

# **The influence of relationship intention on satisfaction, loyalty and retention following service recovery in the cellular industry**

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**REMARKS**

The reader is reminded of the following:

- The thesis is submitted in the format of four research articles.
- Please note that to ensure consistency throughout the thesis, page margins, font and font size were kept consistent throughout the thesis. The journal specifications were therefore ignored only for the purpose of providing technical consistency within the thesis. For this reason, there is a reference list at the end of each section of the thesis. For the Key Terms and Definitions, Chapter 1 and Chapter 6, referencing was done according to the Harvard style guidelines of the North-West University. For Chapters 2, 3, 4 and 5 referencing was done according to journal guidelines respectively available in Appendix B, C, D and E of the thesis.
- The first article (presented in Chapter 2) was submitted to the *Journal of Contemporary Management*. The article was accepted by the journal, providing that minor changes suggested by the article's reviewers were addressed. The editorial policy and guidelines for authors used for referencing in the thesis are available in Appendix B.
- The second article (presented in Chapter 3) was submitted to the *Southern African Business Review*. The article was accepted by the journal, providing that changes suggested by the article's reviewers were addressed. The guidelines for contributors used for referencing in the thesis are available in Appendix C.
- The third article (presented in Chapter 4) was submitted to the *South African Journal of Business Management*. The article was accepted by the journal, providing that minor changes suggested by the article's reviewers were addressed. The instructions to authors used for referencing in the thesis are available in Appendix D.
- The fourth article (presented in Chapter 5) was submitted to *Management Dynamics*. The guidelines for the submission of manuscripts used for referencing in the thesis are available in Appendix E.
- The thesis was language edited by Elisabeth Marnitz. The letter of confirmation of language editing is available in Appendix G.

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## **ABSTRACT**

It is common practice for service providers, such as cell phone network providers, to utilise relationship marketing strategies in an effort to retain their customers and thereby to increase profitability. Customers with relationship intentions are willing to respond to such efforts while other customers will refrain.

Service failures negatively impact relationship marketing efforts and thus complicate service providers' relationship-building efforts. Therefore, service providers endeavour to restore customers' post-recovery satisfaction and loyalty through service recovery efforts to retain their customers. However, the influence that customers' relationship intentions have on this process has not been considered. Previous research on relationship intention in South Africa focussed only on developing a valid and reliable relationship intention measurement scale. For this reason, the primary objective of this study was to determine the influence of relationship intention on customer satisfaction, loyalty and retention following service recovery within the cellular industry. Supporting the primary objective, a model depicting the influence of respondents' relationships intentions on satisfaction, loyalty and retention following service recovery was developed. Furthermore, a model depicting the interrelationships of the relationship constructive dimensions of the service recovery process uncovered during this study was also developed.

Through non-probability convenience sampling of adults 18 years and older (residing in Johannesburg and the surrounding residential suburbs) who have used a cell phone network provider for three years or longer, 605 respondents completed interviewer-administered questionnaires. Demographic and patronage information, together with respondents' relationship intentions, attitudes towards complaining, customers' complaint behaviour, expectations of service recovery, perceived service recovery as well as satisfaction, loyalty and retention following service recovery, were obtained.

Results indicated that no associations exist between respondents' levels of relationship intention and their relationship lengths, as well as whether they had contractual agreements with their cell phone network providers. It is therefore recommended that instead of using relationship length or contractual agreements, cell phone network providers should use customers' relationship intentions to identify customers for relationship marketing purposes. Findings from this study furthermore include that respondents' relationship intentions influence their propensities to complain, as well as the likelihood that they will voice a complaint regarding dissatisfactory service delivery. It is therefore recommended that cell phone network providers

use the opportunity to identify customers with relationship intentions through customers' complaint behaviour.

This study found that respondents' relationship intentions influence both their expectations of cell phone network providers to take service recovery action, as well as their perceptions of service recovery. Respondents' relationship intentions also positively influence their satisfaction, loyalty and retention following service recovery. Based on these findings, it is recommended that cell phone network providers should always take corrective action following service failures (such as billing errors in this study), preferably by including at least an acknowledgement, apology, explanation and rectification of the problem as part of the service recovery efforts. Such a combination of service recovery efforts will increase the satisfaction, loyalty and retention of customers with higher relationship intentions.

From the results it can be concluded that customers' relationship intentions influence their behaviour with regard to propensity to complain, voicing, expectations of service recovery action, perceptions of service recovery, as well as satisfaction, loyalty and retention following service recovery, when service failures occur. The proposed model developed from these findings results in the recommendation that cell phone network providers should view the service recovery process as an interrelated process influenced by customers' relationship intentions. Cell phone network providers should note that customers with higher relationship intentions will attempt to salvage the relationship when service failures occur, which contributes to their satisfaction, loyalty and retention following service recovery.

This study contributes to establishing relationship intention theory by confirming the positive influence of customers' relationship intentions on constructive behaviour when service failures occur. Moreover, practical recommendations concerning cell phone network providers' response to billing errors are proposed. Future research should address the methodological limitations of this study by using probability sampling, and data should be collected from all South African provinces. Real-time service failures should be considered as opposed to the scenario-based approach used in this study. Important influences on customer behaviour when service failures occur, such as the perceived severity of service failure, service failure type, perceived justice and attributions, should also be considered with regard to their influence on the constructs of this study. Lastly, the antecedents of or differences with regard to customers' relationship intentions based on personality, generational cohort or population group deserve further attention to establish relationship intention as study field within the domain of relationship marketing.

## UITTREKSEL

Dit is algemene praktyk vir diensverskaffers, soos selffoonnetwerkverskaffers, om verhoudingsbemarking te gebruik in 'n poging om hul klante te behou en daardeur hul winsgewendheid te verhoog. Klante met verhoudingsvoornemens is gewillig om te reageer op sulke pogings, terwyl diegene sonder verhoudingsvoornemens nie daarop sal reageer nie.

Diensmislukkings beïnvloed verhoudingsbemarkingspogings en kompliseer diensverskaffers se pogings om verhoudings te bou. Vir hierdie rede probeer diensverskaffers om klante se na-diensherstel tevredenheid en lojaliteit deur diensherstelpogings te herstel en klante te behou. Die invloed wat klante se verhoudingsvoornemens op hierdie proses het, is egter nog nie bestudeer nie. Vorige navorsing rakende verhoudingsvoorneme in Suid-Afrika het hoofsaaklik gefokus op die ontwikkeling van 'n geldige en betroubare verhoudingsvoorneme meetinstrument. Die primêre doelwit van hierdie studie was dus om die invloed van verhoudingsvoorneme op klante-tevredenheid, lojaliteit en retensie na diensherstel binne die selffoonindustrie te bepaal. 'n Model wat die invloed van respondente se verhoudingsvoorneme op tevredenheid, lojaliteit en retensie na diensherstel aandui is ontwikkel, en het die primêre doelwit gestel vir die studie, ondersteun. Verder was 'n model wat die interverhoudinge tussen die dimensies wat bydra tot die herstel van die verhouding soos ontbloot in hierdie studie, ontwikkel.

Deur 'n nie-waarskynlikheid geriefstreekproef van volwassenes 18 jaar en ouer (woonagtig in Johannesburg en die omliggende woonbuurte) wat vir drie jaar of langer 'n selffoonnetwerkverskaffer gebruik het, het 605 respondente vraelyste wat deur onderhoudvoerders geadministreer is, voltooi. Demografiese en ondersteuningsinligting, saam met respondente se verhoudingsvoornemens, houding teenoor die geneigdheid om te kla, klante se klagtegedrag, verwagtinge van diensherstel, waargenome diensherstel asook tevredenheid, lojaliteit en retensie na diensherstel is ingewin.

Resultate het getoon dat daar geen assosiasies bestaan tussen respondente se vlakke van verhoudingsvoorneme en hul verhoudingslengtes asook hul kontraktuele ooreenkomste (al dan nie) met hul selffoonnetwerkverskaffers nie. In plaas daarvan dat selffoonnetwerkverskaffers klante se verhoudingslengte of kontraktuele ooreenkomste oorweeg wanneer daar gepoog word om verhoudings te bou, word dit aanbeveel dat selffoonnetwerkverskaffers eerder klante se verhoudingsvoornemens gebruik om klante vir verhoudingsbemarkingsdoeleindes te identifiseer. Bevindinge van hierdie studie sluit verder in dat respondente se verhoudingsvoornemens hul geneigdheid om te kla, sowel as die waarskynlik dat hulle 'n klagte

rakende onbevredigende diensverskaffing sal kommunikeer, beïnvloed. Die aanbeveling is daarom dat selffoonnetwerkverskaffers die geleentheid gebruik om klante met verhoudingsvoornemens te identifiseer deur na klante se klagtegedrag op te let.

Hierdie studie het bevind dat respondente se verhoudingsvoornemens beide hul verwagtinge dat selffoonnetwerkverskaffers diensherstelaksie moet neem, asook hul persepsies van diensherstel beïnvloed. Respondente se verhoudingsvoornemens het ook hul tevredenheid, lojaliteit en retensie na diensherstel positief beïnvloed. Gebaseer op hierdie bevindinge word dit aanbeveel dat selffoonnetwerkverskaffers altyd korrigerende aksie neem na diensmislukkings (soos kosterekeningfoute in hierdie studie), deur verkieslik ten minste 'n erkenning, verskoning, verduideliking en regstelling van die probleem as deel van die diensherstelpoging aan te bied. So 'n kombinasie van diensherstelpogings sal die tevredenheid, lojaliteit en retensie van klante met hoër verhoudingsvoornemens verhoog.

Vanuit die resultate kan die gevolgtrekking gemaak word dat klante se verhoudingsvoornemens hul gedrag met betrekking tot hul geneigdheid om te kla, oordrag van klagtes, verwagtinge van diensherstelaksie, persepsies van diensherstel, asook hul tevredenheid, lojaliteit en retensie na diensherstel beïnvloed wanneer diensmislukkings plaasvind. Die voorgestelde model wat op hierdie bevindinge gegrond is, lei tot die aanbeveling dat selffoonnetwerkverskaffers die diensherstelproses as 'n interaktiewe proses wat deur klante se verhoudingsvoornemens beïnvloed word, sal volg. Selffoonnetwerkverskaffers moet daarop let dat klante met verhoudingsvoornemens sal poog om die verhouding te red wanneer diensmislukkings plaasvind, wat bydra tot hul tevredenheid, lojaliteit en retensie na diensherstel.

Hierdie studie dra by tot die daarstelling van die verhoudingsvoorneme-teorie deur die positiewe invloed wat klante se verhoudingsvoorneme op opbouende gedrag wanneer diensmislukkings plaasvind, te bevestig. Bowenal word praktiese aanbevelings rakende selffoonnetwerkverskaffers se reaksie op kosterekeningfoute voorgestel. Toekomstige navorsing moet die metodologiese beperkinge van die studie aanspreek deur die gebruik van 'n waarskynlikheidstreekproef en data te versamel uit al die Suid-Afrikaanse provinsies. Werklike diensmislukkings moet oorweeg word in plaas van die scenario-gebaseerde benadering wat in hierdie studie gebruik is. Belangrike invloede op klantegedrag wanneer diensmislukkings plaasvind, soos hoe erg die waargenome diensmislukking ervaar is, die tipe diensmislukking, die waargenome regverdigheid en toeskrywing van die diensmislukking, moet ook oorweeg word met betrekking tot hul invloed op die konstrakte van hierdie studie. Laastens verdien die voorgaande oorsake van, of verskille met betrekking tot, klante se verhoudingsvoornemens gebaseer op persoonlikheid, generasiegroepe of populasiegroep, verdere aandag om verhoudingsvoorneme te vestig as studieveld binne die raamwerk van verhoudingsbemarking.

## LIST OF KEY TERMS AND DEFINITIONS

- **Relationship intention**

The disposition of customers to engage in relationship-building activities with their service providers, as measured in terms of involvement, expectations, forgiveness, fear of relationship loss and feedback, can be defined as customers' relationship intentions (Kumar, Bohling & Ladda, 2003:669-670). Customers with higher relationship intentions place emphasis on continuing their relationships with their service providers and will act to build, maintain and enhance their relationships with their service providers (Kumar *et al.*, 2003:670).

- **Service failure**

If service delivery does not meet customers' expectations, a service failure occurs (Harrison-Walker, 2012:115). Consequently, customers are dissatisfied with service delivery (Oliver, 1980:460).

- **Attitude towards complaining**

Customers' attitudes are an overall enduring evaluation of an environmental aspect (Hoyer, MacInnis & Pieters, 2013:128; Schiffman, Kanuk & Wisenblit, 2010:246). This evaluative nature of attitudes results in a direction (positive, negative or neutral) and extremity (weak, moderate or strong) of attitudes that customers hold (Kardes, Cline & Cronley, 2011:164). Based on the definitions of Bearden and Mason (1984:492), Day (1984:497) and Richins (1982:505), attitude towards complaining in this study is defined as dissatisfied customers' tendency to voice their dissatisfaction to their service providers.

- **Customer complaint behaviour**

Singh (1988:94) defines customer complaint intentions and behaviour, also referred to as customer complaint behaviour, as "a set of multiple (behavioural and non-behavioural) responses, some or all of which are triggered by perceived dissatisfaction with a purchase episode." According to the taxonomy developed by Singh (1988:104), customers can decide not to take action, to take public action (such as voicing dissatisfaction with service delivery to the service provider, or complaining to an external regulating agency) or to take private action (in terms of spreading negative word-of-mouth or switching to another service provider) as different complaint behaviour options.



- **Expectations of service recovery**

Tsarenko and Tojib (2011:392) stress that the relationship between service providers and customers can only be maintained after a service failure if the expectations of the customer regarding service recovery are met, and the necessary forgiveness can then follow. According to Bhandari, Tsarenko and Polonsky (2007:181), customers' expectations of service recovery are shaped by previous experiences with the service provider or even experiences with other service providers that can be regarded as indirect competitors. Similar to expectations regarding service delivery, customers differ with regard to service recovery expectations (Huang & Chang, 2008:1229).

- **Service recovery**

To prevent relationship marketing efforts from becoming redundant and not providing any return on investment, service providers should resolve customers' dissatisfaction (Palmatier, Dant, Grewal & Evans, 2006:150-151). Service providers attempt to resolve dissatisfaction caused by service failures through service recovery efforts (Bateson & Hoffman, 2011:352; Lovelock & Wirtz, 2011:376; Palmer, 2011:73). The aim of service recovery efforts, the bundling of resources used in different combinations by service providers (Smith, Bolton & Wagner, 1999:369), is to restore customers' satisfaction (Lovelock & Wirtz, 2011:376) together with their loyalty, and to retain customers (Huang, 2011:513; Robinson, Neeley & Williamson, 2011:96).

- **Customer satisfaction**

The expectancy disconfirmation paradigm is relevant to this study. According to the expectancy disconfirmation paradigm as explained by Churchill and Surprenant (1982:491), customers' satisfaction is based on the size and direction of the service delivery disconfirmation customers experience compared to their expectations of service delivery. Changes in customers' attitudes with regard to service providers between pre-exposure and post-exposure are mediated by satisfaction (Oliver, 1980:466).

- **Customer loyalty**

Loyalty causes customers to become attached to, form a psychological bond with, and develop systematic repeat purchase intentions and behaviours towards a specific service provider (Komunda & Osarenkhoe, 2012:83; Liu, Li, Mizerski & Soh, 2012:924). For this reason, composite loyalty encapsulates both attitudinal and behavioural loyalty dimensions (Day, 1969:30, 34; Dick & Basu, 1994:102; Oliver, 1999:34-35).

- **Customer retention**

Based on the understanding that retaining existing customers costs less than to continuously attract new customers (Berry, 1995:237), service providers build long-term relationships with customers in an effort to retain their customers (Sheth & Parvatiyar, 2002:4). The long-term focus of relationship marketing is achieved through customer retention (Baron, Conway & Warnaby, 2010:60), which, in turn, is preceded by customer satisfaction and loyalty (Baron *et al.*, 2010:57-58; Egan, 2011:90).

- **Cell phone network providers**

According to the South African communications regulator, the Independent Communications Authority of South Africa (ICASA), South African cell phone network providers should each have a radio frequency spectrum licence. A radio frequency spectrum licence refers to a licence authorising cell phone network providers to provide electronic communication and broadcasting services to customers through the portion of the electromagnetic spectrum used as a transmission medium (ICASA, 2012:9). Vodacom, MTN, Cell C and Telkom Mobile are the four licenced cell phone network providers operating in the South African cellular industry (McLeod, 2013). Virgin Mobile, considered a mobile virtual provider, makes use of the infrastructure from one of the four cell phone network providers (Mbendi, 2011).

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## **CHAPTER 1: CONTEXTUALISATION OF THE STUDY**

### **1.1 INTRODUCTION**

This chapter provides the contextual background to this study. Firstly, the rationale and problem statement for the study is presented. Subsequently the main constructs of this study, namely, relationship marketing, relationship intention, service failure, customer complaint behaviour, service recovery, satisfaction, loyalty, and retention are introduced in the theoretical context. Furthermore, the context in which the South African cell phone network providers operate is briefly examined. The primary and secondary objectives of this study are stated and the methodology used to investigate these objectives is presented. The chapter concludes with the contribution and demarcation of the study.

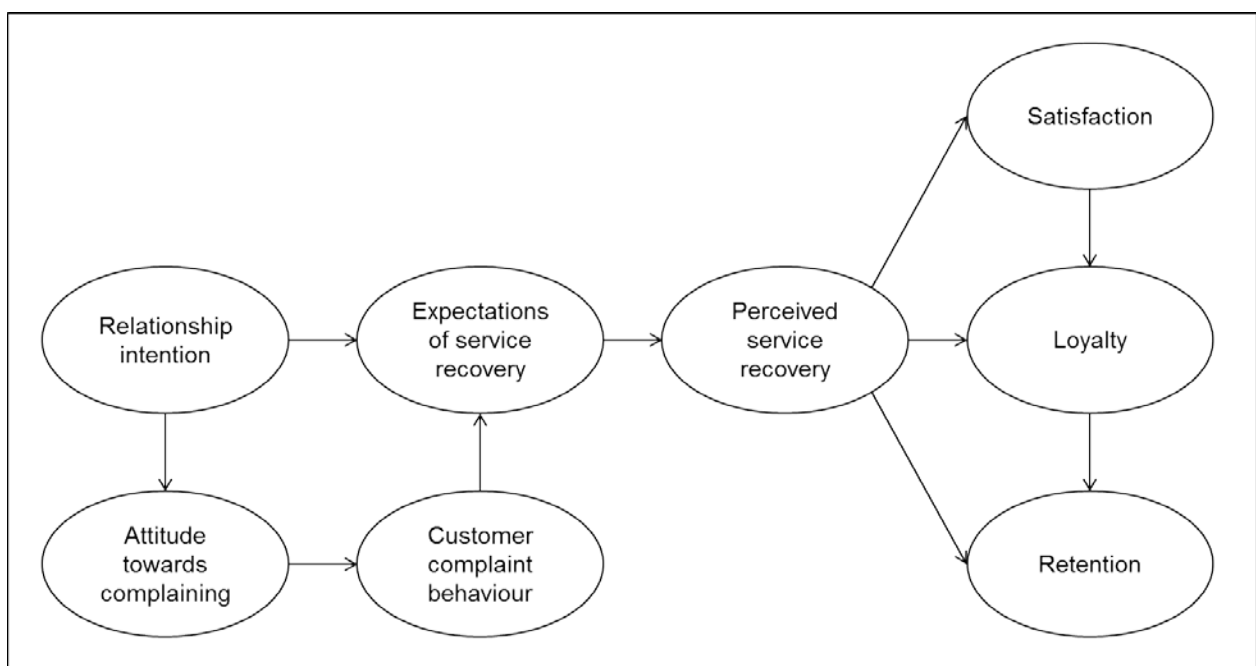
### **1.2 RATIONALE OF THE STUDY**

Globally, the economic recession has decreased customers' spending power, and competitive pressures further decrease customers' spending at individual service providers (Dloti, 2012:3), forcing service providers to introduce both acquisition and retention marketing strategies. Attracting new customers in combination with increasing purchases of current customers and retaining current customers are necessary for continued increase of organisational revenue and survival (Lamb, Hair & McDaniel, 2012:9, 346). Although acquiring new customers receives a great deal of attention as a normative strategy in service provision (Lamb *et al.*, 2012:103), relationship marketing has proven to be effective to retain customers in the long-term (Baron, Conway & Warnaby, 2010:11). A major concern is, however, that customers who do not want a relationship with service providers will consider any relationship-building efforts by service providers unnecessary and a waste of both organisational and customer resources and time (Palmatier, Scheer, Evans & Arnold, 2008:179-180). Service providers should therefore, re-examine their use of relationship marketing strategies so that only those customers with a relationship intention be targeted with such strategies. This view is based on the notion that there is a positive association between a customer's increasing need to engage in a relationship with the service provider (relationship intention) and the effective implementation of relationship marketing strategies (Palmatier, Dant, Grewal & Evans, 2006:152). Evidence of the influence of relationship intention on important relationship marketing constructs, such as satisfaction, loyalty and retention, is however needed. Satisfying customer needs is more important than ever to instil customer loyalty (resulting in retention) and restore satisfaction following service failure through service recovery. Therefore, it is paramount to determine the influence of

relationship intention on this process as all relationship marketing efforts are wasted if customer conflict is left unresolved after a service failure (Palmatier *et al.*, 2006:151).

To address this gap in theory, this study will examine the influence of relationship intention on satisfaction, loyalty and retention following service recovery. Customers have certain beliefs and attitudes towards complaining (Bearden & Mason, 1984:495; Richins, 1982:505) and demonstrate matching complaint behaviour (Tsarenko & Tojib, 2011:386) to satisfy their needs following service failures. Customers also have expectations of how service providers should resolve problems through service recovery following service failure to meet customers' needs (Bateson & Hoffman, 2011:358-359). Customers' attitudes towards complaining and actual complaint behaviour together with the expected and employed service recovery strategies thus jointly influence customers' satisfaction, loyalty and retention. Consequently, this research will not only expand the existing relationship intention theory, but will also suggest more effective relationship marketing strategies to increase organisational profitability. This study will aid in expanding relationship intention as study field within relationship marketing theory. The cellular industry of South Africa will be the focus of the empirical research to establish the relationship intention of customers towards their cell phone network providers after service failure and service recovery. The results will also contribute to more effective strategies to retain customers within this industry where many alternatives are available, switching costs are relatively high if customers have contractual agreements with their cell phone network providers, and complaint resolution is poor (Estelami, 2000:298; Morrisson & Huppertz, 2010:250). Based on this contextual overview, Figure 1 presents the theoretical framework that will guide this study.

**Figure 1: Theoretical framework for this study**





This chapter will progress through the problem statement, theoretical context, objectives, reason for choosing the South African cellular industry and the methodology followed during the empirical part of the study. The contribution of the study will then be presented followed by a demarcation of the study.

### **1.3 PROBLEM STATEMENT**

Kumar, Bohling and Ladda (2003:668-670) first introduced the concept of relationship intention by suggesting that some customers have intentions to form relationships with service providers. The authors (Kumar *et al.*, 2003:670) accordingly proposed five constructs to measure relationship intention in the business-to-business context, namely, involvement, expectations, fear of relationship loss, feedback and forgiveness. The relationship intention concept has subsequently been tested in business-to-customers (B2C) markets in the South African context (De Jager, 2006:5; Delport, 2009:5; Kruger, 2010:5; Mentz, 2007:2). In measuring the constructs of relationship intention, a resultant problem was low reliability of the relationship intention measuring scale (De Jager, 2006:5; Delport, 2009:5; Mentz, 2007:2). However, following changes the relationship intention measure proved reliable (Mostert, 2009). In a follow-up study this adapted measure was tested and found to be valid (Kruger, 2010:184). This same measure of relationship intention was then tested across three industries (banking, airline and internet service providers) and also proved to be valid and reliable (Mostert, 2012:32).

Despite the cognition of relationship intention dating back to 2003, little research has been done to further develop the theory of relationship intention, and limited research implications of relationship intention are documented. For a subdiscipline such as relationship intention, to develop into a discipline, explanation of the phenomenon providing hypotheses and theory (going beyond description) is necessary (Sheth & Parvatiyar, 2002:4). The result of this study may support the establishment of relationship intention theory. It is acknowledged that relationship intention does exist; some customers have a desire to build long-term mutually beneficial relationships with their service providers, while others have no intention of doing so (Mostert, 2012:32). It is only reasonable then to start examining the influence of relationship intention on the process of service provision when trying to establish relationship intention theory.

Despite service providers' best intentions and efforts to provide good quality services in an attempt to maintain relationships with customers (Nikbin, Ismail, Marimuthu & Abu-Jarad, 2011:19; Tsarenko & Tojib, 2011:383, 391), service failures are common (Bateson & Hoffman, 2011:352-353; Egan, 2011:149; Lovelock & Wirtz, 2011:372; Palmer, 2011:71). When investigating service failures, there are two active parties involved; customers who complain

(customer complaint behaviour) (Bateson & Hoffman, 2011:354; Buttle, 2009:211; Lovelock & Wirtz, 2011:395; Tsarenko & Tojib, 2011:386) and service providers who apply service recovery strategies to restore customer satisfaction trusting that it will result in loyalty and retention (Huang, 2011:513; Robinson, Neeley & Williamson, 2011:96).

Service providers view satisfaction, loyalty and retention as profitable and work towards building long-term relationships with customers through these drivers of relationship marketing (Boshoff, 2007:332; Egan, 2011:132; Hoyer & MacInnis, 2010:289), but ultimately, it is customers who will define the relationships (Egan, 2011:83) in terms of their relationship intentions. Customers hold attitudes towards complaining (Yuksel, Kilinc & Yuksel, 2006:22), customers decide which type of complaint behaviour they will use (Lovelock & Wirtz, 2011:372-373), customers will determine whether service recovery strategies meet their expectations (Andreassen, 2000:166; Bateson & Hoffman, 2011:358-359), and customers will decide whether they are satisfied, will remain loyal and remain as retained customers of their service providers (Babin & Harris, 2012:289, 310, 315; Morrisson & Huppertz, 2010:249) following service recovery. Customers' relationship intentions, with involvement, expectations, fear of relationship loss, feedback and forgiveness as underlying dimensions (Kumar *et al.*, 2003:670), will in all probability significantly influence this entire process. **The aim of this study is to determine the influence of relationship intention on satisfaction, loyalty and retention following service recovery within the cellular industry.**

## 1.4 THEORETICAL CONTEXT

The theoretical context includes a discussion on relationship marketing which should be targeted at customers with relationship intentions. The discussion is further extended to service failure, customer complaint behaviour and service recovery. This section concludes with a discussion on three kinds of relationship constructive post-recovery behaviours, namely, satisfaction, loyalty and retention.

### 1.4.1 Relationship marketing

The main goal of relationship marketing is establishing, maintaining and improving mutually beneficial long-term relationships between service providers and their stakeholders (Cant, Van Heerden & Ngambi, 2010:13; Ferrell & Hartline, 2011:23; Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliott & Klopper, 2010:14). Establishing such relationships requires a shift away from transactional marketing (which focuses only on the present transaction; a single event that occurs) to relationship marketing (Coughlan, Shale & Dyson, 2010:137; Ferrell & Hartline, 2011:23, 355).

It is evident that the continuation of the relationship lies at the very heart of relationship marketing.

Relationship marketing acknowledges the importance of customer retention; repeat customers are more profitable to a service provider (compared to customers buying once) because it is less expensive to serve existing customers than to attract new ones (Cant *et al.*, 2010:13; Sarshar, Sertyesilisik & Parry, 2010:65; Sweeney, Soutar & McColl-Kennedy, 2011:297). Therefore, different marketing strategies should be used for customer acquisition and retention (Cant *et al.*, 2010:13; Sarshar *et al.*, 2010:65; Sweeney *et al.*, 2011:297). Relationship marketing results in increased sales, market share and profits (Jena, Guin & Dash, 2011:23; Lamb *et al.*, 2010:14). According to Sarshar *et al.* (2010:65-66), relationship marketing should be viewed from three main perspectives: firstly, customer segmentation to focus marketing strategies in an efficient manner; secondly, customer loyalty; and lastly, customer retention to sustain the long-term profitable relationships. The discussion will firstly consider targeting the correct customers with relationship marketing strategies and thereby focussing marketing strategies efficiently.

#### **1.4.2 Relationship intention**

Relationship marketing assumes that many customers (but not all) prefer to have ongoing relationships with one service provider providing specific products or services, instead of constantly seeking new service providers able to provide satisfactory products and services (Lamb *et al.*, 2012:9). Relationship marketing is appropriate when the customer is willing to engage in the actions and behaviour to build a relationship with the service provider, which highlights the important fact that not all customers want a relationship with the service provider (Coughlan *et al.*, 2010:137; Egan, 2011:93). Customers may need or want a product to satisfy a need, without building a personal relationship with a service provider; interaction other than a relationship can therefore exist (Leahy, 2011:664,666). Consequently, both transactional marketing and relationship marketing strategies can be employed by a service provider for effective marketing to all customers (Coughlan *et al.*, 2010:146).

It can be concurred that service providers should select customers with whom they wish to build a relationship as customer traits and preferences influence such a relationship (Parish & Holloway, 2010:73). When the customer perspective is brought into the discussion on relationship marketing, the gap between theory and practice can be closed (Leahy, 2011:666). This is because the customer is the other active party in the relationship and not merely a passive instrument that service providers use to achieve objectives. Parish and Holloway (2010:73) therefore propound that there is a critical need to examine individual customer

differences which might influence relationship marketing strategies. It is not a novel idea that relationship marketing can increase the volume of trading enjoyed by service providers (Sarshar *et al.*, 2010:65). However, research from the customer's perspective on relationships has been relatively limited. Service providers should therefore determine whether their customers want to form ongoing relationships with them (Leahy, 2011:654).

Hess, Story and Danes (2011:26) concur with the notion that some customers are more willing to build relationships with service providers than others. The relationship between a customer and service provider will not automatically strengthen with duration or frequency of contact (Ward & Dagger, 2007:287). Relationship length, commonly used by service providers to segment customers for relationship marketing purposes (Seo, Ranganathan & Babad, 2008:192), should thus not be considered in isolation for such purposes. Furthermore, within the cellular industry, contractual agreements serve as an indication of customers' intentions to remain with their current cell phone network providers, although this might not necessarily be the case (Nel & Boshoff, 2012). Subsequently, service providers should focus their relationship marketing efforts on customers with a relationship intention (Kumar *et al.*, 2003:669). This study views relationship intention as initially proposed by Kumar *et al.* (2003:667-670) to comprise of five constructs, namely involvement, expectations, fear of relationship loss, feedback and forgiveness. These five constructs are briefly explained.

#### **1.4.2.1 Involvement**

Kumar *et al.* (2003:670) state that involvement in terms of relationship intention should be defined as the degree to which customers would willingly engage in relationship activities in the absence of obligation or coercion. Baker, Cronin and Hopkins (2009:117) maintain that customers decide whether they are, or want to be, involved with a service provider. Involvement is thus instrumental in developing relationships with customers (Ha, 2004:193, 200-201; Maklan, Knox & Ryals, 2008:221, 232, 234) as it influences customers' desire to build relationships with service providers (Hess *et al.*, 2011:26; Leahy, 2011:665). Service providers should therefore identify highly involved customers in order to build long-term relationships with them (Seiders, Voss, Grewal & Godfrey, 2005:39), and also because highly involved customers will have more realistic expectations (Steyn, Mostert & De Jager, 2008:144; Varki & Wong, 2003:89).

#### **1.4.2.2 Expectations**

The investment of time, effort and other irrecoverable resources in a relationship is the motivation for different parties to sustain the relationship and develop expectations for the

relationship (Liang & Wang, 2006:120-121). Customer expectations are thus automatically developed when purchasing decisions regarding products or services are made (Kumar *et al.*, 2003:670). Higher customer expectations and a concern with the service provider demonstrate higher relationship intention (Kumar *et al.*, 2003:670).

#### **1.4.2.3 Fear of relationship loss**

The interactions between service providers and customers during service delivery result in social bonding, thereby creating an emotional attachment (Lamb, Hair, McDaniel, Boshoff & Terblanche, 2008:12; Steyn *et al.*, 2008:140). Emotionally attached and highly involved customers will fear losing their relationship with the service provider and this is also considered as an indication of high relationship intention (Kumar *et al.*, 2003:670). In other words, customers will fear losing their relationship with either the staff, the brand or the service provider (or any combination of the aforementioned), whereas switching behaviour will be reduced by positive experiences (Kumar *et al.*, 2003:670).

#### **1.4.2.4 Feedback**

Feedback includes customer complaints, suggestions, compliments and inquiries (Lovelock & Wirtz, 2007:410, 412). In order for service providers to satisfy customers' needs and wants, they have to receive feedback from customers on customers' needs, expectations and perceptions of service delivery. Through feedback from customers, service providers will have a clear understanding of their actual performance, service quality and customer satisfaction. This enables service providers to identify areas for improvement (Egan, 2011:131; Lovelock & Wirtz, 2007:406). Feedback is thus one of the most effective means through which service providers can gain such insights (Egan, 2011:131).

Customers who believe in providing both positive and negative feedback to the service provider, who do not expect a reward when providing feedback, and who believe that they can be involved in bettering the service provider through feedback, have a higher relationship intention (Kumar *et al.*, 2003:670).

#### **1.4.2.5 Forgiveness**

Kumar *et al.* (2003:670) posit that customers with high relationship intentions will continue supporting the service provider even when expectations are not always met, will forgive service failures, are not likely to defect after experiencing a service failure, and will accept service recovery.

Tsarenko and Tojib (2011:381, 387) further note that forgiveness is used by some customers as a coping strategy in the context of service failure incidents.

From the discussion on the five constructs of relationship intention, the direct link to customer behaviour when anything regarding service delivery is not according to expectations, can be contemplated. It can be hypothesised that customers with high relationship intentions will be involved with service delivery, have higher expectations of their service provider, fear losing their relationship with their service provider, will provide feedback to their service provider on service delivery, and will forgive poor service delivery when service failures occur. For this reason, relationship intention may result in softening some of the negative effects of service failure, while enhancing customer complaint behaviour as well as the positive perceptions of service providers' service recovery efforts. The next section examines service failure, customers' complaint behaviour, and service recovery to further support the theoretical grounding for the probable relationship between relationship intention and customer behaviour following service failure and service recovery.

### **1.4.3 Service failure**

Although there is an increasing emphasis on maintaining relationships with customers through the provision of high quality services (Nikbin *et al.*, 2011:19; Tsarenko & Tojib, 2011:383, 391), service failures occur. A service failure occurs whenever a service does not meet customers' expectations, irrespective of the party (be it the customer, service provider or even other customers) at fault (Bateson & Hoffman, 2011:352; Palmer, 2011:71).

Despite best efforts, it is not possible to perform a service perfectly; service delivery should be viewed as trying to fully satisfy customers' expectations of the service (Bitner, Booms & Mohr, 1994:95). The inseparable, intangible, perishable and heterogeneous characteristics of services lie at the very heart of most service failures which result in dissatisfied customers (Bateson & Hoffman, 2011:352-353; Berry, 2002:74; Egan, 2011:149; Lovelock & Wirtz, 2011:372; Palmer, 2011:71). Service failure can result in direct customer retaliation, negative word-of-mouth, lingering anger, resentment, hostility and even switching to another service provider, culminating in considerable loss of future value for the service provider (Tsarenko & Tojib, 2011:382). The reaction customers have to service failures and the behaviour associated with it, customer complaint behaviour, will be discussed next.

#### **1.4.4 Customer complaint behaviour**

Customers respond to dissatisfaction caused by a service failure through customer complaint behaviour (Buttle, 2009:211). From the taxonomy of customer complaint behaviour developed by Singh (1988:104), customers' reaction to service failures was derived. These can be grouped into three categories (Bateson & Hoffman, 2011:360-361; Buttle, 2009:209; Hoyer & McInnis, 2010:287, 295; Lovelock & Wirtz, 2011:372-373).

Firstly, customers may choose not to take action (Lovelock & Wirtz, 2011:372-373). Secondly, customers can take public action by voicing complaints to the service provider (referred to as voicing their dissatisfaction) or a regulating party which may even lead to legal action against the service provider. Customers are more likely to voice their dissatisfaction when they want to continue a relationship with service providers, than when they want to end their relationship (Tsarenko & Tojib, 2011:386). If service providers do not receive feedback on service failures in the form of customer complaints (Lovelock & Wirtz, 2011:395), they will not have the opportunity to rectify the problem, salvage the relationship with their customers who experienced the service failure through service recovery strategies, and prevent the same service failure from occurring again (Lin, Wang & Chang, 2011:529-530). Satisfied customers are those more likely to complain in order for service providers to be offered the opportunity to rectify the service failure and satisfy these customers' expectations of service recovery (Proença & Rodrigues, 2011:205).

Lastly, customers can take private action ranging from switching from a service provider (also referred to as exit) to spreading negative word-of-mouth (Palmer, 2011:75) as a form of retaliation, where the aim is to damage future business of the service provider (Bateson & Hoffman, 2011:360-361). Negative word-of-mouth occurs when customers tell others about their negative experiences, which can have a detrimental effect on the relevant service provider (Babin & Harris, 2012:305). Chelminski and Coulter (2011:366) found that customers tend to use negative word-of-mouth instead of voicing their dissatisfaction in instances of both moderate and severe service failures. For this reason, service providers might be at greater risk of losing customers than they anticipate.

There are various reasons for customer complaints. Bateson and Hoffman (2011:358-359) and Lovelock and Wirtz (2011:373-374) note that customers try to obtain restitution or compensation in order not to suffer an economic loss, can rebuild their self-esteem by venting their anger and frustration, solicit empathy, and regain control through complaining. However, not all customers complain; it's emerging that some customers are more likely to complain than others (Palmer, 2011). Only a minority of customers tend to complain (voice their dissatisfaction) to the service

provider, and this voicing tends to increase as the severity of the service failure increases (Chelminski & Coulter, 2011:361).

In summary, customers may choose not to complain as they do not think it will help, feel that they have part in the failure, do not want to directly tell the service provider with whom they have a relationship as it can seem too confrontational, and feel that they do not possess the technical and specialised knowledge to make a valid case (Bateson & Hoffman, 2011:360, 373). Furthermore, customers may feel that the service provider doesn't care, may not know how to complain, they may have the perception that complaining is a waste of time and effort in addition to fearing retribution (Buttle, 2009:212; Wilson, Zeithaml, Bitner & Gremler, 2008:373). All of these cognitions, behavioural intentions and feelings about complaining influence customers' attitudes towards complaining. The next section briefly examines attitude towards complaining.

#### **1.4.4.1 Attitude towards complaining**

An attitude can be defined as "a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object" (Schiffman, Kanuk & Wisenblit, 2010:246). After analysing the work of Bearden and Mason (1984:492), Day (1984:497) and Richins (1982:505), attitude towards complaining can be viewed as dissatisfied customers' tendency to voice their dissatisfaction to their service providers.

Customers with a more favourable attitude towards complaining are more likely to react on their dissatisfaction by expressing their complaint intention to service providers (Bearden & Mason, 1984:495; Richins, 1982:505; Yuksel *et al.*, 2006:15, 22). Complainers therefore have a positive attitude towards complaining (Phau & Sari, 2004:422). On the other hand, customers with a negative attitude towards complaining will probably switch to another service provider (Yuksel *et al.*, 2006:22). According to Day (1984:497), all of the following aspects contribute to customers' attitudes towards complaining when customers ask themselves:

- Which dimensions of the service are contributing to the feelings of dissatisfaction?
- To whom should the responsibility for the failure be attributed?
- What can the service provider do to rectify the problem?
- To what extent can the customer influence the service provider to take corrective action?
- What will it cost the customer to complain to the service provider?
- What are the benefits in relation to the costs associated with voicing to the service provider?



Customers with positive attitudes towards complaining voice their dissatisfaction to the service provider as they want to keep on supporting the service provider and be retained (Chang & Chin, 2011:128).

It is evident that complaining customers want to continue the relationship with the service provider and that they expect the service provider to correct wrongdoings so that the relationship can be reinstated (Bateson & Hoffman, 2011:354; Lovelock & Wirtz, 2011:395; Tsarenko & Tojib, 2011:386). Complaints enable service providers to correct problems (of which the service provider might not even have been aware), restore the relationship with customers (and retain the customers) which can lay the foundation for satisfied customers in the future (Babin & Harris, 2012:303-304; Bateson & Hoffman, 2011:354; Buttle, 2009:211; Chelminski & Coulter, 2011:370; Lovelock & Wirtz, 2011:376). For this reason, customer complaints should be viewed as opportunities to enhance service quality and customers must be encouraged to complain (Bateson & Hoffman, 2011:354). Customers who do not complain may never use the particular service provider again and will in all probability tell other potential customers about the service failure as well (Palmer, 2011:75). Palmer (2011:73) propounds that happy customers might tell two or three other people (potential customers), but dissatisfied customers tend to tell at least 12 other potential customers about a service failure if it was not resolved through service recovery. For this reason, successful service recovery can prevent customers from switching to another service provider or from spreading negative word-of-mouth (Buttle, 2009:212). Service recovery as an aid to service providers in restoring customers' satisfaction will be discussed next.

#### **1.4.5 Service recovery**

Service recovery is regarded as service providers' efforts for complaint resolution or reaction to service failures to restore customer satisfaction and, hopefully, the relationship with the customer (Bateson & Hoffman, 2011:352; Lovelock & Wirtz, 2011:376; Palmer, 2011:73). Relationship marketing efforts will be wasted if customer dissatisfaction is not resolved (Palmatier *et al.*, 2006:150-151). Service recovery is thus the contingency strategy service providers use to restore customer satisfaction, loyalty and retention (Tax & Brown, 1998:87). As customers are involved and present during service delivery, services have a high probability of not meeting customers' expectations as it is inevitable to avoid conflict over the lifetime of the relationship (Palmer, 2011:80; Tax & Brown, 1998:87). Therefore, service recovery is necessary to restore the relationship between these two parties when problems arise (Palmer, 2011:80; Tax & Brown, 1998:87).

Chelminski and Coulter (2011:369), Lin *et al.* (2011:512), Lovelock and Wirtz (2011:376-377) and Palmer (2011:76) note that the service recovery paradox, where customers might be more satisfied after experiencing successful service recovery (due to a service failure) than those who had no problem in the first place, is no excuse for poor service quality. Tsarenko and Tojib (2011:392) stress that the relationship between service providers and customers can only be maintained after a service failure if the expectations of the customer regarding the resolution of the failure are met, after which the necessary forgiveness can then follow. Customers hold expectations for service recovery as a result of voicing through feedback to the service provider (Bateson & Hoffman, 2011:358-359).

In an attempt to meet customers' expectations of service recovery, service providers can try to restore the service, apologise for the service failure, reimburse customers, or use a combination of these service recovery strategies (Bateson & Hoffman, 2011:368-369). Service providers thus decide on the range of service recovery efforts employed, based on the general presumption that a wider range of service recovery efforts will increase customers' positive post-recovery behaviour.

There is empirical evidence that the relationship between a service provider and its customers should be considered as a key determinant of the service recovery required to restore post-recovery attitudes and behavioural intentions, instead of only considering the severity of the failure experienced (DeWitt & Brady, 2003:202-203; Forrester & Maute, 2001:10; Singh & Sirdeshmukh, 2000:163). Service providers must balance relational factors together with individual customer expectations when deciding on service recovery efforts (Holloway, Wang & Beatty, 2009:392). The influence of relationships between service providers and customers has been investigated with regard to service failure and recovery but different results were obtained (Holloway *et al.*, 2009:386). On the one hand, there is empirical evidence that a strong relationship between the service provider and customer may act as a buffer against service failure. This school of thought can be viewed as the forgiveness hypothesis (Holloway *et al.*, 2009:386; Singh & Sirdeshmukh, 2000:163). Generally, it is believed that the negative impact of a service failure can be reduced through relationship marketing (with a pragmatic service recovery system). Those customers who have strong relationships with service providers tend to be more forgiving of service failures and more open to positively perceive service recovery efforts employed by service providers (Wilson *et al.*, 2008:387). On the other hand, research indicates that a strong relationship between a service provider and customer will increase the negative effect of service failure and this school of thought is viewed as the betrayal hypothesis (Holloway *et al.*, 2009:386). However, irrespective of the influence of relationships, timely and effective service recovery efforts are necessary to retain customers through satisfaction and to achieve customer loyalty (Huang, 2011:513; Robinson *et al.*, 2011:96).

### 1.4.6 Satisfaction

Satisfaction refers to customers' evaluations of the ability of products and services to satisfy their needs (Boshoff & Du Plessis, 2009:93; Lamb *et al.*, 2012:8). When viewing satisfaction, the underlying assumption is that customer expectations are used to determine satisfaction; whenever expectations differ from performance, disconfirmation is experienced which directly impacts on satisfaction (Babin & Harris, 2012:289; Noel, 2009:152). Exceeding expectations results in positive disconfirmation, while not meeting expectations results in negative disconfirmation and consequently, dissatisfaction (Babin & Harris, 2012:289; Egan, 2011:127; Kardes, Cline & Cronley, 2011:92-93; Noel, 2009:152; Peter & Olson, 2010:387). Also, when expectations are met, it can be referred to as neutral disconfirmation (Babin & Harris, 2012:289; Peter & Olson, 2010:387). The same principle applies when customers complain because they have expectations of service recovery efforts by service providers (Hoyer & MacInnis, 2010:288). Furthermore, customers have a level of acceptable expected service delivery and a level of unacceptable service delivery. Between the acceptable level and unacceptable level customers have a zone of tolerance when there is a deviation from their expectations (Baron *et al.*, 2010:33; Egan, 2011:158). Customers complain when service delivery falls outside their zone of tolerance, or if they feel that they have been treated unfairly. This translates that customers' expectations about the service were not met and a service failure has occurred (Buttle, 2009:211). Satisfied customers are more likely to continue supporting service providers, while dissatisfied customers tend to switch service providers and complain to service providers or other customers (Boshoff & Du Plessis, 2009:94; Peter & Olson, 2010:387). Satisfaction is important as it can be viewed as motivation for customer loyalty (Babin & Harris, 2012:288; Baron *et al.*, 2010:184; Egan, 2011:58; Kardes *et al.*, 2011:91).

### 1.4.7 Loyalty

True customer loyalty not only refers to a continuing series of interactions with a particular service provider, but also infers feelings of attachment between the customer and the service provider (Babin & Harris, 2012:315). Both attitudinal and behavioural loyalty contribute to customer loyalty (Baron *et al.*, 2010:46). Attitudinal loyalty refers to the positive or negative feelings that customers have towards service providers, while behavioural loyalty refers to actual consumption behaviour (Baron *et al.*, 2010:46-47; Egan, 2011:57). Customers are not necessarily loyal because they are satisfied. High switching costs, lack of alternatives, fear of confrontation during complaint behaviour, or low probability of complaint success may also result in customers staying loyal (Yuksel *et al.*, 2006:15). Also, inertia, where customer will not act unless external stimuli force them to, could play a role in seeming loyal behaviour (Egan, 2011:135; Palmer, 2011:204). For example, a customer may use the hair salon twelve

kilometres from her home as it is the nearest available hair salon. However, when a new hair salon opens 5 kilometres from her home she may decide to switch to the new hair salon.

Effective service recovery efforts as part of a service provider's marketing plans are considered as one of the antecedents to establish and maintain customer loyalty (Ndubisi, 2007:98). The value of loyalty can be found in reduced marketing costs and increased share of customers' spending (Gummesson, 2002:52). The spur for service providers to achieve customer satisfaction and loyalty is the intention to develop long-term relationships with customers, that is, customer retention (Boshoff, 2007:332; Egan, 2011:132; Hoyer & MacInnis, 2010:289).

#### **1.4.8 Retention**

Relationship marketing focuses on retention (Sheth & Parvatiyar, 2002:4). The importance of customer retention is based on the knowledge that existing customers are less expensive to retain as opposed to acquiring new customers and, thereby, over time, produce more profits (Egan, 2011:75). The reason being that longer relationships with customers result in lower costs relative to income for service providers as customers have a lifetime value to the service provider (Babin & Harris, 2012:310, 315; Egan, 2011:77, 86). Customer retention strategies attempt to build customer commitment and loyalty by continuous attention to all aspects of customer interaction, including after-sales service (Hoyer & MacInnis, 2010:289) which includes complaint handling and service recovery.

### **1.5 THE SOUTH AFRICAN CELLULAR INDUSTRY**

The cellular industry is one of the world's leading consumerist industries due to the fact that the cell phone is always on hand and used for a variety of purposes (Du Toit, 2011:40). The increasingly important role that cell phones play in customers' lives is evident when a situation occurs of a lost cell phone or trying to turn the cell phone off for 24 hours or more (Silberman, 2011:38). Customers (across all ages, races and genders) are attached to their cell phones (Hollis, 2011:7; Orrill, 2011:48). Cell phones are very important as they have changed customers' consumption patterns to spending more on cell phones and less on products and services such as clothing and shoes (Cant & Machado, 2005:3).

South Africa has become one of the fastest growing cell phone-using countries in the world (Mbendi, 2011; Rainbow Nation, 2011) and is one of the African continent's countries with the highest cell phone usage (Berger, Sinha & Pawelczyk, 2012). This becomes evident when considering that South Africa has 42 million cell phone users and over 31 million Internet capable handsets in use (McCormack, 2011:41). The greater variety of services offered through

cell phones (Seo *et al.*, 2008:182, 195) and continuous new technological advances (Franzak & Pitta, 2011:396), create constant opportunities for market development. Furthermore, with a prospective growth to R250 billion in the South African information and communication technology (ITC) industry by 2020 (Van Niekerk, 2012:8), the cellular industry is particularly lucrative.

Of the South African cell phone network providers, Vodacom was the first to launch on 1 June 1994, followed by MTN later the same year and Cell C in November 2001 (Cant & Machado, 2005:4). Telkom also launched their 8ta mobile business on 14 October 2010 (McLeod, 2010), which has subsequently been rebranded as Telkom Mobile (Peter, 2013). South Africa furthermore has one mobile virtual provider, Virgin Mobile, which makes use of the infrastructure from either one of the four cell phone network providers (Mbendi, 2011). According to The Independent Communications Authority of South Africa (ICASA), the South African economy will be improved through encouraging more competition within the cellular industry (ICASA, 2012b:3, 30, 32, 39). Cell phone network providers generally have two market segments, those customers choosing to enter into contractual agreements with their cell phone network providers (post-paid customers) and other customers who prefer to pay cellular expenses as they make use of the service (pay-as-you-go or pre-paid customers) (Karacuka, Haucap & Heimeshoff, 2011:208). Cell phone network providers can further segment their market in terms of private subscribers and business subscribers. Private subscribers decide which cell phone network provider to use and pay their cellular expenses themselves (Gerpott, Rams & Schindler, 2001:252) or receive this benefit from family members (Srinuan, Bohlin & Madden, 2012:454). On the contrary, business subscribers' employers pay cellular expenses and often make decisions with regard to the cell phone network provider supported (Gerpott *et al.*, 2001:252; Srinuan *et al.*, 2012:454). However, customers will still have relationship intentions (or not) towards their cell phone network providers which might influence their behaviour and reaction to service failure and service recovery, irrespective of contractual agreements, or being a private or business subscriber, as customers will have to sort their own billing problems either way.

The fact that the available qualified market to obtain new customers for cell phone network providers' services is considered to be less than 20% and still shrinking (Van Niekerk, 2012:101), number portability (Seo *et al.*, 2008:182, 195), and customers' inability to differentiate between cell phone network providers (Haenlein & Kaplan, 2012:467), highlights the importance of customer retention. However, cell phone network providers are also victim to service providers' inescapability from producing service failures (ICASA, 2012a:28) which negatively impacts customer retention (Robinson *et al.*, 2011:90). Seo *et al.* (2008:194) opine that even contract customers are only bound to the cell phone network provider for the duration

of the contract and can switch when the contract expires. For this reason, contractual agreements will not result in customer retention. It can be concluded that customers are able to switch from a cell phone network provider in a relatively easy manner should they choose to do so due to dissatisfaction caused by service failures. For cell phone network providers continuing relationships with current customers is therefore more important than for other providers offering transactions with regard to purchasing goods (Gerpott *et al.*, 2001:252). For this reason, building sustainable, mutually beneficial relationships with customers in an effort to retain them (Sheth & Parvatiyar, 2002:4) could be the much needed competitive advantage for cell phone network providers.

To date, research in the South African cellular industry has been limited (Murphy, 2011:2). Previous research in the cellular industry examined service attributes (Srinuan *et al.*, 2012:456), customer behaviour with regard to cell phones (Hollis, 2011:7; Orrill, 2011:48; McCormack, 2011:41; Silberman, 2011:38), cell phone service adoption or rejection (Haenlein & Kaplan, 2012:466; Wang & Li, 2012:170), brand preference (Alamro & Rowley, 2011:483; Petruzzellis, 2010:625; Ye, Bose & Pelton, 2012:197), customer retention (Dierkes, Bichler & Krishnan, 2011:369; Gerpott *et al.*, 2001:266-267; Seo *et al.*, 2008:194), complaint resolution (Estemali, 2000:298), and one study relating to service recovery in the cellular industry (Morrison & Huppertz, 2010:249-250), but not with regard to both service failure and recovery as done in this study. Therefore, this study will contribute to an understanding of cell phone customers when service failure and service recovery strategies are applied in the cellular industry.

For this reason, there is a pressing need for research investigating the relationships that South African customers have with their cell phone network providers. By examining the influence customers' relationship intentions have on their reactions to service failure and service recovery, cell phone network providers can benefit from recommendations to establish better relationships with customers, contributing to a sustained competitive advantage within the South African cellular industry.

## **1.6 OBJECTIVES OF THE STUDY**

The primary objective of the study and secondary objectives formulated for the study are presented in this section.

### **1.6.1 Primary objective of the study**

The primary objective of this study is to determine the influence of relationship intention on customer satisfaction, loyalty and retention following service recovery.

### **1.6.2 Secondary objectives of the study**

To support the primary objective of this study, the following secondary objectives are set, namely, to determine:

- The validity and reliability of the questionnaire used for this study;
- Cell phone users' relationship intentions towards their cell phone network providers;
- Whether cell phone users have different levels of relationship intention towards their cell phone network providers;
- The influence of cell phone users' relationship lengths on their relationship intentions towards their cell phone network providers;
- The influence of cell phone users' contractual agreements on their relationship intentions towards their cell phone network providers;
- The influence of relationship intention on cell phone users' attitudes towards complaining;
- The influence of relationship intention on cell phone users' complaint behaviour following a service failure;
- The influence of relationship intention on cell phone users' expectations of cell phone network providers' service recovery efforts; and
- The influence of relationship intention on cell phone users' perceptions of cell phone network providers' service recovery efforts.

In addition, the secondary objectives also included the development of:

- A model depicting the influence of relationship intention on cell phone users' satisfaction, loyalty and retention following service recovery; and
- A model depicting the interrelationships amongst cell phone users' relationship intentions, propensities to complain, voicing, expectations of service recovery action, perceived service recovery, as well as satisfaction, loyalty and retention following service recovery.

## **1.7 METHODOLOGY**

The methodology of the study will be discussed according to the literature study and the empirical investigation.

### **1.7.1 Literature study**

Scientific journals, articles, books and research documents were consulted during this study.

The following databases are relevant in this regard:

- SACat: National catalogue of books and journals in South Africa
- NEXUS: Databases compiled by the NRF of current and completed research in South Africa
- SAePublications: South African journals
- EbscoHost: International journals on Academic Search Premier, Business Source Premier, Communication and Mass Media Complete and EconLit
- Emerald: International journals
- ScienceDirect: International journals
- ProQuest: International dissertations in full text
- Internet: Google Scholar
- SAMEDIA: Newspaper articles

### **1.7.2 Empirical investigation**

The empirical investigation will be discussed according to the research design and method of data collection, development of the sample plan, questionnaire used for this study, pilot study and data analysis.

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

Aaker, Kumar, Leone and Day (2013:74-75) and Zikmund and Babin (2010:50) state that there are three general approaches to research, namely, exploratory, causal and descriptive research.

Aaker *et al.* (2013:74-75) and Zikmund and Babin (2010:50-55) assert that when the general nature of a problem, possible decision alternatives, and relevant variables are considered, exploratory research is used. Exploratory research is highly flexible and unstructured, and research hypotheses are vague or do not exist at all. Exploratory research is appropriate when examining new concepts in the field of marketing and may be used as a basis for future research. Causal research aims to show that one variable causes or determines the values of other variables. With causal research it is necessary to have reasonable proof that one variable preceded the other, and that no other factors were responsible for the relationship of the variables (Zikmund & Babin, 2010:53-54). Aaker *et al.* (2013:74-75) and Zikmund and Babin (2010:51) propound that descriptive research is conducted in order to provide an accurate report of some aspect of the market environment as it offers a representation of the characteristics of a specific situation. Descriptive research is used for identifying relationships between variables by showing that two variables are related or associated, and when determining whether differences between groups exist (Aaker *et al.*, 2013:75; Hair, Wolfinbarger



Celsi, Oritinau & Bush, 2013:108). **This study used descriptive research.** This approach is relevant because the current study aims to determine the influence of relationship intention on satisfaction, loyalty and retention following service recovery through identifying relationships between variables and determining whether differences between groups (such as respondents with low, moderate and high relationship intentions) exist.

Research can be carried out by means of either (or both) qualitative and quantitative research. It is common practice to use qualitative research to support quantitative research (Bahl & Milne, 2006:217; Zikmund & Babin, 2010:132). Qualitative research involves observing what people do and say, is a form of systematic empirical enquiry into meaning, and is used for gaining insight into a specific domain from a small group of individuals (Burns & Bush, 2006:202; Parasuraman, Grewal & Krishnan, 2007:178; Shank, 2006:4). Quantitative research, on the other hand, is defined as the use of structured questions in which the response options have been predetermined and the primary data is collected from a large number of individuals. This type of research is used to test hypotheses or to prove what is expected about a specific domain and to investigate the natural order by looking at variables (Parasuraman *et al.*, 2007:178-179). Quantitative research, furthermore, emphasises the relationship between variables, differences between individuals regarding specific variables, and the causes of behaviour (Struwig & Stead, 2004:18). For this reason, **quantitative research** (in the form of **interviewer-administered questionnaires**) was used in this study although it is expensive and labour intensive (Bradley, 2007:128). According to Bradley (2007:128), interviewer-administered questionnaires are typically used in circumstances where something has to be explained to the respondent (in this case, the scenario of service failure and two service recovery scenarios, see section 1.7.2.3). This study used **personal in-home interviews (in the Gauteng Province in South Africa, specifically Johannesburg and surrounding residential suburbs)**, which entail that respondents are interviewed face-to-face by fieldworkers in their homes (Malhotra, 2010:214).

The fieldworkers who were used to collect the data were third-year Marketing students at a university in the Gauteng Province. Fieldworkers were remunerated for each completed questionnaire. The researcher explained the interviewer-administered questionnaire in detail to each fieldworker participating in the data collection. Fieldworkers received questionnaires (either fifteen, twenty or thirty questionnaires, according to personal preference) on 11 October 2012 and returned all completed questionnaires on 24 October 2012. As part of the fieldworker training, each fieldworker received a document with interviewer instructions detailing the process to follow (see Appendix H). The interviewer instructions explained how and where the research should be conducted and presented the quota (based on gender, age and population group, to obtain a demographically diverse sample) agreed upon during the meeting between

the researcher and interviewer, along with examples of how to meet the quotas. With regard to the 'how', fieldworkers were to ask respondents each question as is on the questionnaire and capture their answers. In terms of the 'where', fieldworkers approached prospective respondents in the fieldworkers' residential suburbs in and around Johannesburg based on convenience (see section 1.7.2.2) and the assigned quota. The first three questions on the questionnaire served as the screening questions (ensuring that all respondents qualified to take part in the study) to which prospective respondents had to answer in the affirmative for the fieldworker to continue with the interview. If the prospective respondents qualified and agreed to take part in the study, the interviewer conducted the personal in-home interview in the respondent's home using the interviewer-administered questionnaire (see section 1.7.2.3). The fieldworkers could contact the researcher at any time if they experienced problems with the questionnaire. The researcher supervised the fieldwork process and interacted with fieldworkers via cell phone and e-mails to ensure that the correct procedure was followed.

### **1.7.2.2 Development of the sample plan**

For this study, sampling elements were adults, 18 years or older, who own a cell phone and have used a cell phone network provider for at least three years. The area of coverage was Johannesburg and surrounding suburbs. The population of this study therefore comprised adults (18 years or older) living in and around Johannesburg, who have used a cell phone network provider for at least three years. To draw the sample, probability and non-probability sampling can be used (McDaniel & Gates, 2005:359; Welman, Kruger & Mitchell, 2005:57). Probability sampling is a sampling technique where every element in the population has a known probability of being included in the sample (Parasuraman *et al.*, 2007:338). The results obtained from a probability sample can be generalised to the entire universe or population because it is unbiased (Zikmund & Babin, 2010:423). For this study, however, a non-probability sampling technique was used. Although results cannot be generalised when using non-probability sampling as it doesn't involve random selection, the benefits of eliminating the costs and trouble of developing a sampling frame, the convenience and economy, outweigh this negative aspect (Aaker *et al.*, 2013:366; Parasuraman *et al.*, 2007:339; Zikmund & Babin, 2010:423).

According to Zikmund and Babin (2010:423-425), non-probability sampling comprises the following sampling methods: judgemental sampling - where the expert judgement of the researcher is used to select a representative sample from the population; snowball sampling - which is a combination of different sampling techniques and where each respondent is asked to identify one or more others in the field; quota sampling - where certain criteria or characteristics are used to select a sample from the population; and convenience sampling - where a sample is

chosen purely on the basis of availability as sampling units which are convenient can be contacted. Furthermore, the convenience sample is simple, quick and inexpensive (Aaker *et al.*, 2013:367-368). As no sampling frame could be obtained from any of the cell phone network providers for this study, **non-probability sampling in the form of convenience sampling** was used and the final realised sample comprised of 605 respondents. Previous studies on service recovery involved between 225 and 615 respondents (Chelminski & Coulter, 2011:363; DeWitt & Brady, 2003:196; Lin *et al.*, 2011:522; McCollough, Berry & Yadav, 2000:126).

### 1.7.2.3 Questionnaire used in this study

The questionnaire used in this study started with a preamble explaining respondents' rights and the reason for the study. Due to the length of the phrase, respondents were also informed that the phrase *cell phone network provider* might be abbreviated in the questionnaire as CNP. Screening questions ensured that all respondents resided in Gauteng, owned and used a cell phone and have used a cell phone network provider for at least 3 years. The questionnaire comprised four sections and all scale items were measured on a 5-point Likert scale. In section A, classification information concerning respondents' cell phone network operators was captured. Table 1 presents the questionnaire section and number, the questions, response format and scale type.

**Table 1: Measurement of classification information**

A	Questions	Response format	Scale
1	Which cell phone network provider are you currently using?	Multiple choice	Nominal
2	For how long have you used the services of your cell phone network provider?	Multiple choice	Ordinal
3	Do you think you will stay with your cell phone network provider in the future?	Dichotomous	Nominal
4	Do you have a contract with your cell phone network provider?	Dichotomous	Nominal
5	Which <b>one</b> of the following would best describe why you use your cell phone network provider?	Multiple choice	Nominal
6	Have you ever used other cell phone network providers in the past?	Dichotomous	Nominal
7	If you answered yes in question 6, how many times have you moved from one cell phone network provider to another?	Multiple choice	Ordinal

Section B measured relationship intention by means of the questionnaire of Kruger and Mostert (2012:45) as it has been proven to be valid and reliable to measure relationship intention within a South African cellular industry context. The items used to measure each of the five constructs as proposed by Kumar *et al.* (2003:670) were shuffled to improve the psychometric properties of the measurement scale. Table 2 presents the questionnaire section and number, questions of the relationship intention measure, construct of relationship intention measured, as well as the response format and scale used.

**Table 2: Measurement of relationship intention**

<b>B</b>	<b>Questions</b>	<b>Construct of Relationship Intention</b>	<b>Response format</b>	<b>Scale</b>
1	Are you proud to be a customer of your CNP?	Involvement	Scaled	Likert
2	Will you tell your CNP when their service is poor?	Feedback	Scaled	Likert
3	Do you expect your CNP to offer you value for your money?	Expectations	Scaled	Likert
4	Would you experience emotional stress by switching to another CNP?	Fear of relationship loss	Scaled	Likert
5	Have you ever recommended your CNP to your friends or family?	Involvement	Scaled	Likert
6	Do you expect your CNP to bring you the latest cellular technology?	Expectations	Scaled	Likert
7	Will you forgive your CNP for bad service to the point that you keep on supporting them even if you have experienced bad service from them?	Forgiveness	Scaled	Likert
8	Will you try to tell your CNP about their service even though they restrict your attempt?	Feedback	Scaled	Likert
9	Did you experience a feeling of satisfaction when you joined your CNP?	Involvement	Scaled	Likert
10	Are you afraid that you might lose special privileges of your CNP by switching to another CNP?	Fear of relationship loss	Scaled	Likert
11	Do you forgive your CNP if the quality of their service is sometimes below the standard you expect from them?	Forgiveness	Scaled	Likert
12	Do you expect your CNP to offer you more value for your money than the other CNPs?	Expectations	Scaled	Likert
13	Will you tell your CNP if their service is better than you expect?	Feedback	Scaled	Likert
14	Are you afraid to lose the services of your CNP by switching to another CNP?	Fear of relationship loss	Scaled	Likert
15	Will you forgive your CNP if they are more expensive than the other CNPs?	Forgiveness	Scaled	Likert
16	Will you tell your CNP if their service meets your expectations?	Feedback	Scaled	Likert
17	Do you expect your CNP's service to be better than the other CNPs' service?	Expectations	Scaled	Likert
18	Are you afraid to lose your identification with your CNP's brand name by switching to another CNP?	Fear of relationship loss	Scaled	Likert
19	Will you take time to tell your CNP about their service so that their service will improve?	Feedback	Scaled	Likert
20	Will you forgive your CNP if the quality of their service is below the standard of the other CNPs?	Forgiveness	Scaled	Likert
21	Do you care about the image of your CNP?	Involvement	Scaled	Likert
22	Will you forgive your CNP if you experience bad service from them?	Forgiveness	Scaled	Likert
23	Do you expect your CNP to offer you low prices?	Expectations	Scaled	Likert
24	Are you proud when you see your CNP's name or advertising materials?	Involvement	Scaled	Likert
25	Are you afraid to lose your relationship with your CNP by switching to another CNP?	Fear of relationship loss	Scaled	Likert
26	Do you have high expectations of your CNP's service?	Expectations	Scaled	Likert

Section C measured respondents' attitudes toward complaining and provided a scenario of a service failure within the cellular industry. The following service failure scenario was included in the questionnaire before respondents answered section C:

After signing a contract with your cell phone network provider for 150 free minutes to any cell phone number during office hours, you receive your bill and see that you have in fact been charged for all the calls you made during office hours and not just for the calls exceeding the 150 minute frame.

Respondents' complaint behaviour along with their expectations of service recovery was subsequently determined. Furthermore, respondents' perceptions of service recovery as well as their satisfaction, loyalty and retention in terms of two service recovery scenarios for the service failure scenario were determined.

The first service recovery scenario asked respondents how they would feel if the **cell phone network provider rectified the problem so that it would not occur in future, but did nothing more**, whereas the second service recovery scenario asked respondents how they would feel **if, in addition to rectifying the problem so that it would not occur in future, the cell phone network provider acknowledged the problem, apologised and explained why the problem had occurred**.

Table 3 presents the questionnaire section and number, questions used to measure attitude towards complaining, customers' complaint behaviour, expectations of service recovery, perceptions of service recovery, satisfaction after service recovery, loyalty after service recovery and retention after service recovery as well as each question's response format and the scale used.

**Table 3: Measurement of attitude towards complaining, customer complaint behaviour, expectations of service recovery, perceptions of service recovery, as well as satisfaction, loyalty and retention after service recovery**

C	Questions	Response format	Scale
<b>C1</b>	<b>Attitude towards complaining</b>		
1	Complaining is a customer's right	Scaled	Likert
2	I always complain when I am dissatisfied	Scaled	Likert
3	Complaining is not easy, but should be done when something is wrong	Scaled	Likert
4	I always feel better when I have voiced my dissatisfaction by complaining	Scaled	Likert
5	Complaining about anything is distasteful to me	Scaled	Likert
6	Complaining usually makes me feel more frustrated	Scaled	Likert
7	People who have little else to do are the ones who complain	Scaled	Likert
8	I am embarrassed to complain, no matter how poor the service was	Scaled	Likert
9	Complaining is not an obligation	Scaled	Likert
10	Most businesses will cheat you if you don't stand up for your rights	Scaled	Likert
11	Complaining isn't much fun but it's got to be done to keep the business on its toes	Scaled	Likert

C	Questions	Response format	Scale
<b>C2</b>	<b>Customer complaint behaviour</b>		
1	I would not complain	Scaled	Likert
2	I would talk to my friends or family about the problem	Scaled	Likert
3	I would complain to a staff member	Scaled	Likert
4	I would file a formal complaint with the management of the local branch of the CNP	Scaled	Likert
5	I would write a complaint letter to the CNP's head office	Scaled	Likert
6	I would complain to an external agency (e.g. newspaper or hello Peter or a consumer protection agency) to warn other customers	Scaled	Likert
7	I would complain to a consumer protection agency and ask them to make the CNP take care of the problem	Scaled	Likert
8	I would never use this CNP again	Scaled	Likert
9	I would switch to another CNP in the future	Scaled	Likert
<b>C3</b>	<b>Expectations of service recovery</b>		
1	It's not necessary for the CNP to do anything	Scaled	Likert
2	The CNP should give an explanation for what happened	Scaled	Likert
3	The CNP should apologise to me for what happened	Scaled	Likert
4	The CNP should apologise to me in writing for the poor service I received	Scaled	Likert
5	The CNP should acknowledge that the problem did occur	Scaled	Likert
6	The CNP should show understanding for my situation	Scaled	Likert
7	The CNP should take responsibility for the problem and solve it	Scaled	Likert
8	A manager should intervene in the situation	Scaled	Likert
9	I should receive compensation from the CNP	Scaled	Likert
<b>C4 &amp; C5</b>	<b>Perceived service recovery</b>		
1	The performance of the CNP in dealing with the problem is exceptional	Scaled	Likert
2	The efforts of the CNP to deal with my problem is superior	Scaled	Likert
3	The outcome I received was fair	Scaled	Likert
4	The CNP made efforts to resolve my problem	Scaled	Likert
5	In resolving my problem, the CNP gave me what I needed	Scaled	Likert
6	I believe that the CNP found the right solution for the problem	Scaled	Likert
7	Given the circumstances in the scenario, I felt that the CNP's response as described above is adequate	Scaled	Likert
<b>C4 &amp; C5</b>	<b>Satisfaction after service recovery</b>		
8	I would be happy about my decision to choose this CNP	Scaled	Likert
9	The CNP provided a satisfactory resolution to my problem	Scaled	Likert
10	Regarding this event, I am satisfied with the CNP	Scaled	Likert
11	Overall, I am satisfied with the way my problem was resolved	Scaled	Likert
12	I would feel that I did the right thing in choosing this CNP	Scaled	Likert
13	Overall, I am satisfied with the decision to use this CNP	Scaled	Likert
<b>C4 &amp; C5</b>	<b>Loyalty after service recovery</b>		
14	I would say positive things about this CNP to other people	Scaled	Likert
15	I would recommend this CNP to someone who seeks my advice	Scaled	Likert
16	I would encourage my friends and relatives to use this CNP	Scaled	Likert
17	I would consider this CNP my first choice to buy cellular services from	Scaled	Likert
18	I would be more likely to patronise this CNP in the future	Scaled	Likert
19	I would stay loyal to this CNP	Scaled	Likert

C	Questions	Response format	Scale
<b>C4 &amp; C5</b>	<b>Retention after service recovery</b>		
20	I intend to use the services of this CNP also in the future	Scaled	Likert
21	I intend to do more business with this CNP in the future	Scaled	Likert
22	I would maintain my relationship with this CNP	Scaled	Likert

Finally, section D required demographic details such as age, population group, gender and home language. Table 4 presents the questionnaire section and number, the questions used to obtain demographic information, the response format as well as the scale used.

**Table 4: Measurement of demographic details**

D	Questions	Response format	Scale
1	What is your gender?	Dichotomous	Nominal
2	What is your current age?	Open-ended question	Ordinal
3	What is your home language?	Multiple choice	Nominal
4	What is your highest level of education?	Multiple choice	Ordinal
5	What is your population group?	Multiple choice	Nominal
6	What is your approximate monthly cell phone expenses?	Multiple choice	Ordinal

Table 5 presents a summary of previous research used as input to compile the questionnaire used in the study. See Appendix A for the final questionnaire used in this study.

**Table 5: Previous research used to construct the questionnaire**

Construct of the study	Authors
Relationship intention	Kruger and Mostert (2012:45).
Attitude towards complaining	Items adapted from Phau and Sari (2004:414, 417), Walters (2010:242, 243) and Yuksel <i>et al.</i> (2006:16).
Customer complaint behaviour	Items adapted from Chelminsky and Coulter (2011:363-364), DeWitt and Brady (2003:205), Ekiz and Au (2011:335), Singh (1988:105), Walters (2010:240-244) and Yuksel <i>et al.</i> (2006:16).
Expectations of service recovery	Items adapted from Andreassen (2000:172) and McCollough <i>et al.</i> (2000:127).
Perceived service recovery	Items adapted from Casado, Nicolau and Mas (2011:48), Holloway <i>et al.</i> (2009:390), Huang (2011:514), Lin <i>et al.</i> , (2011:522-523) and McCollough <i>et al.</i> (2000:127).
Satisfaction following service recovery	Items adapted from DeWitt and Brady (2003:205), Holloway <i>et al.</i> (2009:390), Huang (2011:514) Huang and Lin (2011:207), Lin and Lin (2011:191) and McCollough <i>et al.</i> (2000:127).
Loyalty following service recovery	Items adapted from Ekiz and Au (2011:335), Jaiswal and Niraj (2011:170, 174) and Wang and Matilla (2011:438).
Retention following service recovery	Items adapted from Proença and Rodrigues (2011:209).

#### 1.7.2.4 Pilot study

Zikmund and Babin (2010:61) consider a pilot study as a small-scale research project as data is collected from similar respondents to those of the study population. A pilot study is used to examine respondents' reaction to the questionnaire in order to test the feasibility and

understanding of the questionnaire (McDaniel & Gates, 2005:339; Zikmund & Babin, 2010:61) and is usually conducted with between 20 and 30 respondents (Hair *et al.*, 2013:202). A pilot study of the final questionnaire for this study was conducted with 27 respondents from the study population during August 2012. Respondents participating in the study did not indicate any difficulty in completing the questionnaire and the Cronbach's alpha coefficient values were above 0.6 for all the constructs of the study. According to Bagozzi (1994:18) and Malhotra (2010:319), Cronbach's alpha coefficient values of 0.6 or more are considered reliable. Table 6 presents the Cronbach alpha coefficient values obtained for constructs of the study during the pilot study.

**Table 6: Cronbach's alpha coefficient values**

Constructs of the study	Cronbach's alpha coefficient values	
Relationship intention	0.82	
Attitude towards complaining	0.73	
Customer complaint behaviour	0.60	
Expectations of service recovery	0.67	
	Service recovery scenario 1	Service recovery scenario 2
Satisfaction after service recovery	0.91	0.96
Loyalty after service recovery	0.92	0.97
Retention after service recovery	0.86	0.96

As the purpose of the pilot study was to test the feasibility and understanding of the questionnaire and a very small convenience sample was drawn, no further analyses were performed on the pilot study data.

#### 1.7.2.5 Data analysis

Before any data analysis could be performed, the reliability and validity of all the scales used in this study had to be determined. The assessment of the reliability of a scale concerns the extent to which this scale would reproduce the same or similar results if the study would be repeated (Hair *et al.*, 2013:165). **This study determined the internal consistency reliability of all scales used.** Internal consistency reliability, which can be determined through Cronbach's alpha coefficient values, assesses the reliability of a summated scale, where values above 0.6 indicate acceptable reliability (Malhotra, 2010:319). Cronbach's alpha coefficient values are calculated from the average of all the possible ways of splitting the scale items and the resultant split-half coefficients (Malhotra, 2010:319).

Furthermore, **this study also determined construct validity.** A scale's validity is examined to ensure that differences in observed scale scores do not reflect systematic or random error, but true differences (Malhotra, 2010:320). In other words, when repeating the study under other



samples from the same population, the results should also be true (Aaker *et al.*, 2013:514; Hair *et al.*, 2013:125). Specifically, construct validity addresses the concern of whether the scale measures what it is supposed to measure (Hair *et al.*, 2013:166) and therefore, construct validity is founded on a sound theoretical grounding of the construct and its relation to other constructs (Malhotra, 2010:320-321). As proposed by Bagozzi (1994:342-344), **confirmatory factor analyses were used to determine construct validity in this study.**

After considering the reliability and validity, overall mean scores for constructs were calculated to compare groups and allow for hypotheses testing. **This study used a confidence level of 95% (significance level of 0.05) for all data analyses.** For this reason, the probability of incorrectly rejecting the null hypothesis (findings for this study are indicated in Chapter 6) is 5% (Aaker *et al.*, 2013:426; Hair *et al.*, 2013:147; Malhotra, 2010:491). Thus, whenever  $p \leq 0.05$ , the results were considered statistically significant. However, the statistical significance does not indicate how meaningful this result is for any decision-making. Therefore, **this study also considered the practical significance of all results by determining the effect size.** The effect size is regarded as the degree to which the observed phenomenon exists (Aaker *et al.*, 2013:426). Cohen (1988:20) argued that although small effect sizes are not considered meaningful, medium effect sizes have sufficient practical effect. For this reason, **this study considered both medium and large effect sizes as practically significant** when results were interpreted.

The SPSS 21.0 program (SPSS, 2013), the SAS 9.3 program (SAS, 2012) and the Mplus 7.11 statistical program (Muthén & Muthén, 1998-2013) were used for statistical processing. Please note that assistance in statistical analyses was provided by the Statistical Consultation Service of the North-West University and Leon de Beer (see Appendix F for the letters of confirmation).

The following data analyses were performed in the study:

- The reliability of the questionnaire as a measuring instrument was determined through Cronbach's alpha coefficient values;
- The validity of the questionnaire as a measuring instrument was determined through Confirmatory Factor Analyses (CFA);
- Frequencies and descriptive statistics (means and standard deviations) to describe the data;
- Pearson product-moment correlations where  $r$ -values were used to determine effect size for a correlation coefficient (Cohen, 1988:79-81);
- Cross-tabulations for obtaining frequencies for two variables and the Chi-square test of independence where  $w$ -values (Cramer's  $V$ ) were used to determine effect sizes for a correlation coefficient (Pallant, 2007:217; Steyn, 1999:8; Welman *et al.*, 2005:229);
- T-tests to determine whether a statistically significant difference exists between the

population means of two groups and analyses of variance (ANOVA) to determine whether a statistically significant difference exists between the population means of more than two groups. For the independent sample t-test and analysis of variance, *d*-values of Cohen were used to determine practical significance by means of effect size (Cohen, 1988:25-26). For the mixed between-within subjects analysis of variance (also referred to as a split-plot Anova or Spanova), Partial Eta Squared values ( $\eta^2$ ) were used to determine practical significance by means of effect size (Cohen, 1988: 284-287); and

- Structural equation modelling (SEM) to determine the relationship between specific constructs in the questionnaire. The relationships between relationship intention and satisfaction, loyalty and retention following service recovery as well as the interrelationships amongst cell phone users' relationship intentions, propensities to complain, voicing, expectations of service recovery action, perceived service recovery, as well as satisfaction, loyalty and retention following service recovery were examined through SEM analyses. The fit indices used include the comparative fit index (CFI) and the Tucker-Lewis index (TLI) as incremental fit measures where values of 0.95 (Meyers, Gamst and Guarino, 2006:608) and 0.90 or greater respectively are considered as acceptable (Blunch, 2008:115; Hair, Anderson, Tatham and Black, 1998:657). The RMSEA was used as an absolute fit measure where a value ranging up to 0.08 indicates a good fit (Meyers *et al.*, 2006:608; Hair *et al.*, 1998:654, 656). When examining the path coefficients of the SEM analyses, path coefficients ( $\beta$ ) were considered as statistical viable at 0.3 or greater (Meyers *et al.*, 2006:590).

A summary of the data analysis strategy is provided in Table 7 which indicates the order in which analyses were done along with the statistical program used for analyses.

**Table 7: Data analysis strategy**

Order	Type of analysis	Program
1	Reliability analyses	SAS 9.3 program & SPSS 21.0 program
2	Validity analyses	SAS 9.3 program
3	Calculation of overall mean scores	SAS 9.3 program & SPSS 21.0 program
4	Frequencies and descriptive statistics	SPSS 21.0 program
5	Pearson product-moment correlations	SPSS 21.0 program
6	Cross-tabulations	SPSS 21.0 program
7	Testing for differences between groups with T-tests and analyses of variance (ANOVA)	SAS 9.3 program & SPSS 21.0 program
8	Determining relationships between constructs through structural equation modelling (SEM)	Mplus 7.11 program

## 1.8 CONTRIBUTION OF THE STUDY

Relationships between service providers and customers have generated a great deal of interest and have been the central focus in relationship marketing research (Jena *et al.*, 2011:24). However, customers' relationship intentions have not yet been investigated with regard to the

relationship marketing strategies of service providers, albeit profoundly important for the progression of a successful long-term relationship between these two parties (Parish & Holloway, 2010:69). There are customers who will and want to respond to relationship marketing activities (customers with a relationship intention) and others who view such activities as a waste of both their and the service provider's resources (Hess *et al.*, 2011:26; Kumar *et al.*, 2003:669; Palmatier *et al.*, 2008:175, 179-180; Ward & Dagger, 2007:287).

Until now, the focus of relationship intention research in especially South Africa, has been on establishing a reliable and valid measure of relationship intention. This study elaborates the understanding of relationship intention as starting point to explain relationship intention theory. Through the use of structural equation modelling (SEM), a model showing the influence of relationship intention on satisfaction, loyalty and retention following service recovery is proposed. Another model portraying the interrelationships of the constructs of the study contributing to relationship restoration and positive post-recovery customer behaviour is also proposed. These models can aid in the development of effective marketing strategies which might result in greater customer satisfaction, higher customer retention and, ultimately, greater organisational profitability. This will be the first step towards establishing relationship intention as subdiscipline within relationship marketing.

## 1.9 DEMARCATION OF THE STUDY

This study is structured in terms of six chapters. **Chapter 1** provided a contextual overview of the study by identifying the main motivations for undertaking the study and by presenting the research problem, objectives, research methodology and structure of the study. The methodology and results of this study are presented in four articles submitted for consideration for publication in accredited academic journals. **Chapter 2** presents the first article, which determined the influence of relationship intention on cell phone users' relationship length and contractual agreements. This article was submitted to the *Journal of Contemporary Management*. The article was accepted by the journal, providing that minor changes suggested by the article's reviewers were addressed. The second article, which determined the influence of relationship intention on cell phone users' attitudes towards complaining and complaint behaviour following a service failure scenario, was submitted to the *Southern African Business Review*, and is presented in **Chapter 3**. The article was accepted by the journal, providing that changes suggested by the article's reviewers were addressed. **Chapter 4** presents the third article, submitted to the *South African Journal of Business Management*, determining the influence of relationship intention on cell phone users' expectations of service recovery and perceived service recovery following a service failure scenario and two service recovery scenarios. The article was accepted by the journal, providing that minor changes suggested by

the article's reviewers were addressed. The fourth article determined the influence of relationship intention on cell phone users' satisfaction, loyalty and retention following service recovery. This article was submitted to *Management Dynamics* and is presented in **Chapter 5**.

**Chapter 6** is the last chapter of this study which contains the conclusions drawn from, and recommendations based on, the findings of this study. A model depicting the interrelationships amongst cell phone users' relationship intentions, propensities to complain, voicing, expectations of service recovery action, perceived service recovery, as well as satisfaction, loyalty and retention following service recovery is also proposed in Chapter 6. Chapter 6 concludes with the study's limitations and suggestions for future research.

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**CHAPTER 2: ARTICLE 1**  
**THE INFLUENCE OF RELATIONSHIP INTENTION ON RELATIONSHIP LENGTH AND**  
**CONTRACTUAL AGREEMENTS: AN EXPLORATORY STUDY AMONG SOUTH AFRICAN**  
**CELL PHONE USERS**

Chapter 2 presents the first article of this study where the influence of relationship intention on relationship length and contractual agreement was examined. This article was submitted to the *Journal of Contemporary Management* (JCM) and accepted for publication providing that minor changes suggested by the article's reviewers were addressed. The article presented in this chapter is in the original format as submitted to the *Journal of Contemporary Management* before the reviewers' comments were addressed. Editorial guidelines for authors of the *Journal of Contemporary Management* are available at:

- [http://www.journals.co.za/ej/images/jcman\\_auth.pdf](http://www.journals.co.za/ej/images/jcman_auth.pdf) (for editorial policy and guidelines for authors); and
- [http://www.journals.co.za/ej/images/Article\\_submission\\_template\\_2012.pdf](http://www.journals.co.za/ej/images/Article_submission_template_2012.pdf) (for article submission template).

For a copy of the editorial guidelines for authors see Appendix B. Please note that to ensure consistency throughout the thesis, page margins, font and font size were kept consistent throughout the thesis. The editorial guidelines for authors were therefore ignored only for the purpose of providing technical consistency within the thesis. Referencing was however done according to the editorial guidelines for authors.

Chapter 2 concludes with main findings from this article contributing to the overall objectives of this study.

# **THE INFLUENCE OF RELATIONSHIP INTENTION ON RELATIONSHIP LENGTH AND CONTRACTUAL AGREEMENTS: AN EXPLORATORY STUDY AMONG SOUTH AFRICAN CELL PHONE USERS**

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## **ABSTRACT**

Within the competitive cell phone industry, long-term customer relationships can result in much needed customer retention. However, relationship marketing strategies should only be applied to customers receptive to relationship building; relationship marketing strategies should be targeted at customers with relationship intentions. This article examined relationship intention within the South African cell phone industry through a non-probability convenience sample of 605 respondents. Findings suggest that cell phone users' overall or level of relationship intentions is not associated with their relationship lengths or contractual agreements with their cell phone network providers. Consequently, cell phone network providers should be cautious to use customers' relationship lengths or contractual agreements in isolation to identify customers for relationship building. It is recommended that cell phone network providers should target customers with relationship intentions for relationship building, as these customers are the most likely customers to be retained and provide return on such an investment.

## **KEY WORDS**

*Cell phone network providers, contractual agreement, length of relationship, relationship intention.*

## **1. INTRODUCTION**

The South African information and communication technology (ITC) industry is expected to grow to an estimated R250 billion by 2020 (Van Niekerk, 2012:98) partly because the country's cell phone industry is believed to be amongst the fastest growing cell phone industries of the world (Mbendi, 2011:Internet). Furthermore, the South African population is regarded as one of the highest users of cell phones on the African continent (Berger *et al.*, 2012:Internet) which illustrates the cell phone industry's lucrative positioning.

The Independent Communications Authority of South Africa (ICASA), the South African communication regulator, considers promoting competition amongst cell phone network providers as a strategic objective for the fiscal years 2013-2017. The aim of promoting competition is to stimulate innovation and allow greater access to cell phone communication, which will improve the South African economy (ICASA, 2012:3, 30, 32, 39). Customer retention strategies in the South African cell phone industry are thus particularly important as competition between cell phone network providers is evident (Homburg & Giering, 2001:43), alternative cell phone network providers are available (Morrisson & Huppertz, 2010:250), and customers perceive high degrees of similarity between different cell phone network providers, despite cell phone network providers' best efforts to differentiate themselves (Haenlein & Kaplan, 2012:467).

The fact that the market to attain new cell phone customers is very small (only about 20% of the South African population 15 years and older do not own or have access to a cell phone) (Habari Media, 2012:Internet; Van Niekerk, 2012:101), further necessitates customer retention within the South African cell phone industry and possibilities of upward migration and cross-selling. To this end, relationship marketing can be utilised to form relationships with customers in order to retain them in this competitive industry (Coulter & Ligas, 2004:489; Sheth & Parvatiyar, 2002:4). While it is argued that customers do not necessarily want relationships with large service providers like cell phone network providers as there is no individual person with whom customers can form relationships (Beetles & Harris, 2010:354), Kumar *et al.* (2003:669-670) assert that certain customers want to engage in relationships with service providers, brands or channel members, because they have relationship intentions. Kumar *et al.* (2003:670) accordingly proposed five constructs to measure relationship intention, namely, involvement, expectations, fear of relationship loss, feedback and forgiveness.

Customers' relationship lengths (Seo *et al.*, 2008:192) and contractual agreements (Nel & Boshoff, 2012:Conference proceedings) are often used by cell phone network providers to segment customers as either relationship or transactional customers for relationship marketing purposes. It is argued that customers' relationship intentions should rather be used and therefore the purpose of this article is to determine cell phone users' relationship intentions and to determine whether such intentions influence the relationship length or contractual agreements with cell phone network providers.

This article starts with a literature review followed by the problem statement directing the research and objectives formulated for the study. The methodology, results, conclusions together with limitations and recommendations for future research are subsequently presented.

## **2. LITERATURE REVIEW**

### **2.1 Relationship marketing**

Berry (1995:237) posits that maintaining existing customer relationships costs less than continuously attracting new customers. This cost-saving property of maintaining existing customers is the main motivation for relationship marketing which focuses on retaining existing customers (Sheth & Parvatiyar, 2002:4). However, for a relationship between a customer and service provider to exist, both parties must perceive and anticipate clear benefits from the relationship and both parties must be able to choose whether to remain in the relationship (Gwinner *et al.*, 1998:101, 112).

Relationship marketing is applicable within the boundaries of services marketing (Beetles & Harris, 2010:348, 354), provided that there is a frequent need for the service, the customer controls the selection of the service provider, and alternative service providers are available to choose from (Berry, 2002:62, 69). Due to the direct contact between customers and service providers, satisfactory service might result in establishing enduring relationships between the two parties (Grönroos, 2004:100). Although customers have the propensity to act as active partners of, and form relationships with service providers (Long-Tolbert & Gammoh, 2012:397; Mason & Simmons, 2012:227), customers also have relational preferences influencing their decision to build relationships (Hess *et al.*, 2011:22). Customers' relationship intentions (willingness to build relationships with service providers) (Kumar *et al.*, 2003:669) should be considered before relationship marketing strategies are deployed (Dalziel *et al.*, 2011:399, 420) as it is wasteful to utilise organisational resources to build relationships with customers not desiring relationships (Tuominen, 2007:182).

### **2.2 Relationship intention**

Kumar *et al.* (2003:669) advocate that emotionally attached customers who trust and have a high affinity towards a particular service provider, have relationship intentions towards the particular service provider. Customers' emotional attachments foster long-term relationships with service providers (Kumar *et al.*, 2003:667; Long-Tolbert & Gammoh, 2012:391), which, in turn, result in increased customer loyalty and retention (Coulter & Ligas, 2004:490). Kumar *et al.* (2003:670) proposed five constructs to measure customers' relationship intentions, namely, involvement, expectations, fear of relationship loss, feedback and forgiveness.



### **2.2.1 Involvement**

According to Kumar *et al.* (2003:670), involvement can, for relationship intention purposes, be defined as customers' willingness to engage in relationship activities. Although there is a relationship appeal for customers in high-involvement services (Berry, 1995:237), most services require customer involvement in the consumption process (Grönroos, 1984:37). However, customers' interests, goals, attachment, motivation towards an object (Ruiz *et al.*, 2007:1094), and personal relevance of the object to customers (Petty *et al.*, 1983:143), all influence their involvement with a service provider. For this reason, some customers might be highly involved with a service, while others are hardly involved with the same service (Bloemer & De Ruyter, 1999:325). Customers' involvement with service providers influences their motivation, intention and behaviour (Taylor, 2007:747), which is evident when involved customers may feel uncomfortable and guilty when using similar services from another service provider (Kumar *et al.*, 2003:670).

Involvement facilitates relationship building (Kinard & Capella, 2006:365) and customer loyalty (Dagger & David, 2012:461; Mascarenhas *et al.*, 2004:486). Furthermore, involved customers have contact with (Scott & Vitartas, 2008:54) and provide positive feedback to their service providers (Mascarenhas *et al.*, 2004:486). The aforementioned information enables service providers to know and exceed their customers' expectations (Engeseth, 2006:36-37). Moreover, highly involved customers hold more realistic expectations of their service providers (Steyn *et al.*, 2008:144).

### **2.2.2 Expectations**

Customers' expectations are the standards of service which act as the frame of reference from which to compare perceived experiences, and are used for satisfaction judgements (Oliver, 1980:460; Zeithaml *et al.*, 1993:1) and, ultimately, behavioural intentions (Choy *et al.*, 2012:14). Desired service, adequate service and predicted service are three different levels of service for which expectations are formed (Zeithaml *et al.*, 1993:10). Desired service implies that customers hold expectations concerning the level of service they want to receive from service providers, adequate service refers to expectations concerning the level of service customers are willing to accept, albeit not the desired service, and predicted service concerns expectations about the level of service customers believe is likely to occur (Zeithaml *et al.*, 1993:6, 10).

The nature and standard of service provision, together with customer characteristics, attitudes, and preferences, form customer expectations (Mason & Simmons, 2012:233). Extended service transactions (like the use of a cell phone network provider in this study) entail that customers'

expectations change from the pre-purchase state to the post-purchase state with every interaction with service providers, all of which influence customers' future expectations (Dubé & Menon, 2000:294). In established relationships with service providers, customers hold higher quality expectations (Price & Arnould, 1999:51) due to the investment of irrecoverable resources, such as time, in the relationship (Liang & Wang, 2006:120-121). Customers with higher expectations are, therefore, more likely to develop relationships with their service providers as they are concerned with and care about their service providers, all of which may contribute to fear of relationship loss (Kumar *et al.*, 2003:670).

### **2.2.3 Fear of relationship loss**

The benefits customers perceive from close relationships with service providers include security, a feeling of control and a sense of trust, minimised purchasing risks, and reduced costs during purchase decisions, as customers are familiar with the service provider (Grönroos, 2004:99). According to Kumar *et al.* (2003:670), relationship intention is evident when customers fear losing the relationship with the service provider because of the risk shared with the service provider. Gwinner *et al.* (1998:102), Jones *et al.* (2007:337), and Kumar *et al.* (2003:670) therefore propose that switching costs, relational benefits and bonds contribute to customers' fear of relationship loss.

Firstly, switching costs are the sacrifices or penalties customers may experience in moving from one service provider to another (Jones *et al.*, 2007:337). Switching costs may include the loss of any loyalty benefits as a result of ending the relationship (Lam *et al.*, 2004:295), as well as the time and effort associated with finding a new service provider and adapting to new services (Vázquez-Casielles *et al.*, 2009:2293). The more types of products customers buy from the same service provider, the higher the switching costs of using another service provider will be (Burnham *et al.*, 2003:119). Secondly, benefits above and beyond the core service customers receive from long-term relationships with service providers are considered as relational benefits (Gwinner *et al.*, 1998:102). Spake and Megehee (2010:316) add that customers will only continue relationships with service providers if the benefits of the relationships exceed the costs, thereby possibly reducing the risk customers perceive when dealing with service providers (Berry, 1995:238). Gwinner *et al.* (1998:109-110) contend that relational benefits can be considered in terms of three categories, namely, confidence benefits (faith in the trustworthiness of the service provider, reduced perceptions of anxiety and risk, and knowing what to expect from the service provider), social benefits (customers being recognised by employees, customer familiarity with employees, and the development of friendships between customers and employees), and special treatment benefits (customers may receive a reduced price or special service).

Lastly, repetitive satisfactory interaction over time with a specific service provider causes customers to form a bond with the service provider, resulting in the likelihood of developing lasting commitment towards the service provider (Homburg *et al.*, 2003:44; Spake & Megehee, 2010:316, 319-320). These bonds can be psychological, emotional, economic or physical (Liang & Wang, 2006:123) and determine the strength of the particular relationship (Moore *et al.*, 2012:260). Kumar *et al.* (2003:670) propound that fear of losing bonds characterises customers with high relationship intentions. Service providers can use bonds with customers and their knowledge of customers (Berry, 1995:238), based on feedback received from customers (Wirtz *et al.*, 2010:380), to customise services according to customers' needs (Berry, 1995:238).

#### **2.2.4 Feedback**

Customers' feedback is important as relationship marketing necessitates knowledge exchange (in the form of dialogue between customers and service providers) in order to create value (Grönroos, 2004:103), and because the characteristics of services entail that customers' perceptions of service quality are necessary to identify strengths and/or weaknesses (Tontini & Silveira, 2007:483). Feedback facilitates both the aforementioned processes.

Customers can provide either positive or negative feedback to service providers, with both types of feedback being useful for service providers. Positive feedback, for instance in the form of compliments, is used for identifying strengths to further reinforce service provision, while negative feedback (complaints), is necessary to improve service provision (Wirtz *et al.*, 2010:380). Involved customers concerned with their service provider (Kumar *et al.*, 2003:670) will provide feedback for both service improvement (Wirtz *et al.*, 2010:380) and altruistic purposes (McCullough *et al.*, 1997:322). Altruism motivates customers to provide feedback when transgressions occur, in order to prevent other customers from experiencing the same dissatisfactory services (Chelminski & Coulter, 2011:362).

#### **2.2.5 Forgiveness**

Tsarenko and Tojib (2011:387) and Zourrig *et al.* (2009:406) view forgiveness as a cognitive, affective and motivational response to a transgression such as a service failure. Forgiveness can be conceptualised as a coping strategy when transgressions occur (Tsarenko & Tojib, 2011:381, 387).

Forgiveness influences the relationship between parties (Tsarenko & Tojib, 2011:381, 387) because forgiveness facilitates behaviour in restoring the relationship with an offending relationship partner, as opposed to terminating the relationship (Chung & Beverland, 2006:98).

Customers ascribing more value to the relationship than to unfulfilled expectations by forgiving transgressions, reveal relationship intention (Kumar *et al.*, 2003:670).

## **2.3 Relationship length and contractual agreements within the cell phone industry**

Cell phone network providers often consider customers' relationship length (Seo *et al.*, 2008:192) and contractual agreements (Nel & Boshoff, 2012:Conference proceedings) to distinguish between relationship and transactional customers.

### **2.3.1 Relationship length**

A number of relationship marketing scholars argue that the perceived trust in, involvement with, and attachment to the service provider, increase as the length of customers' relationships with their service providers increase (Grayson & Ambler, 1999:139; Seo *et al.*, 2008:192; Verhoef *et al.*, 2002:211). However, contradictory to this view, it is counter-argued that the length of relationships customers have with their service providers does not influence the type of relationships or emotional attachments customers choose to have with their service providers (Coulter & Ligas, 2004:484; Homburg *et al.*, 2003:52; Kumar *et al.*, 2003:669-670, 673). There is thus inconclusive evidence in literature regarding what the influence of relationship length is on customers' relationships with service providers. For this reason, it is also important to investigate the extent to which customers' relationship intentions influence their relationship length with cell phone network providers.

### **2.3.2 Contractual agreement**

Customers pursue relationships either because they choose to, or because they are forced to, for example, through a contract (Kumar *et al.*, 2003:670). Although the pre-paid option (not necessitating a credit check) of cell phone services in South Africa accelerated the adoption of cell phone services (Gillwald, 2005:477), cell phone network providers in South Africa also offer customers contracts for a certain length of time (usually 24 months) with penalties for ending the contract early (O'Sullivan *et al.*, 2002:127; Seo *et al.*, 2008:184). However, research suggests that customers locked into relationships with their cell phone network providers through contracts consider the value-offering of their cell phone network providers as more important than the brand or the relationship with their cell phone network providers (Nel & Boshoff, 2012:Conference proceedings). Considering that customers with contracts are more concerned with the value they receive than relationships with their cell phone network providers, it is also important to examine whether customers' relationship intentions affect their choice to enter into a contract with a cell phone network provider.

### 3. PROBLEM STATEMENT AND RESEARCH OBJECTIVES

Within the South African cell phone industry, where more than 80% of the potential market already owns or has access to a cell phone (Habari Media, 2012:Internet; Van Niekerk, 2012:101), and competition will increase (ICASA, 2012:3, 30, 32, 39), cell phone network providers should consider better relationships with customers as a strategy to retain their customers (Coulter & Ligas, 2004:489; Sheth & Parvatiyar, 2002:4), and, consequently, create a sustained competitive advantage. Relationships with customers result in increased sales, market share and profits (Jena *et al.*, 2011:23). However, all customers will not desire relationships with their service providers. (Dalziel *et al.*, 2011:399, 420). It is therefore essential to target those customers with relationship intentions for relationship building (Kumar *et al.*, 2003:669) instead of only considering customers' relationship lengths (Seo *et al.*, 2008:192) and contractual agreements (Nel & Boshoff, 2012:Internet) to categorise customers as either relationship or transactional customers for relationship marketing purposes.

Previous research on relationship intention in the South African context, focussed on scale development (Kruger & Mostert, 2012:45) and documenting variation in relationship intention responses across different industries (Mostert, 2012:32). Therefore, the purpose of this study is to investigate cell phone users' relationship intentions and to determine whether their relationship intentions influence relationship length or contractual agreements with cell phone network providers. The following objectives have been formulated:

- Determine the reliability and validity of the relationship intention measure to establish cell phone users' relationship intentions;
- Determine the influence of cell phone users' relationship intentions on the length with their cell phone network providers; and
- Determine the influence of cell phone users' relationship intentions on the contractual agreements with their cell phone network providers.

### 4. METHODOLOGY

#### 4.1 Sample and measuring instrument

The study population encompassed individuals 18 years or older, residing in Johannesburg and surrounding residential suburbs, who have used the services of any cell phone network provider for at least three years. The last criterion was added as experienced and inexperienced customers could have different expectations of service provision because they have different levels of familiarity with the service (Zeithaml *et al.*, 1993:3).

Non-probability convenience sampling aided the descriptive research design in this study. Personal in-home interviews were conducted by trained fieldworkers using interviewer-administered questionnaires.

Closed-ended questions were used throughout the questionnaire and where scale items were used, a 5-point unlabelled Likert scale was used with two extremes, where 1 = no, definitely not, and 5 = yes, definitely. The questionnaire started with a preamble explaining respondents' rights and the purpose of the study, followed by screening questions. Furthermore, the questionnaire included three sections for the purpose of this article. The first section captured classification and patronage information concerning respondents' cell phone network providers. The second section measured relationship intention by means of the scale as proposed by Kruger and Mostert (2012:45). This scale is considered to be reliable and valid to measure relationship intention towards service providers within the South African context (Mostert, 2012:32). The last section was devoted to obtaining respondents' demographic details. A pilot study of the questionnaire to test the relevancy of the questionnaire and identify any vital problems in the questionnaire design (Zikmund & Babin, 2010:61-62), was done with 27 respondents resembling the study population.

## **4.2 Data analysis**

The Statistical Package for Social Sciences (Version 21) and the SAS statistical program (Version 9.3) were used for statistical processing. SPSS was used to capture and clean data by rectifying key-punching errors and discarding poor quality or incomplete questionnaires. A total of 605 usable questionnaires were obtained. The following analyses were done:

- Frequencies for all demographic and patronage habit variables were calculated.
- Descriptive statistics were calculated for all the constructs under study.
- The study used a confidence level of 95% and a subsequent significance level of 0.05.
- Overall mean scores were calculated for each construct. Chi-square tests for independence were performed to determine whether there were significant associations between the constructs of the study. Furthermore, t-tests were performed to determine whether a statistically significant difference exists between the means of two groups and one-way Anovas were performed to determine whether statistically significant differences exist between the means of more than two groups.
- As statistical significance does not indicate the strength of the significance, effect sizes were also determined. When examining the effect sizes of the Chi-square test of independence, Cramer's V was used to determine the effect size. For the 3x4 table (relationship intention levels x relationship length), Cramer's V is considered to be small at 0.07, medium at 0.21 and large at 0.35 (Pallant, 2012:220). For the 3x2 table (relationship intention levels x

contractual agreement), Cramer's V is considered to be small at 0.01, medium at 0.30 and large at 0.50 (Pallant, 2010:220). When examining the effect sizes of the Anovas and t-tests, *d*-values of Cohen to determine practical significance by means of effect size were used. The *d*-values are considered to be small at 0.2, medium at 0.5 and strong and practically significant at 0.8 or larger (Cohen, 1988:25-26). According to Cohen (1988:20), medium effect sizes have ample practical effect, as differences between respondent groups can already be noticed with the naked eye. For this reason, medium and large effect sizes were regarded as practically significant when interpreting results. All *d*-values were rounded off to 1 decimal.

## 5. RESULTS

### 5.1 Respondent profile and cell phone patronage habits

Just more than half of the 605 respondents who participated in this study were female (53.7%). The majority of respondents were Black Africans (33.5%) or Whites (28.3%), and fewer Asians/Indians (21.2%) and Coloureds (17.0%) participated in this study. Furthermore, 43% of the respondents used Vodacom as their cell phone network provider and just over half of the respondents had a contract with their cell phone network provider (52.2%). The majority of respondents had used their cell phone network provider for more than 5 years but less than 10 years (35.2%) or more than 3 years but less than 5 years (29.2%), and had spent between R101 and R250 per month on cell phone expenses (36.2%).

### 5.2 Reliability

The internal consistency reliability of the relationship intention scale was assessed through Cronbach's alpha coefficient values, where coefficient values of 0.7 and higher are considered reliable (Pallant, 2010:6). Table 1 presents the Cronbach's alpha coefficient values for the total relationship intention scale, as well as the five underlying dimensions of relationship intention (further discussed in section 5.3).

**Table 1: Cronbach's alpha coefficient values for the relationship intention scale**

Constructs		Cronbach's alpha value
Relationship intention (26 items)		0.90
Underlying dimensions of relationship intention	Involvement (5 items)	0.83
	Expectations (6 items)	0.73
	Fear of relationship loss (5 items)	0.86
	Feedback (5 items)	0.80
	Forgiveness (5 items)	0.82

It can be observed from Table 1 that the measure of relationship intention is reliable to measure the relationship intentions of adults residing in Johannesburg and surrounding suburbs towards their cell phone network providers.

### 5.3 Construct validity

To determine the underlying dimensions of constructs and to demonstrate construct validity, a confirmatory factor analysis was performed (Bagozzi, 1994:342-344). Concerning the relationship intention scale, the measure of sampling adequacy (from here on referred to as MSA) was 0.90, meeting the 0.60 standard for appropriate factor analysis (Pallant, 2010:183), and the eigenvalue indicated that five factors, as proposed by Kumar *et al.* (2003:670), explaining 58% of the variance, should be retained. Communalities below 0.30 indicate that the item does not fit well with the other items in the construct (Pallant, 2010:198). For this study, communalities varied between 0.34 and 0.73. The five factors were labelled as involvement, expectations, fear of relationship loss, feedback and forgiveness as proposed by Kumar *et al.* (2005:670).

From this analysis it can be concluded that the measure of relationship intention is valid to measure the relationship intentions of adults residing in Johannesburg and surrounding suburbs towards their cell phone network providers.

### 5.4 Levels of relationship intention

Respondents were categorised into three almost equally sized groups, using the 33.3 and 66.6 percentiles as cut points on their overall mean score for relationship intention. Thus, the cut-off points of means for categorising the relationship intention groups were 3.34615 and 3.88462. Table 2 presents the frequencies and standard deviations (SD) for the three relationship intention groups determined from the aforementioned categorisation. Due to the fact that ties occurred in the continuous data, the number of respondents per group differed.

**Table 2: Relationship intention groups**

Relationship intention group	n	Mean	SD
Respondents with <b>low</b> relationship intentions	200	2.90	0.34
Respondents with <b>moderate</b> relationship intentions	208	3.62	0.15
Respondents with <b>high</b> relationship intentions	197	4.29	0.30

From Table 2 it can be deduced that 200 respondents were categorised as having low relationship intentions (mean=2.90), 208 respondents as having moderate relationship intentions (mean=3.62), and 197 respondents as having high relationship intentions (mean=4.29).



## 5.5 Relationship intention and relationship length

To determine whether differences existed between respondents' relationship lengths with their cell phone network providers with regard to their overall relationship intentions, an Anova was performed. Table 3 portrays the descriptive statistics for respondents' overall relationship intentions, as well as Tukey's comparisons (statistically significant at the 0.05 level) and *d*-values (effect sizes) when comparing respondents' length with their cell phone network providers with regard to their overall relationship intentions.

**Table 3: Overall relationship intention and relationship length**

Construct	Mean	SD	n	<i>p</i> -value*	Length in years	<i>d</i> -value			
						<3	≥ 3 < 5	≥ 5 < 10	10 ≥
Overall relationship intention	3.47	0.85	79	-	<3	-	0.1	0.2	0.2
	3.59	0.64	177		≥ 3 < 5	0.1	-	0.1	0.1
	3.63	0.61	213		≥ 5 < 10	0.2	0.1	-	0.0
	3.66	0.45	136		10 ≥	0.2	0.1	0.0	-

\* Tukey's comparison significant at the 0.05 level

Table 3 indicates that there were neither statistically nor practically significant differences relating to respondents' relationship lengths with their cell phone network providers and their overall relationship intentions. **It can therefore be concluded that respondents' overall relationship intentions do not differ based on their relationship length with cell phone network providers.**

The results of a cross-tabulation between respondents' levels of relationship intention and relationship length with their cell phone network providers are shown in Table 4.

**Table 4: Levels of relationship intention and relationship length**

		Relationship length				Total
		<3 years	≥ 3 years < 5 years	≥ 5 years < 10 years	10 years ≥	
Level of relationship intention	Low relationship intention	33 16.5%	67 33.5%	68 34.0%	32 16.0%	200 100.0%
	Moderate relationship intention	19 9.1%	51 24.5%	74 35.6%	64 30.8%	208 100.0%
	High relationship intention	27 13.8%	59 29.9%	71 36.0%	40 20.3%	197 100.0%
Total		<b>79</b> <b>13.1%</b>	<b>177</b> <b>29.3%</b>	<b>213</b> <b>35.1%</b>	<b>136</b> <b>22.5%</b>	<b>605</b> <b>100.0%</b>

From the cross-tabulation in Table 4, it can be observed that about one third of respondents with low relationship intentions (34%), respondents with moderate relationship intentions (35.6%), and respondents with high relationship intentions (36%) have a relationship length equal or longer than 5 years, but less than 10 years with their cell phone network providers.

To determine whether respondents' levels of relationship intention were associated with their relationship lengths with their cell phone network providers, a Chi-square test for independence was performed. The test realised a significance level of  $p < 0.05$ , indicating a statistically significant association between respondents' levels of relationship intention and their relationship length. The effect size is, however small ( $w = 0.121$ ), and therefore not of practical significance. **It can therefore be concluded that there is no association between respondents' levels of relationship intention and their relationship length with their cell phone network providers.**

To determine whether differences existed for respondents' relationship lengths with their cell phone network providers with regard to the five constructs used to measure relationship intention, Anovas were performed. Table 5 depicts the Anovas for which statistical significant differences between the means of respondents' relationship lengths with their cell phone network providers with regard to involvement, expectations, and feedback, existed.

**Table 5: Constructs used to measure relationship intention and relationship length**

Constructs	Mean	SD	n	p-value*	Length in years	d-value			
						<3	$\geq 3 < 5$	$\geq 5 < 10$	$10 \geq$
Involvement	3.61	1.11	79	1-4	1) <3	-	0.1	0.3	0.4
	3.75	0.88	177		2) $\geq 3 < 5$	0.1	-	0.2	0.3
	3.89	0.89	213	2-4	3) $\geq 5 < 10$	0.3	0.2	-	0.2
	4.03	0.76	136		4) $10 \geq$	0.4	0.3	0.2	-
Expectations	4.27	0.65	79	1-3	1) <3	-	0.2	0.3	0.4
	4.38	0.61	177		2) $\geq 3 < 5$	0.2	-	0.2	0.2
	4.48	0.56	213	1-4	3) $\geq 5 < 10$	0.3	0.2	-	0.1
	4.51	0.48	136		4) $10 \geq$	0.4	0.2	0.1	-
Feedback	3.44	0.99	79	1-4	1) <3	-	0.2	0.2	0.4
	3.65	0.95	177		2) $\geq 3 < 5$	0.2	-	0.0	0.2
	3.65	0.93	213		3) $\geq 5 < 10$	0.2	0.0	-	0.2
	3.80	0.83	136		4) $10 \geq$	0.4	0.2	0.2	-

\* Tukey's comparison significant at the 0.05 level

As shown in Table 5, statistical significant differences relating to respondents' relationship lengths and involvement, expectations and feedback were found. However, the effect sizes between relationship length and involvement, expectations and feedback were small and therefore not of practical significance. **It can therefore be concluded that respondents' view of the five constructs used to measure relationship intention do not differ with regard to their relationship lengths with their cell phone network providers.**

## 5.6 Relationship intention and contractual agreements

A t-test was performed to determine if a difference existed between the means of respondents with and without contractual agreements with their cell phone network providers with regard to

their overall relationship intentions. Table 6 presents the descriptive statistics for respondents' overall relationship intentions as well as statistical significance at the 0.05 level and *d*-value (effect size) when comparing the means of respondents with and without contractual agreements with their cell phone network providers.

**Table 6: Overall relationship intention and contractual agreements**

Construct	Contract	n	Mean	SD	p-value*	d-value
Overall relationship intention	Yes	316	3.61	0.62	0.6836	0.0
	No	289	3.59	0.63		

\* Statistical significance at the 0.05 level

Table 6 indicates that there was neither a statistically nor practically significant difference relating to the presence or absence of contractual agreements with respondents' cell phone network providers and their overall relationship intentions. **It can therefore be concluded that respondents' overall relationship intentions do not differ based on whether respondents have contractual agreements with their cell phone network providers.**

The results of a cross-tabulation between respondents' levels of relationship intention and contractual agreements with their cell phone network providers are shown in Table 7.

**Table 7: Levels of relationship intention and contractual agreements**

		Contract with cell phone network provider		Total
		Yes	No	
Levels of relationship intention	Low relationship intention	101 50.5%	99 49.5%	200 100.0%
	Moderate relationship intention	106 51.0%	102 49.0%	208 100.0%
	High relationship intention	109 55.3%	88 44.7%	197 100.0%
Total		316 52.2%	289 47.8%	605 100.0%

Table 7 indicates that half of the respondents with low relationship intentions (50.5%), respondents with moderate relationship intentions (51.0%), and respondents with high relationship intentions (55.3%) have contracts with their cell phone network providers. To determine whether respondents' levels of relationship intention were associated with the presence or absence of a contractual agreement with their cell phone network providers, a Chi-square test for independence was performed. The test realised a significance level of  $p > 0.05$  indicating no statistically significant association between respondents' levels of relationship intention and their contractual agreements. **It can therefore be concluded that respondents' levels of relationship intention are not associated with whether they have contractual agreements with their cell phone network providers.**

T-tests were performed to determine if differences between the means of respondents with and without contractual agreements with their cell phone network providers existed with regard to the five constructs used to measure relationship intention. A statistical significant difference was found between respondents with a contract and respondents without a contract with their cell phone network providers concerning forgiveness. However, the effect size between respondents with a contract with their cell phone network providers and respondents without a contract for forgiveness was small and therefore not of practical significance. **It can therefore be concluded that respondents' view of the five constructs used to measure relationship intention do not differ with regard to whether they have a contractual agreement with their cell phone network providers.**

## 6. CONCLUSIONS AND RECOMMENDATIONS

Due to increased competition within the South African cell phone industry (ICASA, 2012:3, 39), long-term relationships with customers (established through relationship marketing efforts) can result in customer retention (Coulter & Ligas, 2004:489; Sheth & Parvatiyar, 2002:4), providing a sustainable competitive advantage to cell phone network providers. For this reason, cell phone network providers may consider customers' relationship lengths (Seo et al., 2008:192) or contractual agreements (Nel & Boshoff, 2012:Internet) to identify customers for relationship building. However, only customers with relationship intentions will be receptive to relationship marketing efforts (Kumar *et al.*, 2003:669). Examining cell phone users' relationship intentions towards their cell phone network providers to identify customers for relationship building and retention is thus important. This study examined relationship intention as well as the influence of relationship intention on relationship length and contractual agreements within in the South African cell phone industry. Results indicated that the measure of relationship intention was reliable and valid to measure the relationship intentions of respondents residing in Johannesburg and surrounding suburbs towards their cell phone network providers.

Results furthermore indicated that: respondents' overall relationship intentions do not influence relationship length with cell phone network providers; respondents' levels of relationship intention are not associated with relationship length with cell phone network providers; and respondents' view of the five constructs used to measure relationship intention do not differ with regard to their relationship length with cell phone network providers. For this reason, respondents' relationship length with their cell phone network providers should not be used in isolation as an indicator of their relationship intentions towards their cell phone network providers. Rather, as proposed by Kumar *et al.* (2003:673), the value of relationship intention lies in the lifetime value of customers with high relationship intentions, which increases the profitability of these customers for service providers for the duration of their relationships.

Relationship marketing efforts based on the length of customers' relationships with their cell phone network providers, will thus not necessarily generate high return on investment, as forces other than customers' relationship intention, like switching costs (Jones *et al.*, 2007:337), can influence the length of customers' relationships with their cell phone network providers. It is therefore recommended that cell phone network providers should rather identify customers with relationship intentions for relationship marketing purposes.

Furthermore, respondents' overall relationship intentions do not influence whether respondents have contractual agreements with cell phone network providers. There is no association between respondents' levels of relationship intention and whether they have contractual agreements with cell phone network providers, and respondents' view of the five constructs used to measure relationship intention do not differ with regard to whether respondents have contractual agreements with cell phone network providers. These findings support the notion that increased competition in the cell phone industry renders cell phone network providers' use of contracts to retain customers less effective, and focusing on enhanced customer relationships will be more profitable (Seo *et al.*, 2008:194). Contractual agreements will only lock customers into relationships with cell phone network providers for the duration of the contract, and as soon as the contract expires, customers without relationship intentions towards their cell phone network providers may churn and switch to another cell phone network provider. It is recommended that cell phone network providers should not use customers' contractual agreement status to identify customers for relationship building, but should rather identify customers with relationship intentions for relationship marketing purposes.

In summary, this study argues that the reason for some customers to stay in relationships with cell phone network providers could be ascribed to the customers' relationship intentions and not relationship length or contractual agreements with their cell phone network providers. Therefore, South African cell phone network providers can retain customers within the competitive cell phone industry through relationship marketing strategies targeted at relationship intention customers.

## **7. LIMITATIONS AND FUTURE RESEARCH**

Generalising the findings of this study is limited to those respondents living in Johannesburg and surrounding residential suburbs who participated in this study. As non-probability convenience sampling was used, future research with a different methodological approach, including probability sampling and longitudinal data, is advised.

Furthermore, this study did not examine the antecedents of relationship intention. In future, the antecedents of relationship intention, namely firm equity, brand equity and channel equity as proposed by Kumar *et al.* (2003:671-672), and other possible antecedents like personality, social class and attitude towards cell phone network providers, should be investigated to determine if cell phone network providers can increase customers' relationship intentions, or whether relationship intention is an inherent customer characteristic that cannot be influenced by service providers' efforts. Also, customers may be interested in building relationships with service providers in one situation, while not in other situations (Grönroos, 2004:110). Some customers may for example have strong emotional attachments to their healthcare, financial services, hair care and automotive repair service providers (Coulter & Ligas, 2004:489). Future research could examine whether these emotional attachments take form in terms of relationship intention by replicating the study in other service contexts. The influence of demographic variables such as age and gender on relationship intention can also be investigated to give a more coherent picture of customers with relationship intentions.

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## **MAIN FINDINGS FROM ARTICLE 1 CONTRIBUTING TO THE OVERALL OBJECTIVES OF THIS STUDY**

**Main finding 1:** The measurement scale developed by Kruger and Mostert (2012:45) to measure relationship intention with five underlying dimensions, labelled as involvement, expectations, forgiveness, feedback and fear of relationship loss (as originally proposed by Kumar *et al.*, 2003:670) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding residential suburbs who have used the services of cell phone network providers for at least three years.

**Main finding 2:** Respondents' had a tendency towards higher relationship intentions towards their cell phone network providers.

**Main finding 3:** Different levels of relationship intention could be identified based on differences in respondents' overall mean scores for relationship intention towards their cell phone network providers.

**Main finding 4:** Respondents who participated in this study had different levels of relationship intentions towards their cell phone network providers.

**Main finding 5:** Respondents' relationship intentions were not influenced by and had no association with their relationship length with cell phone network providers.

**Main finding 6:** Respondents' relationship intentions were not influenced by and had no association with contractual agreements with their cell phone network providers.

## **CHAPTER 3: ARTICLE 2**

### **THE INFLUENCE OF RELATIONSHIP INTENTION ON CELL PHONE USERS' ATTITUDES TOWARDS COMPLAINING AND COMPLAINT BEHAVIOUR**

Chapter 3 presents the second article of this study where the influence of relationship intention on attitude towards complaining and complaint behaviour was examined. This article was submitted to the *Southern African Business Review* (SABR) and accepted for publication providing that changes suggested by the article's reviewers were addressed. The article presented in this chapter is in the original format as submitted to the *Southern African Business Review* before the reviewers' comments were addressed. Guidelines for contributors of the *Southern African Business Review* are available at:

- <http://www.unisa.ac.za/default.asp?Cmd=ViewContent&ContentID=22338>

For a copy of the guidelines for contributors see Appendix C. Please note that to ensure consistency throughout the thesis, page margins, font and font size were kept consistent throughout the thesis. The guidelines for contributors were therefore ignored only for the purpose of providing technical consistency within the thesis. Referencing was however done according to the guidelines for contributors.

Chapter 3 concludes with main findings from this article contributing to the overall objectives of this study.

**THE INFLUENCE OF RELATIONSHIP INTENTION ON CELL PHONE USERS' ATTITUDES  
TOWARDS COMPLAINING AND COMPLAINT BEHAVIOUR**

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## **THE INFLUENCE OF RELATIONSHIP INTENTION ON CELL PHONE USERS' ATTITUDES TOWARDS COMPLAINING AND COMPLAINT BEHAVIOUR**

### **ABSTRACT**

In any service environment there is a strong possibility that customers' expectations and the actual service delivery are not in unison. When service failures do occur, customers' attitudes towards complaining directly influence their actual complaint behaviour. As not all customers want to build relationships with service providers, it is imperative that service providers gain a deeper understanding of the behaviour, and specifically the complaint behaviour, of those customers who do have relationship intentions. The purpose of this study was to determine the influence of relationship intention on customers' attitudes towards complaining and complaint behaviour following a service failure within the cell phone industry. Convenience sampling was used and 605 respondents participated in the study. Results indicate that the majority of respondents who participated in this study had a propensity to complain and that respondents with high relationship intentions are more likely to voice a billing error to cell phone network providers than respondents with low relationship intentions. Furthermore, relationship intention should be considered as a variable that could influence customers' attitudes towards complaining and complaint behaviour. The results have a valuable theoretical contribution and have managerial implications for service providers in the cell phone industry.

### **KEY WORDS**

Relationship intention, attitude towards complaining, customer complaint behaviour, cell phone users.

## 1. INTRODUCTION

Customers cannot, due to its intangibility, evaluate services before purchase (Berry, 1995:237; Oliver, 1980:460; Zeithaml, Berry & Parasuraman, 1993:1). Consequently, even service providers placing a high priority on the provision of quality service to customers, are prone to service failures (Harrison-Walker, 2012:115; Lacey, 2012:137; Tsarenko & Tojib, 2011:383, 391), when the service does not meet customers' expectations (Harrison-Walker, 2012:115). In the event of a service failure, customers with positive attitudes towards complaining will complain to service providers, thereby enabling service providers to remedy the situation and restore their satisfaction (Tax, Brown & Chandrashekar, 1998:72), instead of switching to another service provider (Yuksel, Kilinc & Yuksel, 2006:22).

Within the cell phone industry, the continuous new technological developments (Franzak & Pitta, 2011:396), greater variety of services offered, number portability (Seo, Ranganathan & Babad, 2008:182, 195), and more cell phone network providers entering the market (ICASA, 2012b:3, 30, 39), have simplified the process of switching to another cell phone network provider when customers are dissatisfied with service provision. In the cell phone industry specifically, customers' switching behaviour is reduced through satisfaction with every service encounter (Stone & Dickey, 2002:480). But, despite service providers attempting to continuously provide excellent service, service failures are unavoidable (Harrison-Walker, 2012:115; Lacey, 2012:137; Tsarenko & Tojib, 2011:383, 391). Service failures result in customer dissatisfaction, which, in turn, could negatively impact customer retention and long-term profitability (Robinson, Neeley & Williamson, 2011:90). A service failure in the cell phone industry could therefore have detrimental effects on cell phone network providers' profitability and can even result in customers switching to another cell phone network provider.

Cell phone network providers do not want customers to switch to competitors, as customer retention results in increased profitability (Jena, Guin & Dash, 2011:23). Enduring relationships between cell phone network providers and customers prevent customers from switching to competitors and, for this reason, cell phone network providers employ relationship marketing strategies to build long-term relationships with customers (Coulter & Ligas, 2004:489; Sheth & Parvatiyar, 2002:4). However, not all customers are receptive to relationship marketing strategies; only some customers have relationship intentions and want to build relationships with service providers (Beetles & Harris, 2010:353, 354; Hess, Story & Danes, 2011:22; Kumar, Bohling & Ladda, 2003:669; Petruzzellis, 2010:625).

Those customers who want to continue their relationships with service providers will provide feedback to service providers when their expectations are not met (Kumar *et al.*, 2003:670;

Lacey, 2012:141; Tsarenko & Tojib, 2011:386). Despite the fact that independent variables such as relationship intention which is external to the service failure situation can influence customers' behaviour relating to service failures, this has not been investigated (Holloway, Wang & Beatty, 2009:385). As only certain customers have relationship intentions (Kumar *et al.*, 2003:670) towards their cell phone network providers, the effect of relationship type on customers' reactions to service failures in terms of their complaint behaviour should be investigated (Hedrick, Beverland & Minahan, 2007:69). The purpose of this study is therefore to determine the influence of relationship intention on customers' *attitudes* towards complaining and *complaint behaviour* following a service failure within the cell phone industry.

## 2. LITERATURE REVIEW

### 2.1 Relationship marketing and relationship intention

Satisfactory service delivery, together with the direct contact between service providers and customers, contributes to the establishment of enduring relationships between service providers and customers (Grönroos, 2004:100; Mason & Simmons, 2012:227). The development of enduring relationships is furthermore the result of invested resources (time, effort and money) by both service providers and customers in the relationship, resulting in higher switching costs (Kinard & Capella, 2006:360) and, thus, prohibiting relationship dissolution (Homburg, Giering & Menon, 2003:44). Long-Tolbert and Gammoh (2012:397) suggest that where relationships between service providers and customers exist, customers can be considered as active partners of their service providers. However, by focussing relationship marketing efforts on all customers, service providers dissipate resources (Odekerken-Schröder, De Wulf & Schumacher, 2003:178; Tuominen, 2007:182). To prevent dissipating resources, service providers should consider customers' relationship intentions before any relationship building efforts are contemplated (Beetles & Harris, 2010:353, 354; Hess *et al.*, 2011:22; Kumar *et al.*, 2003:669; Petruzzellis, 2010:625). Thus, targeting customers who are receptive to relationship building (thus with relationship intentions) should be the first step of relationship marketing strategies (Berry, 1995:239; Liang & Wang, 2006:124).

Kumar *et al.* (2003:669) define relationship intention as a customer's intention to build a relationship with a particular service provider while purchasing products or services from the service provider. Kumar *et al.* (2003:670) propose five constructs to measure customers' relationship intentions, namely, involvement, expectations, fear of relationship loss, forgiveness and feedback.

### **2.1.1 Involvement**

Involvement is considered as customers' willingness to engage in relationship activities irrespective of obligation or coercion (Kumar *et al.*, 2003:670). According to Scott and Vitartas (2008:54) and Kinard and Capella (2006:365), customers with stronger feelings of attachment to, and involvement with, their service providers will be more responsive to requests from their service providers for suggestions, and will be more inclined to provide comments about performance or service delivery to their service providers. Highly involved customers will thus not only have contact with their service providers (Scott & Vitartas, 2008:54), but depending on the degree of their expertise in the market, they will give informative and positive feedback to service providers (Ruiz, Castro & Armario, 2007:1094). This, in turn, generates knowledge for service providers with regard to customer needs and expectations (Mascarenhas, Kesavan & Bernacchi, 2004:486-487) which enable them to remain relevant to customers by knowing and exceeding customers' expectations (Engeseth, 2006:36-37).

### **2.1.2 Expectations**

Customer expectations can be viewed as what customers think service delivery will entail (Kim, Ok & Canter, 2012:60-61). Customer expectations should therefore be managed throughout the service experience (Sharma, Tam & Kim, 2012:531), as expectations act as service delivery standards influencing satisfaction (Berry & Parasuraman, 1997:65; Oliver, 1980:460; Zeithaml *et al.*, 1993:1). Kumar *et al.* (2003:670) argue that high customer expectations portray concern about product or service quality and influence customers' intentions to build relationships with service providers. Expectations are developed based on inherent customer characteristics (Mason & Simmons, 2012:233), non-experiential information from sources service providers can control (such as advertising), and not control (such as word-of-mouth and general media), as well as previous experience with the service provider (Anderson, Fornell & Lehmann, 1994:56). Experience with the service provider and individualised attention to the customer (Parasuraman, Berry & Zeithaml, 1991:41) create a bond between customers and the service provider (Moore, Ratneshwar & Moore, 2012:254), which customers might not want to lose (Kumar *et al.*, 2003:670).

### **2.1.3 Fear of relationship loss**

Customers form bonds with service providers when they experience repetitive satisfactory service which, in turn, can develop into a lasting commitment towards service providers (Homburg *et al.*, 2003:44; Liang & Wang, 2006:123; Spake & Megehee, 2010:316, 319-320). Furthermore, the benefits customers receive from long-term relationships with service providers



above and beyond the core service, be it confidence benefits, social benefits or special treatment benefits, are considered to be relational benefits (Gwinner, Gremler & Bitner, 1998:102, 109-110). Customers make a trade-off between the relational benefits and the costs of maintaining relationships with service providers to decide between maintaining or ending these relationships (Spake & Megehee, 2010:316). Because customers fear losing their relational benefits and bonds with their current service providers, they will consider the aforementioned benefits and costs to decide whether they will switch from or stay with their current service providers when service failures occur (Chelminski & Coulter, 2011:366). Kumar *et al.* (2003:670) therefore argue that bonds between customers and service providers result in customers fearing the loss of their relationships with service providers.

#### **2.1.4 Forgiveness**

Forgiveness provides a relational focus to service failures because forgiveness releases the negative emotions associated with the failure by instead pursuing actions to restore the relationship between a customer and the service provider (Chung & Beverland, 2006:98; Hedrick *et al.*, 2007:70; McCullough, Fincham & Tsang, 2003:540; McCullough, Worthington & Rachal, 1997:333; Tsarenko & Tojib, 2011:382). For example, a customer voicing dissatisfaction to the service provider (pursuing an action to restore the relationship) instead of switching to another service provider could possibly portray forgiveness. Forgiveness will therefore be used to deal with dissatisfaction (Worthington & Scherer, 2004:402). Kumar *et al.* (2003:670) accordingly propose that customers with high relationship intentions will be more inclined to forgive service providers when service failures occur.

#### **2.1.5 Feedback**

Customers with higher relationship intentions will voluntarily provide positive or negative feedback to service providers without expecting a return or reward (Kumar *et al.*, 2003:670). Such relationship intention customers are thus good sources to obtain feedback from as customers initialise the dialogue without expecting a return or reward. Such feedback facilitates a dialogue between customers and service providers necessary for creating value (Grönroos, 2004:103). Service providers use positive feedback for identifying strengths which can be further reinforced, and negative feedback (mostly regarded as complaints) to improve service provision (Berry & Parasuraman, 1997:65; Wirtz, Tambyah & Mattila, 2010:380) and prevent the recurrence of a similar dissatisfactory service (Chelminski & Coulter, 2011:370).

Customers provide feedback to improve the service (Wirtz *et al.*, 2010:380), and for altruistic reasons (McCullough *et al.*, 1997:322). Altruism increases when service dimensions relate to

public interest. A customer who receives bad tasting food at a restaurant might switch to another restaurant in future, but a perceived health hazard will result in negative feedback to the service provider to allow for correction in service delivery before other customers are harmed (Hirschman, 1980:434). Most dissatisfied customers do not, however, provide negative feedback to service providers about their dissatisfaction, but would rather choose to take a form of private action (Ha, 2004:200; McCollough, Berry & Yadav, 2000:133). Otherwise satisfied customers, wanting to continue the relationships with service providers, are more likely to deploy negative feedback to service providers (Lacey, 2012:141; Proença & Rodrigues, 2011:205; Tsarenko & Tojib, 2011:386) because they expect service providers to rectify the situation so that the relationship can be restored to its former state (Tax *et al.*, 1998:72).

## **2.2 Service failure**

All service providers, no matter how consistently quality service is provided, and despite intentions to always deliver quality service, are subject to service failures (Harrison-Walker, 2012:115; Lacey, 2012:137; Tsarenko & Tojib, 2011:383, 391). A service failure occurs whenever a service does not meet customers' expectations (Harrison-Walker, 2012:115). The intangible nature of services prevents customers from evaluating services prior to purchase (Berry, 1995:237), resulting in subjective evaluations of services against expectations. Whenever service failures occur, customers will experience dissatisfaction (Oliver, 1980:460) which, in turn, can result in complaints, retaliation, negative word-of-mouth, lingering anger, resentment, hostility and even switching to another service provider, all of which result in considerable loss of future value for the service provider (Nikbin, Ismail, Marimuthu & Abu-Jarad, 2011:19; Tsarenko & Tojib, 2011:382). However, customers consider which dimensions of the service are contributing to their feelings of dissatisfaction, to whom the responsibility for the service failure should be attributed, what the service provider can do to rectify the problem, and to what extent the customer can influence the service provider to take corrective action, before forming attitudes towards complaining (Day, 1984:497).

### **2.2.1 Attitude towards complaining**

Attitude towards complaining can be defined as customers' tendencies to voice their dissatisfaction to service providers (Bearden & Mason, 1984:492; Day, 1984:497; Richins, 1982:505). Three dimensions which influence customers' attitudes toward complaining are, firstly, how customers balance their perception of the objective and psychological costs in relation to service providers' responsiveness to complaints, secondly, customers' individual norms concerning complaining, and, lastly, customers' perceptions of the societal benefits resulting from complaining (Richins, 1982:505).

Also, attitudes are customer context-specific; customers decide on the strength and direction of the attitude with regard to a specific aspect of the environment, within a given context (Petruzzellis, 2010:615). Therefore, customers' attitudes towards complaining can be considered in terms of two directions, namely, propensity to complain (or positive attitude towards complaining) and negative attitude towards complaining (Yuksel *et al.*, 2006:17). Customers with more favourable attitudes towards complaining are more likely to react to their dissatisfaction by expressing their complaint intention to service providers (Bearden & Mason, 1984:495; Richins, 1982:505; Yuksel *et al.*, 2006:15, 22) as they want to continue supporting the service provider in the future (Chang & Chin, 2011:128). Customers who voice their dissatisfaction to service providers therefore have a propensity to complain (Phau & Sari, 2004:422; Yuksel *et al.*, 2006:17), while customers with a negative attitude towards complaining will probably switch to another service provider when service failures occur (Yuksel *et al.*, 2006:22). According to Kumar *et al.* (2003:670), customers with higher relationship intentions would also want to continue supporting the service provider and will, therefore, express their complaint intention to service providers.

As customers' attitudes influence their behaviour (Tung, Shih, Wei & Chen, 2012:998), customer complaint behaviour changes with relation to customers' attitudes towards complaining, where customers complain more if they believe that their complaints will be taken seriously. Customers' attitudes towards complaining thus influence their actual complaint behaviour (Richins, 1982:505).

### **2.2.2 Customer complaint behaviour**

Customer complaint behaviour encompasses the multiple behavioural and non-behavioural responses of customers to service failures (Singh, 1988:94). According to Blodgett, Hill and Tax (1997:187), Hirschman's theory of exit, voice and loyalty (Hirschman, 1980:432, 434-435, 439), the expectancy disconfirmation paradigm (Oliver, 1980:466), the satisfaction/dissatisfaction model (Day, 1984:497), and the attribution theory (Folkes, Koletsky & Graham, 1987:534), can all be considered as the foundations of customer complaint behaviour. However, this study chose the taxonomy of customer complaint behaviour developed by Singh (1988:104) to operationalise customer complaint behaviour as shown in Table 1.

**Table 1: Taxonomy of customer complaint behaviour**

<b>Customer complaint behaviour</b>	
<b>Taxonomy</b>	<b>Dimension(s) within each taxonomy</b>
<b>No action</b>	The customer forgets about the service failure and does nothing
<b>Private action</b>	Negative word-of-mouth
	Switching to another service provider
<b>Public action</b>	Voicing (feedback on dissatisfactory service to the service provider)
	Complaining to an external agency

Constructed from: Singh (1988:104)

According to Singh's taxonomy, customers can choose to take no action, to take private action or to take public action. Instead of choosing to take no action by not complaining, most dissatisfied customers either spread negative word-of-mouth or voice their dissatisfaction to service providers (Chelminski & Coulter, 2011:361; Tax & Brown, 1998:79). Considering private action, dissatisfied customers take the effort, time and money associated with the establishment of a new relationship with another service provider into consideration before they decide to switch to another service provider (Lam, Shankar, Erramilli & Murthy, 2004:297). Furthermore, negative word-of-mouth presents a problem to service providers in terms of future customer acquisition and future customer spending, as customers view word-of-mouth to be credible, and other customers will thus not support a service provider of which negative word-of-mouth is spread (Nikbin *et al.*, 2011:20).

With regard to public action, voicing is considered as the level of comfort customers have to proactively verbalise concerns to service providers in the form of negative feedback, which also aids service providers in understanding customers' expectations (Lacey, 2012:141). Furthermore, through voicing, negative word-of-mouth is prevented and customers get the opportunity to reduce the dissonance caused by the service failure (Chelminski & Coulter, 2011:370). Customers who voice their dissatisfaction expect service providers to restore their satisfaction in order to restore the relationships with these service providers (Tax *et al.*, 1998:72). Since customers with relationship intentions want to continue their relationships with their service providers (Kumar *et al.*, 2003:670), relationship intention should influence customers' complaint behaviour following a service failure.

### 3. PROBLEM STATEMENT AND OBJECTIVES

Complaint behaviour following service failures is influenced by customers' attitudes towards complaining (Richins, 1982:505). Furthermore, customers' decisions to continue relationships with service providers, or switching to another service provider, also influence their complaint behaviour (Tax *et al.*, 1998:72). Customers with relationship intentions would like to continue their relationships with their service providers (Kumar *et al.*, 2003:669), and therefore, relationship intention should influence attitude towards complaining and customer complaint

behaviour. Kumar *et al.* (2003:670) hypothesised that customers with relationship intentions care for and are involved with their service providers and have high expectations of and fear losing their relationships with their service providers. Such customers will also forgive service failures and provide feedback to their service providers. Previous research, especially in South Africa, on relationship intention focussed mainly on scale development (De Jager, 2006:5; Delport, Steyn & Mostert, 2011:277; Kruger, 2010:5; Kruger & Mostert, 2012:45; Mentz, 2007:2), and the influence of relationship intention on customers' attitudes towards complaining and complaint behaviour after a service failure has not been investigated.

The South African cell phone industry was chosen as the context for this study as service failures do occur (ICASA, 2012a:28) within this highly competitive industry (Morrisson & Huppertz, 2010:250). The Independent Communications Authority of South Africa (ICASA) received a wide range of complaints (4553 complaints for the 2011-2012 period) where cell phone users complained about billing (31%), contract terms and conditions (27%), quality of service (21%) and some other complaints (ICASA, 2012a:28). Cell phone network providers are furthermore perceived as being similar and customers do not perceive a clear differentiation between cell phone network providers (Haenlein & Kaplan, 2012:467). Considering these characteristics of the cell phone industry and the fact that customers can switch to another cell phone network provider if necessary (Seo *et al.*, 2008:182, 195), marketers should attempt to build relationships with customers showing relationship intentions to retain them.

The aim of this study is to determine the influence of relationship intention on cell phone users' attitudes towards complaining and complaint behaviour. The following objectives were formulated for this study:

- Determine cell phone users' attitudes towards complaining;
- Establish the influence of relationship intention on cell phone users' attitudes towards complaining;
- Identify cell phone users' complaint behaviour following a service failure; and
- Determine the influence of relationship intention on cell phone users' complaint behaviour following a service failure.

## **4. RESEARCH METHODOLOGY**

### **4.1 Research design and target population**

A descriptive research design in the form of non-probability convenience sampling was used for this study. The target population included Gauteng (Johannesburg and surrounding suburbs) residents 18 years or older who had used a cell phone network provider for at least three years.

## 4.2 Questionnaire design

Closed-ended questions were used throughout the questionnaire with an unlabelled five-point Likert scale for all scale items. The questionnaire started with a preamble explaining respondents' rights and the purpose of the study, followed by screening questions to ensure that respondents form part of the target population of the study. To capture all the information necessary for the study, four different sections were used.

Section A captured classification and patronage habit information concerning respondents' cell phone network providers. Section B established relationship intention using the measuring instrument as proposed by Kruger and Mostert (2012:45), utilising Likert scales where 1 = no, definitely not, and 5 = yes, definitely.

Section C dealt with respondents' attitudes towards complaining and complaint behaviour following a service failure using a scenario. Concerning the scenario of a service failure within the cell phone industry, ICASA (2012a:28) states that 31% of all complaints regarding cell phone network providers relate to billing. For this reason, it is believed that the target population would consider a service failure scenario pertaining to a billing error as relevant and credible. Respondents were presented with a hypothetical service failure scenario pertaining to a billing error by their cell phone network provider (see Annexure A), and respondents' complaint behaviour was measured according to their reaction to this scenario. Instead of asking respondents to recall an event which can result in biases due to memory lapse, the use of scenarios in service failure research is becoming common practice, (Kim & Ulgado, 2012:161; Long-Tolbert & Gammoh, 2012:399; Prasongsukarn & Patterson, 2012:513; Weun, Beatty & Jones, 2004:137).

Attitude towards complaining was measured with scale items adapted from Phau and Sari (2004:414, 417), Walters (2010:242, 243) and Yuksel *et al.* (2006:16), where 1 = strongly disagree and 5 = strongly agree. Customer complaint behaviour was measured using scale items adapted from Chelminsky and Coulter (2011:363-364), DeWitt and Brady (2003:205), Ekiz and Au (2011:335), Singh (1988:105), Walters (2010:240-244) and Yuksel *et al.* (2006:16), where 1 = strongly disagree and 5 = strongly agree.

Section D obtained respondents' demographic details such as their gender, age and population group. A pilot study testing the feasibility of the questionnaire and to identify any problems which should be rectified before fielding the questionnaire (Zikmund & Babin, 2010:61-62), was done with 27 respondents from the target population.

### 4.3 Data collection and data analysis

Personal in-home interviews were conducted by trained fieldworkers using interviewer-administered questionnaires. The aforementioned is appropriate as the service failure scenario had to be explained to respondents (Bradley, 2007:128).

The Statistical Package for Social Sciences (Version 21) and the SAS statistical program (Version 9.3) were used for statistical analysis. This study used a confidence level of 95% and subsequent significance level of 0.05. However, because statistical significance does not indicate the strength of the significance, *r*-values of Cohen for Pearson product-moment correlation coefficients, and *d*-values of Cohen for Anovas, to determine practical significance by means of effect size (Steyn, 1999:3), were also calculated. Practical significance in terms of *r*-values is considered to be small at 0.1, medium at 0.3 and large at 0.5 (Cohen, 1988:79-81). Practical significance in terms of *d*-values is considered to be small at 0.2, medium at 0.5 and large at 0.8 (Cohen, 1988:25-26). Since medium effect sizes have ample practical effect as differences between respondent groups can already be noticed with the naked eye (Cohen, 1988:20), medium and large effect sizes were regarded as practically significant when interpreting results. All *r*-values and *d*-values were rounded off to one decimal.

## 5. RESULTS

### 5.1 Respondent profile

A total of 605 respondents participated in this study. Table 2 presents the frequencies and percentages for the respondent profile.

**Table 2: Respondent profile**

Variable	Response categories	n	%
Gender	Male	280	46.3
	Female	325	53.7
Age	20 to 24 years	127	21.0
	25 to 29 years	84	13.9
	30 to 39 years	135	22.3
	40 to 49 years	96	15.9
	50 to 59 years	62	10.2
	60 to 65 years	38	6.3
	66 years or older	63	10.4
Population group	Asian / Indian	128	21.2
	Black African	203	33.6
	Coloured	103	17.0
	White	171	28.3

As indicated in Table 2, slightly more than half of the respondents were female (53.7%) and the majority of respondents were in the 30 to 39 years age group (22.3%), or in the 20 to 24 years age group (21%). Furthermore, the majority of respondents were Black Africans (33.6%) and Whites (28.3%).

## 5.2 Respondents' cell phone patronage habits

Table 3 presents the frequencies and percentages for respondents' cell phone patronage habits.

**Table 3: Cell phone patronage habits**

Variable	Response categories	n	%
Current cell phone network provider	Cell C	100	16.5
	8-ta	20	3.3
	MTN	208	34.4
	Virgin Mobile	17	2.8
	Vodacom	260	43.0
Have a contract with a cell phone network provider?	Yes	316	52.2
	No	289	47.8
Monthly cell phone expenses	≤ R100	96	15.9
	R101 to R250	219	36.2
	R251 to R400	161	26.6
	R401 to R600	68	11.2
	> R600	61	10.1

From Table 3 it can be observed that 43% of respondents used Vodacom, 34.4% used MTN and 16.5% used Cell C as their cell phone network provider while only 3.3% and 2.8% of respondents used 8-ta and Virgin Mobile respectively. Just over half of the respondents had a contract with their cell phone network provider (52.2%), and the majority of respondents spent between R101 and R250 per month on cell phone expenses (36.2%).

## 5.3 Reliability and validity

The reliability of a scale examines whether the same results will be obtained if the study is repeated (Bradley, 2007:64) and, therefore, reliability reflects consistency (Zikmund & Babin, 2010:334). Through examining internal-consistency reliability, the reliability of the test based on the consistency which occurs within the test is examined (Sprinthall, 2003:480). The internal consistency reliability of the relationship intention scale, attitude towards complaining scale, and compliant behaviour scale, were assessed through the calculation of Cronbach's alpha coefficient values, where coefficient values of 0.6 and more are considered reliable (Bagozzi, 1994:18; Malhotra, 2010:319).



Validity can be defined as the extent to which a test truthfully represents a concept (Zikmund & Babin, 2010:335). Whether the measure does in fact measure what it is supposed to measure is determined through construct validity (Zikmund & Babin, 2010:337). Confirmatory factor analyses were performed to determine the underlying dimensions of constructs and to determine construct validity (Bagozzi, 1994:342-344). Table 4 presents the Cronbach's alpha coefficient values for the relationship intention scale, the attitude towards complaining scale, and complaint behaviour scale, as well as the underlying dimensions of these scales as determined through confirmatory factor analyses when examining the construct validity.

**Table 4: Cronbach's alpha coefficient values for constructs of the study**

<b>Constructs</b>		<b>Cronbach's alpha value</b>
<b>Relationship intention (26 items)</b>		<b>0.90</b>
<b>Underlying dimensions of relationship intention</b>	Involvement (5 items)	0.83
	Expectations (6 items)	0.73
	Fear of relationship loss (5 items)	0.86
	Feedback (5 items)	0.80
	Forgiveness (5 items)	0.82
<b>Attitude towards complaining (11 items)</b>		<b>0.77</b>
<b>Underlying dimensions of attitude towards complaining</b>	Propensity to complain (6 items)	0.79
	Negative attitude towards complaining* (5 items)	0.71
<b>Customer complaint behaviour (9 items)</b>		<b>0.73</b>
<b>Underlying dimensions of customer complaint behaviour</b>	No action* (1 item)	No value (1 item)
	Negative word-of-mouth (1 item)	No value (1 item)
	Switching (2 items)	0.83
	Voicing (3 items)	0.64
	Complaining to an external agency (2 items)	0.83

\*Items were reverse scored

After determining the Cronbach's alpha coefficient values for the underlying dimensions of all three scales (indicated in Table 4), namely relationship intention with the five underlying dimensions, attitude towards complaining with the two underlying dimensions, and customer complaint behaviour with the five underlying dimensions, it can be concluded that the measurement scales are reliable for the purposes of this study. After examining the results of the confirmatory factor analyses it is also deduced that the scales of relationship intention, attitude towards complaining, and complaint behaviour, are considered valid since the measure of sampling adequacy (MSA) was above 0.60, and more than 50% of the variance was explained by the underlying dimensions of each scale. By examining the eigenvalue for each scale, the underlying dimensions were uncovered and labelled as indicated in Table 4.

## 5.4 Classifying respondents according to their relationship intentions

A mean score was calculated for respondents' overall relationship intentions. Considering that the midpoint of the Likert scale used (where 1 = no, definitely not, and 5 = yes, definitely) was 3, mean scores indicate that respondents participating in this study showed a tendency towards higher relationship intentions towards their cell phone network providers (mean=3.60). In order to determine the influence of respondents' relationship intention levels on their attitudes towards complaining and their complaint behaviour, respondents were categorised into three almost equally sized groups, using the 33.3 and 66.6 percentiles as cut-off points on their overall mean scores for relationship intention. Table 5 presents the frequencies, means and standard deviations (SD) for the three relationship intention groups determined from the aforementioned categorisation. The number of respondents per group differed due to the fact that ties occurred in the continuous data.

**Table 5: Relationship intention groups**

Relationship intention group	n	Mean	SD
Respondents with <b>low</b> relationship intentions	200	2.90	0.34
Respondents with <b>moderate</b> relationship intentions	208	3.62	0.15
Respondents with <b>high</b> relationship intentions	197	4.29	0.30
<b>Total</b>	605	3.60	0.63

From Table 5 it can be deduced that 200 respondents were categorised as having low relationship intentions (mean=2.90), 208 respondents as having moderate relationship intentions (mean=3.62), and 197 respondents as having high relationship intentions (mean=4.29).

## 5.5 Attitude towards complaining

Mean scores were calculated for the underlying dimensions of attitude towards complaining. Respondents were subsequently categorised according to their overall mean scores for propensity to complain and negative attitude towards complaining. Respondents with a higher mean score for propensity to complain than negative attitude towards complaining, were grouped into the propensity to complain group, while respondents with a higher mean score for negative attitude towards complaining than propensity to complain, were grouped into the negative attitude towards complaining group. Respondents with equal mean scores for both propensity to complain and negative attitude towards complaining were removed from the analysis (10 respondents). Table 6 presents the descriptive statistics related to respondents' attitudes towards complaining.

**Table 6: Attitude towards complaining categories**

Attitude towards complaining group			Propensity to complain		Negative attitude towards complaining	
	n	%	Mean	SD	Mean	SD
Propensity to complain	537	90.25	4.29	0.58	2.35	0.78
Negative attitude towards complaining*	58	9.75	3.10	0.81	3.91	0.66
<b>Total</b>	<b>595</b>	<b>100</b>				

\*Items were reverse scored

Reverse scoring was used for negative attitude towards complaining, which entails that a low score indicates that respondents have low negative attitudes towards complaining and a high score indicates respondents have high negative attitudes towards complaining. From Table 6 it is evident that approximately 90% of respondents are grouped in the propensity to complain group, while the remainder are grouped in the negative attitude towards complaining group. Mean scores indicate that respondents in the propensity to complain group had a higher mean score (mean=4.29) for propensity to complain than negative attitude towards complaining (mean=2.35). Furthermore, respondents in the negative attitude towards complaining group had a higher mean score for negative attitude towards complaining (mean=3.91) than propensity to complain (mean=3.10). It can therefore be concluded that the majority of respondents who participated in this study had a propensity to complain.

## 5.6 Relationship intention and attitude towards complaining

The relationship between respondents' relationship intentions and their attitudes towards complaining was determined using Pearson product-moment correlation coefficients. Table 7 presents the *r*-value of the Pearson product-moment correlation coefficients between respondents' relationship intentions with propensity to complain and negative attitude towards complaining.

**Table 7: Relationship intention and attitude towards complaining**

Correlation between relationship intention with:	<i>r</i> -value
Propensity to complain	0.5*
Negative attitude towards complaining	-0.1*

\*Correlation significant at the 0.05 level

Table 7 indicates that there was a significant large positive correlation between respondents' relationship intentions with their propensity to complain ( $r=0.5$ ), where propensity to complain increases as relationship intention increases. It can therefore be concluded that an increase in respondents' relationship intentions is concurrent with their propensities to complain.

From Table 7 it can also be observed that a significant negative correlation exists between respondents' relationship intentions with negative attitude towards complaining. The strength of

the correlation is however small ( $r=-0.1$ ) and therefore not of practical significance. It can therefore be concluded that there is no relationship between respondents' relationship intentions and negative attitude towards complaining.

## 5.7 Customer complaint behaviour

The mean scores were calculated for the underlying dimensions of customer complaint behaviour. Table 8 presents the mean scores and standard deviations (SD) for no action, negative word-of-mouth, switching, voicing, and complaining to an external agency.

**Table 8: Mean scores for the underlying dimensions of customer complaint behaviour**

Underlying dimensions of customer complaint behaviour	Mean	SD
No action*	1.67	1.18
Negative word-of-mouth	4.23	1.19
Switching	2.77	1.19
Voicing	3.71	1.01
Complaining to an external agency	2.83	1.34

\*Item was reverse scored

Reverse scoring was used for no action, which entails that a low score indicates respondents would take action, and a high score indicates that respondents would take no action after a billing error by their cell phone network provider. As indicated in Table 8, respondents are likely to take action after a billing error by their cell phone network provider (mean=1.67). Table 8, furthermore, indicates that respondents are likely to spread negative word-of-mouth about their cell phone network providers following a billing error (mean=4.23), and are prone to voicing their dissatisfaction about a billing error to their cell phone network providers (mean=3.71). Respondents are, however, less likely to complain about a billing error by their cell phone network providers to an external agency (mean=2.83), and least likely to switch to another cell phone network provider after a billing error (mean=2.77).

## 5.8 Relationship intention and customer complaint behaviour

The relationship between respondents' relationship intentions and their complaint behaviour after a service failure by their cell phone network providers was investigated using Pearson product-moment correlation coefficients. Table 9 presents the  $r$ -value of the Pearson product-moment correlation coefficients between respondents' relationship intentions with no action, negative word-of-mouth, switching, voicing, and complaining to an external agency.

**Table 9: Relationship intention and customer complaint behaviour**

Correlation between relationship intention with:	<i>r</i> -value
No action	-0.0
Negative word-of-mouth	0.3*
Switching	-0.1*
Voicing	0.3*
Complaining to an external agency	0.2*

\*Correlation significant at the 0.05 level

Table 9 indicates no significant correlation between relationship intention and no action. From Table 9, significant positive medium correlations between respondents' relationship intention with negative word-of-mouth ( $r=0.3$ ) and voicing ( $r=0.3$ ) are furthermore evident. It can therefore be concluded that as respondents' relationship intentions increase, so will their negative word-of-mouth and voicing after a billing error by their cell phone network providers. A significant positive correlation between relationship intention and complaining to an external agency is also evident in Table 9. The strength of the correlation is however small ( $r=0.2$ ), and therefore not of practical significance. It can therefore be concluded that there is no relationship between respondents' relationship intentions and complaining to an external agency after a billing error by their cell phone network providers. Furthermore, Table 9 indicates a significant negative correlation between relationship intention with switching, albeit small ( $r=-0.1$ ), and therefore not of practical significance. It can therefore be concluded that there is no relationship between respondents' relationship intentions and switching after a billing error by their cell phone network providers.

To determine whether respondents with different levels of relationship intention differ with regard to their complaint behaviour following a service failure, analyses of variance (Anovas) were performed to determine if differences between the means of dimensions existed. Table 10 shows the descriptive statistics for each complaint behaviour dimension as well as Tukey's comparison (statistical significance at the 0.05 level) and  $d$ -values (effect sizes) when comparing the means of the underlying dimensions of complaint behaviour, namely, no action, negative word-of-mouth, switching, voicing, and complaining to an external agency, for the different relationship intention levels.

From Table 10 it is evident that statistical significant differences exist between respondents with low and moderate relationship intentions and between respondents with low and high relationship intentions for all the underlying complaint behaviour dimensions.

**Table 10: Levels of relationship intention and complaint behaviour**

Constructs	Mean	SD	n	p-value*	Relationship intention level	d-value		
						Low RI	Moderate RI	High RI
No action	2.11	0.92	200	1-2 1-3	1) Low RI	-	0.5	0.7
	1.65	0.75	208		2) Moderate RI	0.5	-	0.2
	1.49	0.83	197		3) High RI	0.7	0.2	-
Negative word-of-mouth	3.89	0.87	200	1-2 1-3	1) Low RI	-	0.5	0.7
	4.33	0.77	208		2) Moderate RI	0.5	-	0.2
	4.49	0.88	197		3) High RI	0.7	0.2	-
Switching	2.98	1.10	200	1-2 1-3	1) Low RI	-	0.2	0.3
	2.70	1.13	208		2) Moderate RI	0.2	-	0.0
	2.64	1.31	197		3) High RI	0.3	0.0	-
Voicing	3.38	1.08	200	1-2 1-3	1) Low RI	-	0.4	0.5
	3.80	0.88	208		2) Moderate RI	0.4	-	0.2
	3.95	0.97	197		3) High RI	0.5	0.2	-
Complaining to an external agency	2.51	1.32	200	1-2 1-3	1) Low RI	-	0.3	0.4
	2.84	1.20	208		2) Moderate RI	0.3	-	0.2
	3.13	1.43	197		3) High RI	0.4	0.2	-

\* Tukey's comparison significant at the 0.05 level

Table 10 indicates a medium effect size ( $d=0.7$ ) between respondents with high relationship intentions and respondents with low relationship intentions regarding no action. A medium effect size ( $d=0.5$ ) between respondents with moderate relationship intentions and respondents with low relationship intentions is also evident for the response *no action*. The mean scores indicate that the respondents with low relationship intentions (mean=2.11) are more likely not to take action than respondents with high relationship intentions (mean=1.49), as well as respondents with moderate relationship intentions (mean=1.65). It can therefore be concluded that respondents with low relationship intentions are more likely not to take action after a billing error by their cell phone network providers than respondents with moderate and high relationship intentions.

Regarding negative word-of-mouth, Table 10 shows a medium effect size ( $d=0.7$ ) between respondents with high relationship intentions and respondents with low relationship intentions. A medium effect size ( $d=0.5$ ) between respondents with moderate relationship intentions and respondents with low relationship intentions for negative word-of-mouth is also evident. The mean scores indicate that respondents with high relationship intentions (mean=4.49) as well as respondents with moderate relationship intentions (mean=4.33) are more prone to negative word-of-mouth than respondents with low relationship intentions (mean=3.89). It can therefore be concluded that respondents with high and moderate relationship intentions are more likely to tell their friends or family about a billing error by their cell phone network provider than respondents with low relationship intentions.

Although statistical significant differences between respondents with high relationship intentions and respondents with low relationship intentions, as well as respondents with moderate relationship intentions and respondents with low relationship intentions concerning switching were found, the effect sizes are small ( $d=0.3$  and  $d=0.2$ , respectively), and therefore not of practical significance. When the differences between respondent groups are not practically significant the differences should not be considered for marketing strategies as the effect of these differences on customer switching is really small.

Table 10 also indicates a medium effect size ( $d=0.5$ ) between respondents with high relationship intentions and respondents with low relationship intentions with regard to voicing. Mean scores indicate that respondents with high relationship intentions (mean=3.95) are more likely to voice their dissatisfaction than respondents with low relationship intentions (mean=3.38). Although a statistical significant difference was found between respondents with moderate relationship intentions and respondents with low relationship intentions concerning voicing, the effect size is small ( $d=0.4$ ), and therefore not of practical significance. It can therefore be concluded that respondents with high relationship intentions are more likely to voice a billing error to cell phone network providers than respondents with low relationship intentions.

Although statistical significant differences were found between respondents with high relationship intentions and respondents with low relationship intentions, as well as respondents with moderate relationship intentions and respondents with low relationship intentions with regard to complaining to an external agency, the effect sizes are small ( $d=0.4$  and  $d=0.2$ , respectively), and therefore not of practical significance. When the differences between respondent groups are not practically significant the differences should not be considered for marketing strategies as the effect of these differences on complaining to an external agency is really small.

## 6. DISCUSSION

Customers' attitudes towards complaining influence their complaint behaviour (Richins, 1982:505). The latter is also influenced by customers' decisions to continue relationships with their service providers (Tax *et al.*, 1998:72). As customers with relationship intentions want to continue their relationships with their service providers (Kumar *et al.*, 2003:669), relationship intention should influence customers' attitude towards complaining as well as their complaint behaviour. This study examined the influence of relationship intention on customers' attitudes towards complaining and complaint behaviour, following a service failure scenario by their current cell phone network providers.

Results indicated that respondents had a general tendency towards higher relationship intentions towards their cell phone network providers, and that the majority of respondents participating in this study have the propensity to complain. A main finding from this study was that, as respondents' relationship intentions increase, so do their propensities to complain. This implies that those respondents with a higher relationship intention also have higher propensities to complain than respondents with lower relationship intentions. These findings support the premise of Kumar *et al.* (2003:670) that higher relationship intention results in more concern for, and involvement with the service provider through, amongst other actions, complaints to service providers to communicate customers' expectations.

Considering customer complaint behaviour, the results of this study suggest that respondents will take action after a billing error by their cell phone network providers. Respondents with high and moderate relationship intentions are more prone to take action after a billing error by their cell phone network providers, than respondents with low relationship intentions. While customers with higher relationship intentions might not object to paying a premium price for their service (Kumar *et al.*, 2003:672-673), respondents will not let a billing error by their cell phone network providers go unnoticed.

Respondents will spread negative word-of-mouth after a billing error by their cell phone network providers, which will increase as relationship intention increases. Respondents with high and moderate relationship intentions will spread more negative word-of-mouth after a billing error by their cell phone network providers than respondents with low relationship intentions. In contrast to suggestions by Kumar *et al.* (2003:673) that customers with relationship intentions will spread positive word-of-mouth, findings from this study indicate that cell phone users will also spread negative word-of-mouth after a billing error by their cell phone network providers. It is important to note, however, that this study did not measure positive word-of-mouth. As suggested by authors like Hirschman (1980:434) and McCullough *et al.* (1997:322), altruism might be a factor as respondents with higher relationship intentions might want to caution other customers against experiencing the same service failure. It is recommended that cell phone network providers assure higher relationship intention customers that the same service failure will not occur again, in an effort to keep negative word-of-mouth to a minimum.

Respondents are also prone to voice their dissatisfaction to their cell phone network providers, which will again increase as relationship intention increases. Findings support the supposition by Kumar *et al.* (2003:670) and Wirtz *et al.* (2010:380) respectively that customers with high relationship intentions care about the service provider and provide feedback to improve the service of their service providers, as respondents with high relationship intentions are more prone to voice their dissatisfaction to their cell phone network providers than respondents with



low relationship intentions. In line with the arguments of Kumar *et al.* (2003:670), Lacey (2012:141), Tax *et al.* (1998:72) and Tsarenko and Tojib (2011:386), it is concluded that customers who voice their dissatisfaction have the intention to continue their relationships with service providers. It is recommended that cell phone network providers use customer voicing as an indicator to identify customers with higher relationship intentions for relationship-building purposes.

Findings furthermore suggest that respondents who participated in this study are unlikely to complain to an external agency and the least likely to switch to another cell phone network provider after a billing error. No relationships were found between respondents' relationship intentions and complaining to an external agency or switching to another cell phone network provider in the event of a service failure.

## **7. THEORETICAL AND PRACTICAL IMPLICATIONS**

The findings of this article have both theoretical (contribution to broaden the field of attitude towards complaining and customer complaint behaviour research) and practical implications (findings can be used to improve marketing strategies relating to customer complaint behaviour and relationship marketing).

### **7.1 Theoretical implications**

Although it is acknowledged that customers wanting to continue their relationships with service providers are the customers most likely to voice their dissatisfaction to service providers (Lacey, 2012:141; Proença & Rodrigues, 2011:205; Tax *et al.*, 1998:72), and that customers with a propensity to complain are most likely to voice their dissatisfaction to service providers (Bearden & Mason, 1984:495; Richins, 1982:505; Yuksel *et al.*, 2006:15, 22), this study specifically identifies relationship intention as an influence on customers' propensity to complain and complaint behaviour (no action, negative word-of-mouth and voicing). Relationship intention should therefore be considered as an important influence on cell phone users' propensity to complain, as well as their response of no action, negative word-of-mouth, and voicing customer complaint behaviour. Furthermore, relationship intention should be considered as a variable that could influence customers' attitudes towards complaining and complaint behaviour, which would warrant investigating other influences as well, such as the influence that relationship intention has on satisfaction, loyalty and retention following service recovery.

## 7.2 Practical implications

The propensity to complain and voicing of respondents with high relationship intentions enable cell phone network providers to restore these customers' satisfaction, improve service and prevent a similar re-occurrence of the service failure, resulting in a sustainable competitive advantage within the cell phone industry. As recommended by Hedrick *et al.* (2007:70), cell phone network providers can utilise complaint behaviour to identify customers with high relationship intentions, as those customers are open for relationship-building strategies.

Cell phone network providers in particular, thus not only might have higher yields from the increased profitability of the lifetime value of high relationship intention customers (Kumar *et al.*, 2003:673), but also from customers with higher relationship intentions' constant efforts to maintain relationships with their current cell phone network providers. Cell phone network providers should focus on higher relationship intention customers for relationship building purposes as these customers will lower the cost of maintaining relationships and will provide the highest return on cell phone network providers' relationship marketing investments.

## 8. LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Although convenience sampling can be used for theory-testing objectives as used in this study (Calder, Phillips & Tybout, 1981:197, 199, 204; Mittal, 1995:666), the methodology applied in this study, where only one service failure scenario was used, inhibits the generalisability of findings, as another scenario or real service failure could result in different responses from respondents. Replicating this study across multiple industries, and more South African provinces, using probability sampling with multiple service failure scenarios, or real-life service failures, will address these identified limitations. The relationship between attitude towards complaining and customer complaint behaviour was furthermore not taken into consideration. Also, only negative word-of-mouth and not positive word-of-mouth was measured, which limited the conclusions and recommendations that can be drawn from this study.

As reasons for customers' complaints are related to the severity of service failure (Chelminski & Coulter, 2011:361, 366; Tax & Brown, 1998:79), future research can include the perception of the severity of service failure to the constructs used in this study to provide a more comprehensive picture. The influence of reasons why customers choose not to complain, such as customers might not think that it will help to complain (Komunda & Osarenkhoe, 2012:95; Lacey, 2012:141), should be examined along with the constructs of this study. Furthermore, there is an affective component to cell phone users' behaviour after service failures (Hedrick *et al.*, 2007:69) which, along with coping differences (Duhachek, 2005:52), could be explored.

## **ANNEXURE A: SERVICE FAILURE SCENARIO**

Please read the following scenario and imagine you are experiencing the situation:

After signing a contract with your cell phone network provider for 150 free minutes to any cell phone number during office hours, you receive your bill and see that you have in fact been charged for all the calls you made during office hours and not just for the calls exceeding the 150 minute frame.

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## **MAIN FINDINGS FROM ARTICLE 2 CONTRIBUTING TO THE OVERALL OBJECTIVES OF THIS STUDY**

**Main finding 1:** The measurement scale developed by Kruger and Mostert (2012:45) to measure relationship intention with five underlying dimensions, labelled as involvement, expectations, forgiveness, feedback and fear of relationship loss (as originally proposed by Kumar *et al.*, 2003:670) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years.

**Main finding 2:** Respondents' had a tendency towards higher relationship intentions towards their cell phone network providers.

**Main finding 3:** Different levels of relationship intention could be identified based on differences in respondents' overall mean scores for relationship intention towards their cell phone network providers.

**Main finding 4:** Respondents who participated in this study had different levels of relationship intentions towards their cell phone network providers.

**Main finding 7:** The measurement scale of attitude towards complaining with items adapted from Phau and Sari (2004:414, 417), Walters (2010:242, 243) and Yuksel *et al.* (2006:16) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years. The two underlying dimensions were the same as proposed by Yuksel *et al.* (2006:16) and labelled as propensity to complain and negative attitude towards complaining.

**Main finding 8:** The measurement scale of customer complaint behaviour with items adapted from Chelminsky and Coulter (2011:363-364), DeWitt and Brady (2003:205), Ekiz and Au (2011:335), Singh (1988:105), Walters (2010:240-244) and Yuksel *et al.* (2006:16) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years. The five underlying dimensions were the same as proposed by Singh (1988:104) and labelled as no action, negative word-of-mouth, switching, voicing and complaining to an external agency.

**Main finding 9:** There was a positive linear relationship between respondents' relationship intentions and their propensities to complain.

**Main finding 10:** There was no relationship between respondents' relationship intentions and their negative attitudes towards complaining.

**Main finding 11:** There was no relationship between respondents' relationship intentions and not taking action after a billing error by their cell phone network providers.

**Main finding 12:** There was a positive linear relationship between respondents' relationship intentions and negative word-of-mouth after a billing error by their cell phone network providers.

**Main finding 13:** There was a positive linear relationship between respondents' relationship intentions and voicing after a billing error by their cell phone network providers.

**Main finding 14:** There was no relationship between respondents' relationship intentions and complaining to an external agency after a billing error by their cell phone network providers.

**Main finding 15:** There was no relationship between respondents' relationship intentions and switching after a billing error by their cell phone network providers.

**Main finding 16:** Respondents with low relationship intentions were more likely not to take action after a billing error by their cell phone network providers than respondents with moderate and high relationship intentions.

**Main finding 17:** Respondents with high and moderate relationship intentions were more likely to spread negative word-of-mouth about a billing error by their cell phone network providers than respondents with low relationship intentions.

**Main finding 18:** Respondents' switching behaviour did not differ based on their levels of relationship intention.

**Main finding 19:** Respondents with high relationship intentions were more likely to voice a billing error to their cell phone network providers than respondents with low relationship intentions.

**Main finding 20:** Respondents' complaining to an external agency did not differ based on their levels of relationship intention.

**CHAPTER 4: ARTICLE 3**  
**THE INFLUENCE OF CELL PHONE USERS' RELATIONSHIP INTENTIONS ON**  
**EXPECTATIONS AND PERCEPTIONS OF SERVICE RECOVERY**

Chapter 4 presents the third article of this study where the influence of relationship intention on expectations and perceptions of service recovery was examined. This article was submitted to the *South African Journal of Business Management* (SAJBM) and accepted for publication providing that minor changes suggested by the article's reviewers were addressed. The article presented in this chapter is in the original format as submitted to the *South African Journal of Business Management* before the reviewers' comments were addressed. Instructions to authors of the *South African Journal of Business Management* are available at:

- [http://www.journals.co.za/ej/images/busman\\_aut.pdf](http://www.journals.co.za/ej/images/busman_aut.pdf)

For a copy of the instructions to authors see Appendix D. Please note that to ensure consistency throughout the thesis, page margins, font and font size were kept consistent throughout the thesis. The instructions to authors were therefore ignored only for the purpose of providing technical consistency within the thesis. Referencing was however done according to the instructions to authors.

Chapter 4 concludes with main findings from this article contributing to the overall objectives of this study.

**THE INFLUENCE OF CELL PHONE USERS' RELATIONSHIP INTENTIONS ON  
EXPECTATIONS AND PERCEPTIONS OF SERVICE RECOVERY**

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## **THE INFLUENCE OF CELL PHONE USERS' RELATIONSHIP INTENTIONS ON EXPECTATIONS AND PERCEPTIONS OF SERVICE RECOVERY**

### **ABSTRACT**

With the first-time cell phone user market quickly shrinking, it is becoming increasingly important for South African cell phone network providers to retain customers by building long-term relationships with them and consistently offering quality service. Despite cell phone network providers' best intentions, service failures do occur. Not all customers want to build relationships with cell phone network providers, and therefore it is important to consider the influence of customers' relationship intentions within a service failure and recovery setting. The purpose of the study was to determine the influence of relationship intention on expectations and perceptions of two service recovery scenarios within the cell phone industry. Non-probability convenience sampling was used to collect data from 605 cell phone users residing in Gauteng (specifically Johannesburg and surrounding suburbs). Results indicate that as respondents' relationship intentions increase, so do their expectations that their cell phone network providers should take service recovery action. It was also found that respondents with high and moderate relationship intentions perceived service recovery strategies of their cell phone network providers including an acknowledgement, apology, explanation and rectification of the problem more favourable, compared to a service recovery strategy only rectifying the problem, than those respondents with low relationship intentions.

### **KEY WORDS**

Relationship marketing, relationship intention, service failure, expectations of service recovery, perceived service recovery, customer retention

### **1. INTRODUCTION**

The South African cell phone industry is characterised by a declining available market (Van Niekerk, 2012: 101) as competition between cell phone network providers has intensified over the last few years (ICASA, 2012b: 3). Customer retention is thus particularly important to South African cell phone network providers, since customer retention increases service providers' long-term profitability and, ultimately, their survival (Cant & Erdis, 2012: 938).

Service providers therefore attempt to build long-term relationships with customers through relationship marketing strategies in an effort to retain customers (Coulter & Ligas, 2004: 489). However, not all customers want long-term relationships with service providers (Hess, Story &

Danes, 2011: 22). Service providers should thus identify those customers with relationship intentions, as these customers want to build long-term relationships with them and would therefore be more inclined to be retained (Kumar, Bohling & Ladda, 2003: 669).

Retaining customers is particularly challenging within a service environment as service failures, which adversely affect customer retention (Robinson, Neeley & Williamson, 2011: 90), are inescapable due to the nature of service offerings (Harrison-Walker, 2012: 115; Tax & Brown, 1998: 87; Tsarenko & Tojib, 2011: 383). South African cell phone network providers are, as with all other service providers, inclined to experience service failures (ICASA, 2012a: 28) which could lead to customers switching to other cell phone network providers (SAARF, 2012) should they be dissatisfied with service provisioning or when experiencing a service failure.

As a result, service providers use service recovery strategies as contingency measures to retain customers after service failures. Service recovery strategies are thus essential in maintaining customer loyalty and retention (Huang, 2011: 513; Robinson *et al.*, 2011: 96). Customers react differently to service failure and service recovery (Bunker & Ball, 2008: 43). Consequently, service recovery will only achieve its purpose if customers' expectations of service recovery are met (Bhandari, Tsarenko & Polonsky, 2007: 181). Long-term relationships between service providers and customers have been found to both exacerbate (Kim, Ok & Canter, 2012: 74) and reduce (Hess, Ganesan & Klein, 2003: 140) customers' expectations of service recovery. These inconclusive findings and the gap in literature on the influence of relationship intention on expectations and perceptions of service recovery are addressed in this article. The purpose of this article is therefore to determine the influence of cell phone users' relationship intentions on expectations and perceptions of service recovery. The results will not only provide practical guidelines for cell phone network providers' service recovery strategies when service failures occur, but will also build theory with regard to the influence of relationship intention on expectations and perceptions of service recovery.

## **2. LITERATURE REVIEW**

### **2.1 Service failure**

Service failures are unavoidable (Harrison-Walker, 2012: 115) due to the inseparable, intangible, perishable and heterogeneous nature of services (Berry, 2002: 74; Grönroos, 2004: 100). For this reason, customers have expectations about which service failures are likely to occur and which failures should not occur if employees perform their functions properly (Bell & Ridge, 1992: 61; Michel, 2004: 369). Expectations thus form part of customers' zones of tolerance for service delivery. The zone of tolerance is considered to be the gap between

customers' expectations about the level of service they want to receive, and customers' expectations about the level of service they are willing to accept (Zeithaml, Berry & Parasuraman, 1993: 6). Service failures therefore occur whenever a service does not meet customers' expectations of service delivery, and service delivery falls outside the customer's zone of tolerance, irrespective of whether the customer or service provider was at fault (Bateson & Hoffman, 2011: 352).

If the service failure was simply the result of an accident, customers may experience annoyance or irritation, whereas a service failure resulting from incompetence may induce frustration, while a deliberate and avoidable service failure could evoke anger from customers (Harrison-Walker, 2012: 120). Customer dissatisfaction caused by service failures therefore has the possibility to lead to negative publicity, negative word-of-mouth, lingering anger, resentment, hostility, exit intentions, and customer switching behaviour (Nikbin, Ismail, Marimuthu & Abu-Jarad, 2011: 19; Tsarenko & Tojib, 2011: 382; Yuksel, Kilinc & Yuksel, 2006: 11). The problem that service providers face as a result of service failure thus involves the negative impact of service failures on customer retention and service providers' long-term profitability (Robinson *et al.*, 2011: 90). For this reason, service providers should make use of service recovery strategies to maintain customer relationships (Tax & Brown, 1998: 87).

## **2.2 Service recovery**

Service recovery is regarded as service providers' reactions to, and handling of, service failures to restore customer satisfaction (Lovelock & Wirtz, 2011: 376). Service providers can follow a number of service recovery strategies which could either be tangible or intangible in nature. With regard to more tangible service recovery strategies, service providers can follow one of three options. Firstly, compensatory service recovery strategies can be used to offset the costs of the service failure by compensating customers (Bateson & Hoffman, 2011: 368-369). Secondly, restoration strategies entail offering an identical offering, corrections to the original offering, or offering a substitute to customers (Bateson & Hoffman, 2011: 368-369). Lastly, reimbursement strategies in the form of a refund or store credit can also be employed (Bateson & Hoffman, 2011: 368-369).

However, since it is an essential human need to understand why things went wrong, tangible compensation might not be an effective service recovery strategy (Wang & Mattila, 2011: 435). Therefore, service providers can also opt for intangible recovery strategies, including using apologetic strategies where front-line staff or management apologise to customers (Bateson & Hoffman, 2011: 368-369). An apology can also aid customers' perceived fairness of service recovery (Lin, Wang & Chang, 2011: 511; Tax & Brown, 1998: 80; Tax, Brown &



Chandrashekar, 1998: 72). When customers experience value added service failures (such as billing errors), an apology or proactive response could be the best option to restore satisfaction (Smith, Bolton & Wagner, 1999: 369) as an apology aids in forgiveness (McCullough, Worthington & Rachal, 1997: 327). An apology or proactive response with no compensation was found to increase customers' satisfaction after service failure, making additional monetary compensation unnecessary (Smith *et al.*, 1999: 369). Yi and Lee (2005: 12) accordingly advocate that in certain situations a simple apology will suffice. Furthermore, the importance of explanations should not be underestimated, as customers can be satisfied and remain loyal if they received adequate and truthful information about a service failure without receiving tangible compensation (Wang & Mattila, 2011: 434).

From the discussion it becomes apparent that service providers may not have to offer customers full refunds or exchanges to achieve satisfaction through service recovery (Blodgett, Hill & Tax, 1997: 202). Service providers could choose to combine different service recovery strategies as opposed to selecting a single response option. Smith *et al.* (1999: 369) concur by suggesting that service recovery should rather be viewed as a bundle of strategies that service providers can use in different combinations to restore customer satisfaction.

Since customers respond differently to service recovery strategies (Seawright *et al.*, 2008: 254, 267), all customers do not merit the same level of service recovery by service providers. It is customers' expectations of both the service recovery process as well as the outcome thereof (Andreassen, 2000: 166) that will influence their perceptions of service recovery strategies (Bhandari *et al.*, 2007: 181). Bhandari *et al.* (2007: 181) explain that customers' expectations of service recovery can be based on past experience with the service provider or even service recovery experiences with service providers offering completely different products and services.

Huang and Chang (2008: 1229) opine that certain customers have higher expectations for service recovery than others. Kim *et al.* (2012: 74) support this view by explaining that customers with already established relationships with service providers have higher expectations for service recovery, based on their cumulative satisfaction with past experiences with these service providers, than customers without a relationship. However, on the other hand, Hess *et al.* (2003: 140) argue that customers who expect the relationship to continue have lower expectations of service recovery resulting in increased satisfaction after service recovery. It is therefore important to determine the influence of customer relationships on expectations and perceptions of service recoveries.

## **2.3 Relationship marketing and relationship intention**

Service providers and customers become mutually dependent on each other in long-term relationships due to the benefits each party receives from these relationships (Price & Arnould, 1999: 51). Service providers enjoy increased sales, market share and profits (Jena, Guin & Dash, 2011: 23), while customers benefit from security in terms of a feeling of control and a sense of trust in the service provider, as well as minimised purchasing risks and reduced costs during decision-making between services (Grönroos, 2004: 99). Customers perceive these benefits after repetitive satisfactory interactions with the service provider (Dorai & Varshney, 2012: 407), as they become familiar with the service provider with whom they have a long-term relationship (Grönroos, 2004: 99).

Although long-term relationships could result in increased customer loyalty and retention (Coulter & Ligas, 2004: 490), only certain customers want to build relationships with service providers, while others prefer transactional contact (Beetles & Harris, 2010: 353, 354; Hess *et al.*, 2011: 22). For this reason, service providers should consider customers' relational intentions (Dalziel, Harris & Laing, 2011: 399, 420) before any relationship-building strategies are attempted. Kumar *et al.* (2003: 669) advocate that customers with relationship intentions (customers with a high affinity towards and trust in the service provider, with the intention to build a relationship with the particular service provider), should be targeted with relationship-building strategies. Kumar *et al.* (2003: 670) proposed five constructs that should be used to determine customers' relationship intentions, namely involvement, expectations, fear of relationship loss, feedback and forgiveness.

### **2.3.1 Involvement**

Customers with higher relationship intentions engage in relationship building activities with their service providers as they want to be involved with their service providers (Kumar *et al.*, 2003: 670). Highly involved customers desire to be part of, and involved with, the solutions to any problems (or service failures) which may occur during the interaction between the service provider and customer, and are more concerned about fair treatment during service recovery, than uninvolved customers (Varki & Wong, 2003: 89).

### **2.3.2 Expectations**

Service failures occur when customers' expectations pertaining to the core service, and any other service breakdowns related to value added services (such as billing errors by service providers), are not met (Komunda & Osarenkhoe, 2012: 83). Furthermore, should a service

failure occur, customers develop expectations for service recovery (Bhandari *et al.*, 2007: 181). Kumar *et al.* (2003: 670) are of the opinion that customers with higher relationship intentions develop higher expectations of their service providers.

### **2.3.3 Fear of relationship loss**

Customers with higher relationship intentions will fear the consequences of losing their bonds and relationships with their service providers (Kumar *et al.*, 2003: 670), which, in turn, might cause these customers to feel betrayed by service failures, resulting in lower tolerance for service failures (Mattila, 2004: 144). For this reason, a service recovery strategy combining an apology with a tangible compensation, may not be enough to restore relationships after service failures experienced by customers with strong bonds with their service providers (Mattila, 2004: 144).

### **2.3.4 Feedback**

Customers who provide feedback after service failures act constructively within the relationship to repair it after service failures (Hedrick, Beverland & Minahan, 2007: 70), as feedback enables service providers to deploy service recovery strategies. Without customer feedback, service providers may not have the opportunity to rectify service failures, salvage the relationship through effective service recovery strategies, and prevent the same service failure from occurring again (Lin *et al.*, 2011: 529-530). Kumar *et al.* (2003: 670) accordingly propose that customers with higher relationship intentions will communicate their expectations by providing feedback (both positive and negative) to service providers.

### **2.3.5 Forgiveness**

Kumar *et al.* (2003: 670) theorised that customers with higher relationship intentions will give service providers another chance if their expectations are sometimes not fulfilled, as the relationship with service providers is valued more than unsatisfied expectations. Forgiveness is not only a function of individual traits, but also of environmental variables such as procedural justice perceptions (Aquino, Tripp & Bies, 2006: 666). Customers with close relationships with their service providers might see no need to use valuable cognitive resources to go through extensive attribution processes in response to a service failure, but would rather forgive the service provider automatically (Karremans & Aarts, 2007: 916).

Furthermore, customers' emotional reactions influence forgiveness more than cognitive judgements when customers consider attribution of service failures (Takaku, 2001: 503). Also,

service recovery strategies in line with customers' expectations of service recovery, may accelerate the forgiveness process (Tsarenko & Tojib, 2011: 388).

### 3. PROBLEM STATEMENT

Regardless of service providers' best efforts to continuously meet customers' service delivery expectations, service failures do occur (Harrison-Walker, 2012: 115; Tsarenko & Tojib, 2011: 383, 391). South African cell phone network providers, despite preconceived intentions to prove otherwise, do experience service failures (ICASA, 2012a: 28). As alternative cell phone network providers are available (SAARF, 2012) and because the first-time cell phone user market is quickly shrinking (Van Niekerk, 2012: 101), retaining existing customers is becoming increasingly important within the South African cell phone industry. Since service failures negatively impact customer retention and therefore service providers' profitability (Robinson *et al.*, 2011: 90), service failures are not only frustrating to customers, but also problematic to service providers. Consequently, the challenge facing service providers lies in negating the negative effects of service failures through service recovery (Tax & Brown, 1998: 87) in an attempt to restore customer satisfaction and retain customers.

Service recovery strategies are, however, only successful if customers' expectations of service recovery are met (Bhandari *et al.*, 2007: 181). Previous research is not conclusive on whether relationships between service providers and customers increase customers' expectations of service recovery (Kim *et al.*, 2012: 74), or lower customers' expectations of service recovery (Hess *et al.*, 2003: 140). Although service providers can use relationship marketing to build long-term relationships with customers (Coulter & Ligas, 2004: 489), only certain customers have relationship intentions (Kumar *et al.*, 2003: 667) and want to establish long-term relationships with their service providers (Hess *et al.*, 2011: 22).

By considering pursuing long-term relationships with customers in an effort to retain them, cell phone network providers can benefit from a better understanding of cell phone users' relationship intentions, specifically within a service failure and service recovery setting. The purpose of this article is thus to determine the influence of cell phone users' relationship intentions on their expectations and perceptions of service recovery. For this purpose, the following objectives have been formulated for this article:

- Determine cell phone users' expectations of cell phone network providers' service recovery strategies;
- Determine the influence of relationship intention on cell phone users' expectations of cell phone network providers' service recovery strategies;

- Determine cell phone users' perceptions of cell phone network providers' service recovery strategies;
- Determine the influence of relationship intention on cell phone users' perceptions of cell phone network providers' service recovery strategies; and
- Determine the influence of cell phone users' relationship intention levels on perceived service recovery for two different service recovery scenarios.

## **4. METHODOLOGY**

### **4.1 Research design, sampling procedure, study population and data collection**

Descriptive research (quantitative research in the form of non-probability convenience sampling) was used for this article. The study population comprised Gauteng residents (residing in Johannesburg and surrounding suburbs), 18 years or older, who have used a cell phone network provider for three years or longer. Personal in-home interviews were conducted by trained fieldworkers using interviewer-administered questionnaires. Interviewer-administered questionnaires were appropriate as the questionnaire for this study contained a service failure scenario and two service recovery scenarios that had to be explained to respondents (Bradley, 2007: 128).

### **4.2 Questionnaire design**

The questionnaire used in the study comprised of four sections, each dealing with specific aspects of the article. Where scale items were used, a 5-point unlabelled Likert scale was used. Unless otherwise specified, the scale used throughout the questionnaire was anchored by 1 = strongly disagree, and 5 = strongly agree.

The objective of Section A was to capture classification and patronage habit information concerning respondents' cell phone network providers. Section B measured relationship intention by means of the measurement scale as proposed by Kruger and Mostert (2012: 45), as it has demonstrated to be valid and reliable to measure relationship intention within a South African context. The scale for the relationship intention measurement scale was anchored by 1 = no, definitely not, and 5 = yes, definitely.

In Section C respondents were presented with a service failure scenario within the cell phone industry. Instead of asking respondents to recall an event which can result in biases due to memory lapse, a service failure scenario is recurrently used in service failure research (Kim & Ulgado, 2012: 161; Long-Tolbert & Gammoh, 2012: 399; Prasongsukarn & Patterson, 2012:

513). The service failure scenario reads as follows: *After signing a contract with your cell phone network provider for 150 free minutes to any cell phone number during office hours, you receive your bill and see that you have in fact been charged for all the calls you made during office hours and not just for the calls exceeding the 150 minute frame.* After respondents had been presented with the service failure scenario, respondents' expectations of service recovery were measured with items adapted from Andreassen (2000: 172) and McCollough, Berry and Yadav (2000: 127).

Respondents were subsequently presented with two service recovery scenarios for the service failure scenario. After each scenario respondents rated statements regarding their perception of service recovery (items adapted from Casado, Nicolau & Mas, 2011: 48; Holloway, Wang & Beatty, 2009: 390; Huang, 2011: 514; Lin *et al.*, 2011: 522-523; McCollough *et al.*, 2000: 127) based on how they would feel if they had received the service recovery described in the scenarios. The first service recovery scenario used (from here on referred to as service recovery scenario 1) asked respondents how they would feel *if the cell phone network provider **rectified the problem so that it would not occur in future, but did nothing more in response to the above described scenario.*** The second service recovery scenario used (from here on referred to as service recovery scenario 2), asked respondents how they would feel *if, **in addition to rectifying the problem so that it would not occur in future, the cell phone network provider **acknowledged the problem, apologised and explained why the problem had occurred.***** Finally, Section D obtained demographic details including population group, gender, and monthly cell phone expenses. Before fielding the final questionnaire used in the study, it was pre-tested with 27 respondents from the study population with the purpose of identifying and correcting any possible problems respondents may experience with the questionnaire.

### 4.3 Data analysis

Statistical processing was done using the Statistical Package for Social Sciences (SPSS Version 21) and the SAS statistical program (SAS Version 9.3). Data was captured using SPSS, keypunching errors were rectified, and poor quality questionnaires were discarded which resulted in a total of 605 usable questionnaires being obtained. The study used a significance level of 0.05 (thus a confidence level of 95%). However, the strength of the significance should also be considered (Cohen, 1988: 25-26). Therefore, Cohen's *r*-values for Pearson product-moment correlation coefficients (rounded off to 1 decimal), considered as small at 0.1, medium at 0.3 and large at 0.5 (Cohen, 1988: 79-81), were determined. Furthermore, Partial Eta Squared values ( $\eta^2$ ) for the mixed between-within subjects analysis of variance (also referred to as a split-plot Anova or Spanova), considered as small at 0.01, medium at 0.06 and large at

0.14 (Cohen, 1988: 284-287), were also determined and rounded off to 2 decimals. Both medium and large effect sizes were regarded as practically significant when results were interpreted as Cohen (1988: 20) maintains that medium effect sizes have ample practical effect (i.e. differences between respondent groups can be noticed with the naked eye).

## 5. RESULTS

### 5.1 Respondent profile and patronage habits

Table 1 presents a profile and patronage habits of respondents participating in the study.

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**Insert Table 1 here**  
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From Table 1 it is evident that 33.5% of the respondents were black Africans, 28.3% were whites, 21.2% were Asians/Indians and 17% were coloureds. Furthermore, 53.7% of the respondents were female and 46.3% were male. The majority of respondents used Vodacom (43%) or MTN (34.4%) as their cell phone network provider. Just over half of the respondents had a contract with their cell phone network provider (52.2%), while 47.8% of the respondents were pay-as-you-go customers. The majority of respondents used their current cell phone network provider as the total package suits their needs (35%), followed by the package being cheap and affordable (32.4%), and reasoning that the cell phone network provider has coverage everywhere (17.7%). Furthermore, the majority of respondents had spent between R101 to R250 (36.2%) or R251 to R400 (26.6%) on monthly cell phone expenses.

### 5.2 Reliability and validity

In order to determine the internal consistency reliability of the measurement scales used in this article, Cronbach's alpha coefficient values were calculated. Table 2 presents the Cronbach's alpha coefficient values for the constructs of this study where a value of 0.7 and higher is considered to indicate reliability (Pallant, 2010: 6). To determine the underlying dimensions and construct validity of the measures used in this article, confirmatory factor analyses were performed (Bagozzi, 1994: 342-344). The measures of sampling adequacy (MSA) were above 0.85, and more than 55% of the variance was explained by the underlying dimensions of each measurement scale used in this article. By examining the eigenvalue for each measurement scale, the underlying dimensions were uncovered and labelled. The underlying dimensions uncovered during the confirmatory factor analyses and mean scores for the underlying dimensions, are also presented in Table 2.

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**Insert Table 2 here**

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From Table 2 it can be deduced that the measurement scales were reliable and valid to measure the relationship intentions, expectations of service recovery, and perceived service recovery after both service recovery scenario 1 and service recovery scenario 2, of cell phone users residing in Johannesburg and surrounding suburbs.

**5.3 Levels of relationship intention**

From Table 2 it can also be seen that respondents participating in this study had a tendency towards higher relationship intentions towards their cell phone network providers (mean=3.60). In order to determine the influence of the relationship intention level on perceived service recovery, respondents were grouped according to their levels of relationship intention by using the 33.3 and 66.6 percentiles as cut-off points on their overall mean scores for relationship intention. The cut-off points of means for categorising the groups were 3.34615 and 3.88462. From this analysis, 200 respondents were categorised as having **low** relationship intentions (mean=2.90), 208 respondents were categorised as having **moderate** relationship intentions (mean=3.62), and 197 respondents were categorised as having **high** relationship intentions (mean=4.29).

**5.4 Relationship intention and service recovery expectations**

As indicated in section 5.2 (Table 2), respondents' expectations of service recovery had two underlying dimensions, labelled as no action by the service provider, and action by the service provider. Reverse scoring was used for expecting no action by the service provider, which entails that a low score indicates respondents expect their cell phone network providers to take action, and a high score indicates that respondents would not expect their cell phone network providers to take action. The mean score for no action by the service provider in response to the service failure scenario was 1.50, indicating that respondents have high expectations that their cell phone network providers will apply service recovery strategies after a billing error as described in the service failure scenario. This finding is supported by the mean score obtained for action by the service provider, namely 4.45, indicating that respondents hold high expectations that their cell phone network providers should take service recovery action. It can therefore be concluded that respondents participating in this study held high expectations that their cell phone network providers should use service recovery strategies after a billing error as described in the service failure scenario.



The relationship between respondents' relationship intentions and expectations of service recovery were investigated using Pearson product-moment correlation coefficients. Table 3 presents the  $r$ -value of the Pearson product-moment correlation coefficients between respondents' relationship intentions with expecting no action, as well as expecting action by the cell phone network provider.

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**Insert Table 3 here**

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From Table 3 it can be deduced that there was not a statistical significant correlation between respondents' relationship intentions with expecting no action by the cell phone network provider. Table 3 does however indicate a statistically significant positive correlation between respondents' relationship intentions and expecting action by cell phone network providers, where expecting action from cell phone network providers increases as respondents' relationship intentions increase. The correlation effect between respondents' relationship intentions and expecting action by the cell phone network provider was medium ( $r=0.3$ ). It can therefore be concluded that the higher respondents' relationship intentions, the higher the expectation that cell phone network providers should take action after a billing error as described in the service failure scenario.

As each item in the underlying dimension of expectations of service recovery (labelled as action) measured a different service recovery strategy, the relationship between respondents' relationship intentions and expectations of service recovery for each action item was also investigated using Pearson product-moment correlation coefficients. Table 4 presents the mean and  $r$ -value of the Pearson product-moment correlation coefficients between respondents' relationship intentions with each item. Cell phone network provider is abbreviated as CNP in Table 4.

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**Insert Table 4 here**

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From Table 4 it can be observed that all items achieved mean scores above the midpoint of the 5-point Likert scale used. In fact, with the exception of the item stating *The cell phone network provider should apologise to me in writing for the poor service I received* (mean=3.93), all items had mean scores above 4.10. It is therefore concluded that respondents hold high expectations that their cell phone network providers should take responsibility for a billing error and solve it, show understanding, apologise and explain why the billing error occurred.

Table 4 also indicates that statistically significant positive correlations exist between relationship intention and all the items measuring action expectations of service recovery where expecting

an explanation, apology (both in person and in writing), acknowledgement that the problem occurred, showing of understanding, taking of responsibility, the intervention of a manager, and receiving compensation from the cell phone network provider increase as relationship intention increases. However, all the correlation effects were small (and therefore not of practical significance), except for the medium correlation between respondents' relationship intentions and *A manager should intervene in the situation* ( $r=0.3$ ). It can therefore be concluded that the higher respondents' relationship intentions, the higher their expectations that a manager should intervene when their cell phone network providers make a billing error.

### 5.5 Relationship intention and perceived service recovery after service recovery scenarios 1 and 2

From Table 2 it is construed that the mean score for perceived service recovery scenario 1 is 2.90, which is below the midpoint of the scale (3.00). Respondents thus considered service recovery scenario 1, where the billing error was only rectified as insufficient. It could also be seen from Table 2 that the mean score for perceived service recovery after service recovery scenario 2 is 4.24, indicating that respondents considered service recovery scenario 2, where an acknowledgement, apology, explanation and rectification of the problem formed the service recovery strategy, as favourable. The relationship between respondents' relationship intentions and perceived service recovery after service recovery scenarios 1 and 2 was investigated using a Pearson product-moment correlation coefficient. Table 5 presents the  $r$ -values of the Pearson product-moment correlation coefficients between respondents' relationship intentions with perceived service recovery after service recovery scenarios 1 and 2.

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#### Insert Table 5 here

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From Table 5 it is evident that a statistical significant positive correlation between respondents' relationship intentions and perceived service recovery after service recovery scenario 1 exists, where favourable perceptions of perceived service recovery increases as relationship intention increases. However, the strength of the correlation is small ( $r=0.2$ ) and therefore not of practical significance. It can therefore be concluded that although there is a statistical significant relationship between respondents' relationship intentions and perceived service recovery where only rectification of the billing error occurred, this relationship is not of practical significance.

It can also be seen from Table 5 that a statistically significant positive correlation ( $r=0.3$ ) between respondents' relationship intentions and perceived service recovery after service recovery scenario 2 exists, where favourable perceptions of perceived service recovery increase as relationship intention increases. The correlation effect between respondents'

relationship intentions and service recovery after service recovery scenario 2 was medium ( $r=0.3$ ). It can therefore be concluded that the higher respondents' relationship intentions, the higher their favourable perceptions of perceived service recovery including an acknowledgement, apology, explanation and rectification of the problem by their cell phone network providers after a billing error, will be.

## **5.6 Relationship intention and the difference between perceived service recovery after service recovery scenarios 1 and 2**

A mixed between-within subjects analysis of variance (also referred to as a split-plot Anova) was performed to assess the impact of respondents' relationship intention levels on perceived service recovery for the two service recovery scenarios. The skewness and kurtoses for all groups were below 2.0 and 7.0 respectively, and normality is therefore not considered to be violated (Curran, West & Finch, 1996:26). The assumptions of homogeneity of variance (determined through Levene's test of equality where  $p<0.001$  for perceived service recovery scenario 1 and  $p>0.05$  for perceived service recovery scenario 2) and covariance (determined through Box's M test of equality of covariance where  $p<0.001$ ) were violated. However, Stevens (2009: 434) argues that the analysis of variance is reasonably robust to violations of the assumption of homogeneity of variance if the group sizes are reasonably similar as is the case in this study.

It is important to note that the interaction effect was statistically significant. For this reason, the plot also guided the interpretation of the analysis. Table 6 presents the descriptive statistics for each relationship intention level for perceived service recovery after service recovery scenario 1 and perceived service recovery after service recovery scenario 2, as well as the main effects and between subjects effect in terms of the Wilk's Lambda (statistical significance at the 0.05 level) and Partial Eta Squared values (effect sizes).

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### **Insert Table 6 here**

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From Table 6 it can be deduced that there was a significant large main effect ( $\eta^2=0.60$ ) for perceived service recovery where the favourable perceptions of service recovery increased from service recovery scenario 1 to service recovery scenario 2. The between subjects effect comparing the different levels of relationship intention was also significant with a medium effect size ( $\eta^2=0.06$ ) suggesting that the higher relationship intention levels, the more favourable perceptions of service recovery were. Mean scores indicate that respondents with high (mean=4.51) and moderate (mean=4.30) relationship intentions perceive service recovery scenario 2 more favourable, compared to service recovery scenario 1 (mean=3.07 and

mean=2.85 respectively), than respondents with low relationship intentions (mean=3.93 for service recovery scenario 2 and mean=2.77 for service recovery scenario 1). It can therefore be concluded that respondents with high and moderate relationship intentions perceived the service recovery strategies of their cell phone network providers including an acknowledgement, apology, explanation and rectification of the problem (service recovery scenario 2) more favourable, compared to a service recovery strategy only rectifying the problem (service recovery scenario 1), than respondents with low relationship intentions.

## **6. DISCUSSION AND RECOMMENDATIONS**

Cell phone network providers need to retain customers in the competitive cell phone industry (Morrisson & Huppertz, 2010: 250), but service failures complicate this undertaking as service failures negatively impact customer retention (Robinson *et al.*, 2011: 90). Although building relationships with customers could support customer retention (Coulter & Ligas, 2004: 498), only certain customers have relationship intentions towards, and want to build relationships with, their cell phone network providers (Kumar *et al.*, 2003: 669). This article determined the influence of cell phone users' relationship intentions on expectations of service recovery, as well as two perceived service recovery scenarios following a service failure scenario.

Results indicated that all measurement scales used in this article were reliable and valid under respondents who participated in this study. Considering the influence of relationship intention, results indicated that as respondents' relationship intentions increase, so do their expectations that their cell phone network providers should take service recovery action after a billing error. Furthermore, statistical significant relationships were found where, as respondents' relationship intentions increase, so do their expectations of an explanation, apology (both in person and in writing), acknowledgement that the problem occurred, showing of understanding, taking of responsibility, and receiving compensation from the cell phone network provider. A further practical significant finding is that as respondents' relationship intentions increase, their expectations that a manager should intervene accordingly increase. These results support both Kumar *et al.*'s (2003: 670) and Kim *et al.*'s (2012: 74) suggestions that customers with higher relationship intentions have higher expectations of their service providers, and that established relationships between service providers and customers resulted in higher expectations of service recovery. Cell phone network providers should realise that customers receptive to relationship marketing strategies, those customers with relationship intentions, hold higher expectations of service recovery strategies. It is thus recommended that cell phone network providers should always offer service recovery strategies to all customers, but especially so to those customers displaying higher relationship intentions, in an effort to restore satisfaction and retain their customers.

Respondents perceived service recovery where the billing error was only rectified so that it would not occur again in future as an insufficient service recovery strategy by their cell phone network providers. Results indicated a statistically significant relationship between relationship intention and service recovery after a billing error where the problem is only rectified so that it would not re-occur in future. Moreover, respondents held more favourable perceptions of their cell phone network providers' service recovery strategies after a billing error which included an acknowledgement, apology, explanation, and rectification of the problem. Furthermore, as respondents' relationship intentions increased, so did their favourable perceptions of service recovery strategies after a billing error by their cell phone network providers which included an acknowledgement, apology, explanation, and rectification of the problem. Findings support previous studies advocating that customers with higher relationship intentions are emotionally bonded to their service providers (Kumar *et al.*, 2003: 670), and that an explanation, which shows that the service provider cares for its customers, might help to gain forgiveness from emotionally bonded customers (Mattila, 2004: 144). For this reason, it is recommended that cell phone network providers don't necessarily have to offer customers compensation after a billing error to achieve customer satisfaction, as service recovery where an acknowledgement of the mistake, an apology, explanation and rectification of the problem may be sufficiently and favourably received.

It was also found that respondents with high and moderate relationship intentions perceived service recovery strategies of their cell phone network providers including an acknowledgement, apology, explanation and rectification of the problem more favourably, compared to a service recovery strategy only rectifying the problem, than respondents with low relationship intentions. It can therefore be recommended, in line with research pertaining to the influence of relationships on service recovery (DeWitt & Brady, 2003: 202-203; Forrester & Maute, 2001: 10; Singh & Sirdeshmukh, 2000: 163), that cell phone network providers consider customers' relationship intentions as a key determinant of the service recovery strategies required to restore customers' post-recovery attitudes and behavioural intentions.

## **7. LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH**

Convenience sampling and the use of only one service failure scenario and two service recovery scenarios limits the researcher's ability to generalise the findings of this study, as different scenarios or real service failures and service recovery strategies could possibly yield different reactions from cell phone users. Also, as not all respondents have contracts with their cell phone network providers, they could possibly find it difficult to imagine themselves experiencing the service failure depicted in the scenario. Future research could replicate the study in different provinces or by considering different services. The influence of relationship

intention on customer satisfaction, loyalty and retention following service failure and service recovery should also be further explored. Finally, the influence of relationship intention on the severity of service failures could also be investigated as it is believed that the severity of service failures influences required service recovery (Seawright *et al.*, 2008: 266; Yi & Lee, 2005: 6).

## **8. CONCLUSION**

The findings from this article support the argument that cell phone users' relationship intentions influence their expectations and perceptions of cell phone network providers' service recovery strategies. For this reason, this article contributes to building theory relating to the influence of relationship intention on expectations and perceptions of service recovery. Findings from the article furthermore provide practical guidelines for cell phone network providers when developing appropriate service recovery strategies to improve customer service and enhance relationships with customers with higher relationship intentions in the event of a service failure.

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**Table 1: Respondent profile and patronage habits**

Variable	Response categories	%
Population group	Asian / Indian	21.2
	Black African	33.5
	Coloured	17.0
	White	28.3
Gender	Male	46.3
	Female	53.7
Current cell phone network provider	8-ta	3.3
	Cell C	16.5
	MTN	34.4
	Virgin Mobile	2.8
	Vodacom	43.0
Contract or pay-as-you-go-customer	Contract	52.2
	Pay as you go	47.8
Reason best describing why current cell phone network provider is used	The package is cheap and affordable	32.4
	The total package suits the customer's needs	35.0
	Easy billing	6.3
	Handsets offered	4.5
	The cell phone network provider has coverage everywhere	17.7
	Other reason	4.1
Monthly cell phone expenses	< R100	15.9
	R101 to R250	36.2
	R251 to R400	26.6
	R401 to R600	11.2
	> R600	10.1

**Table 2: Cronbach's alpha coefficient values, underlying dimensions of the measurement scales and mean scores**

Constructs		Cronbach's alpha value	Mean
<b>Relationship intention (26 items)</b>		0.90	3.60
<b>Underlying dimensions of relationship intention</b>	Involvement (5 items)	0.83	3.84
	Expectations (6 items)	0.73	4.43
	Fear of relationship loss (5 items)	0.86	3.00
	Feedback (5 items)	0.80	3.66
	Forgiveness (5 items)	0.82	2.92
<b>Expectations of service recovery (9 items)</b>		0.83	4.45
<b>Underlying dimensions of expectations of service recovery</b>	No action by service provider* (1 item)	No value for 1 item	1.50
	Action by service provider (8 items)	0.85	4.45
<b>Perceived service recovery 1 (7 items)</b>		0.96	2.90
<b>Perceived service recovery 2 (7 items)</b>		0.94	4.24

\*Item was reverse scored

**Table 3: Relationship intention and expectations of service recovery**

Correlation between relationship intention with:	r-value
Expect no action by the cell phone network provider	-0.1
Expect action by the cell phone network provider	0.3*

\*Correlation significant at the 0.05 level

**Table 4: Relationship intention and action expectations of service recovery**

Correlation between relationship intention with:	Mean	r-value
The CNP should give an explanation for what happened	4.60	0.2*
The CNP should apologise to me for what happened	4.62	0.2*
The CNP should apologise to me in writing for the poor service I received	3.93	0.2*
The CNP should acknowledge that the problem did occur	4.67	0.2*
The CNP should show understanding for my situation	4.62	0.2*
The CNP should take responsibility for the problem and solve it	4.74	0.2*
A manager should intervene in the situation	4.10	0.3*
I should receive compensation from the CNP	4.29	0.1*

\*Correlation significant at the 0.05 level

**Table 5: Relationship intention and perceived service recovery after service recovery scenarios 1 and 2**

Correlation between relationship intention with:	r-value
Perceived service recovery after service recovery scenario 1	0.2*
Perceived service recovery after service recovery scenario 2	0.3*

\*Correlation significant at the 0.05 level

**Table 6: Relationship intention and differences between perceived service recovery after service recovery scenarios 1 and 2**

Relationship intention levels	Perceived service recovery scenario 1			Perceived service recovery scenario 2			Main effects		Between subjects effect	
	Mean	SD	n	Mean	SD	n	p-value	$\eta^2$	p-value	$\eta^2$
Low	2.77	0.91	200	3.93	0.76	200	0.000*	0.60	0.000*	0.06
Moderate	2.85	1.01	208	4.30	0.68	208				
High	3.07	1.33	197	4.51	0.72	197				

\*Wilk's Lambda significant at the 0.05 level

## **MAIN FINDINGS FROM ARTICLE 3 CONTRIBUTING TO THE OVERALL OBJECTIVES OF THIS STUDY**

**Main finding 1:** The measurement scale developed by Kruger and Mostert (2012:45) to measure relationship intention with five underlying dimensions, labelled as involvement, expectations, forgiveness, feedback and fear of relationship loss (as originally proposed by Kumar *et al.*, 2003:670) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years.

**Main finding 2:** Respondents' had a tendency towards higher relationship intentions towards their cell phone network providers.

**Main finding 3:** Different levels of relationship intention could be identified based on differences in respondents' overall mean scores for relationship intention towards their cell phone network providers.

**Main finding 4:** Respondents who participated in this study had different levels of relationship intentions towards their cell phone network providers.

**Main finding 21:** The measurement scale of expectations of service recovery with items from Andreassen (2000:172) and McCollough, Berry and Yadav (2000: 127) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years. The two underlying dimensions were labelled as expecting no action by the service provider and expecting action by the service provider.

**Main finding 22:** The measurement scale of perceived service recovery with items adapted from Casado, Nicolau and Mas (2011:48), Holloway, Wang and Beatty (2009:390), Huang (2011:514), Lin *et al.* (2011:522-523), and McCollough *et al.* (2000:127) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years. No underlying dimensions were uncovered.

**Main finding 23:** There was no relationship between respondents' relationship intentions and expecting no action by their cell phone network providers.

**Main finding 24:** There was a direct positive relationship between respondents' relationship intentions and expecting action by their cell phone network providers after a billing error.

**Main finding 25:** There was a direct positive relationship between respondents' relationship intentions and expecting a manager to intervene when their cell phone network providers made a billing error.

**Main finding 26:** There was no practical significant direct positive relationship between respondents' relationship intentions and perceived service recovery where their cell phone network providers only rectified the billing error as service recovery strategy.

**Main finding 27:** There was a direct positive relationship between respondents' relationship intentions and perceived service recovery where their cell phone network providers' service recovery strategies included an acknowledgement, apology, explanation and rectification of the billing error.

**Main finding 28:** Respondents with high and moderate relationship intentions perceived the service recovery strategies of their cell phone network providers including an acknowledgement, apology, explanation and rectification of the problem (service recovery scenario 2) more favourable, compared to a service recovery strategy only rectifying the problem (service recovery scenario 1), than respondents with low relationship intentions.

**CHAPTER 5: ARTICLE 4**  
**THE INFLUENCE OF RELATIONSHIP INTENTION ON CELL PHONE USERS’**  
**SATISFACTION, LOYALTY AND RETENTION AFTER SERVICE RECOVERY**

Chapter 5 presents the fourth article of this study where the influence of relationship intention on satisfaction, loyalty and retention after service recovery was examined. This article was submitted to *Management Dynamics*. The article presented in this chapter is in the original format as submitted to *Management Dynamics*. Guidelines for submission of manuscripts of *Management Dynamics* are available at:

- [http://reference.sabinet.co.za/documents/journal\\_documents/guidelines/1019567X.pdf](http://reference.sabinet.co.za/documents/journal_documents/guidelines/1019567X.pdf)

For a copy of the guidelines for submission of manuscripts see Appendix E. Please note that to ensure consistency throughout the thesis, page margins, font and font size were kept consistent throughout the thesis. The guidelines for submission of manuscripts were therefore ignored only for the purpose of providing technical consistency within the thesis. Referencing was however done according to the guidelines for submission of manuscripts.

Chapter 5 concludes with main findings from this article contributing to the overall objectives of this study.

**THE INFLUENCE OF RELATIONSHIP INTENTION ON CELL PHONE USERS'  
SATISFACTION, LOYALTY AND RETENTION AFTER SERVICE RECOVERY**

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## **THE INFLUENCE OF RELATIONSHIP INTENTION ON CELL PHONE USERS' SATISFACTION, LOYALTY AND RETENTION AFTER SERVICE RECOVERY**

### **ABSTRACT**

Customers' dissatisfaction with services, allowing for switching behaviour, is a major concern for South African cell phone network providers. Cell phone network providers accordingly need to consider all influences on post-recovery behaviour. One possible influence on post-recovery behaviour that has not been explored is that of customers' relationship intentions. To address this gap in literature, the purpose of this study was to determine the influence of relationship intention on cell phone users' satisfaction, loyalty and retention after service recovery. Convenience sampling was used to capture 605 respondents' satisfaction, loyalty and retention after two service recovery scenarios.

Results indicated that respondents' relationship intentions influence their satisfaction, loyalty and retention following service recovery. Furthermore, the relationships between respondents' relationship intentions and satisfaction, loyalty and retention were significantly higher after a combination of service recovery strategies than a service recovery strategy only rectifying the problem. Managerial implications are presented based on these results.

### **KEY WORDS**

Relationship intention, satisfaction, loyalty, retention, service failure, service recovery.

### **INTRODUCTION**

Customer retention directly impacts profitability (Jena, Guin and Dash, 2011:23) as it is less expensive to retain existing customers than to continuously attract new customers (Berry, 1995:237). Service providers supporting this notion aim to create a satisfied, loyal customer base, in order to retain their customers by building long-term relationships with them (Homburg, Giering and Menon, 2003:52). The success of long-term relationships entails meeting customers' expectations of service delivery to ensure satisfaction, loyalty and retention (Mason and Simmons, 2012:227; Grönroos, 2004:100). However, not all customers have relationship intentions towards their service providers (Kumar, Bohling and Ladda, 2003:669) and will reciprocate relationship building strategies (Hess, Story and Danes, 2011:22). Furthermore, all service providers, no matter how determined to prove otherwise, are bound to fail in meeting customers' expectations at some point during service delivery over the relationship period (Harrison-Walker, 2012:115; Tax and Brown, 1998:87). For this reason, service providers make

use of service recovery strategies in an effort to restore customers' satisfaction and loyalty in their endeavour to retain their customers (Tax and Brown, 1998:87). Despite previous research considering the influence of relationships between customers and service providers, findings as to whether relationships decrease (Kim, Ok and Canter, 2012:75), or increase (Holloway, Wang and Beatty, 2009:392) the negative consequences of service failures, are inconclusive.

Although Kumar *et al.* (2003:670) argue that customers with relationship intentions want to continue their relationships and will not switch when service failures occur, no research has been done in South Africa to support this argument. The purpose of this study is therefore to determine the influence of relationship intention on cell phone users' satisfaction, loyalty and retention after service recovery.

The study commences with the problem statement and objectives, followed by a literature review, hypotheses and proposed model as well as the methodology. The results, discussion and managerial implications, contribution and theoretical relevance, as well as limitations and directions for future research follow.

## **PROBLEM STATEMENT**

The direct influence of customer retention on profitability (Jena *et al.*, 2011:23) underscores the significance of customer retention to service providers. For this reason, service providers attempt to build long-term relationships, underpinned by customer satisfaction, loyalty and retention with their customers (Grönroos, 2004:100). However, only certain customers have a desire to build such long-term relationships with their service providers (Hess *et al.*, 2011:22). This category of customers have relationship intentions (Kumar *et al.*, 2003:669), but service failures which will inevitably take place (Lacey, 2012:137; Tax and Brown, 1998:87), might influence such relationships.

Service providers use service recovery as a contingency strategy with the objective to restore customer satisfaction, loyalty and retention (Tax and Brown, 1998:87). Service providers can either decide on unresponsive, restorative, apologetic or reimbursement strategies, or a combination of these strategies (Bateson and Hoffman, 2011:368-369). Therefore, service providers can choose the expanse of their service recovery strategies, the general perception being that more service recovery strategies will yield more positive outcomes for service providers (Bateson and Hoffman, 2011:368-369; Bitner, 1990:79). For this reason, this study used two service recovery scenarios to determine the influence of relationship intention on customers' satisfaction, loyalty and retention following service recovery. The first service recovery scenario entailed that the cell phone network provider only rectified the problem

(service recovery scenario 1), whereas the second service recovery scenario comprised that the cell phone network provider offered an acknowledgement, apology, explanation and rectification of the problem as service recovery strategy (service recovery scenario 2).

In addition to the array of service recovery strategies, the influence of long-term relationships on the effectiveness of service recovery strategies is still unclear. It has been argued that long-term relationships between service providers and customers temper the negative influence of service failures on customer satisfaction, loyalty and retention (Kim *et al.*, 2012:75; Long-Tolbert and Gammoh, 2012:398; Tax, Brown and Chandrashekar, 1998:72). Inversely, long-term relationships between service providers and customers may intensify the negative influence of service failures (Holloway *et al.*, 2009:392; Mattila, 2004:143). Furthermore, the influence of relationship intention on customer satisfaction, loyalty and retention following service recovery, has not been investigated.

The availability of alternative cell phone network providers (SAARF, 2012), increasing competition (ICASA, 2012:3, 30, 32, 39), and number portability (Seo, Ranganathan and Babad, 2008:182, 195) within the South African cell phone industry, make customer switching behaviour when service failures occur a possibility. Consequently, South African cell phone network providers will greatly benefit from knowledge relating to the influence of relationship intention on customer satisfaction, loyalty and retention following service recovery. The purpose of this study is therefore to determine the influence of relationship intention on customer satisfaction, loyalty and retention following service recovery within the South African cell phone industry. The following objectives were accordingly formulated for this study. To:

- Determine the influence of relationship intention on cell phone users' satisfaction after service recovery strategies;
- Establish the influence of relationship intention on cell phone users' loyalty after service recovery strategies;
- Investigate the influence of relationship intention on cell phone users' retention after service recovery strategies; and
- Compare the relationships between cell phone users' relationship intentions and satisfaction, loyalty and retention after service recovery where the problem is only rectified (service recovery scenario 1), with the relationships between cell phone users' relationship intentions and their satisfaction, loyalty and retention after service recovery including an acknowledgement, apology, explanation and rectification of the problem (service recovery scenario 2).

## **LITERATURE REVIEW**

### **RELATIONSHIP MARKETING**

Emerson (1976:336) explained that social exchange theory implies “a two-sided, mutually contingent and mutually rewarding process involving ‘transactions’ or simply ‘exchange’ ”. This definition of social exchange theory provides the context for relationship marketing (Dwyer, Schurr and Oh, 1987:11-12). Relationship marketing concerns all marketing activities to establish, develop and maintain successful relational exchanges (based on mutual dependence) between the organisation and its stakeholders (Morgan and Hunt, 1994:22, 34).

Sweeney, Soutar and McColl-Kennedy (2011:297, 305) argue that a relational approach to services marketing, where relationship marketing strategies are applied as part of services marketing, may result in more positive outcomes for service providers than a transactional approach, as service delivery is highly dependent on relationship factors. The benefits of relationship marketing in terms of increased sales, market share and profits (Jena *et al.*, 2011:23) cannot be underestimated or contested. For this reason, service providers view satisfaction, loyalty and retention as profitable relationship marketing building blocks (Sarshar, Sertyesilisik and Parry, 2010:65). However, relationship marketing is only appropriate when customers are willing to engage in the actions and behaviour to build relationships with service providers (Leahy, 2011:664,666; Coughlan, Shale and Dyson, 2010:137). Although a series of interdependent exchanges may result in the formation of relationships with customers, it cannot be assumed that the interactions have resulted in such attachments, and transactions should not be confused with relationships (Cropanzano and Mitchell, 2005:886). Kumar *et al.* (2003:668) accordingly propose that service providers should identify customers with relationship intentions for relationship building, as customers with relationship intentions are willing to develop relationships with particular service providers. Although customers thus have relational preferences (Hennig-Thurau, Gwinner and Germier, 2002:244), repetitive satisfactory interactions with service providers increase the value customers perceive from a possible relationship with the specific service provider (Dorai and Varshney, 2012:407).

### **Customer satisfaction**

Customer satisfaction, a prerequisite for entering into long-term relationships with customers (Kim *et al.*, 2012:59), is established through proper response to customer needs and requests (Bitner, Booms and Tetreault, 1990:82), and can be based on account of a particular service encounter or a number of service encounters (Homburg and Giering, 2001:45; Bloemer and De Ruyter, 1999:318). When studying satisfaction, the expectancy disconfirmation paradigm should

be considered as this paradigm holds that customers' satisfaction is based on the size and direction of the disconfirmation experience related to customers' expectations of service delivery (Churchill and Surprenant, 1982:491). Customers thus compare the perceived service delivery with expected service delivery (Parasuraman, Zeithaml and Berry, 1985:47) to make satisfaction judgements (Berry and Parasuraman, 1997:65; Oliver, 1980:460).

Satisfied customers have a higher lifetime value to service providers as these customers will spread positive word-of-mouth, will cooperate with, and are likely to become partners in the relationship with their service providers (Dorai and Varshney, 2012:407). Homburg *et al.* (2003:52) are of the opinion that there is a direct positive relationship between satisfaction and loyalty. Vázquez-Casielles, Suárez-Álvarez and Belén Del Río-Lanza (2009:2291) concur by suggesting that customer satisfaction impacts attitudinal loyalty in particular through a positive effect on repurchase intention, price tolerance and positive recommendations. Cant and Erdis (2012:938) support this view by arguing that satisfaction is important as it lays the foundation for long-term customer relationships, resulting in loyalty and retention.

### **Customer loyalty**

Loyalty comprises both attitudinal and behavioural dimensions, which can jointly be referred to as composite loyalty (Oliver, 1999:34-35; Dick and Basu, 1994:102; Day, 1969:30, 34). For this reason, customer loyalty can be viewed as customers' attachment to, psychological bond with, as well as the repeat systematic purchase intentions and behaviours with regard to a specific service provider (Komunda and Osarenkhoe, 2012:83; Liu, Li, Mizerski and Soh, 2012:924).

The importance of studying customer loyalty lies in the continued (Lam, Shankar, Erramilli and Murthy, 2004:307) and increased (Homburg *et al.*, 2003:38) purchase intentions and behaviour that loyal customers offer to service providers. Loyal customers will furthermore recommend the service provider to other customers (Lam *et al.*, 2004:307), are less price-sensitive (Day, 1969:34-35), are less likely to switch as result of situational factors or competitors' marketing efforts (Wang and Li, 2012:149), and will in all probability engage in positive word-of-mouth behaviour (Komunda and Osarenkhoe, 2012:94). In short, loyal customers generate more revenue for longer (Hennig-Thurau *et al.*, 2002:231) by directly and indirectly contributing to service providers' profitability (Castro and Pitta, 2012:126; Kuikka and Laukkanen, 2012:534) through reduced marketing costs and increased share of customers' spending (Gummesson, 2002:52). When customers are truly loyal and satisfied, they will probably be retained (Cant and Erdis, 2012:938).

## **Customer retention**

Service providers invest resources to acquire, develop and retain a satisfied and loyal customer base (Anderson, Fornell and Lehmann, 1994:63). The investment of resources on such customer retention efforts is based on the effort to retain customers with a high lifetime value for service providers (Babin and Harris, 2012:310, 315).

However, over the period of long-term relationships between service providers and customers, service failures are inescapable (Harrison-Walker, 2012:115; Lacey, 2012:137; Tsarenko and Tojib, 2011:383, 391). Due to the negative association between service failures and customer retention (Robinson, Neeley and Williamson, 2011:90), successful service recovery strategies become essential in maintaining customer retention (Huang, 2011:513; Robinson *et al.*, 2011:96). Although, Chang and Chin (2011:128) found that some customers want to be retained despite service failures. Concomitantly, Kumar *et al.* (2003:670) hypothesised that customers with relationship intentions value their relationships with their service providers more than unfulfilled expectations.

## **Relationship intention**

Both service providers and customers should perceive and evaluate benefits and be able to choose whether to remain in a relationship with each other before relationships can exist between these two parties (Gwinner, Gremler and Bitner, 1998:101, 112). For this reason, service providers should target those customers choosing to build relationships with specific service providers with their relationship marketing efforts. Customers with emotional attachments to service providers, brands or channel members (or any combination of the aforementioned) can be considered to have relationship intentions towards their service providers and are most likely to become active partners in the relationships (Kaufmann, Loureiro, Basile and Vrontis, 2012:406; Kumar *et al.*, 2003:669). Customers with relationship intentions have a willingness to build long-term relationships with their service providers (Kumar *et al.*, 2003:668-670). Kumar *et al.* (2003:669) argue that five constructs, namely involvement, fear of relationship loss, feedback, forgiveness and expectations should be used to measure customers' relationship intentions.

According to Kumar *et al.* (2003:670), involved customers want to engage in relationship activities with their service providers. Involved customers make informed purchasing decisions, which, in turn, increase satisfaction (Dagger and David, 2012:450; Kumar *et al.*, 2003:670), and facilitate loyalty to service providers (Dagger and David, 2012:461). Satisfaction, in turn, increases the benefits customers perceive from their relationships with particular service

providers (Vázquez-Casielles *et al.*, 2009:2292-2293), resulting in customers possibly fearing losing these relationships (Kumar *et al.*, 2003:670). Fear of relationship loss is brought on by customers' perceptions that the cost of developing a new relationship with a different service provider (switching costs) is too high (Sharma and Patterson, 2000:470). Positive switching costs, such as benefits and value in terms of social costs (Jones, Reynolds, Mothersbaugh and Beatty, 2007:337, 350), enhance the link between customer satisfaction and loyalty (Dagger and David, 2012:461). Furthermore, customers' expectations determine their satisfaction (Oliver, 1980:460).

Customers' expectations reflect their anticipated service delivery performance (Churchill and Surprenant, 1982:492) and portray a service provider's reputation for providing high or low quality services (Anderson *et al.*, 1994:64). Customers with relationship intentions develop high expectations of their service providers (Kumar *et al.*, 2003:670; Kim *et al.*, 2012:75). According to Zeithaml, Berry and Parasuraman (1993:6, 10), customers develop expectations for desired service (level of service they want to receive from service providers), adequate service (the level of service customers are willing to accept albeit not the desired service) and predicted service (the level of service customers believe is likely to occur). The gap between the desired service delivery standards and the adequate service delivery standards is termed the zone of tolerance (Wilson, Zeithaml, Bitner and Gremler, 2012:54; Zeithaml *et al.*, 1993:6). Service failures occur whenever service delivery falls outside customers' zones of tolerance (Komunda and Osarenkhoe, 2012:83). In such circumstances, customers develop expectations regarding the service recovery their service providers should demonstrate (Bhandari, Tsarenko and Polonsky, 2007:181).

Kumar *et al.* (2003:670) furthermore propound that customers with high relationship intentions provide feedback to the service provider to communicate expectations, and consider the relationship with the service provider foremost. For this reason, customers with high relationship intentions will forgive service providers with whom they have relationships if service delivery fails to meet their expectations (Kumar *et al.*, 2003:670). Forgiveness entails that customers will undertake behavioural actions to restore the relationship between a customer and service provider whenever expectations are not met, instead of ending the relationship (Tsarenko and Tojib, 2011:382; Hedrick, Beverland and Minahan, 2007:70).

## **SERVICE RECOVERY AFTER SERVICE FAILURE**

Despite service providers' most sincere intentions, service failures, occurring when customers' expectations of service delivery are not met (Komunda and Osarenkhoe, 2012:83; Berry and Parasuraman, 1997:65), are bound to occur at some point during the relationships between

service providers and their customers (Harrison-Walker, 2012:115; Tax and Brown, 1998:87). Regardless of pre-existing relationships, service providers address the negative effect of service failures on customer retention through service recovery strategies in an effort to uphold customer loyalty and customer retention (Huang, 2011:513; Robinson *et al.*, 2011:96).

It is the prerogative of service providers to choose the most appropriate service recovery strategy following a service failure, where service providers could either offer one or a combination of service recovery strategies (Bateson and Hoffman, 2011:368-369). Service recovery strategies could include service providers apologising to customers, offering compensation, correcting or substituting an offering, or reimbursing customers (Bateson and Hoffman, 2011:368-369). Customers may not perceive a tangible compensation alone as sufficient service recovery strategy, as customers want to understand why things went wrong (Wang and Mattila, 2011:435). It has been argued that a service recovery strategy combining a tangible compensation with sincere communication with the customer (such as a logical explanation), is the most efficient service recovery strategy (Seawright, Detienne, Bernhisel and Larson, 2008:266; Bitner, 1990:79). However, an apology or proactive response as well as an adequate and truthful explanation about a service failure (without compensation) as service recovery strategy can also restore customer satisfaction (Smith, Bolton and Wagner, 1999:369) and loyalty (Wang and Mattila, 2011:434). It can therefore be concluded that the expanse of service recovery strategies may, but does not automatically, increase customers' post-recovery behavioural intentions.

Bhandari *et al.* (2007:181) claim that the effectiveness of service recovery depends on whether customers' expectations with regard to service recovery were met or not. Disconfirmation of customers' expectations of service recovery negatively impacts satisfaction, because customers have already suffered an economic or psychological loss resulting from the service failure. Customers will therefore be less tolerant and have higher expectations of how service providers will treat them during service recovery strategies (Prasongsukarn and Patterson, 2012:516). For this reason, customer satisfaction, loyalty and retention as outcomes of service recovery are critical evaluations of the success of service recovery strategies.

## **HYPOTHESES AND PROPOSED MODEL**

Based upon the problem statement, objectives and literature review, the following alternative hypotheses were formulated for this study (where service recovery scenario 1 entailed that only the problem was rectified, while service recovery scenario 2 included an acknowledgement, apology, explanation and rectification of the problem):



H<sub>a1</sub>: There is a significant positive relationship between cell phone users' relationship intentions and satisfaction after service recovery.

The hypothesis is refined as follows:

H<sub>a1a</sub>: There is a significant positive relationship between cell phone users' relationship intentions and satisfaction after service recovery scenario 1.

H<sub>a1b</sub>: There is a significant positive relationship between cell phone users' relationship intentions and satisfaction after service recovery scenario 2.

H<sub>a2</sub>: There is a significant positive relationship between cell phone users' relationship intentions and loyalty after service recovery.

The hypothesis is refined as follows:

H<sub>a2a</sub>: There is a significant positive relationship between cell phone users' relationship intentions and loyalty after service recovery scenario 1.

H<sub>a2b</sub>: There is a significant positive relationship between cell phone users' relationship intentions and loyalty after service recovery scenario 2.

H<sub>a3</sub>: There is a significant positive relationship between cell phone users' relationship intentions and retention after service recovery.

The hypothesis is refined as follows:

H<sub>a3a</sub>: There is a significant positive relationship between cell phone users' relationship intentions and retention after service recovery scenario 1.

H<sub>a3b</sub>: There is a significant positive relationship between cell phone users' relationship intentions and retention after service recovery scenario 2.

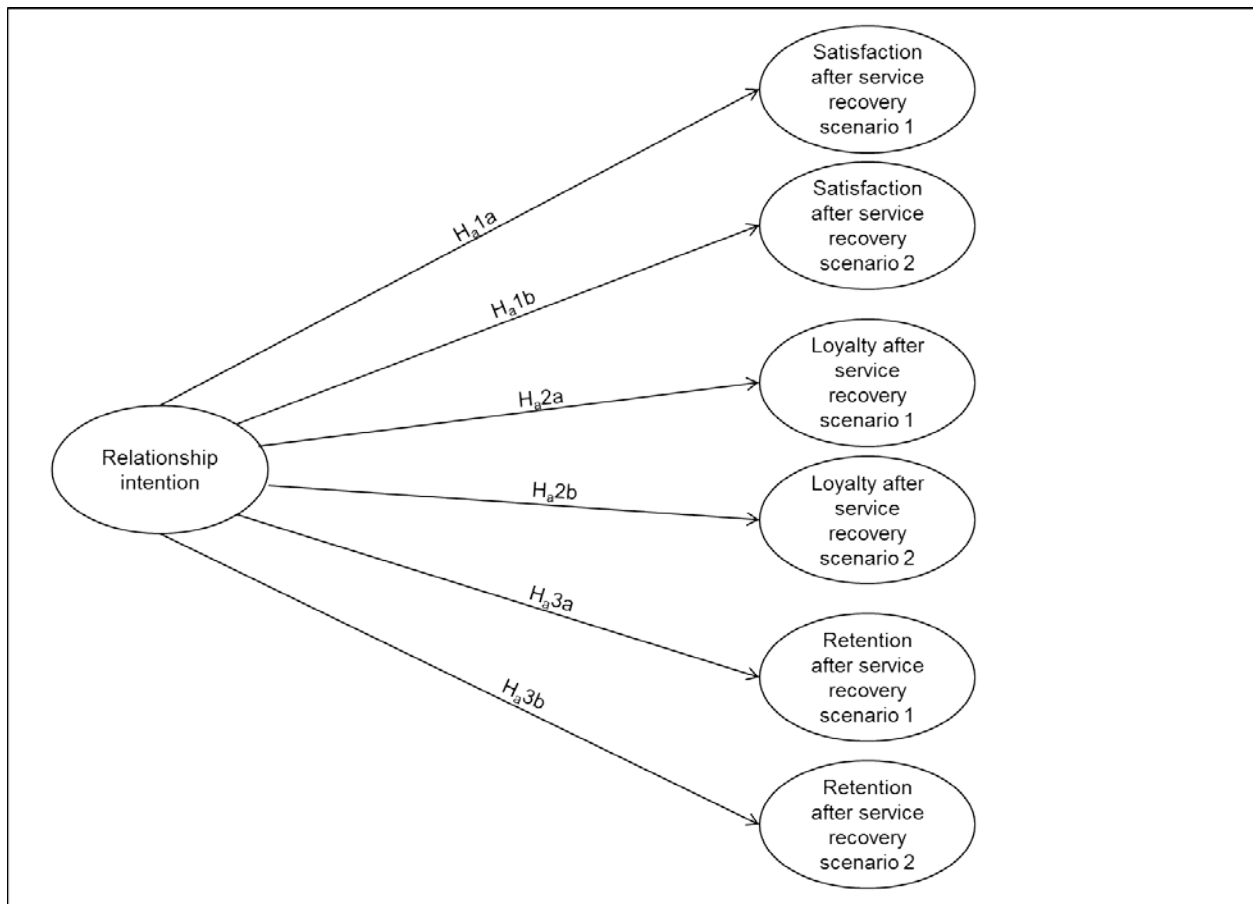
H<sub>a4</sub>: The relationship between cell phone users' relationship intentions and satisfaction is significantly higher after service recovery scenario 2 than service recovery scenario 1.

H<sub>a5</sub>: The relationship between cell phone users' relationship intentions and loyalty is significantly higher after service recovery scenario 2 than service recovery scenario 1.

H<sub>a6</sub>: The relationship between cell phone users' relationship intentions and retention is significantly higher after service recovery scenario 2 than service recovery scenario 1.

Figure 1 presents the model proposed to illustrate the relationships between cell phone users' relationship intentions and satisfaction, loyalty and retention following service recovery.

**FIGURE 1**  
**HYPOTHESISED MODEL OF THE RELATIONSHIPS BETWEEN CELL PHONE USERS'**  
**RELATIONSHIP INTENTIONS AND SATISFACTION, LOYALTY AND RETENTION**  
**FOLLOWING SERVICE RECOVERY**



## METHODOLOGY

### Study population, data collection and sampling procedure

The study population comprised Gauteng residents (specifically residing in Johannesburg and surrounding suburbs), 18 years or older, who have owned and used a cell phone for at least three years. Descriptive research was undertaken by means of personal in-home interviews conducted by trained fieldworkers, through non-probability convenience sampling. Interviewer-administered questionnaires were deemed appropriate as a service failure scenario and two service recovery scenarios had to be explained to respondents (Bradley, 2007:128). Before the questionnaire was fielded, a pilot study among 27 respondents from the study population was done to identify and correct any possible problems respondents might have with the questionnaire (Zikmund and Babin, 2010:61-62).

## Questionnaire design

Responses were captured with closed-ended questions throughout the questionnaire. A five-point unlabelled Likert scale was used for all scale items where 1 = strongly disagree and 5 = strongly agree (unless otherwise specified). After the preamble explaining respondents' rights, the purpose of the study and screening questions, respondents had to answer the questionnaire's four sections. The first section obtained classification and patronage information concerning respondents' cell phone network providers, including their current cell phone network provider used and whether the respondents had a contract with their cell phone network provider. The second section measured relationship intention by means of the scale as proposed by Kruger and Mostert (2012:45), as it has proven to be valid and reliable to measure relationship intention within South Africa. The scale measuring relationship intention was anchored by 1 = no, definitely not, and 5 = yes, definitely.

Respondents were subsequently presented with two service recovery scenarios following a service failure scenario in the third section of the questionnaire. The advantages of using scenarios include that service failure and recovery do not have to be intentionally imparted on customers to examine their reactions which is undesirable from a managerial perspective. For this reason, using scenarios not only prevents the aforementioned unwanted negative reactions, but also eliminates the difficulty (in terms of time and expenses) with regard to observation or enactment of service failure and service recovery incidents (Smith *et al.*, 1999:362). Furthermore, the option to ask respondents to recall an event can result in biases due to memory lapse and rationalisation tendencies (Smith *et al.*, 1999:362), which is why service failure and recovery scenarios are often preferred (Kim and Ulgado, 2012:161; Long-Tolbert and Gammoh, 2012:399; Prasongsukarn and Patterson, 2012:513). The service failure scenario entailed that respondents had to imagine experiencing a billing error by their current cell phone network provider. The service failure scenario read: *After signing a contract with your cell phone network provider for 150 free minutes to any cell phone number during office hours, you receive your bill and see that you have in fact been charged for all the calls you made during office hours and not just for the calls exceeding the 150 minute frame* followed by the service recovery scenarios. After each service recovery scenario respondents rated statements regarding their satisfaction (items adapted from Huang, 2011:514; Huang and Lin, 2011:207; Lin and Lin, 2011:191; Holloway *et al.*, 2009:390; DeWitt and Brady, 2003:205; McCollough, Berry and Yadav, 2000:127), loyalty (items adapted from Ekiz and Au, 2011:335; Jaiswal and Niraj, 2011:170, 174; Wang and Matilla, 2011:438) and retention (items adapted from Proença and Rodriques, 2011:209) based on how they would feel if they had received the service recovery described in the scenarios. The fourth and final section obtained demographic details including gender and population group.

## Data analysis

A total of 605 usable questionnaires were obtained. Statistical processing was done by using the SPSS 21,0 program (SPSS, 2013), the SAS 9.3 program (SAS, 2012) and the Mplus 7.11 statistical program (Muthén and Muthén, 1998-2013).

To investigate the relationships between respondents' relationship intentions and satisfaction, loyalty and retention following service recovery, structural equation modelling (SEM) methods were used. The questionnaire items used to measure the latent variables were used as the observed variables in the analyses and item parcelling methods were thus not implemented. The 5-point Likert scale used in this study for the observed variables (questionnaire items) was considered categorical. The program Mplus 7.11 (Muthén and Muthén, 1998-2013) was chosen for the SEM analyses because continuous and/or categorical latent variables can be specified. For this reason, the default estimator for models that contain categorical outcomes in Mplus, the mean and variance-adjusted weighted least-square method (WLSMV) (Kline, 2011:181; Muthén, Du Toit and Spisic, 1997:23-25), was used for the SEM analyses.

The fit indices considered for this study include the comparative fit index (CFI), the Tucker-Lewis index (TLI) and root mean square error of approximation (RMSEA). The CFI is used to assess the fit of the proposed model relative to the null or independence model which assumes no relationships in the data and values of 0.95 or greater are considered as acceptable (Meyers, Gamst and Guarino, 2006:608). The TLI is another incremental fit measure where a value of 0.90 or greater is recommended (Blunch, 2008:115; Hair, Anderson, Tatham and Black, 1998:657). The RMSEA is an absolute fit measure (determining the degree to which the overall model, measurement and structural models predict the observed covariance or correlation matrix). The RMSEA attempts to correct for the tendency of the chi-square statistic to reject any specified model with a sufficiently large sample (Blunch, 2008:116). The RMSEA is the discrepancy measured in terms of the population per degree of freedom (Hair *et al.*, 1998:654, 656). A RMSEA value ranging up to 0.08 indicates a good fit (Meyers *et al.*, 2006:608; Hair *et al.*, 1998:654, 656).

## RESULTS

### Respondent profile

With regard to gender, 53.7% of the respondents who participated in this study were female and 46.3% were male. Considering population group, 33.5% of the respondents were black African, 28.3% were white, 21.2% were Asian / Indian and 17.0% were coloured. Furthermore, 8-ta

(3.3%) and Virgin Mobile (2.8%) seem to be dominated by the three larger cell phone network providers, Vodacom (43%), MTN (34.4%) and Cell C (16.5%) in terms of the respondents' patronage. Just more than half of the respondents (52.2%) had contractual agreements with their cell phone network providers.

### Reliability and validity

In order to determine the internal consistency reliability of the scales used in this study, Cronbach's alpha coefficient values were calculated. Table 1 presents the Cronbach's alpha coefficient values for the constructs of this study where a value of 0.70 and higher is considered to indicate reliability (Pallant, 2010:6).

**TABLE 1**  
**CRONBACH'S ALPHA COEFFICIENT VALUES FOR CONSTRUCTS OF THE STUDY**

Construct	Cronbach's alpha coefficient value	
Relationship intention	0.90	
	Service recovery scenario 1	Service recovery scenario 2
Satisfaction after service recovery	0.97	0.96
Loyalty after service recovery	0.91	0.88
Retention after service recovery	0.95	0.96

Table 1 indicates that the scale of relationship intention as well as the scales of satisfaction after service recovery, loyalty after service recovery and retention after service recovery (for both service recovery scenarios) had Cronbach's alpha coefficient values above 0.7.

Confirmatory factor analyses were performed to determine the underlying dimensions of each scale and to determine construct validity (Bagozzi, 1994:342-344). The scales of relationship intention as well as satisfaction, loyalty and retention after service recovery scenario 1 and service recovery scenario 2, are considered valid, since the measure of sampling adequacy (MSA) was above 0.70 and more than 50% of the variance was explained by each scale. By examining the eigenvalue for each scale, the scales of satisfaction, loyalty and retention after service recovery scenario 1 and scenario 2 had no underlying dimensions and proved valid, while the underlying dimensions for the relationship intention scale were uncovered. As proposed by Kumar *et al.* (2003:670), the constructs involvement, fear of relationship loss, feedback, forgiveness and expectations, proved valid. It can therefore be concluded that the measures of relationship intention, as well as satisfaction, loyalty and retention after service recovery are reliable and valid among respondents who participated in this study.

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**Mean scores of relationship intention, satisfaction, loyalty and retention after service recovery**

The overall mean score of respondents' relationship intentions was 3.60. Bearing in mind that the Likert scale used ranged from 1 (no, definitely not) to 5 (yes, definitely), it could be concluded that respondents participating in this study had higher relationship intentions towards their cell phone network providers. Based on the Likert scale used where 1=strongly disagree and 5=strongly agree, the overall mean scores for satisfaction (mean=2.83), loyalty (mean=2.81) and retention (mean=3.07) after service recovery scenario 1 were lower than the overall mean scores for satisfaction (mean=4.16), loyalty (mean=3.88) and retention (mean=4.09) after service recovery scenario 2.

**Respondents' relationship intentions and satisfaction, loyalty and retention following service recovery**

The relationships between respondents' relationship intentions and satisfaction, loyalty and retention following service recovery were investigated using structural equation modelling (SEM) methods. After the hypothesised model was specified, all variables were set as categorical in Mplus. Items with low communalities were removed from further analysis, but all dimensions of relationship intention were present in the analyses.

**Fit indices and correlation matrix**

The measurement model was found to fit the data acceptably. The CFI (0.98) and TLI (0.98) indicated good model fit, also confirmed by the RMSEA (0.07). The structural paths were then added to the model which will be referred to as the research model from here on. Furthermore, service recovery scenario is abbreviated as SRS in all Tables. The correlation matrix of the latent variables is presented in Table 2. All correlations were statistically significant at the  $p<0.01$  level.

**TABLE 2**  
**CORRELATION MATRIX OF LATENT VARIABLES FOR THE RESEARCH MODEL**

Correlation matrix of the latent variables							
Variables	Relation-ship intention	Satisfac-tion after SRS1	Loyalty after SRS1	Reten-tion after SRS1	Satisfac-tion after SRS2	Loyalty after SRS2	Reten-tion after SRS2
Relationship intention	1.00	0.22	0.33*	0.37*	0.42*	0.48*	0.43*
Satisfaction after SRS1	0.22	1.00	0.90**	0.78**	0.30*	0.29	0.26
Loyalty after SRS1	0.33*	0.90**	1.00	0.84**	0.29	0.39*	0.30
Retention after SRS1	0.37*	0.78**	0.84**	1.00	0.35*	0.41*	0.42*
Satisfaction after SRS2	0.42*	0.30*	0.29	0.35*	1.00	0.90**	0.75**
Loyalty after SRS2	0.48*	0.29	0.39*	0.41*	0.90**	1.00	0.79**
Retention after SRS2	0.43*	0.26	0.30*	0.42*	0.75**	0.79**	1.00

\*Medium effect size ( $0.3 \leq r < 0.5$ )

\*\*Large effect size ( $0.5 \leq r$ )

From Table 2 it can be deduced that there were positive correlations between all the latent variables. There were large positive correlations between respondents' satisfaction after service recovery scenario 1 and loyalty after service recovery scenario 1 ( $r=0.90$ ), as well as retention after service recovery scenario 1 ( $r=0.78$ ). Table 2 also indicates a large positive correlation between respondents' loyalty after service recovery scenario 1 and retention after service recovery scenario 1 ( $r=0.84$ ). Furthermore, respondents' satisfaction after service recovery scenario 2 had large positive correlations with loyalty after service recovery scenario 2 ( $r=0.90$ ) as well as retention after service recovery scenario 2 ( $r=0.75$ ). Respondents' loyalty after service recovery scenario 2 had a large positive correlation with retention after service recovery scenario 2 ( $r=0.79$ ). It is therefore important to note that there is some degree of multicollinearity in the model.

### Competing models

The research model was compared to three competing models due to concerns of multicollinearity because of the high correlations between the dependent variables. The first competing model combined satisfaction and loyalty as one latent variable, labelled as post-recovery satisfaction and loyalty. The second competing model combined loyalty and retention as one latent variable, labelled as patronage after service recovery. The third competing model combined satisfaction, loyalty and retention as one latent variable, labelled as post-recovery behaviour.

For this study, the chi-square difference testing cannot be used to compare models as the default WLSMV estimator was used (Muthén & Asparouhov, 2002:11); this can only be done with nested models. For this reason, Bayesian analysis was implemented to generate Bayesian Information Criterion (BIC) values (Kline, 2011:342; Muthén, 2008) for each of the competing models. According to Van de Schoot, Lugtig and Hox (2012:488) and Posada and Buckley (2004:797), the model with the lowest BIC is the model with a better balance between fit and complexity. The BIC values of the research model and three competing models are presented in Table 3.

**TABLE 3**  
**BIC VALUES OF RESEARCH MODEL AND COMPETING MODELS**

	Research model	Competing model 1: Post-recovery satisfaction and loyalty	Competing model 2: Patronage after service recovery	Competing model 3: Post-recovery behaviour
Number of latent variables	Seven	Five	Five	Two
BIC values	50637.062	70266.262	54340.741	54341.186

Following the analysis and as indicated in Table 3, it can be deduced that the research model with seven latent variables was the most adequate model (BIC=50637.062) compared to the other competing models.

#### Structural paths

Table 4 presents the structural paths of the latent variables for the research model in terms of the hypotheses ( $H_a$ ), path coefficients ( $\beta$ ) considered as statistical viable at 0.3 or greater (Meyers *et al.*, 2006:590), standard error (SE), statistical significance at the 0.05 level ( $p$ -value), and result.

**TABLE 4**  
**STRUCTURAL PATHS OF THE LATENT VARIABLES**

$H_a$	Relationship	$\beta$	SE	$p$ -value	Result
H <sub>a</sub> 1a	Relationship intention → Satisfaction SRS1	0.22	0.03	$p < 0.001$	Significant
H <sub>a</sub> 2a	Relationship intention → Loyalty SRS1	0.33	0.03	$p < 0.001$	Significant
H <sub>a</sub> 3a	Relationship intention → Retention SRS1	0.37	0.03	$p < 0.001$	Significant
H <sub>a</sub> 1b	Relationship intention → Satisfaction SRS2	0.42	0.03	$p < 0.001$	Significant
H <sub>a</sub> 2b	Relationship intention → Loyalty SRS2	0.48	0.03	$p < 0.001$	Significant
H <sub>a</sub> 3b	Relationship intention → Retention SRS2	0.43	0.04	$p < 0.001$	Significant

From Table 4 it is evident that all the structural paths hypothesised in the research model were statistically significant. For this reason, H<sub>a</sub>1a and H<sub>a</sub>1b, stating that there is a significant positive relationship between cell phone users' relationship intentions and satisfaction after service



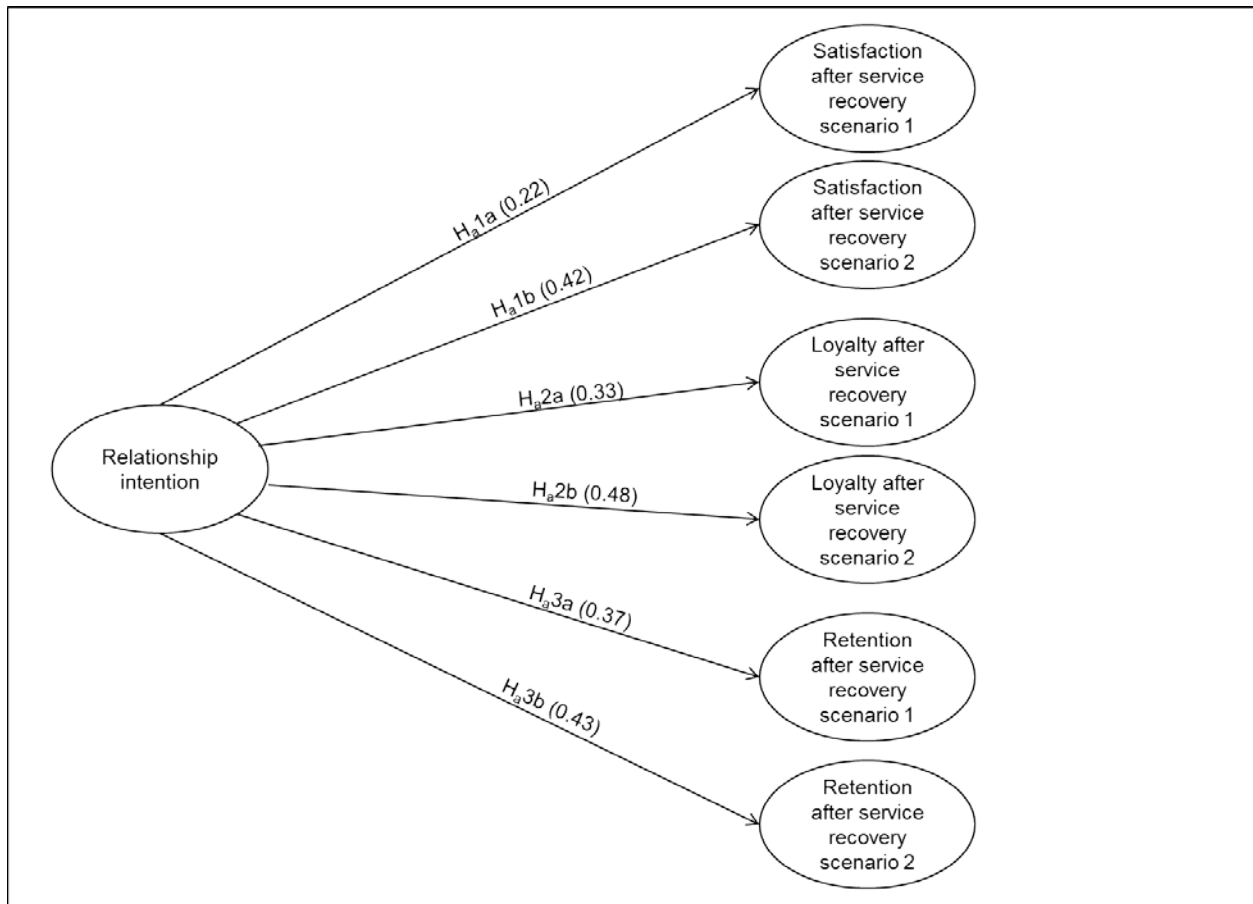
recovery scenario 1 as well as scenario 2, are accepted. H<sub>a</sub>2a and H<sub>a</sub>2b stating that there is a significant positive relationship between cell phone users' relationship intentions and loyalty after service recovery scenario 1 as well as scenario 2, are accepted. Furthermore, H<sub>a</sub>3a and H<sub>a</sub>3b stating that there is a significant positive relationship between cell phone users' relationship intentions and retention after service recovery scenario 1 as well as scenario 2, are accepted.

### **Comparing the relationships between respondents' relationship intentions and satisfaction, loyalty and retention after service recovery scenario 1 and 2**

To investigate the possible difference and compare the strength of the structural paths between respondents' relationship intentions and satisfaction, loyalty and retention after service recovery scenario 1 with the strength of the structural paths between respondents' relationship intentions and satisfaction, loyalty and retention after service recovery scenario 2, the Wald statistic was implemented. The multivariate Wald statistic is used for hypothesis testing by approximating the chi-square difference statistic for trimming of two or more paths from the model (Kline, 2011:217) and measuring the statistical significance of the unique contribution of each coefficient in the model (Meyers *et al.*, 2006:240). The Wald statistics for satisfaction, loyalty and retention after service recovery scenario 1 compared to satisfaction, loyalty and retention after service recovery scenario 2 were statistically significant ( $p < 0.001$ ) for all three comparisons. The relationships between respondents' relationship intentions and satisfaction, loyalty and retention after service recovery scenario 2 were greater than the relationships between respondents' relationship intentions and satisfaction, loyalty and retention after service recovery scenario 1. The mean scores of the constructs of this study and standardised beta weights, or standardised path coefficients ( $\beta$ ), presented in Table 4, further support this finding. H<sub>a</sub>4, H<sub>a</sub>5 and H<sub>a</sub>6 stating that the relationships between cell phone users' relationship intentions and satisfaction, loyalty and retention respectively is significantly higher after service recovery scenario 2 than service recovery scenario 1, can therefore be accepted.

Figure 2 presents the summary of significant relationships identified in the SEM analyses.

**FIGURE 2**  
**SUMMARY OF SIGNIFICANT RELATIONSHIPS**



## DISCUSSION AND MANAGERIAL IMPLICATIONS

Although long-term relationships may counterbalance the negative effect of service failures on customer satisfaction, loyalty and retention (Kim *et al.*, 2012:75), the influence of relationship intention on customer satisfaction, loyalty and retention following service recovery has not been investigated. This research determined the influence of relationship intention on customer satisfaction, loyalty and retention following two service recovery scenarios within the South African cell phone industry.

Results indicated that all scales were reliable and valid among respondents who participated in this study. Findings of this study indicated significant positive relationships between respondents' relationship intentions and satisfaction, loyalty and retention after a billing error by their cell phone network providers where only the problem was rectified as service recovery strategy. Results furthermore displayed significant positive relationships between respondents' relationship intentions and satisfaction, loyalty and retention after a billing error by their cell phone network providers where the service recovery strategy included an acknowledgement, apology, explanation and rectification of the problem. These positive relationships between

relationship intention and satisfaction, loyalty and retention after service recovery support previous research that customer relationships with service providers shield the negative effects of service failure (Kim *et al.*, 2012:75; DeWitt and Brady, 2003:201; Tax *et al.*, 1998:72). Findings of this study also support Kumar *et al.*'s (2003:670) hypothesis that customers with relationship intentions value their relationships with service providers more than unfulfilled expectations. Relationship intention thus has a positive causal relationship with satisfaction, loyalty and retention after service recovery.

The results also confirm that the relationships between respondents' relationship intentions and satisfaction, loyalty and retention after the service recovery strategy including an acknowledgement, apology, explanation and rectification of the problem were significantly higher than a service recovery strategy where only the problem was rectified. As findings indicate that customer satisfaction, loyalty and retention can be achieved without compensation or refunds (which was not part of either scenario), it is concluded in line with previous findings (Wang and Mattila, 2011:434; Smith *et al.*, 1999:369; Blodgett, Hill and Tax, 1997:202), that cell phone network providers do not have to offer customers full refunds to achieve customer satisfaction, loyalty and retention through service recovery.

The positive causal relationships between respondents' relationship intentions and their satisfaction, loyalty and retention following service recovery, have two important implications for cell phone network providers. Firstly, cell phone network providers, therefore, do not have to offer compensation if customers' relationship intentions are present when billing errors occur, as rectifying the problem will be sufficient. Secondly, solely rectifying billing errors is not advised, as relationship intention increases the value customers perceive from a combination of service recovery strategies (such as an acknowledgement, apology, explanation and rectification of the problem). When relationship intention is present, customers will be easier to satisfy, keep loyal and retain without compensatory service recovery strategies. Furthermore, although not directly examined in this study, the conclusion can be drawn that if relationship intention results in higher satisfaction, loyalty and retention after service recovery with a combination of service recovery strategies following billing errors, such a combination of service recovery strategies could most likely have an exponentially larger positive effect on the satisfaction, loyalty and retention of customers without relationship intentions. For this reason, cell phone network providers should, as the bare minimum, use a combination of service recovery strategies if they want to restore customers' satisfaction, loyalty and retention following billing errors. It is recommended that cell phone network providers, as a minimum gesture, acknowledge that a problem occurred, apologise, and explain why the mistake was made, and, of course, rectify the mistake. The return on investment of such a combination of service recovery strategies at virtually no extra cost to cell phone network providers should be positive.

## **CONTRIBUTION AND THEORETICAL RELEVANCE**

This study has theoretical, managerial and methodological contributions. Theoretically it has been argued that relationship marketing efforts should only be targeted at customers willing to respond favourably to such efforts. This study emphasised the additional benefits of customers with relationship intentions in terms of the positive causal influence on satisfaction, loyalty and retention following service recovery. For this reason, the value of relationship intention as theoretical construct is confirmed. The benefits of building relationships with those customers displaying relationship intention towards their cell phone network providers include willingness to pay premium prices, low cost to serve, and positive word-of-mouth (Kumar *et al.*, 2003:672-673), and following service recovery strategies, customers who will be easier to satisfy and who will display loyalty and be retained. The lifetime value that cell phone network providers can generate from their customers with relationship intentions can exceed the benefits currently established in literature. Furthermore, relationship intention could be considered when examining service failure and recovery in future research. Customers with relationship intentions regard their relationships with specific service providers as essential, and are thus prone to satisfaction, loyalty and retention following service recovery after a service failure due to their urge to maintain relationships with specific service providers. From a managerial perspective, cell phone network providers therefore have more to gain from their customers with relationship intentions' lifetime value.

Finally, although Hair, Ringle and Sarstedt (2011:143) argue for the use of PLS-SEM when theory is being developed, the use of the categorical estimator in Mplus 7.11 (Muthén and Muthén, 1998-2013) for the structural equation modelling methods as done in this study, has not been widely employed in South African marketing research studies. Therefore, this study contributes to demonstrate the relevance that the Mplus 7.11 (Muthén and Muthén, 1998-2013) program has within emerging markets.

## **LIMITATIONS AND FUTURE RESEARCH**

The methodology of this study limits the ability of the researchers to generalise the findings of this study. The findings relating to the influence of relationship intention on satisfaction, loyalty and retention following service recovery, are presented only for the cell phone industry, respondents from the Gauteng Province (specifically Johannesburg and surrounding suburbs) obtained through convenience sampling, one service failure scenario, and two service recovery scenarios. Furthermore, the influence of contractual agreements was not considered. The use of probability sampling across multiple industries and South African provinces, different scenarios of service failure and service recovery (or real service failures and service recovery

strategies) and consideration of contractual agreements, will address the limitations of this study and are advised for use and consideration in future research.

To enhance the rigour of this research, perceived severity of service failure as an important moderating variable on customer satisfaction and loyalty (Seawright *et al.*, 2008:266; Weun, Beatty and Jones, 2004:139) should be considered in future research. Other avenues for future research include the influence of perceived justice (Sparks and McColl-Kennedy, 2001:217; Tax and Brown, 1998:79-81) and attributions (Harrison-Walker, 2012:115; Bitner, 1990:79), as satisfaction after service recovery could be influenced by the aforementioned, along with the considered service recovery strategies.

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## **MAIN FINDINGS FROM ARTICLE 4 CONTRIBUTING TO THE OVERALL OBJECTIVES OF THIS STUDY**

**Main finding 1:** The measurement scale developed by Kruger and Mostert (2012:45) to measure relationship intention with five underlying dimensions, labelled as involvement, expectations, forgiveness, feedback and fear of relationship loss (as originally proposed by Kumar *et al.*, 2003:670) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years.

**Main finding 2:** Respondents' had a tendency towards higher relationship intentions towards their cell phone network providers.

**Main finding 29:** The measurement scale of satisfaction following service recovery with items adapted from DeWitt and Brady (2003:205), Holloway *et al.* (2009:390), Huang (2011:514), Huang and Lin (2011:207), Lin and Lin (2011:191) and McCollough *et al.* (2000:127) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years. No underlying dimensions were uncovered.

**Main finding 30:** The measurement scale of loyalty following service recovery with items adapted from Ekiz and Au (2011:33), Jaiswal and Niraj (2011:170, 174) and Wang and Matilla (2011:438) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years. No underlying dimensions were uncovered.

**Main finding 31:** The measurement scale of retention following service recovery with items adapted from Proença and Rodrigues (2011:209) was reliable and valid under the study population, specifically adults residing in Johannesburg and surrounding suburbs who have used the services of cell phone network providers for at least three years. No underlying dimensions were uncovered.

**Main finding 32:** Respondents' relationship intentions have positive causal relationships with their satisfaction, loyalty and retention following a service recovery strategy where the problem was only rectified.

**Main finding 33:** Respondents' relationship intentions have positive causal relationships with their satisfaction, loyalty and retention following a combination of service recovery strategies including an acknowledgement, apology, explanation, and rectification of the problem.

**Main finding 34:** The positive causal relationships between respondents' relationship intentions and their satisfaction, loyalty and retention were stronger when service recovery strategies were combined (in the form of an acknowledgement, apology, explanation and rectification of the problem) than when the billing error was only rectified.

**Main finding 35:** Cell phone network providers can restore the satisfaction, loyalty and retention following a billing error of respondents with relationship intentions without compensatory service recovery strategies.

## **CHAPTER 6:**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 INTRODUCTION**

The research study is summarised in this chapter and conclusions pertaining to the influence of cell phone users' relationship intentions on satisfaction, loyalty and retention following service recovery are presented. These conclusions were derived from the findings of the empirical study (set out in this chapter according to the secondary objectives of this study). Recommendations for cell phone network providers with regard to cell phone users' relationship intentions and behaviour following service failure and recovery are made, a model considering the interrelationships amongst the constructs of this study is proposed, followed by limitations of the study and possible directions for future research.

#### **6.2 OVERVIEW OF THE STUDY**

The purpose of this study was to determine the influence of relationship intention on satisfaction, loyalty and retention following service recovery within the South African cellular industry. The population of this study comprised adults residing in Gauteng (specifically residing in Johannesburg and surrounding suburbs) who have owned and used a cell phone for at least three years. Through the use of non-probability convenience sampling via interviewer-administered questionnaires, 605 respondents participated in this study. The data obtained from the questionnaires was analysed with the Statistical Package for Social Sciences 21.0 program (SPSS, 2013), the SAS 9.3 program (SAS, 2012) and the Mplus 7.11 statistical program (Muthén & Muthén, 1998-2013). The methodology and results of this study were presented in terms of the four articles written and submitted for consideration for publication in national accredited academic journals (see Chapters 2 to 5).

The first article (Chapter 2) determined the influence of respondents' relationship intentions on relationship length and contractual agreements. Kumar, Bohling and Ladda (2003:670) opined that customers pursue relationships either because they choose to, or because they are forced to, for example, through a contract. Although service providers, such as cell phone network providers, often use customers' relationship lengths (Seo, Ranganathan & Babad, 2008:192) or contractual agreements (Nel & Boshoff, 2012) to identify customers for relationship marketing purposes, it was argued that a longer relationship length or contractual agreement does not necessarily indicate that customers have relationship intentions. Influences such as high switching costs and habit (Bitner, 1990:80) might cause customers to continue supporting

service providers, which seemingly indicates customers' relationship intentions towards these service providers, although they do not want to build long-term relationships with their service providers. It was concluded that customers with higher relationship intentions should rather be targeted with service providers' relationship-building efforts (discussed in Chapter 2).

The second article (Chapter 3) established the influence of relationship intention on respondents' attitudes towards complaining and complaint behaviour following a service failure scenario. Existing literature supports the notion that customers with the propensity to complain (Yuksel, Kilinc & Yuksel, 2006:15, 22) and the intention to continue their relationships with the service providers (Tax, Brown & Chandrashekar, 1998:72) will voice their dissatisfaction to the service providers. Customers with relationship intentions should thus voice their dissatisfaction to service providers in the event of service failures. For this reason, relationship intention should influence customers' attitudes towards complaining and complaint behaviour (discussed in Chapter 3).

The third article (Chapter 4) investigated the influence of respondents' relationship intentions on expectations of service recovery and perceived service recovery following a service failure scenario and two service recovery scenarios. Customers who voice their dissatisfaction (Tsarenko & Tojib, 2011:386) and have established relationships with their service providers (Kim, Ok & Canter, 2012:74), expect their service providers to rectify service failures through service recovery strategies. Furthermore, expectations of service recovery strategies strongly influence customers' perceptions of service recovery (Bhandari, Tsarenko & Polonsky, 2007:181). It was argued that customers' relationship intentions would influence their expectations of service recovery and perceived service recovery (discussed in Chapter 4).

The fourth article (Chapter 5) determined the influence of relationship intention on respondents' satisfaction, loyalty and retention following service recovery. Service providers utilise service recovery strategies in an effort to restore customers' satisfaction, loyalty and to ultimately retain them (Huang, 2011:513; Robinson, Neeley & Williamson, 2011:96; Tax & Brown, 1998:87). As customers with relationship intentions want to continue their relationships with their service providers, Kumar *et al.* (2003:670) argued that customers with relationship intentions would consider their relationships more important than sometimes unfulfilled expectations. Furthermore, literature presents arguments for (Kim *et al.*, 2012:75; Long-Tolbert & Gammoh, 2012:398) and against (Holloway, Wang & Beatty, 2009:392; Mattila, 2004:143) the positive influence of long-term relationships between service providers and customers when service failures occur and service recovery strategies are employed. For this reason, it is important to determine the influence that customers' relationship intentions would have on their post-recovery behaviour (discussed in Chapter 5).

## 6.3 CONCLUSIONS AND RECOMMENDATIONS

The primary objective of this study was to determine the influence of relationship intention on satisfaction, loyalty and retention following service recovery within the cellular industry. The conclusions derived from the literature review and results obtained for this study in relation to the secondary objectives set for this study (see Chapter 1, section 1.6.2), are discussed in this section. Furthermore, recommendations for cell phone network providers derived from the conclusions are specified.

### 6.3.1 Secondary objective 1

Determine the validity and reliability of the questionnaire used for this study.

A pilot study of the questionnaire was done prior to fielding it (Chapter 1, section 1.7.2.4). The pilot study yielded no aspects that had to be addressed or rectified before the questionnaire could be fielded under the study population. Following the data collection and capturing thereof, Cronbach's alpha coefficient values were calculated and confirmatory factor analyses performed to determine whether the measurement scales of relationship intention, attitude towards complaining, customer complaint behaviour, expectations of service recovery, perceived service recovery as well as satisfaction, loyalty and retention following service recovery were reliable and valid for respondents residing in Johannesburg and surrounding suburbs.

All measurement scales used in this study had Cronbach's alpha coefficient values above 0.6. As Cronbach's alpha coefficient values of 0.6 and more are considered reliable (Bagozzi, 1994:18; Malhotra, 2010:319), all the measurement scales and the underlying dimensions were considered reliable. Furthermore, confirmatory factor analyses (where eigenvalues, the measure of sampling adequacy and variance explained were investigated and found sufficient for all measurement scales) were used to determine construct validity as proposed by Bagozzi (1994:342-344). Therefore, it is **concluded** that the questionnaire used in this study was reliable and valid under the study population, specifically adults residing in Gauteng (Johannesburg and surrounding suburbs) who have used the services of cell phone network providers for at least three years (Main finding 1 on p.60, 92, 119 and 150, Main findings 7 and 8 on p.92, Main findings 21 and 22 on p.119, Main findings 29, 30 and 31 on p.150). For this reason, it is **recommended** that cell phone network providers use the various measurement scales used in the questionnaire of this study to determine their customers' relationship intentions, attitudes towards complaining, customer complaint behaviour, expectations of



service recovery, perceived service recovery as well as satisfaction, loyalty and retention following service recovery. It is not necessary for cell phone network providers to spend resources on developing new measurement scales as the measurement scales available in literature will suffice. By using these already developed scales, cell phone network providers, who might not necessarily have the time or skills themselves to design measurements scales that will be reliable and valid, can be assured that the measurement scales will measure what they are supposed to measure in a convenient and reliable fashion (Hyman, Lamb & Bulmer, 2006:3). Future research can also utilise the measurement scales used in this study to further validate the use thereof across different study populations, industries and contexts.

### 6.3.2 Secondary objective 2

Determine cell phone users' relationship intentions towards their cell phone network providers.

The prominent role that cell phones occupy in customers' lives is evident when considering that customers always have their cell phones with them as cell phones are used for a variety of purposes (Du Toit, 2011:40). Although customers are thus attached to their cell phones (Hollis, 2011:7; Orrill, 2011:48), it cannot be assumed that they would have high relationship intentions towards their cell phone network providers. The South African cellular industry has multiple cell phone network providers (SAARF, 2012) which, combined with the option of number portability (Seo *et al.*, 2008:182, 195), would enable the convenient switching between cell phone network providers.

Findings of this study indicate that respondents had a tendency towards higher relationship intentions towards their cell phone network providers (Main finding 2 on p.60, 92, 119 and 150). From these findings it seems that the important commodity of cell phones in everyday life is transferred to respondents' cell phone network providers. It can therefore be **concluded** that the majority of respondents who participated in this study would consider their cell phone network providers as a relationship partner and have higher relationship intentions towards their cell phone network providers.

For this reason, it is **recommended** that cell phone network providers consider the relational expectations of their customers when formulating relationship marketing strategies. The purpose of relationship marketing is to build mutually beneficial relationships with customers which should result in customer retention (Coulter & Ligas, 2004: 490). For this reason, cell phone network providers could thus build such mutually beneficial relationships with their customers (tending to be receptive to such efforts) in an effort to retain their customers in this

highly competitive industry. Especially in the South African cellular industry where the market to attain new customers is in fact small, establishing, maintaining and building long-term mutually beneficial relationships with customers within the cellular industry could result in a competitive advantage for cell phone network providers.

### 6.3.3 Secondary objective 3

Determine whether cell phone users have different levels of relationship intention towards their cell phone network providers.

By classifying respondents into three groups based on the 33.3 and 66.6 percentiles as cut-off points on their overall relationship intention scores, it became evident that respondents who participated in this study have different levels of relationship intentions towards their cell phone network providers (Main findings 3 and 4 on p.60, 92 and 119). It can therefore be **concluded** that different levels of relationship intention could be identified based on differences in respondents' overall mean scores for relationship intention towards their cell phone network providers. Furthermore, respondents who participated in this study had different levels of relationship intentions towards their cell phone network providers. It is **recommended** that cell phone network providers in the immediate future should target their relationship marketing strategies towards customers with higher relationship intentions who will be most receptive to such efforts: such an approach to relationship marketing strategies will yield the highest return on investment. In the long term, maintaining relationships with customers with high relationship intentions will result in generating a high lifetime value from such customers. Furthermore, Kumar *et al.* (2003:671-672) considered brand equity as an antecedent to customers' relationship intentions. It is therefore recommended that cell phone network providers identify their customers with moderate and low relationship intentions and focus communication with regard to brand equity on these customers in an effort to improve these customers' relationship intentions in the long term.

### 6.3.4 Secondary objectives 4 and 5

Objective 4: Determine the influence of cell phone users' relationship lengths on their relationship intentions towards their cell phone network providers.

Although De Jager (2006:134-135) found that relationship length influences the relationship intention of short-term insurance customers, other studies (Delpont, 2009:83; Kruger & Mostert, 2012:46; Kumar *et al.*, 2003:670) found that relationship intention does not necessarily depend on the length of a relationship. In support of the majority of previous studies, this study endorses

the notion that relationship intention should be viewed separately from relationship length. Results indicated that the relationship intentions of respondents who participated in this study were not influenced by, and had no association with relationship length with cell phone network providers (Main finding 5 on p.60). It can therefore be **concluded** that respondents' relationship intentions were not influenced by, and had no association with their relationship length with cell phone network providers. Factors such as high switching costs (Jones, Reynolds, Mothersbaugh & Beatty, 2007:337), lack of perceived better alternatives (Bitner, 1990:80; Zeithaml, Berry & Parasuraman, 1996:45), time or money constraints, and habit (Bitner, 1990:80) may all contribute to longer relationship lengths while customers' relationship intentions might in fact be low. Recommendations based on these findings will be made in conjunction with the findings relating to secondary objective 5.

**Objective 5: Determine the influence of cell phone users' contractual agreements on their relationship intentions towards their cell phone network providers.**

As it has been argued that customers with contractual agreements with cell phone network providers are more concerned with the value-offering than building a relationship with their cell phone network providers (Nel & Boshoff, 2012), the influence of contractual agreements on respondents' relationship intentions was determined. The results indicated that respondents' relationship intentions were not influenced by, and had no association with contractual agreements with cell phone network providers (Main finding 6 on p.60). For this reason, it can be **concluded** that respondents' relationship intentions were not influenced by, and had no association with whether they have contractual agreements with their cell phone network providers. Contractual agreements should not be used as an indication of customers' intentions to build relationships with and to continue supporting specific cell phone network providers. Contractual agreements may prevent customers from switching to competing cell phone network providers, but when contracts expire, customers without relationship intentions may decide to switch. Customers' relationship intentions as such, should rather be used as indication of continued support. Targeting customers with relationship marketing efforts based on contractual agreements will not yield the expected results and cell phone network providers would have more effective relationship marketing efforts based on customers' relationship intentions.

Based on the findings that respondents' relationship intentions were not influenced by, and had no association with their relationship lengths or contractual agreements, it is **recommended** that cell phone network providers identify customers with high relationship intentions to target relationship marketing efforts at customers who will reciprocate relationship building, instead of using relationship length or contractual agreements for such decisions as is often done by

service providers. For those customers who do have high relationship intentions, cell phone network providers could build and maintain relationships through relationship marketing strategies. On the other hand, cell phone network providers would at least gain customers with low and moderate relationship intentions' patronage for a specified time by engaging in contractual agreements with these customers (instead of wasting resources on relationship marketing efforts targeted at these customers). During the length of contractual agreements, cell phone network providers could then build extra relational switching costs (for example, assigning a specific employee to communicate on a regular base and personal manner with the customer for the duration of the contract, thereby increasing the relational benefits) into their marketing strategies in an effort to retain such customers. With regard to pay-as-you-go customers, cell phone network providers could emphasise the benefits for customers if they were to engage in relationship building efforts, such as the benefit of knowing that their current cell phone network provider has coverage in their area. By increasing awareness of the current cell phone network provider's ability to satisfy the need, the satisfaction with and trust in the current cell phone network provider will increase, which may result in the establishment of long-term relationships with these customers.

#### 6.3.5 Secondary objective 6

Determine the influence of relationship intention on cell phone users' attitudes towards complaining.

Results of this study found a positive linear relationship between respondents' relationship intentions and their propensities to complain (Main finding 9 on p.92). Kumar *et al.*'s (3002:670) premise that customers with higher relationship intentions are more involved with their service providers and will communicate their expectations, is therefore supported. There was no relationship between respondents' relationship intentions and their negative attitudes towards complaining (Main finding 10 on p.93). It can therefore be **concluded** that respondents' relationship intentions have a direct positive influence on cell phone users' propensities to complain. For this reason, it is **recommended** that cell phone network providers develop effective customer complaint handling systems to facilitate the process of those customers who have the propensity to complain. This might ensure that cell phone network providers will be able to attain the feedback needed for service improvement from those customers who want to continue their relationships with their current cell phone network providers.

Cell phone network providers will thus increase the profit generated from the lifetime value of customers with relationship intentions, who will act constructively with regard to such relationships when service failures occur as they have the propensity to complain, and thus

enable cell phone network providers to satisfy their needs better through the resulting improved service.

### 6.3.6 Secondary objective 7

Determine the influence of relationship intention on cell phone users' complaint behaviour following a service failure.

This study found positive linear relationships between respondents' relationship intentions and negative word-of-mouth (Main finding 12 on p.93) and voicing (Main finding 13 on p.93) after a billing error by their cell phone network providers. Respondents with high and moderate relationship intentions were more likely to spread negative word-of-mouth about a billing error by their cell phone network providers than respondents with low relationship intentions (Main finding 17 on p.93). Respondents with high relationship intentions were more likely to voice a billing error to cell phone network providers than respondents with low relationship intentions (Main finding 19 on p.93). No linear relationships were found between respondents' relationship intentions and not taking action (Main finding 11 on p.93), complaining to an external agency (Main finding 14 on p.93), or switching (Main finding 15 on p.93) after a billing error by their cell phone network providers. However, respondents with low relationship intentions were more likely not to take action after a billing error by their cell phone network providers than respondents with moderate and high relationship intentions (Main finding 16 on p.93). Respondents' switching behaviour (Main finding 18 on p.93) and complaining to an external agency (Main finding 20 on p.93) did not differ based on their levels of relationship intention.

Results (Main findings 11 to 20 on p.93) thus supported the generalised preconception that customers' complaint behaviour is influenced by customers' choices to continue relationships with their service providers (Tax *et al.*, 1998:72). It can be **concluded** that respondents' relationship intentions have a direct influence on their complaint behaviour in terms of negative word-of-mouth and voicing, and that respondents' levels of relationship intention influence whether action is taken in the event of a billing error. As altruism could be a possible reason for negative word-of-mouth after service failures (Hirschman, 1980:434; McCullough, Worthington & Rachal, 1997:322), it is **recommended** that cell phone network providers assure customers of service reinstatement and improvement after service failures to minimise possible negative word-of-mouth. Furthermore, previous studies argued that those customers who voice their dissatisfaction after a service failure indicate that they want to continue their relationships with the service providers (Kumar *et al.*, 2003:670; Lacey, 2012:141; Tax *et al.*, 1998:72; Tsarenko & Tojib, 2011:386). Therefore, it is **recommended** that cell phone network providers target customers who voice their dissatisfaction with relationship marketing strategies, as the positive

linear relationship between voicing and relationship intention, supports the previous findings with regard to continuation of the relationship. Cell phone network providers can thus utilise customer voicing as segmentation tool for relationship marketing purposes. Cell phone network providers can be confident that customers with moderate and high relationship intentions would be prone to taking action in the event of billing errors, but customers with low relationship intentions would not necessarily take action. For this reason, cell phone network providers cannot (and should not) rely on customers to inform them of billing errors. Not only will customers with low relationship intentions not necessarily continue their relationships with their current cell phone network providers, but cell phone network providers would in this case, not be informed of service failures, resulting in the inability to correct the billing error and increasing the likelihood of customer switching behaviour. It is recommended that cell phone network providers, in addition to using advanced computer programmes to track billing errors, also allow for human intervention in the billing process by means of spot checks to ensure that billing errors do not occur. In the event that these preventative measures identify errors, cell phone network providers could correct them by using their own technology in the form of SMS messaging to timeously provide customers with updates as to the rectification of the error. This pre-emptive strategy could create goodwill among customers and thereby possibly prevent unnecessary customer switching behaviour.

### 6.3.7 Secondary objective 8

Determine the influence of relationship intention on cell phone users' expectations of cell phone network providers' service recovery efforts.

Results indicated a direct positive relationship between respondents' relationship intentions and expecting service recovery action by cell phone network providers in the event of a billing error (Main finding 24 on p.120). Furthermore, respondents' expectations that a manager should intervene increased significantly as their relationship intentions increased (Main finding 25 on p.120). There was no relationship between respondents' relationship intentions and expecting no action by their cell phone network providers (Main finding 23 on p.119). It can be **concluded** that respondents' relationship intentions have a direct positive influence on their expectations of service recovery. Findings of this study thus support Kim *et al.*'s (2012:74) argument that customers with established relationships, and expectations to continue these relationships with their service providers, have higher expectations of service recovery strategies. Therefore, it is **recommended** that cell phone network providers should especially offer service recovery to customers with higher relationship intentions. By taking action in the event of a billing error, and specifically the intervention of a manager as part of the service recovery action, cell phone network providers could possibly strengthen the relationships with their customers with higher

relationship intentions. Cell phone network providers can therefore formulate internal policies whereby managers have to call customers with high relationship intentions when service failures occur. These calls could provide a priceless bond to customers already inclined to forming relationships with their service providers. Service recovery strategies, and specifically the intervention of managers, will not only restore customers' satisfaction, but will increase the profitability of cell phone network providers as customers with higher relationship intentions will increase the lifetime profitability of these relationships for their service providers (Kumar *et al.*, 2003:673) through strengthened relationships and the probability of a lifetime commitment of these customers.

#### 6.3.8 Secondary objective 9

Determine the influence of relationship intention on cell phone users' perceptions of cell phone network providers' service recovery efforts.

Results did not portray a practical significant direct positive relationship between respondents' relationship intentions and perceived service recovery when their cell phone network providers only rectified the billing error as service recovery strategy (Main finding 26 on p.120). However, there was a direct positive relationship between respondents' relationship intentions and perceived service recovery where their cell phone network providers' service recovery strategies included an acknowledgement, apology, explanation and rectification of the billing error (Main finding 27 on p.120). Furthermore, respondents with high and moderate relationship intentions perceived the service recovery strategies of their cell phone network providers including an acknowledgement, apology, explanation and rectification of the problem (service recovery scenario 2) more favourable, compared to a service recovery strategy only rectifying the problem (service recovery scenario 1), than respondents with low relationship intentions (Main finding 28 on p.120). It can be **concluded** that respondents' relationship intentions have a direct positive influence on favourable perceptions of service recovery strategies of their cell phone network providers including an acknowledgement, apology, explanation, and rectification of the problem (and compensatory strategies was not part of the scenario).

It is **recommended** that cell phone network providers do not have to offer compensatory service recovery strategies to customers with higher relationship intentions, as an acknowledgement, apology, explanation, and rectification of the problem will suffice if billing errors occurred. This recommendation is in line with the proposal by DeWitt and Brady (2003:202-203), Forrester and Maute (2001:10) and Singh and Sirdeshmukh (2000:163) with regard to considering the relationships between customers and service providers for the appropriate service recovery strategies to restore customers' goodwill. Cell phone network



providers should always correct billing errors. Furthermore, an opportunity exists for cell phone network providers to strengthen relationships with customers with high relationship intentions by offering an acknowledgement, apology and explanation along with rectifying the billing error. Such a combination of service recovery strategies might even result in increasing the relationship intentions of customers with moderate and low relationship intentions (due to the direct positive relationship found in this study). The question of whether compensatory service recovery strategies will work even better was, however, not addressed in this study.

### 6.3.9 Secondary objective 10

Develop a model depicting the influence of relationship intention on cell phone users' satisfaction, loyalty and retention following service recovery via structural equation modelling (SEM).

The results of this study found positive causal relationships between respondents' relationship intentions and their satisfaction, loyalty and retention following a service recovery strategy where the problem was only rectified (Main finding 32 on p.150). The results of this study furthermore found positive causal relationships between respondents' relationship intentions and their satisfaction, loyalty and retention following a service recovery strategy including an acknowledgement, apology, explanation and rectification of the problem (Main finding 33 on p.151). For this reason, it can be **concluded** that respondents' relationship intentions have a positive causal relationship on respondents' satisfaction, loyalty and retention following service recovery. Results furthermore showed that the positive causal relationships between respondents' relationship intentions and their satisfaction, loyalty and retention were stronger when service recovery strategies were combined (in the form of an acknowledgement, apology, explanation and rectification of the problem) than when the billing error was only rectified (Main finding 34 on p.151). For this reason, findings of this study support the notion that customers' relationships with service providers encumber negative relational outcomes after service failures (Kim *et al.*, 2012:75; Long-Tolbert & Gammoh, 2012:398) and that customers with relationship intentions place emphasis on maintaining their relationships with service providers despite negative disconfirmation of expectations from time to time (Kumar *et al.*, 2003:670, 672-673). It can be **concluded** that cell phone network providers can restore the satisfaction, loyalty and retention following a billing error when respondents have relationship intentions without compensatory service recovery strategies (Main finding 35 on p.151). It is **recommended** that cell phone network providers do not make use of compensatory service recovery strategies in the event of billing errors if customers have relationship intentions. Moreover, cell phone network providers can use a combination of service recovery strategies in the form of an acknowledgement of the problem, apology, explanation and rectification of the billing error to



further increase the satisfaction, loyalty and retention following service recovery when customers have relationship intentions. By using such a combination of service recovery strategies, cell phone network providers can be sure that the satisfaction, loyalty and retention following service recovery after billing errors of their customers with relationship intentions will be restored. As compensation will be excessive, the aforementioned combination of service recovery strategies involves low monetary expenditures, compared to the return on investment to reaffirm relationships with customers who have relationship intentions by restoring their satisfaction, loyalty and retention after service recovery.

### 6.3.10 Secondary objective 11

Develop a model depicting the interrelationships amongst cell phone users' relationship intentions, propensities to complain, voicing, expectations of service recovery action, perceived service recovery, as well as satisfaction, loyalty and retention following service recovery.

A model considering the interrelationships between the constructs of this study is proposed based on the literature review and findings of this study. The proposed model considers the relationship constructive dimensions in the event of a service failure uncovered during the confirmatory factor analyses of this study. The reason for only considering the relationship constructive dimensions is that this study focussed on the influence of relationship intention on three kinds of relationship constructive post-service recovery behaviour, namely, satisfaction, loyalty and retention. Table 2 presents a summary of the underlying dimensions of each construct of this study, where the dimensions considered for the model proposed are in bold.

**Table 1: Underlying dimensions of the constructs of this study**

Construct (number of underlying dimensions)	Underlying dimensions	In article:
Relationship intention (5)	Expectations	1, 2 & 3
	Involvement	
	Forgiveness	
	Feedback	
	Fear of relationship loss	
Attitude towards complaining (2)	<b>Propensity to complain</b>	2
	Negative attitude towards complaining	
Customer complaint behaviour (5)	No action	2
	Negative word-of-mouth	
	Switching	
	<b>Voicing</b>	
	Complaining to an external agency	
Expectations of service recovery (2)	No action by the service provider	3
	<b>Action by the service provider</b>	

<b>Construct (number of underlying dimensions)</b>	<b>Underlying dimensions</b>	<b>In article:</b>
Perceived service recovery (1)	<b>Perceived service recovery</b>	3
Satisfaction after service recovery (1)	<b>Satisfaction after service recovery</b>	4
Loyalty after service recovery (1)	<b>Loyalty after service recovery</b>	4
Retention after service recovery (1)	<b>Retention after service recovery</b>	4

As discussed in section 6.3.5 and section 6.3.7, this study found a direct positive influence of respondents' relationship intentions on their propensities to complain and expectations of service recovery action by their cell phone network providers. Propensity to complain influences voicing (Richins, 1982:505; Yuksel *et al.*, 2006:17), and voicing influences the expectation that the service provider will take service recovery action (Tax *et al.*, 1998:72). Customers' expectations of service recovery action by their service providers influence their perceptions of the service recovery strategies (Bhandari *et al.*, 2007:181). Furthermore, perceptions of service recovery strategies influence customers' satisfaction, loyalty and retention, also considered to be interrelated (Cant & Erdis, 2012:938), following service recovery (Blodgett, Hill & Tax, 1997:187; Michel, 2001:23). Based on the aforementioned discussion, the following hypotheses were formulated:

H<sub>a1</sub>: There is a significant positive relationship between cell phone users' relationship intentions and propensity to complain.

H<sub>a2</sub>: There is a significant positive relationship between cell phone users' propensities to complain and voicing.

H<sub>a3</sub>: There is a significant positive relationship between cell phone users' relationship intentions and expecting service recovery action.

H<sub>a4</sub>: There is a significant positive relationship between cell phone users' voicing and expecting service recovery action.

H<sub>a5</sub>: There is a significant positive relationship between cell phone users' expectations of receiving service recovery action and perceived service recovery.

This hypothesis is refined as follows:

H<sub>a5a</sub>: There is a significant positive relationship between cell phone users' expectations of receiving service recovery action and perceived service recovery scenario 1; and

H<sub>a5b</sub>: There is a significant positive relationship between cell phone users' expectations of receiving service recovery action and perceived service recovery scenario 2.

H<sub>a6</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery and satisfaction after service recovery.

This hypothesis is refined as follows:

H<sub>a6a</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery scenario 1 and satisfaction after service recovery scenario 1; and

H<sub>a6b</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery scenario 2 and satisfaction after service recovery scenario 2.

H<sub>a7</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery and loyalty after service recovery.

This hypothesis is refined as follows:

H<sub>a7a</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery scenario 1 and loyalty after service recovery scenario 1; and

H<sub>a7b</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery scenario 2 and loyalty after service recovery scenario 2.

H<sub>a8</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery and retention after service recovery.

This hypothesis is refined as follows:

H<sub>a8a</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery scenario 1 and retention after service recovery scenario 1; and

H<sub>a8b</sub>: There is a significant positive relationship between cell phone users' perceptions of service recovery scenario 2 and retention after service recovery scenario 2.

H<sub>a9</sub>: There is a significant positive relationship between cell phone users' satisfaction after service recovery and loyalty after service recovery.

This hypothesis is refined as follows:

H<sub>a9a</sub>: There is a significant positive relationship between cell phone users' satisfaction after service recovery scenario 1 and loyalty after service recovery scenario 1.

H<sub>a9b</sub>: There is a significant positive relationship between cell phone users' satisfaction after service recovery scenario 2 and loyalty after service recovery scenario 2.

H<sub>a10</sub>: There is a significant positive relationship between cell phone users' loyalty after service recovery and retention after service recovery.

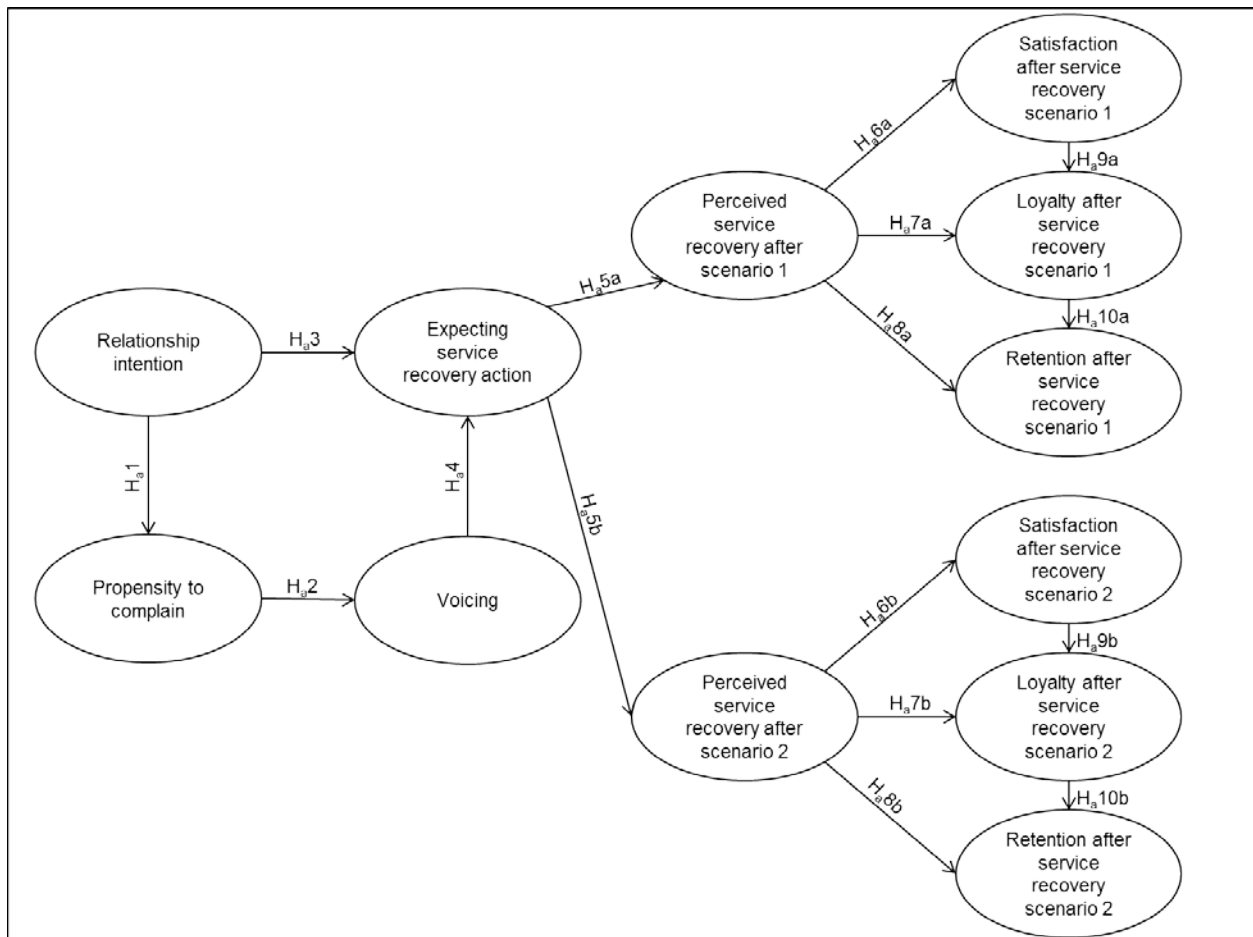
This hypothesis is refined as follows:

H<sub>a10a</sub>: There is a significant positive relationship between cell phone users' loyalty after service recovery scenario 1 and retention after service recovery scenario 1; and

H<sub>a</sub>10b: There is a significant positive relationship between cell phone users' loyalty after service recovery scenario 2 and retention after service recovery scenario 2.

Figure 1 presents the hypothesised model deduced from the aforementioned hypotheses.

**Figure 1: Hypothesised model of the relationships between relationship intention, propensity to complain, voicing, expecting service recovery action, perceived service recovery and satisfaction, loyalty and retention following service recovery**



### 6.3.10.1 Statistical analyses

To investigate the relationships between respondents' relationship intentions, propensity to complain, voicing, expecting service recovery action, perceived service recovery, and satisfaction, loyalty and retention following service recovery, structural equation modelling (SEM) methods were used. The questionnaire items used to measure the latent variables were used as the observed variables in the analyses and item parcelling methods were thus not implemented. The 5-point Likert scale used in this study for the observed variables (questionnaire items) was considered categorical. The Mplus 7.11 program (Muthén & Muthén, 1998-2013) was chosen for the SEM analyses because continuous and/or categorical latent

variables can be specified. For this reason, the default estimator for categorical data in Mplus, the mean and variance-adjusted weighted least-square method (WLSMV) (Kline, 2011:181; Muthén, Du Toit & Spisic, 1997:23-25), was used for the SEM analyses.

The fit indices considered for this study include the comparative fit index (CFI), the Tucker-Lewis index (TLI) and root mean square error of approximation (RMSEA). The CFI is used to assess the fit of the proposed model relative to the null or independence model which assumes no relationships in the data and values of 0.95 or greater are considered as acceptable (Meyers, Gamst & Guarino, 2006:608). The TLI is another incremental fit measure where a value of 0.90 or greater is recommended (Blunch, 2008:115; Hair, Anderson, Tathan & Black, 1998:657). The RMSEA is an absolute fit measure (determining the degree to which the overall model, measurement and structural model, predicts the observed covariance or correlation matrix). The RMSEA attempts to correct for the tendency of the chi-square statistic to reject any specified model with a sufficiently large sample (Blunch, 2008:116). The RMSEA is the discrepancy measured in terms of the population per degree of freedom (Hair *et al.*, 1998:654, 656). A RMSEA value ranging up to 0.08 indicates a good fit (Hair *et al.*, 1998:654, 656; Meyers *et al.*, 2006:608).

#### **6.3.10.2 Results**

- **Fit indices and correlation matrix**

After the hypothesised model was specified, all variables were set as categorical in Mplus. Items with low communalities were removed from further analysis, but items for all the dimensions of relationship intention were present in the analyses. The measurement model was found to fit the data on an acceptable level. The CFI (0.98) and TLI (0.98) indicated good model fit also confirmed by the RMSEA (0.05). The structural paths were then added to the model (see Figure 1) and the fit indices were again examined. For the structural model, the CFI (0.96) and TLI (0.95) indicated good model fit, also confirmed by the RMSEA (0.07). Service recovery and service recovery scenario are abbreviated as SR and SRS in all Tables. The correlation matrix of the latent variables is presented in Table 2. All correlations were statistically significant at the  $p<0.01$  level.

**Table 2: Correlation matrix of latent variables for the structural model**

Correlation matrix of the latent variables												
Variables	Relationship intention	Propensity to complain	Voicing	Expecting SR action	Perceived SRS1	Satisfaction after SRS1	Loyalty after SRS1	Retention after SRS1	Perceived SRS2	Satisfaction after SRS2	Loyalty after SRS2	Retention after SRS2
Relationship intention	1.00	0.56**	0.34*	0.67**	0.25	0.23	0.20	0.18	0.45*	0.41*	0.37*	0.32*
Propensity to complain	0.56**	1.00	0.62**	0.48*	0.17	0.17	0.14	0.13	0.32*	0.29	0.26	0.23
Voicing	0.34*	0.62**	1.00	0.44*	0.16	0.15	0.13	0.12	0.29	0.27	0.24	0.21
Expecting SR action	0.67**	0.48*	0.44*	1.00	0.36*	0.35*	0.30*	0.27	0.66**	0.61**	0.55**	0.48*
Perceived SRS1	0.25	0.17	0.16	0.36*	1.00	0.95**	0.82**	0.75**	0.24	0.22	0.20	0.17
Satisfaction after SRS1	0.23	0.17	0.15	0.35*	0.95**	1.00	0.90**	0.79**	0.23	0.21	0.19	0.17
Loyalty after SRS1	0.20	0.14	0.13	0.30*	0.82**	0.90**	1.00	0.84**	0.20	0.18	0.17	0.14
Retention after SRS1	0.18	0.13	0.12	0.27	0.75**	0.79**	0.84**	1.00	0.18	0.17	0.15	0.42*
Perceived SRS2	0.45*	0.32*	0.29	0.66**	0.24	0.23	0.20	0.18	1.00	0.92**	0.83**	0.72**
Satisfaction after SRS2	0.41*	0.29	0.27	0.61	0.22	0.21	0.18	0.17	0.92**	1.00	0.90**	0.75**
Loyalty after SRS2	0.37*	0.26	0.24	0.55**	0.20	0.19	0.17	0.15	0.83**	0.90**	1.00	0.79**
Retention after SRS2	0.32*	0.23	0.21	0.48*	0.17	0.17	0.14	0.42*	0.72**	0.75**	0.79**	1.00

\*Medium effect size ( $0.3 \leq r < 0.5$ )\*\*Large effect size ( $0.5 \leq r$ )

From Table 2 it can be deduced that there were numerous large positive correlations between several of the latent variables. There were large positive correlations between respondents':

- Relationship intentions and propensity to complain ( $r=0.56$ ) as well as expecting service recovery action ( $r=0.67$ );
- Propensities to complain and voicing ( $r=0.62$ );
- Expectations of service recovery action and perceived service recovery scenario 2 ( $r=0.66$ ), satisfaction after service recovery scenario 2 ( $r=0.61$ ) as well as loyalty after service recovery scenario 2 ( $r=0.55$ );
- Perceived service recovery scenario 1 and satisfaction after service recovery scenario 1 ( $r=0.95$ ), loyalty after service recovery scenario 1 ( $r=0.82$ ) as well as retention after service recovery scenario 1 ( $r=0.75$ );
- Satisfaction after service recovery scenario 1 and loyalty after service recovery scenario 1 ( $r=0.90$ ) as well as retention after service recovery scenario 1 ( $r=0.79$ );
- Loyalty after service recovery scenario 1 and retention after service recovery scenario 1 ( $r=0.84$ );
- Perceived service recovery scenario 2 and satisfaction after service recovery scenario 2 ( $r=0.92$ ), loyalty after service recovery scenario 2 ( $r=0.83$ ) as well as retention after service recovery scenario 2 ( $r=0.72$ );
- Satisfaction after service recovery scenario 2 and loyalty after service recovery scenario 2 ( $r=0.90$ ) as well as retention after service recovery scenario 2 ( $r=0.75$ ); and

- Loyalty after service recovery scenario 2 and retention after service recovery scenario 2 ( $r=0.79$ ).

It is therefore important to note that there is some degree of multicollinearity in the structural model. Multicollinearity indicates that the variables are highly correlated (Malhotra, 2010:586). However, the literature review and confirmatory factor analyses performed throughout this study in article 2, article 3 and article 4 confirmed that the constructs that correlate highly with each other are not the same. For this reason, it was decided to retain all the constructs separately in the analyses to gain an understanding of the interrelationships between the constructs as proposed with the hypotheses.

### • Structural paths

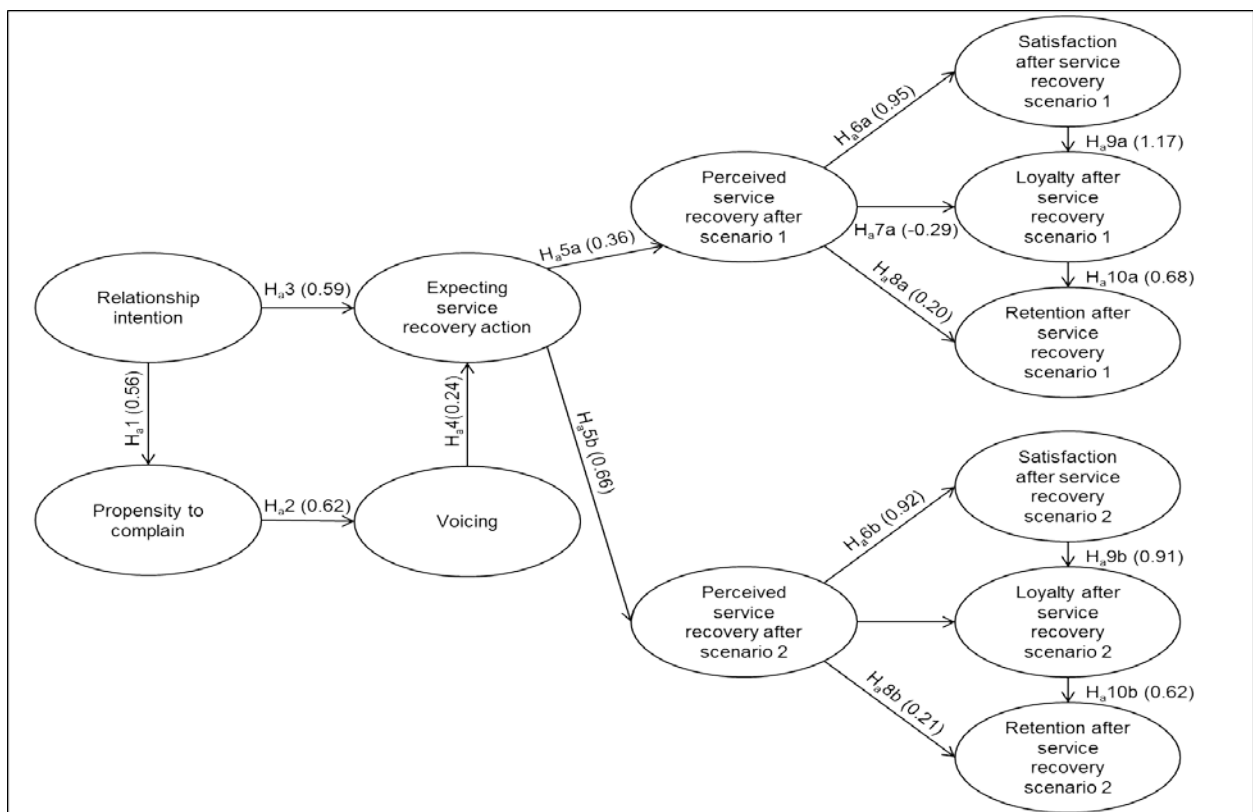
Table 3 presents the structural paths of the latent variables for the structural model in terms of the hypothesis ( $H_a$ ), path coefficients ( $\beta$ ) considered as statistically viable at 0.3 or greater (Meyers *et al.*, 2006:590), standard error (SE), statistical significance at the 0.01 level ( $p$ -value), and result.

**Table 3: Structural paths of the latent variables in the structural model**

$H_a$	Relationship	$\beta$	SE	$p$ -value	Result
H <sub>a1</sub>	Relationship intention → Propensity to complain	0.56	0.03	$p<0.001$	Significant
H <sub>a2</sub>	Propensity to complain → Voicing	0.62	0.04	$p<0.001$	Significant
H <sub>a3</sub>	Voicing → Expecting service recovery action	0.24	0.05	$p<0.001$	Significant
H <sub>a4</sub>	Relationship intention → Expecting service recovery action	0.59	0.04	$p<0.001$	Significant
H <sub>a5a</sub>	Expecting service recovery action → Perceived service recovery scenario 1	0.36	0.04	$p<0.001$	Significant
H <sub>a6a</sub>	Perceived service recovery scenario 1 → Satisfaction after service recovery scenario 1	0.95	0.00	$p<0.001$	Significant
H <sub>a7a</sub>	Perceived service recovery scenario 1 → Loyalty after service recovery scenario 1	-0.29	0.09	$p<0.01$	Significant
H <sub>a8a</sub>	Perceived service recovery scenario 1 → Retention after service recovery scenario 1	0.20	0.04	$p<0.001$	Significant
H <sub>a9a</sub>	Satisfaction after service recovery scenario 1 → Loyalty after service recovery scenario 1	1.17	0.08	$p<0.001$	Significant
H <sub>a10a</sub>	Loyalty after service recovery scenario 1 → Retention after service recovery scenario 1	0.68	0.04	$p<0.001$	Significant
H <sub>a5b</sub>	Expecting service recovery action → Perceived service recovery scenario 2	0.66	0.03	$p<0.001$	Significant
H <sub>a6b</sub>	Perceived service recovery scenario 2 → Satisfaction after service recovery scenario 2	0.92	0.01	$p<0.001$	Significant
H <sub>a7b</sub>	Perceived service recovery scenario 2 → Loyalty after service recovery scenario 2	-0.01	0.07	$p>0.05$	Not significant
H <sub>a8b</sub>	Perceived service recovery scenario 2 → Retention after service recovery scenario 2	0.21	0.06	$p<0.01$	Significant
H <sub>a9b</sub>	Satisfaction after service recovery scenario 2 → Loyalty after service recovery scenario 2	0.91	0.06	$p<0.001$	Significant
H <sub>a10b</sub>	Loyalty after service recovery scenario 2 → Retention after service recovery scenario 2	0.62	0.06	$p<0.001$	Significant

From Table 3 it is evident that the structural paths hypothesised in the structural model were statistically significant, with the exception of the causal relationship of perceived service recovery scenario 2 on loyalty after service recovery scenario 2. For this reason, all the hypotheses formulated for this model can be accepted with the exception of  $H_{a7}$  stating that there is a significant positive relationship between cell phone users' perceived service recovery and loyalty after service recovery.  $H_{a7a}$  stating that there is a significant positive relationship between cell phone users' perceived service recovery scenario 1 and loyalty after service recovery scenario 1 is rejected as results indicate a significant negative relationship.  $H_{a7b}$  stating that there is a significant positive relationship between cell phone users' perceived service recovery scenario 2 and loyalty after service recovery scenario 2 is rejected. Figure 2 presents a summary of the significant relationships in the structural model.

**Figure 2: Significant relationships in the structural model**



The main findings from this model include:

**Main finding 36:** There was a significant positive relationship between respondents' relationship intentions and their propensities to complain.

**Main finding 37:** There was a significant positive relationship between respondents' propensities to complain and voicing.



**Main finding 38:** There was a significant positive relationship between respondents' relationship intentions and expecting service recovery action.

**Main finding 39:** There was a significant positive relationship between respondents' voicing and expecting service recovery action.

**Main finding 40:** There was a significant positive relationship between respondents' expectations of receiving service recovery action and perceived service recovery.

**Main finding 41:** There was a significant positive relationship between respondents' perceptions of service recovery and satisfaction after service recovery.

**Main finding 42:** There was a significant negative relationship between respondents' perceptions of service recovery scenario 1 and loyalty after service recovery scenario 1.

**Main finding 43:** There was no significant relationship between cell phone users' perceptions of service recovery scenario 2 and loyalty after service recovery scenario 2.

**Main finding 44:** There was a significant positive relationship between respondents' perceptions of service recovery and retention after service recovery.

**Main finding 45:** There was a significant positive relationship between respondents' satisfaction after service recovery and loyalty after service recovery.

**Main finding 46:** There was a significant positive relationship between respondents' loyalty after service recovery and retention after service recovery.

### **6.3.10.3 Discussion of the model results**

Interrelationships between constructs of this study were uncovered through structural equation modelling (SEM) methods. Causal relationships between respondents' relationship intention and their propensities to complain (Main finding 36) as well as expecting service recovery action (Main finding 38) were again found. This study supports the argument of Yuksel *et al.* (2006:17) because there was a causal relationship between respondents' propensities to complain and voicing (Main finding 37). A causal relationship between respondents' voicing and expecting service recovery action (Main finding 39) was also found as proposed by Tax *et al.* (1998:72).

With regard to the causal relationship between respondents' expectations of service recovery and perceived service recovery (Main finding 40), previous research is again reinforced (Bhandari *et al.*, 2007:181).

However, although Blodgett *et al.* (1997:187) and Michel (2001:23) argued for a causal relationship between perceived service recovery and customer satisfaction, loyalty and retention after service recovery, this study only found support for causal relationships between respondents' perceived service recovery (for both service recovery scenarios) and their satisfaction (Main finding 41) as well as retention (Main finding 44). There were negative causal relationships between respondents' perceived service recovery and loyalty after service recovery for both scenarios, although this causal relationship was not significant for the second service recovery scenario (Main findings 42 and 43). However, it is important to note that the method applied during the structural equation modelling (SEM), the mean and variance-adjusted weighted least-square method (WLSMV), considered one path at a time. Considering the multicollinearity between satisfaction after service recovery scenario 1 and loyalty after service recovery scenario 1 (see Table 2), and the interrelationship of satisfaction after service recovery and loyalty after service recovery (Dagger & David, 2012:460-461), respondents might first have to perceive satisfaction with the service recovery scenario 1, before the perceived service recovery scenario 1 can have a causal influence on respondents' loyalty after service recovery scenario 1. The strength of the path between satisfaction after service recovery scenario 1 and loyalty after service recovery scenario 1 provides some grounding for the aforementioned argument ( $\beta=1.17$ ). The value above one of the beta coefficient ( $\beta$ ) for the causal relationship between respondents' satisfaction after service recovery scenario 1 and loyalty after service recovery scenario 1 should not be viewed as problematic. Jöreskog (1999:1) argues that it is important to remember that this beta coefficient value is a regression coefficient for highly correlated constructs (satisfaction after service recovery scenario 1 and loyalty after service recovery scenario 1) which can be larger than one.

Furthermore, the causal relationship between perceived service recovery scenario 2 and loyalty after service recovery scenario 2 was not significant. The influence of respondents' satisfaction after service recovery scenario 2 on loyalty after service recovery scenario 2 (not considered in the analysis of the causal relationship between respondents' perceived service recovery scenario 2 on loyalty after service recovery scenario 2) could again have been at play. Finally, the causal relationships between respondents' satisfaction after service recovery and loyalty after service recovery for both scenarios (Main finding 45), and between respondents' loyalty after service recovery and retention after service recovery for both scenarios (Main finding 46), further support previous findings (Anderson, Fornell & Lehman, 1994:63; Cant & Erdis, 2012:938; Dagger & David, 2012:460-461).

It can therefore be **concluded** that relationship intention should be considered as an influence on customer behaviour when service failures occur. It is **recommended** that cell phone network providers view the service recovery process as a series of interrelated constructs, starting with customers' relationship intentions contributing to constructive relationship amending, continued through the propensity to complain, voicing, expecting service recovery action and perceived service recovery, all of which contribute to customers' satisfaction, loyalty and retention following service recovery. Furthermore, cell phone network providers should identify their customers with high relationship intentions through these customers' propensities to complain and voicing, which contribute to a better understanding of these customers' expectations of service recovery action following a billing error. Retaining the customers with high relationship intentions through positively perceived service recovery strategies will result in customer satisfaction, loyalty and retention for cell phone network providers. Customer retention in the South African cellular industry is especially important because most customers already own and use a cell phone (Van Niekerk, 2012:101) and attaining new customers is therefore becoming increasingly difficult. Customer retention could be the competitive advantage for cell phone network providers and would ensure survival in this lucrative but competitive industry. Of particular importance to cell phone network providers then is the finding that satisfaction after service recovery has a direct positive causal relationship with loyalty after service recovery, which, in turn, has a direct positive causal relationship with retention after service recovery. For this reason, cell phone network providers should always attempt to satisfy customers' expectations of service recovery action when billing errors occur, which will result in positive perceptions of service recovery to ensure customer satisfaction, loyalty, and ultimately retention.

### 6.3.11 Summary of the secondary objectives and main findings of this study

Table 4 provides a summary of this study's secondary objectives, the section in the questionnaire pertaining to the objectives, the chapter in which the objectives are addressed, and the main findings.

**Table 4: Summary of objectives and findings of this study**

	<b>Secondary objective:</b>	<b>Section in Questionnaire:</b>	<b>In Chapter:</b>	<b>Main finding:</b>
1	Determine the validity and reliability of the questionnaire used for this study	B & C	2, 3, 4 & 5	1, 7, 8, 21, 22, 29, 30 & 31
2	Determine cell phone users' relationship intentions towards their cell phone network providers	B	2, 3, 4 & 5	2
3	Determine whether cell phone users have different levels of relationship intention towards their cell phone network providers	B	2, 3 & 4	3 & 4

Secondary objective:		Section in Questionnaire:	In Chapter:	Main finding:
4	Determine the influence of cell phone users' relationship lengths on their relationship intentions towards their cell phone network providers	A2 & B	2	5
5	Determine the influence of cell phone users' contractual agreements on their relationship intentions towards their cell phone network providers	A4 & B	2	6
6	Determine the influence of relationship intention on cell phone users' attitudes towards complaining	B & C1	3	9 & 10
7	Determine the influence of relationship intention on cell phone users' complaint behaviour following a service failure	B & C3	3	11-20
8	Determine the influence of relationship intention on cell phone users' expectations of cell phone network providers' service recovery efforts	B & C4	4	23-25
9	Determine the influence of relationship intention on cell phone users' perceptions of cell phone network providers' service recovery efforts	B, C5 & C6	4	26-28
10	Develop a model depicting the influence of relationship intention on cell phone users' satisfaction, loyalty and retention following service recovery.	B, C5 & C6	5	32-35
11	Develop a model depicting the interrelationships amongst cell phone users' relationship intentions, propensities to complain, voicing, expectations of service recovery action, perceived service recovery, as well as satisfaction, loyalty and retention following service recovery	B & C	6	36-46

From Table 4 it is evident that the secondary objectives of the study were met. Therefore, the primary objective of this study, to determine the influence of cell phone users' relationship intentions on satisfaction, loyalty and retention following service recovery, was achieved.

#### 6.4 LIMITATIONS OF THE STUDY

This study intended to build theory with regard to the influence of relationship intention on satisfaction, loyalty and retention following service recovery and it has been argued that convenience sampling can be used for theory-testing objectives (Calder, Phillips & Tybout, 1981:197, 199, 204; Mittal, 1995:666). However, the use of non-probability convenience sampling inhibits generalising the findings of this research beyond those respondents who participated in this study. Furthermore, the results of this study are limited to the Gauteng Province of South Africa (specifically Johannesburg and surrounding suburbs) as well as the service setting of cell phone network providers, and it can, for this reason, thus not be generalised to other geographical regions or service providers.

Furthermore, the use of a service failure scenario and service recovery scenarios, although common practice in services marketing research (Kim & Ulgado, 2012:161; Long-Tolbert & Gammoh, 2012:399; Prasongsukarn & Patterson, 2012:513), prevent generalising the findings

as other scenarios or real-life scenarios could have yielded different results. The service failure scenario of this study referred to a billing error by cell phone network providers which called for all pre-paid customers to use even more imagination to think about their behaviour; pre-paid customers would never experience a billing error as described in the service failure scenario.

The fact that this study did not include attributions as part of the research context is a further limitation of this study. The attribution theory considers why events, such as a service failure, occur (Nikbin, Ismail, Marimuthu & Abu-Jarad, 2011:21). When customers determine why a service failure occurred (Folkes, Koletsky & Graham, 1987:534), they attribute the cause or effect of the service failure to a particular source (Jolibert & Peterson, 1976:447). These attributions of service failures influence customers' responses to service failures, including customers' desire to repurchase, inclination to voice to the service provider (Folkes *et al.*, 1987:535, 539), the different emotions customers experience during service failure, along with the successive level of satisfaction with service recovery (Bitner, 1990:79; Harrison-Walker, 2012:115). Furthermore, it is important to implement service recovery strategies which customers perceive as fair (Noone, 2012:348). Fairness of service recovery is determined through service recovery justice that encompasses procedural justice, interactional justice and distributive justice (Tax & Brown, 1998:79-81). The justice theory provides further insight into the resultant customer satisfaction and future intentions after a service failure (Sparks & McColl-Kennedy, 2001:217), which were not considered in this study.

## **6.5 DIRECTIONS FOR FUTURE RESEARCH**

To generalise the findings of this study, future research should use probability sampling across multiple industries, all South African provinces, as well as multiple service failure and service recovery scenarios or real experiences of customers. Additionally, service failure can vary in frequency as well. Because many service relationships are on-going, customers are likely to experience multiple failures during the course of relationships (Yi & Lee, 2005:15). Therefore, a longitudinal study examining real service failures experienced by customers over a period of time would provide clarifying justifications as to the influence of customers' relationship intentions on satisfaction, loyalty and retention following service recovery within the cellular industry.

An important moderating variable, perceived severity of service failure, should be considered in future research as perceived severity of service failure influences customer complaint behaviour (Chelminski & Coulter, 2011:361, 366; Tax & Brown, 1998:79), expectations of service recovery (Yi & Lee, 2005:6), and customer satisfaction and loyalty (Seawright, DeTienne, Bernhisel & Larson, 2008:266; Weun, Beatty & Jones, 2004:139). Furthermore, satisfaction after service

recovery not only depends on the service recovery strategies of service providers, but also on the type of service failure (process failure or outcome failure) (Smith, Bolton & Wagner, 1999:369), perceived justice (Sparks & McColl-Kennedy, 2001:217; Tax & Brown, 1998:79-81), and attributions (Bitner, 1990:79; Harrison-Walker, 2012:115). For this reason, future research should also consider the influence of service failure type, perceived justice and attributions, on satisfaction, loyalty and retention following service recovery. Richard and Adrian (1995:81) argue for distinguishing between customer satisfaction with the service provider and customer satisfaction with service recovery efforts, as both these customer perceptions influence customers' satisfaction, loyalty and retention after service recovery. In addition, future research could also focus on other attitudinal and behavioural outcomes of satisfaction such as word-of-mouth communication, the compositions of the evoked set, and information search behaviour (Bloemer & De Ruyter, 1999:325).

The possible antecedents of relationship intention, namely brand equity, channel equity and organisation equity (Kumar *et al.*, 2003:670), personality, social class and generational cohorts can be considered in future research. Finally, future research could investigate possible ways that service providers can attempt to widen customers' zones of tolerance in an effort to decrease service failures (Kim *et al.*, 2012:76). Furthermore, by duplicating and expanding this study in multiple industries across the product/service continuum along with all the aforementioned recommendations for future research, the application of relationship intention theory could not only be broadened, but also established in marketing literature.

## **6.6 CONCLUSION**

This chapter provided an overview of the study and the conclusions of this study on the influence of relationship intention on satisfaction, loyalty and retention following service recovery within the cellular industry. The findings and recommendations for cell phone network providers were discussed according to the secondary objectives of the study. Furthermore, a model considering the interrelationships of the constructs of the study was proposed. Limitations of the study and recommendations for future research concluded this chapter.

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APPENDIX A:  
QUESTIONNAIRE USED IN THIS STUDY

Fieldworker Initials and Surname

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Do NOT complete: Questionnaire number

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### Your views of your cell phone network provider

This questionnaire is designed to obtain feedback regarding your views of the cell phone network provider you currently use and is part of a doctoral study at the North-West University Potchefstroom Campus.

Taking part in this survey is completely voluntary and anonymous – complete confidentiality is guaranteed. The questionnaire should take no more than 20 minutes of your time. Your co-operation is appreciated.

When evaluating a question, please answer the question from your own perspective. Place an X in the appropriate box. Throughout the questionnaire, **cell phone network provider is abbreviated as CNP**.

#### Screening questions

1) Do you reside in Gauteng?

Yes	1
No	2

2) Do you own and use your cell phone?

Yes	1
No	2

3) Have you used a cell phone network provider for 3 years or longer?

Yes	1
No	2

If you answered no to either one of these questions, you do not have to complete the rest of the questionnaire.

## Section A

Please choose the option applicable.

1) Which cell phone network provider are you currently using?

Cell C	1
8-ta	2
MTN	3
Virgin Mobile	4
Vodacom	5

2) For how long have you used the services of your cell phone network provider?

Less than 3 years	1
3 years to less than 5 years	2
5 years to less than 10 years	3
10 years and longer	4

3) Do you think you will stay with your cell phone network provider in the future?

Yes	1
No	2

4) Do you have a contract with your cell phone network provider?

Yes	1
No	2

5) Which **one** of the following would best describe why you use your cell phone network provider?

It's cheap and affordable	1
The total package suits my needs	2
Easy billing	3
Handsets offered	4
The cell phone network provider has coverage everywhere	5
Other: Please specify	6

6) Have you ever used other cell phone network providers in the past?

Yes	1
No	2

7) If you answered yes in question 6, how many times have you moved from one cell phone network provider to another?

Once	1
Twice	2
Three times	3
Four times or more	4

## Section B

Indicate to which extent you agree or disagree with each of the following questions (where 1 is no, definitely not; and 5 is yes, definitely).

	Statement	No, definitely not					Yes, definitely				
1	Are you proud to be a customer of your CNP?	1	2	3	4	5					
2	Will you tell your CNP when their service is poor?	1	2	3	4	5					
3	Do you expect your CNP to offer you value for your money?	1	2	3	4	5					
4	Would you experience emotional stress by switching to another CNP?	1	2	3	4	5					
5	Have you ever recommended your CNP to your friends or family?	1	2	3	4	5					
6	Do you expect your CNP to bring you the latest cellular technology?	1	2	3	4	5					
7	Will you forgive your CNP for bad service to the point that you keep on supporting them even if you have experienced bad service from them?	1	2	3	4	5					
8	Will you try to tell your CNP about their service even though they restrict your attempt?	1	2	3	4	5					
9	Did you experience a feeling of satisfaction when you joined your CNP?	1	2	3	4	5					
10	Are you afraid that you might lose special privileges of your CNP by switching to another CNP?	1	2	3	4	5					
11	Do you forgive your CNP if the quality of their service is sometimes below the standard you expect from them?	1	2	3	4	5					
12	Do you expect your CNP to offer you more value for your money than the other CNPs?	1	2	3	4	5					
13	Will you tell your CNP if their service is better than you expect?	1	2	3	4	5					
14	Are you afraid to lose the services of your CNP by switching to another CNP?	1	2	3	4	5					
15	Will you forgive your CNP if they are more expensive than the other CNPs?	1	2	3	4	5					
16	Will you tell your CNP if their service meets your expectations?	1	2	3	4	5					
17	Do you expect your CNP's service to be better than the other CNPs' service?	1	2	3	4	5					
18	Are you afraid to lose your identification with your CNP's brand name by switching to another CNP?	1	2	3	4	5					
19	Will you take time to tell your CNP about their service so that their service will improve?	1	2	3	4	5					
20	Will you forgive your CNP if the quality of their service is below the standard of the other CNPs?	1	2	3	4	5					
21	Do you care about the image of your CNP?	1	2	3	4	5					
22	Will you forgive your CNP if you experience bad service from them?	1	2	3	4	5					
23	Do you expect your CNP to offer you low prices?	1	2	3	4	5					
24	Are you proud when you see your CNP's name or advertising materials?	1	2	3	4	5					
25	Are you afraid to lose your relationship with your CNP by switching to another CNP?	1	2	3	4	5					
26	Do you have high expectations of your CNP's service?	1	2	3	4	5					

## Section C

1) On a scale of 1 to 5 (where 1 is strongly disagree; and 5 is strongly agree), please indicate the extent to which you agree with the following statements.

	Statement	Strongly disagree			Strongly agree	
1	Complaining is a customer's right	1	2	3	4	5
2	I always complain when I am dissatisfied	1	2	3	4	5
3	Complaining is not easy, but should be done when something is wrong	1	2	3	4	5
4	I always feel better when I have voiced my dissatisfaction by complaining	1	2	3	4	5
5	Complaining about anything is distasteful to me	1	2	3	4	5
6	Complaining usually makes me feel more frustrated	1	2	3	4	5
7	People who have little else to do are the ones who complain	1	2	3	4	5
8	I am embarrassed to complain, no matter how poor the service was	1	2	3	4	5
9	Complaining is not an obligation	1	2	3	4	5
10	Most businesses will cheat you if you don't stand up for your rights	1	2	3	4	5
11	Complaining isn't much fun but it's got to be done to keep the business on its toes	1	2	3	4	5

## Scenario

Consider the following scenario to answer questions 2 to 5 in this section. Please read the following scenario and imagine you are experiencing the situation:

After signing a contract with your cell phone network provider for 150 free minutes to any cell phone number during office hours, you receive your bill and see that you have in fact been charged for all the calls you made during office hours and not just for the calls exceeding the 150 minute frame.

2) Please indicate the manner in which you would respond if the scenario described above happened to you where 1 is strongly disagree and 5 is strongly agree.

	Statement	Strongly disagree			Strongly agree	
1	I would not complain	1	2	3	4	5
2	I would talk to my friends or family about the problem	1	2	3	4	5
3	I would complain to a staff member	1	2	3	4	5
4	I would file a formal complaint with the management of the local branch of the CNP	1	2	3	4	5
5	I would write a complaint letter to the CNP's head office	1	2	3	4	5
6	I would complain to an external agency (e.g. newspaper or hello Peter or a consumer protection agency) to warn other customers	1	2	3	4	5
7	I would complain to a consumer protection agency and ask them to make the CNP take care of the problem	1	2	3	4	5
8	I would never use this CNP again	1	2	3	4	5
9	I would switch to another CNP in the future	1	2	3	4	5

3) Please indicate to what extent you expect the following responses from the cell phone network provider as appropriate reaction if you experienced the scenario described above where 1 is strongly disagree and 5 is strongly agree.

	Statement	Strongly disagree			Strongly agree	
1	It's not necessary for the CNP to do anything	1	2	3	4	5
2	The CNP should give an explanation for what happened	1	2	3	4	5
3	The CNP should apologise to me for what happened	1	2	3	4	5
4	The CNP should apologise to me in writing for the poor service I received	1	2	3	4	5
5	The CNP should acknowledge that the problem did occur	1	2	3	4	5
6	The CNP should show understanding for my situation	1	2	3	4	5
7	The CNP should take responsibility for the problem and solve it	1	2	3	4	5
8	A manager should intervene in the situation	1	2	3	4	5
9	I should receive compensation from the CNP	1	2	3	4	5

4) Please rate the following statements based on how you would feel if the cell phone network provider **rectified the problem so that it would not occur in future, but did nothing more** in response to the above described scenario, where 1 is strongly disagree and 5 is strongly agree.

	Statement	Strongly disagree			Strongly agree	
1	The performance of the CNP in dealing with the problem is exceptional	1	2	3	4	5
2	The efforts of the CNP to deal with my problem is superior	1	2	3	4	5
3	The outcome I received was fair	1	2	3	4	5
4	The CNP made efforts to resolve my problem	1	2	3	4	5
5	In resolving my problem, the CNP gave me what I needed	1	2	3	4	5
6	I believe that the CNP found the right solution for the problem	1	2	3	4	5
7	Given the circumstances in the scenario, I felt that the CNP's response as described above is adequate	1	2	3	4	5
8	I would be happy about my decision to choose this CNP	1	2	3	4	5
9	The CNP provided a satisfactory resolution to my problem	1	2	3	4	5
10	Regarding this event, I am satisfied with the CNP	1	2	3	4	5
11	Overall, I am satisfied with the way my problem was resolved	1	2	3	4	5
12	I would feel that I did the right thing in choosing this CNP	1	2	3	4	5
13	Overall, I am satisfied with the decision to use this CNP	1	2	3	4	5
14	I would say positive things about this CNP to other people	1	2	3	4	5
15	I would recommend this CNP to someone who seeks my advice	1	2	3	4	5
16	I would encourage my friends and relatives to use this CNP	1	2	3	4	5
17	I would consider this CNP my first choice to buy cellular services from	1	2	3	4	5
18	I would be more likely to patronise this CNP in the future	1	2	3	4	5
19	I would stay loyal to this CNP	1	2	3	4	5
20	I intend to use the services of this CNP also in the future	1	2	3	4	5
21	I intend to do more business with this CNP in the future	1	2	3	4	5
22	I would maintain my relationship with this CNP	1	2	3	4	5



5) Please rate the following statements based on how you would feel if, **in addition to rectifying the problem so that it would not occur in future**, the cell phone network provider **acknowledged the problem, apologised and explained why the problem occurred**, where 1 is strongly disagree and 5 is strongly agree.

	Statement	Strongly disagree			Strongly agree	
1	The performance of the CNP in dealing with the problem is exceptional	1	2	3	4	5
2	The efforts of the CNP to deal with my problem is superior	1	2	3	4	5
3	The outcome I received was fair	1	2	3	4	5
4	The CNP made efforts to resolve my problem	1	2	3	4	5
5	In resolving my problem, the CNP gave me what I needed	1	2	3	4	5
6	I believe that the CNP found the right solution for the problem	1	2	3	4	5
7	Given the circumstances in the scenario, I felt that the CNP's response as described above is adequate	1	2	3	4	5
8	I would be happy about my decision to choose this CNP	1	2	3	4	5
9	The CNP provided a satisfactory resolution to my problem	1	2	3	4	5
10	Regarding this event, I am satisfied with the CNP	1	2	3	4	5
11	Overall, I am satisfied with the way my problem was resolved	1	2	3	4	5
12	I would feel that I did the right thing in choosing this CNP	1	2	3	4	5
13	Overall, I am satisfied with the decision to use this CNP	1	2	3	4	5
14	I would say positive things about this CNP to other people	1	2	3	4	5
15	I would recommend this CNP to someone who seeks my advice	1	2	3	4	5
16	I would encourage my friends and relatives to use this CNP	1	2	3	4	5
17	I would consider this CNP my first choice to buy cellular services from	1	2	3	4	5
18	I would be more likely to patronise this CNP in the future	1	2	3	4	5
19	I would stay loyal to this CNP	1	2	3	4	5
20	I intend to use the services of this CNP also in the future	1	2	3	4	5
21	I intend to do more business with this CNP in the future	1	2	3	4	5
22	I would maintain my relationship with this CNP	1	2	3	4	5

## Section D - Demographic details

Please choose the option most applicable to you or best describing you.

1) What is your gender?

Male	
Female	

2) What is your current age?

years

3) What is your home language?

Afrikaans	
English	
Nguni (Zulu, Xhosa, Swati, Ndebele)	
Sotho (Sepedi, Sesotho, Tswana)	
Venda/Tsonga	

4) What is your highest level of education?

Primary school completed	
Some high school	
Matric	
Certificate/Diploma	
Degree	
Post-graduate degree	

5) Your population group

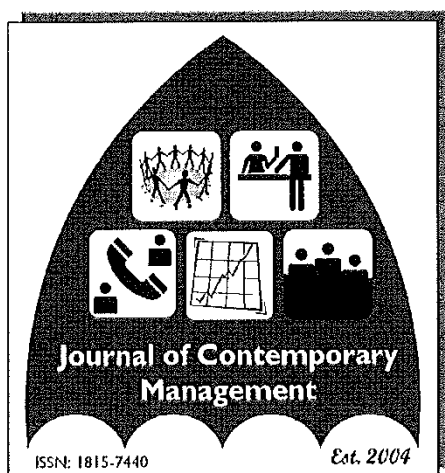
Asian / Indian	
Black African	
Coloured	
White	

6) Approximate monthly cell phone expenses?

Less than R100	
R101 to R250	
R251 to R400	
R401 to R600	
More than R600	

**End of questionnaire**

APPENDIX B:  
EDITORIAL POLICY AND GUIDELINES FOR AUTHORS OF THE JOURNAL OF  
CONTEMPORARY MANAGEMENT



## Editorial Policy and Guidelines for Authors

Last updated: : November 8, 2011

Email: [info.jcman@gmail.com](mailto:info.jcman@gmail.com)

### 1 SCOPE OF THE PUBLICATION

This Journal is an independent scientific publication for peer-reviewed contributions (nationally and internationally) to the interdisciplinary field of management theory, its application and practice in business and non-commercial organisations.

### 2 COMMUNICATION

All communication, including article submissions, should be directed at [Info.jcman@gmail.com](mailto:Info.jcman@gmail.com).

### 3 ADMINISTRATION FEE

Effective as of 1 January 2012, an administration fee of R250.00 per article accepted for publication is payable to the Journal of Contemporary Management before publication of the article.

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### 4 EDITORIAL POLICY

- 4.1 No articles that have been published elsewhere or are under consideration elsewhere will be considered for publication in this Journal.
- 4.2 It is the exclusive responsibility of the author(s) submitting an article to this Journal to ensure that the accustomed acknowledgement of authors' rights is adhered to and/or copyright of material used

rests in the contributing author(s). The editor, editorial committee, and reviewers of this Journal cannot accept responsibility for the infringement of author's rights and copyright. Copyright on published articles in this Journal is vested in the editorial committee of this Journal.

- 4.3 All opinions expressed in articles appearing in this Journal are those of the authors, and are not necessarily subscribed to by the editorial committee of this Journal.
- 4.4 All articles submitted for publication will be double-blind peer reviewed by at least two people. However, the editorial committee reserves the right to make the final decision with respect to publication.
- 4.5 All articles submitted for publication must be prepared in either Word 2003 or Word 2007 with the template instructions provided on the Journal website. The editorial committee maintains the right to return articles not prepared in the prescribed template for rework before the article is sent out for review.
- 4.6 Any author (whether main author or co-author) may publish a maximum of two articles within this Journal per calendar year.
- 4.7 Submission of an article for possible publication implies that the author(s) subscribe(s) to the editorial policy.

## 5 REVIEW METHOD

The review method is a double-blind peer review, with written recommendation.

### 5.1 REVIEW THEMES

The main points that will be considered in the review process are:

- |                              |  |
|------------------------------|--|
| – Purpose of article         | Are the title and the purpose of the article clear? Does the abstract cover the essence of the article?  |
| – Relevance and significance | How relevant is the article in the current theory, application or practice? Would readers benefit from reading it?   |
| – Originality and complexity | How original is the topic covered in the article? Is there anything new? Does it only cover the basics or is there more to it?   |
| – Underlying theory          | Is the terminology used well defined? Is the theoretical background sufficient? Is the material well integrated?   |
| – Quality of arguments       | Are the arguments clear and consistent? Is the sequence of arguments and subsections logic?  |
| – Scientific contribution    | Is there sufficient contribution to the knowledge base of the output?  |
| – Presentation               | Is the quality of the article acceptable (lay-out, graphs, diagrams, legibility, etc.)? Are there any grammatical errors?  |
| – References & bibliography  | Are there sufficient references in the article to reliable sources? Are the sources well-balanced, representative and recent? <b>Please note that references to Wikipedia should be kept to a minimum.</b> |

## 5.2 SPECIFIC REVIEW GUIDANCE

For specific guidance, prospective authors can follow these guidelines:

- The article must address contemporary management.
- The article should not be published elsewhere.
- The article should be proofread and language edited.
- The article should be written in British English (e.g. organisation and not organization).
- The abstract must be between 100 and 200 words.
- The text (excluding reference list) must be between 4000 and 6000 words, **not exceeding 25 pages** as per the article submission instructions supplied on the Journal website.
- Only high quality figures and tables should be used.
- All figures should be embedded in the article, and be of type JPG.
- The reference list should adhere to the guidelines as set out in Section 7 of this document.
- References should be recent (current and previous two calendar years) and complete, with a balance between books, journals and the internet.

## 5.3 REVIEW OUTCOME

Once all the reviews from the respective reviewers are collected, an average overall rating will be calculated and communicated to the corresponding author. The rating scores are classified as follows:

- **Accept** - Good paper of relevance and quality.
- **Accept with minor modification** - Good work of interest to the community. A few minor adjustments must be made.
- **Accept with major modification** - Article has potential but needs attention and possible restructuring or rework. Article could be improved based on comments.
- **Reject** - Article is not of sufficient quality and/or not well researched and/or written.

The editorial committee retain the right to make minor corrections to any article accepted for publication in the Journal.

## 6 PROCEDURE FOR ARTICLES ACCEPTED FOR PUBLICATION

If an article is accepted, the editorial committee retains the right to make minor layout and editorial corrections to the article.

If an article is accepted with minor modification, the author(s) should return the updated article within four weeks of the date of acceptance notification.

If an article is accepted with major modification, the author(s) should return the updated article within six weeks of the date of acceptance notification.

If an article exceeds six months from date of acceptance notification without an updated version submitted to the editorial committee, it will have to undergo a second review cycle before publication can be finalised.

## 7 REFERENCES

An adapted Harvard method must be used, namely short identifying references in the text and a more comprehensive reference list at the end of the manuscript, detailing all the sources referred to in the text. All references in the text must be included in the reference list and vice versa.

Authors should take care to use works that are recent. Depending on the topic of the article, majority of the references should be from the current or previous calendar year, with fewer references to older works.

Authors should take care to present a balanced reference list, with works from all three categories illustrated below: books, journals and internet.

### References in the text

Each reference to the work of someone else needs to be acknowledged. The surname(s) of the author(s), year of publication and page number(s) appear in parentheses (brackets) after the quotation. Depending on the number of authors of the work referred to, the following serve as examples: Coetzee 2009:123 (a single author); Coetzee & Makanya 2010:246 (two authors); Coetzee *et al.* 2010:357 (more than two authors are involved; in this case, all the authors are listed in the reference list).

The "page number" in these examples is replaced with the words "Internet" or "Interview" as appropriate, e.g. Sullivan 2009:Internet or Taylor 2011:Interview. When more than one reference is used to support a specific point, the references are sequenced alphabetically, e.g. Batty 2010:44; Coetzee 2010:123; Coetzee 2011:412; Coetzee & Makanya 2009:246; Coetzee *et al.* 2008:357, Donovan 2011:14.

In the case of more than one work by the same surname (Coetzee in the example) the references are sorted in date sequence. Also, the sequence is first the single author, then two authors and then more than two (*et al.*)

The use of Anon (for anonymous) should be avoided as far as possible: the references are used to give support for arguments by calling on an expert – and it is unlikely that an expert is "anonymous".

The use of Wikipedia as reference should be kept to a minimum. If Wikipedia is used, it is the author's responsibility to find other sources to verify the Wikipedia content (see [http://en.wikipedia.org/wiki/Wikipedia:Citing\\_Wikipedia](http://en.wikipedia.org/wiki/Wikipedia:Citing_Wikipedia)).

### Reference list at the end of the text

All sources referred to in the text (and only those) must be included in the reference list. The purpose of this list is mainly to give credit for the work of others that influenced this article, and to identify these sources sufficiently to assist the reader (and other researchers) to access the same material.

The sources are sorted in sequence as discussed above. If more than one work is published by the same author(s) in a specific year, the works need to be distinguished by an a, b ..., e.g. 2010a, 2010b, 2010c. The letter attached to the date of publication remains a part of the reference and is also used as such in the text, e.g. Brown 2010c:159.

The type of work referenced will influence the format of the reference list entry. The following serve as examples:

### **Books**

**AUTHOR A.** Year. Title of book. Edition. Place of publication: Publisher.

**AUTHOR A & AUTHOR B.** Year. Title of book. Edition. Place of publication: Publisher.

**AUTHOR A, AUTHOR B, AUTHOR C & AUTHOR D.** Year. Title of book. Edition. Place of publication: Publisher.

**AUTHOR A & AUTHOR B (eds).** Year. Title of book. Edition. Place of publication: Publisher.

**AUTHOR A.** Year. Title of relevant chapter. In **AUTHOR A & AUTHOR B (eds).** Title of book. Edition. Place of publication: Publisher. pp. x-y.

Note: The guidelines about the author as discussed above are applicable to other types of publications. The author is printed in bold and in capitals.

Example: **JOHNSON AB, DUDLEY SM & PETERSON HJ.** 2010. The principles of scientific research. London: Wiley.

### **Journals**

**AUTHOR A.** Year. Title of article. *Name of Journal*, X(Y):Z, MM.

In the example, X refers to the volume number, Y refers to the issue number, Z refers to the pages of the article and MM the month or season of the publication, if this was appropriate.

Example: **NICHOLSON B.** 2007. Biometric manipulation: some managerial challenges. *Journal of Ethics*, 3(2):25-53, Winter.

### **Internet**

**AUTHOR A.** Year. Title of contribution. [Internet: complete URL with the hyperlink removed; downloaded on date.]

Example: **MALANGA C.** 2011. Ethics in research. [Internet: [www.ethicsinresearch.gov](http://www.ethicsinresearch.gov); downloaded on 2011-01-15.]

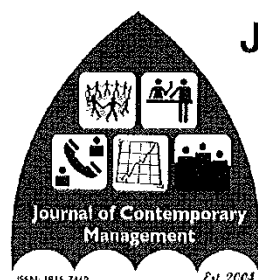
## **8 QUALITY OF WORK**

The Journal and its editorial committee strive to publish high quality contributions to serve academics, other researchers and practitioners. It is an express purpose of having the Journal accredited. Authors submitting articles for review in the Journal of Contemporary Management are therefore urged to adhere to all requirements and prescriptions.

These requirements and prescriptions are put in place to:

- maintain the Department of Education accredited status of the Journal, and
- shorten the turnaround time between article submission and publication.





# Journal of Contemporary Management

## Template for articles

Last updated: 16 February 2012

### PAGE LAYOUT:

Orientation: A4, portrait  
Margins: Top, bottom, left, right: 2.54 cm

TITLE OF ARTICLE: Bold caps, Arial 12, spacing 1, centred

AUTHOR(S): Initials surname Bold caps, Arial 12, spacing 1, centred  
Affiliation: (in brackets) Arial 12 centred, with required capitals (not bold)

ABSTRACT: Length between 100 and 200 words, Arial narrow 11, spacing 1

KEY PHRASES: Between 4 and 6, Arial narrow 11, italics, spacing 1; with required capitals only; alphabetical sequence

LANGUAGE: UK English (with relevant spelling), proof read and language edited

HEADINGS: Apply heading styles as Heading 1, 2 and 3  
Heading 1: 1 Bold caps, Arial 12, spacing 1, 6pt spacing before heading  
Heading 2: 1.1 Bold, Arial 12, spacing 1, sentence case, 6pt spacing before heading  
Heading 3: 1.1.1 Bold Italics, Arial 12, spacing 1, sentence case, 6pt spacing before heading

TEXT: Arial 12, spacing 1.5, sentence case, 6pt spacing before and after paragraphs  
Length between 4000 and 6000 words ; No open lines between paragraphs

FIGURES: Number: In sequence starting at 1, e.g. FIGURE 1; bold, small caps, centred, Arial Narrow 11  
Heading: Bold, small caps centred, spacing 1, sentence case, 6pt spacing before and after heading  
Format: JPG; text in Arial narrow 11; FIGURE title and source not part of the jpg.  
Body: Centred, readable  
Source: Must be indicated; Arial narrow 11, the word "Source: " in bold; rest not bold

TABLES: Number: In sequence starting at 1, e.g. TABLE 1; bold, small caps, centred, Arial Narrow 11  
Heading: Bold, small caps centred, spacing 1, sentence case, 0 pt spacing before and after heading  
Format: Arial narrow 11, no lines  
Body: Readable, spacing 1  
Source: Must be indicated; Arial narrow 11, the word "Source: " in bold; rest not bold

Alignment: All text left aligned, within the borders of the portrait page (in cases where the table must be in landscape orientation, the table will be printed at the end of the article); no lines

REFERENCES: This section in Arial narrow 11, spacing 1, left aligned, 6 pt before and after each source  
Author1 Initials, Author2 Initials and Author3 Initials: Bold caps, the rest in sentence case. Note punctuation.

See Author's Guidelines [[http://www.journals.co.za/ej/ejour\\_jcman.html](http://www.journals.co.za/ej/ejour_jcman.html)] for more detailed guidance on referencing.

APPENDIX C:  
GUIDELINES FOR CONTRIBUTORS OF THE SOUTHERN AFRICAN BUSINESS REVIEW

## **SOUTHERN AFRICAN BUSINESS REVIEW**

### **Guidelines for contributors**

The Southern African Business Review is a refereed and accredited journal of the College of Economic and Management Sciences of the University of South Africa. The *Southern African Business Review* is an open access journal and as of 2008, published in electronic form only.

### **Nature of contributions**

The *Southern African Business Review* serves as a vehicle for the publication and dissemination of research in the fields of the economic and management sciences. Research contributions should conform to high standards of scholarly research inquiry. The following should at least be addressed: purpose/objective of the article, sound conceptualisation/theoretical foundation, statement of the research problem or hypothesis, research methodology (where applicable), analysis/discussion of research findings (where applicable) and conclusion.

### **Guidelines for manuscripts**

1. Articles should preferably not exceed 7 500 words including tables, figures and graphs, using the font Times New Roman (12 point) and 1.5 line spacing. Authors should ensure that the contents of very short articles are substantial enough to warrant publication.
2. All tables, illustrations and figures should be incorporated in the body of the manuscript. The editor reserves the right to refuse publication of any submission for which the artwork is not of an acceptable standard.
3. Since the Southern African Business Review follows a policy of blind peer review, the first page of the text proper should carry the title of the article, but not the name(s) of the author(s).
4. A separate page should carry the title of the article, its author(s) and relevant biographical information, including full name, academic title, current position and institution (where appropriate). Postal and e-mail addresses should also be provided.
5. The article should be preceded by a single paragraph abstract of the article, not exceeding 200 words. The abstract should not form part of the text. A list of as many key words as possible should be submitted per article for cataloguing purposes.
6. The reference technique should be according to the Harvard method. For a practical example, see a recent issue of the Southern African Business Review. Recent issues are available at <http://www.unisa.ac.za/sabusinessreview>

### **Submission and review process**

1. Manuscripts for the review process should be submitted by e-mail in MS Word to the address below.
2. Manuscripts will be submitted to independent reviewers. A policy of double blind peer review is followed. The editor will make the final decision whether to publish an article.
3. If approved subject to revision, the manuscript will be returned to the author(s) who will make the necessary alternations/corrections. The final copy of the manuscript will then be returned to the editors. This copy should be submitted in MS Word by e-mail.
4. It is required that all authors have their draft articles reviewed for language proficiency before submitting them to the editors. Sometimes excellent submissions have to be drastically amended or even rejected because of linguistic ineptitude. The editors reserve the right to make minor editorial adjustments without consulting the author. The use of abbreviations should be avoided as far as possible.
5. Footnotes should be avoided. Endnotes may be use, which should be consecutively numbered and listed at the end of the text, before the list of references.
6. Publication fees of R1 500 are payable on the acceptance of the article. The author(s) will receive written acknowledgement of acceptance accompanied by an invoice for publication fees.

### **Copyright arrangements**

Authors relinquish the manuscript's copyright to the Southern African Business Review, published by the College of Economic and Management Sciences, University of South Africa and accept and adhere to the journal's publication policy.

### **Submissions and correspondence to**

**Administrative Editor:** Southern African Business Review

Ms Erna Koekemoer

Bureau of Market Research

University of South Africa

P.O. Box 392

Unisa 0003 South Africa

**Tel:** +27 12 429-3228

**Fax:** +27 12 429 2544 (Please do not fax your submission to the editors)

**E-mail:** [koekeem@unisa.ac.za](mailto:koekeem@unisa.ac.za)

**Website:** [www.unisa.ac.za/sabusinessreview](http://www.unisa.ac.za/sabusinessreview)

APPENDIX D:  
INSTRUCTIONS TO AUTHORS OF THE SOUTH AFRICAN JOURNAL OF BUSINESS  
MANAGEMENT

## South African Journal of Business Management

### Instructions to Authors

**Editorial policy:** *The South African Journal of Business Management* publishes articles that have real significance for management theory and practice. Original theory and unique application plus readability and good writing style are important criteria for publication. No articles which have been published elsewhere or are under consideration elsewhere will be considered. Nor will any articles considered that are not written in perfect English or that do not adhere to the instructions to authors.

Copyright for all published material is vested in the Association for Professional Managers in South Africa.

All opinions expressed in papers appearing in the *South African Journal of Business Management* are those of the authors, and are not necessarily subscribed to by the editorial staff or by the Association for Professional Managers in South Africa. Contributions must be written in English (to facilitate accessibility internationally).

The content of the Journal falls into two categories:

**Managerial theory** is devoted to the reporting of new methodological developments, whether analytical or philosophical. In general, papers are considered most appropriate if, in addition to developing new theory, some discussion of applications, either historical or potential, is included. Both state-of-the-art surveys and papers discussing new developments are appropriate in this category. The orientation is to the development of the theory of management.

**Management practice** is concerned with the methodology involved in applying scientific knowledge. Attention is focussed on the problems of developing and converting management theory to practice, bearing in mind behavioural and economic realities. Papers should reflect the mutuality of interest of managers and management scientists in the exercise of the management function. Appropriate papers may include: examples of implementations that generalize experience rather than specific incidents and facts, or principles of model development and adaptation that underlie successful application of particular facets of management theory. The relevance of the paper to the professional manager should be highlighted as far as possible.

Correspondence from readers is encouraged on all matters pertinent to management. Especially welcome are academic replies to articles published in the Journal.

**Lay-out of manuscripts:** Articles should be submitted electronically. The following details should be provided: author's surname; type of word processing document and the file name. Use A4-size formatting, 1.5 spacing and margins of 30mm. The first page should contain the title with the name and complete address of the author to whom correspondence is to be sent. The title, which should be concise but sufficiently informative for information retrieval purposes, should appear on the second page without the names of the authors. Articles should not exceed 20 pages.

The text of the manuscript must be preceded by an English abstract of about 200 words.

**Tables** should be numbered consecutively in Arabic numerals (Table 1) and should bear a short yet adequate descriptive title. Footnotes to tables should be designated by lower-case letters appearing as superscript to the appropriate entries. Tables should be presented on separate sheets, grouped together at the end of the manuscript. Their approximate positions in the text should be indicated.

**Mathematical notations** should be selected so as to simplify the typesetting process. Authors should attempt to make mathematical expressions in the body of the text as simple as possible. Greek letters and unusual symbols (if handwritten) must be labelled when

they first appear in the manuscript, as well as the subscript 'oh' (as distinguished from the number 'zero').

**Illustrations** should be prepared on separate A4 pages. Authors should use dedicated graphical software giving uniform lines and lettering of a size which will be clearly legible after reduction. Freehand or typewritten lettering and lines are not acceptable. Authors are requested to pay particular attention to the proportions of illustrations so that they can be accommodated in single (86 mm) or double (179 mm) columns after reduction, without wastage of space. Figures should be numbered consecutively in Arabic numerals (Figure 1), and descriptive captions should be listed on a separate page. All illustrations should be grouped together at the end of the manuscript, and their approximate positions in the text indicated.

**References:** the Harvard method should be used, namely short references in the text and more detailed references arranged in alphabetical order at the end of the manuscript.

**References in the text.** Cited information must be identified accurately. The surname(s) of the author(s), year of publication and page number(s) appear in parentheses after the quotation, for example (Coetzee, 1986: 2-5), (Brown & Jones, 1986: 2-5). Omit the page number(s) if the entire publication is referred to, for example (Berger, 1994). In works by three or more authors the surnames of all the authors should be given in the first reference to such a work, for example 'A recent study (Jones, Smith, Boren & White, 1993) shows ...'. In later references to this work only the first author's name is given, and the abbreviation *et al.*, a comma and the year of publication. For example: (Jones *et al.*, 1993).

**References at the end of the manuscript.** More details about sources referred to in the text must appear at the end of the manuscript under the caption 'References'. Sources must be arranged alphabetically according to the surnames of the first author. If more than one publication by the same author(s) appear in one year they must be distinguished by an a, b, etc., for example 1981a, 1981b.

**References from books.** After the year of publication, follows the title. The Edition. Place of publication: publisher.

Bayliss, W.M. & Glass, B. 1991. *Principles of general psychology*. 4th Edition. London: Longmans.

**References from chapters in a book.** Tonne, F. 1980. Helping the poor. In Schoon, A. (Ed.). *Poverty in the 3<sup>rd</sup> World*. Harare: Omega Books.

**References from journals.** After the year of publication, follows the title of the article, title of the journal, volume, number, page(s).

Langmuir, I. 1956. 'Isomorphism, isoterism and covalence', *Journal of Business*, 23(3): 46-7.

**References from the Internet.** Hollard, P.J. 1999. *Food consumption and production*. [online] URL: <http://www.wri.org/critcons/food.pdf>.

Additional reprints can be ordered directly from the printers (see address in inside front cover).

The Scientific Editor is Professor Eon Smit, *South African Journal of Business Management*, Stellenbosch Business School, PO Box 610, Bellville 7535, South Africa. Please submit manuscripts to Marion Leurs (E-mail address: [mjl@usb.ac.za](mailto:mjl@usb.ac.za))

No articles will be published without first undergoing an anonymous but rigorous refereeing procedure. The editor reserves the right to make the final decision with respect to publication.

**PLEASE NOTE:** An amount of R120,00 per printed page is payable by the author(s) of each article. No article will be published until page fees accounts have been fully settled.

APPENDIX E:  
GUIDELINES FOR SUBMISSION OF MANUSCRIPTS OF MANAGEMENT DYNAMICS

## GUIDELINES FOR SUBMISSION OF MANUSCRIPTS

Every manuscript should contain at least the following:

- Abstract
- Introduction
- Purpose/objectives of the study/article
- Problem investigated
- Research objectives and/or hypotheses
- Research methodology
- Results
- Conclusions
- Managerial implications/recommendations

Manuscripts should be typed in one-and-a-half spacing, including references. Do not use double-spacing anywhere.

Page numbers are to be placed in the upper right-hand corner of every page.

Do not use any tab indents for paragraphs.

Do not number paragraphs.

The text must preferably be limited to three levels. Main headings are presented in capitals (bold); sub-headings in lower case (bold), and sub-subheadings in normal text, lower case. For instance:

**METHODOLOGY**  
**Sampling procedure**  
Composition of sample

Manuscripts should be typed or printed on one side of the paper only with a left margin of at least 2 cm.

Manuscripts of any length will be considered but should preferably be about 20 A-4 pages in length.

A 12-point font, preferably Times New Roman or Arial, should be used.

Submit four (4) copies of each manuscript. The author's name should not appear anywhere except on the cover page. The author should keep an extra, exact copy for future reference.

### What goes where?

**First page** – Name of author(s) and title; author(s) note, including present position, postal and physical address, telephone and fax numbers, and e-mail address.

**Second page** – Title of paper (without author's name) and a brief abstract of no more than 150 words substantively summarising the article. This should be informative, giving the reader an overview of the article and should be in the same language as the rest of the article.

### Body text

The text, with both major headings and subheadings should be flush with the left margin.

For first submissions all tables and figures should be in their correct positions in the manuscript itself. If the manuscript is accepted for publication and a final version submitted, each table and figure should be prepared on a separate page and grouped together at the end of the manuscript. The preferred position of each Table and Figure should then be indicated with:

[INSERT TABLE 2 HERE]

The data in tables should be arranged so that columns of like materials read down, not across. Non-significant decimal places in tabular data should be omitted, preferably no more than 2 decimal points.

Tables should be typed flush with the left-hand margin and have proper labeling of axes, column headings and other notations. The table number and title should be typed on separate lines, in capital letters.

Figures and artwork must be of a high quality and camera ready, such as clean, black-and-white laser printouts. Each figure of accepted manuscripts should appear on a separate page. Please avoid the use of gray-scale shading.

Additional details (such as the source or exceedance probabilities) should be footnoted under the table, not in the title. In the text, all illustrations and charts should be referred to as figures.

Mathematical notations should be clearly explained within the text. Equations should be centered in the page. If equations are numbered, type the number in parentheses flush with the right margin. Unusual symbols and Greek letters should be identified. For equations that may be too wide to fit in a single column, indicate appropriate breaks.

A non-refundable administration fee of R100, payable to "*Management Dynamics*", must be included with the first submission of manuscripts for consideration.

If approved, the article will be returned in page proof format to the authors. After final corrections the page proofs must be returned, accompanied by an amount of page fees, determined as follows:

SAIMS members: R 250 x number of pages  
Non-SAIMS members: R 300 x number of pages

Preference in the placing of contributions accepted will be given to those manuscripts submitted by members of the Southern Africa Institute for Management Scientists (SAIMS). SAIMS members must indicate their membership number on the accompanying letter. Contributions submitted by a non-member will however, also be considered.

No copies of a manuscript or other materials will be returned except for revision purposes.

Manuscripts returned with suggestions for revision by authors must be returned to reach the Editor within three weeks.

## References

Use the Harvard Method of referencing.

### • Citations within text

Citations in the text should include the author's last name and year of publication enclosed in parentheses, for example, (Jones, 1990). If practical, the citation should be placed immediately before a punctuation mark. Otherwise, insert in a logical sentence break.

If a particular page, section, or equation is cited, it should be placed within the parentheses, for example, (Jones, 1990: 112).

For multiple authors, use the first time in full if a source is cited irrespective of the number of authors. For subsequent citations of three authors and more use "et al." (in italics). For example:

(Smith, Wesson, Brown and Green, 2000).  
and afterwards, (Smith *et al.*, 2000).

If the same authors published another work in the same year, a distinction must be made by using a lower caps a or b. For example:

(Smith, Wesson, Brown, and Green, 2000b).

In the case of multi-authors and different dates of publication, list it in order of the latest publication first. Authors' names should not be listed alphabetically. For example, (Jones, 2001; Bennet and Podavsky, 1998; Fulton and Bowker, 1990).

### • References list:

An example of multiple-author references for books is:

Donners, J.H. and Williams, D.F. 1992. Marketing of Art. New York: Wiley.

Examples of single- and multiple-author references for periodicals are:

Steenkamp, J. 1998. Analysing the effect of marketing on strategy. Journal of Marketing, 9 (3): 226-230.

Steenkamp, J., du Toit, F. and Mazibuko, H. 1998. Analysing the effect of marketing on strategy. Journal of Marketing, 9 (3): 226-230.

An example of using a web page is as follows:

Williams, M.T.N. 2005. Marketing on the internet. BizzCommunity. Available: <http://www.BizzCommunity.com> [Accessed: 12 April].

Examples of a paper read at a conference, and/or an (unpublished) dissertation or thesis are as follows:

Parasuraman, A. 1996. Understanding and Leveraging the Role of Customer Service in External, Interactive and Internal Marketing. Paper read at Frontiers in Services Conference. Nashville, Tennessee (October).

Webb, C. 2003. The Role of Women in Society. Unpublished D.Comm dissertation, University of Botswana.

## MANUSCRIPT SUBMISSION

Authors of final manuscripts accepted for publication should provide both a hard copy of the final version of their article and a matching electronic version preferably in MS Word. Please group all sections of the article in one file.

Please send all manuscripts to:

Prof Christo Boshoff  
Editor: Management Dynamics  
Department of Business Management  
Stellenbosch University  
Private Bag X1  
MATIELAND  
7602



APPENDIX F:  
ASSISTANCE IN STATISTICAL ANALYSES



NORTH-WEST UNIVERSITY  
YUNIBESITHI YA BOKONE-BOPHIRIMA  
NOORDWES-UNIVERSITEIT  
POTCHEFSTROOMKAMPUS

Privatebag X6001 Potchefstroom 2520  
Tel (018) 299 1111 Fax (018) 299 2799  
<http://www.puk.ac.za>

**Statistical Consultation Service**

Tel: (018) 299 2018

Fax: (018) 299 2557

25 July 2013

**To whom it may concern**

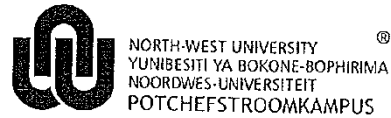
**Re: Thesis Liezl-Marie Kruger , student number: 20062931**

We hereby confirm that the Statistical Consultation Service of the North-West University has analysed the data and assisted with the interpretation of the results.

Kind regards

A handwritten signature in black ink, appearing to read 'J W Breytenbach'.

**Mrs J W Breytenbach (MSc)**



Privaat sak X6001, Potchefstroom  
Suid-Afrika, 2520

Tel: 018 299-1111/2222  
Web: <http://www.nwu.ac.za>

5 November 2013

**Re: Statistical Analyses for Liezl-Marie Kruger**

*To whom it may concern,*

This is to officially confirm that I, the undersigned, was a statistical consultant for the above mentioned student's PhD study. A wide variety of techniques were implemented which included: Structural equation modeling methods (measurement and structural models) with categorical data as observed variables in the Mplus software package. Therefore, no item parcelling methods or sum scores were used in this study and the latent variables were indicated by the individual items.

I trust you will find this in order.

Yours sincerely,

**Dr Leon de Beer**  
*Research Fellow*  
*Industrial Psychologist*  
WorkWell Research Unit  
Potchefstroom Campus  
Tel: 076 392 5396  
Fax: 018 2991360



**Dr Leon de Beer**  
*Navorsingsgenoot*  
*Bedryfsielkundige*  
WorkWell Navorsingseenheid  
Potchefstroom Kampus  
Tel: 076 392 5396  
Faks: 018 299136

APPENDIX G:  
CONFIRMATION OF LANGUAGE EDITING

*Elsabeth Marnitz*

13<sup>th</sup> November 2013

**TO WHOM IT MAY CONCERN**

I, ELSABETH MARNITZ, hereby declare that the thesis submitted for the degree PHILOSOPHIAE DOCTOR in Marketing at the Potchefstroom Campus of the North-West University of LIEZL-MARIE KRUGER with the title

**THE INFLUENCE OF RELATIONSHIP INTENTION ON  
SATISFACTION, LOYALTY AND RETENTION FOLLOWING  
SERVICE RECOVERY IN THE CELLULAR INDUSTRY**

has been language edited by me.



---

**ELSABETH MARNITZ**

**720004392 (University of Johannesburg)**

**Cell: 083 501 1545**

APPENDIX H:  
INTERVIEWER INSTRUCTIONS

**Questionnaire fielding document: Relationship with your cell phone network provider**

Ms Liezl-Marié Kruger

Cell phone number:

081 441 9465

e-mail address: [20062931@nwu.ac.za](mailto:20062931@nwu.ac.za)

Work telephone number:

018 285 2204

Quantity Questionnaires		
Given 11 October <input type="text"/>		Received 24 October <input type="text"/>
QUOTA		QUANTITY
Population group	Black African	
	Indian/Asian	
	Coloured	
	White	
Gender	Male	
	Female	
Age	18-26 Years old	
	27-35 Years old	
	36-47 Years old	
	48-66 Years old	
	67 Years and older	

**General questions for this study's fieldwork**1) **Where** must the questionnaires be fielded?In **your community** (not on campus!!).2) **How** must the questionnaires be fielded?

You have to **ask respondents each question** as is on the questionnaire and capture their answers. (**Only people who answer 'yes' to the 3 questions on page 1 can participate in this study.**)

3) When will **FULLY completed questionnaires** be collected?

**24 October 2012 @ 13h00** in front of the Department of Marketing Management C-Ring 6 (or you may use the **box** at the reception desk if you wish to submit earlier).

4) How will **payment** be done and when?

An **electronic payment** will be made into your account. It is your responsibility to complete your banking details correctly on the document provided. The payment of **R30 for each FULLY completed questionnaire** will be done on or before **30 November 2012**.

**PLEASE COMPLETE THE FOLLOWING INFORMATION:**

Name and Surname: \_\_\_\_\_

Signature: \_\_\_\_\_

BANK DETAILS: (No payment will be made if these details are not provided.)

 Bank Branch Code        

Account Type

Current (cheque) ☐Savings ☐Transmission ☐Account number            Name of Bank Account Holder's: Surname Initials

Remember: Any possible combinations of respondents are acceptable, the key lies in identifying respondents based on the quotas allocated to you as the fieldworker.

**An example of quotas:**

<b>Respondent</b>	<b>Quotas filled</b>
Respondent 1: Indian Male 20 Years old	Quotas filled: <ul style="list-style-type: none"> <li>• 1xIndian/Asian</li> <li>• 1xmale</li> <li>• 1x18-26 years old</li> </ul>
Respondent 2: Coloured Male 37 years old	Quotas filled: <ul style="list-style-type: none"> <li>• 1xColoured</li> <li>• 1xmale</li> <li>• 1x36-47 years old</li> </ul>
Respondent 3: Coloured Female 48 years old	Quotas filled: <ul style="list-style-type: none"> <li>• 1xColoured</li> <li>• 1xfemale</li> <li>• 1x48-66 years old</li> </ul>
Respondent 4: Black African Female 30 years old	Quotas filled: <ul style="list-style-type: none"> <li>• 1xBlack African</li> <li>• 1xFemale</li> <li>• 1x27-35 years old</li> </ul>

\*\*\*\*\***Honesty is the best policy**\*\*\*\*\*

Please remember that you are making a contribution to academic literature, and be sure to field the questionnaires honestly.