CUSTOMER SERVICE AS A STRATEGIC TOOL AMONGST INDEPENDENT RETAIL FOOD CHAINS IN KWAZULU-NATAL

by

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DECLARATION OF ORIGINALITY

I, Tshepo Peter Tlapana, hereby declare that the work in this dissertation represents my own work and findings except where indicated, and that all references, to the best of my knowledge, are accurately reported.

I further give consent for my work to be digitalised for the Institutional Repository and photocopied for inter-library loan, and for the title and summary to be made available to outside organisations and other students.

Signed:

_____   _____
Tshepo Peter Tlapana   **Date**

Ask, and it shall be given to you; seek, you shall find; knock, it shall be opened to you. For everyone who asks receives, and he who seeks finds, and to him who knocks it shall be opened (Matt. 7:7-8).

DEDICATION

This thesis is dedicated to my late wife Mmakatlego Ningile Tlapana who passed on while I was in the midst of this study. I wish you were here to see the fruits of your hard labour, but I know you are forever watching over me and the kids. May your soul rest in peace, **MaMwelase,** you will forever be in our hearts.

ACKNOWLEDGEMENTS

ABSTRACT

This study aimed at determining and evaluating customer service in independently owned retail food chains within the province of KwaZulu-Natal in South Africa. Furthermore, it included assessing the level of retail service quality, current customer service tools employed by independent food chains in KwaZulu-Natal and the extent to which customer service tools are being used. The study was also about establishing whether there was a significant relationship between retail service quality and customer satisfaction. The study targeted both customers and managers of independent food chains in KwaZulu-Natal from whom a sample of four mangers were interviewed and 444 customers were conveniently selected to participate in the study. Both qualitative and quantitative methods were employed in the collection of data.

The findings revealed that majority of the customers were generally dissatisfied with the quality of services offered by independent food chains owing to a lack of complementary services (ATM terminals, parking and toilets), facilities for shoppers with special needs (physically handicapped, wheel chaired or translators), inability to offer customers credit, failure to provide a wide product assortment, short operating hours and general appearance of store (cleanliness, good product display, presentation on how to use merchandise and availability of shopping trolleys, signage to locate and identify merchandise). The results, however, revealed that there is a relationship between customers' expectations and their perceived satisfaction. Equally significant, the results showed that customers were satisfied with accessibility and safety of the stores, and that they will be considering independent food chains in KwaZulu-Natal as their primary stores.

The study concluded by recommending that: independent retail food chains study their customer profiles as it was evident during interviews that customer profiling or segmentation was not being undertaken in detail; retailers are urged to identify and establish customer service needs and requirements so as to facilitate proper product and

service mix design; retailers are also recommended to keep regular communication with customers to inform them about promotions or any new developments taking place; retailers should introduce customer loyalty programmes; provide regular staff training on customer service through workshops and follow-up refresher courses; retailers should offer quality merchandise and incorporate latest technological innovations; handle and process third party payment; meet and exceed customer service expectations of customers; upgrade their facilities to accommodate customers with disabilities; and finally retailers should have well-defined returns policies, parking facilities, rest rooms and introduce trolleys with baby-seating facilities.

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INTRODUCTION

1.1 INTRODUCTION

The history and the development of the food chains in South Africa are not only very interesting, but also speak of a dynamic and growing industry which is a highly competitive and challenging industry which is also experiencing significant changes and challenges (Huddleston, Whipple, Nye Mattick & Jung Lee, 2009:63). Food chains started in South Africa around 1951 when OK Bazaars opened a food department store as its flagship store. Since then, many entrants have followed into the industry. It is perceived that some food chains started quite early, but have expanded significantly only recently.

Food retailing has also evolved from being a buying ritual to delivering a joyful shopping experience. Food retailers are now integrating a series of events leading to a pleasurable, involving, relaxing, rewarding, delightful retail customer experience (Bagdare & Jain, 2013:790), and survival in today's economic climate and a competitive retail environment requires more than just low prices and innovative products. To compete effectively, retailers must focus on the customer's shopping experience. To manage a customer's experience, retailers should understand what customer service actually means (Grewal, Levy & Kumar, 2009:1).

This chapter defines core concepts and provides a background into the study. It deals with the research problem of the study, the goals and objectives of the study, rationale of the study, research methodology, limitations and overview of the study.

1.2 DEFINING CORE CONCEPTS AND TERMINOLOGY

It is necessary to define the core concepts and terminology of this research in order to facilitate as wide as possible an understanding of the issues. The explanation of core concepts and terms in the present context is systematically presented and aligned to the logical progression of the thesis. Customer service and retail food chains are defined within the context of retail.

Customer service refers to the combination of activities offered by retailers (Marx & Erasmus, 2006:58), it is one of the organisational processes or activities which retailers perform to combat competition, attract customers with the hope of increasing profitability, customer satisfaction and loyalty (Jahanshahi, Gashti, Mirdamadi, Nawaser & Khaksar, 2014:254). Furthermore, customer service involves retail employees taking initiatives to improve customer interaction processes, anticipating future problems and eventually bringing about solutions to address such problems (Lau, Tong, Lien, Hsu & Chong, 2017:21). From the above, customer service can be confirmed as all activities undertaken by the retailer to entice customers by offering a pleasurable shopping experience, building customer satisfaction and customer loyalty.

Independent retail food chains are by definition businesses that are privately owned and do not belong to a larger national cooperate chain or group (W&RSETA ILDP Programme, 2011:2). They offer a wide range of food and household products and are separated into departments of meat, fresh produce, and dairy, baked goods, canned and packaged goods (Huddleston, et al., 2009:63). This format relies on a large scale of operations with low profit margins. To maintain high profits, independent retail food chains try to make up for the low margins with a high overall volume of sales and with sales of higher-margin items (Rao, 2013:228).

1.3   BACKGROUND TO THE STUDY

Independent food chains play an integral part in the distribution chain of goods and services, uplifting the economy and advancement of the retailing industry (Radder, 1996:78). More recently, independent food chains in South Africa have begun entering the townships and expanding into rural areas. The opening of independent food chains has provided exposure to new segments of the population. Whereas many of the independently owned retailers have been seen as being culturally and empathetically linked with their customer base, larger national firms have placed emphasis on issues such as customer service, operational standards and organisational training (De Bruyn & Freathy, 2011:538). It is therefore unknown as to what customer services strategies independently owned food chains are embarking on to counter the strategies of national

retailers in competing for a shrinking a share of consumers' wallets, preference and patronage. Moreover, customer service phenomenon is increasing, but little is known about its role (Hunter, 2006:79).

Customer service is about understanding the needs of different customers, keeping promises and consistently delivering high product and service standards. The success of any retail entity is determined by customer service (Kimando & Njogu, 2012:88), as customer service has the ability to heighten the level of customer satisfaction and act as a differentiating factor amongst retailers aiming to have the competitive advantage over their competitors (Srivastava, Goli, Bhadra & Kamisetti, 2015:43). It further has the ability of increasing product quality, gaining profitable opportunities, and eventually increasing sales and income (Jahanshani, Hajizadeh, Mirdhamadi, Nawaser & Khaksar, 2014:254).

Customer service has strategic importance for the retailer and requires retailers to continually enhance it (Spencer-Matthews & Lawley, 2006:219), by improving their service quality to the customers, which has become the basic tool for retailers to enhance shopping experience, customer satisfaction, revenues, cross selling and also repeat purchase behaviour (Chandel, 2014:176). Delivering high quality service and having satisfied customers are viewed as indispensable for gaining a sustainable advantage (Angelova & Zekiri, 2011: 232). However, retailers are still unable to effectively cater for the needs and wants of customers and risk not only losing dissatisfied customers to competitors, but also experiencing erosion of profits and consequent failure (Wong & Sohal, 2003:496).

Measuring customer service quality in the retail setting is different from any other product or service environment. It for this reason that Dabholkar, Thorpe and Rentz developed the Retail Service Quality Scale (RSQS) for measuring retail service quality. It should, however, be strongly emphasised that service quality in retailing is different and complicated when seen in any pure service environment, as it incorporates a mix of merchandise and services offered concurrently (Siu & Tak-Hing Cheung, 2001:88). This is because of the unique nature of retailing, and as such, improvements or measurements

of quality in retailing cannot be approached in the same way as in any services setting. In a retail environment it is therefore necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure this construct.

1.4 RESEARCH PROBLEM

In today's competitive retail environment many independent retail food chains need to develop strategies to compete (Mower, Kim & Childs, 2012:443), as the current market place has become more competitive and customers are continually expecting retailers to match or exceed their expectations (Beneke, Hayworth, Hobson & Mia, 2012:28). There is a misconception by independent retail food chains that the only way to remain competitive is to focus on price, since many customers will only buy the cheapest products (Chiliya, Herbst & Roberts-Lombard, 2009:72). However, several others factors also play a central role in customer decision-making which include customer service, addressing the needs of customers, as well as timely delivery on promises (Du Plooy, De Jager & Van Zyl, 2012:94).

Post-apartheid, the South African independent retail food chains industry has rapidly increased in size and stature, yet customer service does not appear to have kept pace with growth (Beneke et al., 2012:27). Independent retail food chains have further positioned themselves for all kinds of customer needs and income levels, but it is however, not clear whether these retailers have fully embraced the retail concept which emphasis on proper communication, total retail experience, customer service, relationship retailing and consistent retail strategy (Kimani, Kagira, Kendi & Wawire, 2012:55).

1.5 RESEARCH AIM AND OBJECTIVES

The aim of this study is to determine and evaluate customer service undertaken by independent food chains in KwaZulu-Natal and applicability of any strategies thereof. In order to accomplish the primary objective, several secondary objectives have to be met, namely:

- To identify the level of awareness and knowledge about customer service from customers of independent retail food chains;
- To assess retail service quality in independent retail food chains;
- To assess levels of customer satisfaction from services offered by independent retail food chains;
- To establish whether there is a significant relationship between retail service quality and customer satisfaction;
- To identify what customers perceive to be the key influential factors of customer service and retail service quality;
- To assess current customer service tools employed by independent food chains in KwaZulu-Natal and further, explore the extent to which customer service tools are being used; and
- To propose a customer service framework which may be applicable to independent retail food chains in KwaZulu-Natal.

1.6   RESEARCH QUESTIONS

Developing a research question is one of the critical face in the research process. The research question guides the research project and assists in the construction of a logical argument. Research questions may be derived from the researcher's own experience or direct oberservation of a situation (Wildemuth, 2016:12), or further arise out of a perceived knowledge deficit within a subject area or field of study (Farrugia, Petrisor, Farrokhyar & Bhandari, 2010:278).

Arising out of the above objectives, the following research questions are posed:
- Is there awareness and knowledge about customer service from customers of independent retail food chains?
- What is the level of retail service quality amongst independent retail food chains?
- What are the levels of customer satisfaction with services offered by independent retail food chains?
- Is there a significant relationship between retail service quality and customer satisfaction?

- What do customers perceive as key influential factors of customer service and retail service quality?
- What are current customer service tools employed by independent food chains in KwaZulu-Natal and to what extent are customer service tools used?

1.7   RATIONALE FOR THE STUDY

The reason for undertaking this research is to contribute to the body of existing knowledge regarding customer service, as customer service is a key to business success (Helms & Mayo, 2008:621), customer service is a critical success factor for many organisations, and their success depends on its effectiveness. It is further observed that retailers who put more emphasis on customer service report higher profitability, return on sales, return on investments, return on assets, and profit growth (Carraher, Parnell & Spillan, 2009:253).

The study hopes to be of benefit to independent retail food chains in KwaZulu-Natal by serving as a reference or guideline in decision-making and helping to create an environment that will assist independent retail food chains in KwaZulu-Natal to grow and utilise appropriate customer service tools to meet their customers' service and product needs.

The real value of this study, however, lies in the hope that adoption of best customer services practices could help independent retail food chains in KwaZulu-Natal to re-organise their customer service strategies, become more competitive, efficient and provide more service benefits to their customers.

1.8   RESEARCH METHODOLOGY

Research design
Research design serves as the framework or plan for study that guides the collection and analysis of data (Churchill, Brown & Suter, 2010:78). The study employs a mixed methods research approach, whereby quantitative and qualitative methods are combined, because

it can potentially capitalise on the respective strengths of both quantitative and qualitative approaches (Ostlund, Kidd, Wengstrom & Rowa-Dewar, 2011:369). A concurrent mixed design is engaged as it is a research design that entails undertaking two or more styles of research at the same or overlapping times, or even at separate times, but as independent enterprises and considered a single phase of research (Kent, 2007:255).

This study, however, is mainly quantitative in nature and focuses on an exploratory design. Exploratory research is research that is undertaken to gain background information about the general nature of the research problem or when very little is known about the problem. Exploratory research helps to define terms and concepts and define questions such as "what is the satisfaction with service quality" or to quickly learns that "satisfaction with the service" is composed of several dimensions-tangibles, reliability, responsiveness, assurance, and empathy. Not only would exploratory research identify the dimensions of satisfaction with service quality, but it could also demonstrate how these components may be measured (Burns & Bush, 2014:101).

The research has been conducted in two phases. The first phase is a preliminary study that is qualitative in nature. The second phase or main phase of the research is quantitative in nature.

Phase1-Qualitative phase
According to Zikmund & Babin (2010:131), qualitative research is research that addresses marketing objectives through techniques that allow the researcher to provide elaborate interpretations of market phenomena without depending on numerical measurements, its focus being on discovering true inner meanings and new insights. To fully comprehend the nature of the research problem, qualitative research has been undertaken. An extensive literature search was first undertaken to uncover all possible dimensions of customer service. The researcher then proceeded to in-depth interviews with three managers from independent food retail food chains so as to generate new and validate existing dimensions of customer service uncovered during the literature search.

Target population and sampling method

There are four independent food retail food chains in Kwa-Zulu Natal, independent food retail chains in Kwa-Zulu Natal, and for the purposes of this study and also to maintain anonymity these are referred to as Retailer A, B, C and D.

Therefore, all four managers from the above-mentioned retailers were interviewed. With the population size of the strategic managers limited to one per retail group, there is no point in sampling as Sekaran (2003:294) points out that, if the population size is less than 150, there is little point in sampling, it is better rather to survey the entire population (Leedy & Ormrod, 2005:207). In the light of the above suggestions, Cooper & Schindler (2008:221) further recommend that a census would be more efficient to overcome non-response error.

The responses from the managers will be recorded and analysed using the latest NVivo software as it is a powerful qualitative data analysis tool, with features that provide functionality far beyond that of the average statistics package.

Phase2-Quantitative phase

The study included quantitative research that followed a deductive research process and involves the collection and analysis of numerical data to identify statistical relations of variables (Saunders, Lewis & Thornhill, 2009:153). The customer service dimensions generated during the qualitative phase were tested through the use of a questionnaire, and fielded amongst a sample drawn from the target population.

A survey was conducted on different days and during different times of the interview days to ensure that a representative sample of the target population was obtained. The respondents were selected and approached while they were shopping at independent food chains.

Target population

Cooper & Schindler (2008:90) define the target population as those people who dispose of the desired information and can answer the measurement questions. The target population was therefore customers of independent food chains in the Kwa Zulu Natal.

Sampling method

Non-probability sampling includes elements from the population selected in a non-statistical manner (Schmidt & Hollensen, 2006:166). Convenience sampling was used whereby a non-statistical approach was used primarily because of an absence of a sampling frame. This approach was practised because almost everybody is a grocery customer, and samples are easier to set up, cheaper in financial terms, and adequate in their representativeness within the scope of the defined research (Cohen, Neuville, Olsen & Klein, 2000:102).

Sample size

Sample size is defined as the number of elements to be included in a study. In this case the sample size was 400 respondents as they were considered to provide sufficient input to ascertain findings. The consumer population of Kwa Zulu Natal is in excess of 1 000 000. In support of this sample size, Sekaran & Bougie (2013:268) point out that if the population size is 1 000 000, a sample size of 384 should be adequate to support the research findings. 444 respondents were chosen with an average of 6 respondents from each of the 74 stores of independent food chain stores.

Measuring instrument

The questions were designed in a manner that provides answers to the objectives of the study. The questionnaire consists of questions developed from reviewing the relevant literature on this research area. The questionnaire was in the form of both open-ended and closed-ended (or structured) questions in which respondents were asked to make one choice from a list of possible responses. The retail service quality scales were adopted in the questionnaire design.

The questionnaire was pre-tested before it could be used to gather information in order to determine whether the content and sequencing of questions were correct. Any alterations that needed to be made were then implemented before the research was conducted.

Data collection

The method of data collection was the survey method. Hawkins, Mothersbaugh & Best (2007:750) suggest that surveys are systematic ways of gathering information from a large number of people through the use of questionnaires. Therefore, the survey was done whereby questionnaires were administered to the selected sample in order to extract detailed information on the topic and clarify complex questions. Graduate assistants were used to administer the questionnaires. These assistants were given training on the subject matter so that they could be able to clarify questions that may arise from the respondents.

The structure of the questions on the questionnaire was kept simple and easy for the respondents to complete with both open-ended and closed-ended questions.

The questionnaires were, therefore, administered in each of the 74 stores of the four independent food chain groups and consent to administer questionnaire was also requested from the three retail groups.

Data capturing

Data from the questionnaire was captured using the latest software programme SPSS with the necessary tables and graphs to be produced to illustrate responses in preceding chapters. All questionnaires were checked for legibility especially in terms of the coded information and completeness.

Data analysis

Once the data had been captured, a number of analyses were run on the data. Descriptive statistics in the form of frequency and percentage were computed from the

variables. The results were graphically represented using bar and pie charts. Descriptive statistics were used to describe the basic features of the data in the study. They provided simple summaries about the sample and the measures. Together with graphics analysis, they formed the basis of virtually every quantitative analysis of data. Descriptive statistics described what the data should show (Descriptive Statistics, 2006).

Inferential statistics were also used to draw conclusions about the population. This is generally done through random sampling, followed by inferences made about central tendency, or any of a number of other aspects of a distribution (Inferential Statistics, 2008).

1.9   LIMITATIONS

The study was confined to independent food retail food chains in Kwa-Zulu Natal only and therefore, the results of the study cannot be generalised to other food chains and other provinces or the entire South African population.

The main focus of this study was on the aspects of customer service only, other areas that might be useful for growth and upliftment of independent food retail food chains which included among others, poor management, lack of capital resources, inadequate training, lack of communication and participation among employees and weak linkages among the activities of the independent food retail food chains may need to be covered more intensively and more specifically in future studies.

1.10   OUTLINE OF CHAPTERS

The report on this study is made up of seven chapters. These chapters cover the following areas:

1.10.1   CHAPTER 1: INTRODUCTION

This chapter introduces the study and provides an overview of the research problem, the research objectives, the rationale behind the study and the research methodology and limitations.

1.10.2 CHAPTER 2: OVERVIEW OF RETAILING

The chapter reviews literature on food retailing, trends in food retailing, characteristics and principles of retailing with the hope of providing a comprehensive overview of the South African retail industry.

1.10.3 CHAPTER 3: CUSTOMER SERVICE

The chapter examines the formation, meaning and types of customer service. Various concepts embedded into customer service which relate to independent food chains were also reviewed and discussed.

1.10.4 CHAPTER 4: RESEARCH METHODOLOGY

The research methodology chapter shows how the data was collected and gathered. It provides insight into the sampling methods, the questionnaire, and various other techniques that were used to analyse the results. It also contains a review of the validity and reliability of the research investigation.

1.10.5 CHAPTER 5: ANALYSIS AND RESULTS

The purpose of this chapter is to present the statistical analysis of the data obtained through the questionnaires. The data was processed into meaningful results that the reader would be able to interpret and understand.

1.10.6 CHAPTER 6: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This final chapter of the thesis contains the conclusions drawn from the findings in chapter five and from chapter two. Recommendations and suggestions for further research in the field are made.

1.11 CONCLUSION

This chapter provides a brief background into retailing and customer service. It discusses the research problem, the research objectives, the rationale behind the study and the research methodology and limitations thereof.

The subsequent chapter reviews the literature in more detail and cover the theme of the important aspects pertaining to this study.

CHAPTER TWO
AN OVERVIEW OF RETAILING

2.1   INTRODUCTION

With retail chain outlets operating in a slow growth and unpredictable environment, the pursuit of dominance in the market has become more aggressive and challenging to many retailing companies (Dhurup, Mafini & Dumasi, 2014:2). The food retail industry, with its large product volumes, low margins and fierce competition, is constantly seeking efficiency improvements in its operations. There is, therefore, a potential for efficiency improvements in the food retail through the integration and development of new systems (Saghir & Jönson, 2001:21).

Due to the recent emergence of numerous retail options, the marketplace has also become more competitive. Consumers are offered more product choices for their purchases. This has created significant challenges to retailers in attracting new and retaining existing customers (Hui & Yee, 2015:65). There is also steadily increasing competitive pressure due to customer requirements and ongoing market consolidation raising pressure on retailers (Sternbeck & Kuhn, 2014:814).

This chapter therefore reviews existing literature on the retailing concept, an overview of the South African retail industry, retail strategy and trends within the South African retail industry so as to provide more insight into the study, industry and challenges thereof.

2.2   THE RETAILING CONCEPT AND PROCESS

Retailing is the set of business activities that adds value to the products and services sold to consumers for their personal or family use and also involves the sale of services (Levy & Weitz, 2012:6). It is the heart of marketing and it is not a new concept in the history of marketing, retailing is the interface between the producer and the individual consumers. It is the final activity in the supply chain (Chakraborty, 2014:1166), and also a tail activity in the business chain that links the end user and last middlemen in the business process (Prabhakar, 2012:218).

The retailing concept is an overarching business philosophy that creates superior value for customers (Themba & Marandu, 2013:130) by attracting, recruiting, and retaining a competent workforce to successfully compete in the 21st century. Retailers operating under the retail concept provide services and assist in providing more product selections (Liao, Chen & Wu, 2008:1763). The concept further encourages retailers to provide time, place and possession utility through their store location, environment, merchandise and salespeople (Singh, 2009:4), by further providing an assortment of products, breaking bulk, holding inventory, and providing services (Levy & Weitz, 2012:7).

Figure 2.1   The retailing concept
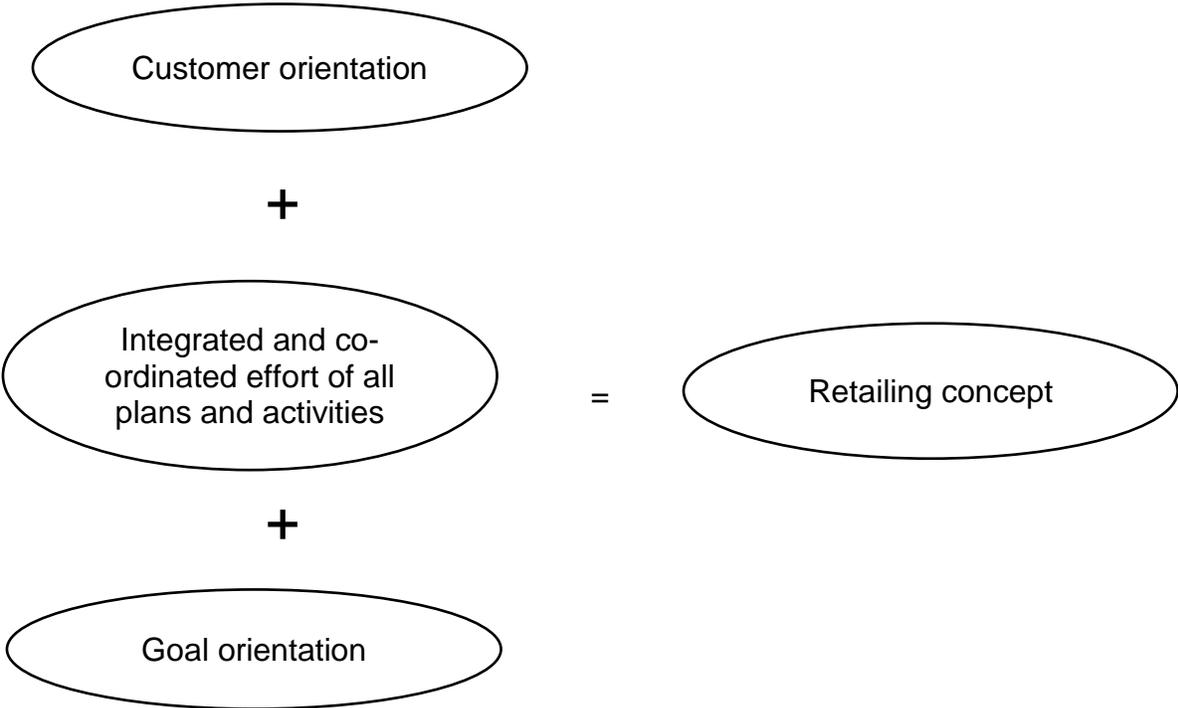
Source: Terblanche, Beneke, Bruwer, Corbishley, Frazer, Pentz & Venter (2013:8)

The core characteristics of the retailing concept entail excellence in customer interactions, being familiar with the market and customers, and emphasizing cooperation. Main benefits that a retailer can derive from the retailing concept are better retailing programs,

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a greater likelihood of creating sustainable competitive advantage, and the development of a distinctive set of expertize (Saarijärvi, Kuusela, Neilimo & Närvänen, 2014:664). The retailing concept justifies a retailer's existence on the basis that it strives for the satisfaction of customers' needs and wants, while simultaneously achieving the retailer's objectives. The retailing concept consists of customer orientation, which requires retailers to determine and identify customer needs (current and future), then intergrading and coordinating retailer's plans and achieving organisational goals (Terblanche et al., 2013:8), as demonstrated in figure 2.1.

Retailers practising the retail concept engage the use of the retail mix, which is a set of decisions retailers make to satisfy customer needs and influence their purchasing decisions. Elements of the retail mix include (1) types of services and merchandise offered, (2) advertising and promotional pragrammes, (3) store design, (4) merchandise display, (5) assistance to customers provided by salespeople, and (6) convenience of the store's location (Levy & Weitz, 2012:20).

2.3   RELATIONSHIP RETAILING

Relationship retailing refers to a strategy of activities that aim to attract, retain and enhance the long-term association between the retailer and individual consumers. The emphasis in relationship retailing is on the creation of consumer loyalty to the retailer. The logic underlying relationship retailing is that it is more costly to gain a new customer than it is to keep an existing customer happy (Terblanche et al., 2013:10). Relationship retailing is based on the establishment and maintenance of continuous relationships between buyer and seller as a source of mutual benefit (Contrí, Molina & Saura, 2009:57). Relationship retailing is emerging as a strategy for retaining customers in this highly competitive retail environment which is highly dependent on repeat business from customers (Vesel & Zabkar, 2010:214).

In today's highly competitive environment, losing customers is very costly. Customer retention and loyalty have become possible through the development of long-term, mutually beneficial relationships with customers (Chung & Shin, 2010:473).

Relationship retailing construct is influenced by trust, commitment, relationship satisfaction, and relationship quality (Wang & Ha, 2011:326). The goals of relationship retailing are to get and keep valuable customers. Retailers no longer want to merely satisfy customers, they seek relationships with them (Chung & Shin, 2010:473). Relationship retailing increases loyalty, buying behaviour and the expectation of continuing interaction and willingness to recommend the retailer (Wang & Ha, 2011:326).

Anderson, Jolly & Fairhurst (2007:394) submit that retailers face a dynamic and competitive retail environment. With increased globalisation, market saturation, and increased competitiveness through mergers and acquisitions, retailers are seeking competitive advantages by better managing customer relations. Retailers have since recognised that building good relationships with customers leads to enterprise profitability. Yu & Tung (2013:111) assert that relationship retailing helps create loyal customers, establish favourable word-of-mouth and lowers the costs of cultivating new customers. Adjei, Griffith & Noble (2009:494) have further observed that high relationship quality with customers enhances customer value delivery and minimizes customer defection. A long lasting customer–retailer relationship develops when the customers perceive that they have been treated fairly. It is through this type of relationship that retailers gain a deeper knowledge and understanding of their customers' needs. These stable and long lasting relationships further allow retailers to customise products and services that satisfy the unique needs of customers better than competitors. Similarly, Keeling, Keeling & McGoldrick (2013:848) intimate that beyond functional benefits of products and services for customers, there are three other relational benefits namely confidence, social and special treatment benefits that the customers stand to benefit from.

Retailers are now seen to be building and nurturing strong relationships with customers and as a result are experiencing overall success (Walsh, Hennig-Thurau, Sassenberg, & Bornemann, 2010:131). Scarborough and Forsythe (2009:517) further argue that new relationships among consumers, retailers, and their partners are emerging strongly. As a result, Hasan, Lings, Neale & Mortimer (2014:789) observed that many retailers

are now investing in relationship-based retailing activities. Relationship investments benefit both the retailer and customer through positive emotional responses, such as gratitude. Sharing a similar view, Kushwaha (2014:438) opines that in recent years there has been lot of investment in customer-retailer relationships and specifically the nature and dynamics of these relationships. Retailers are strengthening their relationships with the customers in order to get a competitive advantage and derive various benefits, amongst them being customer retention. Customer retention affects profitability and competitiveness of the retailer and generates superior long-term financial performance of the retailer and future profitability. It is clear that both the retailers and the customers gain by maintaining and fostering long term relationships.

2.4   RETAIL STRATEGY

A retail strategy is how a retailer chooses to compete in the marketplace and identifying market segments that the retailer chooses to serve. The constituent dimensions and sub-dimensions of retailing strategy include, but are not limited to, the business model, customer mix (e.g. markets and market segments to serve), retailing mix, positioning, distribution channels (e.g. single versus multi-channel), product (e.g. merchandise assortment), price (e.g. price points), promotion, atmospherics, acquisition of new customers, and enhancement of customers' experiences (Varadarajan, Srinivasan, Vadakkepatt, Yadav, Pavlou, Krishnamurthy & Krause, 2010:96).

Retail strategy defines the retailer's competitive stance within an industry and it also encompasses the direction and scope of the retailer over the long term, in order to achieve advantages for the organization through its configuration of resources within a changing environment, to meet the needs of the market and to fulfil stakeholder expectations (Little, Little & Coffee, 2009:72). A retail strategy provides the direction that retailers need to take in order to deal effectively with their environment, consumers and competitors (Tustin & Strydom, 2006:51) and it helps in gaining and sustaining a strategic competitive advantage in retailing, which requires knowledge of the attributes consumers value and use to discriminate between stores and why those attributes are important (Mitchell & Harris, 2005:821). The retail strategy also helps retailers to understand the similarities

and differences in shopper profiles among competing retail formats so as to design effective segmentation and target marketing strategies (Reynolds, Ganesh & Luckett, 2002:668).

Key elements to be considered in developing the retail strategy are target market, retail format and sustainable competitive advantage. These are discussed subsequently:

Target market- Target market selection is one of the most important retail decisions for many companies. Besides many other decisions of an organization such as retail mix, procurement and distribution channels are affected by this decision. An appropriate target market selection is performed upon market segmentation and considering many other factors such as segment size, number of competitors, risk and profitability (Aghdaie & Alimardani, 2015:262).

Target marketing comprises the task of examining the company's entire potential addressable market, segmenting that market into sub-segments and then choosing a single segment as the market target (Kershey, 2010:7).   Criteria for selecting target markets is dependent upon profitability, market growth and size (Weinstein, 2014:61).

Retail format describes the specific offer of a particular retailer (Reynolds, Howard, Cuthbertson & Hristov, 2007:648). Retail format represents the products of retailers and constitutes competing categories that are designed to match the needs of consumers (Swoboda, Berg & Dabija, 2014:155) and provides specific benefits to match the needs of different customer types and shopping situations (Zielke, 2010:751).

In designing the retail format, retailers rely on the use of the retail mix which includes physical elements, merchandise management, pricing and promotion. All retailing activities can be grouped into one of these areas. The overall success of a store depends largely on how these activities are planned and carried out so that they work together. When properly blended, the retailing mix creates a store image that responds to a clear

market demand and is reflected in every aspect of the store and its operations (Erdis & Cant, 2015:138).

Sustainable competitive advantage developing and maintaining a competitive advantage is becoming increasingly difficult for the retailers in today's hyper-competitive business environment, as customers are now demanding more customised products and service offerings (Bouzaabia, Bouzaabia & Capatina, 2013:628). A retailer is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when other retailers are unable to duplicate the benefits of the strategy. The root of the retailer's sustainable competitive advantage comes from the knowledge within the firm as well as the cognitive capacity of people to apply that knowledge (Ren, Xie & Krabbendam, 2010:81).

In order to implement the strategy, retailers should base it on external market conditions, the strength of internal conditions, competitor market position and characteristics of target market needs (Zhang, 2010:22). Factors that affect retail strategy choices appear to consist of three general categories: store, market, and competitive characteristics (Gauri, Trivedi & Grewal, 2008:259). Three elements associated with retail strategies are; choosing a retail format, targeting a specific group of consumers and arriving at a defensible competitive advantage. Choosing a retail format involves choosing from among a number of operating and merchandising tactics while a competitive advantage is a superior or unique aspect associated with the retailer which is capable of delivering need satisfaction to the intended target market. Some retailers seem to be using store environment as a method for creating a differential advantage in the marketplace (Turley & Chebat, 2002:128).

Ramdhani, Alamanda & Amin (2010:161) allude to the fact that the basic strategy of retail business in creating competitive advantage lies in providing high quality service. The fundamental way of creating of sustainable competitive advantage, is thus, the ability to predict the forthcoming action of others in the industry through matching the

organisation's resources to the gaps and voids that exist the industry. The sustainability of the advantage is then determined as to whether the competitor will or will not be able to take the necessary actions to close the gap (Vinayan, Jayashree & Marthandan, 2012:30). Many companies are developing competitive advantage through securing low cost, providing high quality products and use of latest technology (Wamalwa, 2014:158). It is further suggested that resources which are valuable, rare, inimitable, and non-substitutable are used to implement value-creating strategies, and consequently provide firms with a sustainable competitive advantage (Moustaghfir, 2009:339). Product line development is also a critical strategy for retailing, since it can provide customers with ample product alternatives, and do so through a one-stop shopping service while also creating competitive advantage (Liao, Chen & Wu, 2008:1763).

Retailers may also benefit from improved knowledge of the factors underlying consumer buying patterns. Description of underlying segmentation patterns may lead to better differentiation strategies, identifying differences in perceptions and expectations may be important to retailers considering a format change, and identifying the best strategy for each format may help retailers develop a competitive advantage (Dahab, Su, Riolli & Marquardt, 1997:30). To achieve this, retailers can remain more in touch with consumer preferences, taking advantage of opportunities created by new consumer preferences, and enhance the value they offer to consumers (Grewal, Roggeveen, Compeau & Levy, 2012:1).

In building up their strategy, retailers also pursue different pricing strategies (Kimpel & Friedrich, 2015:56) and thus face a complex task in formulating pricing strategies and tactics for multiple products in today's competitive environment (Shankar & Bolton, 2004:28). Retailers can use diverse pricing strategies and tactics (Shankar & Bolton, 2004:28). Some of the most powerful and effective strategic tools in retailing are pricing strategies, for which the options available to retailers range from everyday low price (EDLP) to promotional or high–low (HiLo) strategies. An EDLP retailer tends to offer lower average prices, whereas a HiLo retailer offers frequent discounts (Gauri, Trivedi & Grewal, 2008:256).

Everyday low pricing assumes that the retailer constantly maintains low prices and avoids price variations. The intention is to ensure consistent and positive price assessments by the consumer and thus create a distinguished price image that fosters price credibility and consumer loyalty. Retailers who use this strategy generally do not invest much in advertisements or run big sale events (Kimpel & Friedrich, 2015:56). This strategy is common among supermarkets.

A high-low pricing strategy assumes that a set of selected, exposed products can shape consumers' price images. The retailer's expectation is that the consumer will transfer the low price image to all products in the store inclusive of highly-priced products (Kimpel & Friedrich, 2015:56). In reality, high and low pricing is trying to increase sales by price promotion (Noda, 2015:50). This strategy is tricky as its long term success requires that the consumer will not realise the two different price levels. Critics argue that this strategy caters to bargain hunters who intensively compare prices and only buy discounted products at the respective stores. Consumers may get used to frequent sale events and start to not accept regular prices anymore. These effects can lead to reduced profits for the retailer (Kimpel & Friedrich, 2015:56).

2.5   STORE ATMOSPHERICS

Store atmospherics is a term used in describing the art of designing a store, such that it increases the sensory feeling of customers (Hosseini, Jayashree & Malarvizhi, 2014:225) and is further defined as an effort to design buying environments to produce specific emotional effects in the buyer that enhance purchase probability. It comprises visual, aural, olfactory, and tactile and taste elements. It assists in stimulating correct shopper mood and improves the store shopping experience. The retail store is a complex environment that contains multiple atmospheric cues that can be categorised as exterior, general interior layout, point-of-purchase, decoration and human variables (Sachdeva & Goel, 2015:75). Store atmospherics optimises the spatial aesthetic characteristics in the store and is the subtle and silent background language that affects customers (Hosseini, Jayashree & Malarvizhi, 2014:225).

The creation of store atmospherics within the retail setting occurs across a variety of store settings, including manufacturer brands, department stores, food retail, general retail and fashion retail (Sands, Oppewal & Beverland, 2009:386). Store atmospherics is made up of a set of tangible and intangible service ambient features, such as furnishings, architecture, music, colour, scents and temperature (Rajic & Dado, 2013:1098).

Figure 2.2 depicts elements that retailers can use in atmosphere creation. According to the diagram atmospheric variables are divided into four categories namely: the exterior, the interior, layout and design, and point-of-purchase and decoration variables. The store exterior includes the storefront, entrances, display windows, physical characteristics of the building (e.g. height and size), surrounding areas, and parking. The store interior includes flooring, colours, lighting, scents, sounds, fixtures, temperature, merchandise, and cleanliness (Ward, Bitner & Barnes, 1992:196). Layout and design variables describe the allocation of floor space. Point-of-purchase and decoration variables include point-of-purchase displays, signs, wall decorations, certifications, pictures and artwork, price and product displays, and so forth. Store exteriors are what customers first encounter as they engage in shopping behaviour and thus are an important opportunity for stores to build positive impressions. The store exterior includes the storefront, parking, entrances, display windows, physical characteristics of the building (height, size and colour of buildings), location (congestion and traffic), surrounding area including landscaping and vegetation and nearby stores (Mower, Kim & Childs, 2012:443).

Figure 2.2 Elements used in atmosphere creation

Interior Elements		Exterior Elements	
Ambient Factors	**Design Factors**	**Social Factors**	**Exterior Factors**

- Air quality
  • Temperature
  • Humidity
  • Circulation
  • Ventilation
- Noise
- Scent
- Cleanliness
- Colour schemes
- Lighting
- Music
  • D.J reputation
- P.A usage
	- Floor and carpet
	- Aisle width
	- Wall composition
	- Paint and wallpaper
	- Ceiling composition
	- Merchandise
	- Layout
	- Drink placement
	- Bar placement
	- Cash register placement
	- Waiting areas
	- Waiting rooms
	- Dance floor locations
	- Traffic flow
	- Queues
	- Furniture
	- Point of purchase displays
	- Signs and cards
	- Wall decoration
	- Licenses and certificates
	- Artwork
	- Product displays
	- Price displays
	- Entrances
		- Customers
		  • Customer types
		  • Number
		  • Appearance
		- Employees
		  • Service
		  • Personnel
		  • Number
		  • Appearance
		  • Uniforms
		- Other
		  • Crowding
		  • Privacy
			- Exterior signs
			- Display windows
			- Surrounding stores
			- Address and location
			- Architectural style
			- Surrounding area
			- Parking
			- Exterior walls

Source: Mower, Kim & Childs (2012:443).

Atmospherics are the silent language of communication and the result of the conscious designing of space to create certain buyer effects (Loureiro, Koo & Ribeiro, 2013:437). Store atmospherics have been used by retailers to elicit a response from the consumer by using non-verbal communication, through the enrichment of the consumer's experience, with the intent to extend the current visit and create the intention to return (Foster & McLelland, 2015:196). Store atmospherics are key values to the retailer's customer experience management, as they help to perceive the differentiation between stores (Marques, Trindade & Santos, 2015:3).

Rayburn & Voss (2013:400) note that in the creation of store atmospherics, understanding customers' holistic impressions is critically important. Atmospherics involve the effort

invested to create a desirable buying environment in order to induce specific emotional responses in consumers and ultimately increase their purchase probability. Music can be a powerful primary element in creating or enhancing sensory experiences of shoppers and can serve as a powerful connection to emotion. Music has been recognised as a powerful communicative force that affects attitude, mood, emotions and behaviour. It can influence the disposition of shoppers and manifest itself in choice of store, propensity to purchase, basket size and intent to repatronage (Jha, Singh & Suresh, 2014:52).

Store atmospherics are essential for any retailing strategy, because they help create a buying context that encourages consumer purchase behaviours and can further induce an environment that attracts customers to a particular location and enhance their purchase behaviours (Poncin & Mimoun, 2014:852). Yildirim, Cagatay & Hidayetoglu (2015:714) found that store atmospherics affected excitement differently from the desire to stay. Specifically, they found that the ambient factor of lighting and temperature had a negative effect on excitement, and no effect on desire to stay. Architectural design had the strongest positive influence on excitement, while interior design had no effect. On the other hand, architectural design did not significantly influence the desire to stay, while interior design had the strongest positive effect on the desire to stay. Music and layout were significantly positive for both excitement and the desire to stay. A stimulating in-store atmosphere including tangible and intangible elements such as lighting, ambient music, odour and temperature can induce specific emotional outcomes and lead consumers to spend more time and money in the store (Lunardo & Roux, 2015:674).

2.6   RETAIL STORE ATTRIBUTES

Retail store attributes are the characteristics of retail stores on which the retail store is patronised. Customers perceive the store on its attributes and create a mental sketch of the store and once this mental frame has been created then keeps following the mental picture for future purchase situations (Sharma, Lowalekar & Jain, 2013:45). Store attributes are also viewed as the overall image of the store that can drive store selection processes. Store attribute is the method in which the store is described in the consumer's mind, one part by its useful qualities and other part by a feeling of emotional attributes.

Store attributes can be categorized into nine items namely: products, service, consumers, physical facilities, convenience, promotion, store atmosphere, institutional factors and past transactions. Among these factors, product-related considerations such as assortment, quality and price seem to be the most important items (Samani, Hashim, Golbaz & Khani, 2011:941). Store attributes further relate to different aspects like cleanliness and neatness of stores, good parking facilities, service assistance facilities and retailer's involvement in community activities, availability of high-quality products and credit facilities (Khare, 2014:537), other attributes include price competitiveness, store variety, atmosphere, cleanliness, merchandise selection, and quality offered by the stores (Hess & Ring, 2014:904).

Seock & Lin (2011:96) identified store attributes as the key factors of retail stores namely, fashionability, advertising, convenience, outside attractiveness, salesmanship and service. Merchandise-related aspects (quality, price and assortment), service-related aspects (quality in general and sales people service) and pleasantness of shopping at the store are perceived the most critical components of store attributes. Ghafoor & Abrar (2015:418) further add eight most relevant store attributes as customer-friendly layout, value-added features, store leisure facilities, communication and advertisement, store attractiveness, return and exchange policy, direct communication and reward for regular customers. Johnson, Kim, Mun & Lee (2015:21) note that store attributes may create high levels of pleasurable feelings and lead to customer enjoyment of spending time in the store. Customers may like shopping because a store provides a sensory experience that stimulates excitement. Taking in the new merchandise, the sounds and smells of a retail store can provide customers an enjoyable escape from everyday routines. Therefore, retailers must offer a pleasant shopping experience in order to attract, retain customers and influence consumers' willingness to purchase or entice them to stay in the store for a longer period of time (Seock & Lin, 2011:96). Store attributes are positively related to the level of pleasure that consumers experience in the store (Chang, Cho, Turner, Gupta & Watchravesringkan, 2015:137), and enable consumers to form perceptions of store offerings, image and play an important signalling role in a retailer-customer relationship (Wang & Ha, 2011:327). Investment on specific store attributes

has a significant impact on customer assessment of a store and it has a diverse impact on perceived relationship investment and buying price. Similarly, it believed that investment by in store attributes further creates a psychological link between retailer and customer which leads to long term relationship (Ghafoor & Abrar, 2015:414).

Retailers have also realised the importance of store attributes and have systematically tried to avail ambience, including appropriate colours, music and so on that will attract their target customers (Ghosh, Tripathi & Kumar, 2010:77), as stores with favourable attributes are likely to increase the positive buying experience and customer satisfaction as well as affecting the time the customer spends in the store and the amount spent (Theodoridis & Chatzipanagiotou, 2009:711).

2.7   AN OVERVIEW OF RETAILING IN SOUTH AFRICA

Retailing in South Africa is a rapidly changing scenario with new competitors and technological advances in doing business. South Africa has a wide range of retailers who have evolved to serve the needs of a marketplace that is characterised by many different groups of potential customers in terms of race, income and culture (Terblanche et al., 2013:26). The retail industry is divided into organised and unorganised sectors. Organised retailing refers to trading activities undertaken by licensed retailers, while unorganised retailing, on the other hand refers to unlicensed or informal retailers (Bawa, Gupta & Sharma, 2013:39). Retailers are classified into two major areas, namely: food retailers and general merchandise retailers. The most common food retailers that are visible in South Africa are full-service supermarkets, hypermarkets, warehouse clubs and convenience stores (Terblanche et al., 2013:42). The South African food retail industry is highly concentrated and dominated by four retailers namely Pick 'n Pay, Shoprite/Checkers, SPAR and Woolworths. All the larger retailers in South Africa have been expanding their activities within South Africa, the number of retail stores in South African increased by 77 per cent to a total of 2 125 stores from 1994 to 2005. Growth in the retail industry is also sustained and stimulated by the good performance of the South African economy and the emergence of a strong black middle socio-economic class (Bienabe & Vermeulen, 2007:3).

The retail industry in South Africa continues to grow exponentially, as evidenced by the increase in the number of new shopping malls. South Africa has some of the largest retail enterprises in the world, and is the largest economy in Africa (Mafini & Dhurup, 2015:1295). Over the past decade, supermarkets have emerged as important agents of change in developing countries. Supermarkets have gone beyond the upper income consumers to penetrate the mass market middle class, lower middle class, and the poor (Neven, Reardon, Chege & Wang, 2006:103). South Africa's retailing industry has also witnessed an increase of hypermarkets. While hypermarkets have been in existence in South Africa for quite a while, the past decade has seen a remarkable shift from convenience store investment to hypermarket investment (Chinomona & Omoruyi, 2015:60).

Since the late 1990s, the number of supermarkets in South Africa has been steadily growing (D'Haese & Van Huylenbroeck, 2005:97), and have progressed exponentially in the retailing field in the last two decades. Such progression is evident in the retail industry, where major retail stores (including supermarkets and hypermarkets) were responsible for more than half of South Africa's turnover on groceries, toiletries and confectionery (Dhurup, Venter & Oosthuyzen, 2014:140). Supermarkets are not a new phenomenon in South Africa. OK Bazaars introduced the concept of the supermarket into South Africa in 1948 and by 1999 the top five South African supermarket chains had a total of 1763 stores and a 72.1 per cent market share. The other six major chains are Shoprite, Pick 'n Pay, Woolworths, SPAR, Massmart and Metro Cash and Carry (Metcash) with the last two performing both retail and wholesale functions (Louw, Vermeulen, Kirsten & Madevu, 2007:541). Supermarkets are spreading quickly in developing countries, the take-off is driven by an avalanche of foreign direct investment (Reardon & Hopkins, 2006:522), and as such South African supermarkets have expanded their operations into foreign countries and are beneficial to small-scale farmers in those host countries. South African supermarkets expand their market share in foreign countries through buying other supermarkets, franchising, and forming partnerships with other supermarket chains (Emongor & Kirsten, 2009:62).

The South African retail trade environment in townships and rural areas was dominated by small, mainly informal, business traders offering basic products to a low-income consumer market. Now of late, South African townships are emerging as the new markets for national retailers, especially supermarket chains. The increasing movement of formal retailers into previously untapped middle-and low-income markets has resulted in an increase in shopping centre development in townships (Tustin & Strydom, 2006:48).

2.8   THE IMPORTANCE OF THE RETAIL INDUSTRY

Retailers are the active intermediaries between primary producers and manufacturers (Jones, Comfort & Hillier, 2009:816), and provide a wide range of services to the producers as well as the consumers by reducing the amount of effort required by the manufacturer in distributing products to the final consumers and providing a vast market coverage to products. Retailers also increase the efficiency of exchange and lead to higher performance by providing immediate delivery of goods to the consumers at places convenient and accessible to them (Sharma, 2014:22). Retailers also help create place, time and possession utilities.

Figure 2.3 illustrates functions performed by retailers which among others include collecting product assortments and offering them for sale, proving information to customers, storing different products, marking prices and eventually concluding transactions the customers. Other functions performend by retailers include sorting products, breaking bulk, holding stock, being a channel of communication, storage of products, advertising and acting as a contact point between manufacturers and ultimate consumers (Chand, 2010:4).

Figure 2.3 Functions performed by retailers

```
                              ┌─────────────────────┐
                        ┌────→ │ Collect product     │
                        │      │ assortments and     │
                        │      │ offer them for sale │
                        │      └─────────────────────┘
                        │
                        │      ┌─────────────────────┐
                        ├────→ │ Provide information │
                        │      └─────────────────────┘
  ┌───────────┐         │
  │ Retailers │─────────┤      ┌─────────────────────┐
  └───────────┘         │      │ Store merchandise,  │
                        ├────→ │ mark prices and pay │
                        │      │ for goods           │
                        │      └─────────────────────┘
                        │
                        │      ┌─────────────────────┐
                        │      │ Conclude            │
                        └────→ │ transactions with   │
                               │ final customers     │
                               └─────────────────────┘
```
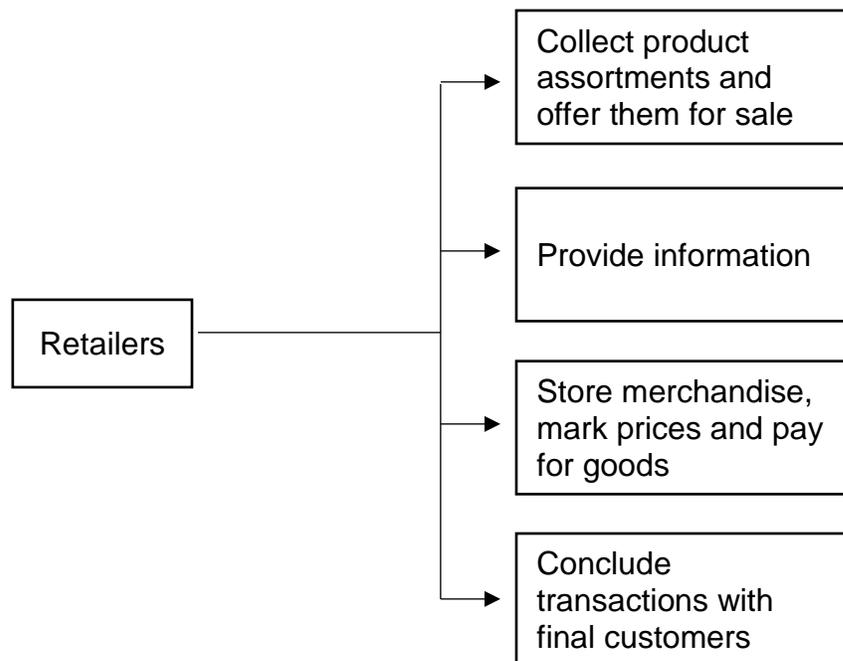
Source: Gupta, Mittal & Nayyar (2011:2)

Retailing is a catalyst for economic development and social growth. It makes a massive significant contribution to the economy primarily through job creation, foreign direct investment and creating linkages with other sectors of the economy (Mokhlis, 2014:146). Retailing has a tremendous impact on the economy, it has high annual sales and employment. As a major source of employment retailing offers a wide range of career opportunities including store management, merchandising, visual merchandising marketing, and owning a retail business. Consumers benefit from retailing because retailers perform marketing functions that make it possible for customers to have access to a broad variety of products and services (Gupta, Mittal & Nayyar, 2011:2).

Retailing supports co-operation and collaborative networks between manufacturing companies and consumers because of their crucial position in the supply chain as a direct link. Retailers are often well positioned to create new relationship forms in distribution channels and consumption patterns (Castaldo et al., 2009:13). Retailing has great

influence and impact upon the consumption and food access to consumers (Freath & Hare, 2004:1563).

Retailing is an effective touch point for enhancing the customer experience (Joshi, 2014:89), and involves managing a large number of stock-keeping units (SKUs) in their assortment of products (usually not manufactured by the firm), making decisions and frequent modifications on many retail mix elements for each SKU, interacting with numerous and often diverse groups of end users, dealing with a large number of vendors, and responsible for the logistic process of selling and delivering products to their end users (Zhang, Farris, Irvin, Kushwaha, Steenburgh & Weitz, 2010:168). Retailing further offers pleasurable or even entertaining shopping experiences to customers by continuously engaging consumers and stirring their interest in a given store (Esbjerg, Jensen, Bech-Larsen, Dutra de Barcellos, Boztug & Grunert, 2012:445).

2.9   THE CONTRIBUTION OF RETAILING TO THE ECONOMY

The overall objective of retailing is creating and developing services and products that meet the specific needs of customers and offering these products at competitive, reasonable prices that will still yield profits (Muthupriya, 2013:666). The retail industry contributes to economic growth and lately environmental stewardship (Makhitha, 2015:501). Retailing creates a totally new demand in the economy. Households are now exposed to products and services they had never seen before, the tempting value proposition and an inviting atmosphere is making them purchase these items. Without any retailing activity, money would have been sitting idle in some bank, but now the money is out in the marketplace, helping the manufacturers to come out with new and innovative products (Dutt & Gahlot, 2012:666).

Retailing is one of the pillars of the economy and contributes significantly to the country's Gross Domestic Product (GDP) (Bawa, Gupta & Sharma, 2013:37). It is the largest private industry and second largest employer. It has emerged as one of the most appealing investment areas for domestic as well as foreign investors. The retail industry contributes to economic growth which is believed to improve living standards of the local

population and gives better value to end consumers (Selvam & Kannaiah, 2015:1). In South Africa, the retail industry is the fourth largest contributor to gross domestic product and employs 22 per cent of the active work force (Terblanche et al., 2013:20). The retail industry of South Africa represents almost 14 per cent of the total gross domestic product (Garg & Steyn, 2015:244) and employs approximately 1 800 000 people in South Africa (Terblanche et al., 2013:27). The supermarket industry alone generates annual sales in excess of about $500 billion internationally (Gauri, Trivedi & Grewal, 2008:256).

The South African retail industry is a major contributor to the economic development and wellbeing of large numbers of people employed in this industry and this means that it has a significant influence on people's lifestyles (Hefer, 2012:1489). Whilst providing direct employment, retailing drives the growth of a number of activities in the economy, which in turn will open up employment opportunities to several people. This includes the small manufacturing sector especially food processing, textiles and apparel, construction, packing, Information Technology, transport, cold chain, intermediaries associated with the traditional supply channels and other infrastructure. Modern retailing can bring in new technology and reduce consumer prices, thus stimulating demand and thereby providing more employment in production (Goel, 2013:687). Retailing is not only bringing in more money and new jobs, it will also enable retailers to offer the best products to the consumers (Anuradha & Rao, 2013:244).

Retailing provides huge investments in infrastructure, which leads to a rise in improved productivity, manufacturing and food processing as well as cold storage facilities. This would cut down wastage and spur growth in employment generation, exports, acquisition of new technology and knowledge, human capital development, contribution to international trade integration, creation of a more competitive business environment and enhanced local enterprise development (Kannaiah & Selvam, 2014:13). Well-developed infrastructure helps improve logistics and leads to efficiency gain in retailing (Aggarwal & Noman, 2013:3343).

Retailing is an industry that generally attracts investments from all over the world (Prabhakar, 2012:219). Retailing attracts Foreign Direct Investment (FDI) which is investment in a foreign country through the acquisition of a local company or the establishment there of an operation on a new site. Foreign Direct Investment refers to capital inflows from abroad that is invested in order to enhance the production capacity of the economy and acquire lasting or long-term interest in enterprises operating outside of the economy of the investor (Selvam & Kannaiah, 2015:2). Foreign direct investment in retailing can be a powerful catalyst to spur competition by pulling up the quality standards and cost-competitiveness of producers in all the segments and giving a further boost and opportunities to micro, small and medium traders (Poddar & Khan, 2012:143). South Africa is a leading foreign direct investment destination on the African continent, attracting investors looking to set up their African headquarters. Recently, investors from emerging markets have joined companies from developed countries in establishing offices in South Africa with a view to using the country as a springboard into other countries in Africa (Games, 2012:1). One such movement came from Walmart, the world's largest retailer, which is poised to make its mark on food retail and establish a base in South Africa (Bernstein, 2013:24). Walmart invested $2.4 billion in South Africa's major retailer, Massmart Holdings (Ighobor, 2013:4).

2.10   THE EVOLVING RETAIL LANDSCAPE IN SOUTH AFRICA

Contemporary retailing has evolved from being a buying ritual in the exchange process to delivering a joyful shopping experience. Retailing now offers an integrated series of events leading to a pleasurable, involving, relaxing, rewarding, delightful retail customer experience in the shoppers' life (Bagdare & Jain, 2013:790). Retailers are now moving towards a large consumer base with focus shifted from upper income consumers to the middle class. The lower income and middle income segments are being targeted by a different value proposition of product, prices and services (Mehta, Mehta & Sharma, 2012:12). South Africa is also undergoing rapid social and political changes and these changes are affecting the market for retail products, as there is now talk of a South African market rather than a white market or black market (Herdan, Abratt & Bendixen, 2015:101).

Retailing defines much of the cultural landscape of cities as municipal authorities and developers design and build convenience outlets, strip malls and megamalls, power centres, and big-box one-stop shops that cater to assorted income, gender, life-cycle, and ethnic groups (Ó hUallacháin & Leslie, 2013:397). The South African retail environment is highly sophisticated with advanced support from local producers and well developed supply chains (Dakora & Bytheway, 2014:194). The structure of grocery retailing in South Africa is highly concentrated with the five largest chains accounting for 60% of the market. Shoprite (which also trades under the name of Checkers) accounts for 36% of the market, Pick n Pay and Spar each occupies 28%, Woolworths has 8% and is increasing its share rapidly and Walmart entering the market relatively recently which has around 2% market share (Hughes, McEwan & Bek, 2015:5). Consumption patterns within South Africa are complex and reflect the religious and cultural diversity of the country as well as significant variations in personal and household income (De Bruyn & Freathy, 2011:541).

There is also an increasing use of multiple stores and formats since they offer different opportunities to satisfy bundles of wants and needs, depending on the shopping occasion (Bellini, 2015:129). Multi-channel retailing formats enable consumers to conveniently shop in a number of modes, including stores, catalogues, websites and kiosks (Berman & Thelen, 2004:147). Large malls, district shopping centres, high-rise retail towers, department stores, themed shopping streets, street hawkers, open-air bazaars, street-front shops and neighbourhood stores provide a robust retail landscape for both local residents and tourists to browse, to shop and to enjoy (Yip, Chan & Poon, 2012:545). The emergence of these formats has radically modified the competitive landscape of the industry, with significant implications for all channel relationships: it affects horizontal competition between retailers, commercial relationships between retailers and manufacturers and last, but not least, consumers decision-making on purchasing (Bellini, 2015:129).

The ever-changing consumers' psychographic variables like values, activities, interests, opinions, motives and lifestyles have contributed significantly to the growth of store format

typologies (Jayasankara Prasad & Ramachandra Aryasri, 2011:69). As such, retailers have advanced in their use of multiple channels and have replaced traditional structures with multi-channel models. This comes as a result of growing competition in the retail marketplace and increasing reach of the Internet (Dakora & Bytheway, 2013:4046). E-commerce technologies such as e-retailing are becoming increasingly important for South African retailers in integrating into global value chains, as they become exposed to the demands of more sophisticated markets. The Internet is known to provide businesses with new ways of doing business transactions in an increasingly sophisticated and competitive environment (Dubihlela & Grobler, 2013:72).

2.11   CATEGORIES OF FOOD RETAILERS

There are two types of merchant based retailers - that is food and general merchandise retailers (Singh, 2009:46). Food retailers are normally classified as (1) hypermarkets, (2) superstores, (3) supermarkets, and (4) convenience stores (Tassou, Ge, Hadawey & Marriott, 2011:147). Other types of food retailers include national and regional chain supermarkets, discount chain supermarkets, independent supermarkets, convenience stores and specialty stores (Block & Kouba, 2006:840).

Food retailers provide goods and services to the customer by providing goods and services for purchase, accessibility of location, breadth and depth of location, assurance of timely and quality-assured product delivery, information, and ambience (Park & King, 2007:102). Food retailers further educate their customers about the products or services in an effective and creative way and informing customers about the latest trends or offers (William, 2013:2357).

The most common food retailers that are prevalent in South Africa are supermarkets, hypermarkets and convenience stores (Terblanche et al., 2013:42).

Supermarkets

A supermarket is defined as a large integrated food store offering groceries, meat, dairy, produce, and frozen food, operating primarily on a self-service basis. A supermarket is an aggregator of more than food and food-related items, and offers self-service to customers and use service, merchandize quality and sales process digitization as baits for competitive advantage that hopes for competitor dislocation (Deb & Lomo-David, 2014:521).

Supermarkets are designed to offer a one-stop shopping experience for the shopper. The general idea is that they stock everything such as groceries, meat and produce, as well as an assortment of non-food items. It could include a bakery, a butchery and fresh fruit and vegetable section (Terblanche et al., 2013:42). Supermarkets provide more stable and affordable access to a greater variety of foods and drinks and affect consumption patterns of households (Rischke, Kimenju, Klasen & Qaim, 2015:10) and account for the majority of food bought to consume in many homes (Maguire, Burgoine & Monsivais, 2015:142).

A supermarket is an important innovation that has transformed retailing (Alexander, Nell, Bailey & Shaw, 2009:529). In a supermarket customers can select what they want from the shelves and then pay for the products at a checkout that will either be self-service or staffed (Hynes & Manson, 2016:171). Supermarkets' success depends heavily on their ability to retain customers (Min, 2010:283). Examples in South Africa would include Boxer, Pick 'n Pay, SPAR, Shoprite and Checkers (Terblanche et al., 2013:42).

Hypermarkets

A hypermarket is a combination of a supermarket and a discount department store occupying and stocking more than 50,000 items (Watchravesringkan & Punyapiroje, 2011:704), and has more than 225,000 square feet of floor space and over 45,000 stock keeping units (Chen & Green, 2009:22). They are characterised by a huge range of products, from groceries to electrical appliances and furniture (Della Crociata, Martellotta

& Simone, 2012:288). Hypermarkets pay great attention to comfortable conditions for customers and their staff (Della Crociata, Martellotta & Simone, 2012:288), and they attempt to under-price traditional retailers by as much as 20 to 40 per cent. To enhance its drawing power, hypermarkets incorporate cafés, video stores, beauty salons, eye-care, and pharmacies (Chang & Luan, 2010:515). Examples of hypermarkets in South Africa include Pick 'n Pay hypermarket, Checkers Hyper, Shoprite Hyper, Spar and Game (Chinomona & Omoruyi, 2015:63).

Convenience stores

A convenience store is a kind of retail business which offers various consumable products for quick purchase in a public and convenient location (Ming-Sung Cheng, Blankson, Sutikno & Wang, 2009:419), open seven day a week with extended trading hours, carrying a limited line of high-priced products and few employees per store. Convenience stores provide convenience of distance, assortment, speed, efficiency and friendly service (Delene, Stautamoyer & Sasaki, 2015:481). Furthermore, Convenience stores offer not only food, snacks, drinks but also daily services, including basic printing, faxing, purchase of tickets (e.g. buses, concerts or sport events), payment of bills and many other services (Chiang, Peng & Chang, 2015:82). They are smaller than supermarkets or grocery stores and have more limited display space (Sharkey, Dean & Nalty, 2012:110).

Convenience stores provide greater access to foods and beverages than supermarkets or small grocery stores and thus influence food choice and consumption, especially in underserved areas (Sharkey, Dean & Nalty, 2012:109). Convenience stores compete with other retail formats primarily on services, such as, food safety assurance, convenience, information, variety, and comfort (Widaningrum, 2015:511).   A few examples of convenience stores would include Kwikspar, Fresh Stop (Caltex), and the Pick 'n Pay Express store.

Food retailing is by far the largest industry within the retail economy and consumer spending. Food retailers collectively account for almost half of all retail sales and the vast majority of consumers visit food retail outlets on an almost daily basis (Jones, Comfort &

Hillier, 2009:816). Food retail marketing has become increasingly attractive due to the growing number of consumers (Skallerud & Grønhaug, 2010:196). The food retail industry is notably a highly competitive and challenging industry that has been experiencing significant change in the past few decades. Retailers have focused on creating successful retail formats, offering a full line of groceries, meat and produce, with some operators offering a mix of general merchandise items (Huddleston et al., 2009:63).

The evolution of food retailers has followed much the same expansion and concentration as other retail segments. Food retailing went through a significant shift from large supermarkets to superstores and hypermarkets, no longer focusing only on food; these stores offer an even wider variety of food and non-food items in stores even larger than seen before (Thomas, 2010:1545). Food retailers have extended their product range to include a seemingly ever wider range of goods and services which includes clothes and footwear, electrical and household goods, telecommunications products and services, home entertainment, toys, books and magazines, pharmaceutical products and financial services (Jones, Comfort & Hillier, 2009:816).

2.12   TRENDS IN THE SOUTH AFRICAN FOOD RETAILING INDUSTRY

There are a number of new trends emerging in the retail industry these include: emergence and adoption of modern retail formats, emergence of value shopping, entertainment-oriented shopping centres, increasing attention and resources to the practice of shopper marketing, adoption and use of e-commerce and online retailing, movement towards electronic transactions, mobile and digital money and the rise and formalisation of township retailing. Other trends include adoption of modern retail formats and internationalisation (Bronnenberg & Ellickson, 2015:2).

2.12.1 Emergence and adoption of modern retail formats

New hybrid formats which combine the characteristics of different store formats are emerging and make the store attributes less distinctive than in the past (Cardinali & Bellini, 2014:438). With the emergence of these modern retail formats, traditional retailers have also transformed themselves in different ways. A number of retailers have increased their shop size and also enhanced the overall merchandise in the store. These transformed retailers are now providing facilities like credit, replacement and home deliveries (Koul & Mishra, 2013:80).

The retail industry has witnessed significant development in the past ten years from small unorganised family-owned retail formats to organised retailing (Jhamb & Kiran, 2012:63). The newly-emerging retail formats are electronic retailing, supermarkets, hypermarkets and convenience stores. They operate under the concept of everything under the same roof. The concept entails having a large floor space to hold the widest assortment of products and providing a large parking lot for shoppers, implementing a discount pricing policy, and self-service techniques based on effective merchandising and sales promotion (Chamhuri & Batt, 2013:102). Modern retailing formats further offer a large variety of products in terms of quality, value for money and makes shopping a memorable experience characterised by comfort, style and speed. It further offers customers more control, convenience and choice along with pleasant experience (Kusuma, Prasad & Rao, 2013:97).

Globalisation of the retailing industry gave birth to mega-sized retailing companies. The retailing industry throughout the world has converted from the domestic market-based traditional market format of the past to large-scale franchising and establishment of brand names, the shops are opened and closed according to the convenience of the buyers. With the expansion of modern retail outlets, consumers can choose which retail format to visit depending on various factors that they perceive as important (Eroğlu, 2013:45). Retailers are also increasing the number of their stores to reach out to more consumers, generating high levels of store concentration and saturation (Merino & Ramirez-Nafarrate, 2015:1). Retailers are also seen to be providing a variety of formats

to cover a wide range of segments in the market (Tripathi & Dave, 2013:479).   In South Africa, supermarkets are expanding through the opening of new store formats. Pick n Pay, for example, recently announced a partnership with BP to build 120 new convenience stores on petrol station forecourts. Woolworths currently has 45 such stores in partnership with Engen (Battersby & Peyton, 2014:155).

Modern retailing formats are steadily replacing traditional outlets in both high and low income markets. Modern retailers offer a much wider variety of products than traditional outlets, thus offering a price level that sole proprietorships do not have the cost structure to match. Modern retail outlets have shown increasing specialization in targeting their customers, particularly in the grocery category and their diverse formats also allow them to adjust to local market conditions (Bronnenberg & Ellickson, 2015:12). Modern retailers also need to remain more in touch with consumer preferences, take advantage of opportunities created by new consumer preferences, and enhance the value they offer to consumers, this will able retailers to redefine their businesses to respond to the new realities of the marketplace (Grewal, Roggeveen, Compeau & Levy, 2012:1).

2.12.2 Emergence of value shopping

Value shopping is the overall worth of a shopping experience (Davis & Hodges, 2012:230), and it is a concept that approaches value from a consumption behaviour perspective (Seo & Lee, 2008:491).   Value has traditionally been perceived to be associated with quality merchandise at a fair price, however, many consumers are now defining value by including not only quality and price but also, often more importantly, a return on the investment of time, effort, and money spent on shopping (Kim, Lee & Park, 2014:2885).

Value shopping represents an ultimate multi-dimensional outcome of a shopping process and includes hedonic aspects, such as entertainment and emotional value (Garaus, Wagner & Kummer, 2015:1004), and also made up of indicator variables relating to both utilitarian and hedonic shopping values. In other words, value shopping is the way in which consumers assess the worth of their shopping

experiences (Rahman, Wong & Yu, 2016:156). Value shopping is also made up of sensory stimulation, entertainment, social interaction, ambience, convenience, efficiency, customer services, product economic value and product performance and consumer's interaction with a store's physical surroundings, personnel, merchandise, and customer-related policies and practices (Davis & Hodges, 2012:230).

Value shopping plays a dominant role in predicting consumer behavioural outcomes such as satisfaction, word-of-mouth and re-patronage intention (Yusof, Musa & Rahman, 2013:97). To satisfy customers' needs, retailers need to understand their customers' value requirements and then develop a unique value shopping offering based on those requirements. This understanding underpins their effort to provide superior value to customers and deliver the proposed services through employees (O'Cass & Sok, 2015:186). Retailers should also integrate inside and outside collaborations with suppliers and customers. It is important that such integration should be seen as a continuous phenomenon creating new value shopping also called value shopping innovation (Matthyssens, Bocconcelli, Pagano & Quintens, 2015:2).

Key for retail firms in creating value shopping is to provide additional benefits (Campbell, Maglio & Davis, 2011:179). Anckar, Walden & Jelassi (2002:213) observed that value shopping can be created in four different ways, namely by offering:

- Competitive prices;
- A broad or specialised assortment;
- Superior shopping convenience; and
- Superior customer service (in all these four broad categories, a comparison to physical retail outlets as well as competing online grocers is implied).

Furthermore, Saarijärvi (2012:382) proposes four key value shopping creation activities, viz. involvement of customers in marketing and sales, service care, new product development, and their management as partial employees. Consumers want to

gain value from their shopping experience which goes beyond functional utility and task orientation (Jackson, Stoel & Brantley, 2011:3).

From the consumer's viewpoint, obtaining value is a fundamental consumption goal and pivotal to all successful exchange transactions (Davis & Hodges, 2012:230). When a consumer receives an intended service or finds an intended item in store, the task-oriented value is prominent. Moreover, the immediate personal gratification generates experiential value (Shukla & Babin, 2013:195).

Prahalad & Ramaswamy (2004:6) conclude by recommending that retailers must efficiently innovate experience environments to enable a diversity of value shopping experiences. They must build a flexible experience network that allows individuals to co-construct and personalise their experiences.

2.12.3 Entertainment-oriented shopping centres

González-Hernández & Orozco-Gómez (2012:762) define entertainment as the group of amenities including general and special shows offered by the shopping centre. General amenities comprise restaurants, food courts and cafes, movie theatres, and play areas for children. Special entertainment includes events such as cultural performances, fashion shows, and Christmas parties. In the same vein, Sands, Oppewal and Beverland (2009:386) believe that retailers should use in-store events to provide shoppers with unique experiences that will enhance entertainment shopping value and help differentiate their stores from competitors.

Today, retailing has become an experience characterised by comfort, style and speed. It is something that offers a customer more control, convenience and choice along with an experience (Hyde, Ubeja, Saxena, Sharma & Sharma, 2014:36). Retail stores are increasingly adding entertainment services to the traditional retail mix. Various services such as events, cinemas, and outdoor dining have been upgraded from bonus activities into core components of the overall retail offering. These extra services aim to provide extra value to customers and ability to generate these experiences is a competitive

advantage for retailers because entertainment is associated with several important retail outcomes such as spending levels, time spent in stores, impulse buying, and willingness to visit a store again (De Nisco & Rosaria Napolitano, 2006:145). Providing entertainment adds to the retail experience and in turn builds customers' loyalty and approach behaviours (Sit & Birch, 2015:1).

Retailers should provide an entertaining shopping experience to customers since customers need it. Such an experience can be offered if retailers engage customers in an enjoyable manner during product acquisition (Singh & Sahay, 2012:238). The shopping experience also provides entertainment and emotions through in-store activities and in-store atmospherics, product discovery, touching and trying products, and social interactions with peers. The enjoyment of shopping is more important than obtaining high value from products (Cervellon, Sylvie & Ngobo, 2015:35).

Locations where there are multiple opportunities for the consumer to engage in diversionary activities are felt to provide greater entertainment value (Shanmugam, 2013:104). Retailers recommend position shopping as an opportunity for combining shopping with entertainment and lifestyle, through offering leisure activities like specialty restaurants, mega-theatres, amphitheatres, museums, and other special attractions (Lotz, Eastlick, Mishra & Shim, 2010:403). Retailers are further encouraged to provide consumers with packaged entertainment experiences, including live performances, commercial cinemas, arcades, and themed restaurants as a way to prolong visits and increase retail sales (Sagalyn & Ashley, 2014:24), and should employ the latest innovative technologies with wireless communication facilities (Anilkumar & Joseph, 2014:4).

2.12.4 Internationalisation of retailing

The term internationalisation of retailing encompasses many interrelated developments such as major retailers based on mature markets establishing a market presence in countries in different stages of economic development, the supply chain undergirding the operations of retailers becoming increasingly global in scope, and the diffusion of retailing

innovations in various parts of the world (Reinartz, Dellaert, Krafft, Kumar & Varadarajan, 2011:54). Retail internationalisation has been on the rise because of consumer demand, growing world markets and need to grow company size (Anwar & Almas, 2015:250). Internationalisation has become the norm for many large retailers around the world. This involvement by retailers in internationalisation is expected to not only grow, but to accelerate (Dimitrova, Rosenbloom & Andras, 2014:243), because of important advantages like organisational learning and developing economies of scale (Assaf, Josiassen, Ratchford & Barros, 2012:191), fostering new interactions and establishing new learning paths (Guercini & Runfola, 2010:909) and most of the time, retailers tend to internationalise their activities in order to exploit a competitive or a differential advantage (Diallo, 2012:91). Bhardwaj, Eickman & Runyan (2011:298) reinforce the notion that retailers further gain competitive advantages through greater knowledge intensity from internationalisation.

Retailers are faced with maturing domestic markets with a year-to-year sales growth close to zero. Moreover, most markets are characterised by a high concentration rate (Özdemir & Kortunay, 2013:423), slow local economic growth and population growth in emerging markets and less developed markets have accelerated the progression of internationalisation by retailers (Reinartz et al., 2011:54), and as such many retailers are increasingly turning their attention to international expansion (Vida, 2015:502), and entering and exploring new foreign markets (Knežević & Marek, 2012:625).

To maintain growth and diversification (Pederzoli & Kuppelwieser, 2015:871), retailers have essentially two options to diversify their operations: firstly diversify across product boundaries or secondly diversify across market boundaries when retailers establish operations in countries from multiple geographic regions, they are exposed to more diverse international markets, thus increasing their degree of international involvement (Dimitrova, Rosenbloom & Andras, 2014 243). To succeed in international expansion, retailers maximise their brand power (Liu, Perry, Moore & Warnaby, 2016:358). Firms that possess a well-defined brand power or an innovative business model are able to

create a competitive advantage within the international marketplace (Lynn Childs & Jin, 2014:37).

Today, operating internationally is increasingly common as an option for growth, but also as a necessity in a scenario in which the domestic market shows increasing levels of competition and commercial saturation. Retailers' international efforts are motivated by the desire to increase sales and profitability and to diversify their customer base (Mollá-Descals, Frasquet-Deltoro & Ruiz-Molina, 2011:1980). Retailers expand internationally through various entry modes by setting up wholly owned subsidiaries or joint ventures. This means transplanting the whole retail format into another country (Gandolfi & Strach, 2009:188). Recently there has been a significant increase in the internationalisation of retail activity in Africa, which also brings in a trend of new retail space developments (Dakora & Bytheway, 2014:194). Shoprite is one of the South African retailers that has internationalised its operations in 16 countries outside South Africa. These countries include Angola, Botswana, Ghana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe, and just recently the Democratic Republic of Congo. The company claims that the international stores operate with the same standards of sophistication as in the home country, South Africa. The group's operations have been successful in these countries and in some cases income has exceeded their projections and expectations (Chidozie, Peter & Akande, 2014:430).

2.12.5 Adoption and use of e-commerce and online retailing

The use of the Internet as a channel for the sale and distribution of goods from businesses to consumers continues to grow (Griffis, Rao, Goldsby & Niranjan, 2012:282). The electronic commerce (e-commerce) revolution started in the 90s in much of the developed world. In the near future, this trend will, without doubt, become not only a tool to increase income but an essential means for business competition as well (AlGhamdi, Drew & Alshehri, 2011:140). The Internet has risen in importance and acceptance among firms and consumers as a way to conduct business (Grant, Fernie & Schulz, 2014:5).

In South Africa, estimates show that over the past decade online retailing has been growing at an average rate of around 30 per cent per year (Mpinganjira, 2015:115). Due to the increased penetration of internet connectivity, online retail is growing from the pioneer phase to increasing integration within people's lives and companies' normal business practices. In the increasingly competitive environment, online retail service providers require systematic and structured approach to have cutting edge over the rival (Kabir, Ahsan & Hasin, 2012:561). Online retailers provide a substantial amount of product information to their customers. The information includes not only product features and customer reviews, but also information on alternative products that may better fit a consumer's needs. The systematic provision of information on alternative products could have a significant impact on consumers' purchase decision processes at online retailers (Gu, Konana & Chen, 2012:625).

The transition from being a brick-and-mortar to becoming a brick-and-click organization is becoming a standard business strategy for retailers to enhance their existing business processes. By incorporating the Internet into their channel portfolios, retailers seek to build upon competitive advantages such as a stable customer base, added revenue, and higher market share. Nevertheless, the benefits of a transition to e-commerce will only be realized when consumers embrace the new online channels (Yang, Lu & Chau, 2013:858).

Online retailing is becoming increasingly important in the rapidly changing retail environment, resulting in an increasing number of store-based retailers that add an online store to their portfolio (Campo, Melis, Breugelmans & Lamey, 2014:56). With the rapid development of social networking services (SNSs), a large number of online retailers have begun to connect their websites with SNSs, such as Facebook and Twitter, and have established a social networking environment for their online store. SNSs are the online services that focus on building and reflecting social networks or social relations among people (Park, Shin & Ju, 2014:91).

Since the birth of e-commerce, businesses have been able to make use of the Internet in reducing costs associated with purchasing, managing supplier relationships, streamlining logistics and inventory, and developing strategic advantages and successful implementation of business re-engineering. E-commerce allows companies to improve communications within the supply chain and enhance service offering, thus providing chances for competitive differentiation (Zhenxiang & Lijie, 2011:195).

2.12.6 Movement towards electronic transactions, mobile and digital money

The term digital money refers to various proposed electronic payment mechanisms designed for use by consumers to make retail payments (Berentsen, 2005). This trend is developing because of the availability, accessibility and security offered by electronic transactions. The popularity and convenience of electronic transactions is leading to the creation of a mostly digital economy (Reid & Van Niekerk, 2013), which has created opportunities for retailers to streamline and automate processes relating to procurement, inventory management and payment collections (Iazzolino & Wasike, 2015:231).

A growing body of literature indicates that money is changing its form from material into digital. Digital money is simply represented by numbers and not metadata like colour, serial number, security means, images and icons (Mesfin, Ghinea & Atnafu, 2014:5). As such, there is also emergence of open source peer-to-peer network money and Bitcoin is one such example, which operates on a competitive money-like system of value exchange, storage, and measurement (Kaplanov, 2012:5). South Africa's first rand-to-bitcoin exchange platform, BitX, was founded at the beginning of 2013 and thousands of merchants are now accepting bitcoins. Ngonyama Okpanum & Associates, a South African company of architects is one retail establishment that accepts bitcoins for payment (Kun, 2014:34).

Innovative ways of making payments at retail point-of-sale based around electronic transaction are proliferating. During the past decade, card-based payments based around cards have become widely adopted in retailing. Retailers have benefited from faster transaction times, increased spending and enhanced customer loyalty while

consumers enjoy the convenience of use, speed of transaction and increased security. More recently, mobile phone-based payments are becoming increasingly popular (Lai & Chuah, 2010:356), mobile devices are used to initiate, authorise and confirm an exchange of financial value in return for goods and services, mobile devices include mobile phones, wireless tablets, and any other devices that can connect to mobile telecommunications networks and make it possible for payments to be made (Au & Kauffman, 2008:141).

Also noted in South Africa, a mobile application has been developed which facilitates electronic payments, linked to customers' bank cards and can be used in anything from the taxi industry to e-commerce. In South Africa, Zapper is being launched in restaurants first, but will be rapidly rolled out into other market segments in the near future. The application works in conjunction with existing point-of-sale systems and customers who have the application installed can pay for their bill from the application and can even elect to add a tip if they choose to do so (Van der Berg, 2014). One advantage of mobile payment systems against other payment forms, is that it brings mobility, customers can make their payments independent of time and place (Dastan & Gürler, 2016:17).

2.12.7 Increasing attention and resources to the practice of shopper marketing
Shopper marketing is defined as the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation (Shankar, Inman, Mantrala, Kelley & Rizley, 2011:29). Shopper marketing is a recent international concept and approach to marketing and in the early stages of development it is also an emerging research field. The shopper marketing approach is based on the assumption and recognition that marketing should address and satisfy other needs besides those of the end-user and consumer. It aims to provide a more gratifying shopping and consuming experience, treating customers in a more holistic manner. The shopper marketing approach goes beyond the end-use, focusing on the shopper needs and integrating them with the consumer needs (Silveira & Marreiros, 2014:1329).

Figure 2.4 outlines the framework for analysing innovations in shopper marketing. It takes into consideration the shopper characteristics, environmental factors shopper behaviour stages and innovations that both retailers and manufacturers can undertake to improve shopper marketing.

Figure 2.4 A framework for analysing innovations in shopper marketing
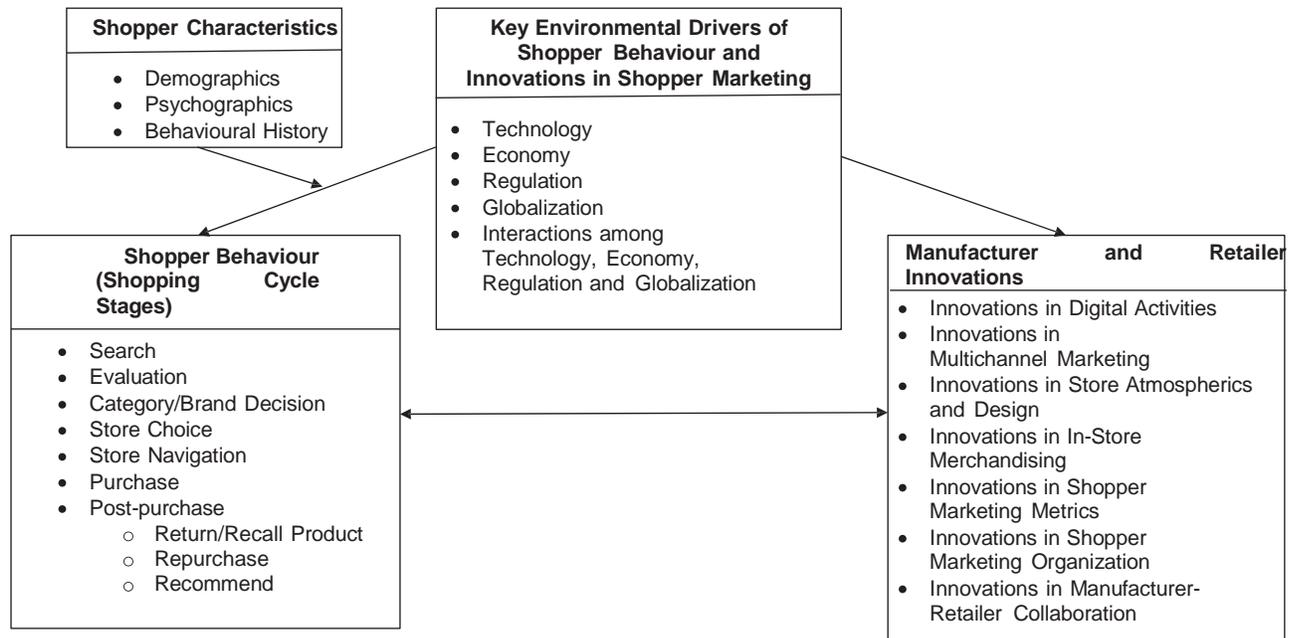
Source: Shankar, Inman, Mantrala, Kelley & Rizley (2011:31)

Direct effects of the four factors on changes in shopper marketing practices, changes in shopper behaviour also lead to shopper marketing innovations from retailers and manufacturers. Shopper characteristics such as demographics, psychographics, and behavioural history moderate the effects of the drivers on shopper behaviour. Shopper behaviour influences innovations in shopper marketing. The environmental factors that drive shopper behaviour and innovations in shopper marketing are technology, economy, regulation, and globalisation. Shopper behaviour in the shopping cycle comprises search, evaluation, category, brand, item choice, store choice, store navigation, purchase, and post-purchase actions which in turn, reshape shopper behaviour. Thus, the relationship

between shopper behaviour and shopper marketing innovations is bidirectional (Shankar et al., 2011:31).

Shopper marketing has fundamentally altered the way in which brand manufacturers, retailers, and all supporting organizations work together to develop strategic marketing and distribution programmes. As a result, it has significantly altered communication along the entire path-to-purchase from out of store through to store merchandising, thus changing shopping experiences (Flint, Lusch & Vargo, 2014:24). Retailers have begun to add digital windows, digital displays and a host of self-checkout options. Retailers also are actively experimenting with applications (apps) that grant consumers a host of advanced functionalities, such as price and availability checks. In stores, some retailers are providing salespeople with mobile tablets and devices to enable them to assist customers more readily and find requested merchandise in other stores or online (Grewal, Roggeveen & Nordfält, 2016:1009). Shopper marketing through the use of emerging technologies has also allowed retailers to personalise the consumer experience in real time. This is leading to a transformation of marketing which is on-demand and tailored to customer's desires leading to real-time access to product and retailer information and the ability to spread evaluations of their experiences (Baik, Venkatesan & Farris, 2014:2).

Shopper marketing has reached a tipping point and plays a very important role in a move away from the short-term tactic of sales promotions to a strategic discipline that plays a key role in an integrated marketing approach. As a result retailers are now opting for shopper-centric store layouts and designs incorporating category management and visual merchandising concepts (Gupta & Madhvapaty, 2014:898). New practices in shopper marketing include the extension of the product inventories, the redesign of the shop layout, the incorporation of category management and the improvement of merchandising (Gavilan, Avello & Abril, 2014:126). Significant changes in retailing have been demonstrated by the rapid progress of technology that has aided the development of retail formats and at the same time intensified competition. Shoppers have become more informed and demanding since information is readily available and there is always a plethora of choices of retail facilities (Wei Khong & Sim Ong, 2014:626).

The goal of shopper marketing is to enable a win–win–win solution for the shopper, retailer and manufacturer. Shopper marketing has emerged as a key managerial practice among manufacturers and retailers (Kiran & Jose, 2012:195), and provides retailers with economic sustainability and it is so efficacious that it represents the fastest growing industry of manufacturer and retail marketing programmes (Payne, Niculescu, Just & Kelly, 2014:112).

2.12.8 The rise and formalisation of township retailing

In South Africa, the term "township" refers to an urban area set aside for non-white people. Townships and locations are synonymous terms referring to portions of land set apart by a municipality somewhere on the outskirts of the town, upon which "natives" are allowed, under certain regulations, to reside, where native people refers to Black, Coloured (mixed race) and Indian people (Mashaba & Wiese, 2015:4). Traditionally retailing in the townships was independently owned and operated from a house, a stall alongside the road or a corrugated shed. In contrast, national chains have been predominantly located in suburban areas traditionally catering for the needs of (white) middle to higher income consumers (De Bruyn & Freathy, 2011:542).

After 1994, the South African government decided on a review of the commercial sectors in the townships so that these could be properly planned and developed. This opened up new retailing infrastructure opportunities in the townships such as shopping centres and regional shopping malls (Strydom, 2013:2865). It has also been observed that in the past two decades drastic changes have occurred in the business environment of the previously disadvantaged townships of South Africa. Moving from an unplanned business infrastructure consisting of scattered formal and informal businesses, these townships have graduated to state-of-the art shopping malls with an impressive array of national retailers and all the largest brand name shops in South Africa available. (Strydom, 2015:463). Large retailers in South Africa moved into townships carrying a wide range of products and utilising modern technology. They offered customised services, they streamlined their service delivery to maintain reliability. The staff of these stores usually

have a closer relationship with their local customers and can offer them more personalised service (Du Plooy, De Jager & Van Zyl, 2013:98).

With an increase in spending power amongst the Black middle class, this growing segment has become a lucrative investment opportunity for many retailers in South Africa. Townships have increasingly been seen as untapped new markets, resulting from being underdeveloped and underserved by the previous apartheid government. Particular attention has come from the retail industry, resulting in increased interest from retail chains investing in this untapped market, and an increased number of malls and shopping centres being built in townships and rural areas (Mashaba & Wiese, 2015:4). South African townships are emerging as the new market for national retailers, especially supermarket chains. The increasing movement of formal retailers into previously untapped middle and low-income markets has resulted in an increase in shopping centre development in townships. This trend confirms that retail development in townships has gathered momentum and this is expected to continue (Tustin & Strydom, 2006:48).

In South Africa, major supermarket chains are expanding into townships, rural areas and lower income urban areas previously without supermarkets. This expansion can be attributed both to the growing disposable income among Black consumers, which has effectively opened new markets to the supermarkets and their subsidiaries (Battersby & Peyton, 2014:155). Townships are seen as untapped new markets, and as a result there is an increased interest from retail chains investing in this untapped market, and an increased number of malls and shopping centres being built in townships and rural areas (Mashaba & Wiese, 2015:4). Townships are viewed as important new emerging markets for national retailers (Donaldson & Du Plessis, 2013:297).

Townships in South Africa represent a unique trading environment for both manufacturers and retailers. A major growth area in South Africa is the townships that have created a new demand for consumer goods and services. The result is a fast growing informal sector, known as the second economy and the black middle-class also referred to as the

Black Diamonds, which is growing substantially, and accounts for almost half of South Africa's spending power. This has caused manufacturers and wholesalers to acknowledge the informal retailer as an important delivery channel of goods to consumers (Beneke, 2014:22). Rapid income growth of township residents since 1994 has resulted in a substantial increase in consumer expenditure in these areas, known as in-bound shopping. This lucrative emerging market forms the last retail frontier in South Africa and is being explored by national retailers, especially supermarket chains. This increasing movement has resulted in an increase in shopping centre development in townships (Ligthelm, 2008:38).

2.13   RETAIL PRODUCTIVITY

Retail productivity is one of the most significant and widely used methods of retail performance measurement. Retail productivity can be defined as the ratio of output to input and in the retail context (Mishra & Ansari, 2013:348), and has a significant impact on the control and management of retail firms, and providing vital information for a number of tactical, strategic, and policy-related decisions (Yu & Ramanathan, 2009:109). However, measuring productivity is a challenge in the retail industry, because no consensus on the proper measures of retail inputs and outputs has been established (Shin & Eksioglu, 2015:90), as productivity in the retail industry is notoriously hard to measure and not well understood (Basker, 2012:2).

Given their low profit margins, food retailers are concerned about improving productivity performance (Keh & Chu, 2003:75). Analysing productivity and efficiency have become an important activity in retailing (Yu & Ramanathan, 2009:109). Food retailers operate in an industry that traditionally has low profit margins, productivity is therefore measured through sales volumes. Retail managers have developed extensive interest in benchmarking and understanding factors that influence their effectiveness in generating sales volumes, which include market efficiency, consumer welfare loss and sales force efficiency (Gauri, 2013:1). The most commonly used measure of retail productivity is labour productivity, the ratio between a measure of output (frequently sales or gross value added) and a measure of labour (the number of employees or man-hours worked) (Higón

et al., 2010:203). Examining productivity in retailing can be broadly classified as measuring the impact of market factors or managerially controlled variables in productivity (Yu & Ramanathan, 2009:109).

Retail productivity can be used to differentiate firms and provides the foundation to develop strategies for growth and diversification (Dubelaar, Bhargava & Ferrarin, 2002:417). Productivity measures companies' efficiency in generating outputs with limited input resources, and it can be used to compare companies in the same industry (Shin & Eksioglu, 2015:89). Improving productivity is an increasingly important objective of many retailers (Banker, Lee, Potter & Srinivasan, 2010:25). As improved retail productivity helps to lower costs, thus enabling companies with the lowest cost structure to be the low-price leader, retailers with lower costs than their competitors also generate higher margins, and retailers can ensure their long-term future by investing in new technologies and research as a result of higher productivity (Keh & Chu, 2003:75). Maintaining high productivity is a key to maintaining high profitability on a long-term basis (Shin & Eksioglu, 2015:89).

The retailers that achieved the highest efficiency scores are considered as benchmarks and the efficiency of the other firms is evaluated relative to this benchmark. Two outputs (sales and profits before taxation) and two inputs (total selling floor space and number of employees) are introduced for efficiency measurement (Yu & Ramanathan, 2009:109). To improve retail productivity, retailers may include the adoption of information technology (e.g., scanners, barcodes and credit card processing machines), inventory and price management, wholesale and distribution networks, economies of scale and density, intangible assets and skills, and vertical contracts and integration (Maican & Orth, 2015:62). Retailers may also develop an output-to-input ratio system, which can handle multiple inputs and outputs in order to go beyond basic labour or capital productivity measurement (Donthu & Yoo, 1998:91).

2.14 RETAIL STORE EFFICIENCY

Efficiency refers to the relationship between inputs and outputs, while effectiveness focuses on outputs relative to a particular objective (Thomas, Barr, Cron & Slocum, 1998:488). Retail efficiency is about lowering costs, increasing margins, and being able to invest in new technologies and research (Feng, Pan, Tang & Xu, 2015:84). Efficiency is generally regarded as one of the primary goals in the retail industry which usually involves a large amount of distribution activities and resources (Lau, 2013:598).

Efficiency levels in retailing can be measured through product availability, reliability, flexibility, speed, and order cycle time and storage density (Saleheen, Miraz, Habib & Hanafi, 2014:64), store format is also known to contribute substantially to retail efficiency and productivity (Wood & Reynolds, 2012:1077). At times, high product variety leads to loss of efficiency and an increase in the defect rate (Sternbeck & Kuhn, 2014:816). Efficiency is seen in terms of return on investment, return on sales and return on assets, whereas effectiveness is interpreted as profit growth (built on profit margins); sales growth (from reliable, quality products and services); and market share that adds credibility and value to the company brand (Tajeddini, Elg & Trueman, 2013:453). Retailers may also evaluate the efficiency of investment by utilizing return on assets (ROA) (Kato & Kijima, 2013:56).

To attain satisfactory returns retailers must be efficient in their operations which would determine their success. Every retailer formulates many plans during every fiscal year, new season and festive season to increase their sales and improve their customer satisfaction. These are important determinants or parameters for measuring efficiency of operations in a retail store (Sharma & Choudhary, 2011:99). Efficiency of retail operations should be improved through Quality Management System (Valeeva, Sharafutdinova & Kulkova, 2014:555).

Efficiency analysis provides vital information for a number of tactical, strategic, and policy-related decisions in the retail industry and it can be used to differentiate firms and provides the foundation to develop strategies for growth and diversification (Sellers-Rubio & Más-

Ruiz, 2009:653). To achieve greater efficiency, economies of scale and waste elimination are key (Lau, 2013:598).

Efficiency evaluation and benchmarking are widely used methods to identify the best practices as a means to improve performance and increase productivity. Measuring efficiency levels has become an important issue for retail managers and investors alike. Consumers also benefit from efficient resource usage and allocation because this may mean lower prices and more professional service (Mostafa, 2010:255). Thus, retail efficiency can be evaluated using Data Envelopment Analysis (DEA). DEA is a mathematical programming technique commonly used for estimating the efficiencies within retail establishments as to how they are able to convert their resources to good performance (Yu, Ramanathan & Nath, 2014:20). Finally, policy-makers have traditionally been interested in employment, competition, and equity issues that emerge from the study of retail productivity and efficiency (Sellers-Rubio & Más-Ruiz, 2009:653).

2.15 RETAIL EMPLOYEES

Retailing is a labour-intensive industry with employee costs accounting for a significant percentage of a retailer's administrative costs (Tang, Liu, Oh & Weitz, 2014:62). Retail employees are often the primary contact customers have with retail firms, and as such, retail employee performance can play a key role in affecting customer outcomes (Netemeyer & Maxham, 2007:132). Employees who work in the retailing industry are required to have the interpersonal skills displayed by individuals who care about other people. Extra behaviour is the behaviour of the best work that far exceeds that required in the job. This extra behaviour will have an impact on improving the effectiveness and viability of the organization (Tecoalu, 2015:394).

Retail employees are responsible for a wide variety of tasks. They must straddle the boundary between the organization and its customers with their often contradictory demands, produce innovative solutions to non-routine and varying customer needs, as well as manage and adjudicate among the differing role expectations from inside and outside the organization (Johlke & Iyer, 2013:58). Retail employees are champions and

ambassadors of a store and should serve customers with confidence and efficiency (Naicker & Brijlal, 2012:6474).

Retail employees play an important role in most retail organizations as they provide the services needed by their customers. Both customers and employees are human beings and may be influenced by their feelings and thoughts (Sharma, Tam & Kim, 2012:522). Interaction between retail staff and customers becomes increasingly important, as this represents the primary means by which retailers establish relationships with customers. Retail organisations, more than most, are able to distinguish their service offering through customers facing staff, and the human element in retail settings is arguably the most important primarily because, in their search for information, customers draw upon such encounters to help constitute their buying decisions (Resnick, Foster & Woodall, 2014:839).

Wong (2013:93) submits that interaction between customers and retail employees is the heart of service experience creation creating branded experience through various touch points including the physical store setting and the customer service. It is people that make brands great and customer experiences memorable, hence, retail employees are a crucial component in delivering positive customer experiences, and they should be empathetic and responsive to customer needs. Customers develop positive or negative emotions from the interaction with service personnel. Addressing the customers by their names, using respectful words, and greeting them warmly are means to nurture customer experience and hence loyalty. As seconded by Jung & Yoon (2013:34) that in the food retail industry, employees' attitude and service quality play a central role in enhancing customer experience. Retail employees 'service is critical for the success of a business, and accordingly, employees' satisfaction leads to customer satisfaction.

Maintaining the same view point, Khare, Parveen & Rai (2010:303) contend that the behaviour of the retail staff is important because of the intangible elements of services and emphasizes the dependence customers feel on the retail staff to solve their problems. The physical attractiveness of the staff is vital in creating a favourable impression in the

minds of the customers and enhancing the retail experience. Agarwal, Singhal & Goel (2014:732) further note that the behaviour of retail employees is critical to customer evaluations of the service encounter. Not surprisingly, organisations can create a distinct and sustainable competitive edge by providing an excellent service delivery process. Most often, a service involves frequent or extended person-to-person encounters between the contacts employee and the consumer. In such instances, the service provided is inseparable from the contact employee; hence, the contact employee plays an important role in the delivery of service quality as well as the formation of customer satisfaction. The degree of satisfaction, in turn, influences customers' behavioural responses in the form of customer loyalty, word-of-mouth, or switching behaviours.

In retail outlets, customer service is delivered by front-end employees. Customer service has played a very important role in every business and hence it is important to emphasise on training of employees rather than on material resources. As front end employees meet customers and are responsible for customer service delivery, their skills impact on how store image is perceived by the customers. Focus should therefore, be on employee satisfaction and as satisfied employees can better deliver customer satisfaction.   The training in behavioural and technical skills imparted to the employees enables them in delivering customer satisfaction (Chopra, 2014:239). Apart from affecting customer satisfaction via service quality, employees are also able to influence customer satisfaction directly through their emotional status.   Customers who are exposed to happy service employees experience positive attitudinal judgments towards a product (Feng, Wang & Prajogo, 2014:128). Retail companies should therefore pay a great deal of attention to employees' satisfaction as it will in return result into employee's satisfaction with the job and their sincere attitude toward customers improves customer satisfaction (Jung & Yoon, 2013:1). Satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more (Barnes, Ponder & Hopkins, 2015:433).

2.16 CONCLUSION

Chapter two presented background into the retailing concept, an overview of the South African retail industry, retail strategy and trends within the South African retail industry which provided the synopsis of the crucial aspects of which this study focused on. Furthermore, this chapter also highlighted the importance of retailing and its contribution to the country's economy. Retailing is the backbone of the economy as it provides employment and further adds value to products and services sold to end users.

Chapter three discusses customer service, its importance and other key factors associated with it.   The chapter should provide more insight into what customer service is and its construct within the retail context.

CHAPTER THREE
CUSTOMER SERVICE

3.1   INTRODUCTION

In this age of massive competition, customer service is too important to leave to chance (Clemmet, 1998:53), it is the lifeblood of any business (Lalla, Cowden & Karodia, 2015:233), and a key factor that influences consumers' choice of retailers, and other service providers (Blodgett, Wakefield & Barnes, 1995:31). Providing customer service is a key strategic objective and a core value for any business (Myeni, 2016:3).

The previous chapter provided an overview of the South African retail industry. This chapter therefore discusses customer service, its importance and other key factors associated with it, as fundamental elements of customer service are not well understood (Chen & Tsou, 2012:72). The chapter aims to provide more insight into what customer service is and its construct within the retail context. Customer service in the retail context is different from any other industry, in the retail industry, customer service is the distinction process aimed at differentiating retailers, satisfying customers, retaining them and ultimately creating customer loyalty (Srivastava et al., 2015:44).

3.2   CUSTOMER SERVICE

According to Andreassen & Olsen (2008:309), customer service comprises creating and delivering the service in the customer's presence, providing information, taking reservations and receiving payment. It is an element of the retailer's market offering that which takes place in all phases of a service's life-cycle in the pre-purchase phases (e.g. providing information to make a better decision or training customers in using the service), during the purchase (e.g. front-line employees' service-mindedness, skills and competencies when attending and responding to customer needs) and post-purchase (e.g. providing information pertaining to usage, honouring guarantees or providing repair and spare parts). Customer service is provision of service to the customers before, during and after a purchase (Dhammi, 2013:124). It is all about the retailer activities that increase the value received by consumers when shopping. Customer services are

tangible or intangible value increasing activities which are related with products or services directly or indirectly to meet customer expectations and finally to provide customer satisfaction and loyalty (Kursunluoglu, 2014:532).

The customer service process is defined as structured sets of work activity that lead to specified business outcomes for customers (Setia, Venkatesh & Joglekar, 2013:567) which can be categorised into three tiers. The first tier is reliability, which means performing the basics well. The second tier is resilience or the ability to respond to failures of the customer service systems. The third tier is referred to as creativity or innovation. Creativity means developing value-added programmes for the customers such as direct store delivery or packaging innovations (Theodoras, Laios & Moschuris, 2005:355). Elements of customer service comprise all the external factors that stimulate the consumer's mind. The interpretation of the individual elements of Customer service is considered a cognitive activity which involves interpretation within established schemata in memory that are based on existing knowledge structures (Marx & Erasmus, 2006:58). Customer service can be measured in many dimensions such as service empathy, access time and courtesy of staff but this study will consider the main dimension of service quality, service speed and responsiveness (Hassan, 2013:81).

Customer service has become a dominant objective for retail managers. In this competitive world, high levels of service have become a minimum requirement for establishing and maintaining a presence in the market (Schary, 1992:341). It is the way in which the retailer would like to have they services perceived by customers, employees and shareholders. It is also referred to as the retailer's business proposition or customer benefit package, things that provide benefit and value to the customer (Goldstein, Johnston, Duffy & Rao, 2002:123). Customer service is seen as another source of competitive advantage with greater revenue generating potential among retailers (Sade, Bojei & Donaldson, 2015:544). Fallah (2011:199) affirms that customer service is a competitive means that differentiates retailers. Customer service greatly affects customer satisfaction and loyalty, which results in organisation's profitability. Therefore, providing

satisfactory service levels to customers must be the priority for any retailer. Providing high service levels is costly, so it is important to set service levels in a cost-effective way.

The model of the customer service, satisfaction and profitability demonstrates the process of how customer service can affect profitability of an organisation through customer satisfaction as follows:

Figure 3.1 Customer service, satisfaction and profitability model
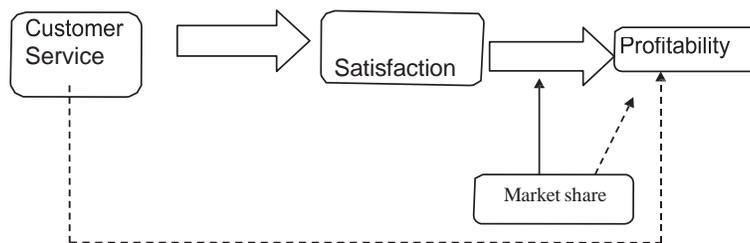
Source: Steven, Dong & Dresner (2012:746)

Figure 3.1 illustrates how customer service can affect profitability of an organisation through customer satisfaction, as Hassan (2013:79) notes that customer service incorporates a series of activities that enhance the level of customer satisfaction which is, the feeling that the product or service has met the customer expectations. Customer service leads to greater satisfaction amongst customers, increase in market share and eventually the profitability of the retailer.

3.3   CUSTOMER SERVICE STRATEGIES

The customer service strategy of a retailer should consider the retailer's overall objectives, competition, financial costs associated with it and customer's service needs. The strategy should state the position in the market the retailer would like to occupy and the benefit they would like to offer to their customers. Most retailers use services to create stronger relationships with the customers (Terblanche et al., 2013:276). Customer service strategies also explore new opportunities by adding services to increase customer satisfaction and strengthen the credibility of the retailer. Resources the retailer could emphasise with this strategy include informational resources that improve contact with

the company (Löfberg, Witell & Gustafsson, 2010:430), and should capture all services enhancing quality in customer relationship and supporting retailers to augment their product offering (Lightfoot & Gebauer, 2011:666). Customer service strategy should be to encourage consumers to expect the highest level of service that can be delivered (Ku, Kuo & Chen, 2013:448).

Retailers that use the customer service strategy offer services that are related to the sale of their products, such as information or billing services (Löfberg, Witell & Gustafsson, 2010:430), and should design their customer service strategy around the pre-transaction, transaction, and post-transaction elements of the sale in order to obtain a differential advantage and help in retailer differentiation (Dunne, Lusch & Carver, 2014:491).

In developing customer service strategies the retailers must analyse customers' requirements, the company's performance, and competitors' performance. The retailer must divide the overall service into various service elements, conduct a survey among the customers, and measure the importance of these service elements to the customers as well as the performance of the company and its main competitors on these services (Huiskonen & Pirttilä, 1998:253). Retailers also need to base the strategy on customers' views and involve staff in the process to ensure buy-in from all involved. In summary, to deliver customer service excellence retailers must establish what customers really want from their service, understand customers' priorities and what they think about the current performance, identify internal barriers to delivering service excellence, involve employees in identifying what needs to change, use the results of research to develop strategies for improving service performance, set a plan to change over time, and make service excellence a way of life (Etherington, 2002:72).

3.4   APPROACHES TO CUSTOMER SERVICE

There are two types of approaches that the retailer can utilise in offering customer service to customers. The two types are customised and standardised customer service.

3.4.1 Standardised customer service

Standardised customer service is based on establishing a set of rules and procedures and being sure that they are implemented consistently.   Standardised customer service drives toward systems of uniformity by offering the same service to their customers with minimal customer interaction in the service encounter. Standardised customer services assists in obtaining large scale economies, maintaining service quality and supporting system brand equity (Weaven, Grace & Manning, 2009:94).

Retailers with standardised customer service make sure that customers receive the same service at each of their outlets through standardisation obtained by establishing a set of rules and procedures, making sure that those are implemented consistently. They also should try to standardise store formats, properties and equipment in each outlet as much as possible (Kato & Kijima, 2013:56).

3.4.2 Customised customer service

Customised customer service is the use of flexible processes and organisational structures to produce and offer varied and often individually customised products and services to customers (Liu, Mo, Yang & Ye, 2015:179). Customised customer service is created to solve specific customer problem (Witell & Löfgren, 2013:52) and requires that the organisation adapt their products, services or communication to each customer's specific needs. Services can be customised to the specific desires that the customer has of the organisation. The purpose of customisation is to increase customer satisfaction and loyalty (Berndt, Herbst & Roux, 2005:85). It can further be seen as a collaborative optimisation process between a company and its customers with the goal of finding the best match between the company's capabilities and the customer's needs (Wang & Dargahi, 2013:1033).

In order to provide a customised customer service to clients, retailers need to be able to understand their specific needs, to solve any problems, and generally to demonstrate caring behaviour in all of their interpersonal dealings with customers (Bouzaabia, Bouzaabia & Capatina, 2013:632).   Retailers strive to enhance customer value by

providing products and services that are approximate to customers' needs (Wang & Dargahi, 2013:1033).

Customised customer service is carried out by the organisation in order to ensure that customer needs are met (Berndt, Herbst & Roux, 2005:85) and allows consumers to specify the product or service characteristics that they desire. This has the effect of increasing the perception of value, consumer satisfaction and can enhance the provision of high-quality products and services, and maintain good relations with consumers (Coelho & Henseler, 2012:334).

3.5   CUSTOMER SERVICE AS A STRATEGIC TOOL

A strategic tool is a powerful lever which can help retail managers to define and develop proposed solution to the existing problems inside the organisation (Afonina, 2015:20), for the long-term survival of the retailer (Hair, Sarstedt, Pieper & Ringle, 2012:321). The main purpose of a strategic tool is to ease the burden of the complex process and decision-making (Panagiotou & van Wijnen, 2005:157) and retailers can use customer service as a strategic tool to attain business excellence and achieve goals. All these make organisations strong, powerful to face competition and obtain sustainable competitive advantages (Ghosh, 2013:106).

Retailers can make use of customer service as a strategic tool in making customers aware of organisational procedures, rules, and as a powerful feedback mechanism, and a tool for self-development (Singh, 2012:113), to promote efficiency and interactivity with customers and stakeholders (Gomez & Soto, 2011:158) as well as a management tool to help retailers assess and adjust the organisation's direction in response to a changing retail environment   (Sotiriadis, 2015:1215).

To apply customer service as a strategic tool, retailers need help identifying elements that are salient to ordinary customers (Osarenkhoe, Komunda & Byarugaba, 2017:199) which are about problem solving and proactive efforts to increase and optimise retail productivity (Brozovic, Ravald & Nordin, 2015:634).

Once customer service is implemented as a strategic tool, then performance management needs to become a crucial element in controlling, modifying, and improving the direction and activities of the retailer (Liew, 2008:133). Retailers need to also look beyond their organisational boundaries to evaluate and integrate the resources and capabilities of their organisations to create superior value and a competitive advantage (Ganesan, George, Jap, Palmatier & Weitz, 2009:84). Other potential benefits of implementing customer service as a strategic tool for retailers include greater customer loyalty, customer retention, and customer satisfaction (Ghosh, 2011:15).

3.6   RETAIL SERVICE DESIGN AND OFFERINGS

Service design has become a major area of attention to retail managers owing to its strong influence on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Seth, Deshmukh & Vrat, 2005:913). Service design is a multidisciplinary field that involves marketing, human resources, operations, organisational structure, technology disciplines and orchestrates service elements such as the physical environment, people (customers and employees), and service delivery process to help customers co-create their desired experiences (Teixeira, Lia Patrício, Nunes, Nóbrega, Fisk & Constantine, 2012:362).

The concept of service design has not yet been fully adopted in retail services and there has not been much attention given to it. This is probably why service design has traditionally concentrated on improving choice probabilities by looking at the trade-offs that customers make among service attributes (Raajpoot, Javed & Koh, 2008:185). Service design should enable integrated development of service offerings at three hierarchical levels firstly, designing the firm's service concept with the customer value constellation of service offerings for the value constellation experience, secondly designing the firm's service system, comprising its architecture and navigation, for the service experience, and finally designing each service encounter with the service experience for the service encounter experience (Patrício, Fisk & Constantine, 2011:180).

Goldstein et al. (2002:121) note that upon retail service design, the retailer then decides on which services to offer and make decisions about each component of the service. Kursunluoglu (2011:52) observed that retail service offerings are tangible or intangible value increasing activities directly or indirectly created to meet customer expectations and provide customer satisfaction and loyalty. Retail services can be related to products directly such as product guarantee, product delivery, facilitating service which is not related with products directly such as parking area, children play area, call centre and many others. Moreover, Hassan (2013:79) substantiates that retail services can be measured in many dimensions such as service empathy, access time and courtesy of staff, service quality, service speed and responsiveness (after sales service and technical support).

Torlak, Uzkurt & Özmen (2010:413) add that retailers cannot view the service period as merely including the period from the arrival of the customer in the store, through the provision of service, to the stage of purchase. Many factors included within the store, from all types of physical apparatus, decor, appearance and even music, as well as atmospheric elements from sound to smell, and presentation of service quality to the customer, directly affect the customer to probably return to the store to shop again. Some common services provided by retailers include alterations, fitting rooms, delivery, gift registries, check cashing, in-home shopping, extended shopping hours, gift wrapping, charge accounts, parking, layaway, and merchandise-return privileges (Dunne, Lusch & Carver, 2014:491). Other services include aspects like cleanliness and neatness of stores, good parking facilities, service assistance facilities and retailers' involvement in community activities. Consumers place importance to assistance services, availability of high-quality products and credit facilities. Personalised attention and helpful attitude of the staff are important in building relationship with consumers (Khare, 2014:537).

According to Jelčić (2014:181) different retailers offer different levels of services. The retailers also enrich their offer with additional services such as advising and aiding in purchase decision, deliveries of products to respond to customers' requests and competitive pressures.

Service mix offered by retailers includes:

- Pre-purchase services (taking orders over the telephone or post, advertising, decorating shop-windows and interiors, equipping facilities, setting working hours);

- Post-purchase services (shipment and delivery, wrapping gifts, adjustments and returns, changes and exchanges, installation and engraving); and

- Supporting services (information, cashing cheques, parking, restaurants, repairs, interior design, granting credit, toilet and babysitting services).

3.7   THE ROLE AND BENEFITS OF GOOD CUSTOMER SERVICE

In today's competitive retail environment, it is important that retailers understand the importance of consumer services. In order for retailers to be successful, retailers should develop a culture that embraces service ideologies, thus encouraging retention and growth of their customer base (Beitelspacher, Richey & Reynolds, 2011:215). Investing time and resources to satisfy customer's perceptions and expectations shows the retailer's orientation to develop long-term relationship with customers, which, in turn, encourages the customers to stay in that relationship and sets an expectation of reciprocation. When a retailer makes any kind of relationship investment for customers, it creates a favourable impression in the minds of customers (Deb, 2014:257) and pays off because it creates true customers who are like annuities, they keep pumping revenues into an organisation (Kimani et al., 2012:55).

As observed by Bouzaabia, Bouzaabia & Capatina (2013:627), retailers must understand the needs of customers and provide them with the highest value. A certain number of factors contribute to the customers' experience: the comfort, the product availability, the delivery, the return policy in order to satisfy the customer and consequently to guarantee loyalty. In fact, if the customer's needs are unmet, the effects of dissatisfaction can quickly multiply. The consumer may go to another store, enjoy another retail experience, and complain about the earlier negative experience. Retailers that have recognised and implemented a number of customer services programmes have derived benefits including increased customer satisfaction, customer retention, customer loyalty and positive word-of-mouth, increasing opportunities for cross-selling, employee benefits, improved

corporate image, profit gains, and financial performance (Kumar, Shivashankar & Manjunath, 2012:114).

Customer service is an important means for retailers to gain a competitive advantage, customers who are satisfied tend to return for future business and sometimes assist in marketing service organisation through word-of-mouth (Hassan, 2013:79). Good customer service has ability to significantly influence store loyalty, customer satisfaction (Hirogaki, 2014:270), high revenues, increased customer retention and leads to repeat customer purchase behaviour which ultimately increases the market share of the retailer (Ramakrishnan & Ravindran, 2012:168). Generally, good customer service enhances customer trust and satisfaction with the retailer. Customers may be more willing and intend to do something that is beneficial to the strategic health of the retailer as a result, customer loyalty will gradually form. It is believed that positive perceptions of customer service increase the chance of customers being involved in supporting the firm and developing loyalty behaviour (Yuen & Chan, 2010:222).

Hassan (2013:79) concludes that customer service could aid a retailer in continually satisfying its customers and lead to increase sales growth and employee growth. Hence, customer service acts as a driver of organisational growth.

3.8   CUSTOMER SERVICE EMPLOYEES

Customer service work entails a complex three-way interaction among management, employees and customers (Cutcher, 2008:117). An understanding of customers by customer service employees helps retailers to raise the quality of their service, thereby contributing to an increased degree of customer satisfaction and customer loyalty or retention (Hennig-Thurau & Thurau, 2003:26). Customer service employees play a strategic role since they are often the primary point of contact before, during and, after a purchase. They are also of importance in developing customers' trust, increasing their service encounter satisfaction, and providing service recovery when failures occur (Salomonson, Åberg & Allwood, 2012:146). This happens because customer service

employees often represent the sole contact a customer has with a retailers (Netemeyer, Maxham & Pullig, 2005:130).

Notwithstanding that the customer service employees are responsible for the delivery of the main benefit desired by the customer, that is, the core service, a customer may derive benefits from customer service employees beyond the core service performance. In fact, such is the value of relational benefits to some customers that they may stay in a relationship with a retailer even if they perceive the core service to be inferior to available alternatives (Bove & Johnson, 2000:494), to the extent that an organisation's success depends on effective customer relations. The customer service employees play a vital boundary-spanning role for the organisation in maintaining relationships with customers (Carraher, Carraher & Mintu-Wimsatt, 2005:42). Retailers must therefore find ways to effectively manage their customer service employees to help ensure that their attitudes and behaviours are conducive to the delivery of quality service and building of strong relations (Hartline & Ferrell, 1996:52).

As part of the customer service function, customer service employees engage with different types of customers every day. Some of the customers can be characterised as problematic as they might be rude, difficult to handle and sometimes abuse and make unreasonable demands on the employees (Poddar & Madupalli, 2012:551), and as a result customer service employees experience feelings of frustration and fatigue from dealing with such difficult customers (Walsh, 2011:68). Therefore, retailers must seek ways of effectively managing their customer service employees to help ensure that their attitudes, behaviours, and personality meet or exceed the customers' expectations of service delivery (Ekinci & Dawes, 2009:503).

Customer service employees need to show some kind of interpersonal performance, like understanding the customer and actively providing help (Kolb, Gockel & Werth, 2012:622). Customer service employees who exhibit positive emotions (smiling, increasing eye contact, displaying gratitude, extending greetings) cause customers to

experience more positive moods and can create inner cues that contribute to customers experiencing positive emotions (Lin & Lin, 2011:187).

Delivering of customer services is based upon a strong association among the three tiers of service constituents, customers, employees, and management (Susskind, Borchgrevink, Kacmar & Brymer, 2000:53). In order to deliver quality customer service, it is recommended that retailers involve employees in the planning and organising of service activities, recognise that the work environment of service employees has a strong influence on how customers experience the service, and understand that the firm's human resource practices can ultimately influence customers' service experiences. The underlying premise of these recommendations is that if managers treat their employees well, the employees will treat customers well (Hartline & Ferrell, 1996:53).

3.9   RETAIL SERVICE QUALITY (RSQ)

The retail business environment is changing rapidly marked by competition which is demanding that retailers compete by offering quality services capable of fulfilling customers' expectations and creating a positive image in customers' minds (Ramdhani, Alamanda & Amin, 2010:161). The retail service industry is characterised by intense competition, mergers and acquisitions and more sophisticated and demanding customers with higher expectations. It is generally agreed that the delivery of superior service quality is essential if retailers are to satisfy their customers and thus establish a sustainable competitive advantage, loyal customers, and repeat purchases (Nadiri, 2011:115). The growth in importance of retail service quality has been influenced greatly by the changing nature of the world economies and customers' changing needs, tastes and preferences. The move has also been fuelled by the growth in consumerism, world travel and the competitive business environments. Retail service quality has become a critical factor in enabling retailers to achieve a differential advantage over their competitors and thus, it makes a significant contribution to profitability and productivity. Indeed, retail service quality has become a key concept in a competitive corporate strategy (Kimani et al., 2012:57).

Retail stores have also evolved from providing only physical products that address consumer's needs to offering a solution centre that integrates the sale of both physical products and value-added services to attain competitive advantages. Cracking this code can lead to higher levels of customer retention, increased sales and, in turn, improved profits (Chandel, 2014:176). Maintaining service quality within the stores is not a simple task. It requires continuous measurement to monitor and identify areas that are responsible for service quality. Retail service quality is associated with future consumption behaviour in terms of the customer's intention to visit, purchase and recommendations of the store to family and friends. Hence, it is important for the retail managers to pay attention to evaluation of retail service quality, to add value to both customers and the organisation (Farooqi & Banerji, 2013:4).

Chanaka Ushantha, Wijeratne & Achchuthan (2014:79) assert that retailing is largely intangible and the retail experience in supermarkets always provides consumers to deal with a combination of goods and services. For consumers, both product quality and service quality are equally major considerations in deciding the overall service quality of a supermarket.   Thus, the success of the retail industry and especially that of supermarkets are largely determined by the services they offer and it can be seen that the service quality provided by a supermarket is a very important key to customer value. Similarly, Auka, Bosire & Matern (2013:34) reiterate that retail service quality is a measure of how well a delivered service matches the customers' expectations. Retailers have realised the significance of concentrating on quality of services as an approach to increase customer satisfaction and loyalty, and to develop their core competence and business performance.   Retail Service Quality has become an important primary competitive tool to achieve success in the market place with commonly undifferentiated services. Delivering quality service to customers is a must for success and survival in today's competitive retailing industry. Retail service quality has become a significant subject because of its impact on customer loyalty. By satisfying customers through high quality service, business retailers not only retain their current customers, but also increase their market share.

The retail industry is required to be able to provide superior service to customers. Service in the retail industry includes the ability of employees in service, given comfort, ease of location, competitive pricing, complete product, to knowledge of employees about the product (Ramdhani, Alamanda & Amin, 2010:161). Retail service quality basically means applying service quality in the retail industry. Retail service quality is achieved by comparing the expected service to the service currently being offered. It is an assessment of how well a delivered service conforms to the client's expectations. Retailers often assess the service quality provided to their customers in order to improve their service, to quickly identify problems, and to better assess client satisfaction (Mavi & Sharma, 2014:1855). Retail service quality is also highly associated with future consumption behaviour in terms of the customers' intention to visit, purchase and recommend the store to family and friends. In retail settings, especially retail stores where there is a mix of products and services, retailers are likely to have an impact on service quality more than on product quality. This will relate to the intense competition among the supermarkets and each of the supermarkets will need to offer something that has value for money to their customers. The offering will be their competitive advantage and that is why the retail service quality becomes important. It is significant for retailers to evaluate and make some changes on their services because these business strategies will make the difference and gain a lot of profit because total sales is not the big issues but profit will be the main aim for each of the supermarket (Ibrahim, Dana, Mahdi, Zin, Ramli & Nor, 2013:15).

Bhat and Singh (2015:59) are of the opinion that the service quality in retail stores has a place in the service industry, which offers a mix of goods and service, thus retail product management not only has the common characters of good quality but also the special characteristics of service quality. Das, Kumar, and Saha (2010:658) believe that service quality in retailing is different from any other product/service environment. Because of the unique nature of retail service, improvements and measurements of quality in retailing cannot be approached in the same way as in the pure services context. Bawa, Gupta & Sharma (2013:39) posits that service quality comprises three global dimensions. The first dimension is that of technical quality. This dimension refers to the outcome or what is delivered or what the customer gets from the service. For a retail store, technical

quality may include the range of products offered and the availability of parking space. The second dimension is the functional quality which refers to the manner in which the service is delivered or how it is delivered. Customers of a retail store will measure whether the salespeople are friendly or whether products are easily returnable. The last dimension is corporate image. The store's image is build by both technical and functional quality and to some extent other factors like traditional marketing activities. Many researchers have looked into the importance of customer satisfaction. Das, Kumar, & Saha (2010:658) observed that in retail service, it is necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure this construct. Dabholkar, Thorpe and Rentz (1996) proposed that retail service quality has a hierarchical factor structure comprising five basic dimensions namely:

- Physical aspects - Store appearance and convenience of store layout;
- Reliability - Retailer keeps its promises and does things right;
- Personal interaction - Associates are courteous, helpful and they inspire confidence and trust in the customer;
- Problem-solving - Associates are trained to handle potential problems, such as customer complaints, returns and exchanges; and
- Policy - Operating hours, payment options, store charge-cards, parking and so forth.

Maintaining service quality within the stores is not a simple task. It requires continuous measurement to monitor and identify areas that are responsible for service quality. Retail service quality is also associated with future consumption behaviour in terms of the customer's intention to visit, purchase and recommendations of the store to family and friends. Hence, it is important for the retail managers to pay attention on evaluation retail service quality, to add value to the both customers and organisations (Farooqi Banerji, 2013).

3.10 MEASURING CUSTOMER SERVICE USING RETAIL SERVICE QUALITY SCALES (RSQS)

Customer service refers to the functional service quality delivered by retailer and contributions made by employees in the service encounter (Hurley, 1998:116). In retail customer service, it is necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure this construct (Das, Kumar & Saha, 2010:662), and as such, retail service quality scales have been viewed as a generalised scale that is suitable for measuring actual service performance and for studying and measuring retail service quality in retail businesses that offer a mix of services and goods (Siu & Tak-Hing Cheung, 2001:89). Generally, RSQS has been widely used to measure customer service quality in the retail industry in different countries (Ha et al., 2015:94), and retailers can further use RSQS as a diagnostic tool to determine service areas that are weak and need attention (Thenmozhi & Dhanapal, 2010:61).

Retail service quality has become a major area of awareness to managers and researchers because of its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Ali, Mannan & Ahmad, 2015:35). Retail offerings are a mix of merchandise and service, and the experience of customers in retail stores thus involves such activities as negotiating their way through the store, finding the merchandise, interacting with a variety of store personnel, and returning unsatisfactory merchandise all of which have a direct influence on the customers' evaluations of service quality (Nadiri & Tümer, 2009:128). Because of the unique nature of retail service, measuring of quality in retailing cannot be approached in the same way as in other services. In retail store environments, it is necessary to examine quality from the perspective of services as well as goods, and derive a set of measurments that accurately measure this construct, therefore, retail service quality scale (RSQS) to measure service quality and customer service is the most appropriate tool (Yu & Ramanathan, 2012:487).

Table 3.1 depicts some of the studies that were undertaken using retail service quality scales to measure customer service quality in different retail establishment in various

parts of the globe. The retail establishments under study were hypermarkets, department stores, discount stores, and supermarkets.

Table 3.1   Studies undertaken using retail service quality scales

Authors	Year research undertaken	Type of store	Key Findings
Boshoff and Terblanche	1997	Department stores, speciality stores and hypermarkets in South Africa	RSQS was found to be a valid and reliable measurement of retail service quality in hypermarkets which offered a mix of goods and
Parikh	2006	Indian retail industry	The results suggest that the scale was reliable for measuring retail service quality.
Das, Kumar and Saha	2010	Department stores, discount stores, and supermarkets in Almaty city, Kazakhstan	RSQS were appropriate in measuring RSQ in the case of all Commonwealth Independent States (CIS) countries having similar outlook department stores, discount stores, and supermarkets in Almaty city, Kazakhstan
Arun, Manjunath and Shivashankar	2012	Discount stores in India	All the dimensions of RSQS were positively related to customer satisfaction. Scales were reliable for measuring retail service quality
Sivathaasan, Chanaka and Achchuthan	2014	Supermarket in Sri Lanka	RSQS found to be a valid and reliable measurement of retail service quality.

3.11 NEW SERVICES AND NEW SERVICE DEVELOPMENT

New service development (NSD) refers to the overall process of developing new service offerings from idea generation to market launch (Ozdemir, Trott & Hoecht, 2007:277). Service development for retailers is aimed at exceeding customer expectations and creating superior customer value. In developing services, retailers should consider product quality and market performance (Lauren, Richey & Reynolds, 2011:216). The benefits that accrue from providing new services include enhancing the profitability of existing offerings, attracting new customers to the firm, improving the loyalty of existing customers, and opening markets of opportunity (Menor, Tatikonda & Sampson, 2002:136). It should also be emphasised that services tend to involve customers in their delivery, and the purchase of services tends to involve a longer commitment and therefore a more intimate relationship with customers (Alam & Perry, 2002:515).

Services constitute a major part of total economic activity and employment in most economies (De Jong & Vermeulen, 2003:844), and dominate the world's established economies that are becoming increasingly important in fast growing and developing nations. As the world's economies and business become more service-oriented, there is an increasing push to compete through providing innovative and cutting-edge services (Carbonell, Rodriguez-Escudero & Pujari, 2012:497). Retailers are confronted with rapid technological developments, fast changes in customer requirements, and hyper competition, leading to exceedingly short product or service life cycles (Van Riel and Lievens, 2004:72). In order to increase the success of new service development, customers' involvement is required (Nuojua & Tahtinen, 2013:34).

In a highly competitive marketplace, organisations need to adopt strategies and create product and service values that are targeted at interesting and satisfying the customers. The development of a service product is different from the development of a tangible product (Lee & Chen, 2009:1669). Retailers that leverage service can build strong relationships with customers that will generate barriers to competition, increase customer loyalty and switching costs, and make market activities more efficient (Arnold et al., 2009:130). It means that the customer's viewpoint and value to the end customer must

be considered throughout service development processes (Carbonell, Rodriguez-Escudero & Pujari, 2012:497). Thus, customer orientation plays a more important role in service firms than in tangible product firms because of the four service characteristics of intangibility, heterogeneity, perishability and inseparability (Alam & Perry, 2002:515).

The failure rate of new service development processes is high, due to the lack of an efficient development process and the lack of customer orientation and input (Lee & Chen, 2009:1669). Therefore, service designs should involve setting new service strategies and objectives that create the general boundaries for idea generation and sifting through the new ideas to find those with the greatest profit potential. In the analysis stage, managers should assess the potential profitability of the project and obtain company authorisation to proceed. In the development stage, the firms should develop and test the core service, delivery system, and associated marketing programme, train operational and frontline personnel, and get user and frontline employee feedback to refine the offering. The final stage is the full-scale launch to the entire target market and the post launch review to evaluate performance and modify the initiative, as needed (Melton & Hartline, 2010:412).

The development of a successful new service requires a systematic approach because a stage-wise development process has been shown to be invaluable to many service firms (Alam, 2012:330). In the design stage, new service ideas should be assessed, and then the better ideas be selected and developed into service concepts. In the analysis stage, service providers identify a potential market for the service innovation concept, its growth and reward potential, and competitive advantages. In the developmental stage, NSD members transform the service concept into a marketable service. Finally, in the launch stage, NSD members establish strategies for the commercialisation, launch, and introduction of new services to the marketplace as outlined in the diagram below (Cheng, Ja-Shen & Hun, 2012:446).

Figure 3.2   New Service Development Process Cycle
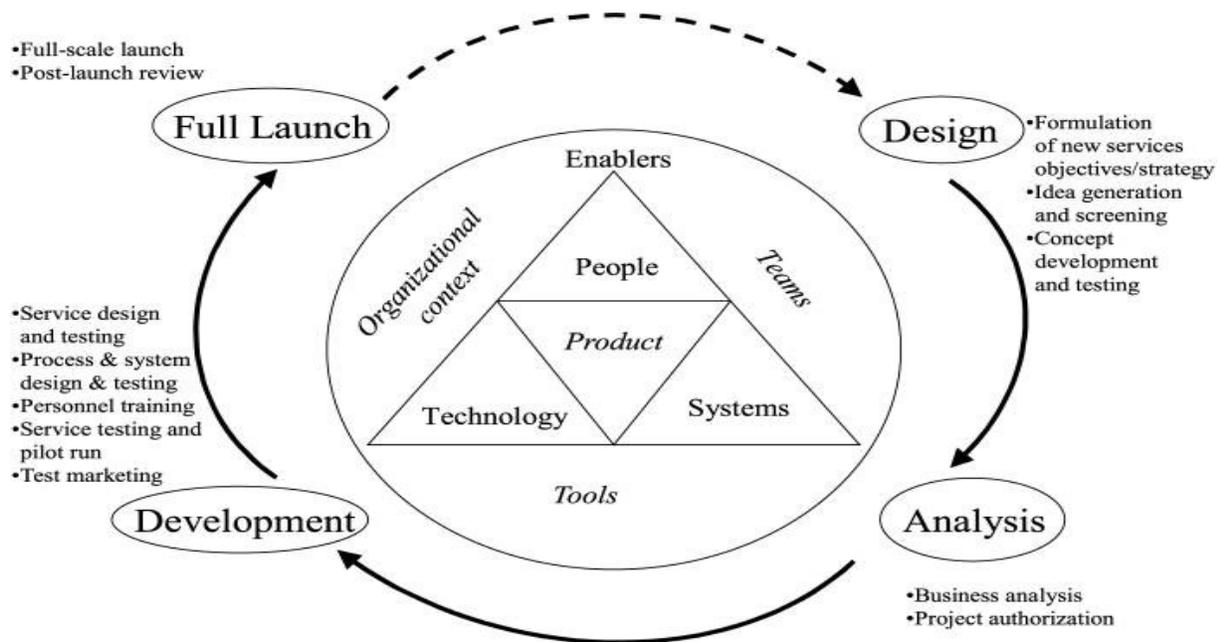
Source:Stevens & Dimitriadis (2005:178)

Figure 3.2 illustrates the stages that are undertaken in the new service development process cycle. It commences with the formulation or design of new services, moves over to analysis, development of service and full scale launching of services.   It further illustrates that in the centre of the whole development process, there are people, technology and systems involved.

3.12   SERVICE QUALITY

Service quality refers to the overall attitude toward delivering a service and meeting customer expectations. Service quality may be defined in terms of physical quality, interactive quality and corporate quality of the organisation. The tangible elements of services influence in developing customer perceptions toward the service personnel's behaviour and play a significant role in customer perceptions toward service quality (Khare, Parveen & Rai, 2010:303). Service quality is the extent to which a service meets customers' needs, and it also involves a comparison of customer expectations with their perceptions of actual service performance (Das, Kumar & Saha, 2010:658), and has

become a significant differentiator and the most powerful competitive weapon which many leading service organisations possess. Leading service organisations strive to maintain a superior quality of service in an effort to gain customer loyalty, therefore, a service organisation's long-term success in a market is essentially determined by its ability to expand and maintain a large and loyal customer base (Wong & Sohal, 2003:495-513).

In today's competitive environment, organisations must earn the customer's trust by consistently meeting or exceeding expectations. The disparity between expectation and perception is the major determining factor in a customer's assessment of quality of service. Service quality is an important approach to manage business in order to ensure full satisfaction of the customers which will help to increase competitiveness and effectiveness of the industry. Service quality within the organised retailing is pivotal for satisfying customers, by satisfying customers with quality service, business firms are expanding their market shares (Kumar, Manjunath & Kumar, 2012:370). Service quality is considered to be a critical dimension of competitiveness. Providing excellent service quality and high customer satisfaction is the important issue and challenge facing the contemporary service industry. Service quality is an important subject in both the public and private sectors, in business and service industries. It is the extent to which a service meets or exceeds customer needs and expectations (Shahin & Samea, 2010:1).

Service quality is often conceptualised as the comparison of service expectations with actual performance perceptions. The role of service quality is widely recognised as being a critical determinant for the success and survival of an organisation in today's competitive environment. Any decline in customer satisfaction due to poor service quality would be a matter of concern. Consumers are becoming more aware of rising standards in service, prompted by competitive trends, which have developed higher expectations. To achieve service excellence, retailers must strive for zero defections, retaining every customer that the company can profitably serve (Zaim, Bayyurt & Zaim, 2010:51). Service quality should be measured during the process of providing service and it usually takes place when the customer and the staff are dealing with the service. Hence, service quality is measured based on a comparison between the perceptions and expectations

on the service delivered. At the same time, they also identified ten interrelated factors that influence service quality as follows: reliability, responsiveness, competence, courtesy, access, communication, credibility, security, understanding and tangibles. As a result, service quality is the premise of customer satisfaction and is given significant importance owing to its close relationship with cost, financial performance, and customer retention. Furthermore, it is also a potential solution for issues related to consumer behaviour or human resource management (Tseng & Wu, 2014:77-96).

Service quality is a significant strategy to satisfy the customer and encourage repeated service which attracts loyal customers. Service quality is the ability to satisfy customer needs which are intangible, of great variety, and cannot be stored or separated. Therefore, service quality can be evaluated from the process and outcome of a particular service. Customer satisfaction is found when the level of a customer's expectations is met by the actual quality of the service provided. Thus, service quality is the actual service quality the customers or clients perceived when measured against their expectations before receiving a service (Arsanam & Yousapronpaiboon, 2014:261). A retailer can differentiate itself from competitors by providing high quality service. Retailers have to improve the service level continuously. There is however, no guarantee that what is excellent service today is also applicable for tomorrow. To survive in the competitive retailing industry, retailers have to develop new strategies which will satisfy their customers (Siddiqi, 2011:12).

3.13   SERVICE CONVENIENCE

Service convenience is defined as a judgment made by consumers according to their sense of control over the management, utilization and conversion of their time and effort in achieving their goals associated with access to and use of the service (Ngoc Thuy, 2011:475). Service convenience involves consumers' time and effort perceptions related to buying or using a service. All types of convenience that reduce consumers' time or effort in shopping, such as operating hours or credit availability, belong to the domain of service convenience (Chang, Chen, Pang, Chen & Yen, 2013:188). Service convenience

represents one of the ways in which retailers can enhance customer value (Mpinganjira, 2015:36).

Convenience is the ability by the retailer to reduce consumers' non-monetary costs (i.e. time, energy and effort) when purchasing or using goods and services. Convenience has become an important product benefit for time constrained consumers and, as such, is increasingly of interest to retailers. Consumers are not simply concerned with the core benefits that services deliver, they want services that are available when and where they want to consume them, that is, services that are easy to consume. Retailers need to understand how modifying the types of convenience influences consumer experiences and repurchase intentions. Service convenience is complex and is comprised of five convenience types, namely, access, transaction, benefit and post-benefit, which influence consumers' satisfaction with a service (Chang & Polonsky, 2012:108). Access convenience reflects how easy it is for the consumer to contact or reach the service provider's location. Transaction convenience involves the time and effort the consumers spend to complete a transaction. Benefit convenience refers to the benefits the consumers perceive that they receive due to the time and effort invested in the service. Lastly, post-benefit convenience refers to the customers' perceived time and effort expenditure when they try to maintain contact with a firm after consuming the main service (Nguyen, DeWitt & Russell-Bennett, 2012:267).

Figure 3.3 demonstrates the formation of service convenience, which is formed by the combination of different aspects ranging from decision, access, and transaction, benefit and post benefit convenience. All these aspects combined together lead to service convenience and eventually customer satisfaction.

Figure 3.3   Conceptual model of service convenience and satisfaction
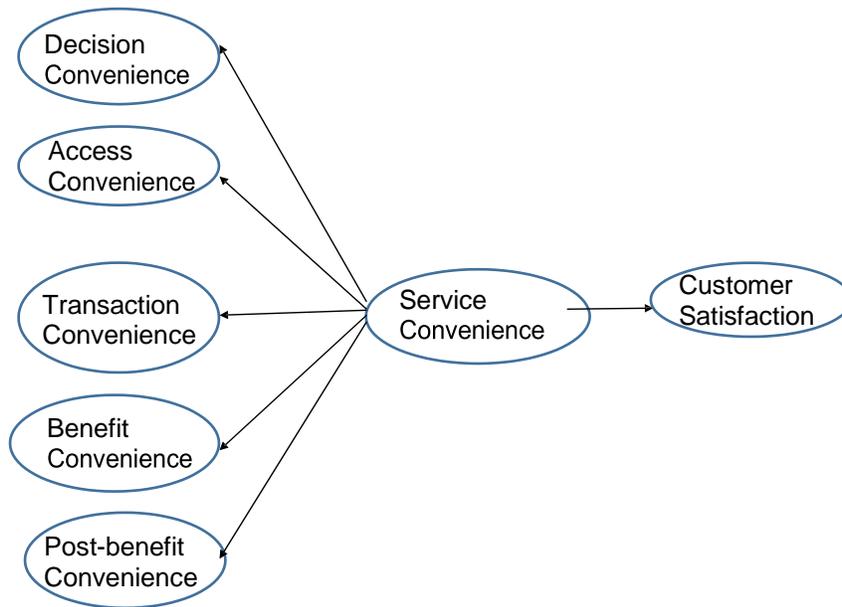
Source: Colwell, Aung, Kanetkar & Holden (2008:162)

In the dynamic and competitive service market of today, providing service convenience to consumers is imperative for retailers (Hsu, Chen, Chang & Chao, 2010:511). Retailers are looking for ways to better deliver consumer value and to increase consumers' purchase intentions. Retailers can differentiate themselves by making their services easier to consume, that is, more convenient (Chang & Polonsky, 2012:108). Retail organisations can differentiate themselves by making their services easier to consume, that is, more convenient. Convenience of shopping at a store is one of the most important factors in creating a good shopping experience. Convenience is the ability to reduce consumers' non-monetary costs (i.e., time, energy and effort) when purchasing or using goods and services (Srivastava & Kaul, 2014:1030).

Service convenience is a critical part of the non-monetary value of customer service. Retailers can provide more convenient services to secure a competitive advantage (Hsu et al., 2010:511). In order to meet growing demands for convenience and minimise potential loss of customers, firms are increasingly investing and employing methods aimed at reducing time and effort that customers have to spend in accessing their

offerings (Mpinganjira, 2015:36).   When customers can conveniently and easily experience the benefits of the services, they are more likely to be satisfied and use them again. That is, increasing the convenience of services would lead to the increase in customer perceived value-in-use (Thuy, 2011:477).

Figure 3.4   Service convenience causation model
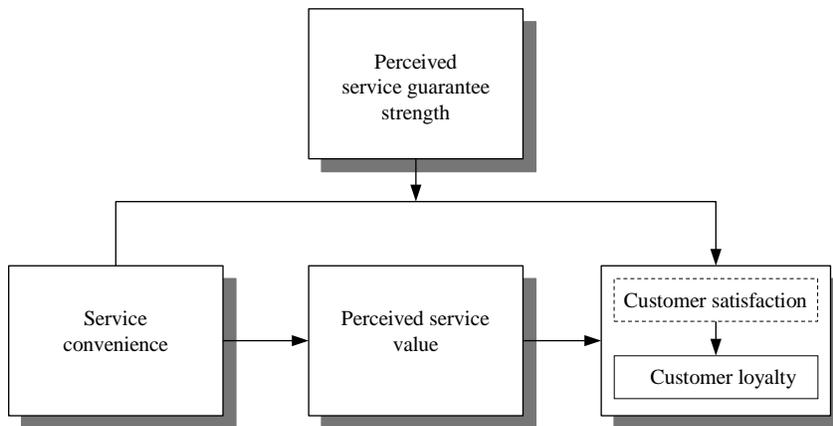
Source: Chang, Chen, Hsu & Kuo (2010:1426)

Service convenience is appreciated differently by customers in various retail settings, service convenience in a retail environment would be valued differently than service convenience in a hedonic service experience (Nguyen, DeWitt & Russell-Bennett, 2012:265). Service convenience provides the means for decreasing time and effort costs in the acquisition and employment of a service, which in turn enhances satisfaction evaluation. Service convenience is a significant predictor of overall customer satisfaction and has an impact on customer satisfaction and repeat purchase from a retailer (Kaura, 2013:20).

In summary, it is proposed that service convenience is related to customer behaviour, with perceived service value serving as a mediating variable and perceived service guarantee strength serving as a moderating variable (Chang et al., 2010:1426). This is demonstrated in figure 3.4.

3.14 SERVICE ENCOUNTERS

Service encounters are defined as the lasting personal impressions that customers receive upon first encountering a product, service and company, which they hopefully take with them and communicate to others (Wu & Liang, 2009:587). Wang and Hsu (2012:98) argue that a service encounter is a process which customers interact directly with a service. If service encounters follow each other in a very brief or over a longer time frame, a relationship may emerge. If a customer experiences continuing valuable contacts with a given provider, a relationship may further develop. Hence, developing value-generating service encounters in the process of a service delivery should be one of the highest priorities in customer service strategy. McKechnie, Grant & Golawala (2011:146) assert that service encounter is a critical interface which is activated every time the customer has contact with some feature of a service provider's offering. It has been referenced as multifaceted, temporal by nature, made up of a sequence of events, and a chain of touch points that combine to form a customer corridor. To achieve a satisfactory service encounter outcome, service providers have been encouraged to blueprint touch points or theatrically orchestrate the service offering.

Keng, Huang, Zheng & Hsu (2007:352) advance the view that service encounters and service experience are shaped by customer perceptions of service providers. The service encounter process is the means through which consumers evaluate the level of service provided by the organisations, service personnel, and even the interaction with other consumers during a certain period. Service encounters influence customer satisfaction, loyalty, repurchase intentions, and word-of-mouth recommendations. That is, service encounters can be considered a complex process in which personal service interactions and surrounding environmental factors such as design, decoration, scent, and music operate in conjunction to shape customer expectations of service quality. Resnick, Foster & Woodall (2014:839) believe that service encounters are also shaped by customer perceptions of service providers and what occurs during these encounters is central to total service delivery or experience perceptions. They are, effectively, the bridge between buyer and seller, embodying both relations with service employees and interaction with other customers, and are often the

focus of reaction to the retail experience. From an employee perspective service encounter quality can be assessed across a range of factors, including competence, listening skills and dedication level and personal communication including exchange of information and knowledge.

From the customer point of view, the most vivid service impression occurs during the service encounter or moment of truth, when customers interact with the service company. During these encounters, also known as interactions which take place in a relational episode, the customer receives a snapshot of the organisation's level of service provision. Thus, the result of interactions between organisations, related processes and services, employees who provide the service and customers define the service experience and from the customer's point of view, the service encounter is the origin of the whole chain of evaluations on the service result. The service encounter has traditionally been described as the dyadic interaction between service providers and customers (Gil, Berenguer & Cervera, 2008:921). Service encounter elements are thus the antecedents of experiential value. The influence of service encounter elements can be reduced to three main components. The first is environmental elements, i.e., consumer interactions with intangible and tangible elements in the service environment (e.g., lighting, music and internal and external environmental design) or the periods during which a consumer interacts with physical facilities and other tangible elements in the service environment proposed three store environment cues (social, design and ambient) as exogenous constructs. These cues, which correlate with consumer merchandise value, subsequently influence patronage (Wu & Liang, 2009:586).

Chang, Chen & Lan (2013:1) presuppose that the interaction between service provider and customer is the primary core of the service businesses of different natures. The intimate contact between service provider and service recipient is involved in the scenario of service, and such contact opportunity shall definitely and greatly influence the customer's evaluation process and focal point. Oftentimes, the service encounter system, including service personnel, physical facility, and other tangible elements, is regarded by customers as a part of the service. Interactions between service seekers and service

providers take place in various forms and settings whether these are face-to-face service encounters or telephone interactions during which representatives serve customers (Sun, 2012:47). In face-to-face service encounters, customers can often assess various aspects of the service, such as whether they get the service representative's full attention, and whether he or she seems to care about their situation service encounters are likely to be evaluated on the basis of the respectfulness, appropriateness of the communications and level of care provided by the service representative (Turel & Connelly, 2013:674).

Face-to-face retail encounters are among the most important elements in communications. In face-to-face interactions exchange typically is initiated, maintained, and terminated interpersonally as customers and salespersons engage in communication processes that can impact their attitudes, intentions, and behaviours. Successful retailing, therefore, hinges upon effective interpersonal communication (Orth, Bouzdine-Chameeva & Brand, 2013:302).

Interpersonal service encounters involve social interactions with clearly defined roles and scripts for both customers and employees, and any deviation from these scripts may cause disruption and dissatisfaction. Since role behaviours are interdependent in a dyadic service context, a successful service outcome depends on mutually coordinated actions of both customers and employees. Lack of understanding and agreement of each other's roles between customers and employees may result in confusion and misunderstandings, and a dissatisfactory service experience (Sharma, Tam & Kim, 2012:523).

The service encounter involves a performance of a script-enacted role followed by both a service provider and a recipient. It is, therefore, reasonable to link a cognitive script with the service encounter and recognise the relationship operating from both the perspective of the customer and server (Hsu, 2010:19). In service encounters, scripts enable consumers to process a service encounter with little cognitive effort. A consumer's script contains information about the roles and behaviours of participants in a service encounter.

When service encounters have well-established scripts, consumers are likely to share expectations about the events that will occur and the order of their occurrence. Scripts are important because they help people understand others' behaviours and one's own actions. If script-based expectations are similar to the current experience, little cognitive elaboration will occur. In fact, events that occur as expected tend not to be as memorable. In contrast, when incongruence occurs, a script is activated and people engage in greater cognitive elaboration (Miao, Mattila & Mount, 2011:934).

3.15 THE CUSTOMER RETAIL EXPERIENCE

Rose, Clark, Samouel and Hair (2012:309) define customer experience as the internal and subjective response that customers have to any direct or indirect contact with a company. Customer experience is conceptualised as a psychological construct, which is a holistic, subjective response resulting from customer contact with the retailer and which may involve different levels of customer involvement. The outcome of customer experience is the formation of a take-away impression that is created as a result of the contact and stored in the customer's long-term memory. Saarijärvi, Kuusela & Rintamäki (2013:653) further assert that for customer experience to occur, a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event. In the retailing context, they argue that customer experiences consist of holistic realms, such as the aesthetic and escapist realms, or the realms of entertainment and education. Another widely accepted way to determine customer experience is to differentiate between shopping as an instrumental task and shopping as an act valued for its own sake.

Retail customer experience involves all the elements that encourage or inhibit customers during their contact with a retailer. Customers engage themselves in a variety of activities while selecting a retail store, shopping and post shopping stages, leading to a complete experience determining their satisfaction levels and repeat visits. There are enough evidences that retail customer experience has a significant impact on retail sales, satisfaction, more frequent shopping visits, larger wallet shares, loyalty, profitability, word of mouth communication, and image formation.

Creating a superior in-store shopping experience is critical, and could provide competitive weapon for brick and mortar retailers in the face of growing competition from online retailers. Retail experience can be enhanced by encouraging customer interaction and involvement in a multi-sensory environment (Bagdare and Jain, 2013:792). Similarly, Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger (2009:32) propose that creating superior customer experience seems to be one of the central objectives in today's retailing environments. Retailers around the globe have embraced the concept of customer experience management, with many incorporating the notion into their mission statements. The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organisation, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual).

Customer experience has become increasingly important for service organisations that see it as a source of sustainable competitive advantage, and for service designers, who consider it fundamental to any service design project. Customers co-create unique experiences through their interactions with a service provider across different touch points, responding to the different designed elements, along with other elements that are not under an organisation control, such as the social environment (Teixeira et al., 2012:364). Customers engage in a variety of activities while selecting a retail store, shopping and post-shopping stages, leading to a complete experience determining their satisfaction levels and repeat visits. There are enough evidences that retail customer experience has a significant impact on retail sales, satisfaction, more frequent shopping visits, larger wallet shares, loyalty, profitability, word of mouth communication, and image formation (Bagdare & Jain, 2013:792).

Sorooshian, Salimi, Salehi, Nia and Asfaranjan (2013:1682) observed that building of customer experience has some basic features, which include knowledge, emotional, affective, and physical responses of users. All of these as a whole defined the users, their thoughts and values that reflect their lifestyles, behaviours and relationships. Mouri,

Bindroo & Ganesh (2015:1) further assert that customer experience involves the totality of customers' cognitive, affective, emotional, social and sensory responses to the firm. Customer experience is based on all touch points starting from initial product search to post-consumption. In other words, customer experience is more of the process than the outcome. Scholars have shown customer experience to be an important driver of customer satisfaction and loyalty.

Customer experience involves the totality of customers' cognitive, affective, emotional, social and sensory responses to the firm. Customer experience is based on all touch points starting from initial product search to post-consumption. In other words, customer experience is more of the process than the outcome. Scholars have shown customer experience to be an important driver of customer satisfaction and loyalty (Mouri, Bindroo & Ganesh, 2015:1). Customer experience is not designed, rather it is co-created through customer interactions with the several service elements. To enable the desired experience, service designers must assemble a coherent set of elements, or clues, along the customer journey. These service elements are the context within which an experience takes place and, along with service activities (Teixeira et al., 2012:364).

Retailers should provide an entertaining shopping experience to customers since customers need it. Such an experience can be offered if retailer engages customers in enjoyable manner during product acquisition. Therefore, it is important to know what makes a shopping experience appealing (Singh & Sahay, 2012:238). Customer experience constructs are holistic in nature and involve the customer's cognitive, affective, emotional, social and physical responses to the retailer. This experience is created not only by those elements which the retailer can control (e.g. service interface, retail atmosphere, assortment, price), but also by elements that are outside of the retailer's control (e.g. influence of others, purpose of shopping). Additionally, it is submitted that the customer experience encompasses the total experience, including the search, purchase, consumption, and after-sale phases of the experience, and may involve multiple retail channels (Verhoef et al., 2009:32) as outlined in figure 3.5.

Figure 3.5   Conceptual model of customer experience creation
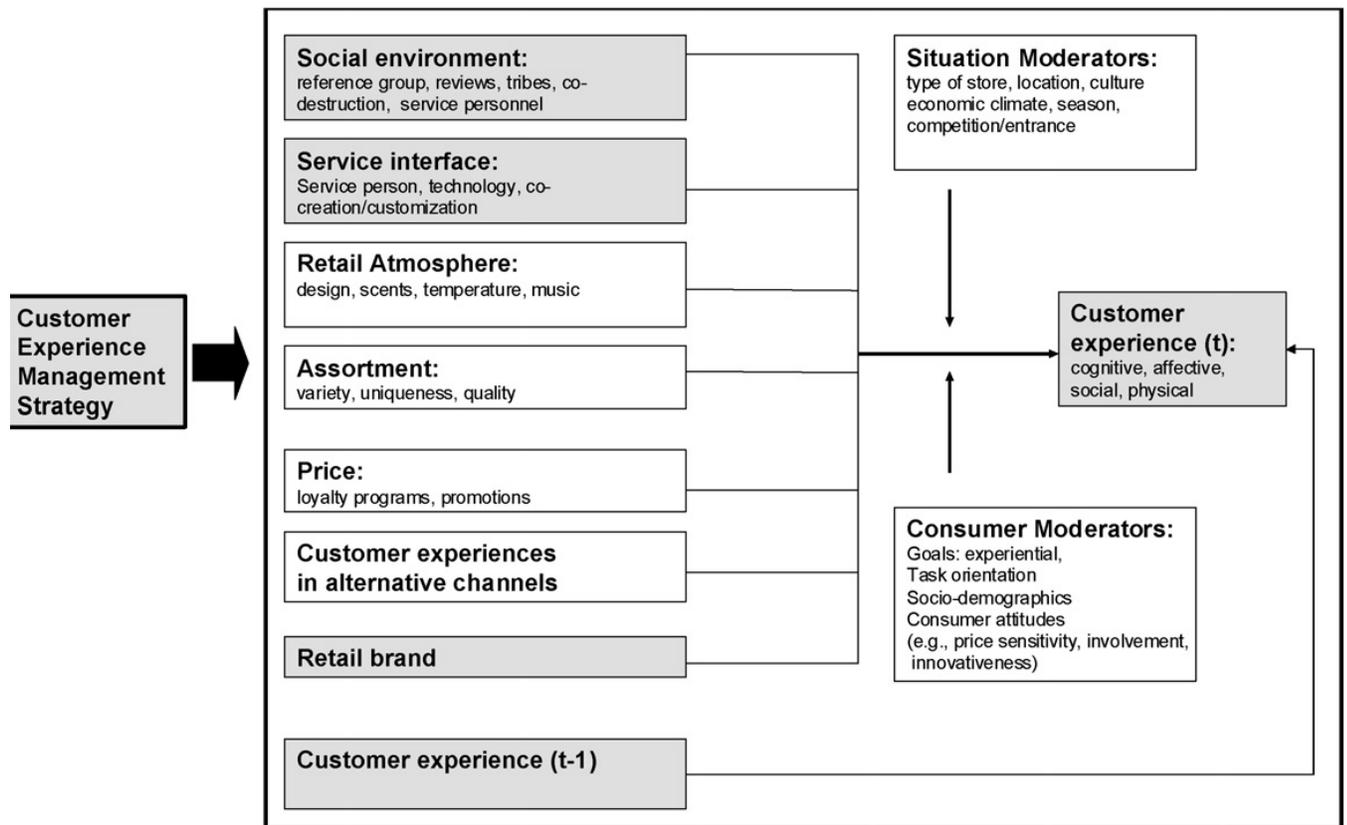
Source: Verhoef et al. (2009:32)

Figure 3.5 illustrates that there are several determinants of customer experience which include the social environment, the service interface, the retail atmosphere, the assortment, the price and promotions (including loyalty programmes). Importantly, customers' experiences in one channel (e.g. a store) may be affected by experiences in other channels as well. The model suggests that companies must take into account this broader conceptualisation of how the customer's experience is created when designing customer experience management strategies (Verhoef et al., 2009:32).

Terblanche et al. (2013:9) conclude that the total retail experience refers to what consumers experience when they deal with retailers. It consists of all the activities and interactions from the search for parking to the checkout counter, which are essentially all the elements that enhance or inhibit consumers during their interaction with a specific

retailer. The total retail experience aims at meeting customer expectations. If there is anything that prevents the customer from experiencing a positive total retail experience, the customer might decide not to use that retailer again. When a retailer delivers a satisfactory level of service quality it contributes positively to the total retail experience.

3.16   COMPLAINT MANAGEMENT

A complaint is seen as any statement that suggests that the performance or behaviour of a company falls short of customer expectations. Dissatisfaction is among the principal reasons why customers terminate their loyalty. Customers who complain give the company the opportunity to solve a problem. Furthermore, they refer to possible improvements of products and services since customer feedback can enhance quality (Maurer & Schaich, 2011:500). Complaint management involves the receipt, investigation, settlement and prevention of customer complaints, and recovery of the customer. It is suggested that most consumers who believe that their complaint is taken seriously by the retailer will become loyal customers (Hansen, Wilke & Zaichkowsky, 2010:7). One of the benefits of complaining is that it gives dissatisfied consumers the chance to vent their unhappiness (Nyer, 2000:9).

Complaints management should lead to the identification of problems and actions to ensure that such failures do not happen again (Johnston, 2001:67). To deal with the complaints, retailers need to design and build service recovery strategies to retain dissatisfied customers (Gi Park, Kim & O'Neill, 2014:257). The successful development of complaint management demands at least the same level of commitment from top management as is normally given to other kinds of strategic developments within a company. The strategic development of a complaint management system involves analysing, planning, implementing and controlling (Hansen, Wilke & Zaichkowsky, 2010:7). When companies do not handle complaints properly, the results can be disastrous, including unfavorable word of mouth and suspension of repurchase (Gi Park, Kim & O'Neill, 2014:257).

To enable prompt reactions, formal customer complaint management procedures must incorporate practices for dealing with unforeseen problems. Retailers must train personnel to be sensitive to customers' complaints and assign appropriate authority to those who can expedite resolutions before conflicts escalate. To deal with the above-mentioned problems, many companies have made substantial investments in customer relationship management projects to achieve higher customer loyalty (Hultén, 2012:790). Retailers can most effectively deal with complaints by offering redress like compensation (Huppertz, 2007:429). Appropriate responses to complaints can prevent customers from switching retailers (Nyer, 2000:9).

Consumer complaints may stimulate regulatory action against a company and destroy a product, dilute or erode brand equity and in the process, the market share (Phau & Puspita Sari, 2004:407). Therefore, it is advisable for retailers to encourage their customers to complain if they experience service failures. Complaints may encourage suppliers to improve goods and services and, thus, produce some lasting benefit (Chang & Chin, 2011:142). The complaint management system also offers companies the possibility to establish stronger ties with their customers (Kizgin & Benli, 2013:2) and opportunities to redress service failure incidents and improve service performance (Gi Park, Kim & O'Neill, 2014:257).

Complaints by dissatisfied customers provide managers with an opportunity to learn about problems and take appropriate corrective action to ensure that mistakes do not recur. (Namkung, Jang & Choi, 2011:495) and can give the retailer a second chance if they are dealt with effectively by its complaint resolution management, the retailer should be able to recover and even enhance the relationship (Gruber, Henneberg, Ashnai, Naudé & Reppel, 2010:361). A key benefit of complaint management is that complaints can also be used to support the drive for continuous improvement by focusing managerial attention on specific problem areas (Johnston, 2001:67) and can result in not only customer satisfaction but also operational improvement and better financial performance (Pyon, Woo & Park, 2011:3268).

3.17 CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management (CRM) is a set of processes enabling systems to support a business strategy. It comprises four major dimensions, including customer identification, attraction, retention, and development of lifetime value based on serving customers better (Chang, Wong & Fang, 2014:146), with activities directed towards initiating, establishing, maintaining, and developing successful long-term relational exchanges and tools that help an enterprise manage customer relationships in an organised way (Liao, Chen & Deng, 2010:4212). Customer relationship management refers to a set of relational practices that firms adopt to enhance customer relationships supported by organisational strategy and technology, and is designed to improve customer interaction in order to build customer loyalty and increase profits over time (Padmavathy, Balaji & Sivakumar, 2012:249).

Over the past decade, retailers have been able to collect enormous amounts of information at the customer level measuring customer purchases, marketing activities, and customer attitudes (Verhoef et al., 2010:121). Retaining the customer through developing long-term customer relationships is an issue which is of increasing importance for all businesses, and is arguably of particular relevance to services such as retailing in which, building and maintaining a long term customer relationship is seen as central to improve business performance (Kumar, 2013:290). Customer relationship management orientation can be seen as the clustered retailer's ability to establish and maintain long-term relationships with its customers, especially with its most valuable ones (Chotekorakul & Nelson, 2013:230).

Customer relationship management can be viewed as the development of a customer-oriented culture by which a strategy is created for acquiring, retaining and enhancing the profitability of customers. Hence, a successful implementation of Customer relationship management results in an increased customer retention and loyalty and higher customer profitability. The benefits of Customer relationship management, combined with the explosion of data collection and storage procedures observed in recent decades, promoted an increase in the adoption of customer

relationship management practices (Miguéis, Camanho & Cunha, 2013:6225). Customer relationship management can be seen as the consistent organisational activity under usage of integrated selling, marketing and service strategy, that is, trying to define the real need of the customer, by the enterprise integrating various process and technology, in asking internal product and service improvement, in order to dawn effort of enhancing customer satisfaction and loyalty (Pai & Tu, 2011:582). Customer relationship management is the key competitive strategy businesses need to stay focused on the needs of the customers and to integrate a customer facing approach throughout the organisation. By using information and communication technology, businesses are trying to get closer to the customer so that they can create long-term relationships (Liao, Chen & Deng, 2010:4212). Aiming to build intimate relationships with customers is now considered as a common strategy within firms (Bügel, Verhoef & Buunk, 2011:247).

Customer relationship management offers the promise of increased customer loyalty, improved customer satisfaction, greater customer retention and improved revenue for organisations (Steel, Dubelaar & Ewing, 2013:1328). A successful CRM strategy has been shown to contribute to the ability of firms to achieve superior performance (Chang, Wong & Fang, 2014:147). The benefits of Customer relationship management implementation not only can assist the enterprise to locate the profitable market (or business opportunity), but it also improves the competitive advantage, through lowering cost and gaining higher customer value, in comparison with the competition (Pai & Tu, 2011:582). The most important outcomes of customer relationship management can be listed as improvements in efficiency, cost reduction, improved profitability, and increase in sales, enhanced customer value, customer satisfaction and improved customer loyalty (Öztayşi, Kaya & Kahraman, 2011:9788).

Customer relationship management systems can help organisations to gain the potential new customers, promote the existing customers' purchase, and maintain good relationship with customers as well as to enhance the customer value and thus improving the retailer's image (Pai & Tu, 2011:582). Customer relationship management thus

focuses on identifying customers with the greatest contribution and maintaining a long term reciprocal relationship with these. Given the intense competition to maintain a competitive edge, retailers must realise the importance of acquiring, retaining and strengthening the relationships with customers (Wang, 2014:57). Customer relationship management is important today because it is often much more expensive to acquire new customers than to keep them. A Customer relationship management system is a repository of customer information which contains all customer profiles. In addition to the traditional database roles, it has the capability of personalising needs of individual customers by differentiating products or services for each unique customer (Phan & Vogel, 2010:70). Customer relationship management strives to attract, maintain and enhance customer relations with retailers (Wang, 2014:57). Customer relationship management aims to improve the relationship between companies and their customers by managing all customer-related activities, such as marketing, sales, service and support in order to identify and retain the most profitable customers and improve the profitability of less profitable customers (Tseng & Wu, 2014:80).

3.18 CUSTOMER EQUITY

Customer equity is defined as the total of the discounted lifetime values summed over all of the firm's customers (Hyun, 2009:530). It is an ideal balance between what companies spend on acquiring customers and what they spend on retaining them (Silveira, de Oliveira & Luce, 2012:1753). Customer equity also refers to the value of tangible and intangible resources that customers invest in particular retailers. The basic premise is that without customer investment in the retailer, the retailer's survival is more susceptible to competitive actions such as price competition and enhancement of market offerings (Dorsch & Carlson, 1996:253).

Customer equity is based on the notion that a customer is an asset of a company of similar value as its other assets, current and fixed assets. Customers should not only be considered for their monetary value but they should be treated in a similar mind frame as the fixed assets. Customers thus become the object of a long-term business policy (Roofthooft, 2010:38). The value a customer brings to a firm is not limited to

the profit from each transaction but is the total profit the customer may provide over the duration of the relationship with the firm. Thus, customers are seen as the intangible assets a firm should wisely acquire, maintain, and maximise just like other financial assets (Kim & Ko, 2012:1482).

Customer equity is considered the most important determinant of long-term firm value. Customer equity recognises that customers are the primary source of current and future cash flow (Liu, Kim, Choi, Kim & Peng, 2015:312). Customer equity is an approach for acquisition and retention, geared to individual lifetime values of current and future customers with the aim of continuously increasing organisational profitability (Bayon, Gutsche & Bauer, 2002:214). Moreover, customer equity is not automatic, it requires nurturing by the retailer (Dorsch & Carlson, 1996:253).

Effective management of customer equity entails an understanding of the factors, and the interactions among them, that contribute to customer equity (Dong, Swain & Berger, 2007:1243). It is viewed as the basis for a new strategic framework to build more powerful and customer-centric marketing programmes that are financially accountable and measurable (Ramaseshan et al., 2013:335). Customer equity attempts to measure customer relationship value based on not only a customer's current profitability, but also the customer's long-term profit value. Because of its direct financial impacts, maximising customer equity is important to businesses' success (Hyun, 2009:529).

Kim & Ko (2012:1481) identified three types of equity namely value, brand, and relationship as key drivers of overall customer equity. Value equity is the customer's objective assessment of the utility of a brand, based on perceptions of what is given up for what is received. Relationship equity expresses the tendency of customers to stay in a relationship with a brand, going beyond objective and subjective assessments of it. Usually, loyalty programmes under a firm's control may enhance relationship equity. Brand equity is a customer's subjective and intangible assessment of the brand over and above its value. Brands are the best at building images that make customers identify that specialty from among others. Ramaseshan, Rabbanee & Tan Hsin Hui (2013:336)

showed that customer equity drivers of the company have a positive effect on customers' loyalty intentions (attitudinal). Aravindakshan, Rust, Lemon & Zeithaml (2004:408) conclude that summing these values up over all the firm's customers gives the total value of the customers of the firm, which is also known as its customer equity. Figure 3.6 further demonstrates how the three types of equity namely value, relationship and brand are interrelated and how they end up forming customer equity.

Figure 3.6   Drivers of customer equity
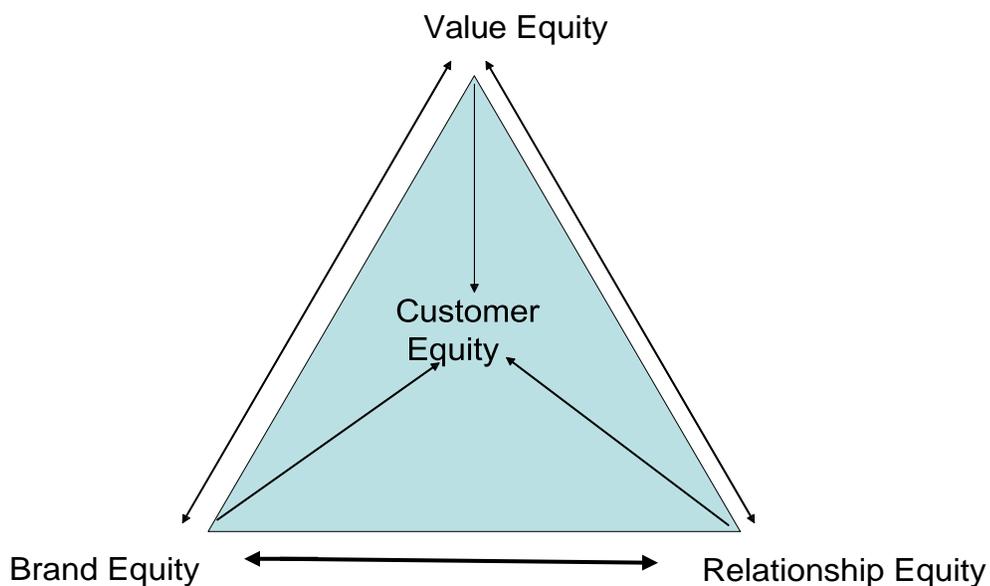
Source: Aravindakshan et al. (2004:408)

3.19   CUSTOMER EXPECTATIONS

Customer expectations are the consequences of prior experience with the company's products. This construct evaluates customer expectations for overall quality, for product and service quality, and for fulfilment of personal needs. The customer expectations construct is expected to have a direct and positive relationship with customer satisfaction (Bayraktar, Tatoglu, Turkyilmaz, Delen & Zaim, 2012:100). Expectations can be defined as predictions made by customers on what probably will occur during an imminent transaction. Expectations can be defined as an anticipation of future consequences based on prior experience, current circumstances, or

other sources of information (Kamaruddin, Osman & Pei, 2012:30). Expectations have a normative role, are based on past experience, and they provide the consumer's view of what should happen. Expectations are usually linked to what consumers forecast, that is, they have a more predictive role and they relate to what will happen (Dean, 2004:62). Expectations are consumer-defined probabilities of the occurrence of positive and negative events (Angelova & Zekiri, 2011:239). Expectations are essential when evaluating satisfaction and are standards to evaluate experiences (Stavrou, Pankratz & Basten, 2014:15).

Expectations can affect perceptions of and preferences for a store. Expectations of retailer characteristics may drive perceptions and judgments regarding the appropriateness of a particular store format for a shopping need (Fowler & Bridges, 2010:493). Expectations play an important role in satisfaction formation. The extent to which a product or service fulfils a customer's need and desire may play an important role in forming feelings of satisfaction because of the impact of confirmation or disconfirmation that have on satisfaction (Angelova & Zekiri, 2011:239). Customer expectation may not necessarily function only as a predictor of satisfaction. Higher expectation generally have a positive effect on the perceived value of services. It is easier to satisfy customers with high expectation when they perceive a service as highly valuable (Siu, Zhang & Kwan, 2014:89).

Customers form their expectations from their past experience, friends' advice, and marketers' and competitors' information and promises. Retailers, in order to keep expectations from rising, have to perform services properly from the first time. Thus, customer expectations for the retailer are likely to rise when the service is not performed as promised. Expectations serve as reference points in customer's assessment of performance, retailers can increase customer satisfaction by decreasing customer expectations (Angelova & Zekiri, 2011:239). Understanding customer expectations will achieve business goals during service experience delivery. Comprehending what customers expect to acquire from retailers can define diverse customer expectations. Customer expectations are regarded as desires or wants of customers. Retailers should,

therefore, obtain a comprehensible approach about how to practice proper services in terms of diverse customer expectations. Retailers can develop a framework, as the development guidance on their operational strategies, to deliver exactly what they should serve in accord with the fluctuations of customer expectations (Hsieh & Yuan, 2010:1130).

The role of expectations in service quality is made more complex by theory suggesting that different levels of normative expectations exist, these being the customer's zone of tolerance and the expectations associated with service quality and customer satisfaction that interact (Dean, 2004:62). The expectations of the customers are various. The retail companies are expected to conform the requirements of the customer on both product and service level. Although the expectation of consumers can be named under two parts as product and service quality within these titles, there are specific requirements that clearly diverges from the other such as style, variety, durability and performance and so on. The ideal condition is that all the expectations of the consumers are met in order to reach success (Saricam, Aksoy & Kalaoglu, 2012:242). Organisations need to be able to satisfy customers and meet their expectations of service quality in order to gain competitive advantage (Malhan, 2014:276).

3.20   CUSTOMER LOYALTY

Chen & Quester (2015:14) define loyalty as being a deeply-held commitment to rebuy or repatronise a preferred 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. Kursunluoglu (2014:531) argues that loyalty is formed profoundly by a steady customer or purchasing the preferred product or service again in the future. Loyalty will provide a repetitive buying of the same product or service despite the marketing efforts or situational effects.

Customer loyalty is considered as key to organisational success and profit. Firms with large groups of loyal customers have been shown to have large market shares, and market share, in turn, has been shown to be associated with higher rates of return on

investment. Customer loyalty stimulates positive word of mouth and makes loyal customers more resistant towards competitive strategies (Shpëtim, 2012:17). Customer loyalty is essential to the organisation in order to retain its current customers. It is because customer's loyalty can serve several benefits to the organisation. Loyal customers are less price-sensitive, reduce marketing expenditures for attracting new customers and improved organisational profitability. Loyal customers cost less to serve, in part because they know the products and require less information (Zakaria, Rahman, Othman, Yunus, Dzulkipli & Osman, 2014:24). Loyal customers are critical to any firm, in that they are less costly to serve, willing to buy and pay more, and engage in positive word of mouth (Zhang, van Doorn & Leeflang, 2014; 284).

Customer loyalty consists of both product loyalty and retailer loyalty. Building customer–retailer loyalty is a long-term process. Customer–retailer loyalty is of extreme interest to merchants, because high customer acquisition costs are difficult to recoup without repeat purchasing (Das, 2014:407). Organisations' profitability and performance correlate directly with customer loyalty. Customer loyalty programmes help retailers to effectively reward their best or potentially important best customers (Singh, 2013:246). Customer loyalty helps enlarge premium price sales, market share and profitability for the business. Customer loyalty is regarded as necessary for successful competition in all types of businesses manufacturers, services and retailers (Songsom & Trichun, 2013:129).

3.21 CUSTOMER SATISFACTION

Customer satisfaction is defined as the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services ratings exceed specified satisfaction goals. Customer satisfaction is more complex and even more important for retailers today than in past (Ubeja, 2013:449). Customer satisfaction is customers' evaluations of a product or service with regard to their needs and expectations. A high degree of customer satisfaction can lead to customer retention and increased market share (Subramanian, Gunasekaran, Yu, Cheng & Ning, 2014:71), and has been identified as a key performance indicator in service industries. It appears to be the primary link between today's operating decisions by the firm

management and future consumer behaviour toward the firm in terms of future sales. A satisfied customer becomes a loyal customer, generating repeat sales and favourable word-of-mouth advertising for prospective customers (Hirogaki, 2014:270).

Customer satisfaction occurs when customer services meet or exceed the customer expectations. For creating customer satisfaction, not only the high-quality product but also the customer services such as payment facilities, after-sale services and home delivery are required. Customer satisfaction which is provided by customer service is affected by customers' expectations, experience, and evaluations. Thus, besides the core product, the performances of the customer services are important in creating customer satisfaction and loyalty (Kursunluoglu, 2014:532). It is shown that companies that have more satisfied customers will experience higher economic returns. Higher customer satisfaction leads to greater customer loyalty and this results in higher future revenue (Razak, Sakrani, Wahab, Abas, Yaacob & Rodzi, 2013:191).

Creating satisfaction in general brings about many benefits for organisations. Satisfied customers are less price-sensitive, tend to buy additional products and are less influenced by competitors, staying loyal for longer. Customer satisfaction is considered to be one of the most important competitive factors and one of the best indicators for a firms future profits as it is positively associated with return on investment (ROI) and market value (Ryding, 2010:225). A portfolio of satisfied customers enhances economic, competitive, and strategic advantages of a company and the end result is customer loyalty (Das, 2014:407). By satisfying customers over and over again, grocery retailers can encourage customer loyalty (Esbjerg et al., 2012:445).
Once consumers are satisfied with a service and its associated products, they become more likely to re-purchase or shop, which then increases company profits. Hence, understanding what influences consumer satisfaction can help business owners and managers design and deliver appropriate offers that cater to market demand (Wu & Liang, 2009:587). Committed customers are profitable to an organisation in the long term.

Commitment forms when a customer's expectation is satisfied and the customer receives a good experience from their relationship with the organisation (Ryding, 2010:224).

Customer satisfaction is an important theoretical as well as practical issue for most retailers. In an era of mature and intense competitive pressures, many retailers are focusing their efforts on maintaining a loyal customer base. Customer satisfaction is increasingly becoming a corporate goal as more and more companies strive for quality in their products and services. Customer satisfaction therefore can be considered the essence of success in today's highly competitive world of business. High service quality leads to high customer satisfaction. Customer satisfaction is strongly influenced by service quality, consumers' perceived service quality is a more decisive determinant of customer satisfaction than their perceived value (Yu & Ramanathan, 2012:488). Customer satisfaction is a consequence of perceived value, perceived quality, and customer expectations (Jayawardhena & Farrell, 2011:205).

Customer satisfaction is a post-choice evaluative judgment concerning a specific purchase decision, satisfaction should be viewed as a judgment based on cumulative experience with a particular product or service rather than a transaction specific encounter. The level of customer satisfaction has been shown to influence attitude and word of mouth communication, a good predictor of future purchase behaviour, influencing profit and, in the long run, leading to store loyalty (Beneke et al., 2012:28). Good customer satisfaction has an effect on the profitability of nearly every business. Customer satisfaction is an asset that should be monitored and managed just like any physical asset. Therefore, businesses that hope to prosper will realise the importance of this concept (Naik, Gantasala & Prabhakar, 2010:234).

The two most widely accepted approaches of studying customer satisfaction are transaction-specific and cumulative or overall satisfaction. The transaction-specific approach defines customer satisfaction as an emotional response by the consumer to the most recent transactional experience with an organisation and the overall satisfaction reflects customers' cumulative or overall impression of a firm's service performance or

summing the satisfaction associated with specific products and various facets of the firm (Srivastava & Kaul, 2014:1029). Customers perform some evaluations at the post-purchase stage to analyse how far the retailer could meet their expectations. The comparison of expectation and performance in post-purchase stage determines the satisfaction level of customers (Kursunluoglu, 2014:528).

The concept of customer satisfaction is composed of several components from distinct sources. Customer satisfaction begins with clear, operational definitions from both the customer and the organisation. Understanding the motivations, expectations, and desires of both gives a foundation in how to best serve the customer. It may even provide information on making improvements in the nature of business (Naik, Gantasala & Prabhakar, 2010:235). Two general conceptualisations of customer satisfaction exist in the literature: service encounters or transaction-specific satisfaction and overall or cumulative satisfaction. Therefore, both cognition (i.e. function of comparison between expectations and performance) and affect (i.e. feelings such as joy, happiness, arousal, pleasure, disgust experience during the acquisition and consumption of product or service) significantly predict customer satisfaction (Jayasankaraprasad & Kumar, 2012:103). Satisfaction is an emotional reaction to the difference between customers' expectation and what they actually receive (Subramanian et al., 2014:71). Customer satisfaction is essential for the survival of retailers because it enhances repeat purchase (Marx & Erasmus, 2006:58).

3.22 CUSTOMER RETENTION

Customer retention is defined as the future propensity of a customer to stay with the service provider (Danesh, Nasab & Ling, 2012:141), and entails a focus on obtaining information about, differentiating among, and allocating resources to manage relationships with existing customers on the basis of their long-term value (Arnold, Fang & Palmatier, 2011:236). Customer retention and the building of long-standing relationships with customers are central elements in the creation of value (Polo, Sese & Verhoef, 2011:201).

With the increasing chances of losing current customers and the enhanced cost of attracting new customers in today's intensely competitive market, companies are devoting themselves to more strategic efforts to retain customers (Guo, Xiao & Tang, 2009:1152). Keeping existing customers is a more effective way of spending retailing resources (Farquhar & Panther, 2008:11). Losing a customer can reduce sales revenues and increase acquisition costs, and it is therefore, widely accepted that companies should concentrate their retailing resources on customer retention which translates into increased revenue for the company because loyal customers will continue transacting for relatively longer durations (Tamaddoni Jahromi, Stakhovych & Ewing, 2014:1258). Similarly, Hidalgo et al. (2008:691) noted that a five per cent increase in customer retention increases a firm's profits at a range between 25% and 85%. Eventually, as customer retention increases, costs decline, and profits rise (Wong & Sohal, 2003:248).

Customer retention has been shown to be a primary goal in firms that practise relationship retailing because customer retention yields several economic values. The cost of customer retention is much lower compared to the cost of acquiring a new customer. Furthermore, retained customers may purchase in higher volumes than newly acquired customers, retained customers are more likely to recommend others to become customers of the firm (Ginn, Stone & Yuksel, 2010:116). In general, in order to extend the customer lifecycle, companies normally introduce policies to persuade customers to stay. The effectiveness of these policies is the basis for future decision-making (Peng, Quan & Zhang, 2013:324).

Various factors have contributed to customer retention, such as customer trust, customer satisfaction and switching barriers. Customer trust and switching barriers both independently and in relation to each other have influence on the level of customer retention (Danesh, Nasab & Ling, 2012:142). The construct of customer retention focuses on repeat patronage, and it is different from, while closely related to, purchasing behaviour and brand loyalty, in that in retention the retailer is seen as having the more active role in the customer-firm relationship. A number of factors

may drive customer retention, such as satisfaction, quality, switching costs, retailing strategies and customer acquisition.

Customer retention is one of the most important indicators of the customer satisfaction. The more satisfied customers are, the greater is their customer retention (Danesh, Nasab & Ling, 2012:142). Firms that constantly attract new customers will not be able to witness increases in profits if they are unable to retain them but at the same time, it is not rewarding to maintain every customer, since it is very costly. Inherently, a retained customer will be loyal due to the attachment and commitment to the organisation. This customer will then recommend others to purchase and repurchase the companies' product and services. Customer retention requires clear direction and this is the first strand of customer retention. In order to effectively retain customers, a significant commitment and clear signal from company's top management is highly required. Top management need to adopt a more holistic approach in order to be more receptive towards latest changes in the industry (Sharmeela-Banu, Gengeswari & Padmashantini, 2012:158).

Customer retention drives customer behaviour and loyalty to a significant extent and this loyalty and behaviour often translate into increased profits, with a strong linkage between overall satisfaction and long-term profitability (Jeng & Bailey, 2012:1572) as illustrated in figure 3.7, customer retention can be realised by taking into account costs of services, product quality and customer experience with the retailer. When customers are satisfied with the service costs provided by the retailer, product quality and good experience, they are likely to keep purchasing from the retailer and as such retention occurs.

Figure 3.7 **Multiple criteria hierarchy framework for constructing customer retention**
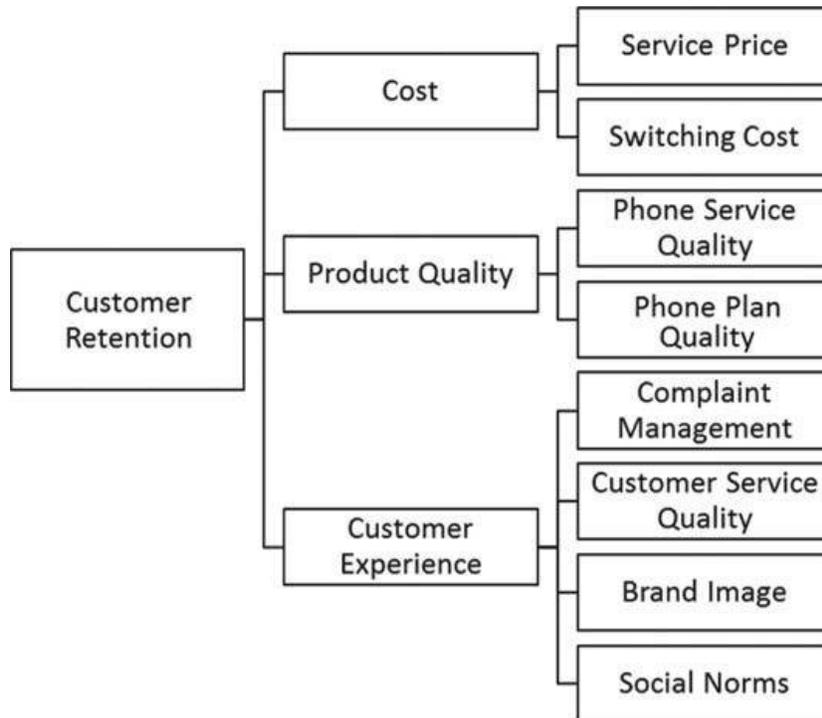
Source: Jeng & Bailey (2012:1574)

Tamuliene and Gabryte (2014:448) observed that customer retention is influenced by three factors, viz. customer satisfaction, relationship quality and switching costs. Customer retention affects customer satisfaction, customer perceived value, trust relationships and switching costs. Customer satisfaction and relationship quality have a direct impact on customer retention, it can therefore be concluded, that these factors are equally important for customer retention and their interrelationship is presented in figure 3.8.

Figure 3.8   Customer retention model
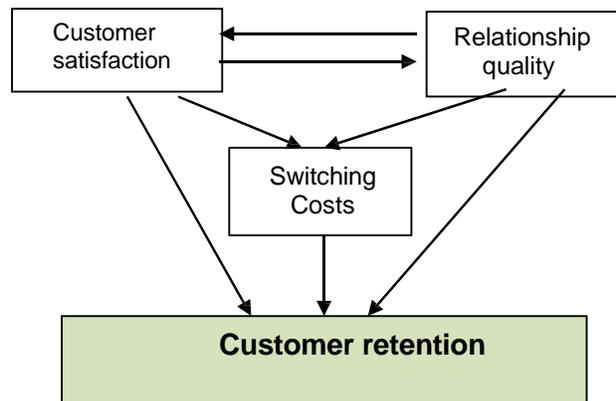
Source: Tamuliene & Gabryte (2014:448).

3.23   CUSTOMER LIFETIME VALUE (CLV)

Customer lifetime value can be defined as the present value of all future profits obtained from a customer over the life of his or her relationship with a firm (Ekinci, Ülengin, Uray & Ülengin, 2014:278).   Customer lifetime value is an established relationship marketing-centric approach to evaluating performance, based upon the significance of a customer, and what resources should be allocated towards maintaining relations beyond short-term transactional views (Wilson & Hollensen, 2013:67). Hiziroglu and Sengul (2012:76) further maintain that customer lifetime value is a quantitative measurement of the firm's net cash flows generated by its customers throughout their relationship with the company. This measurement has been of great importance and widely used by a variety of companies such as retail store to find the differences between customers and to tailor the most appropriate services for them. Correct calculation of this can facilitate a firm in classifying its customers based on their lifetime value rankings so that different retailing strategies can be developed for each group.

In other words, the value that a customer brings to the firm is not limited to the profit obtained from each of their transactions, but is, rather, the total profit they may provide over the duration of their relationship with the firm (Ekinci, Ülengin & Uray, 2014:103). The concept is defined as the sum of the revenues gained from company's customers over the lifetime of transactions after deduction of the total cost of attracting, selling and

servicing customers, taking into account the time value of money (Kahreh, Tive, Babania & Hesan, 2014:590).

According to Weinberg and Berger (2011:330) acquisition and retention are key principles for the utilisation of customer lifetime value. Customer lifetime duration and customer revenue are the two essential customer lifetime value components. Customer satisfaction and customer loyalty are considered the two key drivers to improve customer lifetime value (Qi, Zhou, Chen & Qu, 2012:282). Customer lifetime value is an indicator which makes a customer to have value more than one lifetime. Customer lifetime value has three stages of i) obtaining customer, ii) increasing customer lifetime, and iii) maintaining good customers. In fact, customer lifetime value gives an intellectual impression about customer in order to allocate resources to specific customer (Shahin & Shahiverdi, 2015:4).

In the retailing environment, customer lifetime value should satisfy some conditions that two important of them are: First, in order to be easily implementable, it should focus on the valuation of homogeneous segments of customers instead of individual clients. Second, it needs to be easy to understand and parsimonious in nature to ensure its applicability (Khajvand & Tarokh, 2011:1327). Customer lifetime value provides a performance criterion for measuring the success of customer relationship management actions directed towards customers. This can provide a way to formulate and implement customer-specific strategies in order to maximise their lifetime values. Customer lifetime value is maximised by implementing customer-level strategies such as optimal resource allocation, purchase sequence analysis and balancing acquisition and retention spending. Customer lifetime value analysis suggests that the value of a relationship with a customer can be increased either by increasing the amount of profit gained through the customer or by extending the lifetime of the relationship (kinci, Ülengin & Uray, 2014:105).

The aim of customer lifetime value analysis is to identify potentially valuable customers and then to develop retailing strategies to target customers. The first approach involves

sorting customer data from the customer database, grouping them in equal quintiles, and analysing the resulting data (Tsai, Hu, Hung & Hsu, 2013:358).

To achieve greater profits, a successful customer lifetime value enhancement strategy requires a firm to understand the customers' diverse consumption behaviours influenced by culture and value, and to adopt a corresponding strategy to improve its relationship with the customers (Qi et al., 2012:282). The calculation of a customer lifetime value includes the customer's potential value and the loyalty of that customer. The potential value of a customer is defined as the expected profit that can be obtained from the customer in a certain time period. Customer lifetime value calculations focus on the Net Present Value of a customer gained over the lifetime of that customer using cost of customer acquisition and retention, and the revenue stream from the customer (Tukel & Dixit, 2013:467).

Chang, Chang and Li (2012:1062) assert that the benefit from customer lifetime value calculations is twofold: understanding the potential value of customers, and prompting firms to learn more about the patterns of individuals or groups of customers. This information allows the firm to devise optimal strategies for each customer, eliminate wasteful costs, and create a long-term perspective of the potential relationship with customers. Retailers can tailor strategies to deal with different customer segments that exhibit differences in buying characteristics at any given time, and they can customise different strategies for the same customer depending on the stage of relationship between the customer and the firm. In other words, the main benefit derived from customer lifetime value.

Customer lifetime value is the most important stage in selecting the right customers to be retained in addition to the profitable lifetime duration for non-contractual relationship. Consequently, customer lifetime value focuses on financial benefits created from the retention of customers. Customer lifetime value can be used to guide the firm's acquisition and retention activities of its customers. Customer lifetime value approach

provides guidance for organisation to segment its customers based on their profitability generated for the firm (Kristiani, Sumarwan, Yuliati & Saefuddin, 2014:86).

3.24   CONCLUSION

This chapter provided insight into customer service, its importance and other key factors associated with it. The chapter amongst other elements reviewed literature on customer service, customer service strategy, approaches to customer service, retail service design, and role and benefits of customer service.

In summary, retailers should seek to provide quality customer service as customer service is a significant mediator through which capability and service process innovation influence the performance of a retailer (Chen & Tsou, 2012:71), it is a key to business success and critical to invest in customer service to eliminate customer's defections (Helms & Mayo, 2008:612).   Delivering quality customer service has also emerged as a strategic imperative, one that is increasingly tied to the retailer's capabilities. There is general agreement that quality customer service is not only the most important factor for achieving customer satisfaction, but it is the principal criterion for also measuring the competitiveness of the customer service process (Ray, Muhanna & Barney, 2005:625).

The next chapter deals with the research methodology employed in this study.

CHAPTER FOUR
RESEARCH METHODOLOGY

4.1   INTRODUCTION

The previous chapter provided insights into customer service, its importance and other key factors associated with customer services.   This chapter discusses research methodology, which refers to a science of studying how research was carried out (Rajasekar, Philominathan & Chinnathambi, 2006:5).   The methodology section of research is the most important chapter, as it outlines the information by which the validity of a study is ultimately judged. It also provides a clear and precise description of how the research was undertaken, and the rationale for the specific procedures undertaken (Kallet, 2004:1229).   Methodology is crucial for any research because an unreliable methodology produces unreliable results and, as a consequence, undermines the value of interpretations and findings (Labaree, 2013).

Therefore, in this chapter, there is a detailed discussion of the research design which is covered in the first part of this chapter followed by the sampling methods, data collection, data analysis, validity and reliability testing.

4.2   RESEARCH DESIGN

A research design serves as the framework or plan for study that guides the collection and analysis of data (Churchhill, Brown & Suter, 2010:78), and in it the researcher outlines what do with the participants with the view of reaching conclusions about the research problem (Welman, Kruger & Mitchell, 2005:52). The study employed a mixed methods research approach, whereby quantitative and qualitative methods were combined, because they can potentially capitalise on the respective strengths of both quantitative and qualitative approaches (Ostlund, Kidd, Wengstrom & Rowa-Dewar, 2011:369). Mixed methods research represents research that involves collecting, analysing, and interpreting quantitative and qualitative data in a single study or in a series of studies that investigate the same underlying phenomenon (Leech & Onwuegbuzie, 2009:267), and tends to base knowledge claims on pragmatic grounds and employs strategies of inquiry

that involve collecting data either simultaneously or sequentially to best understand research problems. The data collection also involved gathering both numeric information as well as text information so that the final database represents both quantitative and qualitative information (Creswell, 2003:18). The rationale behind using a mixed methods research approach was to gain a different and more complete perspectives from both the customers and store managers on customer service. It further enables the researcher to simultaneously ask confirmatory and exploratory questions and therefore verify and generate theory in the same study (Teddlie & Tashakkori, 2009:35). Mixed methods research also helps expand the scope or breadth of research to offset the weaknesses of either approach alone (Driscoll, Appiah-Yeboah, Salib & Rupert, 2007:18), and because neither quantitative nor qualitative methods are perceived to be sufficient by themselves, to capture the trends and details of a situation (Ivankova, Creswell & Stick, 2006:3). Mixed methods are seen as a way to also leverage the strengths of each method while also mitigating their weaknesses (Zeitlin, Augsberger, Auerbach & McGowan, 2014:13).

Concurrent mixed design was engaged in as it is a research design that entailed undertaking two or more styles of research at the same or overlapping times, or even at separate times, but as independent enterprises and considered a single phase of research (Kent, 2007:255).   Concurrent methods were equally prioritised and kept separate until the data analysis phase as also outlined by Rittichainuwat & Rattanaphinanchai (2015:140), that with concurrent methods each data set of quantitative and qualitative design can only be integrated during the analytical stage. Quantitative and qualitative data were collected concurrently in two different ways to accommodate the mixed-methods design. Qualitative data were collected through personal interviews using open-ended questions while quantitative data were collected through a self-administered survey using closed-ended questions. Additionally, focus groups were also held to gain a greater understanding of factors surrounding customer service.

One of the goals of concurrent mixed design study was to triangulate the qualitative and quantitative results to serve as validation and confirmation of the phenomena being studied. Triangulation was also used to help the researcher improve the accuracy of the

judgments by collecting different kinds of data bearing on the same phenomenon (Jick, 1979:602). Qualitative and quantitative analyses were conducted separately then compared and contrasted to identify data convergence and divergence as proposed by Njie-Carr (2014:382). A convergent design was conducted to bring together the strengths of both data strands to compare results or to validate, confirm, and corroborate quantitative results with qualitative findings. In convergence design, qualitative and quantitative data were analysed separately and the different results were then integrated during the interpretation (Harrison, 2013:2158) as outlined in figure 4.1.

Figure 4.1 Convergent design model
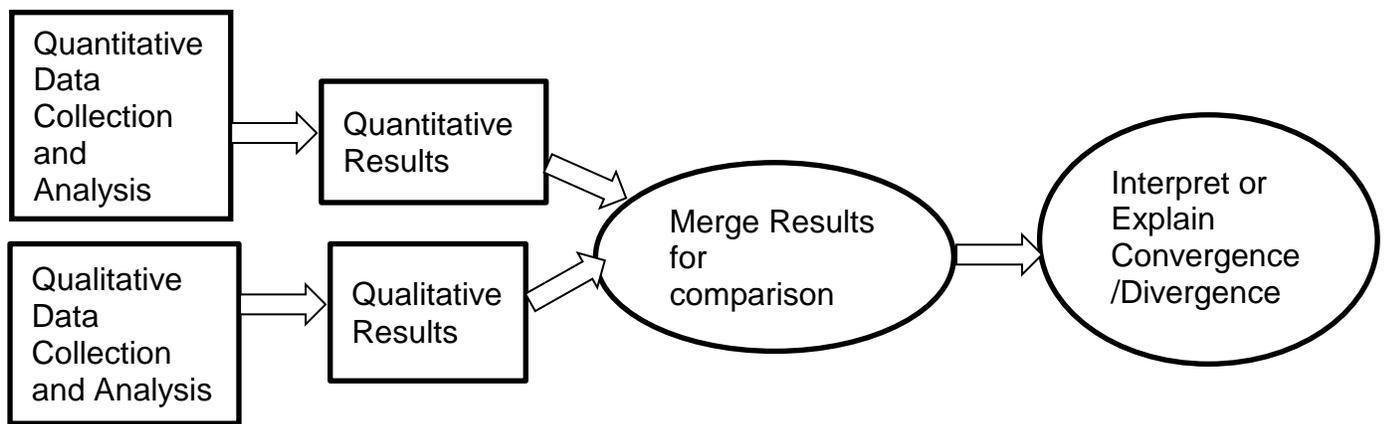
Source: Creswell (2013:40)

This study was exploratory in nature, as it is research that was undertaken to gain background information about the general nature of the research problem or when very little is known about the problem. Exploratory research helped to define terms and concepts and define questions such as "what is the satisfaction with service quality" or to quickly learn that "satisfaction with the service" is composed of several dimensions-tangibles, reliability, responsiveness, assurance, and empathy. Not only would exploratory research identify the dimensions of satisfaction with service quality, but it could also demonstrate how these components may be measured (Burns & Bush, 2014:101). Exploratory research in this study was undertaken as the problem to be solved was broad and involved reviewing literature, conducting focus groups and

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interviewing participants (Churchill, Brown & Suter, 2010:38). Exploratory research also assisted in the definition of detailed objectives for a subsequent marketing research programme (Baker & Hart, 2008:146).

Figure 4.2 portrays the sequence of reseach process followed while undertaking mixed method research, and shows the stages that the researcher undertook in designing of the study as well. Mixed methods research processes involve the following seven distinct steps presented below. These steps are linear, that is, the study's goal leads to the research objectives, which, in turn, lead to a determination of the research purpose, which is followed by the selection of the mixed methods research design. (Onwuegbuzie & Collins, 2007:291).

Figure 4.2   **Reseach process sequence**
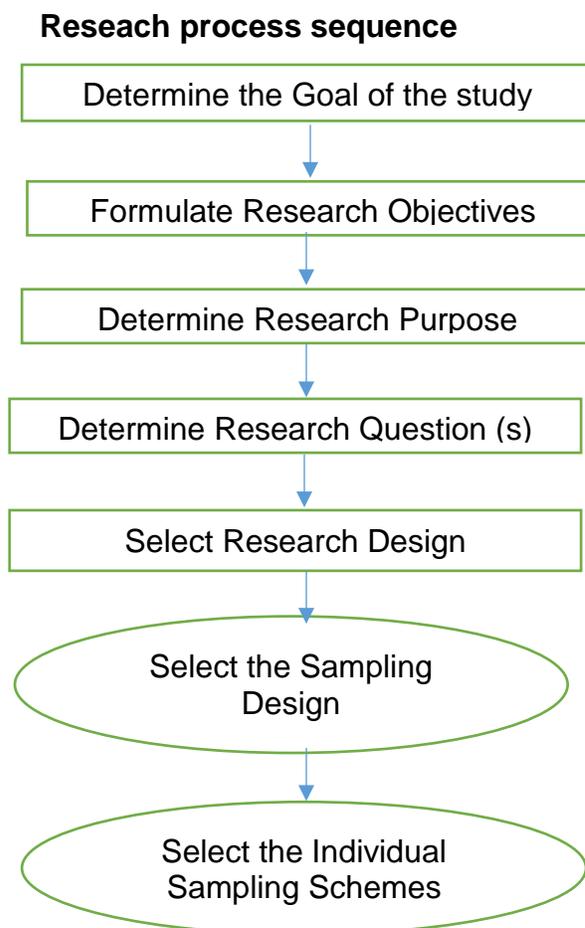
Source: Onwuegbuzie & Collins (2007:291)

The research process is a logical model of carrying out research. The ideal research process is the one that follows an orderly series of steps (Wagner, Kawulich & Garner, 2012:12) as outlined in figure 4.2. The research process is a multiple-step process where the steps are interlinked with the other steps in the process and involves a systematic process that focuses on being objective and gathering of information for analysis so that the researcher can draw conclusions and recommendations at the end of the process. As outlined in figure 4.2, the researcher determined the goal of the study, formulated the research objectives, determined the research purpose, research questions, selected the research design, sampling method and sampling schemes. The researcher followed the above process because the steps provided structure for research, and will enventually help the reasearcher to obtain right results. Wallace & Van Fleet (2012:104) posits that if proper research process is not followed, the results and report can be rejected and thus the credibility of the author can be questioned.

4.3   ETHICAL CONSIDERATIONS

Along with the request to cooperate in the study, the participants, being customers and retail managers, were provided with an explanation of the purpose, outline, and ethical considerations of the study in writing and verbally. It was explained and emphasised that participation in the study was voluntary, that agreeing to being interviewed was taken as consent to participate in the study, and that the anonymity of the respondents would be protected. Furthermore, all of the processes involved in this study were conducted in accordance with the research plan as approved by the Ethics Committee of the Faculty of Management Sciences, Durban University of Technology. Ethical clearance was obtained as per regulations of the university prior to recruitment of participants, as ethics in research do not solely rest upon the relationship between the researcher and participants but upon the wider research community (Miller & Brewer, 2003), and participants were also entitled to withdraw their participation from the study at any point (Jirojwong,Johnson & Welch, 2014:70).

4.4   QUALITATIVE PHASE

This study owed its impact to qualitative research methods. According to Zikmund & Babin (2010:131), qualitative research is research that addresses marketing objectives through techniques that allow the researcher to provide elaborate interpretations of market phenomena without depending on numerical measurements, its focus is on discovering true inner meanings and new insights. Qualitative research is well suited to exploratory investigations of problems about which little is known (Sinuff, Cook & Giacomini, 2007:105), and as well suitable for studies designed to expand knowledge (Neuman, 2014:71), theory development, theory testing, construct validation, and the uncovering of new, emerging phenomena (Garcia & Gluesing, 2013:424).

With qualitative research, the aim was to deliver opinions while minimising the impact of the researcher's own bias which may have resulted in subjective rather than objective reporting (Finnegan, 2014:136). Qualitative research is about depth rather than breadth, and helps researchers draw a deep understanding of a phenomenon (Neuman, 2014:71), and goes beyond a narrow and functionalist view of the research phenomenon being investigated (Vaivio, 2008:65).

The goal of qualitative research was to develop concepts that helped the researcher understand social phenomena in natural settings, with emphasis on meanings, experiences, and views of participants (Sinuff, Cook & Giacomini, 2007:105). Qualitative research is interpretative and naturalistic, in that it also seeks to understand and explain beliefs and behaviours within the context that they occur (Draper, 2004:642), and has ability to produce rich data on perceptions (Gagliardi & Dobrow, 2011:268), such as feelings, thought processes, and emotions that are difficult to extract or learn about through other conventional research methods (Strauss & Corbin, 1990:11).

To fully comprehend the nature of the research problem, qualitative research was undertaken. An extensive literature search was first undertaken to discover and evaluate all possible dimensions of customer service. The researcher then proceeded to focus

group discussions so as to generate new, and validate existing dimensions of customer service uncovered during the literature search.

4.4.1 TARGET POPULATION AND SAMPLING METHOD

There are four independent food retail chains in Kwa-Zulu Natal, and for the purposes of this study and also to maintain anonymity these are referred to as Retailer A, B, C and D. The number of stores per each independent chain are shown in figure 4.1.

With the population size of the marketing or customer services managers limited to one per retail chain, there is no point in sampling. Sekaran (2003:294), points out that if the population size is less than 150, there is little point in sampling, rather it is advisable to survey the entire population (Leedy & Ormrod, 2005:207). In the light of the above suggestions, Cooper and Schindler (2008:221) recommended that a census would be more efficient to overcome non-response error, and that census method was straightforward and more suitable to be used, as it was less time and resource consuming and more likely to yield accurate estimations (Zhang, Wang, Lv, Su, Liu, Shen & Bi, 2007:18), and has the advantage of covering all target respondents in a study (Jim, 2008:371).

Therefore, all four senior managers from the independent food retail food chains were requested to participate in the study and were interviewed.

Table 4.1 Number of stores per retail chain

Name of retailer	Number of stores within the province
Retailer A	22
Retailer B	13
Retailer C	37
Retailer D	2
TOTAL	74

4.4.2 DATA COLLECTION

A letter of invitation was sent out to senior managers which explained the purpose of study, assured confidentiality and sought their consent. The study engaged qualitative interviews to gather data from the senior managers. Qualitative interviews are both semi-structured and unstructured interviews characterised by increasing levels of flexibility and lack of structure. They are in-depth, informal, non-directed, open-ended, conversational, naturalistic, and narrative in nature (Edwards & Holland, 2013:3). They are used in order to understand what people think, why they do things, and how they feel about certain things and conducts. They provide the possibility to describe social processes (how a phenomenon is constructed) and to acquire a more deepened understanding of peoples' experiences (Zachrison, 2014:52).

In-depth interviews were conducted with senior managers, because interviews provide in-depth information pertaining to participants' experiences and viewpoints on a particular topic (Turner, 2010:754), and they offered the following strengths:

- Good for measuring attitudes and most other content of interest;
- Allow probing by the interview;
- Can provide in-depth information;
- Allow good interpretative validity;
- Moderately high measurement validity for well-constructed and well-tested interview protocols;
- Relatively high response rates often attainable; and
- Useful for exploration and confirmation (Johnson & Turner, 2003:308).

The researcher constructed an interview schedule which listed all the questions that were asked. The questions were informed by the key research questions, literature study and overall objectives and aims of the study. The questionnaire contained open-ended questions aimed at inviting participants to express their personal experiences, ideas, feelings, sentiments and suggestions that researchers may have omitted while developing the questionnaire. A funnelling approach was adopted, whereby questions were arranged to start from broad questions and gradually leading to more focused

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questions (Tofade Haines & Elsner, 2013:2), so as to allow the respondents to gradually adapt to the line of questioning.

The interviews were scheduled to last between thirty minutes to an hour providing respondents an opportunity to respond sthe questions in a pleasant atmosphere. The Interviews were recorded on an audio-tape and responses were recorded with notes taken during the interviews which both formed part of the raw data that was analysed.

4.4.3 QUALITATIVE DATA ANALYSIS APPROACH

Qualitative research involves the use of qualitative data, such as interviews, documents and participant observation data, to understand and explain social phenomena (Samkin & Schneider, 2008:207). As such, there are many different approaches to qualitative data analysis (Welsh, 2002:26).

Ritchie, Lewis, Nicholls & Ormston (2013:200) allege that unlike quantitative analysis, there are no clear agreed rules or procedures for analysing qualitative data. According to their reports, approaches to analysising qualitative data vary in terms of basic epistemological assumptions about the nature of qualitative enquiry and status of the researcher's own accounts. More so, several other authors (Riessman 1993; Thompson 2000; Silverman 2000; 2001; Robson 2002) have distinguished between different analytical approaches in terms of the main focus and aims of the analytical process. These approaches include:

1. Ethnographic account;
2. Life histories;
3. Narrative analysis;
4. Content analysis;
5. Conversation analysis;
6. Discourse analysis;
7. Analytical induction;
8. Grounded theory; and
9. Policy and evaluation.

Content analysis, in which both the context and construct of the data generated was used to interpret the qualitative data. As pointed out by Robson (2002:408), in content analysis themes were identified with the researcher focusing on the way the theme is treated or presented and the frequency of its occurrence.   In this study, the semi-structured interviews were transcribed and analysed using thematic content analysis. The individual interviews were transcribed by the researcher who is able to type up data from interviews faultlessly. The data was then coded according to themes that arose. Coding is described as a process of segmenting and labelling text to form broad themes (Babbie and Mouton 2006: 412), which provides the analyst with a formal system to organise the data, uncovering and documenting additional links within and between concepts and experiences described in the data (Bradley, Curry & Devers, 2007:1761).

4.4.4 QUALITATIVE DATA ANALYSIS

Qualitative data analysis pertains to data analysis from sources such as interviews, observations, and documents and then responsibly presenting what data reveals (Caudle, 2004:417). The process is not an easy task, it is disordered, hard, and time-consuming (Hilal & Alabri, 2013:181). Therefore, this process requires creativity, discipline and a systematic approach (Rene & Taylor-Powell, 2003:1). The core of qualitative analysis lies in the processes of describing phenomena, classifying them, and seeing how the concepts interconnect (Dey, 2003:31).

Therefore, responses were recorded, coded and analysed using qualitative research software (NVivo). The software is a powerful qualitative data analysis tool, with features that provided functionality far beyond that of the average statistics package. This software had the ability to assist researchers carry out qualitative research by offering easy to use tools for organisation and analysis of such data (Castleberry, 2014:1). The software helped to manage, shape and make sense of unstructured information, it reduced a great number of manual tasks and gave the researcher more time to discover tendencies, recognise themes and derive conclusions (Hilal & Alabri, 2013:182).

4.4.5 CREDIBILITY AND TRUSTWORTHINESS

Credibility is an intuitive concept and refers to a person's perception of the truth of a piece of information (Eisend, 2006:1), and ensuring credibility is one of most important factors in establishing trustworthiness (Shenton, 2004:63). In conducting of qualitative research, Guba and Lincoln (1985) substituted reliability and validity with the parallel concept of trustworthiness containing four aspects: credibility, transferability, dependability, and conformability (Mandich, Polatajko & Rodger, 2003:585).

Thus, to achieve credibility and trustworthiness, the researcher verified individual viewpoints and experiences against those of other retail managers from other independent retail food chains. The researcher allowed adequate time while collecting data from the retail managers in order to gain an adequate understanding and to establish a relationship of trust and to further develop prolonged engagement which entailed building trust and rapport with respondents to foster rich, detailed responses (Cope, 2014:90). Different methods like observations, audit trails, member checks when coding, categorising, or confirming results with participants were employed. The researcher revisited data repeatedly to see whether the constructs, categories, explanations, and interpretations made sense and that they were error free.

4.5   QUANTITATIVE PHASE

The study was also quantitative in nature, as this research method followed a deductive research process and involved the collection and analysis of numerical data to identify statistical relations of variables (Saunders, Lewis & Thornhill, 2009:153). Quantitative research is about explaining the phenomena by collecting numerical data analysed using mathematically based method (Muijs, 2011:1), and attempts to establish statistically significant relationships, addresses questions by measuring and describing, is based on objective measurement and observation, and is concerned with correlation and causation (Ingham-Broomfield, 2014:33). It is most often about quantifying relationships (Sousa, Driessnack & Mendes, 2007:503).

A quantitative research design allows for flexibility in the treatment of data, in terms of comparative analyses, statistical analyses, and repeatability of data collection in order to verify reliability (Jones, 1997:2). Therefore, customer service dimensions that were generated during the qualitative phase were tested through the use of a questionnaire, and were fielded amongst a sample drawn from the target population.

A mall-intercept survey was conducted on different days and during different times of the survey days to ensure that a representative sample of the target population was obtained. Mall-intercept was opted for because it offered convenience of central location frequented by large numbers of the target population (Nowell & Stanley, 1991:475), and it tends to be less expensive than other traditional survey methods and can often be accomplished with the use of student helpers and research assistants. It was also quicker than mailed survey techniques, and data could often be collected during a reasonably short period of time. Another strong motivation for a mall-intercept survey was that, by design, a mall-intercept survey always introduced an element of convenience sampling (Litvin & Kar, 2001:309), which tied in with the sampling method adopted in this study.

The respondents were selected and approached while they were shopping at independent food chains in a shopping centre. The advantage of a mall-intercept interview was that it allowed the researcher easier access to the respondents because they were readily available, already at the shopping centre, and that it was relatively quick and economical (Rice & Hancock, 2005:4).

4.5.1 TARGET POPULATION

Cooper and Schindler (2008:90) defined the target population as those people who had the desired information and could answer the measurement questions, and Banerjee and Chaudhury (2010:60) further attest that it is an entire group about which some information is required to be ascertained. The target population was therefore all customers of independent food chains in Kwa-Zulu Natal. It should be noted that Kwa-Zulu Natal is divided into teen districts, however, independent food chains have footprints in only seven

districts and a higher store concentration was in the EThekwini district, as outlined in table 4.2.

Table 4.2   Distribution of independent retail food chains per municipal district

District	Location of stores	Number of stores
Amajuba	Newcastle	3
EThekwini	EThekwini metropolis Bluff, Chatsworth, Durban, Hillcrest, Isipingo, Kwa Mashu, Newlands, Phoenix, Pine-Town, Verulam	51
ILembe	Stanger	1
Ugu	Margate	1
	Harding	1
Umgungundlovu	Pietermaritzburg	8
UThukela	Escourt	1
UThungulu	Empangeni & Richards Bay	4
	Eshowe	1
	Melmoth	1
TOTAL		74

4.5.2 SAMPLING METHOD

A sampling method is outlined as the process of selecting units of people or organisations from a population of interest, whereby the results of studying from the sample can be generalised to the whole population (Chaturvedi, 2009:4). The study therefore followed non-probability sampling which implied that the elements from the population were selected in a non-statistical manner (Schmidt & Hollensen, 2006:166), but rather,

subjective methods were used to decide which elements were included in the sample. This was done because non-probability sampling is less expensive than probability sampling and can often be implemented more quickly and reduce non-response error (Battaglia, 2008:523).

Therefore, convenience sampling was used whereby a non-statistical approach was adopted primarily because it was easy to collect data. Convenience sampling is a non-probability method which entails sampling units because they are easily accessed. Examples of convenience techniques include sampling individuals at a grocery store (Yu & Cooper, 1983:37). Volunteer sampling was adopted as virtually anyone who was readily available during the survey participated in the study (Wimmer & Dominick, 2011:91). This approach was practised because almost everybody is a grocery customer, and selecting of a sample is easier, cheaper in financial terms, and quite adequate in representativeness within the scope of the defined research (Cohen, Neuville, Olsen & Klein, 2000:102).

4.5.3 SAMPLE SIZE

Sample size is defined as the number of elements to be included in a study. Sample size is one of the four inter-related features of a study design that can influence the detection of significant differences, relationships or interactions (Bartlett, Kotrlik & Higgins, 2001:43). In this case the sample size was 444 respondents and they were considered to provide sufficient input to ascertain findings. The consumer population of Kwa-Zulu Natal is in excess of 1 000 000. In support of this sample size, Sekaran and Bougie (2013:268) point out that if the population size is 1 000 000, a sample size of 444 should be adequate to support the research findings. To ensure equal representation in the study, six questionnaires were administered in each of the 74 stores throughout the seven districts.

4.5.4 MEASURING INSTRUMENT AND DEVELOPMENT

A proper questionnaire design is crucial to the success of a survey (Hoogendoorn, 2004:219) and as such the questions were designed in a manner that provided answers

to the objectives of the study (Meadows, 2003:563), and enabled the collection of information in a standardised manner which, when gathered from a representative sample of a defined population, allowed for the extrapolation of results to the wider population (Rattray & Jones, 2007:235).

The questionnaire consisted of questions developed from reviewing relevant literature on the research area and the Retail Service Quality model with questions adopted from Retail Service Quality Scales developed by Dabholkar, Thorpe and Rentz (1996). The questionnaire was in the form of both open-ended and closed-ended (or structured) questions with likert scales used to structure some of the questions. Likert scales are a common ratings format for surveys whereby respondents rank responses from high to low or best to worst using five levels (Allen & Seaman, 2007:64). The ratings formats on the likert scale are normally from agreement or disagreement (Bhattacharyya, 2006:119). Other questions in the questionnaire were in the form of multiple choices that had pre-determined answers which seeked to address the research questions and objectives of the study. Likert scales and multiple choices were adpoted primarily because they are easy to code and easy to analyse.

Respondents were then asked to make one choice from a list of possible responses, the questions in the questionnaire were kept simple and easy for the respondents to undertstand and complete. The questionnaire adopted a funnel approach, whereby the questionnaire commenced with general questions, proceeded to borarder and narrower or specific questions (Malhotra, 2006:91). The questionnaire began with a brief demographic questions and then proceded to broader and narrower questions that probed more about customer service.

The questionnaire was pre-tested before gathering information in order to determine whether the content and sequencing of questions were correct, and also to ensure that the questionnaire met the researcher's expectations in terms of the information to be gathered (Aaker, Kumar & Day, 2003:327). Any alterations that need to be made were then implemented before the research could be conducted. Therefore, pre-tests were

administered to a sample of 20 respondents, under field conditions, in order to identify questions that might not be useful and also to reveal any problems in questionnaire design, hence enabling the researcher to correct errors before conducting the field work.

4.5.5 THE MODEL

The model adopted for the study was the Retail Service Quality (RSQ) developed by Dabholkar which consists of 28 items and of which 17 have been adapted from SERVQUAL, and the rest of them have been developed from the literature review and qualitative research (Ahmad, Ihtiyar & Omar, 2014:763). These dimensions are: (1) physical aspects which include the store appearance and store layout; (2) Reliability which evaluates how well retailers keep their promises and do the right things; (3) personal interaction, assessing the retail store personnel in terms of courtesy, helpfulness, and inspiring confidence in customers; (4) problem-solving, the ability of retail store personnel to handle returns and exchanges, solve customer problems and complaints; and (5) policy on merchandise quality, parking, operating hours and credit cards (Kimani et al., 2012:58). The scales from the above model were also used in developing the research instrument.

4.5.6 QUANTITATIVE DATA COLLECTION

Respondents in this study were customers of independent retail food chains in Kwa-Zulu Natal. The researcher together with the research assistants administered questionnaires to the the customers while visisting and shopping at the independent retail food chains. The researcher and team explained to each individual customer, the various constructs of the questionnaire and the importance of honesty in their responses before attempting to respond to the questionnaire.

The method of data collection employed for this study was the survey method. Surveys are used for a wide variety of measurement processes and methods of data collection (Molenberghs, 2010:37). Surveys are systematic ways of gathering information from a large number of people through the use of questionnaires (Hawkins et al., 2007:750), and if conducted correctly, they yield important data useful in decision-making (Davis, Steury

& Pagulayan, 2005:3). Therefore, the survey was done, whereby questionnaires were administered to 444 customers of independent retail food chains in Kwa-Zulu in order to extract detailed information on the topic and clarify complex questions**.** Research assistants were used to administer the questionnaires. These assistants were given training on the subject matter so that they were able to clarify questions to the respondents.

4.5.7 DATA CAPTURING

Data from the questionnaire were captured using the latest software programme SPSS with the necessary tables and graphs produced to illustrate responses. All questionnaires were checked for legibility especially in terms of the coded information and completeness. Accuracy was required for the input of data and a detailed report of all the statistical results was presented.

4.5.8 QUANTITATIVE DATA ANALYSIS APPROACH

Data analysis refers to systematic organisation and synthesis of research data (Neuman, 2011:487), as such the following approaches to analysis of quantitative data were undertaken namely, Chi-squre and factor analysis.

According to Cunningham & Aldrich (2012:202) the Chi-square test of independent is a non-parametric test designed to determine whether two variables are independent or related.   More so, Cunningham and Aldrich (2012: 203) pointed out that Chi-square is the most appropriate non-parametric analysis that is frequently used on sample that involves data measured at the nominal level, particularly when the researcher is concerned only with the frequencies of the data. Chi-square analysis was used determine whether the scoring patterns per statement were significantly different per option for all the respondents and to futher compare distributions of responses (Griffith, Cook, Guyatt & Charles, 1999:998).

Furthermore, factor analysis was used to validate the research instruments in terms of the different set of variables in the questionnaire. Leedy & Ormond (2001: 278) asserted

that factor analysis identify variables, or factors which explain the pattern of correlations within a set of observed variables and identifies clusters with highly interrelated variables reflecting underlying themes, or factors. As such, factor analysis could be used in data reduction to identify a small number of factors which explain most of the variance that is observed in a much larger number of manifest variables.

Factor analysis was also undertaken to establish whether each variable being evaluated measured the same thing. According to Pallant (2007:108), factor analysis takes a large set of variables and looks for a way the data may be reduced or summarised using a smaller set of factors or components without sacrificing information and knowledge embedded in the data. The analysis does this by further establishing correlations or similarities in the data set.

4.5.9 QUANTITATIVE DATA ANALYSIS

The main aim of quantitative data analysis is to help the researcher see similarities, differences and relationships between variables being investigated. As such, quantitative methods of data analysis are of great value to the researcher attempting to draw meaningful results from a large body of data and allows the reporting of summary results in numerical terms to be given with a specified degree of confidence (Abeyasekera, 2005:1). Data analysis process commenced after the questionnaires were collected from the participants. All in all 444 questionnaires were distributed to participants from 74 independent retail food chains in Kwa-Zulu Natal. Fortunately, all the questionnaires were completed, due to surveys being frequently conducted at each retailer. Questionnaires were countended over and again prior to the process of data analysis so as to validate the generalisability of the findings and representativeness of the sample in the study (Donini, Marsili, Graziani, Imbriale & Cannella, 2005:28).

Once the data had been captured, a number of analyses were run on the data mainly through descriptive and inferential statistics. Descriptive statistics in the form of frequency and percentage were computed from the variables. Descriptive statistics included the construction of graphs, charts, and tables, and the calculation of various descriptive

measures such as averages, measures of variation, and percentiles (Isotalo, 2009:5). The results were then graphically presented using bar and pie charts. Descriptive statistics helped to simplify large amounts of data into a simpler summary using two basic methods numerical and graphical approach (Jaggi, 2003:1).

Inferential statistics is the mathematics and logic of how this generalisation from sample to population can be made. Inferential statistics focuses on making statements about the population (Gabrenya, 2003:1). Inferential statistics were used to draw conclusions about the population. This was generally done through random sampling, followed by inferences made about central tendencies, or any of a number of other aspects of a distribution (Inferential Statistics, 2008). Inferential statistics allowed the researchers to make predictions about the population on the basis of information obtained from a sample that is representative of that population (Giuliano & Polanowicz, 2008:212).

4.5.10 RELIABILITY

Reliability pertains to the consistency of scores (Ritter, 2010:5), dependability and replicability of the results obtained from a piece of research (Zohrabi, 2013:259), and the extent to which results are consistent over time (Bashir, Afzal & Azeem, 2008:36). Sekaran and Bougie (2013:276) further postulate that the reliability of a measure indicates the extent to which it is without bias (error free) and, hence, ensures consistent measurement across time and across the various items in the instrument. In other words, reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure.

To provide a measure of the consistency and validity, Cronbach's alpha was used as a measure of reliability (Tavakol & Dennick, 2011:53), as it is a test reliability technique that requires only a single test administration to provide a unique estimate of the reliability for a given test (Gliem & Gliem, 2003:84). Cronbach's alpha measured how well a set of items (or variables) measured a single one-dimensional latent construct (Hussain, 2012:89), and the interrelatedness of a set of items (Grau, 2007:3106).

4.5.11 VALIDITY

According to Leedy & Ormrod (2005:210), validity is the extent to which the instrument measures what it is supposed to measure. It is the extent to which the interpretations of the results of a test are warranted (Kimberlin & Winterstein, 2008:2278), and how truthful the research results are (Golafshani, 2003:599). In addition, Hair et al. (2003:303) assert that validity, in its simplest form, refers to the extent to which the conclusions drawn from the experiment are true.

There are numerous statistical tests and measures to assess the validity of quantitative instruments. Therefore, to measure validity, content validity was undertaken which refers to the degree that the instrument covers the content that it is supposed to measure. Content validity is used to measure the variables of interest. It is also known as content related validity, intrinsic validity, relevance validity, representative validity and logical or sampling validity. It can be used to measure the appropriate sampling of the content domain of items in a questionnaire (Yaghmale, 2003:25), and addresses how well the items developed to operationalise a construct provide an adequate and representative sample of all the items that might measure the construct of interest (Kimberlin & Winterstein, 2008:2279).

Adequate assessment of content validity provides evidence that the content of items and overall measurement approach are consistent with the perspective, experience and words of target population. Content validity further provides evidence that formatting, instructions and response options are relevant, and the measure is understandable and acceptable to respondents (Brod, Tesler & Christensen, 2009:1263), and it is established by showing that the test items are a sample of a universe in which the investigator is interested (Cronbach & Meehl, 1955:282). As such, the sample chosen for the study was a true reflection of the population. The questionnaire was pre-tested before gathering information in order to determine if the content and sequencing of questions were correct and the instrument administration was kept standardised to ensure the content validity of the information gathered from the questionnaire.

4.6   CONCLUSION

This chapter discussed the methodology adopted during the study as well as the aspects of credibility, reliability and validity of data.   Research steps, instruments used in data gathering, sampling methods and in-depth interview were also explained.   The chapter further discussed the process of quantitative and qualitative data collection, analysis and presentation.

The subsequent chapter will provide an in-depth presentation, analysis and summation of the research results.

CHAPTER FIVE

PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

5.1   INTRODUCTION

The previous chapter discussed the methodology that was used in conducting of this study. This chapter presents the outcome of the data-gathering process, reports the results, and discusses the findings obtained from the questionnaire. In this section, the questionnaire was the primary tool that was used to collect data and was distributed to customers of independent food chains within KwaZulu-Natal, South Africa. The data collected from the responses were analysed with SPSS (version $24^{®}$) in relation to the three objectives outlined in chapter one, that is: (1) to assess level of customer satisfaction from services offered by independent retail food, (2) to identify what customers perceived to be their key influential factors of customer service and retail service quality, and (3) to assess current customer service tools employed by independent food chains in KwaZulu-Natal and further, explore the extent to which customer service tools are being used.

All the data in the sections below was statistically analysed in an attempt to determine and evaluate customer service undertaken by independent food chains in KwaZulu-Natal. The research instrument consisted of 82 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into seven sections which measured various themes as illustrated below:

1   Biographical data

2   The physical aspects of independent food chains

3   The reliability of services provided by independent food chains

4   Personal interaction with independent food chains

5   Problem-solving at independent food chains

6   The policies at independent food chains

7   Customer satisfaction

The results were presented in descriptive and inferential statistics. The descriptive statistics were in the form of graphs, cross tabulations and other figures for the quantitative data that were collected. Inferential techniques include the use of correlations and chi square test values; which are interpreted using the p-values.

5.2   DEMOGRAPHIC INFORMATION PERTAINING TO RESPONDENTS

This section summarises the biographical characteristics of the respondents. In total, 500 questionnaires were despatched and 444 were returned, which constituted a response rate of 88.8%. Respondents were described in terms of the following demographic characteristics: age and gender (Table 5.1), educational qualifications (Figure 5.1), and the frequency of their shopping (Table 5.2). Respondents were mainly females (64.0%), with males constituting (36.0%). The results are in line with observations by Dholakia (1999:162) who observed that women enjoyed doing shopping more than men and that shopping was still considered a gendered activity with women assuming primary responsibility for household grocery shopping. Overall, the ratio of males to females is approximately 1:2 (36.0%:64.0%) suggesting that women are predominant shoppers.

In terms of age group, 29.5% of respondents were between 18-29 years old; 25.0% were between 30-40 years old, 27.5% were between 41-55 years old and 18.0% were between 56-65 and above years old. It is worth noting that in the age category of 30-40 years, 37.8% were male. Within the category of males (only), 26.3% were between the ages of 30 to 40 years. This category of males between the ages of 30 to 40 years formed 9.5% of the total sample.

In terms of the frequency respondents going shopping, 36.0% shopped once a week, 33.8% shopped twice a week, and 30.2% shopped thrice or more in a week. It is worth noting that two-thirds (50.5%) of the respondents reported that the choice of store they shopped was influenced by the prices offered by the retailer as outlined in table 5.3, and 19.8% of them indicated that complementary services such as ATM terminals, parking and toilets were the best service offered by the store as illustrated in Table 5.4.

Table 5.1 The overall gender distribution by age

			Gender of respondents		
			Male	Female	Total
Age in years	18-29	Count	49	82	131
		% Age in years	37.4%	62.6%	100.0%
		% Gender of respondents	30.6%	28.9%	29.5%
		% of Total	11.0%	18.5%	29.5%
	30-40	Count	42	69	111
		% Age in years	37.8%	62.2%	100.0%
		% Gender of respondents	26.3%	24.3%	25.0%
		% of Total	9.5%	15.5%	25.0%
	41-55	Count	39	83	122
		% Age in years	32.0%	68.0%	100.0%
		% Gender of respondents	24.4%	29.2%	27.5%
		% of Total	8.8%	18.7%	27.5%
	56-65 and above	Count	30	50	80
		% Age in years	37.5%	62.5%	100.0%
		% Gender of respondents	18.8%	17.6%	18.0%
		% of Total	6.8%	11.3%	18.0%
Total		Count	160	284	444
		% Age in years	36.0%	64.0%	100.0%
		% Gender of respondents	100.0%	100.0%	100.0%
		% of Total	36.0%	64.0%	100.0%

Figure 5.1   Educational qualifications of the respondents
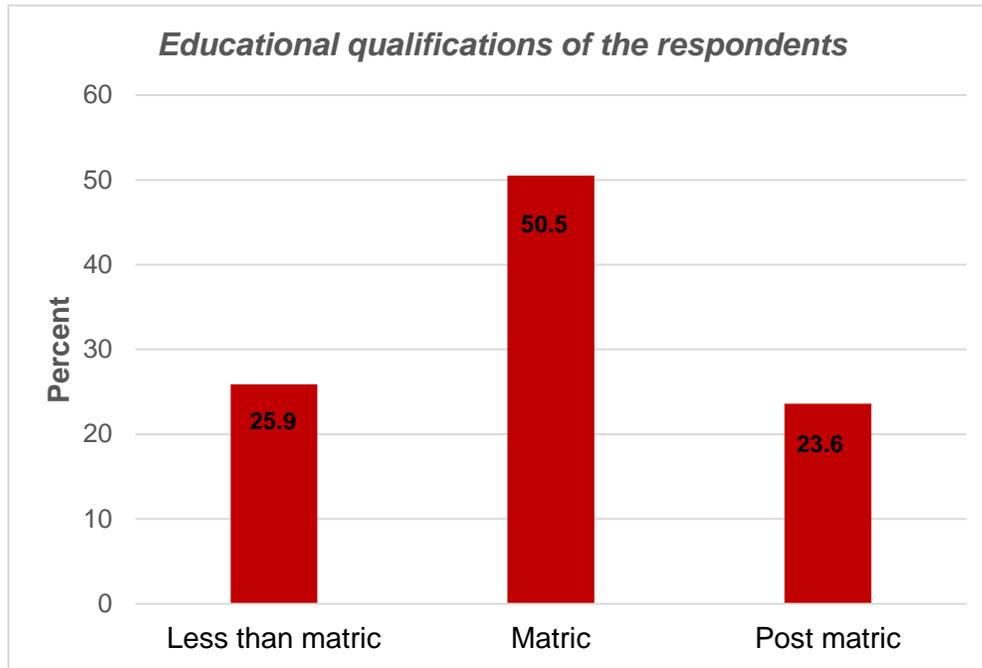
As depicted in figure 5.1, 25.9% of the respondents had lower than a matriculation certificate, while 50.5% of respondents do hold a matriculation certificate and 23.6% of the respondents had post-matriculation certificates.   Therefore, the majority of the respondents (50.5%) had a matric qualification.   It can therefore be concluded that majority of customers of independent food chains in KwaZulu-Natal have matric and post-matric qualifications.

Table 5.2   Frequency of shopping

	Frequency	Percent
Once a week	160	36.0
Twice in a week	150	33.8
Thrice and more	134	30.2
Total	444	100.0

As illustrated in Table 5.2, 36% of respondents indicated that they did their shopping once in a week, 33.8% of them did their shopping twice in a week and 30.2% did shopping thrice and more in a week. The results imply that the majority of customers visit

independent food chains in KwaZulu-Natal more than twice in a week. Maruyama and Trung (2009:411) also observed a similar trend in Vietnam and concluded that almost all supermarket consumers shop at least five or six times a week or every day or even more.

Table 5.3   Key factors that influence customer's store

	Frequency	Percent
Prices offered by the retailer	252	56.8
Convenience of the store	101	22.7
Services offered by the store	53	11.9
Other	38	8.6
Total	444	100.0

As shown in Table 5.3, the majority of respondents indicated that price was the key influencer on their store choice, followed by convenience of the retailer, and services offered by the retailer. Munnukka (2008:188) further supports the finding that price was an important element that affects store choice. Other influencers of store as noted by Sinha and Banerjee (2004:483) are the prices offered by the store, nature and quality of product and service, and customer proximity of residence to the store. It is therefore apparent that majority of customers shop at independent food chains because of prices they offer and convenience.

Table 5.4   Factors that describe good customer service offered by retailers

	Frequency	Percent
Helpfulness of store staff	81	18.2
Complementary services offered by the retailer (ATM terminal, parking and toilets)	88	19.8
Appearance of store (cleanness, good product display, and presentation)	84	18.9
Store operating hours (extended hours)	57	12.8
Facilities for shoppers with special needs (physical handicapped, wheel chaired or translators)	45	10.1
Ability by the retailer to offer customers credit	40	9.0
Providing wide product assortment	49	11.0
Total	444	100.0

As depicted in Table 5.4, customers were then again asked to rank what they would considered good customer service offered by independent food chains. Complementary services offered by the retailer included ATM terminals, parking and toilets which constituted 19.8%, appearance of store made 18.9%, helpfulness of store staff 18.2%, store operating hours 12.8%, product assortment 11%, facilities for shoppers with special needs (physical handicapped, wheel-chaired or translators) 10.1% and ability by the retailer to offer customers credit constituted 9%. It is worth noting that the majority of customers perceived complementary services offered by retailers to be good customer service practices. It is therefore recommended that independent food retailers further adjust their setting and offer more complementary service so as to allure more consumers into unplanned purchase, thus boosting the sale volume and profits. Retailers should further place more attention on keeping the fresh and healthy shopping atmosphere as this will entice consumers to stay longer and become more loyal to the retailer (Cho, Ching & Luong, 2014:46).

5.3 RELIABILITY OF RESEARCH INSTRUMENT

Before discussing the findings of the survey, this section will deliberate on the issue of reliability. Reliability is computed by taking several measurements on the same subjects. With reference to the reliability of the survey instrument, the internal consistency of the survey was assessed through Cronbach's alpha. As stated by George and Mallery (2011:160), Cronbach's alpha reliability coefficient normally ranges in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. The closer Cronbach's alpha coefficient is to 1.0, the greater the internal consistency of the items in the scale.

As demonstrated in Table 5.5 below, the Cronbach's alpha guideline proposed by George and Mallery (2011:160) is used to determine reliability of the survey in this study.

Table 5.5   Cronbach's alpha coefficient

Cronbach's alpha	Internal consistency
$\alpha \geq .9$	Excellent
$\alpha \geq .8$	Good
$\alpha \geq .7$	Acceptable
$\alpha \geq .6$	Questionable
$\alpha \geq .5$	Poor
$\alpha \leq .5$	Unacceptable

Table 5.6 illustrates the Cronbach's alpha coefficient score for each of the factors that addresses the need to improve the customer service within independent food chains in Kwa Zulu Natal. As shown in table 5.6, the questions which describe the physical aspects of the independent food chains (α 0.991) in the survey were excellent. Similarly, the reliability of the scales which describes the reliability of services provided by independent food chains (α 0.963) as well as the personal interaction with independent food chains (α 0.994) were also excellent. More so, and as shown in table 5.6, the reliability of the survey statement which addressed the problem solving at independent food chains (α 0.987) and

the policies at independent food chains (α 0.989) were also excellent. This indicates that there was a level of consistent scoring by the respondents. As such, the reliability test supports the strength of the items composing the survey instrument and thus the applicability of the survey to be used in the context of improving the customer service within independent food chains in Kwa Zulu Natal.

Table 5.6   Survey scale in Quantitative Analysis

Survey scales/factors	Cronbach's alpha A	Number of items
The physical aspects of independent food chains	0.991	14 of 14
The reliability of services provided by independent food chains	0.963	6 of 6
Personal interaction with independent food chains	0.994	13 of 13
Problem-solving at independent food chains	0.987	6 of 6
Policies at independent food chains	0.989	11 of 11

5.4   CHI-SQUARE ANALYSIS

The section presents the scoring patterns of the respondents per variable per section. The levels of disagreement (negative statements) were collapsed to show a single category of "Disagree". A similar procedure was followed for the levels of agreement (positive statements). The results were first presented using summarised percentages for the variables that constitute each section. Results were then further analysed according to the importance of the statements. To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The results are shown in the tables below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), it implies that the distributions were not similar. That is,

the differences between the way respondents scored (agree, neither agree not disagree, disagree) were significant.

5.4.1 Physical aspects of independent food chains

As indicated by the level of significance, Chi-square analyses in Table 5.7 revealed that the respondents scoring patterns exhibited a statistically significant relationship ($p<0.05$) with regards to the physical aspects of independent food chains and age of respondents. To be specific, 56.3% of the 444 respondents reported that they had encountered problems with merchandise displayed in the independent stores. This could be attributed to how merchandise are shelved in the stores. As a large proportion of the respondents (60.8%) disagreed that the merchandise of related products is shelved together. Similarly, 54.7% of the respondents disagreed that the independent stores had modern-looking equipment and fixtures, while 50.0% of them also disagreed that the physical facilities at the store were visually appealing. It emerged that a high number of the respondents (40.8%) disagreed that materials associated with the independent stores services such as shopping bags, catalogues, or statements were visually appealing.

40.8% of the respondents disagreed that the store layout made it easy for customers to find what they needed, and 45.9% of them equally disagreed that the store layout made it easy for customers to move around in the store. This may be related to the general ergonomic layout of the independent food chainstores. As it was observed that 50.0% of the respondents disagreed that the stores ventilation system was satisfactory, and 53.4% of them also disagreed that the store could handle a lot of people. In contrast, a majority (50.2%) of the respondents, agreed that the stores provided appropriate lighting.

In general, a noteworthy attribute of the respondents' description of the physical aspects of the independent stores was that the majority of their opinions were negative with the average level of disagreement indicated as 47.9% as shown by Figure 5.2. This was further expressed by a majority of the respondents who disagreed that the stores provided directional signs to merchandise and departments (51.1%); the store provided parking facilities (57.2%); the store had clean, attractive, and convenient public areas (48.8%); and the store offered online shopping or mobile applications (62.4%).

Table 5.7   Respondents' scoring pattern on the physical aspect of independent food chains

		Agree		Uncertain		Disagree		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
I encounter problems with merchandise display in this store.	Q5.1	250	56.3 %	100	22.5 %	94	21.2 %	0.000
The merchandise of related products is shelved together.	Q5.2	138	31.1 %	36	8.1%	207	60.8 %	0.000
This store has modern-looking equipment and fixtures.	Q5.3	144	32.4 %	57	12.8 %	243	54.7 %	0.000
The physical facilities at this store are visually appealing.	Q5.4	137	30.9 %	85	19.1 %	222	50.0 %	0.000
Materials associated with this store's services (such as shopping bags, catalogues, or statements) are visually appealing.	Q5.5	140	31.5 %	123	27.7 %	181	40.8 %	0.000
The store layout at this store makes it easy for customers to find what they need.	Q5.6	149	33.6 %	91	20.5 %	204	45.9 %	0.000
The store layout at this store makes it easy for customers to move around in the store.	Q5.7	155	34.9 %	81	18.2 %	208	46.8 %	0.000
The store's ventilation system is satisfactory.	Q5.8	149	33.6 %	71	16.0 %	224	50.5 %	0.000
The store provides appropriate lighting.	Q5.9	223	50.2 %	89	20.0 %	132	29.7 %	0.000
The store can handle a lot of people.	Q5.10	123	27.7 %	84	18.9 %	237	53.4 %	0.000
The store provides directional signs to merchandise and departments	Q5.11	141	31.8 %	76	17.1 %	227	51.1 %	0.000
The store provides parking facilities.	Q5.12	99	22.3 %	91	20.5 %	254	57.2 %	0.000
This store has clean, attractive, and convenient public areas (toilets).	Q5.13	147	33.1 %	89	20.0 %	208	46.8 %	0.000
The store offer online shopping or mobile application.	Q5.14	94	21.2 %	73	16.4 %	277	62.4 %	0.000

Figure 5.2   Respondents' average level of disagreement on physical aspects of independent food chains
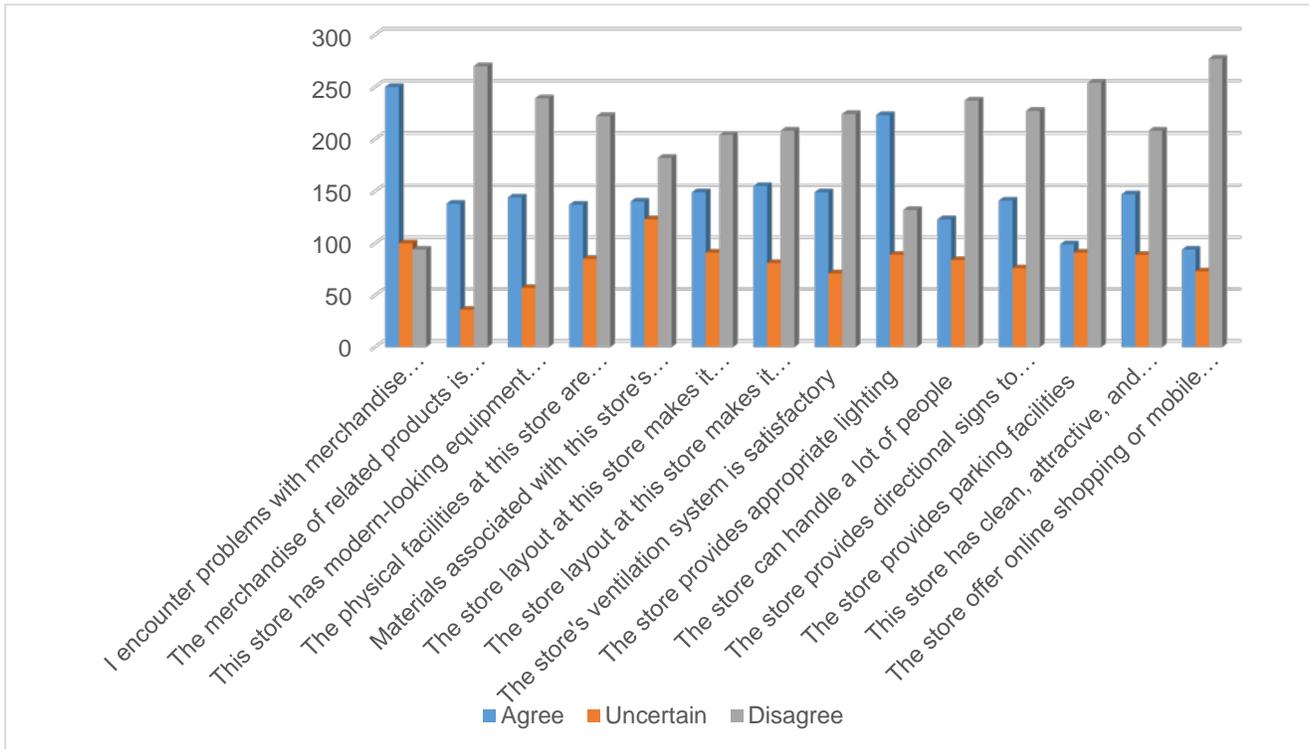
5.4.2   Reliability of services provided by independent food chains

With regards to the respondents' perceptions on the reliability of services provided by the independent food chain stores, results were statistically different. As reflected in Table 5.8, there were significant differences in opinions with regard to the perceived reliability of services. In spite of the differences, respondents' opinion was mostly negative with the average level of disagreement indicated as 47.7% (Figure 5.3).   A point deserving mention is that the majority (57.9%) of the respondents agreed that independent food chain stores had merchandise available when customers wanted it.

Table 5.8   Respondents' scoring pattern on the reliability of service provided by independent food chains

		Agree		Uncertain		Disagree		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
When this store promises to do something by a certain time, it will do so.	Q6.1	109	24.5%	87	19.6%	248	55.9%	0.000
This store provides its services at the time it promises to do so.	Q6.2	126	28.4%	52	11.7%	266	59.9%	0.000
This store performs the service right the first time.	Q6.3	145	32.7%	49	11.0%	250	56.3%	0.000
This store has merchandise available when customers want it.	Q6.4	257	57.9%	38	8.6%	149	33.6%	0.000
This store insists on error-free sales transactions and records.	Q6.5	162	36.5%	61	13.7%	221	49.8%	0.000
The store does promote its product offerings.	Q6.6	238	53.6%	70	15.8%	136	30.6%	0.000

Figure 5.3   Respondents' average level of disagreement on reliability of services provided by independent food chains

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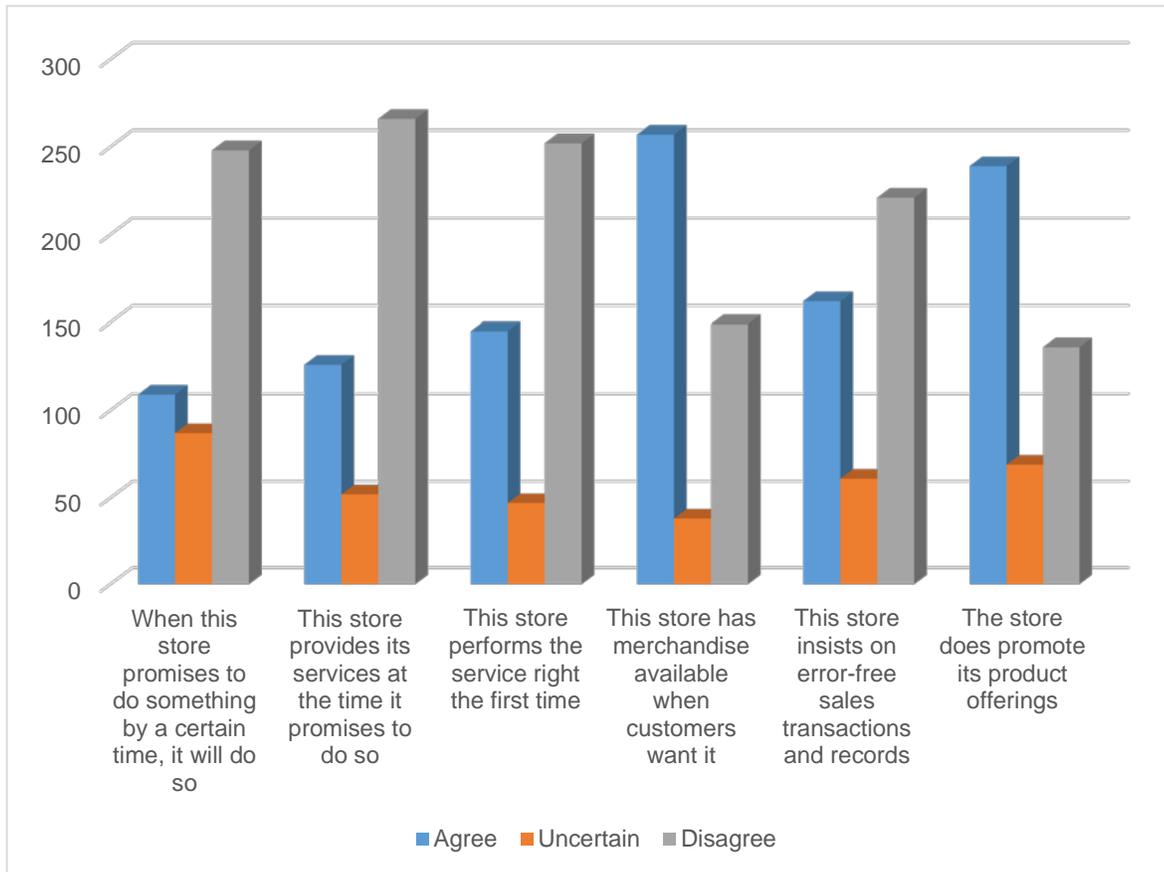
5.4.3 Personal interaction with independent food chains

On the issue of customers' personal interactions with the independent food chains, the Chi squared analysis yielded a statistically significant relationship ($p < 0.05$) in all the statements in Table 5.9. As illustrated in Figure 5.4, it can be observed that customers' opinions on their personal interaction with independent food chain stores in KwaZulu-Natal were mostly negative. As shown in Table 5.9, the majority of the respondents were in disagreement that employees in the store had knowledge to answer customers' questions (59.2%); that the behaviour of employees in the store instilled confidence (50.7%); employees in the store gave prompt service to customers (54.1%); employees in the store told customers exactly when services would be performed (39.2%); employees in the store were never too busy to respond to customers' requests (53.6%); the store gave customers individual attention (54.1%); employees in the store made customers feel important and appreciated (52.9%); employees in the store had positive attitudes, and were helpful and friendly towards customers (51.6%); employees in the store were consistently courteous with customers (53.4%); employees in the store understood customers' needs and wants (50.9%); and employees in the store were willing to go an extra mile to make customers' shopping experience enjoyable and memorable (51.6%). Despite the negative agreement on customers' interaction with independent food chains, it was worth noting that the majority (49.1%) of the respondents agreed that customers felt safe in their transactions with the store, while (47.1%) of them also agreed that employees in the store were readily available and accessible to help the customers.

Table 5.9   Respondents' scoring pattern on their personal interaction with independent food chains

		Agree		Uncertain		Disagree		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
Employees in this store have knowledge to answer customers' questions.	Q7.1	106	23.9 %	75	16.9 %	263	59.2 %	0.000
The behaviour of employees in this store instils confidence in customer.	Q7.2	125	28.2 %	94	21.2 %	225	50.7 %	0.000
Customers feel safe in their transactions with this store.	Q7.3	218	49.1 %	47	10.6 %	179	40.3 %	0.000
Employees in this store give prompt service to customers.	Q7.4	136	30.6 %	68	15.3 %	240	54.1 %	0.000
Employees in this store tell customers exactly when services will be performed.	Q7.5	157	35.4 %	113	25.5 %	174	39.2 %	0.000
Employees in this store are never too busy to respond to customers' requests.	Q7.6	125	28.2 %	81	18.2 %	238	53.6 %	0.000
This store gives customers individual attention.	Q7.7	130	29.3 %	74	16.7 %	240	54.1 %	0.000
Employees in this store make customers feel important and appreciated.	Q7.8	142	32.0 %	67	15.1 %	235	52.9 %	0.000
Employees in this store have positive attitude, helpful and friendly towards customers.	Q7.9	148	33.3 %	67	15.1 %	229	51.6 %	0.000
Employees in this store are consistently courteous with customers.	Q7.10	133	30.0 %	74	16.7 %	237	53.4 %	0.000
Employees in this store understand customers' needs and wants.	Q7.11	144	32.4 %	74	16.7 %	226	50.9 %	0.000
Employees in this store are readily available and accessible to help customers.	Q7.12	209	47.1 %	69	15.5 %	166	37.4 %	0.000
Employees in this store go extra mile to make customers shopping experience enjoyable and memorable.	Q7.13	127	28.6 %	88	19.8 %	229	51.6 %	0.000

Figure 5.4 **Respondents' average level of disagreement on their personal interaction with independent food chains**
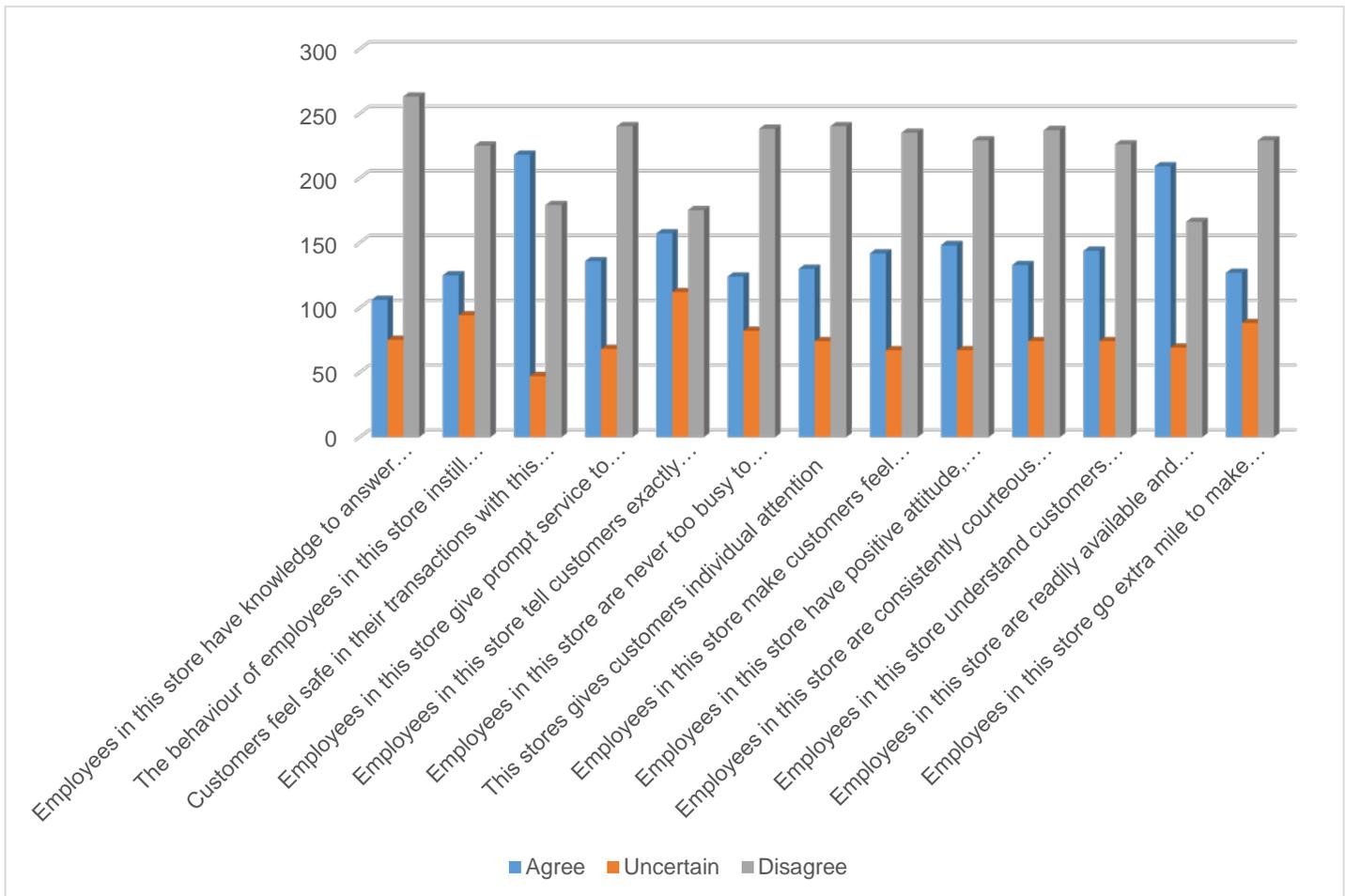
5.4.4 Problem-solving at independent food chains

With regards to problem-solving abilities at the independent food chains, the Chi square analyses yielded a statistically significant relationship ($p < 0.05$) in all the statements in Table 5.10. Specifically, and as shown in Figure 5.5, 39.9% of the respondents disagreed that the store willingly handles returns and exchanges. More so, 50.9% of the respondents were of the opinion that when a customer has a problem, the store does not show a sincere interest in solving it. Similarly, 51.6% of them believed that the employees at independent food chain stores could not handle customers' complaints directly and immediately. As such, it was understandable that 45.5% of the respondents disagreed that employees resolved customers' complaints speedily, efficiently and fairly. This is a

matter of concern particularly as 45.0% of the respondents thought that the stores do not seek customers' opinions and suggestions. Overall, there was general disagreement amongst the respondents on the problem solving abilities of independent food chain stores with the level of disagreement given as 45.65% as reflected in Figure 5.5. Notwithstanding this, and in terms of the accessibility of the independent food chain stores, 46.2% of the respondents were in agreement that the store was easily accessible.

Table 5.10   Respondents' scoring pattern on problem-solving at independent food chains

		Agree		Uncertain		Disagree		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
This store willingly handles returns and exchanges.	Q8.1	125	28.2 %	142	32.0 %	177	39.9 %	0.009
When a customer has a problem, this store shows a sincere interest in solving it.	Q8.2	143	32.2 %	75	16.9 %	266	50.9 %	0.000
Employees in this store are able to handle customer complaints directly and immediately.	Q8.3	138	31.1 %	77	17.3 %	229	51.6 %	0.000
Employees resolve customers' complaints speedily, efficiently and fairly.	Q8.4	175	39.4 %	67	15.1 %	202	45.5 %	0.000
The store does seek for customers' opinions and suggestions.	Q8.5	141	31.8 %	103	23.2 %	200	45.0 %	0.000
The store is easily accessible.	Q8.6	205	46.2 %	58	13.1 %	181	40.8 %	0.000

Figure 5.5   Respondents' average level of disagreement on problem-solving at independent food chains
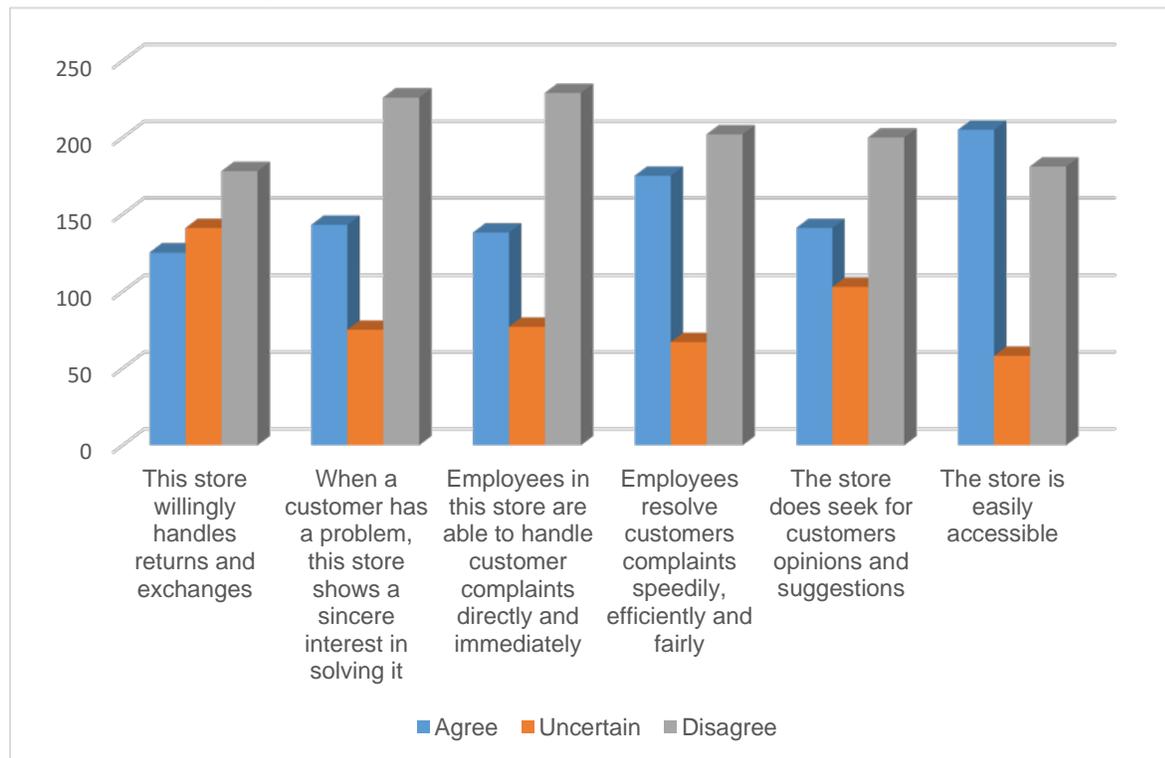
5.4.5 Policy at independent food chains

In terms of the retail policies at the independent food chains, the Chi-square analysis in Table 5.11 indicated that there was no significant relationship with respect to the store offering high quality merchandise. From Table 5.11, it can be observed that 31.1% of the responded agreed that the store offers high quality merchandise, whereas 30.4% of them were uncertain on the quality of merchandise offered by the stores. Only 38.5% disagreed about the quality of merchandise offered by the independent stores.

On the other hand, and as shown in Table 5.11 (Q9.2-Q9.11), Chi-square analysis showed a statistically significant relationship. Of concern, however, the majority (54.3%) of the respondents disagreed that the stores provided plenty of convenient parking space for customers, while 42.1% of them also disagreed that the store operating hours were convenient to all customers. Similarly, the majority (54.5%) of the respondents disagreed that the store offered its own loyalty cards.

Furthermore, and as shown in Table 5.11, the majority (53.6%) of the respondents disagreed that the store had an adequate product assortment. 56.1% do not agree that the store provides customer with financial services, while 59.1% of them disagreed that the shop offers online shopping facility. In addition, 56.5% of respondents disagreed that the store offered complementary services such as ATMs, child-care, restrooms and gift wrappings.

On the contrary, and with reference to research objective 5, the majority (51.4%) agreed that the store accepted most credit cards. Equally, 46.2% of them also agreed that the prices offered at the store were affordable. Overall, and with respect to the customer policies at the independent food chains, there was general disagreement by the respondents' perceived retail polices at the independent food chains, with the level of disagreement given as 56.5% (Figure 5.6). This is critical as it reflects poorly on what the customers perceived to be the key influential factors of customer service and retail service quality. This is a cause for concern, as the majority (56.5%) of the respondents indicated that there was a lack of customer-based research among the independent food chain stores.

From the foregoing, it appears that the customers' general expectation with regard to the policies of independent food chain stores were not satisfactory. This was further supported by Figure 5.7, which showed that more than two-thirds (60.0%) of the respondents said no to the question when asked … "*are you satisfied with the level of service received from the retailer"?.*

Regardless of the fact that customers were unimpressed with service levels received from the retailers at the independent food chain stores, as demonstrated in Figure 5.8, the majority (44.8%) of the respondents pointed out that they would say "very little" positive things about the retailer to other people. Similarly, 35.1% of them indicated that they would say very little to encourage friends and relatives to do their shopping with the retailer.

More so, and as shown in Figure 5.8, majority (40.5%) "somewhat" intended to continue doing shopping with the retailer. It is worth noting that 31.8% of the respondents indicated that they would "not at all" have strong preferences for the retailer. Despite this, and shown in Figure 5.8, the majority (28.6%) of them, however, acknowledged that to a great extent, they would consider the retailer as their primary store.

Moreover, and as shown in Figure 5.9, more than two-thirds (65.1%) of the respondents answered "no" to the question…*"in your opinion do you believe the retailer is providing best customer services"?*. In addition, and as illustrated in Figure 5.10, 22.1% of them, advocated the idea that "return privileges" would be key services that they would like to see the retailer offering in the independent food chain stores.

Table 5.11   Respondents' scoring pattern on policies at independent food chains

		Agree		Uncertain		Disagree		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
This store offers high quality merchandise.	Q9.1	138	31.1%	135	30.4%	171	38.5%	0.067
This store provides plenty of convenient parking for customers.	Q9.2	139	31.3%	64	14.4%	241	54.3%	0.000
This store has operating hours convenient to all their customers.	Q9.3	179	40.3%	78	17.6%	187	42.1%	0.000
This store accepts most credit cards.	Q9.4	228	51.4%	83	18.7%	133	30.0%	0.000
This store offers its own loyalty cards.	Q9.5	129	29.1%	73	16.4%	242	54.5%	0.000
This store has adequate product assortment.	Q9.6	129	29.1%	77	17.3%	238	53.6%	0.000
This store provides customers with financial services.	Q9.7	121	27.3	74	16.7%	249	56.1%	0.000
This store offers online shopping facility.	Q9.8	113	25.5%	66	14.9%	265	59.7%	0.000
This store offers complementary services (ATMS, child care, restrooms, gift wrapping).	Q9.9	112	25.2%	81	18.2%	251	56.5%	0.000
This store offers affordable prices.	Q9.10	205	46.2%	46	10.4%	193	43.5%	0.000
This store undertakes customer based research.	Q9.11	105	23.6%	88	19.8%	251	56.5%	0.000

Figure 5.6   Respondents average level of disagreement on the policies at independent food chains
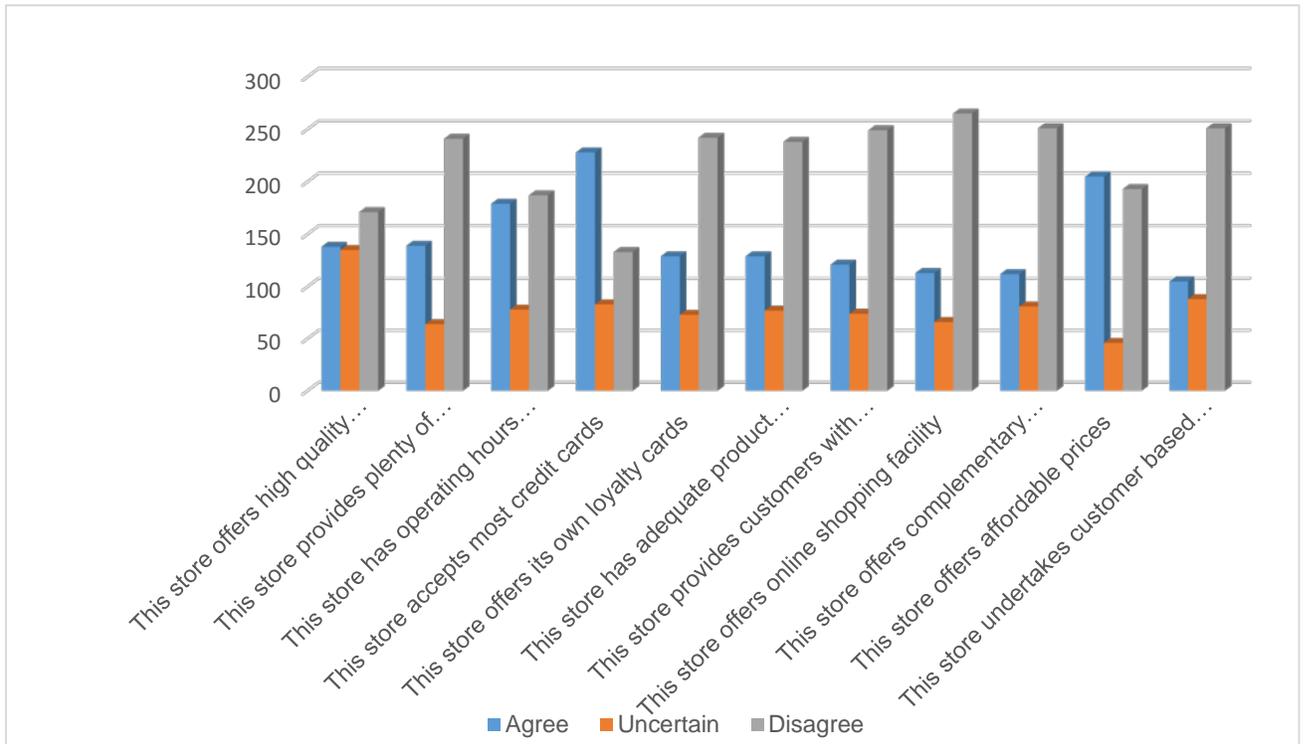
Figure 5.6 shows respondents' average level of disagreement on the policies at independent food chains. The majority of respondents disagreed that independent food chains offered high quality merchandise, convenient parking for customers, offer loyalty cards, provides financial services, online shopping, complimentary services and undertake customer based research or seek feedback. For independent food chains it is recommended by Alexander and Colgate (2000:942) that they improve their service offerings as offering of services provides an opportunity to build closer relationships with customers and if such if relationships are managed correctly, they can provide many benefits like maximising the return on the individual transaction and further enabling retailers to obtain information about their customers that they would otherwise have lacked.

Figure 5.7   Customers' satisfaction with service received from retailer

Are you satisfied with the level of service received from the retailer?

Yes 40%

No 60%

Yes
No
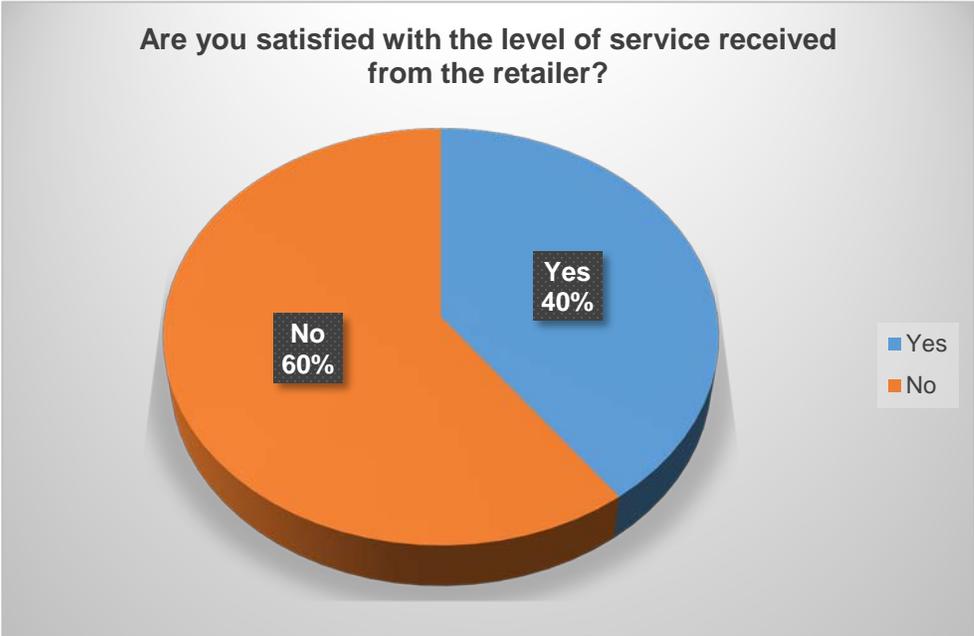
Figure 5.7 depicts customers' satisfaction levels with services received from independent food chains. 60% of the respondents were not satisfied with the level of service they received from independent food chains, while 40% of the respondents were satisfied. Similar trends of results were also observed by Grzeskowiak, Sirgy, Foscht & Swoboda (2016:134) and they recommend that retailers may, for example, structure assortments around different shopper lifestyles and also retail services and the presentation of products could be used to reinforce the connection between the retail experience and shopper identity.

Figure 5.8 Customers' general attitude and recommendation of the retailer

Legend: Not at all · Very little · Somewhat · To a great extent

Categories:
- Say postive things about retailer to other people
- Encourage friends and relatives to do their shopping with retailer
- Intend to continue doing shopping at this retailer
- Have strong preference for this retailer
- Consider this retailer as your primary store
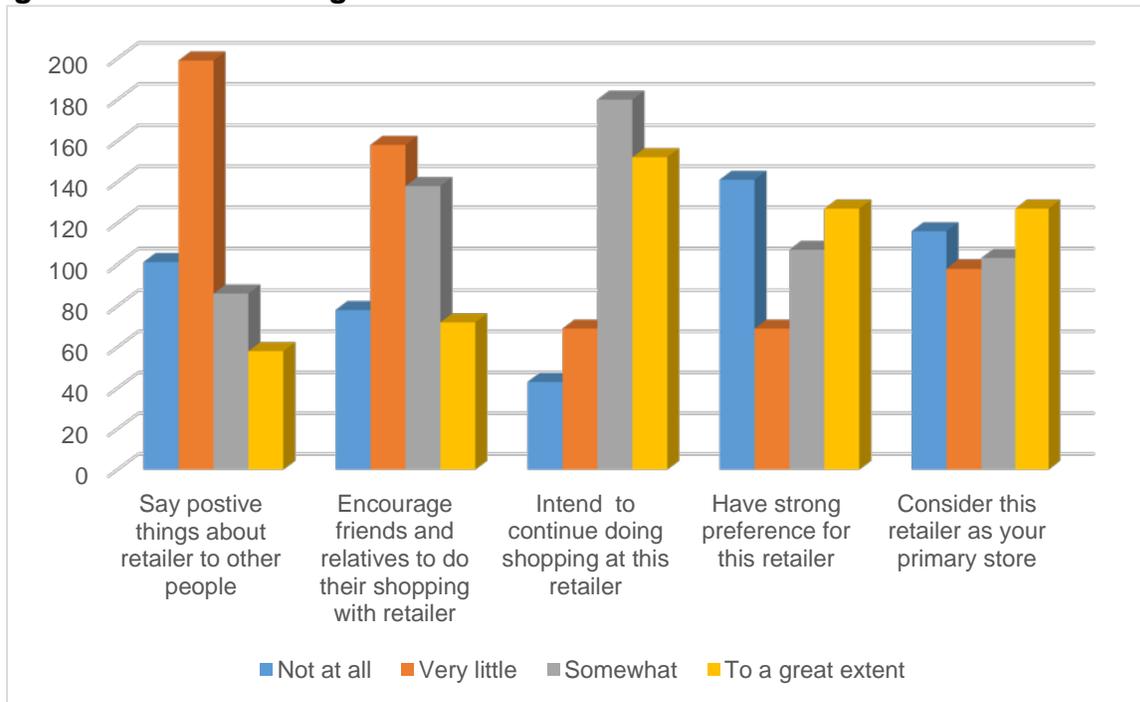
Figure 5.9   Customers' general perception of service received from retailer

In your opinion do you believe the retailer is providing best customer service?

35% yes
65% No

Figure 5.9 shows customers' general perception of service received from independent food chains. 65% of the respondents believe the independent food chains are not providing best customer service, while 35% of the respondents believe that the retailers are providing best customer service. Similar results were also obtained by Davis-Sramek,

Droge, Mentzer & Myers (2009:440) where their results further suggested that providing of good customer service influences satisfaction, which in turn positively affects both affective and calculative commitment to the retailer.

Figure 5.10   Other services expected by the customers from the retailers
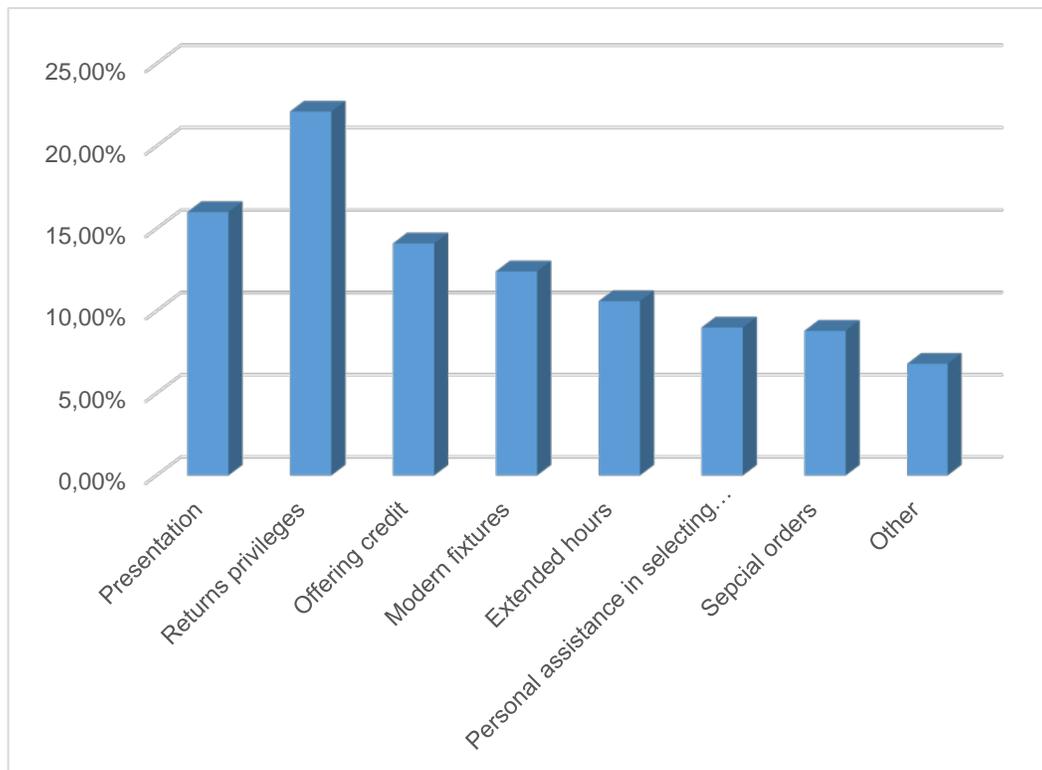
5.5   PEARSON CHI SQUARE RESULTS

A Chi square test was performed to determine whether there was a statistically significant relationship between the variables.   With reference to the physical aspects of the independent food chains, the analysis yielded statistically significant relationships (p<0.05) in the results by years and gender with regard to two questions in Table 1 (Addendum), namely: the 'physical facilities at this store are visually appealing and 'the store provides parking facilities'. To be specific, and in terms of the respondents' ratings of the question "the physical facilities at this store are visually appealing" highlighted in Table 2 (Addendum), results were statistically different by age in years of the respondents. It can therefore be inferred that the age of the respondent did play a

significant role in terms of how respondents viewed the physical facilities at the independent food chains. It is worth noting that of 35.3% of respondents who strongly disagreed that the physical facilities of the store are appealing, were between the age group of 18-29 and 25.2% of the respondents between 56-65 years also disagreed that the physical facilities of the store are appealing. In contrast, respondents between the age categories of 30-40 years, 38.2% strongly agreed that the physical facilities of the store were visually appealing. Moreover, 31.8% of the respondents were undecided as to whether the physical facilities of the store were appealing.

Similarly, across the gender groups, respondents held different opinions on whether the store provided parking facilities. The cross-tabulation in Table 3 (Addendum) revealed that 48.0% of the male respondents and 77.0% of the female respondents generally agreed to the question "the store provides parking facilities". With regards to the reliability of the independent food chains, the Chi square analysis in Table 4 (Addendum) revealed that the respondents scoring patterns by gender, age in years and educational level exhibited yielded no statistically significant relationship between the variables (p>0.05). This means that the gender, age, and educational level did not impact on the manner of scoring for the variables (s).

On the other hand, in terms of the respondents' rating of the perceived personal interactions of the thirteen closed-ended questions highlighted in Table 5 (Addendum), the results were statistically significantly different for educational level and age in years with respect two statement, namely: 'the behaviour of employees in this store instils confidence in customers' and 'employees in this store go an extra mile to make customers' shopping experience enjoyable and memorable', respectively. It can be inferred that across educational level, respondents held different opinions with regards to the personal interactions with the independent food chains. The cross-tabulation in Table 6 revealed that 28.9% with less than a matric qualification, and 40.0% with a post-matric qualification strongly agreed that the behaviour of employees in the stores instilled confidence in customers. More so, 58.8% of the respondents with a matric qualification

equally agreed that the behaviour of employees in the independent food chains stores instilled confidence in customers.

Similarly, and across age groups respondents held different opinions whether employees in the stores went the extra mile to make customers' shopping experience enjoyable and memorable. The respondents in the 18-29 and 56-65 above age group strongly disagreed with the variable "employees in this store go an extra mile to make customers shopping experience enjoyable and memorable". The 30-40 years' respondents were generally undecided about the aforementioned question, whereas those in the 41-55 age group agreed that 'employees in the store go extra mile to make customers' shopping experience enjoyable and memorable Table 7 (Addendum).

Apart from the respondents' personal interactions with the independent food chains, the Chi square analysis in Table 8 (Addendum) in terms of the accessibility of the stores yielded statistically significant differences in the results across age in years (p <0.05). To evaluate the proximity and accessibility of the independent food chains to consumers, Q8.6 was used to gauge the respondent's perceptions on the accessibility of the stores. It can be gathered from Figure 5.11 that across age groups, there were significant differences in opinion with regards to the accessibility of the independent food chains. In spite of the differences across the age groups on the accessibility of the stores, respondents' opinions (between 30-40 and 41-55 years) were positive as responses ranged between agree to strongly agree. The majority (25.6%) of the respondents within the age category of 56-65 and above, however, disagreed on the accessibility of it stores. Similarly, the majority of respondents (39.7%) were undecided as to whether the store was easily accessible.

With regards to policies at independent food chains, the Chi square analysis as reflected in Table 10 (Addendum) revealed that the respondents' scoring patterns by gender, age in years and educational level exhibited yielded no statistically significant relationship between the variables (p>0.05). This means that the gender, age, and educational levels did not impact on the manner of scoring for the variables (s).

Figure 5.11   Acessibility of independent food chains
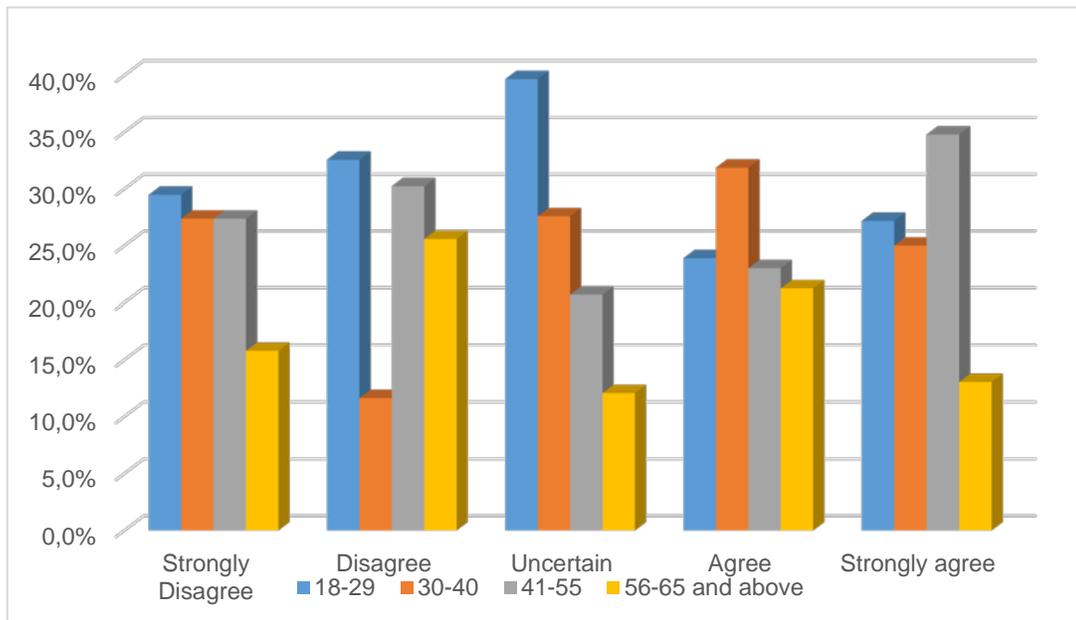
5.6   FACTOR ANALYSIS

This section reports on the results that emerged from the data obtained from the Likert scale items. In general, and as derived from the rotated varimax with Kaiser normalisation, the survey elicited respondents' perceptions of service within independent food chains in Kwa Zulu Natal on five main critical themes, namely: physical aspects of the independent food chains; reliability of services within independent food chains; customer's personal interactions; problem-solving ability within independent food chains; and policy at independent food chains.

Before the interpretation of the findings from the factor analysis, it is worth mentioning that as a general requirement, Kaiser-Meyer-Olkin measurement of sampling adequacy should be greater than 0.50 and Bartlett's test of Sphericity less than 0.05 for factor analysis procedure. The matrix tables highlighted in Table 5.12 reflect the results of the Kaiser-Meyer-Olkin measure of sampling adequacy as well as the Bartlett's Test of Sphericity.   The average loading of items by components was above the acceptable Kaiser-Meye values (> 0.50) and Bartlett's values (< 0.05) for all the themes, which

according to Schwarz (2011:26), indicated that the data of the current study could be analysed by means of factor analysis.

Table 5.12   KMO and Bartlett's Test

Themes	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
		Approx. Chi-Square	df	Sig.
Physical aspects	0.945	17051.221	91	0.000
Reliability	0.860	4754.800	15	0.000
Personal interaction	0.936	18617.605	78	0.000
Problem-solving	0.860	5908.948	15	0.000
Policy	0.907	13583.977	55	0.000

Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. With reference to Table (5.13-5.17):

- The principal component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalisation. This is an orthogonal rotation method that minimises the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors.
- Factor analysis/loading show inter-correlations between variables.
- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along the various components.

Notably, the results of this analysis revealed that all of the factors constituted the various sections (themes) loaded perfectly along a single component in each instance. This implies that the statements that constituted the sections measured what they set out to measure.

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Table 5.13 Physical aspects Component Matrix[a]

	Component
	1
I encounter problems with merchandise display in this store.	0.789
The merchandise of related products is shelved together.	0.948
This store has modern-looking equipment and fixtures.	0.974
The physical facilities at this store are visually appealing.	0.984
Materials associated with this store's service (such as shopping bags, catalogues, or statements) are visually appealing.	0.962
The store layout at this store makes it easy for customers to find what they need.	0.981
The store layout at this store makes it easy for customers to move around in the store.	0.979
The store's ventilation system is satisfactory.	0.985
The store provides appropriate lighting.	0.865
The store can handle a lot of people.	0.966
The store provides directional signs to merchandise and department.	0.984
The store provides parking facilities.	0.934
This store has clean, attractive, and convenient public areas (toilets)	0.984
The store offer online shopping or mobile application.	0.909

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Table 5.14 Reliability Component Matrix[a]

	Component
	1
When this store promises to do something by a certain time, it will do so.	0.943
This store provides its services at the time it promises to do so.	0.932
This store performs the service right the first time.	0.952
This store has merchandise available when customers want it.	0.845
This store insists on error-free sales transactions and records.	0.971
The store does promote its product offerings.	0.873

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Table 5.15 Personal interaction Component Matrix[a]

	Component 1
Employees in this store have the knowledge to answer customers' questions.	0.932
The behaviour of employees in this store instill confidence in customer	0.983
Customers feel safe in their transactions with this store.	0.900
Employees in this store give prompt service to customers.	0.984
Employees in this store tell customers exactly when services will be performed.	0.941
Employees in this store are never too busy to respond to customers' requests.	0.983
This stores gives customers individual attention.	0.983
Employees in this store make customers feel important and appreciated.	0.987
Employees in this store have positive attitude, helpful and friendly towards customers.	0.985
Employees in this store are consistently courteous with customers.	0.987
Employees in this store understand customers' needs and wants.	0.986
Employees in this store are readily available and accessible to help customers.	0.908
Employees in this store go an extra mile to make customers shopping experience enjoyable and memorable.	0.986

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Table 5.16 Problem-solving Component Matrix[a]

	Component 1
This store willingly handles returns and exchanges.	0.955
When a customer has a problem, this store shows a sincere interest in solving it.	0.977
Employees in this store are able to handle customer complaints directly and immediately.	0.974
Employees resolve customers' complaints speedily, efficiently and fairly.	0.972
The store does seek for customers' opinions and suggestions.	0.984
The store is easily accessible.	0.951

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Table 5.17 Policy Component Matrix[a]

	Component 1
This store offers high quality merchandise.	0.942
This store provides plenty of conveient parking for customers.	0.979
This store has operating hours convenient to all their customers.	0.946
This store accepts most credit cards.	0.841
This store offers its own loyalty cards.	0.981
This store has adequate product assortment.	0.981
This store provides customers with financial services (includes insurance, funeral, account protection and investment policies).	0.975
This store offers online shopping facility	0.952
This store offers complementary services (ATMs, child care, restrooms, gift wrapping).	0.970
This store offers affordable prices.	0.925
This store undertakes customer based research.	0.963

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

As shown from Table 5.13 to Table 5.17, the factor analysis measured the underlying constructs of the themes being personal interaction; problem-solving; policy; physical aspects; and reliability. It can be observed that the component that was obtained from each rotational matrix is very close to a score of 1, which indicates that the underlying constructs loaded perfectly and reliably measured the underlying constructs. More so, the high component measured in the aforementioned tables further supports the reliability of the research instrument.

5.7   QUALITATIVE COMPONENT

In this phase, semi-structured interviews were conducted with the independent food chains managers in Kwa-Zulu Natal, South Africa. The analysis of the data gathered from the interviews resulted in the identification of the following four broad themes, namely:

1. Service mix in independent food chains.
2. Services influencing customer attraction and retention.
3. Customer service programmes at independent food chains.
4. Relationship between retail service quality and customer satisfaction.

Themes were identified in line with achieving the following objective, namely to establish whether there is a significant relationship between retail service quality and customer satisfaction. In addition, and in supporting the discussion of the themes, relevant quotes from the data generated from interviews were used. Data from semi-structured interviews were transcribed verbatim and used as such during discussion.

Theme 1: Service mix in independent food chains

In attempting to understand the service mix offered by the independent food chain, the participants were asked to elaborate on the service mix that their organisation was offering. In response to the question, the interviewees categorised services offered as follows:

- Food department: grocery food items.
- Non-food department: home appliances and dishes.
- Perishable department: drinks and meats.
- Fruit and vegetable department: fresh vegetables and fruits.
- Butchery: Fresh meats and sausages.
- Parking and security.
- Parcel counter.
- Customer-care services.
- Promotions and adverts.

Other service mixes reported by the interviewees included deli, pension payout, cash back, cash refunds to customers and speed points.

Arising out of the service mix in the independent food chain, particularly the employees' attitudes and services towards customers, the interviewees noted they had friendly personnel and convenient store layout. They further elaborated that:

> *All our products have quality guarantees, wrong billing can be instantly corrected, long working hours to cater for other customers, and we have a flexible returns policy.*

The quantitative data analysis revealed that customers of independent food chains are generally dissatisfied with their expectations of services offered by the stores. With a view of collecting data regarding the participant's opinion and experience of customer's satisfaction at the independent food chain, the following specific question was posed to interviewees. "Are there things that you are not satisfied with in your current offering that you would like to see changed?"

Among other aspects, the existence of such dissatisfaction was acknowledged by the independent food chains. The interviewees offered the following reasons for the service mix dissatisfaction: long queues, general outlook of the store, security personnel and the parcel counter. Customers of independent food chains did however, suggest ways in which the service mix currently offered can be improved. In their own words:

> *Yes there are disssatisfactions with the service mix offered. The stores usually face a challenge of long queues so if the number of till points and their efficiency is changed, service level can be better.*

With this considered and coupling with small settings of the parcel counter, the interviewees felt that there was a need for management to extend the size of the parcel counter.

They pointed out that

> *The general outlook of the store is not appealing and we are in the process of upgrading all our stores. So far we have already revamped 5 out of out 48 stores.*

With regard to the security personnel, the respondents advised that the addition of security personnel or installation of cameras and closed-circuit television for the safety of

the customers during robbery and other criminal activities should be encouraged in the independent stores.

In summary, it can be gleaned that there is an ergonomic fault in the general layout out of the stores. Hence, there is a need for the management of independent food chain to pay keen attention to the outlook of the stores in terms of design and structure. More importantly, the independent food chain operators would benefit from such decoration and design as it would promote customer's loyalty as well as satisfaction of the services offered.

Theme 2: Services influencing customer attraction and retention

With regard to the services offered by the independent food chain which influences customer attraction and retention, the interviewees indicated the following:

- Flexible returns policy: according to them, customers can return any product that they are not satisfied with. This makes them continue shopping with the independent food chains.
- Friendly personnel: they maintained that the personnel in the stores were so friendly to their customers. They hinted that they employees greeted the customers before the customer and also they cheerfully served the customers.
- Pension payout: it is noted that on pension payout days, usually the first two days of the month, customers want to shop where they can get efficient service and they always come back.
- Cash refund: to them, if customers are not satisfied with the stores products, they can always bring the product back and get the full amount back.
- Speed point: for fast payment and for those who shop using debit cards.

In addition, the interviewees, particularly those interviewed at checkout stores indicated that fruit and vegetables, perishable, bakery and butchery are the main services offered by the store which attract customers. One of the independent food chain staff participants commented as follows:

> *Customers always compliment the freshness of fruit and veg, bakery,*
> *and perishable beside that, these areas are always clean and neat.*

Equally essential, the interviewees acknowledged that the display of the products made it easier and convenient for the customers to reach whatever they wanted by asking any help. Also, the interviewees pointed out that the customers cared more especially when they had a query about the items they bought. As such, they relate customer concerns with the items bought with the satisfaction of services they got.

More so, the interviewees were also asked whether the services offered by the stores were aligned to the company's mission and vision. In response to the question, the interviewees maintained that the store's target medium to low income earners and their service offering was aligned to the vision and mission of the independent food chain. One of the interviewees, for example, mentioned that:

> *Since the services are backbone of each and every existing and*
> *successful business, all the above services are aligned to the*
> *Checkouts vision and mission, which is operated very successfully in*
> *the organisation.*

From the foregoing theme, it was apparent that company's mission and vision were paramount in the dealings of the independent food chain. As such, it can be deduced that the store's flexibility in accommodating changes that may result from customer's tastes might be limiting.

Theme 3: Customer service programme at independent food chains

In terms of the service programme offered at the independent food chain, the interviewees were asked the following question: "what is your general opinion about customer service programme of your store?" The interviewees agreed unanimously that service

programmes needs to be improved at the store level. Some of the service programmes that needed to be improved so as to satisfy customers were stated as follows:

- Bill payment;
- Shopping trolleys;
- General appearance of the store;
- Number of speed points in the store; and
- Parking facilities.

The general appearance of the store was further explained by one of the interviewees as follows:

> *Our store layout is not up to standard".* They alleged that the *"appearances of the stores are poor because we usually use rented buildings and some of them are too old.*

This point clearly showed the general perceptions of the quality services offered at the independent food chain.

Moreover, the findings from the quantitative analysis reveal that customers were generally dissatisfied by the service offered by the stores. Based on this finding, the interviewees were asked to give their opinion in this regard and if they were satisfied with the current service programmes the stores were offering. Most of the participants stated that they were dissatisfied with the current service programmes. Thus this, they all acknowledged that there was a need for improvement. They did accept that such improvement was associated with a high cost and could not be done overnight.

Granted that the service programme being offered at the independent food chains needed improvement, the participants were further asked if they thought their current service programme led to customer satisfaction. To show the extent of the relationship between the service programme and customer satisfaction, one of the interviewees responded as follows:

> *If our current customer service meets our customer's expectation, then it leads to customer satisfaction.*

They also maintain that the *"extent to which it meets customer expectation determines the degree of customer satisfaction".*

On the other hand, some of the interviewees noted that they were satisfied with the current service programme. In particular, they pointed out that in terms of the areas of service programme they were satisfied with were as follows:

> *The staff commitment: because they were always friendly, smiling and make convenience for the customers avoiding long queues at the till points where some other retailers struggle to keep their game as a result you find customers complaining.*

Overall, and from the above theme, it appears that respondents had different views regarding the satisfaction of service programme offered by independent food chain. This was further corroborated by one of the interviewees who stated that:

> *I am of the opinion that service offering differs according to the segment targeted".* He alleged that *"lower income earners are not so fussy about services than high income earners so stores can have different service offering depending on the nature of the targeted segment.*

Hence, and for a generally harmonious perception of service offered at the independent food chain, the five service quality dimensions below were used to gauge the participants' opinions on the service quality in terms of:

- Reliability such as accuracy of billing, meeting promised delivery dates: It was pointed out by the interviewees that customers have the right to query any errors in billing.

According to the respondents, "*we always deliver on time*". They alleged that "*If we fail to deliver on time we notify the customer and ask for apology*".

Other reliable services mentioned were setting time frames and paying attention to details.

- Assurance (trust) namely: guarantees and warranties, return policies. With regard to quality assurance, the participant interviewed indicated that all their products carry quality guarantee.

  As such, the respondents hinted that:

  A customer can return any of our products at any time and make an exchange or get the full amount back provided that they have a receipt.

Other assurance indicated by the interviewees was transparency which made for clear terms and conditions

- Tangibility: appearance of store and store personnel. In terms of the participants' perceived tangibility of the independent food chain, the interviewees indicated that the store personnel were always in uniform and they were friendly to customers. They also pointed out that the store layout followed a standard set by the head office. One of the interviewees stated as follows:

  "There is a team in the operations department which constantly visit the stores to identify any deviations to the store layout and make the corrections.

Other attributes mentioned by the interviewees in relation to the appearance of the store personnel were "clean and neat", and "always wearing uniform and visible".

- Empathy: personalised service, receipts of notes and emails, recognition by name. With regard to the perceived empathy at the independent food chain, the interviewees agreed that their regular customers were easily recognised by their names. They, however, noted that the store did not provide personalised services. Other services indicated by the interviewees were "convenient and name tag [worn]".

- Responsiveness:returning calls and emails, giving prompt service:With reference to the responsiveness to services by the stores, the respondents stated that:

  > *We have a call centre at the head office with specialised people who give prompt responses via emails, picking up calls, and responding to mails timeously.*

The most noteworthy attribute resulting from this theme is that there is a high quality of service delivery in terms of services offered by the independent food chain stores. This can be attributed to the employees' willingness to provide support to the customers and their needs. This was further corroborated by one of interviewees who stated:

> *Our stores offer what is on demand. Our customers can request to the management to offer a service which suits them. We identify a need through interacting with our customers and then design the service to offer.*

Despite the aforementioned remarks, the interviewees however cautioned that more research needed to be conducted to ascertain the needs of their customers. The respondents advised that:

> *Firstly, survey and observation research need to be conducted in order to discovery exactly without speculating what are their needs and in which season or time of the year the services are supposed to be offered.*

As such, the interviewees were asked the following question: "Are you thinking of adding more services in the nearby future?" In responding to the questions, the respondents were positive about adding more services. They pointed out that:

> *We are in the process of improving service offering in all our store throughout the country*". They also maintain that "*all the stores are being revamped, the store layout is being improved and uniformity of the store layout is being maintained*". According to them, "*we are going to add more customer services in response to customer need/request.*

The respondents however acknowledged the financial status of the store would determine the additional services. In their words:

> *Yes, based on the evidence that I got after the research study and depending on the finance that will be the factors that will determine the improvement and addition of the services in future.*

Theme 4: Relationship between retail service quality and customer satisfaction

With regard to establishing the relationship between retail service quality and customer satisfaction, the interviewees were asked if they believed there was a significant relationship between retail service quality and customer satisfaction in their organisation. All the interviewees voiced the opinion that they believed there was a significant relationship between the retail service quality and customer satisfaction. One of the interviewees was of the opinion that:

> *Customers are not interested in just buying the product but are also equally concerned with the service [that] accompany that purchase*".

According to him,

> *Customers evaluate the performance of the product and serviced and this led to satisfaction or dissatisfaction.*

Arising out of the service quality provided in the retail stores and customer's satisfaction, all the interviewees felt that the influx of customers affirmed their satisfaction with the retail stores. In their words:

> *Yes, because the retail service quality leads to customer satisfaction and not only that, it also way to gain influx of customers regardless of the price.*

Drawing from the above assertion, the interviewees were further asked "if they believed customer service and market share (profits) have significant relationship". All the interviewees strongly agreed that customer service and market share. One of the interviewees pointed out:

> *Yes, customers enjoying where they receive good customer service and this may lead to more market share.*

His colleague further expressed that

> *Customer service has a great potential to increase or decrease the market share (profits).*

From the above, it can be gathered that there was a significant relationship between the quality of services offered by the retail stores and customer satisfaction. This was indicated in the form of increasing in profits as a result of an influx of customers. Equally important, it can also be gathered that customer satisfaction has a direct relationship with an increase in market share. Ultimately, service quality offered by retail stores has a great potential in improving customer satisfaction which has a significant impact in customer retention and attraction overall.

5.8   CONCLUSION

From the foregoing chapter, it can be deduced that customers of independent food chain stores were generally dissatisfied with the quality of services offered at the stores. Overall, the data obtained from the quantitative instrument indicated that the lack of

customer-based research among the independent food chain is the core of the customers' dissatisfaction. More so, the quantitative results showed that customers are happy with the accessibility and safety of the stores. Hence, the quantitative phase conclusively showed that customers will consider the independent food chains as their primary stores.

In addition, the interviews conducted revealed that there is a relationship between customer's expectation and their perceived satisfaction. Equally significantly, the qualitative interviews clearly indicated that the expectation of service quality varied with the income of the customers. In other words, the higher the income of the customers, the more conscious they are of the quality of service delivery.

The next chapter provides the conclusions and recommendations drawn from this study. This includes the identification of limitations, which will steer the study towards possibilities for future research.

CHAPTER SIX
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1   INTRODUCTION

The previous chapter presented, analysed and discussed statistical results of the study. This chapter summarises the results and main findings in respect to the objectives of the study.   Furthermore, recommendations will be made and conclusions drawn from research objectives and the research problem. The limitations of the study will also be highlighted and suggestions for future studies will be made.

6.2   SUMMARY OF THEORETICAL STUDY

The aim of the research was to determine and evaluate customer service undertaken by independent food chains in KwaZulu-Natal and applicability of any strategies thereof. According to the main problem and sub-problems that arose, the research design and chapter outline were established.

The retail industry in South Africa is one dynamic industry with a growing number of new participants and entrants motivated by an increase in both the supply of retail space and the number of shopping centres being developed throughout the country. The stable economic environment is also another contributing factor making the industry more attractive. These new participants and entrants are changing the game, as their focus is now on selling value to customers rather than selling products only. As such the researcher believes that investigating retail customer service and its characteristics within independent food chains in KwaZulu-Natal is vital and would help to bring changes that would lead to improved customer service by retailers and may result into profitability for the retailer, improved customer and retailer relationships, customer loyalty and preference for independent food chains in KwaZulu-Natal.

Literature therefore painted a clear picture of the South African retail industry and level of customer services offered. As such, chapter two provided an overview of retailing in South Africa, it discussed the retailing concept and process, the importance of the retail

industry, retailing's contribution to the economy, the evolving retail landscape in South Africa and trends within in the South African food retail industry. Chapter three went on to broadly discuss customer service within the retail context and thereafter discussed key factors in customer service development which few include customer service strategy, approaches to customer service, retail service design and offerings, the role and benefits of good customer service, customer service employees, retail service quality, and new service development.

Stages followed in carrying out this research are discussed below:

- **Planning and framing**

  The researcher identified the problem, set goals and objectives of the study, developed a formal research proposal and worked out the timetable for the project. Preliminary reading of books, journals and articles enabled the researcher to properly frame the research statement and formulate the questions around the secondary data.

- **Gathering of primary and secondary data**

  The researcher investigated the relevant information from journals, the internet and books. Coded questionnaires were drawn up and administered to customers who shop at independent food chains in KwaZulu-Natal in order to gather primary data.

- **Analysing data and interpreting study results**

  Data was collected from respondents through the use of self-administered questionnaires and personal interviews. The analysis involved summarising data by means of tables, bar and pie charts so that it could be easier to identify patterns and interpret meanings.

- **Writing a report**

  The report was drawn up in alignment with the problem statement, the study findings and the presentations of the findings are also written in a report format.

6.3   EMPIRICAL STUDY

Presented below is a summary of the quantitative and qualitative data analyses.

6.3.1   Summary of quantitative study

Chapter five analysed, interpreted and presented results of the study undertaken. The study was quantitative in nature as 444 questionnaires were used to extract information from the respondents in KwaZulu-Natal.   From the results, it could be noted that there are important aspects of customer service that independent food chains in KwaZulu-Natal may put in place in order to provide improved customer service and overall customer satisfaction.

The findings from the quantitative study indicated that the majority of customers from independent food chains were females with the majority of them having a matriculation qualification and above.   One interesting point to mention is that the majority of the respondents shop at independent food chains more than twice a week.

Various customer services elements and good practices were identified.   Customers defined good customer service practices as stores offering complementary services, stores with an appealing appearance, helpfulness of store staff, store operating hours and product assortment as dominant attributes.   However, it is of great concern that the majority of customers are not satisfied with the service levels they get from independent food chains and they do not believe that the retailers are providing the best possible customer service. The majority of customers further indicated that they would also not recommend independent food chains to their family member and provide positive comments and word of mouth about independent food chains.

6.3.2 Summary of qualitative study

Qualitative data were presented using the themes. The results of qualitative data convincingly concluded that there was a significant relationship between the quality of services offered by the retail stores and customer satisfaction. This was indicated in the form of increasing profits as a result of influx of customers. Equally important, it can also

be gathered that customer satisfaction has a direct relationship with an increase in market share. Ultimately, service quality offered by retail stores has a great potential in improving customer satisfaction which has a significant impact in customer retention and attraction overall.

The results further indicated that service programmes need to be improved at store level. Some of the service programmes that needed to be improved so as to satisfy customers are as follows:

- Bill payments;

- Provision of shopping trolleys;

- General appearance of the store;

- Number of speed points in the store; and

- Provision of parking facilities.

6.4   ACHIEVEMENTS OF RESEARCH OBJECTIVES

Study objectives serve as the lifeblood of the entire study. The achievement of research objectives is briefly discussed below:

- **To identify the level of awareness and knowledge about customer service from customers of independent retail food chains**

  The findings of the data from the questionnaires indicated that the majority of the respondents from within the sample were highly aware of and knowledgeable about customer service. This was demonstrated by the significant differences and scoring patterns in responses provided by customers to research questions. Furthermore, customers showed an understanding of and eloquence in responding to the research questions which invited them to express their degree of awareness and knowledge about customer service offered by independent retail food chains. This demonstrates that customers of independent retail food chains are aware and knowledgeable about customer service. Therefore the objective to identify the level of awareness and knowledge about customer service from customers of independent retail food chains has been met.

- **To assess retail service quality in independent retail food chains**

  On assessment of retail service quality, results reveal that the majority of the customers expressed that they were generally dissatisfied with the quality of services offered by independent food chains owing to reliability of services provided, ability to solve problems and physical aspects of independent food chains. Therefore, this objective has been met.

- **Assess level of customer satisfaction from services offered by independent retail food chains**

  The satisfaction levels were tested and analysed, and results indicated that the majority of respondents were not satisfied with the services offered by independent retail food chains owing to encountering problems with merchandise display, inability of store's to provide parking, lighting, credit facilities, a clear returns policy and clean surroundings . Recommendations in the latter part of the study were made on how to improve customer satisfaction within independent retail food chains in KwaZulu-Natal, and as such this objective has been achieved.

- **Establishing whether there is a significant relationship between retail service quality and customer satisfaction**

  The literature review chapter presented theory that provided an understanding of both retail service quality and customer satisfaction. The elements were discussed in detail and provided more insight into the subject matter. Furthermore, the findings further revealed a positive relationship between retail service quality and customer satisfaction and the significance of the relationship thereof. Customer services managers were also interviewed and in their responses, they confirmed significance of such a relationship between the two variables. Therefore, the objective has been achieved.

- **To identify what customers perceive to be their key influential factors of customer service and retail service quality**

  The study was able to identify what consumers of independent food chains perceived to be their key influential factors of customer service which few included offering of complementary services by the retailers, appearance of stores, and helpfulness of store staff, store operating hours, product assortment, and availability of facilities for shoppers with special needs. The factors listed also had the ability to influence customers' perceptions of service quality offered by the retailers. Therefore, this study has been able to meet this objective.

- **Assessing current customer service tools employed by independent food chains in KwaZulu-Natal and the extent to which customer service tools are being used**

  The study was able to assess current customer service tools employed by independent food chains in KwaZulu-Natal and furthermore explore the extent to which customer service tools are being used. It is apparent that independent food chains provided a limited number of services and not much emphasis was put on efficiency of those services. Managers interviewed further highlighted current customer service tools that they are using to retain and attract customers.

- **To propose a customer service model which may be applicable to independent food chains in KwaZulu-Natal.**

  The findings from the empirical study and review of literature assisted the researcher in developing a proposed framework for setting customer service strategy within independent food chains. This framework is presented in Figure 6.1.

6.5   RESTRICTIONS OF THE STUDY

The study was restricted to independent food chains in KwaZulu-Natal. Although appropriate statistical methods have been applied to the data, the sample of the study consisted of 444 customers from independent food chains in KwaZulu-Natal only. More

research, with a bigger sample and preferably a study on all independent food chains in South Africa, is essential so that the results can be generalised with greater confidence.

6.6   RECOMMENDATIONS

- **Customer service**

Findings have shown that customer service at independent retail food chains in KwaZulu-Natal is one of the crucial factors which has to be improved. Majority of customers have shown that independent retail food chains in KwaZulu-Natal do not provide them with good or efficient customer service. It is recommended that independent retail food chains study their customer profiles as it was evident during interviews that customer profiling or segmentation was not being undertaken in detail. A retailer that profiles its customers is a market-driven organisation, which implies that the retailer knows its customers and market thoroughly. As a result, a market-driven retailer will be able to service its customers and consistently win in the markets it operates within (Brondoni, Corniani & Riboldazzi, 2013:29).

Retailers should also identify and establish customer service needs and requirements so as to facilitate proper product and service mix design. Identifying and meeting customer service needs helps retailers to remain competitive in the market (Wang & Ji, 2010:137). Retailers should therefore obtain precise information on the service needs of customers and then use that information to among other things, tailor products and services to meet the service needs of their customers. This will in the long run reduce costs of the retailer, improve customer service and profitability (Toombs & Bailey, 1995:20).

Retailers are also recommended to keep up regular communication with customers to inform them about promotions or any new developments taking place. Communicating with customers gives retailers an opportunity to provide detailed product information or persuade, incite, and remind consumers about their offerings (Keller, 2001:823). The majority of respondents indicated that there was

no form of communication they received from independent retail food chains. It is highly recommended that retailers make use of social media, short message service (sms) and other different forms of electronic communication platforms to convey their message to their customers. Social media gives companies an opportunity to connect with customers, forge relationships with existing as well as new customers while using richer media with greater reach (Sashi, 2012:225).

On investigation, retailers did not have well-defined customer feedback and complaints handling mechanisms, and it is therefore recommended that retailers devise a strategy on how to seek service feedback and handle complaints from customers. Such a strategy will ensure effective and efficient complaint resolution is achieved and lead to enhanced customer satisfaction (Lam & Dale, 1999:844). Seeking feedback will further provide retailers with rich information on how to improve their services in the long run.

Arising from the above discussion, a proposed framework (Figure 6.1) was therefore developed. The framework could be used to advise independent retail food chains of steps to take in setting up their customer service strategy. It outlines steps to be taken and it further illustrates types of action to be taken in each step.

- **Current customer service tools employed by independent food chains**
  Customers indicated that their main motive for making purchases at independent retail food chains was price, it is of most concern as price alone cannot guarantee long term survival of the retailer. Amongst some of the services offered by retailers few include social grant payments, insufficient parking, unclear returns policy, non-existent rest rooms and financial services. It is highly recommended that independent retail food chains in KwaZulu-Natal offer the following services:

  o **Introducing customer loyalty programmes**
    Customer loyalty programmes is a tactical marketing strategy that a retailer implements in a bid to retain profitable customers by diverting their attention

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from purchasing and using competing retailers (Basera, 2014:3). Customer loyalty programmes are the most successful way to get more business from existing customers and to entice them to buy more often from the same retailers (Robinson, 2011:1). Loyalty programmes further provide an opportunity of profiling customers and the ability to know of their product and service needs as well as preferences.

Independent retail food chains in KwaZulu-Natal can undertake customer loyalty programmes by either giving discounts to customers as a result of buying regularly, or rewards in the form of gifts as a result of spending more, or give rebates and coupons that enable customers to redeem cash after accumulating buying points (Berman, 2006:123).

o **Providing regular staff training**

Staff training is a powerful agent to development of capabilities, growth and profitability of the retailer. It improves retailer productivity, sustained competitive advantage, and ultimately performance (Kotey & Folker, 2007:214). Staff training provides job satisfaction, motivation and improved job commitment (Sahinidis & Bouris, 2008:64). Training motivates employees to work efficiently and it is widely accepted as a problem-solving tool. Training activities have a positive impact on the performance of employees by virtue of change in their attitudes, motivation, and empowerment (Jaiswal, Gupta & Singh, 2014:228). Employees who have been trained will be more knowledgeable about the retailer's products and services rendered to customers will be of a friendly nature.

It is highly recommended that independent retail food chains in KwaZulu-Natal train their employees on customer service continuously through workshops and follow-up refresher courses. Every new employee should be put on an induction programme after joining the organisation, and that upon attending training, retailers to encourage employees to utilise their

training experience on their jobs. Executive managers are also recommended to participate in outside training programs conducted by academic institutions, professional societies and consultants' groups (Jain & Agrawal, 2005:85).

o **Offering quality merchandise and incorporating latest technological innovations**

It is recommended that retailers offer good quality merchandise to the customers as quality merchandise is appealing and has that effect of producing less negative emotions and irritation amongst customers (Verhagen & van Dolen, 2011:321) and can further influence consumers 'store choice (Lee, Trail, Lee & Schoenstedt, 2013:41). It is also highly recommended that independent retail food chains incorporate use of mobile applications and online shopping into their service offerings. Lastly technology gives retailers the advantage of reaching a large customer base. Furthermore, customers are increasingly employing mobile technology, making them increasingly accessible through online platforms (Norris, 2007:492).

Independent retail food chains should also start considering new payment methods like cryptocurrencies. Vigna and Casey (2016:3) noted that many retailers have started accepting cryptocurrency due to benefits that come along with it. Some of the benefits include faster payments, reduced dependency on banks and reduced transaction fees. Cryptocurrency is a new experimental kind of money which allows for the secure transfer and exchange of digital tokens in a decentralised manner. These tokens can be traded at market rates for fiat currencies - an example would include bitcoin (Dourado & Brito, 2014:2). Cryptocurrencies are popular and their use is increasing greatly over time (Al Shehhi, Oudah & Aung, 2014:1443). Cryptocurrency does not rely on the classic actors usually found within

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payment systems such as banks or payment service providers (Valcke, Vandezande & Van de Velde, 2015:6).

o **Handling and processing third party payments**

Third party payments are defined as funds being transferred from a customer to another institution through the retailer. These would include: bill payments, paying utility, credit card and other formal bills and miscellaneous payments, paying smaller companies and private individuals as recipients (Weir, Anderson & Jack, 2006:773). This will provide convenience to customers (one stop shopping) and preference of the retailer.

It is therefore highly recommended that retailers consider incorporating payment of social grants in their service offering, payment of utility bills, prepaid electricity tokens, purchasing of bus tickets, booking of flights, event tickets and prepaid airtime vouchers, as majority of their clientele makes use of such services. Littler and Melanthiou (2006:431) further recommend that offering of various forms of retail services is a means of securing a competitive advantage over competitors.

o **Offering financial services**

In the last decade, large retailers started offering financial services in the bid to face-off competition and to improve relationships with their customers in in the retail market (Risso, 2010:65). Some of the financial services provided by retailers include store charge cards, current accounts, credit cards, savings accounts, insurance, personal loans; personal equity plans, share dealing and foreign currency exchange (Alexander & Colgate, 2000:942).

Offering of financial services provides the opportunity for the retailer to build closer relationships with customers (Alexander & Colgate, 2000:938), and increased sales, lower costs, free word of mouth and advertising (O'Loughlin, Szmigin & Turnbull, 2004:523). Offering of retail financial services further

enable retailers to compete effectively with an offerings which comprise a competitive bundle of benefits and value (Devlin, 1998:1091). It is therefore recommended that independent retail food chains offer their customers credit, money transfer facilities, cash withdrawals, automatic teller machines, gift vouchers, buying and even paying for insurance premiums. These will help independent retail food chains attract more new customers, retain existing customers and a possibility of increased profits.

- o **Having a well defined returns policy**
It was further observed that most independent retail food chains did not have well defined returns policies. It is therefore recommended that independent retail food chains devise policies on returns as handling product returns plays an important role in shaping customer loyalty for the retailer (Ramanatha, 2011:255) and can further bring potential cost savings for the retailer (Min, Ko & Ko, 2006:59).

- **Meeting and exceeding customer service expectations of customers**
Results indicate that independent retail food chains in KwaZulu-Natal are not meeting and exceeding customer service expectations of their customers. Failure to meet or exceed customer service expectations could lead to dissatisfaction and defection (Ofir & Simonson, 2007:166). It is therefore important for retailers to strive to meet and exceed customer's service expectations at all times. Customer expectations play an important role in the satisfaction formation (Angelova & Zekiri, 2011:239). Therefore, when the retailer adequately meets customers' expectations, customer service reputation will automatically be enhanced and the customers will transform from first-time visitors to loyal clients, the retailer will experience increased sales as customers feel more comfortable doing business with the retailer and there will be more referrals from satisfied customers who bring in additional business by word of mouth (Estep, 2011).

- **Lack of customer service provided to customers**

  Results show that there is lack of customer service provided to customers by independent retail food chains in KwaZulu-Natal. Lack of customer service lowers customer's relationship satisfaction, trust, and loyalty with the retailer (Varela-Neira, Vázquez-Casielles, & Iglesias, 2010:47). Therefore it is imperative for independent retail food chains in KwaZulu-Natal to offer a wide range of services as requested by their target customers.   This will lead to greater customer satisfaction, retention and customer delight (Dadfar, Brege & Sedigheh, 2013:47).

- **Customer service knowledge by independent retail food chains**

  It is evident from the results that independent retail food chains have knowledge of customer service; however, there seems to be lack of customer service planning, designing and implementation.   It is therefore recommended that independent retail food chains on continuous basis undertake customer service research, to learn of new services to be offered and to uncover latest customer service trends.   Research is crucial for assisting independent retail food chains with their innovation activities (Javier, 2000:451), it provides retailers with an understanding of how to improve customer service practices (Hine, 2013:152), and helps create new knowledge and determines actions to be taken to achieve desired customer service outcomes (Garvey, 2006:290).

- **Providing adequate infrastructure for customer service**

  Independent retail food chains have been observed to have adequate infrastructure to provide customer service, good layout and location, however, there seems to be a lack of proper customer service implementation.   Smit (2003:27) posits that adequate infrastructure can help retailers create an advantaged strategic position to expand, flourish and take advantage of growth opportunities presented by the market.

  Retailers should therefore make the best use of available resources to yield more profits, customer loyalty and satisfaction.   Retailers should also upgrade their

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facilities to accommodate customers with disabilities, parking facilities, rest rooms and introduce trolleys with a baby seating facility.

6.7   CONTRIBUTION OF THE STUDY TO NEW KNOWLEDGE

The retail industry is becoming more complex and changing at an increasing pace. The industry is characterised by changing customer demographics, downsizing households, more educated consumers, new channel formats and evolving service requirements. Retailers therefore need to play a more proactive role in meeting customers' service expectations and needs.

Thus, offering best customer service is the ultimate vehicle that retailers can use to meet and satisfy customers' service expectations and needs. Good customer service is about understanding the needs of different customers, keeping promises and consistently delivering high product and service standards. Retailers are therefore recommended by Phiri & Mcwabe (2013:103) to design their product and service mix in such a manner that it promotes reliability to customers, consistency in service delivery and not promising more than they can be able to deliver.

Figure 6.1 proposes a framework that independent food chains could use in setting up their customer service strategy. Customer service strategy should be designed by taking into account the organisational objectives which should clearly state the position that the organisation may want to occupy in the market, merchandise offered, products and service benefits that they will offer to their customers. Thereafter, the retailer needs to profile customers by identifying and establishing their service needs and requirements. Next step is measuring current market performance, evaluate current service mix and make necessary adjustments to designing of service mix and communicating it the customers.   Thereafter, retailers can implement service mix and measure their effectiveness.

Figure 6.1 A proposed framework for setting customer service strategy within independent food chains.

Identify organisational objectives
- Define organisational objectives
- Position organisation based on objectives
- Outline service benefits

Profile customers
- Research customers
- Identify and establish customer service needs and requirements
- Analyse and evaluate input from customers

Measure current market performance
- Measure and assess current services offering
- Explore competitors service offerings
- Study new customer service trends

CUSTOMER SERVICE STRATEGY

Measure effectiveness of services and seek feedback
Seek feedback by:
- Telephone follow-up calls, surveys, interviews, comment/ suggestion box
- Handle customer complaints
- Use feedback to create competitive advantage, acquire new customer, customer satisfaction, generate customer equity and customer loyalty

Implement service mix
Incorporate desired services into product offering
Adopt new service technologies i.e. Mobile apps, online shopping
Process third-party payments and offer range of services required by customers

Communicate service mix offerings to customers
- Advertising
- Public relations
- Sales promotions
- Social media Sponsorship Direct Marketing

Design service mix
- Design service mix to provide convenience
- Meet customer's needs and expectations
- Maximize speed and ease of shopping

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A proposed framework for setting customer service strategy within independent food chains

- **Identify organisational objectives**

Organisational objectives are resolutions aimed at achieving a desired result, they provide a clear understanding of what the company is striving to accomplish based on the organisational mission and vision. Successful Organisations set objectives and they make them a regular part of ongoing business operations. Objectives can help organisations identify what they need to achieve on a regular basis and normally they are centred on organisational improvement (Aziz & Fady, 2013:577), attraction of new customers and improving operational efficiency (Oades, 2003:317). Retailers therefore, need to clearly identify and clarify their business objectives, which should outline and entail service benefits to be offered to customers. Thomson (1998:121) further contends that the more customers are clear about and comfortable with the organisation, the higher the probability that they will be able to integrate their personal objectives with the organisational objectives and that will result into a positive impact on the retailer.

Retailers need to set or redefine their organisational objectives to clearly outline service benefits to be offered to customers. These organisational objectives should clearly state the position that the organisation may want to occupy in the market, merchandise offered, products and service benefits that they will offer to their customers.

- **Profile customers**

The next task is to define and describe ideal customers and thereafter identify and establish customer service needs and requirements, which are descriptions in the customers' own words of the benefits they want the product or service to provide. These needs are usually determined by personal interviews or focus groups or in-depth research study (Hauser, 1993:61). It is very important to discover not only articulated needs but also exciting needs or unarticulated needs which, if they are fulfilled, delight and surprise the customer (Matzler & Hinterhuber, 1998:35). It is also important to understand customers better, that is, to explore how the customers interact with the product or service

providers. Therefore, it is necessary to investigate customer preferences in order to have a better support for the business (Du, Jiao & Tseng, 2003:387).

For the retailer, the ability to understand and satisfy customers' needs and wants is considered a key competence to building sustainable competitive advantage (Caemmerer & Wilson, 2010:291), and no organisation can make a healthy living without meeting the needs of its customers (Ojo, 2010:88). Therefore, retailers need to analyse their target customers and undertake ongoing research to identify their service needs and requirements.

- **Measure current market performance, evaluate current service mix and make necessary adjustments**

Measuring market performance is the assessment of the relationship between customer service activities and business performance (Clark & Ambler, 2001:231), and the extent to which a firm achieves success in its existing businesses, services, products or markets, and in future positioning in its markets (Kandemir, Yaprak & Cavusgil, 2006:328). Measuring market performance is an essential tool that informs the process of developing, testing, and honing new and potentially transformative solutions to some of the most pressing customer service issues (Wolk, Dholakia & Kreitz, 2009:1).

Measuring current market performance and evaluating current service mix can be seen as the overarching process that deals with performance, thus including sub-processes such as performance planning, measuring, reporting and decision-making for improving performance. (Mone, Pop & Racolta-Paina, 2013:130). Retailers therefore, from time to time need to measure and evaluate the performance of their service mix, and make necessary adjustments on continuous basis. They further need to evaluate and assess the service mix effects beyond their intended objectives, and estimate what would have occurred in the absence of the service mix, in order to assess customer service's net impact (Westin, 1998:4). Measuring and evaluating a customer service mix on an ongoing basis can help retail managers go in the right direction and focus on what really matters (Moullin, 2007:181).

- **Design a services mix**

Designing a services mix provides a set of convenient tools and a common process to implement customer services.   Service design is an approach where the customers are the main focus and their experience is viewed holistically rather than concentrating on the individual processes which support service delivery (Baranova, Morrison & Mutton, 2010:2). Therefore, in designing a new service or redesigning an existing service, retail managers and designers must make decisions about each component of the service, from major decisions like facility location to seemingly minor decisions like colour (Goldstein et al., 2002:121), developing innovative solutions through the acquisition of external knowledge or technology, like software, and the training of service staff (Maffei, Mager & Sangiorgi, 2005:3).   Retailers should also make use of tangible service elements, specifically the physical environment in which a service is delivered or experience is created, to influence customer perceptions and behaviour (Zomerdijk & Voss, 2010:68), and further, incorporate the use of latest technologies to make services more transactional, with improved consistency, reliability, timeliness, and personalisation (Glushko, 2010:238).

Most importantly, services should be designed in such a manner that they provide convenience, which implies that retailers should design services that maximise the speed and ease of shopping (Jiang, Jiang & Liu, 2011:406), add value to consumers, by decreasing the amount of time and effort which a consumer must expend on the service (Aagja, Mammen & Saraswat, 2011:27), and they should meet customers' needs and expectations.

- **Communicate service mix offerings to customers**

Retailers should upon designing their service mix, communicate their service offerings to customers.   Communication is used to inform customers about the retailer, the merchandise, services and serves as a tool for building the store image (Raju, 2014:12). Retailers can communicate through forms of advertising. If the content being communicated is accurate and understood, such communications can help consumers make choices in their own best interest. If it is not, consumers may use inappropriate

services or miss beneficial ones (Eggers & Fischhoff, 2004:14). Effective communication is essential, as it is only when consumers know about a company's activities that they can act on their personal concerns and change their buying habits and actions accordingly (Padel & Zander, 2011:31).

- **Implement a services mix**

Implementing a service mix is perceived as being about allocating resources (Aaltonen & Ikävalko, 2002:415) and the process may include exploring and analysing, planning and designing solution, implementing and integrating, and realising value (Wu, 2008:2) to deliver results (Mishra & Mishra, 2009:86) within budget (Alexander, 1991:73).

Having communicated services offered, the retailer then needs to adopt and incorporate the services into the retail mix. In the service implementation, the retailers need to utilise the resources to deliver the services, and to carry out the strategic planning on a continuous basis (Kumar, Markeset & Kumar, 2006:107).

- **Measure effectiveness of services and seek feedback**

Feedback is a dynamic process that involves the senders and the receivers in confirming positive behaviours and correct negative ones by encouraging a change (Algiraigri, 2014:1) and has been recognised as an important component in performance improvements (Cheramie, 2014:261), that allows retailers to make improvements on their products and services (Whelton, Dietrich, Gallagher & Roberson, 2007:63) and a platform to listen to customers and understand what it is that they value in the company (Nasr, Burton, Gruber & Kitshoff, 2014:531).

Feedback data should be used by retailers to track quality, locate quality problems and identify suggestions for improvement (Opoku, 2006:106). Therefore, upon implementing services, retailers need to measure their effectiveness by seeking feedback from customers. They can seek feedback by using a mix of feedback mechanisms from telephone follow-up calls, surveys, interviews and comment or suggestion cards. The feedback should further be used to re-evaluate and make necessary adjustments to service offering, develop strategies to create competitive advantage, acquire new

customers, build customer satisfaction, generate customer equity and customer loyalty. This should be done on continuous basis so as to keep up with current market trends and ever evolving customer service needs.

6.8   RECOMMENDATIONS FOR RETAILERS IN GENERAL

Retailers should have a sound retail strategy in place that clearly outlines the targeted ideal customers, type of products and services they need, and over and above all the means of communication that will be most effective in reaching the targeted consumers. The strategy should clearly identify the location within which the store is to operate from. The strategy should further outline the services to be offered to customers, pricing policies, merchandise assortment, store environment and store image.

Retailers should also offer a large number of quality products and retail services (integrated product portfolio) that meet their customers' needs. Retail services play a strategic role in today's competitive market and they have significant effects on customers' store choice, demand and loyalty (Yan & Pei, 2009:308). Retail products and services are of great importance because they further enhance the level of customer satisfaction (Kotni, 2011:2) which is very important for the long term success and survival of retailers. Most critically, retailers should emphasise that the services they provide are of high quality. Providing excellent service quality sustains customers' confidence and it is essential for developing competitive advantage (Berry, Parasuraman & Zeithaml, 1994:32). All in all, retailers should seek to sell quality products and services that satisfy the buyers' needs.

The success of the retailer also relies on revisiting some of the basic retail functions from time to time (Chandra & Sunitha, 2012:47), and being innovative. Innovation persuades the shopper to buy and make use of the retailer's services. Retailers need to understand that being innovative is a potential avenue for achieving a competitive advantage (Reinartz et al., 2011:57) and winning the war within the retail space. Retailers therefore need to continuously improve and innovate their offerings through developing a portfolio of core and complementary service innovations and new service projects, and carefully

manage these projects (Tănase, 2012:40). This will help retailers to provide best customer service, achieve economies of scale, profitability and increase market penetration.

6.9   RECOMMENDATIONS FOR FURTHER RESEARCH

It is recommended that other studies using a survey and observation method be done that will explore and discover, in depth, more about retail customer service. It was also noted that some respondents needed to say more about customer service and service quality but the questionnaire was not designed in a manner that allowed them to elaborate. Therefore, further research is recommended.

It is further recommended that other studies of a similar nature be undertaken or extended to other provinces as this would be of great benefit to the South African retail industry. This type of research could enable independent retail food chains to learn more from one another or provide a platform to share good and best practices.

6.10   CONCLUDING REMARKS

This study has highlighted on the applicability of customer services amongst independent food chain in KwaZulu-Natal. Key issues pertaining to retail service quality, customer satisfaction, loyalty and trends in the South African retail landscape were discussed. It is believed that the importance of customer service is at an all-time high in major corporate chain stores. In today's volatile economy, providing excellent customer service can be the critical difference in any company's success. With ever-changing customer demands in the retail industry, retailers face an ongoing challenge in gaining a competitive advantage by creating added customer value. In order to accomplish this value, retailers have to constantly review their customer service strategies.

The empirical data used during this study were based on questionnaires that were administered amongst customers and personal interviews with customer services managers of independent food chains in KwaZulu-Natal. The recommendations and conclusions discussed in this chapter represent some of the actions that could possibly be taken to improve customer service and retail service quality. There are no doubts,

that other recommendations can be used successfully to enhance customer service. It is also highly hoped that this study will enable independent food chains in KwaZulu-Natal to enhance their customer service strategies which will eventually result in customer satisfaction, a stronger customer base and higher profitability for retailers.

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ANNEXURE 1: PERMISSION LETTERS

Tshepo Peter Tlapana

From:	Sean Klusener <Sean@jwayelani.co.za>
Sent:	01 June 2015 08:50 AM
To:	Tshepo Peter Tlapana
Cc:	David; Andrew Coppin; Bruce Smit; Grant Kenny
Subject:	RE: PhD study on customer service

Hi Tshepo

I have spoken to our Managing Director, and he has approved your request to interview one of our Managers for your research. Could you please provide details of the questions that you require to be answered, so that I can ensure that the correct/relevant manager is allocated to you in order for you to complete your research.

We look forward to assisting you in this regard.

Many thanks

SEAN KLUSENER
Tel 031 3033864 : Fax 031 3126617 : Mobile : 0609709588
Jwayelani Retail (Pty) Ltd : Head Office 85 Ninth Avenue Greyville Durban 4001 : PO Box 4675 Durban 4000

From: Tshepo Peter Tlapana [mailto:tshepot@dut.ac.za]
Sent: 26 May 2015 03:06 PM
To: Sean Klusener
Subject: RE: PhD study on customer service

Good day Sean

Any luck with the director?

Kind Regards

1

Tshepo Peter Tlapana

Hi Tshepo ,

Please contact my assistant Nadya for an appointment . Her number is 031 301 2117.
When you call ask for Nadya in the buying department.

Mohammed Ayob
Category Manager
Email   : Mohammedayob@checkout.co.za
Internal : Mohammedayob@checkout.chk
Tel : 031 301 2117 [ext 3030]
Cell : 082 266 4786
Fax : 031 301 8858

From: Tshepo Peter Tlapana [mailto:tshepot@dut.ac.za]
Sent: 02 May 2015 03:47 PM
To: info@oxfordfreshmarket.co.za; info@jwayelani.co.za; mohammedayob@checkout.co.za
Subject: PhD study on customer service
Importance: High

Dear Sirs

This correspondence is to kindly request your permission for me to interview any of managers for my Doctoral research. The research aims to evaluate customer service within Independent food chains/ supermarkets in KwaZulu Natal (South Africa). The study is being conducted as a requirement for my PhD Marketing with the Durban University of Technology, South Africa.

The study does not seek nor request for any confidential company information but seek to evaluate the applicability of customer service within Independent food chains. The information provided will be used for research purposes only and the results of the research will be made available to you.

I look forward to hearing from you regarding my request.

Thank you for your consideration.

Yours sincerely
Tshepo Tlapana
Doctoral Candidate

Kind Regards

1

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ANNEXURE 2: COVERING LETTERS – QUESTIONNAIRE

LETTER OF INFORMATION:CUSTOMER SERVICE AS A STRATEGIC TOOL AMONGST INDEPENDENT FOOD CHAINS IN KWAZULU-NATAL

My name is Tshepo Tlapana and I am conducting a research study with Prof JP Govender towards a PhD in Management Sciences at the Durban University of Technology.

This means that I will be writing a thesis and publishing in at least one journal in order to satisfy this purpose. I would like to invite your organisation to participate in this research project. The aim of the research is to evaluate the applicability of customer service strategies undertaken by independent food chains in KwaZulu-Natal. The study will, further, study the gap between customers' expectation and their subsequent experiences with service levels and conclude by determining customer satisfaction levels with independent food chains.

The participation of your organisation would require me to interview a member of your staff that is involved with your retail development programme. The interviews will help in addressing some research objectives of the study. Respondents will be asked to participate voluntarily, and all responses will be totally confidential. They will be free to refuse to participate, or withdraw from participating, at any time, and will not be pressured in any way.

The study is likely to involve audio taping during the interview. It is estimated that the interview will last for approximately 45 - 60 minutes. No financial reward is being offered for participation in this study. As the study is voluntary, you are under no obligation to consent to this participation. However, if you do consent to participate, please be advised that information gained from the interview is likely to be analysed and used towards the study and or some form of academic publication. However, anonymity of both the participants and the retailers will be ensured. No person will be named or identified in any way.

If you would like to be informed of the research findings, you are welcome to contact Tshepo Tlapana 031 373 5139 tshepot@dut.ac.za or my promoter Prof JP Govender, on or 031 373 5425.

Your assistance will be much appreciated,

Yours faithfully

Tshepo Tlapana

Department of Marketing & Retail Management

Durban University of Technology

41-43 M L Sultan Road

DURBAN

4001

13 May 2015

Dear Participant

I am studying towards my Doctoral Degree in Marketing at the Durban University of Technology. In terms of the programme, a research project needs to be conducted. The aim of the research is to evaluate the applicability of customer service strategies undertaken by independent food chains in KwaZulu-Natal. The study will, further, study the gap between customers' expectation and their subsequent experiences with service levels and conclude by determining customer satisfaction levels with independent food chains.

Would you please agree to complete a research questionnaire (or be interviewed) for this study? The questionnaire/interview will take approximately 10-20 minutes. Participation is voluntary and you are free to refuse to participate at any time without giving reasons, and without prejudice. The information you give will be used for research purposes only, and will be aggregated with other responses, so that only the overall or average information will be used. Your identity and individual answers will be kept confidential. If any quotations are used, these will remain anonymous. To discuss this request further, please feel free to contact me Tshepo Tlapana 031 373 5139 tshepot@dut.ac.za or my supervisor Prof JP Govender, on or 031 373 5425.

Your assistance will be much appreciated,

Yours faithfully

Tshepo Tlapana

ANNEXURE 3: QUESTIONNAIRE

The purpose of this questionnaire is to help improve the customer service within independent food chains in Kwa Zulu Natal. Your cooperation in responding to this questionnaire will result in bringing about valuable changes which will improve services offered to customers. You are therefore, requested to mark a box that is relevant to your situation or opinion.

1. Please mark an [X] in the appropriate block or number.

1.1 Age in years	
18 –29	1
30 – 40	2
41 – 55	3
56 – 65 and above	4

1.2 Gender	
Male	1
Female	2

1.3 Highest educational qualification	
Less than Matric	1
Matric	2
Post Matric	3

2.	How often do you go shopping in a month?	
	Once a week	1
	Twice in a week	2
	Thrice and more	3

3.	My choice of store is based on	
	Prices offered by the retailer	1
	Convenience of the store	2
	Services of by the store	3
	Other (please specify)…………………………………	4

4.

What describes best service to you	
Helpfulness of store staff (personal assistance)	1
Complementary services offered by the retailer (ATM terminals, parking and toilets)	2
Apperance of store (cleaness, good product display, presentation on how to use merchandise and availability of shopping trolleys, signage to locate and Identify merchandise)	3
Store operating hours (Extended hours)	4
Facilities for shoppers with special needs (physically handicapped, wheel chaired or translators)	5
Ability by the retailer to offer customers credit	6
Providing wide product assortment	7
Other (please specify)…………………………………	8

PHYSICAL ASPECTS

5. Mark the appropriate box with an X for each of the following statements

	To what extent do you agree or disagree with statement that describes the physical aspects of independent food chains? You must answer each question based on this store.	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
5.1	I encounter problems with merchandise display in this store	1	2	3	4	5
5.2	The merchandise of related products is shelved together	1	2	3	4	5
5.3	This store has modern-looking equipment and fixtures	1	2	3	4	5
5.4	The physical facilities at this store are visually appeling	1	2	3	4	5
5.5	Materials associated with this store's service (such as shopping bags, catalogues, or statements) are visually appealing	1	2	3	4	5
5.6	The store layout at this store makes it easy for customers to find what they need	1	2	3	4	5
5.7	The store layout at this store makes it easy for customers to move around in the store	1	2	3	4	5
5.8	The store's ventilation system is satisfactory	1	2	3	4	5
5.9	The store provides appropriate lighting	1	2	3	4	5
5.10	The store can handle a lot of people	1	2	3	4	5
5.11	The store provides directional signs to merchandise and departments	1	2	3	4	5
5.12	The store provides parking facilities	1	2	3	4	5
5.13	This store has clean, attractive, and convenient public areas (toilets)	1	2	3	4	5

5.14	The store offer online shopping or mobile application	1	2	3	4	5

RELIABILITY

6. Mark the appropriate box with an X for each of the following statements

	To what extent do you agree or disagree with statement that describes the reliability of services provided by independent food chains?	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
6.1	When this store promises to do something by a certain time, it will do so	1	2	3	4	5
6.2	This store provides its services at the time it promises to do so	1	2	3	4	5
6.3	This store performs the service right the first time	1	2	3	4	5
6.4	This store has merchandise available when customers want it	1	2	3	4	5
6.5	This store insists on error-free sales transactions and records	1	2	3	4	5
6.6	The store does promote its product offerings	1	2	3	4	5

PERSONAL INTERACTION

7. Mark the appropriate box with an X for each of the following statements

	To what extent do you agree or disagree with statement that describe your personal interaction with independent food chains?	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
7.1	Employees in this store have the knowledge to answer customer's questions	1	2	3	4	5
7.2	The behaviour of employees in this store instill confidence in customer	1	2	3	4	5
7.3	Customers feel safe in their transactions with this store	1	2	3	4	5
7.4	Employees in this store give prompt service to customers	1	2	3	4	5
7.5	Employees in this store tell customers exactly when services will be performed	1	2	3	4	5
7.6	Employees in this store are never too busy to respond to customer's requests	1	2	3	4	5
7.7	This stores gives customers individual attention	1	2	3	4	5
7.8	Employees in this store make customers feel important and appreciated	1	2	3	4	5

		Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
7.9	Employees in this store have positive attitude, helpful and friendly towards customers	1	2	3	4	5
7.10	Employees in this store are consistently courteous with customers	1	2	3	4	5
7.11	Employees in this store understand customers' needs and wants	1	2	3	4	5
7.12	Employees in this store are readily available and accessible to help customers	1	2	3	4	5
7.13	Employees in this store go an extra mile to make customer's shopping experience enjoyable and memorable	1	2	3	4	5

PROBLEM-SOLVING

8. Mark the appropriate box with an X for each of the following statements

	To what extent do you agree or disagree with statement that describe problem solving at independent food chains?	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
8.1	This store willingly handles returns and exchanges	1	2	3	4	5
8.2	When a customer has a problem, this store shows a sincere interest in solving it	1	2	3	4	5
8.3	Employees in this store are able to handle customer complaints directly and immediately	1	2	3	4	5
8.4	Employees resolve customers' complaints speedily, efficiently and fairly	1	2	3	4	5
8.5	The store does seek for customers' opinions and suggestions	1	2	3	4	5
8.6	The store is easily accessible	1	2	3	4	5

POLICY

9. Mark the appropriate box with an X for each of the following statements

	To what extent do you agree or disagree with the statement that describes policies at independent food chains?	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
9.1	This store offers high quality merchandise	1	2	3	4	5

9.2	This store provides plenty of convenient parking for customers	1	2	3	4	5
9.3	This store has operating hours convenient to all their customers	1	2	3	4	5
9.4	This store accepts most credit cards	1	2	3	4	5
9.5	This store offers its own loyalty cards	1	2	3	4	5
9.6	This store has adequate product assortment	1	2	3	4	5
9.7	This store provides customers with financial services (includes insurance, funeral, account protection & investment policies)	1	2	3	4	5
9.8	This store offers online shopping facilities	1	2	3	4	5
9.9	This store offers complementary services (ATMs, child care, restrooms, gift wrapping)	1	2	3	4	5
9.10	This store offers affordable prices	1	2	3	4	5
9.11	This store undertakes customer based research	1	2	3	4	5

CUSTOMER SATISFACTION

10.

Are you satisfied with the level of service received from the retailer?	
Yes	1
No	2

From your overall experience with the retailer, please indicate how likely you are to take the following actions.

	How likely are you to:	Not at All	Very Little	Somewhat	To a Great Extent
10.1	Say positive things about retailer to other people	1	2	3	4
10.2	Encourage friends and relatives to do their shopping with the retailer	1	2	3	4
10.3	Intend to continue doing shopping at this retailer	1	2	3	4
10.4	Have a strong preference for this retailer	1	2	3	4
10.5	Consider this retailer as your primary store	1	2	3	3

Anything else, you want to mention about the overall experience from the retailer

11.

In your opinion do you believe the retailer is providing best customer service?	
Yes	1
No	2

12.

What other services would you like to see the retailer offering?	
Presentation of how to use merchandise	1
Returns privileges	2
Offering Credit	3
Modern fixtures	4
Extended hours	5
Personal assistance in selecting merchandise	6
Special orders	7
Other:………………………	8

13.

Do you have any suggestions to improve customer service at independent chain stores?	
Yes	1
No	2

If yes to the above question, please specify

Thank you for your valuable time and participation

Scales adopted from (Dabholkar, Thorpe and Rentz, 1996)

ANNEXURE 4: INTERVIEW SCHEDULE

CUSTOMER SERVICE AS A STRATEGIC TOOL AMONGST INDEPENDENT FOOD CHAINS IN KWAZULU-NATAL

QUESTION NUMBER	QUESTION
1	Please elaborate on the services mix that your organisation is offering
Response	
2	Which of the services you offer are influential in customer attraction and retention? Please elaborate how?
Response	
3	What is your general opinion about customer service programme of your store?
Response	
4	Would you say that you are satisfied with your current customer service programme offering?
Response	
5	If satisfied, what in particular are you satisfied with and why?
Response	
6	Are there things that you are not satisfied with in your current service mix offering that you would like to see changed?
Response	

7	The study also hopes to establish the relationship between Retail Service Quality and Customer Satisfaction, in your organisation do you believe the two elements have significant relationship? Please elaborate how?
Response	
8	How do you think your current customer service programmes leads to customer satisfaction?
Response	
9	In your opinion, do you believe customer service and market share (profits) have significant relationship? Please elaborate how?
Response	
10	Are the services you offer aligned to the company's mission and vision? Please elaborate how
Response	
11	Do you do follow-ups with customers on service levels satisfaction?
Response	
12	In designing of which services to offer, are customers' needs taken into consideration? Please elaborate how
Response	
13	Are you thinking of adding more services in the nearby future? Please elaborate how?
Response	
14	How do you ensure service quality in terms of:
	1) Reliability: accuracy of billing, meeting promised delivery dates

	2) Assurance (trust): guarantees and warranties, return policies	
	3) Tangibility: appearance of store and store personnel	
	4) Empathy:personalized service, receipts of notes and emails, recognition by name	
	5) Responsiveness: returning calls and emails, giving prompt service	
15	Is there anything that you would like to add that will contribute to this study?	
Response		
THANK YOU		

ADDENDUM 1: Pearson Chi Square test results

Highlighted values (in yellow) show statistically significant differences in the results by years (the level of significance is below 0.05).

Table 1: Physical facilities: Summary of the Pearson Chi-square results

Physical Aspects:summary of Chi-Square resulst		Gender	Age in years	Educational Level
I encounter problems with merchandise displays in this store	Chi-square	0.901	13.738	10.853
	df	4	12	8
	Sig.	0.924	0.318	0.21
The merchandise of related products is shelved together	Chi-square	2.543	10.513	7.944
	df	4	12	8
	Sig.	0.637	0.571	0.439
This store has modern-looking equipment and fixtures	Chi-square	6.904	9.095	13.485
	df	4	12	8
	Sig.	0.141	0.695	0.096
The physical facilities at this store are visually appealing.	Chi-square	2.135	21.441	8.307
	df	4	12	8
	Sig.	0.711	<mark>0.044*</mark>	0.404
Materials associated with this store's services (such as shopping bags, catalogues, or statements) are visually appealing.	Chi-square	6.325	8.453	12.219
	df	4	12	8
	Sig.	0.176	0.749	0.142
The store layout at this store makes it easy for customers to find what they need.	Chi-square	11.093	10.451	4.926
	df	4	12	8
	Sig.	0.026*	0.576	0.765
The store layout at this store makes it easy for customers to move around in the store.	Chi-square	6.024	12.123	10.599
	df	4	12	8

	Sig.	0.197	0.436	0.225
The store's ventilation system is satisfcatory.	Chi-square	2.876	13.879	9.729
	df	4	12	8
	Sig.	0.579	0.309	0.285
The store provides appropriate lighting.	Chi-square	2.620	11.643	2.171
	df	4	12	8
	Sig.	0.623	0.475	0.975
The store can handle a lot of people.	Chi-square	6.129	8.040	4.859
	df	4	12	8
	Sig.	0.19	0.782	0.772
The store provides directional signs to merchandise and departments	Chi-square	3.067	6.665	9.997
	df	4	12	8
	Sig.	0.547	0.879	0.265
The store provides parking facilities	Chi-square	9.968	7.009	6.428
	df	4	12	8
	Sig.	0.041*	0.857	0.599
This store has clean, attractive, and convenient public areas (toilets).	Chi-square	7.286	13.458	3.487
	df	4	12	8
	Sig.	0.122	0.337	0.9
The store offers online shopping or mobile application.	Chi-square	3.154	8.043	5.603
	df	4	12	8
	Sig.	0.532	0.782	0.692

Table 2: Cross-tabulation between age in years* and physical facilities at this store being visually appealing*

| | | | The physical facilities at this store are visually appealing | | | | | Total |
			Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree	
Age in years	18-29	Count	42	27	29	22	11	131
		Expected Count	35.1	30.4	25.1	24.2	16.2	131.0
		% among age in years	32.1%	20.6%	22.1%	16.8%	8.4%	100.0%
		% among the physical facilities at this store are visually appealing	35.3%	26.2%	34.1%	26.8%	20.0%	29.5%
		% of Total	9.5%	6.1%	6.5%	5.0%	2.5%	29.5%
	30-40	Count	35	19	16	20	21	111
		Expected Count	29.8	25.8	21.3	20.5	13.8	111.0
		% among age in years	31.5%	17.1%	14.4%	18.0%	18.9%	100.0%
		% among the physical facilities at this store are visually appealing	29.4%	18.4%	18.8%	24.4%	38.2%	25.0%
		% of Total	7.9%	4.3%	3.6%	4.5%	4.7%	25.0%
	41-55	Count	25	31	27	22	17	122
		Expected Count	32.7	28.3	23.4	22.5	15.1	122.0
		% among age in years	20.5%	25.4%	22.1%	18.0%	13.9%	100.0%
		% among the physical facilities at this store are visually appealing	21.0%	30.1%	31.8%	26.8%	30.9%	27.5%
		% of Total	5.6%	7.0%	6.1%	5.0%	3.8%	27.5%
	56-65 and above	Count	17	26	13	18	6	80
		Expected count	21.4	18.6	15.3	14.8	9.9	80.0
		% among age in years	21.3%	32.5%	16.3%	22.5%	7.5%	100.0%
		% among the physical facilities at this store are visually appealing	14.3%	25.2%	15.3%	22.0%	10.9%	18.0%
		% of Total	3.8%	5.9%	2.9%	4.1%	1.4%	18.0%
Total		Count	119	103	85	82	55	444
		Expected count	119.0	103.0	85.0	82.0	55.0	444.0
		% among age in years	26.8%	23.2%	19.1%	18.5%	12.4%	100.0%
		% among the physical facilities at this store are visually appealing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	26.8%	23.2%	19.1%	18.5%	12.4%	100.0%

Table 3: Cross-tabulation between gender* and store providing packing facilities*

			The store provides parking facilities					Total
			Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree	
Gender of respondents	Male	Count	45	54	32	17	12	160
		Expected Count	36.8	54.8	32.8	26.7	9.0	160.0
		% among gender of respondents	28.1%	33.8%	20.0%	10.6%	7.5%	100.0%
		% among the store provides parking facilities	44.1%	35.5%	35.2%	23.0%	48.0%	36.0%
		% of Total	10.1%	12.2%	7.2%	3.8%	2.7%	36.0%
	Female	Count	57	98	59	57	13	284
		Expected count	65.2	97.2	58.2	47.3	16.0	284.0
		% within Gender of respondents	20.1%	34.5%	20.8%	20.1%	4.6%	100.0%
		% among the store provides parking facilities	55.9%	64.5%	64.8%	77.0%	52.0%	64.0%
		% of Total	12.8%	22.1%	13.3%	12.8%	2.9%	64.0%
Total		Count	102	152	91	74	25	444
		Expected count	102.0	152.0	91.0	74.0	25.0	444.0
		% among gender of respondents	23.0%	34.2%	20.5%	16.7%	5.6%	100.0%
		% among the store provides parking facilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	23.0%	34.2%	20.5%	16.7%	5.6%	100.0%

As all values are above 0.05 (the level of significance), there was no significant difference in the results by years, gender and educational level.

Table 4: Reliability: Summary of the Pearson Chi-square results

Reliability:summary of Chi-Square results		Gender	Age in years	Educational Level
When this store promises to do something by a certain time, it will do so.	Chi-square	2.298	14.626	12.411
	df	4	12	8
	Sig.	0.681	0.263	0.134
This store provides its services at the time it promises to do so.	Chi-square	2.543	10.513	7.944
	df	4	12	8
	Sig.	0.637	0.571	0.439
This store performs the service right the first time.	Chi-square	1.054	12.506	4.633
	df	4	12	8
	Sig.	0.902	0.406	0.796
This store has merchandise available when customers want it.	Chi-square	2.057	14.411	6.474
	df	4	12	8
	Sig.	0.725	0.275	0.594
This store insists on error-free sales transactions and records.	Chi-square	7.044	6.739	3.901
	df	4	12	8
	Sig.	0.134	0.874	0.866
The store does promote its product offerings.	Chi-square	5.547	8.284	13.817
	df	4	12	8
	Sig.	0.236	0.763	0.087

Highlighted values (in yellow) show statistically significant differences in the results by years (the level of significance is below 0.05).

Table 5: Personal interaction: Summary of the Pearson Chi-square results

Personal interaction:summary of Chi-Square results		Gender	Age in years	Educational Level
Employees in this store have the knowledge to answer customer's questions.	Chi-square	8.495	13.188	6.51
	df	4	12	8
	Sig.	0.075	0.356	0.59
The behaviour of employees in this store instils confidence in customer	Chi-square	2.911	18.49	15.558
	df	4	12	8
	Sig.	0.573	0.102	0.049*
Customers feel safe in their transactions with this store.	Chi-square	1.661	10.743	10.084
	df	4	12	8
	Sig.	0.798	0.551	0.259
Employees in this store give prompt service to customers.	Chi-square	11.315	9.648	10.576
	df	4	12	8
	Sig.	0.023*	0.647	0.227
Employees in this store tell customers exactly when services will be performed.	Chi-square	9.240	6.369	2.731
	df	4	12	8
	Sig.	0.055	0.896	0.95
Employees in this store are never too busy to respond to customers' requests.	Chi-square	5.519	10.273	10.948
	df	4	12	8
	Sig.	0.238	0.592	0.205
This stores gives customers individual attention.	Chi-square	4.883	21.152	14.092
	df	4	12	8
	Sig.	0.299	0.048	7.966

Employees in this store make customers feel important and appreciated.	Chi-square	1.287	8.923	4.301
	df	4	12	8
	Sig.	0.864	0.71	0.829
Employees in this store have a positive attitude, helpful, and friendly towards customers.	Chi-square	5.913	16.113	5.633
	df	4	12	8
	Sig.	0.206	0.189	0.688
Employees in this store are consistently courteous with customers.	Chi-square	2.890	9.598	4.330
	df	4	12	8
	Sig.	0.576	0.651	0.826
Employees in this store understand customers' needs and wants.	Chi-square	6.028	9.948	11.806
	df	4	12	8
	Sig.	0.197	0.62	0.16
Employees in this store are readily available and accessible to help customers	Chi-square	2.123	16.113	7.225
	df	4	12	8
	Sig.	0.713	0.186	0.513
Employees in this store go an extra mile to make customers' shopping experience enjoyable and memorable	Chi-square	0.383	21.584	10.670
	df	4	12	8
	Sig.	0.984	0.042*	0.221

Table 6: Cross-tabulation between Highest education level* and the behaviour of employees in this store instilling confidence in customers*

| | | | The behaviour of employees in this store instisl confidence in customer | | | | | Total |
			Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree	
Highest education qualification	Less than Matric	Count	29	32	25	16	13	115
		Expected Count	27.5	30.8	24.3	20.7	11.7	115.0
		% among highest education qualification	25.2%	27.8%	21.7%	13.9%	11.3%	100.0%
		% among the behaviour of employees in this store instill confidence in customer	27.4%	26.9%	26.6%	20.0%	28.9%	25.9%
		% of Total	6.5%	7.2%	5.6%	3.6%	2.9%	25.9%
	Matric	Count	55	66	42	47	14	224
		Expected Count	53.5	60.0	47.4	40.4	22.7	224.0
		% within Highest education qualification	24.6%	29.5%	18.8%	21.0%	6.3%	100.0%
		% among the behaviour of employees in this store instill confidence in customer	51.9%	55.5%	44.7%	58.8%	31.1%	50.5%
		% of Total	12.4%	14.9%	9.5%	10.6%	3.2%	50.5%
	Post Matric	Count	22	21	27	17	18	105
		Expected Count	25.1	28.1	22.2	18.9	10.6	105.0
		% among highest education qualification	21.0%	20.0%	25.7%	16.2%	17.1%	100.0%
		% among The behaviour of employees in this store instill confidence in customer	20.8%	17.6%	28.7%	21.3%	40.0%	23.6%
		% of Total	5.0%	4.7%	6.1%	3.8%	4.1%	23.6%
Total		Count	106	119	94	80	45	444
		Expected Count	106.0	119.0	94.0	80.0	45.0	444.0
		% among highest education qualification	23.9%	26.8%	21.2%	18.0%	10.1%	100.0%

			% among the behaviour of employees in this store instill confidence in customer	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
			% of Total	23.9%	26.8%	21.2%	18.0%	10.1%	100.0%

Table 7: Cross tabulation between age in years* and the behaviour of employees in this store go an extra mile to make customer's shopping enjoyable and memorable*

			Employees in this store go an extra mile to make customers shopping experience enjoyable and memorable					Total
			Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree	
Age in years	18-29	Count	34	43	19	25	10	131
		Expected Count	27.7	39.8	26.0	23.6	13.9	131.0
		% within Age in years	26.0%	32.8%	14.5%	19.1%	7.6%	100.0%
		% among Employees in this store go an extra mile to make customers' shopping experience enjoyable and memorable	36.2%	31.9%	21.6%	31.3%	21.3%	29.5%
		% of Total	7.7%	9.7%	4.3%	5.6%	2.3%	29.5%
	30-40	Count	19	35	31	14	12	111
		Expected Count	23.5	33.8	22.0	20.0	11.8	111.0
		% within Age in years	17.1%	31.5%	27.9%	12.6%	10.8%	100.0%
		% among Employees in this store go an extra mile to make customers' shopping experience enjoyable and memorable	20.2%	25.9%	35.2%	17.5%	25.5%	25.0%
		% of Total	4.3%	7.9%	7.0%	3.2%	2.7%	25.0%
	41-55	Count	18	32	27	27	18	122
		Expected Count	25.8	37.1	24.2	22.0	12.9	122.0
		% within Age in years	14.8%	26.2%	22.1%	22.1%	14.8%	100.0%
		% among Employees in this store go an extra mile to make customers' shopping experience enjoyable and memorable	19.1%	23.7%	30.7%	33.8%	38.3%	27.5%
		% of Total	4.1%	7.2%	6.1%	6.1%	4.1%	27.5%
		Count	23	25	11	14	7	80

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	56-65 and above	Expected Count	16.9	24.3	15.9	14.4	8.5	80.0
		% within Age in years	28.8%	31.3%	13.8%	17.5%	8.8%	100.0%
		% among Employees in this store go an extra mile to make customers' shopping experience enjoyable and memorable	24.5%	18.5%	12.5%	17.5%	14.9%	18.0%
		% of Total	5.2%	5.6%	2.5%	3.2%	1.6%	18.0%
Total		Count	94	135	88	80	47	444
		Expected Count	94.0	135.0	88.0	80.0	47.0	444.0
		% within Age in years	21.2%	30.4%	19.8%	18.0%	10.6%	100.0%
		% among Employees in this store go an extra mile to make customers' shopping experience enjoyable and memorable	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	21.2%	30.4%	19.8%	18.0%	10.6%	100.0%

Highlighted values (in yellow) show statistically significant difference in the results by years (the level of significance is below 0.05).

Table 8: Problem-solving: Summary of the Pearson Chi-square results

Problem solving:summary of Chi-Square results		Gender	Age in years	Educational Level
This store willingly handles returns and exchanges.	Chi-square	4.874	11.982	10.677
	df	4	12	8
	Sig.	0.3	0.447	0.221
When a customer has a problem, this store shows a sincere interest in solving it.	Chi-square	3.039	14.416	6.760
	df	4	12	8
	Sig.	0.551	0.275	0.563
Employees in this store are able to handle customer complaints directly and immediately.	Chi-square	3.086	8.913	9.603
	df	4	12	8
	Sig.	0.554	0.71	0.294
Employees resolve customers' complaints speedily, efficiently and fairly.	Chi-square	1.675	6.723	6.224
	df	4	12	8
	Sig.	0.795	0.875	0.622
The store does seek for customers' opinions and suggestions.	Chi-square	6.693	13.193	9.038
	df	4	12	8
	Sig.	0.153	0.355	0.339
The store is easily accessible.	Chi-square	9.417	22.182	7.064
	df	4	12	8
	Sig.	0.051	0.036*	0.53

Table 9:   Cross-tabulation between age in years* and the store is easily accessible*

			The store is easily accessible					Total
			Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree	
Age in years	18-29	Count	28	28	23	27	25	131
		Expected Count	28.0	25.4	17.1	33.3	27.1	131.0
		% within Age in years	21.4%	21.4%	17.6%	20.6%	19.1%	100.0%
		% within The store is easily accessible	29.5%	32.6%	39.7%	23.9%	27.2%	29.5%
		% of Total	6.3%	6.3%	5.2%	6.1%	5.6%	29.5%
	30-40	Count	26	10	16	36	23	111
		Expected Count	23.8	21.5	14.5	28.3	23.0	111.0
		% within Age in years	23.4%	9.0%	14.4%	32.4%	20.7%	100.0%
		% within The store is easily accessible	27.4%	11.6%	27.6%	31.9%	25.0%	25.0%
		% of Total	5.9%	2.3%	3.6%	8.1%	5.2%	25.0%
	41-55	Count	26	26	12	26	32	122
		Expected Count	26.1	23.6	15.9	31.0	25.3	122.0
		% within Age in years	21.3%	21.3%	9.8%	21.3%	26.2%	100.0%
		% within The store is easily accessible	27.4%	30.2%	20.7%	23.0%	34.8%	27.5%
		% of Total	5.9%	5.9%	2.7%	5.9%	7.2%	27.5%
	56-65 and above	Count	15	22	7	24	12	80
		Expected Count	17.1	15.5	10.5	20.4	16.6	80.0
		% within Age in years	18.8%	27.5%	8.8%	30.0%	15.0%	100.0%
		% within The store is easily accessible	15.8%	25.6%	12.1%	21.2%	13.0%	18.0%
		% of Total	3.4%	5.0%	1.6%	5.4%	2.7%	18.0%
Total		Count	95	86	58	113	92	444
		Expected Count	95.0	86.0	58.0	113.0	92.0	444.0
		% within Age in years	21.4%	19.4%	13.1%	25.5%	20.7%	100.0%
		% within The store is easily accessible	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	21.4%	19.4%	13.1%	25.5%	20.7%	100.0%

Table 10: Policy:Summary of the Pearson Chi-square results

Policy:summary of Chi-Square results		Gender	Age in years	Educational Level
This store offers high quality merchandise.	Chi-square	0.565	22.628	7.422
	df	4	12	8
	Sig.	0.967	0.031	0.492
This store provides plenty of convenient parking for customers.	Chi-square	4.102	14.774	8.485
	df	4	12	8
	Sig.	0.392	0.254	0.388
This store has operating hours convenient to all their customers.	Chi-square	5.874	12.385	5.974
	df	4	12	8
	Sig.	0.209	0.415	0.65
This store accepts most credit cards.	Chi-square	6.836	11.663	1.623
	df	4	12	8
	Sig.	0.145	0.473	0.99
This store offers its own loyalty cards.	Chi-square	5.482	14.023	8.255
	df	4	12	8
	Sig.	0.241	0.299	0.409
This store has adequate product assortment.	Chi-square	0.825	7.272	12.128
	df	4	12	8
	Sig.	0.935	0.839	0.146
This store provides customers with financial services (including insurance, funeral, account protection and investment policies).	Chi-square	2.665	12.444	8.432
	df	4	12	8
	Sig.	0.617	0.411	0.392
This store offers online shopping facility.	Chi-square	6.553	15.844	6.427
	df	4	12	8
	Sig.	0.161	0.199	0.6

This store offers complementary services (ATMs, child care, restrooms, gift wrapping) .	Chi-square	5.724	14.780	14.884
	df	4	12	8
	Sig.	0.221	0.254	0.061
This store offers affordable prices.	Chi-square	4.075	19.868	6.829
	df	4	12	8
	Sig.	0.396	0.07	0.555
This store undertakes customer based research.	Chi-square	8.879	17.932	13.933
	df	4	12	8
	Sig.	0.064	0.118	0.084