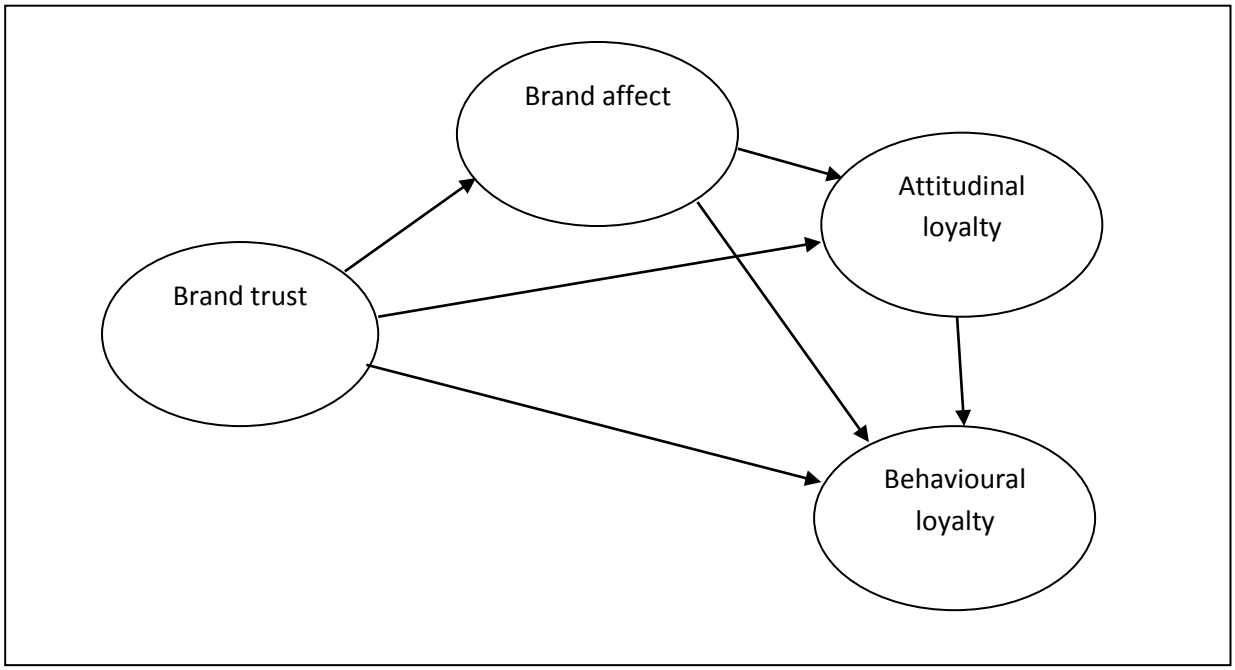


Figure 6.13: hypothesised research model based on literature review

As indicated in chapter one, the six main hypotheses that guided the current research were the following:

H_1: Brand trust has a positive effect on brand affect

H_2: Brand trust has a positive effect on attitudinal loyalty

H_3: Brand trust has a positive effect on behavioural loyalty

H_4: Brand affect has a positive effect on attitudinal loyalty

H_5: Brand affect has a positive effect on behavioural loyalty

H_6: Attitudinal loyalty has a positive effect on behavioural loyalty.

Accordingly, in the quantitative mall intercept survey, through Question 8, the researcher developed sub-constructs for each one of the four variables in order to assess the quality of the relationships. Furthermore, a 10-point Likert-type scale was used to capture participants' level of agreement with the statements related to their most preferred retail brand, where 1 = totally disagree and 10 = totally agree.

In essence, participants were requested to rate 13 statements, with three related to brand trust, namely –

- "I trust this retail brand";
- "This retail brand is reliable (performs consistent/always the same)"; and

- "This retail brand is ethical (honest, fair) in its conduct"'.

However, in the application in this study, the brand affect statements were extended to four (as opposed to three in the original model by Geçti and Zengin [2013]), namely –

- "I enjoy shopping at this retail brand";
- " I feel happy whenever I am exposed to this retail brand";
- "I feel good when I purchase from this retail brand"; and
- "I feel better whenever exposed to this retail brand".

Attitudinal loyalty was assessed through three statements:

- "I will not consider switching to other retail brands";
- "I am willing to pay more for this retail brand"; and
- "I will always use this retail brand".

Finally, three other statements were related to behavioural loyalty, namely –

- "I will sacrifice anything to use this retail brand";
- "I will continue to buy from this retail brand"; and
- "Purchasing from this retail brand is simply a habit".

Three sections reflect the results of the analysis. While the first section presents the results of an examination of validity using exploratory factor analysis (EFA) and reliability of the measurement model, the second section presents the results of an examination of the fit indexes, while the third section presents a description of the relationships between variables. The model in Figure 6.18 indicates a CFA procedure to access all constructs involved in the study, whoch is similar to the approach of Rusuli et al. (2013).

6.2.2.1.3 Validity and reliability of the model

As each latent construct only consisted of three or four items and one of them was adapted from the original scale, EFA was conducted to prove the construct validity of each construct.

- **Exploratory factor analysis (EFA)**

An EFA was conducted on the items of each of the four subscales, using principal axis factoring as extraction method and promax rotation, to determine the

unidimensionality of each of the subscales used for this study, as recommended by Matsunaga (2010). A summary of the factor analysis is provided by Table 6.14.

Table 6.14: Summary of the factor analysis and reliability for the four constructs

Construct	Item description	KMO* & Bartlett's test	% variance explained	Factor loadings	Cronbach's alpha
Brand trust		0.693 p < 0.001	70.53		0.853
Q8a: I trust this retail brand				0.930	
Q8b: This retail brand is reliable (performs consistent/always the same)				0.887	
Q8c: This retail brand is ethical (honest, fair) in its conduct				0.681	
Brand affect		0.841 p < 0.001	75.69		0.925
Q8d: I enjoy shopping at this retail brand				0.820	
Q8e: I feel happy whenever I am exposed to this retail brand				0.857	
Q8f: I feel good when I purchase from this retail brand				0.928	
Q8g: I feel better whenever exposed to this retail brand				0.872	
Attitudinal loyalty		0.688 p < 0.001	49.93		0.74
Q8h: I will not consider switching to other retail brands (Reversed)				0.754	
Q8i: I am willing to pay more for this retail brand				0.669	
Q8j: I will always use this retail brand				0.694	
Behavioural loyalty		0.651 p < 0.001	51.62		0.696
Q8k: I will sacrifice anything to use this retail brand.				0.528	
Q8l: I will continue to buy from this retail brand				0.786	
Q8m: Purchasing from this retail brand is simply a habit				0.807	

*Note: *(KMO) = Kaiser–Meyer–Olkin*

It was also evidenced in Table 6.14 that the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy were 0.693 (for brand trust), 0.841 (for brand affect), 0.688 (for attitudinal loyalty), and 0.651 (for behavioural loyalty). These values were satisfactory as they were above the recommended threshold of 0.6 (Field, 2007; Hair et al., 2010).

Similarly, the Bartlett's test of sphericity was statistically significant ($p < 0.001$) for the items in all four constructs, indicating that the items in each construct were correlated highly enough to provide a reasonable basis for factor analysis (Mafini & Dhurup, 2015). This result lends credence to the realiability of the analysis conducted through the SEM approach.

For all the constructs, i.e. brand trust, brand affect, attitudinal loyalty and behavioural loyalty, one factor was identified, based on the eigenvalue criterion (Mafini & Dhurup, 2015), therefore indicating the unidimensionality of the constructs. Furthermore, all items in each construct had factor loadings above 0.5, which suggests reasonable impetus for their statistical importance in the model specified.

Internal consistency reliability, composite reliability and average variance extracted are used to assess the reliability of a construct as recommended by Adadan and Savasci (2011). The threshold for acceptable internal consistency reliability is when the value of Cronbach's alpha is equal to or exceeds 0.7 (calculated in SPSS) (Adadan & Savasci, 2011). The Cronbach values of 0.853 for brand trust, 0.925 for brand affect, 0.74 for attitudinal loyalty, and 0.696 (which is rounded to 0.7) for behavioural loyalty confirmed adequate internal consistency.

In addition, composite reliability is obtained by combining all the true score variances and covariances in the composite of indicator variables related to constructs, and by dividing this sum by the total variance in the composite reliability. A value of composite reliability > 0.6 is required in order to achieve acceptable composite reliability for a construct (Ahmad, Zulkurnain & Khairushalimi, 2016).

The composite reliability of 0.878 for brand trust, 0.926 for brand affect, 0.73 for attitudinal loyalty and 0.762 for behavioural loyalty confirm that composite reliability was ensured in the specified model.

According to literature, the average variance extracted (AVE) indicates the average percentage of variation explained by the measuring items for a latent construct (Ahmad, Zulkurnain & Khairushalimi, 2016). If AVE < 0.5, it means the variance explained by the latent variable is less than the measurement error. This fact was also corroborated by Fischer (2012). An AVE > 0.5 is therefore required for every construct to justify a reasonable variation (reflection of adequate variance in the dataset).

From this study, it was found that the component of the latent variables exhibits sufficient variation. In specific, the AVE values of 0.708 for brand trust, 0.758 for brand affect, 0.476 (rounded up to 0.5) for attitudinal loyalty and 0.522 for behavioural loyalty confirm that composite reliability was ensured.

Having established the statistical appropriateness of components of the proposed model, we proceed to test the research hypotheses. The hypothesised research model (Figure 6.13) was subsequently tested through SEM. In testing the adequacy of the fit of the structural model, several fit indexes were considered. According to Schumacker and Lomax (2010), the model fit evaluates the degree to which the sample variance–covariance data fits the SEM.

- **Summary of the model fit criteria**

The summary of the model fit criteria and the model fit interpretation utilised in this study is presented in Table 6.15.

Table 6.15: Fit criteria for the structural equation modelling

Model fit criteria	Acceptable Level	Thresholds
Goodness-of-fit index (GFI)	0 (no fit) to 1 (perfect fit)	Value above 0.90
Root-mean-square error of approximation (RMSEA)	0.05 to 0.08 (close fit)	Value smaller or equal to 0.05 indicates good fit, above 0.05 but less or equal to 0.08 acceptable fit
Tucker–Lewis index (TLI)	0 (no fit) to 1 (perfect fit)	Value above 0.90 acceptable or 0.95 reflects a good fit
Comparative fit index	0 (no fit) to 1 (perfect fit)	Value close to 0.90 or 0.95 reflects a good fit
Normed fit index (NFI)	0 (no fit) to 1 (perfect fit)	Value above 0.90 acceptable or 0.95 reflects a good fit
CMIN/df		Between 1 and 3

Note: (CMIN)/df) = relative chi-square

Source: Extracted from Schumacker and Lomax (2010:76).

The following fit indexes were considered to determine whether the pattern of variances and covariances in the data was consistent with the theoretical (paths) model identified in the empirical study. This approach follows a lead provided by Tabachnick and Fidell (2007). The indexes comprised the normed chi-square (CMIN)/df), the GFI, the Incremental fit index (IFI), the Tucker–Lewis Index (TLI), a comparative fit index (CFI) and the RMSEA.

For all the incremental indexes, an acceptable fit at a value exceeding 0.90 was recommended (Hair et al., 2010; Rahman, Masuwai, Tajudin, Tek & Adnan, 2016;

Shadfar & Malekmohammadi, 2013). This excluded the RMSEA where a value of 0.08 and below was considered acceptable (Hair et al., 2010).

Table 6.16 summarises the fit statistics of SEM (see Figure 6.17) that was tested in this study.

Table 6.16: Structural equation modelling results: fit statistics

Fit indices	Fit statistics
CMNIN/df	2.595
GFI	0.935
IFI	0.963
TLI	0.949
CFI	0.963
RMSEA	0.073

Note: CMIN = chi-square, df = degrees of freedom, GFI = goodness of fit index, IFI = incremental fit index, TLI = Tucker–Lewis index, CFI = comparative fit index, and RMSEA = root mean square error of approximation.

The model consisted of all latent and 13 observed variables, which constituted the four constructs representing brand trust, brand affect, attitudinal loyalty and behavioural loyalty in the study.

The fit statistics for the measurement model were acceptable: CMIN/df = 2.595, GFI = 0.935, IFI = 0.963, TLI = 0.949, CFI = 0.963 and RMSEA = 0.073. The recommended CMIN/df often ranges from less than 2 (Tabachnick & Fidell, 2007) to less than less than 5 (Schumacker & Lomax, 2004; Wheaton, Muthen, Alwin & Summers, 1977) can be considered acceptable for model fit. The results based on SEM for the hypothesised research model and parameter estimates are provided in Figure 6.14.

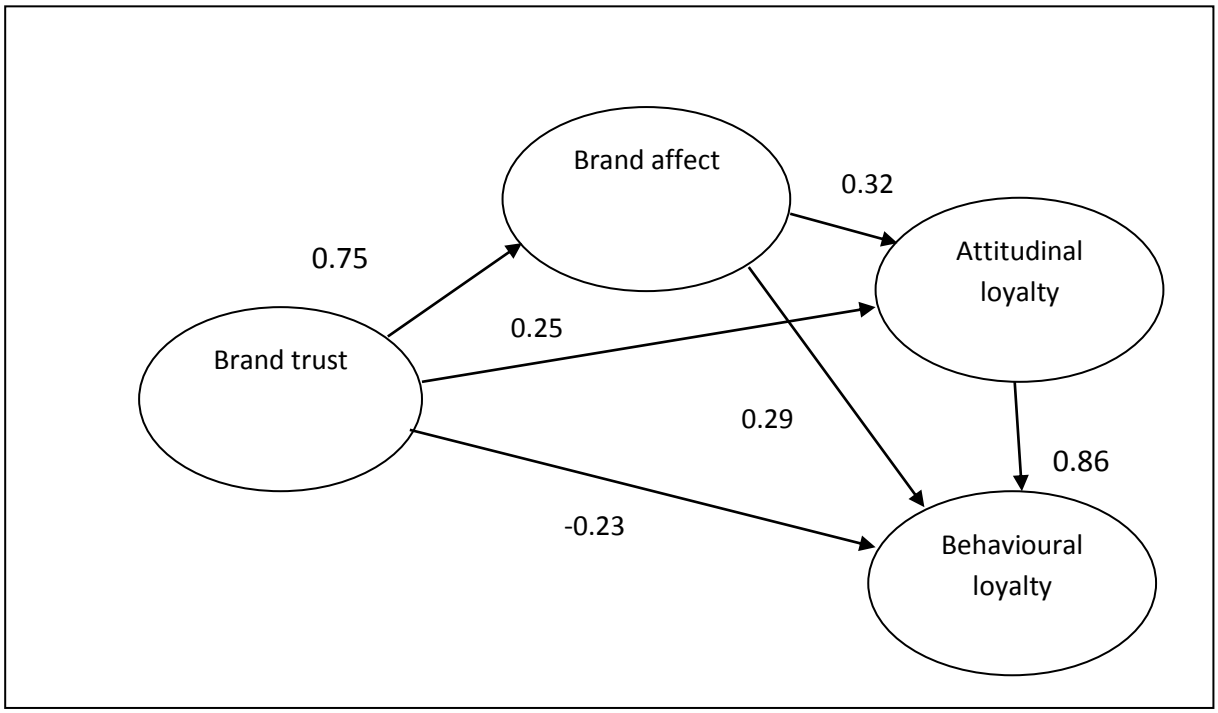


Figure 6.14: The results of the standardised path coefficients, their significance and the hypothesis confirmation

It is evident from the research model presented in Figure 6.18 that attitudinal loyalty (β = 0.86; p = 0.001) is a very strong positive predictor of behavioural loyalty. Similarly, brand trust (β = 0.75; p = 0.001) is a strong positive predictor of brand affect. The statistically significant and surprising negative direct relationship between brand trust and behavioural loyalty in the model is worth noting (β = -0.23; p = 0.009).

However, it is evident that when brand affect mediates the relationship between brand trust and behavioural loyalty the relationship becomes positive (β = 0.29). This finding suggests that frequent purchase from a specific retail brand (behavioural loyalty) is not only dependent on the level of trust (brand trust) but also on the pleasure dimension that the customer is getting from the brand (brand affect).

It is further evident from the model that the measurement portion of the fitted model is also quite good as revealed by a high R-squared (R^2) value of 0.85 ("I feel good when I purchase from this retail brand", Q8f) and a low R^2 value of 0.39 ("I will sacrifice anything to use this retail brand", Q8k).

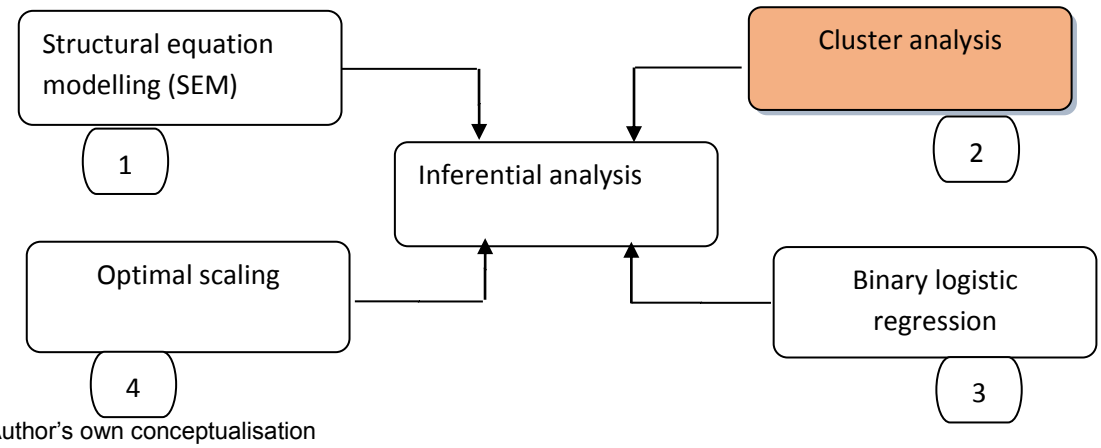
The variances associated with the measurement component of the model were reasonable values to obtain in business and marketing research. This finding indicates that the model provided in the path analysis accounted for a large proportion of the variance in the measured items.

6.2.2.2 Cluster analysis

Cluster analysis refers to a class of data reduction methods used for sorting cases, observations or variables of a given dataset into homogeneous groups that differ from each other (Yim & Ramdeen, 2015). In the current research, the purpose was to analyse market research data and to identify a set of meaningful subgroups within the population (Srivastava, Shah, Valia & Swaminarayan, 2013).

Building on the outcome of the SEM analysis, which confirmed the relationships between brand trust, brand affect, attitudinal loyalty and behavioural loyalty, as postulated in the literature, the study considered further analysis of the available data, and subsequently, these constructs were combined with the demographic characteristics to determine whether distinct segments of customers existed based on these characteristics, using a two-step cluster analysis.

As shown below, this section provides a discussion on the results of the two-step cluster analysis.



Source: Author's own conceptualisation

Cluster analysis was constructed in this study with a view to expanding on the results from the application of SEM where positive and negative relationships were found.

The limitation of the study regarding the coverage of the two retail brands, namely Shoprite/Checkers and Pick n Pay, in the multivariate two-step cluster analysis was

that only these two retail brands out of five were included in the analysis. This was caused by the fact that the relative sample sizes for the remaining three retail brands – Woolworths, Spar and Massmart (Makro) – were too small to yield any meaningful results for the cluster analysis.

Hence, the inclusion of the two aforementioned retail brands – Shoprite/Checkers and Pick n Pay – in the cluster analysis. However, the upside of this situation is that Shoprite/Checkers and Pick n Pay were representative of the retail brands covered in this study as each represented a particular category of retail brand, that is, those preferred by lower-income shoppers and those favoured by higher-income shoppers. In this regard, the results from the multivariate cluster analysis were statistically generalisable across the entirety of the study population.

6.2.2.2.1 Cluster analysis results

The results obtained from the two-step cluster analysis are presented in Table 6.17.

Table 6.17: Two-step cluster analysis: demographics, socioeconomic variables, brand satisfaction, brand trust, brand affect, attitudinal loyalty and behavioural loyalty.

Table 6.17: Two-step cluster analysis.

Clusters

Input (Predictor) Importance

1.0 0.8 0.6 0.4 0.2 0.0

Cluster	2	1
Label		
Description		
Size	59.6% (164)	40.4% (111)
Inputs	Education Level Secondary completed (73.2%)	Education Level Tertiary (91.9%)
	Income group R5 000-R7 999 (22.6%)	Income group R11 000-R19 999 (27.0%)
	Age group 35 - 44 years (29.3%)	Age group 45 - 54 years (27.9%)
	Brand most frequently purchased 1.0 (42.7%)	Brand most frequently purchased 2.0 (36.9%)
	AttLoyalty 7.03	AttLoyalty 7.37
	BehLoyalty 7.11	BehLoyalty 7.37
	Overall satisfaction 8.21	Overall satisfaction 8.06
	BrandTscore 32.23	BrandTscore 32.45
	BrandAffect 8.53	BrandAffect 8.52

Note: AttLyoyalty = Attitudinal loyalty

BehLoyalty = behavioural loyalty

BrandTscore = brand trust score

Source: Author's own computations based on data

The outcome of the exploratory cluster analysis clearly shows that the 300 participants were not homogeneous in terms of how they felt and approached

shopping from the five major South African retail brands. Two clusters (Cluster 1 and Cluster 2) were identified.

It is evident from the results from the two-step cluster analysis reflected in Table 6.17 that Cluster 2 constituted the larger cluster with 59.6% (n=164) of the participants while Cluster 1 was the smaller cluster consisting of the remaining 40.4% (n=111) of the participants. Thus, 275 (92.0%) of the respondents could be classified in one of the two identified clusters.

With regard to demographics, specifically age data, the participants in Cluster 2 were predominantly in the age group 35–44 years (29.3%) and thus relatively young compared to the respondents in Cluster 1 who were predominantly in the 45–54-year age group (27.9%). The participants in Cluster 2 had low levels of education with approximately three quarters of them having completed secondary education (73.2%) while the overwhelming majority (91.9%) in Cluster 1 had completed tertiary education.

With reference to gross monthly household income, the participants in the Cluster 2 were characterised by low levels of monthly income, with the modal category being the R5 000–R7 999 category (22.6%) while in Cluster 1, the respondents were evidently in the higher gross monthly income modal category of R11 000–19 999 (27%). When asked which retail brands they had supported in the 12 months prior to the survey, 42.7% of the respondents in Cluster 2 had purchased from Shoprite/Checkers while 36.9% of Cluster 1 respondents had purchased from Pick n Pay. With regard to Cluster 2 respondents, the overall satisfaction score with the retail brand most frequently supported – Shoprite/Checkers – was 8.21 out of 10.

It is further evident from the results provided in Table 6.17 that participants in Cluster 1 were slightly less satisfied with Pick n Pay, their most frequently visited retail brand as they reported an overall satisfaction score of 8.06 out of 10.

Participants in Cluster 2 further had a lower score of attitudinal loyalty (7.03) compared to 7.37 for Cluster 1 participants, a lower score for behavioural loyalty (7.11) compared to 7.37 for Cluster 1 participants, and a lower brand trust score (32.23) compared to 32.45 in the case of Cluster 1 participants. The converse is true with respect to scores for brand affect. The two district sample groups had slightly

similar scores for brand affect, 8.53 and 8.52 for Cluster 1 and Cluster 2, respectively. The results for the two-step cluster analysis indicate that participants who were in the age group of 45–54 years, had completed at least tertiary education and were earning a gross monthly income of at least R11 000.

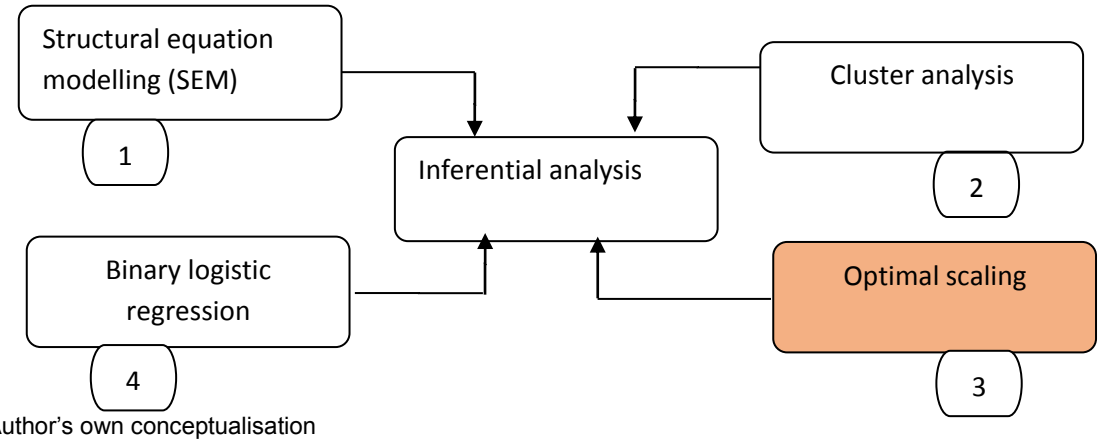
They were also more likely to be attitudinally (7.37) and behaviourally (7.37) loyal. However, they were slightly less satisfied with Pick n Pay, their most frequently supported retail brand (8.06). Their trust score was higher (32.45) than the other group while their brand affect score was similar to that of the other group.

The results of the cluster analysis clearly show that the 275 participants were not homogeneous in terms of how they felt and approached shopping from the five major South African retail brands, and could be categorised into two distinct segments.

The key insight that transpired was that respondents who are better educated, who had a higher income and who were a bit older were also attitudinally (7.37) and behaviourally (7.37) more loyal. However, they were, on average, slightly less satisfied with Pick n Pay, their most frequently purchased retail brand (8.06). Their trust score was higher (32.45) than the score for cluster 2 while the brand affect score was similar to that of the other group.

6.2.2.3 Optimal scaling results

This section presents the optimal scaling results regarding frequency of purchase and shopping preference towards the selected retail brands. These results build on those from the SEM and the two-step cluster analysis presented in sections 6.2.2.1 and 6.2.2.2, respectively.



Source: Author's own conceptualisation

6.2.2.3.1 Optimal scaling dimensions of frequency of purchase

The results of the optimal scaling dimensions of the frequency of purchase are presented in Table 6.18.

Table 6.18: Optimal scaling dimensions (% variance contribution) of frequency of purchase

Dimension 1	Dimension 2	Dimension 3
Product quality (.452)	Product variety (.427)	Product availability (.307)
Customer care (.506)	Convenience of location (.372)	Depth of assortment (.319)
Customer rewards (.327)	Fair pricing (.219)	
Retail environment (.402)	Trading hours (.299)	

Source: Author's computation based on primary data

The results regarding the optimal scaling dimensions of frequency of purchase shown in Table 6.18 reveal that the aspects contained in Dimension 1, which pertain to product quality, customer care, customer rewards and retail environment are correlated and hence, constitute a conjoint cluster.

With regard to Dimension 2, the results indicate that the factors that are associated with regard to frequency of purchase are product variety, convenience of location, fair pricing and trading hours.

Turning to Dimension 3, it is evident that there is conjoint clustering between the factors comprising product availability and depth of assortment with regard to frequency of purchase. In this case, these two factors are correlated towards brand preference.

6.2.2.3.2 Optimal scaling dimensions for brand preference

The results for the optimal scaling analysis for brand preference are presented in Table 6.19.

Table 6.19: Optimal scaling dimensions (with % variance contribution) of brand preference

Dimension 1	Dimension 2	Dimension 3
Product quality (.335)	Product variety (.446)	Online purchasing (.556)
Convenience of location (.225)	Product availability (.283)	Depth of assortment (.575)
Customer care (.436)		
Fair pricing (.383)		
Retail environment (.365)		
Trading hours (.256)		

Source: Author's own computation based on primary data.

The results of the optimal scaling dimensions of brand preference reflected in Table 6.19 show that the intrinsic motivations which correspond with Dimension 1 include customer care, customer rewards, retail environment, convenience of location, fair pricing and trading hours.

On the other hand, in Dimension 2, the factors that are associated with brand preference are product variety and product availability.

With reference to Dimension 3, as further shown in Table 6.19, the factors that are conjointly clustered and hence associated with each other with regard to brand preference are online purchasing and depth of assortment of the brand. This is evidence that there is correspondence between these two factors in relation to brand preference.

6.2.2.3.3 Key findings on the optimal scaling results for frequent purchase and brand preference

The findings of the optimal scaling clearly highlight the complex issues of market segmentation and brand positioning in building a strong and loyal customer base. Successful engagement of a retailer's customers requires an appropriate identification or selection process that generally includes a host of customer data.

From a motivational perspective, three dimensions were identified in each case, and this implies designing sound strategies which create brand associations, i.e. how these are perceived to sit in customers' minds in comparison to competitors in a retail setting.

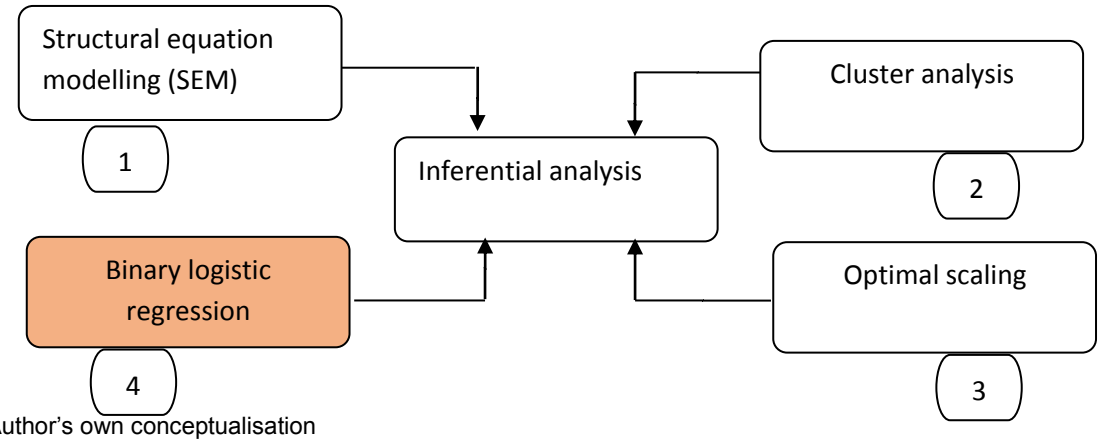
6.2.2.4 Multivariate binary logistic regression results

Cluster analysis and optimal scaling results showed that marked differences are evident when comparing the shopping patterns of participants towards the five major South African retail brands.

This has led to the question whether the probability of preferred buying from a retailer can be predicted using the cluster membership (the cluster membership variable represents both the four SEM variables and the demographic component), the preference reason dimensions and overall satisfaction (only five variables). The results of these analyses indicated, for each of the five retail brands:

- Shoprite – no model improvement (classification %); only cluster membership statistically significant;
- Pick n Pay – very small model improvement; only first dimension of brand preference statistically significant;
- Woolworths – small model improvement; first dimension of brand preference and overall satisfaction statistically significant;
- Spar – no model improvement; cluster membership only statistically significant at 10% level; and
- Massmart (Makro) – no model improvement, only second dimension of brand preference statistically significant at 10% level.

The results warrant the question whether the poor performance of the set of independent variables was as a result of the information aggregated to be represented through four variables instead of 19 if we take the three demographic components into account as well.



Source: Author's own conceptualisation

The binary logistic regressions presented in the section were thus conducted on the complete set of variables that were represented by the cluster membership and the three dimensions. In essence, the binary logistic regression model sought to measure the relationships between the independent variables, i.e. shopping motivations for preference (from Q7.1a to Q7.1k), customer satisfaction level (Q5), age groups (Q12), gross monthly household income category (Q13), the highest level of education (Q15), brand trust, brand affect, attitudinal loyalty and behavioural loyalty scores.

The tables that follow display information on the predictors included in the multivariate binary logistic regression models. Information regarding overall model fit was analysed and based on the Hosmer and Lemeshow test for goodness of fit. With regard to the interpretation, the directionality of the relationship can be determined directly from the logistic coefficients, where the signs (positive or negative) represent the type of relationship between independent and dependent variables. On the other hand, the odds ratio (OR) (exponentiated coefficient) represents the constant effect of a predictor X, on the likelihood that one outcome will occur (Szumilas, 2010).

6.2.2.4.1 Multivariate binary logistic analysis depicting shopping preference towards Shoprite/Checkers

The results from the estimated multivariate binary logistic regression model for participants' preference for Shoprite/Checkers are as displayed in Table 6.20.

Table 6.20: Multivariate binary logistic regression model for participants' preference for Shoprite/Checkers

Variables in the equation							
Predictors		B (Coefficient)	SE	Wald	df	Sig.	Exp(B)
Step 1[a]	Q7.1a	0.339	1.053	0.104	1	0.747	1.404
	Q7.1b	-0.424	0.847	0.251	1	0.617	0.654
	Q7.1c	-0.128	0.787	0.026	1	0.871	0.880
	Q7.1d	0.190	0.785	0.058	1	0.809	1.209
	Q7.1e	-2.812	1.086	6.706	1	0.010	0.060
	Q7.1f	2.880	1.039	7.686	1	0.006	17.806
	Q7.1g	-18.046	8792.753	0.000	1	0.998	0.000
	Q7.1h	-1.827	1.329	1.890	1	0.169	0.161
	Q7.1i	-6.672	1.517	19.340	1	0.000	0.001
	Q7.1j	-0.482	0.875	0.303	1	0.582	0.618
	Q7.1k	2.978	0.830	12.881	1	0.000	19.639
	Q5	0.344	.300	1.313	1	0.252	1.410
	Q12			9.276	5	0.099	
	Q12(1)	-0.446	1.954	0.052	1	0.819	0.640
	Q12(2)	-3.703	1.912	3.750	1	0.053	0.025
	Q12(3)	0.414	1.698	0.060	1	0.807	1.513
	Q12(4)	-0.231	1.717	0.018	1	0.893	0.793
	Q12(5)	-0.484	1.712	0.080	1	0.777	0.616
	Q13			11.873	9	0.221	
	Q13(1)	5.317	3.180	2.796	1	0.095	203.732
	Q13(2)	1.854	2.472	0.562	1	0.453	6.382
	Q13(3)	5.157	2.608	3.911	1	0.048	173.625
	Q13(4)	4.504	2.157	4.360	1	0.037	90.335
	Q13(5)	3.385	2.000	2.863	1	0.091	29.509
	Q13(6)	3.646	2.111	2.981	1	0.084	38.310
	Q13(7)	3.672	2.019	3.308	1	0.069	39.320
	Q13(8)	2.635	1.844	2.040	1	0.153	13.937
	Q13(9)	7.897	2.439	10.480	1	0.001	2688.073
	Q15			2.451	5	0.784	
	Q15(1)	-25.174	40192.970	0.000	1	1.000	0.000
	Q15(2)	-24.803	40192.970	0.000	1	1.000	0.000
	Q15(3)	-3.593	2.631	1.866	1	0.172	0.028
	Q15(4)	-3.456	2.215	2.434	1	0.119	0.032
	Q15(5)	-3.099	2.158	2.062	1	0.151	0.045
	BrandTscore	-0.113	0.082	1.895	1	0.169	0.893
	BrandAffect	0.256	0.309	0.687	1	0.407	1.292
	AttLoyalty	0.181	0.312	0.337	1	0.562	1.198
	BehLoyalty	-0.482	0.366	1.740	1	0.187	0.617
	Constant	-0.513	3.884	0.017	1	0.895	0.599
Hosmer and Lemeshow test for goodness of fit							
Chi-square: 1.811			Df: 8		Significance: .986		

a = Variable(s) entered in step 1: Q7.1a = product quality, Q7.1b = product variety, Q7.1c = product availability, Q7.1d = convenience of location, Q7.1e = customer care, Q7.1f = fair pricing, Q7.1g = online purchasing, Q7.1h = depth of assortment, Q7.1i = customer rewards, Q7.1j = retail environment, Q7.1k = trading hours, Q5 = customer satisfaction, Q12 = age groups, Q13 = monthly household income category, Q15 = highest level of education.
BrandTscore = brand trust, BrandAffect = brand affect, AttLoyalty = Attitudinal loyalty, BehLoyalty = Behavioural loyalty.

Notes: 1. Dependent variable is shopping preference

2. Significance testing at $p < 0.05$

3. All variables used for adjusting the final model are presented in the table

Source: Author's computations based on own primary data

The Hosmer and Lemeshow test for goodness of fit indicated that the binary logistic regression model demonstrated a strong goodness of fit (p = 0.986) for the data fitted into our proposed model.

The multivariate analysis presented in Table 6.20 highlights that the statistically significant predictors that have positive relationships with preference for Shoprite/Checkers were fair pricing (FP) (OR = 17.806; p = 0.006), trading hours (TH) (OR = 19.639; p = 0.000), monthly household income category (R2 500–R4 999) (OR = 90.335; p = 0.037) and the income category (R30 000–R39 999) (OR = 2688.073; p = 0.001) with reference to the highest income category (R40 000). In contrast, customer care (OR = .060; p = 0.010) and customer rewards (OR = 0.001; p = 0.000) were statistically significant predictors but had a negative relationship with a preference for Shoprite/Checkers.

However, the analysis revealed that the independent variables constituting customer satisfaction (CS), brand trust (BT), brand affect (BA) attitudinal loyalty (AL), behavioural loyalty (BL), product quality (PQ), product variety (PV), product availability (PA), convenience of location (CL), online purchasing (OP), depth of assortment (DA), retail environment (RE) were not found to be statistically significant at the 5% level of significance. In other words, participants who preferred Shoprite/Checkers from the set of five retail brands did not consider these shopping motivations as instrumental to their decision-making.

The regression coefficient of customer care (CC) was -2.812. This implies that exp (B) = exp (-2.812) = 0.060. This result implies that in the presence of controls, customers who selected CC were 0.060 less likely to prefer Shoprite/Checkers than their counterparts who did not select customer care. It can then be concluded that it is unlikely that an improvement of CC at Shoprite/Checkers would lead to an improvement in the participants' preference for that retail outlet.

The regression coefficient of fair pricing (FP) was 2.880. This implies that exp (B) = exp (2.880) = 17.806. Thus, in the presence of controls in the model, selecting FP led to an increase of (17.806-1) x 100% = 1,680.6% in the odds of preference or 16.806 times more likely preference for Shoprite/Checkers. Therefore, pricing is an important determinant of preference for Shoprite/ Checkers customers.

The regression coefficient of customer rewards (CR) was -6.672. This implies that exp (B) = exp (-6.672) = 0.001. Thus, selecting CR in the presence of controls in the model, customers were 0.001 less likely to prefer Shoprite/Checkers than their counterparts who did not select customer rewards.

The regression coefficient of trading hours (TH) was 2.978. This implies that exp (B) = exp (2.978) = 19.639. Thus, selecting TH led to an increase of (19.639-1) x 100% = 1,863.9% in the odds of preference or 19.639 times more likely preference for Shoprite/Checkers. It can be concluded that trading hours (TH) at Shoprite/Checkers is very markedly associated with an elevated preference for Shoprite/Checkers.

The regression coefficient of the monthly household income category (IG) (R2 500–R4 999) was 4.504. This implies that exp (B) = exp (4.504) = 90.335. Thus, selecting IG (R2 500–R4 999) led to an increase of (90.335-1) x 100% = 8,933.5% in the odds of preference for Shoprite/Checkers in comparison with the income group of R40 000+. It can be concluded that lower-income groups are markedly associated with high preference levels for Shoprite/Checkers.

The regression coefficient of the monthly household income category (IG) (R30 000–R39 999) was 7.897. This implies that exp (B) = exp (7.897) = 2688.073. Thus, selecting IG (R30 000–R39 999) led to an increase of (2688.073-1) x 100% = 25,8807.3% in the odds of preference for Shoprite/Checkers in comparison with the income group of R40 000+.

Customer care (CC), fair pricing (FP), customer rewards (CR), trading hours (TH), monthly household income category (IG) are therefore the key drivers (positive and negative influence) in the preference for Shoprite/Checkers for participants included in the retail brand survey.

6.2.2.4.2 Multivariate binary logistic regression analysis depicting shopping preference towards Pick n Pay

The estimated multivariate logistic regression model for participants' preference for Pick n Pay is as provided in Table 6.21.

Table 6.21: Multivariate binary logistic regression model for participants' preference for Pick n Pay

Variables in the equation							
Predictors		B	SE	Wald	df	Sig.	Odds ratio Exp(B)
Step 1[a]	Q7.1a	0.531	0.627	.717	1	0.397	1.700
	Q7.1b	-0.081	0.420	.037	1	0.848	0.922
	Q7.1c	0.240	0.400	.360	1	0.548	1.271
	Q7.1d	0.822	0.404	4.145	1	0.042	2.274
	Q7.1e	-0.057	0.490	.013	1	0.908	0.945
	Q7.1f	1.551	0.452	11.789	1	0.001	4.717
	Q7.1g	0.265	0.932	.081	1	0.776	1.303
	Q7.1h	-0.541	0.725	.556	1	0.456	0.582
	Q7.1i	3.223	0.496	42.198	1	0.000	25.092
	Q7.1j	0-.833	0.420	3.939	1	0.047	0.435
	Q7.1k	0.206	0.383	0.288	1	0.592	1.228
	Q5	0.076	0.142	0.289	1	0.591	1.079
	Q12			5.994	5	0.307	
	Q12(1)	-1.544	0.999	2.386	1	0.122	0.214
	Q12(2)	-2.168	0.970	5.001	1	0.025	0.114
	Q12(3)	-1.363	0.907	2.257	1	0.133	0.256
	Q12(4)	-1.717	0.948	3.280	1	.070	0.180
	Q12(5)	-1.924	0.984	3.822	1	0.051	0.146
	Q13			13.046	9	.161	
	Q13(1)	-1.139	1.699	0.450	1	0.502	0.320
	Q13(2)	0.189	1.151	0.027	1	0.870	1.208
	Q13(3)	-1.196	1.002	1.423	1	0.233	0.302
	Q13(4)	-0.815	0.965	0.714	1	.398	0.443
	Q13(5)	-0.323	0.890	0.132	1	0.717	0.724
	Q13(6)	0.150	0.900	0.028	1	.868	1.162
	Q13(7)	-1.905	0.886	4.625	1	0.032	0.149
	Q13(8)	-0.865	0.914	0.896	1	0.344	0.421
	Q13(9)	-1.628	1.054	2.386	1	0.122	0.196
	Q15			2.655	5	0.753	
	Q15(1)	0.947	43102.378	0.000	1	1.000	2.578
	Q15(2)	0.234	43102.378	0.000	1	1.000	1.264
	Q15(3)	21.804	15567.277	0.000	1	0.999	2947216869.753
	Q15(4)	20.782	15567.277	.000	1	0.999	1060459610.981
	Q15(5)	21.053	15567.277	0.000	1	.999	1389963457.001
	BrandTscore	-0.091	0.039	5.324	1	0.021	0.913
	BrandAffect	-.020	.172	.014	1	0.907	0.980
	AttLoyalty	-0.146	0.163	0.798	1	0.372	0.864
	BehLoyalty	0.322	0.193	2.778	1	0.096	1.380
	Constant	-21.914	15567.278	0.000	1	0.999	0.000
Hosmer and Lemeshow test for goodness of fit							
Chi-square: 10.898		df: 8			Significance: 0.208		

a = Variable(s) entered in step 1: Q7.1a = product quality, Q7.1b = product variety, Q7.1c = product availability, Q7.1d = convenience of location, Q7.1e = customer care, Q7.1f = fair pricing, Q7.1g = online purchasing, Q7.1h = depth of assortment, Q7.1i = customer rewards, Q7.1j = retail environment, Q7.1k = trading hours, Q5 = customer satisfaction, Q12 = age groups, Q13 = monthly household income category, Q15 = highest level of education.

BrandTscore = brand trust, BrandAffect = brand affect, AttLoyalty = Attitudinal loyalty, BehLoyalty = Behavioural loyalty.

Notes: 1. Dependent variable is shopping preference

2. Significance testing at $p < 0.05$

3. All variables used for adjusting the final model are presented in the table

Source: Author's computations based on own primary data

The Hosmer and Lemeshow test for goodness of fit indicated that the binary logistic regression model was an adequate fit (p = 0.208) for the study data.

It is evident from the multivariate analysis presented in Table 6.21 that the statistically significant predictors that have a positive relationship with a preference for Pick n Pay are convenience of location (CL) (OR = 2.274, p = 0.042), fair pricing (FP) (OR = 4.717; p = 0.001) and Customer rewards (CR) (OR = 25.092; p = 0.000). In contrast, retail environment (RE) (OR = -0.833 (p = 0.047), age group (AG) (25–34 years) (-2.168 (p = 0.025), income group (IG) (R11 000–R19 999) (-2.168 (p = 0.025) and brand trust (OR = -0.091 (p = 0.021) are statistically significant predictors that have a negative relationship with a preference for Pick n Pay.

The analysis revealed, however, that the independent variables comprising product quality (PQ), product variety (PV), product availability (PA), customer Care (CC), online purchasing (OP), depth of assortment (DA), trading Hours (TH), customer satisfaction (CS), Education attainment (EA), brand affect (BA), attitudinal loyalty (AL) and behavioural loyalty (BL) were not found to be statistically significant at the 5% level of significance. In other words, participants who preferred Pick n Pay from a set of the five retail brands did not consider these shopping motivations as instrumental to their decision-making.

The regression coefficient of convenience of location (CL) was 0.822. This implies that exp (B) = exp (0.822) = 2.274. Thus, in the presence of controls, selecting CL, led to an increase of (2.274-1) x 100% = 127.4% in the odds of preference for Pick n Pay.

The regression coefficient of fair pricing (FP) was 1.551. This implies that exp (B) = exp (1.551) = 4.717. Thus, selecting FP led to an increase of (4.717-1) x 100% = 371.7% in the odds of an increase in preference for Pick n Pay. The practical significance of this result is that lower prices at Pick n Pay are prominently associated with an increase in the participants' preference for Pick n Pay.

The regression coefficient of customer rewards (CR) was 3.223. This implies that exp (B) = exp (3.223) = 25.092. Thus, selecting CR in the presence of controls in the model, led to an increase of (25.092-1) x 100% = 2,409.2% in the odds of an

increase in preference for Pick n Pay. This indicates that the CR system available at Pick n Pay is a key driver for purchase from that retail store.

The regression coefficient of retail environment (RE) was -0.833. This implies that exp (B) = exp (-0.833) = 0.435. This result implies that, selecting RE in the presence of controls in the model, participants were 0.435 less likely to prefer Pick n Pay than their counterparts who did not select retail environment.

The regression coefficient of age group (AG) (25–34 years) was -2.168. This implies that exp (B) = exp (-2.168) = 0.114. This result implies that, selecting AG (25–34 years) in the presence of controls in the model, participants were 0.11 less likely to prefer Pick n Pay in comparison with the 65+ age group.

The regression coefficient of Income group (IG) (IG) (R11 000–R19 999) was -1.905. This implies that exp (B) = exp (-1.905) = 0.149. This result implies that, selecting IG (R11 000–R19 999) in the presence of controls in the model, participants were 0.15 less likely to prefer Pick n Pay in comparison with the highest income group (R40 000+).

The regression coefficient of brand trust was -0.091. This implies that exp (B) = exp (-0.091) = 0.913. This result implies that in the presence of controls, a one-unit increase in BT decreased the likelihood (0.91 less likely) of preferring Pick n Pay. It could then be concluded that an improvement of brand trust is not likely to lead to an improvement in the participants' preference for Pick n Pay.

Convenience of location (CL), fair pricing (FP), customer rewards (CR), retail environment (RE), age group (25–34 years), gross monthly household income category (R11 000–R19 999) and BrandTScore thus were the key drivers (positive and negative influence) in the preference for Pick n Pay by participants included in the retail brand survey.

6.2.2.4.3 Multivariate binary logistic regression analysis depicting shopping preference towards Woolworths

The estimated multivariate binary logistic regression model for participants' preference for Woolworths is presented in Table 6.22.

Table 6.22: Multivariate binary logistic regression model for participants' preference for Woolworths

Variables in the equation							
Predictors		B	SE	Wald	df	Sig.	Exp(B)
Step 1[a]	Q7.1a	1.637	1.344	1.484	1	0.223	5.137
	Q7.1b	-0.790	0.531	2.218	1	0.136	0.454
	Q7.1c	0.184	0.531	0.120	1	0.729	1.202
	Q7.1d	-0.932	0.543	2.943	1	0.086	0.394
	Q7.1e	1.338	0.735	3.315	1	0.069	3.811
	Q7.1f	-3.339	0.617	29.331	1	0.000	0.035
	Q7.1g	1.961	1.035	3.589	1	0.058	7.108
	Q7.1h	-0.433	1.071	0.163	1	0.686	0.649
	Q7.1i	0.323	0.487	0.440	1	0.507	1.381
	Q7.1j	1.833	0.550	11.119	1	0.001	6.252
	Q7.1k	-1.610	0.574	7.858	1	0.005	0.200
	Q5	-0.544	0.194	7.868	1	0.005	0.580
	Q12			14.562	5	0.012	
	Q12(1)	0.733	1.418	0.267	1	0.605	2.081
	Q12(2)	1.825	1.286	2.016	1	0.156	6.204
	Q12(3)	-1.428	1.322	1.166	1	0.280	0.240
	Q12(4)	0.151	1.302	0.014	1	0.907	1.164
	Q12(5)	0.385	1.348	0.082	1	0.775	1.470
	Q13			6.892	9	0.648	
	Q13(1)	-2.402	2.556	0.883	1	0.347	0.091
	Q13(2)	-.234	1.378	0.029	1	0.865	0.792
	Q13(3)	-0.314	1.443	0.047	1	0.828	0.731
	Q13(4)	-0.779	1.322	0.347	1	0.556	0.459
	Q13(5)	-0.481	1.221	0.155	1	0.694	0.618
	Q13(6)	0.103	1.147	0.008	1	0.929	1.108
	Q13(7)	0.979	1.087	0.810	1	0.368	2.662
	Q13(8)	1.050	1.193	0.774	1	0.379	2.857
	Q13(9)	1.041	1.410	0.545	1	0.460	2.833
	Q15			5.488	5	.359	
	Q15(1)	-20.593	40192.970	.000	1	1.000	.000
	Q15(2)	24.917	40192.970	.000	1	1.000	66251148219.279
	Q15(3)	-1.984	1.796	1.220	1	0.269	0.137
	Q15(4)	-1.415	1.567	0.816	1	0.366	0.243
	Q15(5)	-2.465	1.525	2.614	1	0.106	0.085
	BrandTscore	0.102	0.051	3.963	1	0.047	1.107
	BrandAffect	0.019	0.244	0.006	1	0.939	1.019
	AttLoyalty	0.661	0.233	8.024	1	0.005	1.937
	BehLoyalty	-0.477	0.233	4.196	1	0.041	0.620
	Constant	-0.882	2.818	0.098	1	0.754	0.414
Hosmer and Lemeshow test for goodness of fit							
Chi-square: 6.153			df 8		Significance: 0.630		

a = Variable(s) entered in step 1: Q7.1a = product quality, Q7.1b = product variety, Q7.1c = product availability, Q7.1d = convenience of location, Q7.1e = customer care, Q7.1f = fair pricing, Q7.1g = online purchasing, Q7.1h = depth of assortment, Q7.1i = customer rewards, Q7.1j = retail environment, Q7.1k = trading hours, Q5 = customer satisfaction, Q12 = age groups, Q13 = monthly household income category, Q15 = highest level of education.

BrandTscore = brand trust, BrandAffect = brand affect, AttLoyalty = Attitudinal loyalty, BehLoyalty = Behavioural loyalty.

Notes: 1. Dependent variable is shopping preference

2. Significance testing at $p < 0.05$

3. All variables used for adjusting the final model are presented in the table

Source: Author's computations based on own primary data

The Hosmer and Lemeshow test for goodness of fit indicated that the binary logistic regression model was an adequate fit (p = 0.630) for the study data.

The multivariate binary logistic regression analysis presented in Table 6.22 shows that the statistically significant predictors that have a positive relationship with preference for Woolworths were retail environment (RE) (OR = 6.252; p = 0.001), brand trust (OR = 1.107; p = 0 .047), and Attitudinal loyalty (OR = 1.937; p = 0.005). In contrast, Fair pricing (FP) (OR = 0.035; p = 0.000), Trading Hours (TH) (OR = 0.200; p = .005), Customer satisfaction (CS) (OR = 0.580; p = 0.005), and Behavioural Loyalty (OR = 0.620; p = 0.041) are statistically significant predictors that have a negative relationship with preference for Woolworths.

The regression coefficient of fair pricing (FP) was -3.339. This implies that exp (B) = exp (-3.339) = 0.035. Thus, selecting FP in the presence of controls, participants were 0.04 less likely to prefer Woolworths than their counterparts who did not select FP.

The regression coefficient of retail environment (RE) was 1.833. This implies that exp (B) = exp (1.833) = 6.252. Thus, selecting RE in the presence of controls in the model led to an increase of (6.252-1) x 100 = 525% in the odds of preference for Woolworths. RE is therefore a key determinant for preference for Woolworths.

The regression coefficient of trading hours (TH) was -1.610. This implies that exp (B) = exp (-1.610) = 0.200. Thus, selecting TH in the presence of controls, participants were 0.2 less likely to prefer Woolworths than their counterparts who did not select TH.

The regression coefficient of customer satisfaction (CS) was -0.544. This implies that (exp (B) = exp (-0.544) = 0.580. Thus, selecting CS in the presence of controls, a one-unit increase in CS decreased the likelihood (0.580 less likely) of preferring Woolworths.

The regression coefficient of brand trust (BT) was 0.102. This implies that exp (B) = exp (0.102) = 1.107. Thus, selecting BT in the presence of controls in the model, led to an increase of (1.107-1) x 100% = 10.7% in the odds of preference for Woolworths. Therefore, building BT is an important determinant of preference for Woolworths.

The regression coefficient of attitudinal loyalty (AL) was 0.661. This implies that exp (B) = exp (0.661) = 1.937. Thus, selecting AT in the presence of controls led to an increase of (1.937-1) x 100% = 93.7% in the odds of preference for Woolworths. Therefore, building AT is an important determinant of preference for Woolworths.

The regression coefficient of behavioural loyalty (BL) was -0.477. This implies that exp (B) = exp (-0.477) = 0.620. Thus, selecting BL in the presence of controls, a one-unit increase in BL decreased the likelihood (0.62 less likely) of preference for Woolworths.

Fair pricing (FP), retail environment (RE), trading hours (TH), customer satisfaction (CS), brand trust (BT), attitudinal loyalty (L) and behavioural loyalty (BL) are the key drivers (positive and negative influence) for preference for Woolworths for participants who participated in the retail brand survey.

6.2.2.4.4 Multivariate binary logistic regression analysis depicting shopping preference towards Spar

The estimated binary logistic regression equation for participants' preference for Spar is as displayed in Table 6.23.

Table 6.23: Multivariate binary binary logistic regression model for participants' preference for Spar

Variables in the equation							
Predictors		B	SE	Wald	df	Sig.	Exp(B)
Step 1[a]	Q7.1a	-0.177	0.914	0.037	1	0.847	0.838
	Q7.1b	-0.608	0.659	0.852	1	0.356	0.545
	Q7.1c	-0.117	0.612	0.036	1	0.849	0.890
	Q7.1d	-0.013	0.672	0.000	1	0.985	0.988
	Q7.1e	0.216	0.751	0.083	1	0.774	1.241
	Q7.1f	-0.630	0.730	0.744	1	0.388	0.533
	Q7.1g	-18.782	10308.028	0.000	1	0.999	0.000
	7.1h	1.031	1.086	0.901	1	0.342	2.804
	Q7.1i	-0.098	0.606	0.026	1	0.872	0.907
	Q7.1j	-1.348	0.695	3.761	1	0.052	0.260
	Q7.1k	1.508	0.767	3.864	1	0.049	4.517
	Q5	0.197	0.250	0.617	1	0.432	1.217
	Q12			2.964	5	0.706	
	Q12(1)	17.256	10277.850	0.000	1	0.999	31194659.600
	Q12(2)	19.377	10277.850	0.000	1	0.998	260232840.766
	Q12(3)	19.594	10277.850	0.000	1	0.998	323395014.001
	Q12(4)	19.235	10277.850	0.000	1	0.999	225815621.529
	Q12(5)	20.195	10277.850	0.000	1	0.998	589732363.712
	Q13			5.417	9	0.797	
	Q13(1)	-14.138	13730.415	0.000	1	0.999	0.000
	Q13(2)	2.504	2.142	1.367	1	0.242	12.235
	Q13(3)	2.231	1.941	1.321	1	0.250	9.307
	Q13(4)	2.185	1.648	1.756	1	0.185	8.887
	Q13(5)	1.551	1.545	1.008	1	0.315	4.717
	Q13(6)	0.017	1.800	0.000	1	0.992	1.017
	Q13(7)	2.193	1.379	2.528	1	0.112	8.958
	Q13(8)	1.369	1.444	0.899	1	0.343	3.933
	Q13(9)	1.775	1.880	0.891	1	0.345	5.899
	Q15			3.543	5	0.617	
	Q15(1)	0.051	41486.251	0.000	1	1.000	1.052
	Q15(2)	-20.181	40192.970	0.000	1	1.000	0.000
	Q15(3)	-21.501	6259.218	0.000	1	0.997	0.000
	Q15(4)	-2.796	1.778	2.472	1	0.116	0.061
	Q15(5)	-1.688	1.648	1.049	1	0.306	0.185
	BrandTscore	0.083	0.072	1.321	1	0.250	1.086
	BrandAffect	-.255	0.312	0.670	1	0.413	0.775

	AttLoyalty	0.329	0.290	1.290	1	0.256	1.390
	BehLoyalty	0.021	0.302	0.005	1	0.944	1.021
	Constant	-25.370	10277.850	0.000	1	0.998	0.000
Hosmer and Lemeshow test for goodness of fit							
Chi-square: 4.211			df: 8		Significance: 0.838		

Source: Author's computations based on own primary data.

a = Variable(s) entered in step 1: Q7.1a = product quality, Q7.1b = product variety, Q7.1c = product availability, Q7.1d = convenience of location, Q7.1e = customer care, Q7.1f = fair pricing, Q7.1g = online purchasing, Q7.1h = depth of assortment, Q7.1i = customer rewards, Q7.1j = retail environment, Q7.1k = trading hours, Q5 = customer satisfaction, Q12 = age groups, Q13 = monthly household income category, Q15 = highest level of education., Brand Trust (BT), BrandAffect, AttLoyalty = Attitudinal loyalty, BehLoyalty = Behavioural loyalty.

Notes: 1. Dependent variable is shopping preference

2. Significance testing at $p < 0.05$

3. All variables used for adjusting the final model are presented in the table

The Hosmer and Lemeshow test for goodness of fit indicated that the binary logistic regression model was an adequate fit ($p = 0.838$) for the study data.

From the analysis, trading hours (TH) (OR = 4.517; $p = 0.049$) was the only independent variable that was statistically significant and which had a positive relationship with preference for Spar.

The regression coefficient of trading hours (TH) was 1.508. This implies that exp (B) = exp (1.508) = 4.517. Thus, selecting attitudinal loyalty in the presence of controls led to an increase of (4.517-1) x 100% = 357.7% in the odds of preference for Spar than their counterparts who did not select TH.

TH was the key driver (positive) for preference for Spar for participants who participated in the retail brand survey.

6.2.2.4.5 Multivariate binary logistic regression analysis depicting shopping preference towards Massmart

Table 6.24 presents the binary multivariate logistic regression model for Massmart.

Table 6.24: Multivariate logistic regression model for participants' preference for Massmart

Variables in the equation							
Predictors		B	SE	Wald	df	Sig.	Exp(B)
Step 1[a]	Q7.1a	-0.779	1.279	0.371	1	0.543	0.459
	Q7.1b	2.139	0.912	5.493	1	0.019	8.487
	Q7.1c	1.004	0.849	1.398	1	0.237	2.729
	Q7.1d	1.142	0.981	1.356	1	0.244	3.134
	Q7.1e	4.215	1.509	7.804	1	0.005	67.711
	Q7.1f	2.546	0.994	6.568	1	0.010	12.760
	Q7.1g	1.691	1.440	1.379	1	0.240	5.425
	Q7.1h	0.648	1.322	0.240	1	0.624	1.912
	Q7.1i	-3.595	1.186	9.195	1	0.002	0.027
	Q7.1j	1.232	0.868	2.015	1	0.156	3.427
	Q7.1k	-3.648	1.280	8.128	1	0.004	0.026
	Q5	0.115	0.260	0.194	1	0.660	1.121
	Q12			1.233	5	0.942	
	Q12(1)	19.647	10366.387	0.000	1	0.998	340887354.455
	Q12(2)	20.237	10366.387	0.000	1	0.998	615055924.683
	Q12(3)	19.314	10366.387	0.000	1	0.999	244345380.289
	Q12(4)	20.156	10366.387	0.000	1	0.998	567129240.000
	Q12(5)	19.293	10366.387	0.000	1	0.999	239157738.100
	Q13			11.248	9	0.259	
	Q13(1)	-0.810	2.168	0.139	1	0.709	0.445
	Q13(2)	-4.122	2.064	3.990	1	0.046	0.016
	Q13(3)	-2.379	1.641	2.102	1	0.147	0.093
	Q13(4)	-5.046	1.933	6.814	1	0.009	0.006
	Q13(5)	-2.536	1.472	2.969	1	0.085	0.079
	Q13(6)	-4.505	1.865	5.834	1	0.016	0.011
	Q13(7)	-4.037	1.581	6.521	1	0.011	0.018
	Q13(8)	-3.147	1.759	3.202	1	0.074	0.043
	Q13(9)	-22.035	9036.187	0.000	1	0.998	0.000
	Q15			5.253	5	0.386	
	Q15(1)	59.725	44734.637	0.000	1	0.999	8670461664146763 0000000000.000
	Q15(2)	1.727	43516.963	0.000	1	1.000	5.621
	Q15(3)	18.302	16680.864	0.000	1	0.999	88851677.140
	Q15(4)	16.646	16680.864	0.000	1	0.999	16958564.379
	Q15(5)	19.074	16680.864	0.000	1	0.999	192267851.883
	BrandTscore	-0.091	0.078	1.389	1	0.239	0.913
	BrandAffect	0.189	0.288	0.433	1	0.511	1.208
	AttLoyalty	-1.130	0.366	9.543	1	0.002	0.323
	BehLoyalty	0.668	0.335	3.984	1	0.046	1.951
	Constant	-39.780	19639.577	0.000	1	0.998	0.000
Hosmer and Lemeshow test for goodness of fit							
Chi-square: 4.211			df: 8		Significance: 0.838		

Source: Author's computations based on own primary data

a = Variable(s) entered in step 1: Q7.1a = product quality, Q7.1b = product variety, Q7.1c = product availability, Q7.1d = convenience of location, Q7.1e = customer care, Q7.1f = fair pricing, Q7.1g = online purchasing, Q7.1h = depth of assortment, Q7.1i = customer rewards, Q7.1j = retail environment, Q7.1k = trading hours, Q5 = customer satisfaction, Q12 = age groups, Q13 = monthly household income category, Q15 = highest level of education, Brand Trust (BT), BrandAffect (BA), AttLoyalty = Attitudinal loyalty, BehLoyalty = Behavioural loyalty.

Notes: 1. Dependent variable is shopping preference

2. Significance testing at $p < 0.05$

3. All variables used for adjusting the final model are presented in the table.

The Hosmer and Lemeshow test for goodness of fit indicated that the binary logistic regression model was an adequate fit (p = 0.838) for the study data.

The statistically significant and positively related predictors of preference for Massmart were product variety (PV) (OR = 8.487; p = 0.019), customer care (CC) (OR = 67.711; p = 0.005) and Fair Pricing (FP) (OR = 12.760; p = 0.010).

In contrast, customer rewards (CR) (OR = 0.027; p = 0.002), trading hours (TH) (OR = 0.026; p = .004), income Group (R800–R1 399) (OR = 0.016; p = 0.046), Income Group (R2 500–R4 999) (OR = .006; p = 0.009) and attitudinal loyalty (OR = 0.323; p = 0.002) are statistically significant predictors that have a negative relationship with a preference for Massmart.

However, the independent variables, customer satisfaction (CS), brand trust (BT), brand affect (BA), behavioural loyalty (BL), product quality (PQ), product availability (PA), convenience of location (CL), online purchasing (OP), depth of assortment (DA), retail environment (RE) were not found to be statistically significant at the 5% level of significance.

In other words, participants who preferred Massmart from the set of five retail brands did not consider these shopping motivations as instrumental to their shopping decision-making.

The regression coefficient of product variety (PV) was 2.139. This implies that exp (B) = exp 2.139) = 8.487. Thus, selecting PV in the presence of controls in the model led to an increase of (8.487-1) x 100% = 748.7% in the odds of preference for Massmart. Hence, PV was an important determinant of preference for Massmart.

The regression coefficient of customer care (CC) was 4.215. This implies that exp (B) = exp (4.215) = 67.711. Thus, selecting CC in the presence of controls in the model led to an increase of (67.711-1) x 100% = 6,671.1% in the odds of preference for Massmart. Hence, CC is an important determinant of preference for Massmart.

The regression coefficient of fair pricing (FP) was 2.546. This implies that exp (B) = exp 2.546) = 12.760. Thus, selecting FP in the presence of controls in the model led to an increase of (12.760-1) x 100% = 1,176% in the odds of preference for Massmart. Hence, pricing is an important determinant of preference for Massmart.

The regression coefficient of behavioural loyalty (BL) was 0.668. This implies that (exp (B) = exp (0.668) = 1.951. Thus, selecting BL in the presence of controls in the model led to an increase of (1.951-1) x 100% = 95.1% in the odds of preference for Massmart. Hence, it is important to build BL at Massmart.

The regression coefficient of customer rewards (CR) was -3.595. This implies that exp (B) = (-3.595) = 0.027. Thus, selecting CR in the presence of controls, a one-unit increase in CR decreased the likelihood (0.027) of preferring Massmart.

The regression coefficient of trading hours (TH) was -3.648. This implies that exp (B) = (-3.648) = 0.026. Thus, selecting TH in the presence of controls, a one-unit increase in TH decreased the likelihood (0.026 less likely) of preferring Massmart.

The regression coefficient of attitudinal loyalty (AL) was -1.130. This implies that exp (B) = (-1.130) = 0.323. Thus, selecting AL in the presence of controls, a one-unit increase in AL decreased the likelihood (0.323 less likely) of preferring Massmart.

The regression coefficient of income group (IG) (R800–R1 399) was -4.122. This implies that exp (B) = (-4.122) = 0.016. Thus, selecting IG (R800–R1 399) in the presence of controls, a one-unit increase in IG (R800–R1 399) decreased the likelihood (0.016 less likely) of preferring Massmart.

The regression coefficient of income group (IG) (R8 000–R10 999) was -4.505. This implies that exp (B) = (-4.505) = 0.011. Thus, selecting IG (R8 000–R10 999) in the presence of controls, a one-unit increase in IG (R8 000–R10 999) decreased the likelihood (0.011 less likely) of preferring Massmart.

The regression coefficient of income group (IG) (R11 000–R19 999) was -4.037. This implies that exp (B) = (-4.037) = 0.018. Thus, selecting IG (R11 000–R19 999) in the presence of controls, a one-unit increase in IG (R11 000–R19 999) decreased the likelihood (0.018 less likely) of preferring Massmart.

product variety (PV), customer care (CC), fair pricing (FP), customer rewards, trading hours (TH), attitudinal loyalty, income group (R800–R1 399), income group (R8 000–R10 999) and income group (R11 000–R19 999) were the key drivers (positive and negative influence) for preference for Massmart for participants in the retail brand survey.

Table 6.25: Statistically significant predictors for shopping preference toward the major retail brands

Predictors (variables)	Shoprite/Checkers	Pick n Pay	Woolworths	Spar	Makro
Product quality					
Product variety					2.139 (p=0.019)
Product availability					
Convenience of location		0.822 (p=0.042)			
Customer care	-2.812 (p=0.010)				4.215 (p=0.005)
Fair pricing	2.880 (p=0.006)	1.551 (p=0.001)	-3.339 (p=0.000)		2.546 (p=0.010)
Online purchasing					
Depth of assortment					
Customer rewards	-6.672 (p=0.000)	3.223 (p=0.000)			-3.595 (p=0.002)
Retail environment		-0.833 (p=0.047)	1.833 (p=0.001)		
Trading hours	2.978 (p=0.000)		-1.610 (p=0.005)	1.508 (p=0.049)	-3.648 (p=0.004)
Overall satisfaction			-0.544 (p=0.005)		
Age groups					
18–24 years					
25–34 years		-2.168 (p=0.025)			
35–44 years					
45–54 years					
55–64 years					
65+ years					
Income groups					
Up to R799					
R800–R1 399					-4.122 (p=0.046)
R1 400–R2 499					
R2 500–R4 999	4.504 (p=0.037)				-5.046 (p=0.009)
R5 000–R7 999					
R8 000–R10 999					-4.505 (p=0.016)
R11 000–R19 999		-1.905 (p=0.032)			-4.037 (p=0.011)
R20 000–R29 999					
R30 000–R39 999					
R40 000+					
Education attainment					
Brand trust		-0.091 (p=0.021)	0.102 (p=0.047)		
Brand affect					
Attitudinal loyalty			0.661 (p=0.005)		-1.130 (p=0.002)
Behavioural loyalty			-0.477 (p=0.041)		0.668 (p=0.046)

Source: Author's computations based on own primary data; *p < 0.05.

CHAPTER 7

THE FEELING-RELATED REACTIONS TO THE MAJOR SOUTH AFRICAN RETAIL BRANDS

7. 1 INTRODUCTION

Building on a long tradition that emotion drives and influences customer decision-making (George & Dane, 2016; Naqvi, Shiv & Bechara, 2006), this part of the study proposes to assess customers' perceptions based on their emotional reactions using the Self-Assessment Manikin and psychophysiological instruments.

7.2 THE SELF-ASSESSMENT QUANTITATIVE RESULTS

In positioning the need further to evaluate customers' affective or emotional state in relation to buying decisions, Williams (2013:268) opines that the effect of emotions on judgements, evaluations, and decisions has long been important to psychology and consumer behaviour. The focus of the field has progressed from demonstrations that emotions, like cognitions, do have an effect on consumption, to more nuanced understandings of what drives the experience of discrete emotional states, and how those discrete emotions uniquely affect decision-making.

In line with the above, the study purports that the higher the pleasure or arousal score, the higher the likelihood of the customer to frequent and patronise a retail brand. As in other studies, such as Betella and Verschure (2016), and Geethanjali, Adalarasu, Hemapraba, Kumar and Rajasekeran (2017), the correlation between valence/arousal within participants was calculated using Spearman's correlation.

The theory and application of the SAM were sufficiently explained in Chapter 5. It is necessary, however, to describe the calculation of the pleasure or arousal score used in this section, which will serve to evaluate participants' emotional perception of the major retail brands using the four stimuli of brand logos, customer care, customer reward and quality.

The method is based on the understanding that, among the nine clusters generated by the SAM grid, four (comfortable, warmed, enthusiastic and apprehensive) reflect

positive emotions, another four reflect negative emotions (indifferent, sullen, troubled and alarmed), while ambivalent reflects mixed emotions (both positive and negative).

The method is thus an extraction of the percentage of negative Pleasure/ or Arousal from the positive, and represents participants' overall emotional response to the stimulus.

The method is therefore as follows:

[comfortable + warmed + enthusiastic + apprehensive + ½ ambivalent] – [indifferent + sullen + troubled + alarmed + ½ ambivalent].

In the application of the method, the Pleasure/Arousal score for the Shoprite logo, for example, was:

[12.9 + 11.3 + 4.8 + 0.00 + 19.14/2] – [16.10 + 22.6 + 1.6 + 11.3 + 19.14/2] =

-22.58%.

The results presented in this section provide a separate discussion and a comparative analysis on each stimulus used in this study, i.e. the logo, customer care, quality and customer rewards, after which the results are consolidated.

7.2.1 Customers' emotive reactions elicited by retail brand logos

A logo is a marketing asset. Research by Park, Eisingerich, Pol and Park (2013) establishes that:

> *[T]he brand logo can be an integrator of the marketing efforts of the brand, a reflector of such effort and the icon of what the brand means to its customers. In short, a good logo can be a synthesiser of a brand that is readily used by customers for identification, differentiation and positive associations. When they express a brand's symbolic, functional or sensory benefits, logos have a significant positive effect on customer commitment to a brand.*

A key reason for increased assessment of the logo of an organisation is that the logo has the potential to contribute to differentiated communication, as it mostly conveys the identity embedded in the brand. Failure to identify a brand that is being advertised clearly (Marketing Science, 2015), signals the potential inability of that brand to be remembered, especially at the time of brand choice.

Therefore, evaluating a logo can prove a sound step in revisiting the nature of the relationships between the organisation and its stakeholders, with particular emphasis on customers. The evaluation might also be important in identifying opportunities to overcome resistance to increase the direct presence of the brand (Marketing Science, 2015).

This section presents the results of participants' perceptions of customer care at the five retail brands.

7.2.1.1 Customer reactions to the Shoprite logo

Figure 7.1 presents the outcome of the evaluation of the Shoprite logo by participants.

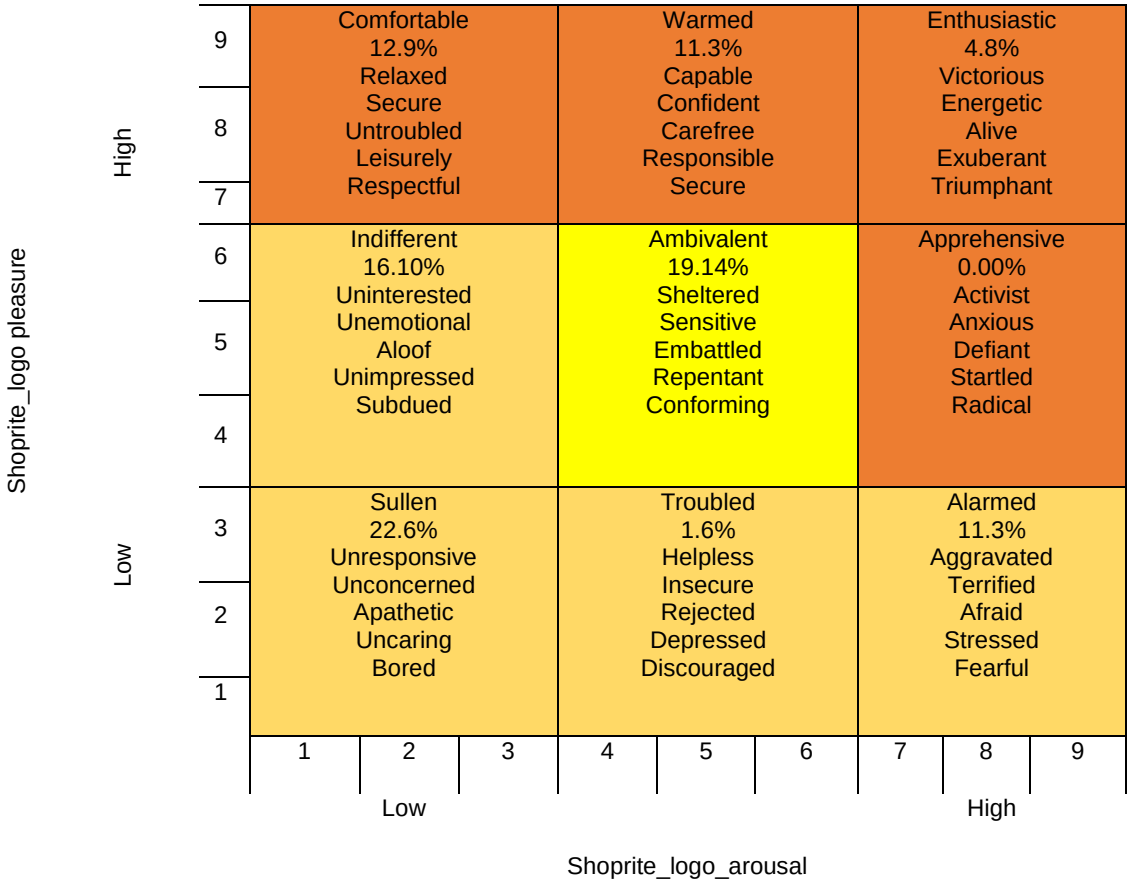


Figure 7 .1: Customer reactions to the Shoprite logo

Figure 7.1 shows that participants expressed about 38.71% positive emotions towards the Shoprite/Checkers logo, against 61.29% negative emotions. Thus, the overall emotive perception of the logo is 38.71% – 61.29% = -22.58%. This negative pleasure/arousal score is indicative of a negative perception of the brand in the retail

market and a high resistance to the brand, which could cause brand rejection. Initiatives such as brand extension could prove unsuccessful as a result of a brand audit.

7.2.1.2 Customer reactions to the Woolworths logo

Figure 7.2 presents the outcome of the evaluation of the Woolworths logo by participants.

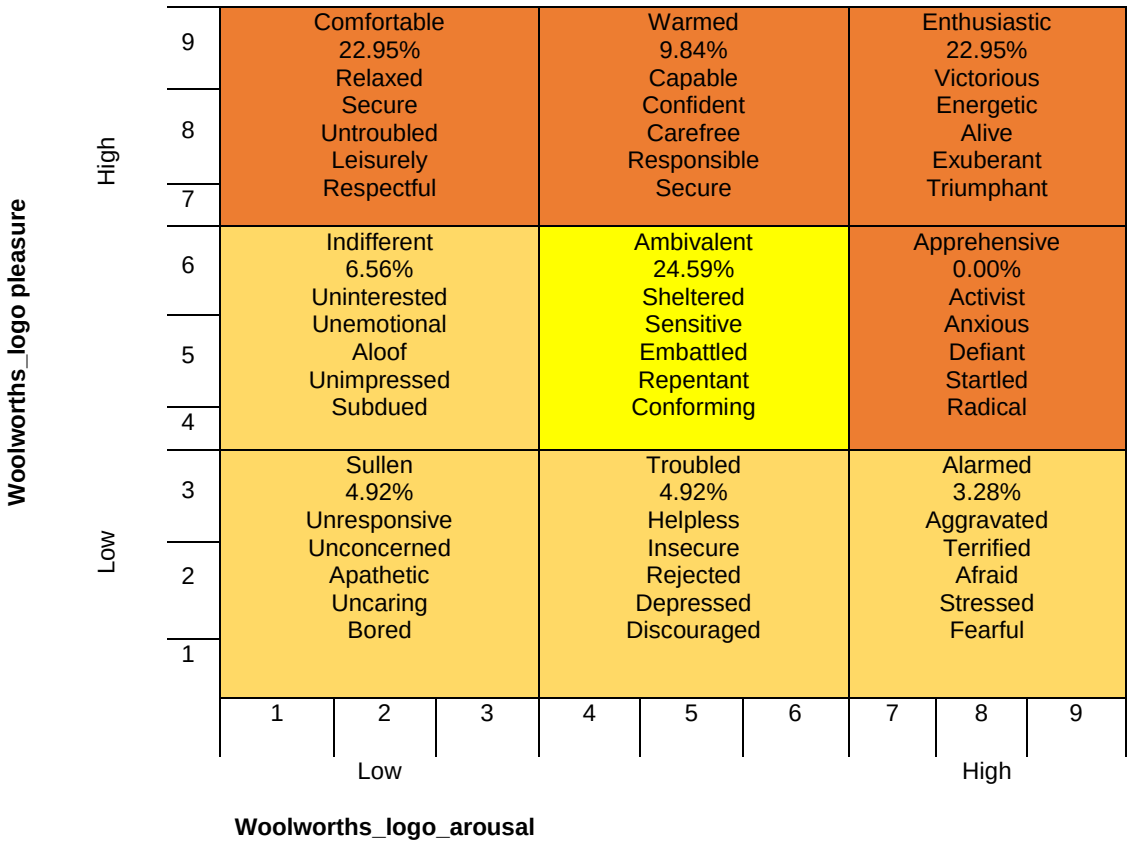


Figure 7.2: Customer reactions to the Woolworths logo

Figure 7.2 shows that participants expressed about 68.03% positive emotions towards the Woolworths logo, against 31.97% negative emotions. Thus, the overall emotive perception of the logo is 68.03% – 31.97% = 36.07%. The positive pleasure/arousal score translates into a strength of the brand and its wider acceptance.

Woolworths management could use this as an indication of the persuasiveness of its overall marketing communication efforts. Management could also seize the

opportunity of embarking on brand extensions and even developing private label brands.

7.2.1.3 Customer reactions to the Makro logo

Figure 7.3 presents the outcome of the evaluation of the Makro logo by participants.

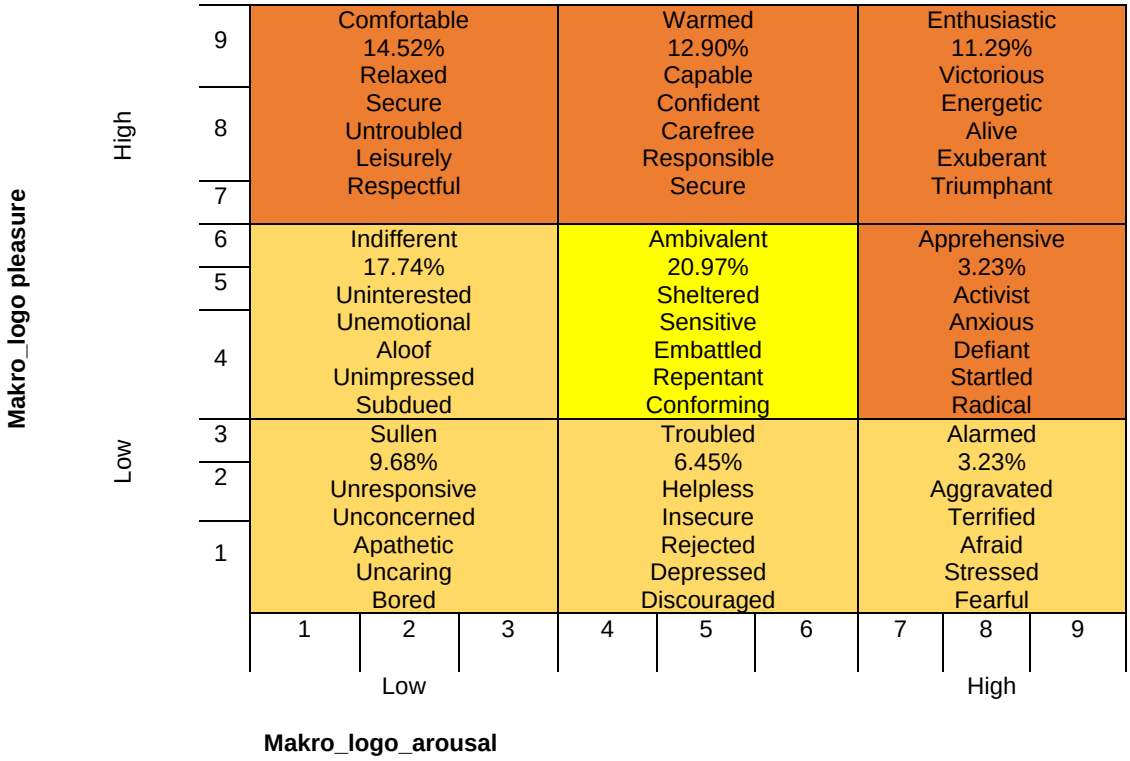


Figure 7.3: Customer reactions to the Makro logo

Figure 7.3 shows that participants expressed about 52.42% positive emotions towards to Makro logo, against 47.58% negative emotions. Thus, the overall emotive perception of the logo is 52.42% – 47.58% = 4.84%. The positive pleasure/arousal score of 4.84% would mean that Makro is well perceived in the retail market.

However, consistent communication efforts could be undertaken in its target market in order to increase its awareness, and this should be focused on reviewing the personality of the brand, the channel of distribution, as well as the assortment.

7.2.1.4 Customer reactions to Pick n Pay logo

Figure 7.4 presents the outcome of the evaluation of the Pick n Pay logo by participants.

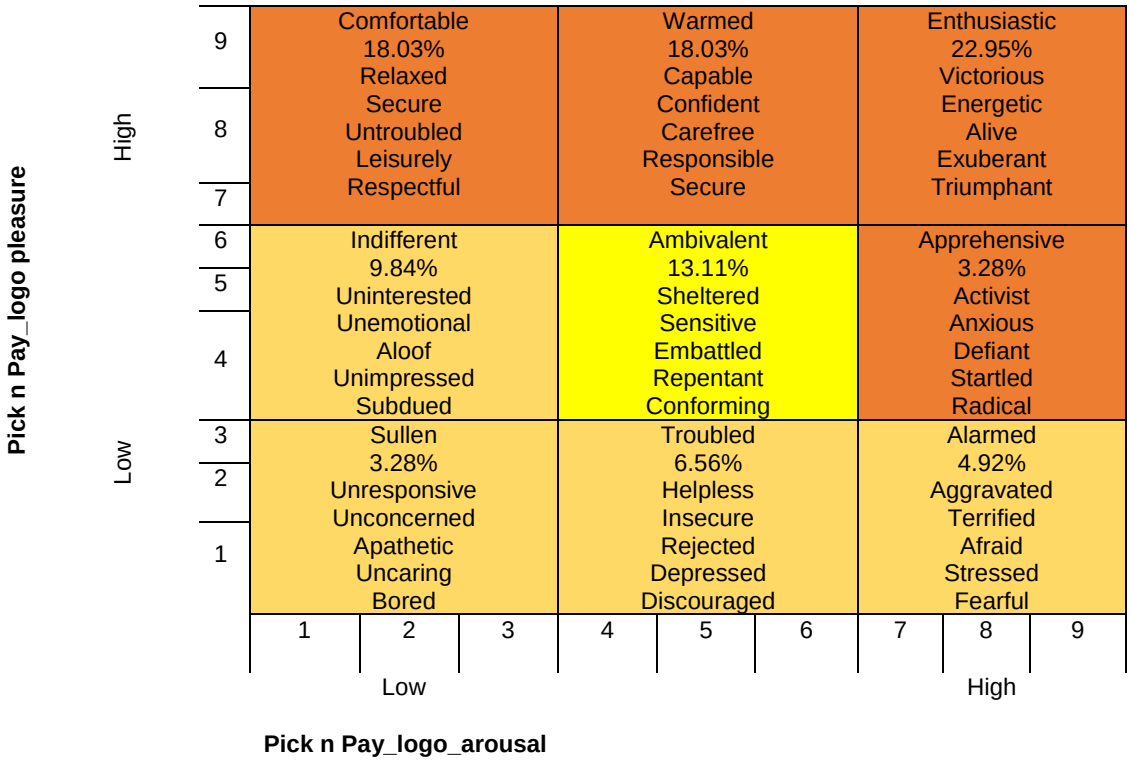


Figure 7.4: Customer reactions to the Pick n Pay logo

Figure 7.4 shows that participants expressed about 68.85% positive emotions towards to the Pick n Pay logo, against 31.15% negative emotions. Thus, the overall emotive perception of the logo is 68.85% – 31.15% = 37.70%. Pick n Pay scores the highest positive pleasure/ arousal score of all retail brands. Pick n Pay enjoys a differential advantage of its competitive brand that has recently been revamped.

The results point out that the new Pick n Pay logo proved successful. Like Woolworths, Pick n Pay could build on this marketing asset and develop more in-house brands.

7.2.1.5 Customer reactions to the Spar logo

Figure 7.5 presents the outcome of the evaluation of the Spar logo by participants.

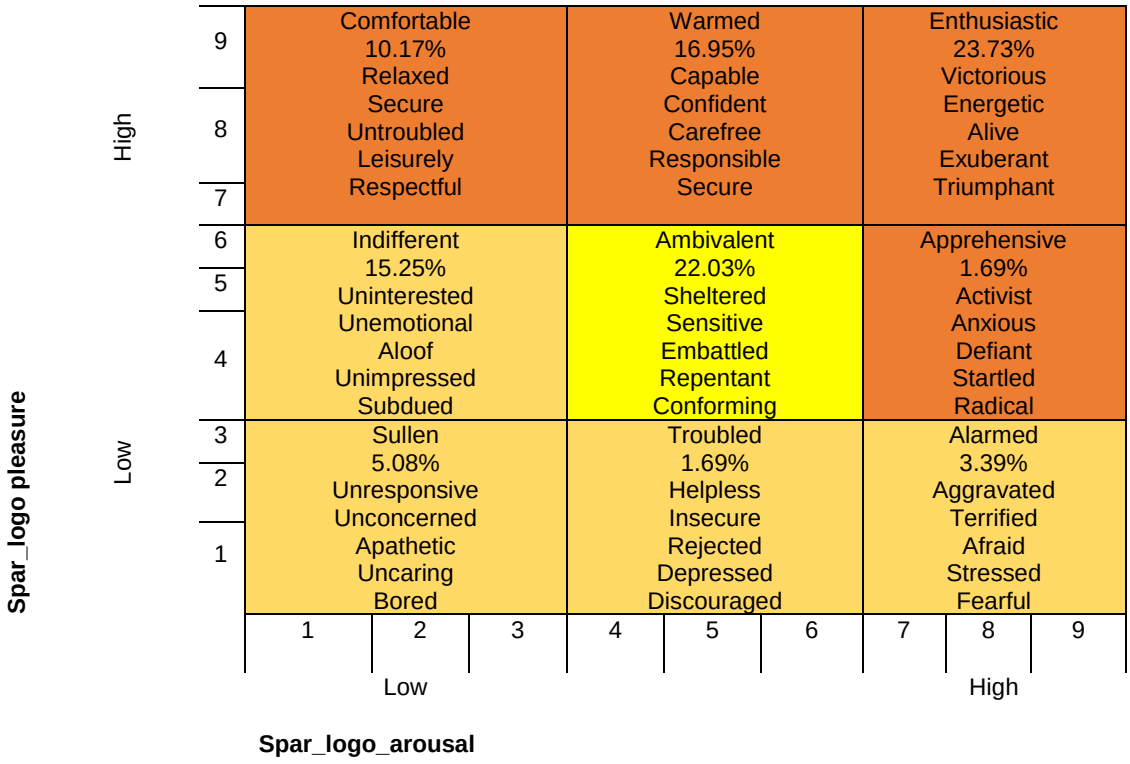


Figure 7.5: Customer reactions to the Spar logo

From Figure 7.5, participants' positive emotions towards the Spar logo were as high as 63.56%, the negative emotions amounting to 36.44%. Thus, the overall emotive perception of the logo is 63.56% – 36.44% = 27.12%. Spar scores 27.12% for pleasure/arousal and ranked third behind Pick n Pay and Woolworths.

7.2.2 Customers' emotive reactions elicited by customer care

This section presents the results of participants' perception of customer care at the five retail brands.

7.2.2.1 Customer reactions to customer care at Shoprite

Figure 7.6 presents the outcome of participants' perception of customer care at Shoprite.

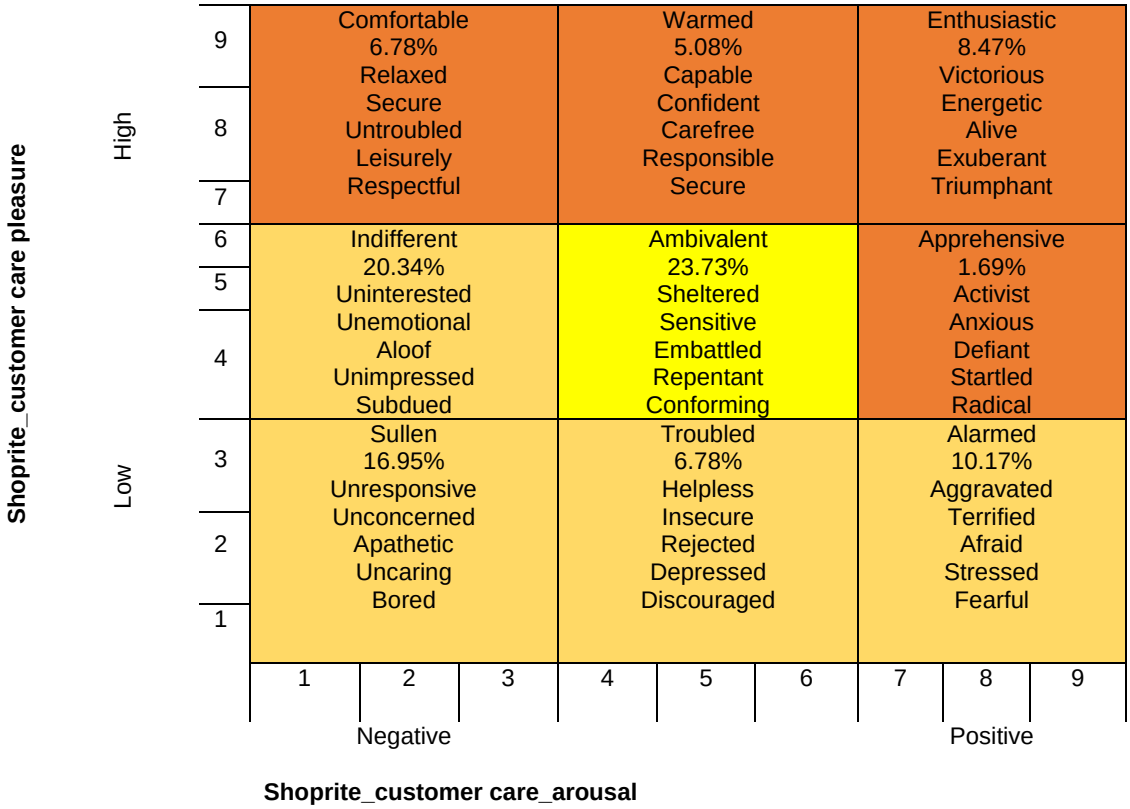


Figure 7.6: Customer reactions to customer care at Shoprite

Figure 7.6 shows that about 33.90% of participants reacted positively to the customer care offered at Shoprite/Checkers, while 66.10% expressed negative emotions. Thus, the valence/arousal score, i.e. the difference between the positive and the negative emotions equals 33.90% – 66.10% = -32.2%. This negative figure clearly shows that there was a common perception among participants that customer care at Shoprite/Checkers is poor.

Positioning customer care as a key driver to shopping, the SAM results would simply mean that participants are less likely to purchase from Shoprite/Checkers. Investment in improved customer service therefore remains in demand at Shoprite/Checkers. In the absence of such improvement, customers are likely to migrate to other retail brands that cater for this cluster of customers.

7.2.2.2 Customer reactions to customer care at Woolworths

Figure 7.7 presents the outcome of participants' perception of customer care at Woolworths.

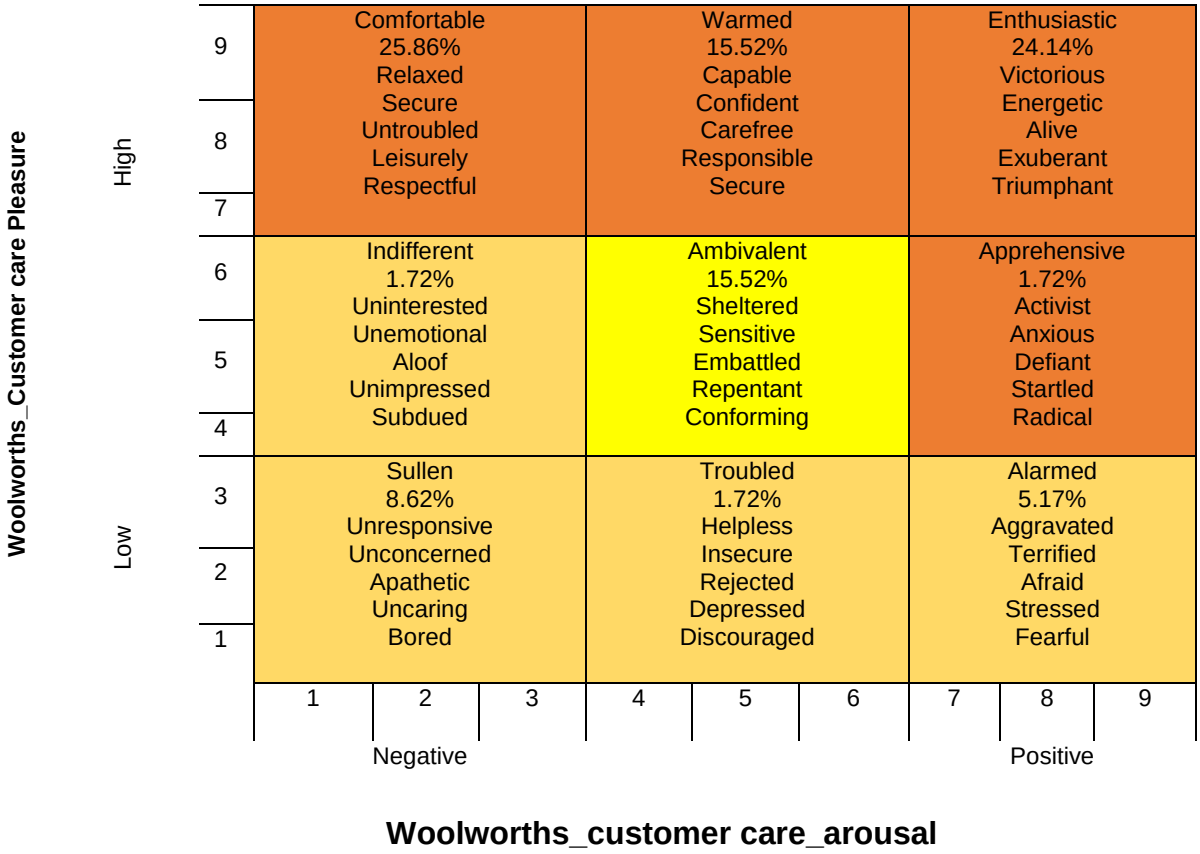


Figure 7.7: Customer reaction to customer care at Woolworths.

As illustrated in Figure 7.7, customer care as a shopping motivation elicited mostly positive emotions, with 75% positive pleasure/arousal against 25% negative pleasure/arousal. As a result, the net pleasure/ or arousal score is 50%, which denotes that most participants believe Woolworths offers a comparatively high level of customer care.

These results concur in the "2017 Woolworths Integrated Report" (Woolworths, 2017:32), which points out, among others, that –

- Woolworths delivers a connected retail experience by connecting with their customers consistently and seamlessly across multiple channels;
- uses loyalty tools to drive more personalised interactions with their customers;
- focuses on customer data and analytics from loyalty to inform business decisions, including product decisions; and
- constantly refreshes and enhances their strong social media presence in South Africa

7.2.2.3 Customer reactions to customer care at Makro

Figure 7.8 presents the outcome of participants' perception of customer care at Makro.

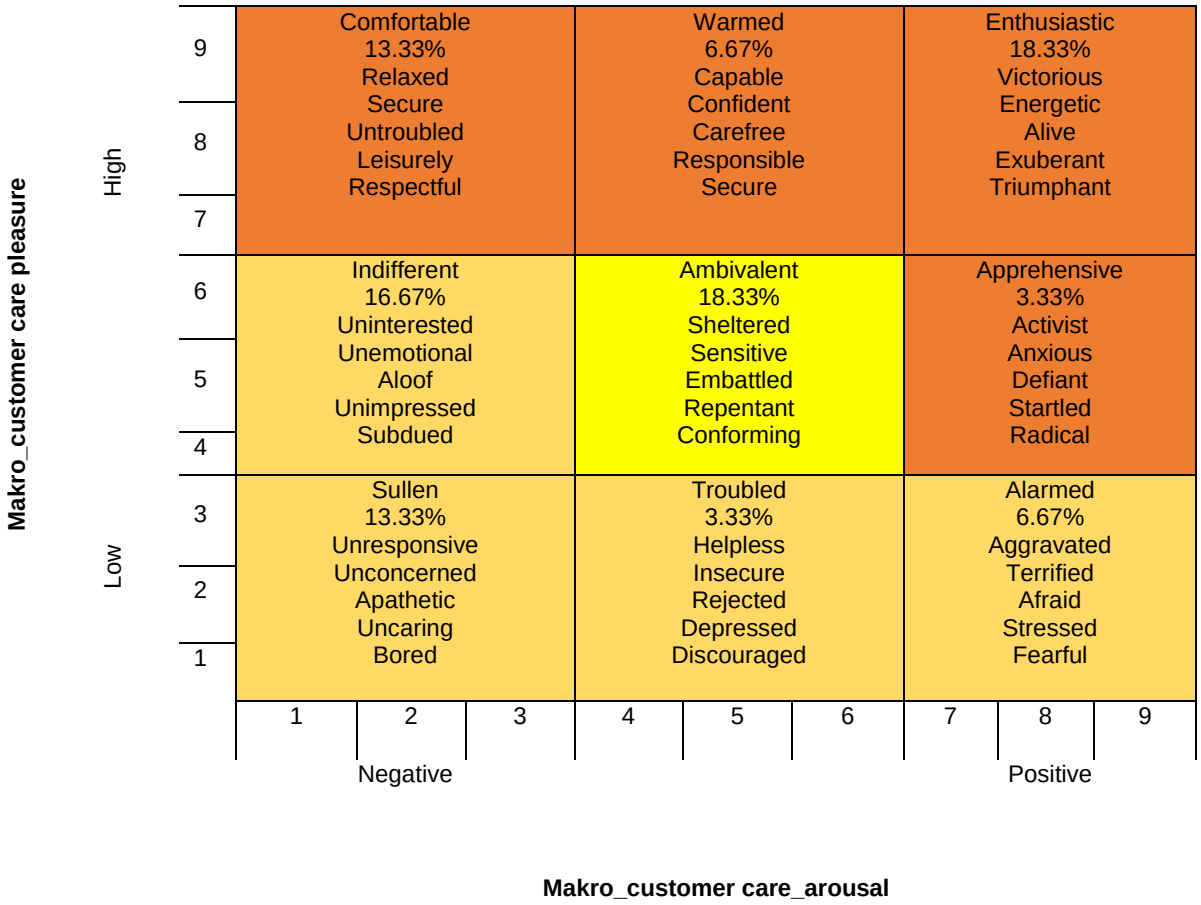


Figure 7.8: Customer reactions to customer care at Makro

Figure 7.8 shows mixed reactions of participants towards the ability of Makro to offer customer care. More specifically, 50.83% of participants reacted positively to the customer care offered at Makro, while 49.17% expressed negative emotions.

Thus, the valence/ arousal score equals 50.83% – 49.17% = 1.67%. This proportion clearly shows that, although positive, there is a common perception among participants that customer care at Makro is fairly good

7.2.2.4 Customer reactions to customer care at Pick n Pay

Figure 7.9 presents the outcome of participants' perception of customer care at Pick n Pay.

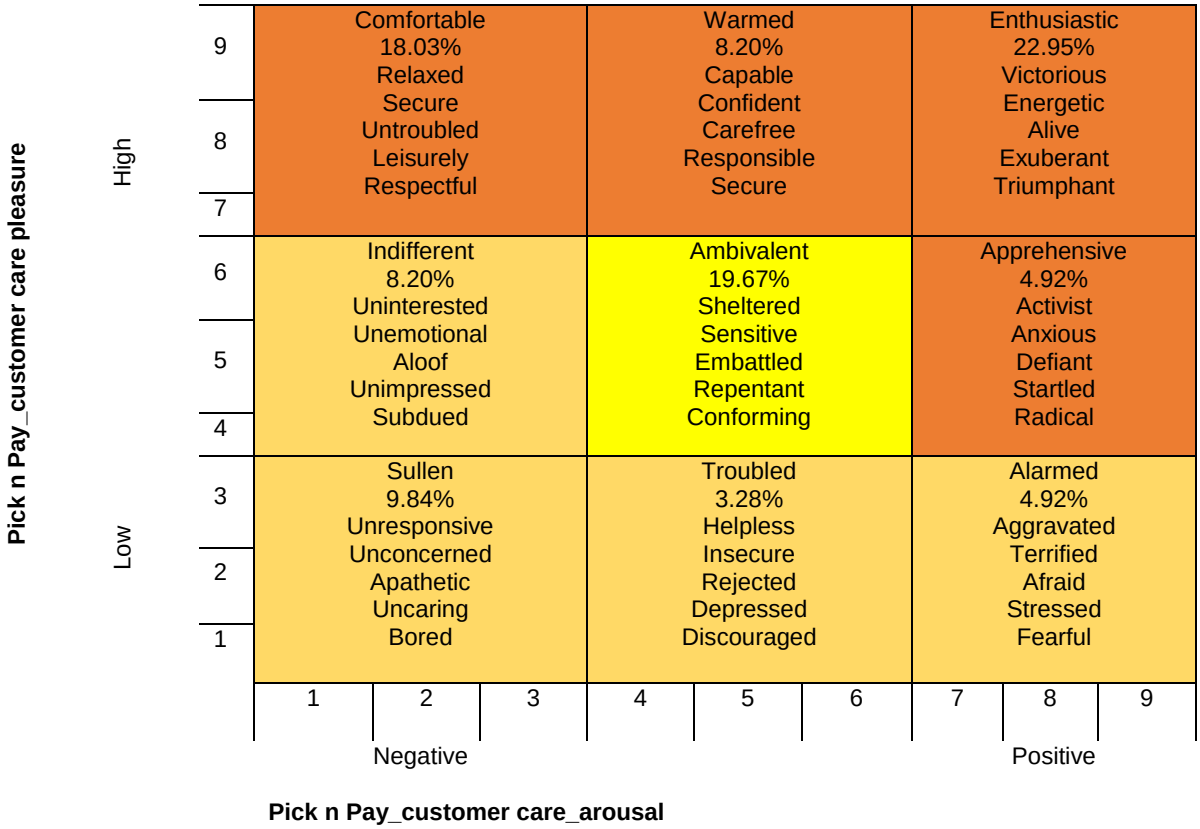


Figure 7.9: Customer reactions to customer care at Pick n Pay

As per Figure 7.9, Pick n Pay is credited with participants' 63.93% positive emotions while 36.07% of them expressed negative emotions towards the brand.

It results in a high pleasure/ or arousal score of 27.87% among participants.

7.2.2.5 Customer reactions to customer care at Spar

Figure 7.10 presents the outcome of participants' perception of customer care at Spar.

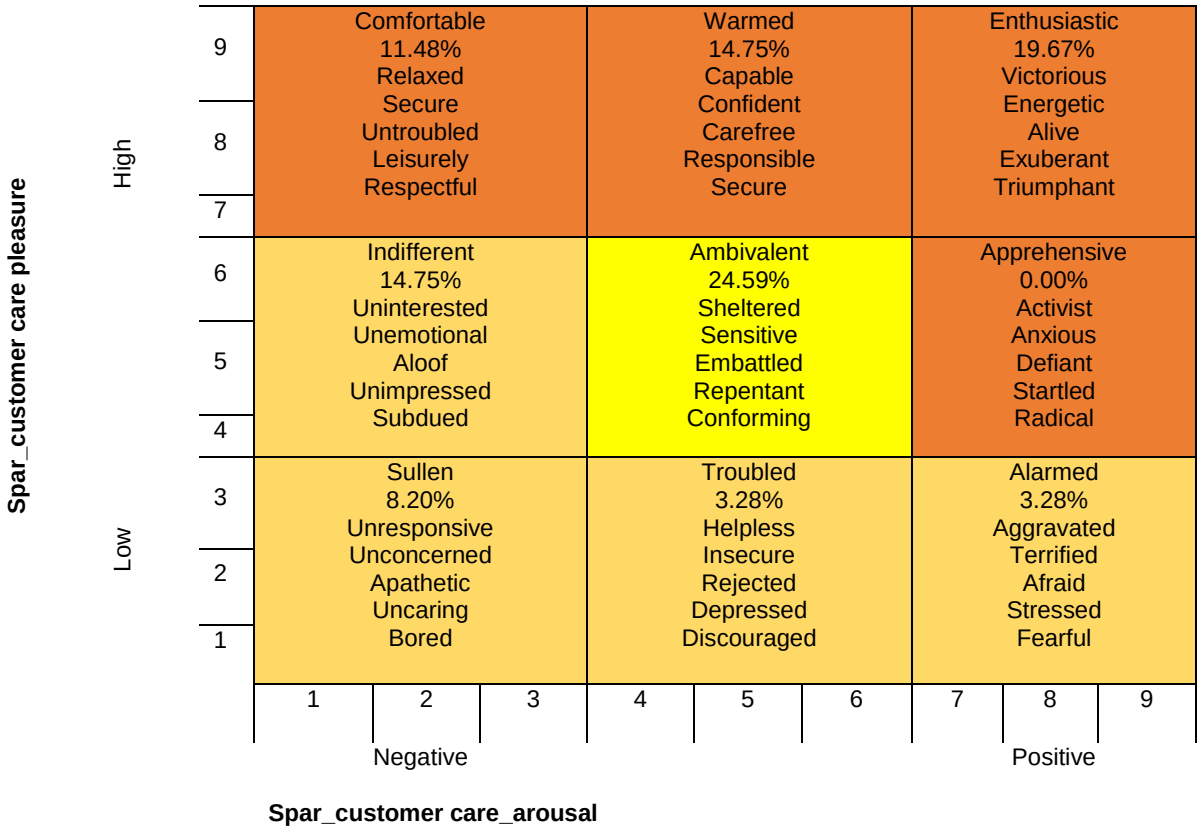


Figure 7.10: Customer reactions to customer care at Spar

Figure 7.10 shows that customer care elicited positivetive emotions in participants. The pleasure/arousal score supporting the statement is obtained as follows: 58.19 – 41.80% = 16.39%. Spar's customer service level is generally acceptable by customers.

7.2.3 Customers' emotive reactions elicited by quality

Some authors (such as Brijball, 2003; Wheatley, Chiu & Goldman, 1981) concur that customers often use a variety of informational cues, either intrinsic (colour), or extrinsic (price, store image, and brand image) to form the foundation for perceptions of product quality. In the current study, the researcher sought to measure the responsiveness of participants to quality.

It is assumed that higher values of pleasure/ arousal regarding quality indicate that customers' preference decisions are driven by the retail brand's offer of good quality products and translates in high customer propensity to patronise the brand. This

section presents the results of participants' perception of quality at the five retail brands.

7.2.3.1 Customer reactions to quality at Shoprite

Figure 7.11 presents the outcome of participants' perception of quality at Shoprite.

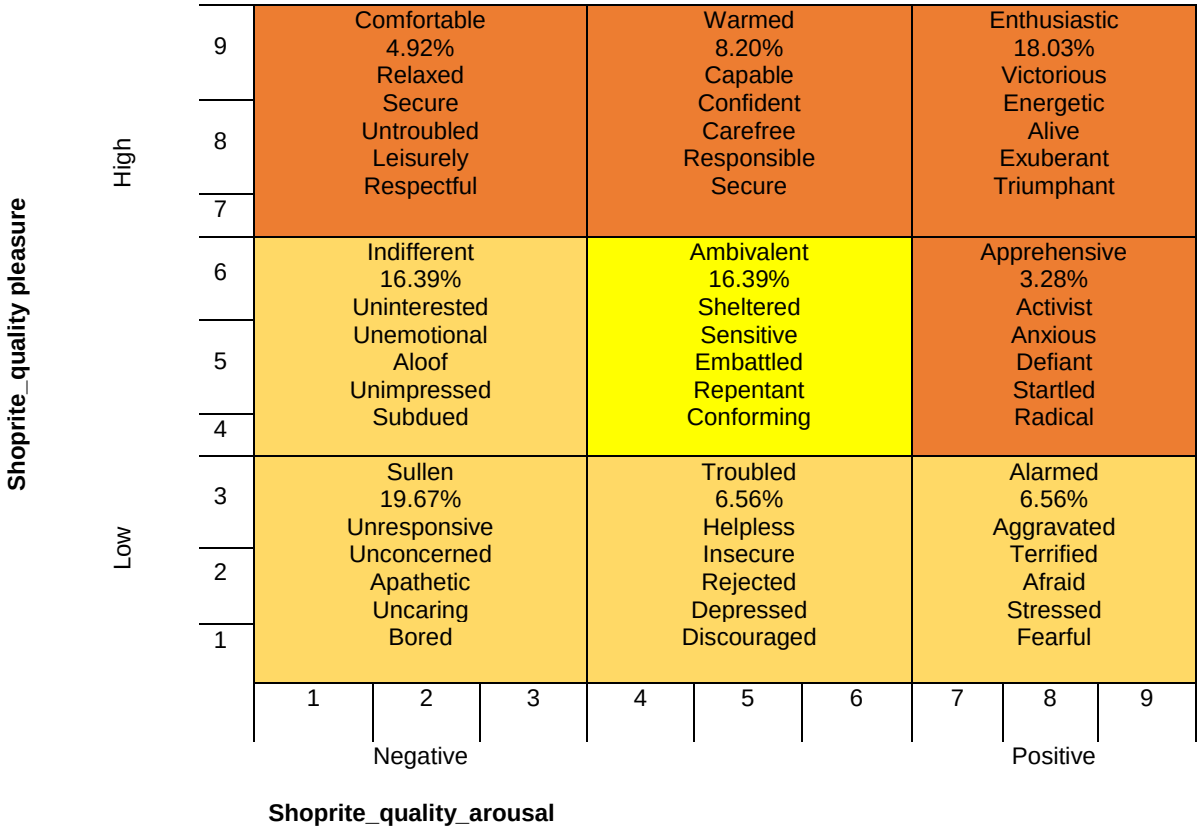


Figure 7.11: Customer reactions to quality at Shoprite

Figure 7.11 shows that quality elicited strong negative emotions in participants. The pleasure/arousal score supporting the statement is obtained as follows: 42.62% – 57.38% = -14.75%. Shoprite offers product quality that is below participants' expectations.

Evidently, Shoprite customers shopping decisions are not primarily motivated by good quality products.

7.2.3.2 Customer reactions to quality at Woolworths

Figure 7.12 presents the outcome of participants' perception of quality at Woolworths.

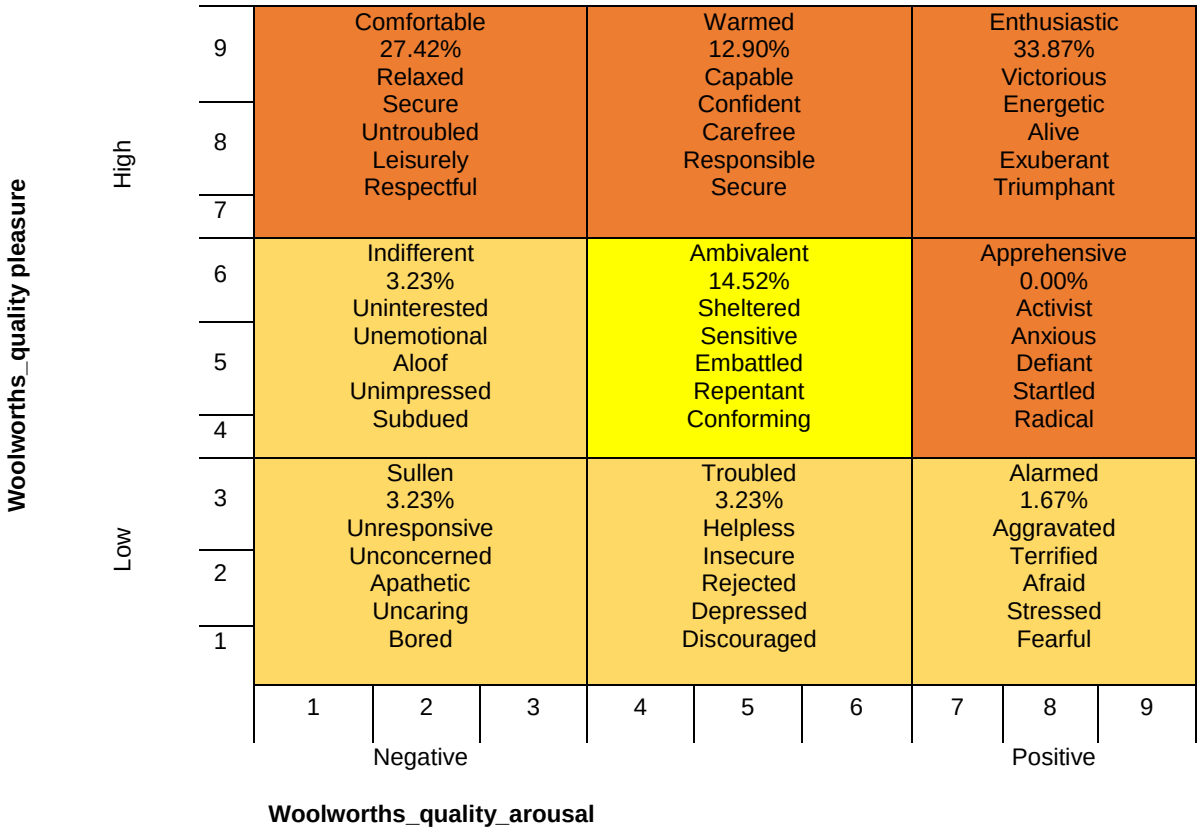


Figure 7.12: Customer reactions to quality at Woolworths

Figure 7.12 shows that quality elicited strong positive emotions in participants, supported by the highest pleasure/arousal score. The score is calculated as follows: 81.45% – 18.55% = 62.90%.

Woolworths offers product quality that is above participants' expectations. Woolworths customers' shopping decisions are primarily driven by good quality products.

7.2.3.3 Customer reactions to quality at Makro

Figure 7.13 presents the outcome of participants' perceptions of quality at Makro

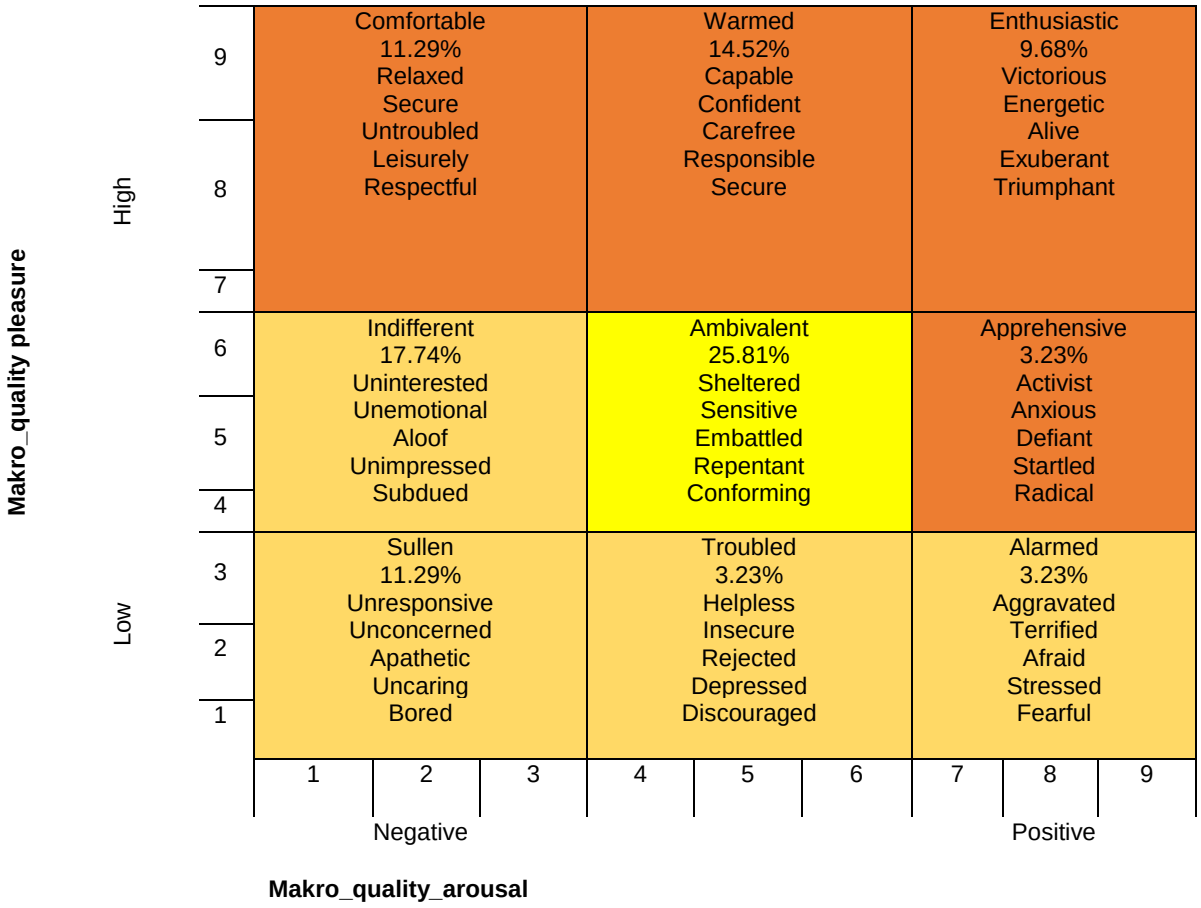


Figure 7.13: Customer reactions to quality at Makro

According to Figure 7.13, the emotional perception of the quality on offer at Makro by participants is positive (3.23%) but minimal, and is largely insufficient to build a competitive advantage.

This positive perception regarding quality should be further investigated in order for the brand to deliver on this variable.

7.2.3.4 Customer reactions to quality at Pick n Pay

Figure 7.14 presents the outcome of participants' perception of quality at Pick n Pay.

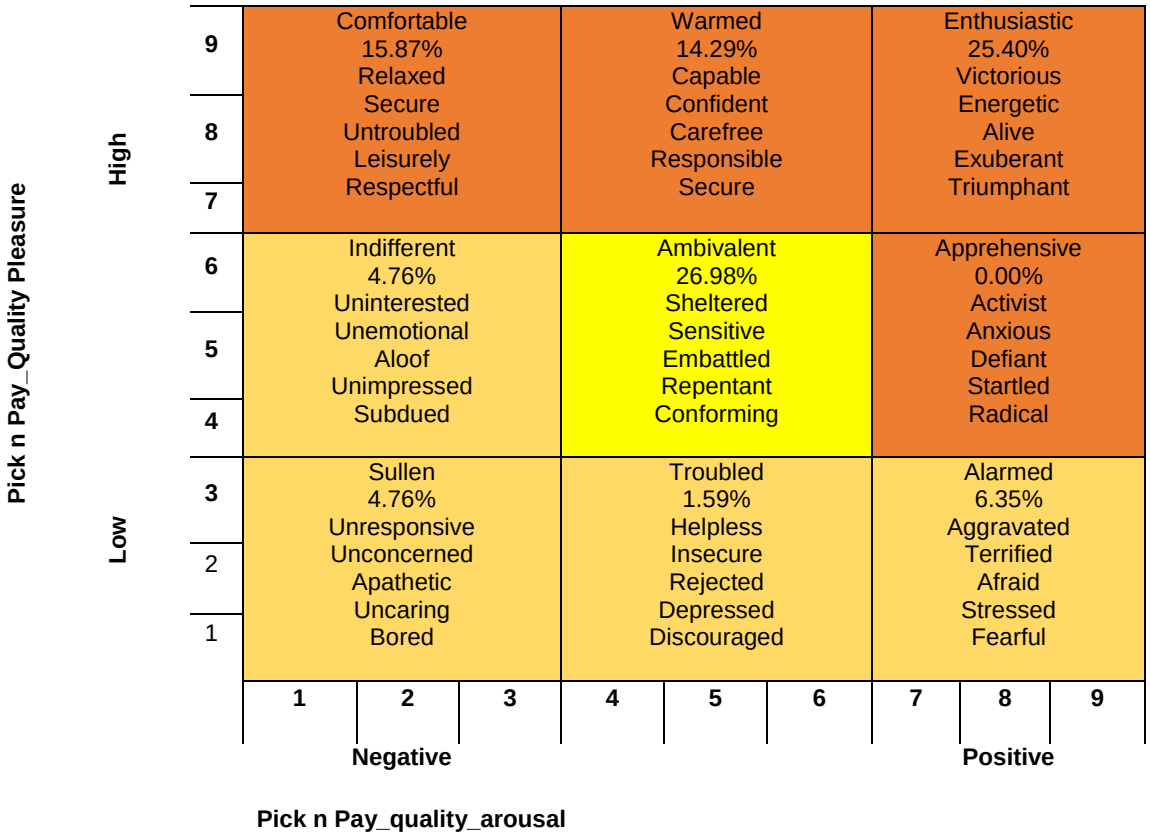


Figure 7.14: Customer reactions to quality at Pick n Pay.

According to Figure 7.14, the perceptual evaluation of Pick n Pay in terms of quality by participants yields a positive pleasure/arousal score of 38.10%.

The positive evaluation stands at 69.05%, while the negative emotions amount to 30.95%. Pick n Pay is the second most positively perceived brand on the quality dimension, just behind Woolworths.

7.2.3.5 Customer reactions to quality at Spar

Figure 7.15 presents the outcome of participants' perception of quality at Spar.

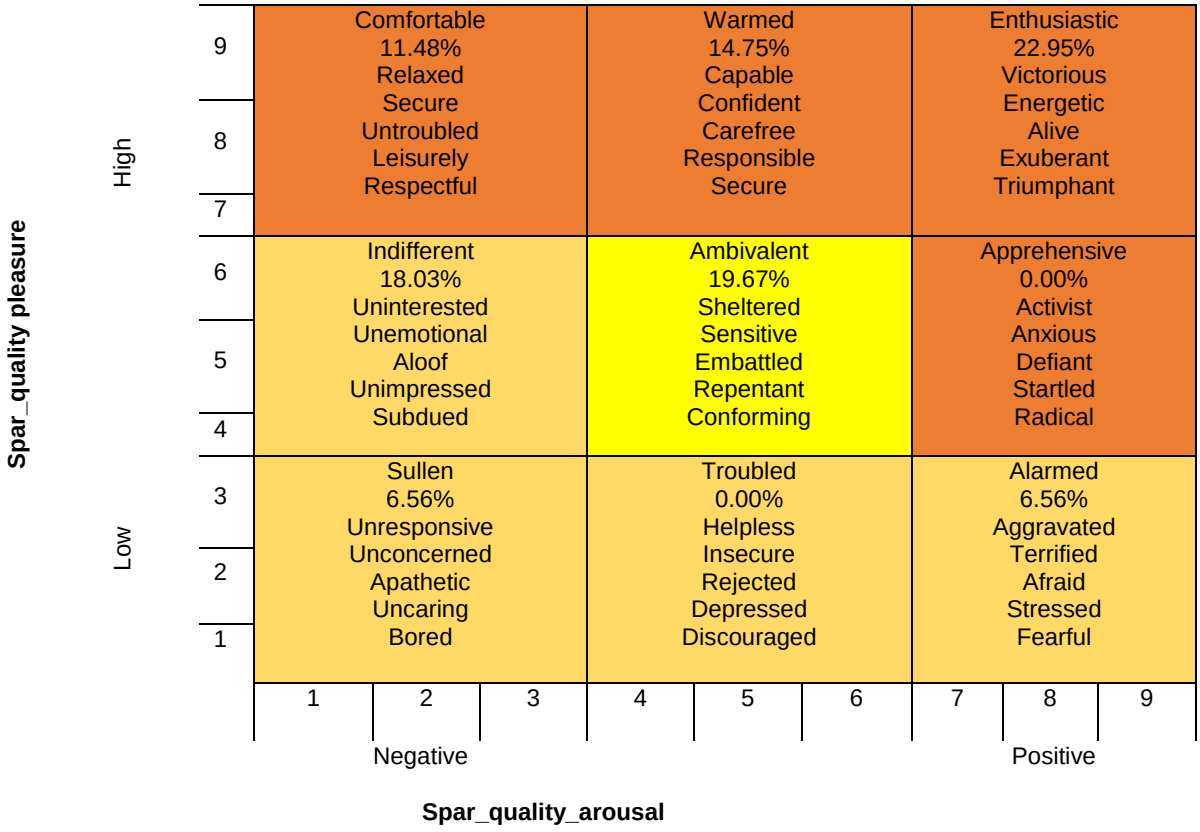


Figure 7.15: Customer reactions to quality at Spar

Figure 7.15 shows that Spar is positively perceived by participants on the quality dimension. With 59.02% positive perception, against 40.98% negative emotions, Spar totals 18.03% of overall positive perceptions among participants.

However, the overall pleasure/arousal score of Spar is about half that of Pick n Pay and a third of that of Woolworths.

7.2.4 Customers' emotive reactions elicited by customer rewards

There has been a widespread popularity of loyalty programmes, here referred to as 'customer rewards', in recent years, both internationally and locally and across industry sectors. Despite this rapid and wide expansion, the 2016 Truth Loyalty Whitepaper (Why Five, 2016) reported that, as opposed to international markets, South Africa still lacks focus in the execution, communication and differentiation of its programmes.

The report also called for further understanding of customers' perceptions and attitudes towards the available loyalty programmes and the key factors, which trigger customers to join and actively participate in these programmes.

This portion of the study intends to fill this gap by assessing participants' emotional reactions to the customer rewards of the five major South African retail brands. The measure of where each retail brand stands on the pleasure/ arousal score yields an important assessment of how the major retail brands have embedded loyalty programmes in their marketing strategy, and the effects on their target markets.

This section presents the results of participants' perception of loyalty programmes (customer rewards) at the five retail brands.

7.2.4.1 Customer reactions to customer rewards at Shoprite

Figure 7.16 presents the outcome of participants' perception of customer rewards at Shoprite.

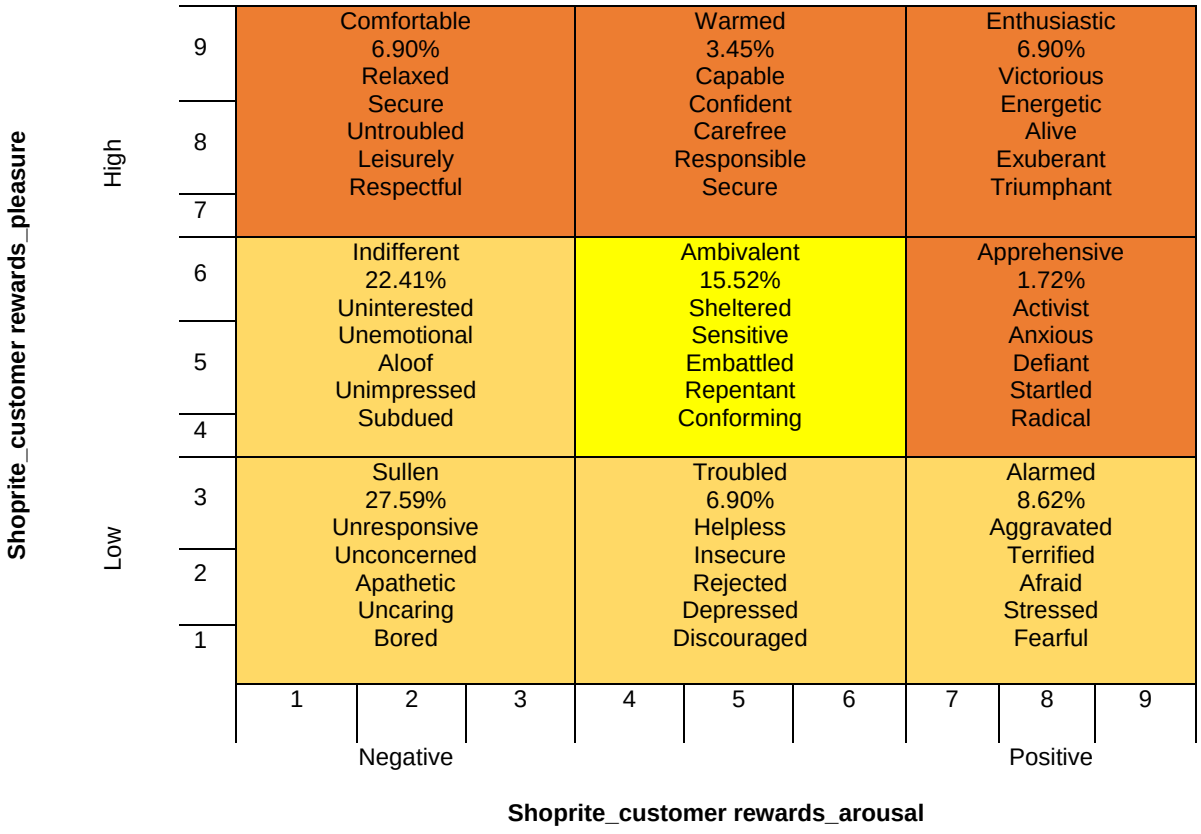


Figure 7.16: Customer reactions to customer rewards at Shoprite/Checkers

In Figure 7.16, of the five major retail brands, Shoprite/Checkers totals participants' 26.72% positive emotions and 73.28% negative emotions on the pleasure/ arousal score.

This results in an overall negative perception (-46.55%). This high rate is indicative that Shoprite/Checkers does not currently have a reward system (from in-depth interviews).

It could possibly be an indication that Shoprite customers express the need for Shoprite to establish a reward system.

7.2.4.2 Customer reactions to customer rewards at Woolworths

Figure 7.17 presents participants' perception of customer rewards at Woolworths.

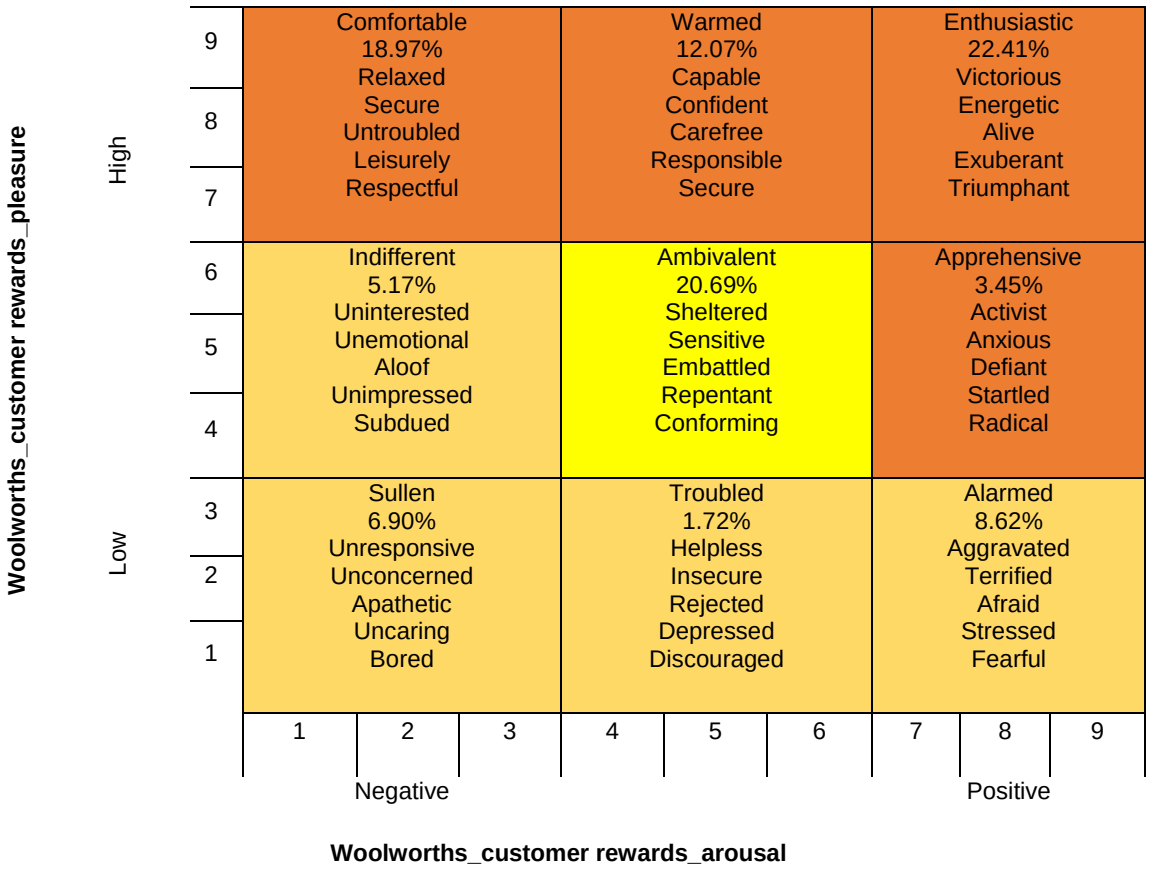


Figure 7.17: Customer reactions to customer rewards at Woolworths

Figure 7.17 points out that Woolworths' loyalty programme, also referred to as the Woolworths WRewards, elicited mostly positive emotions (34.48%) and shows

strong competitive leadership. Woolworths WRewards, which claimed the fifth place in the 2018 Truth Loyalty Whitepaper (see Truth and BrandMapp, 2018), ranked first.

7.2.4.3 Customer reactions to customer rewards at Makro

Figure 7.18 presents the outcome of participants' perceptions of customer rewards at Makro.

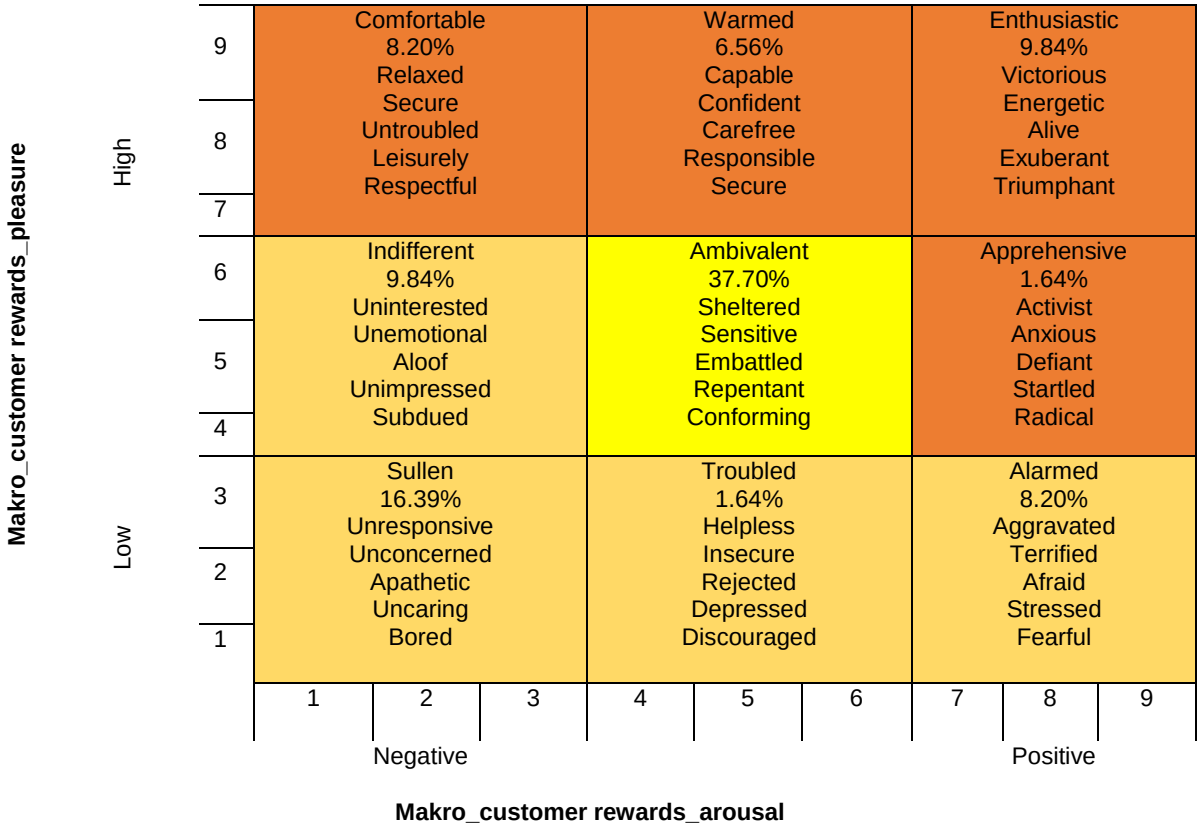


Figure 7.18: Customer reactions to customer rewards at Makro

From the results displayed in Figure 7.18, participants expressed more negative (54.92%) than positive (45.08%) feelings towards the Makro reward system (Makro Access Card), which resulted in an overall negative perception (-9.84%) toward the brand. It is evident that participants' clearly show resistance to the Makro Access Card.

7.2.4.4 Customer reactions to customer rewards at Pick n Pay

Figure 7.19 presents participants' perceptions of customer rewards at Pick n Pay.

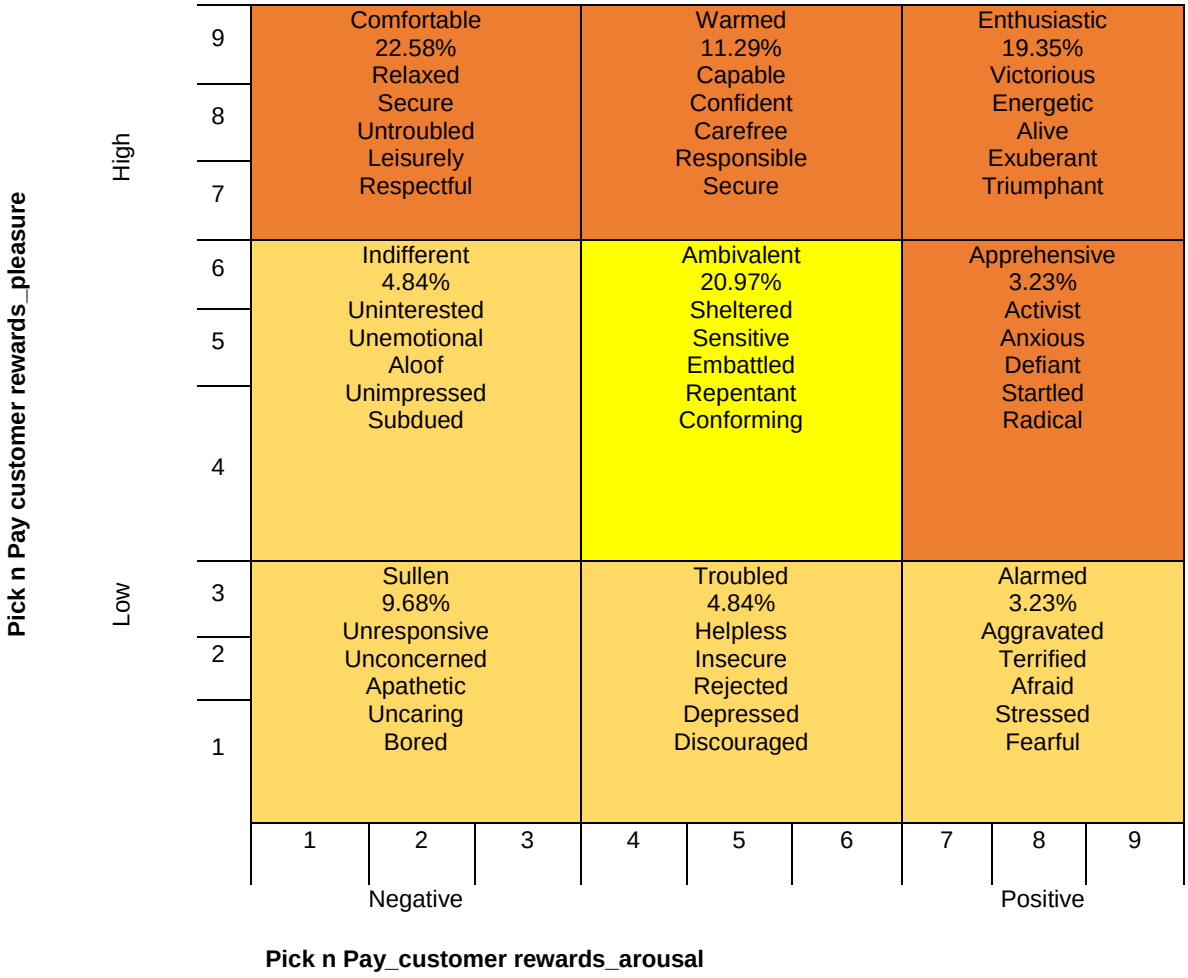


Figure 7.19: Customer reactions to customer rewards at Pick n Pay

Figure 7.19 points out that the loyalty programme at Pick n Pay, also referred to as the Smart Shopper, elicited mostly positive emotions (33.87%) resulting from 66.94% positive pleasure/arousal, against 33.06% negative emotions. Pick n Pay ranks second behind Woolworths.

7.2.4.5 Customer reactions to customer rewards at Spar

Figure 7.20 presents the outcome of participants' perceptions of customer rewards at Spar.

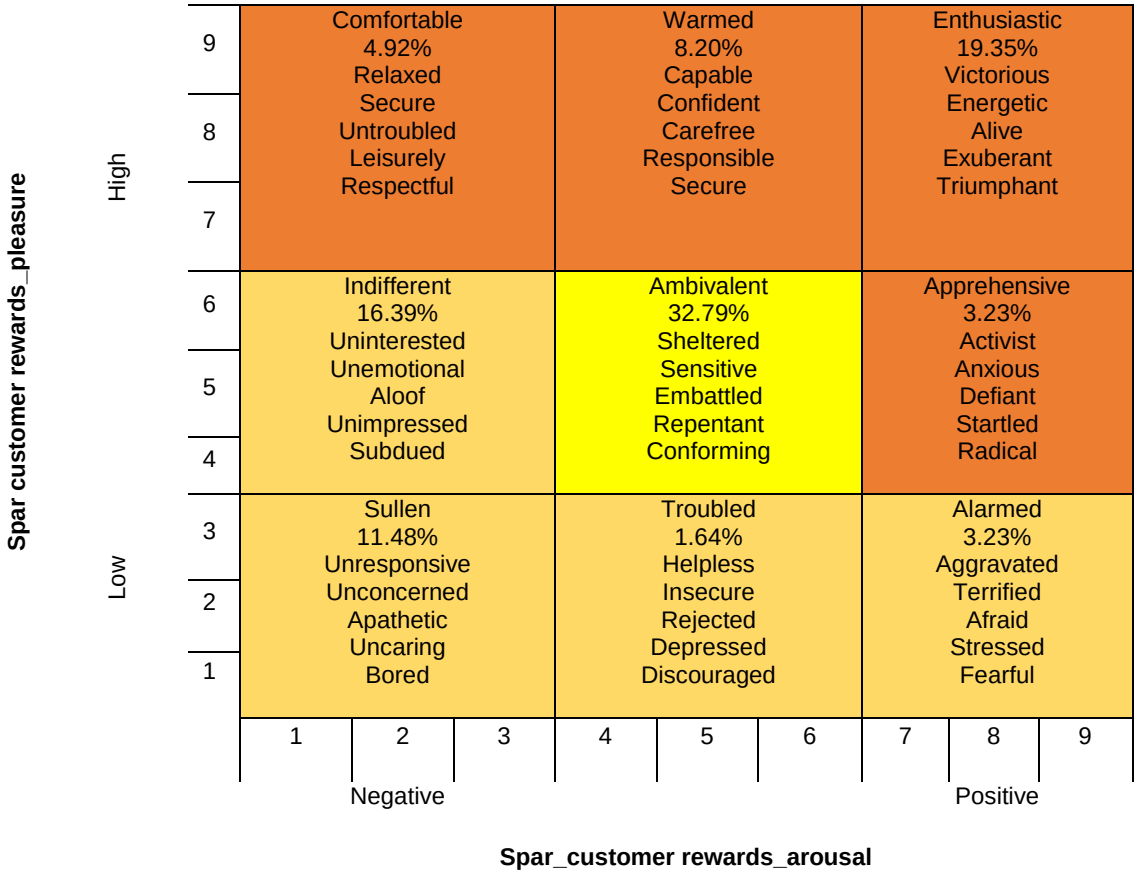


Figure 7.20: Customer reactions to customer rewards at Spar

Similar to Makro, Figure 7.20 reflects that participants expressed more negative (55.74%) than positive (44.26%) feelings towards the Spar reward system (My Spar Loyalty Kard) which resulted in an overall negative perception of -11.48% towards the brand.

7.2.5 Consolidated analysis and key findings of customers' emotive reactions elicited by all research stimuli

Figure 7.21 shows the consolidated comparative emotional reaction to research stimuli (retail brand logos, customer care, quality and customer rewards across retail brands.

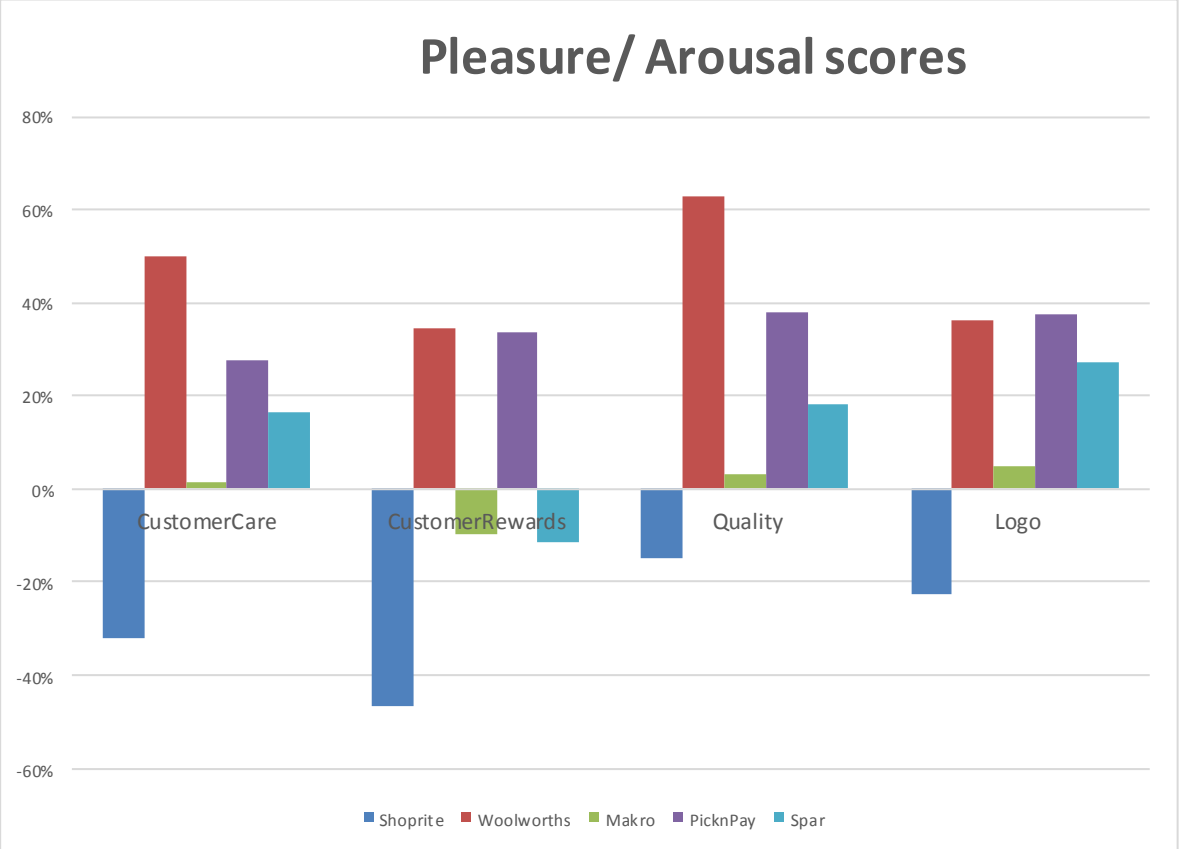


Figure 7.21: Consolidated comparative emotional reaction to retail brand logos, customer care, quality and customer rewards

Source: Author's own analysis based on SAM data

7.3 PSYCHOPYSIOLOGICAL REACTION TO THE MAJOR SOUTH AFRICAN RETAIL BRANDS

Krishna (2012:332) urges organisations to embark on "marketing that engages the consumers' senses and affects their perception, judgment and behaviour", which "… can be used to create subconscious triggers that characterise consumer perceptions of abstract notions of the product (e.g. its sophistication or quality)".

The major shopping motivations highlighted in the literature were, however, narrowed down to those that may trigger the subconscious emotional appeal with customers. As discussed in 5.4.4, the study measured the intensity of participants' physiological responses to four stimuli, e.g. the logo of the selected retail brands, customer rewards, customer care, and quality.

This section provides the eye tracking and GSR results of the experiments. Eye tracking reflects visual attention, as it objectively monitors where, when, and what respondents look at.

Further, eye tracking devices report the dilation and constriction of the pupil, which has been found to correlate with emotional arousal and cognitive workload. The GSR was also used in this study for emotional arousal, as it offers undiluted insights into physiological and psychological processes of a person (iMotions, 2018:5).

As both instruments are complementary, the study employed them to validate and complement the results generated by each instrument.

7.3.1 Eye tracking results

Visualisation of eye movements collected from observers viewing a given stimulus can lead to insights into how the stimulus was perceived, or to why observers chose to act in a certain way following visual inspection (Duchowski, Price, Meyer & Orero, 2012).

This section focuses on the comparison between the generated heat maps resulting from participants' exposure to the four stimuli at the Neuroscience Lab of the Bureau of Market Research at the University of South Africa, in Pretoria.

The study used some of the most common eye tracking metrics (Farnsworth, 2018), including fixations and gaze points, time to first fixation (TTFF), time spent, ratio and revisits.

The heat maps below display the metrics per stimulus.

7.3.1.1 Analysis of the heat maps for brand logos

Figures 7.22 to 7.26 reflect the heat maps of participants' exposure to the selected retail brand logos.

Figure 7.22: Heat map for Makro logo

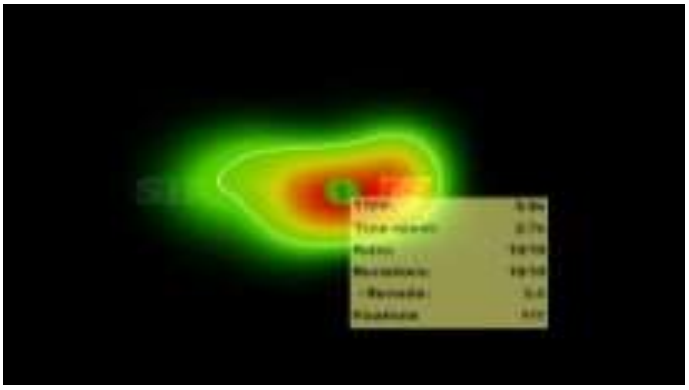


Figure 7.23: Heat map for Shoprite/Checkers

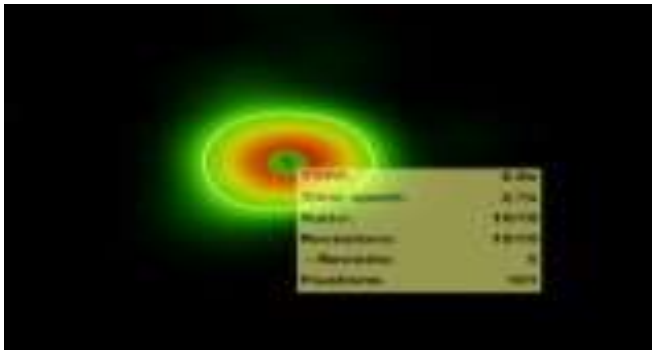


Figure 7.24: Heat map for Pick n Pay logo

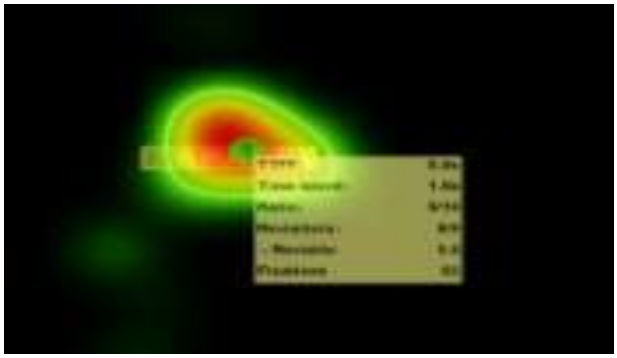


Figure 7.25: Heat map for Spar logo

Figure 7.26: Heat map for Woolworths logo

Table 7.1: Summary of participants' eye tracking reaction to the retail brands' logos

	Shoprite/Checkers	Pick n Pay	Woolworths	Spar	Makro
TTFF (seconds)	0.8	0.8	1.5	0.9	1.0
Time spent (seconds)	2.7	2.7	1.8	1.9	2.0
Ratio	10/10	10/10	10/10	9/10	9/10
Revisitors	10/10	10/10	9/10	9/9	9/9
Revisits	5.5	5	5.3	5.9	5.3
Fixations	111	101	85	83	102

Subsequent to participants' exposure to the logos of selected retail brands, Table 7.1 highlights that the Shoprite/Checkers and Pick n Pay logos held the highest time spent (2.7 s), which is indicative of a high level of interest.

This means that, compared to the other brands, participants' attention was more focused on these two logos. This is further confirmed by participants' short TTFF (0.8 respectively) and long first fixation duration (111 and 101 respectively). Both logos were in all likelihood very eye-catching.

7.3.1.2 Analysis of the heat maps for customer rewards

Figures 7.27 to 7.30 are the heat maps of participants' exposure to customer rewards (CR).

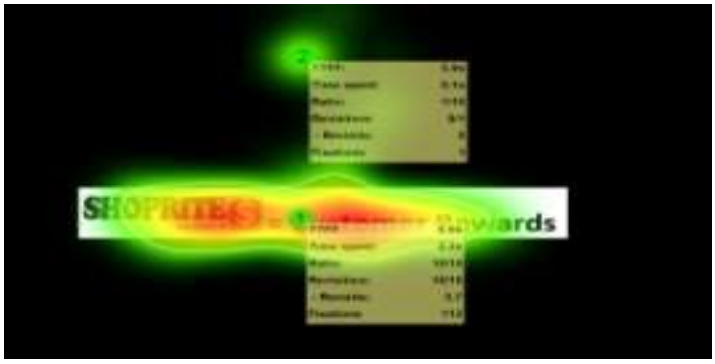


Figure 7.27: Participants' reaction to CRw at Shoprite

Figure 7.28: Participants' reaction to CRw at Pick n Pay

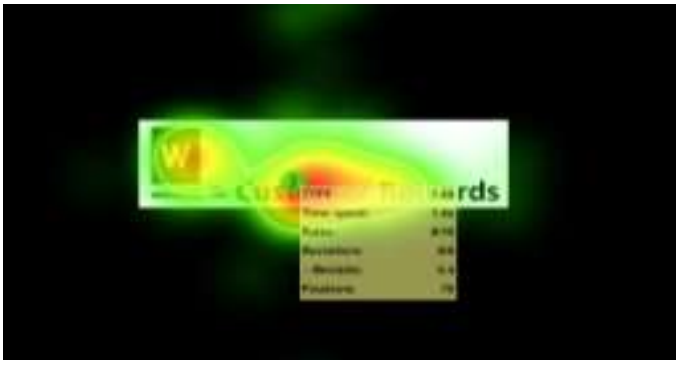


Figure 7.29: Participants' reaction to CRw at Woolworths

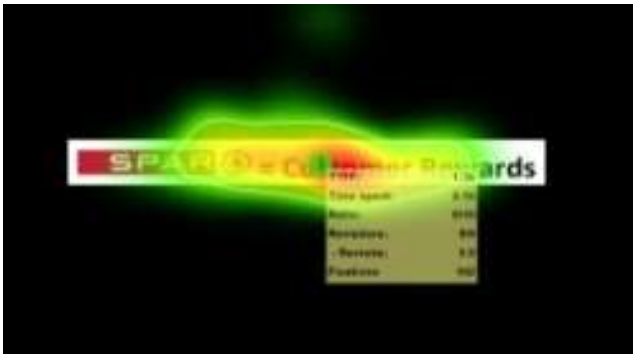


Figure 7.30: Participants' reaction to CRw at Spar

Table 7.2: Summary of participants' eye tracking reaction to customer rewards (CRw)

	Shoprite/ Checkers	Pick n Pay	Woolworths	Spar
TTFF (seconds)	0.9	1.6	1.6	1.3
Time spent	2.2	1.7	1.4	2.1
Ratio	10/10	9/10	9/10	9/10
Revisitors	10/10	8/9	9/9	9/9
Revisits	5.7	5.4	5.4	5.8
Fixations	113	83	70	102

7.3.1.3 Analysis of the heat maps for customer care (CC)

Figures 7.31 to 7.35 are the heat maps of participants' exposure to customer care (CC).

Figure 7.31: Participants' reaction to CC at Shoprite

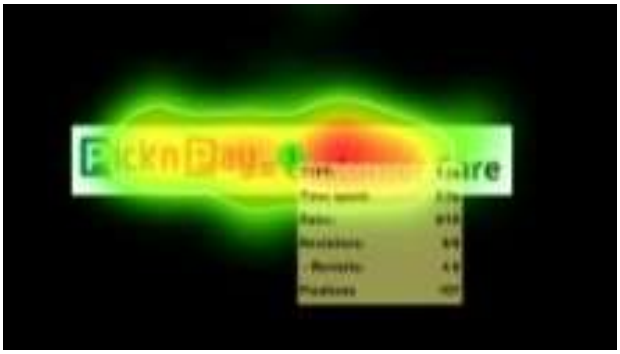


Figure 7.32: Participants' reaction to CC at Pick n Pay

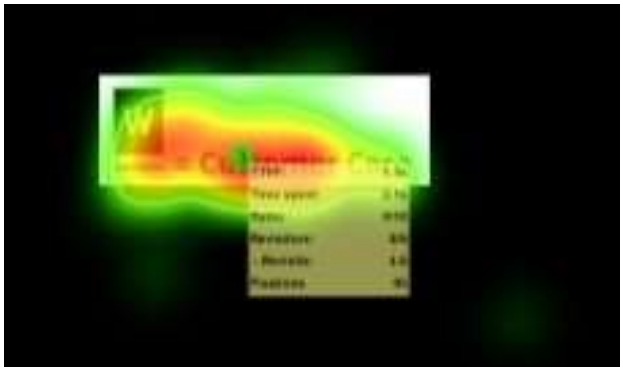


Figure 7.33: Participants' reaction to CC at Woolworths

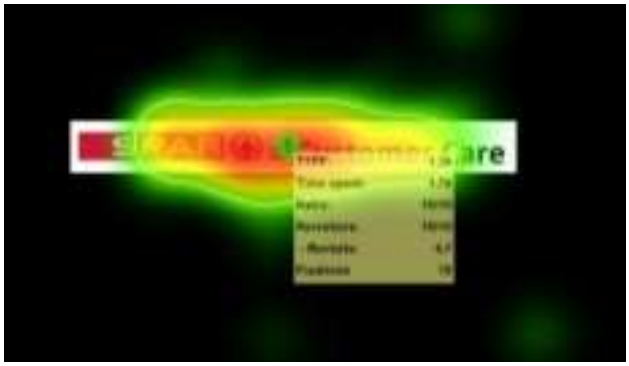


Figure 7.34: Participants' reaction to CC at Spar

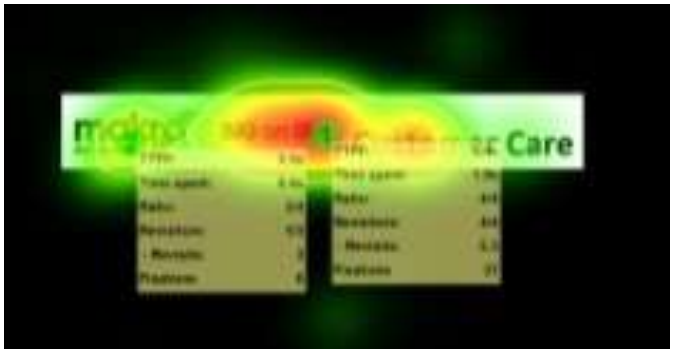


Figure 7.35: Participants' reaction to CC at Makro

Table 7.3 shows participants' visual reaction (eye tracking reaction) to customer care.

Table 7.3: Summary of participants' eye tracking reaction to customer care

	Shoprite/Checkers	Pick n Pay	Woolworths	Spar
TTFF (seconds)	1.4	1.2	1.3	1.3
Time spent	2.0	2.5	2.1	1.7
Ratio	9/10	9/10	9/10	10/10
Revisitors	9/9	9/9	9/9	10/10
Revisits	5.6	4.6	4.8	4.7
Fixations	99	107	95	79

7.3.1.4 Analysis of the heat maps for quality

The also proceeds to look at the visual reaction of customers to quality in the sampled retail stores. The result of this analsysi is presented in Table 7.4.

Table 7.4: Summary of participants' eye tracking reaction to quality

	Shoprite/ Checkers	Woolworths	Spar
TTFF (seconds)	1.2	1.1	1.3
Time spent	1.9	1.5	1.7
Ratio	9/10	9/10	9/10
Revisitors	9/9	9/9	9/9
Revisits	5.9	6.2	5
Fixations	94	81	90

Figures 7.36 to 7.39 reflect the heat maps of participants' exposure to quality (Q).

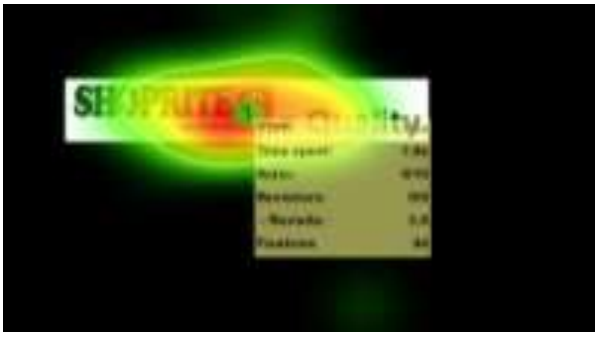


Figure 7.36: Participants' reaction to Q at Shoprite

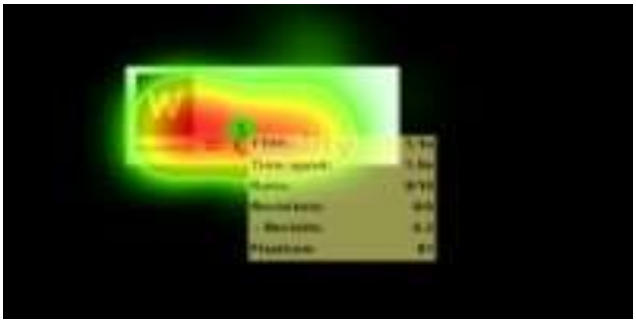


Figure 7.37: Participants' reaction to Q at Woolworths

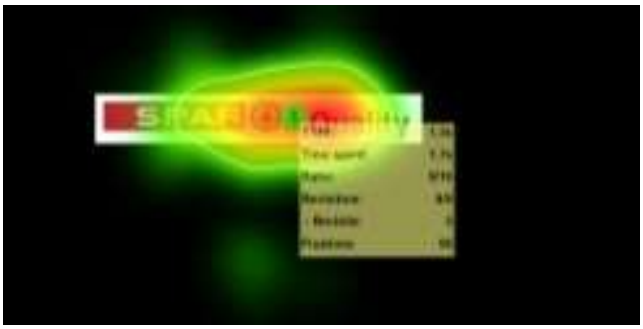


Figure 7.38: Participants' reaction to Q at Spar

Figure 7.39: Participants' reaction to Q at Makro

7.3.2 Galvanic skin response (GSR) results

As explained in 5.4.4.2, GSR was used to collect psychophysiological data from participants. Section 7.3.2.1 provides the analysis of these data.

Figures 7.40 to 7.44 reflect participants' emotional activations from their exposure to the retail brand logos.

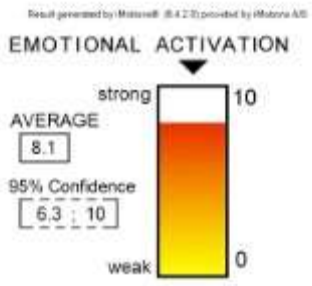


Figure 7.40: Emotional activation to Shoprite logo

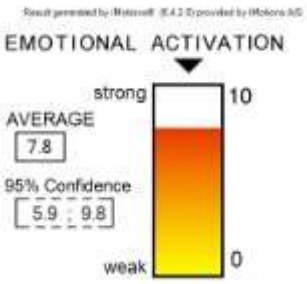


Figure 7.41: Emotional activation to Pick n Pay logo

Figure 7.42: Emotional activation to Woolworths logo

Figure 7.43: Emotional activation to Spar logo

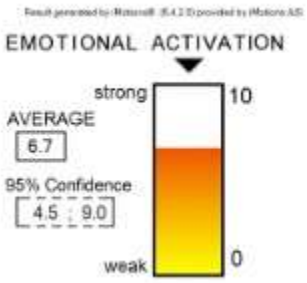


Figure 7.44: Emotional activation to Makro logo

Table 7.5 shows a summary of participants' emotional activation to the selected retail brands.

Table 7.5: Participants' emotional activation to retail brands*

	Shoprite/ Checkers	Pick n Pay	Woolworths	Spar	Makro
Brand logos	8.2	7.8	6.4	8.8	7.2
Customer rewards	6.7	7.3	7.7	7.1	
Customer care	7.0	6.2	8.1	6.1	
Quality	7.7		6.8	7.7	

*When analysing the data and reflecting on the empty cells, it is important to acknowledge the limitation of insufficient obervations (a bare minimum of 10 observations are required), resulting in the impossibility of aggregating the emotional activation scores. In the case of this study, data loss explains the reason for excluding scores for those retail brands for which no data is displayed.

Table 7.5 shows that participants expressed high levels of engagement with Spar (8.8), Shoprite/Checkers (8.2), and Pick n Pay (7.8) logos. Participants' engagement was highly correlated with Woolworths (7.7), Pick n Pay (7.3) and Spar (7.1) logos.

Shoprite and Makro recorded the lowest emotional engagement in participants. Woolworths shows the strongest leadership on customer care (8.1). Spar (7.7) and Shoprite/Checkers (7.7), however, were perceived as the retail brands with the best value for money proposition.

CHAPTER 8

RESEARCH FINDINGS, RESEARCH CONCLUSION AND RESEARCH CONTRIBUTION

8.1 INTRODUCTION

A global reality espouses that retailers live in a world that is constantly overrun with changes in lifestyles, behaviours and attitudes, and customers are no exception. Efforts are undertaken by retailers to adapt to the evolving spirit and identification of the brand, and concomitantly alter their target customers' values, beliefs, behaviours and environment.

However, despite abundant literature on customer loyalty, the available studies have adopted a silo approach, and thus limited the scope of brand loyalty, either by using solely a qualitative or quantitative approach, or conducting the study from a retailer or customer perspective, in assessing the underlying factors that are capable of developing contemporary CRM to drive customer loyalty.

Importantly, a comprehensive understanding of customer behaviour remains a quandary to marketing and business practitioners as the current measurement of customer behaviour in the retail space of South Africa is largely limited to cognitive behavioural measurement as the key indicator of customer choices. This reality presupposes that the subconscious behaviour of customers is largely disregarded, which motivates the rationale for studies of this nature.

As a result, and as informed by existing literature, studies that investigated customer loyalty in a holistic manner in South Africa have been conspicuously underrepresented. This important academic gap has been filled in this study.

To address this limitation, this study used a sequential approach from non-verbal attitudinal and psychophysiological measures to obtain a comprehensive attitudinal and behavioural understanding of customers. Applying these findings in the retail industry of South Africa could provide informed and scientific insights as to how CRM could be developed to the extent of building sustainable brand loyalty.

More specifically, the current study provides a scientific guideline for a contemporary CRM, using a robust and encompassing sample that incorporates both customer and retailer nuances. The expanse of the study incorporates scientific viewpoints that includes academics, retail marketing, shopping mall managers and customers in the Gauteng Province, using both quantitative and qualitative methodological approaches.

8.2 RESEARCH METHODOLOGY AND FINDINGS

In this study, efforts were made towards investigating the rational and emotional antecedents of customer loyalty in the South African retail industry. The emphasis was to determine customers' drivers or motivations for patronising and selecting shopping destinations. As explained earlier (in chapter 5), the methodological approach adopted in this study was informed by the literature review (presented in chapters 2, 3 and 4). Apart from the methodological guidance provided by the review of literature, the conceptual framework of the study also emanated from the review of literature, as depicted in Figure 8.1 below:

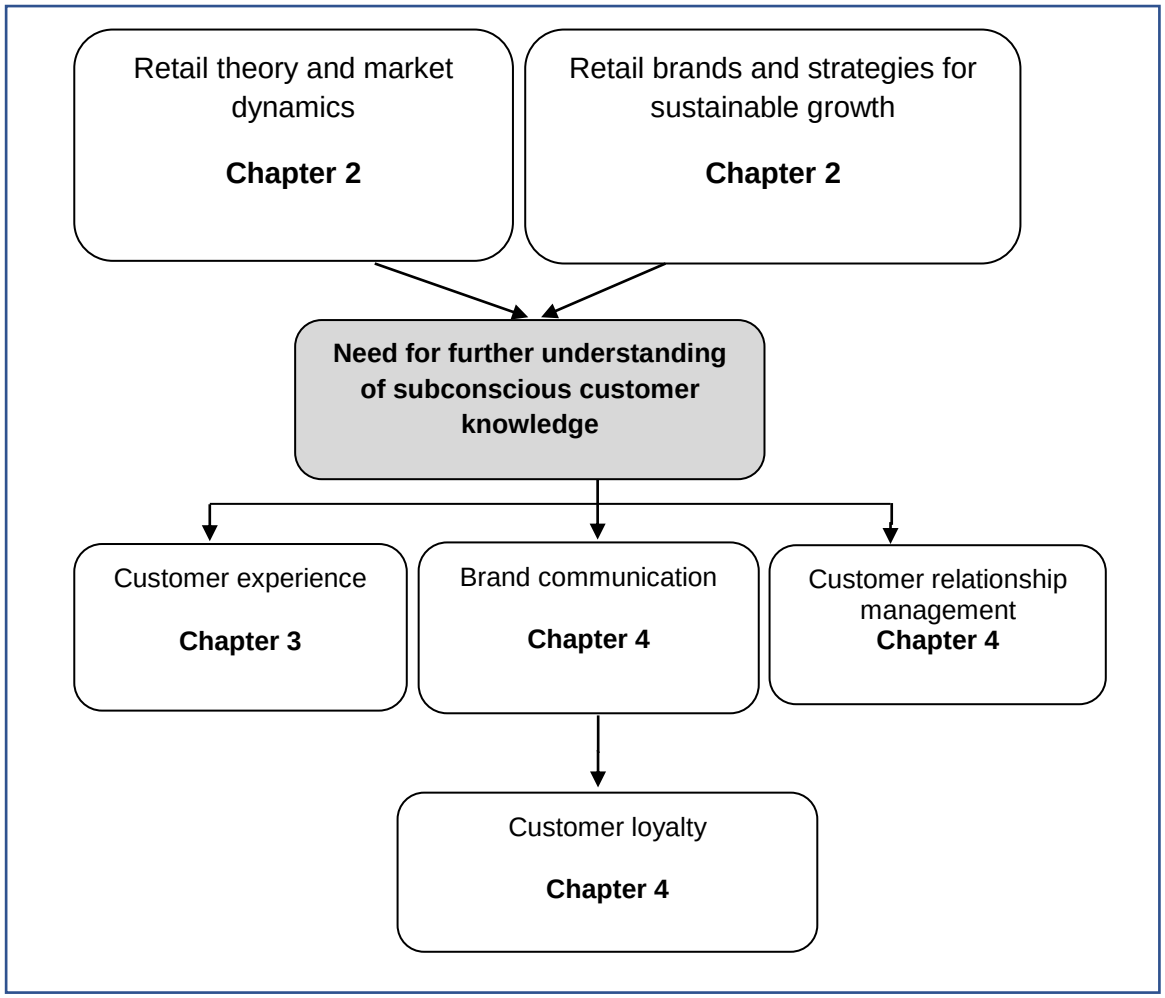


Figure 8.1: Conceptual framework

The qualitative aspect of the empirical research comprised semi-structured in-depth interviews with a representative and reliable sample of academics, retail brand managers and shopping mall managers. Further to the qualitative approach, a quantitative approach that adopted shopping mall intercept survey with customers was also conducted, in addition to the Self-Assessment Manikin (SAM) with selected customers and marketing managers, without ignoring the contribution of shopping mall managers. The study concluded with psychophysiological measurements among selected customers and marketing managers.

The robustness of the study lies in the diversity and specificities of the instruments used in each phase of the research. This approach was key in uncovering various aspects of customer loyalty dynamics, either from a customer or retailer perspective, or both.

Chapter 1 introduced the concept of customer loyalty as the holy grail of marketing and raised the fundamental concerns that contemporary corporate executives attach to it. It also provided the background and motivation for the research, as well as the orientation of the study. The chapter concluded with the definition of some basic concepts for a better understanding of the topic under investigation.

Chapters 2, 3 and 4 comprised the literature review for the study. Chapter 2 described the context of the research, which highlighted the dynamics in the international and local retail sectors that affect retailers' strategies to develop brands for the purpose of building brand loyalty. At the international level, it was reported that retail divestment has been a recent experience and the trend is not receding. This shortcoming is particularly attributed to poor customer knowledge. This finding is a major risk, as South African retailers, especially those sampled in this study (Shoprite/Checkers, Pick n Pay, Woolworths, Spar and Makro), consider establishing further footprints on the African continent while struggling to scientifically and adequately understand the major drivers of customer loyalty.

Chapter 3 provided a brief discussion on customer experience as a key ingredient in building customer loyalty. The chapter also reported on the moderating factors affecting both store-based and digital shopping experiences in the retail sector. Further to the contextual review in the previous chapters, chapter 4 reported on the concepts of CRM, branding and brand communication, and their ability to shape perceptions. The antecedents of customer loyalty were also discussed.

Having gained methodological traction from the review of literature, the study documented the methodological approach used in the current study in chapter five. More specifically, chapter 5 provided the overall research design and methodologies used for the collection and analysis of the data for this research. The main point of the chapter was the detailed explanation of the sequential approach to the research, including the research methods adopted, the selection of the participants, the data generation method, data analysis process and the strengths and limitations of the research design. The ethical considerations regarding participants' protection featured prominently in the discussion. This conforms to the Research Ethics Policy of the University of South Africa.

In addition, chapter 6 dealt primarily with the content analysis of the qualitative data collected through individual semi-structured interviews. The main drivers of frequent purchases and preference for the selected retail brands, the key contributing factors to brand trust and switching behaviour were analysed, discussed and reported. The chapter also provided the results of the quantitative retail brand survey among 300 retail store customers. The profile of the sample was described in the descriptive analysis. Thereafter, the inferential statistical analysis structured the collected data into meaningful sections to ensure clarity in the analysis and enhance a comparison between and across key areas of interest. The main drivers of frequent purchases and preference for the selected retail brands were also discussed.

Furthermore, chapter 7 reported on the empirical research findings of the assessment of participants' emotive reaction to the specific brands, using four stimuli namely: the logos, and the three selected shopping motivations, i.e. customer rewards, customer care and quality. The analysis was performed by means of SAM (non-verbally expressed feetings) and two psychophysiological instruments, i.e. eye tracking and GSR (feeling-based behavioural reactions).

To conclude this study, chapter 8 interprets the results and links findings generated to available literature in order to situate the academic relevance of this study within a body of existing literature. The chapter depicted a synopsis of the problem statement, research purpose, objectives and research questions with the view to ensure that, as stated in the introductory chapter, they have been addressed. This chapter presented the conclusions and recommendations, together with a summary of the main findings of the investigation in the Gauteng Province of South Africa. The chapter also highlights the limitations of the study and identifies areas for further research.

In summary, the overall purpose of the research was to enhance the understanding of the current praxis of CRM within the highly competitive and dynamic retail industry, with specific focus on investigating the key CRM drivers that lead to improved customer loyalty regarding preferred retail outlets. More practically, in sections 1.5.4 and 5.2.3, the study set out its cardinal academic focus, which heralds around addressing pertinent objectives as derived from the stated research questions. To achieve the research objectives, a modular approach was adopted in

which each of the objectives were tied with variety and complementary methodologies. This explains why the analysis spans across two chapters (chapters 6 and 7).

8.2.1 Objective 1: Determine the fundamentals of behavioural and attitudinal loyalty that are valued most by major South African retailers

The section presents the key findings of the study, and situates the findings in academic context by presenting an account of previous research, which show the links with customer loyalty. It is recalled from literature that customer's loyalty is an important marketing outcome that researchers should examine regularly due to its theoretical and practical implications (Abu-Alhaija, Yusof, Hashim & Jaharuddin, 2018:62). The outcome of the semi-structured interviews with academics, retail brand marketing and shopping mall managers, revealed that behavioural loyalty is predominantly driven by proximity (ease of access, retailers' location), price, quality, customers' needs, brand congruence, as well as the availability of loyalty programmes.

Further to this finding, it is observed that attitudinal loyalty is driven by a combination of factors, but predominantly by quality, customer care, the availability of loyalty programmes, and the variety of the retailer's offering. For easy understanding, the researcher presented the summary of the result in Table 8.1 which highlights the key drivers of each construct.

Table 8.1: Differentiating drivers of behavioural loyalty and attitudinal loyalty

Drivers of behavioural loyalty	Drivers of attitudinal loyalty
Proximity (ease of access)	Quality
Price	Customer care
Quality	The availability of loyalty programmes
Customers' need	The variety of the retailers' offerings
Brand congruence	Trust
The availability of loyalty programmes	Communication

Source: Author's compilation of participants' views

As indicated in Table 8.1, the findings of the semi-structured in-depth interviews inform that the main antecedents of customer loyalty are proximity (ease of access), price, quality, customers' need, brand congruence, the availability of loyalty programmes, customer care, the variety of retailers' offering, brand trust and communication. Thus, the findings of this study are consistent with the position of a few previous findings. For instance, a study conducted by Rai and Medha (2013) in the life insurance industry identified service quality, customer satisfaction, trust, commitment, corporate image, switching costs and communication as the main antecedents of customer loyalty. As indicated in the review of literature however, Rai and Medha (2013)'s study was biased towards customers, and largely ignored service providers.

Furthermore, similar findings by Aydin and Ozer (2004) revealed that service quality, corporate image, perceived switching costs and trust are the major constructs in building customer loyalty. Customer loyalty, according to the findings of a quantitative study by Noyan and Şimşek (2014), is driven by comparative price perceptions, discount perceptions, product quality perceptions, service quality perceptions, value perceptions and customer satisfaction. These studies emphasised that price and quality affect customer loyalty, but the service provider intercept was ignored all these cited studies – a consideration that formed a part of the current research.

In addition, this study uncovers the strategic importance of brand image in effective communication as a way of achieving brand loyalty. This is in conformity with a few of the previous studies, such as the work of Clottey, Collier & Stodnick (2008).

However, a few previous studies are in converse with the findings of this research. For instance, Awan & Rehman (2014), and a few other authors (Chiguvi & Guruwo, 2015; Ibojo &Asabi, 2015; Iqbal & Shah, 2016) suggest that customer satisfaction and switching costs were antecedents of customer loyalty. The strength of this study is further enhanced by the findings of Javed and Cheema (2017), who point out that customer satisfaction is not a reliable antecedent of customer loyalty. Discourse on customer satisfaction was further enlarged by Richards and Liaukonyte (2018) who incorporate the proliferation of retail alternatives in the retail industry as a hideous influencer in this process.

Accordingly, the researcher argues that switching costs are relatively low in the retail industry of South Africa, which may have shown not to be a major factor in building customer loyalty. This position is also supported by the work of Bentinck (2016).

Furthermore, the findings confirm the classification of customer loyalty into two broad categories, namely attitudinal and behavioural loyalty, as acknowledged in the literature (Bandyopadhyay & Martell, 2007; Carpenter, 2008; Jacoby & Kyner, 1973; Kumari & Patyal, 2017; Oliver, 1999; Sreejesh, 2014; Timpany, 2011). The in-depth consideration of the findings of this study indicates that despite the widely accepted classification, customers' attitude and behaviour may be driven by the same underlying factors, such as quality and the availability of loyalty programmes. This finding shows that attitudinal and behavioural loyalty are not mutually exclusive of one another. It can thus be safely concluded that attitudinal loyalty may directly influence behavioural loyalty and the outcome of the interaction may be bidirectional.

8.2.2 Objective 2: Investigate South African major retailers' main brand communication, customer experience and customer relationship management strategies

In order to meet customers on their journey, the individual in-depth interviews highlighted the key focus areas regarding brand communication, customer experience and CRM strategies. These include:

- The need to establish an omnichannel distribution using a variety of platforms to increase brand communication and marketing was established in this study. It was found that omnichannel distribution platforms help to galvanise

relationships with customers. Similarly, online shopping facilities, with specific reference to social media that are offered in customised manner, do enhance customer experience. This is consistent with the work of Veríssimo and Menezes (2015). South African retailers are therefore urged to consider establishing block chains, as a form of online customer reviews of their experience with the stores. This is particularly found to be an important brand communication tool in this study.

- The conduct of regular consumer surveys in an attempt to measure customers' experiences with regard to various aspects including their expectations, the layout of the stores, as well as the level of service received. Although South African retailers were found in this study to be accustomed to this practice, insights derived from those surveys only help retailers to have a partial understanding of CRM.
- The individual in-depth interviews highlighted the need for extended trading hours to build brand loyalty among time-constrained customers.
- One of the key findings of the qualitative phase of the study is the need for retailers to invest in the establishment of a customer service culture in retailing. This should purportedly include the essential aspects of training and re-training (capacity building) of employees in order to develop an organisational culture.
- In conclusion, it was found that crime plays an important role in customer experiences at the shopping malls. It is thus suggested that law enforcement authorities in South Africa have to address the issue of crime and the resultant insecurity that is prevalent in the shopping malls in the Gauteng Province.

8.2.3 Objective 3: Investigate the motivating factors of greatest likelihood among customers that best explain customer loyalty and switching behaviour within the retail sector of South Africa

This study sought to address study objective 3 by investigating the hypotheses stated in section 1.5.5 on the existence of interrelationships between four key constructs: brand trust, brand affect, attitudinal and behavioural loyalty. This done, it was discovered that a degree of interrelationships exists between the four constructs identified above (brand trust, brand affect, attitudinal and behavioural loyalty). A

detailed analysis of the result suggests that brand trust shows a strong and positive effect on brand affect (H_1). Also, brand trust has a positive effect on attitudinal loyalty (H_2). Furthermore, brand trust was found to have a strong but negative effect on behavioural loyalty (H_3), while brand affect shows a positive effect on attitudinal loyalty (H_4). Furthermore, the results suggest that Brand affect has a strong and positive effect on behavioural loyalty (H_5). Finally, the structural equation modelling (SEM) confirmed that attitudinal loyalty is a strong predictor of behavioural loyalty (H_6).

Contextually, various studies have been conducted to measure the impact of these variables on behavioural loyalty, and their findings are in alignment with the current results. For instance, in a study that sampled 98 consumers within the structural equation modelling methodological environment, Kabadayi and Alan (2012) measured the extent to which brand trust and consumers' brand affect influence consumers' brand loyalty. The findings indicate that these factors have an effect on consumers' brand loyalty. In a similar study, Geçti and Zengin (2013) conducted an online study of 428 sports shoe consumers in Turkey, where similar findings were established. A similar recent study by Soedarto, Kurniawan and Sunarsono (2019) in the telecommunications industry in Indonesia is also in agreement with the findings of current study. However, it is worth noting that the work of Soedarto, Kurniawan and Sunarsono (2019) was sample-deficient as the study only covered 70 participants.

The current study, which includes a sample of 300 South African diverse retail customers, confirmed the findings of these previous studies and provides empirical evidence that brand trust, brand affect and attitudinal loyalty are relevant constructs in building behavioural loyalty, even in different product categories and varying industries.

The key finding of this subset of the study, in relation to the overall study, is that when brand affect mediates the relationship between brand trust and behavioural loyalty, the relationship becomes positive. In other words, the importance of emotional antecedents is confirmed in building customer-retail brand relationships management and strategies.

In this regard, the study provides evidence that customers primarily visit retail outlets in search for need-satisfying products or services, and they tend to develop a relationship with these retail outlets. During the course of the relationships, a number of customers also develop strong emotions and emotional bonds. It is also uncovered that the conglomeration of these emotions resulted in holistic experience with the brand. Even the trust that customers develop in a brand is based on the nature of emotions elicited.

Negative emotions are most likely to act as trust eroders, while the opposite also holds true. Since these emotional experiences influence customers' behaviour (Ogruk, Anderson & Nacass, 2018), the elicitation of these feelings and emotional responses to the brand needs to be understood and serve as an asset for future marketing decisions, such as product designs and policies.

Customers' patronage of a specific retail outlet may result from strong emotions such as familiarity, gratitude and sense of belonging. The list also includes admiration, pity, envy and contempt. These findings closely correspond with the results generated by Kervyn, Fiske and Malone (2012).

Another major contribution of this study is the methodological adoption of cluster analysis to customer segmentation and brand positioning. In this regard, the four constructs (brand trust, brand affect and attitudinal loyalty and behavioural loyalty) were combined with the demographic characteristics of research participants to determine if distinct segments of customers exist based on these characteristics, using cluster analysis. Two segments were identified, and cluster membership was allocated to each individual.

Thereafter, the reasons for frequent and preferred buying from the selected retail brands were subjected to optimal scaling to determine if underlying dimensions could be identified. Three dimensions were identified in each case. This has led to the question of whether the probability for preference for a retailer could be predicted using the cluster membership, the preference reason dimensions and overall satisfaction.

It was highlighted in section 2.4 that internationalisation of retail operations into new geographic areas has produced different outcomes. As confirmed by Kantar Retail

(2018) and Yeng and Yazdanifard (2015), in many instances, retailers have found it difficult to adapt to home countries as result of poor customer knowledge. According to the results generated in this study, it was found that retailers' success in their host countries will therefore critically depend on appropriate market segmentation and the definition of effective brand positioning strategies.

As the results of these studies were reviewed, the question arises whether the disaggregated variables should not be used as opposed to the highly aggregated composite set of variables. To untangle this maze, the multivariate regression analysis was thus conducted. In the analysis, the following approach was adopted:

- the inclusion of complete set of variables, i.e. brand trust, brand affect, attitudinal loyalty and behavioural loyalty;
- the inclusion of demographic variables, i.e. age group, monthly household income category and highest level of education (SEM and cluster analysis); and
- the inclusion of shopping motivations (product quality, product variety, product availability, convenience of location, customer care, fair pricing, online purchasing, depth of assortment, customer rewards, retail environment and trading hours (optimal scaling); and customer satisfaction to assess the full range of factors affecting preference towards the selected retail brands. Table 8.2 depicts the major findings of this analysis.

Table 8.2: Statistically significant predictors for shopping preference toward the major retail brands, model fit and % classification

Predictors (variables)	Shoprite/Checkers	Pick n Pay	Woolworths	Spar	Makro
Product quality					
Product variety					2.139 (p=0.019)
Product availability					
Convenience of location		0.822 (p=0.042)			
Customer care	-2.812 (p=0.010)				4.215 (p=0.005)
Fair pricing	2.880 (p=0.006)	1.551 (p=0.001)	-3.339 (p=0.000)		2.546 (p=0.010)
Online purchasing					
Depth of assortment					
Customer rewards	-6.672 (p=0.000)	3.223 (p=0.000)			-3.595 (p=0.002)
Retail environment		-0.833 (p=0.047)	1.833 (p=0.001)		

Trading hours	2.978 (p=0.000)		-1.610 (p=0.005)	1.508 (p=0.049)	-3.648 (p=0.004)
Overall satisfaction			-0.544 (p=0.005)		
Age groups					
18–24 years					
25–34 years		-2.168 (p=0.025)			
35–44 years					
45–54 years					
55–64 years					
65+ years					
Income groups					
Up to R799					
R800–R1 399					-4.122 (p=0.046)
R1 400–R2 499					
R2 500–R4 999	4.504 (p=0.037)				-5.046 (p=0.009)
R5 000–R7 999					
R8 000–R10 999					-4.505 (p=0.016)
R11 000–R19 999		-1.905 (p=0.032)			-4.037 (p=0.011)
R20 000–R29 999					
R30 000–R39 999					
R40 000+					
Education attainment					
Brand trust		-0.091 (p=0.021)	0.102 (p=0.047)		
Brand affect					
Attitudinal loyalty			0.661 (p=0.005)		-1.130 (p=0.002)
Behavioural loyalty			-0.477 (p=0.041)		0.668 (p=0.046)

Source: Author's computations based on own primary data; *p ≤ 0.05.

The multivariate analysis showed that fair pricing (FP) (OR=17.806; p=0.006), trading hours (TH) (OR=19.639; p=0.000), and monthly household income category (R2 500–R4 999) (OR=90.335; p=0.037) were the strongest predictors of preference for Shoprite/Checkers. In a more specific term, Shoprite/Checkers' distinctive competitive advantages relate to extended trading hours and the low-cost strategy (fair pricing) that is appealing to lower gross monthly income groups (R2 500–R4 999).

The multivariate analysis also showed that convenience of location (CL) (OR=2.274, p=0.042), fair pricing (FP) (OR=4.717; p=0.001) and customer rewards (CR) (OR=25.092; p=0.000) were the strongest predictors of preference for Pick n Pay, of

which the distinctive competitive advantages are customer rewards (also referred to as the Smart Shopper Card) and convenience of location.

Similarly, the strongest predictors of preference for Woolworths were retail environment (RE) (OR=6.252; p=0.001), brand trust (OR=1.107; p=0.047), and attitudinal loyalty (OR=1.937; p=0.005). In addition, it is noteworthy from the analysis that trading hours (TH) (OR = 4.517; p= 0.049), was the key predictor of preference for Spar.

Finally, the multivariate analysis highlighted that the strongest predictors of preference for Makro were product variety (PV) (OR=8.487; p=0.019), customer care (CC) (OR=67.711; p=0.005) and fair pricing (FP) (OR=12.760; p=0.010) of which product variety and customer care are the distinctive competitive advantages. Makro customers exhibit high levels of behavioural loyalty.

With all variables taken collectively, Figure 8.2 shows that when comparing the retail brands in relative terms, customers in general perceive differences in the relative overall level of product quality, product availability, depth of assortment and online purchasing to be statistically insignificant. More importantly, the findings confirm that retail customers do not differentiate between retail brands when considering these predictors. However, customer care is perceived positively by Massmart (Makro) customers, while Shoprite customers perceive customer care in a relatively negative light.

8.2.4 Objective 4: Investigate the role of emotions in customer decision-making as potential mediators in securing sustainable loyalty within the local retail industry of South Africa

The findings of the quantitative research confirmed that brand affect mediates the relationship between trust and behavioural loyalty. This highlights the emotional aspects of retail decision-making. Taking this further, and drawing on previous research, the study measured participants' emotional reactions to retail brand logos, customer care, quality and customer rewards for the selected retail brands. It is noteworthy that the literature review showed that these four stimuli have a potential to trigger customers' emotional reaction. The summary of findings of the SAM are shown in Table 8.3.

Table 8.3: Consolidated comparative emotional reaction to retail brand logos, customer care, quality and customer rewards

	Shoprite	Woolworths	Makro	Pick n Pay	Spar
Retail brand logos	-22.58%	36.07%	4.84%	37.70%	27.12%
Customer care	-32.20%	50.00%	1.67%	27.87%	16.39%
Quality	-14.75%	62.90%	3.23%	38.10%	18.03%
Customer rewards	-46.55%	34.48%	-9.84%	33.87%	-11.48%

Source: Proportions calculated in relevant sections of chapter 7.

C**omparative emotional reaction to retail brand logos across retail brands**

In light of the analysis in Table 8.3, despite being the top retail brand both on the African continent and in South Africa in terms of turnover, the Shoprite/Checkers brand, as embodied in the logo, triggered the lowest favourable emotions in participants. Evidently, participants had reacted negatively to the brand, which says that the relationships between the brand and the participants need to be revisited to accommodate customers' values. In addition, the Makro logo triggered a positive, but marginal emotional reaction in participants. On the contrary, the logos of Pick n Pay, Woolworths and Spar, triggered significant positive emotional reactions in participants.

According to Biricik (2006), a well-designed emotional logo, which relates to brand image and brand identity, becomes a visual shorthand for the meanings attached to it and it influences customers to be receptive to the brand message and affects customers emotionally, making them exhibit extreme loyalty to the brand. Additional insights into the study by Airikka (2014) indicates that congruence between customer self-conceptualisation and set of values contained in the logo could strengthen the emotional bonding. The work of both Biricik and Airikka reinforces the validity of our findings on these important perceptive indicators.

Comparative emotional reaction to customer care across retail brands

The results of the comparative analysis of customer care across the five major South African retail brands using SAM as presented in Table 8.3, highlight that participants have significantly different perceptions of the level of customer care offered by these brands. As shown in Table 8.1, it is evident that Woolworths, Pick n Pay and Spar are the top performing brands on customer care overall. These retailers have above-

average perception scores as they are favourably perceived to have a customer focus among retail brands. Within this cluster, it was found that Woolworths had the strongest leadership in customer care in the market. This score is almost twice and three times the scores of Pick n Pay and Spar respectively. The latter two rank second and third with 27.87% and 16.39% respectively. Makro provides a customer care that is perceived to be minimal, while Shoprite/Checkers is perceived to offer poor customer service relative to its competitors.

The comparative emotional reaction to quality across retail brands

Furthermore, Table 8.3 clearly depicts that the Woolworths brand triggered the most positive emotional reaction from participants on the quality dimension. This indicates that Woolworths is perceived as the retail brand offering the best quality products and also assumes the existence of a clear match between Woolworths and the needs of its customers. It could also be indicative of a supply chain that is selective of the uniqueness of products they carry. Participants also expressed positive reactions to Pick n Pay and Spar. However, the quality level at Shoprite/Checkers is perceived to be low.

Comparative emotional reaction to customer rewards across retail brands

The comparative analysis of the effectiveness of the loyalty programmes available to customers from the major retail brands confirms the statement of the 2016 Truth Loyalty Whitepaper according to which the two major loyalty programmes that work, are the Pick n Pay Smart Shopper and the Woolworths WRewards. On this evaluating criterion, Pick n Pay and Woolworths show almost equal leadership.

Despite the competitive nature of the retail market, Shoprite/Checkers have not yet established a loyalty programme. Spar and Makro launched their respective loyalty programmes which, from the findings of the study, look less attractive probably because they offer very limited advantage for increased patronage.

8.2.5 Objective 5: Develop a uniquely integrated CRM strategy for sustainable customer loyalty in the South African FMCG retail environment

To address study objective 5, it is important to integrate all the results generated on the perceptive indicators considered in this study. To that extent, the researcher sought to populate the cardinal results of various measurable indicators of customer loyalty as influenced by the identified "*drivers*" and "*immediate loyalty antecedents*", within the purview of "*loyalty motivators*".

In essence, Figure 8.1 portrays the strategic flow of influence on customer loyalty, which begins with "*loyalty motivators*" (referred to in literature as "*shopping motivations*"), and proceed to "*loyalty drivers*" (such as brand communication, customer experience, and CRM). Ultimately, the flow of influence furthers from loyalty drivers to "*immediate loyalty antecedents*". This chronological depiction is expressed in detail in Figure 8.2:

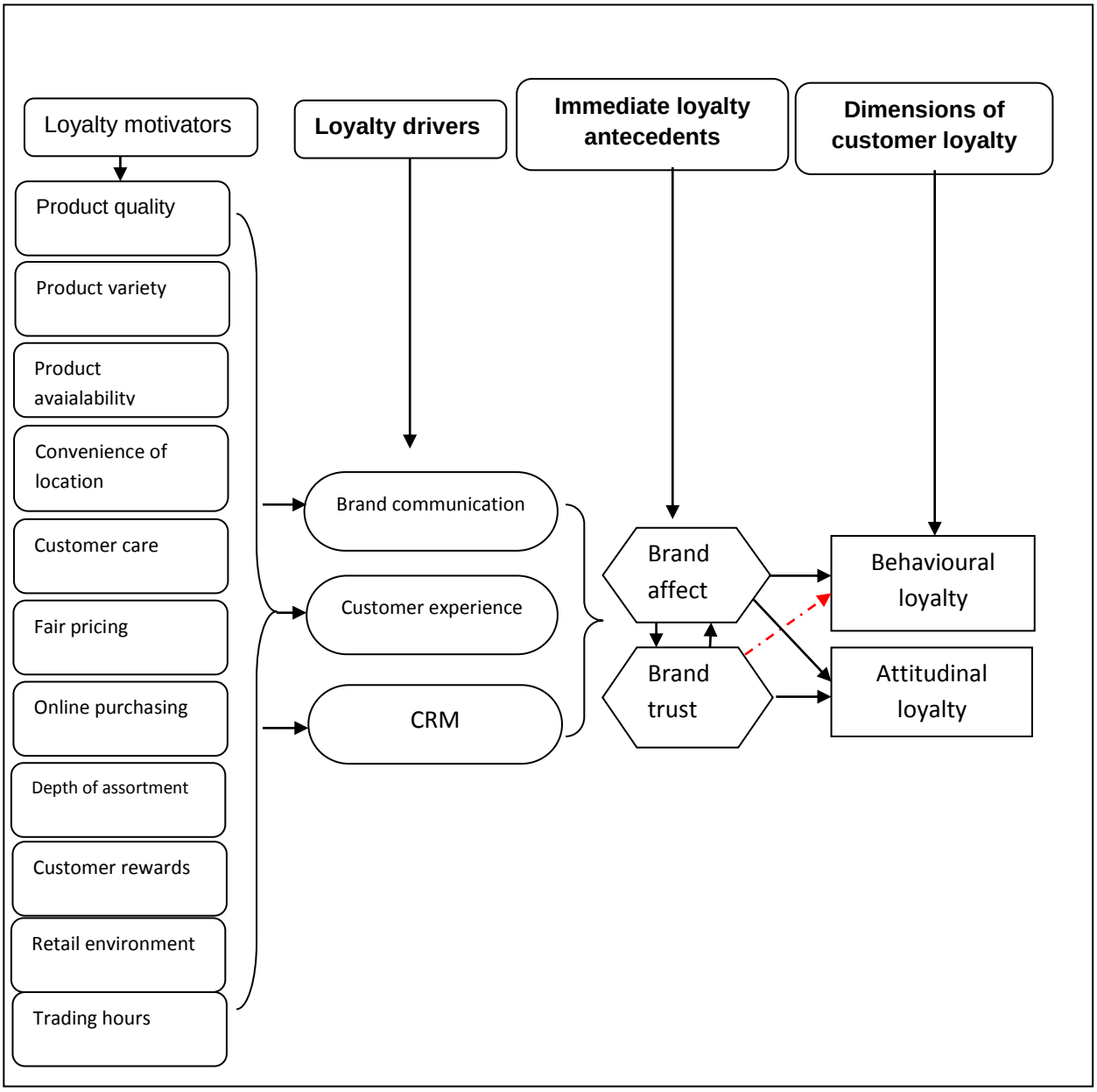


Figure 8.2: Integrated CRM framework to enhance retail brand loyalty

Source: Author's own conceptualisation based on the key findings of the study.

From our integrative approach to brand loyalty, it is evident from Figure 8.2 that a strong flow of relationship flows from *loyalty motivators* to the main loyalty constructs through *loyalty drivers*. In practical terms, customer loyalty can be strongly enhanced by building brand trust and by ensuring an enduring positive brand affect.

Although it is largely admitted in literature that brand trust, brand effect, attitudinal loyalty and behavioural loyalty account for the highest constructs of brand loyalty,

this study contributes to extant literature by embedding brand loyalty within a broader contruct that includes *major drivers* (brand communication, customer relationship management and customer experience) as well as *loyalty motivators* (product quality, product variety, product availability, convenience of location, customer care, fair pricing, online purchasing, depth of assortment, customer rewards, retail environment and trading hours). In addition, the study was able to establish a flow of influence from "*immediate loyalty antecedents*" to the major constructs of attitudinal and behavioural loyalty.

8.3 LIMITATIONS OF THE RESEARCH AND RECOMMENDATIONS

The conduct of this study was based on sound adherence to scientific requirements regarding quality and rigor in all phases. Nonetheless, in this section, the author highlights some of the limitations of this research.

From a sectoral perspective, the study adds value to CRM in the retail industry of South Africa which means that other sectors and the informal economy were excluded. Furthermore, the study acknowledges a limitation regarding its geographical confinement to the Gauteng metropolis, despite its substantial contribution (26.5 %) to the retail industry in the country (Quarterly Bulletin, 2012). Future studies should consider replicating the research in other South African metropolitans or other African cities where these retail brands exist. Although, this study is methodologically superior and quantitatively robust to previous similar attempts, the researcher considers the sample size reasonably low to avouch a reliable generalisation.

Another limitation of the study relates to the choice of the retail brands within their respective groups to measure participants' reactions. For example, the Massmart Group is a chain of retail brands, including Makro and Game. Makro is, however, the best known (from the quantitative survey data) and their management participated in the individual in-depth interviews. Consequently, Makro was used to represent the Massmart Group. This also applies to Shoprite/Checkers where only Shoprite was used. Participants' perceptions of these two brands could differ should the other brands have been incorporated into the study.

The confinement of the study to the formal retail sector in Gauteng, as well as the inclusion of Makro and Shoprite within their respective groups is acknowledged as limitations and recommended for improvement in future studies. A further study could also consider extending the stimuli to capture customers' emotional reactions. The websites of retail brands could also be a good source of stimuli, especially when it comes to assessing the effect of their online presence.

8.4 RESEARCH CONCLUSION

This chapter presents a summary of contextual and empirical exposition of the modernday retail landscape and dynamics from both international and local perspectives. The discussion does not only highlight the size and impact of the retail sector and major brands from a macroeconomic perspective, but also nuances the complexities of the sector, which poses pertinent challenges to retail brands in building sustainable brand loyalty among customers. Sequentially, the discussion began in chapter two with a general overview of the South African retail industry, expanded in chapter 3 to cover contemporary retail consumer experience as a decisive factor in building customer loyalty.

The rationale for the shift in the focus from 'retail' (supply-side) to the 'consumer' (demand-side) also aligns with current market trends that elevate the customer ("customer is king") and accentuates customer relationship building as key strategy in advancing sustainable brand loyalty. Building on a customer-centric approach, the discussion advances in chapter 4 to the point where contemporary retail brand and communication strategies are explored as key to develop sustainable customer relationship and brand loyalty. In this research journey, pertinent elements defining retail brands, customer experience and relations, behaviour and brand loyalty are uncovered and ideally used as platforms for constructing the research design and relevant research constructs for the empirical study.

Resultantly, the collective research efforts of this thesis finally culminated in the development of a unique integrated CRM framework for sustainable customer loyalty in the South African FMCG retail environment. The extensive research design, inclusive of traditional qualitative and quantitative research methodologies, which were innovatively integrated with more contemporary non-verbal attitudinal and

consumer neuroscience (psychophysiological) research methodologies, finally generated innovative and essential theoretical and retail industry knowledge required to advance the development of sustainable customer relations and retail brand loyalty strategies in South Africa. Crucial knowledge emerging from the study emphasises the pertinent role of subsconscious customer behaviour and affective or emotional buying decisions in establishing, building and advancing sustainable customer relationships, brand loyaty and trust. Innovatively, the study discovered that a degree of interrelationships between exists brand trust, brand affect as well as attitudinal and behavioural loyalty. Whereas brand trust showed to have a strong and positive effect on brand affect, and a positive effect on attitudinal loyalty, brand trust was found to also have a strong but negative effect on behavioural loyalty. Essentially, attitudinal loyalty emerged to be a strong predictor of behavioural loyalty. Expediently, the study generated empirical evidence confirming that brand trust, brand affect and attitudinal loyalty are germane constructs in building behavioural loyalty. The study discovered and confirmed that brand affect mediates the relationship between trust and behavioural loyalty, which further highlights the importance of emotional aspects of retail decision-making. Overall, the study exclaims the importance of emotional antecedents as key drivers in building future customer-retail brand relationships, management and strategies.

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APPENDICES

APPENDIX A

IN-DEPTH INTERVIEW DISCUSSION GUIDE TO ASCERTAIN EFFECTIVE BRAND LOYALTY AND CUSTOMER-BRAND RELATIONSHIPS BUILDING IN THE RETAIL INDUSTRY

CONSENT PROCESS

Consent forms for participants are completed in advance. Below is a summary of the information in the consent form that the researcher will use to obtain the informed consent of participants.

****

Thank you for agreeing to participate. We are very interested to hear your valuable opinion on building sustainable brand loyalty in the formal and informal retail industry of South Africa

- The purpose of this study is to determine the fundamentals of retail brand loyalty (Research objective 1) and how major retail brands build and maintain quality customer relationships (Research objective 2).
- The information provided will be treated confidentially, and your details will not be associated with anything you say in this interview.
- We would like to record the interview so that we can ensure that all thoughts, opinions and ideas are captured accurately. No names will be attached to the interview and the recordings will be archived and destroyed after being used for research purposes.

  You may refuse to participate or withdraw anytime.
- We understand how important it is that information is kept confidential.
- Should you have any questions during or after the interview, you can contact my promotors Prof D.H. Tustin at tustidh@unisa.ac.za or Prof J.P.R. Joubert at joubejpr@unisa.ac.za.
- Please check the consent form and sign it to confirm your participation in this interview.

****

A. BACKGROUND TO THE STUDY

The first phase of the PhD study involved quantitative interviews among 300 retail consumers in Gauteng. The BMR Research Ethics Committee has granted permission for the first phase in 2016. The research study has now reached its second phase which includes in-depth interviews addressing the major objectives outlined above.

For this phase, a detailed discussion guide will be designed to include the key focus areas of the semi-structured in-depth interviews (data collection method) that will be conducted with key informants (sampling elements) with specialist knowledge and experience regarding the formal retail sector (sampling unit) of South Africa.

B. PARTICIPANTS

Developing a recruiting strategy is a crucial step in conducting in-depth interviews successfully. It typically involves determining who should be interviewed and how to select experts to deliberate constructively regarding brand loyalty and trends in the retail sector. The deliberations will primarily focus on insights resulting from the outcome of the quantitative research phase and to clarify current and future retail trends. Selecting the right people to be considered for inclusion in the sample as participants will add substantial value to the outcome of the research. With regard to this phase of the research study, in applying judgemental sampling techniques, the following experts have been identified:

- Academics (3)

  The study will include three (3) experienced academic experts at higher education institutions (sampling units) with unique and advanced knowledge of customer relationship marketing and consumer behaviour in the retail industry. These will include:

  - One professor from the Department of Marketing and Retail Management at the University of South Africa with expertise in marketing, public relations, customer relationship management, retail management, retail buying and retail merchandising.*
  - One professor from the University of Johannesburg with expertise in marketing strategies and consumer buying behaviour.*
  - One senior lecturer with a DCom in Marketing Management from the University of Pretoria with expertise in brand switching behaviour, customer loyalty, customer retention and consumer trust.*

*For ethical reasons the identity of the respondents are not revealed.

- Retail brand marketing managers (6)

  Six (6) marketing managers of major retail brands with unique and advanced knowledge of the current and potential marketing priorities and challenges faced by the retail industry will be judgementally sampled. The initial exploratory and quantitative research study among 300 retail shoppers in Gauteng have shown high frequency, preference, popularity, trust and loyalty regarding the listed retail brands. This primarily motivates the primary focus on the sampled retail brands but will not explicitly outrule any other deliberations regarding retail brands in a general context during the in-depth interview phase. Consequently, the retail industry experts sampled will include the marketing managers/directors (details still to be verified) of the following major retail brands:

  - Shoprite/Checkers
  - Pick n Pay
  - Woolworths
  - Spar
  - Massmart
  - President Hyper

  Although President Hyper has not emerged as a major retail brand from the exploratory study, this retail brand featured relatively prominently during the quantitative research phase as a trusted and loyal brand. By exploring the rationale for brand trust and loyalty among seemingly less known national brands suggest that certain brands in specific geographic areas showcase unique consumer appeals which will be explored in detail during the in-depth interviews.

- Mall/ shopping centre managers (4)
  According to Nomzamo Radebe, President of the South African Shopping Centre Association, with more than 2 000 shopping centres, South Africa ranks 6th highest in number of shopping centres in the world (Fin24, 2015), showing the pivotal role played by shopping malls in the South African retail environment. They are instrumental locations for sustainable operations of retail brands. The involvement of mall managers also lies on the premises that the sampled major retail brands are key tenants of retail mall space, they share experience with retail brand managers/directors at professional society assemblies, closely collaborate with brand/marketing and communication managers and are well educated regarding the customer base targeted by the sampled retail brands. Consequently, four (4) mall marketing managers will be sampled for the supplementary in-depth interviews.

C. TIME FRAME

The time schedule set to complete the data collection of the 2016-2017 Retail Brand in-depth interviews is a maximum of six weeks (ranging from 6 February to 13 March 2017).

D. PLACE OF INTERVIEWS

The researcher is very much aware that the participants are very high-level experienced individuals and it would be, at times, difficult to gain access to these individuals. To overcome this constraint, interviews will be conducted at convenient venues and time periods after obtaining the necessary consent from experts to participate. Should the selected experts not be willing to participate, they will be replaced with likewise experts.

E. DISCUSSION GUIDE

Introduction

Welcome

The researcher will introduce himself and first confirm consent to partcipate. Hereafter the following will be clarified:

- The focus of the doctoral study;
- The intended academic and practical contributions of participants to the PhD thesis; and
- Confirmation of the ethical clearance of the study by an authorised university Research Ethics Committee.

This will be followed by acknowledging the publications and research interests [for academics]/, specialised positions [for mall/ marketing managers] or the reputation of specific mall/shopping centres, which are of paramount importance for the study. This acknowledgement will largely serve as motivation and introduction to motivate respondent selection and participation.

Explanation of the interview process

Researcher will explain that the interview will be informal, semi-structured and flexible. Although certain predetermined topics will guide the discussion, any additional important issues related to the discussion will suffice. General criteria that will apply during the interview are as follows:

General interview approach and ground rules

- Researcher learns from expert (positive or negative)
- Participant can at any stage opt out
- With the permission of the expert, the interview will be audio recorded.
- Researcher secures enough time for interviewee to think before answering the questions
- Researcher does not move too fast between issues or topics.
- Researcher uses probes to make sure that all issues are addressed, but proceeds once interviewee shows repetitive responses.

Time

The interview will last about one hour to ninety minutes.

(At this stage the researcher will switch on recording device)

Researcher will ask the interviewee if there are any final questions before the interview get started. If so, researcher will address these questions before starting the discussions.

Introduction

The introductory section will start by having the participant briefly describe his/her role and responsibilities within his/her entity.

Discussion

Key retail trends

The discussion will start by talking about general retail trends and the fundamentals of retail brand management in the formal South African retail environment. The conversation will focus but not be limited to the following general views regarding the retail sector of South Africa:

- Key trends observed in the formal retail sector;
- Performance (i.e. sales, market share, employment, profitability, competitiveness) of the formal and informal retail brand sector;

Retail brand management

Following the introductory session, the conversation will progress to views on the key priorities and challenges experienced in retail brand management. Ultimately this part of the conversation will provide a closer focus on the PhD research theme.

Customer care and relationship management

Building on this, the conversation will progress on a discussion on building and maintaining quality relationships with customers. This part of the discussion will also

serve to qualify the outcome of the research study conducted during phase 1 of the PhD study among 300 Gauteng shoppers. This will also cover pertinent research questions addressed in the quantitative survey. Key aspects which the researcher would probe if not spontaneously mentioned could include but will not be limited to the following:

- Consumers' brand awareness and brand preference(s)
- Brand trust (quality, price, referrals, meeting customer needs);
- Brand awareness, purchase frequency and preference and the role of customer care/ relationship (management) in brand purchase frequency and preferences; and
- Brand loyalty and switching with a specific focus on behavioural and attitudinal loyalty and brand affect.

Despite separate attention being devoted to brand affect, trust, behavioural and attitudinal loyalty the relative importance and relationship between these constructs will be explored in tandem during the discussion.

Conclusion

The researcher will conclude the interview and thank the participant for the interview.

POST- INTERVIEW

The researcher will follow up the interview with a formal letter thanking the interviewee/respondent;

Materials and supplies for interview

- Sign-in sheet
- Consent form
- In-depth interview discussion guide

Facilitator

- Recording device
- Batteries for recording device
- Notebook for note-taking.

30 January 2017

APPENDIX B

UNISA | bureau of market research

Questionnaire number | | | | 3

PhD Thesis - Retail Brand Survey

Dear valued participant,

You are invited to participate in an academic research study entitled '*Emotional antecedents of customer loyalty in the formal retail industry of South Africa*' conducted by Mr Valery Yao Yao, a Doctoral student of the Bureau of Market Research (BMR) at the University of South Africa (UNISA). The study aims to ascertain the relationships between customers and their preferred retail brands and how these can be improved in order to build better customer experiences for loyalty.

Accordingly, you are invited to participate in a face-to-face interview that will take approximately 15 minutes of your valuable time. Please note that your responses will be kept confidential and will only be used for research purposes. You are welcome to withdraw at any stage of the research.

You are also welcome to contact my promotors Prof DH Tustin at tustidh@unisa.ac.za or Prof JPR Joubert at joubejpr@unisa.ac.za should you have any enquiries. They are both from the Bureau of Market Research at the University of South Africa (UNISA).

Consent to participate:

I, _____ (name and surname) am satisfied that I understand the aim and purpose of the study, what participation will involve, and that I can withdraw at any time. I therefore consent freely and voluntarily to participate in the study.

_____ _____

(Signature) (Date)

RETAIL BRAND SURVEY QUESTIONNAIRE

A. BRAND FAMILIARITY & TRUST

1. Which brand name comes to mind first when thinking of any retail brand in South Africa?

_____

Office block 6

2. Please indicate your familiarity with each of the listed retail brands where 1 = 'I am not aware of this brand'; 2 = 'I am aware of this brand, but know nothing about it'; 3 = 'I am aware of this brand and know a little about it'; and 4 = 'I am aware of this brand and know it quite well'.

Retail brand		Familiarity Rating			
1	Shoprite/Checkers	1	2	3	4
2	Pick n Pay	1	2	3	4
3	Woolworths	1	2	3	4
4	Spar	1	2	3	4
5	Massmart (Game, Makro)	1	2	3	4

Office Block

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2.1 If option 3 or 4 is selected in question 2, please provide your general impression by rating each of the selected retail brands where 1 = extremely poor and 10 = "perfect in every way'

Retail brand		Rating									
1	Shoprite/Checkers	1	2	3	4	5	6	7	8	9	10
2	Pick n Pay	1	2	3	4	5	6	7	8	9	10
3	Woolworths	1	2	3	4	5	6	7	8	9	10
4	Spar	1	2	3	4	5	6	7	8	9	10
5	Massmart (Game, Makro)	1	2	3	4	5	6	7	8	9	10

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2.2 If option 3 or 4 is selected in question 2, please rate each retail brand in terms of the four listed attributes where 1 = 'does not apply to brand' and 10 = "completely applicable to brand":

Retail brand		Always maintain high level of quality	Always worth the price it commands (Value for Money)	Always recommendable to friends	Always meets my needs
		Score	Score	Score	Score
1	Shoprite/Checkers				
2	Pick n Pay				
3	Woolworths				
4	Spar				
5	Massmart (Game, Makro)				

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B. RETAIL BRAND PURCHASES AND PREFERENCE

3. Have you purchased from any of the listed retail brands in the past 12 months?

Retail brand	Yes	No
Shoprite/Checkers	1	2
Pick n Pay	1	2
Woolworths	1	2
Spar	1	2
Massmart (Game, Makro)	1	2

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3.1 If YES to ANY, from which retail brand do you purchase most frequently?

Retail brand	Circle one
Shoprite/Checkers	1
Pick n Pay	2
Woolworths	3
Spar	4
Massmart (Game, Makro)	5

67

3.2 If NO to ALL, from which other retail brand do you purchase most frequently?

_____

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4. What is the MAIN reason(s) for purchasing most frequently from the retail brand(s) mentioned in 3.1? If more than ONE, rank top 3 reasons where 1= primary, 2 = secondary and 3 = other reason.

Reason		Circle one or more	Rank 3
1	Product quality	1	
2	Product variety	2	
3	Product availability	3	
4	Convenience of location	4	
5	Customer care	5	
6	Fair pricing	6	
7	Online purchasing	7	
8	Depth of assortment	8	
9	Customer rewards	9	
10	Retail environment	10	
11	Trading hours	11	
Other (please, specify)		12	

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5. Please rate your overall satisfaction with the retail brand most frequently purchased from where 1 = totally dissatisfied and 10 = totally satisfied. Also, for a rating below 6, please provide main reason for dissatisfaction.

1	2	3	4	5	6	7	8	9	10

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5.1 If rating is below 6, please provide MAIN reason.

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6. **In order of preference, please rank the listed retail brands where 1 = most preferred, 2 = 2nd most preferred, etc.**

Retail brand		**Rank**	
1	Shoprite/Checkers		107
2	Pick n Pay		108
3	Woolworths		109
4	Spar		110
5	Massmart (Game, Makro)		111

6.1 If none of the listed retail brands, which is your most preferred retail brand?

114

7. Please provide the MAIN reason for favoring your preferred retail brand?

Reason		**Circle one or more**	**Rank 3**	
1	Product quality	1		116
2	Product variety	2		118
3	Product availability	3		120
4	Convenience of location	4		122
5	Customer care	5		124
6	Fair pricing	6		126
7	Online purchasing	7		128
8	Depth of assortment	8		130
9	Customer rewards	9		132
10	Retail environment	10		134
11	Trading hours	11		136
Other (please, specify)		12		139

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8. Consider your most preferred retail brand. Now indicate to what extent you agree with each of the listed statements where 1 = totally disagree and 10 = totally agree.

Statement		Agreement Rating									
1	I trust this retail brand	1	2	3	4	5	6	7	8	9	10
2	This retail brand is reliable (performs consistent/always the same)	1	2	3	4	5	6	7	8	9	10
3	This retail brand is ethical (honest, fair) in its conduct	1	2	3	4	5	6	7	8	9	10
4	I enjoy shopping at this retail brand	1	2	3	4	5	6	7	8	9	10
5	I feel happy whenever I am exposed to this retail brand	1	2	3	4	5	6	7	8	9	10
6	I feel good when I purchase from this retail brand	1	2	3	4	5	6	7	8	9	10
7	I feel better whenever exposed to this retail brand	1	2	3	4	5	6	7	8	9	10
8	I will not consider switching to other retail brands	1	2	3	4	5	6	7	8	9	10
9	I am willing to pay more for this retail brand	1	2	3	4	5	6	7	8	9	10
10	I will always use this retail brand	1	2	3	4	5	6	7	8	9	10
11	I will sacrifice anything to use this retail brand	1	2	3	4	5	6	7	8	9	10
12	I will continue to buy from this retail brand	1	2	3	4	5	6	7	8	9	10
13	Purchasing from this retail brand is simply a habit	1	2	3	4	5	6	7	8	9	10

158
171

9. Do you have any suggestions for improving your brand/customer experience at your preferred retail brand?

_____

174

C. RETAIL BRAND LOYALTY & SWITCHING BEHAVIOUR

10. Which one of the following statements apply to you?

Statement	Circle one or more
I ONLY buy from ONE retail brand all the time	1
I buy from more than one retail brand	2
I am not retail brand loyal at all	3

175
176
177

10.1 If option 1 or 2 is selected in question 10, please indicate the retail brand(s) you regard yourself loyal to?

Retail brand	Circle one or more
Shoprite/Checkers	1
Pick n Pay	2
Woolworths	3
Spar	4
Massmart (Game, Makro)	5
Other (specify):	

178
179
180
181
182
184

10.1.1 What is the most single aspect that makes you loyal to the retail brand(s)?

_____ 187

10.2 If option 2 is selected in question 10, please indicate the most important factor that explain your switching behavior.

_____ 190

10.3 If option 3 is selected in question 10, please indicate the most important reason for not being brand loyal at all.

_____ 193

D. DEMOGRAPHICS

11. **Please state your gender**

Male	1	Female	2

194

12. **Please state your age group**

18 - 24 years	1
25 - 34 years	2
35 – 44 years	3
45 - 54 years	4
55 – 64 years	5
65+ years	6

195

13. **Please state your gross monthly household income category**

Up to R799	1
R800-R1 399	2
R1 400-R2 499	3
R2 500-R4 999	4
R5 000-R7 999	5
R8 000-R10 999	6
R11 000-R19 999	7
R20 000 – R29 999	8
R30 000 – R39 999	9
R40 000+	10

197

14. **Please indicate your work status below**

Unemployed	1
Working full-time	2
Working part-time	3
Pensioner	4

198

15. **Please state your highest level of education:**

No schooling	1
Less than primary completed	2
Primary completed	3
Secondary not completed	4
Secondary completed	5
Tertiary	6
Other	7

199

PARTICIPANT DETAILS

Cellphone: _____

E-mail address: _____

INTERVIEWER DETAILS

Interviewer details: _____

Cellphone: _____

Place of interview: _____

202

Retail mall/Shopping Centre: _____

205

THANK YOU FOR YOUR COOPERATION

Any enquiries can be directed to:

Prof D.H. Tustin at tustidh@unisa.ac.za; Prof J.P.R. Joubert at joubejpr@unisa.ac.za;
or Mr V.Y. Yao at 073 110 8163 or yaovalery@gmail.com

APPENDIX C

PhD Self-Assessment Manikin Retail Brand Survey

Dear valued participant

Thank you for being involved in the current doctoral study entitled 'Emotional antecedents of customer loyalty in the formal retail industry of South Africa' conducted by Mr Valery Yao Yao, a Doctoral student of the Bureau of Market Research (BMR) at the University of South Africa (UNISA).

This doctoral study endeavors to measure consumers'' feelings and emotive reactions to a variety of stimuli concerning selected South African retailer brands. The information will be valuable to inform retailer brand loyalty strategies. You are invited to share your views by willingly participating in a survey which will take approximately 15 minutes to complete. Please note that there are no right or wrong answers. Finally note that all information shared will be treated anonymously and you can withdraw at any stage of the interview.

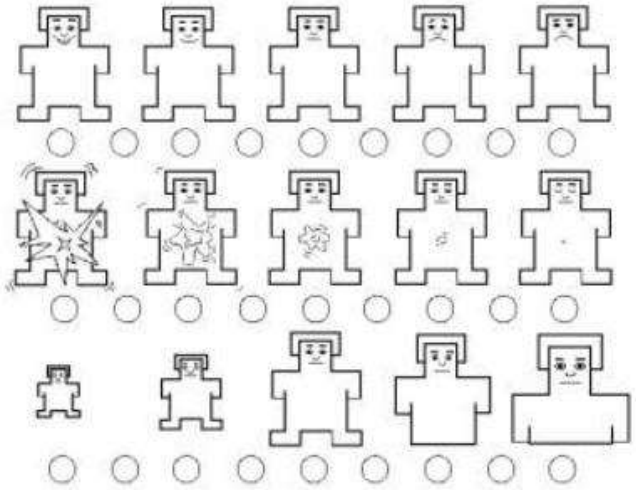
Thank you in anticipation of your consent to participate in the survey.

Sincerely

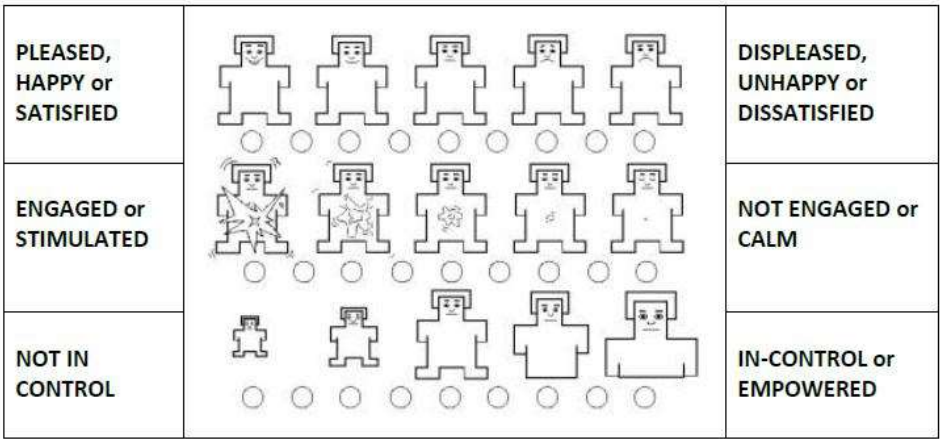
Mr VY Yao
Doctoral Student: Bureau of Market Research, UNISA

Introduction

- ✓ This study uses SAM, a simple but scientifically validated instrument that indicates how humans normally feel. In the example below, you will notice three different rows of graphic characters (Manikins), which represent humans and their feelings. The three rows of manikins represent human feelings ranging from a low to a high level of emotions felt. You are requested to indicate how the emotional states manifest in you as a consequence of being exposed to retailer brand stimuli.

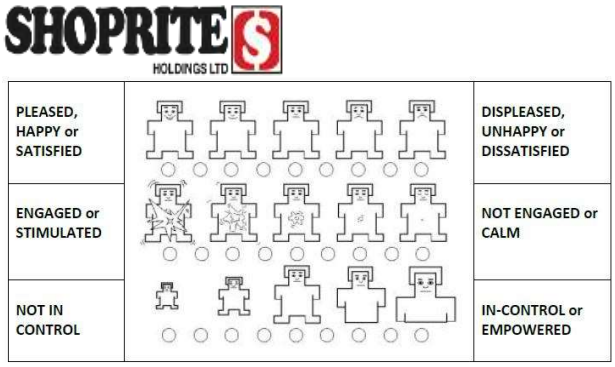
PLEASED, HAPPY or SATISFIED		**DISPLEASED, UNHAPPY or DISSATISFIED**
ENGAGED or STIMULATED		**NOT ENGAGED or CALM**
NOT IN CONTROL		**IN-CONTROL or EMPOWERED**

Question 1
Please use the SAM instrument below to indicate your general everyday mood state:

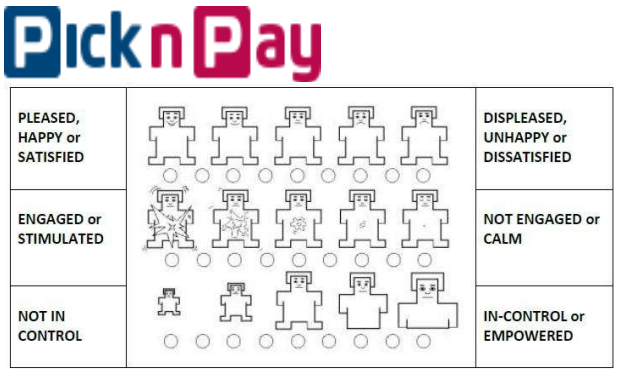


Question 2
Please look at the logos of five South African retailer brands and indicate your immediate feeling using the SAM instrument. [RANDOMISED STIMULI]

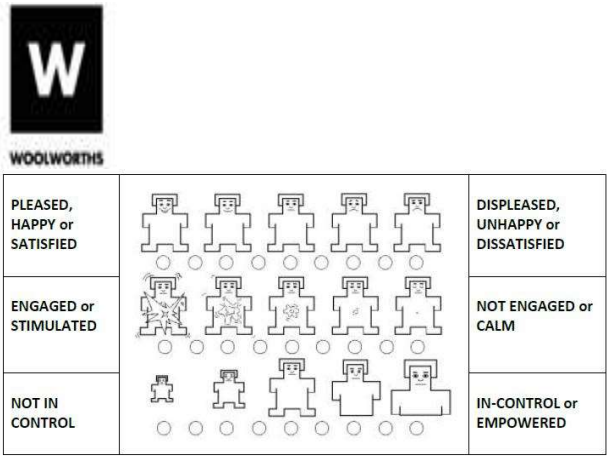
Brand 01



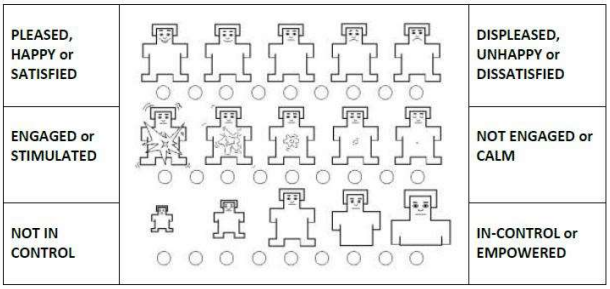
Brand 02



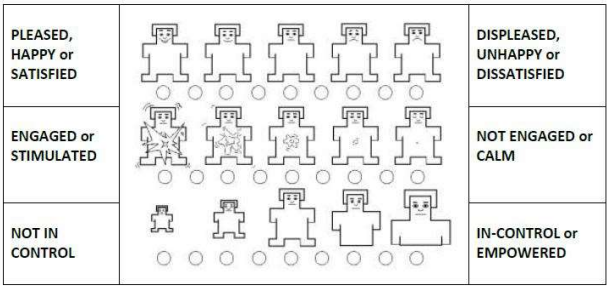
Brand 03



Brand 04



Brand 05

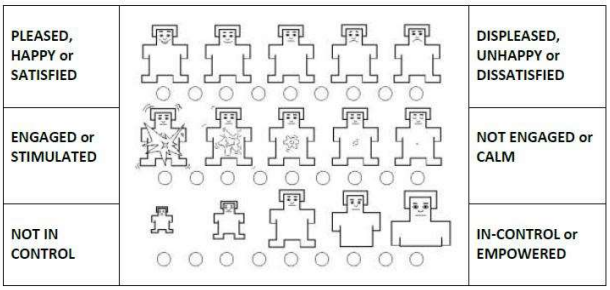


Question 3

When considering <u>QUALITY</u> as determining factor that drives retailer brand shopping preferences, please use the SAM instrument to display your immediate feeling when considering the quality of products and service provided by the selected retailer brands.

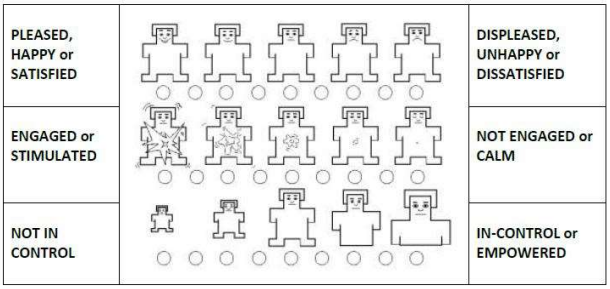
Brand 01

SHOPRITE HOLDINGS LTD = Quality



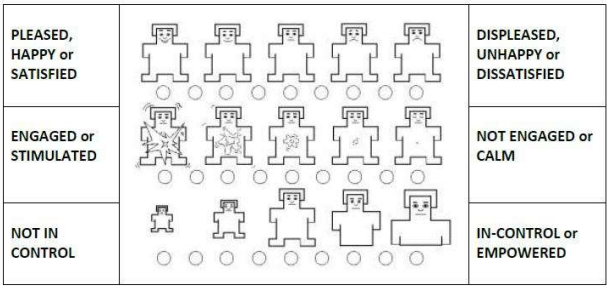
Brand 02

Pick n Pay = Quality

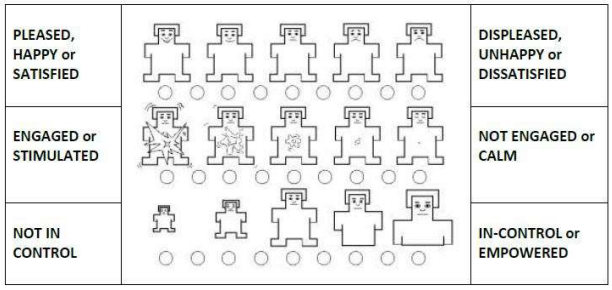


Brand 03

W WOOLWORTHS = Quality

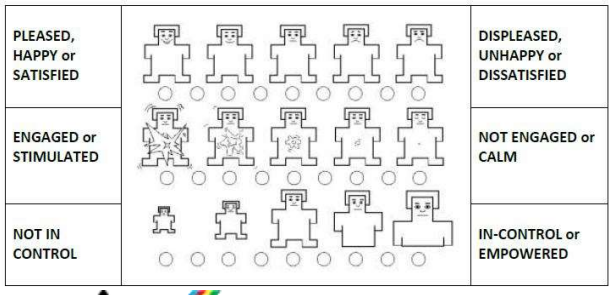


Brand 04



SPAR = Quality

Brand 05



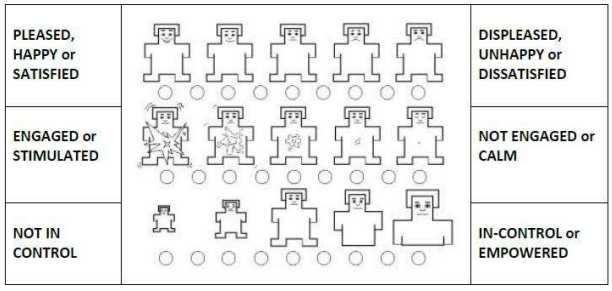
makro makro.co.za BIG on life = Quality

Question 4

When considering <u>CUSTOMER CARE</u> as determining factor that drives retailer brand shopping preferences, please use the SAM instrument to display your immediate feeling when considering the customer care provided by the selected retailer brands.

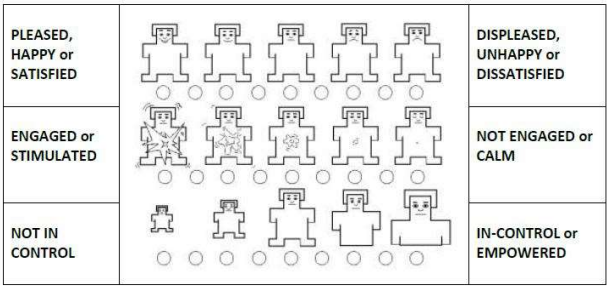
Brand 01

SHOPRITE HOLDINGS LTD = Customer Care



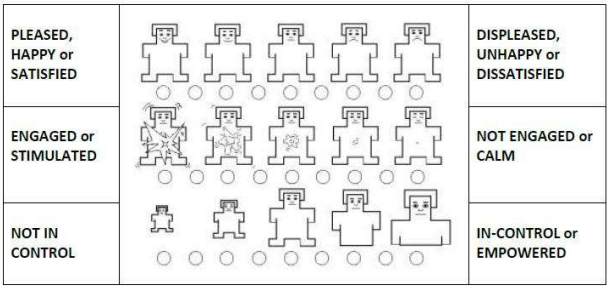
Brand 02

= Customer Care



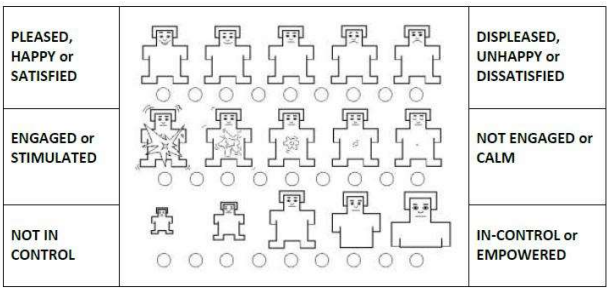
Brand 03

= Customer Care



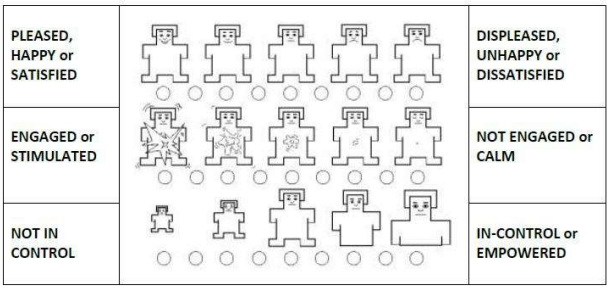
Brand 04

= Customer Care



Brand 05

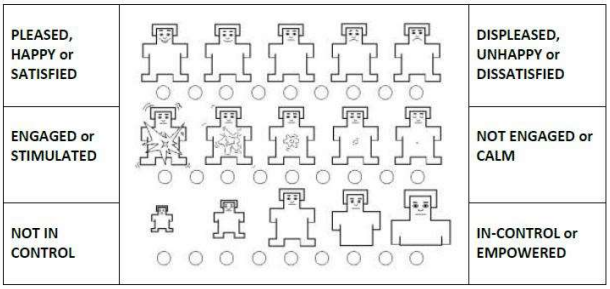
makro BIG on life = Customer Care



Question 4

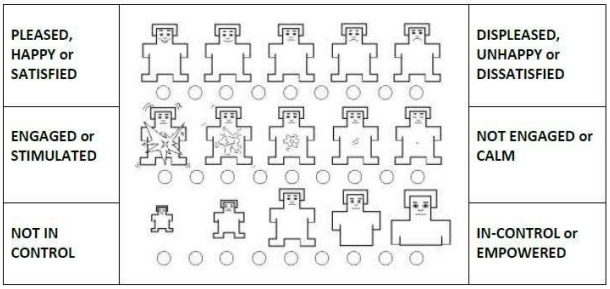
When considering CUSTOMER REWARDS as determining factor that drives retailer brand shopping preferences, please use the SAM instrument to display your immediate feeling regarding customer rewards offered by the selected retailer brands.

SHOPRITE HOLDINGS LTD = Customer Rewards



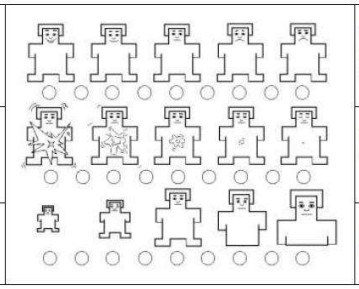
Brand 02

Pick n Pay = Customer Rewards



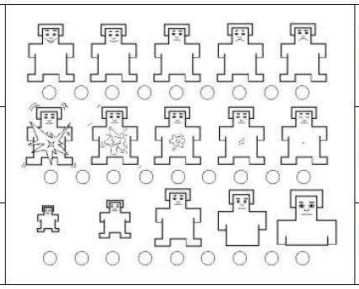
Brand 03

WOOLWORTHS = Customer Rewards

PLEASED, HAPPY or SATISFIED		DISPLEASED, UNHAPPY or DISSATISFIED
ENGAGED or STIMULATED		NOT ENGAGED or CALM
NOT IN CONTROL		IN-CONTROL or EMPOWERED

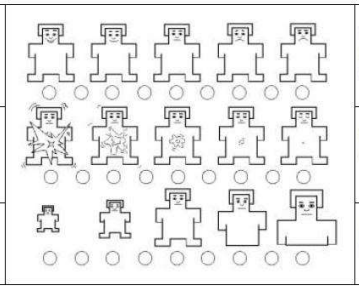
Brand 04

SPAR = Customer Rewards

PLEASED, HAPPY or SATISFIED		DISPLEASED, UNHAPPY or DISSATISFIED
ENGAGED or STIMULATED		NOT ENGAGED or CALM
NOT IN CONTROL		IN-CONTROL or EMPOWERED

Brand 05

makro makro.co.za BIG on life = Customer Rewards

PLEASED, HAPPY or SATISFIED		DISPLEASED, UNHAPPY or DISSATISFIED
ENGAGED or STIMULATED		NOT ENGAGED or CALM
NOT IN CONTROL		IN-CONTROL or EMPOWERED

Q15 PERSONAL PARTICULARS

Q15.1 Please indicate your relationship status.
Never married / single (1)
Married / living together as partners (2)
Widowed (3)
Separated (4)
Divorced (5)

Q15.2 Please indicate your current employment status by making a selection below.
Unemployed (1)
Full-time employed (2)
Part-time employed (3)
Pensioner (4)

Q15.3 Please indicate your population group.
Black (1)
Coloured (2)
Indian (3)
White (4)
Other (5)

Q15.4 Please state your highest level of education:
No schooling (1)
Less than primary completed (2)
Primary completed (3)
Secondary not completed (4)
Secondary completed (5)
Tertiary (6)
Other (7)

Q15.5 Please indicate which best describes your gross monthly household before tax and other deductions. Please include all sources of income i.e. salaries, pensions, government grants, income from investments, etc.
Up to R799 (1)
R800-R1 399 (2)
R1 400-R2 499 (3)
R2 500-R4 999 (4)
R5 000-R7 999 (5)
R8 000-R10 999 (6)
R11 000-R19 999 (7)
R20 000 – R29 999 (8)
R30 000 – R39 999 (9)
R40 000+ (10)

APPENDIX D

Pick n Pay	Pick n Pay: The Pick n Pay Group is South Africa's second largest supermarket retail chain with head offices based in Cape Town and Johannesburg. Pick n Pay has over 9 % of the retail market share with over 1,125 stores in the South African food sector. The group has outlets in South Africa, Southern Africa, and in Australia through its Franklin outlets. To take advantage of the South Africa fast growing demand for convenience shopping including global trends, Pick n Pay entered the market through the British Petroleum (BP) forecourt gasoline stations with an introduction of Pick n Pay Express outlet in the major metropolitan areas across South Africa. The group offers three private label ranges which offers consumer good quality at lower price than branded products such as Pick n Pay, Pick n Pay Choice, and Pick n Pay No Name. The Retail Division manages Pick n Pay branded businesses such as food, clothing and general merchandise in hypermarkets, supermarkets, family-owned franchise stores, mini market franchises, butcheries, and gas station shops. The Group Enterprises Division operates the Group's other non-Pick n Pay branded group activities including Score Supermarkets, TM Supermarkets, property franchises, and Go Banking, as well as finding new investment opportunities for the group worldwide. The emphasis of the supermarket division is on total convenience and freshness, with stores trying to add value through the fresh food supply chain. Traditionally, Pick n Pay Score supermarkets have had a presence in townships when other retailers have stayed away, and have now opened its first spaza micro retail outlet. Pick n Pay is the most modest of the high-end super market chains which focus on lowpriced stapled products for low-income consumers. For more information visit the group website at www.picknpay.co.za Pick n Pay is the second largest retailer in South Africa. The supermarket chain store employs about 50 000 people.
Woolworths	Woolworths Holdings Ltd South Africa is a South Africa-based retail group chain that operates locally and internationally through two subsidiaries, Woolworths Proprietary Limited and Country Road. Woolworths Proprietary operates and franchises while Country Road Limited, listed on the Australian Stock Exchange, operates in Australia, New Zealand and Singapore. Woolworths offers select ranges of apparel, clothing, cosmetics, toiletries, footwear, jewelry and food and beverage mostly under its own brand name. There are about 900 Woolworths outlets stores. Woolworths stores are mainly in shopping malls or shopping centers, and currently are opening food stand-alone stores in convenient suburban locations, including Owned Woolworths, Franchised Woolworths, and Owned and Franchised Country Road outlets.

Shoprite/Checkers	Shoprite Holding: Shoprite, part of the Shoprite Group, is South Africa's largest food retailer and had about 12 % market share of the food retailing market in 2016. Shoprite caters to the lower-end of the consumer market with a focus on their own private label or branded products on food for their more price-conscious consumers. The group consists of over 2,000 outlets in urban and rural locations of South Africa and throughout Southern Africa in Angola, Botswana, Democratic Republic of Congo (DRC), Ghana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Tanzania, Uganda, and Zambia. The retail formats and store brands are comprised of Shoprite supermarkets, Checkers Supermarkets, Checkers Hypers, U-save stores, distribution centers supplying group stores with groceries, non-foods and perishable lines, OK Furniture and House & Home outlets, OK Power Express stores, House & Home stores, and Hungry Lion fast food. Shoprite launched an online shopping aimed at diversifying its reach and increasing the visibility of the brand, especially among higher-income consumers. The group also operates a website for its ticketing business, through Computicket-South Africa's largest ticketing business to improve Shoprite digital platform. Through its OK Franchise Division, the Group procures and distributes to the OK Minimark convenience stores, OK Foods supermarkets, OK Grocer stores, Megasave wholesale stores, Sentra stores, and Value Stores. The Shoprite U-save brand stores are more focused on private label products with the aim of targeting low-income consumers. Shoprite Holdings with its Checkers brand (Checkers Housebrand and Checkers Choice) remain a dominant player in the hypermarkets in South Africa. Checkers Hypers have a special section devoted entirely to imported foods as well as kosher and halal sections. Checkers Hyper chain targets middle to high-income groups for their more expensive and niche offerings. Shoprite Checkers are similar to a Shoppers Food Warehouse type of shopping experience. Shoprite Head Offices are based in Cape Town, South Africa. For more information on the group visit website www.shoprite.co.za.
Spar	Spar Group Ltd: Spar Group Ltd, a subsidiary of Dutch retailer Spar is a wholesaler and distributor of grocery and non-grocery items to independent stores that operate under Spar brand. The Spar organization consists of two types of members: Spar Retailers, who are independent store owners, and Spar Distribution Centers, which provide leadership and services to the Spar Retail members. Both members belong to the Spar Guild of Southern Africa, a non-profit company set up to coordinate and develop Spar in Southern Africa. The members pay subscriptions to the Guild, which uses these monies to advertise and promote Spar. The Spar grocery chain emerged in 1963 when a group of eight wholesalers were granted exclusive rights to the Spar name in South Africa to service 500 small retailers. A number of mergers and take-overs followed, and today all but one of the wholesalers are owned by the Spar Group Limited, which operates six distribution centers that supply goods and services to over 800 Spar outlets in South Africa, and other countries of Botswana, Mozambique, Namibia, and Swaziland. Retail formats and brands are comprised of Super Spar (hypermarkets), Spar and Kwik Spar (supermarkets), and TOPS (Spar liquor stores). TOPs is the largest liquor store chain in South Africa, mostly located next to Spar brand stores to provide convenience for consumers to

	purchase both grocery items and alcoholic beverages. Spar is the fourth largest retailer in the South African market. There are about 12 500 retail outlets found in 35 countries.
Massmart	Massmart Holdings: Massmart is a South Africa based wholesale/retail company, and had a leading position as a mixed retailer in 2016. The US retailer Walmart purchased Massmart in 2011, and has grown its footprint since then. Massmart operates stores in eleven countries of Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Swaziland, Tanzania, Uganda, and Zambia. In South Africa the retailer operates mass merchandisers, and warehouse clubs outlets. Its wholesale division Makro, is a leading wholesaler of general merchandise, home improvement equipment and supplies, and the leading wholesaler of basic foods each focused on high volume, low margin, low-cost distribution of mainly branded consumer goods. The company invested in food retailing with the addition of the Foodco brand outlets operated under Game and Makro. In 2016, Massmart introduced hot prepared food in some of its Game outlets, allowing customers to purchase ready-made food. On the other hand, products purchased in bulk discount outlets such as CBW and Jumbo Cash & Carry are then resold through small neighborhood stores, kiosks, and informal traders. Visit the group website www.massmart.co.za for more information. Woolworths Holdings Limited is the fifth largest retailer in South Africa. It has about 18 000 employees in South Africa alone. The stores are spread out across South Africa, the rest of Africa and the Middle East.

Source: USDA Foreign Agricultural Service. (2017).