

Assessing antecedents of customer engagement for a South African fertilizer company

by

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ABSTRACT

The postmodern ultra-competitive global marketplace makes it difficult for companies to hold on to customers. This is especially true for industries that are driven by commodity products, and the South African fertilizer industry is not excluded from this statement. It is therefore important that companies not only operate to create loyal customers, but also increase and maintain a high level of engagement with their customers.

This study measures customer engagement for a South African fertilizer company. In doing so, the study makes use, firstly, of a proposed customer engagement model, secondly, a customer engagement questionnaire and, thirdly, factor analysis as a statistical tool to identify the underlying construct embedded within the data.

The results show that only five factors *Trust, Involvement, Integrity, Repurchase* and *Loyalty* are antecedents for customer engagement. These factors explain 76% of the variance. Furthermore, it is important to note that all the antecedents were regarded as important by the respondents, and all but one exceed the required 75% level of excellence. The data were tested for reliability and showed excellent reliability in excess of 0.90, as measured by Cronbach alpha. The main finding of the study is that a new model for customer engagement in the fertilizer industry is proposed. This model can be used by future researchers in the fertilizer industry, as well as other agriculture related industries.

Key terms: customer engagement, loyalty, repurchase, trust, integrity, involvement, factor analysis

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1 CHAPTER ONE: NATURE AND SCOPE OF THE STUDY

1.1 BACKGROUND

The South African Fertilizer industry is highly competitive and is based on commodity products like urea, mono-ammonium phosphate (MAP) and potassium chloride (KCL). By blending and mixing these three products, commonly known as the “NPK blend” (Nitrogen, Phosphate, and Potassium), there are endless different NPK fertilizer combinations that could be introduced to the market according to specific needs.

Nutritional requirements of grain crops, like maize and wheat, are different to the requirements of bulb crops like onions and potatoes. Interpretation of soil and leaf analysis is a fundamental principle in determining soil fertility and plant nutrition levels. The combination of crop nutritional requirements and soil fertility results in specific fertilizer needs.

These fertilizers can be provided either as a granular bagged product or as a liquid. Granular products are categorized as a bulk blend as well as a chemical composition and liquid fertilizer either as a suspension or a clear liquid. Product differentiations in these categories are low and a product such as 2.3.2 (22) Zn of one company is nearly the same as a 2.3.2 (22) Zn of another company. Nitrogen consumption by grain crops are high and companies supply products like urea and limestone ammonium nitrate (LAN) to farmers in satisfying their fertilizer needs.

The South African agricultural sector uses between 2.5-3.0 million tons of fertilizer annually (South Africa, 2013:1). According to Esterhuizen and Rubio (2013:2), 3.3 million hectares of maize are cultivated making it the biggest consumer of fertilizer in South Africa.

Joubert (2013) continues and states that the fertilizer industry is highly competitive, and almost 800 companies have registered fertilizer products that compete in the South African market. In addition, the African Business Review (2013) states that during 1981 and 1982 the South African fertilizer industry was deregulated, and all price regulation was stopped.

This meant that the fertilizer industry was exposed to world market forces in a totally deregulated environment with no import tariffs or government sponsored measures, including no subsidies for agriculture. Regarding entry barriers, the absence of import tariffs resulted in a competitive environment where, literally any person could import fertilizer, blend it and sell it.

These low entry and exit barriers created an attractive business proposition and even farmer groups started to import their fertilizer directly from international competitors (Joubert, 2013).

However, despite these low entry and exit barriers, the major role-players in the industry are stable providers of fertilizer such as Omnia Fertilizer, Profert, Sidi Pirani, Sasol Nitro and Kynoch (FSSA, 2013). Out of personal experience, the biggest competition for market share is between these companies. Switching costs for a customer to move from one company to another is non-existing, and this makes it easy for competition to attract customers with low price offerings.

1.2 PROBLEM STATEMENT

Due to the competitiveness of the South African fertilizer industry the study focuses on customer engagement. Annually a number of customers defect to competitors for reasons that are not always clear to managers. Some customers share their fertilizer purchases between two or more companies, while others purchase only from one company.

According to Reichheld (2001:4), in a typical company today, customers are defecting at a rate of 10 to 30% per year. More recently, Tschohl (2013:1) argues that businesses commonly lose 15 to 20% of their customers each year. When customers defect

companies lose sales and profits decrease. It is expected of managers to annually reach target sales and profits, but how is it possible to attain these goals if a company loses a big part of its most important asset? The estimated cost of recruiting a new customer is, according to Passikof (2006:6), 7 to 10 times more than to keep an existing customer.

In the South African fertilizer market, products, prices and places are basically the same and customers are constantly bombarded with advertising and information. Low product differentiation makes it easy for customers to switch from one company to another. The price of commodity products, like urea and LAN, is the biggest driver of defection. Adding to this, the convenience and speed of e-commerce are making it easy for customers to search for the lowest price on these commodity products.

So what does a company need to do to hold onto customers? Pearson (2012:18) states "Today`s reality is that most organizations, in order to achieve sustainable growth, must increasingly compete through customer intimacy". Customers are a company`s biggest asset and they need to be cared for, satisfy their needs and build good relationships that will ultimately lead to customer loyalty and high levels of engagement. Determining customer satisfaction levels is an indication of loyalty, but customers need to be engaged with a company to prevent them from defection.

1.3 OBJECTIVES

The primary objective of the study is to evaluate and determine the degree of customer engagement for Omnia Fertilizer Pty Ltd.

This is achieved by the following secondary objectives, namely to:

- Measure overall customer satisfaction;
- Determine the intent to repurchase;
- Determine the customers` intent to recommend Omnia;

- Evaluate the eight measures of emotional attachment namely: loyalty, commitment, involvement, trust, confidence, integrity, pride and passion; and to
- Draw conclusions and make recommendations to improve customer engagement at Omnia.

1.4 RESEARCH METHODOLOGY

1.4.1 Phase 1: Literature study

The study is based on an in-depth literature review. The research explored information mediums such as:

- Books;
- Internet search results;
- Research articles;
- Magazines; and
- Computer databases.

1.4.2 Phase 2: Study population, sample and questionnaire

This study used a quantitative research design. The data were collected by using a questionnaire that was handed out to customers to complete. The questionnaire that was used was developed by Gallup Inc¹. This 11 question metric of “customer engagement” measures rational formulations of loyalty on three key factors (L³): overall satisfaction, intent to repurchase and intent to recommend.

But it also adds eight measures of emotional attachment (A⁸). “The total score, which reflects overall customer engagement, or CE¹¹, is the most powerful predictor of

¹ Gallup, Inc maintains several registered and unregistered trademarks that include but is not limited to: CE¹¹.

customer loyalty we know” (Fleming, as cited by Applebaum, 2001:2). The questionnaire also measures the demographics of the sample.

In research, the population encompasses the total collection of all units of analysis about which the researcher wishes to make specific conclusions (Welman *et al.*, 2005:52). For this study the population was chosen as the group of grain producing farmers in the Free State province. During 2010, the Free State produced 40% of the total maize crop with a volume of 5 million tons (South Africa, 2012:4).

The population consisted of approximately 400 farmers that are widely dispersed in the region (Helm, 2013). Non-probability sampling was used to collect the research data and this was done on reasons of convenience and economy. At the monthly meetings of different farmer associations, each consisting of 10-15 members, questionnaires were distributed for completion. A total of 150 questionnaires were distributed of which 117 were received back. A total of seven questionnaires were incomplete and could not be used, resulting in an effective response rate of 73%.

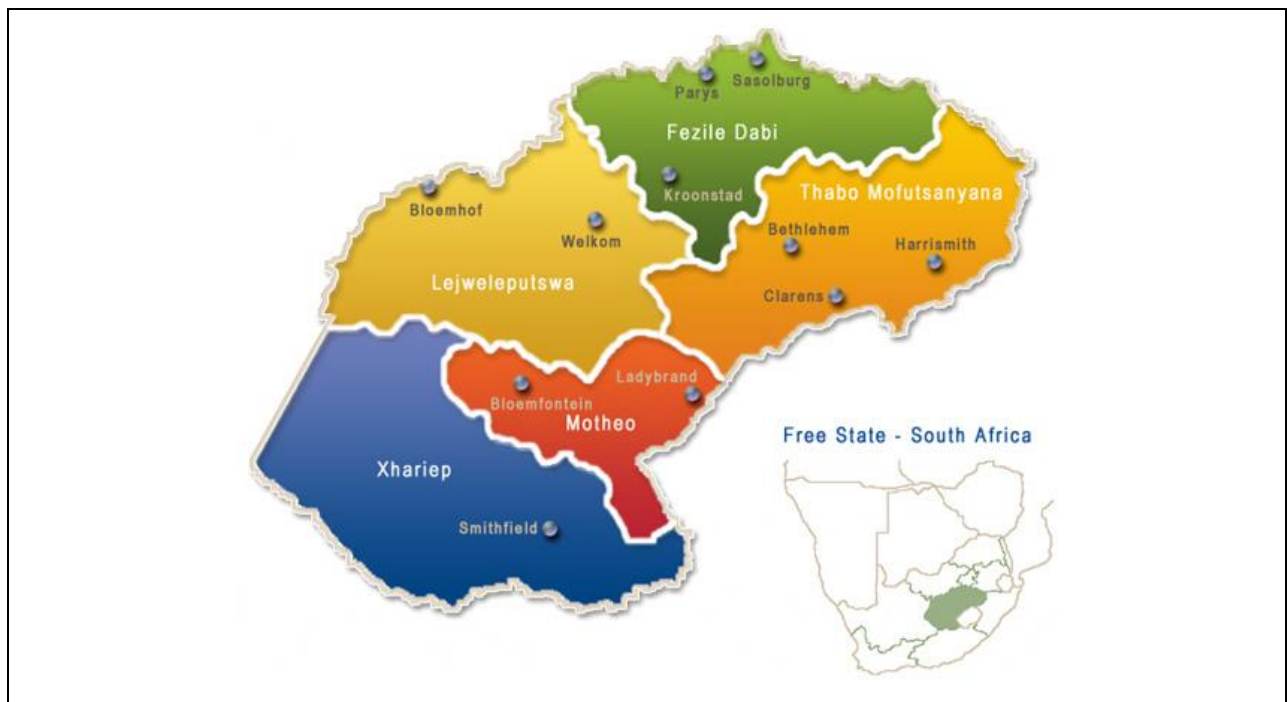
1.4.3 Phase 3: Statistical analysis

Validation and reliability of the questionnaire and the data collected was conducted with the help of Statistical Consultation Service of the North-West University. Factor analysis and Cronbach’s Alpha coefficient were employed to achieve these objectives.

1.5 LIMITATIONS OF THE STUDY

Omnia Fertilizer (Pty) Ltd manufactures and sells fertilizer on a business to business system, as well as direct marketing to the end user of fertilizer, the farmer. The company consists of different business units, nationally and globally, but due to the limitation of financial resources, the study was conducted in the Eastern Free State, also known as Thabo Mofutsanyana Municipal District of the Free State, indicated by figure 1.1.

Figure 1.1: Geographic map of Free State Province, South Africa



Source: Free State Tourism (2013)

1.6 EXPOSITION OF CHAPTERS

In chapter 1, a general introduction of the study is given, providing a background of the fertilizer industry, problem statements and objectives of the study.

Chapter 2 consists of a literature review, on the different classifications of customer loyalty, and the focus is on the level of customer engagement.

In chapter 3, the research methodology is described where-after the statistical methodology and analysis employed in the research is explained. The results of the study are also presented in this chapter.

Chapter 4 concludes the study with a discussion of the results, the conclusion drawn, as well as recommendations on improving customer engagement and future research.

1.7 SUMMARY

The intense competition in the South African fertilizer industry creates an environment where farmers can switch from one company to another without any consequences. However, companies lose sales and ultimately profits. Loyal customers are an asset for a company, since their defection to other companies tends to be lower than non-loyal customers. Customer engagement is the pinnacle of loyalty and this study will measure the level of engagement for Omnia fertilizer (Pty) Ltd.

2 CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

It is known that globalisation is making the world a small place. In the business context, the technological growth is creating a world where literally any company can compete with products and services anywhere in the world. Customers have the ability to purchase products and services 24/7 by using electronic devices connected on the internet. Adding the so called copy-cat economy and it is clear that businesses face tough challenges to compete and hold on to their customers.

The statement of Applebaum (2001:2) that customers stay faithful to brands that earn both their rational trust and their deeply felt affection, is an indication that there are some core concepts that companies can use to retain their customers. Such a concept is customer engagement.

This chapter is a literature study on customer engagement with a specific focus on the different components by applying a proposed model of engagement. Each of the components are described and discussed and the chapter is concluded with a short summary of the findings.

2.2 THEORETICAL OVERVIEW

“There is only one valid definition of business purpose: to create a customer. Customers are the foundation of business and keep it in existence”.

Drucker (as cited by Cheales, 2003:v).

The root of business survival is the clients; building good relationships with the clients is the foundation for a business`s long-term survival (Nammir *et al.*, 2012:27). Globalisation is making the world a smaller place, competition is increasing, economic

instability abounds, e-commerce and the constant change of consumer preferences are making it difficult for companies to attain profitability levels.

Since customers are the root of business survival, holding onto a customer has never been harder – or more important (Applebaum, 2001:1). Customer retention is an important aspect for a business. If a company can hold onto another 5% of its customers each year, total lifetime profits from a typical company will rise, on average, by 75% (Reichheld, 2001:36). Reichheld (2001:4) also warns that in a typical company, customers could defect at a rate of between 10 to 30% per year”. In support of this argument, Tschohl (2013:1) recently stated that this trend still continues and that businesses commonly lose 15 to 20% of their customers each year.

According to Berra (cited by Peppers & Rogers, 2008:2) increasingly, companies are realizing that a future defined in terms of traditional axes of competition-product, price, place and promotion will no longer propel growth, but simply allow parity with the competition to be perpetuated. This statement refers to the well-known marketing mix principle in marketing. In addition, some authors favour an approach where, customer engagement, customer expectations and customer loyalty are employed as marketing tools. Engagement and expectations are both integral parts of customer loyalty (Passikoff, 2006:2).

Companies in high competitive environments find it increasingly difficult to effectively compete on price and product alone. They need to intelligently, develop and offer services and experiences that truly matter to customers and that are difficult for competitors to replicate (Morrison, 2012:4). Modern competitiveness signifies that, more and more companies find that their biggest challenge is not to create a high-quality offering or to find customers, but to maintain a high level of engagement with their customers (Pataskar, 2013:3658).

This corresponds with the forecast by Peppers and Rogers (2008:6): “The speed of business and technology has increased dramatically in recent years. It is difficult for a company to maintain a market lead through product innovations for long, since products are perceived by customers as commodities with increasing rapidity. In contrast to these and other short-lived business advantages, engagement is a much more durable asset”.

The modern managerial strategy, according to Pataskar (2013:3658) is to build strong connections with customers. These are companies` major primary strategic challenges and many managers also believe that a greater degree of customer engagement would translate into a number of benefits for their company such as improved customer loyalty, increased revenue and increased profits.

Resultantly, to reap these benefits, it is vital that a company orientate its radar toward engagement. It is in fact the new business imperative (Peppers & Rogers, 2008:3). In support of this, Patterson (2012:1) indicates that there is no universal formula for measuring customer engagement. Furthermore, Flynn (2012:18) argues that, as with employee engagement, there has been no consensus on a model for customer engagement.

Bowden (2009:64) further argues that the development of measurement models that more effectively account for the depth of customers` emotional responses to consumption situations, and recognizing that as customer-brand relationships evolve through increased experience, so too does their weighting and assessment of the importance of various attributes and determining their overall evaluation.

2.3 CUSTOMER ENGAGEMENT

2.3.1 Customer Engagement Definition

Numerous definitions for customer engagement exist in literature such as:

- Customer engagement explains how social relationships initiate, endure and develop over time (Nammir *et al.*, 2012:27).
- Customer engagement is building customer relationships that increase the customer`s commitment to a company or brand (Pataskar, 2013:3658).

- Customer engagement is a psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand as well as the mechanics by which loyalty may be maintained for repeat purchase customers of a service brand (Bowden, 2009:65).
- Customer engagement is the level of a customer`s physical, cognitive and emotional presence in their relationship with a service organisation, thus matching the three-partite conceptualisation of engagement widely adopted in the organisational behaviour literature (Patterson, cited by Hollebeek, 2009:2).
- Customer engagement is the creation of a deeper more meaningful connection between the company and the customer, and one that endures over time (Kumar *et al.*, 2010:297).

Therefore, customer engagement is fundamentally about a customer`s voluntary, on-going interaction with a company and its products or services for the purpose of mutual value creation (Pataskar, 2013:3658). In this regard the value those customers create for firms occur through a more elaborate mechanism than through purchase alone.

Customer value is driven by the nature and intensity of customer engagement regarding the company and its product or service offerings and can be seen as a way to create customer interaction and participation (Kumar *et al.*, 2010:298). Kumar *et al.* (2010:297) also argue that these active interactions of a customer with a firm, with prospects and with other customers, whether they are transactional or non-transactional in nature can be defined as “Customer Engagement”.

2.3.2 Importance of Customer Engagement

In high competitive environments, managers are now recognizing the imminent need to focus on building personal two-way relationships with customers that foster interactions (Kumar *et al.*, 2010:297). Lacey (2013:1) points out that, customer engagement centres on building upon the relations between a business and their existing consumer market along with establishing new, high-value customer relationships. The author further argues that engaging with your customers and forming a connection that helps in

developing the value customers have towards a business, will in return results in loyal, longer term customers that spend more money.

This corresponds with LaMalfa (2008:1): “When customers are engaged with an organization, they are emotionally connected, passionate about its products and services, as well as aligned with the purpose and direction of the organization”. An emotionally engaged customer does not only depend on price shopping and discounting alone, giving a company a competitive edge in a highly competitive market (Ferrante, 2012:3).

Contrary to engaged customers, disengaged customers mean that these customers feel no sense of loyalty, they exhibit no discernible pride in association with the brand, they have little trust in the brand or how it treats customers. What`s more, they view the brand as quite readily replaceable. In essence, they are ripe candidates for defection (McEwan, 2001:2).

McEwan (2001:1) warns that disengaged customers reduce their visits and purchases, spread the word and share their discontent with others, defecting to the promise of greener pastures with the end result of millions in lost revenue for a company. Exceeding expectations is vital to customer engagement. If all you do is meet customers’ needs, you will lose customers as soon as they find something better (Ferrante, 2012:3).

Pataskar (2013:3660) gives six reasons why customer engagement is important, namely:

- Engaging with customers help them feel important
- Customers feel heard and understood
- Customers feel like they can come back to you with problems or for their next purchase or service need. They know they will be treated as your only customer.
- It will inspire your customers to tell their friends and associates; building a bigger community of business prospects

- It helps for overcoming objections for initial sales or service and resolving problems before they negatively impact your brand
- Support for being proactive builds confidence within the community you serve. Confidence inspires trust and attracts more business.

However, emotional engagement must be maintained or it will diminish. Managers need to take care that customer engagement is not something that happens at the corporate office or in the employee handbook. It must be managed at the level where employees interact with customers (Ferrante, 2012:3). The issue of engagement and its measurement should therefore be considered as a fundamental concern for managers who wish to move beyond the notion of merely satisfying customers, to establishing more powerful emotional bonds between their service brands and their customers (Bowden, 2009:72).

Therefore, significant attention has recently been devoted to developing the notion of customer engagement in various industries as a superior predictor of customer loyalty (Nammir, 2012:27).

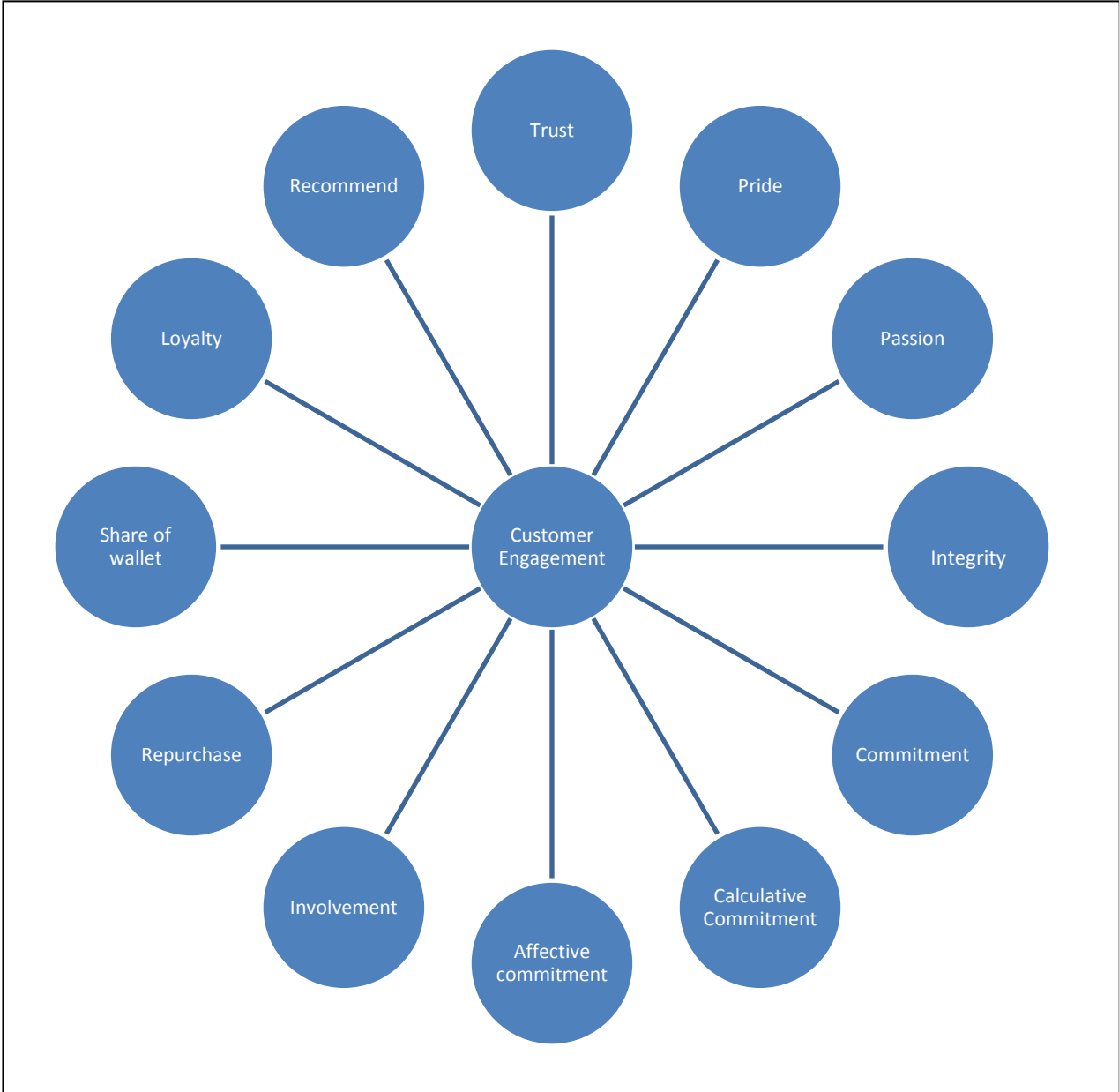
2.3.3 Proposed model of Customer Engagement

These survey instruments place undue emphasis on customer satisfaction and expectations scores at the expense of a more detailed examination of customers' consumption responses, which are inclusive of affective measures.

In recent studies, Bowden (2009:72) propose that customer engagement is a more complete and conceptual process with which management may measure commitment and, hence loyalty toward a brand, service or product.

The model to measure customer engagement is displayed in figure 2.1. The customer engagement measurement framework of Flynn (2012:5), and the Gallup customer engagement model (Applebaum 2001:4), has been combined and adapted to achieve the proposed customer engagement model.

Figure 2.1: Proposed Model of Customer Engagement



Source: Compiled from Flynn (2012) and Applebaum (2001)

2.3.4 Components of Customer Engagement

2.3.4.1 Trust

In literature, trust is defined as the belief in the integrity, honesty and the reliability of another person (Sweidan *et al.*, 2012:157). Morgan and Hunt (cited by Bowden, 2011:217) define trust as “the level of confidence in an exchange partner’s reliability

and integrity and is demonstrated through relational qualities such as consistency, competency, honesty and benevolence". Akbar and Parvez (2009:26) confirm and support this in their statement of "trust exists only when one party has confidence in an exchange partner`s reliability and integrity". The authors also argue that positive behavioural intentions will exist between the parties if there is a degree of trust.

In the business context, where there are continuous interaction between a company and customers, Peppers and Rogers (2008:9) argue that trust is the number one factor that influences the purchase decisions of customers. Trust is also viewed as one of the most relevant antecedents of stable and collaborative business relationships (Akbar & Parvez, 2009:26). In support of this argument, Kuppelwieser *et al.* (2011:41) indicate that trust is a pre-stage, or an assumption for commitment and successful relationships. The authors argue that trust is based on past behaviour and allows for commitment in the future and relationships that have a higher trust level are continued more probably, because the parties like each other and enjoy their collaboration.

According to Bowden (2011:217), customer loyalty will be greater where customers perceive that they are in a trustworthy relationship. Therefore, customers will only feel committed to organisations if they have trust in them (Kuppelwieser *et al.*, 2011:41). Bowden (2009:69) has found that trust is a necessary condition of true commitment and is also strongly linked to involvement. The author further argues that these two constructs of trust and involvement have been found to work concomitantly with one another in the development of high levels of commitment toward a brand, particularly where the purchase is moderately to highly involving.

However, Akbar and Parvez (2009:26) point out and warn that the company must have the ability to continually meet its obligations towards customers, and that customers should not only see the positive outcomes but also believe that these outcomes will continue in the future. Essentially, as pointed by Pitta *et al.* (2006:422) trust bolsters the customer`s belief in the likelihood of a positive outcome. Therefore customer loyalty towards a company is consequently considered greater where the customer trusts the company and believes the company has the required capacity to respond to his or her needs (Bowden, 2011:217).

In a world of perfect knowledge, trust is unnecessary. However, in the real world it helps reduce perceived risk by lessening the likelihood that a customer will suffer a loss. It is known that trust is a living element in a relationship and can grow in strength by successful interactions or be diminished to the point of extinction by a failure to deliver (Pitta *et al.*, 2006:422). Peppers and Rogers (2008:9) have a very good argument in their statement: “Customers may forgive mistakes, but they will never forgive dishonesty”. The authors also state that “feeling protected, represents the customer’s assessment of the trustworthiness of the company”.

According to Kuppelwieser *et al.* (2011:41), in a relationship where both parties trust each other, short-term profits will be denied for long-term success. If the trust level is rather low, partners will more likely control each other and build their collaboration on more cost-based factors like profit and loss. This is because trust acts as moderate risk perception in the consumption process and subsequently guides customers’ intentions (Bowden, 2009:69). The core of high levels of trust between a company and customers, as Sweidan *et al.* (2012:157) mention: “Trust leads to relationship commitment which is what marketers are striving to achieve.”

2.3.4.2 Commitment

The Concise Oxford English Dictionary (2009:288) defines commitment as “the state or quality of being committed to a cause, policy, or person” and to be committed to as “be in a long-term relationship with.” In a business context, Morgan and Hunt (cited by Bowden, 2011:215), define commitment as “a customer’s enduring desire to maintain a valued relationship”.

Bowden (2009:70) has found that commitment is often couched in the context of entrenched psychological attachment whereby the object to which the customer is committed, is considered as the only acceptable choice within a specific product class. The author also argues that commitment is therefore associated with a specific attitudinal position on an issue, and not just mere involvement and interest, and those customers with high levels of commitment were also found to be more highly involved.

Commitment appears to be one of the most important variables for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty as well as for predicting future purchase frequency (Sweidan *et al.*, 2012:157). In terms of customer loyalty, Bowden (2009:70) confirms that commitment and loyalty are closely related constructs; however, they are also considered to be distinct. Following this line of argument, the author also notes that commitment implies brand loyalty, but that loyalty does not imply brand commitment. That is, brand loyal customers may switch brands; however, brand-committed customers, due to their strong attitudinal beliefs, are much less likely to switch brands.

However, commitment consists of two different subcomponents: calculative and affective commitment, that both have different effects on loyalty (Bowden, 2011:216).

2.3.4.2.1 Calculative Commitment

Calculative commitment, according to Bowden (2011:216), occurs where the customer faces significant switching costs, relational dependency, a lack of choice and that the perceived benefits the customer receives are not easily replaced by an alternative exchange partner. Expanding this argument, Bowden (2011:216) states that “calculative committed customers remain loyal as a result of perceived risk and perceived switching costs despite the customer’s level of satisfaction”.

In support of this argument, Kuppelwieser *et al.* (2011:38) refer to calculative commitment as continuance commitment, where people feel forced to stay in the relationship because they have to. This construct refers to a cost-benefit analysis that motivates people to maintain the relationship. The author further argues that this dimension of commitment is not emotional but rational.

2.3.4.2.2 Affective Commitment

Conversely to calculative commitment, affective commitment is defined by Bowden (2011:216), “as an emotional attachment that a customer develops towards a service provider that expresses their psychological closeness to that provider. It indicates a desire to remain with an exchange partner because of a sense of identification, belongingness, liking, involvement and trust”. This argument is supported by

Kuppelwieser *et al.* (2011:41) in the sense that affective commitment reflects the emotional commitment to an organisation, hence the more an individual trusts, the more it will have a positive feeling. The author further argues that the more one trusts a business partner or an organisation, the better the feeling about a business relationship and accordingly, the level of emotional commitment will be high.

In contrast to calculative commitment, Bowden (2011:216) has found that affective commitment signifies that the exchange relationship has developed within the context of free will and choice and the desire to continue the relationship, with a willingness to invest and a greater propensity to engage in word of mouth recommendation. According to Kuppelwieser *et al.* (2011:38), affective commitment is based on the identification of common values and norms in the customer-company relationship, and that affective committed customers continue business relations, because they like their business partner and enjoy working together.

A positive relationship has also been identified by Bowden (2011:216), between affective commitment and behavioural loyalty, customer referrals, services purchased, retention rate and share of business. Bowden (2100:216) also found that the impact of affective commitment on both attitudinal and behavioural loyalty is greater than the effect of calculative commitment on loyalty.

2.3.4.3 Confidence

The Concise Oxford English Dictionary (2009:300) defines confidence as “the belief that one can have faith in or rely on someone or something”.

According to Applebaum (2001:5), confidence is a precursor to long-term loyalty and emotional attachment for it precedes more intense feelings of attachment and it determines whether a customer feels secure about a brand’s utility. Applebaum (2001:5) goes on and warns that if customers get less than they expect, they are unlikely to have confidence in the company. In support of this argument, Pitta *et al.* (2006:424) indicate that companies must see customer confidence in the promises of benefits that the brand proclaims. Also, customer’s perception about the quality,

relevance, and timelines of communication received will be greater when they feel confident and informed.

Almost every product makes claims about benefits it will convey but, as Pitta *et al.* (2006:424) points out, customers have become jaded by too many claims from too many new and improved products. If consumers feel confident about a product and its benefits, value is added to the augmented product which, in turn, increases loyalty and repeat purchases of the product (Pitta *et al.*, 2006:424).

2.3.4.4 Involvement

According to Bowden (2009:68), involvement is important in the customer engagement process, for a variety of reasons, such as:

- A state of involvement with a brand engenders a sense of on-going psychological commitment to that brand with regard to the customer's thoughts, feelings, and subsequent behaviours and that where the customer is involved; he or she may be more likely to respond positively to marketing efforts that attempt to personalize the experience.
- "Stickiness" that involvement creates within the customer-brand relationship
- It is argued that the more highly involved customers are with their brands, the more loyal they are over the long term.
- Involved customers are more likely to discount negatively conflicting informational messages in order to preserve their existing schemas. They are also less likely to possess large brand repertoires.

The main argument that Bowden (2009:68) has put forward, is that when customers are uninvolved with the choice of brand or service provider, then it is virtually impossible to have committed customers. Therefore, uninvolved and, hence uncommitted customers while being satisfied may switch brands on a regular basis because the brand or service provider is viewed as being unimportant in the customer's decision-making process.

Bowden (2009:68) further argues that involvement is likely to be a necessary component of the broader conceptualization of the process of engagement in that it mediates the relationship between satisfaction and commitment most significantly for repeat purchase customers.

2.3.4.5 Integrity

The Concise Oxford English Dictionary (2009:738) defines integrity as “the quality of having strong moral principles”. Consumers must believe in the brand or a company`s integrity (Pitta *et al.*, 2006:242), and that belief is reinforced when customers feel they are dealing with a company that is not only competent and forthright but also fair and ethical. It can be instilled, for instance, by a sales person who steers a customer to a product she says she wants instead of dumbly pushing the most expensive merchandise (Applebaum, 2001:5).

2.3.4.6 Pride

According to Kuppelwieser *et al.* (2011:41), pride has its source in subjective knowledge and is considered to be a spontaneous nonverbal expressed emotion, such as, to be something special, be recognized and to have performed an amazing work or at least have been part of it. In the context of a business perspective, as defined by Pitta *et al.* (2006:242), pride reflects the degree to which consumers feel appreciated by the company and proud of their personal association with the brand. The opinion of Kuppelwieser *et al.* (2011:41) is that customers with high brand pride will not stay with a brand because of a lack of alternatives; rather, they insist on having that specific brand.

Confirming and supporting these definitions, Nammir (2012:30) makes use of the term dedication, and this refers to the customer`s sense of belonging as a customer in such a way that the customer is proud of the firm they patronise and is enthusiastic and passionate to play their role. According to Pitta *et al.* (2006:242), a good indicator of pride, is when consumers seek to wear company logo clothing, or select a company credit card and in doing so, they manifest their pride in being the company`s customer.

To further support these arguments, Kuppelwieser *et al.* (2011:41) is of the opinion that pride of a brand is shown, if one`s expectations are met or have been exceeded, and

most importantly, if someone is proud of a brand, he will feel emotionally committed. Furthermore, the authors argue that, affective commitment will be positively influenced by a high brand pride.

2.3.4.7 Passion

A very good definition of passion, according to Albert *et al.* (2010:2) is that passion corresponds to the enthusiasm, the infatuation or even the obsession of a consumer for a brand. One of the best examples of passion, stated by Pitta *et al.* (2006:242) is, “It’s hard to surpass the consumer passion shown by Harley-Davidson motorcycle owners whose behaviour may border on obsession”. In further support of their definition, Albert *et al.* (2010:2) argue that passion reflects the belief that the brand is essentially irreplaceable and represents a seemingly perfect fit with the customer’s personal needs.

Thus, in a consumption context, brand passion can be defined as a primarily affective, extremely positive attitude toward a specific brand that, according to Bauer *et al.* (2007:2190), lead to emotional attachment and influences relevant behavioural factors. Bauer *et al.* (2007:2189) also refer to the Harley-Davidson example, as a brand that has managed to create and maintain deep emotional bonds with their customers, driven by love and passion. The authors further argue that in practical experience, the focus lies on generating brand passion because of its positive effects on consumer behaviour as the willingness to pay a price premium or to spread positive word of mouth.

Passion is the highest rung of emotional attachment and this level of attachment corresponds to growing revenues (Applebaum, 2001:5). In terms of research, Applebaum (2001:5) indicates that one Gallup study, for instance, demonstrated that a mid-size bank could add \$265 million to its total of customer balances on deposit just by drawing higher attachment scores from 50 000 more customers. Gallup research across a range of industries – from online retail to airlines to banks – found that roughly one in 10 customers in every industry is passionate. So the excuse of being in a boring business no longer absolves managers from bonding with customers who make brands integral to their lives (Applebaum, 2001:5).

The fundamental importance of brand passion is to encourage desirable post-consumption behaviour and to actually increase economic success (Bauer *et al.*, 2007:2194).

2.4 CUSTOMER LOYALTY

“Be Loyal and Loyalty will be returned to you tenfold. It’s a law of life.”

Dunn (cited by Brooks, 2010: xiv)

2.4.1 Customer Loyalty definition

The Concise Oxford English Dictionary (2009:846) defines loyal and loyalty as follows:

- Loyal: “showing firm and constant support or allegiance to a person or institution”.
- Loyalty: “a state of being loyal”

In a business context, Oliver (cited by Bowden, 2011:214) defines loyalty as a deeply held commitment to rebuy or to patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.

Even though brand loyalty does have an attitudinal element, loyalty is often evaluated in behavioural terms, that is, intention to return (Bowden 2009:70).

2.4.1.1 Importance of Customer Loyalty

According to Reichheld (2001:3), the foundation of every successful business system is to create value for customers, because value creating for customers builds loyalty, and loyalty in turn builds growth, and more value. Customer loyalty increases profits because loyal customers are willing to pay higher prices and tend to be more tolerant of problems in product performance or service (Reichheld & Scheffer, cited by Anderson & Swaminathan, 2011:221). These authors further point out that research done by

Reichheld and Shefter indicate that just a 5% increase in customer loyalty may result in 30% increase in profitability.

It is loyal customers that repurchase again and again and also increase their purchase volumes. Many businesses strive to retain their customers, because customer retention is a sure way to profitability (Passikoff, 2006:4). In their point of view, Hill and Alexander (2000:9) argue that winning new customers is very costly; keeping existing customers is better, because of their high profitability. To support this argument, Passikoff (2006:6) has found that the cost of recruiting a new customer is 7 to 10 times more than to keep an existing one.

Anderson and Swaminathan (2011:221) further argue that without customer loyalty, even the best designed businesses are likely to falter. In their quest to develop a customer base, most organisations try their best to continually satisfy their customers in hopes of developing long-run profitable relationships with them. To achieve this, many companies introduce customer loyalty programs as strategic moves to retain customers.

In his argument, Khan (2012b:241) indicates that despite all the efforts of companies, loyal customers still seem to want to switch to competition. Sixteen years ago, Griffin (1997:4) has warned that many companies operate under the false pretence that a retained customer is automatically a loyal customer, and has clearly pointed out that customer retention and customer loyalty is not the same. In their argument that customers may stay with a company through habit or convenience without feeling loyal to it Hill and Alexander (2000:19) make use of an example: A traveller that purchases coffee at the same filling station every time he fills his car with gasoline. The traveller has no loyalty; it is either habit or convenience.

More recently, Finlay (2012:2) explains what accounts for loyal customers to switch to competition as well as the reason for customers to share their wallet with competition. The author argues that most businesses are looking at the tangibles like price or presentation, but the key driver of customer loyalty can be found in the emotions. This is where the concept of customer engagement, in terms of the emotional aspect, can be incorporated as a building block for customer loyalty.

Therefore, as Passikoff (2006:2) points out, businesses need to measure, understand and predict loyalty – the preferences and expectations of the twenty-first-century, bionic customer.

2.4.2 Customer Loyalty levels

There are many different levels and degrees of customer loyalty that can be found in the literature, such as behavioural loyalty, attitudinal loyalty and emotional attachment (Khan, 2012b:241). Hill and Alexander (2000:16) defined six degrees of customer loyalty that are displayed in Table 2.1.

Table 2.1: Summary of Loyalty levels

<u>Degree of Loyalty</u>	<u>Attributes</u>
Suspects	All buyers of products or services in marketplace.
Prospects	Potential buyers who have some attraction towards products or services.
Customers	Once-off purchasers – no real feelings or affinity towards organisation.
Clients	Repeat customers who have feelings of attachment towards organisation.
Advocates	Clients who actively support organisation.
Partners	Sustained customer-supplier relationship.

Advocates and partners are the highest degree of loyalty and this is what the company wants to achieve in terms of customer loyalty. To be an advocate, according to Edmison and Ricker (2011:4), embraces and reveals in telling others about brands they like or

love, they own the brand and their passion for it and they want to share their love and bring shopping happiness to others. To support this degree of loyalty, Ganguly (2012:1) makes use of a pyramid, illustrated in figure 2.2.

Figure 2.2: Six levels of customer loyalty



Source: Ganguly (2012)

Clearly, the desired level of customer loyalty that a business can attain is either customers are in the “partner level” or they are in the “look only at you” level. This is called emotional, attachment or commitment loyalty and defined by Baloglu (cited by Khan, 2012b: 246) as “liking the partner, enjoying the partnership, and having a sense of belonging to the partnership, and having a sense of belonging to the company”. Furthermore, Ferrante (2012:1) contends that for emotional engagement, how many of your customers have a tattoo of your company logo proudly displayed on their body? The statement refers to the high level of emotional loyalty Harley-Davidson customers have as was discussed under the passion heading.

Achieving high levels of loyalty, recommendation as well as favourable word-of-mouth can lead to larger market share, lower marketing and operational costs, and higher profitability (Ladhari *et al.*, 2011:112).

2.5 REPURCHASE

Ferrante (2012:2) argues that there are only two types of people who call or come into your business; first time or returning customers. According to Bowden (2009:70), repurchase customers are viewed as having moved beyond cost-benefit, rational evaluations, and may be seeking to establish deeper on-going personal connection with the brand or experience.

Bowden (2009:71) goes on and argues that repurchase customers have well-formed knowledge structures and clearer and more specific expectation sets due to their increased levels of experience with the specific brand and company. Furthermore, repurchase customers subsequently rely more so on a relationally oriented evaluation of the brand, often adopting a heuristic approach to evaluation given their tendency to evaluate recent service experiences and engage in cognitive complacency. Therefore, they inherently have a greater level of interest in the brand and company.

In a mature market, according to Sheth (2001:16), perhaps the best competitive advantage a company can maintain is through retaining its customers, since 90-95% of total business comes from existing customers. Furthermore, competitive strategies for retaining existing customers tend to be less costly than those for gaining new customers. To support this argument, we can again refer to the research of Passikoff (2006:6) that the cost of recruiting a new customer is 7 to 10 times more than to keep an existing one. However, as Sheth (2001:16) strongly points out, what we often do not realize is that it goes down exponentially with a very sharp decline in costs in the early stages of repeat buying

2.6 RECOMMEND

In the context of this study, recommend are also considered as word of mouth. Word of mouth is well understood as a credible source of communications and plays an

instrumental role in new customer acquisitions (Reichheld & Sasser 1990, cited by Mosavi & Ghaedi, 2012:558). Adding to this argument, Sheth (2001:21) is of the opinion that the best way to grow business profitably is to gain new customers without significant investment of your product, marketing and sales resources. The author further argues that this is possible through word of mouth communication.

Shirsavar *et al.* (2012:455) define three reasons for the power of word of mouth:

- Word of mouth is more reliable and trustworthy than commercial sources of information controlled by companies (such as advertising and sponsorships), because in daily life most of our discussions are indeed with friends, family, that is people we trust and whose goal is not the promotion of a specific company.
- In word of mouth the message flow tends to be two-way. Therefore word of mouth is a perfect kind of communication.
- Word of mouth provides information about products and services for potential customers thus it is considered to be a risk reliever.

In earlier studies Sheth (2001:21) also confirms that word of mouth is a very powerful form of communication and influence. It is therefore more credible, goes through less perceptual filters and can enhance the product better than any sales communication. However, in continuing his argument, Sheth (2001:21) warns that a slight negative word of mouth can more than offset any amount of sales and advertising effort.

2.7 SATISFACTION

2.7.1 Defining satisfaction

Johnson and Fornell (cited by Gustafsson *et al.*, 2005:210) define customer satisfaction as a customer`s overall evaluation of the performance of an offering to date. By definition, satisfaction measures are at best a look at the past – at how customers feel about the transactions they`ve made. Gustafsson *et al.* (2005:211) also argue that satisfaction is “backward looking” and is a function of performance to date.

In their argument Akbar and Parvez (2009:27) indicate that satisfaction is the customers` evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Malik (2012:70) takes this argument further and reckons that if consumers` actual outcomes exceed expectations, the consumer will be called satisfied and in the same way if expectations exceed outcomes, the consumer will be called dissatisfied.

2.7.2 The Satisfaction Trap

According to Passikoff (2006:118), customer satisfaction, though important, does not necessarily translate into repeat sales and bottom-line profits. The author further explains that you may have satisfied a customer yesterday, but values shift quickly and now they are not so satisfied and they`ve moved on to your competitor. Therefore, a current satisfied customer is not necessarily a loyal future customer.

The scary truth, however, is that many “satisfied” customers are simply tolerating these services until they find a competitor that offers a better price, service or location (Pearson, 2012:65). Satisfied customers still abandon your brand if the “bribe” or incentive is big enough to go somewhere else (Muller, 2010:1). But, as Reichheld (2001:235) points out and warns that any company can fall into a satisfaction trap if it forgets that there is no connection between satisfaction scores and cash flow.

Reichheld (2001:239) further argues that companies can avoid the satisfaction trap if they remember that what matters is not how satisfied they keep their customers, but how many satisfied and profitable customers they keep. In doing this, companies will recognize that measuring satisfaction, an inherently unstable and temporary mental state, is a tricky business, and that customer attitudes shift many times over the years. According to Muller (2010:1), the reason for this is that merely being satisfied, or even very satisfied, is a rational state of mind – there is little or no emotion attached to that mind-set.

2.7.3 Shortcomings of Satisfaction

Traditionally, as Bowden (2011:212) points out, customer satisfaction has been viewed as the primary antecedent to loyalty given the link between satisfaction, repeat purchase, positive word of mouth and profitability. However, customers may be very satisfied with your brand and happily recommend it to others, but if they like your competitors just as much (or more), you're losing sales.

Bowden (2011:212) further argues that making changes to increase satisfaction will not necessarily help. Furthermore, this does not mean traditional metrics are not valuable; it can be very useful to know whether your customers are satisfied and would recommend you to their friends and colleagues.

In terms of these traditional metrics, Keiningham *et al.* (2011:2) argue that these measures in themselves can't tell you how your customers will divide their spending among you and your competitors. In fact, the truth is that satisfied customers are not necessarily loyal customers. In his argument, Terblanche (2006:39) indicates that loyalty requires a commitment from the customer that mere satisfaction cannot always bring. Therefore, the implications are that customer satisfaction measures are inadequate on their own, and need supplementing by a measure of loyalty; this means that one cannot focus only on those elements of quality creating satisfaction because such elements do not necessarily encourage loyalty.

Customers who are unsatisfied would not be expected to have long-run relationships with the company (Khan, 2012a:107). On the contrary, satisfaction can be obtained because of what was expected in terms of services and or products. The author further argues that if the service and or products of a firm were according to expectations of customers they would be satisfied. The amount of high and low satisfaction depends upon the level of service and or products that meets the level of expectations or fall above/below that level.

In conclusion, Bowden (2009:64) points out that, notwithstanding these far-reaching criticisms, it seems that measures of satisfaction continue to be used as key indicators of brand health despite the fact that even satisfied customers will defect. Bowden

(2009:65) states, “Although satisfaction is a necessary step in loyalty formation, satisfaction becomes less significant as loyalty begins to set through other mechanisms”.

2.8 SHARE OF WALLET

Keiningham *et al.* (2011:2) define share of wallet as “the percentage of a customer’s spending within a category that is captured by a given brand, or store or firm”. In his opinion, Flynn (2012:35) identifies share of wallet as the proportion of sales transacted with the focal organisation. Many companies offer various products and services to the market and therefore a very simple and straight forward definition from LaMalfa (2008:3) is that share of wallet means that customers buy more products from the same company.

Organisations are intrigued to better understand the volume of business a customer conducts with them versus other vendors or competitors (Flynn, 2012:35), because there is a direct correlation between profitability and increased sales volumes.

Companies will benefit from corporate loyalty (that is loyalty to the company itself) as it can help them increase consumer share. This means, the share they can get on consumer purchasing in their product/service categories (Ladhari *et al.*, 2011:124).

2.9 SUMMARY

In this chapter the literature study confirmed that there is a high degree of cohesion between the different components that form the concept of customer engagement. There are indications that customer engagement can be considered as a major building block in the creation of higher degrees of customer loyalty, recommendation and repurchase.

The next chapter presents the research methodology and results of the study.

3 CHAPTER THREE: RESEARCH METHODOLOGY AND RESULTS

3.1 INTRODUCTION

This chapter presents the research methodology followed in the study and reports on the results. More specifically the chapter focuses on:

- Research methodology;
- Statistical analysis; and
- Results and discussion.

Firstly, the research methodology gives an explanation of the questionnaire development and a discussion on the method used to capture the data. Secondly, the chapter focuses on the statistical methods used to determine the reliability and validity of the data and measuring instrument. Thirdly, the results of the study are presented and discussed. Finally the chapter ends with a short summary.

3.2 RESEARCH METHODOLOGY

3.2.1 Questionnaire Development

Quantitative research was done by means of a structured questionnaire that was developed from the literature review. The foundation of the questionnaire is based on the Gallup CE¹¹ questionnaire which measures customer engagement on the contributing factors of confidence, integrity, pride, and passion. In addition to the emotional attachment, the Gallup CE¹¹ also measures loyalty in terms of satisfaction, repurchase and recommendation (Applebaum, 2001:8).

Furthermore, additional contributing factors such as share of wallet, involvement, calculative commitment, affective commitment and trust were added when the

engagement model of Flynn (2012:5) was combined with the Gallup engagement model (Applebaum, 2001:4).

The demographic questions and the first share of wallet question (SOW 01) were developed by the researcher while the questions on the other dimensions were a combination of the Gallup CE¹¹ questionnaire and questions from the literature review.

Table 3.1 lists the thirteen dimensions, the questions pertaining to each dimension, the code assigned to each question as well as the sources from which the individual questions were identified. (Note that the questions were slightly adapted to fit the fertilizer profile and name of the company, i.e. Omnia.)

Table 3.1: Questionnaire dimensions and references

<u>Dimension</u>	<u>Code</u>	<u>Question</u>	<u>Reference</u>
Share of Wallet	SOW 01	Do you purchase fertilizer only from Omnia?	Developed by researcher
	SOW 02	Except NPK fertilizer, do you purchase other products from Omnia?	LaMalfa (2008:3)
Recommend	RCM 01	I am willing to encourage individuals to do business with Omnia	Mosavi & Ghaedi (2012:559)
	RCM 02	I am willing to recommend Omnia whenever anyone seeks my advice	Mosavi & Ghaedi (2012:559)
	RCM 03	My recommendations about Omnia would have been positive	Mosavi & Ghaedi (2012:559) Bowden (2011:227)
	RCM 04	I have only good things to say about Omnia.	Mosavi & Ghaedi (2012:559)
Repurchase	RPH 01	I have intention to repurchase from Omnia	Mosavi & Ghaedi (2012:559)
	RPH 02	It is likely that I will repurchase from Omnia	Mosavi & Ghaedi (2012:559)
	RPH 03	I expect to purchase from Omnia in the future	Mosavi & Ghaedi (2012:559)

Satisfaction	STF 01	My choice to use Omnia was a wise one.	Bowden (2011:227)
	STF02	Overall, I am satisfied with Omnia.	Bowden (2011:227)
	STF 03	I feel good about using Omnia.	Bowden (2011:227)
	STF 04	I am always delighted with Omnia`s service.	Bowden (2011:227)
	STF 05	Overall, how satisfied are you with Omnia?	Yim et al (2008:754) Applebaum (2001:4)
Loyalty	LTY 01	I consider Omnia as the first choice when choosing a fertilizer.	Yim et al (2008:754)
	LTY 02	I will continue to purchase from Omnia even if they raise their price.	Yim et al (2008:754)
	LTY 03	I seldom consider switching to another fertilizer company.	Anderson & Swaminathan (2011:234)
	LTY 04	I am willing to maintain my relationship with Omnia.	Bowden (2011:227)
Calculative Commitment	CCM 01	It pays off economically to be a customer of Omnia.	Gustafsson <i>et al.</i> . (2005:213)
	CCM 02	I would suffer economically if my relationship with Omnia would end.	Gustafsson <i>et al.</i> (2005:213)
	CCM 03	Omnia has location advantages versus other companies.	Gustafsson <i>et al.</i> (2005:213)
Affective Commitment	ACM 01	I take pleasure in being a customer of Omnia.	Gustafsson <i>et al.</i> (2005:213)
	ACM 02	Omnia is the fertilizer company that takes best care of their customers.	Gustafsson <i>et al.</i> (2005:213)
	ACM 03	There is a presence of reciprocity in my relationship with Omnia.	Gustafsson <i>et al.</i> (2005:213)
	ACM 04	I have feelings of trust towards Omnia.	Gustafsson <i>et al.</i> . (2005:213)
Involvement	INV 01	I notice information that is related to Omnia.	Vivek (2009:225)
	INV 02	I like to know more about Omnia.	Vivek (2009:225)
	INV 03	I pay a lot of attention to anything about Omnia.	Vivek (2009:225)
	INV 04	I keep up with things related to Omnia.	Vivek (2009:225)

Confidence	CFD 01	Omnia gives me a feeling of trust.	Mosavi & Ghaedi (2012:559)
	CFD 02	Omnia gives me a trustworthy impression.	Mosavi & Ghaedi (2012:559)
	CFD 03	I have trust in Omnia.	Mosavi & Ghaedi (2012:559)
	CFD 04	Omnia is a name I can always trust.	Mosavi & Ghaedi (2012:559) Applebaum (2001:4)
Trust	TST 01	I am confident about the quality of products that Omnia delivers.	Yim et al (2008:754)
	TST 02	Omnia can be relied on to keep its promise.	Bowden (2011:227)
	TST 03	Omnia puts the customer`s interest first.	Bowden (2011:227)
	TST 04	I can count on Omnia to deliver a good service.	Bowden (2011:227)
	TST 05	Omnia always delivers on what they promise.	Bowden (2011:227)
Integrity	INT 01	Omnia always treats me fairly.	Applebaum (2001:4)
	INT 02	If a problem arises, I can always count on Omnia to reach a fair and satisfactory resolution.	Applebaum (2001:4)
	INT 03	All Omnia customers are treated the same regardless of how much they purchase.	Flynn (2012:128)
	INT 04	Even in turbulent times I can trust that Omnia will be there for me.	Flynn (2012:128)
Pride	PRD 01	I feel proud to be an Omnia customer.	Applebaum (2001:4)
	PRD 02	Omnia always treats me with respect.	Applebaum (2001:4)
	PRD 03	I always enjoy my experience with Omnia.	Yim et al (2008:754)
	PRD 04	I always have a warm and comfortable feeling when visited by Omnia.	Yim et al (2008:754)
Passion	PSN 01	Omnia is the perfect company for people like me.	Applebaum (2001:4)
	PSN 02	I cannot imagine a world without Omnia.	Applebaum (2001:4)
	PSN 03	My days would not be the same without Omnia.	Vivek (2009:225)
	PSN 04	I am passionate about Omnia.	Vivek (2009:225)

Since this study is measuring attitudes and not personality traits it was decided to use a summated or Likert scale as a measuring instrument. According to Welman *et al.* (2005:156) an attitude is a disposition towards a particular issue, the so-called attitudinal object. In this regard and for the purpose of the study, the attitudinal object

refers to Omnia Fertilizer. Furthermore, a Likert scale consists of a collection of statements about the attitudinal object and unlike other scales, the Likert scale may be used for multidimensional attitudes (Welman *et al.*, 2005:157).

The authors further argue that respondents have to indicate the degree to which they agree or disagree with the contents of each statement. Therefore, a 5-point Likert scale was used as a measuring instrument in the questionnaire. Table 3.2 represents the Likert scale; from strongly disagree to strongly agree, as well as the five scale points that were assigned to each corresponding section in order to complete the statistical analysis.

Table 3.2: 5-Point Likert scale

Section				
Strongly Disagree	Disagree	Moderately	Agree	Strongly Agree
1	2	3	4	5

A copy of the questionnaire that was distributed to respondents is attached as Appendix 1. In order to use the CE¹¹ questionnaire, special permission was gained from Gallup, Inc. This letter of permission is attached as Appendix 2.

In chapter one, the population was described as all the grain producing farmers in the Free State Province. One of the key characteristics of the population is their preference to communicate in their home language, Afrikaans. Therefore, with the help of a professional translator the English version of the questionnaire was translated in Afrikaans as insurance that questionnaires will be fully and correctly completed.

3.2.2 Data collection

A total of 150 questionnaires were handed out to respondents for completion and 117 completed questionnaires were collected. Seven questionnaires had to be eliminated because of incompleteness, resulting in an effective response rate of 73%.

Primarily, the data were collected at the monthly gathering of the different farming fraternities. Here questionnaires were handed out for completion. Respondents were asked to deliver their completed questionnaires to the researcher after the meeting was adjourned, and not to take it home to complete at a later stage. This practice ensured the high response rate that was achieved.

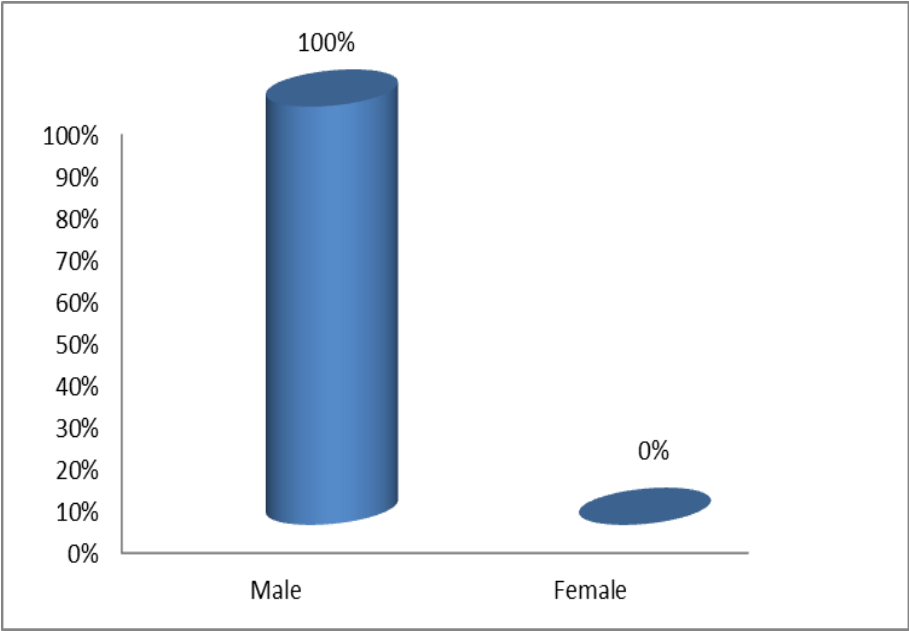
3.3 RESULTS

3.3.1 Demographic results

3.3.1.1 Gender distribution

The demographic profile of the respondents is presented in figure 3.1. The figure indicates that all the respondents are male. Although this is somewhat odd, it is not surprising because the respondents are all farmers, and the Eastern Free State is male dominant with regard to farming as profession.

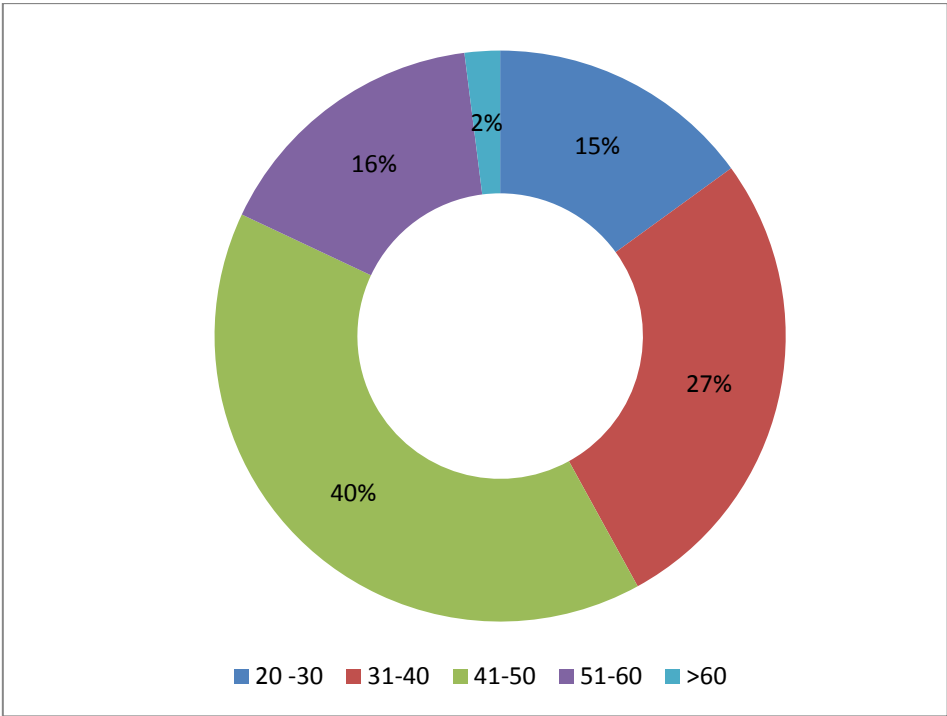
Figure 3.1: Gender Distribution of Respondents



3.3.1.2 Age distribution

The age distribution of the respondents is summarised in figure 3.2. Some 15% of the respondents are younger than 31 years, while the majority age group, 40%, is between 41 to 50 years. In fact, 58% of the respondents are older than 40 years. According to Schepers (2013), 75% of the grain producing farmers in the United States of America is older than 47 years. Economic realities confirm that it is extremely difficult for young people to take up farming as a career because of the high demand for invested capital and risk.

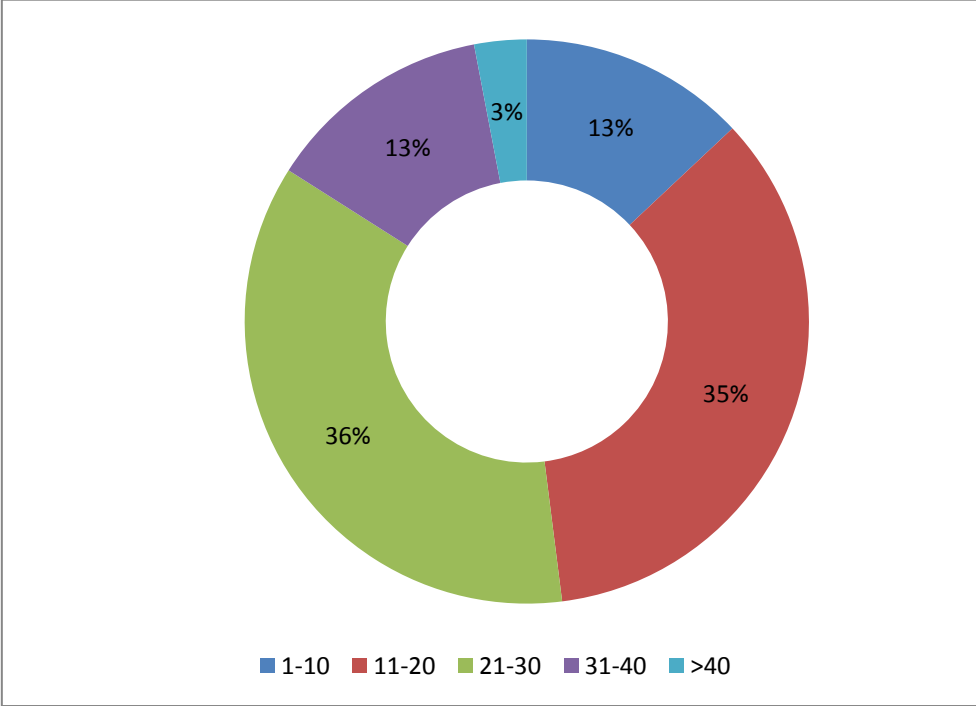
Figure 3.2: Age distribution of respondents



3.3.1.3 Farming experience

The years of experience as a farmer are summarised in figure 3.3. Some 71% of respondents have experience between 11 and 30 years. Interesting is that only 3% of the respondents have experience of more than 40 years.

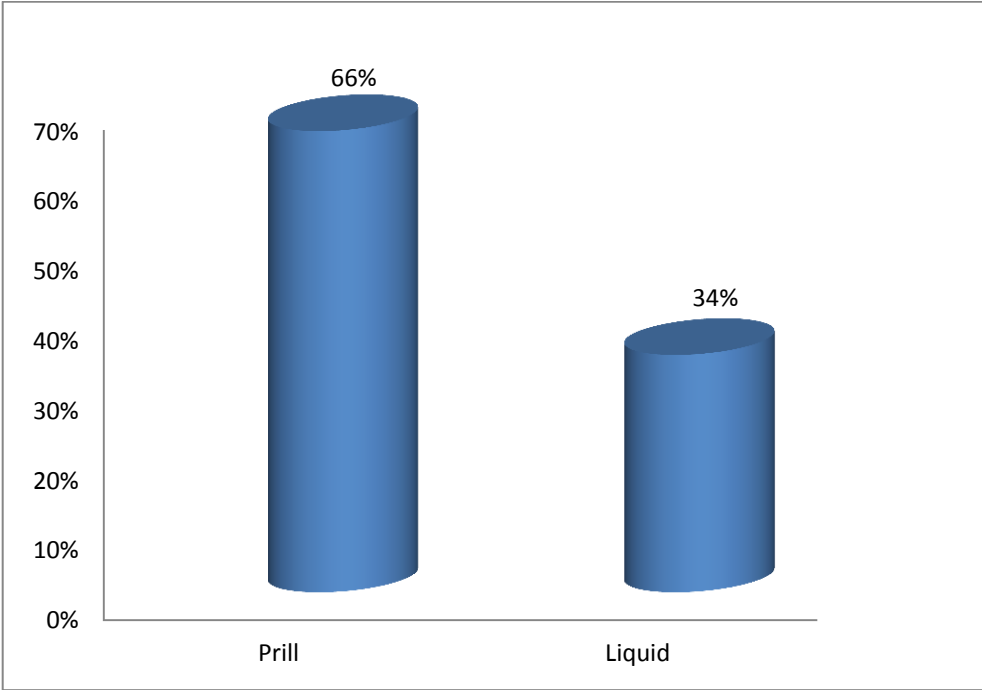
Figure 3.3: Years as a farmer



3.3.1.4 Fertilizer Type

Another aspect of the demographics that was collected from the questionnaires was the volume of fertilizer that the respondents use. These results are summarised in figure 3.4. Prilled fertilizer is used by 66% of respondents while liquid fertilizer is only used by 34% of the respondents.

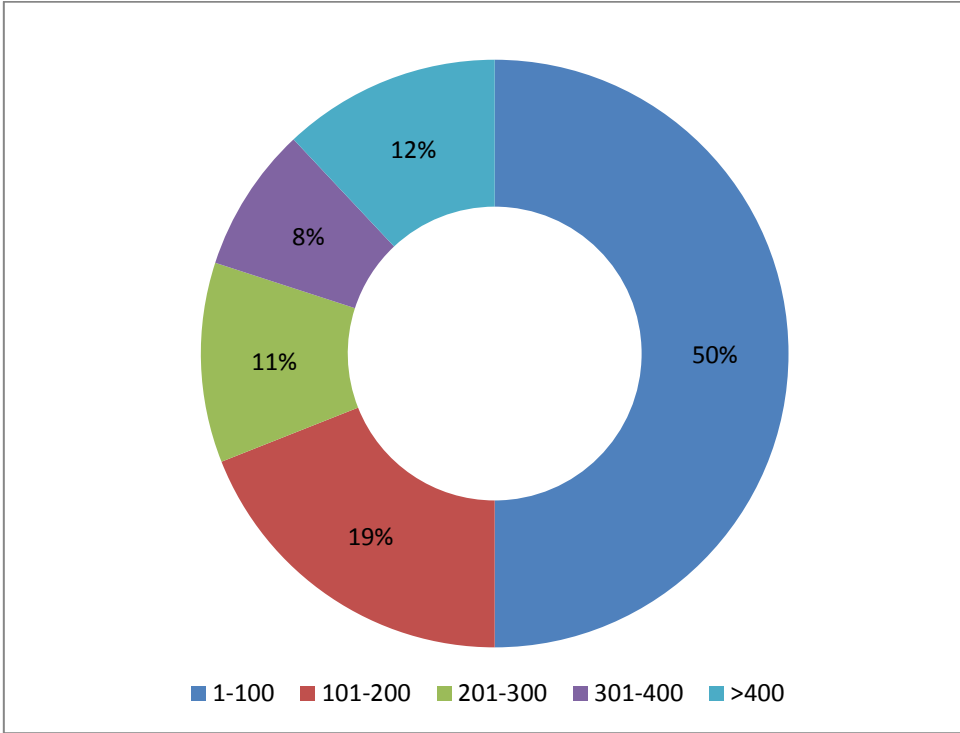
Figure 3.4: Fertilizer type



3.3.1.5 Fertilizer volume

The last part of the demographic information that was collected is the type of fertilizer that the respondents are using. These results are presented in figure 3.5, and it indicates that 50% of the respondents use 1 to 100 tons of fertilizer. Only 12% of the respondents are using more than 400 tons of fertilizer annually.

Figure 3.5: Volume of fertilizer



3.3.2 Mean Values and Standard Deviations

The data was analysed with a Microsoft Excel spread sheet in order to calculate the mean and standard deviation (STD Dev) of each contributor. In order to enhance the interpretation of the results, the mean value was calculated as a percentage for each question. Also, the mean value for each individual contributor was calculated and is presented as a percentage value.

Bisschoff and Hough (1995), as applied successfully by Salim (2011:48), indicated that the percentages are interpreted as follows:

- <60% : Lower importance; Dissatisfaction; Immediate action required.
- 60%-75% : Important; satisfaction; Develop to become excellent.
- >75% : Very important; Very satisfied/Excellent; Maintain to stay on top.

Only high standard deviations (exceeding 1.5) are explained in the results (Salim, 2011:49).

3.3.2.1 Share of wallet

The importance levels of share of wallet as a contributor are summarised in table 3.3.

Table 3.3: Mean scores and standard deviation of share of wallet

Code	Question	STD Dev	Mean %
SOW 01	Do you purchase fertilizer only from Omnia?	0.52	66.0
SOW 02	Except NPK fertilizer, do you purchase other products from Omnia?	0.50	77.5
	Mean		71.75

With a score of 77.5% for question SOW 02, farmers have indicated that they purchase a variety of products from Omnia. However, question SOW 01, with a mean score of 66%, clearly indicates that farmers do not purchase fertilizer only from Omnia. Instead, farmers purchase from competitors that offer them commodity products at better prices.

3.3.2.2 Recommend

The importance of the questions for recommendation as a contributor is summarised in table 3.4.

Table 3.4: Mean scores and standard deviation of recommend

Code	Question	STD Dev	Mean %
RCM 01	I am willing to encourage individuals to do business with Omnia	0.89	75.63
RCM 02	I am willing to recommend Omnia whenever anyone seeks my advice	0.87	76.90
RCM 03	My recommendations about Omnia would have been positive	0.83	77.09
RCM 04	I have only good things to say about Omnia.	0.86	72.90
	Mean		75.63

Questions RCM 01, RCM 02 and RCM 03 are all above the level of 75%, while question RCM 04 is at the upper end of the importance and satisfaction level. This means that

there is no need for improvement on the questions RCM 01-RCM 03. Question RCM 04 is marginal and falls just below the 75% margin. This question could be further explored to identify why it does not also fall within the highest category. The mean of all the questions in recommendations is 75.63% and this means that farmers not only recommend Omnia, but also convey positive word-of-mouth recommendations.

3.3.2.3 Repurchase

In table 3.5, the importance levels of repurchase are summarised in terms of standard deviation and mean.

Table 3.5: Mean scores and standard deviation of repurchase

Code	Question	STD Dev	Mean %
RPH 01	I have intention to repurchase from Omnia	1.01	74.72
RPH 02	It is likely that I will repurchase from Omnia	0.99	74.54
RPH 03	I expect to purchase from Omnia in the future	0.91	76.72
	Mean		75.40

All the questions on repurchase are at the level of very important, very satisfied and excellent. The mean of all three questions of repurchase is 75.40%. It is a clear signal from farmers that they intend to do future fertilizer purchases from Omnia.

3.3.2.4 Satisfaction

The importance levels of satisfaction as a contributor are summarised in table 3.6.

Table 3.6: Mean scores and standard deviation of satisfaction

Code	Question	STD Dev	Mean %
STF 01	My choice to use Omnia was a wise one	1.00	76.18
STF02	Overall, I am satisfied with Omnia.	0.96	75.81
STF 03	I feel good about using Omnia.	0.95	75.09
STF 04	I am always delighted with Omnia`s service.	0.84	63.45
STF 05	Overall, how satisfied are you with Omnia?	0.98	73.63
	Mean		72.00

The mean of all the questions for satisfaction are at 72%, and it is only question STF 04, with a mean of 63.45% that is of some concern. This sends a signal from farmers that, although they are satisfied, there is a lack in the quality of services that Omnia provide.

3.3.2.5 Loyalty

The mean values of the questions on loyalty are summarised in table 3.7.

Table 3.7: Mean scores and standard deviation of loyalty

Code	Question	STD Dev	Mean %
LTY 01	I consider Omnia as the first choice when choosing a fertilizer.	1.20	71.45
LTY 03	I seldom consider switching to another fertilizer company.	0.96	71.09
LTY 04	I am willing to maintain my relationship with Omnia.	0.95	78.90
	Mean		73.81

All the percentages show satisfactory levels with Omnia. Question LTY 04 has the highest score at 78.90% indicating that farmers value the relationship that they have with Omnia. The mean for loyalty is at 73.81%.

3.3.2.6 Calculative commitment

The mean values and standard deviation of calculative commitment are summarised in table 3.8.

Table 3.8: Mean scores and standard deviation of calculative commitment

Code	Question	STD Dev	Mean %
CCM 01	It pays off economically to be a customer of Omnia.	1.06	71.63
CCM 03	Omnia has location advantages versus other companies.	1.04	75.81
	Mean		73.75

Question CCM 01 is at the level of satisfaction, while question CCM 03 is on the level of excellence. However, CCM 01 sends a signal that the farmers value a relationship with Omnia not only based on a brand loyalty level, but also on an economical level. The mean for all the questions on calculative commitment is 73.75%.

3.3.2.7 Affective commitment

The mean values and standard deviation on the influence that affective commitment has are summarised in table 3.9.

Table 3.9: Mean scores and standard deviation of affective commitment

Code	Question	STD Dev	Mean %
ACM 01	I take pleasure in being a customer of Omnia.	0.91	72.90
ACM 02	Omnia is the fertilizer company that takes best care of their customers.	0.94	76.36
ACM 03	There is a presence of reciprocity in my relationship with Omnia.	1.00	76.54
ACM 04	I have feelings of trust towards Omnia.	0.99	76.18
	Mean		75.5

Questions ACM 02, ACM 03 and ACM 04 are all at the level of excellence. Question ACM 01 with a mean of 72.90 is very close to excellent while the overall mean of the questions are at 75.5%.

3.3.2.8 Involvement

The influence of involvement in terms of the standard deviation and mean values of the questions are presented in table 3.10.

Table 3.10: Mean scores and standard deviation of involvement

Code	Question	STD Dev	Mean %
INV 01	I notice information that is related to Omnia.	0.85	60.90
INV 02	I like to know more about Omnia.	0.89	66.00
INV 03	I pay a lot of attention to anything about Omnia.	0.74	56.90
INV 04	I keep up with things related to Omnia.	0.78	54.18
	Mean		59.5

Question INV 02 has the highest mean of 66%. This means that it is important for farmers to gain information and knowledge about Omnia. However, question INV 01 that measures information transfer from Omnia to farmers, has a mean of 60.90%. This indicates that the information is not recognised by farmers, either in the sense of irrelevance or familiarisation.

Questions INV 03 and INV 04 are below the satisfactory level with scores of 56.90% and 54.18% respectively. This clearly indicates that farmers do not spend time on assessing the available information. Overall, the mean for the entire question on involvement are 59.90% indicating that farmers are uninvolved with Omnia. This is a clear message that farmers view information messages as unimportant.

3.3.2.9 Trust

The mean scores and standard deviation on trust are summarised in table 3.11.

Table 3.11: Mean scores and standard deviation of trust

Code	Question	STD Dev	Mean %
TST 02	Omnia can be relied on to keep its promise.	0.84	69.81
TST 03	Omnia puts the customer`s interest first.	0.88	75.27
TST 05	Omnia always delivers on what they promise		66.90
	Mean		70.66

Questions TST 03 is in the category of excellence, having a mean score of 75.27%. However, questions TST 02 and TST 05 do have lower mean scores but are still in the

range of important and satisfied, but can be developed to become excellent. These two questions clearly indicate that there is a principle of over promise and under deliver, from Omnia to farmers. The overall mean score of trust is at a satisfactory level of 70.66%.

3.3.2.10 Confidence

The influence of confidence is summarised in table 3.12 in terms of the mean scores and standard deviation.

Table 3.12: Mean scores and standard deviation of confidence

Code	Question	STD Dev	Mean %
CFD 01	Omnia gives me a feeling of trust.	0.84	72.9
CFD 02	Omnia gives me a trustworthy impression.	0.90	74.3
CFD 03	I have trust in Omnia.	0.93	72.9
CFD 04	Omnia is a name I can always trust.	0.86	72.9
	Mean		73.27

All the questions have mean scores close to 75%, with an overall mean of 73.27%. This indicates that farmers have confidence in Omnia, but with a little improvement, *Confidence* should move up into the 75% range of importance.

3.3.2.11 Integrity

The mean scores and standard deviation on the influence of integrity are summarised in table 3.13.

Table 3.13: Mean scores and standard deviation of integrity

Code	Question	STD Dev	Mean %
INT 01	Omnia always treats me fairly.	0.81	86
INT 02	If a problem arises, I can always count on Omnia to reach a fair and satisfactory resolution.	0.82	92
INT 03	All Omnia customers are treated the same regardless of how much they purchase.	1.07	68

INT 04	Even in turbulent times I can trust that Omnia will be there for me.	0.89	67
	Mean		78.5

Question INT 02 has a mean of 92%, the highest of all the questions in the study, while question INT 03 has a mean score of 86%. The mean scores of both questions can be interpreted as highly important and excellent, indicating that farmers see Omnia as a fair and knowledgeable company. Despite the high score of question INT 01, farmers feel that you are treated better the more you purchase, as indicated by the score of 68% for question INT 03.

It is important to understand that there is a high degree of risk involved in farming, such as droughts, flooding, low international grain prices and high fertilizer prices (as was the case in 2008 to 2009). Therefore, question INT 04 with a score of 67%, indicates that farmers value the support they will get from Omnia in these turbulent times. The overall mean for integrity is still at 78.5% indicating a high degree of satisfaction and excellence.

3.3.2.12 Pride

The influences of pride are presented in table 3.14 in terms of standard deviation and mean scores.

Table 3.14: Mean scores and standard deviation of pride

Code	Question	STD Dev	Mean %
PRD 01	I feel proud to be an Omnia customer.	0.92	71.81
PRD 02	Omnia always treats me with respect.	0.90	79.81
PRD 03	I always enjoy my experience with Omnia.	0.93	76.18
PRD 04	I always have a warm and comfortable feeling when visited by Omnia.	0.97	78.18
	Mean		76.5

The overall mean of pride is 76.5% and is at a level of highly important and excellent. Except for question PRD 01, which is at 71.81%, the rest of the questions that measure pride are all at the level of excellent. The high score of 79.81% pertaining to question PRD 03 clearly indicates that farmers value the respect that they receive from Omnia.

3.3.2.13 Passion

The influences of passion are presented in table 3.15 in terms of the standard deviation and mean scores.

Table 3.15: Mean scores and standard deviation of passion

Code	Question	STD Dev	Mean %
PSN 01	Omnia is the perfect company for people like me.	0.94	68.72
PSN 04	I am passionate about Omnia.	0.98	66.36
	Mean		66.72

According to Applebaum (2005:1), passion is the highest rung of emotional attachment that a customer can possess. The two questions that measure passion, PSN 01 and PSN 04, have mean scores of 68.72% and 66.36% respectively. This means that despite high scores on recommend and repurchase, there is a perception by farmers that Omnia does not always deliver on what is promised and this leads to an overall mean score of 66.72% for passion.

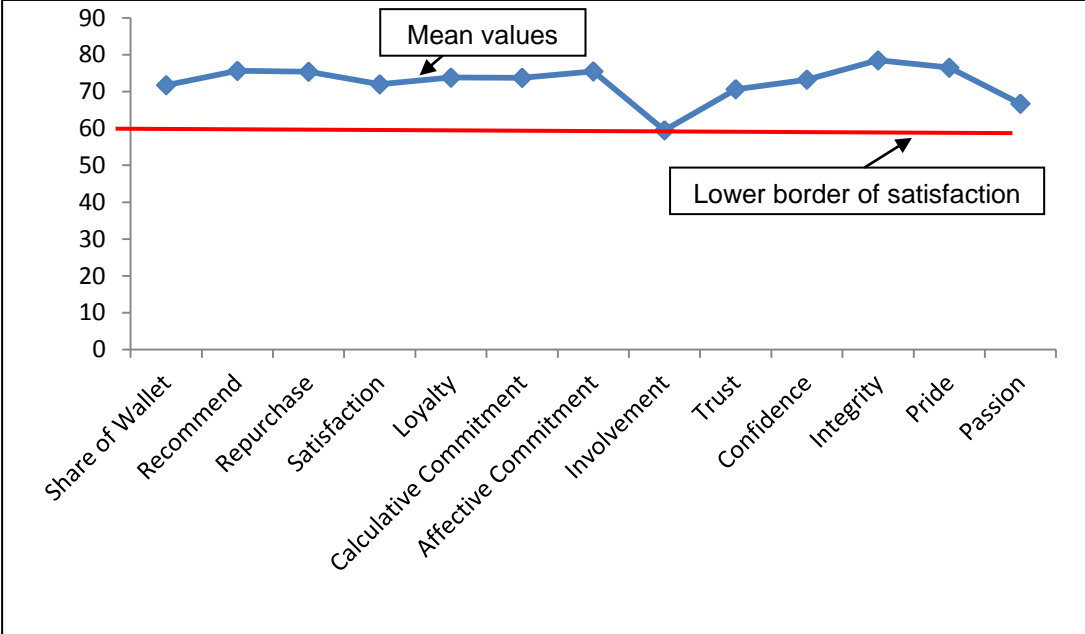
3.3.3 Summary mean values

The mean values of the customer engagement influences are summarized in table 3.16 and are graphically presented in figure 3.5 below.

Table 3.16: Mean Scores of Customer Engagement Influences

Influence	Mean %
Share of Wallet	71.75
Recommend	75.63
Repurchase	75.40
Satisfaction	72.00
Loyalty	73.81
Calculative Commitment	73.75
Affective Commitment	75.50
Involvement	59.50
Trust	70.66
Confidence	73.27
Integrity	78.50
Pride	76.50
Passion	66.72

Figure 3.6: Mean values of Customer Engagement Influences



The thirteen customer engagement influences are analysed and interpreted on the principle that was set by Bisschoff and Hough (1995) (cited by Salim, 2011:48). The red line in figure 3.5 is used as a marker to indicate the minimum level of 60% satisfaction. In this regard, it is only involvement, at 59.5%, that falls below the satisfactory level of 60%. This means that immediate action is required to develop involvement to higher satisfactory levels.

Furthermore, it is indicated that the influences of Recommend, Repurchase, Affective Commitment, Integrity and Pride are all at levels of >75%. Therefore, these five influences must be managed to stay on top.

It is illustrated that the remaining seven influences Share of Wallet, Satisfaction, Loyalty, Calculative Commitment, Trust, Confidence and Passion are at the level of 60%-75%. However, at 66%, Passion is at the lower end of the satisfaction and important scale whereas the remaining influences in this category are at the upper end (that is >70%, and <75%). This means that these influences need some managerial attention to increase the level of satisfaction.

3.3.4 Multivariate analysis

The data was subjected to a principal factor analysis using a normalised Varimax rotation because of the exploratory nature of the study (Field, 2007:748). However, to test if factor analysis is a suitable analytical tool to employ, the data were subjected to the Kaizer-Meyer-Olkin (KMO) test of sampling adequacy and the Bartlett's test of sphericity. The results of the KMO and Bartlett's test are presented in table 3.17.

Table 3.17: KMO and Bartlett`s test

Kaizer-Meyer-Olkin		.944
Bartlett`s test of Sphericity	Approx.Chi-Square	6747.182
	df	1128
	Sig.	.000

The KMO measures the adequacy of the sample for multivariate analysis. The measure returns values between 0 and 1. A value striving towards 1 indicates that the sample is adequate for multivariate analysis while values declining below 0.70 signify that multivariate statistical analysis (such as factor analysis) is inappropriate because the sample does not support advanced statistical analysis (Field, 2007:640). In this study, the KMO value exceeds the required 0.70 with ease, portraying a very satisfactory value of 0.944. This indicates that factor analysis can be employed because the sample is more than adequate to do so.

Furthermore, Bartlett`s measure tests the null hypothesis that the original correlation matrix is an identity matrix where all the correlation coefficients would be zero (Field, 2007:652). The author further argues that this test needs to be significant (i.e. have a significance value less than 0.05) since a significant test tells us that the *R*- matrix is not an identity matrix and that there are some relationships between the variables that are included in the analysis. For this data, the Bartlett`s test is highly significant and as a result supports the KMO measure in selecting factor analysis as appropriate statistical technique. Resultantly, exploratory factor analysis was employed to perform the advanced multivariate analysis.

3.3.4 Factor Analysis

One good method of screening for efficient items is to run an exploratory factor analysis on all items contained in the survey to weed out those variables that failed to show high correlation (Santos, 1999:4). In this regard, the purpose of factor analysis, namely to simplify the data set, is served (Field, 2007:667).

3.3.4.1 Factor extraction

In table 3.18 the initial eigenvalues, extraction sums of squared loadings and rotation sums of squared loadings are summarised. According to Field (2005:6), the eigenvalues associated with each factor represent the variance explained by that particular linear component. Furthermore, table 3.18 also displays the eigenvalues, and it needs to be noted that only factors with eigenvalues exceeding 1, were extracted.

In total five factors have been identified with eigenvalues greater than 1. These factors explain a cumulative 77% of the variance. This exceeds the desired 60% variance as stated by Shukia (as cited by Kadé & Bisschoff, 2010:7) with ease. Factor 1 explained 28.17% of the variance, factor 2 explained 17.23% thereof while the other factors explained 13.45%, 9.49% and 8.44%, respectively.

Table 3.18: Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	30.611	63.773	63.773	30.611	63.773	63.773	13.524	28.175	28.175
2	1.999	4.165	67.938	1.999	4.165	67.938	8.274	17.237	45.412
3	1.624	3.383	71.322	1.624	3.383	71.322	6.456	13.450	58.862
4	1.477	3.077	74.399	1.477	3.077	74.399	4.558	9.497	68.358
5	1.152	2.401	76.799	1.152	2.401	76.799	4.052	8.441	76.799

To eliminate all non-loading criteria the minimum factor loadings was set at 0.4 (Field, 2005:7). Therefore, in the rotated component matrix, as presented in table 3.19, it is clear that a total of six statements did not load with factor loadings equal or higher than 0.4. These statements are omitted from the table and are shown separately in table 3.20.

Table 3.19: Rotated Component Matrix^a

Engagement Items	Component				
	1	2	3	4	5
RCM 01	.819				
RCM 02	.799				
RCM 03	.794				
STF 01	.737				
RPH 02	.693				
RPH 03	.692				
STF 03	.679				
RCM 04	.678				
RPH 01	.674				
ACM 04	.668				
LTY 04	.660				
ACM 01	.655				
ACM 03	.655				
CFD 01	.644				
LTY 01	.641				
CCM 01	.631				
ACM 02	.614				
STF 02	.609				
PRD 01	.568				
PSN 01	.551				
PSN 04	.534				
TST 05		.772			
TST 02		.738			
STF 04		.644			
CFD 04		.643			
CFD 02		.624			
CCM 03		.596			
STF 05		.566			
CFD 03		.550			
INT 04		.534			
INT 02			.821		
INT 01			.737		
PRD 02			.666		
PRD 04			.634		
PRD 03			.620		
TST 03			.501		
INV 03				.880	

Engagement Items	Component				
	1	2	3	4	5
INV 04				.784	
INV 01				.614	
INV 02				.581	
INT 03					.745
LTY 03					.555

a. Rotation converged in 7 iterations

Table 3.20: Discarded Items

Dimension	Code	Question
Loyalty	LTY02	I will continue to purchase from Omnia even if they raise their prices
Calculative Commitment	CCM 02	I would suffer economically if my relationship with Omnia would end
Trust	TST 01	I am confident about the quality of products that Omnia delivers
Trust	TST 04	I can count on Omnia to deliver a good service
Passion	PSN 02	I cannot imagine a world without Omnia
Passion	PSN 03	My days would not be the same without Omnia

3.3.4.2 Factor identification

Based on the purification of the data, by using factor analysis, five factors were identified to include in a model to measure customer engagement. The five factors are identified and labelled as:

- **Factor 1: Repurchase**

Factor 1 is the most important factor and has been identified as *repurchase*. Factor 1 explains a total variance of 28.17%. The 21 items loading onto Factor 1 point to willingness and positive recommendations, repurchase intentions, feelings of trust, reciprocity and pleasure, economic advantages, passion and proudness and lastly a willingness to maintain the relationship.

- **Factor 2: Trust**
Factor 2 has been identified as *Trust*. There are nine items loading onto Factor 2 and they point to the concepts trust, promises, satisfaction and delighted. The total variance explained by Factor 2 is 17.23%.
- **Factor 3: Integrity**
Factor 3 has been identified as *Integrity*. The six items loading onto Factor 3 are resolving problems fairly and satisfactorily, respect, feeling of warmth and comfort, enjoyment of visiting experience and putting the interest of the customer first. The total variance explained by Factor 3 is 13.45%.
- **Factor 4: Involvement**
Factor 4 has been identified as *Involvement*. The four items loading onto Factor 4 are paying attention to anything about the company, notice information related to the company, keeping up with things related to the company as well as noticing information related to the company. The total variance explained by Factor 4 is 9.49%.
- **Factor 5: Loyalty**
Factor 5 has been identified as *Loyalty*. The two items that load onto Factor 5 are firstly; treating all customers the same independent of purchase volume and secondly, not considering switching to another fertilizer company. The total variance explained by Factor 5 is 8.55%.

3.3.4.3 Reliability of data

According to Santos (1999:1), reliability comes to the forefront when variables developed from summated scales are used as predictor components in objective models. Cronbach (1951), cited by Santos (1999:1) argues that the most popular reliability statistics in use today is Cronbach's alpha. Table 3.20 is a summary of the reliability score for this research data. The Cronbach Alpha measurement is 0.987 and this indicates a very satisfactory level (Field, 2007:666-667).

Table3.21: Reliability Statistics

Cronbach's Alpha	N of Items
.987	48

3.4 CONCLUSION

The chapter presented the research criteria and measuring statements, the scale used and explained the process of data collection. In addition, the chapter presented the demographic profile of the respondents and their expression on the satisfaction or dissatisfaction with Omnia as choice provider of fertilizer to the farmers. Finally, after ensuring that the data is suitable for multivariate analysis by means of the KMO and Bartlett tests, an exploratory factor analysis identified five factors namely: *Repurchase, Trust, Integrity, Involvement* and *Loyalty*. These factors play an important role in managing and maintaining customer engagement.

The next chapter is the final chapter of the study. It draws conclusions, offers recommendations and highlights areas for possible future research.

4 CHAPTER FOUR: CONCLUSIONS AND RECOMMENDATIONS

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4.1 INTRODUCTION

This chapter is the final chapter of the study. It presents the conclusions drawn from the study, makes some recommendations and also points to areas where possible future research could be conducted. Furthermore, the chapter presents an adapted customer engagement model. The chapter concludes with a summary of the study.

4.2 CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations of this study are dealt with in pairs. This means that each conclusion has its own recommendation. For example, conclusion 1 is immediately followed by recommendation 1, which pertains to the specific conclusion.

4.2.1 Research methodology

In terms of the research methodology, statistical techniques, validity of the questionnaire and the reliability of the data it can be concluded that:

CONCLUSION 1 (a)

The Kaizer-Meyer-Olkin Measure of Sampling Adequacy (KMO) and the Bartlett's test of sphericity are suitable measures to determine if exploratory factor analysis could be employed to analyse the data.

CONCLUSION 1 (b)

Factor analysis was an appropriate statistical tool to use in this study because it yielded five factors that explained satisfactory variances.

CONCLUSION 1 (c)

The data for this study is reliable as confirmed by the Cronbach Alpha coefficients.

RECOMMENDATION 1

This recommendation pertains to all three the conclusions 1(a), 1(b) and 1(c). It is recommended that the statistical process and techniques followed in this study are suitable to employ in future studies and by other researchers in similar studies. The KMO successfully confirmed that the sample was adequate and that multivariate statistics could be performed. The Bartlett`s test indicated that the internal relationships are also ignorable, and that advanced analysis is suitable.

Furthermore, the data collected by means of the questionnaire are reliable, and signifies that the developed questionnaire be used in future research to measure customer engagement. However, it is important to adhere to the minor adaptations of the questionnaire as was identified in this study.

4.2.2 Customer engagement influences

Regarding the customer engagement influences, the following conclusions and recommendations can be made:

CONCLUSION 2

The statistical analysis has identified five factors of customer engagement (*Repurchase, Trust, Integrity, Involvement, and Loyalty*) out of the proposed 11 influences. Although the remaining six influences could not be confirmed, it must be noted that the factor analysis regrouped and incorporated the initial influences obtained from literature, to simplify the data set. In addition, six of the questions were also discarded. This leads to the conclusion that the factor analysis did simplify the data set (as it was supposed to do), and discarded the less important questions from the questionnaire. In essence, not all the influences contribute to customer engagement.

RECOMMENDATION 2

It is recommended that an adapted questionnaire should be used when measuring customer engagement in the fertilizer industry, and that the discarded criteria be eliminated as non-contributing influences in future research.

CONCLUSION 3

Although conclusion 2 indicated that some influences did not contribute to the factors extracted from the research, it is important to note that the respondents rated all the influences as important when the inferential statistics were applied (as measured by mean scores bigger or equal to 70%). In addition, the importance of all the influences on customer engagement, as shown by the inferential statistics, indicated that two influences did not fare well. These are involvement and passion. This leads to the conclusion that these two influences need to be improved.

RECOMMENDATION 3 (a)

It is recommended that management devote special attention to the level of involvement that farmers have with Omnia, with the main focus on the relevance, quality and quantity of information that is transferred to customers.

RECOMMENDATION 3 (b)

In respect of passion, it is recommended that management apply the principle of, *under promise and over deliver* to the company's customers. By delivering more than what was promised, customers will get excited and increase their passion for the company.

4.2.3 Future research

Finally, with regard to future research it can be concluded that:

CONCLUSION 4

Although this study did have a favourable response rate of 110 respondents (and statistically adequate as measured by the KMO), it is still not representative of the South African farming population. Furthermore, the study was conducted in the Eastern Free

State, where farming practices and climatic conditions are different from other geographical regions. It is thus concluded that although this study was isolated, it is a first step in the way forward to measure customer engagement in the South African fertilizer industry.

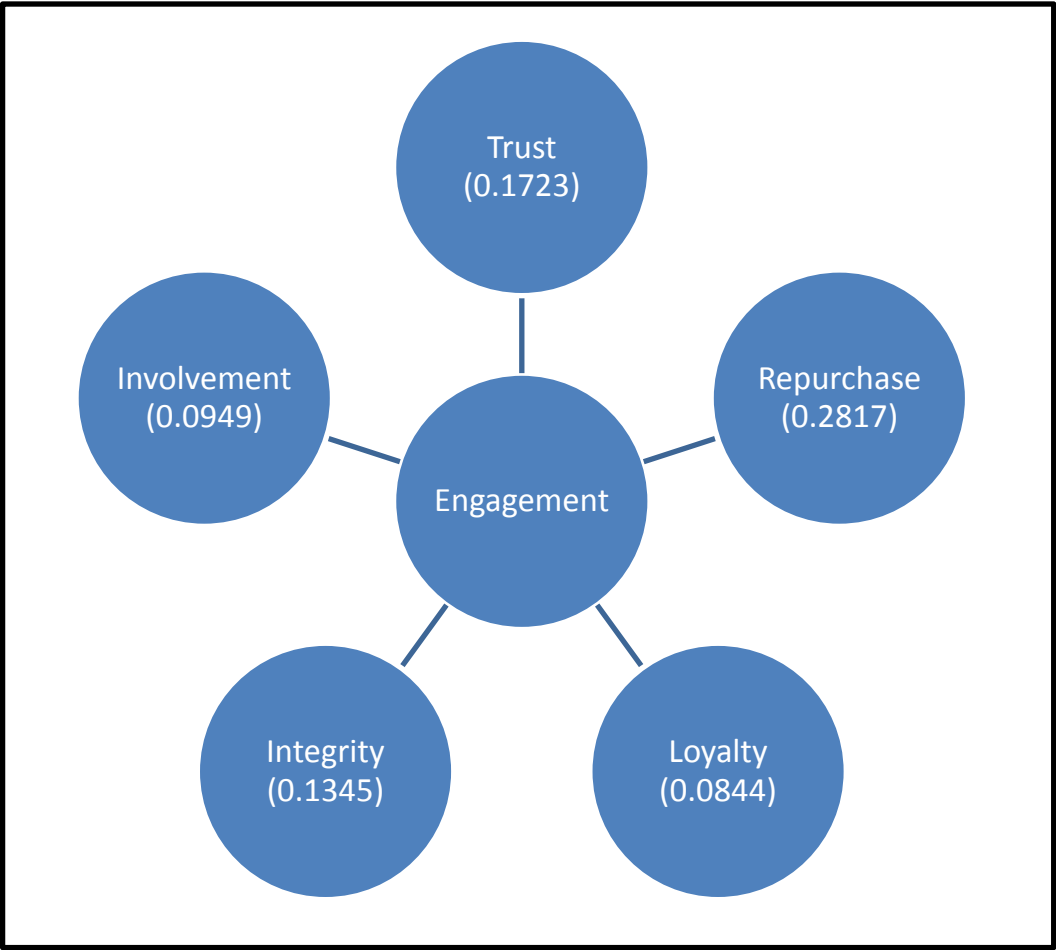
RECOMMENDATION 4

It is recommended that the study should be repeated on a larger scale and also in other geographic areas taking into account their own unique farming practices and climatic conditions.

4.3 CUSTOMER ENGAGEMENT MODEL

In chapter 2, a theoretical model for customer engagement was proposed which consisted of eleven possible influences. However, in chapter three, the statistical analysis identified only five influences. Therefore, the customer engagement model was adapted and is presented in figure 4.1 below.

Figure 4.1: Adapted model of customer engagement



4.4 AREAS FOR FUTURE RESEARCH

The following areas have been identified for future research:

- Additional research on the influences of customer engagement to confirm and redefine the engagement model;
- Expansion of the research to incorporate a wider range of geographic farming areas and practices, and finally
- Research on the relevance of information that is transferred to farmers.

4.5 SUMMARY

In this study, the concept of customer engagement was researched on the basis of a proposed engagement model. The aim was to determine to what degree the different influences contribute to the degree of customer engagement.

The study has shown that customer engagement can be considered as a major building block in the creation of higher degrees of customer loyalty, recommendations and repurchase. Furthermore, the study shows that higher levels of customer engagement can be achieved through the important influences of trust, integrity and involvement.

Chapter one was an introduction to the study and elaborated on the purpose as well as the objectives. Furthermore, the sample and geographic area was pointed out and the chapter was concluded with the limitations of the study.

Chapter two presented an in-depth literature study on the topic of customer engagement and elaborated on the eleven influences. This was presented in a proposed customer engagement model.

In chapter three, the results of the study were presented. The chapter elaborated on the research methodology, statistical analysis and interpretation of the findings. Validity of the data and the questionnaire was confirmed by Cronbach Alpha and exploratory factor analysis, respectively. The Bartlett's test of sphericity confirmed the appropriateness of factor analysis while the Kaizer-Meyer-Olkin measure statistically

indicated an adequate sample size. Six criteria were omitted based on the statistical analysis, where after the remainder of criteria were employed to calculate the importance of each of the influences on customer engagement.

The study concludes with chapter four. This chapter elaborates on conclusions, recommendations and possible future research. Furthermore, the chapter presents an adapted model for measuring customer engagement in the South African fertilizer industry.

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APPENDIX 1: QUESTIONNAIRE

Dear Respondent,

I am completing my MBA at the North West University, Potchefstroom. The topic of my MBA dissertation is on determining the level of customer engagement for Omnia Fertilizer Pty Ltd.

I would be grateful if you would be so kind to complete the attached questionnaire. I understand you are extremely busy and your contribution to my research is greatly appreciated.

Completing the questionnaire will take approximately 10 minutes. Please mark the appropriate question with a X, in the box provided.

Thank you for your kind assistance.

Yours sincerely,

John Craven

Customer Engagement Questionnaire

Demographics

1. **Age Group.**

20-30	31-40	41-50	51-60	>60
-------	-------	-------	-------	-----

2. **Gender.**

Male	Female
------	--------

3. **Years as a farmer.**

1-10	11-20	21-30	31-40	>40
------	-------	-------	-------	-----

4. **Fertilizer volumes.**

1-100	101-200	201 -300	301 - 400	>400
-------	---------	----------	-----------	------

5. **Fertilizer Type.**

Prilled	Liquid
---------	--------

Share of Wallet

6. **Do you purchase fertilizer only from Omnia?**

Yes	No
-----	----

7. **Except NPK fertilizer, do you purchase other products from Omnia?**

Yes	No
-----	----

Recommend

8. **I am willing to encourage individuals to do business with Omnia.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

9. **I am willing to recommend Omnia whenever anyone seeks my advice.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

10. **My recommendations about Omnia would have been positive.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

11. **I have only good things to say about Omnia.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Repurchase

12. **I have intention to repurchase from Omnia.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

13. **It is likely that I will repurchase from Omnia.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

14. **I expect to purchase from Omnia in the future.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Satisfaction

15. **My choice to use Omnia was a wise one.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

16. **Overall, I am satisfied with Omnia.**

Not Satisfied	Little Satisfied	Moderate Satisfied	Satisfied	Very Satisfied
---------------	------------------	--------------------	-----------	----------------

17. **I feel good about using Omnia.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

18. **I am always delighted with Omnia`s service.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

19. **Overall, how satisfied are you with Omnia?**

Not Satisfied	Little Satisfied	Moderate Satisfied	Satisfied	Very Satisfied
---------------	------------------	--------------------	-----------	----------------

Loyalty

20. **I consider Omnia as the first choice when choosing a fertilizer company.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

21. **I will continue to purchase from Omnia even if they raise their price.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

22. **I seldom consider switching to another fertilizer company.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

23. **I am willing to maintain my relationship with Omnia.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Calculative Commitment

24. **It pays off economically to be a customer of Omnia.**

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

25. I would suffer economically if my relationship with Omnia would end.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

26. Omnia has location advantages versus other companies.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Affective Commitment

27. I take pleasure in being a customer of Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

28. Omnia is the fertilizer company that takes best care of their customers.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

29. There is a presence of reciprocity in my relationship with Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

30. I have feelings of trust towards Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Involvement

31. I notice information that is related to Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

32. I like to know more about Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

33. I pay a lot of attention to anything about Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

34. I keep up with things related to Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Confidence

35. Omnia gives me a feeling of trust.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

36. Omnia gives me a trustworthy impression.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

37. I have trust in Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

38. Omnia is a name I can always trust.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Trust

39. I am confident about the quality of products that Omnia deliver.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

40. Omnia can be relied on to keep its promise.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

41. Omnia puts the customer`s interest first.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

42. I can count on Omnia to deliver a good service.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

43. Omnia always delivers on what they promise.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Integrity

44. Omnia always treats me fairly.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

45. If a problem arises, I can always count on Omnia to reach a fair and satisfactory resolution.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

46. All Omnia customers are treated the same regardless of how much they purchase.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

47. Even in turbulent times I can trust that Omnia will be there for me.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Pride

48. I feel proud to be an Omnia customer.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

49. Omnia always treats me with respect.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

50. I always enjoy my experience with Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

51. I always have a warm and comfortable feeling when visited by Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Passion

52. Omnia is the perfect company for people like me.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

53. I cannot imagine a world without Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

54. My days would not be the same without Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

55. I am passionate about Omnia.

Strongly disagree	Disagree	Moderate	Agree	Strongly Agree
-------------------	----------	----------	-------	----------------

Thank you for your valuable time!

APPENDIX 2: GALLUP PERMISSION

Permissions <Permissions1@gallup.com>

2013/02/25 09:37 PM To
"JCraven@OMNIA.CO.ZA" <JCraven@OMNIA.CO.ZA>
cc

bcc

Subject
RE: Gallup Permissions

History:

This message has been replied to.

Thank you for your request. Our internal review board met and decided that it is permissible for you to use the CE11 questionnaire as long as you report back all findings to Dr. Fleming. His email is: john_fleming@gallup.com

Bests,
Gallup Permissions

From: JCraven@OMNIA.CO.ZA [mailto:JCraven@OMNIA.CO.ZA]
Sent: Thursday, February 21, 2013 12:34 AM
To: Permissions
Subject: Re: Gallup Permissions

Hallo

Thank you for the opportunity to communicate with you.

The answers to your questions.

1. The research is conducted by me, for completion of a MBA degree.

Credentials: John Craven
P O Box 2473
Bethlehem
South Africa
Contact Number: +27 836261783
Agronomist: Omnia fertilizer
e mail: jcraven@omnia.co.za

My study leader is Prof Christo Bischoff at North West University
Potchefstroom South Africa.

Credentials: Prof Christo Bischoff
North West University
Potchefstroom
South Africa
Contact Number: +27 182991411
e mail: Christo.Bisschoff@nwu.ac.za

2. The objective is to measure the level and degree of Customer Engagement for Omnia Fertilizer.
3. The sample is grain farmers in the Freestate Province of South Africa. Due to limitations of financial resources, the decision was made to do the research in this geographic area. The population is approximately 400 farmers and the sample will be around 100. The CE 11 Questionnaire of Gallup will be used in this research.
4. It would very helpful if Gallup`s Scientist can give inputs and feedback on the research!!!!
5. The results are for MBA research and will be published on the Internet.
6. Findings will be published internationally

Kind Regards
John Craven.

Permissions <Permissions1@gallup.com>

2013/02/20 11:54 PM

To "jcraven@omnia.co.za" <jcraven@omnia.co.za>
cc

Subject Gallup Permissions

Hello –

We will need to submit your request to our internal review board who meets monthly to review permission requests. Please answer the following questions and we will submit it for review. Thanks.

1. Who will conduct the research and what are their credentials?
2. What is the objective of the research - what is the research question?
3. What is the design (including a description of the sample and sample size)?
4. Would the researcher be willing to adjust their research and methodologies based on Gallup's Scientists' feedback and involvement?
5. To whom would the results be published?
6. Would the researcher allow Gallup's approval of public release of the findings?

Thank you,
Gallup Permissions

From: Client Support Team

Sent: Monday, February 18, 2013 12:19 PM

To: Permissions

Subject: WWW.GALLUP.COM Escalation - Incident #1810203

------(Original Message)-----

Contact: John Craven
Phone:
From: jcraven@omnia.co.za
To: GallupHelp@gallup.com
Sent: 2/18/2013 11:36 AM
CC:
Subject: [CORP] Contact Form --Gallup.com

Full Name: John Craven Email: jcraven@omnia.co.za Company or Organization:
Company Size: Title or Position: Phone: +27 836261783 City: Bethlehem
State: Country: ZA

Message: Good Day I would like to get hold of John Fleming, Ph.d, in connection with the CE(11), 11 question metrics of customer engagement. As a final year MBA student, I would like to get permission to use the CE(11) questionnaire in my thesis to determine the degree of committed and emotionally engaged customer for a fertilizer company in South Africa. Is it possible to give me that permission in writing, or do I need to follow an alternative communications channel?

Kind Regards

John Craven

=====

Technical Information HTTP

Refererhttp://www.gallup.com/contactUs/default.aspx User's
AgentMozilla/4.0 (compatible; MSIE 8.0; Windows NT 6.1; Trident/4.0;
SLCC2; .NET CLR 2.0.50727; .NET CLR 3.5.30729; .NET CLR 3.0.30729; Media
Center PC 6.0) Date/Time Stamp2/18/2013 11:36:28 AM User's Languageen-ZA
User's IP41.13.182.15 Server Name64WEB6 Server IP192.168.198.26

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