

Factors influencing customer retention, satisfaction and loyalty in the South African banking industry

Frederik Willem Craucamp
22576770

BSc Actuarial and Financial Mathematics
BSc (Hons) Financial Engineering

Mini-dissertation submitted for the degree Master in Business
Administration at the Potchefstroom Campus of the North-West
University

Promoter: Dr. C Botha

November 2012

NOTE

The reader should keep the following in mind:

- Chapter 2 is submitted in the form of a research article. It has been structured in such a way that it could potentially be split into three separate research articles with relative ease.
- The author performed the statistical analysis himself as he is experienced and trained in the statistical field.
- The editorial style as well as the references referred to in this mini-dissertation follow the Harvard method which is compliant with the policies of the Masters in Business Administration (MBA) programme at the North-West University (NWU).
- Unless otherwise specified, “****” refer to “< 0.001”.

PREFACE

I would like to express my sincere gratitude to the following people, without whom this research would not have been possible:

- Dr. C. Botha, for his personal commitment and effort, consistent interest and professional guidance.
- The Potchefstroom Business School (PBS) and North-West University (NWU) for making this research possible.
- Mr. Keith Hanson for the language editing.
- My family and friends who supported me in many practical ways and never stopped believing in me.
- My Creator and Lord, for giving me the opportunity, as well as strength to complete this study.
- I especially want to thank my father and mother, Frik and Yvonne Craucamp. Thanks for your unconditional love, care and support throughout my life.
- Finally I would like to thank the love of my life Adéle van Niekerk for her endless love and encouragement throughout this entire journey. Without whom I would have struggled to find the inspiration and motivation needed to complete this dissertation.

*I dedicate this dissertation to
my family and Adéle van Niekerk
for their constant support and unconditional love.
I love you all dearly.*

ABSTRACT

Subject: Factors influencing customer retention, satisfaction and loyalty in the South African Banking Industry.

Keywords: customer loyalty, customer retention, customer satisfaction, banking industry.

Customer retention, loyalty and satisfaction are extremely important elements in any company's strategy, especially in the highly competitive South African banking industry. Understanding the various factors that could influence these constructs is therefore critical to organizational success.

Several studies showed the impact of these measures on profitability and shareholder value, but there has been little effort to access the factors that might lead to higher levels of retention, loyalty and satisfaction, especially in the banking industry.

This paper examines the antecedents of customer retention, satisfaction and loyalty. These possible factors include: perceived value, perceived corporate image, perceived competitive advantage, perceived switching barriers, communication, knowledgeable employees, empowerment, personalisation, ethical behaviour, fees, relationship marketing, service quality (core and relational) as well as enabling service features.

The results indicated that customer loyalty, customer satisfaction, switching barriers and communication had a significant impact on customer retention; customer loyalty, perceived value, perceived corporate image, retention, empowerment and relationship marketing had a significant impact on customer satisfaction; and customer satisfaction, switching barriers, perceived value, customer retention, fees, competitive advantage and relationship marketing had a significant impact on customer loyalty. It is evident that there is a close relation between satisfaction, retention and loyalty as all three influence each other in some way or another.

TABLE OF CONTENTS

ABSTRACT	iv
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF APPENDICES	xi
LIST OF ABBREVIATIONS	xii

CHAPTER 1

1.1. INTRODUCTION/BACKGROUND	1
1.1.1. Research Topic	1
1.1.2. Background	1
1.2. PROBLEM STATEMENT	4
1.3. OBJECTIVES	6
1.4. SIGNIFICANCE OF THE RESEARCH	7
1.5. RESEARCH METHODOLOGY AND DATA COLLECTION	7
1.6. DATA ANALYSIS	8
1.7. DIVISION OF CHAPTERS	8
1.8. CHAPTER SUMMARY	9
1.9. REFERENCES	10

CHAPTER 2: RESEARCH ARTICLE

2.1 ABSTRACT	15
2.2 INTRODUCTION	16
2.3 LITERATURE REVIEW	17
2.3.1 South African Banks	17
2.3.2 Retention	17
2.3.3 Satisfaction	18
2.3.4 Loyalty	19

2.3.5	Perceived Value	20
2.3.6	Perceived Corporate Image.....	20
2.3.7	Perceived Competitive Advantage	21
2.3.8	Perceived Switching Barriers.....	22
2.3.9	Communication	22
2.3.10	Knowledgeable Employees	23
2.3.11	Empowerment	23
2.3.12	Personalisation.....	23
2.3.13	Ethical Behaviour	23
2.3.14	Fees	24
2.3.15	Relationship Marketing	24
2.3.16	Service Quality Core & Relational	25
2.3.17	Enabling Service Features	26
2.4	OBJECTIVE AND PURPOSE	26
2.5	HYPOTHESES.....	27
2.6	CONCEPTUAL MODEL	29
2.7	METHOD.....	31
2.7.1	Research Design	31
2.7.2	Measuring Instrument and Participants	31
2.7.3	Statistical Analysis.....	32
2.8	RESULTS.....	33
2.8.1	Descriptive Statistics	33
2.8.2	SEM Results.....	33
2.8.2.1	Customer Retention	33
2.8.2.2	Customer Satisfaction	39
2.8.2.3	Customer Loyalty	46
2.8.3	Validity.....	53
2.8.3.1	Definition	53
2.8.3.2	Customer Retention	53
2.8.3.3	Customer Satisfaction	54
2.8.3.4	Customer Loyalty	54
2.8.4	Reliability	54
2.9	HYPOTHESIS TESTING	55

2.10	DISCUSSION.....	56
2.11	LIMITATIONS.....	58
2.12	RECOMMENDATIONS.....	58
2.13	REFERENCES.....	60

CHAPTER 3

3.1.	CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS.....	71
3.2.	CONCLUSIONS.....	71
3.3.	LIMITATIONS.....	75
3.4.	RECOMMENDATIONS.....	76
3.5.	REFERENCES.....	78

BIBLIOGRAPHY

BIBLIOGRAPHY	82
--------------------	----

APPENDICES

APPENDIX A (Model for Retention without Covariance structure)	100
Estimates	100
Model Fit Summary.....	102
Modification Indices	104
Notes for Model.....	110
APPENDIX B (Model for Retention with Covariance structure)	111
Estimates	111
Model Fit Summary.....	114
Notes for Model.....	115
APPENDIX C (Validity for Retention Model with Covariance structure)	116
Estimates	116
APPENDIX D (Model for Satisfaction without Covariance structure)	118
Estimates	118

Modification Indices	121
Model Fit summary	124
Notes for Model.....	125
APPENDIX E (Model for Satisfaction with Covariance structure)	127
Estimates	127
Model Fit Summary.....	131
Notes for Model.....	132
APPENDIX F (Validity for Satisfaction Model with Covariance structure)	133
Estimates	133
APPENDIX G (Model for Loyalty without Covariance structure)	135
Estimates	135
Modification Indices	138
Model Fit Summary.....	152
Notes for Model.....	154
APPENDIX H (Model for Loyalty with Covariance structure).....	155
Estimates	155
Model Fit Summary.....	159
Notes for Model.....	161
APPENDIX I (Validity for Loyalty Model with Covariance structure).....	162
Estimates	162
APPENDIX J (Questionnaire).....	164

LIST OF TABLES (IN TEXT)

Table 2.1 Customer Retention: Regression Weights.....	35
Table 2.2 Customer Retention: Standardized Regression Weights	35
Table 2.3 Customer Retention: Summary Table	35
Table 2.4 Customer Retention: Goodness-of-fit	36
Table 2.5 Customer Retention: Standardized Regression Weights	38
Table 2.6 Customer Retention: Covariances.....	38
Table 2.7 Customer Retention: Goodness-of-fit	39
Table 2.8 Customer Satisfaction: Regression Weights	41
Table 2.9 Customer Satisfaction: Standardized Regression Weights	41
Table 2.10 Customer Satisfaction: Summary Table	42
Table 2.11 Customer Satisfaction: Goodness-of-fit.....	43
Table 2.12 Customer Satisfaction: Standarized Regression Weights	44
Table 2.13 Customer Satisfaction: Covariance	44
Table 2.14 Customer Satisfaction: Goodness-of-fit.....	45
Table 2.15 Customer Loyalty: Regression Weights	47
Table 2.16 Customer Loyalty: Standardized Regression Weights	47
Table 2.17 Customer Loyalty: Summary Table	48
Table 2.18 Customer Loyalty: Goodness-of-fit.....	49
Table 2.19 Customer Loyalty: Standarized Regression Weights	51
Table 2.20 Customer Loyalty: Covariance	52
Table 2.21 Customer Loyalty: Goodness-of-fit.....	52
Table 2.22 Cronbach's Alpha.....	55
Table 2.23 Hypothesis Testing.....	56

LIST OF FIGURES

Figure 2.1 Customer Retention: Conceptual Model	29
Figure 2.2 Customer Satisfaction: Conceptual Model	30
Figure 2.3 Customer Loyalty: Conceptual Model	30
Figure 2.4 Customer Retention: SEM Model (No covariance structure).....	34
Figure 2.5 Customer Retention: SEM Model (With covariance structure)	37
Figure 2.6 Customer Satisfaction: SEM Model (No covariance structure).....	40
Figure 2.7 Customer Satisfaction: SEM Model (With covariance structure)	43
Figure 2.8 Customer Loyalty: SEM Model (No covariance structure).....	46
Figure 2.9 Customer Loyalty: SEM Model (With covariance structure)	50

LIST OF APPENDICES

- Appendix A: Model for Retention without Covariance structure
- Appendix B: Model for Retention with Covariance structure
- Appendix C: Validity for Retention Model with Covariance structure
- Appendix D: Model for Satisfaction without Covariance structure
- Appendix E: Model for Satisfaction with Covariance structure
- Appendix F: Validity for Satisfaction Model with Covariance structure
- Appendix G: Model for Loyalty without Covariance structure
- Appendix H: Model for Loyalty with Covariance structure
- Appendix I: Validity for Loyalty Model with Covariance structure
- Appendix J: Questionnaire

LIST OF ABBREVIATIONS

Abbreviation	Description
AIC	Akaike information criterion
CEO	Chief executive officer
CFA	Confirmatory factor analysis
CFI	Comparative fit index
DF	Degrees of freedom
GDP	Gross domestic product
GFI	Goodness of fit index
NCP	Noncentrality parameter
OED	Oxford English Dictionary
PGFI	Parsimony goodness-of-fit index
RMR	Root mean square residual
RMSEA	Root mean squared error of approximation
SA	South Africa
SEM	Structural equations modelling
TLI	Tucker-Lewis index

CHAPTER 1

INTRODUCTION

1.1. INTRODUCTION/BACKGROUND

1.1.1. Research Topic

This research aims to identify the various factors that lead to customer retention, customer satisfaction and customer loyalty as well as understanding the link between customer retention, satisfaction and loyalty from the perspective of the South African banking industry.

1.1.2. Background

Corporations in the United States of America lose on average half of their customers every five years. This fact shocks most CEOs who have little insight into the causes, let alone the cures for this alarming level of customer attrition (also known as closures or defections). Many companies do not even measure attrition or retention rates and therefore make little effort to prevent attrition or to use this insight as a guide to make improvements. Customer attrition, which is the inverse of customer retention, is one of the most informative measures in business. Firstly, it provides a clear sign that customers see a deteriorating stream of value from the company. Secondly, a rising attrition rate (or a dropping retention rate) gives a strong indication of diminishing current and future cash flow from customers. This is true even if the lost customers are replaced with new ones because older customers tend to produce greater cash flow and profits than newer ones. (Reichheld, 1996) Reichheld (1996) is also of the opinion that by reducing customer defection by as little as five percent per year could potentially double profits, and therefore this research paper strives to explain why certain customers are retained for a longer period of time.

Today companies are obsessed with success and they therefore continue to strive towards the lowest cost, highest volumes and fastest growth. In contradiction with this, they need to start recognizing the importance of failure analysis. Understanding the root causes of attrition is important not only for customer retention, but also for customer acquisition. This is because a new customer is some other company's old customer who defected. Therefore the factors affecting attrition, retention, satisfaction and loyalty need to be understood and managed. When measuring company performance, companies are predominantly concerned with cash flow and profit. They rarely study the one predictive statistic which truly reflects the real value the company is creating, namely customer retention. Profits are really a downstream benefit of delivering value to customers and that customer loyalty is therefore the best indicator of strategic success or failure. (Reichheld, 1996)

The greater the customer tenure (i.e. time on book) with a company, the more that customer is worth. This is because a long term customer buys more, has a lower price-sensitivity, takes up less of the company's time, brings in new customers and does not have a start-up cost involved as with a new customer acquisition. (Reichheld, 1996) Reichheld and Sasser (1990) also believe that the length of customer tenure is positively correlated with profitability. Also loyal customers are reported to have higher customer retention rates, commit a higher share of their spending to the company and are more likely to recommend the business to others by word of mouth. (Reichheld & Sasser, 1990; Zeithaml, 2000; Keiningham *et al.*, 2007)

Numerous studies found that there is indeed a link between customer satisfaction and customer retention (Anderson & Sullivan, 1993; Bolton, 1998; Mittal & Kamakura, 2001; Rust & Zahorik, 1993; Sambandam & Lord, 1995; Keiningham *et al.*, 2007) as well as customer satisfaction and customer spending (i.e. share-of-wallet). (Keiningham *et al.*, 2003; Perkins-Munn *et al.*, 2005; Keiningham *et al.*, 2007) In contrast, research also showed that satisfaction doesn't necessarily lead to long-term customer relationships. (Buttle *et al.*, 2002; Aldlaigan & Buttle, 2005) Service quality (Ennew & Binks, 1996; Farquhar *et al.*, 2008) and customer satisfaction (Strauss *et al.*, 2001; Farquhar *et al.*, 2008) have both been found to be vital but not sufficient to retain customers. Customer retention has been identified as

a key driver of firm profitability. (Reichheld, 1993; Reichheld *et al.*, 2000; Reichheld & Sasser, 1990; Keiningham *et al.*, 2007)

Most companies rely on satisfaction surveys to establish how happy their customers are with their products and services. The fact is that they often mislead themselves with this information. What matters is not what a customer says about their level of satisfaction, but whether the value they feel they have received will keep them loyal. As tools for measuring the value a company delivers to its customers, satisfaction surveys are imperfect. As tools for predicting re-purchase behaviour of customers they are grossly imperfect. Companies serious about measuring the value they deliver do not only rely on satisfaction surveys but rather track re-purchase loyalty to determine the true value of their products and services relative to their competitors. (Reichheld, 1996) According to Uncles *et al.* (2003), there is no consensus as to the best means of gauging customer loyalty. The goal of managers is to enhance simultaneously different customer loyalty outcomes, namely retention, share-of-wallet, referrals etc. (Keiningham *et al.*, 2007) Reichheld (2003) is of the opinion that of all the commonly used loyalty metrics, recommending intention is by far the best at predicting customers' actual loyalty behaviour (purchase and recommendations).

Most models of satisfaction and loyalty tend to view the relationship among metrics being hierarchical. (Anderson & Mittal, 2000; Heskett *et al.*, 1994; Keiningham *et al.*, 2007) This means customer perception leads to behavioural intentions which lead to customer behaviour. This chain (satisfaction to intentions to behaviour), and the characteristics of each link, is often misunderstood or ignored by managers. (Keiningham *et al.*, 2007)

Oliver (1999) also found that satisfaction is a necessary step in loyalty formation, and that for many firms is the only feasible goal to enhance loyalty. This is in line with Reichheld's (2003) position in which he argues that firms should manage customer intentions, as opposed to perceptions of their experiences. This means we should manage an outcome (i.e. intention) instead of a cause (i.e. customer experience). (Keiningham *et al.*, 2007) The same authors also found that recommending intention does provide insight into customers' future recommended behaviour, but in contrast to Reichheld (2003), the assertion that recommended intention alone will suffice as a predictor of customers' future loyalty behaviour was not supported. This conclusion

has implications for managers as firms look at recommended intention as the primary gauge for customer loyalty. Based on Keinighams' (2007) research, these assumptions contradict previous research and it is recommended that no one metric best predicts all behaviours associated with customer loyalty. Therefore firms need to balance and manage different aspects of the customer experience simultaneously, if they are to optimize the loyalty behaviours they desire. (Keiningham *et al.*, 2007)

Dick and Basu (1994) as cited in Farquhar (2008) propose that customer loyalty can be determined by the strength of the relationship between attitude and behaviour so that true loyalty only ensues when the levels of both relative attitude and intention to purchase are high.

The key to customer loyalty is the creation of value. The key to value creation is organizational learning. And the key to organizational learning is grasping the value of failure. As Vilfredo Pareto said: "Give me a fruitful error any time, full of seeds, bursting with its own corrections". Customer attrition is an event containing nearly all the information a company needs to compete, profit and grow. (Reichheld, 1996)

1.2. PROBLEM STATEMENT

Many companies don't place enough emphasis on retaining current customers and instead continue to focus on customer acquisition. They also erroneously assume that customer satisfaction, customer retention and customer loyalty are synonymous terms. This research aims to identify the various factors that lead to customer retention, satisfaction and loyalty as well as to understand the link between customer retention, satisfaction and loyalty from the perspective of the South African banking industry.

It is extremely important to understand which factors influences customer retention, satisfaction and loyalty so that companies can put the necessary processes, procedures and strategies in place to manage these factors more effectively to eventually ensure the ultimate goal of a loyal customer base.

The hypotheses that will be tested are as follows:

$H^{1A,B,C}$: Perceived value does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{2A,B,C}$: Perceived corporate image does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{3A,B,C}$: Perceived competitive advantage does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{4A,B,C}$: Perceived switching barriers do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{5A,B,C}$: Communication does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{6A,B,C}$: Knowledgeable employees do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{7A,B,C}$: Empowerment does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{8A,B,C}$: Personalisation does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{9A,B,C}$: Ethical behaviour does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{10A,B,C}$: Fees do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{11A,B,C}$: Relationship marketing does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{12A,B,C}$: Core service quality does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{13,A,B,C}$: Relational service quality does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{14,A,B,C}$: Enabling service features do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{15,B,C}$: Customer retention does have an influence on (B) customer satisfaction (and (C) customer loyalty).

$H^{16,A,C}$: Customer satisfaction does have an influence on (A) customer retention (and (C) customer loyalty).

$H^{17,A,B}$: Customer loyalty does have an influence on (A) customer retention (and (B) customer satisfaction).

1.3. OBJECTIVES

The primary objective of this research paper will be to identify the factors influencing customer retention.

The secondary objectives would be:

- To identify the factors influencing customer satisfaction.
- To identify the factors influencing customer loyalty.

It is the intention of this research paper to present the research in such a way that it can be effortlessly split into three separate research articles namely: factors affecting customer retention, factors affecting customer satisfaction and lastly factors affecting customer loyalty.

1.4. SIGNIFICANCE OF THE RESEARCH

According to Wiggers and Yaeger (2003), the Harvard Business Review reported that a 5% increase in customer loyalty could boost profitability by as much as 25%-85%. According to the same author, a University of Michigan study also reports that a 1% increase in customer satisfaction yields a 3% increase in shareholder value.

It is therefore critical for any manager to understand the factors which influence customer satisfaction, retention and loyalty so that they can be properly managed to ensure future growth.

Apart from research by Rootman *et al.* (2011) regarding the factors affecting relationship management and its subsequent influence on customer retention, there has not been much (if any) other research in the South African context to investigate factors affecting customer retention in the banking industry. This research would therefore add immense value to the current literature. This research student is of the opinion that currently there is no literature available that deals simultaneously with retention, satisfaction, loyalty and other behavioural or attitudinal factors.

1.5. RESEARCH METHODOLOGY AND DATA COLLECTION

The empirical research will be quantitative in nature. The primary and secondary objectives will be explained by means of statistically analysing the primary data obtained from a self developed survey (Appendix J). This questionnaire combined questions, definitions and insights from numerous sources on each and every factor. The population will be all South African banking customers, mostly but not exclusively from the “big four” banks, namely Absa Bank Limited (Absa), FirstRand Bank Limited (FNB), The Standard Bank of SA Limited (Standard Bank), and Nedbank Limited (Nedbank). Other “smaller” banking institutions like Investec Bank Limited, African Bank Limited and Capitec Bank have been included in this research. These questionnaires will be distributed via a convenience sampling technique at banking branches, malls, shopping centres, office blocks, via the Internet (E-mail), social media platforms, and online channels as well as via an online electronic

surveying website. A minimum of 300 respondents will be needed in order to make valid and reliable conclusions about the population.

A self-developed questionnaire with 81 carefully constructed questions will be used to collect the data regarding the 14 latent factors or exogenous variables, as well as those relating to retention, satisfaction and loyalty. Retention, satisfaction and loyalty will be measured by 6, 4 and 6 independent responses respectively.

Customer retention, satisfaction and loyalty were the endogenous (dependent) variables and various behavioural, attitudinal, psychological and customer demographic variables were considered for the exogenous (independent) variables. It is important to take cognisance of the fact that when considering one of the three possible endogenous variables (e.g. Retention), that the remaining two variables (e.g. Satisfaction and Loyalty) will be treated as exogenous variables in each case.

1.6. DATA ANALYSIS

The survey data obtained from the questionnaires will be statistically analysed. From the responses 17 factors have been established and tested by confirmatory factor analysis (CFA). Structural equation modelling (SEM) techniques and hypothesis testing have been applied to the data in order to determine and quantify the relative strength of the various factors on customer retention, satisfaction and loyalty. Thereafter the validity and reliability of the results have also been tested and confirmed.

1.7. DIVISION OF CHAPTERS

Chapter 1: Introduction, problem statement and objectives.

Chapter 2: Research article: Factors influencing customer retention, satisfaction and loyalty in the South African banking industry.

Chapter 3: Conclusions, limitations and recommendations.

1.8. CHAPTER SUMMARY

This chapter discussed the problem statement and research objectives. The significance of the research as well as the research methodology, data collection and analysis were also discussed. A brief overview of the chapters followed.

1.9. REFERENCES

- ALDLAIGAN, A. & BUTTLE, F. 2005. Beyond satisfaction: customer attachment to retail banks. *International Journal of Bank Marketing*, 23(4):349-359.
- ANDERSON, E.W. & MITTAL, V. 2000. Strengthening the satisfaction-profit chain. *Journal of Service Research*, 3(2):107-120.
- ANDERSON, E.W & SULLIVAN, M.W. 1993. The antecedents and consequences of customer satisfaction for firms. *Marketing Science*, 12:125-143, Spring.
- BEERLI, A., MARTIN, J.D. & QUINTANA, A. 2004. A model of customer loyalty in the retail banking market. *European Journal of Marketing*, 38(1/2):253-275.
- BOLTON, R.N. 1998. A dynamic model of the duration of the customer's relationship with a continuous service provider: the role of satisfaction. *Marketing Science*, 17(1):45-65.
- BUCKINX, W. & VAN DEN POEL, D. 2005. Customer base analysis: partial defection of behaviourally loyal clients in a non-contractual FMCG retail setting. *European journal of operational research*, 164:252-268.
- BUTTLE, F.A., AHMAD, R. & ALDLAIGAN, A. 2002. The theory and practice of customer bonding. *Journal of Business-to-Business Marketing*, 9(2):3-27.
- COHEN, D., GAN, C., YONG, H.H.A. & CHOONG, E. 2006. Customer satisfaction: a study of bank customer retention in New Zealand.
http://www.lincoln.ac.nz/Documents/2308_DP109dc_s6473.pdf Date of access: 02 Jan. 2012.
- DRAKE, C., GWYNNE, A. & WAITE, N. 1998. Barclays Life customer satisfaction and loyalty tracking survey: a demonstration of customer loyalty research in practice. *International Journal of Bank Marketing*, 16(7):287-292.

ENNEW, C. & BRINKS, M. 1996. The impact of service quality and service characteristics on customer retention: small businesses and their banks in the UK. *British Journal of Management*, 7:219-230.

FARQUHAR, J.D. & PANTHER, T. 2008. Acquiring and retaining customers in UK banks: an exploratory study. *Journal of retailing and consumer services*, 15:9-21.

GAN, C., COHEN, D., CLEMES, M. & CHONG, E. 2006. A survey of customer retention in the New Zealand banking industry. *Banks and Bank Systems*, 1(4):83-99.

GHAZIZADEH, M., BESHELI, A.S. & TALEBI, V. 2010. Assessing of bank customer retention and loyalty: a case study of state-owned banks in Tehran. *European Journal of Social Sciences*, 17(2):274-287.

HESKETT, J.L., JONES, T.O., LOVEMAN, G.W., SASSER, E.W. & SCHLESINGER, L.A. 1994. Putting the service-profit chain to work. *Harvard Business Review*, 72(2):164-174.

JAMAL, A. & NASER, K. 2002. Customer satisfaction and retail banking: an assessment of some of the key antecedents of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 20(4):146-160.

KEININGHAM, T.L., COOIL, B., AKSOY, L., ANDREASSEN, T.W. & WEINER, J. 2007. The value of different customer satisfaction and loyalty metrics in predicting customer retention, recommendation, and share-of-wallet. *Managing Service Quality*, 17(4):361-384.

KEININGHAM, T.L., PERKINS-MUNN, T. & EVANS, H. 2003. The impact of customer satisfaction on share-of-wallet in a business-to-business environment. *Journal of Service Research*. 6(1):37-50.

MITTAL, V. & KAMAKURA, W. 2001. Satisfaction, re-purchase intent and re-purchase behaviours: investigating the moderating effect of customer characteristics. *Journal of Marketing Research*, 38:131-142, Feb.

MONTS, K., BONEVAC, B., LAUER, J. & TESSEMA, D. 1997. Measuring the value of customer retention. *The Electricity Journal* :73-80.

MOUTINHO, L. & SMITH, A. 2000. Modelling bank customer satisfaction through mediation of attitudes towards human and automated banking. *International Journal of Bank Marketing*, 18(3):124-134.

OLIVER, R.L. 1999. Whence customer loyalty. *Journal of Marketing*, 63:33-34, July.

PERKINS-MUNN, T., AKSOY, L., KEININGHAM, T.L. & ESTRIN, D. 2005. Actual purchase as a proxy for share-of-wallet. *Journal of Service Research*, 7(3):245-256.

PILECKI, M., LEAVER, S. & ROGAN, M.A. 2007. Best Practices: Customer retention is a process not an event.
http://www.adobe.com/engagement/pdfs/customer_retention.pdf Date of access: 02 Jan. 2012.

RAVESTYEN, L.J. 2005. The effect of relationship banking on customer loyalty in the retail business banking industry. UNISA. (Dissertation – MBL) 143p.

REICHHELD, F.F. 1993. Loyalty-based management. *Harvard Business Review*, 7(2):64-73.

REICHHELD, F.F. 1996. Learning from customer defection.
<http://www.profitmatters.ca/Articles/HBR%20Customer%20Defections.pdf> Date of access: 02 Jan. 2012.

REICHHELD, F.F. 2003. The one number you need to grow. *Harvard Business Review*, 81(12):46-54.

REICHHELD, F.F. & SASSER, E.W. 1990. Zero defections: quality comes to services. *Harvard Business Review*, 68(5):105-111.

REICHHELD, F.F. & TEAL, T. 1996. The Loyalty Effect: The hidden force behind growth, profits, and lasting value. s.l.:Harvard Business School Press

REICHHELD, F.F., MARKEY, R.G. & HOPTON, C. 2000. The loyalty effect – the relationship between loyalty and profits. *European Business Journal*, 12(3):134-139.

ROOTMAN, C. 2011. An international comparative study on the relationship marketing and customer retention of retail banks: lessons for South Africa. Port Elizabeth: NNMU. (Dissertation – D.Phil) 472p.

ROOTMAN, C., TAIT, M. & SHARP, G. 2011. Relationship marketing and customer retention lessons for South African Banks. *South African Business Review*, 15(3):184-206.

RUST, R. & ZAHORIK, A.J. 1993. Customer satisfaction, customer retention and market share. *Journal of Retailing*, 69(2):193-215.

SAMBANDAM, R. & LORD, K.R. 1995. Switching behaviour in automobile markets: a consideration sets model. *Journal of the Academy of Marketing Science*, 23:57-65, Winter.

SAUBERT, W.M. 2009. Using customer analytics to improve customer intention. *Bank Accounting & Finance*, :33-38.

STEWART, K. 1998. An exploration of customer exit in retail banking. *International Journal of Bank Marketing*, 16(1):6-14.

STRAUSS, B., CHOJNACKI, K. DECKER, A. & HOFFMAN, F. 2001. Retention effects of a customer club. *International Journal of Service Industries Management*, 12(1):7-19.

UNCLES, M.D., DOWLING, G.R. & HAMMOND, K. 2003. Customer loyalty and customer loyalty programs. *Journal of Consumer Marketing*, 20(4):294-316.

WIGGERS, A. & YAEGER, C. 2003. Addressing the challenges of customer retention.

http://www.benchmarkinternational.com/Articles/Addressing_challenges_of_customer_retention.pdf Date of access: 02 Jan. 2012.

ZEITHAML, V.A. 2000. Service quality, profitability, and economic worth of customers: what we know and what we need to learn. *Journal of the Academy of Marketing Science*, 28(1):67-85.

CHAPTER 2: RESEARCH ARTICLE

FACTORS INFLUENCING CUSTOMER RETENTION, SATISFACTION AND LOYALTY IN THE SOUTH AFRICAN BANKING INDUSTRY

2.1 ABSTRACT

Customer retention, loyalty and satisfaction are extremely important elements in any company's strategy, especially in the highly competitive South African banking industry. Understanding the various factors that could influence these constructs is therefore critical to organizational success.

Several studies showed the impact of these measures on profitability and shareholder value, but there has been little effort to access the factors that might lead to higher levels of retention, loyalty and satisfaction, especially in the banking industry.

This paper examines the antecedents of customer retention, satisfaction and loyalty. These possible factors include: perceived value, perceived corporate image, perceived competitive advantage, perceived switching barriers, communication, knowledgeable employees, empowerment, personalisation, ethical behaviour, fees, relationship marketing, service quality (core and relational) as well as enabling service features.

The results indicated that customer loyalty, customer satisfaction, switching barriers and communication had a significant impact on customer retention; customer loyalty, perceived value, perceived corporate image, retention, empowerment and relationship marketing had a significant impact on customer satisfaction; and customer satisfaction, switching barriers, perceived value, customer retention, fees, competitive advantage and relationship marketing had a significant impact on customer loyalty. It is evident that there is a close relation between satisfaction, retention and loyalty as all three influence each other in some way or another.

Keywords: customer loyalty, customer retention, customer satisfaction, banking industry.

2.2 INTRODUCTION

Reichheld (1996) is of the opinion that by reducing customer defection by as little as five percent per year could potentially double profits. According to Wiggers and Yaeger (2003), the Harvard Business Review reported that a 5% increase in customer loyalty could boost profitability by as much as 25% to 85%. According to the same author, a University of Michigan study also reports that a 1% increase in customer satisfaction yields a 3% increase in shareholder value. The greater the customer tenure with a company, the more that customer is worth. This is because a long term customer buys more, has a lower price-sensitivity, takes up less of the company's time, brings in new customers and does not have a start-up cost involved as with a new customer acquisition. (Reichheld, 1996) Reichheld and Sasser (1990) also believe that the length of customer tenure is positively correlated with profitability. Also loyal customers are reported to have higher customer retention rates, commit a higher share of their spending to the company and are more likely to recommend others by word of mouth. (Reichheld & Sasser, 1990; Zeithaml, 2000; Keiningham *et al.*, 2007)

Numerous studies found that there is indeed a link between customer satisfaction and customer retention (Anderson & Sullivan, 1993; Bolton, 1998; Mittal & Kamakura, 2001; Rust & Zahorik, 1993; Sambandam & Lord, 1995; Keiningham *et*

al., 2007) as well as customer satisfaction and customers spending (i.e. share-of-wallet). (Keiningham *et al.*, 2003; Perkins-Munn *et al.*, 2005; Keiningham *et al.*, 2007) In contrast, research also showed that satisfaction doesn't necessarily lead to long-term customer relationships. (Buttle *et al.*, 2002; Aldlaigan & Buttle, 2005).

Several studies showed the significance of these constructs, but little has been done on determining the antecedents of these theoretical constructs, namely retention, satisfaction and loyalty. (Ghazizadeh *et al.* 2010) It is therefore critical to understand the factors which influence customer satisfaction, retention and loyalty so that they can be properly managed to ensure future growth and profitability.

2.3 LITERATURE REVIEW

2.3.1 South African Banks

The South African banking industry is extremely competitive. According to the Banking Association of South Africa (2011), there are 17 registered banks, 2 mutual banks, 12 local branches of foreign banks, and 41 foreign banks with approved local representative offices in South Africa. The financial services sector contributes about 10.5% to gross domestic product (GDP) with asset value exceeding R6 trillion of which R3.4 trillion belongs to the banking sector. The four major banks represent about 84% of total banking assets. Standard Bank is the largest by asset value and consequently market share (31%) followed by Absa (25%), FNB (24%) and Nedbank (20%). In contrast to the above order, Absa is the largest bank in terms of customer numbers.

2.3.2 Retention

Customer retention refers to the longevity of a client's relationship with a product and/or service providing firm. (Menon & O'Connor, 2007; Rootman, 2011)

It is important to note that customer retention and customer loyalty are not the same concept. Customers may stay with a supplier through habit or inertia without

feeling loyal to it. Customer retention is the lowest form of loyalty and is simply a measure of whether customers are remaining customers. (Hill & Alexander, 2006)

Gan *et al.* (2006) illustrate that behavioural intent, which is a function of customer satisfaction and customer value, has a positive effect on customer retention. Similarly, Ranaweera and Neely (2003) presented a holistic model of customer retention incorporating quality perceptions, price, customer indifferences and inertia.

2.3.3 Satisfaction

Customer satisfaction is a concept that has been widely debated in literature. There are numerous definitions for satisfaction, but no common definition exists. (Beerli *et al.*, 2004) Unfortunately this concept is true for retention and loyalty as well. Oliver (1997) states that “everyone knows what satisfaction is until asked to give a definition. Then it seems, nobody knows”. (Beerli *et al.*, 2004)

Halstead *et al.* (1994) regards satisfaction as an effective response, focussed on product performance compared to some pre-purchase standard after or during consumption. Mano and Oliver (1993) conclude that satisfaction is an attitude or evaluative judgement varying along the hedonic continuum focussed on the product, which is evaluated after consumption. Fornell (1992) identifies satisfaction as an overall evaluation based on the total purchase and consumption experience, focussed on the perceived product or service performance compared with pre-purchase expectations over time. Oliver (1997, 1999) regards satisfaction as a fulfilment response/judgment, focussed on product or service, which is evaluated for one-time consumption or ongoing consumption. (Beerli *et al.*, 2004)

Levesque and McDougall (1996) state that in the retail banking industry there is a continuous relationship between the customer and the bank. Customer satisfaction is therefore based on an evaluation of multiple interactions and is considered as a combination of overall customer attitudes towards the bank that incorporates a number of measures like meeting of expectations and service quality.

In the past, various research articles have attempted to show that there is a relationship between customer satisfaction and loyalty. (Beerli *et al.*, 2004; Gan *et*

al., 2006; Bearden & Teel, 1983; LaBarbera & Mazursky, 1983; Kasper, 1988; Bloemer & Lemmink, 1992; Cronin & Taylor, 1992; Fornell, 1992; Oliva *et al.*, 1992; Anderson & Sullivan, 1993; Bloemer & Kasper, 1993, 1995; Boulding *et al.*, 1993; Oliver, 1999) From a customer satisfaction perspective, Levesque and McDougall (1996) also found that satisfaction is driven by, but not limited to, various service quality dimensions.

2.3.4 Loyalty

“Customer loyalty means that customers are so delighted with a company’s product or service that they become enthusiastic word-of-mouth advertisers”. (Bhote, 1996; Ravesteyn, 2005) Reichheld (2003) defines loyalty as “the willingness of someone – a customer, an employee, a friend – to make an investment or personal sacrifice in order to strengthen a relationship”. Loyalty is much more than repeat purchases, as inertia, circumstances, or exit barriers erected by the bank may trap customers who buy again and again. (Ravesteyn, 2005) Rayner (1996) defines loyalty as “the commitment that a customer has to a particular supplier”. (Ravesteyn, 2005)

The concept of loyalty is rooted in the past, emphasising characteristics such as commitment, duty, obligation and devotion. It is totally unrealistic for most commercial businesses to expect their customers to have such feelings towards them. There are different levels of loyalty, from suspects and prospects to advocates and partners. It is their degree of positive commitment to the supplier which characterizes the advocates and partners. (Hill & Alexander, 2006)

The answer to the question of whether customers will refer your company to friends is a fairly good indication of measuring true customer loyalty. (Reichheld, 2003) Recommending a company to a friend is the best sign of customer loyalty and sacrifice. When referring friends a customer goes beyond indicating satisfaction or receiving good economic value, they put their own reputation on the line. Thus a customer will only risk if they are intensely loyal. (Ravesteyn, 2005)

Bhote (1996) drew conclusions that a close relationship exists between customer loyalty and profit, but a weak correlation between customer satisfaction and customer loyalty. In contrast, Gan *et al.* (2006) found no relation between satisfaction

and loyalty. Customer satisfaction is the bare minimum for creating customer loyalty. (Mittal & Lassar, 1998) However, satisfied customers are not necessarily loyal. (Reichheld, 2001) On the other end, dissatisfied customers propensity to switch or close their accounts are very high. The challenge remains to determine what drives loyalty beyond satisfaction. (Ravesteyn, 2005)

Gan *et al.* (2006) showed that perceived competitive advantage, customer value, corporate image and switching barriers had a significant positive effect on customer loyalty.

2.3.5 Perceived Value

Levinson *et al.* (2007) stated: "Value is far more crucial than price. And perceived value is far more crucial than value". Fornell (2002), as cited in Ghazizadeh *et al.* (2010), believes that customers buy on value and they do not only buy products. In the same article Harwood (2002) is of the opinion that customers learn to think objectively about value in the form of preferred attributes, attribute performance and consequences from using a product in a certain situation. It is therefore clear that perceived value is a function of the customers' perception of the benefits of the product or service, the cost of the product or service as well as the available alternatives. (Ghazizadeh *et al.*, 2010)

Various studies investigated the relationship of perceived value to customer retention, satisfaction or loyalty. (Ghazizadeh *et al.*, 2010; Cohen *et al.*, 2006; Gan *et al.*, 2006; Trasorras *et al.*, 2009; Hallowell, 1996; Pan *et al.*, 2012; Keiningham *et al.*, 2007)

2.3.6 Perceived Corporate Image

Banking institutions are continuously using branding techniques to differentiate themselves from their competitors. Harwood (2002) is of the opinion that branding, as a tool to build image, is important in the banking industry where most banks offer very similar products and services. It is therefore essential that banks understand their customers' values, attitudes, needs and perceptions of various services the

bank offers and the image that customers have of the bank itself. (Abratt & Russell, 1999; Ghazizadeh *et al.*, 2010)

The relationship between corporate image and customer retention, satisfaction or loyalty has been investigated by way of numerous studies. (Trasorras *et al.*, 2009; Ghazizadeh *et al.*, 2010; Cohen *et al.*, 2006; Gan *et al.*, 2006; Odindo & Devlin, 2008?; Rootman, 2006)

2.3.7 Perceived Competitive Advantage

Thompson *et al.* (2012) defines competitive advantage as “an ability to meet customers’ needs more effectively, with products and services that customers value more highly, or more efficiently, at lower cost”. Meeting customers’ needs more effectively could translate into the ability to command higher prices. Meeting customers’ needs more cost-effectively can translate into being able to charge lower prices and achieve higher sales volume. Leading companies strive for a sustainable, as opposed to temporary, competitive advantage, as this gives buyers lasting reasons to prefer a company’s products or services over those of its competitors. (Thompson *et al.*, 2012)

In the banking industry, most banks provide a non-differentiated product or service at similar prices. In order for banks to create a sustainable competitive advantage, they need to extend their service quality beyond the core service with additional service features and value. (Ghazizadeh *et al.*, 2010)

Customers do not only buy core products or service, but also the benefits that go along with them. It is necessary for banks to identify a customer’s new needs and to design new products or services, or re-design current products or services, so that these needs are being adequately met. Competitive pressures push other financial services firms to target customer segments by integrating service quality, brand loyalty and customer retention strategies. (Colgate *et al.*, 1996)

Various studies investigated the relationship of perceived competitive advantage to customer retention, satisfaction or loyalty. (Ghazizadeh *et al.*, 2010; Cohen *et al.*, 2006; Beerli *et al.*, 2002; Trasorras *et al.*, 2009; Ravesteyn, 2005; Gan *et al.*, 2006)

2.3.8 Perceived Switching Barriers

Switching barriers makes it more difficult for the customer to leave its service provider and does not necessarily strictly imply that it is more costly in monetary terms for a customer to change its current service provider.

Barriers include search cost, transactional cost, learning cost, loyal customer discounts and emotional costs. (Ehigie, 2006) These barriers provide disincentives for the customer to leave. (Ghazizadeh *et al.*, 2010) This implies that a customer could end up staying with a service provider, even if extremely dissatisfied, because re-purchasing is easier and more cost effective than searching for a new provider or trying a new provider. Cross-selling is also a tool banks use frequently in order to try and improve loyalty and retention. The more products a customer has at a specific company the less likely he or she will be to leave. (Ghazizadeh *et al.*, 2010)

The relationship between switching barriers and customer retention, satisfaction or loyalty has been widely considered. (Ghazizadeh *et al.*, 2010; Cohen *et al.*, 2006; Patterson 2004; Tesfom & Birch, 2011; White & Yanamandram, 2007; Farquhar & Panther, 2008)

2.3.9 Communication

The OED (2012) defines communications as: “the imparting or exchanging of information by speaking, writing, or using some other medium”. Communication is a two-way process of reaching mutual understanding, in which participants not only exchange (encode-decode) information but also create and share meaning. (BD, 2012)

Numerous studies concluded that communication is vital in business relationships (Cheng, 2001; Duncan & Moriarty, 1998) which in turn has a positive effect on customer retention (Rootman, 2011). This ties in with Gremler and Gwinner’s (2000) research that harmonious communication between a company’s employees and its clients leads to an increase in customer loyalty. (Rootman, 2011) Other references regarding the relationship between communication and customer retention,

satisfaction or loyalty also exist. (Ravesteyn, 2005; Ghazizadeh *et al.*, 2010; Cohen *et al.*, 2006; Rootman *et al.*, 2011; Mylonakis, 2009)

2.3.10 Knowledgeable Employees

Rootman (2011) defines “knowledgeability” as the level of insight employees have regarding specific aspects, products, services and the firm’s clients. Every position in a firm needs to be filled by personnel who have expertise in that particular field or function. This requires a combination of academic and theoretical knowledge as well as tacit knowledge. The same author failed to establish the link between knowledgeable employees and retention.

2.3.11 Empowerment

Empowerment refers to the level of authority and responsibility each employee has in his or her role in order to make relevant decisions. It involves a top-down approach of spreading authority and responsibility to employees on lower levels of the firm’s hierarchical structure. (Rootman, 2011) The same author successfully proved the link between empowerment and retention.

2.3.12 Personalisation

Personalisation is when products and services of firms are adapted in order to provide unique offerings, satisfying the specific needs of specific target markets, while differentiating its products and services from that of competitors. (Rootman, 2011) Brink and Berndt (2008) mention that personalisation occurs when a firm develops or tailors a product or service to satisfy unique clients needs. Few studies investigated the relationship of personalisation to customer retention, satisfaction or loyalty. (Ravesteyn, 2005; Rootman, 2011)

2.3.13 Ethical Behaviour

Confidentiality is an important aspect in the purchasing decision of banking clients. (Cullen, 2002) It is evident that the level of ethical behaviour upheld by a bank will determine a clients decisions whether to consolidate their financial relationships with the bank and consequently have a knock-on effect on retention. (Rootman, 2011)

Rootman *et al.* (2011) also concluded that relationship marketing had a positive effect on customer retention. From this it is evident that factors (like ethics) affecting the relationship will have an indirect effect on retention. Ethical behaviour of firms is critical to form good customer relations. (Monteiro, 2009; Dorsch *et al.*, 1998; Rootman *et al.*, 2011) Various other studies investigated the relationship of ethical behaviour to customer retention, satisfaction or loyalty. (Ravesteyn 2005; Rootman, 2011; Trasorras *et al.*, 2009; Aldlaigan & Buttle, 2005)

2.3.14 Fees

The concept of fees is straight forward. Every product or service has an associated price attached to it. From a banking perspective, fees therefore include interest income (cost to the customer associated with interest), as well as non-interest income (cost to the customer associated with charges). For this research we will therefore consider all monetary costs incurred by the customer as fees. (Rootman, 2011)

Various studies investigated the relationship of fees or pricing on customer retention, satisfaction or loyalty. (Rootman, 2011; Ravesteyn, 2005; Mostert, 2009; Bruhn & Georgi, 2006; Longenecker *et al.*, 2006; Ackermann & Van Ravesteyn, 2005; Ghazizadeh *et al.*, 2010; Cohen *et al.*, 2006; Rootman *et al.*, 2011; Hallowell, 1996; Ranaweera & Neely, 2003)

2.3.15 Relationship Marketing

Grönroos (1994) defined the objectives of relationship marketing as to identify and establish, maintain and enhance, and, when necessary, terminate relationships with consumers and other stakeholders at a profit so that the objectives of all parties involved have been met. This process is conducted through the mutual exchange and fulfilment of promises. (Rootman, 2011)

Karakostas *et al.*, (2005) argues that over seventy percent of a firm's relationship marketing efforts as possibly leading to an increase in customer retention rates. Peppard (2000) also stated that client expectations of products and services need to

be more accurately matched by means of relationship marketing efforts which would increase customer retention. (Rootman, 2011)

Various other literature also establishes the link between relationship marketing or relationships and customer retention. (Rootman, 2011; Ravesteyn, 2005; Farquhar & Panther, 2008; Eid, 2007; Bergeron *et al.*, 2008; Ackermann & Van Ravesteyn, 2005; Wilmshurst & Mackay, 2002; Mudie & Cottam, 1999; Swartz & Lacobucci, 2000)

2.3.16 Service Quality Core & Relational

In an article by Levesque and McDougall (1996), the authors' state that empirical evidence and theoretical arguments imply that there may be two dominant dimensions to service quality. The first of these being the core or outcome aspects (contractual) of the service, and the second being the relational or process aspects (customer-employee relationship) of the service. (McDougall & Levesque, 1994; Morgan & Piercy, 1992; Parasuraman *et al.*, 1991)

Parasuraman *et al.* (1991) summarized the nature of the core and relational constructs: "While reliability is largely concerned with the service outcome, tangibles, responsiveness, assurance, and empathy are more concerned with the service process. Whereas customers judge the accuracy and dependability (i.e. reliability) of the delivered service, they judge the other dimensions as the service is being delivered. While the number of underlying dimensions has been shown to vary with the service setting, it appears reasonable to suggest that the service core and relational dimensions will emerge in nearly all cases as they form the basis for the service". (Levesque & McDougall, 1996)

Anderson and Sullivan (1993), as well as Ranaweera and Neely (2003), concluded that there are strong links between service quality and satisfaction and retention respectively. According Fisk *et al.* (1993), as cited in Levesque and McDougall (1996), there has been little empirical research which examined the importance of service quality dimensions in determining customer satisfaction. Satisfaction researchers claim that quality is an antecedent of satisfaction (Beerli *et al.*, 2004;

Woodside *et al.*, 1989; Reidenbach & Sandifer-Smallwood, 1990; Cronin & Taylor, 1992; Fornell, 1992; Anderson & Sullivan, 1993)

2.3.17 Enabling Service Features

The service offering of a firm also influences customer satisfaction, loyalty and retention. In the retail banking space, the convenience of the provider's offerings can be expected to affect a customer's overall satisfaction and ongoing patronage. Research has shown that location is a major determinant of bank choice. (Thwaites & Vere, 1995) Underlying location are the customer benefits of convenience and accessibility which are enabling factors that make it easy for the customer to do business with the bank. The bank's ability to deliver these benefits on an ongoing basis to its existing customers impacts customer satisfaction, retention and loyalty levels. (Levesque & McDougall, 1996)

2.4 OBJECTIVE AND PURPOSE

The primary objective of this research paper will be to identify (and possibly quantify) the factors influencing customer retention in the South African retail banking industry.

The secondary objectives would be:

- To identify (and possibly quantify) the factors influencing customer satisfaction.
- To identify (and possibly quantify) the factors influencing customer loyalty.

According to Ghazizadeh *et al.* (2010) and Cohen *et al.* (2006) there has been little effort to assess factors that might lead to customer retention. They are also of the opinion that most of the published research has focussed on the impact of individual constructs, without attempting to link them in a model to further explore or explain retention.

Although there have been several studies confirming the significance of customer retention, satisfaction and loyalty in the retail banking industry, there has been little

empirical research regarding the related antecedents of retention, loyalty and satisfaction (Ghazizadeh *et al.*, 2010; Cohen *et al.*, 2010; Gan *et al.*, 2006)

Currently there are mainly two categories of literature available on this topic. The first being literature that mainly focuses on only one of the three theoretical constructs independently (retention, satisfaction or loyalty), together with a limited number of antecedents relating to those. The second category is literature that only focuses on the three theoretical constructs (without any antecedents), and explaining the relationship between these.

Rather ambitiously this research aims to combine the above to obtain a holistic view of the interactions between all the possible antecedents, as well as the three theoretical constructs simultaneously, which is currently not available in the literature. This entails gathering and analysing a much wider array of factors than most research papers. This research will therefore attempt to address these shortcomings in the current literature.

2.5 HYPOTHESES

The following hypotheses will be tested:

$H^{1A,B,C}$: Perceived value does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty)

$H^{2A,B,C}$: Perceived corporate image does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty)

$H^{3A,B,C}$: Perceived competitive advantage does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty)

$H^{4A,B,C}$: Perceived switching barriers do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty)

$H^{5,A,B,C}$: Communication does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{6,A,B,C}$: Knowledgeable employees do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{7,A,B,C}$: Empowerment does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{8,A,B,C}$: Personalisation does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{9,A,B,C}$: Ethical behaviour does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{10,A,B,C}$: Fees do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{11,A,B,C}$: Relationship marketing does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{12,A,B,C}$: Core service quality does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{13,A,B,C}$: Relational service quality does have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{14,A,B,C}$: Enabling service features do have an influence on (A) customer retention ((B) customer satisfaction and (C) customer loyalty).

$H^{15,B,C}$: Customer retention does have an influence on (B) customer satisfaction (and (C) customer loyalty).

$H^{16,A,C}$: Customer satisfaction does have an influence on (A) customer retention (and (C) customer loyalty).

$H^{17,A,B}$: Customer loyalty does have an influence on (A) customer retention (and (B) customer satisfaction).

2.6 CONCEPTUAL MODEL

Based on the literature review, research objectives and hypotheses, the theoretical model below will be tested with the dependant (endogenous) variables being customer retention (Figure 2.1), satisfaction (Figure 2.2) and loyalty (Figure 2.3) respectively.

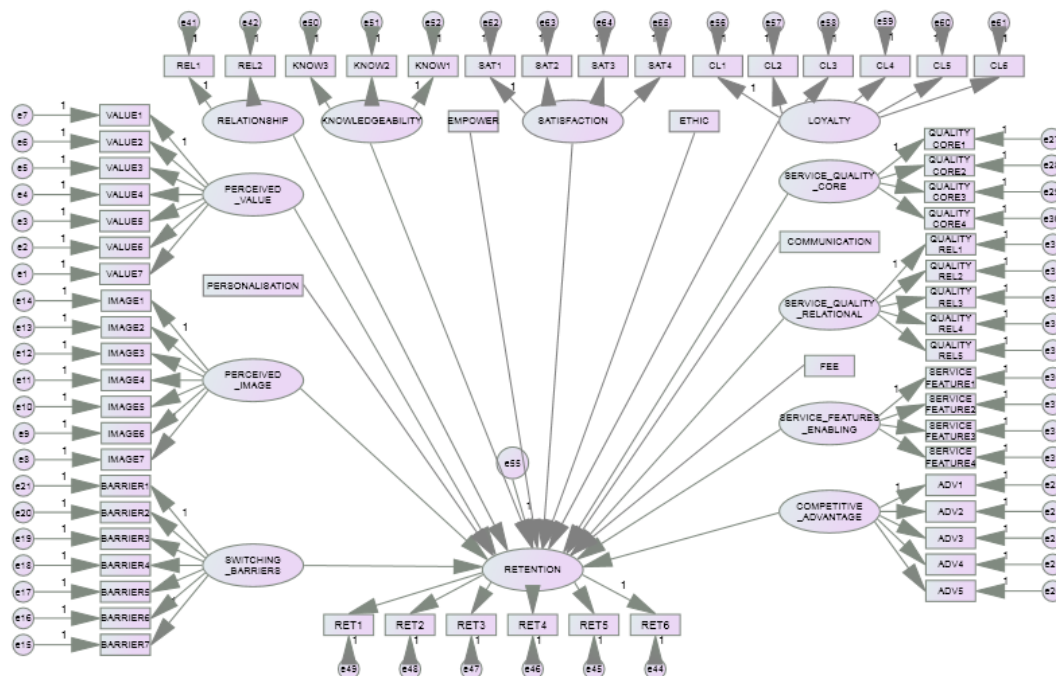


Figure 2.1

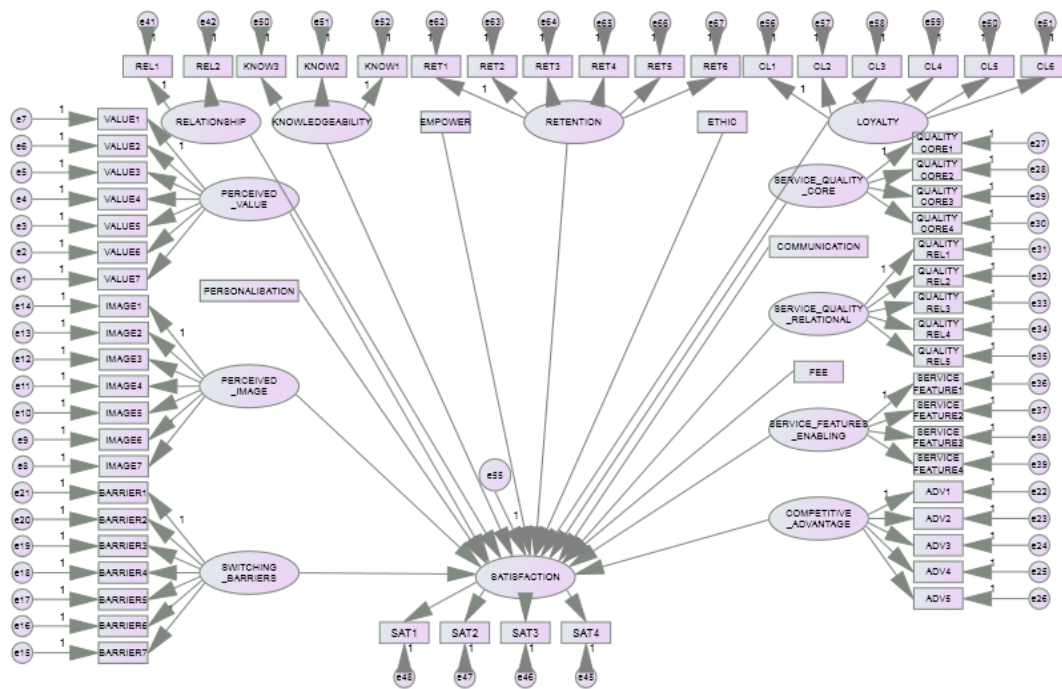


Figure 2.2

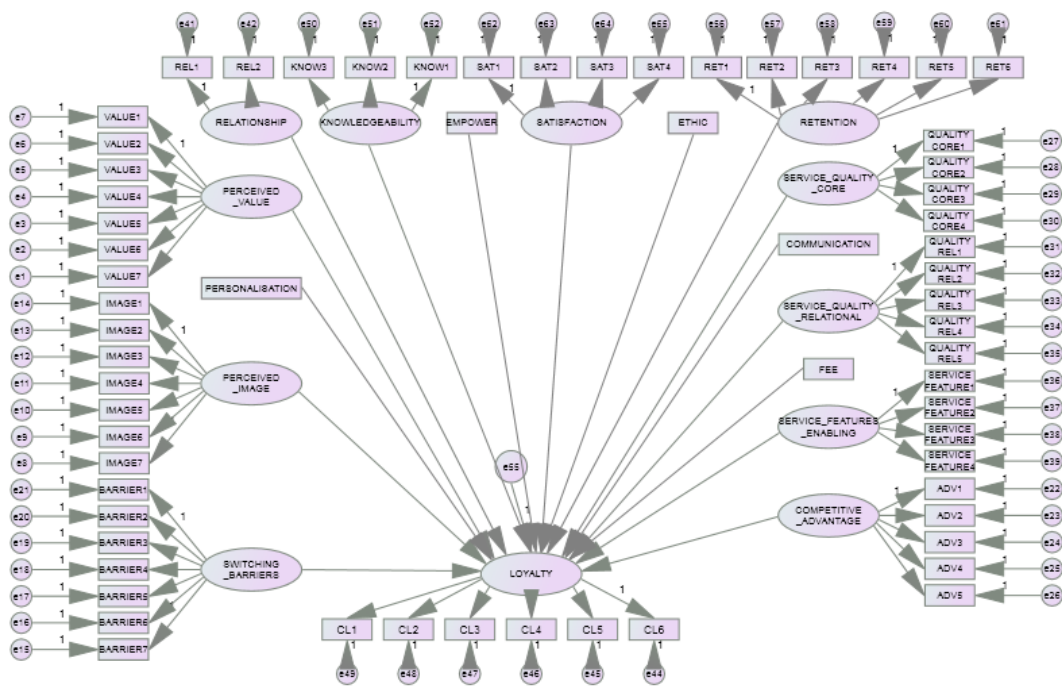


Figure 2.3

2.7 METHOD

2.7.1 Research Design

Three statistical models will be developed by attempting to identify the influence of sixteen carefully selected latent and observed factors on the dependent variables retention, satisfaction and loyalty respectively. Most of the latent factors were created from a combination of several observed variables.

The research method will follow the format and structure presented by Rootman (2011) and Rootman *et al.* (2011). A quantitative research design was used in order to test the hypotheses and to develop the statistical models. Primary data sources obtained by means of a self-developed questionnaire were mainly used for this research.

2.7.2 Measuring Instrument and Participants

A self-developed structured questionnaire was used to gather data regarding the fourteen latent factors (also known as exogenous or independent variables) and the three dependent factors retention, satisfaction and loyalty. (Ranaweera & Neely, 2003; Keiningham *et al.*, 2007; Levesque & McDougall, 1996; Beerli *et al.*, 2004; Hill & Alexander, 2006; Cohen *et al.*, 2006; Rootman, 2011) These seventeen factors were derived from a questionnaire with 81 well constructed questions. The survey was distributed by means of convenience and snowball sampling to retail banking clients across South Africa. This method of sampling is potentially biased, but no practical alternative sampling method would provide unbiased data for this study. Unfortunately there is no banking database of the entire population available. (Rootman *et al.*, 2011)

Online surveys, emails, social media and physical handouts were used to gather data and the total number of completed surveys collected was 330, of which 29 were excluded due to inconsistent responses. The questionnaire, as shown in Appendix J consisted of 19 sections; the first being customer demographics; the 2nd to 4th section being the three dependent variables namely retention, satisfaction and loyalty; and the last 15 sections being questions relating to the 14 pre-determined

independent variables. Except for the demographics, most of the other questions were measured with a 5-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5). The validity of the measuring instrument was ensured as experts in the field of statistics, marketing, customer experience and customer strategy in the banking industry were consulted before and during the construction of the questionnaire. (Rootman *et al.*, 2011)

2.7.3 Statistical Analysis

“Structural equation models (SEMs) describe relationships between variables. They are similar to combining multiple regression and factor analysis. SEM also offers some important, additional benefits over these techniques including an effective way to deal with multi co-linearity, and methods for taking into account the unreliability of consumer response data.” (Bacon & SPSS, 1997)

The gathered data was statistically analysed using IBM SPSS AMOS v20, Statistical Analysis Software (SAS v9.2) and Microsoft Excel 2007. The data has been analysed in five phases:

- Descriptive statistical analysis to describe the sample data.
- Structural Equations modelling (SEM) has been performed in order to measure the goodness-of-fit of the data to the proposed model. To evaluate the goodness-of-fit of the models, various indices have been used, namely: Chi-square, root mean squared error of approximation (RMSEA), comparative fit index (CFI), Tucker-Lewis index (TLI) and parsimony goodness-of-fit index (PGFI).
- Validity of the measuring instrument was tested. This was done via confirmatory factor analysis (CFA).
- Reliability of the measuring instrument was tested through the Cronbach’s alpha correlation coefficient.
- Lastly, the hypothesised relationships were tested by evaluating the point and interval estimates of the parameters provided during the SEM procedure.

(Rootman *et al.*, 2011)

2.8 RESULTS

It is important to note that an acceptable level of fit, following the measurement of the indices, does not prove the proposed model but only confirms that the model is one of several possible acceptable models. Other models might have equally acceptable model fits. (Hair *et al.*, 2006)

2.8.1 Descriptive Statistics

Amongst the respondents, 54% of them are females and 46% males. The majority are Caucasian (77%), followed by African (14%), Indian (5%), and Coloured (4%). The age distribution is as follows: 0-19 (1%), 20-29 (43%), 30-39 (20%), 40-49 (13%), 50-59 (13%) and 60+ (9%). The majority of the respondents had either a post-graduate degree (26%) or a Grade12/Matric (26%), followed by a bachelor's degree (24%), diploma (16%), certificate (8%) and a small percentage being uneducated (0.33%). The majority of respondents are primarily Absa banking customers (42%), followed by FNB (26%), Standard Bank (18%), Nedbank (8%) and other banks (6%). Sixty-seven percent indicated that they have been in a relationship with their bank for a period of five years or longer and therefore had adequate time to assess their banking relationship.

2.8.2 SEM Results

2.8.2.1 Customer Retention

The hypothesised model in Figure 2.1 was subjected to the SEM process. Note that satisfaction and loyalty were also considered as independent variables in this case. All the insignificant variables were excluded from the model and at a later stage, all the relevant covariances between the latent and observed variables were included as well. Four observed variables (feeding into the latent factors) which were found not to meet the minimum validity criteria as detailed in the validity section below were also excluded.

- *SEM Model (no covariance structure)*

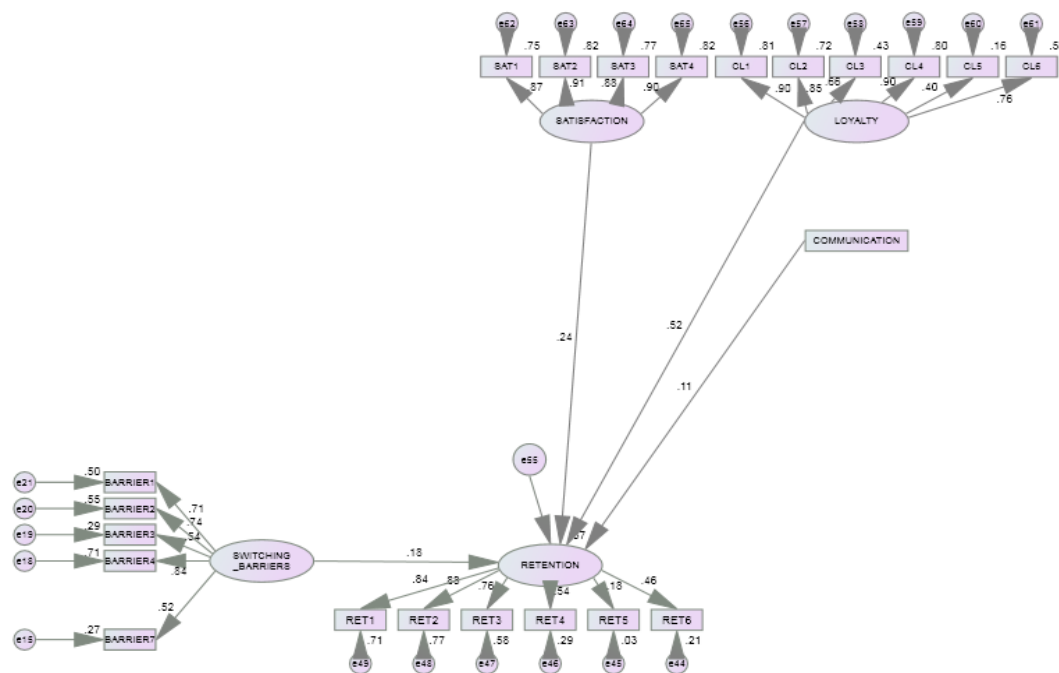


Figure 2.4

The final SEM model (without covariances) with customer retention as the dependent variable is shown above in Figure 2.4. The above recursive model has a Chi-square of 1669.610, 207 degrees of freedom, probability level of 0.000 and 46 (20 weights and 26 variances) parameters to be estimated.

Regression Weights and Summary

The regression and standardized regression weights of the latent and observed variables influence on the target (retention) are indicated below. The weights of the latent and observed variables towards the dependent variables (retention), the variances, modification indices and model fit summaries can be viewed in Appendix A for more detail. All factors are significant at a probability level of 0.05.

Regression Weights:

			ESTIMATE	S.E.	C.R.	P
RETENTION	<---	SWITCHING__BARRIERS	.137	.046	2.956	.003
RETENTION	<---	SATISFACTION	.117	.029	4.026	***

RETENTION	<---	LOYALTY	.242	.038	6.380	***
RETENTION	<---	COMM1	.056	.026	2.116	.034

Table 2.1 (***) < 0.001)

Standardized Regression Weights:

			ESTIMATE
RETENTION	<---	SWITCHING__BARRIERS	.177
RETENTION	<---	SATISFACTION	.242
RETENTION	<---	LOYALTY	.519
RETENTION	<---	COMM1	.111

Table 2.2

Summary Table:

FACTOR	P-VALUE	CONCLUSION
SWITCHING BARRIERS	<0.05	SIGNIFICANT
PERCEIVED VALUE	>0.05	INSIGNIFICANT
RELATIONSHIP MARKETING	>0.05	INSIGNIFICANT
COMPETITIVE ADVANTAGE	>0.05	INSIGNIFICANT
SATISFACTION	<0.05	SIGNIFICANT
LOYALTY	<0.05	SIGNIFICANT
FEES	>0.05	INSIGNIFICANT
KNOWLEDGEABLE EMPLOYEES	>0.05	INSIGNIFICANT
ETHICS	>0.05	INSIGNIFICANT
COMMUNICATION	<0.05	SIGNIFICANT
PERSONALISATION	>0.05	INSIGNIFICANT
SERVICE FEATURES ENABLING	>0.05	INSIGNIFICANT
SERVICE QUALITY CORE	>0.05	INSIGNIFICANT
SERVICE QUALITY RELATIONAL	>0.05	INSIGNIFICANT
EMPOWERMENT	>0.05	INSIGNIFICANT
PERCEIVED CORPORATE IMAGE	>0.05	INSIGNIFICANT

Table 2.3

In order of importance, only four variables had a significant positive impact on customer retention namely: customer loyalty, customer satisfaction, switching barriers and communication. From the literature review it is evident that some authors define retention as a weak form of loyalty and therefore one expects the correlation between customer loyalty and customer retention. Since loyalty leads to retention and retention is a proxy for customer tenure, it therefore follows that loyal customers' tend to stay with their bank for a longer period of time. The fact that customer satisfaction leads to customer retention should come as no surprise either. Another key influencing factor to customer retention is switching barriers. The more barriers there are, whether it being monetary or not, the higher the customer tenure. This makes intuitive sense and sometimes institutions deliberately make it as difficult as possible for customers to move, in order to retain their current clients. Sufficient and accurate communication is also an important factor which leads to higher customer retention rates, however bombarding customers with communication could lead to the contrary.

Goodness-of-fit

INDEX	ACTUAL VALUE	RECOMMENDED VALUE
CHI-SQUARE	1669.610	
DEGREES OF FREEDOM (DF)	207	
CMIN/DF	8.066	< 3:GOOD; 3-5: OKAY; >5:BAD
CFI	0.711	GREATER THAN 0.9
TLI	0.678	GREATER THAN 0.9
PGFI	0.534	HIGH
RMSEA	0.153	LESS THAN 0.07
HOELTER' N	44-47	
R-SQUARE	37%	

Table 2.4

From the above we realize that the model does not fit the data very well and therefore we introduced covariance terms on the independent variables.

- *SEM Model (with covariance structure)*

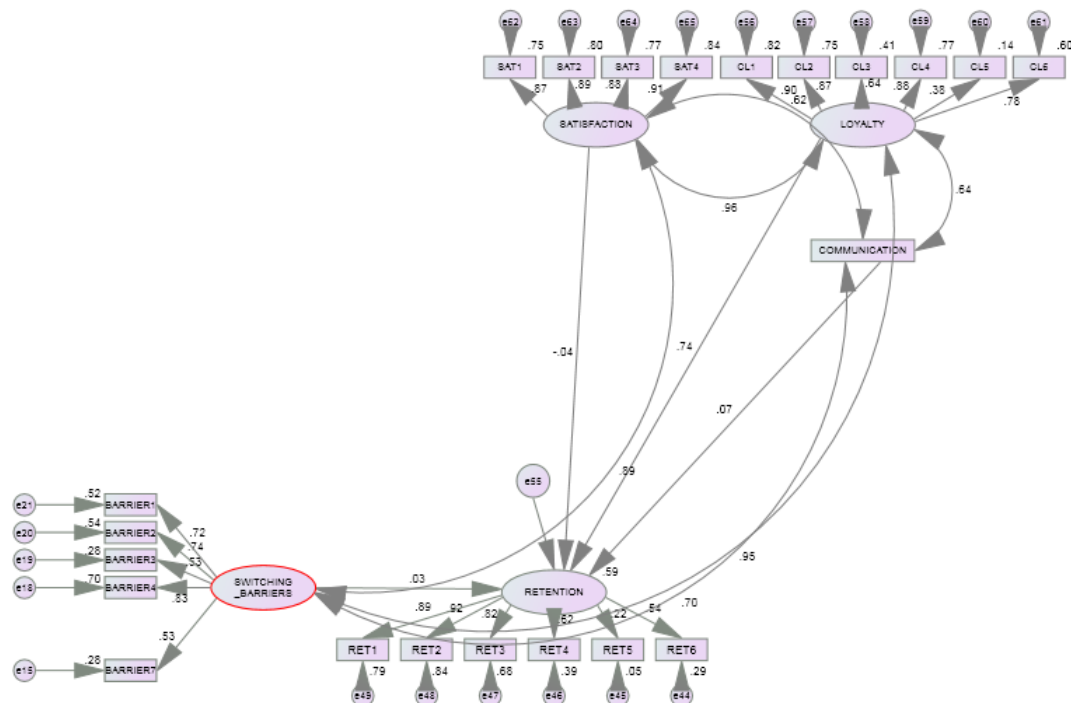


Figure 2.5

The final SEM model (with covariances) with customer retention as the dependent variable is shown above in Figure 2.5. The above recursive model has a Chi-square of 644.881, 201 degrees of freedom, probability level of 0.000 and 52 (20 weights, 6 covariance and 26 variances) parameters to be estimated.

Regression Weights and Summary

The standardized regression weights of the latent and observed variables influence on the target (customer retention) are indicated below. The weights of the latent factors to the observed variables, the variances, covariances, modification indices and model fit summaries can be viewed in Appendix B.

Standardized Regression Weights:

			ESTIMATE
--	--	--	----------

RETENTION	<---	SWITCHING__BARRIERS	.028
RETENTION	<---	SATISFACTION	-.045
RETENTION	<---	LOYALTY	.738
RETENTION	<---	COMM1	.072

Table 2.5

Covariances:

			ESTIMATE	S.E.	C.R.	P
SWITCHING__BARRIERS	<-->	COMM1	.447	.051	8.681	***
SWITCHING__BARRIERS	<-->	LOYALTY	.651	.066	9.792	***
SWITCHING__BARRIERS	<-->	SATISFACTION	.588	.063	9.360	***
LOYALTY	<-->	COMM1	.673	.075	8.943	***
SATISFACTION	<-->	COMM1	.620	.072	8.583	***
LOYALTY	<-->	SATISFACTION	1.033	.098	10.565	***

Table 2.6 (***) < 0.001)

Please note that the covariance structures are included in this amended model. Therefore the above standardized regression weights (Table 2.5) cannot be viewed independently without considering the covariance structure as depicted in Table 2.6. This is the reason why the satisfaction factor has a negative weight (although marginal), but taking into account how it is “co-varying” between other factors, it will ultimately have a positive relationship on retention.

Goodness-of-fit

INDEX	ACTUAL VALUE	RECOMMENDED VALUE
CHI-SQUARE	644.881	
DEGREES OF FREEDOM (DF)	201	
CMIN/DF	3.208	< 3:GOOD; 3-5: OKAY; >5:BAD
CFI	0.912	GREATER THAN 0.9
TLI	0.899	GREATER THAN 0.9
PGFI	0.661	HIGH
RMSEA	0.086	LESS THAN 0.07

HOELTER' N	110-117	
R-SQUARE	59%	

Table 2.7

From Table 2.7 above we realize that data fits the model reasonably well. According to Jackson *et al.* (2005) a Cmin/df value of between 3 and 5 indicated a fairly good model, whereas a value below 3 is indicative of an excellent model. The above model is marginally above the 3 threshold (3.208) and well within the acceptable range of 3 to 5 for an acceptable model. The CFI and TLI statistics are greater and equal to the recommended 0.9 level respectively, therefore indicating a good model and fit. (Jackson *et al.* 2005) The minimum number of observations necessary for convergence as stipulated by “Hoelter’s N” is between 110 and 117, far below the 301 observation which were actually used in this research.

This model therefore indicates a satisfactory fit as all the indices are acceptable and all the parameters are significant. Please refer to the previous section “SEM Model (no covariance structure) ” for an explanation of respective influences of these factors on customer retention.

The goodness-of-fit indices always state the null hypothesis as the desired outcome. It does not completely confirm a model, but it appears to be acceptable. Relationships between variables are referred to on a directional basis. (Schreiber *et al.*, 2006)

2.8.2.2 Customer Satisfaction

The hypothesised model in Figure 2.2 was subjected to the SEM process. Note that loyalty and retention were also considered as independent variables in this case. All the insignificant variables were excluded from the model and at a later stage, all the relevant covariances between the latent variables were included as well. Four observed variables which were found not to meet the minimum validity criterion as detailed in the validity section below were also excluded.

- **SEM Model (no covariance structure)**

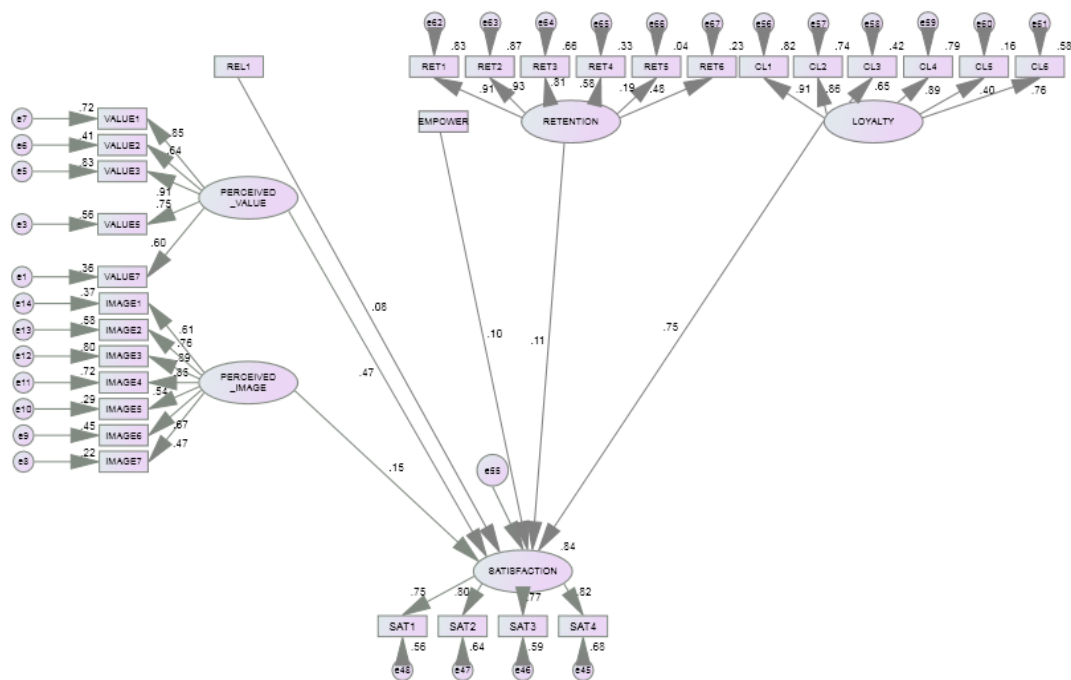


Figure 2.6

The final SEM model (without covariances) with customer satisfaction as the dependent variable is shown above in Figure 2.6. The above recursive model has a Chi-square of 2694.177, 402 degrees of freedom, probability level of 0.000 and 63 (28 weights and 35 variances) parameters to be estimated.

Regression Weights and Summary

The regression and standardized regression weights of the latent and observed variables influence on the target (satisfaction) are indicated below. The weights of the latent and observed variables towards the dependent variables (satisfaction), the variances, modification indices and model fit summaries can be viewed in Appendix D for more detail. All factors are significant at a probability level of 0.05.

Regression Weights:

			ESTIMATE	S.E.	C.R.	P
SATISFACTION	<---	PERCEIVED__IMAGE	.210	.055	3.836	***
SATISFACTION	<---	PERCEIVED__VALUE	.332	.033	10.140	***

SATISFACTION	<---	RETENTION	.071	.024	3.022	.003
SATISFACTION	<---	LOYALTY	.469	.034	13.615	***
SATISFACTION	<---	EMP1	.064	.023	2.774	.006
SATISFACTION	<---	REL1	.046	.019	2.385	.017

Table 2.8 (**< 0.001)

Standardized Regression Weights:

			ESTIMATE
SATISFACTION	<---	PERCEIVED__IMAGE	.149
SATISFACTION	<---	PERCEIVED__VALUE	.475
SATISFACTION	<---	RETENTION	.112
SATISFACTION	<---	LOYALTY	.750
SATISFACTION	<---	EMP1	.099
SATISFACTION	<---	REL1	.085

Table 2.9

Summary Table:

FACTOR	P-VALUE	CONCLUSION
SWITCHING BARRIERS	>0.05	INSIGNIFICANT
PERCEIVED VALUE	<0.05	SIGNIFICANT
RELATIONSHIP MARKETING	<0.05	SIGNIFICANT
COMPETITIVE ADVANTAGE	>0.05	INSIGNIFICANT
RETENTION	<0.05	SIGNIFICANT
LOYALTY	<0.05	SIGNIFICANT
FEES	>0.05	INSIGNIFICANT
KNOWLEDGEABLE EMPLOYEES	>0.05	INSIGNIFICANT
ETHICS	>0.05	INSIGNIFICANT
COMMUNICATION	>0.05	INSIGNIFICANT
PERSONALISATION	>0.05	INSIGNIFICANT
SERVICE FEATURES ENABLING	>0.05	INSIGNIFICANT
SERVICE QUALITY CORE	>0.05	INSIGNIFICANT
SERVICE QUALITY RELATIONAL	>0.05	INSIGNIFICANT

EMPOWERMENT	<0.05	SIGNIFICANT
PERCEIVED CORPORATE IMAGE	<0.05	SIGNIFICANT

Table 2.10

In order of importance, six variables had a significant positive impact on customer satisfaction namely: customer loyalty, perceived value, perceived corporate image, retention, empowerment and relationship marketing.

From the above it is evident that loyalty also leads to satisfaction and to a similar degree as satisfaction leads to loyalty (which will become evident from the next sections). These two concepts are therefore closely related and positively impact each other directly. An obvious outcome which has also been confirmed is that an increase in customer perceived value leads to an increase in the satisfaction levels. The same can be said for a banking institution's corporate image as well. The results also showed that the longer a customer stays with a bank, measured in terms of customer retention, the higher the satisfaction levels. This could be that banks strategically treat their "older" customers better and therefore they tend to be more satisfied than "newer" customers. Empowering employees with more decision making authority also had a positive impact on customer satisfaction. Customers that experienced a higher level of "relationship" with their bank also seem to be more satisfied than those who either didn't receive or perceive a strong enough relationship with their banks.

Goodness-of-fit

INDEX	ACTUAL VALUE	RECOMMENDED VALUE
CHI-SQUARE	2694.177	
DEGREES OF FREEDOM (DF)	402	
CMIN/DF	6.702	< 3:GOOD; 3-5: OKAY; >5:BAD
CFI	0.691	GREATER THAN 0.9
TLI	0.665	GREATER THAN 0.9
PGFI	0.474	HIGH
RMSEA	0.138	LESS THAN 0.07
HOELTER' N	51-53	

R-SQUARE	84%	
----------	-----	--

Table 2.11

From the above we realize that the model does not fit the data very well and therefore we introduced covariance terms on the independent variables.

- **SEM Model (with covariance structure)**

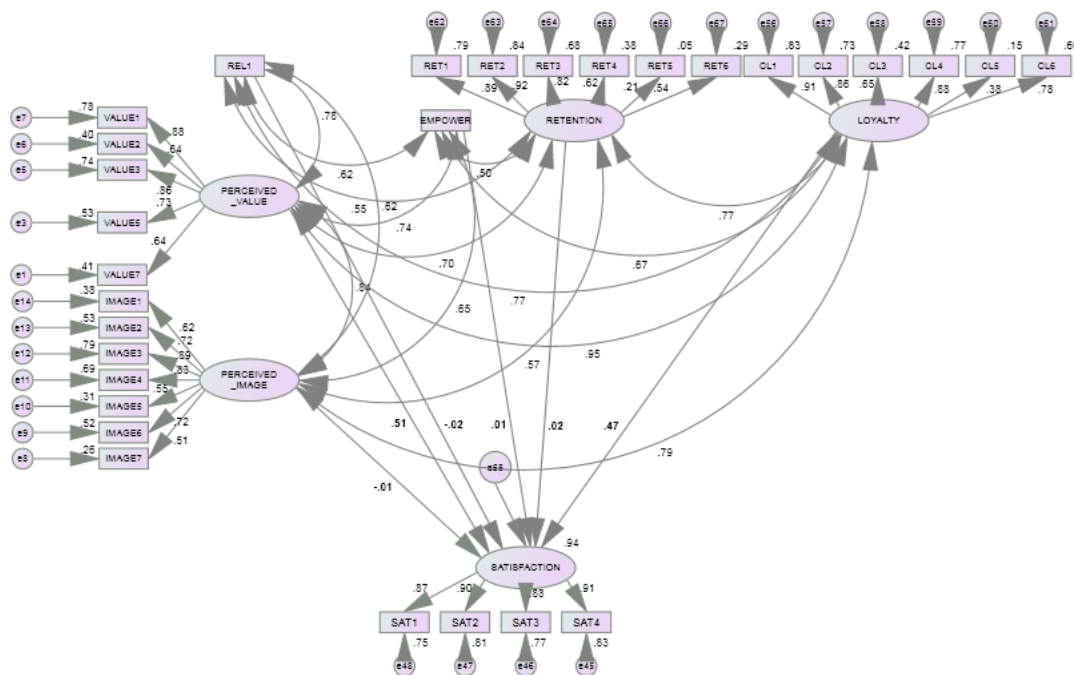


Figure 2.7

The final SEM model (with covariances) with customer satisfaction as the dependent variable is shown above in Figure 2.7. The above recursive model has a Chi-square of 1324.518, 387 degrees of freedom, probability level of 0.000 and 78 (28 weights, 15 covariance and 35 variances) parameters to be estimated.

Regression Weights and Summary

The standardized regression weights of the latent and observed variables influence on the target (customer satisfaction) are indicated below. The weights of the latent factors to the observed variables, the variances, covariances, modification indices and model fit summaries can be viewed in Appendix E.

Standardized Regression Weights:

			ESTIMATE
SATISFACTION	<---	PERCEIVED__IMAGE	-.013
SATISFACTION	<---	PERCEIVED__VALUE	.523
SATISFACTION	<---	RETENTION	.022
SATISFACTION	<---	LOYALTY	.449
SATISFACTION	<---	EMP1	.014
SATISFACTION	<---	REL1	-.017

Table 2.12

Covariances:

			ESTIMATE	S.E.	C.R.	P
PERCEIVED__VALUE	<-->	PERCEIVED__IMAGE	.413	.047	8.728	***
PERCEIVED__VALUE	<-->	REL1	.939	.094	9.974	***
PERCEIVED__VALUE	<-->	EMP1	.750	.078	9.652	***
PERCEIVED__VALUE	<-->	LOYALTY	1.000	.094	10.645	***
PERCEIVED__VALUE	<-->	RETENTION	.707	.080	8.843	***
PERCEIVED__IMAGE	<-->	REL1	.374	.048	7.808	***
PERCEIVED__IMAGE	<-->	EMP1	.330	.041	8.008	***
PERCEIVED__IMAGE	<-->	LOYALTY	.419	.049	8.597	***
PERCEIVED__IMAGE	<-->	RETENTION	.287	.040	7.099	***
EMP1	<-->	REL1	.777	.085	9.104	***
LOYALTY	<-->	REL1	.997	.099	10.044	***
RETENTION	<-->	REL1	.689	.087	7.945	***
LOYALTY	<-->	EMP1	.738	.080	9.238	***
RETENTION	<-->	EMP1	.529	.071	7.406	***
LOYALTY	<-->	RETENTION	.832	.088	9.478	***

Table 2.13 (***) < 0.001

Please note that the covariance structures are included in this amended model. Therefore the above standardized regression weights (Table 2.12) cannot be viewed independently without considering the covariance structure as depicted in Table 2.13

(*** < 0.001). This is the reason why the perceived image and relationship factor has a negative weight (although marginal), but taking into account how it is co-varying between other factors, it will ultimately have a positive relationship on satisfaction.

Goodness-of-fit

INDEX	ACTUAL VALUE	RECOMMENDED VALUE
CHI-SQUARE	1324.518	
DEGREES OF FREEDOM (DF)	387	
CMIN/DF	3.423	< 3:GOOD; 3-5: OKAY; >5:BAD
CFI	0.873	Greater than 0.9
TLI	0.858	Greater than 0.9
PGFI	0.631	High
RMSEA	0.09	Less than 0.07
HOELTER' N	99-103	
R-SQUARE	94%	

Table 2.14

From Table 2.14 above we realize that data fits the model reasonably well. According to Jackson et al. (2005) a Cmin/df value of between 3 and 5 indicated a fairly good model, whereas a value below 3 is indicative of an excellent model. The above model is marginally above the 3 threshold (3.423) and well within the acceptable range of 3 to 5 for an “acceptable” model. The CFI and TLI statistics are marginally below the recommended 0.9 level. (Jackson *et al.* 2005) The minimum number of observations necessary for convergence as stipulated by “Hoelter’s N” is between 99 and 103, far below the 301 observation which were actually used in this research.

This model therefore indicates a satisfactory fit as all of the indices are acceptable and all the parameters are significant. Please refer to the previous section “SEM Model (no covariance structure) ” for an explanation of respective influences of these factors on customer satisfaction.

The goodness-of-fit indices always state the null hypothesis as the desired outcome. It does not confirm a model completely, but it appears to be acceptable. Relationships between variables are referred to on a directional basis. (Schreiber *et al.*, 2006)

2.8.2.3 Customer Loyalty

The hypothesised model in Figure 2.3 was subjected to the SEM process. Note that retention and satisfaction were also considered as independent variables in this case. All the insignificant variables were excluded from the model and at a later stage, all the relevant covariances between the latent variables were included as well. Four observed variables which were found not to meet the minimum validity criterion as detailed in the validity section below were also excluded.

- **SEM Model (no covariance structure)**

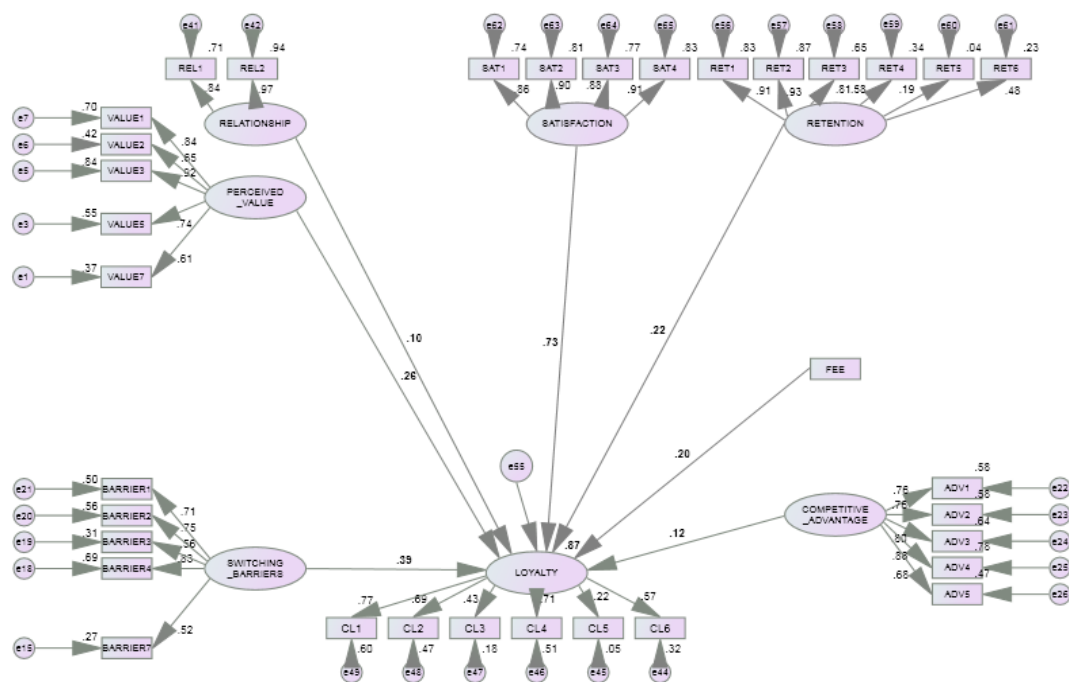


Figure 2.8

The final SEM model (without covariances) with customer loyalty as the dependent variable is shown above in Figure 2.8. The above recursive model has a Chi-square

of 3678.867, 522 degrees of freedom, probability level of 0.000 and 73 (32 weights and 41 variances) parameters to be estimated.

Regression Weights and Summary

The regression and standardized regression weights of the latent and observed variables influence on the target (loyalty) are indicated below. The weights of the latent and observed variables towards the dependent variables (loyalty), the variances, modification indices and model fit summaries can be viewed in Appendix G for more detail. All factors are significant at a probability level of 0.05.

Regression Weights:

			ESTIMATE	S.E.	C.R.	P
LOYALTY	<---	SWITCHING__BARRIERS	.291	.043	6.848	***
LOYALTY	<---	PERCEIVED__VALUE	.135	.024	5.625	***
LOYALTY	<---	RELATIONSHIP	.046	.019	2.442	.015
LOYALTY	<---	COMPETITIVE__ADVANTAGE	.069	.024	2.939	.003
LOYALTY	<---	SATISFACTION	.344	.036	9.491	***
LOYALTY	<---	RETENTION	.099	.020	4.933	***
LOYALTY	<---	FEE1	.088	.018	4.780	***

Table 2.15 (***) < 0.001)

Standardized Regression Weights:

			ESTIMATE
LOYALTY	<---	SWITCHING__BARRIERS	.388
LOYALTY	<---	PERCEIVED__VALUE	.264
LOYALTY	<---	RELATIONSHIP	.099
LOYALTY	<---	COMPETITIVE__ADVANTAGE	.124
LOYALTY	<---	SATISFACTION	.731
LOYALTY	<---	RETENTION	.217
LOYALTY	<---	FEE1	.200

Table 2.16

Summary Table:

FACTOR	P-VALUE	CONCLUSION
SWITCHING BARRIERS	<0.05	SIGNIFICANT
PERCEIVED VALUE	<0.05	SIGNIFICANT
RELATIONSHIP MARKETING	<0.05	SIGNIFICANT
COMPETITIVE ADVANTAGE	<0.05	SIGNIFICANT
SATISFACTION	<0.05	SIGNIFICANT
RETENTION	<0.05	SIGNIFICANT
FEES	<0.05	SIGNIFICANT
KNOWLEDGEABLE EMPLOYEES	>0.05	INSIGNIFICANT
ETHICS	>0.05	INSIGNIFICANT
COMMUNICATION	>0.05	INSIGNIFICANT
PERSONALISATION	>0.05	INSIGNIFICANT
SERVICE FEATURES ENABLING	>0.05	INSIGNIFICANT
SERVICE QUALITY CORE	>0.05	INSIGNIFICANT
SERVICE QUALITY RELATIONAL	>0.05	INSIGNIFICANT
EMPOWERMENT	>0.05	INSIGNIFICANT
PERCEIVED CORPORATE IMAGE	>0.05	INSIGNIFICANT

Table 2.17

In order of importance, seven variables had a significant positive impact on customer loyalty namely: customer satisfaction, switching barriers, perceived value, customer retention, fees, competitive advantage and relationship marketing.

Mittal and Lasse (1998) are under the impression that customer satisfaction is the bare minimum for creating customer loyalty. However, satisfied customers are not necessarily loyal. (Reichheld, 2001) These conclusions are evident from this research as well with customer satisfaction being the strongest predictor of customer loyalty. Switching barriers and loyalty (as well as retention) are also positively correlated. Loyal customers recognise perceived value as an important factor in their banking relationship. Therefore the more value compared to their competitors the bank offers, whether it is actual or perceived, the more loyal their customers tend to be. Since customer retention is a weak form of customer loyalty one expected that there should be an inherent link between these two factors. Retention therefore also

leads to loyalty, although to a lesser extent than loyalty leads to retention since loyalty tend to be the stronger measure. The fees which banks charge seem to have a significant effect on customer loyalty as well (but not on customer retention). The more value-for-money clients seem to get, the more loyal they tend to be. Clients also tend to be more loyal if they perceive their bank has a competitive advantage over other rival banks as well as when they feel they have an adequate relationship with their bank.

Goodness-of-fit

INDEX	ACTUAL VALUE	RECOMMENDED VALUE
CHI-SQUARE	3678.867	
DEGREES OF FREEDOM (DF)	522	
CMIN/DF	7.048	< 3:GOOD; 3-5: OKAY; >5:BAD
CFI	0.648	GREATER THAN 0.9
TLI	0.622	GREATER THAN 0.9
PGFI	0.442	HIGH
RMSEA	0.142	LESS THAN 0.07
HOELTER' N	47	
R-SQUARE	87%	

Table 2.18

From the above we realize that the model does not fit the data very well and therefore we introduced covariance terms on the independent variables.

- *SEM Model (with covariance structure)*

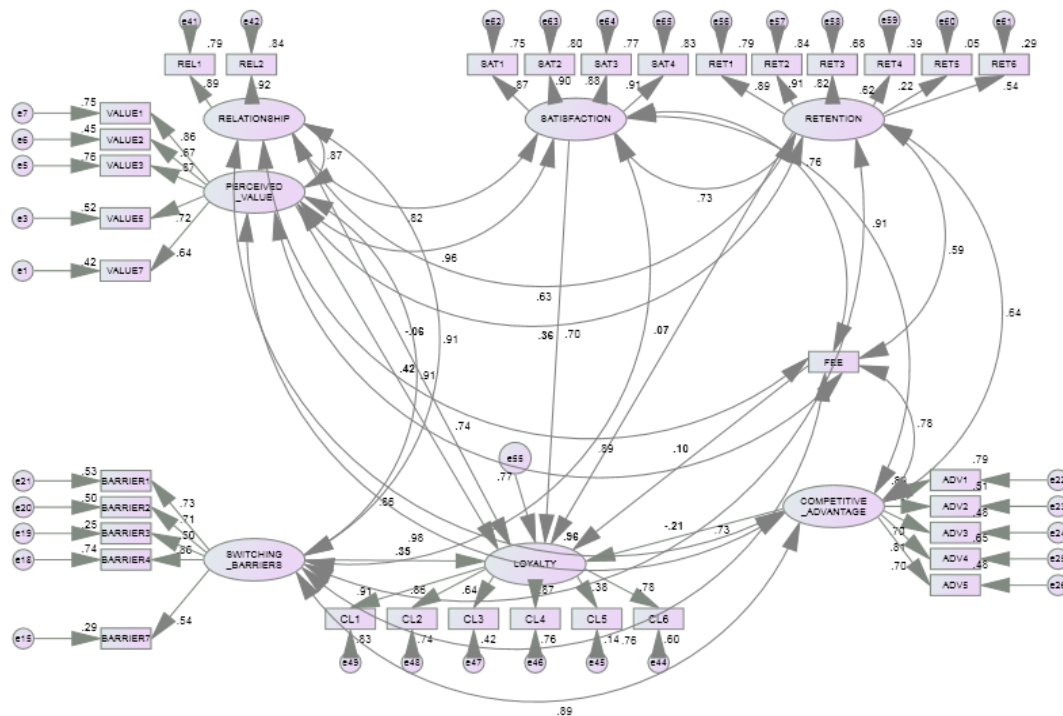


Figure 2.9

The final SEM model (with covariances) with customer loyalty as the dependent variable is shown above in Figure 2.9. The above recursive model has a Chi-square of 1651.193, 501 degrees of freedom, probability level of 0.000 and 94 (32 weights, 21 covariance and 41 variances) parameters to be estimated.

Regression Weights and Summary

The standardized regression weights of the latent and observed variables influence on the target (customer loyalty) are indicated below. The weights of the latent factors to the observed variables, the variances, covariances, modification indices and model fit summaries can be viewed in Appendix H.

Standardized Regression Weights:

			ESTIMATE
LOYALTY	<---	SWITCHING__BARRIERS	.349
LOYALTY	<---	PERCEIVED__VALUE	.423

LOYALTY	<---	RELATIONSHIP	-.055
LOYALTY	<---	COMPETITIVE__ADVANTAGE	-.214
LOYALTY	<---	SATISFACTION	.361
LOYALTY	<---	RETENTION	.068
LOYALTY	<---	FEE1	.096

Table 2.19

Covariances:

			ESTI MAT E	S.E.	C.R.	P
PERCEIVED__VALUE	<-->	SWITCHING__BARRIE RS	.582	.061	9.514	***
PERCEIVED__VALUE	<-->	COMPETITIVE__ADVA NTAGE	.944	.090	10.525	***
PERCEIVED__VALUE	<-->	RELATIONSHIP	.908	.092	9.866	***
PERCEIVED__VALUE	<-->	FEE1	.804	.082	9.797	***
PERCEIVED__VALUE	<-->	RETENTION	.693	.079	8.782	***
PERCEIVED__VALUE	<-->	SATISFACTION	.941	.091	10.325	***
SWITCHING__BARRIERS	<-->	COMPETITIVE__ADVA NTAGE	.584	.062	9.463	***
SWITCHING__BARRIERS	<-->	RELATIONSHIP	.652	.068	9.571	***
SWITCHING__BARRIERS	<-->	FEE1	.545	.059	9.218	***
SWITCHING__BARRIERS	<-->	RETENTION	.489	.057	8.525	***
SWITCHING__BARRIERS	<-->	SATISFACTION	.596	.063	9.428	***
COMPETITIVE__ADVANT AGE	<-->	RELATIONSHIP	.933	.094	9.929	***
COMPETITIVE__ADVANT AGE	<-->	FEE1	.848	.085	10.012	***
COMPETITIVE__ADVANT AGE	<-->	RETENTION	.656	.079	8.346	***
COMPETITIVE__ADVANT	<-->	SATISFACTION	.928	.091	10.204	***

AGE						
RELATIONSHIP	<-->	FEE1	.864	.090	9.606	***
RELATIONSHIP	<-->	RETENTION	.697	.085	8.221	***
RELATIONSHIP	<-->	SATISFACTION	.909	.094	9.646	***
RETENTION	<-->	FEE1	.646	.078	8.275	***
SATISFACTION	<-->	FEE1	.840	.086	9.816	***
RETENTION	<-->	SATISFACTION	.759	.084	9.063	***

Table 2.20 (***) < 0.001)

Please note that the covariance structures are included in this amended model. Therefore the above standardized regression weights (Table 2.19) cannot be viewed independently without considering the covariance structure as depicted in Table 2.20. This is the reason why the relationship marketing and competitive advantage factor has a negative weight (although marginal), but taking into account how it is “co-varying” between other factors, it will ultimately have a positive relationship on loyalty.

Goodness-of-fit

INDEX	ACTUAL VALUE	RECOMMENDED VALUE
CHI-SQUARE	1651.193	
DEGREES OF FREEDOM (DF)	501	
CMIN/DF	3.296	< 3:GOOD; 3-5: OKAY; >5:BAD
CFI	0.872	GREATER THAN 0.9
TLI	0.857	GREATER THAN 0.9
PGFI	0.628	HIGH
RMSEA	0.087	LESS THAN 0.07
HOELTER' N	101-105	
R-SQUARE	96%	

Table 2.21

From Table 2.21 above we realize that data fits the model reasonably well. According to Jackson et al. (2005) a Cmin/df value of between 3 and 5 indicated a

fairly good model, whereas a value below 3 is indicative of an excellent model. The above model is marginally above the 3 threshold (3.296) and well within the acceptable range of 3 to 5 for an acceptable model. The CFI and TLI statistics are marginally below the recommended 0.9 level. (Jackson *et al.* 2005) The minimum number of observations necessary for convergence as stipulated by “Hoelter’s N” is between 101 and 105, far below the 301 observations which were actually used in this research.

This model therefore indicates a satisfactory fit as all the indices are acceptable and all the parameters are significant. Please refer to the previous section “SEM Model (no covariance structure) ” for an explanation of respective influences of these factors on customer loyalty.

The goodness-of-fit indices always state the null hypothesis as the desired outcome. It does not confirm a model completely, but it appears to be acceptable. Relationships between variables are referred to on a directional basis. (Schreiber *et al.*, 2006)

2.8.3 Validity

2.8.3.1 Definition

Validity is a measure of the accuracy of an instrument used in a study. (Stewart, 2009)

2.8.3.2 Customer Retention

As can be seen from Table C1 in Appendix C, all the observed variables measuring the latent variables are significant with a P-value less than 0.05. From Table C2 (Appendix C) it is evident that only 2 out of the 21 possible observed variables have a standardized regression weight of less than 0.5 and therefore indicating overall validity of the instrument.

2.8.3.3 Customer Satisfaction

As can be seen from Table F1 in Appendix F, all the observed variables measuring the latent variables are significant with a P-value less than 0.05. From Table F2 (Appendix F) it is evident that only 2 out of the 28 possible observed variables have a standardized regression weight of less than 0.5 and therefore indicating overall validity of the instrument.

2.8.3.4 Customer Loyalty

As can be seen from Table I1 in Appendix I, all the observed variables measuring the latent variables are significant with a P-value less than 0.05. From Table I2 (Appendix I) it is evident that only 3 out of the 33 possible observed variables have a standardized regression weight of less than 0.5 and therefore indicating overall validity of the instrument.

2.8.4 Reliability

Reliability is the degree of consistency of an instrument. A reliable instrument will therefore give identical results at all times. (Kerlinger & Lee, 2000) Reliability is concerned with the findings of the research and relates to the credibility of the findings and being able to repeat the findings independently at a later stage. (Welman *et al.*, 2011)

The Cronbach' Alpha estimates were determined in order to test the internal consistency of the measuring instrument.

VARIABLE	CRONBACH'S ALPHA
SWITCHING BARRIERS	0.80
PERCEIVED IMAGE	0.87
PERCEIVED VALUE	0.86
RELATIONSHIP MARKETING	0.89
COMPETITIVE ADVANTAGE	0.88
SERVICE FEATURES ENABLING	0.78
SERVICE QUALITY RELATIONAL	N/A
SERVICE QUALITY CORE	0.94

COMMUNICATION	N/A
FEE	N/A
KNOWLEDGEABLE EMPLOYEES	0.94
LOYALTY	0.88
SATISFACTION	0.94
RETENTION	0.83
ETHICS	N/A
EMPOWERMENT	N/A
PERSONALISATION	N/A

Table 2.22

Reliability is the degree of consistency of an instrument. The above table indicated that the measuring instrument is extremely consistent with an average Cronbach alpha of 0.87 and the lowest being 0.78. Values above 0.85 indicated a high level of consistency. (Said *et al.*, 2011)

2.9 HYPOTHESIS TESTING

HYPOTHESIS	RETENTION (A)	SATISFACTI ON (B)	LOYALTY (C)
$H^{1A,B,C}$: Perceived Value	Reject	Fail to reject	Fail to reject
$H^{2A,B,C}$: Perceived Corporate Image	Reject	Fail to reject	Reject
$H^{3A,B,C}$: Perceived Competitive Advantage	Reject	Reject	Fail to reject
$H^{4A,B,C}$: Perceived Switching Barriers	Fail to reject	Reject	Fail to reject
$H^{5A,B,C}$: Communication	Fail to reject	Reject	Reject
$H^{6A,B,C}$: Knowledgeable Employees	Reject	Reject	Reject
$H^{7A,B,C}$: Empowerment	Reject	Fail to reject	Reject
$H^{8A,B,C}$: Personalisation	Reject	Reject	Reject
$H^{9A,B,C}$: Ethical Behaviour	Reject	Reject	Reject
$H^{10A,B,C}$: Fees	Reject	Reject	Fail to reject

$H^{11,A,B,C}$: Relationship Marketing	Reject	Fail to reject	Fail to reject
$H^{12,A,B,C}$: Service Quality Core	Reject	Reject	Reject
$H^{13,A,B,C}$: Service Quality Relational	Reject	Reject	Reject
$H^{14,A,B,C}$: Enabling Service Features	Reject	Reject	Reject
$H^{15,B,C}$: Customer Retention	N/A	Fail to reject	Fail to reject
$H^{16,A,C}$: Customer Satisfaction	Fail to reject	N/A	Fail to reject
$H^{17,A,B}$: Customer Loyalty	Fail to reject	Fail to reject	N/A

Table 2.23

Table 2.23 above summarises the hypothesis that should be rejected or not rejected at a significance level of 0.05 per theoretical construct. It is also important to note that the null hypothesis can never be proven and therefore data can only reject a null hypothesis or fail to reject it. Each of these hypotheses states the relationship between each of the independent variables listed in Table 2.23 above and the dependent variables customer retention, satisfaction and loyalty respectively.

This evaluation of the results which is based on the estimates obtained by the SEM model, rather than individual hypotheses tests, is more appropriate than individual hypotheses tests, which would increase the risk of a Type I error. (Rootman, 2011)

2.10 DISCUSSION

The objective of this research was to determine the antecedents of customer retention, satisfaction and loyalty. These factors were determined by constructing three structural equation models.

The factors that were found to have a positive influence or effect on customer retention were switching barriers, satisfaction, loyalty and communication.

The factors that were found to have a positive influence or effect on customer satisfaction were perceived image, perceived value, retention, loyalty, empowerment and relationship marketing.

The factors that were found to have a positive influence or effect on customer loyalty were switching barriers, perceived value, relationship marketing, competitive advantage, satisfaction, retention and fees.

As previously discussed, the literature review revealed that all 14 independent factors/variables tested in this research had been proven to have some form of impact on either customer retention or satisfaction or loyalty. The difference is that no research included such a wide array of possible factors (14 factors made up from 81 questions) together with two potential dependent variables (e.g. satisfaction and retention) portrayed as independent to predict the outstanding dependent variable (e.g. loyalty). This research concluded that not all of these variables were found to be significant as summarised in Table 2.23. Knowledgeable employees, personalisation, ethical behaviour, service quality (core and relational) as well as enabling service features were found not to have a relationship with any of the dependent variables. This could be because some of these (e.g. service quality) are reasonably correlated with other variables (e.g. relationship marketing) and therefore already included in the models.

Customer retention, satisfaction and loyalty are all extremely important constructs for any business to be successful and therefore these metrics need to be carefully managed and measured to ensure future profitability and sustainability. Without considering the complex covariance structure and its influence on the factor loadings perceived value, perceived corporate image, perceived competitive advantage, switching barriers, communications, empowerment, fees and relationship marketing all have a positive influence on either customer retention or satisfaction or loyalty or a combination of two or more constructs. This implies that if banking institutions positively improve any one of the above factors, it will have a positive influence on either retention or satisfaction or loyalty or a combination thereof. One should not forget that satisfaction and retention also have a positive relationship with loyalty, satisfaction and loyalty with retention and retention and loyalty with satisfaction.

2.11 LIMITATIONS

There are a few possible limitations to this research. The results obtained are only applicable to South Africa and more specifically within the banking industry.

As stated before, the sample may have been slightly biased by the sampling method used. More than half of the responses were obtained by electronic surveys and this may not be a representative sample of the South African banking population as the entry level banking populations are under-represented in this study. The demographics (e.g. race, province, qualifications etc.) of the respondents are also not fully representative of the general South African population.

SEM is an observation intensive statistical technique. Although sufficient, the number of usable responses (301) restricted the possibilities with regards to statistical analysis to a certain extent. Finding statistically acceptable models, given the number of observations and observed variables, proved to be a daunting task.

2.12 RECOMMENDATIONS

Although this is a quite comprehensive piece of research, there is however a few possible facets which could be extended or improved upon in future research.

Firstly, building a SEM by only considering retention, satisfaction and loyalty, without any other factors, could verify the exact relation between these three factors. This is something researchers to this date are still not in agreement with. The research done here does explain these relationships, but the results are diluted to a certain extent because of the inclusion of other factors.

Secondly, a SEM model with retention, satisfaction, loyalty as well as other latent factors being considered as intervening variables to each of the dependent factors. For this, one would need a larger number of observations to successfully conclude any relationships.

Thirdly, extending this research beyond South Africa as well as beyond the banking industry could prove valuable.

Fourthly, one might consider including demographical variables (e.g. age, gender, race, education) into the model and test the effect of these on retention, satisfaction and loyalty. For example, a highly qualified individual, before being satisfied, will surely expect a greater level of service than an uneducated individual. These additional variables will surely improve the model quality, but the aim of this research was purely to use behavioural variables as input to the models.

Finally, this research only considers the “man in the street”. To close the loop, additional input also needs to be obtained from bank employees, especially customer relationship executives, as well as to see if bankers view their customers’ issues and needs in the same light.

2.13 REFERENCES

- ABRATT, R. & RUSSELL, J. 1999. Relationship Marketing in Private Banking South Africa. *The international Journal of Bank Marketing*, 17(1):15-21.
- ACKERMANN, P.L.S. & VAN RAVESTEYN, L.J. 2005. Relationship marketing: The effect of relationship banking on customer loyalty in the retail business banking industry in South Africa. *Southern African Business Review*, 10(3):149-167.
- ALDLAIGAN, A. & BUTTLE, F. 2005. Beyond satisfaction: customer attachment to retail banks. *International Journal of Bank Marketing*, 23(4):349-359.
- ANDERSON, E.W. & SULLIVAN, M. 1993. The antecedents and consequences of consumer satisfaction for firms. *Marketing Science*, 12:125-43, Spring.
- ANDERSON, W.T. JR, COX, E.P. III & FULCHER, D.H. 1976. Bank selection decisions and market segmentation. *Journal of Marketing*, 40(1):40-5.
- BACON, L.D. & SPSS Inc. 1997. Using Amos for structural equation modelling in market research. USA. 18 p.
- BD (BUSINESS DICTIONARY). 2012. "Communication".
<http://www.businessdictionary.com/definition/communication.html> Date of access: 18 Jul. 2012.
- BEARDEN, W.O. & TEEL, J.E. 1983. Selected determinants of consumer satisfaction and complaint reports. *Journal of Marketing Research*, 20:21-8, Feb.
- BEERLI, A., MARTIN, J.D. & QUINTANA, A. 2004. A model of customer loyalty in the retail banking market. *European Journal of Marketing*, 38(1/2):253-275.
- BERGERON, J., ROY, J. & FALLU, J. 2008. Pleasantly surprising clients: a tactic in relationship marketing for building competitive advantage in the financial services sector. *Canadian Journal of Administrative Sciences*, 25:171-184.

- BERNDT, A.D., HERBST, F.J. & ROUX, L. 2004. Customer relationship management implementation within a retail banking environment: a South African perspective. *Southern African Business Review*, 8(2):31-41.
- BHOTE, K.R. 1996. Beyond customer satisfaction to customer loyalty: the key to greater profitability. New York: AMA Membership Publications Division.
- BLOEMER, J.M. & LEMMINK, J.G. 1992. The importance of customer satisfaction in explaining brand and dealer loyalty. *Journal of Marketing Management*, 8:351-64.
- BLOEMER, J.M. & KASPER, H. 1993. Brand loyalty and brand satisfaction: the case of buying audio cassettes anew in the Netherlands (*In Proceeding of the 22nd European Academy Conference, Barcelona.*)
- BLOEMER, J.M. & KASPER, H. 1995. The complex relationship between consumer satisfaction and brand loyalty. *Journal of Economic Psychology*, 16:311-29.
- BOLTON, R.N. 1998. A dynamic model of the duration of the customer's relationship with a continuous service provider: the role of satisfaction. *Marketing Science*, 17(1):45-65.
- BOSHOFF, C. & DU PLESSIS, F. 2009. Services marketing: a contemporary approach. Cape Town: Juta & Company Ltd. 366 p.
- BOULDING, W., KALRA, A., STAELIN, R. & ZEITHAML, V.A. 1993. A dynamic process model of service quality: from expectations to behavioural intentions. *Journal of Marketing Research*, 30:7-27, Feb.
- BRINK, A. & BERNDT, A. 2008. Relationship Marketing and customer relationship management. Lansdowne: Juta & Company.
- BRUHN, M. & GEORGI, D. 2006. Services marketing: managing the service value chain. England: Prentice Hall. 478 p.

- BUTTLE, F.A., AHMAD, R. & ALDLAIGAN, A. 2002. The theory and practice of customer bonding. *Journal of Business-to-Business Marketing*, 9(2):3-27.
- CHENG, E.W.L. 2001. Network communication in the construction industry. *Corporate Communications: An International Journal*, 6(2):61-70.
- COHEN, D., GAN, C., YONG, H.H.A. & CHOONG, E. 2006. Customer satisfaction: a study of bank customer retention in New Zealand. 30 p. (Discussion paper, 109.)
- COLGATE, M., STEWARD, K. & KINSELLA, R. 1996. Customer defection: a case study of the student market in Ireland. *The international journal of bank marketing*, 14(3):23-29.
- CRONIN, J.J. JR & TAYLOR, S.A. 1992. Measuring service quality: a re-examination and extension. *Journal of Marketing*, 56:55-68, Jul.
- CULLEN, P. 2002. Privacy represents a business opportunity. http://www.rmahq.org/News_PR/Features/feat4_15_02.htm Date of access: 1 Apr. 2012
- DORSCH, M.J., SWANSON, S.R. & KELLEY, S.W. 1998. The role of relationship quality in the stratification of vendors as perceived by customers. *Journal of the Academy of Marketing Science*, 26(2):128-142.
- DUNCAN, T. & MORIARTY, S.E. 1998. A communication-based marketing model for managing relationships. *Journal of Marketing*, 62:1-13.
- EHIGIE, B.O. 2006. Correlates of customer loyalty to their banks: a case study in Nigeria. *International Journal of Bank Marketing*, 24(7):494-508.
- EID, R. 2007. Towards a successful CRM implementation in banks: an integrated model. *The Services Industries Journal*, 27(8):1031-1039.
- FARQUHAR, J.D. & PANTHER, T. 2008. Acquiring and retaining customers in UK banks: an exploratory study. *Journal of Retailing and Consumer Services*, 15:9-21.

FISK, R.P., BROWN, S.W. & BITNER, M.J. 1993. Tracking the evolution of the services marketing literature. *Journal of Retailing*, 69:61-103, Spring.

FORNELL, C. 1992. A national customer satisfaction barometer: the Swedish experience. *Journal of Marketing*, 56:6-21, Jan.

GAN, C., COHEN, D., CLEMES, M. & CHONG, E. 2006. A survey of customer retention in the New Zealand banking industry. *Banks and Bank Systems*, 1(4):83-99.

GERBER, H., SHARP, G.D. & TESSERA, A. 2006. Statistical control for sampling of metallurgical material. *Applied Stochastic Models in Business and Industry*, 22:483–493.

GHAZIZADEH, M., BESHELI, A.L. & TALEBI, V. 2010. Assessing of bank customers retention and loyalty: a case study of state-owned banks in Tehran. *European Journal of Social Sciences*, 17(2)

GREMLER, D.D. & GWINNER, K.P. 2000. Customer-employee rapport in service relationships. *Journal of Service Research*, 3(1):82-105, Aug.

GRÖNROOS, C. 1994. From marketing mix to relationship marketing: towards a paradigm shift in marketing. *Management Decisions*, 32(2):4-20.

HAIR, J.F., BLACK, W.C., BABIN, B.J., ANDERSON, R.E. & TATHAM, R.L. 2006. Multivariate Data Analysis. 6th ed. Upper Saddle River, NJ: Pearson

HALLOWELL, R. 1996. The relationship of customer satisfaction, customer loyalty and profitability: an empirical study. *International Journal of Service Industry Management*, 7(4):27-42, Feb.

HALSTEAD, D., HARTMAN, D. & SCHMIDT, S.L. 1994. Multisource effects on the satisfaction formation process. *Journal of the Academy of Marketing Science*, 22:114-29, Spring.

HARWOOD, M. 2002. Branding on a budget: building the community bank's image. *Community Banker*, 11(4):24-28, Apr.

HILL, N. & ALEXANDER, J. 2006. The handbook of customer satisfaction and loyalty measurement. 3rd ed. Gower Publishing. 273 p.

IOANNA, P.D. 2002. The role of employee development in customer relations: the case of UK retail banks. *Corporate Communication*, 7(1):62-77.

JACKSON, J.L., DEZEE, K., DOUGLAS, K. & SHIMEALL, W. 2005. Introduction to Structural Equation Modelling (Path Analysis). SGIM Pre-course PA08, May.

KARAKOSTAS, B., KARDARAS, D. & PAPATHANASSIOU, E. 2005. The state of CRM adoption by the financial services in the UK: an empirical investigation. *Information and Management*, 42:853–863.

KASPER, J.D. 1988. On problem perception, dissatisfaction and brand loyalty. *Journal of Economic Psychology*, 9:387-97.

KEININGHAM, T.L., COOIL, B., AKSOY, L., ANDREASSEN, T.W. & WEINER, J. 2007. The value of different customer satisfaction and loyalty metrics in predicting customer retention, recommendation, and share-of-wallet. *Managing Service Quality*, 17(4):361-384.

KEININGHAM, T.L., PERKINS-MUNN, T. & EVANS, H. 2003. The impact of customer satisfaction on share of wallet in a business-to-business environment. *Journal of Service Research*, 6(1):37-50.

KERLINGER, F.N. & LEE, H.B. 2000. Foundations of behavioural research. 4th ed. Holt, NY: Harcourt College Publishers.

KHAN, I. 2012. Impact of customer satisfaction and customer retention on customer loyalty. *International Journal of Scientific & Technology Research*, 1(2):106-110, Mar.

LABARBERA, P.A. & MAZURSKY, D. 1983. A longitudinal assessment of consumer satisfaction/ dissatisfaction. *Journal of Marketing Research*, 20:393-404, Nov.

LAROCHE, M. & TAYLOR, T. 1988. An empirical study of major segmentation issues in retail banking. *International Journal of Bank Marketing*, 6(1):31-48.

LEVESQUE, T. & MCDOUGALL, G.H.G. 1996. Determinants of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 14(7):12–20.

LEVINSON, J.C., LEVINSON, J. & LEVINSON, A. 2007. Guerilla Marketing: Easy and inexpensive strategies for making big profits from your small business. 4thed. New York.

LONGENECKER, J.G., MOORE, C.W., PETTY, J.W. & PALICH, L.E. 2006. Small business management: an entrepreneurial emphasis. China: Thomson South-Western.

MANO, H. & OLIVER, R.L. 1993. Assessing the dimensionality and structure of the consumption experience: evaluation, feeling, and satisfaction. *Journal of Consumer Research*, 20:451-66, Dec.

MCDOUGALL, G. & LEVESQUE, T. 1994. A revised view of service quality dimensions: an empirical investigation. *Journal of Professional Services Marketing*, 11(1):189-210.

MENON, K. & O'CONNOR, A. 2007. Building customers affective commitment towards retail banks: the role of CRM in each moment of truth. *Journal of Financial Services Marketing*, 12(2):157-168.

MITTAL, B. & LASSAR, W.M. 1998. Why do customers switch? The dynamics of satisfaction versus loyalty. *The Journal of Services Marketing*, 12(3):177-194.

- MITTAL, V. & KAMAKURA, W. 2001. Satisfaction, repurchase intent and repurchase behaviours: investigating the moderating effect of customer characteristics. *Journal of Marketing Research*, 38:131-142, Feb.
- MONTEIRO, J. 2009. Banks committed to going green.
<http://www.fin24.com/Companies/Banks-committed-to-going-green-20090924> Date of access: 1 Feb. 2012.
- MORGAN, N.A. & PIERCY, N.F. 1992. Market-led quality. *Industrial Marketing Management*, 21(2):111-18.
- MOSTERT, P. 2009. The pricing of services. (*In Services marketing: a contemporary approach*. BOSHOF, C. & Du PLESSIS, F. Cape Town: Juta& Company).
- MUDIE, P. & COTTAM, A. 1999. The management and marketing of services. 2nd ed. Oxford: Butterworth-Heinemann.
- MYLONAKIS, J. 2009. Customer Relationship Management Functions: a survey of Greek bank customer satisfaction perceptions. *The Icfai University Journal of Bank Management*, 8(2):7-31.
- ODINDO, C. & DEVLIN, J. 2008?. Customer satisfaction, loyalty and retention in Financial Services. *Financial Services Research Forum*,
<http://www.nottingham.ac.uk/business/forum/documents/researchreports/paper46.pdf>
 f Date of access: 16 Apr. 2012.
- OED (Oxford Dictionaries). 2012. "Communication". Oxford University Press.
<http://oxforddictionaries.com/definition/english/communication?q=communications+#communication> 2 Date of access: 1 Feb. 2012.
- OLIVA, T.A., OLIVER, R.L. & MACMILLAN, I.C. 1992. A catastrophe model for developing services satisfaction strategies. *Journal of Marketing*, 56:83-95, Jul.

OLIVER, R.L. 1997. Satisfaction: a behavioural perspective on the consumer. New York: McGraw-Hill.

OLIVER, R.L. 1999. Whence consumer loyalty? *Journal of Marketing*, 63:33-44, Oct.

PAN, Y., SHENG, S. & XIE, F.T. 2012. Antecedents of customer loyalty: An empirical synthesis and re-examination. *Journal of Retailing and Consumer Services*, 19:150-158, Dec.

PARASURAMAN, A., BERRY, L.L. & ZEITHAML, V.A. 1991. Understanding customer expectations of service. *Sloan Management Review*, 39:39-48, Spring.

PATTERSON, P.G. 2004. A contingency model of behavioural intentions in a services context. *European Journal of Marketing*, 38(9/10):1304-1315.

PEPPARD, J. 2000. Customer relationship management in financial services. *European Management Journal*, 18(3):312-327.

PERKINS-MUNN, T., AKSOY, L., KEININGHAM, T.L. & ESTRIN, D. 2005. Actual purchase as a proxy for share-of-wallet. *Journal of Service Research*, 7(3):245-256.

RANAWEERA, C. & NEELY, A. 2003. Some moderating effects on the service quality-customer retention link. *International Journal of Operational & Production Management*, 23(2):230-248.

RAVESTYEN, L.J. 2005. The effect of relationship banking on customer loyalty in the retail business banking industry. UNISA. (Dissertation – MBL) 143p.

RAYNER S. 1996. Consumer Loyalty Schemes. London: Financial Times.

REICHHELD, F.F. 1996. Learning from customer defection.

<http://www.profitmatters.ca/Articles/HBR%20Customer%20Defections.pdf> Date of access: 02 Jan. 2012.

REICHHELD, F.F. 2001. *Loyalty Rules!* Boston: Harvard Business School Press.

REICHHELD, F.F. 2003. The One Number You Need to Grow. *Harvard Business Review*, :46-54, Dec.

REICHHELD, F.F. & SASSER, E.W. 1990. Zero defections: quality comes to services. *Harvard Business Review*, 68(5):105-111.

REIDENBACH, R.E. & SANDIFER-SMALLWOOD, B. 1990. Exploring perceptions of hospital operations by a modified SERVQUAL approach. *Journal of Health Care Marketing*, 10:47-55, Dec.

ROOTMAN, C. 2006. The influence of customer relationship management on the service quality of banks. Port Elizabeth: NNMU. (Dissertation – M.Com) 202p.

ROOTMAN, C. 2011. An international comparative study on the relationship marketing and customer retention of retail banks: lessons for South Africa. Port Elizabeth: NNMU. (Dissertation – D.Phil) 472p.

ROOTMAN, C., TAIT, M. & SHARP, G. 2011. Relationship marketing and customer retention lessons for South African banks. *Southern African Business Review*, 15(3):184-206.

RUST, R. & ZAHORIK, A.J. 1993. Customer satisfaction, customer retention and market share. *Journal of Retailing*, 69(2):193-215.

SAID, H, BADRU, B.B. & SHAHID, M. 2011. Confirmatory factor Analysis (CFA) for testing validity and reliability instrument in the study of education. *Australian Journal of Basic and Applied Sciences*, 5(12):1098-1103.

SAMBANDAM, R. & LORD, K.R. 1995. Switching behaviour in automobile markets: a consideration sets model. *Journal of the Academy of Marketing Science*, 23:57-65, Winter.

SCHREIBER, J.B., NORA, A., STAGE, F.K., BARLOW, E.A. & KING, J. 2006. Reporting structural equation modelling and confirmatory factor analysis results: a review. *Journal of Educational Research*, 99(6): 323–337.

STEWART, C.D. 2009. A multi-dimensional measure of professional learning communities: the development and validation of the Learning Culture Indicator (LCCI). Provo: Brigham Young University (Dissertation)

SWARTZ, T.A. & LACOBUCCI, D. 2000. Handbook of services marketing and management. Thousand Oaks: Sage Publications.

TESFOM, G. & BIRCH, N. 2011. Do switching barriers in the retail banking industry influence bank customers in different age groups differently? *Journal of Services Marketing*, 25(5):371-380, Feb.

THE BANKING ASSOCIATION OF SOUTH AFRICA. 2011. South African banking sector overview, Nov. www.banking.org.za Date of access: 02 Sep. 2012.

THOMPSON, A.A., PETERAF, M.A., GAMBLE, J.E. & STRICKLAND, A.J. 2012. Crafting and Executing Strategy: Concepts and Cases. 18thed. New York: McGraw-Hill. 462 p.

THWAITES, D. & VERE, L. 1995. Bank selection criteria – a student perspective. *Journal of Marketing Management*, 11(1-3):133-49.

TRASORRAS, R., WEINSTEIN, A. & ABRATT, R. 2009. Value, satisfaction, loyalty and retention in professional services. *Marketing Intelligence & Planning*, 27(5):615-632, Feb.

WELMAN, C., KRUGER, F. & MITCHELL, B. 2011. Research methodology. 3rd ed. Cape Town: Oxford University Press. 342 p.

WHITE, L. & YANAMANDRAM, V. 2007. A model of customer retention of dissatisfied business services customers. *Managing Service Quality*, 17(3):298-316.

WIGGERS, A. & YAEGER, C. 2003. Addressing the challenges of customer retention.

http://www.benchmarkinternational.com/Articles/Addressing_challenges_of_customer_retention.pdf Date of access: 02 Jan. 2012.

WILMSHURST, J. & MACKAY, A. 2002. The fundamentals and practice of marketing. 4th ed. Oxford: Butterworth-Heinemann.

WOODSIDE, A.G., FREY, L.L. & DALY, R.T. 1989. Linking service quality, customer satisfaction, and behavioural intention. *Journal of Health Care Marketing*, 19:5-17, Dec.

ZEITHAML, V.A. 2000. Service quality, profitability, and economic worth of customers: what we know and what we need to learn. *Journal of the Academy of Marketing Science*, 28(1):67-85.

CHAPTER 3

CONCLUSIONS, LIMITATIONS AND RECCOMENDATIONS

3.1. CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

This chapter comprises of conclusions regarding the literature review and the empirical study according to the specific objectives that were identified. Subsequently it follows with a discussion around limitations and future recommendations to extend this research.

3.2. CONCLUSIONS

Banks are increasingly paying more attention to the number of accounts they are losing and thus emphasising customer retention, satisfaction and loyalty behaviour. This is a consequence of the steady increase in costs of acquiring new customers, the constant cost-cutting initiatives implemented by companies (e.g. decreasing of marketing budget) as well as market saturation due to the increase in competition among other financial institutions. (Wiggers & Yaeger, 2003)

Financially it makes more sense to retain existing customers than to acquire new ones. It is therefore imperative that each and every company should have a comprehensive customer retention and relationship management strategy in place. In order to effectively manage the retention strategy, managers need to fully understand what the antecedents of customer retention, satisfaction and loyalty are and their subsequent impact on the company's bottom line.

Customers are becoming more demanding and rivalry between companies is getting much more intense. Today customers expect better service delivery and more value for money. It is also becoming considerably easier to switch to competitors than ever before, especially since most products and services between different banks are mostly undifferentiated. Therefore increasingly organisations are striving towards customer centricity as opposed to product centricity. Customer retention, satisfaction and loyalty are the key elements to a customer centric strategy.

Understanding which factors leads to customer retention, satisfaction and loyalty is extremely important in today's highly competitive business environment. This is because a new customer is some other company's old customer who wasn't retained and who will most probably exhibit a similar behaviour pattern if his or her needs do not get adequately satisfied. Therefore the factors affecting retention, satisfaction and loyalty need to be understood and managed. When measuring company performance, companies are predominantly concerned with cash flow and profit. They rarely study the one predictive statistic which truly reflects the real value the company is creating, namely customer retention. (Reichheld, 1996)

Overall there is significance evidence in the current literature that satisfaction, retention and loyalty are important drivers for a company's profitability. Various authors concluded that these measures have a significant impact on financial performance measures such as return on investments and return on assets. (Anderson *et al.* 1994; Rust *et al.*, 2002) Others also showed that these increase cash flow growth as well as reduce its volatility. (Fornell *et al.*, 2006; Gruca & Rego, 2005). Reichheld and Teal (1996) also believe that increasing the loyalty levels of customers, especially in services firms, can lead to a substantial increase in profits. Service firms focus on achieving customer satisfaction and loyalty by delivering superior value, an underlying source of competitive advantage. (Woodruff, 1997) Word-of-mouth advertising by satisfied customers also lowers the cost of attracting new customers and improves the firm's brand value. (Brett, 2007)

It is evident from the literature review and the results obtained in Chapter 2, that satisfied customers are more loyal. (Blem, 1995; Anderson & Sullivan, 1993; Fornell, 1992) Satisfied customers are therefore also more likely to make a repeat purchase (key determinant of loyalty) and therefore positively affect the company's bottom line

by means of additional revenue (Fornell, 1992; Rust, 1995), reduce the cost of future transactions (Reichheld & Sasser, 1990), decrease price elasticity's (Anderson, 1996), and minimize the likelihood that customers defect if a product has quality issues (Anderson & Sullivan, 1993). (Brett, 2007)

The greater the customer tenure (key determinant of retention) with a company, the more that customer is worth. This is because a long term customer buys more, has a lower price-sensitivity, takes up less of the company's time, brings in new customers and does not have a start-up cost involved as with a new customer acquisition. (Reichheld, 1996) This research also revealed that loyal customers have higher retention rates. The knock-on effect is that these also commit a higher share of their spending to the company and are more likely to recommend others through word of mouth. (Reichheld & Sasser, 1990; Zeithaml, 2000; Keiningham *et al.*, 2007) Also as mentioned before, customer retention (as well as loyalty) has been identified as a key driver of firm profitability. (Reichheld, 1993; Reichheld *et al.*, 2000; Reichheld & Sasser, 1990; Keiningham *et al.*, 2007)

As with this research, numerous studies found that there is indeed a link between customer satisfaction and customer retention (Anderson & Sullivan, 1993; Bolton, 1998; Mittal & Kamakura, 2001; Rust & Zahorik, 1993; Sambandam & Lord, 1995; Keiningham *et al.*, 2007) as well as customer satisfaction and customer spending which is a key attribute of customer loyalty. (Keiningham *et al.*, 2003; Perkins-Munn *et al.*, 2005; Keiningham *et al.*, 2007:363) Customer satisfaction (Strauss *et al.*, 2001; Farquhar *et al.*, 2008) has been found to be vital, but not sufficient to retain customers (Chapter 2). This research, together with Oliver (1999), also found that satisfaction is a necessary step in loyalty formation, and that for many firms is the only feasible goal to enhance loyalty. This is in line with Reichheld's (2003) position in which he argues that firms should manage customer intentions as opposed to perceptions of their experiences. This means we should manage an outcome (i.e. intention) instead of a cause (i.e. customer experience). (Keiningham *et al.*, 2007)

The first objective of this research was to determine the antecedents that lead to customer retention. Sixteen independent factors' influences on customer retention were tested, of which only four were found to have a significantly positive influence

on customer retention. These are switching barriers, customer satisfaction, customer loyalty and communication.

The second objective of this research was to determine the antecedents that lead to customer satisfaction. Again, sixteen independent factors' influences on customer satisfaction were tested, of which only six were found to have a significantly positive influence on customer satisfaction. These are perceived image, perceived value, retention, loyalty, empowerment and relationship marketing.

The final objective of this research was to determine the antecedents that lead to customer loyalty. Again, sixteen independent factors' influences on customer loyalty were tested, of which only seven were found to have a significantly positive influence on customer loyalty. These are switching barriers, perceived value, relationship marketing, competitive advantage, satisfaction, retention and fees.

Customer retention, satisfaction and loyalty are all extremely important measures and need to be managed and measured appropriately. Together with these, perceived value, perceived corporate image, perceived competitive advantage, switching barriers, communications, empowerment, fees and relationship marketing all have a positive and significant influence on either customer retention or satisfaction or loyalty, or a combination of two or more constructs. The elements contributing to each of these factors need to be understood and managed properly so as to increase customer retention, satisfaction and loyalty levels.

This implies that if banking institutions positively improve any one of the above eight factors, it will have a positive influence on either retention or satisfaction or loyalty, or a combination of all three. One should not forget that satisfaction and retention also have a positive relationship or influence on loyalty, satisfaction and loyalty on retention and retention and loyalty on satisfaction. Companies need to actively measure and manage all of these eight factors, together with retention, satisfaction and loyalty on a frequent basis. As the saying goes "one cannot manage what you cannot measure", which is a prime example of companies' inability to manage customer expectations, as the majority of companies, however large, will mostly only measure or track satisfaction, but not any of the other critical measures (e.g. loyalty, retention, relationship marketing, communication etc.) and therefore do not have the

ability to properly manage the underlying factors affecting retention, satisfaction and loyalty.

In conclusion, it is important to realize that profits are really a downstream benefit of delivering value to customers, and that customer loyalty is therefore the best indicator of strategic success or failure. (Reichheld, 1996)

3.3. LIMITATIONS

There are a few possible limitations to this research. The results obtained are only applicable to South Africa, and more specifically within the banking industry. However, the author is of the opinion that similar results can be expected if this research is extended beyond the South African borders or the banking industry.

As stated before, the sample may have been slightly biased by the sampling method used. More than half of the responses were obtained via electronic surveys and this may not be an entirely representative sample of the South African banking population as the entry level banking populations are probably under-represented in this study. The demographics (e.g. race, province, qualifications etc.) of the respondents are also not fully representative of the general South African population, but the results should not materially differ if another sample were to be generated and analysed.

Structural Equations Modelling is an observation- intensive statistical technique. Although sufficient, the number of valid responses (301) restricted the possibilities with regard to statistical analyses to a certain extent. Finding statistically acceptable models, given the number of observations and observed variables, proved to be a daunting task.

3.4. RECOMMENDATIONS

Although this proved to be a very comprehensive and ambitious piece of research, there is however a few possible facets which could be extended or improved upon in future research.

This research mainly focuses on retention, satisfaction and loyalty on a customer level. It is important to understand that attrition/closure is the inverse of retention, and therefore understanding the one will give insight into the other. For example, to understand why customers are closing their accounts will give insight in how to retain customers and their accounts. In general a customer has more than one account and of different types. Understanding how to retain a customer could therefore be extended to understand which factors affect attrition behaviour on an account level. To better understand account level closures, which is the reverse of retaining accounts, and consequently customers, is therefore a possible extension of this research. For example, one expects different factors and customer behaviour, leading up to a cheque account closure, than to a vehicle finance account closure. To develop account level attrition models for each main product type (e.g. Cheque, Saving, Personal Loans, Micro Loan, Credit Card, Vehicle Finance Loans and Mortgage Loans), and to explain the link between account level attrition and customer level attrition will therefore prove invaluable to a customer retention strategy.

Building a Structural Equations Model (SEM) by only considering retention, satisfaction and loyalty, without any other factors, could prove the exact relation between these three factors. This is something researchers to this date are still not in agreement with, as mentioned before. The research done here does explain these relationships, but the results are diluted to a certain extent because of the inclusion of other factors.

An SEM model with retention, satisfaction, loyalty as well as other latent factors being considered as intervening variables to each of the dependent (endogenous) factors could be considered. For this one would need a larger number of observations to successfully conclude any relationships, as the number of parameters to be estimated will increase exponentially.

Extending this research beyond South Africa, as well as beyond the banking industry, could be valuable for other industries.

One might consider including demographical variables (e.g. age, gender, race, education) into the model and test the effect of these on retention, satisfaction and loyalty. For example, a highly qualified individual will surely expect a greater level of service before being satisfied, than an uneducated individual. These additional variables will surely improve the model quality, but this researcher's aim was purely to use behavioural variables as input to the models and not to include demographic variables. However, preliminary analyses did show that certain demographic variables are potentially strong predictor variables. One could also consider differentiating this research on a bank level, as certain banks might treat their customers differently. It might be interesting to see how the "smaller" and "up-and-coming" banks perform relative to the "big four" banks.

This research only considers the "man on the street". To close the loop, additional input also needs to be obtained from bank employees as well, especially customer relationship executives, to see if bankers see their customers' issues and needs in the same light.

In conclusion, a further extension could be the development of a comprehensive customer loyalty and customer satisfaction model for the banking industry, based on the results obtained from this research.

3.5. REFERENCES

ANDERSON, E.W. 1996. Customer satisfaction and price tolerance. *Marketing Letters*, 7:19-30, Jul.

ANDERSON, E.W., FORNELL, C. & LEHMANN, R. 1994. Customer satisfaction, market share and profitability. *Journal of Marketing*, 58:53-66, Jul.

ANDERSON, E.W. & SULLIVAN, M. 1993. The antecedents and consequences of customer satisfaction for firms. *Marketing Science*, 12(2):125-43.

BLEM, N. 1995. Service please, South Africa! Kenwyn: Juta; Johannesburg : Thorold's Africana Books.

BOLTON, R.N. 1998. A dynamic model of the duration of the customer's relationship with a continuous service provider: the role of satisfaction. *Marketing Science*, 17(1):45-65.

BRETT, R.F. 2007. Flexible staffing solutions and its impact on customer satisfaction. Potchefstroom: NWU. (MBA – Dissertation).

COHEN, D., GAN, C., YONG, H.H.A. & CHOONG, E. 2006. Customer satisfaction: a study of bank customer retention in New Zealand. 30 p. (Discussion paper, 109.)

FARQUHAR, J.D. & PANTHER, T. 2008. Acquiring and retaining customers in UK banks: an exploratory study. *Journal of retailing and consumer services*, 15:9-21.

FORNELL, C. 1992. A national customer satisfaction barometer: the Swedish experience. *Journal of Marketing*, :1-21, Jan.

FORNELL, C., MITHAS, S., MORGESON, F.V., & KRISHAN, M.S. 2006. Customer satisfaction and stock prices: high returns, low risk. *Journal of Marketing*, 70:3-14, Jan.

GAN, C., COHEN, D., CLEMES, M. & CHONG, E. 2006. A survey of customer retention in the New Zealand banking industry. *Banks and Bank Systems*, 1(4):83-99.

GHAZIZADEH, M., BESHELI, A.L. & TALEBI, V. 2010. Assessing of bank customers retention and loyalty: a case study of state-owned banks in Tehran. *European Journal of Social Sciences*, 17(2)

GRUCA, T.S. & REGO, L.L. 2005. Customer satisfaction: cash flow, and shareholder value. *Journal of Marketing*, 69:115-30, Jul.

KEININGHAM, T.L., COOIL, B., AKSOY, L., ANDREASSEN, T.W. & WEINER, J. 2007. The value of different customer satisfaction and loyalty metrics in predicting customer retention, recommendation, and share-of-wallet. *Managing Service Quality*, 17(4):361-384.

KEININGHAM, T.L., PERKINS-MUNN, T. & EVANS, H. 2003. The impact of customer satisfaction on share-of-wallet in a business-to-business environment. *Journal of Service Research*, 6(1):37-50.

MITTAL, V. & KAMAKURA, W. 2001. Satisfaction, repurchase intent and repurchase behaviour: investigating the moderating effect of customer characteristics. *Journal of Marketing Research*, 38:131-142, Feb.

OLIVER, R.L. 1999. Whence customer loyalty. *Journal of Marketing*, 63:33-34, Jul.

PERKINS-MUNN, T., AKSOY, L., KEININGHAM, T.L. & ESTRIN, D. 2005. Actual purchase as a proxy for share-of-wallet. *Journal of Service Research*, 7(3):245-256.

RAVESTYEN, L.J. 2005. The effect of relationship banking on customer loyalty in the retail business banking industry. UNISA. (Dissertation – MBL) 143p.

REICHHELD, F.F. 1993. Loyalty-based management. *Harvard Business Review*, 7(2):64-73.

REICHHELD, F.F. 1996a. Learning from customer defection.
<http://www.profitmatters.ca/Articles/HBR%20Customer%20Defections.pdf> Date of access: 02 Jan. 2012.

REICHHELD, F.F. 1996b. The loyalty effect. Boston, M.A.: Harvard Business School Press.

REICHHELD, F.F. 2003. The one number you need to grow. *Harvard Business Review*, 81(12):46-54.

REICHHELD, F.F., MARKEY, R.G. & HOPTON, C. 2000. The loyalty effect – the relationship between loyalty and profits. *European Business Journal*, 12(3):134-139.

REICHHELD, F.F. & SASSER, E.W. 1990. Zero defections: quality comes to services. *Harvard Business Review*, 68(5):105-111.

REICHHELD, F.F. & TEAL, T. 1996. The loyalty effect: the hidden force behind growth, profits, and lasting value. s.l.:Harvard Business School Press.

ROOTMAN, C. 2011. An international comparative study on the relationship marketing and customer retention of retail banks: lessons for South Africa. Port Elizabeth: NNMU. (Dissertation – D.Phil) 472p.

ROOTMAN, C., TAIT, M. & SHARP, G. 2011. Relationship marketing and customer retention lessons for South African banks. *Southern African Business Review*, 15(3):184-206.

RUST, R.T. 1995. Return on quality (ROQ): making service quality financially accountable. *Journal of Marketing*, 59:58-70, Jul.

RUST, R.T., MOORMAN, C. & DICKSON, P.R. 2002. Getting return on quality: revenue expansion, cost reduction, or both? *Journal of Marketing*, 65:7-24, Oct.

RUST, R. & ZAHORIK, A.J. 1993. Customer satisfaction, customer retention and market share. *Journal of Retailing*, 69(2):193-215.

SAMBANDAM, R. & LORD, K.R. 1995. Switching behaviour in automobile markets: a consideration sets model. *Journal of the Academy of Marketing Science*, 23:57-65, Winter.

STRAUSS, B., CHOJNACKI, K. DECKER, A. & HOFFMAN, F. 2001. Retention effects of a customer club. *International Journal of Service Industries Management*, 12(1):7-19.

WIGGERS, A. & YAEGER, C. 2003. Addressing the challenges of customer retention.

http://www.benchmarkinternational.com/Articles/Addressing_challenges_of_customer_retention.pdf Date of access: 02 Jan. 2012.

WOODRUFF, R.B. 1997. Customer value: the next source for competitive advantage. *Journal of Academy of Marketing science*, 25(2):139-53, Spring.

ZEITHAML, V.A. 2000. Service quality, profitability, and economic worth of customers: what we know and what we need to learn. *Journal of the Academy of Marketing Science*, 28(1):67-85.

BIBLIOGRAPHY

ABRATT, R. & RUSSELL, J. 1999. Relationship Marketing in Private Banking South Africa. *The international Journal of Bank Marketing*, 17(1):15-21.

ACKERMANN, P.L.S. & VAN RAVESTEYN, L.J. 2005. Relationship marketing: The effect of relationship banking on customer loyalty in the retail business banking industry in South Africa. *Southern African Business Review*, 10(3):149-167.

ALDLAIGAN, A. & BUTTLE, F. 2005. Beyond satisfaction: customer attachment to retail banks. *International Journal of Bank Marketing*, 23(4):349-359.

AMANKWAH-AMOA, J. 2011. Learning from the failures of others: The effects of post-exit knowledge spillovers on recipient firms. *Journal of Workplace Learning*, 23(6):358-375.

ANDERSON, E.W. 1996. Customer satisfaction and price tolerance. *Marketing Letters*, 7:19-30, Jul.

ANDERSON, E.W., FORNELL, C. & LEHMANN, R. 1994. Customer satisfaction, market share and profitability. *Journal of Marketing*, 58:53-66, Jul.

ANDERSON, E.W. & MITTAL, V. 2000. Strengthening the satisfaction-profit chain. *Journal of Service Research*, 3(2):107-120.

ANDERSON, E.W. & SULLIVAN, M. 1993. The antecedents and consequences of consumer satisfaction for firms. *Marketing Science*, 12(2):125-43, Spring.

ANDERSON, W.T. JR, COX, E.P. III & FULCHER, D.H. 1976. Bank selection decisions and market segmentation. *Journal of Marketing*, 40(1):40-5.

ANG, L. & BUTTLE, F. 2006. Customer retention management processes: A quantitative study. *European Journal of Marketing*, 40(1/2):83-99.

BACON, L.D. & SPSS Inc. 1997. Using Amos for structural equation modelling in market research. USA. 18 p.

BD (BUSINESS DICTIONARY). 2012. "Communication".

<http://www.businessdictionary.com/definition/communication.html> Date of access: 18 Jul. 2012.

BEARDEN, W.O. & TEEL, J.E. 1983. Selected determinants of consumer satisfaction and complaint reports. *Journal of Marketing Research*, 20:21-8, Feb.

BEERLI, A., MARTIN, J.D. & QUINTANA, A. 2004. A model of customer loyalty in the retail banking market. *European Journal of Marketing*, 38(1/2):253-275.

BERGERON, J., ROY, J. & FALLU, J. 2008. Pleasantly surprising clients: a tactic in relationship marketing for building competitive advantage in the financial services sector. *Canadian Journal of Administrative Sciences*, 25:171-184.

BERNDT, A.D., HERBST, F.J. & ROUX, L. 2004. Customer relationship management implementation within a retail banking environment: a South African perspective. *Southern African Business Review*, 8(2):31-41.

BHOTE, K.R. 1996. Beyond customer satisfaction to customer loyalty: the key to greater profitability. New York: AMA Membership Publications Division.

BLEM, N. 1995. Service please, South Africa! Kenwyn: Juta; Johannesburg : Thorold's Africana Books.

BLOEMER, J.M.M., BRIJS, T., VANHOOF, K. & SWINNEN, G. 2003. Comparing complete and partial classification for identifying customers at risk. *Research in Marketing*, 20:117-131.

BLOEMER, J.M. & KASPER, H. 1993. Brand loyalty and brand satisfaction: the case of buying audio cassettes anew in the Netherlands (*In Proceeding of the 22nd European Academy Conference, Barcelona.*)

- BLOEMER, J.M. & KASPER, H. 1995. The complex relationship between consumer satisfaction and brand loyalty. *Journal of Economic Psychology*, 16:311-29.
- BLOEMER, J.M. & LEMMINK, J.G. 1992. The importance of customer satisfaction in explaining brand and dealer loyalty. *Journal of Marketing Management*, 8:351-64.
- BOLTON, R.N. 1998. A dynamic model of the duration of the customer's relationship with a continuous service provider: the role of satisfaction. *Marketing Science*, 17(1):45-65.
- BOSHOF, C. & DU PLESSIS, F. 2009. Services marketing: a contemporary approach. Cape Town: Juta & Company Ltd. 366 p.
- BOULDING, W., KALRA, A., STAELIN, R. & ZEITHAML, V.A. 1993. A dynamic process model of service quality: from expectations to behavioural intentions. *Journal of Marketing Research*, 30:7-27, Feb.
- BRETT, R.F. 2007. Flexible staffing solutions and its impact on customer satisfaction. Potchefstroom: NWU. (MBA – Dissertation).
- BRINK, A. & BERNDT, A. 2008. Relationship Marketing and customer relationship management. Lansdowne: Juta & Company.
- BRUHN, M. & GEORGI, D. 2006. Services marketing: managing the service value chain. England: Prentice Hall. 478 p.
- BUCKINX, W. & VAN DEN POEL, D. 2005. Customer base analysis: partial defection of behaviourally loyal clients in a non-contractual FMCG retail setting. *European journal of operational research*, 164:252-268.
- BUCKINX, W., VERSTRAETEN, G. & VAN DEN POEL, D. 2007. Predicting customer loyalty using the internal transactional database. *Expert Systems with Applications*, 32:125-134.

BUTTLE, F.A., AHMAD, R. & ALDLAIGAN, A. 2002. The theory and practice of customer bonding. *Journal of Business-to-Business Marketing*, 9(2):3-27.

CHAKRAVARTY, S., FEINBERG, R. & RHEE, E.Y. 2004. Relationships and individuals' bank switching behaviour. *Journal of Economic Psychology*, 25:507-527.

CHENG, E.W.L. 2001. Network communication in the construction industry. *Corporate Communications: An International Journal*, 6(2):61-70.

COHEN, D., GAN, C., YONG, H.H.A. & CHOONG, E. 2006. Customer satisfaction: a study of bank customer retention in New Zealand.

http://www.lincoln.ac.nz/Documents/2308_DP109dc_s6473.pdf Date of access: 02 Jan. 2012.

COLGATE, M., STEWARD, K. & KINSELLA, R. 1996. Customer defection: a case study of the student market in Ireland. *The international journal of bank marketing*, 14(3):23-29.

COYLES, S. & GOKEY, T.C. 2005. Customer retention is not enough. *Journal of Consumer Marketing*, 22(2):101-105.

CRONIN, J.J. JR & TAYLOR, S.A. 1992. Measuring service quality: a re-examination and extension. *Journal of Marketing*, 56:55-68, Jul.

CULLEN, P. 2002. Privacy represents a business opportunity. http://www.rmahq.org/News_PR/Features/feat4_15_02.htm Date of access: 1 Apr. 2012

DORSCH, M.J., SWANSON, S.R. & KELLEY, S.W. 1998. The role of relationship quality in the stratification of vendors as perceived by customers. *Journal of the Academy of Marketing Science*, 26(2):128-142.

DRAKE, C., GWYNNE, A. & WAITE, N. 1998. Barclays Life customer satisfaction and loyalty tracking survey: a demonstration of customer loyalty research in practice. *International Journal of Bank Marketing*, 16(7):287-292.

DUNCAN, T. & MORIARTY, S.E. 1998. A communication-based marketing model for managing relationships. *Journal of Marketing*, 62:1-13.

EHIGIE, B.O. 2006. Correlates of customer loyalty to their banks: a case study in Nigeria. *International Journal of Bank Marketing*, 24(7):494-508.

EID, R. 2007. Towards a successful CRM implementation in banks: an integrated model. *The Services Industries Journal*, 27(8):1031-1039.

ENNEW, C. & BRINKS, M. 1996. The impact of service quality and service characteristics on customer retention: small businesses and their banks in the UK. *British Journal of Management*, 7:219-230.

FARQUHAR, J.D. 2004. Customer retention in retail financial services: an employee perspective. *The international Journal of Bank Marketing*, 22(2):86-89.

FARQUHAR, J.D. & PANTHER, T. 2008. Acquiring and retaining customers in UK banks: an exploratory study. *Journal of Retailing and Consumer Services*, 15:9-21.

FISK, R.P., BROWN, S.W. & BITNER, M.J. 1993. Tracking the evolution of the services marketing literature. *Journal of Retailing*, 69:61-103, Spring.

FORNELL, C. 1992. A national customer satisfaction barometer: the Swedish experience. *Journal of Marketing*, 56:6-21, Jan.

FORNELL, C., MITHAS, S., MORGESON, F.V., & KRISHAN, M.S. 2006. Customer satisfaction and stock prices: high returns, low risk. *Journal of Marketing*, 70:3-14, Jan.

GAN, C., COHEN, D., CLEMES, M. & CHONG, E. 2006. A survey of customer retention in the New Zealand banking industry. *Banks and Bank Systems*, 1(4):83-99.

GEE, R., COATES, G. & NICHOLSON, M. 2008. Understanding and profitably managing customer loyalty. *Marketing Intelligence & Planning*, 26(4):359-374.

GERBER, H., SHARP, G.D. & TESSERA, A. 2006. Statistical control for sampling of metallurgical material. *Applied Stochastic Models in Business and Industry*, 22:483–493.

GHAZIZADEH, M., BESHELI, A.S. & TALEBI, V. 2010. Assessing of bank customer retention and loyalty: a case study of state-owned banks in Tehran. *European Journal of Social Sciences*, 17(2):274-287.

GLADY, N., BAESENS, B. & CROUX, C. 2009. Modeling churn using customer lifetime value. *European Journal of Operational Research*, 197:402-411.

GODDARD, J., MOLYNEUX, P., WILSON, J.O.S. & TAVAKOLI, M. 2007. European banking: An overview. *Journal of Banking & Finance*, 31:1911-1935.

GREMLER, D.D. & GWINNER, K.P. 2000. Customer-employee rapport in service relationships. *Journal of Service Research*, 3(1):82-105, Aug.

GRÖNROOS, C. 1994. From marketing mix to relationship marketing: towards a paradigm shift in marketing. *Management Decisions*, 32(2):4-20.

GRUCA, T.S. & REGO, L.L. 2005. Customer satisfaction: cash flow, and shareholder value. *Journal of Marketing*, 69:115-30, Jul.

HADDEN, J., TIWARI, A., ROY, R. & RUTA, D. 2005. Computer assisted customer churn management: State-of-the-art and future trends. *Computer & Operations Research*, 34:2902-2917.

HAIR, J.F., BLACK, W.C., BABIN, B.J., ANDERSON, R.E. & TATHAM, R.L. 2006. *Multivariate Data Analysis*. 6th ed. Upper Saddle River, NJ: Pearson

HALLOWELL, R. 1996. The relationship of customer satisfaction, customer loyalty and profitability: an empirical study. *International Journal of Service Industry Management*, 7(4):27-42, Feb.

HALSTEAD, D., HARTMAN, D. & SCHMIDT, S.L. 1994. Multisource effects on the satisfaction formation process. *Journal of the Academy of Marketing Science*, 22:114-29, Spring.

HANSEMARK, O.C. & ALBINSSON, M. 2004. Customer satisfaction and retention: the experiences of individual employees. *Managing Service Quality*, 14(1):40-57.

HARWOOD, M. 2002. Branding on a budget: building the community bank's image. *Community Banker*, 11(4):24-28, Apr.

HESKETT, J.L., JONES, T.O., LOVEMAN, G.W., SASSER, E.W. & SCHLESINGER, L.A. 1994. Putting the service-profit chain to work. *Harvard Business Review*, 72(2):164-174.

HILL, N. & ALEXANDER, J. 2006. The handbook of customer satisfaction and loyalty measurement. 3rd ed. Gower Publishing. 273 p.

HINSON, R., OWUSU-FRIMPONG, N. & DASA, J. 2009. Key motivations for bank patronage in Ghana. *International Journal of Bank Marketing*, 27(5):381-399.

HOX, J.J. & BECHGER, T.M. 1999?. An introduction to structural equation modelling. *Family Science Review*, 11:354-373.

IOANNA, P.D. 2002. The role of employee development in customer relations: the case of UK retail banks. *Corporate Communication*, 7(1):62-77.

JACKSON, J.L., DEZEE, K., DOUGLAS, K. & SHIMEALL, W. 2005. Introduction to Structural Equation Modelling (Path Analysis). SGIM Pre-course PA08, May.

JAMAL, A. & NASER, K. 2002. Customer satisfaction and retail banking: an assessment of some of the key antecedents of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 20(4):146-160.

KARAKOSTAS, B., KARDARAS, D. & PAPATHANASSIOU, E. 2005. The state of CRM adoption by the financial services in the UK: an empirical investigation. *Information and Management*, 42:853–863.

KASPER, J.D. 1988. On problem perception, dissatisfaction and brand loyalty. *Journal of Economic Psychology*, 9:387-97.

KEININGHAM, T.L., COOIL, B., AKSOY, L., ANDREASSEN, T.W. & WEINER, J. 2007. The value of different customer satisfaction and loyalty metrics in predicting customer retention, recommendation, and share-of-wallet. *Managing Service Quality*, 17(4):361-384.

KEININGHAM, T.L., PERKINS-MUNN, T. & EVANS, H. 2003. The impact of customer satisfaction on share of wallet in a business-to-business environment. *Journal of Service Research*, 6(1):37-50.

KERLINGER, F.N. & LEE, H.B. 2000. Foundations of behavioural research. 4th ed. Holt, NY: Harcourt College Publishers.

KHAN, I. 2012. Impact of customer satisfaction and customer retention on customer loyalty. *International Journal of Scientific & Technology Research*, 1(2):106-110, Mar.

LABARBERA, P.A. & MAZURSKY, D. 1983. A longitudinal assessment of consumer satisfaction/ dissatisfaction. *Journal of Marketing Research*, 20:393-404, Nov.

LARIVIERE, B. & VAN DEN POEL, D. 2004. Investigating the role of product features in preventing customer churn, by using survival analysis and choice modelling: The case of financial services. *Expert Systems with Applications*, 27:277-285.

LARIVIERE, B. & VAN DEN POEL, D. 2005. Predicting customer retention and profitability by using random forests and regression forests techniques. *Expert Systems with Applications*, 29:472-484.

- LAROCHE, M. & TAYLOR, T. 1988. An empirical study of major segmentation issues in retail banking. *International Journal of Bank Marketing*, 6(1):31-48.
- LEVESQUE, T. & MCDOUGALL, G.H.G. 1996. Determinants of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 14(7):12–20.
- LEVINSON, J.C., LEVINSON, J. & LEVINSON, A. 2007. Guerilla Marketing: Easy and inexpensive strategies for making big profits from your small business. 4thed. New York.
- LONGENECKER, J.G., MOORE, C.W., PETTY, J.W. & PALICH, L.E. 2006. Small business management: an entrepreneurial emphasis. China: Thomson South-Western.
- MANO, H. & OLIVER, R.L. 1993. Assessing the dimensionality and structure of the consumption experience: evaluation, feeling, and satisfaction. *Journal of Consumer Research*, 20:451-66, Dec.
- MANRAI, L.A. & MANRAI, A.K. 2007. A field study of customers' switching behaviour for bank services. *Journal of Retailing and Consumer Services*, 14:208-215.
- MAVRI, M. & IOANNOU, G. 2008. Customer switching behaviour in Greek banking services using survival analysis. *Managerial Finance*, 34(3):186-197.
- MCDOUGALL, G. & LEVESQUE, T. 1994. A revised view of service quality dimensions: an empirical investigation. *Journal of Professional Services Marketing*, 11(1):189-210.
- MENON, K. & O'CONNOR, A. 2007. Building customers affective commitment towards retail banks: the role of CRM in each moment of truth. *Journal of Financial Services Marketing*, 12(2):157-168.
- MITTAL, B. & LASSAR, W.M. 1998. Why do customers switch? The dynamics of satisfaction versus loyalty. *The Journal of Services Marketing*, 12(3):177-194.

- MITTAL, V. & KAMAKURA, W. 2001. Satisfaction, repurchase intent and repurchase behaviours: investigating the moderating effect of customer characteristics. *Journal of Marketing Research*, 38:131-142, Feb.
- MONTEIRO, J. 2009. Banks committed to going green.
<http://www.fin24.com/Companies/Banks-committed-to-going-green-20090924> Date of access: 1 Feb. 2012.
- MONTS, K., BONEVAC, B., LAUER, J. & TESSEMA, D. 1997. Measuring the value of customer retention. *The Electricity Journal* :73-80.
- MORGAN, N.A. & PIERCY, N.F. 1992. Market-led quality. *Industrial Marketing Management*, 21(2):111-18.
- MOSTERT, P. 2009. The pricing of services. (*In Services marketing: a contemporary approach*. BOSHOF, C. & Du PLESSIS, F. Cape Town: Juta& Company).
- MOUTINHO, L. & SMITH, A. 2000. Modelling bank customer satisfaction through mediation of attitudes towards human and automated banking. *International Journal of Bank Marketing*, 18(3):124-134.
- MUDIE, P. & COTTAM, A. 1999. The management and marketing of services. 2nd ed. Oxford: Butterworth-Heinemann.
- MYLONAKIS, J. 2009. Customer Relationship Management Functions: a survey of Greek bank customer satisfaction perceptions. *The Icfai University Journal of Bank Management*, 8(2):7-31.
- NARTEH, B. & OWUSU-FRIMPONG, N. 2011. An analysis of students' knowledge and choice criteria in retail bank selection in sub-Saharan Africa: The case of Ghana. *International Journal of Bank Marketing*, 29(5):373-397.

- NDUBSIS, N.O. & WAH, C.K. 2005. Factorial and discriminant analyses of the underpinnings of relationship marketing and customer satisfaction. *International Journal of Bank Marketing*, 23(7):542-557.
- NETO, M.T.R., DE SOUZA, J.C. & SOUKI, G.Q. 2011. Identifying variables that predict clients' propensity to end their checking accounts. *International Journal of Bank Marketing*, 29(6):489-507.
- NGAI, E.W.T., XIU, L. & CHAU, D.C.K. 2008. Application of data mining techniques in customer relationship management: A literature review and classification. *Expert Systems with Applications*, 36:2592-2602.
- ODINDO, C. & DEVLIN, J. 2008?. Customer satisfaction, loyalty and retention in Financial Services. *Financial Services Research Forum*, <http://www.nottingham.ac.uk/business/forum/documents/researchreports/paper46.pdf>
f Date of access: 16 Apr. 2012.
- OED (Oxford Dictionaries). 2012. "Communication". Oxford University Press. <http://oxforddictionaries.com/definition/english/communication?q=communication&ui=en&es=en&uk=en&us=en&#communication> 2 Date of access: 1 Feb. 2012.
- OLIVA, T.A., OLIVER, R.L. & MACMILLAN, I.C. 1992. A catastrophe model for developing services satisfaction strategies. *Journal of Marketing*, 56:83-95, Jul.
- OLIVER, R.L. 1997. Satisfaction: a behavioural perspective on the consumer. New York: McGraw-Hill.
- OLIVER, R.L. 1999. Whence consumer loyalty? *Journal of Marketing*, 63:33-44, Oct.
- PAN, Y., SHENG, S. & XIE, F.T. 2012. Antecedents of customer loyalty: An empirical synthesis and re-examination. *Journal of Retailing and Consumer Services*, 19:150-158, Dec.

- PARASURAMAN, A., BERRY, L.L. & ZEITHAML, V.A. 1991. Understanding customer expectations of service. *Sloan Management Review*, 39:39-48, Spring.
- PATTERSON, P.G. 2004. A contingency model of behavioural intentions in a services context. *European Journal of Marketing*, 38(9/10):1304-1315.
- PEPPARD, J. 2000. Customer relationship management in financial services. *European Management Journal*, 18(3):312-327.
- PERKINS-MUNN, T., AKSOY, L., KEININGHAM, T.L. & ESTRIN, D. 2005. Actual purchase as a proxy for share-of-wallet. *Journal of Service Research*, 7(3):245-256.
- PFEIFER, P.E. & FARRIS, P. W. 2004. The elasticity of customer value to retention: the duration of a customer relationship. *Journal of Interactive Marketing*, 18(2):20-31, Spring.
- PILECKI, M., LEAVER, S. & ROGAN, M.A. 2007. Best Practices: Customer retention is a process not an event.
http://www.adobe.com/engagement/pdfs/customer_retention.pdf Date of access: 02 Jan. 2012.
- RANAWEERA, C. & NEELY, A. 2003. Some moderating effects on the service quality-customer retention link. *International Journal of Operational & Production Management*, 23(2):230-248.
- RAVESTEYN, L.J. 2005. The effect of relationship banking on customer loyalty in the retail business banking industry. UNISA. (Dissertation – MBL) 143p.
- RAYNER S. 1996. Consumer Loyalty Schemes. London: Financial Times.
- REICHHELD, F.F. 1993. Loyalty-based management. *Harvard Business Review*, 7(2):64-73.

- REICHHELD, F.F. 1996a. Learning from customer defection.
<http://www.profitmatters.ca/Articles/HBR%20Customer%20Defections.pdf> Date of access: 02 Jan. 2012.
- REICHHELD, F.F. 1996b. The loyalty effect. Boston, M.A.: Harvard Business School Press.
- REICHHELD, F.F. 2001. Loyalty Rules! Boston: Harvard Business School Press.
- REICHHELD, F.F. 2003. The One Number You Need to Grow. *Harvard Business Review*, 81(12):46-54, Dec.
- REICHHELD, F.F., MARKEY, R.G. & HOPTON, C. 2000. The loyalty effect – the relationship between loyalty and profits. *European Business Journal*, 12(3):134-139.
- REICHHELD, F.F. & SASSER, E.W. 1990. Zero defections: quality comes to services. *Harvard Business Review*, 68(5):105-111.
- REIDENBACH, R.E. & SANDIFER-SMALLWOOD, B. 1990. Exploring perceptions of hospital operations by a modified SERVQUAL approach. *Journal of Health Care Marketing*, 10:47-55, Dec.
- REICHHELD, F.F. & TEAL, T. 1996. The loyalty effect: the hidden force behind growth, profits, and lasting value. s.l.:Harvard Business School Press.
- RICHARDS, T. 1996. Using the conversation model to optimize customer retention. *Managing Service Quality*, 6(4):48-52.
- ROOTMAN, C. 2006. The influence of customer relationship management on the service quality of banks. Port Elizabeth: NNMU. (Dissertation – M.Com) 202p.
- ROOTMAN, C. 2011. An international comparative study on the relationship marketing and customer retention of retail banks: lessons for South Africa. Port Elizabeth: NNMU. (Dissertation – D.Phil) 472p.

ROOTMAN, C., TAIT, M. & SHARP, G. 2011. Relationship marketing and customer retention lessons for South African banks. *Southern African Business Review*, 15(3):184-206.

RUST, R.T. 1995. Return on quality (ROQ): making service quality financially accountable. *Journal of Marketing*, 59:58-70, Jul.

RUST, R.T., MOORMAN, C. & DICKSON, P.R. 2002. Getting return on quality: revenue expansion, cost reduction, or both? *Journal of Marketing*, 65:7-24, Oct.

RUST, R. & ZAHORIK, A.J. 1993. Customer satisfaction, customer retention and market share. *Journal of Retailing*, 69(2):193-215.

RYALS, L. & KNOW, S. 2001. Cross-functional issues in the implementation of relationship marketing through customer relationship management. *European Management Journal*, 19(5):534-542.

RYGIELSKI, C., WANG, J.C. & YEN, D.C. 2002. Data mining techniques for customer relationship management. *Technology in Society*, 24:483-502.

SAID, H, BADRU, B.B. & SHAHID, M. 2011. Confirmatory factor Analysis (CFA) for testing validity and reliability instrument in the study of education. *Australian Journal of Basic and Applied Sciences*, 5(12):1098-1103.

SAMBANDAM, R. & LORD, K.R. 1995. Switching behaviour in automobile markets: a consideration sets model. *Journal of the Academy of Marketing Science*, 23:57-65, Winter.

SANTONEN, T. 2007. Price sensitivity as an indicator of customer defection in retail banking. *International Journal of Bank Marketing*, 25(1):39-55.

SAS INSTITUTE. 2008. SAS/STAT 9.2 User's Guide: Introduction to Structural Equation Modeling with Latent Variables. Northern Carolina: SAS publishing

SAUBERT, W.M. 2009. Using customer analytics to improve customer intention. *Bank Accounting & Finance*, :33-38.

SCHREIBER, J.B., NORA, A., STAGE, F.K., BARLOW, E.A. & KING, J. 2006. Reporting structural equation modelling and confirmatory factor analysis results: a review. *Journal of Educational Research*, 99(6): 323–337.

STEWART, C.D. 2009. A multi-dimensional measure of professional learning communities: the development and validation of the Learning Culture Indicator (LCCI). Provo: Brigham Young University (Dissertation)

STEWART, K. 1998. An exploration of customer exit in retail banking. *International Journal of Bank Marketing*, 16(1):6-14.

STRAUSS, B., CHOJNACKI, K. DECKER, A. & HOFFMAN, F. 2001. Retention effects of a customer club. *International Journal of Service Industries Management*, 12(1):7-19.

SUHR, D. 2002?. The basics of structural equation modelling. University of Northern Colorado.

SWARTZ, T.A. & LACOBUCCI, D. 2000. Handbook of services marketing and management. Thousand Oaks: Sage Publications.

TESFOM, G. & BIRCH, N. 2011. Do switching barriers in the retail banking industry influence bank customers in different age groups differently? *Journal of Services Marketing*, 25(5):371-380, Feb.

THE BANKING ASSOCIATION OF SOUTH AFRICA. 2011. South African banking sector overview, Nov. www.banking.org.za Date of access: 02 Sep. 2012.

THOMPSON, A.A., PETERAF, M.A., GAMBLE, J.E. & STRICKLAND, A.J. 2012. Crafting and Executing Strategy: Concepts and Cases. 18thed. New York: McGraw-Hill. 462 p.

THOMPSON, B. 2005. The loyalty connection: Secrets to customer retention and increased profits. www.rightnow.com Date of access: 02 Jan. 2012.

THWAITES, D. & VERE, L. 1995. Bank selection criteria – a student perspective. *Journal of Marketing Management*, 11(1-3):133-49.

TRASORRAS, R., WEINSTEIN, A. & ABRATT, R. 2009. Value, satisfaction, loyalty and retention in professional services. *Marketing Intelligence & Planning*, 27(5):615-632, Feb.

TRUBIK, E. & SMITH, M. 2000. Developing a model of customer defection in the Australian banking industry. *Managerial Auditing Journal*, 15(5):199-208.

UNCLES, M.D., DOWLING, G.R. & HAMMOND, K. 2003. Customer loyalty and customer loyalty programs. *Journal of Consumer Marketing*, 20(4):294-316.

VAN DEN POEL, D. & LARIVIERE, B. 2003. Customer attrition analysis for financial services using proportional hazards models. *European Journal of Operational Research*, 157:196-217.

VAN MEER, G. 2006. Customer development and retention on a web-banking site. *Journal of Interactive Marketing*, 20(1), Winter.

VERBEKE, W., DEJAEGER, K., MERTENS, D., HUR, J. & BAESENS, B. 2012. New insights into churn prediction in the telecommunication sector: A profit driven data mining approach. *European Journal of Operational Research*, 218:211-229.

VERBEKE, W., MARTENS, D., MUES, C. & BAESENS, B. 2011. Building comprehensible customer churn prediction models with advances rule induction techniques. *Expert Systems with Applications*, 38:2354-2364.

WELMAN, C., KRUGER, F. & MITCHELL, B. 2011. Research methodology. 3rd ed. Cape Town: Oxford University Press. 342 p.

WHITE, L. & YANAMANDRAM, V. 2007. A model of customer retention of dissatisfied business services customers. *Managing Service Quality*, 17(3):298-316.

WIGGERS, A. & YAEGER, C. 2003. Addressing the challenges of customer retention.

http://www.benchmarkinternational.com/Articles/Addressing_challenges_of_customer_retention.pdf Date of access: 02 Jan. 2012.

WILMSHURST, J. & MACKAY, A. 2002. The fundamentals and practice of marketing. 4th ed. Oxford: Butterworth-Heinemann.

WISSKIRCHEN, C., VATER, D., WRIGHT, T., DE BACKER, P. & DETRICK, C. 2006. The customer-led bank: converting customer from defectors into fans. *Strategy & Leadership*, 34(2):10-20.

WOODRUFF, R.B. 1997. Customer value: the next source for competitive advantage. *Journal of Academy of Marketing science*, 25(2):139-53, Spring.

WOODSIDE, A.G., FREY, L.L. & DALY, R.T. 1989. Linking service quality, customer satisfaction, and behavioural intention. *Journal of Health Care Marketing*, 19:5-17, Dec.

WOTHKE, W. 2010. Introduction to structural equation modelling course notes. LWBAAW_003.

XIE, Y., Li, X., NGAI, E.W.T. & YING, W. 2009. Customer churn prediction using improved balanced random forests. *Expert Systems with Applications*, 36:5445-5449.

YANAMANDRAM, V. & WHITE, L. 2010. An empirical analysis of the retention of dissatisfied business services customers using structural equation modelling. *Australian Marketing Journal*, 18:222-232.

ZEITHAML, V.A. 2000. Service quality, profitability, and economic worth of customers: what we know and what we need to learn. *Journal of the Academy of Marketing Science*, 28(1):67-85.

ZUCCARO, C. & SAVARD, M. 2010. Hybrid segmentation of internet banking users. *International Journal of Bank Marketing*, 28(6):448-464.

APPENDICES

APPENDIX A (Model for Retention without Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
RETENTION	<---	SWITCHING__BARRIERS	.137	.046	2.956	.003
RETENTION	<---	SATISFACTION	.117	.029	4.026	***
RETENTION	<---	LOYALTY	.242	.038	6.380	***
RETENTION	<---	COMM1	.056	.026	2.116	.034
BARRIER7	<---	SWITCHING__BARRIERS	1.000			
BARRIER4	<---	SWITCHING__BARRIERS	1.372	.103	13.384	***
BARRIER3	<---	SWITCHING__BARRIERS	.961	.108	8.860	***
BARRIER2	<---	SWITCHING__BARRIERS	1.370	.112	12.197	***
BARRIER1	<---	SWITCHING__BARRIERS	1.000			
CR6	<---	RETENTION	1.000			
CR5	<---	RETENTION	.416	.150	2.774	.006
CR4	<---	RETENTION	1.454	.221	6.580	***
CR3	<---	RETENTION	1.813	.235	7.726	***
CR2	<---	RETENTION	1.852	.229	8.086	***
CR1	<---	RETENTION	1.670	.209	7.994	***
CL1	<---	LOYALTY	1.000			
CL2	<---	LOYALTY	.937	.046	20.571	***
CL3	<---	LOYALTY	.708	.053	13.291	***
CL4	<---	LOYALTY	1.101	.048	22.919	***
CL5	<---	LOYALTY	.462	.065	7.129	***
CL6	<---	LOYALTY	.793	.047	16.760	***
CS1	<---	SATISFACTION	1.000			
CS2	<---	SATISFACTION	.982	.044	22.116	***
CS3	<---	SATISFACTION	1.031	.050	20.653	***
CS4	<---	SATISFACTION	.974	.044	21.896	***

Table A 1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
RETENTION	<---	SWITCHING__BARRIERS	.177
RETENTION	<---	SATISFACTION	.242
RETENTION	<---	LOYALTY	.519
RETENTION	<---	COMM1	.111
BARRIER7	<---	SWITCHING__BARRIERS	.518

BARRIER4	<---	SWITCHING_BARRIERS	.843
BARRIER3	<---	SWITCHING_BARRIERS	.543
BARRIER2	<---	SWITCHING_BARRIERS	.739
BARRIER1	<---	SWITCHING_BARRIERS	.710
CR6	<---	RETENTION	.461
CR5	<---	RETENTION	.176
CR4	<---	RETENTION	.539
CR3	<---	RETENTION	.761
CR2	<---	RETENTION	.879
CR1	<---	RETENTION	.841
CL1	<---	LOYALTY	.900
CL2	<---	LOYALTY	.850
CL3	<---	LOYALTY	.657
CL4	<---	LOYALTY	.896
CL5	<---	LOYALTY	.401
CL6	<---	LOYALTY	.761
CS1	<---	SATISFACTION	.867
CS2	<---	SATISFACTION	.908
CS3	<---	SATISFACTION	.876
CS4	<---	SATISFACTION	.903

Table A 2

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P
SWITCHING_BARRIERS	.406	.056	7.308	***
LOYALTY	1.112	.113	9.885	***
SATISFACTION	1.037	.111	9.329	***
COMM1	.973	.079	12.247	***
e55	.152	.039	3.950	***
e15	1.105	.096	11.507	***
e18	.311	.048	6.480	***
e19	.898	.080	11.291	***
e20	.635	.068	9.321	***
e21	.400	.040	9.931	***
e44	.896	.076	11.850	***
e45	1.304	.107	12.201	***
e46	1.248	.107	11.642	***
e47	.581	.057	10.150	***
e48	.245	.035	6.979	***
e49	.281	.033	8.401	***
e56	.260	.032	8.197	***
e57	.376	.038	9.820	***
e58	.733	.063	11.556	***
e59	.332	.040	8.397	***
e60	1.244	.103	12.075	***
e61	.507	.046	10.982	***
e62	.342	.035	9.755	***
e63	.214	.026	8.349	***
e64	.335	.035	9.527	***

e65	.223	.026	8.568	***
------------	------	------	-------	-----

Table A 3

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
RETENTION	.372
CS4	.815
CS3	.767
CS2	.824
CS1	.752
CL6	.580
CL5	.160
CL4	.802
CL3	.432
CL2	.722
CL1	.811
CR1	.707
CR2	.772
CR3	.578
CR4	.291
CR5	.031
CR6	.213
BARRIER1	.504
BARRIER2	.546
BARRIER3	.295
BARRIER4	.711
BARRIER7	.269

Table A 4

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	46	1669.610	207	.000	8.066
Saturated model	253	.000	0		
Independence model	22	5298.195	231	.000	22.936

Table A 5

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.521	.652	.575	.534
Saturated model	.000	1.000		
Independence model	.677	.149	.068	.136

Table A 6

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.685	.648	.713	.678	.711
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table A 7

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.896	.614	.637
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table A 8

NCP

Model	NCP	LO 90	HI 90
Default model	1462.610	1336.100	1596.557
Saturated model	.000	.000	.000
Independence model	5067.195	4833.565	5307.199

Table A 9

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	5.565	4.875	4.454	5.322
Saturated model	.000	.000	.000	.000
Independence model	17.661	16.891	16.112	17.691

Table A 10

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.153	.147	.160	.000
Independence model	.270	.264	.277	.000

Table A 11

AIC

Model	AIC	BCC	BIC	CAIC
Default model	1761.610	1769.249	1932.137	1978.137
Saturated model	506.000	548.014	1443.899	1696.899
Independence model	5342.195	5345.848	5423.751	5445.751

Table A 12

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	5.872	5.450	6.319	5.897
Saturated model	1.687	1.687	1.687	1.827
Independence model	17.807	17.029	18.607	17.819

Table A 13

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	44	47
Independence model	16	17

Table A 14

Modification Indices

Covariances: (Group number 1 - Default model)

			M.I.	Par Change
SATISFACTION	<-->	COMM1	107.146	.619
LOYALTY	<-->	COMM1	115.544	.669
LOYALTY	<-->	SATISFACTION	237.958	1.022
SWITCHING__BARRIERS	<-->	COMM1	122.829	.437
SWITCHING__BARRIERS	<-->	SATISFACTION	187.503	.576
SWITCHING__BARRIERS	<-->	LOYALTY	208.004	.630
e65	<-->	COMM1	5.561	.074
e65	<-->	LOYALTY	12.006	.121
e65	<-->	SWITCHING__BARRIERS	6.946	.058
e64	<-->	LOYALTY	4.357	.085
e64	<-->	e55	5.778	-.039
e62	<-->	SWITCHING__BARRIERS	5.510	.061
e61	<-->	COMM1	5.920	.104
e61	<-->	SWITCHING__BARRIERS	7.026	.079
e60	<-->	e55	4.859	-.062
e60	<-->	e64	5.919	-.102
e58	<-->	e60	10.166	.182
e57	<-->	SATISFACTION	8.013	.116
e57	<-->	SWITCHING__BARRIERS	11.595	.092
e57	<-->	e64	4.289	.052
e57	<-->	e61	7.160	.077
e56	<-->	SATISFACTION	14.433	.140
e49	<-->	COMM1	4.271	-.072
e49	<-->	SATISFACTION	11.811	-.128
e49	<-->	LOYALTY	7.675	-.107
e49	<-->	SWITCHING__BARRIERS	6.772	-.064
e49	<-->	e55	15.103	.058
e49	<-->	e64	5.352	-.053
e48	<-->	SATISFACTION	4.303	-.078

e48	<-->	LOYALTY	4.269	-.081
e48	<-->	SWITCHING__BARRIERS	4.576	-.053
e48	<-->	e55	6.291	.037
e48	<-->	e58	5.764	-.075
e48	<-->	e49	32.040	.114
e46	<-->	COMM1	4.133	.132
e46	<-->	SATISFACTION	16.925	.285
e46	<-->	LOYALTY	14.847	.278
e46	<-->	SWITCHING__BARRIERS	10.857	.151
e46	<-->	e55	26.342	-.147
e46	<-->	e64	5.551	.100
e46	<-->	e59	4.725	.097
e46	<-->	e49	12.425	-.142
e46	<-->	e48	10.959	-.133
e45	<-->	SWITCHING__BARRIERS	6.657	.118
e45	<-->	e61	4.959	.110
e45	<-->	e49	9.237	-.123
e45	<-->	e46	12.815	.270
e44	<-->	COMM1	21.619	.254
e44	<-->	SATISFACTION	47.287	.401
e44	<-->	LOYALTY	44.009	.402
e44	<-->	SWITCHING__BARRIERS	37.238	.234
e44	<-->	e55	82.084	-.218
e44	<-->	e64	5.297	.083
e44	<-->	e63	4.546	.065
e44	<-->	e62	4.100	.073
e44	<-->	e59	6.403	.095
e44	<-->	e56	7.491	.092
e44	<-->	e49	29.271	-.183
e44	<-->	e48	9.839	-.107
e44	<-->	e46	24.726	.315
e44	<-->	e45	11.279	.213
e21	<-->	SATISFACTION	8.857	.124
e21	<-->	LOYALTY	4.417	.091
e21	<-->	e55	8.559	-.051
e21	<-->	e49	5.995	-.060
e21	<-->	e44	7.780	.107
e20	<-->	COMM1	6.554	.129
e20	<-->	LOYALTY	9.820	.174
e20	<-->	e55	9.463	.068
e19	<-->	e65	4.403	.065
e19	<-->	e57	9.447	.118
e19	<-->	e46	6.722	.168
e19	<-->	e45	30.420	.357
e19	<-->	e21	17.302	-.161
e19	<-->	e20	30.953	.276
e18	<-->	COMM1	7.924	.113
e18	<-->	SATISFACTION	23.713	.209
e18	<-->	LOYALTY	20.316	.201
e18	<-->	e44	11.621	.134
e18	<-->	e21	6.591	.068

e18	<-->	e20	4.110	-.069
e15	<-->	COMM1	12.041	.214
e15	<-->	SATISFACTION	6.932	.173
e15	<-->	LOYALTY	10.510	.221
e15	<-->	e60	4.624	.151
e15	<-->	e56	4.179	.077

Table A 15

Variances: (Group number 1 - Default model)

M.I.	Par Change
------	------------

Table A 16

Regression Weights: (Group number 1 - Default model)

			M.I.	Par Change
CS4	<---	COMM1	5.561	.076
CS4	<---	LOYALTY	12.006	.108
CS4	<---	SWITCHING_BARRIERS	6.946	.143
CS4	<---	RETENTION	10.967	.227
CS4	<---	CL6	12.729	.104
CS4	<---	CL5	5.283	.060
CS4	<---	CL4	6.361	.062
CS4	<---	CL3	4.971	.063
CS4	<---	CL2	9.285	.084
CS4	<---	CL1	11.686	.093
CS4	<---	CR1	10.137	.104
CS4	<---	CR2	9.004	.092
CS4	<---	CR3	4.140	.055
CS4	<---	BARRIER2	5.304	.062
CS4	<---	BARRIER3	9.125	.085
CS4	<---	BARRIER4	5.087	.069
CS4	<---	BARRIER7	4.690	.056
CS3	<---	LOYALTY	4.357	.077
CS3	<---	CL2	7.302	.087
CS2	<---	CR6	5.333	.068
CS1	<---	SWITCHING_BARRIERS	5.510	.150
CS1	<---	RETENTION	6.615	.207
CS1	<---	CL2	4.706	.070
CS1	<---	CR3	8.448	.093
CS1	<---	CR4	5.349	.065
CS1	<---	CR6	8.365	.101
CS1	<---	BARRIER1	6.338	.105
CS1	<---	BARRIER2	4.704	.069
CL6	<---	COMM1	5.920	.107
CL6	<---	SWITCHING_BARRIERS	7.026	.195
CL6	<---	RETENTION	4.167	.189
CL6	<---	CS4	4.095	.080
CL6	<---	CR5	6.395	.094
CL6	<---	BARRIER1	5.800	.116

CL6	<---	BARRIER3	8.562	.112
CL6	<---	BARRIER4	8.315	.120
CL5	<---	CL3	5.476	.133
CL5	<---	CR2	5.102	-.141
CL4	<---	CR4	4.901	.065
CL4	<---	CR6	6.630	.094
CL3	<---	CL5	8.429	.121
CL2	<---	SATISFACTION	8.013	.112
CL2	<---	SWITCHING__BARRIERS	11.595	.227
CL2	<---	CS4	6.944	.094
CL2	<---	CS3	10.870	.107
CL2	<---	CS1	9.307	.101
CL2	<---	CR6	4.184	.075
CL2	<---	BARRIER1	4.849	.096
CL2	<---	BARRIER2	7.159	.088
CL2	<---	BARRIER3	17.618	.145
CL2	<---	BARRIER4	9.409	.115
CL1	<---	SATISFACTION	14.433	.135
CL1	<---	CS4	13.942	.119
CL1	<---	CS3	10.097	.093
CL1	<---	CS2	15.817	.126
CL1	<---	CS1	7.560	.082
CL1	<---	CR6	10.120	.104
CL1	<---	BARRIER1	5.100	.088
CL1	<---	BARRIER7	6.730	.074
CR1	<---	COMM1	4.271	-.074
CR1	<---	SATISFACTION	11.811	-.123
CR1	<---	LOYALTY	7.675	-.096
CR1	<---	SWITCHING__BARRIERS	6.772	-.157
CR1	<---	CS4	6.617	-.083
CR1	<---	CS3	15.336	-.116
CR1	<---	CS2	11.225	-.108
CR1	<---	CS1	10.284	-.097
CR1	<---	CL6	4.121	-.066
CR1	<---	CL4	7.805	-.076
CR1	<---	CL2	9.433	-.094
CR1	<---	CL1	6.929	-.080
CR1	<---	CR2	5.572	.081
CR1	<---	CR4	8.560	-.078
CR1	<---	CR5	8.930	-.091
CR1	<---	CR6	22.608	-.158
CR1	<---	BARRIER1	10.782	-.130
CR1	<---	BARRIER4	6.620	-.088
CR1	<---	BARRIER7	6.677	-.075
CR2	<---	SATISFACTION	4.303	-.075
CR2	<---	LOYALTY	4.269	-.073
CR2	<---	SWITCHING__BARRIERS	4.576	-.130
CR2	<---	CS3	4.326	-.062
CR2	<---	CS2	4.181	-.066
CR2	<---	CS1	4.814	-.067
CR2	<---	CL5	6.736	-.076

CR2	<---	CL4	5.160	-.063
CR2	<---	CL3	9.442	-.097
CR2	<---	CR1	8.347	.106
CR2	<---	CR4	7.624	-.074
CR2	<---	CR6	7.648	-.093
CR2	<---	BARRIER1	4.472	-.084
CR2	<---	BARRIER4	4.484	-.073
CR4	<---	COMM1	4.133	.136
CR4	<---	SATISFACTION	16.925	.275
CR4	<---	LOYALTY	14.847	.250
CR4	<---	SWITCHING__BARRIERS	10.857	.371
CR4	<---	CS4	11.987	.208
CR4	<---	CS3	20.333	.248
CR4	<---	CS2	13.573	.221
CR4	<---	CS1	16.035	.225
CR4	<---	CL6	9.496	.185
CR4	<---	CL4	17.244	.211
CR4	<---	CL3	6.395	.147
CR4	<---	CL2	12.579	.201
CR4	<---	CL1	13.452	.206
CR4	<---	CR5	12.375	.200
CR4	<---	CR6	18.930	.269
CR4	<---	BARRIER1	5.064	.165
CR4	<---	BARRIER2	6.537	.143
CR4	<---	BARRIER3	14.075	.219
CR4	<---	BARRIER4	8.113	.181
CR4	<---	BARRIER7	8.306	.155
CR5	<---	SWITCHING__BARRIERS	6.657	.291
CR5	<---	CL6	5.340	.139
CR5	<---	CR4	8.693	.147
CR5	<---	CR6	8.624	.182
CR5	<---	BARRIER2	6.965	.147
CR5	<---	BARRIER3	33.280	.338
CR6	<---	COMM1	21.619	.261
CR6	<---	SATISFACTION	47.287	.386
CR6	<---	LOYALTY	44.009	.361
CR6	<---	SWITCHING__BARRIERS	37.238	.577
CR6	<---	CS4	32.220	.287
CR6	<---	CS3	46.657	.316
CR6	<---	CS2	46.327	.343
CR6	<---	CS1	44.753	.316
CR6	<---	CL6	16.872	.207
CR6	<---	CL5	7.496	.125
CR6	<---	CL4	44.776	.286
CR6	<---	CL3	27.763	.257
CR6	<---	CL2	40.091	.302
CR6	<---	CL1	45.787	.320
CR6	<---	CR1	6.452	-.144
CR6	<---	CR4	16.794	.171
CR6	<---	CR5	10.891	.158
CR6	<---	BARRIER1	33.511	.357

CR6	<---	BARRIER2	20.531	.212
CR6	<---	BARRIER3	6.777	.128
CR6	<---	BARRIER4	38.171	.330
CR6	<---	BARRIER7	11.629	.154
BARRIER1	<---	SATISFACTION	8.857	.120
BARRIER1	<---	LOYALTY	4.417	.082
BARRIER1	<---	CS4	4.556	.077
BARRIER1	<---	CS3	7.691	.092
BARRIER1	<---	CS2	9.823	.113
BARRIER1	<---	CS1	10.151	.108
BARRIER1	<---	CL6	4.800	.079
BARRIER1	<---	CL1	5.807	.082
BARRIER1	<---	CR6	5.194	.085
BARRIER1	<---	BARRIER3	14.811	-.136
BARRIER2	<---	COMM1	6.554	.132
BARRIER2	<---	LOYALTY	9.820	.157
BARRIER2	<---	RETENTION	22.642	.521
BARRIER2	<---	CS4	4.048	.093
BARRIER2	<---	CS3	4.050	.086
BARRIER2	<---	CS1	4.240	.089
BARRIER2	<---	CL4	9.773	.123
BARRIER2	<---	CL2	8.145	.125
BARRIER2	<---	CL1	9.182	.132
BARRIER2	<---	CR1	21.875	.244
BARRIER2	<---	CR2	18.042	.209
BARRIER2	<---	CR3	7.803	.121
BARRIER2	<---	CR4	8.155	.110
BARRIER2	<---	CR5	4.948	.098
BARRIER2	<---	CR6	6.901	.125
BARRIER2	<---	BARRIER3	20.744	.206
BARRIER3	<---	CL6	4.348	.107
BARRIER3	<---	CL2	5.948	.119
BARRIER3	<---	CR4	8.337	.123
BARRIER3	<---	CR5	32.100	.276
BARRIER3	<---	BARRIER1	7.340	-.171
BARRIER3	<---	BARRIER2	11.637	.163
BARRIER4	<---	COMM1	7.924	.117
BARRIER4	<---	SATISFACTION	23.713	.202
BARRIER4	<---	LOYALTY	20.316	.181
BARRIER4	<---	RETENTION	13.836	.326
BARRIER4	<---	CS4	19.755	.165
BARRIER4	<---	CS3	18.432	.146
BARRIER4	<---	CS2	24.831	.185
BARRIER4	<---	CS1	16.039	.139
BARRIER4	<---	CL6	20.403	.168
BARRIER4	<---	CL5	5.197	.076
BARRIER4	<---	CL4	17.578	.132
BARRIER4	<---	CL3	9.061	.108
BARRIER4	<---	CL2	17.451	.147
BARRIER4	<---	CL1	13.880	.130
BARRIER4	<---	CR1	5.500	.098

BARRIER4	<---	CR2	7.170	.105
BARRIER4	<---	CR3	10.231	.111
BARRIER4	<---	CR4	6.078	.076
BARRIER4	<---	CR6	21.189	.176
BARRIER7	<---	COMM1	12.041	.220
BARRIER7	<---	SATISFACTION	6.932	.167
BARRIER7	<---	LOYALTY	10.510	.199
BARRIER7	<---	RETENTION	6.251	.336
BARRIER7	<---	CS4	7.325	.154
BARRIER7	<---	CS3	5.855	.126
BARRIER7	<---	CS2	4.230	.117
BARRIER7	<---	CS1	6.856	.139
BARRIER7	<---	CL5	10.309	.165
BARRIER7	<---	CL4	8.228	.138
BARRIER7	<---	CL3	9.809	.172
BARRIER7	<---	CL2	5.147	.122
BARRIER7	<---	CL1	12.712	.190
BARRIER7	<---	CR3	4.985	.119
BARRIER7	<---	CR4	6.626	.121

Table A 17

Notes for Model

Computation of degrees of freedom (Default model)

Number of distinct sample moments:	253
Number of distinct parameters to be estimated:	46
Degrees of freedom (253 - 46):	207

Table A 18

Result (Default model)

Minimum was achieved

Chi-square = 1669.610

Degrees of freedom = 207

Probability level = .000

APPENDIX B (Model for Retention with Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
RETENTION	<---	SWITCHING__BARRIERS	.026	.272	.097	.923
RETENTION	<---	SATISFACTION	-.027	.164	-.164	.870
RETENTION	<---	LOYALTY	.424	.268	1.583	.113
RETENTION	<---	COMM1	.044	.042	1.062	.288
BARRIER7	<---	SWITCHING__BARRIERS	1.000			
BARRIER4	<---	SWITCHING__BARRIERS	1.333	.086	15.532	***
BARRIER3	<---	SWITCHING__BARRIERS	.925	.100	9.249	***
BARRIER2	<---	SWITCHING__BARRIERS	1.344	.100	13.392	***
BARRIER1	<---	SWITCHING__BARRIERS	1.000			
CR6	<---	RETENTION	1.000			
CR5	<---	RETENTION	.416	.119	3.500	***
CR4	<---	RETENTION	1.454	.175	8.310	***
CR3	<---	RETENTION	1.814	.186	9.767	***
CR2	<---	RETENTION	1.854	.181	10.251	***
CR1	<---	RETENTION	1.672	.165	10.119	***
CL1	<---	LOYALTY	1.000			
CL2	<---	LOYALTY	.951	.042	22.614	***
CL3	<---	LOYALTY	.688	.052	13.165	***
CL4	<---	LOYALTY	1.071	.046	23.153	***
CL5	<---	LOYALTY	.436	.064	6.839	***
CL6	<---	LOYALTY	.804	.045	17.977	***
CS1	<---	SATISFACTION	1.000			
CS2	<---	SATISFACTION	.969	.044	21.953	***
CS3	<---	SATISFACTION	1.033	.049	21.086	***
CS4	<---	SATISFACTION	.987	.043	22.990	***

Table B 1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
RETENTION	<---	SWITCHING__BARRIERS	.028
RETENTION	<---	SATISFACTION	-.045
RETENTION	<---	LOYALTY	.738
RETENTION	<---	COMM1	.072
BARRIER7	<---	SWITCHING__BARRIERS	.531
BARRIER4	<---	SWITCHING__BARRIERS	.834
BARRIER3	<---	SWITCHING__BARRIERS	.532
BARRIER2	<---	SWITCHING__BARRIERS	.738
BARRIER1	<---	SWITCHING__BARRIERS	.720
CR6	<---	RETENTION	.540
CR5	<---	RETENTION	.216

CR4	<---	RETENTION	.621
CR3	<---	RETENTION	.823
CR2	<---	RETENTION	.916
CR1	<---	RETENTION	.887
CL1	<---	LOYALTY	.904
CL2	<---	LOYALTY	.867
CL3	<---	LOYALTY	.641
CL4	<---	LOYALTY	.875
CL5	<---	LOYALTY	.380
CL6	<---	LOYALTY	.776
CS1	<---	SATISFACTION	.866
CS2	<---	SATISFACTION	.894
CS3	<---	SATISFACTION	.877
CS4	<---	SATISFACTION	.914

Table B 2

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
SWITCHING_BARRIERS	<-->	COMM1	.447	.051	8.681	***
SWITCHING_BARRIERS	<-->	LOYALTY	.651	.066	9.792	***
SWITCHING_BARRIERS	<-->	SATISFACTION	.588	.063	9.360	***
LOYALTY	<-->	COMM1	.673	.075	8.943	***
SATISFACTION	<-->	COMM1	.620	.072	8.583	***
LOYALTY	<-->	SATISFACTION	1.033	.098	10.565	***

Table B 3

Correlations: (Group number 1 - Default model)

			Estimate
SWITCHING_BARRIERS	<-->	COMM1	.698
SWITCHING_BARRIERS	<-->	LOYALTY	.946
SWITCHING_BARRIERS	<-->	SATISFACTION	.891
LOYALTY	<-->	COMM1	.644
SATISFACTION	<-->	COMM1	.618
LOYALTY	<-->	SATISFACTION	.959

Table B 4

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P
SWITCHING_BARRIERS	.421	.054	7.742	***
LOYALTY	1.122	.111	10.091	***
SATISFACTION	1.034	.110	9.376	***
COMM1	.973	.079	12.247	***
e55	.150	.032	4.709	***
e15	1.073	.090	11.860	***
e18	.327	.034	9.473	***
e19	.913	.077	11.835	***
e20	.637	.058	10.925	***

e21	.392	.035	11.093	***
e44	.897	.076	11.868	***
e45	1.304	.107	12.203	***
e46	1.249	.107	11.669	***
e47	.581	.057	10.254	***
e48	.244	.034	7.213	***
e49	.280	.033	8.604	***
e56	.250	.025	9.820	***
e57	.337	.032	10.666	***
e58	.760	.064	11.896	***
e59	.393	.037	10.522	***
e60	1.268	.104	12.163	***
e61	.480	.042	11.475	***
e62	.345	.033	10.527	***
e63	.243	.024	9.934	***
e64	.332	.032	10.333	***
e65	.198	.021	9.285	***

Table B 5

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
RETENTION	.593
CS4	.836
CS3	.769
CS2	.800
CS1	.750
CL6	.602
CL5	.144
CL4	.766
CL3	.411
CL2	.751
CL1	.818
CR1	.787
CR2	.839
CR3	.677
CR4	.385
CR5	.047
CR6	.292
BARRIER1	.518
BARRIER2	.544
BARRIER3	.283
BARRIER4	.696
BARRIER7	.282

Table B 6

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	52	644.881	201	.000	3.208
Saturated model	253	.000	0		
Independence model	22	5298.195	231	.000	22.936

Table B 7

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.126	.832	.789	.661
Saturated model	.000	1.000		
Independence model	.677	.149	.068	.136

Table B 8

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.878	.860	.913	.899	.912
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table B 9

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.870	.764	.794
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table B 10

NCP

Model	NCP	LO 90	HI 90
Default model	443.881	370.892	524.476
Saturated model	.000	.000	.000
Independence model	5067.195	4833.565	5307.199

Table B 11

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	2.150	1.480	1.236	1.748
Saturated model	.000	.000	.000	.000
Independence model	17.661	16.891	16.112	17.691

Table B 12

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.086	.078	.093	.000
Independence model	.270	.264	.277	.000

Table B 13

AIC

Model	AIC	BCC	BIC	CAIC
Default model	748.881	757.516	941.650	993.650
Saturated model	506.000	548.014	1443.899	1696.899
Independence model	5342.195	5345.848	5423.751	5445.751

Table B 14

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	2.496	2.253	2.765	2.525
Saturated model	1.687	1.687	1.687	1.827
Independence model	17.807	17.029	18.607	17.819

Table B 15

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	110	117
Independence model	16	17

Table B 16

Notes for Model

Computation of degrees of freedom (Default model)

Number of distinct sample moments:	253
Number of distinct parameters to be estimated:	52
Degrees of freedom (253 - 52):	201

Table B 17

Result (Default model)

Minimum was achieved

Chi-square = 644.881

Degrees of freedom = 201

Probability level = .000

APPENDIX C (Validity for Retention Model with Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
BARRIER7	<---	SWITCHING__BARRIERS	1.000			
BARRIER4	<---	SWITCHING__BARRIERS	1.333	.086	15.532	***
BARRIER3	<---	SWITCHING__BARRIERS	.925	.100	9.249	***
BARRIER2	<---	SWITCHING__BARRIERS	1.344	.100	13.392	***
BARRIER1	<---	SWITCHING__BARRIERS	1.000			
CR6	<---	RETENTION	1.000			
CR5	<---	RETENTION	.416	.119	3.500	***
CR4	<---	RETENTION	1.454	.175	8.310	***
CR3	<---	RETENTION	1.814	.186	9.767	***
CR2	<---	RETENTION	1.854	.181	10.251	***
CR1	<---	RETENTION	1.672	.165	10.119	***
CL1	<---	LOYALTY	1.000			
CL2	<---	LOYALTY	.951	.042	22.614	***
CL3	<---	LOYALTY	.688	.052	13.165	***
CL4	<---	LOYALTY	1.071	.046	23.153	***
CL5	<---	LOYALTY	.436	.064	6.839	***
CL6	<---	LOYALTY	.804	.045	17.977	***
CS1	<---	SATISFACTION	1.000			
CS2	<---	SATISFACTION	.969	.044	21.953	***
CS3	<---	SATISFACTION	1.033	.049	21.086	***
CS4	<---	SATISFACTION	.987	.043	22.990	***

Table C1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
BARRIER7	<---	SWITCHING__BARRIERS	.531
BARRIER4	<---	SWITCHING__BARRIERS	.834
BARRIER3	<---	SWITCHING__BARRIERS	.532
BARRIER2	<---	SWITCHING__BARRIERS	.738
BARRIER1	<---	SWITCHING__BARRIERS	.720
CR6	<---	RETENTION	.540
CR5	<---	RETENTION	.216
CR4	<---	RETENTION	.621
CR3	<---	RETENTION	.823
CR2	<---	RETENTION	.916
CR1	<---	RETENTION	.887
CL1	<---	LOYALTY	.904
CL2	<---	LOYALTY	.867
CL3	<---	LOYALTY	.641

CL4	<---	LOYALTY	.875
CL5	<---	LOYALTY	.380
CL6	<---	LOYALTY	.776
CS1	<---	SATISFACTION	.866
CS2	<---	SATISFACTION	.894
CS3	<---	SATISFACTION	.877
CS4	<---	SATISFACTION	.914

Table C2

APPENDIX D (Model for Satisfaction without Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
SATISFACTION	<---	PERCEIVED__IMAGE	.210	.055	3.836	***
SATISFACTION	<---	PERCEIVED__VALUE	.332	.033	10.140	***
SATISFACTION	<---	RETENTION	.071	.024	3.022	.003
SATISFACTION	<---	LOYALTY	.469	.034	13.615	***
SATISFACTION	<---	EMP1	.064	.023	2.774	.006
SATISFACTION	<---	REL1	.046	.019	2.385	.017
VALUE7	<---	PERCEIVED__VALUE	.728	.065	11.181	***
VALUE5	<---	PERCEIVED__VALUE	.743	.050	14.881	***
VALUE3	<---	PERCEIVED__VALUE	1.060	.054	19.642	***
VALUE2	<---	PERCEIVED__VALUE	.749	.062	11.998	***
VALUE1	<---	PERCEIVED__VALUE	1.000			
IMAGE7	<---	PERCEIVED__IMAGE	1.000			
IMAGE6	<---	PERCEIVED__IMAGE	1.327	.124	10.677	***
IMAGE5	<---	PERCEIVED__IMAGE	.960	.110	8.725	***
IMAGE4	<---	PERCEIVED__IMAGE	1.603	.121	13.198	***
IMAGE3	<---	PERCEIVED__IMAGE	1.753	.128	13.719	***
IMAGE2	<---	PERCEIVED__IMAGE	1.259	.105	12.048	***
IMAGE1	<---	PERCEIVED__IMAGE	1.000			
CS4	<---	SATISFACTION	.984	.068	14.401	***
CS3	<---	SATISFACTION	1.033	.078	13.323	***
CS2	<---	SATISFACTION	.972	.070	13.970	***
CS1	<---	SATISFACTION	1.000			
CL1	<---	LOYALTY	1.000			
CL2	<---	LOYALTY	.941	.044	21.460	***
CL3	<---	LOYALTY	.694	.053	13.143	***
CL4	<---	LOYALTY	1.085	.047	23.140	***
CL5	<---	LOYALTY	.457	.064	7.124	***
CL6	<---	LOYALTY	.785	.047	16.882	***
CR1	<---	RETENTION	1.000			
CR2	<---	RETENTION	1.102	.044	24.787	***
CR3	<---	RETENTION	1.042	.055	19.016	***
CR4	<---	RETENTION	.791	.071	11.203	***
CR5	<---	RETENTION	.216	.066	3.271	.001
CR6	<---	RETENTION	.515	.059	8.766	***

Table D 1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
SATISFACTION	<---	PERCEIVED__IMAGE	.149

SATISFACTION	<---	PERCEIVED__VALUE	.475
SATISFACTION	<---	RETENTION	.112
SATISFACTION	<---	LOYALTY	.750
SATISFACTION	<---	EMP1	.099
SATISFACTION	<---	REL1	.085
VALUE7	<---	PERCEIVED__VALUE	.602
VALUE5	<---	PERCEIVED__VALUE	.746
VALUE3	<---	PERCEIVED__VALUE	.910
VALUE2	<---	PERCEIVED__VALUE	.637
VALUE1	<---	PERCEIVED__VALUE	.849
IMAGE7	<---	PERCEIVED__IMAGE	.472
IMAGE6	<---	PERCEIVED__IMAGE	.669
IMAGE5	<---	PERCEIVED__IMAGE	.540
IMAGE4	<---	PERCEIVED__IMAGE	.848
IMAGE3	<---	PERCEIVED__IMAGE	.892
IMAGE2	<---	PERCEIVED__IMAGE	.764
IMAGE1	<---	PERCEIVED__IMAGE	.612
CS4	<---	SATISFACTION	.822
CS3	<---	SATISFACTION	.765
CS2	<---	SATISFACTION	.799
CS1	<---	SATISFACTION	.749
CL1	<---	LOYALTY	.905
CL2	<---	LOYALTY	.858
CL3	<---	LOYALTY	.648
CL4	<---	LOYALTY	.888
CL5	<---	LOYALTY	.399
CL6	<---	LOYALTY	.758
CR1	<---	RETENTION	.909
CR2	<---	RETENTION	.933
CR3	<---	RETENTION	.810
CR4	<---	RETENTION	.579
CR5	<---	RETENTION	.193
CR6	<---	RETENTION	.477

Table D 2

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P
PERCEIVED__VALUE	.903	.102	8.868	***
PERCEIVED__IMAGE	.224	.034	6.545	***
LOYALTY	1.125	.112	10.020	***
RETENTION	1.086	.109	9.994	***
EMP1	1.060	.087	12.247	***
REL1	1.492	.122	12.247	***
e55	.071	.016	4.500	***
e1	.840	.073	11.572	***
e3	.397	.037	10.720	***
e5	.211	.033	6.342	***
e6	.742	.065	11.435	***
e7	.349	.039	8.888	***

e8	.780	.065	11.917	***
e9	.485	.043	11.237	***
e10	.500	.043	11.739	***
e11	.225	.025	8.900	***
e12	.176	.024	7.246	***
e13	.254	.024	10.476	***
e14	.374	.032	11.530	***
e45	.205	.021	9.594	***
e46	.332	.032	10.471	***
e47	.235	.023	10.009	***
e48	.344	.032	10.645	***
e56	.247	.029	8.396	***
e57	.356	.036	9.895	***
e58	.749	.064	11.652	***
e59	.355	.039	9.085	***
e60	1.246	.103	12.093	***
e61	.512	.046	11.126	***
e62	.229	.031	7.304	***
e63	.196	.034	5.741	***
e64	.620	.059	10.508	***
e65	1.351	.114	11.808	***
e66	1.318	.108	12.214	***
e67	.979	.082	11.993	***

Table D 3

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
SATISFACTION	.840
CR6	.227
CR5	.037
CR4	.335
CR3	.656
CR2	.871
CR1	.826
CL6	.575
CL5	.159
CL4	.788
CL3	.420
CL2	.736
CL1	.820
CS1	.561
CS2	.639
CS3	.586
CS4	.676
IMAGE1	.374
IMAGE2	.583
IMAGE3	.796
IMAGE4	.719
IMAGE5	.292

IMAGE6	.448
IMAGE7	.223
VALUE1	.721
VALUE2	.405
VALUE3	.828
VALUE5	.556
VALUE7	.363

Table D 4

Modification Indices

Covariances: (Group number 1 - Default model)

			M.I.	Par Change
EMP1	<-->	REL1	114.509	.777
RETENTION	<-->	REL1	81.004	.684
RETENTION	<-->	EMP1	67.568	.527
LOYALTY	<-->	REL1	162.558	.985
LOYALTY	<-->	EMP1	125.083	.728
LOYALTY	<-->	RETENTION	143.424	.817
PERCEIVED__IMAGE	<-->	REL1	98.580	.347
PERCEIVED__IMAGE	<-->	EMP1	110.853	.311
PERCEIVED__IMAGE	<-->	RETENTION	73.913	.266
PERCEIVED__IMAGE	<-->	LOYALTY	150.281	.385
PERCEIVED__VALUE	<-->	REL1	162.842	.895
PERCEIVED__VALUE	<-->	EMP1	143.769	.708
PERCEIVED__VALUE	<-->	RETENTION	112.916	.657
PERCEIVED__VALUE	<-->	LOYALTY	217.693	.928
PERCEIVED__VALUE	<-->	PERCEIVED__IMAGE	159.095	.359
e67	<-->	REL1	47.115	.484
e67	<-->	EMP1	42.800	.388
e67	<-->	LOYALTY	69.816	.528
e67	<-->	PERCEIVED__IMAGE	49.202	.201
e67	<-->	PERCEIVED__VALUE	81.154	.517
e66	<-->	e67	13.644	.245
e65	<-->	REL1	15.558	.329
e65	<-->	EMP1	9.736	.219
e65	<-->	LOYALTY	31.014	.416
e65	<-->	PERCEIVED__IMAGE	18.541	.146
e65	<-->	PERCEIVED__VALUE	26.925	.352
e65	<-->	e67	36.200	.410
e65	<-->	e66	15.283	.307
e64	<-->	REL1	4.384	.124
e64	<-->	LOYALTY	8.158	.152
e64	<-->	PERCEIVED__IMAGE	9.684	.075
e64	<-->	PERCEIVED__VALUE	9.248	.147
e64	<-->	e65	4.999	.128
e63	<-->	REL1	4.633	.090
e62	<-->	REL1	6.949	-.107
e62	<-->	PERCEIVED__VALUE	4.647	-.071

e62	<-->	e67	10.678	-.108
e62	<-->	e66	6.825	-.100
e62	<-->	e65	5.486	-.091
e61	<-->	REL1	5.337	.122
e61	<-->	RETENTION	5.106	.105
e61	<-->	PERCEIVED__IMAGE	7.675	.059
e61	<-->	PERCEIVED__VALUE	4.023	.086
e61	<-->	e66	5.006	.111
e58	<-->	REL1	7.227	.168
e58	<-->	e55	4.165	-.042
e58	<-->	e63	4.094	-.061
e58	<-->	e60	10.680	.188
e58	<-->	e59	6.711	.090
e57	<-->	EMP1	6.018	.096
e57	<-->	e61	6.180	.070
e56	<-->	EMP1	8.570	.102
e56	<-->	RETENTION	6.100	.090
e56	<-->	PERCEIVED__IMAGE	11.805	.058
e56	<-->	PERCEIVED__VALUE	11.926	.116
e47	<-->	e61	4.144	-.047
e46	<-->	e65	4.715	.091
e46	<-->	e60	7.908	-.112
e14	<-->	REL1	28.367	-.236
e14	<-->	RETENTION	18.036	-.166
e14	<-->	LOYALTY	16.235	-.160
e14	<-->	PERCEIVED__IMAGE	5.341	-.042
e14	<-->	PERCEIVED__VALUE	12.898	-.130
e14	<-->	e67	4.550	-.077
e14	<-->	e63	5.446	-.050
e14	<-->	e59	5.053	-.056
e13	<-->	REL1	7.061	-.101
e13	<-->	PERCEIVED__VALUE	6.652	-.080
e13	<-->	e67	6.112	-.077
e13	<-->	e14	70.300	.163
e12	<-->	REL1	4.855	.081
e12	<-->	EMP1	5.559	.073
e12	<-->	RETENTION	16.287	.131
e12	<-->	LOYALTY	9.924	.104
e12	<-->	PERCEIVED__VALUE	9.623	.093
e12	<-->	e48	7.370	.051
e12	<-->	e46	8.261	-.053
e12	<-->	e14	8.475	-.054
e11	<-->	EMP1	4.456	.068
e11	<-->	e48	4.164	-.040
e11	<-->	e14	8.284	-.056
e11	<-->	e12	8.346	.044
e10	<-->	REL1	6.430	.129
e10	<-->	e63	4.397	.052
e10	<-->	e62	9.057	-.072
e10	<-->	e14	7.452	.071
e10	<-->	e12	16.496	-.087

e9	<-->	REL1	35.013	.302
e9	<-->	EMP1	5.807	.104
e9	<-->	RETENTION	7.888	.127
e9	<-->	LOYALTY	32.072	.259
e9	<-->	PERCEIVED__VALUE	38.165	.257
e9	<-->	e67	34.352	.245
e9	<-->	e65	8.621	.145
e9	<-->	e62	9.319	-.074
e9	<-->	e60	4.538	-.100
e9	<-->	e46	11.108	.086
e9	<-->	e14	6.720	-.068
e9	<-->	e13	14.807	-.086
e9	<-->	e10	41.275	.193
e8	<-->	REL1	62.241	.498
e8	<-->	EMP1	43.623	.351
e8	<-->	RETENTION	39.052	.348
e8	<-->	LOYALTY	90.696	.539
e8	<-->	PERCEIVED__IMAGE	10.838	.084
e8	<-->	PERCEIVED__VALUE	88.571	.483
e8	<-->	e67	34.447	.303
e8	<-->	e65	14.111	.229
e8	<-->	e14	13.810	-.121
e8	<-->	e13	13.438	-.102
e8	<-->	e10	4.113	.075
e8	<-->	e9	55.892	.279
e7	<-->	EMP1	13.659	.147
e7	<-->	RETENTION	12.901	.150
e7	<-->	LOYALTY	22.473	.201
e7	<-->	PERCEIVED__IMAGE	18.373	.082
e7	<-->	e55	11.595	.053
e7	<-->	e48	5.456	.056
e7	<-->	e47	7.072	.054
e7	<-->	e46	5.090	-.054
e7	<-->	e12	9.745	.063
e6	<-->	RETENTION	4.199	.113
e6	<-->	LOYALTY	4.534	.120
e6	<-->	PERCEIVED__IMAGE	4.423	.054
e6	<-->	e55	4.703	-.045
e6	<-->	e66	7.384	.160
e6	<-->	e61	5.407	.089
e6	<-->	e48	4.919	-.071
e6	<-->	e13	9.806	.087
e6	<-->	e12	4.789	-.059
e5	<-->	REL1	8.479	.123
e5	<-->	EMP1	4.631	.077
e5	<-->	e67	4.505	.074
e5	<-->	e14	10.139	-.070
e5	<-->	e13	10.854	-.062
e5	<-->	e8	19.721	.138
e3	<-->	e64	5.991	.079
e1	<-->	REL1	8.274	.191

e1	<-->	EMP1	4.400	.117
e1	<-->	LOYALTY	7.102	.158
e1	<-->	PERCEIVED__IMAGE	7.258	.073
e1	<-->	e67	5.815	.131
e1	<-->	e47	10.198	-.092
e1	<-->	e46	7.908	.094
e1	<-->	e3	4.212	.074

Table D 5

Model Fit summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	63	2694.177	402	.000	6.702
Saturated model	465	.000	0		
Independence model	30	7843.798	435	.000	18.032

Table D 6

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.527	.548	.478	.474
Saturated model	.000	1.000		
Independence model	.629	.115	.054	.107

Table D 7

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.657	.628	.692	.665	.691
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table D 8

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.924	.607	.638
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table D 9

NCP

Model	NCP	LO 90	HI 90
Default model	2292.177	2131.572	2460.199
Saturated model	.000	.000	.000
Independence model	7408.798	7124.723	7699.274

Table D 10

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	8.981	7.641	7.105	8.201
Saturated model	.000	.000	.000	.000
Independence model	26.146	24.696	23.749	25.664

Table D 11

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.138	.133	.143	.000
Independence model	.238	.234	.243	.000

Table D 12

AIC

Model	AIC	BCC	BIC	CAIC
Default model	2820.177	2834.697	3053.725	3116.725
Saturated model	930.000	1037.175	2653.806	3118.806
Independence model	7903.798	7910.713	8015.012	8045.012

Table D 13

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	9.401	8.865	9.961	9.449
Saturated model	3.100	3.100	3.100	3.457
Independence model	26.346	25.399	27.314	26.369

Table D 14

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	51	53
Independence model	19	20

Table D 15

Notes for Model*Computation of degrees of freedom (Default model)*

Number of distinct sample moments:	465
Number of distinct parameters to be estimated:	63
Degrees of freedom (465 - 63):	402

Table D 16

Result (Default model)

Minimum was achieved

Chi-square = 2694.177

Degrees of freedom = 402

Probability level = .000

APPENDIX E (Model for Satisfaction with Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
SATISFACTION	<---	PERCEIVED__IMAGE	-.013	.124	-.106	.916
SATISFACTION	<---	PERCEIVED__VALUE	.523	.204	2.569	.010
SATISFACTION	<---	RETENTION	.022	.045	.488	.625
SATISFACTION	<---	LOYALTY	.449	.158	2.838	.005
SATISFACTION	<---	EMP1	.014	.041	.347	.728
SATISFACTION	<---	REL1	-.017	.035	-.478	.633
VALUE7	<---	PERCEIVED__VALUE	.748	.058	12.925	***
VALUE5	<---	PERCEIVED__VALUE	.699	.045	15.604	***
VALUE3	<---	PERCEIVED__VALUE	.969	.046	21.198	***
VALUE2	<---	PERCEIVED__VALUE	.720	.057	12.738	***
VALUE1	<---	PERCEIVED__VALUE	1.000			
IMAGE7	<---	PERCEIVED__IMAGE	1.000			
IMAGE6	<---	PERCEIVED__IMAGE	1.369	.116	11.849	***
IMAGE5	<---	PERCEIVED__IMAGE	.939	.103	9.129	***
IMAGE4	<---	PERCEIVED__IMAGE	1.496	.111	13.490	***
IMAGE3	<---	PERCEIVED__IMAGE	1.660	.116	14.313	***
IMAGE2	<---	PERCEIVED__IMAGE	1.140	.096	11.854	***
IMAGE1	<---	PERCEIVED__IMAGE	1.000			
CS4	<---	SATISFACTION	.983	.043	23.048	***
CS3	<---	SATISFACTION	1.031	.049	21.229	***
CS2	<---	SATISFACTION	.971	.043	22.334	***
CS1	<---	SATISFACTION	1.000			
CL1	<---	LOYALTY	1.000			
CL2	<---	LOYALTY	.936	.042	22.261	***
CL3	<---	LOYALTY	.691	.052	13.408	***
CL4	<---	LOYALTY	1.066	.045	23.452	***
CL5	<---	LOYALTY	.439	.063	6.932	***
CL6	<---	LOYALTY	.801	.044	18.108	***
CR1	<---	RETENTION	1.000			
CR2	<---	RETENTION	1.107	.048	23.113	***
CR3	<---	RETENTION	1.084	.057	18.908	***
CR4	<---	RETENTION	.867	.072	12.110	***
CR5	<---	RETENTION	.245	.068	3.617	***
CR6	<---	RETENTION	.594	.059	10.065	***

Table E 1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
--	--	--	----------

SATISFACTION	<---	PERCEIVED__IMAGE	-.006
SATISFACTION	<---	PERCEIVED__VALUE	.506
SATISFACTION	<---	RETENTION	.022
SATISFACTION	<---	LOYALTY	.470
SATISFACTION	<---	EMP1	.014
SATISFACTION	<---	REL1	-.020
VALUE7	<---	PERCEIVED__VALUE	.642
VALUE5	<---	PERCEIVED__VALUE	.729
VALUE3	<---	PERCEIVED__VALUE	.863
VALUE2	<---	PERCEIVED__VALUE	.636
VALUE1	<---	PERCEIVED__VALUE	.881
IMAGE7	<---	PERCEIVED__IMAGE	.511
IMAGE6	<---	PERCEIVED__IMAGE	.724
IMAGE5	<---	PERCEIVED__IMAGE	.554
IMAGE4	<---	PERCEIVED__IMAGE	.830
IMAGE3	<---	PERCEIVED__IMAGE	.886
IMAGE2	<---	PERCEIVED__IMAGE	.725
IMAGE1	<---	PERCEIVED__IMAGE	.616
CS4	<---	SATISFACTION	.911
CS3	<---	SATISFACTION	.876
CS2	<---	SATISFACTION	.898
CS1	<---	SATISFACTION	.867
CL1	<---	LOYALTY	.909
CL2	<---	LOYALTY	.857
CL3	<---	LOYALTY	.648
CL4	<---	LOYALTY	.876
CL5	<---	LOYALTY	.384
CL6	<---	LOYALTY	.776
CR1	<---	RETENTION	.888
CR2	<---	RETENTION	.916
CR3	<---	RETENTION	.823
CR4	<---	RETENTION	.620
CR5	<---	RETENTION	.213
CR6	<---	RETENTION	.538

Table E 2

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
PERCEIVED__VALUE	<-->	PERCEIVED__IMAGE	.413	.047	8.728	***
PERCEIVED__VALUE	<-->	REL1	.939	.094	9.974	***
PERCEIVED__VALUE	<-->	EMP1	.750	.078	9.652	***
PERCEIVED__VALUE	<-->	LOYALTY	1.000	.094	10.645	***
PERCEIVED__VALUE	<-->	RETENTION	.707	.080	8.843	***
PERCEIVED__IMAGE	<-->	REL1	.374	.048	7.808	***
PERCEIVED__IMAGE	<-->	EMP1	.330	.041	8.008	***
PERCEIVED__IMAGE	<-->	LOYALTY	.419	.049	8.597	***
PERCEIVED__IMAGE	<-->	RETENTION	.287	.040	7.099	***
EMP1	<-->	REL1	.777	.085	9.104	***
LOYALTY	<-->	REL1	.997	.099	10.044	***

RETENTION	<-->	REL1	.689	.087	7.945	***
LOYALTY	<-->	EMP1	.738	.080	9.238	***
RETENTION	<-->	EMP1	.529	.071	7.406	***
LOYALTY	<-->	RETENTION	.832	.088	9.478	***

Table E 3

Correlations: (Group number 1 - Default model)

			Estimate
PERCEIVED__VALUE	<-->	PERCEIVED__IMAGE	.843
PERCEIVED__VALUE	<-->	REL1	.780
PERCEIVED__VALUE	<-->	EMP1	.739
PERCEIVED__VALUE	<-->	LOYALTY	.952
PERCEIVED__VALUE	<-->	RETENTION	.704
PERCEIVED__IMAGE	<-->	REL1	.618
PERCEIVED__IMAGE	<-->	EMP1	.645
PERCEIVED__IMAGE	<-->	LOYALTY	.793
PERCEIVED__IMAGE	<-->	RETENTION	.568
EMP1	<-->	REL1	.618
LOYALTY	<-->	REL1	.766
RETENTION	<-->	REL1	.553
LOYALTY	<-->	EMP1	.673
RETENTION	<-->	EMP1	.505
LOYALTY	<-->	RETENTION	.767

Table E 4

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P
PERCEIVED__VALUE	.972	.101	9.631	***
PERCEIVED__IMAGE	.246	.036	6.782	***
LOYALTY	1.134	.111	10.180	***
RETENTION	1.037	.107	9.653	***
EMP1	1.060	.087	12.247	***
REL1	1.492	.122	12.247	***
e55	.060	.015	3.965	***
e1	.775	.065	11.858	***
e3	.420	.036	11.603	***
e5	.312	.030	10.394	***
e6	.744	.063	11.872	***
e7	.279	.028	9.962	***
e8	.697	.059	11.892	***
e9	.418	.038	11.063	***
e10	.490	.042	11.776	***
e11	.249	.025	9.838	***
e12	.186	.022	8.273	***
e13	.289	.026	11.061	***
e14	.402	.035	11.614	***
e45	.205	.021	9.759	***
e46	.333	.031	10.595	***

e47	.235	.023	10.147	***
e48	.342	.032	10.739	***
e56	.238	.025	9.644	***
e57	.359	.033	10.792	***
e58	.749	.063	11.880	***
e59	.392	.037	10.499	***
e60	1.263	.104	12.160	***
e61	.479	.042	11.466	***
e62	.277	.032	8.543	***
e63	.244	.034	7.203	***
e64	.580	.057	10.243	***
e65	1.251	.107	11.671	***
e66	1.306	.107	12.204	***
e67	.900	.076	11.872	***

Table E 5

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
SATISFACTION	.942
CR6	.289
CR5	.045
CR4	.384
CR3	.678
CR2	.839
CR1	.789
CL6	.603
CL5	.148
CL4	.767
CL3	.419
CL2	.734
CL1	.826
CS1	.752
CS2	.806
CS3	.768
CS4	.830
IMAGE1	.380
IMAGE2	.525
IMAGE3	.785
IMAGE4	.689
IMAGE5	.307
IMAGE6	.525
IMAGE7	.261
VALUE1	.777
VALUE2	.404
VALUE3	.745
VALUE5	.531
VALUE7	.412

Table E 6

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	78	1324.518	387	.000	3.423
Saturated model	465	.000	0		
Independence model	30	7843.798	435	.000	18.032

Table E 7

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.145	.759	.710	.631
Saturated model	.000	1.000		
Independence model	.629	.115	.054	.107

Table E 8

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.831	.810	.874	.858	.873
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table E 9

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.890	.739	.777
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table E 10

NCP

Model	NCP	LO 90	HI 90
Default model	937.518	830.634	1051.975
Saturated model	.000	.000	.000
Independence model	7408.798	7124.723	7699.274

Table E 11

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	4.415	3.125	2.769	3.507
Saturated model	.000	.000	.000	.000
Independence model	26.146	24.696	23.749	25.664

Table E 12

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.090	.085	.095	.000
Independence model	.238	.234	.243	.000

Table E 13

AIC

Model	AIC	BCC	BIC	CAIC
Default model	1480.518	1498.496	1769.673	1847.673
Saturated model	930.000	1037.175	2653.806	3118.806
Independence model	7903.798	7910.713	8015.012	8045.012

Table E 14

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	4.935	4.579	5.317	4.995
Saturated model	3.100	3.100	3.100	3.457
Independence model	26.346	25.399	27.314	26.369

Table E 15

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	99	103
Independence model	19	20

Table E 16

Notes for Model

Computation of degrees of freedom (Default model)

Number of distinct sample moments:	465
Number of distinct parameters to be estimated:	78
Degrees of freedom (465 - 78):	387

Table E 17

Result (Default model)

Minimum was achieved

Chi-square = 1324.518

Degrees of freedom = 387

Probability level = .000

APPENDIX F (Validity for Satisfaction Model with Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
VALUE7	<---	PERCEIVED__VALUE	.748	.058	12.925	***
VALUE5	<---	PERCEIVED__VALUE	.699	.045	15.604	***
VALUE3	<---	PERCEIVED__VALUE	.969	.046	21.198	***
VALUE2	<---	PERCEIVED__VALUE	.720	.057	12.738	***
VALUE1	<---	PERCEIVED__VALUE	1.000			
IMAGE7	<---	PERCEIVED__IMAGE	1.000			
IMAGE6	<---	PERCEIVED__IMAGE	1.369	.116	11.849	***
IMAGE5	<---	PERCEIVED__IMAGE	.939	.103	9.129	***
IMAGE4	<---	PERCEIVED__IMAGE	1.496	.111	13.490	***
IMAGE3	<---	PERCEIVED__IMAGE	1.660	.116	14.313	***
IMAGE2	<---	PERCEIVED__IMAGE	1.140	.096	11.854	***
IMAGE1	<---	PERCEIVED__IMAGE	1.000			
CS4	<---	SATISFACTION	.983	.043	23.048	***
CS3	<---	SATISFACTION	1.031	.049	21.229	***
CS2	<---	SATISFACTION	.971	.043	22.334	***
CS1	<---	SATISFACTION	1.000			
CL1	<---	LOYALTY	1.000			
CL2	<---	LOYALTY	.936	.042	22.261	***
CL3	<---	LOYALTY	.691	.052	13.408	***
CL4	<---	LOYALTY	1.066	.045	23.452	***
CL5	<---	LOYALTY	.439	.063	6.932	***
CL6	<---	LOYALTY	.801	.044	18.108	***
CR1	<---	RETENTION	1.000			
CR2	<---	RETENTION	1.107	.048	23.113	***
CR3	<---	RETENTION	1.084	.057	18.908	***
CR4	<---	RETENTION	.867	.072	12.110	***
CR5	<---	RETENTION	.245	.068	3.617	***
CR6	<---	RETENTION	.594	.059	10.065	***

Table F1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
VALUE7	<---	PERCEIVED__VALUE	.642
VALUE5	<---	PERCEIVED__VALUE	.729
VALUE3	<---	PERCEIVED__VALUE	.863
VALUE2	<---	PERCEIVED__VALUE	.636
VALUE1	<---	PERCEIVED__VALUE	.881
IMAGE7	<---	PERCEIVED__IMAGE	.511

IMAGE6	<---	PERCEIVED__IMAGE	.724
IMAGE5	<---	PERCEIVED__IMAGE	.554
IMAGE4	<---	PERCEIVED__IMAGE	.830
IMAGE3	<---	PERCEIVED__IMAGE	.886
IMAGE2	<---	PERCEIVED__IMAGE	.725
IMAGE1	<---	PERCEIVED__IMAGE	.616
CS4	<---	SATISFACTION	.911
CS3	<---	SATISFACTION	.876
CS2	<---	SATISFACTION	.898
CS1	<---	SATISFACTION	.867
CL1	<---	LOYALTY	.909
CL2	<---	LOYALTY	.857
CL3	<---	LOYALTY	.648
CL4	<---	LOYALTY	.876
CL5	<---	LOYALTY	.384
CL6	<---	LOYALTY	.776
CR1	<---	RETENTION	.888
CR2	<---	RETENTION	.916
CR3	<---	RETENTION	.823
CR4	<---	RETENTION	.620
CR5	<---	RETENTION	.213
CR6	<---	RETENTION	.538

Table F2

APPENDIX G (Model for Loyalty without Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
LOYALTY	<---	SWITCHING__BARRIERS	.291	.043	6.848	***
LOYALTY	<---	PERCEIVED__VALUE	.135	.024	5.625	***
LOYALTY	<---	RELATIONSHIP	.046	.019	2.442	.015
LOYALTY	<---	COMPETITIVE__ADVANTAGE	.069	.024	2.939	.003
LOYALTY	<---	SATISFACTION	.344	.036	9.491	***
LOYALTY	<---	RETENTION	.099	.020	4.933	***
LOYALTY	<---	FEE1	.088	.018	4.780	***
VALUE7	<---	PERCEIVED__VALUE	.746	.067	11.205	***
VALUE5	<---	PERCEIVED__VALUE	.750	.052	14.540	***
VALUE3	<---	PERCEIVED__VALUE	1.081	.057	18.935	***
VALUE2	<---	PERCEIVED__VALUE	.772	.064	12.115	***
VALUE1	<---	PERCEIVED__VALUE	1.000			
BARRIER7	<---	SWITCHING__BARRIERS	1.000			
BARRIER4	<---	SWITCHING__BARRIERS	1.355	.101	13.453	***
BARRIER3	<---	SWITCHING__BARRIERS	.993	.109	9.143	***
BARRIER2	<---	SWITCHING__BARRIERS	1.397	.113	12.400	***
BARRIER1	<---	SWITCHING__BARRIERS	1.000			
COMPADV1	<---	COMPETITIVE__ADVANTAGE	1.000			
COMPADV2	<---	COMPETITIVE__ADVANTAGE	.882	.066	13.308	***
COMPADV3	<---	COMPETITIVE__ADVANTAGE	1.073	.076	14.033	***
COMPADV4	<---	COMPETITIVE__ADVANTAGE	1.030	.066	15.527	***
COMPADV5	<---	COMPETITIVE__ADVANTAGE	.873	.074	11.836	***
REL1	<---	RELATIONSHIP	1.000			
REL2	<---	RELATIONSHIP	.983	.265	3.706	***
CL6	<---	LOYALTY	1.000			
CL5	<---	LOYALTY	.539	.153	3.535	***
CL4	<---	LOYALTY	1.332	.145	9.201	***
CL3	<---	LOYALTY	.860	.136	6.334	***
CL2	<---	LOYALTY	1.175	.130	9.009	***
CL1	<---	LOYALTY	1.250	.129	9.673	***
CR1	<---	RETENTION	1.000			
CR2	<---	RETENTION	1.098	.044	24.877	***
CR3	<---	RETENTION	1.039	.055	19.012	***
CR4	<---	RETENTION	.792	.070	11.243	***
CR5	<---	RETENTION	.218	.066	3.307	***
CR6	<---	RETENTION	.516	.059	8.807	***
CS1	<---	SATISFACTION	1.000			
CS2	<---	SATISFACTION	.980	.045	21.802	***
CS3	<---	SATISFACTION	1.039	.050	20.745	***
CS4	<---	SATISFACTION	.984	.045	22.099	***

Table G 1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
LOYALTY	<---	SWITCHING__BARRIERS	.388
LOYALTY	<---	PERCEIVED__VALUE	.264
LOYALTY	<---	RELATIONSHIP	.099
LOYALTY	<---	COMPETITIVE__ADVANTAGE	.124
LOYALTY	<---	SATISFACTION	.731
LOYALTY	<---	RETENTION	.217
LOYALTY	<---	FEE1	.200
VALUE7	<---	PERCEIVED__VALUE	.609
VALUE5	<---	PERCEIVED__VALUE	.743
VALUE3	<---	PERCEIVED__VALUE	.916
VALUE2	<---	PERCEIVED__VALUE	.648
VALUE1	<---	PERCEIVED__VALUE	.838
BARRIER7	<---	SWITCHING__BARRIERS	.517
BARRIER4	<---	SWITCHING__BARRIERS	.829
BARRIER3	<---	SWITCHING__BARRIERS	.559
BARRIER2	<---	SWITCHING__BARRIERS	.750
BARRIER1	<---	SWITCHING__BARRIERS	.706
COMPADV1	<---	COMPETITIVE__ADVANTAGE	.759
COMPADV2	<---	COMPETITIVE__ADVANTAGE	.761
COMPADV3	<---	COMPETITIVE__ADVANTAGE	.799
COMPADV4	<---	COMPETITIVE__ADVANTAGE	.884
COMPADV5	<---	COMPETITIVE__ADVANTAGE	.685
REL1	<---	RELATIONSHIP	.842
REL2	<---	RELATIONSHIP	.968
CL6	<---	LOYALTY	.567
CL5	<---	LOYALTY	.222
CL4	<---	LOYALTY	.711
CL3	<---	LOYALTY	.427
CL2	<---	LOYALTY	.688
CL1	<---	LOYALTY	.774
CR1	<---	RETENTION	.911
CR2	<---	RETENTION	.931
CR3	<---	RETENTION	.809
CR4	<---	RETENTION	.580
CR5	<---	RETENTION	.195
CR6	<---	RETENTION	.478
CS1	<---	SATISFACTION	.863
CS2	<---	SATISFACTION	.902
CS3	<---	SATISFACTION	.879
CS4	<---	SATISFACTION	.908

Table G 2

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P
PERCEIVED__VALUE	.878	.102	8.648	***
SWITCHING__BARRIERS	.403	.055	7.306	***

COMPETITIVE ADVANTAGE	.733	.098	7.464	***
RELATIONSHIP	1.058	.306	3.462	***
RETENTION	1.090	.109	10.029	***
SATISFACTION	1.027	.111	9.280	***
FEE1	1.174	.096	12.247	***
e55	.030	.010	2.988	.003
e1	.830	.072	11.521	***
e3	.401	.038	10.668	***
e5	.198	.035	5.682	***
e6	.725	.064	11.348	***
e7	.373	.042	8.980	***
e15	1.106	.096	11.539	***
e18	.336	.046	7.270	***
e19	.876	.078	11.246	***
e20	.612	.066	9.292	***
e21	.405	.040	10.100	***
e22	.539	.052	10.323	***
e23	.413	.040	10.293	***
e24	.478	.049	9.716	***
e25	.216	.030	7.163	***
e26	.633	.057	11.016	***
e41	.434	.285	1.524	.127
e42	.069	.273	.252	.801
e44	.481	.042	11.516	***
e45	1.271	.104	12.169	***
e46	.394	.037	10.608	***
e47	.755	.063	11.908	***
e48	.350	.032	10.823	***
e49	.238	.024	9.771	***
e56	.225	.031	7.249	***
e57	.201	.034	5.901	***
e58	.623	.059	10.530	***
e59	1.349	.114	11.806	***
e60	1.317	.108	12.214	***
e61	.977	.081	11.990	***
e62	.352	.035	10.042	***
e63	.226	.025	8.916	***
e64	.326	.034	9.665	***
e65	.211	.024	8.649	***

Table G 3

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
LOYALTY	.868
CS4	.825
CS3	.773
CS2	.814
CS1	.745
CR6	.229

CR5	.038
CR4	.336
CR3	.654
CR2	.868
CR1	.829
CL1	.599
CL2	.473
CL3	.182
CL4	.506
CL5	.049
CL6	.321
REL2	.937
REL1	.709
COMPADV5	.469
COMPADV4	.782
COMPADV3	.638
COMPADV2	.580
COMPADV1	.576
BARRIER1	.499
BARRIER2	.562
BARRIER3	.312
BARRIER4	.688
BARRIER7	.267
VALUE1	.702
VALUE2	.419
VALUE3	.838
VALUE5	.552
VALUE7	.370

Table G 4

Modification Indices

Covariances: (Group number 1 - Default model)

			M.I.	Par Change
9.SATISFACTION	<-->	FEE1	162.846	.833
RETENTION	<-->	FEE1	90.523	.643
RETENTION	<-->	SATISFACTION	131.305	.746
RELATIONSHIP	<-->	FEE1	138.004	.777
RELATIONSHIP	<-->	SATISFACTION	162.088	.811
RELATIONSHIP	<-->	RETENTION	93.015	.636
COMPETITIVE__ADVANTAGE	<-->	FEE1	149.041	.689
COMPETITIVE__ADVANTAGE	<-->	SATISFACTION	178.471	.726
COMPETITIVE__ADVANTAGE	<-->	RETENTION	84.042	.516
COMPETITIVE__ADVANTAGE	<-->	RELATIONSHIP	151.782	.679
SWITCHING__BARRIERS	<-->	FEE1	145.993	.520
SWITCHING__BARRIERS	<-->	SATISFACTION	184.487	.563
SWITCHING__BARRIERS	<-->	RETENTION	120.090	.470

SWITCHING_BARRIERS	<-->	RELATIONSHIP	183.294	.569
SWITCHING__BARRIERS	<-->	COMPETITIVE__ADVANTAG E	155.186	.447
PERCEIVED__VALUE	<-->	FEE1	154.153	.762
PERCEIVED__VALUE	<-->	SATISFACTION	223.625	.885
PERCEIVED__VALUE	<-->	RETENTION	112.500	.649
PERCEIVED__VALUE	<-->	RELATIONSHIP	173.263	.789
PERCEIVED__VALUE	<-->	COMPETITIVE__ADVANTAG E	198.650	.721
PERCEIVED__VALUE	<-->	SWITCHING__BARRIERS	180.779	.525
e65	<-->	FEE1	9.546	.104
e65	<-->	RETENTION	9.180	.101
e65	<-->	RELATIONSHIP	6.837	.086
e65	<-->	SWITCHING__BARRIERS	6.943	.056
e65	<-->	PERCEIVED__VALUE	4.482	.064
e64	<-->	FEE1	4.197	.081
e64	<-->	COMPETITIVE__ADVANTAG E	8.808	.098
e64	<-->	PERCEIVED__VALUE	4.361	.075
e63	<-->	PERCEIVED__VALUE	5.300	.071
e62	<-->	RETENTION	5.372	.094
e62	<-->	SWITCHING__BARRIERS	5.111	.058
e61	<-->	FEE1	42.722	.408
e61	<-->	SATISFACTION	69.685	.502
e61	<-->	RELATIONSHIP	48.192	.423
e61	<-->	COMPETITIVE__ADVANTAG E	71.902	.441
e61	<-->	SWITCHING__BARRIERS	59.443	.306
e61	<-->	PERCEIVED__VALUE	81.324	.510
e61	<-->	e55	4.728	.040
e60	<-->	SWITCHING__BARRIERS	10.879	.151
e60	<-->	e61	13.493	.243
e59	<-->	FEE1	15.797	.294
e59	<-->	SATISFACTION	31.669	.400
e59	<-->	RELATIONSHIP	10.754	.237
e59	<-->	COMPETITIVE__ADVANTAG E	21.388	.285
e59	<-->	SWITCHING__BARRIERS	24.200	.231
e59	<-->	PERCEIVED__VALUE	26.207	.343
e59	<-->	e64	4.190	.089
e59	<-->	e61	35.915	.408
e59	<-->	e60	15.090	.304
e58	<-->	FEE1	4.936	.117
e58	<-->	SATISFACTION	10.811	.167
e58	<-->	RELATIONSHIP	6.785	.134
e58	<-->	COMPETITIVE__ADVANTAG E	7.924	.124
e58	<-->	SWITCHING__BARRIERS	7.399	.091
e58	<-->	PERCEIVED__VALUE	8.373	.138
e58	<-->	e62	4.141	.064
e58	<-->	e59	4.928	.127

e56	<-->	RELATIONSHIP	5.314	-.081
e56	<-->	COMPETITIVE__ADVANTAGE	8.994	-.090
e56	<-->	PERCEIVED__VALUE	4.530	-.069
e56	<-->	e61	11.898	-.114
e56	<-->	e60	7.635	-.105
e56	<-->	e59	6.272	-.097
e48	<-->	e63	5.726	-.047
e47	<-->	e57	6.287	-.076
e46	<-->	e47	8.150	.096
e45	<-->	e55	5.633	.049
e45	<-->	e64	7.987	-.117
e45	<-->	e47	12.658	.204
e44	<-->	e60	5.244	.108
e42	<-->	FEE1	10.468	.122
e42	<-->	SATISFACTION	13.384	.133
e42	<-->	RETENTION	13.759	.140
e42	<-->	COMPETITIVE__ADVANTAGE	9.878	.099
e42	<-->	SWITCHING__BARRIERS	33.115	.138
e42	<-->	PERCEIVED__VALUE	17.492	.143
e41	<-->	FEE1	17.055	.183
e41	<-->	SATISFACTION	18.493	.183
e41	<-->	RETENTION	4.739	.096
e41	<-->	COMPETITIVE__ADVANTAGE	21.338	.170
e41	<-->	SWITCHING__BARRIERS	5.879	.068
e41	<-->	PERCEIVED__VALUE	15.883	.160
e41	<-->	e61	5.498	.096
e41	<-->	e59	6.286	.121
e41	<-->	e47	4.051	.072
e26	<-->	FEE1	18.716	.226
e26	<-->	SWITCHING__BARRIERS	9.318	.101
e26	<-->	PERCEIVED__VALUE	7.888	.133
e26	<-->	e61	11.167	.161
e26	<-->	e59	5.918	.138
e26	<-->	e42	10.721	-.095
e26	<-->	e41	19.642	.151
e25	<-->	FEE1	5.549	.086
e25	<-->	e58	10.483	.092
e25	<-->	e56	5.153	-.044
e24	<-->	e65	5.026	-.053
e24	<-->	e47	6.293	.097
e24	<-->	e41	4.326	.065
e23	<-->	SWITCHING__BARRIERS	4.362	.057
e22	<-->	FEE1	28.402	.263
e22	<-->	SATISFACTION	68.372	.394
e22	<-->	RETENTION	26.562	.254
e22	<-->	RELATIONSHIP	37.266	.295
e22	<-->	SWITCHING__BARRIERS	36.606	.190
e22	<-->	PERCEIVED__VALUE	56.182	.336

e22	<-->	e65	4.357	.051
e22	<-->	e64	5.054	-.065
e22	<-->	e63	7.234	.067
e22	<-->	e62	6.113	.073
e22	<-->	e61	14.239	.172
e22	<-->	e59	5.158	.122
e22	<-->	e42	10.770	.090
e21	<-->	FEE1	9.517	.133
e21	<-->	SATISFACTION	9.004	.125
e21	<-->	RELATIONSHIP	5.427	.098
e21	<-->	COMPETITIVE__ADVANTAG E	16.507	.146
e21	<-->	PERCEIVED__VALUE	8.864	.116
e21	<-->	e61	5.999	.097
e21	<-->	e26	6.712	.086
e20	<-->	FEE1	4.012	.109
e20	<-->	RETENTION	18.150	.231
e19	<-->	e60	29.063	.347
e19	<-->	e59	5.343	.153
e19	<-->	e48	12.434	.123
e19	<-->	e44	5.901	.097
e19	<-->	e21	19.801	-.171
e19	<-->	e20	26.306	.248
e18	<-->	FEE1	10.317	.142
e18	<-->	SATISFACTION	24.000	.209
e18	<-->	RETENTION	11.343	.149
e18	<-->	RELATIONSHIP	52.682	.314
e18	<-->	COMPETITIVE__ADVANTAG E	13.391	.135
e18	<-->	PERCEIVED__VALUE	28.638	.215
e18	<-->	e63	5.614	.053
e18	<-->	e61	8.423	.118
e18	<-->	e42	28.711	.132
e18	<-->	e26	4.805	-.075
e18	<-->	e22	25.543	.163
e18	<-->	e21	9.653	.084
e15	<-->	FEE1	21.927	.317
e15	<-->	SATISFACTION	7.284	.176
e15	<-->	RELATIONSHIP	12.664	.235
e15	<-->	COMPETITIVE__ADVANTAG E	18.217	.241
e15	<-->	PERCEIVED__VALUE	14.893	.237
e15	<-->	e26	6.180	.129
e7	<-->	FEE1	6.088	.106
e7	<-->	SATISFACTION	29.393	.224
e7	<-->	RETENTION	13.913	.160
e7	<-->	RELATIONSHIP	7.012	.111
e7	<-->	SWITCHING__BARRIERS	15.278	.107
e7	<-->	e64	9.114	-.076
e7	<-->	e63	4.973	.048
e7	<-->	e22	25.857	.159

e7	<-->	e15	7.381	-.117
e6	<-->	COMPETITIVE__ADVANTAGE	22.332	.217
e6	<-->	SWITCHING__BARRIERS	9.389	.107
e6	<-->	e60	7.042	.155
e6	<-->	e44	4.567	.077
e6	<-->	e42	5.437	.072
e6	<-->	e23	115.708	.378
e6	<-->	e22	34.039	-.234
e6	<-->	e15	7.305	.149
e5	<-->	RELATIONSHIP	9.667	.115
e5	<-->	COMPETITIVE__ADVANTAGE	4.064	.064
e5	<-->	e61	4.459	.074
e5	<-->	e23	7.349	-.066
e5	<-->	e22	17.108	.114
e5	<-->	e19	4.195	-.070
e5	<-->	e18	17.488	.104
e5	<-->	e15	4.624	.081
e3	<-->	e58	7.214	.088
e3	<-->	e49	4.805	-.045
e3	<-->	e25	4.421	.047
e1	<-->	FEE1	19.901	.261
e1	<-->	COMPETITIVE__ADVANTAGE	10.068	.155
e1	<-->	SWITCHING__BARRIERS	4.433	.078
e1	<-->	e64	10.518	.111
e1	<-->	e63	8.866	-.088
e1	<-->	e61	5.441	.126
e1	<-->	e41	7.670	.106
e1	<-->	e26	65.321	.364
e1	<-->	e22	7.009	-.113
e1	<-->	e21	4.381	.078
e1	<-->	e18	7.317	-.104
e1	<-->	e15	6.115	.145

Table G 5

Regression Weights: (Group number 1 - Default model)

			M.I.	Par Change
CS4	<---	FEE1	9.546	.088
CS4	<---	RETENTION	9.180	.093
CS4	<---	RELATIONSHIP	6.837	.081
CS4	<---	SWITCHING__BARRIERS	6.943	.139
CS4	<---	PERCEIVED__VALUE	4.482	.073
CS4	<---	LOYALTY	13.987	.257
CS4	<---	CR3	4.649	.050
CS4	<---	CR2	9.002	.075
CS4	<---	CR1	9.802	.085
CS4	<---	CL1	12.524	.142
CS4	<---	CL2	8.033	.108

CS4	<---	CL6	12.894	.132
CS4	<---	REL2	6.490	.076
CS4	<---	REL1	6.105	.063
CS4	<---	COMPADV4	4.140	.063
CS4	<---	COMPADV1	6.560	.070
CS4	<---	BARRIER2	4.440	.055
CS4	<---	BARRIER3	7.394	.075
CS4	<---	BARRIER4	4.866	.066
CS4	<---	BARRIER7	4.276	.052
CS4	<---	VALUE1	4.395	.058
CS4	<---	VALUE2	4.480	.059
CS3	<---	FEE1	4.197	.069
CS3	<---	COMPETITIVE__ADVANTAGE	8.808	.134
CS3	<---	PERCEIVED__VALUE	4.361	.086
CS3	<---	LOYALTY	4.905	.180
CS3	<---	CL2	7.039	.119
CS3	<---	CL5	5.208	-.072
CS3	<---	REL1	5.033	.067
CS3	<---	COMPADV5	7.860	.094
CS3	<---	COMPADV4	7.507	.101
CS3	<---	COMPADV3	10.510	.103
CS3	<---	COMPADV2	6.787	.096
CS3	<---	VALUE2	4.585	.070
CS3	<---	VALUE3	4.277	.069
CS3	<---	VALUE5	4.827	.085
CS3	<---	VALUE7	13.824	.119
CS2	<---	PERCEIVED__VALUE	5.300	.081
CS2	<---	COMPADV1	6.436	.071
CS2	<---	VALUE1	8.548	.083
CS2	<---	VALUE3	5.415	.066
CS2	<---	VALUE5	4.914	.074
CS1	<---	RETENTION	5.372	.086
CS1	<---	SWITCHING__BARRIERS	5.111	.145
CS1	<---	LOYALTY	5.173	.189
CS1	<---	CR6	6.447	.085
CS1	<---	CR4	4.420	.055
CS1	<---	CR3	8.599	.082
CS1	<---	CL2	4.828	.101
CS1	<---	REL1	4.082	.062
CS1	<---	COMPADV1	6.807	.087
CS1	<---	BARRIER1	6.736	.108
CS1	<---	BARRIER2	4.517	.067
CS1	<---	VALUE1	5.646	.080
CS1	<---	VALUE7	4.826	.072
CR6	<---	FEE1	42.722	.348
CR6	<---	SATISFACTION	69.685	.489
CR6	<---	RELATIONSHIP	48.192	.400
CR6	<---	COMPETITIVE__ADVANTAGE	71.902	.602
CR6	<---	SWITCHING__BARRIERS	59.443	.759
CR6	<---	PERCEIVED__VALUE	81.324	.581
CR6	<---	LOYALTY	231.875	1.949

CR6	<---	CS4	46.708	.359
CR6	<---	CS3	62.363	.380
CR6	<---	CS2	62.490	.414
CR6	<---	CS1	60.492	.382
CR6	<---	CR5	12.949	.177
CR6	<---	CR4	23.066	.194
CR6	<---	CL1	142.458	.892
CR6	<---	CL2	110.948	.745
CR6	<---	CL3	51.180	.429
CR6	<---	CL4	126.834	.727
CR6	<---	CL5	11.138	.166
CR6	<---	CL6	44.851	.459
CR6	<---	REL2	45.292	.371
CR6	<---	REL1	47.075	.324
CR6	<---	COMPADV5	61.377	.413
CR6	<---	COMPADV4	54.784	.428
CR6	<---	COMPADV3	42.667	.327
CR6	<---	COMPADV2	32.002	.329
CR6	<---	COMPADV1	70.393	.429
CR6	<---	BARRIER1	43.800	.424
CR6	<---	BARRIER2	29.731	.266
CR6	<---	BARRIER3	10.992	.169
CR6	<---	BARRIER4	52.147	.401
CR6	<---	BARRIER7	17.784	.198
CR6	<---	VALUE1	66.064	.419
CR6	<---	VALUE2	32.805	.295
CR6	<---	VALUE3	72.312	.443
CR6	<---	VALUE5	38.764	.379
CR6	<---	VALUE7	49.565	.353
CR5	<---	SWITCHING__BARRIERS	10.879	.374
CR5	<---	LOYALTY	9.916	.464
CR5	<---	CR6	10.205	.188
CR5	<---	CR4	9.685	.145
CR5	<---	CL2	8.789	.241
CR5	<---	CL6	12.402	.278
CR5	<---	BARRIER2	8.979	.168
CR5	<---	BARRIER3	36.180	.354
CR5	<---	BARRIER4	4.827	.140
CR5	<---	VALUE2	6.493	.151
CR4	<---	FEE1	15.797	.250
CR4	<---	SATISFACTION	31.669	.390
CR4	<---	RELATIONSHIP	10.754	.224
CR4	<---	COMPETITIVE__ADVANTAGE	21.388	.388
CR4	<---	SWITCHING__BARRIERS	24.200	.573
CR4	<---	PERCEIVED__VALUE	26.207	.390
CR4	<---	LOYALTY	92.928	1.460
CR4	<---	CS4	21.820	.290
CR4	<---	CS3	32.291	.323
CR4	<---	CS2	24.019	.303
CR4	<---	CS1	26.843	.301
CR4	<---	CR6	27.179	.316

CR4	<---	CR5	14.482	.222
CR4	<---	CL1	53.924	.650
CR4	<---	CL2	44.557	.558
CR4	<---	CL3	16.239	.286
CR4	<---	CL4	58.746	.585
CR4	<---	CL6	28.382	.432
CR4	<---	REL2	9.225	.198
CR4	<---	REL1	15.555	.220
CR4	<---	COMPADV5	22.066	.293
CR4	<---	COMPADV4	15.244	.267
CR4	<---	COMPADV3	9.636	.184
CR4	<---	COMPADV2	11.763	.236
CR4	<---	COMPADV1	22.136	.284
CR4	<---	BARRIER1	10.692	.248
CR4	<---	BARRIER2	12.136	.201
CR4	<---	BARRIER3	19.222	.265
CR4	<---	BARRIER4	16.137	.264
CR4	<---	BARRIER7	13.744	.206
CR4	<---	VALUE1	21.088	.280
CR4	<---	VALUE2	16.280	.246
CR4	<---	VALUE3	20.611	.280
CR4	<---	VALUE5	12.956	.259
CR4	<---	VALUE7	19.540	.263
CR3	<---	FEE1	4.936	.100
CR3	<---	SATISFACTION	10.811	.163
CR3	<---	RELATIONSHIP	6.785	.127
CR3	<---	COMPETITIVE__ADVANTAGE	7.924	.169
CR3	<---	SWITCHING__BARRIERS	7.399	.226
CR3	<---	PERCEIVED__VALUE	8.373	.157
CR3	<---	LOYALTY	27.267	.565
CR3	<---	CS4	7.635	.122
CR3	<---	CS3	6.420	.103
CR3	<---	CS2	11.612	.151
CR3	<---	CS1	13.660	.153
CR3	<---	CL1	8.075	.179
CR3	<---	CL2	10.216	.191
CR3	<---	CL3	11.128	.169
CR3	<---	CL4	13.731	.202
CR3	<---	CL6	8.630	.170
CR3	<---	REL2	6.894	.122
CR3	<---	REL1	4.495	.085
CR3	<---	COMPADV4	12.758	.174
CR3	<---	COMPADV1	7.093	.115
CR3	<---	BARRIER1	6.029	.133
CR3	<---	BARRIER4	7.932	.132
CR3	<---	BARRIER7	5.442	.092
CR3	<---	VALUE1	7.750	.121
CR3	<---	VALUE3	5.797	.106
CR3	<---	VALUE5	14.049	.193
CR2	<---	REL1	4.811	.062
CR1	<---	RELATIONSHIP	5.314	-.076

CR1	<---	COMPETITIVE__ADVANTAGE	8.994	-.122
CR1	<---	PERCEIVED__VALUE	4.530	-.079
CR1	<---	LOYALTY	9.640	-.229
CR1	<---	CS3	5.038	-.062
CR1	<---	CR6	9.082	-.089
CR1	<---	CR5	7.336	-.077
CR1	<---	CR4	4.090	-.047
CR1	<---	CL1	4.032	-.086
CR1	<---	CL2	6.280	-.102
CR1	<---	CL4	4.607	-.080
CR1	<---	REL2	4.704	-.069
CR1	<---	REL1	7.226	-.073
CR1	<---	COMPADV5	7.232	-.082
CR1	<---	COMPADV4	11.322	-.112
CR1	<---	COMPADV3	4.182	-.059
CR1	<---	VALUE2	5.599	-.070
CR1	<---	VALUE7	4.066	-.058
CL2	<---	BARRIER3	11.382	.108
CL3	<---	CL5	11.965	.152
CL3	<---	COMPADV3	5.428	.103
CL4	<---	CL3	6.524	.102
CL5	<---	CL3	10.101	.216
CL6	<---	CR5	5.753	.084
CL6	<---	BARRIER3	5.442	.085
REL2	<---	FEE1	10.468	.104
REL2	<---	SATISFACTION	13.384	.129
REL2	<---	RETENTION	13.759	.128
REL2	<---	COMPETITIVE__ADVANTAGE	9.878	.135
REL2	<---	SWITCHING__BARRIERS	33.115	.343
REL2	<---	PERCEIVED__VALUE	17.492	.163
REL2	<---	LOYALTY	63.228	.615
REL2	<---	CS4	12.339	.111
REL2	<---	CS3	7.765	.081
REL2	<---	CS2	14.022	.118
REL2	<---	CS1	10.865	.098
REL2	<---	CR6	10.765	.102
REL2	<---	CR5	6.002	.073
REL2	<---	CR3	14.270	.098
REL2	<---	CR2	11.646	.097
REL2	<---	CR1	10.670	.099
REL2	<---	CL1	31.699	.254
REL2	<---	CL2	23.803	.209
REL2	<---	CL3	4.569	.078
REL2	<---	CL4	27.363	.204
REL2	<---	CL5	8.516	.088
REL2	<---	CL6	31.525	.232
REL2	<---	COMPADV4	11.399	.118
REL2	<---	COMPADV2	10.356	.113
REL2	<---	COMPADV1	18.059	.131
REL2	<---	BARRIER1	19.787	.172
REL2	<---	BARRIER2	7.988	.083

REL2	<---	BARRIER3	5.120	.070
REL2	<---	BARRIER4	46.910	.230
REL2	<---	BARRIER7	10.506	.092
REL2	<---	VALUE1	16.003	.125
REL2	<---	VALUE2	18.523	.134
REL2	<---	VALUE3	16.464	.128
REL2	<---	VALUE5	5.900	.089
REL1	<---	FEE1	17.055	.156
REL1	<---	SATISFACTION	18.493	.178
REL1	<---	RETENTION	4.739	.088
REL1	<---	COMPETITIVE__ADVANTAGE	21.338	.232
REL1	<---	SWITCHING__BARRIERS	5.879	.169
REL1	<---	PERCEIVED__VALUE	15.883	.182
REL1	<---	LOYALTY	51.225	.649
REL1	<---	CS4	16.238	.150
REL1	<---	CS3	20.173	.153
REL1	<---	CS2	11.955	.128
REL1	<---	CS1	15.884	.139
REL1	<---	CR6	9.275	.111
REL1	<---	CR4	10.423	.093
REL1	<---	CR2	5.190	.076
REL1	<---	CL1	23.801	.259
REL1	<---	CL2	24.305	.247
REL1	<---	CL3	21.913	.199
REL1	<---	CL4	24.206	.225
REL1	<---	CL6	10.167	.155
REL1	<---	COMPADV5	37.028	.228
REL1	<---	COMPADV4	12.317	.144
REL1	<---	COMPADV3	21.496	.165
REL1	<---	COMPADV2	7.671	.114
REL1	<---	COMPADV1	12.657	.129
REL1	<---	BARRIER2	8.056	.098
REL1	<---	BARRIER7	6.644	.086
REL1	<---	VALUE1	10.267	.117
REL1	<---	VALUE3	13.580	.136
REL1	<---	VALUE5	16.352	.175
REL1	<---	VALUE7	19.840	.158
COMPADV5	<---	FEE1	18.716	.192
COMPADV5	<---	SWITCHING__BARRIERS	9.318	.251
COMPADV5	<---	PERCEIVED__VALUE	7.888	.151
COMPADV5	<---	LOYALTY	25.879	.544
COMPADV5	<---	CS3	5.029	.090
COMPADV5	<---	CR6	13.240	.156
COMPADV5	<---	CR4	8.049	.096
COMPADV5	<---	CL1	19.950	.279
COMPADV5	<---	CL2	10.668	.193
COMPADV5	<---	CL3	8.981	.150
COMPADV5	<---	CL4	18.331	.231
COMPADV5	<---	REL1	10.254	.126
COMPADV5	<---	BARRIER1	13.535	.197
COMPADV5	<---	BARRIER2	8.860	.121

COMPADV5	<---	BARRIER7	12.414	.138
COMPADV5	<---	VALUE3	5.663	.103
COMPADV5	<---	VALUE7	62.002	.330
COMPADV4	<---	FEE1	5.549	.073
COMPADV4	<---	LOYALTY	10.074	.236
COMPADV4	<---	CS4	4.334	.064
COMPADV4	<---	CR3	8.468	.073
COMPADV4	<---	CL1	4.851	.096
COMPADV4	<---	CL2	4.228	.085
COMPADV4	<---	VALUE5	4.872	.078
COMPADV3	<---	LOYALTY	5.079	-.220
COMPADV3	<---	CL2	4.848	-.119
COMPADV3	<---	BARRIER2	4.967	-.083
COMPADV2	<---	SWITCHING__BARRIERS	4.362	.143
COMPADV2	<---	BARRIER2	6.145	.084
COMPADV2	<---	VALUE2	77.360	.315
COMPADV1	<---	FEE1	28.402	.224
COMPADV1	<---	SATISFACTION	68.372	.383
COMPADV1	<---	RETENTION	26.562	.233
COMPADV1	<---	RELATIONSHIP	37.266	.278
COMPADV1	<---	SWITCHING__BARRIERS	36.606	.472
COMPADV1	<---	PERCEIVED__VALUE	56.182	.382
COMPADV1	<---	LOYALTY	175.677	1.343
COMPADV1	<---	CS4	64.698	.334
COMPADV1	<---	CS3	37.196	.232
COMPADV1	<---	CS2	68.111	.342
COMPADV1	<---	CS1	65.183	.314
COMPADV1	<---	CR6	32.082	.230
COMPADV1	<---	CR4	22.164	.151
COMPADV1	<---	CR3	21.225	.157
COMPADV1	<---	CR2	21.202	.171
COMPADV1	<---	CR1	21.589	.185
COMPADV1	<---	CL1	90.511	.563
COMPADV1	<---	CL2	92.320	.538
COMPADV1	<---	CL3	16.440	.192
COMPADV1	<---	CL4	67.178	.419
COMPADV1	<---	CL5	10.298	.127
COMPADV1	<---	CL6	40.682	.346
COMPADV1	<---	REL2	37.254	.267
COMPADV1	<---	REL1	26.936	.194
COMPADV1	<---	BARRIER1	15.861	.202
COMPADV1	<---	BARRIER2	16.681	.158
COMPADV1	<---	BARRIER3	13.961	.151
COMPADV1	<---	BARRIER4	48.107	.305
COMPADV1	<---	BARRIER7	4.725	.081
COMPADV1	<---	VALUE1	71.608	.345
COMPADV1	<---	VALUE3	60.393	.320
COMPADV1	<---	VALUE5	30.823	.268
COMPADV1	<---	VALUE7	5.332	.092
BARRIER1	<---	FEE1	9.517	.113
BARRIER1	<---	SATISFACTION	9.004	.121

BARRIER1	<---	RELATIONSHIP	5.427	.093
BARRIER1	<---	COMPETITIVE__ADVANTAGE	16.507	.199
BARRIER1	<---	PERCEIVED__VALUE	8.864	.133
BARRIER1	<---	LOYALTY	14.422	.336
BARRIER1	<---	CS4	4.672	.078
BARRIER1	<---	CS3	7.783	.093
BARRIER1	<---	CS2	10.769	.119
BARRIER1	<---	CS1	10.954	.112
BARRIER1	<---	CR6	4.060	.071
BARRIER1	<---	CL1	8.515	.151
BARRIER1	<---	CL6	6.031	.116
BARRIER1	<---	REL2	5.335	.088
BARRIER1	<---	REL1	4.527	.069
BARRIER1	<---	COMPADV5	19.734	.162
BARRIER1	<---	COMPADV4	14.235	.151
BARRIER1	<---	COMPADV3	8.316	.100
BARRIER1	<---	COMPADV2	10.765	.132
BARRIER1	<---	COMPADV1	8.802	.105
BARRIER1	<---	BARRIER3	16.510	-.144
BARRIER1	<---	VALUE1	8.338	.103
BARRIER1	<---	VALUE2	8.607	.105
BARRIER1	<---	VALUE3	5.536	.085
BARRIER1	<---	VALUE5	5.836	.102
BARRIER1	<---	VALUE7	11.197	.116
BARRIER2	<---	FEE1	4.012	.093
BARRIER2	<---	RETENTION	18.150	.212
BARRIER2	<---	LOYALTY	13.194	.405
BARRIER2	<---	CS1	4.054	.086
BARRIER2	<---	CR6	4.619	.096
BARRIER2	<---	CR4	6.247	.088
BARRIER2	<---	CR3	7.638	.104
BARRIER2	<---	CR2	16.036	.164
BARRIER2	<---	CR1	19.165	.192
BARRIER2	<---	CL1	11.882	.225
BARRIER2	<---	CL2	9.028	.185
BARRIER2	<---	CL4	10.765	.185
BARRIER2	<---	COMPADV5	4.556	.098
BARRIER2	<---	COMPADV2	5.262	.116
BARRIER2	<---	BARRIER3	17.156	.185
BARRIER3	<---	CR5	30.298	.263
BARRIER3	<---	CR4	6.335	.099
BARRIER3	<---	CL2	7.397	.187
BARRIER3	<---	CL6	4.779	.145
BARRIER3	<---	BARRIER1	8.557	-.182
BARRIER3	<---	BARRIER2	9.455	.146
BARRIER4	<---	FEE1	10.317	.121
BARRIER4	<---	SATISFACTION	24.000	.204
BARRIER4	<---	RETENTION	11.343	.137
BARRIER4	<---	RELATIONSHIP	52.682	.297
BARRIER4	<---	COMPETITIVE__ADVANTAGE	13.391	.184
BARRIER4	<---	PERCEIVED__VALUE	28.638	.245

BARRIER4	<---	LOYALTY	56.120	.679
BARRIER4	<---	CS4	20.003	.167
BARRIER4	<---	CS3	18.607	.147
BARRIER4	<---	CS2	26.843	.192
BARRIER4	<---	CS1	17.949	.148
BARRIER4	<---	CR6	16.654	.148
BARRIER4	<---	CR4	5.458	.067
BARRIER4	<---	CR3	12.392	.107
BARRIER4	<---	CR2	9.792	.104
BARRIER4	<---	CR1	7.770	.099
BARRIER4	<---	CL1	20.079	.238
BARRIER4	<---	CL2	23.618	.244
BARRIER4	<---	CL3	7.090	.113
BARRIER4	<---	CL4	21.804	.214
BARRIER4	<---	CL6	26.730	.251
BARRIER4	<---	REL2	55.000	.290
BARRIER4	<---	REL1	28.500	.179
BARRIER4	<---	COMPADV4	10.878	.135
BARRIER4	<---	COMPADV3	8.047	.101
BARRIER4	<---	COMPADV2	4.629	.089
BARRIER4	<---	COMPADV1	32.424	.206
BARRIER4	<---	BARRIER1	4.475	.096
BARRIER4	<---	VALUE1	21.859	.171
BARRIER4	<---	VALUE3	34.947	.218
BARRIER4	<---	VALUE5	19.398	.190
BARRIER7	<---	FEE1	21.927	.270
BARRIER7	<---	SATISFACTION	7.284	.171
BARRIER7	<---	RELATIONSHIP	12.664	.222
BARRIER7	<---	COMPETITIVE _ ADVANTAGE	18.217	.328
BARRIER7	<---	PERCEIVED _ VALUE	14.893	.269
BARRIER7	<---	LOYALTY	34.683	.817
BARRIER7	<---	CS4	7.458	.155
BARRIER7	<---	CS3	5.966	.127
BARRIER7	<---	CS2	4.653	.122
BARRIER7	<---	CS1	7.315	.144
BARRIER7	<---	CR4	5.727	.105
BARRIER7	<---	CR3	4.810	.102
BARRIER7	<---	CL1	25.057	.405
BARRIER7	<---	CL2	8.222	.220
BARRIER7	<---	CL3	11.564	.221
BARRIER7	<---	CL4	13.622	.258
BARRIER7	<---	CL5	9.562	.167
BARRIER7	<---	REL2	11.659	.204
BARRIER7	<---	REL1	14.226	.193
BARRIER7	<---	COMPADV5	20.275	.257
BARRIER7	<---	COMPADV4	16.970	.258
BARRIER7	<---	COMPADV3	11.471	.184
BARRIER7	<---	COMPADV2	10.397	.203
BARRIER7	<---	COMPADV1	6.544	.142
BARRIER7	<---	VALUE2	19.162	.245
BARRIER7	<---	VALUE3	16.058	.226

BARRIER7	<---	VALUE5	6.859	.173
BARRIER7	<---	VALUE7	17.238	.226
VALUE1	<---	FEE1	6.088	.090
VALUE1	<---	SATISFACTION	29.393	.218
VALUE1	<---	RETENTION	13.913	.147
VALUE1	<---	RELATIONSHIP	7.012	.105
VALUE1	<---	SWITCHING__BARRIERS	15.278	.265
VALUE1	<---	LOYALTY	60.241	.684
VALUE1	<---	CS4	25.821	.184
VALUE1	<---	CS3	11.137	.110
VALUE1	<---	CS2	31.205	.201
VALUE1	<---	CS1	28.827	.181
VALUE1	<---	CR6	11.343	.119
VALUE1	<---	CR4	8.491	.081
VALUE1	<---	CR3	11.894	.102
VALUE1	<---	CR2	10.439	.104
VALUE1	<---	CR1	11.997	.120
VALUE1	<---	CL1	40.927	.329
VALUE1	<---	CL2	32.431	.277
VALUE1	<---	CL3	6.443	.105
VALUE1	<---	CL4	24.487	.220
VALUE1	<---	CL5	7.442	.094
VALUE1	<---	CL6	25.614	.239
VALUE1	<---	REL2	6.968	.100
VALUE1	<---	REL1	4.781	.071
VALUE1	<---	COMPADV1	18.675	.152
VALUE1	<---	BARRIER1	10.410	.142
VALUE1	<---	BARRIER2	11.777	.115
VALUE1	<---	BARRIER3	10.460	.114
VALUE1	<---	BARRIER4	11.302	.129
VALUE2	<---	COMPETITIVE__ADVANTAGE	22.332	.296
VALUE2	<---	SWITCHING__BARRIERS	9.389	.266
VALUE2	<---	LOYALTY	12.571	.400
VALUE2	<---	CR5	8.852	.129
VALUE2	<---	CR4	4.266	.074
VALUE2	<---	CR2	5.077	.093
VALUE2	<---	CL1	8.751	.195
VALUE2	<---	CL2	4.533	.133
VALUE2	<---	CL4	4.709	.123
VALUE2	<---	CL6	13.041	.218
VALUE2	<---	COMPADV5	4.775	.102
VALUE2	<---	COMPADV4	16.461	.207
VALUE2	<---	COMPADV3	11.712	.151
VALUE2	<---	COMPADV2	97.801	.507
VALUE2	<---	BARRIER1	8.783	.167
VALUE2	<---	BARRIER2	7.362	.117
VALUE2	<---	BARRIER3	4.842	.099
VALUE2	<---	BARRIER7	13.760	.153
VALUE3	<---	RELATIONSHIP	9.667	.109
VALUE3	<---	COMPETITIVE__ADVANTAGE	4.064	.087
VALUE3	<---	LOYALTY	8.264	.223

VALUE3	<---	CS3	4.088	.059
VALUE3	<---	CS2	4.462	.067
VALUE3	<---	CR6	5.618	.074
VALUE3	<---	CL1	5.178	.103
VALUE3	<---	REL2	9.457	.103
VALUE3	<---	REL1	8.353	.083
VALUE3	<---	COMPADV1	15.644	.123
VALUE3	<---	BARRIER4	10.464	.109
VALUE3	<---	BARRIER7	6.835	.075
VALUE5	<---	CR3	4.431	.061
VALUE7	<---	FEE1	19.901	.223
VALUE7	<---	COMPETITIVE__ADVANTAGE	10.068	.211
VALUE7	<---	SWITCHING__BARRIERS	4.433	.194
VALUE7	<---	LOYALTY	18.480	.516
VALUE7	<---	CS3	9.155	.136
VALUE7	<---	CS1	5.127	.104
VALUE7	<---	CR6	5.841	.116
VALUE7	<---	CL1	11.251	.235
VALUE7	<---	CL2	16.614	.270
VALUE7	<---	CL3	8.028	.159
VALUE7	<---	CL4	8.821	.180
VALUE7	<---	CL6	5.051	.144
VALUE7	<---	REL1	7.840	.124
VALUE7	<---	COMPADV5	59.065	.380
VALUE7	<---	COMPADV4	7.332	.147
VALUE7	<---	COMPADV3	6.340	.118
VALUE7	<---	BARRIER1	7.495	.165
VALUE7	<---	BARRIER7	9.372	.135

Table G 6

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	73	3678.867	522	.000	7.048
Saturated model	595	.000	0		
Independence model	34	9539.276	561	.000	17.004

Table G 7

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.595	.503	.434	.442
Saturated model	.000	1.000		
Independence model	.676	.095	.041	.090

Table G 8

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.614	.586	.650	.622	.648
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table G 9

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.930	.572	.603
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table G 10

NCP

Model	NCP	LO 90	HI 90
Default model	3156.867	2968.157	3352.946
Saturated model	.000	.000	.000
Independence model	8978.276	8664.945	9298.015

Table G 11

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	12.263	10.523	9.894	11.176
Saturated model	.000	.000	.000	.000
Independence model	31.798	29.928	28.883	30.993

Table G 12

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.142	.138	.146	.000
Independence model	.231	.227	.235	.000

Table G 13

AIC

Model	AIC	BCC	BIC	CAIC
Default model	3824.867	3844.150	4095.486	4168.486
Saturated model	1190.000	1347.170	3395.731	3990.731
Independence model	9607.276	9616.257	9733.318	9767.318

Table G 14

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	12.750	12.121	13.403	12.814
Saturated model	3.967	3.967	3.967	4.491
Independence model	32.024	30.980	33.090	32.054

Table G 15

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	47	49
Independence model	20	21

Table G 16

Notes for Model

Computation of degrees of freedom (Default model)

Number of distinct sample moments:	595
Number of distinct parameters to be estimated:	73
Degrees of freedom (595 - 73):	522

Table G 17

Result (Default model)

Minimum was achieved

Chi-square = 3678.867

Degrees of freedom = 522

Probability level = .000

APPENDIX H (Model for Loyalty with Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
LOYALTY	<---	SWITCHING__BARRIERS	.451	.199	2.259	.024
LOYALTY	<---	PERCEIVED__VALUE	.373	.552	.676	.499
LOYALTY	<---	RELATIONSHIP	-.043	.078	-.558	.577
LOYALTY	<---	COMPETITIVE__ADVANTAGE	-.182	.360	-.506	.613
LOYALTY	<---	SATISFACTION	.303	.188	1.612	.107
LOYALTY	<---	RETENTION	.057	.041	1.386	.166
LOYALTY	<---	FEE1	.075	.045	1.676	.094
VALUE7	<---	PERCEIVED__VALUE	.766	.060	12.864	***
VALUE5	<---	PERCEIVED__VALUE	.707	.047	15.163	***
VALUE3	<---	PERCEIVED__VALUE	.996	.048	20.818	***
VALUE2	<---	PERCEIVED__VALUE	.777	.057	13.637	***
VALUE1	<---	PERCEIVED__VALUE	1.000			
BARRIER7	<---	SWITCHING__BARRIERS	1.000			
BARRIER4	<---	SWITCHING__BARRIERS	1.350	.082	16.554	***
BARRIER3	<---	SWITCHING__BARRIERS	.848	.098	8.668	***
BARRIER2	<---	SWITCHING__BARRIERS	1.269	.098	13.004	***
BARRIER1	<---	SWITCHING__BARRIERS	1.000			
COMPADV1	<---	COMPETITIVE__ADVANTAGE	1.000			
COMPADV2	<---	COMPETITIVE__ADVANTAGE	.704	.047	14.965	***
COMPADV3	<---	COMPETITIVE__ADVANTAGE	.800	.055	14.481	***
COMPADV4	<---	COMPETITIVE__ADVANTAGE	.806	.043	18.637	***
COMPADV5	<---	COMPETITIVE__ADVANTAGE	.759	.052	14.472	***
REL1	<---	RELATIONSHIP	1.000			
REL2	<---	RELATIONSHIP	.883	.039	22.871	***
CL6	<---	LOYALTY	1.000			
CL5	<---	LOYALTY	.540	.082	6.599	***
CL4	<---	LOYALTY	1.330	.077	17.246	***
CL3	<---	LOYALTY	.859	.073	11.824	***
CL2	<---	LOYALTY	1.174	.070	16.884	***
CL1	<---	LOYALTY	1.249	.069	18.173	***
CR1	<---	RETENTION	1.000			
CR2	<---	RETENTION	1.105	.048	23.026	***
CR3	<---	RETENTION	1.086	.057	18.942	***
CR4	<---	RETENTION	.869	.072	12.144	***
CR5	<---	RETENTION	.248	.068	3.674	***
CR6	<---	RETENTION	.596	.059	10.085	***
CS1	<---	SATISFACTION	1.000			
CS2	<---	SATISFACTION	.971	.044	22.219	***
CS3	<---	SATISFACTION	1.035	.049	21.283	***
CS4	<---	SATISFACTION	.984	.043	22.973	***

Table H 1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
LOYALTY	<---	SWITCHING__BARRIERS	.349
LOYALTY	<---	PERCEIVED__VALUE	.423
LOYALTY	<---	RELATIONSHIP	-.055
LOYALTY	<---	COMPETITIVE__ADVANTAGE	-.214
LOYALTY	<---	SATISFACTION	.361
LOYALTY	<---	RETENTION	.068
LOYALTY	<---	FEE1	.096
VALUE7	<---	PERCEIVED__VALUE	.645
VALUE5	<---	PERCEIVED__VALUE	.723
VALUE3	<---	PERCEIVED__VALUE	.870
VALUE2	<---	PERCEIVED__VALUE	.672
VALUE1	<---	PERCEIVED__VALUE	.864
BARRIER7	<---	SWITCHING__BARRIERS	.540
BARRIER4	<---	SWITCHING__BARRIERS	.858
BARRIER3	<---	SWITCHING__BARRIERS	.495
BARRIER2	<---	SWITCHING__BARRIERS	.707
BARRIER1	<---	SWITCHING__BARRIERS	.730
COMPADV1	<---	COMPETITIVE__ADVANTAGE	.887
COMPADV2	<---	COMPETITIVE__ADVANTAGE	.711
COMPADV3	<---	COMPETITIVE__ADVANTAGE	.696
COMPADV4	<---	COMPETITIVE__ADVANTAGE	.809
COMPADV5	<---	COMPETITIVE__ADVANTAGE	.695
REL1	<---	RELATIONSHIP	.888
REL2	<---	RELATIONSHIP	.917
CL6	<---	LOYALTY	.776
CL5	<---	LOYALTY	.378
CL4	<---	LOYALTY	.874
CL3	<---	LOYALTY	.645
CL2	<---	LOYALTY	.861
CL1	<---	LOYALTY	.909
CR1	<---	RETENTION	.888
CR2	<---	RETENTION	.914
CR3	<---	RETENTION	.824
CR4	<---	RETENTION	.621
CR5	<---	RETENTION	.216
CR6	<---	RETENTION	.539
CS1	<---	SATISFACTION	.866
CS2	<---	SATISFACTION	.897
CS3	<---	SATISFACTION	.878
CS4	<---	SATISFACTION	.911

Table H 2

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
PERCEIVED__VALUE	<-->	SWITCHING__B	.582	.061	9.514	***

		ARRIERS				
PERCEIVED__VALUE	<-->	COMPETITIVE__ADVANTAGE	.944	.090	10.525	***
PERCEIVED__VALUE	<-->	RELATIONSHIP	.908	.092	9.866	***
PERCEIVED__VALUE	<-->	FEE1	.804	.082	9.797	***
PERCEIVED__VALUE	<-->	RETENTION	.693	.079	8.782	***
PERCEIVED__VALUE	<-->	SATISFACTION	.941	.091	10.325	***
SWITCHING__BARRIERS	<-->	COMPETITIVE__ADVANTAGE	.584	.062	9.463	***
SWITCHING__BARRIERS	<-->	RELATIONSHIP	.652	.068	9.571	***
SWITCHING__BARRIERS	<-->	FEE1	.545	.059	9.218	***
SWITCHING__BARRIERS	<-->	RETENTION	.489	.057	8.525	***
SWITCHING__BARRIERS	<-->	SATISFACTION	.596	.063	9.428	***
COMPETITIVE__ADVANTAGE	<-->	RELATIONSHIP	.933	.094	9.929	***
COMPETITIVE__ADVANTAGE	<-->	FEE1	.848	.085	10.012	***
COMPETITIVE__ADVANTAGE	<-->	RETENTION	.656	.079	8.346	***
COMPETITIVE__ADVANTAGE	<-->	SATISFACTION	.928	.091	10.204	***
RELATIONSHIP	<-->	FEE1	.864	.090	9.606	***
RELATIONSHIP	<-->	RETENTION	.697	.085	8.221	***
RELATIONSHIP	<-->	SATISFACTION	.909	.094	9.646	***
RETENTION	<-->	FEE1	.646	.078	8.275	***
SATISFACTION	<-->	FEE1	.840	.086	9.816	***
RETENTION	<-->	SATISFACTION	.759	.084	9.063	***

Table H 3

Correlations: (Group number 1 - Default model)

			Estimate
PERCEIVED__VALUE	<-->	SWITCHING__BARRIERS	.913
PERCEIVED__VALUE	<-->	COMPETITIVE__ADVANTAGE	.976
PERCEIVED__VALUE	<-->	RELATIONSHIP	.866
PERCEIVED__VALUE	<-->	FEE1	.768
PERCEIVED__VALUE	<-->	RETENTION	.704
PERCEIVED__VALUE	<-->	SATISFACTION	.957
SWITCHING__BARRIERS	<-->	COMPETITIVE__ADVANTAGE	.886
SWITCHING__BARRIERS	<-->	RELATIONSHIP	.912
SWITCHING__BARRIERS	<-->	FEE1	.763
SWITCHING__BARRIERS	<-->	RETENTION	.728
SWITCHING__BARRIERS	<-->	SATISFACTION	.889
COMPETITIVE__ADVANTAGE	<-->	RELATIONSHIP	.860
COMPETITIVE__ADVANTAGE	<-->	FEE1	.782
COMPETITIVE__ADVANTAGE	<-->	RETENTION	.644
COMPETITIVE__ADVANTAGE	<-->	SATISFACTION	.912
RELATIONSHIP	<-->	FEE1	.735
RELATIONSHIP	<-->	RETENTION	.631
RELATIONSHIP	<-->	SATISFACTION	.823
RETENTION	<-->	FEE1	.585
SATISFACTION	<-->	FEE1	.763

RETENTION	<-->	SATISFACTION	.732
------------------	-------------------	---------------------	-------------

Table H 4

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P
PERCEIVED__VALUE	.934	.100	9.341	***
SWITCHING__BARRIERS	.435	.055	7.907	***
COMPETITIVE__ADVANTAGE	1.001	.103	9.691	***
RELATIONSHIP	1.177	.122	9.628	***
RETENTION	1.037	.107	9.650	***
SATISFACTION	1.035	.110	9.397	***
FEE1	1.174	.096	12.247	***
e55	.026	.011	2.477	.013
e1	.770	.065	11.911	***
e3	.427	.036	11.712	***
e5	.299	.029	10.430	***
e6	.684	.058	11.854	***
e7	.317	.030	10.545	***
e15	1.054	.089	11.900	***
e18	.284	.031	9.159	***
e19	.961	.080	11.962	***
e20	.698	.062	11.313	***
e21	.380	.034	11.186	***
e22	.272	.029	9.307	***
e23	.487	.042	11.520	***
e24	.682	.059	11.581	***
e25	.344	.032	10.853	***
e26	.616	.053	11.582	***
e41	.314	.038	8.288	***
e42	.173	.026	6.661	***
e44	.480	.041	11.565	***
e45	1.270	.104	12.175	***
e46	.396	.037	10.719	***
e47	.755	.063	11.934	***
e48	.351	.032	10.918	***
e49	.239	.024	9.914	***
e56	.278	.032	8.554	***
e57	.249	.034	7.310	***
e58	.577	.056	10.224	***
e59	1.248	.107	11.665	***
e60	1.304	.107	12.202	***
e61	.899	.076	11.870	***
e62	.344	.032	10.732	***
e63	.237	.023	10.148	***
e64	.328	.031	10.537	***
e65	.205	.021	9.736	***

Table H 5

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
LOYALTY	.964
CS4	.830
CS3	.772
CS2	.804
CS1	.750
CR6	.290
CR5	.047
CR4	.386
CR3	.679
CR2	.836
CR1	.789
CL1	.826
CL2	.741
CL3	.415
CL4	.765
CL5	.143
CL6	.602
REL2	.842
REL1	.789
COMPADV5	.484
COMPADV4	.654
COMPADV3	.484
COMPADV2	.505
COMPADV1	.786
BARRIER1	.533
BARRIER2	.500
BARRIER3	.245
BARRIER4	.736
BARRIER7	.292
VALUE1	.747
VALUE2	.452
VALUE3	.756
VALUE5	.522
VALUE7	.416

Table H 6

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	94	1651.193	501	.000	3.296
Saturated model	595	.000	0		
Independence model	34	9539.276	561	.000	17.004

Table H 7

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.115	.745	.697	.628
Saturated model	.000	1.000		
Independence model	.676	.095	.041	.090

Table H 8

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.827	.806	.873	.857	.872
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table H 9

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.893	.738	.779
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table H 10

NCP

Model	NCP	LO 90	HI 90
Default model	1150.193	1030.824	1277.137
Saturated model	.000	.000	.000
Independence model	8978.276	8664.945	9298.015

Table H 11

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	5.504	3.834	3.436	4.257
Saturated model	.000	.000	.000	.000
Independence model	31.798	29.928	28.883	30.993

Table H 12

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.087	.083	.092	.000
Independence model	.231	.227	.235	.000

Table H 13

AIC

Model	AIC	BCC	BIC	CAIC
Default model	1839.193	1864.024	2187.662	2281.662
Saturated model	1190.000	1347.170	3395.731	3990.731
Independence model	9607.276	9616.257	9733.318	9767.318

Table H 14

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	6.131	5.733	6.554	6.213
Saturated model	3.967	3.967	3.967	4.491
Independence model	32.024	30.980	33.090	32.054

Table H 15

HOELTER

	HOELTER .05	HOELTER .01
Default model	101	105
Independence model	20	21

Table H 16

Notes for Model

Computation of degrees of freedom (Default model)

Number of distinct sample moments:	595
Number of distinct parameters to be estimated:	94
Degrees of freedom (595 - 94):	501

Table H 17

Result (Default model)

Minimum was achieved

Chi-square = 1651.193

Degrees of freedom = 501

Probability level = .000

APPENDIX I (Validity for Loyalty Model with Covariance structure)

Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
VALUE7	<---	PERCEIVED__VALUE	.766	.060	12.864	***
VALUE5	<---	PERCEIVED__VALUE	.707	.047	15.163	***
VALUE3	<---	PERCEIVED__VALUE	.996	.048	20.818	***
VALUE2	<---	PERCEIVED__VALUE	.777	.057	13.637	***
VALUE1	<---	PERCEIVED__VALUE	1.000			
BARRIER7	<---	SWITCHING__BARRIERS	1.000			
BARRIER4	<---	SWITCHING__BARRIERS	1.350	.082	16.554	***
BARRIER3	<---	SWITCHING__BARRIERS	.848	.098	8.668	***
BARRIER2	<---	SWITCHING__BARRIERS	1.269	.098	13.004	***
BARRIER1	<---	SWITCHING__BARRIERS	1.000			
COMPADV1	<---	COMPETITIVE__ADVANTAGE	1.000			
COMPADV2	<---	COMPETITIVE__ADVANTAGE	.704	.047	14.965	***
COMPADV3	<---	COMPETITIVE__ADVANTAGE	.800	.055	14.481	***
COMPADV4	<---	COMPETITIVE__ADVANTAGE	.806	.043	18.637	***
COMPADV5	<---	COMPETITIVE__ADVANTAGE	.759	.052	14.472	***
REL1	<---	RELATIONSHIP	1.000			
REL2	<---	RELATIONSHIP	.883	.039	22.871	***
CL6	<---	LOYALTY	1.000			
CL5	<---	LOYALTY	.540	.082	6.599	***
CL4	<---	LOYALTY	1.330	.077	17.246	***
CL3	<---	LOYALTY	.859	.073	11.824	***
CL2	<---	LOYALTY	1.174	.070	16.884	***
CL1	<---	LOYALTY	1.249	.069	18.173	***
CR1	<---	RETENTION	1.000			
CR2	<---	RETENTION	1.105	.048	23.026	***
CR3	<---	RETENTION	1.086	.057	18.942	***
CR4	<---	RETENTION	.869	.072	12.144	***
CR5	<---	RETENTION	.248	.068	3.674	***
CR6	<---	RETENTION	.596	.059	10.085	***
CS1	<---	SATISFACTION	1.000			
CS2	<---	SATISFACTION	.971	.044	22.219	***
CS3	<---	SATISFACTION	1.035	.049	21.283	***
CS4	<---	SATISFACTION	.984	.043	22.973	***

Table I1

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
VALUE7	<---	PERCEIVED__VALUE	.645
VALUE5	<---	PERCEIVED__VALUE	.723

VALUE3	<---	PERCEIVED__VALUE	.870
VALUE2	<---	PERCEIVED__VALUE	.672
VALUE1	<---	PERCEIVED__VALUE	.864
BARRIER7	<---	SWITCHING__BARRIERS	.540
BARRIER4	<---	SWITCHING__BARRIERS	.858
BARRIER3	<---	SWITCHING__BARRIERS	.495
BARRIER2	<---	SWITCHING__BARRIERS	.707
BARRIER1	<---	SWITCHING__BARRIERS	.730
COMPADV1	<---	COMPETITIVE__ADVANTAGE	.887
COMPADV2	<---	COMPETITIVE__ADVANTAGE	.711
COMPADV3	<---	COMPETITIVE__ADVANTAGE	.696
COMPADV4	<---	COMPETITIVE__ADVANTAGE	.809
COMPADV5	<---	COMPETITIVE__ADVANTAGE	.695
REL1	<---	RELATIONSHIP	.888
REL2	<---	RELATIONSHIP	.917
CL6	<---	LOYALTY	.776
CL5	<---	LOYALTY	.378
CL4	<---	LOYALTY	.874
CL3	<---	LOYALTY	.645
CL2	<---	LOYALTY	.861
CL1	<---	LOYALTY	.909
CR1	<---	RETENTION	.888
CR2	<---	RETENTION	.914
CR3	<---	RETENTION	.824
CR4	<---	RETENTION	.621
CR5	<---	RETENTION	.216
CR6	<---	RETENTION	.539
CS1	<---	SATISFACTION	.866
CS2	<---	SATISFACTION	.897
CS3	<---	SATISFACTION	.878
CS4	<---	SATISFACTION	.911

Table I2

APPENDIX J (Questionnaire)

For an electronic link to the questionnaire, please follow the link below:

<http://www.instant.ly/s/K6b8tiy5gAA>

Alternatively, below is a copy of the questionnaire used for physical handouts:

QUESTIONNAIRE: CUSTOMER SATISFACTION, LOYALTY & RETENTION IN THE SOUTH AFRICAN BANKING INDUSTRY

Please complete the following survey as accurately as possible. It should not take more than 10 minutes to complete. Your response will be greatly appreciated.

STAND A CHANCE TO WIN R 2, 000.00!!!

Please mark the appropriate option with an “X”.

Statement		Scale					
1	Gender	Male	Female				
2	Race	White	Black	Coloured	Indian	Other	
3	Age	0-19	20-29	30-39	40-49	50-59	60 +
4	Highest Qualification	Un-educated	Grade 12 / Matric	Certificate	Diploma	Bachelor Degree	Post Graduate Degree
5	Primary/Main bank	Absa	FNB	Standard Bank	Nedbank	Other	
6	Number of years at primary bank	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
7	Number of Products at primary bank	1	2	3	4	5	6+
8	The percentage share of my total spent via my primary bank is	Almost None	Little	Moderate	Most	Almost All	
9a	Bank employee	Yes	No				
9b	Province						

Table J 1

Please rate extent to which you are likely to terminate your relationship with your primary/main bank by marking an “X” over the appropriate option.

Statement	Scale
-----------	-------

10	What are your chances of totally terminating your relationship with your bank in the next 1 year	Very Low	Low	Moderate	High	Very High
11	What are your chances of totally terminating your relationship with your bank in the next 2 years	Very Low	Low	Moderate	High	Very High
12	For term products, what are your chances to terminate your relationship with your bank at the end of the term (at expiry)	Very Low	Low	N/A	High	Very High

Table J 2

Please rate the extent to which you agree/disagree with the following statements by marking an “X” over the appropriate number on the 1 to 5 point scale next to the statement. All the questions refer to your primary/main banking institution.

1	=	Strongly	2	=	3	=	4	=	5	=	Strongly
Disagree			Disagree		Neutral		Agree		Agree		

Statement		Scale				
13	I will not switch from my bank to competitors (other retail banks)	1	2	3	4	5
14	I think the switching cost to move to another retail bank is high	1	2	3	4	5
15	My bank retains (keeps) its clients	1	2	3	4	5
16	My bank always meets my expectations	1	2	3	4	5
17	The overall quality of services provided by my bank is excellent	1	2	3	4	5
18	Imagine the perfect bank. My bank comes close to my ideal bank	1	2	3	4	5
19	Considering everything I am extremely satisfied with my bank	1	2	3	4	5
20	I would recommend my bank to someone else who seeks my advice	1	2	3	4	5
21	I do not like to change to another bank because I value my bank	1	2	3	4	5
22	In the next year, I intend to use more products/ services offered by my bank	1	2	3	4	5
23	If I was starting from scratch, I would choose my current bank again as my preferred bank	1	2	3	4	5
24	I am borrowing/ lending/ transacting more this year at my primary bank compared to previous years	1	2	3	4	5
25	I am a customer loyal to my bank	1	2	3	4	5

26	My bank provides efficient service	1	2	3	4	5
27	My bank offers the latest electronic products	1	2	3	4	5
28	My bank listens and is sensitive to customer's needs	1	2	3	4	5
29	My bank provides convenient branch locations	1	2	3	4	5
30	My bank provides flexible banking policies	1	2	3	4	5
31	My bank provides many branch locations/ touch points	1	2	3	4	5
32	My bank has a fair method of setting fees	1	2	3	4	5
33	My bank is widely known	1	2	3	4	5
34	My bank is stable	1	2	3	4	5
35	My bank is reliable	1	2	3	4	5
36	My bank is trustworthy	1	2	3	4	5
37	My bank is involved in the community	1	2	3	4	5
38	My bank is well-liked	1	2	3	4	5
39	My bank is distinctive/unique compared to others	1	2	3	4	5
40	My bank has excellent service quality	1	2	3	4	5
41	My bank uses the latest technology	1	2	3	4	5
42	My bank has memorable advertisements	1	2	3	4	5
43	My bank offers unique and distinctive products	1	2	3	4	5
44	My bank has competitive pricing compared to others	1	2	3	4	5
45	My bank is able to provide products and services that I need	1	2	3	4	5
46	I see little advantage in changing banks	1	2	3	4	5
47	Changing banks would be too disruptive	1	2	3	4	5
48	I have a good relationship with my bank	1	2	3	4	5
49	Changing banks is too inconvenient	1	2	3	4	5
50	I use a variety of products/services from my bank	1	2	3	4	5
51	I receive incentives from my bank	1	2	3	4	5
52	My bank provides accurate banking records	1	2	3	4	5
53	My bank provides access to electronic transactions	1	2	3	4	5
54	My bank provides accurate transactions	1	2	3	4	5
55	My bank provides staff who deliver the service	1	2	3	4	5
56	My bank's physical appearance at their branches is appealing	1	2	3	4	5
57	I receive sufficient and accurate communication from my bank	1	2	3	4	5
58	Communication received is useful and relevant	1	2	3	4	5
59	The employees at my primary bank are knowledgeable / competent	1	2	3	4	5
60	The employees at my bank know how the various products work	1	2	3	4	5
61	The employees at my bank know the policies	1	2	3	4	5

	and procedures to be followed					
62	Employees at my primary bank are sufficiently empowered to conduct their tasks	1	2	3	4	5
63	My primary bank offers personalised / customised products and services to cater for my individual needs	1	2	3	4	5
64	My bank behaves ethically	1	2	3	4	5
65	I get value for money at my primary bank	1	2	3	4	5
66	My bank strives to build a relationship with me	1	2	3	4	5
67	I have a good relationship with my bank	1	2	3	4	5
68	When my bank promises to do something timeously, it keeps its promise	1	2	3	4	5
69	My bank performs the services right the first time	1	2	3	4	5
70	My bank performs the service accurately	1	2	3	4	5
71	My bank tells you exactly when services will be performed	1	2	3	4	5
72	Employees in my bank have the required skills and knowledge to perform the service	1	2	3	4	5
73	Employees in my bank are always willing to help	1	2	3	4	5
74	Employees in my bank are courteous	1	2	3	4	5
75	My bank gives me individual attention	1	2	3	4	5
76	Employees of my bank understand my specific needs	1	2	3	4	5
77	My bank offers a complete range of services	1	2	3	4	5
78	My bank has convenient branch locations	1	2	3	4	5
79	My bank provides statements that are easily understood	1	2	3	4	5
80	It is very quick and easy to get in and out of my bank	1	2	3	4	5

Table J 3

Thank you very much for participating!!!!

To be eligible for the R 2,000.00 lucky draw please enter your contact details below:

Name (Optional): _____

Contact number or email address (Optional): _____