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*Understanding consumers' intentions
in building long-term relationships
with organisations*

Prof PG Mostert



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UNDERSTANDING CONSUMERS' INTENTIONS IN BUILDING LONG-TERM RELATIONSHIPS WITH ORGANISATIONS

Abstract

The field of marketing has evolved over the past 100 years from focusing on organisations' production abilities to a customer-centric approach, where marketers attempt to build relationships with customers by offering greater value than that offered by competitors. To better meet customer needs, marketers study consumer behaviour and, specifically, the manner in which consumers make purchasing decisions. Consumers expect that the outcome of their purchase decisions will result in their needs being satisfied. Customer satisfaction is important to organisations, as satisfaction is a critical first step in building both long-term relationships and customer loyalty which, in turn, could lead to organisations retaining their customers and gaining higher profits. Building long-term relationships is therefore critical to organisations. However, not all customers want to form long-term relationships with organisations. Marketers should therefore identify customers with high relationship intentions, because building relationships with these customers could lead to improved market segmentation, reduced marketing and operational costs, increased revenue, customer retention and higher profits. Empirical research across a number of South African industries has resulted in the development of a reliable relationship intention measure, whereby customers' relationship intentions are measured by means of five constructs. These are involvement, expectations, forgiveness, feedback, and fear of relationship loss. Future developments on relationship intention include establishing a relationship intention continuum that could be used to index customers according to their relationship intentions.

Keywords

Consumer behaviour; relationship marketing; customer satisfaction; customer loyalty; customer retention; customer relationship intentions.

My inaugural address is dedicated to Chloé and Lauren.

UNDERSTANDING CONSUMERS' INTENTIONS IN BUILDING LONG-TERM RELATIONSHIPS WITH ORGANISATIONS

1. INTRODUCTION

It is becoming increasingly difficult for organisations to remain competitive in an ever-changing market environment where consumers have more products and sellers to choose from than ever before. Consumers have significantly more information at their disposal to make more informed purchase decisions, thereby resulting in customers holding higher expectations and demanding greater value for their money. Concurrently, markets have also changed significantly over the past decade in terms of population increases and segmentation changes. For example, the South African market has seen a significant change where 60% (30.3 million) of the population is now under 30 years old (OMD, 2011: 14). It is therefore imperative that marketers understand consumer behaviour and specifically consumer decision making, as knowledge thereof can assist organisations in meeting customer needs, building relationships with customers and ultimately retaining customers.

Customer retention is becoming increasingly important as it can cost six to seven times more to acquire new customers than to keep existing customers (Reichheld *in* Levens, 2010: 51). It is therefore more profitable to retain customers, resulting in reduced operational and marketing costs (Bateson & Hoffman, 2011: 391-392; Zeithaml, Bitner & Gremler, 2009: 184). Attracting new customers is also becoming increasingly difficult because of an overload of information and the cluttering of media. For example, media outlets in South Africa have expanded over the past few years (OMD, 2011: 16) and, since 2004, media opportunities have increased by almost 140% in the number of TV stations (more than 2000% since 1991); a 48% increase in the number of radio stations (more than 400% since 1991); and a 15% increase in consumer magazines and newspapers (more than 150% since 1991). The number of web pages worldwide has also

grown from approximately 8 billion in 2004 to somewhere between 120 billion to in excess of 1 trillion.

Organisations therefore have a higher probability of success by focusing on existing customers as opposed to continually trying to attract new customers. Organisations accordingly should endeavour to retain customers by first satisfying their needs and then building relationships with them. By building long-term relationships, organisations can establish loyalty which, ultimately, could lead to customer retention. However, not all customers have a desire to build long-term relationships with organisations. Marketers should therefore identify those customers who want to reciprocate such a relationship i.e. those with a high relationship intention.

Research into consumer behaviour, and relationship intention in particular, is warranted since the Marketing Science Institute (MSI) in 2012 identified accountability and return on investment of marketing expenditure, understanding consumer/customer behaviour and identifying new approaches to generating customer insights as the three top research priorities for both businesses and academics. The MSI is a corporate-membership based organisation with input from top corporate and leading researchers from universities across the globe. Corporate membership includes organisations such as The Coca-Cola Company, PepsiCo Inc., Colgate-Palmolive Corporation, Dell Inc., DuPont Company, IBM Corporation, Nestlé, General Motors Corporation, Hewlett-Packard Company, Johnson & Johnson and McDonald's Corporation (MSI, 2012).

This paper will consider the importance of a relatively new field within relationship marketing, namely relationship intention, to marketers and academics alike. Firstly, a brief overview of how the field of marketing developed over the past 100 years will be provided. Secondly, consumer behaviour and decision making will be discussed. This will be followed by an overview of relationship marketing together with the constructs associated with this field of study – customer satisfaction, loyalty and retention. A discussion on relationship intention (linking consumer behaviour and relationship

marketing) will follow and suggestions for future directions for relationship intention will conclude this presentation.

2. THE ADVANCEMENT OF MARKETING DURING THE PREVIOUS MILLENNIUM

In today's competitive market environment, all organisations acknowledge that they have to continuously satisfy customers by meeting their needs in order to be successful. In retrospect, the focus of organisations was not always primarily their customers. Marketing thinking has evolved over four broad eras, the production era, the sales era, the consumer era and the relationship era (Solomon, Marshall, Stuart, Barnes & Mitchell, 2009: 15-16).

The *production era*, which lasted until approximately 1925-1930, was characterised by manufacturers focusing on their production capabilities. Manufacturers believed that if they produced high quality products, the products would sell themselves. Products were therefore first produced before looking for people to buy them (Kurtz, 2012: 9).

The *sales era*, lasting from approximately 1925 to the late 1950s, followed the production era whereby manufacturers were forced to look for buyers for their products. Following World War I, greater volumes of products were produced due to the increase in production capacity during the war. Demand for products started declining, especially during the Great Depression in the 1930s. Manufacturers therefore had to 'hard sell' their products – often by convincing potential customers that products would only be available for short periods and in small quantities (Kurtz, 2012: 10; Marshall & Johnston, 2011: 10-11; Solomon *et al.*, 2009: 14).

In contrast to the previous eras, the *consumer era* emerged as organisations came to realise that it is more profitable to first determine customer needs and then to offer products to satisfy those needs. By following a customer orientation, lasting from the late 1950s to just prior to 2000, organisations increasingly realised they had a competitive

advantage over rivals. This led to marketers conducting research to determine customer needs, developing products and services to meet those needs, and developing marketing messages informing the market about the offerings (Solomon *et al.* 2009: 15). This era is also known for the emergence of the marketing concept (Hult, Pride & Ferrell, 2012:13; Kurtz, 2012:11). Through the marketing concept, marketing became a business philosophy whereby the entire organisation focuses on satisfying customer needs while achieving the organisation's long-term (profit) objectives in an ethical manner (Hult *et al.*, 2012: 11; Kurtz, 2012: 11; Kardes, Cronley & Cline, 2011: 13; Solomon *et al.*, 2009: 16, 571).

The current marketing era, the *relationship era*, started in the late 1990s when marketers realised that to better meet customer needs and retain customers in an increasingly competitive environment, organisations had to build and maintain long-term relationships with customers. This would create customer loyalty that could lead to referrals, increased sales and profits (Kurtz, 2012: 12; Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliot & Klopper, 2010: 11). This era is expected to be relevant in the foreseeable future as marketers seek new opportunities to attract and retain customers. One possible opportunity is to classify customers according to their intentions and then build relationships with those customers with a high relationship intention.

Before discussing relationship intention, it is important to firstly understand why it is important for marketers to understand value from customers' perspectives and, secondly, to consider how buying decisions are made.

2.1 The importance of customer value

Mostert (*in* Du Plessis, Strydom & Jooste, 2012: 525) explains that customers buy products and services to satisfy their needs by choosing those that offer them the most benefits and hold the greatest value. Hult *et al.* (2012: 15) and Etzel, Walker and Stanton (2007: 13) define and explain customer value simply as customers' subjective assessment of the benefits (including functional, aesthetic and psychological benefits) relative to the

cost (including the product's price, time spent searching for and evaluating the product, financing costs, warranties and learning how to use the product) when determining the worth of a product. From this definition, it can be seen that customers perceive value on a subjective level. Customers' value perceptions are furthermore influenced by the significance of the product to the consumer and could differ across product categories (Mostert *in du Plessis et al.*, 2012: 525). An example may elucidate this statement. Consumers with limited financial resources may buy the most expensive razor and razor blades due to the quality and close shave the product offers. This same consumer may, however, buy the cheapest tea brand due to a belief that all teas are almost the same – the cheapest brand is therefore considered to offer the best value.

From this discussion, it can be seen why it is important for organisations to understand value from customers' perspectives. It is furthermore essential that marketers study and understand consumers' buying behaviour and specifically how consumers make purchase decisions. Insight gained from consumer behaviour could assist marketers in understanding the importance of relationships from consumers' perspectives.

3. CONSUMER BEHAVIOUR AND THE CONSUMER DECISION-MAKING PROCESS

The discipline of consumer behaviour examines the processes and activities used by consumers to identify, evaluate, purchase, use and dispose of products and services they expect will satisfy their needs and give them value for money (Kardes *et al.*, 2011: 8; Hawkins & Mothersbaugh, 2010: 6; Schiffman & Kanuk, 2010: 23; Blackwell, Miniard & Engel, 2006: 4). It is important to understand that consumer behaviour does not depict a specific moment where money is exchanged for products or services, but should rather be viewed as an ongoing process (Solomon, Bamossy, Askegaard & Hogg, 2006: 7), by also including the acquisition, usage and disposal of products and services that could furthermore involve many decisions (Hoyer & MacInnis, 2008:4-5). This becomes clear when considering the dynamic nature of the internal and external factors influencing consumer behaviour and the decision-making process. Although an in-depth discussion

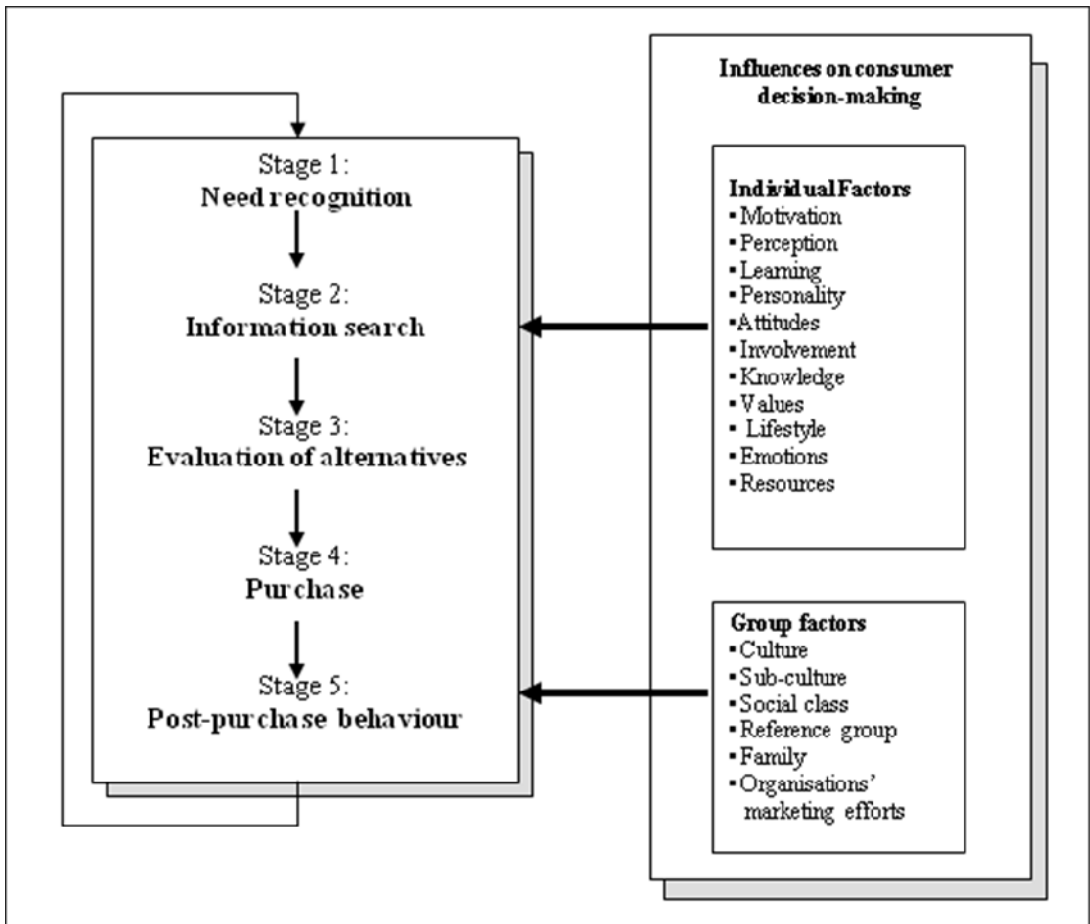
of these factors is beyond the scope of this paper, it is important to highlight them to provide the reader with insight as to how these factors can influence consumer behaviour and decision making.

The consumer decision-making process assists marketers with their marketing decisions as it provides a roadmap of consumers' minds when making purchase decisions by specifically considering the internal and external factors influencing the process (Schiffman & Kanuk, 2010: 565; Blackwell *et al.*, 2006: 735). Internal factors influencing consumers' behaviour and decisions include motivation, perception, learning, personality, attitude, involvement, knowledge, values, lifestyle, emotions and resources (Hawkins & Mothersbaugh, 2010: 27; Schiffman & Kanuk, 2010:483; Hoyer & MacInnis, 2008: 193; Blackwell *et al.*, 2006: 85).

External factors include culture, sub-culture, social class, reference group, family, and the organisation's marketing efforts (Hawkins & Mothersbaugh, 2010: 27; Schiffman & Kanuk, 2010:483; Blackwell *et al.*, 2006: 85). Although not further discussed, the influences of internal and external factors on the consumer decision-making process are illustrated in Figure 1.

The consumer decision-making process consists of five stages. These are need recognition, information search, evaluation of alternatives, purchase and post-purchase behaviour (Lamb, Hair & McDaniel, 2012: 76; Kardes *et al.*, 2011: 189; Hawkins & Mothersbaugh, 2010: 467; Peter & Olson, 2008: 165; Solomon *et al.*, 2006: 258). The consumer decision-making process is illustrated in Figure 1, together with the internal and external factors that influence the process.

Figure 1: The consumer decision-making process



Source: Adapted from Mostert and Lotz (2010: 56)

3.1 The consumer decision-making process

The five stages in the consumer decision-making process are briefly discussed below.

3.1.1 Stage 1: Need recognition

During the first stage of the consumer decision-making process, consumers become aware of an unfulfilled need when a difference exists between their actual situation and a situation where the need is satisfied. This discrepancy, in turn, motivates consumers to act in an effort to satisfy the unfulfilled need (Kardes *et al.*, 2011: 189). According to Hawkins and Mothersbaugh (2010: 502), consumers' motivation to act on the need

depends on two factors – the importance of the need and the significance of the discrepancy between the actual and desired state.

3.1.2 Stage 2: Information search

Once a need has been identified, consumers search for information about possible alternatives that can satisfy the need (Lamb *et al.*, 2012: 76). Consumers can either engage in internal or external information search. Consumers will usually first access information from their memories (internal search) to determine if they know of a satisfactory solution that can address the unfulfilled need, or to recall past experiences or information that can assist in making a decision (Kardes *et al.*, 2012:195; Hawkins & Mothersbaugh, 2010: 518; Schiffman & Kanuk, 2010: 485). Previous experience and, in the context of this paper, satisfaction and loyalty most probably would result in a positive intention to buy the product or service.

If consumers do not have adequate information in their memories to make a decision, they will probably collect additional information from the environment (external search). External sources of information could include personal sources (e.g. friends and family), marketing sources (e.g. advertisements, sales personnel, and brochures), public sources (e.g. the Internet, and consumer reports) and product trial (Kardes *et al.*, 2012:195; Hawkins & Mothersbaugh, 2010: 518; Schiffman & Kanuk, 2010: 485).

Kardes *et al.* (2012:195), Hawkins and Mothersbaugh (2010: 519) and Hoyer and MacInnes (2008: 205) note that external search can be classified as either pre-purchase or ongoing search. Pre-purchase search entails gathering information relating to the identified need. Ongoing search, in contrast, is a continuous search for information for possible later use. Consumers often engage in ongoing search because the process itself is pleasurable, for example reading automotive magazines or visiting car shows.

3.1.3 Stage 3: Alternative evaluation

Consumers enter the next stage of the decision-making process once they have adequate information to make an informed decision. It should be highlighted that the search and evaluation of alternative stages are often intertwined when making decisions (Kurtz, 2012: 157; Blackwell *et al.*, 2006: 128).

As the outcome of the alternative evaluation stage is to either make a purchase choice, or to continue searching for more information (Kurtz, 2012: 157), consumers generally use two types of information during this stage. These are a list of alternatives from which a choice will be made (called the evoked set) and the criteria that will be used to evaluate possible options (Schiffman & Kanuk, 2010: 488).

The evoked set comprises all the brands the consumer is familiar with, remembers and finds acceptable to satisfy the identified need when buying from any given product category (Schiffman & Kanuk, 2010: 488; Blackwell *et al.*, 2006: 128). The evoked set is created since consumers cannot always consider all available product or brand alternatives available that could meet an unfulfilled need (Lamb *et al.*, 2012: 79). Once the evoked set has been determined, consumers will establish evaluation criteria to make a choice from the acceptable alternatives in the evoked set. The criteria used to evaluate the alternatives in the evoked set are either extracted from memory or obtained from additional external information (Lamb *et al.*, 2012: 79).

Typical criteria used to compare alternatives include product features, attributes, benefits, price/value, guarantees, brand name and country of origin (Kurtz, 2012: 157; Hawkins & Mothersbaugh, 2010: 556; Schiffman & Kanuk, 2010: 489). Consumers could therefore either use a simple strategy in evaluating alternatives (for example, choosing the cheapest option) or engage in an extensive evaluation process where many criteria are used with or without giving weights to each criterion (Kardes *et al.*, 2012: 203-204; Schiffman & Kanuk, 2010: 491-497; Blackwell *et al.*, 2006: 137-138).

Once all the alternatives have been evaluated, the consumer will either proceed to the next stage of the decision-making process (purchase) if a choice was made, decide to search for more information if none of the choices were deemed acceptable, or decide to postpone the purchase until a desired alternative could be found.

3.1.4 Stage 4: Purchase

Consumers make a number of choices during the purchase stage of the decision-making process, including whether to buy, what to buy (product type and brand), where to buy (type of seller and specific outlet), when to buy and how to pay (Blackwell *et al.*, 2006: 150).

Blackwell *et al.* (2006: 150) suggest that the act of purchase can be classified as being fully planned (when both the product and brand are chosen before the purchase), partially planned (the product is selected but the brand will be chosen where the product is purchased), or unplanned (product and brand are selected when the product is purchased). Schiffman and Kanuk (2010: 497) furthermore suggest that consumers could, when purchasing from a new product category or brand, choose to first buy limited quantities to determine whether the product would satisfy their needs (called trial purchases). If satisfied that the product satisfies their needs more than other available alternatives, consumers would probably buy it again in the future. However, if the possibility of trial is not available (e.g. buying a dishwasher or an intangible service such as choosing a lawyer), consumers may be forced to engage in what is called long-term commitment purchases.

If for example, the product category is in the retail environment, consumers will consider a number of factors when choosing between different retailers (Hawkins & Mothersbaugh, 2010: 593-598; Blackwell *et al.*, 2006: 158-168), including image, brands offered, retailers' advertising, outlet location and size, quality offered, price, promotions, sales personnel, services offered, physical attributes in the store, point-of-sale displays and return policies. The selection of the retailers from which to buy could also include

other decisions, for example to which shopping mall to go to or even to buy on the Internet.

3.1.5 Stage 5: Post-purchase behaviour

After buying a product, consumers would usually consume or use it. During and following consumption (or use), consumers evaluate whether the actual performance of the product at least equals or exceeds their expectations and whether their needs have been met (Kardes *et al.*, 2012: 209; Hult *et al.*, 2012: 163). If the product performs as well as or better than expected, consumers would probably feel satisfied – their needs have therefore been met (Hoyer & MacInnes, 2008: 278) and vice versa. Customer satisfaction and dissatisfaction will be discussed in greater detail in section 5 due to its importance to organisations when building long-term relationships with customers.

It should also be mentioned that, after purchasing the product, consumers sometimes experience a post-purchase anxiety or fear (cognitive dissonance) that they did not make the best or correct choice (especially after purchasing an expensive product) (Hawkins & Mothersbaugh, 2010: 622). Consumers experiencing cognitive dissonance will try to reassure themselves that they made the right choice by looking for additional information to support their choice, by being attentive to the chosen product's advertisements (and avoiding those of competing brands), or trying to persuade others to also buy the same product (Lamb *et al.*, 2012: 81; Schiffman & Kanuk, 2010: 498). If all these attempts fail, consumers may return the product (Kurtz, 2012: 158; Lamb *et al.*, 2012: 81; Blythe, 2008: 328) or never use the service again.

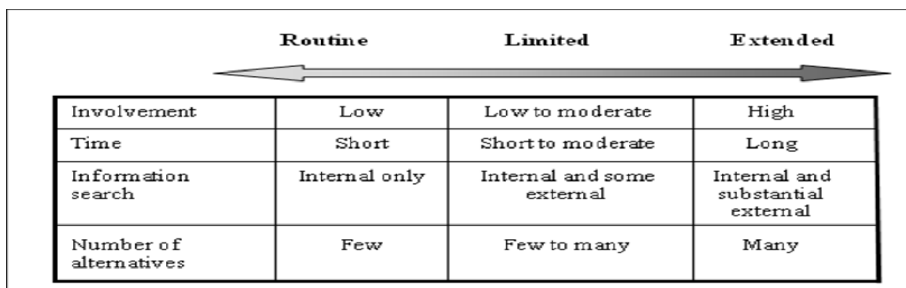
As the conclusion to the post-purchase behaviour stage, it should be mentioned that consumers would also, following consumption of the product, decide on how to dispose of it. Once used, consumers can simply dispose of the product by throwing it away, recycling it or reselling it to others (Blackwell *et al.*, 2006: 84).

3.2 A continuum of decision making

When studying the consumer decision-making process, it is important to note a number of important issues pertaining to the applicability thereof. Hult *et al.* (2012: 160) and Cant, Strydom, Jooste and du Plessis (2006: 64) note the following considerations: although a specific sequence is suggested, consumers do not necessarily always make purchase decisions in the order in which they are portrayed; ‘purchase’ is only one stage of the decision-making process and is usually not the first or last stage in the process; not all decisions necessarily include all five stages; and the decision-making process can end at any stage and does not necessarily always lead to a purchase. It is also important to understand that consumers follow different decision-making processes in different purchase situations.

Although many buying decisions are almost immediately made (for example buying toothpaste or a newspaper), others may seem to take a long time and require a great deal of effort (for example buying a digital camera or a car). This led to consumer behaviour theorists plotting consumer decision making on a continuum (illustrated in Figure 2) based on consumer involvement in the process as well as other aspects such as importance of the purchase, cost, search effort, frequency of purchase and familiarity with the product class and brands (Hult *et al.*, 2012:172-174; Kardes *et al.*, 2011:181; Hawkins & Mothersbaugh, 2010: 496; Schiffman & Kanuk, 2010: 478; Solomon *et al.*, 2006: 261).

Figure 2: A continuum of consumer decision making



	Routine	Limited	Extended
Involvement	Low	Low to moderate	High
Time	Short	Short to moderate	Long
Information search	Internal only	Internal and some external	Internal and substantial external
Number of alternatives	Few	Few to many	Many

Source: Adapted from Lamb *et al.* (2010: 85) and Mostert and Lotz (2010: 54)

Each of the three levels of consumer decision making distinguished on such a continuum – extended decision-making, limited decision-making, and routine decision-making – will briefly be discussed as conclusion to the discussion on the consumer decision-making process.

Extended decision making is usually applicable when consumers purchase expensive, unfamiliar or infrequently bought products such as a house or paintings (Kardes et al., 2011:182; Hult et al., 2012: 174). With extended decision making, consumers will normally follow most, if not all, of the steps in the decision-making process (Blackwell *et al.*, 2006: 88) and consumers spend a lot of time searching for information before making a final decision.

Kurtz (2012: 159) and Solomon *et al.* (2006: 262) explain that, at the other end of the continuum, routine response behaviour implies consumers making little to no conscious effort when making a decision. The process is usually used when buying low cost or frequently purchased products. Limited decision making, falling somewhere between these processes, usually occurs when consumers have purchased from a specific product category (Blackwell *et al.*, 2006: 90). With this process, consumers require a moderate amount of information and time to choose the product they want to purchase (Hult *et al.*, 2012: 174; Schiffman & Kanuk, 2010: 479).

Baker (2000: 47) explains that knowledge of consumers and their buying behaviour is critical for developing relationships with consumers and therefore for the development of relationship marketing strategies. The remainder of this paper will consider relationship marketing together with the constructs associated with this field of study – customer satisfaction, loyalty and retention. The manuscript will conclude with a discussion on relationship intention (linking consumer behaviour and relationship marketing) and by offering directions for future research.

4. RELATIONSHIP MARKETING

Hult *et al.* (2012: 14) argue that the primary goal of every marketing strategy should be to achieve the full profit potential from each customer relationship for the duration of such a relationship. Building long-term relationships with customers is critical to organisations because a small increase in customer retention rates can lead to a significant increase in profitability (Reichheld *in* Levens, 2010: 51). This, according to Reichheld, can be attributed to the fact that it can cost six to seven times more to acquire new customers than to keep existing customers and because organisations could lose up to 50% of their customers over a five-year period. Mostert (*in* du Plessis *et al.*, 2012: 528) concludes that it is in organisations' best interest to build relationships with customers in an effort to keep them in the long run. It is this long-term customer focus that forms the basis of relationship marketing.

Zeithaml *et al.* (2009: 176) state that relationship marketing offers a new philosophy of doing business by focusing on building relationships with customers and retaining them, instead of focusing on continuously acquiring new customers and completing transactions with them as is accustomed in traditional marketing.

Relationship marketing can accordingly be defined as organisations' marketing efforts aimed at developing, building and maintaining cost effective, mutually beneficial, long-term relationships with individual customers (Kurtz, 2012: 308; Lovelock & Wirtz; 2011, G-622; Moutinho & Southern, 2010: 181). Lamb *et al.* (2012: 194) summarise the essence of relationship marketing by explaining that, by building and maintaining long-term relationships with customers, organisations try to develop strong loyalty (Mostert & de Meyer, 2010: 35) by always attempting to create customer satisfaction. Lamb *et al.* (2012: 194) opine that satisfied customers will buy more products from the organisation, will be less likely to switch to a competitor and are more likely to recommend the product to others, thereby helping to attract new customers. This view emphasises the importance of ensuring customer satisfaction, discussed in greater detail in the following section.

Hult *et al.* (2012: 14) explain that relationship marketing deepens customers' trust in the organisation, resulting in the organisation increasingly understanding customer needs as customers' confidence in the organisation grows. Successful marketers will, accordingly, respond to customer needs by continuously trying to increase the value customers receive and maintain or exceed satisfaction levels.

According to Buttle (2009: 31), the primary reason why organisations want to build relationships with customers is economic, as better results can be obtained by managing a customer base to identify, acquire, satisfy and retain profitable customers. Customer retention, in turn, offers two key benefits to organisations. These are reduced marketing costs and greater customer insights (Buttle, 2009: 31-34). Marketing costs are reduced as less money has to be spent to replace customers who defected to competitors and the cost of serving existing customers usually decreases over time. Organisations gain greater insights into customer requirements and expectations as relationships lengthen. Organisations can therefore satisfy customer requirements more profitably and sell more products and services to retained (and loyal) customers.

Customers want relationships with organisations for a number of reasons beyond those derived from buying and consuming or using a product or service (Buttle, 2009: 41-42). Other reasons include recognition (being valued when being recognised and addressed by name), personalisation or customisation of products or services, power (derived from, for example, having personal relationships with employees), reduction of risk (including performance, physical, social and psychological risk) and status by being associated with a (perceived prestigious) organisation.

Although discussed earlier, a more detailed discussion on customer satisfaction is warranted due to its importance to relationship marketing. Customer satisfaction is a critical first step in building relationships with, and ultimately retaining, customers.

5. CUSTOMER SATISFACTION

The importance of continuously delivering customer satisfaction cannot be overemphasised, as satisfaction with products or services will, in all probability, lead to repeat purchases since satisfaction with a purchase is the desired outcome of the consumer decision-making process (Oliver, 2010: 4). In time, repeat purchases could lead to customer loyalty and finally customer retention – organisations' ultimate goal for forming long-term relationships with customers. By not satisfying customers, organisations will have no opportunity of building relationships with, creating loyalty, or retaining customers. Customer satisfaction is therefore a key to profitability (Oliver, 2010: 5). A more in-depth discussion on customer satisfaction is accordingly warranted.

5.1 The role of expectations in customer satisfaction

Expectations play a vital role when determining customer satisfaction. Expectations are based on the value customers think they should receive when buying a product or service (Little & Marandi, 2003: 45). The necessity of organisations studying customer expectations becomes apparent when acknowledging that customer expectations rise as competition increases – customer expectations should accordingly be continuously monitored and value offerings adjusted to ensure customer satisfaction (Little & Marandi, 2003: 45). Understanding customers' perceived value is of particular importance as the perception of the value received is considered a driver for customer satisfaction (Moutinho & Southern, 2010: 19).

Customers hold two kinds of expectations - predicted and adequate expectations (Bateson & Hoffman, 2011: 313). Predicted expectations are what customers believe they should receive (Bateson & Hoffman, 2011: 313). If customers' predicted expectations are met, they will experience satisfaction. Customers also hold adequate expectations; the minimum performance level customers are willing to expect without being dissatisfied. In between these two levels of expectations are customers' zones of tolerance, referring to the range wherein customers generally do not notice a difference between their

expectations and perceptions (Bateson & Hoffman, 2011: 314; Zeithaml *et al.*, 2009: 80). Actual product or service performance falling within the zone of tolerance will therefore result in customer satisfaction. The zone of tolerance will differ between individuals and also for different products and services for the same individual. For example, the same individual will have totally different zones of tolerance when going to a public hospital as compared to a private hospital or paying R20 for a meal as opposed to paying R300.

It is particularly important for organisations to ensure customer satisfaction due to the strong correlation between satisfaction and customer loyalty (Marshall & Johnston, 2011: 241; Moutinho & Southern, 2010: 19). Burnham, Frels and Mahajan's (2003: 109) research findings support the significance of customer satisfaction to organisations when they found that satisfaction drives customers' intentions to stay with an organisation. It is therefore imperative that organisations strive to ensure customer satisfaction if they wish to create customer loyalty to ultimately retain customers.

6. CUSTOMER LOYALTY

Little and Marandi (2003: 48) state that, although satisfaction is an important first step in building customer loyalty, satisfaction alone does not necessarily lead to loyalty. Lovelock and Wirtz (2011: 351) and Marshall and Johnston (2011: 241) concur by explaining that, while customer satisfaction is a prerequisite for loyalty, dissatisfaction drives customers away to competitors.

Lovelock and Wirtz (2011: 338) explain that loyalty is an old-fashioned word used to describe enthusiastic devotion and fidelity towards an individual, cause or country. They contend that loyalty refers to a customer's willingness to continuously support an organisation (preferably exclusively) over a long term and to recommend the organisation (or its products or services) to friends, family and other associates. More formally, customer loyalty can be defined as customers' favourable attitudes towards, and commitment to, the repeated purchase of a preferred organisation, brand, product, or

service over time even if other (more) convenient or suitable alternatives exist (Pride & Ferrell, 2010: 330; Peelen, 2005: 32; McMullan & Gilmore, 2003: 231).

Moutinho and Southern (2010: 19) and Buttle (2009: 44) also argue that there are two approaches to customer loyalty – customers' behaviour (called behavioural loyalty) and their attitudes (called attitudinal loyalty). Buttle (2009: 44-45) continues by explaining that behavioural loyalty is measured by considering customers' purchasing behaviour by firstly determining whether customers are still active and, secondly, whether the organisation has maintained its share of the customer's spending. Behavioural loyalty, it seems, is concerned with customers' past behaviour (Mostert, *in du Plessis et al.*, 2012: 548). Attitudinal loyalty, in contrast, is measured by determining customers' beliefs, feelings and purchasing intentions. Customers who are more involved with, committed to, or have a stronger preference for an organisation (or brand), are therefore more loyal in terms of attitudinal loyalty. Attitudinal loyalty, in contrast to behavioural loyalty, it appears, focuses on customers' future intentions.

From the discussion thus far it could be seen that, in an attempt to be successful, organisations endeavour to first offer customers satisfaction by offering value and meeting their needs. By continuously offering satisfaction, organisations attempt to build long-term relationships with customers, thereby attempting to build customer loyalty. Establishing customer loyalty, in turn, is critical to organisations as loyal customers are more easily retained (Mostert, *in du Plessis et al.*, 2012: 524). The next section considers customer retention.

7. CUSTOMER RETENTION

With little differentiation between products and services, it is becoming increasingly important that organisations satisfy customer needs by offering them greater value than competitors. Building long-term customer relationships is therefore critical as this could lead to customer loyalty and, ultimately, customer retention. Customer retention, therefore, implies focusing marketing efforts on satisfying existing customers with the

intent of developing long-term relationships with them rather than continuously seeking new customers (Bateson & Hoffman, 2011:388).

The importance of customer retention is highlighted when considering customers' lifetime value (CLV) to the organisation. CLV is a measure used to determine customers' profitability to an organisation over the duration of customers' associations with organisations (ranging from months to many years) (Buttle, 2009: 35-38). A retained customer could, therefore, be worth considerably more than customers that only occasionally support an organisation. For example: A customer visiting a hairdresser once could contribute R300 to the hairdresser's profitability. The same individual could contribute more than R18 000 to the hairdresser's profitability if she supports the salon once a month for five years – and more than R54 000 if she supports them over a 15-year period.

Customer retention is not only important to organisations but also holds benefits for customers. Before considering the benefits of customer retention to both organisations and customers, it should be noted that these benefits are not exclusive to retention, but could also apply to relationship marketing and/or customer satisfaction and/or customer loyalty (Mostert, *in* du Plessis *et al.*, 2012: 552). The benefits are discussed here since organisations ultimately seek customer retention.

Zeithaml *et al.* (2009: 184-186) categorise customer retention benefits to organisations into economic benefits, customer behaviour benefits and human resource benefits. Economic benefits stem from the belief that organisations focusing on existing customers (i.e. customer retention) realise greater profits and return on investment than transaction-orientated organisations. Profits increase from repeat sales (Bateson & Hoffman, 2011: 391) and reduce operational and marketing costs as it costs less to retain customers than to continuously acquire new ones. Retained customers usually increase their purchases over time and are more willing to pay premium prices (Bateson & Hoffman, 2011: 391-392; Zeithaml *et al.*, 2009: 184).

Customer behaviour benefits include free advertising from retained customers by means of positive word-of-mouth communication; customer voluntary performance (e.g. customers taking rubbish out of a hotel room or cleaning a table in a restaurant); social benefits (e.g. customers becoming friends with other customers using the same product or service); and mentorship, whereby retained customers may act as mentors to new customers using the product or service. Human resource management benefits, according to Zeithaml *et al.* (2009: 186), include customers assisting in the service delivery process and social benefits whereby employees establish bonds with customers. Lovelock and Wirtz (2011: 356) explain that although it could be difficult (and take a long time) to establish social bonds with customers, such bonds are of particular value to organisations as competitors will find them difficult to replicate.

According to Zeithaml *et al.* (2009: 183-184), in addition to the benefits they receive from the actual product or service, customers benefit by being retained in one of three ways – confidence benefits, social benefits and special treatment benefits. Confidence benefits refer to the trust and confidence customers have in the organisation together with a sense of comfort and reduced anxiety by knowing what to expect from the organisation, its products or services. Customers gain social benefits when they develop a sense of familiarity or social relationship with the organisation or its employees. Special treatment benefits include receiving special deals or prices or to be given preferential treatment.

From the discussion it can be seen that, to retain customers, it is important to deliver customer satisfaction and to create loyalty and build relationships with customers. It could also be derived that dissatisfied customers could spread negative word-of-mouth communication or defect to competitors. One area in particular that could lead to dissatisfaction should be highlighted due to its prevalence (especially in the service industry or where any form of service is offered (e.g. a cashier in a retail store, service in a car dealership). This is service failure

8. SERVICE FAILURE AND RECOVERY

8.1 Service failure

Despite organisations' best efforts, delivering failure-free service all the time is virtually impossible as failures can occur for a number of reasons, for example delayed flights, poor communication, lost luggage and technical problems in the airline industry (Mostert, De Meyer & van Rensburg, 2009: 127). Other reasons could include service-related problems such as rude employees, slow service, not getting what was ordered (Mostert, Petzer & de Meyer, 2012: 93) or even due to reasons outside organisations' control, for example poor weather conditions. A service failure can be defined, from a customer's perspective, as service performance falling below customers' expectations, thereby leading to dissatisfaction (Palmer, 2011: 71; Zeithaml *et al.*, 2009: 213). When experiencing dissatisfaction, customers will either take some form of action or will take no action (Hawkins & Mothersbaugh, 2010: 636; Buttle, 2009: 209; Zeithaml *et al.*, 2009: 218).

Taking no action does not imply that customers will do nothing as it can influence their future decision-making process in that they must decide whether to continue supporting the organisation or to switch to a competitor (Zeithaml *et al.*, 2009: 218). Organisations should encourage customers to complain to them as customers who do not complain are unlikely to return to the organisation (Zeithaml *et al.*, 2009: 218). Even if customers decide to stay with the organisation, they will at best hold a less favourable attitude towards the organisation (Hawkins & Mothersbaugh, 2010: 626).

If customers decide to take action by complaining, they will do so in one of three ways – by complaining to the organisation responsible for the failure (also called voice response), by complaining to third-parties (e.g. the media or consumer action groups) or by spreading negative word-of-mouth communication (also called private response).

Despite the importance of encouraging customer complaints to restore customer satisfaction, Palmer (2011: 75) and Hoyer and MacInnis (2008: 287) suggest that most customers do not complain – they simply take their business elsewhere (sometimes the organisation does not even know about these defections!). Encouraging complaints is furthermore important as people are more inclined to tell others about negative experiences than positive occurrences (Palmer, 2011: 73; Solomon *et al.*, 2006: 331). Finally, by obtaining complaints, organisations are afforded the opportunity to initiate service recovery actions (Hawkins & Mothersbaugh, 2010: 636) and gain free information from the market place.

8.2 Service recovery

Service recovery refers to all the actions taken by organisations to address customer complaints pertaining to service failures (Bateson & Hoffman, 2011: 367; Palmer, 2011: 73; Buttle, 2009: 208; Zeithaml *et al.*, 2009: 213).

Zeithaml *et al.* (2009: 221) explain that customers hold high expectations from organisations when they take the time and effort to complain. These authors continue by suggesting that when complaining, customers expect to be helped quickly, to be treated with respect in the process and to be compensated for being inconvenienced. Service recovery actions include apologising to the customer, providing feedback as to why the failure occurred, assurance that the failure will not occur again, replacing or substituting the product or service, thanking customers for their business, and giving some form of monetary compensation (Bateson & Hoffman, 2011: 367-368; Palmer, 2011: 75; Zeithaml *et al.*, 2009: 221).

Palmer (2011: 73) suggests that organisations should track and analyse service failures as this will allow management to identify common failure situations and allow them to develop strategies aimed at preventing failures from reoccurring. It can be deduced that it costs organisations very little to offer most of these recovery actions. In fact, most customers will return to the organisation even if only an apology was offered (Mostert &

Steyn, 2010: 255). However, despite this fact, most organisations do nothing in response to customer complaints following a service failure (Mostert *et al.*, 2009: 128).

The importance of offering service recovery following a service failure cannot be overemphasised, since customers who are satisfied with service recovery efforts could patronise the organisation more than before (Mostert *et al.*, 2009: 131), could recommend the organisation more than those who were initially satisfied (Steyn, Mostert, de Meyer & van Rensburg, 2011: 110) and could even be more loyal than those whose failures were not successfully addressed (Zeithaml *et al.*, 2009: 214). Eccles and Durand (1998: 68) therefore conclude that offering effective service recovery could be more important than initially providing good service.

9. RELATIONSHIP INTENTION

From the discussion, it can be seen that it makes business sense for organisations to want to build relationships with their customers, especially as this could result in customer loyalty, retention and increased profits. Palmatier (2008: xi) explains that organisations' relationship marketing returns can be enhanced by understanding customers' perspectives in terms of relationship building.

However, despite organisations' attempts, not all customers want to form long-term relationships with organisations (Palmatier, 2008: 90; Kumar, Bohling & Ladda, 2003: 667). From the discussion on consumer behaviour and the consumer decision-making process, it could be derived that all consumers are individuals with unique decision processes and behaviour. It therefore stands to reason that organisations should understand consumer behaviour as this could provide an insight into consumers' decision-making processes, the factors influencing it and possible future purchase behaviour and intentions – specifically their relationship intentions. The relationship intention concept was first introduced by Kumar *et al.* (2003: 667-676), where they proposed that organisations should identify those customers with a high relationship intention and build long-term relationships with them as the lifetime value and

profitability of these customers will be higher. More formally, Kumar *et al.* (2003: 669) define relationship intention as “an intention of a customer to build a relationship with a firm while buying a product or a service attributed to a firm, a brand, and a channel”. These authors furthermore argue that it is not worth investing in building long-term relationships with customers with a low relationship intention. A better strategy to follow with these customers is to pay less attention to them (Kumar *et al.*, 2003: 674). Organisations should, therefore, not try to build relationships with all customers – only those with a higher relationship intention that truly hold profit potential to the organisation (Palmatier, 2008: XI; Kumar *et al.*, 2003: 670). Kumar *et al.* (2003: 669) continue to explain that relationship intention should be viewed as a continuum ranging from low intention (at the lower end of the continuum customers are viewed as having a transactional intention) to a high relationship intention. However, Kumar *et al.* (2003: 670) do not offer any insights with regard to customers’ relationship intentions beyond the two extremes (high and low) of such a continuum.

9.1 Relationship intention constructs

Kumar *et al.* (2003: 670) propose five constructs to measure customers’ relationship intentions. These are involvement, expectations, forgiveness, feedback and fear of relationship loss. These constructs are briefly discussed below.

9.1.1 Involvement

Within a relationship intention context, Kumar *et al.* (2003: 670) define involvement as the degree to which customers would willingly engage in a relationship activity with an organisation without any coercion or obligation. Kardes *et al.* (2011: 182) and Peter and Olson (2008: 85) expand on involvement by defining it as the perception of importance or personal relevance for an issue, a situation or an object. It is the concept of involvement that explains why some customers care about a product, organisation or brand, whereas others do not (Peter & Olson, 2008: 85). This seems logical when

considering that customers become more involved with something that is relevant and important to them (Kardes *et al.*, 2011: 88; Blackwell *et al.*, 2006: 93).

Kardes *et al.* (2011: 88) distinguish between enduring and situational involvement. Enduring involvement refers to customers' long-term and continuous interest in and involvement with a product or organisation. For example, golfers and wine connoisseurs show enduring involvement in that they are deeply and permanently involved in their interests.

Situational involvement, in contrast, refers to customers' temporal and context-specific interest in a product or organisation. For example, when travelling internationally, a consumer may take a temporary interest in luggage. However, after buying luggage, the consumer may lose all interest in this product category (Kardes *et al.*, 2011: 88). Marketers should therefore focus on customers who display enduring involvement.

Kumar *et al.* (2003: 670) suggest that customers with a high relationship intention will get involved with the organisation and its products and services and will feel guilty or uncomfortable when buying similar products from competitors. This view is supported by Peter and Olson (2008: 85) who explain that customers who view a product or organisation as having personal consequences relevant to them are involved with the product or organisation and will have a personal relationship with it. Baker, Cronin and Hopkins (2009: 115) concur: relationships are stronger for customers with higher involvement.

9.1.2 Expectations

As could be seen from the discussion on satisfaction, customers hold certain expectations prior to purchasing products and services. Solomon *et al.* (2006: 329) support this by explaining that customers form beliefs about a product or organisation based on prior experiences with the product or organisation. Zeithaml *et al.* (2009: 75) define expectations as the beliefs customers hold about an organisation, product or service

delivery that is used as a reference point against which actual performance is measured. Zeithaml *et al.* (2009: 76) explain that customers' levels of expectations can vary widely depending on the reference points they hold. Kumar *et al.* (2003: 670) extends the argument by stating that the more expectations customers hold about the organisation, the more their concern will be with the organisation. This, in turn, will result in higher intentions to build a relationship with the organisation as customers want to see the organisation's products and services enhanced. Customers with higher expectations will, accordingly, be more likely to build long-term relationships than customers with few or no expectations (Kumar *et al.*, 2003: 670).

9.1.3 Forgiveness

Zeithaml *et al.* (2009: 75-79) explain that, when their expectations are not met, customers experience a variety of negative emotions, including anger, disappointment, anxiety and self-pity. When their expectations are not met, customers must decide in which manner to react. From the discussion on customer satisfaction, it could be seen that customers can choose whether or not to take action. However, in addition, customers must also decide whether or not they would forgive the organisation. Forgiveness, within an organisation/customer context, refers to the willingness of customers to overlook a negative experience (product or service outcome) (Robbins & Miller, 2004:97).

Customers with higher expectations are more willing to forgive organisations if their expectations are not met as they are more concerned with their relationship with the organisation (Kumar *et al.*, 2003: 670). Organisations should be cautious when customers experience a service failure, since by not offering satisfactory service recovery, customers' expectations have not been met for a second time, leading to customers spreading negative word-of-mouth communications, defecting to competitors or losing confidence in the organisation (Lewis & McCann, 2004: 6-17).

Kumar *et al.* (2003: 670) therefore propose that customers who are more willing to forgive organisations will hold higher relationship intentions.

9.1.4 Feedback

Delport, Mostert, Steyn and de Klerk (2010: 294) state that feedback is a result of customers communicating their dissatisfaction or unmet expectations to the organisation. Weun, Beatty and Jones (2004: 133) continue by explaining that customers who provide feedback to organisations following a failure are in a better position to receive service recovery. These authors continue by explaining that following successful service recovery, customers will be more loyal to the organisation and will also trust the organisation more.

Kumar *et al.* (2003: 670) suggest that customers with higher relationship intentions will be more willing to give feedback, positive or negative, to organisations regarding their expectations without expecting a reward for giving such feedback. Zeithaml *et al.* (2009: 221) concur by explaining that customers hold high expectations from organisations when they take the time and effort to complain. Customers with a low intention, in contrast, will not provide feedback, will provide negative feedback, or may only require compensation for their feedback. Solomon *et al.* (2006: 331) support the positive link with feedback by suggesting that customers who are satisfied with an organisation are more likely to complain and will take the time to do so as they feel connected to the organisation.

9.1.5 Fear of relationship loss

From the discussion on customer retention, it was seen that customers could enjoy social benefits from organisations as they develop a sense of familiarity or social relationship with the organisation or its employees (Zeithaml *et al.*, 2009: 183-184). Burnham *et al.* (2003: 111-112) explain that customers' intentions to switch to competitors could be influenced by both personal and brand relationship loss costs, jointly known as relational switching costs. According to these authors, relational switching costs influence customers in that they discourage customers from switching to competitors as they

potentially hold psychological or emotional discomfort due to the loss of identity or the breaking of bonds with the organisation, its products or employees.

Customers with a high relationship intention will be more concerned with the consequences of losing a relationship with the organisation, its employees or brand (Kumar *et al.*, 2003: 670). This view is supported by Conze, Bieger, Laesser and Riklin (2010: 58), whose findings suggest that the influence of perceived benefits derived by customers from an organisation depends on customers' willingness to engage in long-term relationships.

9.2 Developing a reliable relationship intention measure

Kumar *et al.* (2003: 670) initially proposed that relationship intention is applicable within a business-to-business context. The relationship intention measure was, however, adapted and tested within a business-to-consumer setting in a number of South African industries, including the short-term insurance industry (De Jager, 2006: 5), the motor vehicle industry (Mentz, 2007: 17), the banking and life insurance industries (Delpont, 2009: 5) and the cellular industries (Kruger, 2010: 5).

An exploratory factor analysis was used to determine whether the five constructs proposed by Kumar *et al.* (2003: 670) could be used to measure relationship intention among short-term insurance customers (Steyn, Mostert & de Jager, 2008: 147). From the Cronbach alpha coefficient values, it was found that three of the factors had values below the accepted cut-off point of 0.7. The questionnaire was therefore modified to increase the reliability and the validity of the relationship intention measure. An additional 34 items were added to the questionnaire in addition to the 16 items suggested by Kumar *et al.* (2003: 675-676). The exploratory factor analysis identified nine factors (37 items loaded onto the nine factors) to measure relationship intention. These were continuing involvement, fear of relationship loss, fear associated with switching to competitors, forgiveness, feedback response, feedback for improved service delivery, expectations, feedback to avoid conflict, and initial involvement (Delpont, 2009: i; 32). From the

Cronbach alpha coefficient values it was concluded that four of the nine factors had values below the accepted cut-off point of 0.7.

Following the results from Delpont's study, the questionnaire was again adapted by reducing the number of items in the measurement scale to 26. The revised questionnaire was then tested among 202 students at the Potchefstroom Campus of the North-West University. The exploratory factor analysis identified five factors relating to Kumar *et al.*'s (2003:675-676) proposed constructs – expectations, feedback, involvement, forgiveness and fear of relationship loss (Mostert, 2009). The Cronbach alpha coefficient values were above the acceptable value of 0.7, thereby indicating high reliability between the items in each factor.

The improved questionnaire was subsequently used among customers of the three South African cellular network providers to determine its reliability and validity. From a confirmatory factor analysis it was found that the five factors that were used to measure relationship intention were valid, as all the factors had Cronbach alpha coefficient values above 0.70 (Kruger & Mostert, 2012).

Table 1 provides an overview of the development of the relationship intention measure in South Africa, showing the researchers involved in developing the measure, the industry in which the measure was tested and the Cronbach alpha coefficient values from each study.

Table 1: Relationship intention Cronbach alpha values

Factor	Factor label	Researchers				
		Steyn, Mostert & de Jager (2006)	Mentz (2007)	Delpport (2009)	Mostert (2009)	Kruger & Mostert (2010)
		Industry				
		Short term insurance	Motor vehicle	Banking and life insurance	Cellular industry	Cellular industry
Cronbach alpha coefficient						
1	Involvement	0.53	0.60	*	0.81	0.85
2	Expectations	0.44	0.48	0.55	0.82	0.85
3	Forgiveness	0.78	0.26	0.82	0.86	0.82
4	Feedback	0.53	0.38	**	0.83	0.84
5	Fear of relationship loss	0.90	0.92	***	0.87	0.87

* Two factors extracted: continuing involvement (0.91), initial involvement (0.57).

** Three factors extracted: feedback response (0.71), feedback for improved service delivery (0.64), feedback to avoid conflict (0.56).

*** Two factors extracted: fear of relationship loss (0.89), fear associated with switching to competitors (0.81).

From Table 1 it can be observed that the relationship intention measure has, through a number of modifications, evolved from a conceptual instrument to a validated measure. With the measure seemingly valid and reliable, it was decided to conduct further tests to determine the reliability of the measure across different populations and industries. Table 2 is a summary of the results when using the adapted relationship intention measure.

Table 2: Relationship intention Cronbach alpha values

Factor	Factor label	Researcher		
		Mostert (2011a)	Mostert (2011b)	Mostert (2011c)
		Industry		
		Banking	Airlines	Internet Service Providers
Cronbach alpha coefficient				
1	Involvement	0.86	0.87	0.89
2	Expectations	0.85	0.78	0.86
3	Forgiveness	0.80	0.78	0.83
4	Feedback	0.78	0.80	0.79
5	Fear of relationship loss	0.88	0.89	0.89

From Table 2 it is proposed that the relationship intention measure is valid and reliable across a number of different industries. Future research projects can build on this measure by first standardising the relationship intention measure. Thereafter, empirical testing can determine the level of interdependency between relationship intention and, for example, satisfaction, loyalty, retention, customer complaint behaviour, customer attitude towards complaining, service failure and service recovery.

The final section in this paper addresses future research directions flowing from the development of a valid and reliable relationship intention measure.

10. THE FUTURE OF RELATIONSHIP INTENTION

With the relationship intention measure validated, future research can contribute to the theory of relationship intention in the marketing literature. On a practical level, marketers will be in a position to refine segmentation strategies by identifying those customers who are most suited to build relationships with. Marketers can accordingly focus their relationship efforts on customers with higher relationship intentions, while treating those with low relationship intentions as transactional customers. The following future research needs and propositions can be formulated with regard to relationship intention:

- Standardise the relationship intention measure by testing it among a large population across different industries. The relationship intention measure should also be customised for both business-to-business (B2B) and business-to-consumer (B2C) environments.
- Develop a relationship intention continuum whereby customers are not only classified on the opposing ends of the continuum as either having a high or low relationship intention, but customers should also be given numerical values (say 1 to 5) on the continuum. For each category variable the profile of customers belonging to that group can be developed. Unique characteristics can be identified which can be used by marketers to

develop long-term relationships with customers or do tracking studies on customers' spending patterns, buying behaviour and changing attitudes.

- Based on a developed relationship intention continuum, establish relationship intention as segmentation variable.
- Establish a relationship continuum according to the goods/service continuum: products and services can be classified according to the level of tangibility offered. Relationship intention may be more relevant to products or services depending on where on the continuum they are classified. The applicability of relationship intention should therefore also be determined across industries.

The following propositions can be formulated based on the insights gained from this paper:

Proposition 1: Customers can be classified on a continuum into quantifiable relationship intention segments.

Proposition 2: Relationship intention significantly influences customer satisfaction.

Proposition 3: Relationship intention significantly influences customer loyalty.

Proposition 4: Relationship intention significantly influences customer retention.

Proposition 5: Relationship intention significantly influences customer complaint behaviour.

Proposition 6: Relationship intention significantly influences customer perceptions of service failure.

Proposition 7: Relationship intention significantly influences customer perceptions of service recovery.

Proposition 8: Product and service classifications influence customers' relationship intentions.

Proposition 9: Customers in the B2B environment will have a higher relationship intention than those in the B2C environment.

Finally, it is posited that, if the propositions formulated for relationship intention are researched, the findings can make a significant contribution to marketing relationship theory.

11. CONCLUSION

This paper provided an indication as to why it is important for marketers to understand consumer behaviour so as to ultimately build long-term relationships with customers that show high relationship intentions. The paper firstly provided a brief overview of how the field of marketing developed over the past 100 years. Next, consumer behaviour and decision making were discussed, followed by an overview of relationship marketing together with its related constructs – customer satisfaction, loyalty and retention. The paper concluded with a discussion on the development and validation of relationship intention as a measuring instrument and offered future directions for relationship marketing and relationship intention.

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