

**RELATIONSHIP MARKETING OF SMALL TO MEDIUM SIZED  
TEXTILE RETAILERS IN THE NORTHWEST PROVINCE**

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Dissertation submitted in partial fulfillment of requirement for the degree of

**MAGISTER COMMERCII**

In the School of Marketing and Entrepreneurship, Faculty of Economic and  
Management Sciences at

**POTCHEFSTROOMSE UNIVERSITEIT VIR CHRISTELIKE HOËR**

**ONDERWYS**

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**NOVEMBER 2002**

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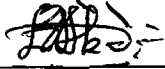
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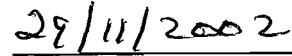
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## DECLARATION

I declare that **“Relationship marketing orientation of small to medium to sized textile retailers in the North west province”** is my own work, and all other sources are acknowledged.



Fred Angels A Musika



Date

## ACKNOWLEDGEMENTS

I would like to say:

- EBENEZER to my God.
- Thanks, to Dr. T.F.J Steyn for the invaluable dedication for my success. God bless you. To teach someone in life is to touch someone's life. Dr. Steyn you touched my life. Thanks beyond compare.
- Thanks to Ms Steyn for priceless interpretation and translation expertise that made my questionnaire reader friendly, readable, and well understood.
- Thanks to OSW and CANNON COLLINS for their incredible financial support. I believe you sacrificed a lot your resources for the success of my studies.
- Thanks to my family for never letting me down. Your support made me to feel at home and not home sick.
- Thanks to all my respondents, and my research team for their time, effort, and cooperation. We divided our tasks and multiplied our results.
- Thanks to my church for spiritual inspiration that inspired my spirit and not split my spirit to achieve.
- Thanks to Ms Terblanche for wonderful editing expertise help
- Thanks to Dr. S. Ellis for her highly analytical statistical consultation rendered to me.

TO YOU ALL WHO HELPED ME IN ONE WAY OR ANOTHER I WOULD LIKE TO SAY THANK YOU BEYOND COMPARE, AND GOD BLESS YOU ALWAYS. "TO HELP SOME ONE IN LIFE IS TO HELP SOMEONE'S LIFE" YOU HELPED MY LIFE.

## **ABSTRACT**

This study concentrated on the concept of relationship marketing and its implementation by small and medium sized textile retailers in the Northwest province of South Africa. This study addressed the gap between the relationship marketing theory and its implementation by small and medium sized textile retailers in the textile industry of the Northwest province. Researchers in relationship marketing have started to realise that there is a definite need for detailed empirical evidence on how relationship marketing could be implemented in order to establish a beneficial customer-business relationship. This need was one of the bases for carrying out this study.

This led to the identification of prerequisites for relationship marketing orientation. These prerequisites are internal marketing and customer orientation. This is due to the fact that relationship marketing raises the need for customer orientation, and customer orientation raises the need for customer-oriented employees. The latter can be achieved through internal marketing.

Without customer oriented employees, there is no customer orientation implementation because employees are the ones that have to make it happen (Reuters, 1999:8). If there were no customer orientation (which leads to customer satisfaction), there will be no relationship marketing because unsatisfied customers will never develop good relationships with the business (Engel, Blackwell & Miniard, 1995:47).

This study found that small to medium sized textile retailers in the Northwest province have shown some problems in implementing the relationship marketing orientation. This study concluded that small to medium sized textile retailers are not relationship marketing oriented. These conclusions are based on findings indicating that the relationship marketing concept is not fully understood by the management of most of these small to medium sized textile retailers in the Northwest province.

To address this problem, this study recommends some solutions, such as internal marketing and a customer orientation. This study also recommends ten steps that might help to solve the relationship marketing disorientation problem of small to medium sized textile retailers in the Northwest province. These steps are called the ten daily relationship marketing orientation basics. These steps act as a tool for small to medium-sized textile retailers in the Northwest province to be successful in the market. It is a system that enables the business member to focus on what his job is and then to check that the business is maximising the profit in its outlet through planned daily relationship marketing duties.

## OPSOMMING

Hierdie studie het gekonsentreer op die begrip van verhoudingsbemarking en die implementering daarvan deur klein en mediumgrootte tekstielkleinhandelaars in die Noordwes Provinsie van Suid-Afrika. Die studie het probeer om die gaping tussen verhoudingsbemarking en die implementering daarvan deur klein en mediumgrootte tekstielkleinhandelaars in die Noordwes Provinsie te oorbrug. Navorsers in verhoudingsbemarking het begin beseef dat daar 'n behoefte bestaan vir gedetailleerde empiriese bewyse van hoe verhoudingsbemarking geïmplementeer kan word ten einde 'n voordelige klant-sakeverhouding daar te stel. Hierdie behoefte was een van die redes vir die uitvoering van hierdie studie.

Dit het gelei tot die voorwaardes vir 'n verhoudingsbemarkingsoriëntering. Hierdie voorwaardes is interne bemarking en klante-oriëntering. Dit is vanweë die feit dat verhoudingsbemarking die behoefte aan klante-oriëntering skep, en dit weer lei tot die behoefte aan klant-georiënteerde werknemers. Laasgenoemde kan deur interne bemarking bewerkstellig word.

Sonder klant-georiënteerde werknemers is daar geen implementering van klante-oriëntering nie, omdat dit die werknemers is wat dit moet laat gebeur (Reuters, 1999:8). Indien daar geen klante-oriëntering is nie (wat lei tot klantetevredentheid), sal daar nie verhoudingsbemarking wees nie omdat ontevrede klante nie goeie verhoudings met 'n onderneming sal opbou nie (Engel, Blackwell & Miniard, 1995:47).

Hierdie studie het bevind dat klein tot mediumgrootte tekstielkleinhandelaars in die Noordwes Provinsie probleme ervaar wat betref die implementering van verhoudingsbemarkingoriëntering. Die studie het tot die gevolgrekking gekom dat klein tot mediumgrootte tekstielkleinhandelaars in die Noordwes Provinsie nie verhoudingsbemarkingsgeoriënteerd is nie. Hierdie gevolgtrekkings is gebaseer op bevindings wat aangedui het dat die verhoudingsbemarkingskonsep nog nie ten volle begryp word deur meeste

van die klein tot mediumgrootte tekstielkleinhandelaars in die Noordwes Provinsie nie.

Ten einde 'n oplossing vir dié probleem te vind, doen die studie sekere aanbevelings, soos interne bemarking en klante-oriëntering. Hierdie studie beveel ook tien stappe aan wat kan help om die probleem van disoriëntering ten opsigte van verhoudingsbemarking onder klein tot mediumgrootte tekstielkleinhandelaars in die Noordwes Provinsie op te los. Hierdie stappe word die tien basiese stappe in daaglikse verhoudingsbemarkingsoriëntering genoem. Hierdie stappe dien as werktuig vir klein en mediumgrootte tekstielkleinhandelaars in die Noordwes Provinsie om suksesvol in die mark te wees. Dit is 'n stelsel wat die sakelid bemagtig om op sy werk te fokus en dan te kyk dat die onderneming sy wins maksimaliseer deur beplande daaglikse verhoudingsbemarking.

## LIST OF KEY TERMS

1. Relationship marketing
2. Internal marketing
3. Customer orientation
4. Small to medium sized textile retailers
5. Northwest Province

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## CHAPTER 1

### INTRODUCTION, PROBLEM STATEMENT, GOAL AND METHODOLOGY

#### 1.1 INTRODUCTION

This research concentrated on the concept of relationship marketing and its implementation by small to medium sized textile retailers in the Northwest province. The implementation of relationship marketing is one of the many things that small and medium sized businesses have to make happen.

The researcher started with a research proposal. This research aimed at addressing the gap between the relationship marketing theory and its implementation by small businesses in the textile industry. According to Saren and Tzokas (1998:187), researchers in relationship marketing have realised that there is a call for detailed empirical evidence on how relationship marketing could be implemented in order to enhance a beneficial customer-business relationship.

Morris, Brunegge and Page (1998:360) also argue that a lack of knowledge and consensus about relationship marketing and the activities that its implementation entail, has led to difficulties in operationalising the construct of relationship marketing. This research addressed this concern. The scope of this study is some selected towns and cities in the Northwest province in South Africa, and more specifically a number of small to medium sized textile retailers in the field of fabrics and textiles.

This chapter will present the research problem, research question and research objectives. The significance of the study and the research methodology applied in this research will also be presented

## 1.1.1 Definition of terms

### 1.1.1.1 Relationship marketing

Relationship marketing refers to a marketing philosophy that entails forging long-term profitable partnerships with customers (Lamb, Hair & McDaniel, 2000:12).

### 1.1.1.2 Small to medium-sized businesses

A small business is an independently owned and operated profit-seeking enterprise that has less than 500 employees (Robins & De Cenzo, 1998:16).

According to the South African National Small Business Act, 102 of 1996, *“A small business means a separate and distinct entity, including cooperative enterprises and non governmental organisations, managed by one owner or more, which include its branches or its subsidiaries, if any, predominantly carried on in any sector or sub sector of the economy ... whether or not incorporated or registered under any law...”*

According to this Act, businesses with 10 to 50 employees, from R188, 000 – R3, 76 million total asset value and total sales turnover of R125, 000 – R 626,000 are regarded as small businesses according to this Act. These figures have been adjusted in relation to the inflation rate from when the Act was enacted in 1996 to date, using the South African Reserve Bank indices as shown in the adjusted CPI in table 1.1 below.

**Table 1.1 ADJUSTED CPI**

	<b>Value as per Small Business Act</b>	<b>Adjusted values</b>
Total asset value	R 100,000 – 3 Million	R 188,000 – R3.76 Million
Total sales turnover	R 115,000 – 575, 920	R 125,000 – R 626,000

The formula below was used in this matter.

$$\frac{\text{Old value}}{8,4} \times 105,7 = \text{new value}$$

8,4

### **1.1.1.3 Northwest province**

The Northwest province is one of nine provinces in the Republic of South Africa. It shares its border with Botswana in the north, the Limpopo province (previously known as the Northern Province) in the northeast, east with Gauteng, southeast with the Orange Free State, and southwest with the Northern Cape Province. Major economic activities include mining (famous for platinum mining) and agriculture. Other economic activities are also undertaken.

### **1.1.1.4 Textile retailers**

Textile retailers are the businesses that are dealing with selling textile products to the final consumer.

## **1.2 RESEARCH PROBLEM**

### **1. 2. 1 Background to the problem**

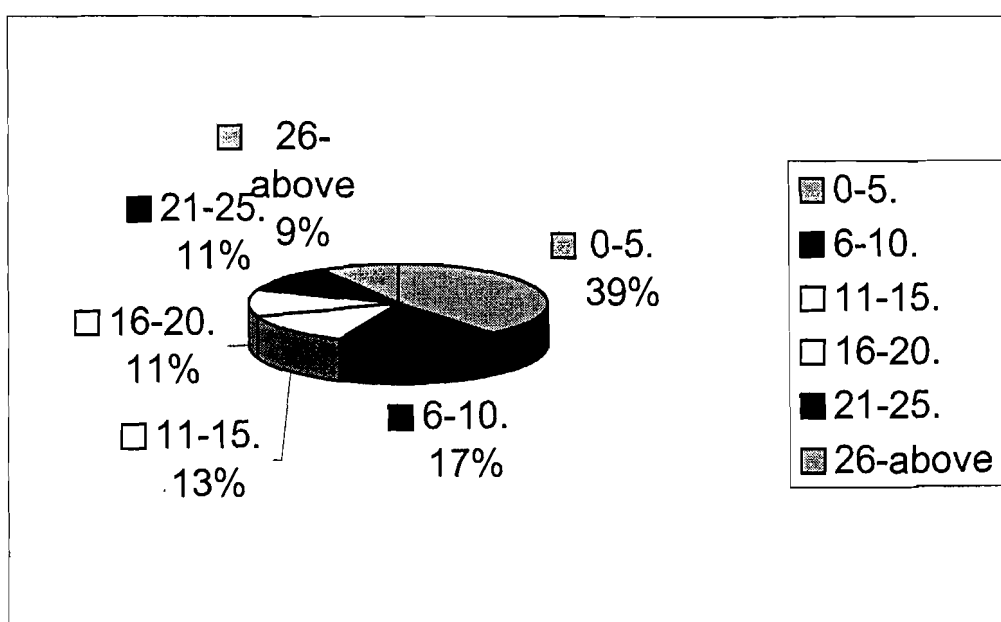
Research by Venkataraman and Low (1991:97) indicate that for every three new businesses formed two fail. This argument is supported by the findings of this research as indicated in the table and pie chart below.

**Table 1.2 Number of years in existence of small to medium sized textile retailers in the Northwest province**

Years	Number of businesses	Percentage
0 – 5	18	39%
6 – 10	8	17%
11 – 15	6	13%
16 – 20	5	11%
21 – 25	5	11%
26 – above	4	9%
Total	46	100%

Two businesses did not indicate the number of years in existence (n = 46; N = 48).

**Diagram 1.1 Number of years in existence of small to medium sized textile retailers in the Northwest province**



Businesses that were less than 5 years old were in the majority (39%) followed by businesses that were between 6 –10 years old (17%), 11 – 15 years (13%), 16 – 20 years (13%), 21-25 years (11%), 26 years and above (9%) respectively. This means that as time passes less and less businesses continue to exist. These findings raised the concern on the causes of business failure.

The problem is therefore the poor relationship between businesses and customers. If this problem were not addressed, many small to medium sized textile retailers will fail as others have already failed. Failure of these businesses result in a negative effect on people whose livelihood depends on these businesses. In order to solve this problem, businesses have to develop good and profitable relationships with their customers. Such relationships can be cultivated by identifying, understanding and satisfying their customers' needs and wants (Cowan, 1992:65-68).

The above insights show that small businesses today are facing some new marketing realities. One of these realities is the presence of more sophisticated competitors in the market. It is because of these factors that small businesses remain with only a few customers to rely on. This situation has resulted in many small businesses (fabric and textile retailers) fighting for shares of a flat or shading market.

Such struggles for survival on the part of the small business inevitably lead to escalating costs as far as running the business is concerned. This is due to the fact that the cost of advertising or running a campaign in order to draw new customers is rising. It should also be taken into consideration that it costs five times as much to fight for a new customer than it does to keep an existing customer satisfied (Jones & Sasser, 1995:88, 89). For example, consider and compare the cost incurred for researching, developing, and

implementing new marketing plans and strategies to the cost incurred to maintain an existing customer.

One of the ways to address the problem of increasing costs of running a business is to develop good customer-business relationships that will keep the current customers happy so that they will not turn away from the business. Small businesses are also realising that losing a customer entails more than losing a single sale. It means losing the stream of purchases that the customer would have made over a lifetime patronage (Estell, 1999:72).

### **1. 2. 2 Research problem**

Given the situation as discussed above, the problem that was to be addressed in this study was the relationship marketing orientation of small to medium sized textile retailers in the Northwest province of South Africa.

### **1. 3 RESEARCH QUESTION**

The problem of relationship marketing disorientation among small businesses, as stated in the research problem statement above, has led to a relationship marketing orientation being regarded as a possible solution to the problems encountered by small businesses. However, there was still the question of how these relationship marketing disoriented businesses could become relationship marketing oriented, and use it as their success tool. According to the situation as sketched above, the following research question was formulated: How best could small textile businesses implement and use a relationship marketing orientation as a business success tool?

## **1. 4 RESEARCH GOAL**

The main goal of this study was to identify issues that inhibit successful implementation of relationship marketing and find appropriate solutions thereof. This goal has been inspired by Fornier (1998:343), who indicated that much have been written about relationship marketing, but very few studies have attempted to address the problem of poor implementation of a relationship marketing orientation. This main goal has led to the following objectives.

## **1. 5 RESEARCH OBJECTIVES**

This research project has three main objectives, namely to:

- Bring awareness and value of the relationship marketing orientation philosophy to small and medium sized retailers in textile industry in the Northwest province;
- Show how internal marketing can be used as an important foundation to build on a relationship marketing orientation; and
- Show how customer orientation can be used as an effective and efficient way of achieving successful and profitable long-term relationships between customers and the business.

## **1.6 SIGNIFICANCE OF THE RESEARCH**

From the introduction and problem statement above, it is evident that if this problem of relationship marketing disorientation were not addressed, many small and medium sized textile retailers will cease to exist. The termination of such businesses will have a negative effect on people whose livelihood depends on them. These negative effects may include loss of revenue/ income to individual employees, business owners, and government in the

form of taxes. The significance of this study lies in the urgent need to address this problem.

The significance of this study also lies in its goal of investigating efficient and effective ways of implementing relationship marketing orientation as a tool to success in business (Fornier, 1998:343). These tools will enable small businesses to survive competition, hence achieve long-term survival, profitability, and growth. Through long-term survival, employees will be sure of long-term employment and long-term income opportunities.

Profitability will lead to more wealth creation for businesses (as well as individual shareholders or business partners). The growth of small businesses will lead to more profit and more tax to government. Moreover, more employment opportunities will be created, as businesses will seek more employees to fill the new job opportunities created by the growth of these small businesses. In other words, this study will have a positive snowball effect on society at large.

Developing good profitable relationships with customers will help these businesses to prevent customers from turning elsewhere for their business. Developing a relationship marketing orientation will help businesses to grow with time. It stands to reason that all parties concerned would benefit from this.

## **1.7 RESEARCH METHODOLOGY**

The research methodology was used as the framework within which the study has been conducted as defined by Churchill (1999:98). The research methodology provided a guide for the collection, analysis, and interpretation of data. The research methodology for this study included the research

design, data collection, sampling procedure, as well as the analysis and interpretation of the collected data (Pickton & Broderick, 2001: 349).

This research methodology comprised both secondary and primary research. The secondary research is based on a literature search, while the primary research was conducted through an empirical study. The latter followed an approach based on a combination of quantitative and qualitative research using interviews, questionnaires and focus groups.

### **1.7.1 Research design**

This research design was used as a blueprint for this study. It guided the collection, analysis and interpretation of data (Simon, 1969:4). There are three main types of research designs from which one was chosen. Some designs are very detailed and involve the investigation of “if-then” relationships (causal designs). Other research designs provide the picture of the overall situation (descriptive designs), and the third one deals with exploration of new discoveries (exploratory design) (Seltiz, Wrightsman, & Cook, 1976: 90 & 91).

From among the research designs explained above, the exploratory research design was followed. This research design was chosen because it is suitable for exploring a new solution or insight (Calder, 1986:24-27). This study intends to explore better solutions for achieving successful relationship marketing orientation in businesses. This exploratory research design also helped to identify priorities for further research in this area of marketing in the Northwest province (Seltiz et al. 1976:91).

## **1. 7.2 Data collection**

### **1.7. 2.1 Sources of data**

The study used business management, or business owners, personnel, customers and focus groups as sources and units from which data were collected (Greenbaum, 1994:17). The secondary data and primary data were used for the purpose of having better and reliable information and results. The first step in data collection was the collection of secondary data through a literature search, followed by primary data collection done through an empirical study.

The reason for this approach was that secondary data was to be used to provide a guide and insight into what kind of data is to be collected when dealing with the primary data collection. In this way costs in terms of money, effort, and time could be saved (Feber & Verdoorn, 1962: 208).

This study used internal and external sources of secondary data. For internal secondary data sources, the study used reports, manuals, minutes of meetings and memorandums from several small and medium sized textile retailers in the Northwest province. For external secondary data sources, published data was used. These included directories, periodicals and statistical sources from sources such as the Bureau of Marketing Research and Brabys (Stewart & Kamins, 1993:129).

The secondary data did not provide a complete solution to the above-mentioned research problem. Primary data was therefore collected so as to have information that provided a more reliable solution to the research problem (Nemmers & Myers, 1996:38).

Collecting primary data helped to get data of interest from a first-hand source (i.e. the respondents). This enabled the researcher to better evaluate their attitudes, opinions, knowledge, awareness and the reality of the relationship marketing orientation situation of small textile businesses in the Northwest province (Meier, 1991:120,123).

### **1. 7. 3 Data collection instruments**

Interviews and observation were used as research instruments for obtaining primary data. The interview method involved the direct questioning of respondents. This included telephone interviews as well as personal interviews with respondents. Open-ended questions were used for focus group respondents (Neem, 1996:75 & 76).

Closed questions were used for other respondents. These other respondents were the business owners, customers, and employees. The observation method was used to deal with systematic checking of true and appropriate facts and reactions of respondents, especially where communication was not possible (Helmerich, 1999:16; Kotler & Armstrong, 2001: 144).

The reason for this approach was to gain better insight into the relationship marketing orientation situation of small and medium sized textile retailers in the Northwest province. Guided open-ended questions were used for well-informed and experienced focus group respondents. Closed questionnaires were used for other respondents to avoid tricky, disguised or irrelevant responses due to the sensitive nature of the study. Another reason for closed questionnaires to employees, customers and business owners was to save data processing time and make it easier for respondents to participate.

The communication methods were classified according to the degree to which they were structured or not and by their method of administration. In this case, both structured and unstructured questionnaires were used. The reason for this was that a structured questionnaire provides a well-sequenced, standardised response, which at the same time is easy to analyse (Czinkota & Kotabe, 2001:133).

Unstructured questionnaires were used for sensitive or complex individual questions. The reason for this decision was that the concept of relationship marketing was not common to most of the respondents. A preliminary survey showed that some of the respondents found it complex and confusing.

Unstructured questionnaires allow respondents to respond in their own terms without restricting them. This helped to determine what the respondents' understanding of the relationship marketing orientation concept was at the time of questioning (Smith, 1995:157).

Disguised questions were also used to hide the purpose of the research from the respondent. This was important as the respondents could have been tempted to give socially acceptable responses as the questions related to the security and secrets of their businesses (Churchill, 1995: 292). The nature of the questions could be one of the reasons why some respondents did not complete the questionnaire.

The researcher administered the questionnaires through personal interviews and by using statement questionnaires. The reason for using this combination of data collection methods was that these methods are not mutually exclusive data collection methods and could be used more productively in combination to improve the response rate (Zikmund & d'Amico, 2001: 147).

#### **1. 7. 4 Questionnaire design**

The choice of the questionnaire design was based on the focus of the research. The focus of the research was to measure the attitude of businesses towards the relationship marketing orientation concept, components and its implementation as a base for developing a guideline for successful relationship marketing orientation (Giljam & Granberg, 1993: 348-357). This questionnaire design used both dichotomous and multidichotomous close-ended structured questions in order to reduce the workload and coding effort. Other types of questions and questionnaires were only used when necessary (Dilman, 1995:674-687).

As the focus of this study is on attitude measurement, a scale for the measurement has to be chosen. The four-measure Likert scale was chosen for this questionnaire design. The reason was that the directions of its use were the same as the directions employed to generate scores for this study. The Likert scale also helped to screen out unwanted response to questions in the questionnaires as only four options were given to respondents.

#### **1.7. 5 Sampling procedure**

In this study, small textile to medium sized textile retailers from six selected towns and cities in the Northwest province were treated as the population from which the sample for this study was drawn. The selected cities and towns are Brits, Klerksdorp, Litchenburg, Mafikeng, Potchefstroom and Rustenburg. These cities and towns were chosen firstly in order to have a geographical spread throughout the province. Secondly, these selected cities and towns are the largest centres of economic activities in the province.

Sampling was not done, as the whole population of small and medium sized textile retailers in these cities were investigated. The population frame included tailoring businesses and textile, fabrics, and cloth retailing businesses (retailers, merchants, or distributors) (Miller, 1990: 32; 1996:1,6).

The study interviewed 48 business owners from a population of 61 active small to medium sized textile retailers in the six cities and towns. This population of 61 businesses was constituted by using information from the Potchefstroom City Council, the Bureau of Marketing Research, and Brabys databases. The study interviewed 104 employees and 230 customers as found on the businesses premises at the time that the empirical study was conducted. Approximate of three hours were spent at each business premises. The focus group was used for employees in Potchefstroom only. There were 31 members of the focus group. The focus groups sessions took 4 hours each and there were two sessions. This method was used to reach employees who were not reached by the other means.

### **1.7. 6 Data analysis and interpretation**

The data analysis was done in order to interpret and draw conclusions from the collected data. The data analysis had three stages, i.e. editing, coding, and the analysis and interpretation stage. Descriptive statistical analysis was used due to its detailed nature that provides ample information on the data found.

The analysis started with editing to check out incomplete or unusable responses, omissions, illegibility, and inconsistencies (Lornie, 1998:4). Coding followed after editing in order to establish meaningful categories of the collected responses into usable classifications. To achieve this, a dummy table was used.

The third stage was data analysis and interpretation. This stage comprised two mini-stages, which were the one-way frequency count, and comparison of means of responses of business owners against employees and business owners against customers by means of effect sizes. The one-way frequency count was used to record the response to an individual question. This helped to provide a general picture and interpretation of the study's results (Valeriano, 1992:B1).

After the one-way frequency count, the effect size statistical analysis followed. The latter helped to look at responses to one question in comparison or relation to responses to one or more other questions in order to give a meaningful interpretation of the results. An interpretation of results based on the effect sizes resulted from the analysis. The effect sizes were obtained at by using the formula by Cohen (1988:20-27):

$$\text{Effect sizes } (d) = \frac{\overline{x(i)} - \overline{x(ii)}}{S \text{ Max}}$$

#### WHERE

- $\overline{x(i)} - \overline{x(ii)}$  is the difference between means of two compared groups (i.e. business owners and employees).
- $S \text{ Max}$  is the maximum standard deviation of the two compared groups.
- The effect sizes have been grouped into three categories: (Cohen, 1988)
  - Effect sizes less than 0,5 have no significant effect.

- *Effect sizes from 0,5 – 0,8 have a moderate effect.*
- *Effect sizes greater than 0,8 have a significant effect.*

## **1.8 LIMITATIONS OF THE STUDY**

To measure the meaning of the questions in the questionnaires proved to be a challenge. The questionnaires were used as instruments for the researcher to communicate with the respondents, and therefore the use of language was given important consideration. South Africa has 11 official languages; hence it was a challenge when it came to choosing the languages to be used in the questionnaires. This research was limited to respondents who were able to understand English and/or Afrikaans. It was therefore not possible to cater for the other 9 languages - one of the limitations that the researcher encountered in his research.

The timing of the study may have been significant. The present changes in labour relations, economic and social changes, free trade and globalisation all had an effect on the country during the research period. This might have had some influence on the obtained data. Defensive responses were also considered. Respondents may have had different personal agendas and have subsequently sought to use the questionnaire in order to make their views known. The researcher felt that a deeper and richer understanding of attitudes and perceptions could be extracted if more qualitative data was made available from respondents in the form of interviews.

## **1.9 CHAPTER LAYOUT**

The following is the chapter layout of this study:

- Chapter 1 focuses on the introduction to the entire study.

- Chapter 2 deals with the relationship-marketing orientation awareness and its value.
- Chapter 3 focuses on internal marketing as the corner stone for successful relationship marketing.
- Chapter 4 deals with customer-orientation as a means of achieving a satisfying relationship-marketing orientation with customers.
- Chapter 5 gives the summary, conclusions, and recommendations derived from this study.

## **CHAPTER 2**

### **RELATIONSHIP MARKETING ORIENTATION OF SMALL TO MEDIUM SIZED TEXTILE RETAILERS IN THE NORTHWEST PROVINCE**

#### **2.1 INTRODUCTION**

Relationship marketing is important to businesses as it helps in acquiring, maintaining and developing customers. Relationship marketing is the marketing activity that attracts, maintains and enhances relationships between the business and the customer (Berry, 1983:25). Relationship marketing is a relationship management by creating, developing and maintaining a network in which a firm thrives (Gummesson, 1987:10).

This chapter covers an introduction to the relationship marketing orientation philosophy, reasons for relationship marketing, and problems and criticism facing relationship marketing. Other aspects presented in this chapter include relationship marketing implementation, internal marketing, and the customer orientation concept. This chapter will also discuss the empirical findings related to the relationship marketing orientation of small to medium sized textile retailers in the Northwest province.

#### **2.2 THE THEORETICAL PERSPECTIVE ON THE RELATIONSHIP-MARKETING CONCEPT**

Sheth and Parvatiyar (1995:1) define relationship marketing as an orientation that seeks to develop close interaction with selected customers, suppliers and competitors for value creation through co-operative and collaborative efforts. This definition leads to the realisation that businesses should select profitable business relationships. At the same time one is reminded that not all relationships are profitable. Therefore it is better to establish business

relationships with potentially profitable partners, whether they are customers or channel members.

Morgan and Hunt (1994:22) define relationship marketing as "all marketing activities directed towards establishing, developing and maintaining successful relational exchanges". This definition only set out the ultimate goals of relationship marketing but has not shown what relationship marketing entails.

Some writers like Too, Souchon and Thirkell (2001:290) have tried to address this problem. They put emphasis on dimensions and activities of relationship marketing. These dimensions and activities include focus on customer retention, orientation on product benefits, quality improvement, and high customer service emphasis (i.e. customer orientation). Other dimensions include high customer commitment by the business and high contact with the customer (i.e. customer relationship management).

It is clear that relationship marketing incorporates customer orientation. This is due to the fact that all the above dimensions of relationship marketing are also the features of customer-orientation. Therefore customer-orientation is a prerequisite and a subset of relationship marketing.

Kotler and Armstrong (2001:9, 667-681) indicate that relationship marketing is the process of creating, maintaining and enhancing strong value-laden relationships with customers and other stakeholders. According to this definition, relationship marketing does not end with customers, but with all stakeholders (employees, channel members, stockholders and other stakeholders).

With relationship marketing, obtaining customers and creating transactions are important. More crucially, businesses must engage in maintaining and enhancing the current ongoing relationships that are both close and enduring (Grönroos, 1996:8). In short, relationship marketing represents the genuine

focus-shift by which businesses move away from concentrating on individual sales towards building value-laden relationships with their exchange partners.

These value-laden relationships do not merely focus on satisfying the customer, but go one step further, by also focusing on making that satisfied customer a loyal customer. Customer loyalty is above satisfaction; it is the precedent of customer satisfaction and customer satisfaction is the antecedent of customer loyalty. Relationship marketing is used to build loyalty to the brand a business offers. The higher the loyalty the higher the profit expectation (Betsy, 1995:20).

After the overview of the relationship marketing orientation concept, the following section will deal with the development of relationship marketing.

### **2.2.1 Development of relationship marketing**

Businesses have been facing problems with traditional transactional marketing. One of these problems is poor business-customer relationship. These problems have caused business people to start looking for better ways of doing business. Relationship marketing is one of these solutions, as most businesses nowadays need long-term relationships with customers. Businesses can achieve these long-term relationships through implementing relationship marketing.

Therefore, relationship marketing has become a critical factor to business success as it advocates satisfying long-term and profitable relationships between partners (Zikmund & d'Amico, 2001:8). One of the failures of conventional marketing is the functional boundary. For example, in conventional marketing most business members think that dealing with customers is a marketing department's job only. It is at this point where conventional marketing creates a gap that leads to relationship marketing disorientation.

In addition, relationship marketing advocates that an engineer should take time to see how he could best design the product to delight the customer. The same applies to the accounting department - it should develop credit and payment terms that will best suit the customer while realising a profit for the business (Ostroff & Smith, 1992:22 & 23).

Therefore, in order to have good relations in the market place, businesses will have to adopt the relationship-marketing approach (Williamson & Young, 1994:67). To achieve this, businesses have to apply the business pentagon approach as illustrated in Figure 2.1.

**DIAGRAM 2:1 The business pentagon**

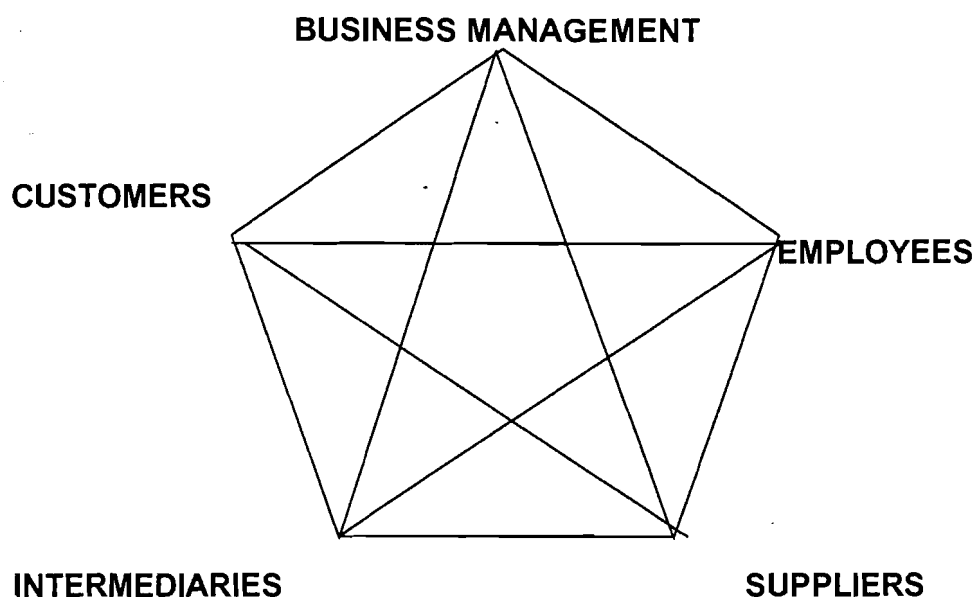


Diagram 2.1 indicates how businesses wishing to be relationship marketing oriented should look like. For a business to succeed in the market depends on five major stakeholders. These stakeholders are:

- The management of the business,
- Employees,
- Suppliers,
- Customers, and

- Intermediaries such as distributors, or credit facility providers such as banks and insurance companies.

The business pentagon or the market place matrix depicts a constant and continuous link between and among the business stakeholders. For example, an employee should be able to have a direct and continuous link with other stakeholders of the business. This means for instance that when there is an issue with a supplier an employee should be able to contact the supplier directly without being hampered by management bureaucracy. This will help to address issues faster and easily without a delay, hence better service to the customer.

### **2.2.2 Forces behind the emergence of relationship marketing**

Aijo (1996:12) has shown that forces such as globalisation, hyper competition and technological innovations have caused a paradigm shift from traditional (transactional) marketing to relationship marketing. Unlimited customer choice and trade and investment liberation have also forced a paradigm shift from traditional marketing to relationship marketing.

In order for a business to transform from traditional marketing to relationship marketing, it must portray higher productivity and incorporate knowledgeable staff in its business endeavours. Businesses also have to portray higher quality and faster responsiveness to customers' needs and wants in order to shift to relationship marketing. Businesses also have to portray other features such as networking, partnering (i.e. alliance formulation), and employee empowerment (Tapscott & Caston, 1993:3-27; Ray, 1992:31 & 32).

### **2.2.3 The goal of relationship marketing**

The goal of relationship marketing is to establish and maintain profitable customer relationships. Grönroos (1996:6) says that establishing and maintaining profitable and healthy customer relationships involve the giving and fulfilling of proper promises to customers and other value chain partners. Promise fulfilment will result in trust between the business and the customer.

Trust is the most critical factor in building committed long-term customer relationships. The reason is that if the customer does not trust a particular business, he cannot go into a committed relationship with that particular business. Without trust no commitment can be achieved. Therefore trust is the basis of building, growing and maintaining beneficial and profitable relationships between businesses and customers. Trust can be achieved by the business delivering reliable promises to its partners (Schurr & Ozanne, 1985:940).

#### **2.2.4 Levels of relationship marketing**

There are three levels of customer relationship marketing. The first level is customer securing, whereby price incentives are used as bait for attracting customers. The second level of relationship marketing is the social aspect. This level is characterised by constant communicating with regular customers or referring to their names during encounters. Level three of relationship marketing deals with the solution to the customer's problem designed into a service delivery system through product augmentation (Berry, 1995:236; Christian, 1997:23).

#### **2.2.5 Levels of relationship marketing in inter-business relationships**

Kotler (1991:7) defines inter-business relationship exchange as the obtaining of a desired product/service from someone by offering something in return. In addition to that, Takala and Uusitalo (1996:48) indicate that different relationships call for different possible types of trading relationships. Therefore, it is important that critical attention is paid to each and every relationship.

Forming a moderate set of strategic trading relationships is also important. It is worthwhile to screen the best relationships that are worth the effort rather than getting into just any business relationship. Unfortunately, Takala and Uusitalo (1996) failed to show how to identify these best relationships.

## **2.2.6 Relationship marketing contingencies**

Relationship marketing contingencies are those factors that influence a business to get into inter-business relationships. There are five contingencies that influence a business into a relationship. These contingencies are: asymmetry, stability, legitimacy, necessity, and reciprocity (Blois, 1996:164). These contingencies are discussed next.

### **2. 2. 6.1 Asymmetry**

Asymmetry is a situation where one business has the ability to exercise influence over the other. In such a situation there is a strong incentive for the submissive business to establish other links that will lessen the ability of the current influencer (Ciccolella, 1998:38). This contingency most of the time rather causes disintegration than integration between partners in the relationship.

### **2.2.6.2 Stability**

Stability is the act of minimising the effects of market environmental factors affecting the business. In this situation, inter-business relationships may develop in order to handle the risk and uncertainties caused by the influence of the business environment. These business environmental factors include politics, economic factors, social-cultural factors, and technological factors (Butz & Goodstein, 1996:66 & 67).

In other words, stability-oriented relationships develop to absorb variability and to provide a steady pattern of resource flow and costs associated with such flows. Thus businesses may enter into a long-term fixed price contract for supplies of which the price has historically fluctuated violently. In such circumstances, the customer is effectively subcontracting the problem (Butz & Goodstein, 1996:66 & 67).

### **2.2.6.3 Legitimacy**

Legitimacy in this case refers to the situation where a business enters into a relationship with another party for the reason of reputation. This situation happens mostly when a business is dealing with reputable companies. This has a psychological connotation that the business is really strong by dealing with such a reputable company. Because of expansion and growth businesses can also find themselves in this relationship marketing contingency (Mogren, 1998:15).

### **2.2.6.4 Necessity**

Necessity occurs when laws and regulations influence the existence of relationships between parties. This contingency is mostly exhibited in free and mixed economies. It may also exist in economies where anti-trust law is prevalent (Anon, 1998:33).

### **2.2.6.5 Reciprocity**

A reciprocal contingency occurs when the loss due to independence is higher than the cost of dependency. Hence businesses choose to enter into business relationships with other partners in order to avoid loss that could be experienced if the business were to operate independently (Ford, 2000:69).

These power struggles negatively affect the relationship ties among business and market channel members as shown by Ellis and Mayer (2001:188). Therefore these businesses should not get into inter-business relationships for the purpose of exercising power but for the reason of building inter-business synergy and co-operation. This will enable businesses to benefit from inter-business relationships.

Inter-business relationships are important because they create good networks. Inter-business relationships and networks are the strategic resources that could potentially be tapped and shaped by the business for its

success. According to Beckett-Camarata, Camarata, & Baker (1998:71), in a global economy, all system members are interdependent on one another. These value-adding system members are also customers to each other. Therefore, no business entity could operate on its own as an island in the modern business world.

Relationship network successes depend on willingness of the businesses involved to create a culture conducive to inter-business co-ordination and co-operation. Relationship network successes also depend on the matching of customer requirements in a particular situation. Morgan and Hunt (1994:22) showed that the solution to this problem of businesses not wanting to be involved in any relationship is commitment to relationship marketing.

### **2.2.7 Relationship drivers between businesses**

Relationships between parties do not just happen. Ford *et al.* (1996:168) have identified six relationship drivers between businesses. These drivers include a revenue driver, value added driver, obeying order driver, relationship driver, network driver, and the teaching and learning driver.

The revenue driver is a situation where participants are driven by short-term financially oriented concerns. The value added driver, of which the main concern may also be financial, incorporates the means of achieving this desired end result, which involves adding extra value via the exchange process. The obeying orders driver refers to an individual's approach based on instructions from above, or standard procedures. With the relationship driver the overriding interest mainly evolves directly around relationship partners.

The teaching and learning driver is a type of relationship driver that comes into action when an inter-organisational relationship provides a vehicle for corporate learning. The network driver is when decisions are thought to be truly strategic. The main interest is focused on the consequences of the business' actions elsewhere in the network and how these will affect the

business' inter-organisational relations. This involves taking into account external phenomena and making decisions that may seek to change the wider network or the business' position within it to the business' advantage (Anon, 1999:11).

### **2.2.8 The relationship-marketing mix**

Palmer (1994:575) holds that in the relationship marketing mix, product mix decisions should aim at adding value to the customer's relationship with the business. Pricing decisions should be seen as the initiating and relationship developing tool. That is to say, price should be used as an incentive to attract a committed relationship from the customer. Promotion should stress the continuing role of promotion as a tool in relationships.

Distribution should pay more attention to strategies that are more effective in developing relationships through the value chain. Sometimes a producer may only be able to develop strong relationships with its customers when dealing with them directly. Marketing research should emphasise the role of information in seeking out and expanding relationships with customers who are identified as being potentially profitable (Susman & Pollock, 1995:77).

### **2.2.9 Criticism on relationship marketing**

Coviello, Brodie and Munro (1997:502) criticise the relationship-marketing concept by viewing it as a "popularised buzzword". The reason is that there is a problem in implementing the relationship marketing orientation philosophy compared to the implementation of other marketing philosophies. Unfortunately, Coviello *et al.* (1997) did not indicate what hampers the implementation of relationship marketing.

Coviello *et al.* (1997) also criticise relationship marketing by seeing it as the top of saturation in the field of marketing. The reason for their argument is that each exchange depends on market conditions (demand and supply) and not on the other party in the value chain. Unfortunately, they have forgotten that

the members of the value chain of that particular market influence the market conditions. These members could be the customers, suppliers, distributors, and other related auxiliary services such as banks or insurance. Therefore this criticism is not valid.

Hunt (1997:2) gives his criticism by pointing out that channel relationships do exist but relational exchanges do not exist. Hunt (1997) continues to argue that sometimes marketing is best handled as transactional marketing, especially for fast-moving consumer goods. Unfortunately, clothing and textile products are not necessarily fast-moving consumer goods. The applicability of this criticism in the textile industry is therefore minimal.

Moreover, Hunt (1997:2) continues to argue that developing relationship marketing is only justified when the cost of undertaking it is exceeded by the advantages or benefits to be realised. Unfortunately Hunt (1997) forgets that this principle also applies to other marketing philosophies. Any marketing activity is only undertaken when the benefits exceed the cost to undertake them. Therefore this is not a viable criticism against the relationship marketing orientation.

Gruen (1995:452), however, critically reminds us that the implementation of relationship marketing can be cumulatively important. He considers loyalty programmes as being highly questionable in relationship building and implementation strategies, as they do not encourage affection, fidelity, or commitment. McGoldrick and Andre (1997:74) and Dowling and Uncles (1997:71) add that loyalty schemes are expensive and mostly short-term in nature. Businesses should therefore be careful of them.

Criticism to relationship marketing has led to most small businesses' lack of interest in a relationship marketing orientation. The reason is that this criticism discourages most small businesses to adhere to the concept because these critics showed that relationship marketing does not work. Sometimes these small businesses take this criticism as among other reasons an excuse for not implementing relationship marketing.

What then, according to these arguments, should be done for relationship marketing? Several factors have to be taken into account. For example, although the critics have given their criticism, unfortunately they have not suggested any alternative solution to the problem. Also, the critics were not specific in their arguments, which would have helped in drawing attention or identifying the specific problems accompanying the concept of relationship marketing and its implementation.

Due to the nature of the criticism it is also appropriate to include the benefits of relationship marketing to businesses, which will be the focus of the next section of this chapter.

### **2.2.10 Benefits of relationship marketing orientation**

Despite all the above criticism, relationship marketing has worthy benefits to both businesses and customers. This section will discuss both the benefits of relationship marketing to business as well as benefits of relationship marketing to customers.

#### **2.2.10.1 Benefits of relationship marketing to businesses**

Reichnel and Sesser (1990:105) assert that relationship marketing helps businesses to boost profits by almost 100% by retaining just 5% of their customers. This assertion relies on the fact that if businesses retain customers, they retain business with those customers. Committed customers have the tendency of increasing their purchases with time. Retaining just 5% of customers can therefore lead to 100% increase in profit. Therefore, retaining customers leads to sales increases, and increased sales lead to increased profits, which is the ultimate goal of every business.

Relationship marketing leads to loyal and committed customers. These loyal customers make more purchases, which lead to more profit to the business

hence business prosperity. Relationship marketing therefore has a snowball effect on business success. Furthermore, by means of relationship marketing employees can be assured of their importance as role players in achieving and sustaining customer satisfaction (Reardon, 1990:379).

Alexander and Colgate (2000:939-944) indicate that relationship marketing gives economic benefits such as:

- Cost-saving;
- Quality offering;
- Good business;
- Long-term business relationships;
- Profitability;
- Uncertainty reduction;
- Business stability; and
- Close customer-business relationships, which can act as a barrier to competitive entries because it keeps a stable and sole base of customers.

Due to these advantages, relationship marketing has become important for business success (Stone, Woodcock, & Wilson, 1996:676).

Relationship marketing implementation creates customer loyalty as indicated by Bloemer and De Ruyter (1998:499). Reichnel and Sasser (1990:105) and Alexander and Colgate (2000:939) argue that businesses could boost profit through implementing relationship marketing. The reason is that nowadays customers need well-built, good, reliable, loyal, and long-term relationships with their suppliers. These can be achieved through a relationship marketing orientation.

Taher, Leigh and French (1996:218) indicate that relationship marketing builds and maintains a loyal body of patterns. Another important aspect of relationship marketing is that it creates value to stakeholders. These values include time saving, quality offers, better delivery, good price, and

personalised offers. Relationship marketing is the basis for developing repeat customers because it places great emphasis on superior offers, which act as a bait to entice customers.

Additionally, the purpose of relationship marketing implementation is not necessarily limited to developing a set of skills only. As discussed by Chonko (1990:142), relationship marketing (partnering) has the advantage of seeking and creating people who can think of new strategies and new ways of making old strategies work. The above argument leads to an inference that to be relationship marketing oriented the business needs to implement relationship marketing.

#### **2.2.10.2 Benefits of relationship marketing to customers**

Customers also benefit from the application of relationship marketing. These benefits include:

- Familiarity, personal recognition, friendship, discounts, money-saving schemes, credit advance, and customised service (offering of tailor-made services) (Disney 1999:491); and
- Potential emotional bonding and creation of customer loyalty (Sheth & Parvatiyar, 1995:398).

#### **2.2.11 How to be relationship marketing oriented**

Relationship marketing can be implemented through:

- The proper implementation of internal marketing (employee) orientation; and
- The implementation of a customer-orientation philosophy.

This is due to the fact that relationship marketing raises the need for customer orientation, and customer orientation raises the need for customer oriented employees, which can be achieved through internal marketing. Without

customer oriented employees there is no customer orientation implementation because they are the ones who have to make it happen (Reuters, 1999:8). If there were no customer-orientation (which leads to customer satisfaction), there will be no relationship marketing. This is because unsatisfied customers will never develop good relationships with the business (Engel et al. 1995:47).

For a business to succeed, it must make efforts to influence its employees to be customer oriented. This can be done through internal marketing implementation (Alexander & Colgate, 2000:939). These two relationship-marketing prerequisites will be discussed fully in chapters 3 and 4 respectively.

### 2.3 EMPIRICAL FINDINGS ON RELATIONSHIP ENDEAVOURS OF SMALL TO MEDIUM SIZED TEXTILE RETAILERS IN THE NORTHWEST PROVINCE.

The questionnaire (Table 2.1 below) was given to business owners specifically for this chapter regarding their endeavours in relationship marketing orientation. The results from this questionnaire are shown in Table 2.2 below.

**Table 2.1 Questionnaire extract to business owners**

Question Number	Statement	Option			
1.2	This business creates, develops and maintains networks with other businesses	1	2	3	4
1.9	We do not have worthwhile or good business relationships	1	2	3	4
2.1	We enter into relationships with other businesses due to the following reasons.	1	2	3	4
	<input type="checkbox"/> To exercise our influence				
2.2	<input type="checkbox"/> To acquire business stability	1	2	3	4
2.3	<input type="checkbox"/> To establish a good relationship	1	2	3	4
2.4	<input type="checkbox"/> For the sake of necessity	1	2	3	4
2.5	<input type="checkbox"/> For reciprocity reasons	1	2	3	4
6.1	To what extent do you agree with the following statements?	1	2	3	4
	<input type="checkbox"/> Loyalty programmes encourage affection and fidelity in customers				
6.4	<input type="checkbox"/> Most businesses show self-seeking intentions in most inter-business partnerships	1	2	3	4
6.5	<input type="checkbox"/> We enter into relationships with other businesses in order to learn from these businesses	1	2	3	4
6.6	<input type="checkbox"/> Lack of experience in inter-business relationships has affected us positively	1	2	3	4

**1 = strongly disagrees    2 = disagree    3 = agree    4 = strongly agree**

The empirical findings indicate that 66% of small to medium sized textile retailers in the Northwest province creates, develops and maintains networks with other businesses (Table 2.2 question 1.2). Unfortunately, 56,82% of

these businesses enter into relationships with other businesses in order to exercise their power as shown in Table 2.2 question 2.1 below.

**Table 2.2 Results of questionnaire extract to business owners**

Question	Frequency	Percent	Cumulative Frequency	Cumulative percent
1.2				
2	14	34.1500	14	34.1500
3	20	48.7800	34	82.9300
4	7	17.0700	41	100.0000
1.9				
1	25	58.14 00	25	58.1400
2	6	13.9500	31	72.0900
3	6	13.9500	37	86.0500
4	6	13.9500	43	100.0000
2.1				
1	6	13.6400	6	13.6400
2	13	29.5500	19	43.1800
3	16	36.3600	35	79.5500
4	9	20.4500	44	100.0000
2.2				
1	4	9.3000	4	9.3000
2	8	18.6000	12	27.9100
3	20	46.5100	32	74.4200
4	11	25.5800	43	100.0000
2.3				
1	3	6.6700	3	6.6700
2	4	8.8900	7	15.5600
3	25	55.5600	32	71.1100
4	13	28.8900	45	100.0000
2.4				
1	4	9.0900	4	9.0900
2	12	27.2700	16	36.3600
3	20	45.4500	36	81.8200
4	8	18.1800	44	100.0000
2.5				
1	4	10.2600	4	10.2600
2	11	28.2100	15	38.4600
3	17	43.5900	32	82.0500
4	7	17.9500	39	100.0000
6.1				
1	2	4.5500	2	4.5500
2	4	9.0900	6	13.6400
3	21	47.7300	27	61.3600
4	17	38.6400	44	100.0000
6.4				
1	2	4.6500	2	4.6500
2	10	23.2600	12	27.9100
3	19	44.1900	31	72.0900
4	12	27.9100	43	100.0000
6.5				
1	3	6.9800	3	6.9800
2	12	27.9100	15	34.8800
3	20	46.5100	35	81.4000
4	8	18.6000	43	100.0000
6.6				
1	5	11.6300	5	11.6300
2	14	32.5600	19	44.1900
3	16	37.2100	35	81.4000
4	8	18.6000	43	100.0000

Entering into a relationship with other businesses in order to exercise power is a wrong motive. In this case more than half of small to medium sized textile

retailers in the Northwest province enter into inter-business relationships with a wrong motive of exercising power over others. This kind of motive is unhealthy for business success. This motive should be discouraged in any inter-business relationships.

In addition to that, 72% of small textile businesses in the Northwest province have indicated that most businesses show self-seeking intentions in most of inter-business relationships as indicated in Table 2.2 question 6.4 above. Self-seeking intentions are not good for proper implementation of relationship marketing because they hinder intended good results of network synergy. It is therefore advisable for these businesses to stop self-seeking intentions if they were to succeed.

Moreover, the empirical study revealed contradictions in the responses from business owners. For example, in question 1.9 Table 2.2 above, 72% of respondents showed that they disagree, i.e. that they do not have worthwhile or good business relationships. Unfortunately, at the same time the majority responded that businesses enter into inter-business relationships in order to exercise influence over others and showing self-seeking intentions. These contradictions are a sign that there is a problem in relationships amongst small textile retailers in the Northwest province.

These findings lead to the inference that relationship marketing of small textile businesses in the Northwest province is poor with regard to the inter-business perspective. This may contribute to small business failure. Therefore, businesses should also note that to use power and ability to condition other members would probably not result in successful relationship marketing as indicated by Morris et al., (1998:369).

It was also observed that commitment to customers is very rare in small and medium sized textile retailers in the Northwest province. When entering some of these businesses, one will notice the following signs "No returns accepted", "Buy with discretion", " No exchanges", or "No credit". These signs are a sure indicator that customer commitment in these businesses is very low compared

to corporate textile retailers that accept credit, returns and exchanges. This could be the reason why most textile customers are good patrons of corporate textile retailers. This situation could be one of the reasons why small and medium sized textile retailers struggle to survive for a longer period of time as shown in Chapter 1 section 1.2.1 (Table 1.2 and Diagram 1.1).

Despite the above discouraging findings, there are some good signs that relationship marketing orientation can be achieved amongst small to medium sized textile retailers in the Northwest province. For instance, some of these small to medium sized textile retailers entered into inter-business relationships with constructive intentions. For example, Table 2.2 indicates that:

- About 72% of small textile businesses enter into inter-business relationships in order to acquire business stability (Question 2. 2).
- About 84% for the reason of establishing good relationship with other businesses (Question 2.3).
- About 64% entered inter-business relationship for the reason of necessity (Question 2.4)
- About 62% entered into inter-business relationship for reciprocity reasons (Question 2.5).
- About 65% enter into inter-business relationship for the purpose of learning from other businesses (Question 6.5).

In addition to that, 56% of small to medium sized textile retailers in the Northwest province showed that their lack of experience in inter-business relationship have affected them positively (Question 6.6). This means that these businesses have learned positively from their inexperienced inter-business relationships, which is a good sign.

This study encourages these small to medium textile retailers in the Northwest province to capitalise on these constructive reasons for entering inter-business relationships. Capitalising on these constructive intentions for inter-business relationships will enable these businesses to prosper due to its synergetic effect.

Contrary to these arguments, Green (1995:452), McGoldrick and Andre (1997:74), and Dowling and Uncles (1997:71) advise businesses against loyalty programmes (section 2.2.11). Some 86% of small textile businesses have shown that loyalty programmes work for them as shown in Table 2.2 question 6.1 above. Respondents in this study showed that loyalty programmes encourage affection and fidelity in customers.

These findings remind us that loyalty programmes have different results depending on the situation, place and the nature of market and industry. In the case of small textile businesses in the Northwest Province, loyalty programmes have shown positive results. Loyalty programmes can therefore be used as part of relationship marketing implementation for small textile businesses in this province.

## **2.4 SUMMARY**

This chapter can be summarised by showing that the role of business in relationship marketing is to work with customers and develop solutions to problems facing the customer. These solutions should benefit both parties (Weitz, Castleberry & Tanner, 1995:G8).

Businesses should move from transactional marketing styles to a relationship-marketing orientation. The reason for this is that the philosophy of relationship marketing is to influence interaction between the business and customers. One of the strategies for developing interactive relationship marketing is through internal marketing and customer-orientation.

One important aspect is that knowing relationship-marketing theories without implementing them will never help business. Proper implementation of the relationship-marketing orientation concept is the key to relationship-marketing success. Relationship-marketing implementation is also a key to open doors for business success. Therefore, businesses are urged to implement relationship marketing if they want to succeed.

This chapter has identified the prerequisites for relationship marketing orientation. These prerequisites are internal marketing and customer-orientation. This is due to the fact that relationship marketing raises the need for customer orientation, and customer orientation raises the need for customer-oriented employees, which can be achieved through internal marketing.

Without customer oriented employees, there is no customer orientation implementation because they are the ones who have to make it happen (Reuters, 1999:8). If there were no customer orientation (which leads to customer satisfaction), there will be no relationship marketing because unsatisfied customers will never develop good relationships with the business (Engel et al., 1995: 47).

For a business to succeed, it must make efforts to influence its employees to be customer-oriented. This can be done through internal marketing implementation (Alexander & Colgate, 2000:939). It also has to be noted that these three main elements of relationship marketing can be carried out simultaneously, as depicted in Diagram 2.2 below.

**DIAGRAM 2.2: The simultaneous nature of relationship-marketing elements**

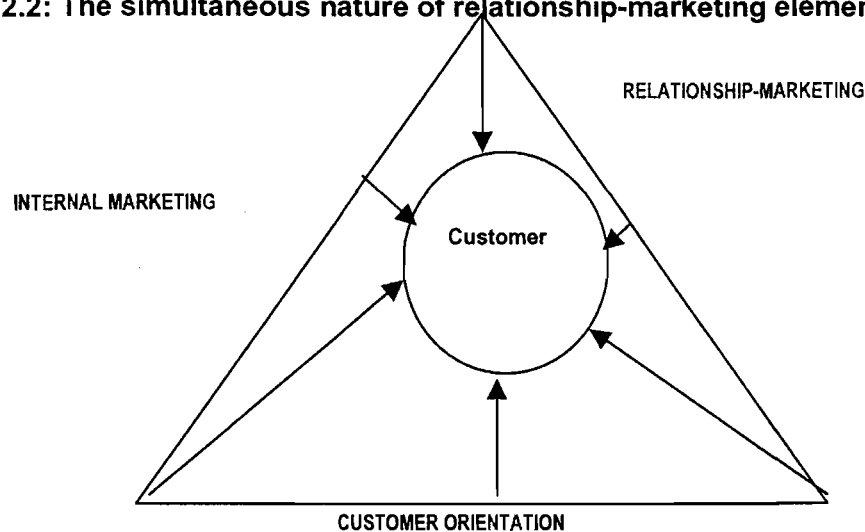
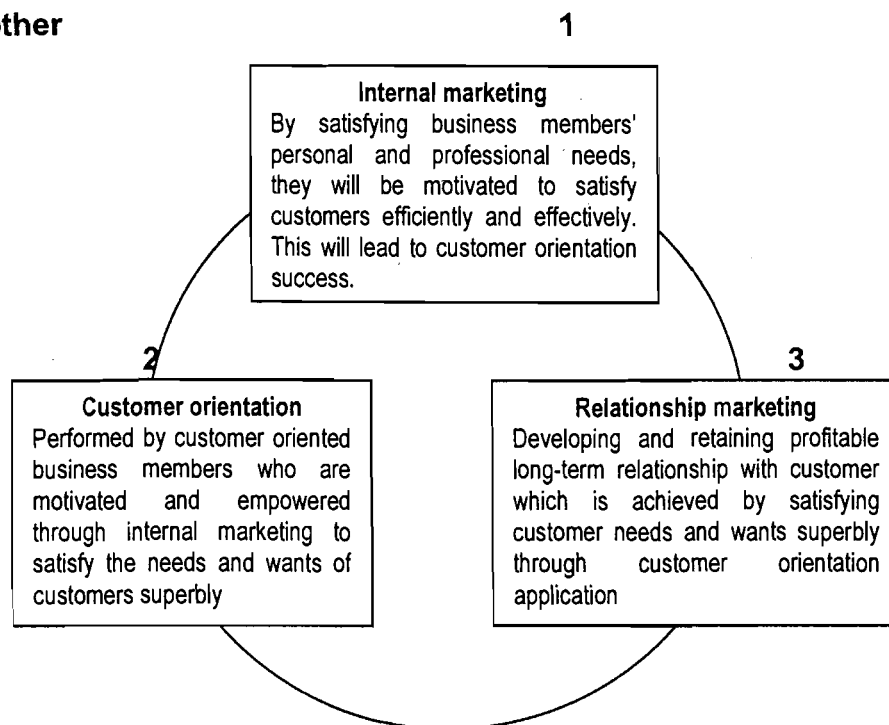


Diagram 2.2 summarises the simultaneous interrelationship amongst elements of relationship marketing. This means that every activity between and among the three elements of relationship marketing has to focus on

customer satisfaction. This diagram also shows the simultaneous nature of the elements of relationship marketing orientation. The relationship amongst these elements is a continuous two-way traffic with feed-forward and feedback activities.

Diagram 2.3 below shows the influence of each element of relationship marketing on the other. This diagram helps one to clearly understand why these elements are very important to each other. It also explains how internal marketing and customer-orientation are very important prerequisites for successful implementation of the relationship marketing orientation.

**DIAGRAM 2.3 The influence of each element of relationship marketing on each other**



In the next chapter, Chapter three, internal marketing will be discussed. In this chapter the features of internal marketing oriented businesses, criticism to internal marketing and benefits of internal marketing will be discussed. Other areas that will be discussed include problems affecting successful implementation of internal marketing and effective implementation of internal marketing.

## **CHAPTER 3**

### **INTERNAL MARKETING ORIENTATION OF SMALL TO MEDIUM SIZED TEXTILE RETAILERS IN THE NORTHWEST PROVINCE**

#### **3.1 INTRODUCTION**

Internal marketing entails treating employees as customers and developing systems and benefits that satisfy their needs (Lamb et al., 2000:383). Berry and Parasuraman (1991:151) define internal marketing as attracting, developing, motivating, and retaining qualified employees through job products that satisfy their needs.

This chapter is divided into four sections. After the introduction, section 3.2 gives a theoretical perspective of internal marketing. Section 3.3 reports the empirical findings from the study with regard to internal marketing. Section 3.4 will present the summary for the chapter.

#### **3. 2 THEORETICAL PERSPECTIVE OF INTERNAL MARKETING ORIENTATION**

With internal marketing employees are treated the way external customers are treated. This requires the business owner to know his employees' professional and personal needs and wants and to provide ways to meet those needs. An employee should be treated as an internal customer, who, after being satisfied, will be willing to buy into the business' vision and mission (McDowell, 1993:D1).

Internal marketing is the pivot of a relationship marketing strategy. In this case the employee is the customer and the job is the product. In essence, internal marketing involves creating a good business climate in general, and good job products in particular. Internal marketing leads to staff performing better. Internal marketing encourages the internal market (i.e. employees) to perform. When internal customers perform well to external customers, the

likelihood of external customers continuing to buy from the business increases (Gilly & Wolfinberger, 1998:19).

Internal marketing is the aspect of marketing that concentrates on internal communication and motivation of harnessing and focusing human resources to meet the objective of a sound marketing plan and overall business objectives (Mercer, 1998:94). The point is that employees should be marketed to in exactly the same way as external customers are. It should be noted that the notion of internal marketing includes all internal stakeholders of the business and not only employees (Radder, 1998:278).

Internal marketing poses special challenges because it deals with processes rather than things, with performance more than with physical objects, as it resembles the features of service marketing (Lovelock, 1992:17). Therefore the execution of internal marketing is also regarded as a moment of truth in business encounters.

The level of achievement of internal marketing execution will determine the success or failure of the business at large (Carlton, 1991:425). Businesses should be aware that they are defined in terms of the way in which the employees behave towards customers, which is a reflection of how employees are treated by management internally (Cannon, 1997:24).

### **3.2.1 Features of internal marketing-oriented businesses**

Rafiq and Ahmed (2000:453) indicate that being an employee-oriented business is one of the features of an internal marketing oriented business. A business that is employee oriented sees employees as the number one asset of the business.

The following are the features of an internal marketing-oriented business:

- Creating an enabling culture;
- Practising participative hiring;

- Ensuring equitable recognition and reward;
- Demonstrating fairness during hard times; and
- A learning organisation.

### **3.2.1.1 Creating an enabling culture**

An enabling culture refers to employee empowerment by management. It is done when employees are allowed to be creative, innovative, to take initiative, and to be responsible for their own decisions and actions. Businesses should be careful here though, because employee enabling should be within permissible boundaries. This means that empowerment should not be beyond what is appropriate; otherwise the activities could lead to unwanted results (Jaworski & Kohli, 1993:56).

### **3.2.1.2 Practicing participative hiring**

Participative hiring refers to businesses involving current employees in the process of hiring new employees. The reason for this is that current employees have experience and first-hand knowledge of such characteristics required of a person to fit into a certain job (Tyson, 1995:171-174; Rosen, 1995:166; and Noe, Hollenbeck, Gerhart, & Wright 2000:164).

### **3.2.1.3 Ensuring equitable recognition and reward**

Equitable recognition calls for businesses to exercise employee achievement recognition with rewards equal to what an employee has achieved. Any discrepancy in recognition and rewarding will cause de-motivation instead of the intended motivation. Equitable recognition is very important as it makes an employee feel valued for what he or she has contributed to the business. It also makes an employee feel fairly treated hence he or she is encouraged to perform better (Lynch, 2000:817).

#### **3.2.1.4 Demonstrating fairness during hard times**

It is the fair treatment of employees when they are faced with dilemmas such as redundancies, seasonal retrenchments and other labour related problems. This can be done by setting aside emergency funds, encouraging employees to buy shares from the company during good times. Moreover, this can be done by arranging outsourcing services from former employees of the business. Sharing jobs, and shorter work shifts can help an employee during such hard times. Fair disciplinary actions should also be strictly followed if the business were to demonstrate fairness.

#### **3. 2.1. 5 Learning organisation**

Another prerequisite or factor that strongly contributes to successful internal marketing is that the business has to be a learning organisation. A learning organisation is that business or organisation that promotes systematic thinking and a learning culture amongst business members. A learning culture helps employees and the business to be successful in its internal marketing endeavours (Watkins & Mowsick, 1993:xii; Keegan, Moriarty & Duncan, 1992:386). In addition to that there are other key elements of internal marketing, which include communication, motivational training and human resource skills development (Quester & Kelly, 1999:218).

#### **3.2.1.6 Good organisational structure**

A good organisational structure is a type of organisational structure that promotes learning, total quality management (TQM), and re-engineering. Under good organisational structure, the motivation and reward are based on customer profitability, account penetration, and customer retention (Burns, 1989:349).

### **3.2.1.7 Supportive culture**

A supportive culture is the norm that encourages positive contribution to businesses by the management. Internal marketing orientation requires a supportive culture within business to reach its maximum potential. Therefore without a supportive culture in the business, internal marketing orientation cannot be realised. To realise the success of internal marketing implementation, businesses need the existence of a supportive culture within their structures (Jacob, 1994:24). Internal marketing is used to motivate internal customers (employees) to develop and implement relationship marketing strategies (Anon, 1990:22).

Not all people are in favour of the internal marketing concept. In the next section some criticism of internal marketing will be offered.

### **3.2.2 Criticism against internal marketing**

Rafiq and Ahmed (2000:449) have shown that there is a great deal of confusion in the literature as to exactly what internal marketing is. This confusion has led to difficulties in the implementation and adoption of the philosophy. McLeod, Iverson and Bittingreg (1995:1,2 & 13) and Eving and Carceana (1999:18) say there is some confusion on the difference between good human resource management and internal marketing, as both aim at job satisfaction.

In connection with internal marketing, Rafiq and Ahmed (1993:219) put forward a number of potential problems facing internal marketing orientation:

- Firstly, unlike the external marketing situation, the “product” that employees are sold may in fact not be wanted by them or may even possess a negative utility.
- Secondly, employees are unlikely to have a choice in the product that they can select.

- Thirdly, due to the contractual nature of employment, employees may be coerced into accepting “products” (concepts, ideas, policies, visions or philosophies) with which they do not identify or are not in favour of.
- Fourthly, and lastly, the financial cost of having satisfied employees could be considerable.

Some comments from the focus group indicated that internal marketing involves employee development, which is good. However, these developed employees are snatched by big businesses, which could pay them more than the small business could. Therefore, internal marketing is a risky undertaking for small businesses, as the risk of big companies snatching away the developed employees from small businesses is high. In addition to that, more comments indicate that most small business employees are not well educated (trained) and less skilled. It would therefore be quite expensive to develop them to a certain level or standard considering the financial strength of most small businesses.

The solution to these points of criticism is to regard human resource management and internal marketing as complementary methods of enhancing the performance of a business (Bateson, 1991:270; Rafiq & Ahmed, 1993: 222). Therefore the best human resource practice and internal marketing orientation should be practised hand in hand with each other.

Despite the above criticism on internal marketing, the internal marketing advocates have come up with reasons why internal marketing is important to small businesses. These reasons are discussed in the next section of this chapter.

### **3.2.3 Internal marketing benefits**

Internal marketing encourages the internal market (i.e. employees) to perform better. When internal customers perform well, the likelihood of external customers continuing to buy from the business increases (Gilly & Wolfenberger

1998:19). Internal marketing empowers employees and gives them accountability and responsibility, and hence employees experience a feeling of being appreciated, honoured and trusted. This motivates them to be more efficient and effective. This can be achieved through written and verbal appreciation and recognition of employees' contribution to the business.

Internal marketing also creates common understanding of the business organisation, as it is built through communication, training, motivational training and human resource skills development (Quester & Kelly, 1999:218), and hence better co-operation in the business.

Internal marketing can be used as a convincing tool to make employees buy into ideas, concepts, the vision, mission and objectives of the business. It encourages employees to offer superb service to clients by appreciating their valuable contributions to the success of the business. Internal marketing certainly paves the way for obtaining, developing, motivating and retaining skilled and energised staff who in turn deliver high quality service to external customers hence more sales and increased profits (Czaplewski, Ferguson & Milliman, 2001:14). Internal marketing helps non-marketing staff to learn and be able to perform their tasks in a marketing-like manner.

Internal marketing enhances relationship marketing because it creates common understanding of issues in the business entity (Barnes & Morris, 2000:474). McLeod *et al.* (1995:2) argue that internal marketing is a pre-condition for effective relationship marketing. Due to this reason internal marketing has become important for the success that a small business would wish to attain. Internal marketing improves employee retention and individual employee development as indicated by Frost and Kumar (2000:360).

Internal marketing is important for business prosperity, leading to satisfied employees as it places emphasis on treating employees the way external customers are treated. Satisfied employees lead to satisfied customers. Satisfied customers in turn repeatedly buy more. More sales lead to more profit, and more profit leads to more growth and prosperity for the business

(Varey & Lewis, 1999:928). Internal marketing creates a market-driven culture among employees (Gombeski, 1998:43).

Internal marketing reduces employee turnover and its related high cost, such as extra costs in recruitment, selection, and employee development (Taylor & Cosenza, 1997:12). Internal marketing reduces turnover due to the fact that it integrates a business' culture, structure, human resource management, vision and strategy with the employee's professional and social needs in mind (Taylor & Cosenza, 1997:3-5).

With internal marketing, employee performance standards will rise and become more consumer-responsive, as internal marketing allows creativity and empowerment of employees (Bagley, Woods & Glater, 1994:2).

External responsiveness requires internal co-ordination across these areas. This internal co-ordination can only be achieved through internal marketing because internal marketing creates good co-ordination and co-operation among departments of the business (Cespedes, 1992:62). If a business were unsuccessful at satisfying its internal customers, how could it hope to be successful at satisfying its external customers?

Internal marketing is used to boost staff spirit because it advocates employee empowerment. Empowerment, in turn, increases an employee's productivity. (Du Gray, 1996:8; Du Gray & Salaman, 1992:622).

These internal marketing benefits and advantages could be missed by some small businesses due to some problems. These problems are discussed in the following section of this chapter.

### **3. 2.4 Problems affecting successful implementation of internal marketing**

Thomson and Luthans (1990:328-337) found that managerial incompetence in interpersonal, technical and conceptual skills are some of the stumbling

blocks against successful internal marketing. Lack of teamwork, poor employee-job fit, and lack of perceived control also result in internal marketing failure. Role conflict, role ambiguity and sheer negligence with regard to the importance of internal marketing also hinder internal marketing success.

Other stumbling blocks include resistance to change, poor understanding of the internal marketing concept, and poor implementation of the same. In addition to that, individual conflict and conflict between departments make the internal marketing success very hard (McKenna, 1992:160).

Rigid organisational culture and structure also hinder the success of internal marketing. This is due to the fact that the success of internal marketing is highly influenced by a business' flexibility as indicated by Smythle, Dorward and Rebacle (1992:16 & 43).

Rhodes (2001:87) also argues that mistakes such as not listening to subordinate employees and not communicating ideas and intentions to employees hinder the success of internal marketing orientation. The tendency of ignoring employees' importance and stifling creative and talented individuals cause internal marketing orientation in businesses to fail (Abrahamson, 1997:496). This might be among the reasons why the majority of small businesses struggle to succeed. For a small business to succeed it needs creative people who can develop creative solutions and strategies for business success.

Another problem facing the success of internal marketing is the business owner who regards employees as any other tool or equipment belonging to the business and not as the business' most valuable resource (Sargeant & Asif, 1998:71). It should also be noted that most businesses fail at internal marketing because they do not appreciate the importance of commitment to internal marketing. Unnecessary protection of information against employees is another barrier to successful internal marketing orientation (Nucifora, 1996:28).

Senge, Ross, Smith and Kleiner (1994:4a) have listed some useful suggestions towards solving the internal marketing-related problems as mentioned above. They suggest that the above issues be addressed through sharing the business' vision, mission and objectives. This can be done through participative leadership, whereby management and employees formulate and implement business objectives and strategies together. Schroeder (1995:240) adds that, for internal marketing to be a success, bureaucratic management should stop. He also suggests that space for the expression of feelings should emerge at the work place if the business wants to be internal marketing oriented.

To ensure the success of internal marketing, management should use ethnographic research to "get inside employees' heads", thus preventing premature death of the internal marketing orientation (Fornier, Dobscha & Mick, 1998:50). Moreover, employees should be treated as customers because by treating them like customers they will feel valued. The valued employees will feel inclined to display a positive attitude towards their business entity and will therefore remain loyal to the business (Varey, 1995:46). Businesses should also be aware that product satisfaction (job satisfaction) means life satisfaction to employees (Fornier *et al.* 1998:50; David, West & Ribbens, 1994:21).

Understanding the problems above goes only halfway towards meeting the possible solutions to such problems. What remains to be done is the effective and efficient implementation of the suggested solutions. The next section of this chapter will deal with the effective implementation of internal marketing.

### **3.2.5 The effective implementation of internal marketing**

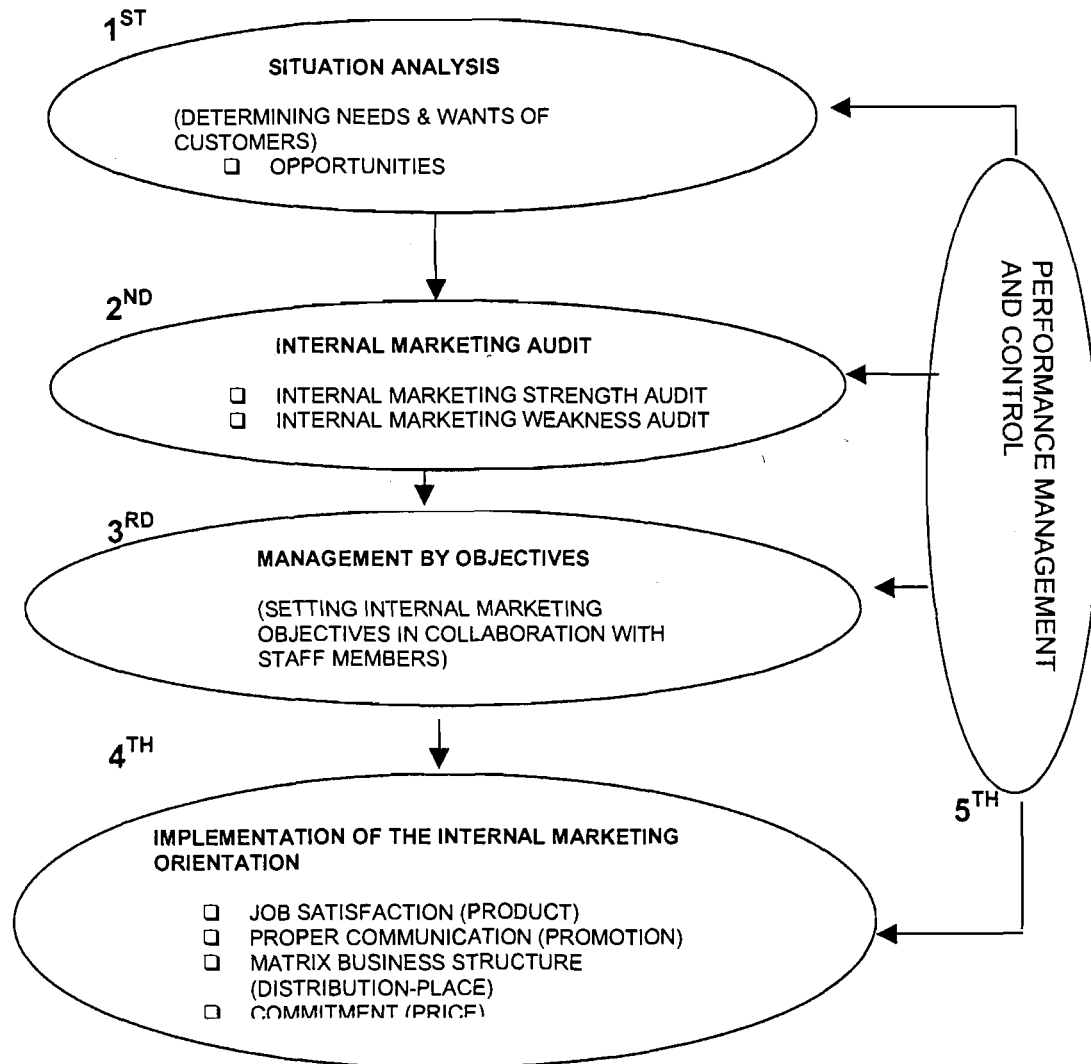
The following steps for effective internal marketing implementation can be identified:

- Situation analysis (needs, wants, of customers - market research);
- Internal marketing audit;

- Management by objectives (MBO);
- Implementation of internal marketing orientation; and
- Performance management and control.

These stages are presented diagrammatically in diagram 3.1 below and subsequently discussed.

**DIAGRAM 3.1 Internal marketing orientation process**



### 3.2.5.1 Situation analysis

Before a business allows itself to implement internal marketing, it needs to conduct an analysis of factors that influence its internal marketing implementation process. This can be addressed by conducting internal

marketing research. Here businesses should consider internal focus-group surveys that focus on the general population of the business entity. The reason for focus-group surveys is that most employees are scared of other types of surveys for the sake of their job security as observed in the study (Nucifora, 1996:26 & 27).

Internal focus group participants, moderated by outside facilitators, as well as a guarantee of strict confidentiality, would be advisable. This qualitative diagnostic technique is guaranteed to unearth latent concerns and discontent. This focus-group technique provides effective feedback in the development of new corporate programmes (Nucifora, 1996).

### **3.2.5.2 Internal marketing audit**

Harvey, Lush and Carvarkapo (1996:175) advise that before a business starts implementing internal marketing, it needs to conduct an internal marketing audit. An internal marketing audit is a comprehensive, systematic, and independent examination of the business' environment (internal and external), objectives, strategies and activities to identify problem areas and opportunities and to develop strategies for improving the situation.

In addition to that, businesses must be able to answer the following questions affirmatively (Rhodes, 2001:83):

- Do all employees know their job?
- Are managers capable and are they the first to market ideas, creativity, policies and change to employees?
- Do employees understand the vision and mission of the business?
- Are they empowered and actually contributing to the business' success?
- Are employees provided with basic occupational needs? Does the business culture create a natural marketing environment?

After the internal marketing audit, the business can start running its internal marketing activities (internal marketing orientation process). This is the process of analysing marketing opportunities, selecting target markets, developing an internal marketing mix, and managing the internal marketing effort (McKee, 1993:10).

### **3.2.5.3 Management by objectives (MBO)**

After the internal marketing audit has been done and the questions above answered, Reardon (1990:380) suggests that management should encourage employees to define for themselves their role in the business. Management should encourage employees to establish their own strategies to achieve the set business goals efficiently and effectively.

There are different ways of effectively implementing internal marketing; one of them is MBO (Smit & Cronje, 1999:110-111). This concept advocates that business owners and employees (internal customers) in collaboration draw up realistic and measurable objectives and strategies to be achieved, and indicate how, when, where and by whom each and all of these will be conducted / executed.

The MBO concept emphasises proper planning, that is to say, a plan should be realistic, measurable and implemental. MBO also advocates that objectives that have been set should be measurable so that progress can be effectively assessed. The objective should be operational so that it can be practically and properly implemented. Objectives should be specific, in order to eradicate ambiguities in implementing the internal marketing concept.

Objectives should be achievable. If the set objectives were not achievable, those who are supposed to perform will feel discouraged and hesitant to try. Lastly, objectives should be distinctive. This means that the objectives set should not be a duplicate of other objectives because duplication of objectives could lead to confusion and waste of resources such as time, money, and energy (Barret, 1999:62).

### **3.2.5.4 Implementation**

Internal marketing implementation can be achieved by identifying and satisfying employees' professional and social needs. Internal marketing can also be achieved by effectively marketing various concepts or ideas and visions to members of the business. In addition to that, internal marketing can be achieved through proper recruitment, selection and training of employees with regard to the business' vision, mission, and strategy (Quinn, & Byron, 1999:70 & 75).

At this stage the business has to adopt external marketing strategies in order to acquire, develop and retain employees as internal customers. In this regard the business will need to acquire the employees' acceptance that they are a very valuable resource for the success of the business (Peppers, 1995:76).

The most effective way of a proper implementation of internal marketing is the internal marketing mix. The internal marketing mix refers to the set of controllable tactical marketing tools – product, price, place and promotion. These tactical marketing tools are to be blended by the business to produce the response it wants in the internal target market (Kotler & Armstrong, 2001:67).

With internal marketing, product refers to the offer the business makes to employees. Price in the context of internal marketing refers to the sacrificial cost of buying-in employees to what the business is offering them in satisfying their professional and individual needs and wants. Place (distribution) refers to business activities that make the sold concept available to the targeted internal customers (Kotler & Armstrong, 2001).

Internal marketing promotion refers to activities that communicate the concept / idea and persuade the target market to buy it. These promotional tools may include internal advertising, replacing newsletters with sophisticated e-mail announcements or skilfully produced video messages. Instead of jargon-laden memos, businesses may consider personalised letters conveying the

appropriate corporate message. This personalised letter should be sent directly to employees' home addresses, where employees will receive the message with a more receptive frame of mind. It is also a great way to involve the rest of the family in his/her professional and personal life (Van Watershoot & Van den Bulte, 1992:83).

In order to retain employees, businesses should be able to understand what particular needs of an employee have to be satisfied, and then find the best way to satisfy those needs. In order to identify an employee's particular needs, it could be of help to answer the following questions (Frank, 1994:5):

- What is the internal customer really buying?
- What specific and special benefits do they seek?
- How well do our competitors meet the internal customer's needs?

To effectively implement the internal marketing process, businesses need to apply marketing promotion strategies. With internal marketing promotion, the emphasis is placed on integrated marketing communications as indicated by King (2001:38). One reason for emphasising integrated marketing communication is that through communication the employee can be informed and educated on ideas, professional and social needs, and other related issues.

Integrated internal marketing communication is necessary if better internal marketing results were to be realised. Integrated internal marketing communication refers to carefully integrated and co-ordinated communication channels to deliver a clear, consistent and compelling message to the internal market (i.e. employees) (Shultz, Tannenbaum & Leuterborn, 1992:11, 17).

Internal integrated marketing communication tactics include motivation, training (education), information (internal integrated communication), and employee persuasion (Gombeski, 1998:43). In this respect businesses can use e-mails, personalised letters instead of memos, internal videos, postcards for employees' anniversaries, birthdays, and get-together functions (Cooper &

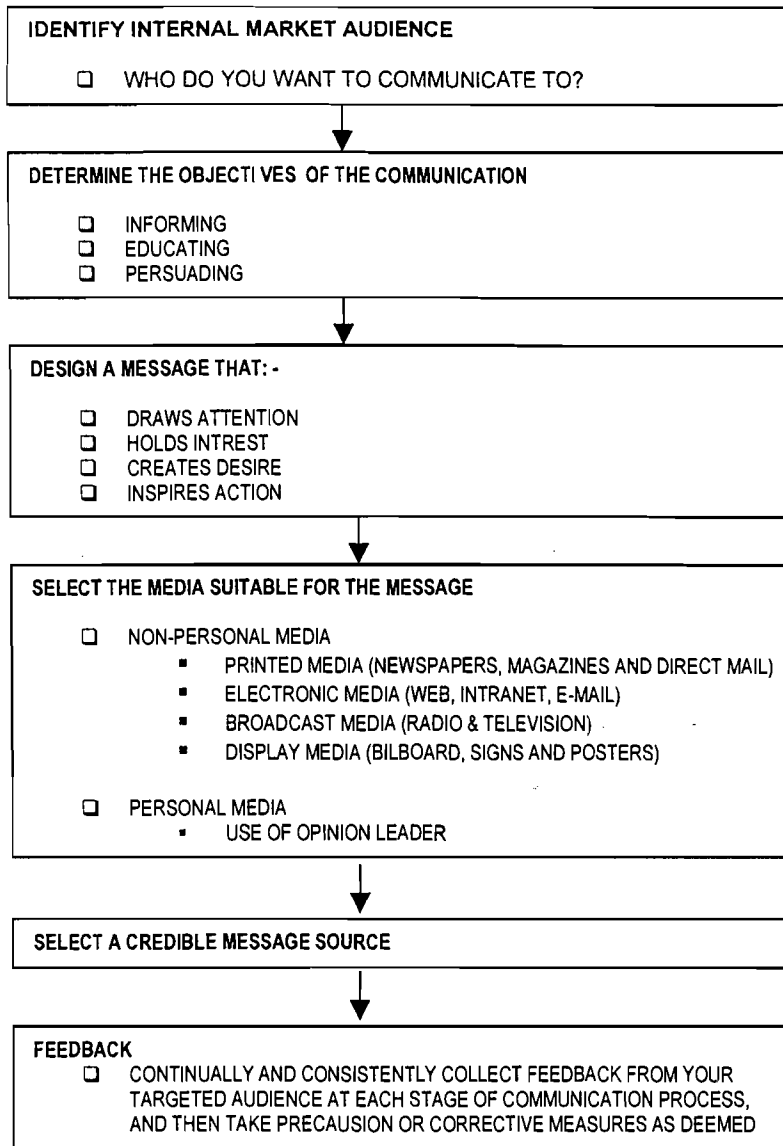
Cronin, 2000:177). Integrated internal marketing communication strategies should correspond with external integrated marketing communication strategies. When internal customers are treated like external customers, they feel good and hence they become more loyal and desire to identify themselves with the business.

#### **3.2.5.4.1 Steps in implementing effective integrated internal marketing communication**

As depicted in Diagram 3.2, in order to implement integrated internal marketing communication, the business must:

- Identify its internal market target audience to communicate with;
- The business has to determine the objectives of its communication to its internal target market (Kaydo, 1997:95);
- Design a message that will draw attention, hold interest, create a desire and inspire action (according to the AIDA model) (Beaty, 1999:B16);
- Choose the media through which to send the message. Personal-opinion leaders, non-personal printed media (newspaper, magazines, direct mail), broadcast media (radio and television), display media (billboard, signs and posters) and online media (web, intranet, e-mail) can be used in this respect (Lippart, 1999:42); and
- Select the message source to its internal target market segment. Lastly, collect feedback from the recipients of the internal marketing message who are the internal market (employees). Feedback is important because it is used as the control measure of all the communication processes to its internal target market (Weber, 1997:144-46).

**DIAGRAM 3.2: Effective internal integrated marketing communication implementation process**



Gonring (1994:45-48) suggests that it is wise for the business to have an integrated communication mix for its internal marketing. The reason is that there is no one communication media or process that is exclusively more suitable than any other. All communication media and sources mentioned above present some weaknesses and strengths. In order to neutralise weak points and boost stronger points, it is advisable to have an integrated communication mix.

Chynn (1999:36) suggests that integrated internal marketing communication should be simple, direct, and accurate. The reason for this is that simple communication is easily understood and therefore accepted. Employees are therefore likely to yield to it. Direct communication, in contrast with indirect communication, reduces the possibility of message distraction. Messages that are passed along from one point to the other are inclined to lose some of its original meaning, because there is always the risk of having something omitted or added. Accurate communication reduces ambiguities that may cause misunderstanding that is likely to result in a poor or even wrong response from the intended internal market audience.

Businesses should be aware that communication media, source, audience, message, and objective must be compatible with one another. Compatibility enables the smooth running of the communication process in hand, and hence greater success can be expected. The desired compatibility can be accomplished by testing the communication, information, knowledge and experience of communication strategies to internal marketing (Kline & Saunders, 1993:72).

#### **3.2.5.4.2 Internal communication problems**

One problem in executing internal marketing communication is the lack of sensitivity of management on what and how they communicate with their internal market (employees) audience. This includes long dull meetings, boring self-serving management newsletters, and unattractive notice board announcements or memos (Nucifora, 2000:47). Communication skills are very important for executing an internal marketing communication process (Reeves, Forde, Casteel & Lynas, 1998:185-196).

Internal marketing communication should include critical business messages to all members. These critical business messages include information on corporate image, market positioning, corporate values, and business offers information. Successful delivery of internal marketing communication requires

a strong coalition among marketing, operations, finance, and human resource functions of the business (Kaye, 1999:13).

### **3.2.5.5 Good leadership as a managerial competence needed for successful internal marketing**

Good leadership refers to the ability of a leader (business owner) to influence its followers (employees) to achieve certain goals or objectives willingly. The business has to be in the position to influence the employees to achieve different goals willingly and not coercively. Good leadership can be achieved by business owners themselves being examples in striving to achieve the objectives and goals set. Business owners should be participant leaders. This can be achieved by exhibiting commitment, discipline, zeal and consulting their employees (Massnick, 1997:103).

In addition, the following internal marketing tactics can also be implemented. These tactics include employee recognition and a meaningful vision that provides purpose and meaning to the workplace. Other tactics include competing for more talented employees, preparing and offering employees the required skills and knowledge needed to perform better through empowerment (Mc Dowell, 1993:D1).

Teamwork, flexibility, internal marketing research and proper rewarding systems are important if a business wants to be internal marketing oriented (Kotler & Armstrong, 2001:219; Czaplewski *et al.* 2001:14). Motivational incentives and proper knowledge of internal customers are also prerequisites for successful internal marketing (Shellenberger, 1997:B1).

#### **3.2.5.5.1 Internal marketing oriented employee acquisition**

The best businesses recruit an employee with a customer in mind. They do not recruit to fill an opening but to add value to the company as well as to the employees' experience. They know the importance of managing their employees (human capital) as an asset and not as cost. In the best

businesses employees would be recruited to maximise employee retention and not otherwise. In the more successful businesses the question would rather be: "What am I offering this person besides money?" (Sullivan, 2001:18).

#### **3.2.5.5.2 Internal marketing oriented employee retention**

Lanterborn (1999:11) argues that employee recognition, competitive employee review, and employee-customer visits are some of the employee retention strategies. Other employee retention strategies include internal customer defect-solving and proper incentive systems.

#### **3.2.5.5.3 Employee recognition**

Employee recognition is the appreciation of employee contribution to the success of the business. By means of recognition the employee will associate himself/herself with the business and become loyal to the business. Hence a lower employee turnover will follow as well as higher productivity and a higher level of employee commitment to the business (Carrel, Elbert, Hatfield, Grobler, Marx, & Van der Schyf, 1998:95).

#### **3.2.5.5.4 A series of competitive reviews with employees**

The business should together with employees do an analysis on employees' strengths, weaknesses, opportunities and threats in the marketplace where it operates. Doing the analysis with employees helps them to have insight into the larger picture of the business and the market situation facing the business. This enables employees to understand what, when and why they should do something and will help employees to see the reality of their impact on the business and its environment (Nash & Nash, 2000:45).

### **3.2.5.5.5 Visits to customers where the business' product is used**

Businesses can arrange for their employees to visit customers' premises, allowing them the opportunity to know how important their contribution to other businesses as well to their own business is. This will help employees to understand why they are so important. They will come away better equipped with a positive attitude about themselves and their business entity (Lamb et al., 2000:138).

### **3.2.5.5.6 Solving internal customer defect**

When an employee defects, the business should find out why and what could be done to prevent more employee loss (Estell, 1999:72) Caution should be taken by businesses to make employees feel that they are part of the solution and not part of the problem. Before using professional researchers, businesses should use their employees to determine what the problem is or could be, and then move on to consulting professional researchers. This will help to get insightful tips on the problem. Businesses must be able to interpret signs and symptoms of problem occurrences, so that proactive measures could be taken rather than reactive measures. Reactive measures could cause disastrous outcomes.

## **3.3 Empirical findings on the internal marketing orientation of small to medium sized textile retailers in the Northwest province**

The questionnaire extract (Table 3.1 below) was given to business owners and employees specifically with regard to internal marketing orientation. The results from this questionnaire are shown in Table 3. 2 below.

**Table 3.1 Questionnaire extract given to businesses owners and employees regarding internal marketing orientation**

**1 = strongly disagrees 2 = disagree 3 = agree 4 = strongly agree**

Question Number	Statement	Options			
1.4	All departments are working in collaboration with customer focus in mind	1	2	3	4
1.5	Knowledgeable staff are incorporated in business decisions and activities	1	2	3	4
7.1	In this business strict management principles are applied	1	2	3	4
7.2	This business seeks people who can think of new strategies	1	2	3	4
9.1	Our business has a culture of supporting its staff	1	2	3	4
9.2	Staff are treated the way an external customer is treated	1	2	3	4
9.3	This business is successfully satisfying customers' needs and wants	1	2	3	4
9.5	Staff learning is highly promoted in this business	1	2	3	4
11.1	Staff are marketed to in the same way as external customers are	1	2	3	4
11.2	Staff is the number one asset of our business	1	2	3	4
12.1	Management creates an enabling culture for creativity of staff	1	2	3	4
12.2	This business involves current staff in the process of appointing new staff	1	2	3	4
12.3	This business exercises staff achievement recognition and reward	1	2	3	4
12.4	Fair disciplinary action is strictly followed in this business	1	2	3	4
12.5	Management encourages a learning culture in this business	1	2	3	4
12.6	Cost of satisfying employees is considerable in this business	1	2	3	4
12.7	Staff are given responsibility and accountability for their respective work areas	1	2	3	4
12.8	Management practise participative management with staff	1	2	3	4
13.1	Management markets the vision of the business to staff	1	2	3	4
13.2	Management designs messages that draw attention, hold interest, create desire, and inspire staff action	1	2	3	4
13.3	Management communication to staff lacks proper understanding of reality as experienced by staff	1	2	3	4
13.4	Management develops and trains the staff	1	2	3	4
13.5	Management collaborates with staff to draw up strategies, plans and objectives	1	2	3	4
13.6	Management consults staff in their leadership style	1	2	3	4
13.7	We have a two-way channel of communication within the business	1	2	3	4
14.1	Management recruits staff without customer needs and wants in mind	1	2	3	4
14.2	Management usually appreciates staff's contribution to our business success	1	2	3	4
14.3	Management usually do performance appraisal in our business	1	2	3	4
14.4	Management arranges for staff to visit our customers	1	2	3	4
14.5	Management makes staff a part of problems and not a part of solutions	1	2	3	4
14.6	Management aggressively competes for talented staff	1	2	3	4

Results from the above questions were divided into three main groups of effect sizes. The first group consists of results with effect sizes less than 0,5 (Table 3.2). This group has insignificant practical significance. The second group comprises results with effect sizes above 0,5 and less than 0,8 (Table 3.3). This group has moderate effect sizes and is of moderate practical significance. The third group comprises questions that have results with effect

sizes from 0,8 and above (Table 3.4). This group indicates differences between business owners and employees that have practical significance.

These effect sizes were calculated using the formula by Cohen (1988) below.

$$\text{Effect sizes } (d) = \frac{\overline{x(i)} - \overline{x(ii)}}{S \text{ Max}}$$

WHERE:

1.  $\overline{x(i)} - \overline{x(ii)}$  is the difference between means of two compared groups (i.e. business owners and employees).
2.  $S \text{ Max}$  is the maximum standard deviation of the two compared groups.

**Table 3.2 Questions that have effect size results less than 0,5 (No practical significance)**

Question Number	Statement	Mean	Standard Deviation	Effect size
1.4	All departments are working in collaboration with customer focus in mind	0.2019	0.9018	0.2238
1.5	Knowledgeable staff are incorporated in business decisions and activities	0.4362	0.8931	0.4885
7.1	In this business strict management principles are applied	0.1818	0.9031	0.2013
9.3	This business is successfully satisfying customers' needs and wants	0.2633	0.8693	0.3028
9.5	Staff learning is highly promoted in this business	0.3124	0.8317	0.3756
12.2	This business involves current staff in the process of appointing new staff	0.3904	0.9144	0.4269
12.3	This business exercises staff achievement recognition and reward	0.1365	0.8257	0.1653
12.4	Fair disciplinary action is strictly followed in this business	0.3885	0.9255	0.4197
12.5	Management encourages a learning culture in this business	0.3809	0.8365	0.4553
12.6	Cost of satisfying employees is considerable in this business	0.3450	0.8654	0.3986
13.1	Management markets the vision of the business to staff	0.4369	0.9287	0.4704
13.2	Management designs messages that draw attention, hold interest, create desire, and inspire staff's action	0.2596	0.8826	0.2859
13.3	Management communication to staff lacks proper understanding of reality as experienced by staff	0.3810	1.1081	0.3438
14.1	Management recruits staff without customer needs and wants in mind	0.2710	1.1951	0.2267
14.3	Management usually does performance appraisal in our business	0.1635	0.7574	0.2158
14.4	Management arranges for staff to visit our customers	0.3999	1.1104	0.3601
14.5	Management makes staff a part of problems and not a part of solutions	0.4810	1.0185	0.4626
14.6	Management aggressively competes for talented staff	0.2660	0.8533	0.3117

**Table 3.3 Questions that have effect size results from 0,5 but less than 0,8 (Moderate significance)**

Question Number	Statement	Mean	Standard Deviation	Effect size
7.2	This business seeks people who can think of new strategies	0.5787	1.0412	0.5558
9.1	Our business has a culture of supporting its staff	0.6209	0.9561	0.6494
11.1	Staff are marketed to in the same way as external customers are	0.3866	1.0306	0.5378
11.2	Staff is the number one asset of our business	0.4907	0.9124	0.5378
12.1	Management creates an enabling culture for creativity of staff	0.4596	0.8125	0.5656
12.7	Staff are given responsibility and accountability for their respective work areas	0.5167	0.9164	0.5638
12.8	Management practise participative management with staff	0.4722	0.9218	0.5122
13.4	Management develops and trains the staff	0.5607	0.8859	0.6329
13.5	Management collaborates with staff to draw up strategies, plans and objectives	0.5885	0.9913	0.5936
13.6	Management consults staff in their leadership style	0.7022	0.9661	0.7268
14.2	Management usually appreciates staff's contribution to our business success	0.5583	0.7518	0.7426

**Table 3.4 Questions that have effect size results from 0,8 and above (Larger practical significant)**

Question Number	Statement	Mean	Standard Deviation	Effect size
9.2	Staff are treated the way an external customer is treated	0.8820	1.0308	0.8556
13.7	We have a two- way channel of communication within the business	0.7846	0.9754	0.8043

The main focus of discussion on result findings will be based on the second and third groups of questions that have effect sizes between 0,5 and 0,8 (moderate effect size) and those with effect sizes from 0,8 and above (Table 3.2 and Table 3.4).

These groups were chosen for discussion due to the fact that effect sizes from 0,5 and above have significant difference in mean responses of business owners and employees (Cohen, 1988:20-27). Therefore it is important to discuss these areas of concern with small to medium sized textile retailers in the Northwest province.

### **3.3.1 Areas of concern that have effect sizes between 0.5 and 0.8 with regard to internal marketing orientation - Table 3.3**

Empirically it has been shown that most of small to medium sized textile retailers do not seek people who can think of new strategies as per question

7.2 Table 3.3. This may be one of the reasons why most of small to medium sized textile retailers fail in their endeavours. Therefore this study encourages these businesses to seek people who think of new strategies. The reason for this advice is that strategists are very important for business success, as they are capable of coming up with strategies that work.

Small to medium sized textile retailers employees in the Northwest province are not marketed to in the same way as external customers are (see question 11.1). This study encourages these textile retailers to market to their employees the same way external customers are marketed to. The reason for this reasoning is that when employees are marketed to the same way as to external customers they will respond positively towards the business.

Empirically it has been shown that most of small to medium sized textile retailers in the Northwest province do not cultivate a supportive culture in their businesses as per question 9.1 table 3.3. This study advises these retailers to adopt a supportive culture as it encourages positive contribution to businesses by management. Internal marketing orientation requires a supportive culture within business to reach its maximum potential. Therefore without a supportive culture in the business, internal marketing orientation cannot be realised. To realise the success of internal marketing implementation, businesses need the existence of a supportive culture within their structures.

A business that is employee oriented sees employees as the number one asset of the business. Small to medium sized textile retailers in the Northwest province are not employee oriented, as they do not regard employees as their number one asset of their businesses as indicated empirically (See question 11.2 Table 3.3).

Small to medium textile retailers in the Northwest province does not engage themselves in practicing an enabling culture towards their employees. This is shown in empirical findings as per question 12.1 Table 3.3. Therefore it is the advice of this study that theses retailers should adopt an enabling culture as it facilitate employee empowerment. Enabling culture can be achieved when

employees are allowed to be creative, innovative, to take initiative, and to be responsible for their own decisions and actions. These retailers should be careful here though, because employee enabling should be within permissible boundaries. This means that empowerment should not be beyond what is appropriate; otherwise the activities could lead to unwanted results.

Most of small to medium sized textile retailers in the Northwest province staff are not given responsibility and accountability in their respective work areas as shown empirically on question 12.7 in Table 3.3. This could be the reason for alienation between employees and employers. To address this problem it is advisable for these businesses to give responsibility and accountability to their employees. This will help to manage employee performance well.

Small to medium sized textile retailers in the Northwest province do not practice participative management, leadership and hiring with its staff as per empirical findings on questions 12.8, 13.5 and 13.6 in Table 3.3. It is good for these businesses to practice participative management because such practice creates confidence, a sense of belonging and employee loyalty to the business.

Empirically it has been revealed that management of small to medium sized textile retailers in the Northwest province do not develop and train their employees. This could be the cause for employee incompetence, hence poor performance. Therefore this study advises small to medium sized textile retailers to develop and train their employees in order for these employees to be competent and perform successfully.

Empirically it has been shown that the management of small to medium sized textile retailers in the Northwest province do not appreciate and recognise employees' contribution to their businesses as per question 14.2 table 3.3. This study therefore advises these textile retailers to practice equitable recognition to their employees' contribution. Equitable recognition calls for businesses to exercise employee achievement recognition with rewards equal to what an employee has achieved. Any discrepancy in recognition and

rewarding will cause de-motivation instead of the intended motivation. Equitable recognition is very important as it makes an employee feel valued for what he or she has contributed to the business. It also makes an employee feel fairly treated hence he or she is encouraged to perform better.

According to these results, this study encourages small textile businesses in the Northwest province to improve the above-mentioned areas. Improvement in the above areas of concern could help these businesses to achieve more profit, growth and long-term survival and therefore success. Improvement in these areas can be achieved by implementing internal marketing as shown in section 3.2.5 of this chapter.

### **3.3.2 Areas of concern that have effect sizes above 0,8 with regard to internal marketing orientation -Table 3.4**

The empirical study shows that there is a significant difference in opinion between business owners and employees on the issue of whether the employees are treated in the same way that external customers are treated. This difference has the effect size of 0,8556 as shown in Table 3.4 question 9.2.

Therefore, it is better for these businesses to re-examine the way they treat their employees. Re-examination of employee treatment will help to make internal marketing orientation a success in these businesses as suggested in the above paragraph. The reason for this advice is that if employees were not well treated and have a good relationship with management it would be difficult for them to treat their customers well and develop beneficial relationship with customers.

More improvement is needed in internal communication for small to medium sized textile retailers in the Northwest province. The basis for this suggestion is the findings that show that the communication aspect in these businesses has the effect of 0,8043 (Table 3.4 question13.7). This effect size is

significant. Therefore it is important for effective and efficient two-way integrated internal marketing communication to be implemented.

To address these problems, this research advises small to medium textile retailers in the Northwest province try to acquire the features of internal marketing oriented business as discussed in section 3.2.1. In addition to that it is also suggested that these small businesses may adopt effective implementation of internal marketing as indicated in section 3.2.5.

### **3. 4 SUMMARY**

In this chapter certain aspects of internal marketing in small businesses were reviewed. One of the findings of the study was that internal marketing as a concept is not fully understood by the management of most of the small businesses. Business management needs to understand the professional and social needs of employees. In this chapter it was also emphasised that every individual in a business entity should view his or her colleagues as internal customers.

In order to achieve successful internal marketing, integrated internal marketing communication is important. To remain successful, businesses should continue with internal marketing research. This will help businesses to obtain the internal market intelligence in respect of internal market requirements. Businesses should also create a meaningful two-way channel of communication within businesses. Poor communication leads to misunderstandings, hence conflicts, which lead to business failure.

In addition to that, businesses should recruit, select and develop suitable employees in order to be successful in internal marketing. Moreover, small businesses should adopt supportive management styles that encourage the development and motivation of staff. Internal marketing is essential for business success as it attracts, develops, motivates and retains qualified employees.

The best internal marketing-oriented businesses aggressively compete for talented employees, offering a vision that brings purpose and meaning to the workplace (business place). They equip their people with skills and knowledge to perform excellently (empowerment), and then give employees freedom to excel (individual development). They motivate team play yet motivate individual achievement through measurement and rewards. Internal marketing-oriented businesses base their job design decisions on research. Internal marketing-oriented businesses also have a core belief in human (employee) potential. Internal marketing builds an achievement culture among the business members (Berry & Parasuraman, 1992:25).

At the least, employees need clear communication regarding how their contribution fits into the chain to the customer. Employees also need the recognition that they can contribute to external customer satisfaction (customer orientation). Employees need clean evidence that such a contribution would be rewarded in a variety of ways relevant to the employees (Reardon, 1990:379).

Creativity, flexibility, perseverance, commitment and proper implementation of internal marketing are crucial for success in small businesses. Doyle and Roth (1992:61) point out that staff should be trained to apply trust-building skills in order to enhance good relationships with customers (internal marketing – employee orientation). Staff should be encouraged to live trustworthy lives - professionally as well as socially. This will create credibility to the business both socially as well as professionally.

Note should be taken that dissatisfied staff cannot build satisfying relationships with customers. It is likely that dissatisfied staff will defect to other jobs before being able to build meaningful long-term relationships with customers. Such an employee turnover will cost the business time, money, and effort to recruit new people and start afresh to orientate them into relationship marketing (Reuters, 1999:8).

This chapter discussed one of the relationship-marketing prerequisites, namely internal marketing. Chapter four, which is the next chapter, discusses the second prerequisite for successful relationship marketing. This second prerequisite is customer orientation. Chapter four will deal with customer orientation prerequisites for relationship marketing.

## **CHAPTER 4**

### **CUSTOMER ORIENTATION OF SMALL TO MEDIUM SIZED TEXTILE RETAILERS IN THE NORTHWEST PROVINCE**

#### **4.1 INTRODUCTION**

Customer orientation is the competence whereby a business can provide superior offers to customers, outweighing the offers made by its competitors. Customer orientation clearly states that businesses should understand customers' expectations, needs and wants, and fulfil them effectively and efficiently. In other words, customer orientation is regarded as the art of doing business with a customer focus in mind. Focus on the customer helps the business to successfully satisfy its customers' needs and wants (Engel et al., 1995:47)

In this chapter the issue of how businesses could best implement customer orientation in order to enhance relationship marketing will be discussed. This discussion will also include some customer orientation related issues in order to have a good grasp of the relationship between customer orientation, internal marketing and relationship marketing. The discussion will begin by showing why customer orientation is important to relationship marketing and to businesses. Customer orientation tactics and the empirical findings in relation to customer orientation of small to medium sized textile retailers in the Northwest province will also be discussed.

#### **4.2 FEATURES OF A CUSTOMER-ORIENTED BUSINESS**

Customer oriented businesses have features that are beneficial to both the business and the customer. These features include long-term customer relationships, all business members' involvement, good networking, and continuous improvement. Other beneficial features include tailor-made marketing towards the target market, a customer-centred mission statement,

turning a seller's view of the market into a buyer's point of view and the presence of customer-seller intimacy.

#### **4. 2.1 Long-term customer relationship**

According to Butz and Goodstein (1996:63) a customer-oriented business is able to form a long-term relationship bond with its customers. A customer oriented business therefore creates beneficial long-term business-customer relationships. Long-term customer relationships can only be achieved and maintained when a customer orientation is present. A customer orientated business encourages customers to engage in long-term relationships with the business.

#### **4.2.2 Involvement of all business members**

Another feature of a customer oriented business is that it enables every member of the business to interact and develop relationships with customers by satisfying customers' needs and wants. Customer orientation is no longer the duty of the marketing department in such a business. It is the duty of every member of the business (Kotler, 1999:20), giving other members of the business an opportunity to serve customers.

#### **4.2.3 Good networking with other members of the value chain**

A customer oriented business has a good network with other businesses and its customers. A business with a good network creates partnerships amongst businesses in order to gain a competitive advantage in the market. By having partners in the business, the business reduces the adverse effects of competitors to the business. This type of business becomes better off because it has a joined network, which makes it more competitive than what it would have been when competing on its own (Kanter, 1998:8).

By partnering, the business makes allies of competitors or potential competitors. Competition is reduced and the business' competitiveness is

strengthened due to the alliance formed by the partnering. Moreover, a business with good networking and good collaborative partnerships enjoys the benefit of strong strategic alliances such as marketing alliances (Vladamanis, 1999:3B).

#### **4.2.4 Continuous improvement**

Another feature of a customer oriented business is the presence of continuous improvement of business' offers to customers. This is due to the fact that in order to be customer oriented, businesses need to satisfy continuously changing customer demands. In order to satisfy these continuously changing demands of customers, businesses need to continuously improve their offers to match these demands (Gabor, 1999:40-43).

#### **4.2.5 Tailor- made marketing towards the target market**

Another feature of a customer oriented business is a careful tailoring of marketing efforts to its target market, smart targeting and powerful positioning (Wise, 1999:15-19). Tailor-made marketing is a business marketing strategy whereby customers are served according to their specific needs and wants. Customers that are specifically catered to according to their needs mostly become loyal to the business. Tailor-made marketing is a feature indicating that the business is serious with its target market (Wise, 1999:15-19). In addition to that, a feature of a customer oriented business is the wisdom of having a specific market segment that it could serve better, as it is not possible for a business to be able to serve the whole market.

#### **4.2.6 A customer-centred mission statement**

The customer-oriented mission statement is another feature of a customer oriented business. A market-oriented mission statement defines businesses in terms of satisfying the basic needs of customers with excellence. A customer oriented business mission statement states its purpose, which is to satisfy customer needs effectively and efficiently. Satisfying the customer effectively

and efficiently brings about good relationships between the business and the customer, hence relationship marketing (Rigby, 1998:56-58).

#### **4.2.7. Turning the seller's view of the market into a buyer's point of view of the market**

Lanterborn (1999:11) adds another feature of customer oriented business by indicating that a customer oriented business turns the sellers' view of the market into the buyers' view of the market. This view is very critical for successful relationship marketing. The four Ps of the marketing mix (product, price, place and promotion) lead to the four Cs (customer solution, customer cost, convenience and communication) as depicted in Table 4. 1.

**Table 4.1 The four Ps and the four Cs of marketing**

<b>4Ps</b>		<b>4Cs</b>
Product	For	Customer solution
Price	For	Customer cost
Place	For	Convenience
Promotion	For	Communication

(Source: Lanterborne, 1999:11)

From the above table it can be derived that the product offered should be able to solve the problem that the customer is encountering. Price should be reasonable in such a way that the customer should not perceive the particular product as costly. Therefore, reasonable pricing is encouraged in order to attract customers. Product possessing cost relief programmes can be used here. These programmes may include warrants, guarantees, and exchange and returns acceptance (Lanterborne, 1999:11).

In respect of place or distribution, businesses should try to do their best to create convenience to customers in terms of operating hours, proximity to customers, vending and delivery services to customers. Promotion should

communicate to customers in order to inform and educate customers about the products and services a business is offering. Promotion should also be used to persuade and influence customers' patronage to the business (Lanterborne, 1999:11).

The above arguments reinforce the fact that the product should provide a solution to the customer. Price should reduce the cost of possessing the product to the customer. Distribution should provide convenience to the customer by having convenient operating hours, easy accessibility of the product or service in question, and reliable availability. Promotion should communicate the offer to the customer in a clear and understandable way.

#### **4.2.8 The presence of customer-seller intimacy**

The final feature of a customer oriented business is the presence of an intimate relationship between customers and business members. This refers to the closeness, collaboration, trust and openness developed between the two parties through the implementation of customer orientation principles and tactics. These tactics as discussed in section 4.4 below include price incentives, direct mail and preferential treatment. Other tactics include interpersonal communication and an appropriate delivery system of the offer (Berry, 1995:241; and De Wulf, Schroder & Iacobucci, 2001:35).

Intimacy helps the partners to know and understand each other better. The better the business understands its customers, the higher the possibility of relating and serving the customer better. This results in committed long-term relationships between the parties (Tracy & Wiersema, 1993:84).

#### **4.3 Reasons for customer orientation as a success tool for relationship marketing orientation**

Customer orientation is important for successful relationship marketing. Customer orientation helps to determine the needs and wants of a target market's customers and delivering the desired satisfaction more effectively

than competitors (Kotler & Armstrong, 2001:18). Customer-orientation makes customers satisfied. These satisfied customers easily develop good relationships with the business in question. Hence relationship marketing.

This means that relationship marketing can be achieved through the implementation of customer orientation. However, to operate as a customer-oriented business, does not mean that a business should try to give *all* customers *everything* they want. The businesses should obtain a balance between maximising customer value and making a profit for the business.

It is important for the business owner to take initiatives to instil customer orientation among employees. This can be done by instilling a customer orientation philosophy among employees. By being customer oriented, the employee will be able to satisfy the customer's needs beyond the customer's expectations. Satisfied customers become loyal to the business and develop a committed collaborative relationship with the business. This will enhance easy implementation of a relationship marketing orientation, leading to more sales, more profit, long-term survival and growth for the business. To be customer-oriented serves a good purpose because the end result leads to the above-mentioned benefits to the business (Wood, 2000:1-2).

The reason is that customer orientation aims at satisfying customer needs and wants effectively and efficiently. Satisfied customers develop trust, loyalty, and commitment towards the business in question. Trust, commitment, and loyalty, which is achieved through customer orientation, is essential for building a marketing relationship with customers. Customers do not develop successful relationships with a business in the absence of trust between the two parties (Heery, 1993: 284-294).

Edgett and Parkinson (1993:19) indicate that customer orientation helps employees to offer quality, authenticity and flexibility in the employee-customer interaction. This leads to a good relationship between the two parties. This happens because customer orientation influences and empowers

employees to be committed and dedicated to effectively and efficiently meeting the high demands of customers.

Relationship marketing is about forging long-term committed relationships with the customer. One of the ways of forging such long-term committed relationships with customers is to satisfy the customer effectively and efficiently. This can only be achieved through the application of a customer orientation. Businesses cannot achieve relationship marketing goals if they are not customer oriented (Robinson, 1999:177).

Adding value effectively for customers will create a good relationship between the customer and the supplier. Creating a good relationship is one of the prerequisites for relationship marketing. Because customer orientation creates good customer relationships, it should be a prerequisite for relationship marketing (Robinson, 1999:177). The true value of customer orientation lies in its implementation.

Launching and practising customer orientation in a business on a daily basis is not without negative factors that can affect its existence and success. Kwaku and Singh (1998:387) identified market dynamism, innovation and competitive intensity as factors that affect the pace and implementation of customer orientation.

Kwaku and Singh (1998:387) continue by indicating that the more dynamic the market, the harder the implementation of customer orientation. This is because market dynamism causes frequent and abrupt changes in the market conditions hence it becomes difficult to predict and adapt to these dynamic market changes.

With regard to innovation, Kwaku and Singh (1998:387) add that the more innovative the business, the higher the success in implementing a customer orientation process. The reason for this is that innovation helps a business to obtain a competitive advantage. Innovation helps a business to create better solutions for its customers. In addition to that, innovation is an indication that a

business cares for its customers and is concerned with the new trends in customers' needs and wants. Therefore, innovation is one of the tools for a successful customer orientation.

With regard to competitive intensity, Kwaku and Singh (1998:387) argue that customer orientation tends to be intensified. If a business do not intensify its customer orientation strategies, it will lose its customers much more quickly than when there is no intense competition. Business should note that losing its customers means losing business, and to lose business means failure for that particular business.

Besides these factors affecting customer orientation, there are also barriers that affect its success. These barriers are according to Nielsen, Bukh and Mol (2000:278):

- Lack of a sense of ownership of the customer orientation concept;
- Poor, unreliable and incorrect information about customers and the customer orientation concept;
- Lack of resources (human resources, physical resources such as equipment, and financial resources);
- Lack of support from top management due to managerial incompetence;
- Lack of interest in customer orientation due to misconception of the customer orientation concept; and
- Conflict between departments, which makes it difficult for people to cooperate. Customer orientation cannot be achieved in the midst of conflict. For customer orientation to succeed, synergy and not entropy is needed.

According to Stauss (1996:62) and Schlossberg (1993:5,8) it is possible to overcome these barriers by implementing customer orientation in more detail by using specific tools. These tools include:

- Proper determination of customer expectations. This can be achieved through marketing research;
- Strategic customer relationship management. This can be done by applying customer orientation tactics as discussed in section 4.4 below; and
- Commitment to customers. This can be achieved by applying internal marketing principles as discussed in Chapter 3. Integrated internal marketing communication can also be used to address this lack of commitment.

#### 4.4 CUSTOMER ORIENTATION TACTICS

Customer orientation tactics are those tactics used to attract, delight and retain the customer. The success of customer orientation tactics depends on the success of the internal marketing orientation, as external customer orientation has to be done by internal customers (the employees).

There are five customer orientation tactics. These tactics are divided into three levels: level one, level two and level three (Berry, 1995:241; and De Wulf *et al.*, 2001:35). These tactics are illustrated and discussed below (see Table 4.2 and Diagram 4.1)

**Table 4.2 Tactics and levels of customer orientation**

<b>Activity</b>	<b>Tactic</b>	<b>Level</b>
1.	Price incentive	Level one
2.	Direct mail	Level two
3.	Preferential treatment	
4.	Interpersonal communication	
5.	Delivery system of the offer <ul style="list-style-type: none"> <li>□ Core offer</li> <li>□ Customising the offer</li> <li>□ Offer augmentation</li> </ul>	level three

These tactics and levels of customer orientation are discussed and summarised in Diagram 4.1 below.

**Diagram 4.1 Levels of customer orientation**

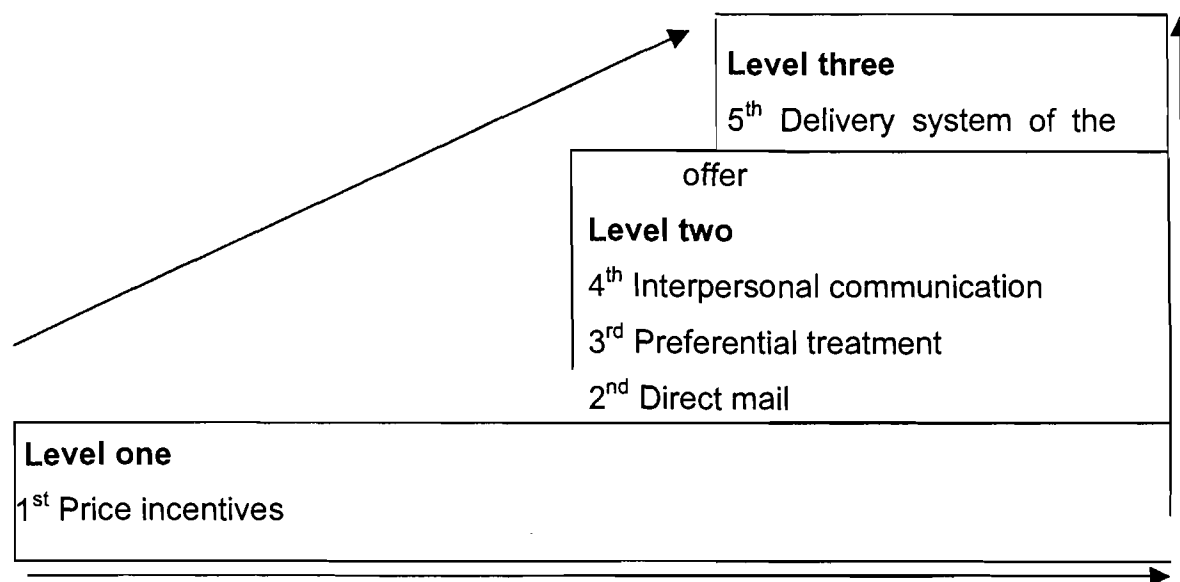


Diagram 4.1 above illustrates that each stage of customer orientation is a base for the higher level of customer orientation achievement. In this case price incentives are regarded as a starting point and a base upon which other levels of customer orientation can be built. Delivery of an offer is the highest level of customer orientation tactics. This level is also important because customers develop relationships with businesses that deliver their offers effectively and efficiently. These levels to a large extent depend on the success of the previous level of tactics.

#### **4.4.1 Price incentives**

Price incentive is a process of using competitive prices as the way to attract customers. Price incentive tactics is the first tactic of customer orientation and relationship marketing. The purpose of this tactic is to secure customer loyalty also referred to as relationship marketing. It is the weakest and lowest level of customer orientation and relationship marketing because competitors can imitate the price incentive strategy (Czinkota & Kotabe, 2001:481). The

objective of a relationship price incentive is to encourage customer loyalty (Davey, 1999:202).

#### **4.4.2 Direct mail**

Direct mail is the process or utility that a business uses to inform and communicate with its customers. It is a fact that business-customer communication increases the probability of discovering behaviours that generate rewards. Direct mail encourages a feeling of trust, special status and closeness because it shows direct personal attention to the customer (Stone, Woodcock & Machtynger, 2000:169).

For good results of customer orientation and relationship marketing, direct communication media can be considered the best option. Direct communication media allow the targeting of specific groups such as regular versus non-regular customers. Mass communication media, on the other hand, would not allow specific targeting. Another reason to stick to direct mail is that other types of direct communication media are not as frequently used as direct mail. Direct mail is a stronger precursor of consumer perceptions of customer orientation and relationship marketing investment. Therefore, a higher perceived level of direct mail leads to a higher perceived level of relationship-marketing investment (Hwang, 1999:7).

#### **4.4.3 Preferential treatment**

Preferential treatment is the priority treatment that the regular customer is given over and above the non-regular customer (Sheth & Parvatiyar, 1995:264). Higher preferential treatment leads to a higher level of committed customer-seller relationship, which is the essence of business prosperity. Preferential treatment also helps to build customer loyalty. This is due to the fact that most of the time customers become loyal patrons to businesses that give them preferential treatment.

#### **4.4.4 Interpersonal communication**

Interpersonal communication is the extent to which the business interacts with its regular customers in a warm and personal way. Interpersonal communication refers to the personal touch in communication between the business and its customers. Interpersonal communication is a prime motivator for some customers to visit or to continue engaging themselves with the business. This kindles in the customer feelings of familiarity, friendship, and social support (Evans, Kristiansen, Gill & James, 1996:208).

Personal recognition such as the use of the customer's name and engaging in friendly conversation is very important. Exhibiting personal warmth is one way of interpersonal communication between the business and the customer (Evans *et al.*, 1996:208).

#### **4.4.5 Delivery system of an offer**

The delivery system of an offer refers to the way the business delivers its offers to customers. This delivery system has three elements - the core offer, offer customisation and offer augmentation. These elements are discussed next.

##### **4.4.5.1 The core offer**

The core offer is that part of a total product offer that is characterised by its ability to meet the needs of a customer. The core product offer strategy helps to cement the business and the customer through quality, multiple parts, and durability. The core offer strategy provides the base for selling the additional services over time. Core offer strategies are directed toward the central rather than peripheral needs of the market targeted (Rap & Collins, 1994:14 & 15).

#### **4.4.5.2 Customising the offer**

Customising the offer refers to custom-fitting the service to the customer's particular requirements. If the customer receives customised service, it is likely that he/she will not leave the business for another supplier (Miller, 1999:23). Customising an offer acts as the starting point for differentiating a business' total offer to other business offers. Customising of an offer also differentiates a customer oriented business from a customer disoriented business.

#### **4.4.5.3 Offer augmentation**

Another customer orientation and relationship-marketing strategy is service augmentation. This involves building "extras" into the core offer in order to differentiate it from competing offers. For meaningful augmentation of an offer, the business should offer extras that are beneficial and not readily available from its competitors. In addition to that, the customer must value the extras (Lovelock, 1992:17).

### **4.5 Empirical findings on customer orientation of small to medium sized textile retailers in the northwest province**

The questionnaire extract (Table 4.3 below) was given to business owners and customers with regard to customer orientation. The effect size results from this questionnaire are shown in Tables 4.4, 4.5 and 4.6 below.

The results from the above findings were divided into three main groups of effect sizes. The first group consists of results with effect sizes less than 0,5 (Table 4.4). This group has insignificant practical significance. The second group comprises results with effect sizes above 0,5 and less than 0,8 (Table 4.5). This group has moderate effect sizes and could be of moderate practical significance. The third group comprises statements that have results with effect sizes from 0,8 and above (Table 4.6). This group indicates a practically

significant difference between the mean responses of businesses and customers.

**Table 4.3 Questions given to business owners and customers**

1 = strongly disagrees    2 = disagree    3 = agree    4 = strongly agree

Question	Statement	Options			
1.1	This business attracts, maintains and enhances relationships with its customers	1	2	3	4
1.3	This business offers high levels of customer service	1	2	3	4
1.6	This business establishes and maintains profitable customer relationships	1	2	3	4
1.7	This business does not only use price incentives as bait for customers to its business	1	2	3	4
1.8	Most of this business' customers are repeat- purchase customers	1	2	3	4
3.1	This business adds value for customers	1	2	3	4
4.1	This business finds customers for its products	1	2	3	4
5.1	This business understands customer value chain propositions	1	2	3	4
5.3	This business designs value delivery systems that adds value for customers	1	2	3	4
5.4	This business manages and maintains the delivery of customer satisfaction	1	2	3	4
6.3	This business has a mutually committed long-term-oriented relationship with customers	1	2	3	4
7.3	This business moves the customer from one level of relationship to another	1	2	3	4
8.1	This business uses price incentives to secure customer loyalty	1	2	3	4
8.2	This business uses direct mail to inform, influence and communicate with customers	1	2	3	4
8.3	Priority treatment of regular customers over irregular ones is done in this business	1	2	3	4
8.4	This business interacts with regular customers in a warm and personal way	1	2	3	4
8.5	This business delivers an offer exactly as required.	1	2	3	4
9.3	This business successfully satisfies customers' needs and wants	1	2	3	4
9.4	This business has unreliable, invalid and inaccurate sources of customer information	1	2	3	4
10.1	This business gives quality and durability as the business' core offer to customers	1	2	3	4
10.2	This business custom-fits the service to the customer's particular requirements	1	2	3	4
10.3	This business provides superior customer offers that are not available from competitors	1	2	3	4
10.4	This business sets prices that encourage customer loyalty	1	2	3	4
15.1	This business delivers services to the satisfaction of customers	1	2	3	4
15.2	This business instils customer orientation amongst its staff	1	2	3	4
15.3	This business forges long-term committed relationships with customers	1	2	3	4
15.4	In this business every employee interacts and develops business relationships with customers	1	2	3	4
15.5	This business has a good delivery network	1	2	3	4
15.6	This business usually continues to improve its total offer to customers	1	2	3	4
15.7	This business offers a tailor-made offer to its clients	1	2	3	4
15.8	This business has a customer-oriented mission statement	1	2	3	4
15.9	This business views delivery of its offer according to the buyers' point of view	1	2	3	4
15.10	There is intimate understanding between customers and business members	1	2	3	4

The main focus of the discussion on results will be based on the second and third groups of questions that have effect size from 0,5 and above as in Table 4.5 and Table 4.6 respectively. These groups were chosen for discussion due to the fact that effect sizes from 0,5 and above have practical significance to business effectiveness (Cohen, 1988:20-27). These areas of concern to small to medium sized textile retailers in the Northwest province will subsequently be discussed.

**NOTE:** The effect sizes below were obtained by using the formula below according to Cohen (1988:20-27):

$$\text{Effect sizes } (d) = \frac{\overline{x(i)} - \overline{x(ii)}}{S \text{ Max}}$$

**NB**

1.  $\overline{x(i)} - \overline{x(ii)}$  is the difference between the means of two the compared groups (i.e. business owners and customers).
2. *S Max* is the maximum standard deviation of the two compared groups.
3. The effect sizes have been grouped into three categories: (Cohen, 1988:20-27):
  - Effect sizes less than 0,5 have no significant effect.
  - Effect sizes from 0,5 – 0,8 have a moderate effect.
  - Effect sizes greater than 0,8 have a significant effect.

**Table 4.4 Statement with effect sizes less than 0,5**

Question	Statement	Mean	Standard Deviation	Effect size
1.1	This business attracts, maintains and enhances relationships with its customers	0.2870	0.7625	0.3763
1.3	This business offers high levels of customer service	0.4032	0.6695	0.6022
1.6	This business establishes and maintains profitable customer relationships	0.2641	0.7170	0.3683
1.7	This business does not only use price incentives as bait for	0.2959	0.9912	0.2985

	customers to its business			
1.8	Most of this business' customers are repeat-purchase customers	0.3594	0.8132	0.4419
4.1	This business finds customers for its products	0.2773	0.7245	0.3827
5.1	This business understands customer value chain propositions	0.0613	0.7066	0.0867
5.3	This business designs value delivery systems that add value for customers	0.0586	0.8635	0.0678
5.4	This business manages and maintains the delivery of customer satisfaction	0.2380	0.6773	0.3460
6.3	This business has a mutually committed long-term-oriented relationship with customers	0.3150	0.7937	0.3968
7.3	This business moves the customer from one level of relationship to the next	0.1803	0.8217	0.2194
8.1	This business uses price incentives to secure customer loyalty	0.2137	0.7759	0.2754
8.3	Priority treatment of regular customers over irregular ones is done in this business	0.0105	1.0330	0.0106
8.5	This business delivers an offer exactly as required	0.2790	0.7705	0.3986
9.4	This business has unreliable, invalid and inaccurate sources of customer information	0.1550	1.1455	0.1353
10.4	This business sets prices that encourages customer loyalty	0.3137	0.6590	0.4760
15.3	This business forges long-term committed relationships with customers	0.1800	0.7421	0.2425
15.5	This business has a good delivery network	0.1320	0.7778	0.1697
15.8	This business has a customer- oriented mission statement	0.2550	0.7083	0.3600
15.9	This business views delivery of its offer according to its buyers' point of view	0.1556	0.8523	0.1825
15.10	There is intimate understanding between customers and business members	0.3414	0.7673	0.4449

**Table 4.5 Statements with effect sizes from 0,5 to less than 0,8**

Question	Statement	Mean	Standard deviation	Effect Size
3.1	This business adds value for customers	0.3266	0.6265	0.5213
8.2	This business uses direct mail to inform, influence and communicate with customers	0.7940	1.1201	0.7088
8.4	This business interacts with regular customers in a warm and personal way	0.4147	0.7125	0.5820
9.3	This business successfully satisfies customers' needs and wants	0.3756	0.6487	0.5790
10.1	This business gives quality and durability as the business' core offer to customers	0.5317	0.7462	0.7125
10.2	This business custom-fits the service to the customers' particular requirements	0.4633	0.7270	0.6372
10.3	This business provides superior customer offers that are not available from its competitors	0.4154	0.8119	0.5116
15.1	This business delivers services to the satisfaction of the customers	0.3218	0.6077	0.5295
15.2	This business instils customer orientation amongst its staff	0.4482	0.840	0.5335
15.4	In this business' every employee interacts and develops business relationships with customers	0.4028	0.746	0.5399
15.6	This business usually continues to improve its total offer to customers	0.3579	0.6202	0.5770

**Table 4.6 Questions with effect size from 0,8 and above**

Question	Statement	Mean	Standard deviation	Effect Size
15.7	This business provides a tailor-made offer to its clients	1.1925	1.1141	1.0703

Empirically, some areas have shown moderate effect sizes that could be of some significance (from 0,5 to 0,8) as shown in Table 4.5. These areas include adding value for customers, direct mailing to customers and interacting with regular customers in a warm and personal way. Other areas include successfully satisfying customers' needs and wants, quality and durability of the business' core offer to customers, offer customisation, offer delivery and superiority of an offer. It also includes instilling a customer orientation among its staff and employees, developing a business relationship with customers and improving on total offers to customers.

These areas are discussed below. All the discussions are based on Table 4.5 above.

Adding value for customers refers to reduction of cost of owning an item by reducing the price of the item or by increasing the total offer at the same cost to the customer. In the case of small to medium sized textile retailers in the Northwest province they do not add value for customers as per question 3.1. It is advisable for these businesses to add total value for the customer at the same cost or to reduce cost of acquiring the products. This can be also be achieved by improving the quality and quantity of their offers.

Using direct mail to inform, influence and communicate with customers is another aspect in this group. This refers to the ability and use of direct mail to influence, communicate and inform customers. In the case of the Northwest province, small to medium sized textile retailers are not very competent, as shown in Table 4.5 question 8.2. This area for small to medium sized textile retailers in the Northwest province needs some improvement.

It has been shown empirically that small textile businesses in this province do not satisfactorily interact with their regular customers in a warm and personal way (question 8.4). It could be deducted that small to medium sized textile retailers in the Northwest province are not customer oriented. If a business does not interact with its customers in a warm and personal way, it is in danger of failure. Therefore, this study advises small to medium sized textile retailers in the province under discussion to interact with their customers in a warm and personal way in order to overcome the danger of failure and in order to secure prosperity.

On the aspect of successfully satisfying customers' needs and wants the small to medium sized textile retailers in the Northwest province needs improvement (question 9.3). If a business does not satisfying its customers' needs and wants, it could fail. Therefore this study advises small to medium sized textile retailers in the province to satisfy their customers if they want to succeed.

It seems that the majority of small to medium sized textile retailers in the Northwest province are not custom-fitting their offers to customers (question 10.2). This could be dangerous, because if a business does not customise its service, it could lose customers hence business failure. Therefore, small to medium sized textile retailers in the Northwest province need to customise their offers according to their target market.

Shown empirically, most of the small to medium sized textile retailers in the Northwest province do not give a more superior service than their competitors (question 10.3). They do what other small textile businesses in the province do the *minimum* and no more. Innovation and creativity are not yet in the minds of these small to medium sized textile retailers in the Northwest province. This study advises these businesses to take charge and do more than an ordinary small textile business does.

Small to medium sized textile retailers in the Northwest province should also improve their offer delivery, instilling customer orientation amongst employees

and developing their relationship with customers (question 15.1, 15.2, 15.4). Finally, these small to medium sized textile retailers in the province should continually improve their total offers to customers (question 15.6). This is the key for them to succeed.

This study therefore suggests that the above areas need additional improvement efforts with regard to small to medium sized textile retailers in the Northwest province. Improvement in these areas can be achieved by seriously practising internal marketing and customer orientation principles as discussed in Chapter 3 section 3.2.5 and Chapter 4 section 4.4. To achieve this, discipline, dedication, determination and perseverance are needed.

As shown empirically, small to medium sized textile retailers in the Northwest province have a problem in offering tailor-made offers to their customers as shown in Table 4.6. This table shows that the difference between customers' and businesses' opinions relating to tailor-made offers has the effect size of 1,0703 (question 15.7). Such an effect size magnitude has a practically significant effect on these businesses. Therefore, some urgent measures to start offering tailor-made offers are important. Tailor-made offers can successfully be achieved by implementing customer orientation principles as discussed in Chapter 4, section 4.4.

In addition to that Taher, Leigh and French (1996:218) argue that in order to be customer-oriented, marketers should provide exceptional performance in quality, delivery and cost competitiveness (customer orientation). The business should also understand how customers measure value and how these value expectations can be met. To attain lasting customer orientation success requires careful attention to detail, meeting promises and swift response to the requirements of customers. It is stressed that customer orientation should be explicit; otherwise the business risks over-serving unprofitable accounts and wasting resources that might be allocated to profitable customer groups.

#### 4.6. Summary

In summary, relationship marketing raises the need for customer orientation, and customer orientation raises the need for customer-oriented employees, which can be achieved through internal marketing. Without customer oriented employees there is no customer orientation implementation because they are the ones who can make it happen.

If there is lacking of customer orientation (which leads to customer satisfaction), there will be also lacking of relationship marketing because unsatisfied customers will never develop good relationships with the business. If a business lacks relationship marketing, there will be no prosperity for that business, because business prosperity is brought about by the existence of good business-customer relationship marketing. For a business to succeed in business, it must make efforts to influence its employees to be customer oriented by implementing internal marketing principles

Empirically it is shown that small to medium sized textile retailers in the Northwest province are not yet customer oriented. These businesses are still in the sales orientation stage of marketing maturity as seen above in this chapter. Conclusively this study found that the failure of small to medium sized textile retailers in the Northwest province could be partly attributed to the fact that these businesses did not create, enhance, or pursue opportunities that create value to customers. This shows that these businesses were customer disoriented, hence not able to create, develop, and retain long-term profitable relationship with their customers (Timmons, 1999: 33). This chapter also suggested that it will a good idea for these businesses to adopt customer orientation principles in order for them to be successful.

After this chapter on customer orientation of small textile businesses in the Northwest province, the next chapter (chapter five) deals with the summary, conclusion and recommendation with regard to this study.

## CHAPTER 5

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

This study has concentrated on the concept of relationship marketing and its implementation by small to medium sized textile retailers in the Northwest province. The study aimed at addressing the gap between the relationship marketing theory and its implementation by small to medium sized textile retailers in the textile industry of the Northwest Province. According to Saren and Tzokas (1998:187) researchers in relationship marketing have realised that there is a call for detailed empirical evidence on how relationship marketing can be implemented in order to enhance a beneficial customer-business relationship. This call was one of the bases for carrying out this study.

#### 5.2 Summary

In Chapter one the research problem, research question and research goals were presented. In addition to that the research methodology and limitations of the study were presented. The nature and purpose of this study was to see how relationship marketing orientation could be used beneficially by small to medium sized textile retailers in the Northwest province. The nature of this study led to the identification of the research problem, which is the relationship marketing disorientation among small to medium sized textile retailers in the Northwest province.

To address the above research problem and research question, the research goal was set. The goal of this study was to identify factors that inhibit the implementation of a relationship marketing orientation and to address these factors. To achieve this goal, three objectives were set. These objectives include:

- Bringing awareness of relationship marketing orientation and its value to businesses;
- Showing how internal marketing can be used as the foundation for relationship marketing; and
- Showing how a customer orientation is significant for a successful relationship marketing orientation.

The significance of this study is based on its value to society by finding better ways of implementing a relationship marketing orientation by small to medium sized textile retailers in the Northwest province.

The research methodology for this study applied the exploratory research design with simple stratified and availability sampling. Employees, focus group, customers, and business owners were used as sources of data. The observation and interview methods were used as the instrument for data collection. Data analysis was done by using a descriptive statistical analysis approach due to its versatile and detailed nature.

Limitations of this study included the complexity of the eleven official languages in South Africa, the lack of co-operation from some respondents, and the unfamiliarity with the relationship-marketing concept amongst respondents. This resulted in some difficulties in achieving the planned results.

Chapter 2 covered an introduction to the relationship marketing orientation philosophy, reasons for relationship marketing, and problems and criticism facing relationship marketing. In Chapter 3 internal marketing in small to medium sized textile retailers in the Northwest province was reviewed. This chapter gave a theoretical perspective on internal marketing, the empirical findings and a summary on customer orientation of small to medium sized textile retailers in the Northwest province.

In Chapter four some issues on customer orientation of small to medium sized textile retailers in the Northwest province were addressed. These issues include how small businesses can best implement a customer orientation in order to enhance relationship marketing. The discussion indicated why customer orientation is important for relationship marketing and to businesses. Customer orientation tactics and empirical findings in relation to customer orientation were also discussed.

### **5.3 Conclusions**

The empirical study findings have led to some conclusions with regard to relationship marketing and its related aspects, which are internal marketing and customer orientation. These conclusions have been grouped into three areas. These areas include conclusions regarding:

- Relationship-marketing;
- Internal marketing; and
- Customer orientation.

### 5.3.1 Conclusions regarding relationship marketing

This study (Chapter 2, section 2.3) concluded that the majority of these businesses (56,82%) enter into relationships with other businesses in order to exercise power. This is a wrong motive. In addition, the study concluded that most small to medium sized textile retailers in the Northwest province (72%) show a self-seeking intention in most of their inter-business relationships. This also led this study to conclude that small to medium sized textile retailers in the Northwest province have unhealthy motives for joining inter-business relationships.

The empirical study revealed that 72% of respondents showed that they disagree that they do not have worthwhile or good business relationships. At the same time the majority unfortunately responded that businesses enter into inter-business relationships in order to exercise influence over others and showing self-seeking intentions. These contradictions led to the conclusion that there is a problem in relationships amongst small to medium sized textile retailers in the Northwest province. These findings also led to an inference that relationship marketing of small to medium sized textile retailers in the Northwest province as far as the inter-business perspective is poor. (See Chapter 2, section 2.3).

Contrary to some writers' arguments like Green (1995:452), who advises businesses against loyalty programmes, 86% of small to medium sized textile retailers in the Northwest province have shown that loyalty programmes work for them. Small business owners' response in this study showed that loyalty programmes encourage affection and fidelity in customers. These findings have led this study to conclude that loyalty programmes have different results depending on the situations, place and the nature of the market and industry. Therefore it is concluded that in the case of small to medium sized textile retailers in the Northwest province loyalty programmes have positive results. Loyalty programmes can therefore be used as part of relationship marketing implementation for small to medium sized textile retailers in this province.

(See Chapter 2, section 2.3).

According to section 3.4, this study has come to the conclusion that small to medium sized textile retailers in the Northwest province have shown some problems in implementing a relationship marketing orientation. In addition to that, the findings of the study indicated that relationship marketing as a concept is not fully understood by the management of most small to medium sized textile retailers in the province. These findings led to the conclusion that relationship marketing practices of small to medium sized textile retailers in the Northwest province as far as the inter-business perspective is concerned is poor.

### **5.3.2 Conclusions regarding internal marketing**

In Chapter 3, section 3.3.1, the empirical findings have led to the conclusion that some areas regarding internal marketing need improvement due to the fact that they have moderately significant effect sizes in relation to small to medium sized textile retailers in the Northwest province. These areas include businesses' employment strategies, practicing a supportive and enabling culture, marketing to employees and how employees are valued. Other areas include participative management, empowerment, training and development, and employee recognition.

The empirical study also concluded that there is a problem in employee-employer relationship amongst small to medium sized textile retailers in the Northwest province. This conclusion was reached because the empirical study indicated a significant difference in opinion between business owners and employees on the issue of whether employees are treated in the same way that external customers are treated (See Chapter 3, section 3.3.2).

This study empirically concluded that small to medium sized textile retailers in the Northwest province have poor internal communication. The study also concluded that in many ways management and employees are partly

alienated and are operating as a collection of individuals with their own personal agendas. Management operates with insufficient interaction and communication with staff. Therefore it is also concluded that internal marketing, as a concept is not fully understood by the management of most of these businesses.

It is also concluded that problems in employee treatment and communication were some of the major issues facing small to medium sized textile retailers in the Northwest province. This poor communication may have led to misunderstandings between employers and employees hence conflict, which may have led to failure of some of these businesses (See Chapter 3, sections 3.2.2 and 3.4).

### **5.3.3 Conclusions regarding customer orientation**

With regard to the empirical findings, this study concluded that some areas in respect of customer orientation need more improvement, as they have shown moderate effect sizes that could be of moderate significance to small businesses in the Northwest province. These areas include adding value for customers, direct mailing to customers and interacting with regular customers in a warm and personal way.

Other areas include successfully satisfying customers' needs and wants, quality and durability of the business' core offer to customers, offer customisation, offer delivery and superiority of an offer. Instilling of customer orientation to staff, employees developing a business relationship with customers and improving the total offer to customers also need some improvement (See Chapter 4, section 4.5).

In the case of the Northwest province, this study concluded that small to medium sized textile retailers are not competent in using direct mail to inform,

influence and communicate with customers. Therefore some improvements are needed in this area. It was also concluded that small textile businesses in this province do not satisfactorily interact with their regular customers in a warm and personal way. Hence it can also be concluded that they are not customer-oriented (See Chapter 4, section 4.5).

It seems that the majority of small to medium sized textile retailers in the Northwest province are not custom-fitting their offers to customers. It has also empirically been shown that most small to medium sized textile retailers in the Northwest province do not give a more superior service than their competitors. They do what other small to medium textile retailers in the Northwest province do. These businesses just do the minimum and no more. This shows that innovation and creativity are not yet in the minds of small to medium sized textile retailers in the Northwest province. (See Chapter 4, section 4.5).

It has been concluded that small to medium sized textile retailers in the Northwest province have a problem in offering tailor-made offers to their customers. In addition to that it is concluded that small to medium sized textile retailers in this province are not yet customer oriented. Small to medium sized textile retailers in this province are still in the sales orientation stage of marketing development and maturity. Therefore they need some improvements with regard to this area (See Chapter 4, sections 4.5 and 4.6).

Conclusively, this study has found that the failure of some small to medium sized textile retailers in the Northwest province could be due to the failure of these businesses to create, enhance or pursue opportunities that create value for customers. This could be an indication that these businesses are customer disoriented, hence not able to create, develop and retain long-term profitable relationships with their customers (Timmons, 1999:33).

The above conclusions have led to the following recommendations to small to medium sized textile retailers in the Northwest province with respect to the implementation of a relationship marketing orientation.

## **5.4 Recommendations**

The empirical study findings led to conclusions, which led to the following recommendations with regard to relationship marketing and its related aspects. These recommendations have been grouped into four areas, including recommendations regarding:

- Relationship marketing;
- Internal marketing;
- Customer orientation; and
- The ten daily relationship-marketing orientation basics.

### **5.4.1 Recommendations regarding relationship marketing**

To address the concluded existence of problems in relationship marketing orientation in section 5.3.1 above, this study recommends that businesses should move from transactional marketing styles to a relationship marketing orientation. The reason for this recommendation is the benefits gained from implementing it (see Chapter 2, section 2.2.12). One of the strategies for developing profitable interactive relationship marketing is by implementing internal marketing and a customer orientation. Proper implementation of the relationship marketing orientation concept is the key to relationship-marketing success. Relationship marketing implementation is also a key to open doors to business success. Therefore, businesses are urged to implement relationship marketing if they were to succeed.

### **5.4.2 Recommendations regarding internal marketing**

To address the problem regarding internal marketing that is facing small to medium sized textile retailers in the Northwest province as discussed in

section 5.3.2, this study advises these businesses in this province to adopt the internal marketing orientation implementation process as discussed in Chapter 3, section 3.2.5. For a business to succeed it must make efforts to influence its employees to be customer oriented. This can be done by implementing an internal marketing orientation (Alexander & Colgate, 2000:939).

This study recommends that small to medium sized textile retailers in the Northwest province should improve with regard to the treatment of employees as well as communication. Therefore, it is the advice of this study that effective and efficient two-way integrated internal marketing communication is to be implemented. Good communication leads to better understanding amongst business members hence business success. Poor communication leads to misunderstandings hence conflict, which lead to business failure.

In addition to that, small to medium sized textile retailers in the Northwest province should recruit, select and develop the best employees in order to be successful. Moreover, these businesses should adopt supportive management styles, which encourage the development and motivation of staff. Internal marketing is essential for small to medium sized textile retailers success as it attracts, develops, motivates and retains the best, qualified, employees.

Small to medium sized textile retailers in the Northwest province should also aggressively compete for talented employees. These businesses in the Northwest province should offer a vision that brings purpose and meaning to the workplace and to employees. They should empower their people with skills and knowledge to perform excellently. These businesses should also through individual development give employees freedom to excel. They should motivate team play and individual achievement through motivational rewards. Businesses should recruit, select, and develop personnel who are both able and willing to superbly implement relationship marketing (Anton, 1996:24).

Small to medium sized textile retailers in the Northwest province should base their job design decisions on research, core belief in human (employee) potential, and building of an achievement culture among business members (Berry & Parasuraman, 1992:25). These small to medium sized textile retailers in the Northwest province should reward their employees in a variety of ways relevant to the employees (Reardon, 1990:379). Therefore, creativity, flexibility, perseverance, commitment and proper implementation of internal marketing are crucial for success to small to medium sized textile retailers in the province.

Another recommendation from this study is for businesses to train and develop their staff. Training increases competence of staff through increased knowledge and skills. Small to medium sized textile retailers in the Northwest Province should also make sure that they monitor their staff performance against the set standards as the benchmark for performance achievement. This can be done by rewarding staff according to performance standards set and achieved while avoiding personal prejudices and preferences.

#### **5.4.3 Recommendations regarding customer orientation**

In order to address the concluded customer-disorientation by small to medium sized textile retailers in the Northwest province as shown in section 5.3.3, this study recommends these businesses to adopt customer orientation tactics (see Chapter 4, section 4.4). There are five customer orientation tactics. These tactics are divided into three levels: level one, level two and level three (Berry, 1995:241; and De Wulf *et al.*, 2001:35). These tactics include:

- Price incentives;
- Direct mail;
- Preferential treatment;
- Interpersonal communication;

- Delivery system of the offer:
  - Core offer;
  - Customising of the offer; and
  - Offer augmentation.

#### **5.4.4 The ten daily relationship-marketing orientation basics**

This study also suggests steps that might help to solve the relationship marketing disorientation problem of the small to medium sized textile retailers in the Northwest province. These steps are called the ten daily relationship marketing orientation basics. These steps act as a tool for small to medium sized textile retailers in the Northwest province to win in the market. It is a system that enables the business member to focus on what his/her job is and then to keep a check that the business is maximising profit in its outlet through planned daily relationship marketing duties.

These steps will help businesses to:

- Maximise sales volumes through growing loyal customers, hence more profit;
- Enhance the business to focus on areas of growing opportunities as the model has a section that checks the business-customer relationship. The more the business knows its customers, the more it will be able to identify growing business opportunities as the business will be sure what the customer really needs and wants and what their taste trends are;
- Make businesses look better and superior due to the nature of this model being conducted daily so that errors and opportunities will be noticed and updated on a daily basis;
- Delight customers by offering superior service due to the evaluative nature of the model to evaluate the business performance to its customers;

- Achieve good merchandise availability in the business outlet. This will be achieved as the model advocates daily stocktaking in order to know which merchandise is a fast-moving item, in which season of the year and how could the merchandise stock be reordered. The result of this will be a good availability of variety of merchandise that will enable the customer to shop all under one roof, which will reduce shopping hassles to the customer; hence the business will be more liked by customers;
- Expand the challenge to business members to perform better; and
- Measure performance of the business, because if the business cannot measure something it cannot improve anything.

The parameters covered in these steps are:

- The condition of the business outlet and availability of merchandise. Merchandise availability helps a customer to also buy other products. Being out of stock obviously damages the image of the outlet because people will not be sure whether they will be able to find what they need when they come to the outlet. Therefore they decide to go to a business where they can be sure to get what they want.
- Code
  - \*Code of conduct - good conduct      \*Dress code - smart dress code
- Daily Management and staff meeting
  - Communication (advertising)
    - \* Internal communication      \* External communication
  - Interaction with customers
    - \* Marketing information system      \*Customer orientation
  - Stocking and merchandising

- Customer follow-up and thanks
- Business information
  - \* Customers \*Other business
  - \* Consultants \* Researchers
- Evaluation
- Preparation

#### 5.4.4.1 Guidelines for the ten daily relationship-marketing orientation basics

These steps must be checked against the daily business performance as illustrated in Table 5.1 below. The reason for this standard is that if these steps are well checked against the business performance they will lead to efficiency, information at hand, and be a sales aid. This will save time, money and effort when it comes to retrieve business information.

**TABLE 5.1 The ten basics of relationship marketing orientation implementation**

Performance area (i.e. what must be done)	Standards (i.e. how well should it be done)	Benefits (i.e. why should it be done)
1. Neat and well organised Business outlet appearance	No dirt inside and outside the business. No fading paint. No missing shelves, hooks or merchandise stands. No loose merchandise items around. Everything should be in place and in order.	Maximises sales, Helps with business efficiency, Creates good business image, hence increases sales by increased traffic flow to the shop due to its good image and attractive appearance of the business

2. Dress code	Daily, smart  Daily clean,  Daily uniform corporate identity	Business image,  Recognition,  Oneness,  Team membership
3. Management-staff morning meetings	Management by objectives (MBO)	Problem-solving,  Coaching and  Up to date briefing
4. Communication (advert) a. Internal communication  b. External communication	Any advertisement must be clear, clean, current, not defaced, not obscured, and highly visible.  Repair any defects (whether billboards or posters or any point of purchase advert materials).	It creates a good image of the business, helps advertising continuity of the business, and promotes business efficiency and credibility, which means more business.  It promotes more sales as it appears attractive, helps with business (outlet) identification; it helps to block opposition from competitors.  It also indicates the availability of products in question. It creates goodwill courtesy
5. Respectful interaction with customers	Interact with customer with respect and politeness, practise good listening skills, patience and self-control.	This will establish rapport, courtesy, effective communication, trust and customer loyalty.  Also this helps to get accurate customer information faster and easier. It is the simpler, faster, and the best way of having accurate customer information.
6. Merchandise stocking	The merchandise should face the traffic flow, or be in a prime position in the store.  Do not mix the merchandise as it may confuse both customers and staff.  Stocking should be on block branding by families, and in sequencing order.  Merchandise details such as labels should face out and upright.  Merchandising should be done daily	This creates a good visual impact, promotes purchase.  It also helps the customer and staff to have easy access to the merchandise.  It helps to have a better merchandising system  It helps with visual impact on the customer  This helps with effective merchandising and stock management. This will result in optimum merchandise stock and flavour - no overstocking or under stocking or out of stock situations.  It helps to have the correct order of merchandise.
7. Customer follow-up	Call or direct-mail the customer immediately to appreciate his or her patronage to the business	This will send a message to the customer that the business cares for its customers even after sale have been concluded, hence goodwill to the business.

8. Business information	a. Meet with customers b. Meet with other businesses c. Consultants d. Researchers e. Business information f. Join business chambers /organisations	It is a tool for one to be well-informed, knowledgeable, and current and updated which is one of the criteria for business success.
9. Evaluation of the day's activities	Cross-check the above daily activities  (i.e. from 1 to 8 above)	This helps to keep track of the business' progress. Also it helps with control
10. Preparation for the next day	Make sure you know what is to be accomplished for the next day	This helps one to be pro-active rather than reactive in business. It also helps one to be well-composed and organised

### 5.5 Concluding remarks

The main goal of this study was to identify issues that inhibit successful implementation of relationship marketing and finding appropriate solutions to these issues. This goal has been achieved. The study has identified poor internal marketing and customer disorientation as causes for poor implementation of relationship marketing at small to medium sized textile retailers in the Northwest province.

This study has developed some steps that might help to solve the relationship-marketing disorientation problem of small to medium sized textile retailers in the Northwest province. These steps are called the ten daily relationship marketing orientation basics. This model is intended to be used as a tool for small textile businesses in the Northwest province to compete better in the market. It is a system that enables the business member to focus on what his job is and then to make sure that the business is maximising profit in its outlet through daily planned relationship marketing duties.

This research project had three main objectives, namely to:

- Bring awareness and value of the relationship marketing orientation philosophy to small to medium sized textile retailers in the textile industry in the Northwest province;
- Show how internal marketing can be used as an important foundation to build on relationship-marketing orientation; and
- Show how customer orientation can be used as the effective and efficient way of achieving successful and profitable long-term relationship between the business and its customers.

These objectives were successfully achieved as discussed in chapters 2 - 5.

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**APPENDICES**

**Appendix 1**

<b>Firm Number</b>	
<b>Questionnaire Number</b>	

**CONFIDENTIAL**

**BUSINESS OWNERS/ MANAGEMENT QUESTIONNAIRE**

**SECTION A**

1. Trading Name.....
2. Street Address.....
3. Telephone.....
4. Years or months of operation by current management on premises .....

**SECTION B**

1. Kindly respond to the following statements in relation to your business. Please present your response according to the following scale:

**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

For office use								
1.1	1	Our business attracts, maintains, and enhances relationships with its customers	1	2	3	4		
1.2	2	This business creates, develops and maintains networks with other businesses	1	2	3	4		
1.3	3	We offer high levels of customer service	1	2	3	4		
1.4	4	All departments are working in collaboration with customer focus in mind	1	2	3	4		
1.5	5	Knowledgeable staff are incorporated in business decisions and activities	1	2	3	4		
1.6	6	We establish and maintain profitable customer relationships	1	2	3	4		
1.7	7	We do not only use price incentives as the bait for customers to our business	1	2	3	4		
1.8	8	Most of our customers are repeat purchase customers	1	2	3	4		
1.9	9	We do not have worthwhile or good business relationships	1	2	3	4		

2. We enter into relationships with other businesses due to the following reasons.

**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

2.1	10	To exercise our influence	1	2	3	4
2.2	11	To acquire business stability	1	2	3	4
2.3	12	To establish a good relationship	1	2	3	4
2.4	13	For the sake of necessity	1	2	3	4
2.5	14	For reciprocity reasons	1	2	3	4

3. Our marketing strategy

**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

3.1	15	Is to add value to customers	1	2	3	4
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4. The following is our marketing goal

**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

4.1	16	To find customers for our products	1	2	3	4
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5. The following are the main marketing activities in our business  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

For office use							
5.1	17	Understanding customer value chain propositions	1	2	3	4	
5.2	18	Identifying appropriate customer value niches	1	2	3	4	
5.3	19	Designing value delivery systems that add value to customers	1	2	3	4	
5.4	20	Managing and maintaining the delivery of customer satisfaction	1	2	3	4	

6. To what extent do you agree with the following statements?  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

6.1	21	Loyalty programmes encourage affection and fidelity in customers	1	2	3	4	
6.2	22	This business provides customised service to its customers	1	2	3	4	
6.3	23	We have a mutually committed long-term oriented relationship with our customers	1	2	3	4	
6.4	24	Most businesses show self-seeking intentions in most inter-business partnerships	1	2	3	4	
6.5	25	We enter into relationships with other businesses in order to learn from these businesses	1	2	3	4	
6.6	26	Lack of experience in inter-business relationships has affected us positively	1	2	3	4	

7. In our business we  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

7.1	27	Apply strict management principles	1	2	3	4	
7.2	28	Seek people who can think of new strategies	1	2	3	4	
7.3	29	Move the customer from one level of relationship to the other	1	2	3	4	

8. We use the following marketing tactics in our business  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

8.1	30	Price incentives to secure customer loyalty	1	2	3	4	
8.2	31	Direct mail to inform, influence, and communicate with our customers	1	2	3	4	
8.3	32	Priority treatment of regular customers over and above irregular ones	1	2	3	4	
8.4	33	Interact with our regular customers in a warm personal way	1	2	3	4	
8.5	34	Deliver an offer exactly as required.	1	2	3	4	

9. The following are features of our business  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

9.1	35	Our business has a culture of supporting its staff	1	2	3	4	
9.2	36	Staff are treated the way an external customer is treated	1	2	3	4	
9.3	37	Successfully satisfying customers' needs and wants	1	2	3	4	
9.4	38	We have unreliable, invalid and inaccurate sources of customer information	1	2	3	4	
9.5	39	Staff learning is highly promoted in this business	1	2	3	4	

10. The following are marketing strategies of our business  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

10.1	40	To give quality and durability as our business' core offer to customers	1	2	3	4	
10.2	41	To custom-fit the service to the customer's particular requirements	1	2	3	4	
10.3	42	To give superior customer offers that are not available from competitors	1	2	3	4	
10.4	43	To set prices that encourage customer loyalty	1	2	3	4	
10.5	44	To identify and satisfy needs and wants of our staff	1	2	3	4	

11. Please indicate the relevance of the following statements in relation to your business. Make use of this scale:  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

For office use							
11.1	45	Staff are marketed to in the same way as external customers are	1	2	3	4	
11.2	46	We regard staff as the number one asset of our business	1	2	3	4	

12. These are internal features of our business  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

12.1	47	We create an enabling culture for creativity of our staff	1	2	3	4	
12.2	48	We involve current staff in the process of appointing new staff	1	2	3	4	
12.3	49	We exercise staff achievement recognition and reward	1	2	3	4	
12.4	50	Fair disciplinary action is strictly followed	1	2	3	4	
12.5	51	We encourage a learning culture in this business	1	2	3	4	
12.6	52	Cost of satisfying employees is considerable in this business	1	2	3	4	
12.7	53	Staff are given responsibility and accountability for their respective work areas	1	2	3	4	
12.8	54	We practise participative management with staff	1	2	3	4	

13. To what extent do you agree with the following statements about this business?  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

13.1	55	Management markets the vision of the business to staff	1	2	3	4	
13.2	56	We design messages that draw attention, hold interest, create desire, and inspire staff's action	1	2	3	4	
13.3	57	Our communication to staff lacks proper understanding of reality as experienced by staff	1	2	3	4	
13.4	58	We develop and train our staff	1	2	3	4	
13.5	59	We collaborate with staff to draw up strategies, plans and objectives	1	2	3	4	
13.6	60	We consult our staff in our leadership style	1	2	3	4	
13.7	61	We have a two – way channel of communication within the business	1	2	3	4	

14. This is the way we acquire and retain our staff  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

14.1	62	We recruit staff without customer needs and wants in mind	1	2	3	4	
14.2	63	We usually appreciate staff's contribution to our business success	1	2	3	4	
14.3	64	We usually do performance appraisal in our business	1	2	3	4	
14.4	65	We arrange for staff to visit our customers	1	2	3	4	
14.5	66	We make staff a part of problems and not a part of solutions	1	2	3	4	
14.6	67	We aggressively compete for talented staff	1	2	3	4	

15. We do the following for our customers  
**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree.**

15.1	68	We deliver services to the satisfaction of customers' desires.	1	2	3	4	
15.2	69	We instil customer orientation among staff	1	2	3	4	
15.3	70	We forge long-term committed relationships with customers	1	2	3	4	
15.4	71	Every employee interacts and develops business relationships with customers	1	2	3	4	
15.5	72	We have a good delivery network	1	2	3	4	
15.6	73	We usually continue to improve our total offer to our customers	1	2	3	4	
15.7	74	We offer a tailor-made offer to our customers	1	2	3	4	
15.8	75	We have a customer oriented mission statement	1	2	3	4	
15.9	76	We view our delivery of offer according to buyers' point of view	1	2	3	4	
15.10	77	There is intimate understanding between customers and business members	1	2	3	4	

**THANK YOU FOR YOUR CO-OPERATION**

**Appendix 2**

Firm Number	
Questionnaire Number	

**CONFIDENTIAL**

**EMPLOYEES QUESTIONNAIRE**

Dear staff, we request your favour to fill in this questionnaire. The aim is to establish the relationship between the business and its employees. Thank you for your cooperation.

Kindly respond to the following statements by ticking what is appropriate.

Please use this scale:

**1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree**

For office use							
1.4	1	All departments are working in collaboration with customer focus in mind	1	2	3	4	
1.5	2	Knowledgeable staff are incorporated in business decisions and activities	1	2	3	4	
7.1	3	In this business strict management principles are applied	1	2	3	4	
7.2	4	This business seek people who can think of new strategies	1	2	3	4	
9.1	5	Our business has a culture of supporting its staff	1	2	3	4	
9.2	6	Staff are treated the way an external customer is treated	1	2	3	4	
9.3	7	This business is successfully satisfying customers' needs and wants	1	2	3	4	
9.5	8	Staff learning is highly promoted in this business	1	2	3	4	
11.1	9	Staff are marketed to in the same way as external customers are	1	2	3	4	
11.2	10	Staff is the number one asset of our business	1	2	3	4	
12.1	11	Management creates an enabling culture for creativity of staff	1	2	3	4	
12.2	12	This business involves current staff in the process of appointing new staff	1	2	3	4	
12.3	13	This business exercises staff achievement recognition and reward	1	2	3	4	
12.4	14	Fair disciplinary action is strictly followed in this business	1	2	3	4	
12.5	15	Management encourages a learning culture in this business	1	2	3	4	
12.6	16	Cost of satisfying employees is considerable in this business	1	2	3	4	
12.7	17	Staff are given responsibility and accountability for their respective work areas	1	2	3	4	
12.8	18	Management practise participative management with staff	1	2	3	4	
13.1	19	Management markets the vision of the business to staff	1	2	3	4	
13.2	20	Management design messages that draw attention, hold interest, create desire, and inspire staff's action	1	2	3	4	
13.3	21	Management communication to staff lacks proper understanding of reality as experienced by staff	1	2	3	4	
13.4	22	Management develop and train the staff	1	2	3	4	
13.5	23	Management collaborate with staff to draw up strategies, plans and objectives	1	2	3	4	
13.6	24	Management consult staff in their leadership style	1	2	3	4	
13.7	25	We have a two – way channel of communication within the business	1	2	3	4	
14.1	26	Management recruit staff without customer needs and wants in mind	1	2	3	4	
14.2	27	Management usually appreciate staff's contribution to our business success	1	2	3	4	
14.3	28	Management usually do performance appraisal in our business	1	2	3	4	
14.4	29	Management arrange for staff to visit our customers	1	2	3	4	
14.5	30	Management make staff a part of problems and not a part of solutions	1	2	3	4	
14.6	31	Management aggressively compete for talented staff	1	2	3	4	

**THANK YOU FOR YOUR CO OPERATION**

### Appendix 3

Firm Number	
Questionnaire Number	

CONFIDENTIAL

#### CUSTOMER QUESTIONNAIRE

Dear esteemed customer, we request your favour to fill in this questionnaire. The aim of this questionnaire is to establish the relationship between the business and its customers. Kindly respond to the following statements by ticking the most appropriate response according to your opinion.

Please make use of this scale:

1 = strongly disagree. 2 = disagree. 3 = agree. 4 = strongly agree

For office use							
1.1	1	This business attracts, maintains, and enhances relationships with its customers	1	2	3	4	
1.3	2	This business offer high levels of customer service	1	2	3	4	
1.6	3	This business establish and maintain profitable customer relationships	1	2	3	4	
1.7	4	This business do not only use price incentives as the bait for customers to our business	1	2	3	4	
1.8	5	Most of this business' customers are repeat purchase customers	1	2	3	4	
3.1	6	This business add value to customers	1	2	3	4	
4.1	7	This business find customers for its products	1	2	3	4	
5.1	8	This business understands customer value chain propositions	1	2	3	4	
5.3	9	This business designs value delivery systems that add value to customers	1	2	3	4	
5.4	10	This business manages and maintains the delivery of customer satisfaction	1	2	3	4	
6.3	11	This business have a mutually committed long-term oriented relationship with customers	1	2	3	4	
7.3	12	This business move the customer from one level of relationship to the other	1	2	3	4	
8.1	13	This business use price incentives to secure customer loyalty	1	2	3	4	
8.2	14	This business uses direct mail to inform, influence, and communicate with customers	1	2	3	4	
8.3	15	Priority treatment of regular customers over irregular ones is done in this business	1	2	3	4	
8.4	16	This business interact with regular customers in a warm personal way	1	2	3	4	
8.5	17	This business delivers an offer exactly as required.	1	2	3	4	
9.3	18	This business successfully satisfies customers' needs and wants	1	2	3	4	
9.4	19	This business have unreliable, invalid and inaccurate sources of customer information	1	2	3	4	
10.1	20	This business give quality and durability as the business' core offer to customers	1	2	3	4	
10.2	21	This business custom-fit the service to the customer's particular requirements	1	2	3	4	
10.3	22	This business give superior customer offers that are not available from competitors	1	2	3	4	
10.4	23	This business set prices that encourage customer loyalty	1	2	3	4	
15.1	24	This business delivers services to the satisfaction of customers' desires.	1	2	3	4	
15.2	25	This business instil customer orientation amongst its staff	1	2	3	4	
15.3	26	This business forge long-term committed relationships with customers	1	2	3	4	
15.4	27	This business' every employee interacts and develops business relationships with customers	1	2	3	4	
15.5	28	This business have a good delivery network	1	2	3	4	
15.6	29	This business usually continue to improve its total offer to customers	1	2	3	4	
15.7	30	This business offer a tailor-made offer to our its clients	1	2	3	4	
15.8	31	This business have a customer oriented mission statement	1	2	3	4	
15.9	32	This business view delivery of its offer according to buyers' point of view	1	2	3	4	
15.10	33	There is intimate understanding between customers and business members	1	2	3	4	

THANK YOU VERY MUCH FOR YOUR COOPERATION.

## Appendix 4

Ondernemingsnommer	
Vraelysnommer	

### VERTROUOLIK

### WERKNEMERSVRAELYS

Beste werknemer, ons versoek jou vriendelik om hierdie vraelys te voltooi. Die doel daarmee is om die verhouding te bepaal tussen die onderneming en sy werknemers. Baie dankie vir jou samewerking.

Reageer op die volgende stellings deur die gepaste opsie te merk.

Gebruik asseblief die volgende skaal:

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten volle saam**

Vir kantoor-gebruik						
1.4	1.	Alle departemente werk saam met klantefokus in gedagte	1	2	3	4
1.5	2.	Kundige personeel word betrek by besigheidsbesluite en -aktiwiteite	1	2	3	4
7.1	3	Streng bestuursbeginsels word in hierdie onderneming toegepas	1	2	3	4
7.2	4	Hierdie onderneming soek mense wat nuwe strategieë kan uitdink	1	2	3	4
9.1	5	Ons onderneming het 'n kultuur om werknemers te ondersteun	1	2	3	4
9.2	6	Werknemers word op dieselfde manier hanteer as eksterne klante	1	2	3	4
9.3	7	Hierdie onderneming is suksesvol om klante se behoeftes en voorkeure te bevredig	1	2	3	4
9.5	8	Werknemerontwikkeling word sterk bevorder in hierdie onderneming	1	2	3	4
11.1	9	Daar word op dieselfde manier aan werknemers bemark as aan eksterne klante	1	2	3	4
11.2	10	Werknemers is die belangrikste bate in ons onderneming	1	2	3	4
12.1	11	Bestuur skep 'n ondersteunende kultuur vir werknemerskreatiwiteit	1	2	3	4
12.2	12	Hierdie onderneming betrek bestaande werknemers in die proses om nuwe werknemers aan te stel	1	2	3	4
12.3	13	Hierdie onderneming beoefen erkenning en beloning van werknemersprestasies	1	2	3	4
12.4	14	Regverdige dissiplinêre aksie word streng in hierdie onderneming toegepas	1	2	3	4
12.5	15	Bestuur moedig 'n leerkultuur in hierdie onderneming aan	1	2	3	4
12.6	16	Hierdie onderneming gaan aansienlike koste aan om werknemers tevrede te hou	1	2	3	4
12.7	17	Werknemers word verantwoordelikheid in hul onderskeie werkomgewings gegee en verantwoordelikheid word van hulle geëis	1	2	3	4
12.8	18	Bestuur beoefen deelnemende bestuur met werknemers	1	2	3	4
13.1	19	Bestuur bemark die visie van die onderneming aan werknemers	1	2	3	4
13.2	20	Bestuur ontwerp boodskappe wat werknemers se aandag trek, belangstelling hou, motivering skep en aksie aanmoedig	1	2	3	4
13.3	21	Bestuurskommunikasie aan werknemers ontbreek voldoende begrip van die werklikheid soos dit deur werknemers ervaar word	1	2	3	4
13.4	22	Bestuur ontwikkel en lei werknemers op	1	2	3	4
13.5	23	Bestuur werk saam met werknemers om strategieë, planne en doelwitte op te stel	1	2	3	4
13.6	24	Bestuur raadpleeg werknemers in hul leierskapstyl	1	2	3	4
13.7	25	Ons het 'n tweerigting kommunikasiekanaal binne die onderneming	1	2	3	4
14.1	26	Bestuur werf werknemers sonder die behoeftes en voorkeure van klante in gedagte	1	2	3	4
14.2	27	Bestuur waardeer gewoonlik werknemers se bydrae tot die sukses van die onderneming	1	2	3	4
14.3	28	Bestuur doen gewoonlik prestasiebeoordeling in die onderneming	1	2	3	4
14.4	29	Bestuur reël dat werknemers klante besoek	1	2	3	4
14.5	30	Bestuur maak werknemers deel van probleme en nie deel van oplossings nie	1	2	3	4
14.6	31	Bestuur ding aggressief mee vir talentvolle werknemers	1	2	3	4

**DANKIE VIR JOU SAMEWERKING**

## Appendix 5

Ondernemingsnommer	
Vraelysnommer	

### VERTROULIK

#### VRAELYS VIR EIENAARS/BESTUUR VAN ONDERNEMINGS

##### AFDELING A

1. Naam waaronder handel dryf.....
2. Straatadres.....
3. Telefoonnommer.....
4. Aantal jare of maande wat onderneming sake doen onder huidige bestuur op die perseel.....

##### AFDELING B

1. Reageer op die volgende stellings soos dit verband hou met jou onderneming. Stel jou antwoord volgens die volgende skaal:

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam.**

Vir kantoor-gebruik								
1.1	1	Ons onderneming werf, onderhou en bevorder verhoudinge met klante	1	2	3	4		
1.2	2	Hierdie onderneming skep, ontwikkel en behou netwerke met ander ondernemings	1	2	3	4		
1.3	3	Ons bied hoë vlakke klantediens aan	1	2	3	4		
1.4	4	Alle departemente werk saam met klantefokus in gedagte	1	2	3	4		
1.5	5	Kundige werknemers word betrek in ondernemingsbesluite en -aktiwiteite	1	2	3	4		
1.6	6	Ons vestig en onderhou winsgewende klanteverhoudinge	1	2	3	4		
1.7	7	Ons gebruik nie alleen prys-aansporings as lokaas vir klante nie	1	2	3	4		
1.8	8	Die meerderheid klante is klante wat herhaaldelik met ons sake doen	1	2	3	4		
1.9	9	Ons het nie goeie of betekenisvolle sakeverhoudinge nie	1	2	3	4		

2. Ons skep verhoudings met ander ondernemings vir die volgende redes:

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam.**

2.1	10	Om ons invloed uit te oefen	1	2	3	4
2.2	11	Om stabiliteit vir die onderneming te verseker	1	2	3	4
2.3	12	Om 'n goeie reputasie te vestig	1	2	3	4
2.4	13	Omdat dit noodsaaklik is	1	2	3	4
2.5	14	Om iets daaruit terug te kry	1	2	3	4

3. Ons bemarkingstrategie

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam**

3.1	15	Fokus daarop om waarde vir klante toe te voeg	1	2	3	4
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4. Ons bemarkingsdoelwit is om

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam**

4.1	16	Klante vir ons produkte te kry	1	2	3	4
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5. Die volgende is die vernaamste bemarkingsaktiwiteit in ons onderneming

1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam

Vir kantoor-gebruik							
5.1	17	Begrip vir klante-waardeketting aanbiedings	1	2	3	4	
5.2	18	Identifisering van gepaste klante-waardenisse	1	2	3	4	
5.3	19	Ontwerp van waardeleweringstelsels wat waarde toevoeg aan klante	1	2	3	4	
5.4	20	Bestuur en instandhouding van klantevredeneid	1	2	3	4	

6. Tot watter mate stem jy saam met die volgende stellings?

1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam

6.1	21	Lojaliteitsprogramme moedig goeie gesindhede en vertroue onder klante aan	1	2	3	4	
6.2	22	Hierdie onderneming lewer pasgemaakte diens aan klante	1	2	3	4	
6.3	23	Ons het 'n gemeenskaplike langtermyn verhouding met ons klante waartoe almal verbind is	1	2	3	4	
6.4	24	Meeste ondernemings toon selfsugtige neigings in meeste vennootskappe met ander ondernemings	1	2	3	4	
6.5	25	Ons gaan verhoudings met ander ondernemings aan ten einde van hulle te leer	1	2	3	4	
6.6	26	'n Gebrek aan ervaring in verhoudings met ander ondernemings het ons positief beïnvloed	1	2	3	4	

7. In ons onderneming,

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7.1	27	Pas ons streng bestuursbeginsels toe	1	2	3	4	
7.2	28	Soek ons mense wat aan nuwe strategieë kan dink	1	2	3	4	
7.3	29	Beweeg die klant van een vlak in die verhouding na die volgende	1	2	3	4	

8. Ons gebruik die volgende bemarkingstaktiek in ons onderneming

1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam

8.1	30	Prys-aansporings om klantlojaliteit te verseker	1	2	3	4	
8.2	31	Direkte pos om klante in te lig, hulle te beïnvloed en met hulle te kommunikeer	1	2	3	4	
8.3	32	Prioriteitsbehandeling van gereelde klante sowel bo ongereelde klante	1	2	3	4	
8.4	33	Interaksie met gereelde klante in 'n warm, persoonlike manier	1	2	3	4	
8.5	34	Lewering van 'n aanbod presies soos ooreengekom	1	2	3	4	

9. Die volgende is eienskappe van ons onderneming

1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam

9.1	35	Ons onderneming het 'n kultuur om sy werknemers te ondersteun	1	2	3	4	
9.2	36	Werknemers word op dieselfde manier hanteer as 'n eksterne klant	1	2	3	4	
9.3	37	Ons is suksesvol om ons klante se behoeftes en voorkeure te bevredig	1	2	3	4	
9.4	38	Ons het onbetroubare, ongeldige en onakkurate bronne van klante-inligting	1	2	3	4	
9.5	39	Werknemersontwikkeling word hoog aangeskryf in hierdie onderneming	1	2	3	4	

10. Die volgende is bemarkingstrategieë in ons onderneming

1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam

10.1	40	Om kwaliteit en duursaamheid as ons onderneming se kern-aanbod aan klante te lewer	1	2	3	4	
10.2	41	Om die diens pasmaak te lewer aan die klant se spesifieke vereistes	1	2	3	4	
10.3	42	Om unieke klante-aanbiedinge te lewer wat nie beskikbaar is van die kompetisie nie	1	2	3	4	
10.4	43	Om pryse so te stel dat dit klantlojaliteit aanmoedig	1	2	3	4	
10.5	44	Om werknemersbehoefte en -voorkeure te identifiseer en te bevredig	1	2	3	4	

11. Dui die relevansie van die volgende stellings vir jou onderneming aan. Gebruik die volgende skaal:

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam**

Vir kantoor-gebruik							
11.1	45	Werknemers word op dieselfde manier bemark as eksterne kliente	1	2	3	4	
11.2	46	Ons beskou werknemers as die nommer een bate in ons onderneming	1	2	3	4	

12. Hierdie is die interne eienskappe van ons onderneming

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam**

12.1	47	Ons skep 'n kultuur wat werknemers se kreatiwiteit bevorder	1	2	3	4	
12.2	48	Ons betrek huidige werknemers in die proses om nuwe werknemers aan te stel	1	2	3	4	
12.3	49	Ons beoefen 'n proses waarin werknemers se prestasie erken en beloon word	1	2	3	4	
12.4	50	Regverdigde dissiplinêre aksie word streng gevolg	1	2	3	4	
12.5	51	Ons moedig 'n leerkultuur in ons onderneming aan	1	2	3	4	
12.6	52	Die koste van werknemerbevreëdiging in ons onderneming is aansienlik	1	2	3	4	
12.7	53	Werknemers word verantwoordelikheid gegee vir hul onderskeie werkomgewings en verantwoordelikheid word van hulle geëis	1	2	3	4	
12.8	54	Ons beoefen deelnemende bestuur met werknemers	1	2	3	4	

13. Tot watter mate stem jy saam met die volgende stellings oor jou onderneming?

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam**

13.1	55	Bestuur bemark die visie van die onderneming aan personeel	1	2	3	4	
13.2	56	Ons ontwerp boodskappe wat aandag trek, belangstelling hou, behoefte skep en werknemers se aktiwiteite aanmoedig	1	2	3	4	
13.3	57	Ons kommunikasie na alle werknemers ontbreek behoorlike begrip van die werklikheid soos werknemers dit ervaar	1	2	3	4	
13.4	58	Ons ontwikkel en lei ons werknemers op	1	2	3	4	
13.5	59	Ons werk saam met werknemers om strategieë, planne en doelwitte op te stel	1	2	3	4	
13.6	60	Ons ken ons werknemers in ons leierskapstyl/-benadering	1	2	3	4	
13.7	61	Ons het twee-ryging kommunikasiekanaal binne die onderneming	1	2	3	4	

14. Dit is die manier waarop ons werknemers werk en behou

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam**

14.1	62	Ons werk werknemers sonder klientebehoefes en -voorkeure in gedagte	1	2	3	4	
14.2	63	Ons waardeer gewoonlik ons werknemers se bydrae tot die sukses van ons onderneming	1	2	3	4	
14.3	64	Ons doen gewoonlik prestasiebeoordeling in ons onderneming	1	2	3	4	
14.4	65	Ons reël dat werknemers ons kliente besoek	1	2	3	4	
14.5	66	Ons maak werknemers deel van probleme en nie deel van oplossings nie	1	2	3	4	
14.6	67	Ons kompeteer aggressief vir talentvolle werknemers	1	2	3	4	

15. Ons doen die volgende vir ons kliente

**1 = stem glad nie saam nie. 2 = stem nie saam nie. 3 = stem saam. 4 = stem ten sterkste saam**

15.1	68	Ons lewer dienste tot die bevreëdiging van ons kliente se behoeftes	1	2	3	4	
15.2	69	Ons vestig 'n kultuur van kliente-oriëntasie onder werknemers	1	2	3	4	
15.3	70	Ons vestig langtermynverhoudings met kliente	1	2	3	4	
15.4	71	Elke werknemer skakel en ontwikkel werkverhoudings met kliente	1	2	3	4	
15.5	72	Ons het 'n goeie afleweringstelsel	1	2	3	4	
15.6	73	Ons verbeter gewoonlik ons totale aanbod aan kliente	1	2	3	4	
15.7	74	Ons bied 'n pasmaak aanbod aan kliente	1	2	3	4	
15.8	75	Ons het 'n klient-georiënteerde missie	1	2	3	4	
15.9	76	Ons beskou die lewering van die aanbod vanuit die klient se perspektief	1	2	3	4	
15.10	77	Daar is 'n goeie verstandhouding tussen kliente en lede van die onderneming	1	2	3	4	

**DANKIE VIR JOU SAMEWERKING**



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August 28, 2002

TO WHOM IT MAY CONCERN

Dear Sir / Madam

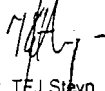
I take the liberty of asking some of your valuable time and valued insights to assist Mr. Fred Musika and his co-workers in completing a questionnaire for research purposes. Mr. Musika is currently conducting a study on the relationship marketing orientation of small and medium sized (SME) textile retailers in the North West province. In order to complete this study he is in need of empirical data from SME management / owner's, their employees and customers.

If Mr. Musika can establish the relationship marketing orientation in your industry we will be able to forward recommendations for improved external and internal marketing practices. This will eventually enhance business productivity and efficiency. We therefore implore you to participate in the project by:

- responding to simple statements on the management / owner's questionnaire;
- allowing your employees to complete a short questionnaire;
- allowing your customers to complete a short questionnaire.

I thank you in advance for participating in this study. Our eventual aim is to improve the competitiveness of businesses in our province by suggesting improved management techniques. Rest assured that all responses will be treated in strict confidence and will only be used to realise the objectives of the abovementioned research project.

Yours sincerely

  
Dr. T.F.J. Steyn  
Senior Lecturer<sup>1</sup>

<sup>1</sup> Supervisor to Mr. Musika's research project

Director: Professor L.R. J van Rensburg





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28 Augustus 2002

HEIL DIE LESER

Geagte Meneer / Dame

Ek neem die vrymoedigheid om van u waardevolle tyd en gewaardeerde insigte te vra om meneer Fred Musika en sy medewerkers met die voltooiing van 'n vraelys vir navorsingsdoeleindes behulpsaam te wees. Mnr. Musika ondemeem tans 'n studie omtrent die vermoedingsbemarkingsoriëntasie van klein en mediumgrootte (KMO) tekstielkleinhandelaars in die Noordwes provinsie. Om die studie te voltooi benodig ny empiriese data van KMO bestuurders / eienaars, hul werknemers en kliente.

Indien mnr. Musika die verhoudingsbemarkingsoriëntasie in u bedryf bepaal kan ons voorstelle aan die hand doen om eksterne en interne bemarkingspraktyke te verbeter. Dit sal uiteindelik tot 'n verbetering in produktiwiteit en doelmatigheid in u onderneming lei. Ons vra dus u samewerking in hierdie projek deur:

- op eenvoudige stellings in die bestuurder / eienaar vraelys te reageer;
- u werknemers toe te laat om 'n kort vraelys te voltooi;
- u kliente toe te laat om 'n kort vraelys te voltooi.

Ek bedank u byvoorbeeld vir u bereidwilligheid om aan hierdie studie deel te neem. Ons uiteindelijke doel is om die mededingendheid van ondernemings in ons provinsie te verbeter deur verbeterde bestuursmetodes aan die hand te doen. Wees verseker dat alle response met die strengste mate van vertroulikheid hanteer sal word en dat dit alleenlik vir die bereiking van die doelwitte van die studie soos hierbo genoem gebruik sal word.

Die uwe

TFJ Steyn  
Senior Lektor<sup>1</sup>

<sup>1</sup> Studieleier van mnr. Musika se navorsingsprojek

Direkteur: Professor LR J van Rensburg

