

University of KwaZulu-Natal

**THE USE OF INFORMATION AND COMMUNICATION
TECHNOLOGY TO EFFECTIVELY COMMUNICATE WITH
THE CUSTOMERS OF ELECTRIC EXPRESS**

By

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Abstract

Customer retention has gained popularity in the past decade. Research has found that by building long lasting relationships with customers business is able to build a customer base that brings about repeat business. Repeat business contributes to business growth and profitability. Research has also found that marketing communication strategies and technology are proving to be effective tools for creating customer retention. While research has been conducted on the role of communication and technology in promoting relationship marketing and customer retention, there appears to be no significant study on how to communicate effectively with the South African appliance retail consumer in the living standard measure (LSM) group 4 – 7, which represents 56.7% of the population.

The aim of this study was to examine the preferences of the South African appliance retail customer regarding the receipt of information and which technology would provide the most effective means to create two-way communication between the customer and the organisation. A non-probability sample of 381 customers was drawn from the 44 000 Electric Express customers. The sample was drawn from all nine provinces in South Africa and was representative of customers in the 20–69 age groups. The sample was made up of 58% female and 42% male. Of the sample 79% was African, 12% Coloured, 4% Indian and 5% White. Data was collected using a questionnaire which was administered by the Electric Express branch managers in the various stores. Statistical analysis revealed that there were a number of significant relationships between biographical data and the type of information the customer would like to receive, how often the customer would like to receive the information and the preferred technology to transmit the information.

A salient finding was that there is a technological platform within the appliance retail industry that can be used to develop an integrated marketing communication system for business. The study can benefit organisations in identifying customer preference in communication and technology and recommends the implementation of a mobile and internet strategy as one of the key pillars to support the marketing strategy.

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List of Acronyms and Abbreviations

| | |
|--------|---|
| AMPS | All Media and Product Study |
| BCG | Boston Consulting Group |
| CAGR | Compound Annual Growth Rate |
| CE | Chief Executive |
| DMMA | Digital Media and Marketing Association |
| DVD | Digital Video Disc |
| FNB | First National Bank |
| GDP | Gross Domestic Product |
| ICT | Information and Communication Technology |
| ID | Identity Document |
| IEC | Independent Electoral Commission |
| IT | Information Technology |
| KZN | KwaZulu-Natal |
| LSM | Living Standards Measure |
| OTB | Open To Buy |
| PCs | Personal Computers |
| RFID | Radio Frequency Identification |
| SMS | Short Message Services |
| SAARF | South African Audience Research Foundation |
| SPSS | Statistical Package for the Social Sciences |
| TV | Television |
| UNICEF | United Nations Children's Fund |

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

The decline in growth and profit year on year has resulted in a need for Electric Express to review their marketing strategy and move to a more customer focused strategy. Studies have shown that for sustainable competitive advantage a company must be able to attract and retain customers. In today's highly competitive economy, in industries where companies are competing for the same customer, the consistent challenge for Electric Express is how to attract and retain customers to bring about lasting relationships to secure repeat business and increase growth and profitability. This research study looked at the role of communication and technology in the customer retention process. This chapter provides an overview of the study. It provides the reader with the problem statement, motivation for the study, the focus of the study, research questions, research objectives, research methodology and chapter outline.

1.2 PROBLEM STATEMENT

Electric Express competes in the appliance and electronics sector. This sector was forecasted to do sales of R59.3 billion in 2011 and reach sales of R76 billion by 2015. There is great opportunity for South African retailers in the consumer goods sector. Yet, Electric Express has found it extremely challenging to achieve sales targets since 2009. Many successful companies have been able to attract and retain customers through the implementation of successful communication strategies and the smart use of technology. But, South African appliance and electronics retailers shy away from implementing mobile and internet strategies for their business, which in this day and age should be one of the pillars to any marketing strategy. The need for Electric Express is not only to embrace new technology but to understand it and learn how better to utilise it to communicate effectively with customers in order to build lasting relationships and to create greater customer retention. What then is the most effective way to communicate with the Electric Express customer?

1.3 MOTIVATION FOR THE STUDY

The Electric Express customer falls within the living standards measure (LSM) 4–7 group. This group accounts for 56.7% of the South African workforce (Vieira and Stewart, 2011). The size of this LSM group is a significant group within the South African economy and

every South African retailer with a customer base from the LSM 4–7 groups should be consistently looking for ways to attract and retain these customers. The purpose of this study was to examine how best to communicate with the Electric Express customer and which technologies would provide the most effective means to create two-way communication between the customer and the organisation. The results from this study will give insight into how best to communicate with a South African consumer in the LSM 4–7 groups. The benefit derived from the study will be for Electric Express, the appliance and electronics industry, retailers that focus on customers in the LSM 4–7 group, marketers, researchers and scholars.

1.4 FOCUS OF THE STUDY

This study has sought to find out what the trends are in the consumer market with regard to building lasting relationships in order to create greater customer retention. A key challenge for Electric Express is customer retention. The study examined the role of communication and technology in the customer retention process. Therefore, the study was conducted at Electric Express. The focus of the study is the Electric Express customer.

1.5 RESEARCH QUESTIONS

This study sought to answer the following questions:

- What method/type of technology do Electric Express customers have access to?
- What method/type of technology should Electric Express use to communicate with their customers in order to capture significant “space of mind”?
- What type of information would Electric Express customers like to receive?
- How often would the Electric Express customer like to receive this information?

1.6 OBJECTIVES OF THE STUDY

The objectives of the study were to determine:

- What the most effective technology is to communicate with the Electric Express customer.
- What information the Electric Express customer regards as necessary and relevant.

- How often the Electric Express customer would like to receive information.

1.7 PROPOSED METHODOLOGY

1.7.1 Research approach

This study sought to find out what the trends in the consumer market are and therefore focused on conclusive-descriptive research (Wilson, 2006). The method available to researchers is observation, qualitative research and quantitative research. Quantitative research uses a structured approach with a sample of the population to produce quantifiable insights into the behaviour, motivation and attitudes (Wilson, 2006). Therefore, the quantitative approach was followed.

1.7.2 Sampling technique

The target population for this study was the Electric Express customers. Electric Express has 44 000 active customers and the sample was selected from this population. A sample was selected for this study because census requires obtaining data from every member of the population which might not be possible due to the size of the population. There are two types of sampling: probability sampling and non-probability sampling. In probability sampling the researcher specifies some objectives and systematic procedure for choosing potential respondents from a population (Wilson, 2006). Non-probability sampling, on the other hand, is where a subjective procedure of selection is used, resulting in the probability of selection for each member of the population of interest being unknown (Wilson, 2006). The method selected for this study was non-probability sampling. The selection was random and the respondents were unknown as they were selected from the Electric Express “walk-in account holder” customers.

1.7.3 Research tool and data collection

Primary data is frequently collected through questionnaires, but in some instances it is also gathered through observations (Wilson, 2006). Therefore, a structured questionnaire was used to obtain data. Data was collected through the physical use of the questionnaire when the customer visited the store. Research methodology will be discussed in detail in Chapter Three.

1.8 CHAPTER OUTLINE

The study consists of five chapters that are summarised as follows:

Chapter One: provides an overview of the study for the reader.

Chapter Two: is the literature review and examines literature and previous research on developing competitive advantage, strategic marketing, marketing mix, promotional strategies, relationship marketing, marketing communication, customer retention, the shift in consumer behaviour, technology, e-commerce, and m-commerce.

Chapter Three: focuses on the research methodology and identifies what research methods had to be followed to get the desired result and achieve the aim of the study. The quantitative research method was adopted for this study.

Chapter Four: focuses on data analysis and discussion of the results. Through the analysis process the study findings were confirmed and limitations of the study were identified.

Chapter Five: focuses on benefits of the study, recommendations to solve the business problem, limitation of the study and recommendations to overcome the limitations.

1.9 SUMMARY

The problem statement and motivation confirms that there is a clear business need for Electric Express. The next chapter reviews the literature and previous research on communication and technology and examines how it is being used in business to impact customer retention.

CHAPTER TWO: REVIEW OF LITERATURE

2.1 INTRODUCTION

Studies have shown that for sustainable competitive advantage a company must be able to attract and retain customers. However, studies show that there has been a significant shift in consumer behaviour in the past decade which has forced companies to switch from being sales focused to being customer focused. Research has shown that companies who use customer retention strategies encourage their customers to do repeat business which increases sales and profitability. This study sought to find what is happening in the consumer market with regard to customer retention. The purpose of this chapter is to explore what is happening in other industries to create greater customer retention and to provide a theoretical perspective on strategies, systems and processes that can bring about greater customer retention for Electric Express. The review will cover the following aspects: developing competitive advantage, strategic marketing, marketing mix, promotional strategies, relationship marketing, marketing communication, customer retention, the shift in consumer behaviour, technology, e-commerce, and m-commerce.

2.2 COMPETITIVE ADVANTAGE

According to Winer (2007), the search for sustainable competitive advantage is elusive for the marketing manager, but one of the most critical roles for business none the less. Even though competitive advantage is difficult to develop and equally difficult to maintain, Winer (2007) argued that it is possible for a company to develop a sustainable competitive advantage if it has the following characteristics: it is able to create customer value; the increased value must be perceived as value by the customer; and the advantage should be difficult to copy.

Jain (2004) claimed that competitive, or business, intelligence is a powerful new management tool that enhances a company's ability to succeed in today's highly competitive global markets. To outperform competitors a company must understand why competition prevails, why firms attack and how firms respond (Jain, 2004). Insights into competitors' perspectives can be gained by undertaking two types of analysis – industry and comparative analysis. Industry analysis assesses the attractiveness of a market based on its economic structure. Comparative analysis indicates how every firm in a particular market is likely to perform,

given the structure of the industry (Jain, 2004). But Porter (1998) suggested that it is not enough to conduct industry analysis to gain insights into competitors' perspectives and their competitive advantage. Companies must not only analyse the industry but also four other competitive forces: customers, suppliers, potential entrants and substitute products, as illustrated in Figure 2.1.

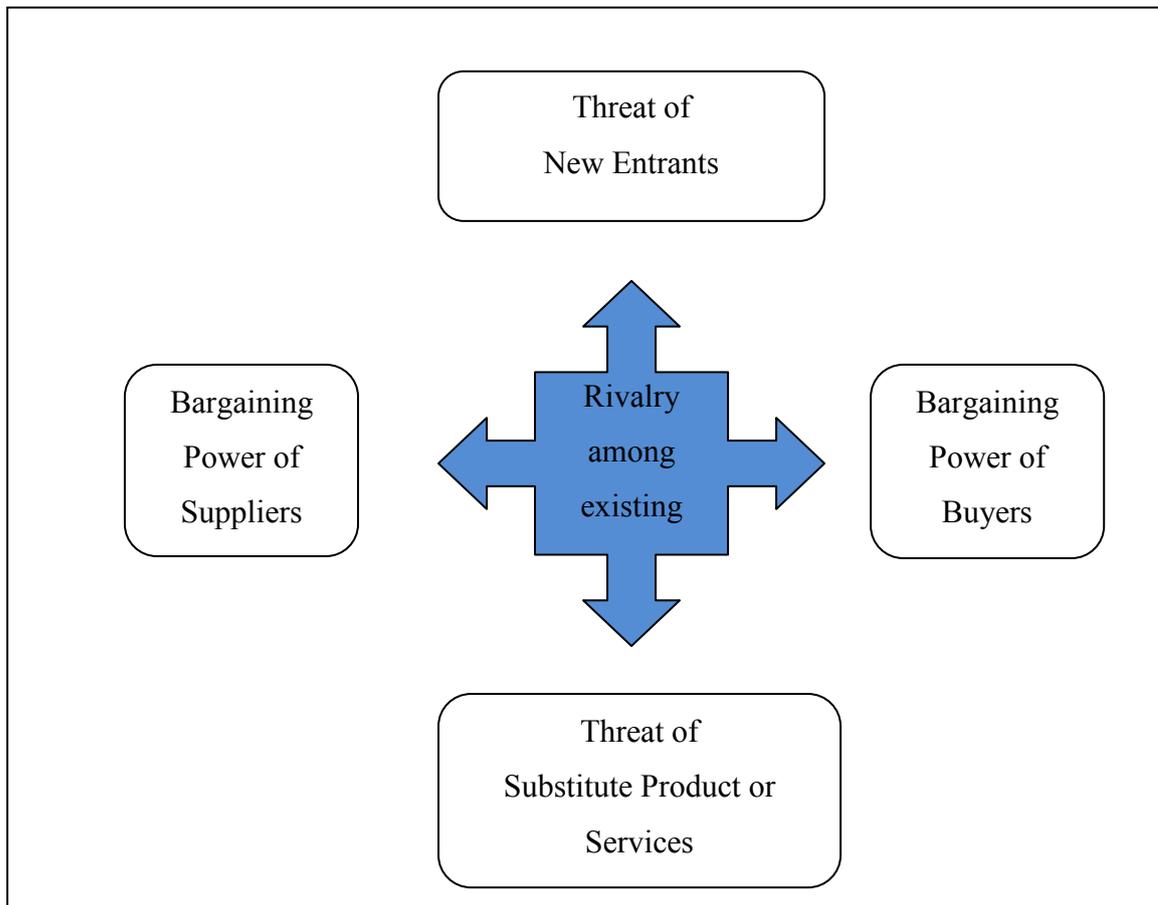


Figure 2.1: The Five Forces That Shape Industry Competition

Source: Adapted from Porter, M. 1998, the Five Forces That Shape Strategy, Harvard Business Review.

Porter (1998) explained that these competitive forces can hurt a company's prospective profit. Customers can force down prices by playing one company against the other. Powerful suppliers may reduce profits if they charge higher prices. Aspiring entrants, armed with new capacity and hungry for market share can increase the investment for a company to continue business, and substitute products can lure customers away. Porter (1998) claimed that the extended rivalry that results from all five forces defines the industry's structure and shapes the nature of competitive interaction within an industry. Understanding the competitive forces,

and their underlying causes, reveals the roots of an industry's current profitability while providing a framework for anticipating and influencing competition over time. In order to sustain long-term profitability, a company must respond strategically to competition.

Porter (1998) claimed that competitive advantage is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. For example, the Burberry family business became Britain's leading manufacturer of top quality raincoats for men and women (Gulnarhh, 2011). The Burberry name today is a generic for top quality rainwear all over the world, enjoying the same reputation as Rolls Royce in motor vehicles, Purdy in shot guns and Coca Cola in soft drinks (Gulnarhh, 2011). The company prospered until the 1980s and then sales and profits began to decline. The product had not been properly introduced to the new generation. In 1996, following years of financial loss, Burberry appointed an American Executive, Rose Marie Bravo, as their new managing director. After conducting market analysis, Bravo started with new product development (accessories, bags, shoes, new clothing line, jewellery, etc.) and aggressively marketed and repositioned the brand. In September 2010, Burberry was showing strong operational and financial performance. Representatives from Burberry have attributed the success to continued focus on the brand, on-going investment in digital, IT and retail infrastructure. Burberry has staked out a unique and valuable strategic position based on a set of tailored activities. This company outperformed rivals by establishing a difference that it could preserve. It went from near extinction to a global quality brand (Gulnarhh, 2011).

Porter (1998) claimed that positioning – once at the heart of strategy – is rejected as too static for today's dynamic markets and changing technologies. According to the new dogma, rivals can quickly copy any market position, and competitive advantage is, at best, temporary. Porter (1998), in his writings on Competitive Strategy introduced the concept of generic strategies – cost leadership, differentiation, and focus – to represent the alternative to strategic positions in an industry. The generic strategies remain useful to characterise strategic positions at the simplest and broadest level. Southwest Airlines is an example of a company that followed a cost-leadership strategy. Burberry on the other hand adopted a focused differentiator strategy. The generic strategies framework introduced the need to choose in order to avoid becoming caught between inherent contradictions of different strategies.

Treacy and Wiersema (1993) believed that the customer focus was ignored in Porter's strategic models and extended Porter's generic strategies into The Value Discipline Model

which looked at three different areas or value disciplines on which a company can focus – product leadership, operational excellence and customer intimacy, as depicted in Figure 2.2.

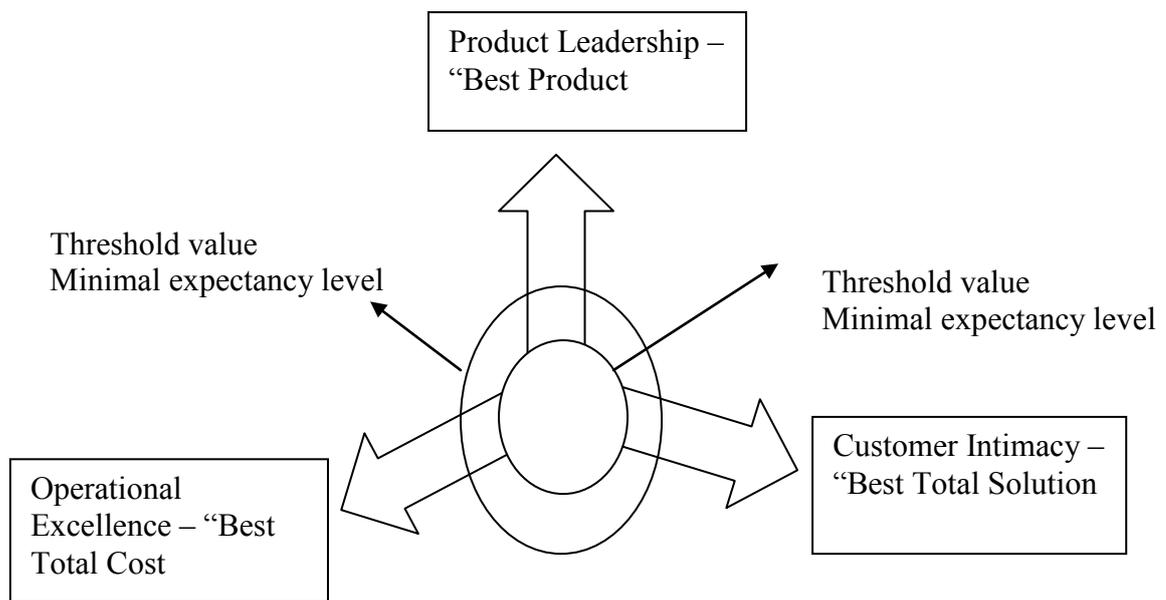


Figure 2.2: Value Discipline Model

Source: Adapted from Treacy, M. and Wiersema, F. 1993. Customer Intimacy and Other Value Disciplines, Harvard Business Review.

The primary difference between Porter’s work and Treacy and Wiersema’s value discipline model is a deeper focus on the customer relationship. Porter’s focus was on the market and Treacy and Wiersema’s focus was on the customer. Treacy and Wiersema (1993) believe that there are three core business strategies that a company may use: (a) operational excellence, (b) product leadership, and (c) customer intimacy. Operational excellence strategy amounts to offering middle-of-the-market products at the best price with the least inconvenience. The product leadership strategy concentrates on offering products that push performance boundaries, in other words, providing the customer with the best product. The customer intimacy strategy focuses not on what the market wants but what specific customers want and creates a differentiated customer experience to gain a customer loyalty advantage. Businesses following this strategy do not pursue one-time transactions, but focus on cultivating relationships with customers. Treacy and Wiersema (1993) proposed that an enterprise cannot excel in all three disciplines because the basic enterprise culture, structure, people, facilities, processes and business models that lead to excellence in one discipline could be incompatible with achieving excellence in the other disciplines. Companies must make a key strategic choice about which value discipline to select.

However, many business theorists criticise Porter's work, saying that it is possible to use both generic strategies of differentiation and low cost simultaneously. Kim and Mauborgne (2004) stated that companies must look outside their present paradigms to find new value propositions - a concept which they called Blue Ocean Strategy. Their approach fundamentally goes against Porter's concept that a firm must focus on cost leadership or on differentiation. Kim and Mauborgne (2004) believe that the business universe consists of two distinct kinds of space, which can be thought of as red and blue oceans. Red oceans represent the industries that are in existence today – the known market space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are well understood. In this market space companies try to outperform their rivals in order to seize a greater share of existing demand. As the markets become saturated, prospects for growth and profits decline. Increasing competition turns the water bloody – into red oceans (Kim & Mauborgne, 2004). Blue oceans, according to Kim and Mauborgne (2004), are industries that are not in existence today – the unknown market space. In blue ocean industries demand is created rather than fought over. Kim and Mauborgne (2004) believe that there are two ways to create blue oceans; companies give rise to completely new industries or blue oceans are created from within red oceans when the company alters the boundaries of an existing industry. There is opportunity for growth that is both rapid and profitable. The logic behind blue ocean strategy parts with traditional models focused on competing in the existing space (Kim & Mauborgne, 2004).

Electric Express is competing in an existing market. A market that Kim and Mauborgne would refer to as a “red ocean”. Their products are available through their competitors. As a result of their product offering they are unable to be cost leaders in the industry nor are they able to provide product differentiation. To create competitive advantage, Electric Express would have to alter the boundaries of the existing industry or create value in other areas of the business, for example, create customer loyalty and retention. Creating competitive advantage cannot be static. The work of Porter, Treacy and Wiersema, and Kim and Mauborgne demonstrates that business is multi-faceted. There has to be constant reviewing and tweaking of these facets to create a successful business strategy. One such area could be creating customer intimacy (Treacy & Wiersema, 1993).

2.3 STRATEGIC MARKETING

In an era marked by the challenges of global competition, rapidly changing technology, new customer needs, and shifting demographics, the development of strategic marketing skills is

essential if companies are to survive and become or remain profitable (Jain, 2004). According to Jain (2004) the strategic role of marketing is different from marketing management. While marketing management deals with developing, implementing, and directing programmes to achieve designated intentions, marketing strategy deals essentially with the interplay of three forces known as the strategic three C's which are the customer, the competition and the corporation. Marketing strategies focus on ways in which a corporation can differentiate itself effectively from its competitors, capitalising on its distinctive strengths to deliver better value to its customers, thus creating competitive advantage (Jain, 2004). Marketing strategy, in terms of the three constituents, must be defined as an endeavour by a corporation to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy customers' needs in a given environmental setting (Jain, 2004). The marketing strategy needs to address where to compete, how to compete and when to compete. Therefore, Jain (2004) claimed that the marketing strategy is the creation of a unique and valuable position, involving a set of activities. It requires choosing activities that are different from rival companies. Winer (2007) believes that a marketing strategy will determine the objective to be achieved, the target customer, competitor targets, the value proposition, product positioning and marketing mix for the company.

2.4 MARKETING MIX

According to Mitchell (2012), the term marketing mix was coined by a Harvard Professor, Neil H Bordenin, in 1964 and later grouped into the 4P's - product, price, place and promotion - by Professor McCarthy as depicted in Figure 2.3.

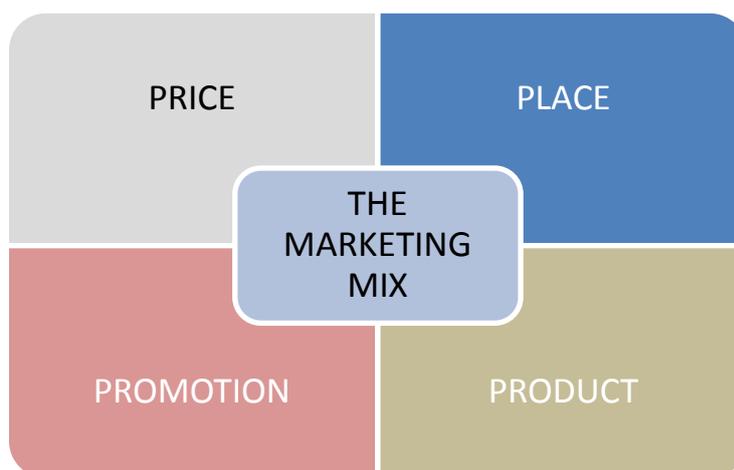


Figure 2.3: Components of the marketing mix (The 4P's)

Source: Adapted from Perrault W.E. Cannon, J. & McCarthy, E.J. 2011. *Basic Marketing – A Marketing Strategy Planning Approach*. 18th Ed McGraw Hill, New York.

According to Perrault, Cannon and McCarthy (2011), a marketing strategy is the combination of the target market, or the customers the marketing is intended to reach, and the marketing mix. Winer (2007) believes that the marketing mix is the set of decisions about price, channels of distribution, product, communications, and customer relationship management that contribute to the development of the marketing strategy. The successful manipulation of these elements, according to Gallegos (2008), will serve to produce the greatest results for any organisation. However, a company cannot concentrate on all 4Ps at the same time and it is therefore imperative for the organisation to focus on a specific strategy for their success (Treacy & Wiersema, 1993). This research study was primarily concerned with the customer and therefore focused on aspects related to the customer intimacy strategies, which are discussed from here on.

2.5 PROMOTIONAL STRATEGIES

Promotional strategies are a means of attracting new customers and retaining old ones (Shruti, 2009). They are, according to Jain (2004), concerned with the planning, implementation and control of persuasive communication with customers. These strategies may be designed around advertising, personal selling, sales promotion, or any combination of these. The success of the promotion strategy is dependent on how well the company uses advertising, personal selling and sales promotion. Clear objectives and focus on target customers are necessary for an effective promotion programme. However, according to Jain (2004), it is not enough to merely run an advertising campaign or hire a few salespeople to call on customers. An integrated communication plan consisting of various promotion methods should be

designed to ensure that customers in a product/market cluster get the right message, at the right time in order to maintain a long-term cordial relationship with the company.

2.6 RELATIONSHIP MARKETING

Moutinho and Southern (2010) defined relationship marketing as the sum of marketing efforts by a company which is aimed at the establishment, development or maintenance of successful exchanges with a customer over time. Kotler and Keller (2011) stated that the key goal of marketing is to develop deep, enduring relationships with people and organisations that could directly or indirectly affect the success of a company. Relationship marketing aims to build mutually satisfying long-term relationships with key stakeholders in order to retain their business. Brink and Berndt (2004) believe that relationship marketing represents continuous co-operative effort between buyers and sellers that recognise the value of customers' lifetime purchasing power, and seeks to build a chain of relationships within the organisation and create the value customers want. In identifying the value they wish to achieve, relationship marketers design and align processes, communication, technology and people in support of customer value (Brink & Berndt, 2004).

2.7 MARKETING COMMUNICATION

Communication refers to the information flow between the company and its customers (Jain, 2004). Keller (2008) defined marketing communications as the means by which companies attempt to inform, persuade and remind customers, directly or indirectly, about the products they sell. In other words, marketing communications represent the voice of the brand and are a means by which the brand can establish a dialogue and build relationships with consumers.

According to Winer (2007), forward thinking organisations are focusing on a concept called integrated marketing communications, in which the marketing manager ensures that all the elements of the marketing mix communicate the same message. Companies communicate with customers through advertising, direct marketing, sales promotions, publicity and public relations, personal selling and miscellaneous communication activities (Keller, 2008). These messages, through multiple channels, must be co-ordinated to reinforce what each is saying to prevent customer confusion due to conflicting messages. The marketing communication elements provide added value to customers, increase positive relationships and create greater customer retention.

2.8 CUSTOMER RETENTION

Bretherton and Beverland (2000) claimed that customer retention is now recognised as being more cost effective than capturing new customers. In their study they asked the question why the strategy of customer retention has become increasingly important in recent years? They believe that the need for greater customer retention has increased in popularity because customers are better informed, are more demanding, and the number of competitors in the market makes it easy for customers to switch (Bretherton & Beverland, 2000). Cialdini (2001) stated that there is only a handful of companies that know how to capture the attention of a customer, sway the undecided, and convert the opposition. According to Sundaram (2010), the new forms and types of media that are available as well as the shortening attention span of the consumer are affecting a company's ability to hold the attention of its customers. Previously, brand communications were controlled by the brand manager but today communication possibilities have multiplied with the web: brand-to-consumer, consumer-to-consumer, and consumer-to-brand. The intense marketplace, according to Baltzan and Phillips (2010), has forced organisations to switch from being sales focused to being customer focused. For sustainable competitive advantage, a company must be able to attract and retain customers (Shuili, Bhattacharya and Sankar, 2007). Bretherton and Beverland (2000) believe that due to the changing macro-economic environment and ever increasing competition, there is a need to capture the customers' attention and to keep them longer. Companies who use customer retention tactics encourage their customers to repeat their business with them which results in an increase in sales. Retention of customers brings about long lasting relationships. Long lasting relationships, according to Shuili, Bhattacharya and Sankar (2007), have a positive influence on the bottom line, bring about quality service, and changing needs of the customer can be tracked more efficiently. In short, better communication strategies bring about greater customer retention which has a positive effect on the profitability of a company. It is therefore imperative that companies keep abreast of what is happening in the consumer space through improved communication processes.

2.9 THE SHIFT IN CUSTOMER BEHAVIOUR

Changes in the expectations of customers have evolved significantly over the past decade. While many believe that the landscape of business is changing because of social media, the truth is that it is changing due to customer expectations (O'Meara, 2009). In a study conducted among retail executives, Accenture (2011) found that the anticipated changes in retail will be driven by consumers and technology. Accenture (2011) predicted that consumer

behaviour will account for 54.4% of change in retail and technology will account for 30.9%. In their study, Accenture (2011) showed that the acceleration of the development of mobile devices and its global growth has significantly shifted behaviour. Nietsckie, Naidoo, Mulaudzi, Dlodla, Mokgabudi, Mansoor and Motshabi (2011) believe that easily and cheaply available internet, the growth of web mobile devices and the explosion of social networking have contributed to the shift in consumer behaviour.

According to O'Meara (2009), now more than ever before, customers are driven by the value in their shopping experience. As customers' demands shift and whole new channels of interaction emerge, retailers are challenged with creating new and differentiating experiences. To reach customers today, O'Meara (2009) believes that retailers must create personal, interactive and social experiences consistently across a range of channels and geographies, whether on the web, on a mobile device or in a store. In the new world of retail, successful companies will use technology to digitally connect with customers and suppliers. Value-driven customers demand convenient, consistent shopping experiences from retailers whether shopping in-store, by catalogue, online, on the go, locally or globally. To meet these requirements at acceptable cost, O'Meara (2009) suggested that successful retailers need to deploy a flexible, distributed technology platform that delivers a consistent experience across the shopper's digital life, within stores, across stores and at their enterprise locations – providing sales and enabling information to both the shoppers and employees. O'Meara (2009) believes that as customers increasingly drive the retail demand, successful retailers will use technology to digitally connect with customers and suppliers.

2.10 INFORMATION TECHNOLOGY

Ross and Weill (2002) believe that most organisations are not generating the value from IT investments that they could. The companies that manage their IT investments most successfully generate returns that are as much as 40% higher than those of their competitors. Despite advances in technology, Feld and Stoddard (2004) believe that most companies continue to struggle with old, costly and rigid information, a cynical executive board, a discouraged IT organisation, and throngs of increasingly frustrated customers. Making IT work demands the same things that other parts of the business do – inspired leadership, superb execution, motivated people, thoughtful attention and high expectations of senior management (Feld & Stoddard, 2004).

According to Baltzan and Phillips (2010), the pace of technological change is rapidly increasing. What used to take hours to download over a dial up modem connection can now transfer in a matter of seconds through an invisible, wireless network connection from a computer thousands of miles away. We are living in an increasing wireless presence and moving even faster toward a wireless future (Baltzan & Phillips, 2010). Herman (2005) believes that technology evolution has not been occurring in a vacuum. He maintained that technology has been driven by the growing sophistication of clients and the increasing affordability of technology to clients. Technology is becoming more pervasive, user-friendly and affordable and is increasing productivity for customers and clients. Technology is proving to be a very powerful tool to capture large audiences in a short space of time and is used by many to build or break brands (Baltzan & Phillips, 2010).

Big and small retailers around the world are using technology to enable more efficient shopping and improved customer service. According to Piccoli, Spalding and Ives (2001), American Airlines, long known for using technology as a strategic weapon, uses the internet to simplify its customers' relationship management system and US Airways has installed e-ticket kiosks at a number of airports and is expanding their service. The South African airlines use web services effectively. Today passengers can check in at kiosks at the airport or check in online in the comfort of their home or office. Piccoli, Spalding and Ives (2001) stated that any technology that reduces a customer's waiting period is a way to provide a better service.

According to Baltzan and Phillips (2010), every type of organisation in business today, from farming to pharmaceuticals is affected by technology and the development of software to operate, improve or innovate it. Companies are impacted by software solutions that enable them to improve their cost structure, manage people better, and develop and deliver new products to market. These organisational improvements help companies develop and sustain their competitive advantage and position themselves better in the market place (Baltzan & Phillips, 2010).

Sundaram (2010) claimed that information technology has helped banks overcome shortcomings by facilitating the capture, retention and institutionalisation of customer data and even made it possible for them to project future customer behaviour. Rapid advancements in this industry and back-to-back innovations have helped banks pay greater attention to the customer (Sundaram, 2010). First National Bank (FNB) has become a market leader in cell phone banking. Phahlamohlaka (2012) claimed that FNB has in excess of 4 million cell phone

banking customers. The banking sector has successfully used technology to create competitive advantage. Mobile phones offer a potential gateway for both local and international banking and payment services (Rao, 2011). According to Sundaram (2010), the explosive growth in the information and communication technology (ITC) arena has resulted in the introduction of new devices and applications, which have evolved into banking channels. Banks have worked towards making these channels not just service points but also platforms which enhance the customer experience.

O'Meara (2009) claimed that new technologies are continually driving innovation and change in the retail industry. Radio frequency identification (RFID), for example, is creating a major shift in the way retailers monitor and understand product delivery and usage. Social networking technology is dramatically changing how customers form impressions about products and brands. Many other emerging technologies such as video analytics, predictive simulation, and biometrics are shaping future shopping experiences. Sundaram (2010) said that with fast-paced developments in information technology and new communication devices regularly entering the market, customers' expectations are changing constantly. Today's customers want every interaction with companies to be engaging, informative and useful. Technology is the tool with which companies can fulfil these expectations, according to Sundaram (2010).

2.11 E-COMMERCE

Since 1994, businesses around the world have begun launching or expanding their online presence. E-commerce, according to Baltzan and Phillips (2010), is the buying and selling of goods and services over the internet. E-commerce refers only to online transactions. E-business, on the other hand is the conducting of business on the internet, not only buying and selling, but also serving customers and collaborating with business partners. The primary difference between e-commerce and e-business is that e-business also refers to online exchanges of information, for example a manufacturer allowing its suppliers to monitor production schedules or financial institutions allowing customers to review their banking, credit card, and mortgage accounts (Baltzan & Phillips 2010). A growing number of companies are using the internet to streamline their business processes, procure materials, sell products, automate customer service, and create new revenue streams. According to Baltzan and Phillips (2010), companies that take advantage of the numerous opportunities associated with the internet can achieve the coveted first mover advantage in their markets.

2.11.1 E-Commerce in South Africa

There are various studies that confirm that e-commerce has grown in South Africa over the past decade. White (2011) believes that an increase in the number of sellers and traditional retailers developing online retail sites, coupled with growing internet access in South Africa, has fuelled e-commerce growth. A survey conducted by World Wide Worx found that the number of South Africans with access to the internet grew from 4.6 million to 5.3 million between 2009 and 2011 (Goldstuck, 2012). However, despite the growth in internet users in South Africa, the majority of the population continues to buy from the traditional brick and mortar outlets. Nietsckie *et al.* (2011) found that while many large successful South African retailers had some form of digital platform, the uptake of the online retail channel and digital business as a whole is very slow. Factors such as high broadband access costs, relatively low internet penetration, and low confidence in the postal system in South Africa, are expected to impede growth in the medium term. The socio-economic challenges in South Africa have caused the development of e-commerce to lag that of developed economies (Nietsckie *et al.*, 2011). White (2011) supports the argument that while e-commerce has grown since 2007, online retail has not gained significant momentum.

Molla (2004) found that the success in e-commerce is unlikely for organisations that lack organisational e-readiness. In particular, e-commerce governance, technology resources and commitment emerge as chief factors affecting e-commerce success. Molla (2004) stated that organisations in developing countries in general and South Africa in particular might consider trying to excel in these three areas in order to gain competitive advantage. Vatanasakdakul, Tibben and Cooper (2004) found that in developing countries very little business was generated by using Internet. However, a report published by the Boston Consulting Group (BCG) in 2012 claimed that the South African Internet economy will make up about 2.5% of GDP in 2016, from 1.9% in 2010. The predicted value of South Africa's internet economy by 2016 will have more than doubled to R103 billion from R51 billion in 2010.

2.12 M-COMMERCE

According to Rao (2011), mobile infrastructure and investments in Africa have put the mobile web at centre stage. In 2008, imports of data enabled phones exceeded that of non-data enabled phones in many African markets. In 2009 undersea cables were introduced to East and Southern Africa which has increased the internet infrastructure significantly in South Africa. In 2010, mobile operators became serious about data availability and cost packaging

for everyday Africans (Rao, 2011). The mobile phone growth in Africa has exceeded the growth rate of many developed countries. Africa is no longer considered to be an adopter of technology but an innovator as well. This was confirmed by awards handed out at the Mobile World Congress in Barcelona in February 2011 (Rao, 2011). This growth is expected to increase extensively in the next few years. Rao (2011) claimed that Africa is projected to add an additional 224 million mobile users by 2016, bringing mobile phones to 68% of the continent's population. Mobile phones in Africa are increasingly being used to access information and are used for value added services - whether it is checking market prices, transferring money or simply checking the latest news, Facebook or Wikipedia, mobile phones are transforming life in Africa. Rao (2011) believes that the African mobile Internet is inevitably due for a major transformation. The number of mobile Internet subscribers in Africa has increased dramatically in the last 12–18 months, particularly in East Africa (Rao, 2011). Mobile phones sales have boomed in Africa, with more handsets likely to be in circulation than there are people to use them by 2015. Penetration has already attained such a benchmark in Gabon, and is nearing the same level in South Africa, while even in Sudan, a country troubled by war in recent decades, it has reached 45% (Rao, 2011).

There are specific sectors in Africa that are using mobile phones successfully. Mobile marketing and advertising is one of these sectors. According to Rao (2011), the African mobile advertising and marketing growth potential has rivalled that of Europe's. Africa is now serving more mobile ad impressions than Western Europe. Statistics presented by Brett St Clair, Mobile Marketing Association South Africa co-chair and head of mobile, Google South Africa, indicate that Africa has grown from 1.5 billion impressions in 2009 to 5.2 billion impressions in 2010 versus 1.8 billion impressions from Western Europe in 2009 to 3.7 billion in Western Europe in 2010 (Rao, 2011). A second area is the socio-economic sector. Business and Government services are using mobile communication to play a major role in civil society. South African voters can check their registration details – including the voting station where they registered on the IEC website or by sending their ID number via SMS to 32810. The mobile phone is a technological tool that has functions that can be used across sectors. Rao (2011) believes that the mobile phone could be the key to unlocking Africa's development problems and said "There are no adequate substitutes available as mobile phones outnumber PCs by 16:1, low barriers to entry and standard-based tools are available free of charge, and the market is highly segmented and localised".

Rao (2011) believes that the key to driving mobile data revenues upwards starts with understanding of how Africans use the mobile internet and their willingness to spend on mobile applications such as music download, online news, social networking, email and search engines. In his study, Rao (2011) found that 85% of local shoppers would be willing to receive mobile advertising, including listening to brand messages. Currently, over 400 multinational corporations claim at least R2 billion in annual revenue from Africa, and although challenges remain, covering lack of talent and infrastructural development, the potential cannot and should not be ignored.

2.12.1 Mobile phone user behaviour in South Africa

According to Rao (2011), South Africa had 5.3 million internet users and over 3 million people on Facebook at the end of 2010. Mobile phones are a business necessity to Africa's growing economy. Rao (2011) claimed that informal traders in rural communities now use mobile phones to communicate and connect with the world to grow their business. The rural communities, with limited access to electricity, use mobile phones as their only internet source. A recent World Wide Worx study (Goldstuck, 2012) indicated that 27% of rural dwellers and a further 37% of all urban South Africans access the Internet via their mobile phones (Goldstuck, A. 2012c). With 18% Smart Phone penetration in South Africa, communicating directly with the consumer is at a record high. Never before, according to Rao (2011), has the marketer been able to reach their market so instantly and personally. Rao (2011) said that due to mobile and online social media, people are more connected, more informed as to what is available on the market and are expecting companies to communicate with them as individuals. By capturing insights and using mobile technology to make the message relevant, smaller more specific group focused mobile campaigns could be more effective in reaching the mass market than one nationwide campaign.

Rao (2011) also claimed that by the year 2015 the mobile network will break the electricity barrier in more than four major regions. Sub-Saharan Africa will have more people with mobile network access than with access to electricity at home. The off-grid, on-Net population will reach 138 million by 2015. Rao (2011) believes that the growth in the mobile market has resulted in greater need for getting more insight into the growing market in countries like South Africa. Unlike with traditional advertising, the consumer can now speak back. By entering into a dialogue with their brand they can correct and criticise as well as praise and promote. The mobile medium is dynamic and is connected to the consumer at a personal level. Opera Software and On Device Research conducted a survey which revealed

that mobile internet is the only access method for many users (Goldstuck, 2012c). These users have been dubbed the “mobile only internet generation”. South Africa has emerged as having the largest group of mobile only internet users. Focused and explicit strategies inclusive of personal level market insights are now essential in connecting and capturing the attention of this consumer.

2.13 SUMMARY

Competitive advantage is difficult to create and in many cases easy to copy and erode. Without sustainable competitive advantage, companies lose market share, and growth and profits decline. Electric Express is competing in a highly competitive but lucrative industry. The challenge for Electric Express is how to increase profit and gain market share in an industry that is highly competitive. In an industry where the company has limited negotiating latitude on price, cost leadership strategies are almost impossible to employ. The company must therefore look at alternative strategies to create value. Research has shown that strategies that focus on customer retention have gained in popularity in the past decade. Customers are more informed, they are more demanding and the number of competitors in the market makes it easy for customers to switch. Customer retention brings about long lasting relationships which have a positive impact on the bottom line through repeat business. The question then is how do companies create customer retention?

Research has found that better communication strategies bring about greater customer retention. Marketing communication is defined as a means by which companies attempt to inform, persuade and remind customers, directly or indirectly, of the products or services they sell. An integrated communication plan consisting of various promotional methods is designed to ensure that the customers in a product or service cluster get the right message, at the right time to maintain a long and cordial relationship with the company. However, the literature review shows that marketing communication is not enough to retain the customer. The research has shown that customers are driven by the value in their shopping experience. To retain customers today, retailers must create personal, interactive and social experiences consistently across a range of channels and geographies, whether on the web, on a mobile device or in a store. In the new world of retail, successful companies will use technology to digitally connect with customers and suppliers. Value-driven customers demand convenient, consistent shopping experiences from retailers whether shopping in-store, by catalogue, online, on the go, locally or globally. Banking and airlines have successfully used technology to communicate with customers to offer better service and build lasting relationships. While

there has been slow growth in e-commerce and online retail, the BCG confirms that South Africa's internet economy will grow significantly. Mobile phone usage is significantly high in South Africa. Both the internet and the mobile phone are proving to be remarkable tools to communicate with customers. These technologies are more cost effective than print media, radio and television. They are proving to be a very powerful tool to capture large audiences in a short space of time and are mechanisms to create dialogue between the customer and organisation.

While research has been conducted on the role of communication and technology in promoting relationship marketing, there appears to be no significant study on how to communicate effectively with the South African appliance retail consumer in the LSM group 4–7 in order to build long lasting relationships and greater customer retention. The intention of this study has been to examine the way in which the South African appliance retail customer would like to receive information and which technology would provide the most effective means to create two-way communication between the customer and the organisation. The next chapter will focus on the research methodology used for this study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter Two provided a literature review on communicating effectively with customers but provided very little information on how to communicate with the South African retail consumer in the LSM group 4–7. The LSM 4–7 level represents people in the income bracket between R3 138.00 and R10 258.00 per month which makes up 56.7% of the South African population. The size of this LSM group is significant within the South African economy and every South African retailer that targets customers in the LSM 4–7 groups should be primarily concerned with how to communicate effectively with this market segment to create greater customer retention. The importance of Chapter Three is to understand what research methods should be followed to get the desired result and achieve the aim of the study.

3.2 AIM OF THE STUDY

Electric Express has not met their sales budget since 2009. The current economic downturn, high levels of unemployment and increased global competition are a few phenomena affecting business growth and profitability. The literature review shows that in an era marked by the challenges of global competition, rapidly changing technology, new customer needs, and shifting demographics, the development of strategic marketing skills is essential if companies are to survive and become or remain profitable. Therefore, to build a sustainable business, Electric Express will have to review the current marketing strategy. Research shows that many companies have gained success as a result of moving from sales focus to customer focus. Customer retention has gained popularity in the past decade and many companies are using it to build competitive advantage. Communication strategies and technology are proving to be great tools for enhancing customer retention. The aim of the study was to examine the attitude and preference of the Electric Express customer towards information communication and which technology would provide the most effective means to create two-way communication between the customer and the organisation.

3.3 PARTICIPANTS AND LOCATION OF THE STUDY

Electric Express has 130 stores in South Africa with 44 000 active customers. The stores are located in every province which made it ideal to locate the study nationally. A representative

sample was drawn from the Electric Express customer base (population) and a random selection was made by the respective branch managers from walk-in customers. Each branch manager had to ensure that a minimum of three customers completed the questionnaire in order to achieve a representative sample.

3.4 RESEARCH APPROACH

According to Sekaran and Bougie (2009), research is an organised, systematic, critical, scientific inquiry or investigation into a specific problem, undertaken with the objective of finding answers or solutions thereto. Wilson (2006) stated that there are three main categories of marketing research that can be undertaken. These three categories are detailed in Table 3.1.

Table 3.1: Categories of marketing research

| | |
|--|---|
| Exploratory research | Research that measures causality and involves the researcher changing one variable – for example, price, packaging, etc. – while observing the effects of those changes on another variable such as sales and controlling the extraneous variables. |
| Conclusive – Descriptive research | Studies that describe what is happening in the market. |
| Conclusive research | Research that examines whether one variable causes or determines the value of another variable. |

Source: Wilson, A. 2006. Marketing Research – An Integrated Approach, 2nd Ed. FT Prentice Hall: Financial Times.

The research approach will be dependent on the type of research being carried out. This study intended to find out what is happening in the consumer market and therefore focused on conclusive – descriptive research. However, before determining the approach to be followed it is important to understand what approaches would get the optimal result in the category – descriptive research. According to Wilson (2006), primary data, which is what was required for this study, can be collected by a programme of observation, qualitative or quantitative research. These methods are defined in Table 3.2.

Table 3.2: Primary data collection methods

| Method | Description | Commonly used |
|-----------------------|---|---|
| Observation | Research is a data-gathering approach where information is collected on the behaviour of people, objects and organisations without any questions being asked of the participants. | Study behaviour |
| Qualitative research | Uses an unstructured research approach with a small number of carefully selected individuals to produce non-quantifiable insights into behaviour, motivations and attitudes. | Exploratory research, new product development, and creative development research |
| Quantitative research | Uses a structured approach with a sample of the population to produce quantifiable insights into behaviour, motivation and attitudes. | Hypothesis testing, Randomised controlled double-blind trial, descriptive statistical analysis and inferential statistical analysis |

Source: Wilson, A. 2006. Marketing Research – An Integrated Approach, 2nd Ed. FT Prentice Hall: Financial Times.

According to Sekaran and Bougie (2009), not all these methods are recommended for descriptive studies and they stated that “whereas qualitative data obtained by interviewing individuals may help the understanding of the phenomena at the exploratory stages of a study, quantitative data in terms of frequencies, or mean and standard deviations, become necessary for descriptive studies.” Based on the information provided by Wilson (2006) in Table 3.2, the quantitative approach was selected for this study.

3.5 SAMPLING

According to Wilson (2006), it is very unlikely that a researcher will be able to survey every element in the target population when doing quantitative research. Hence, researchers use a sample or subset of the population of interest in research investigations. The process involved in developing a sampling plan can be summarised in the following steps shown in Figure 3.1.

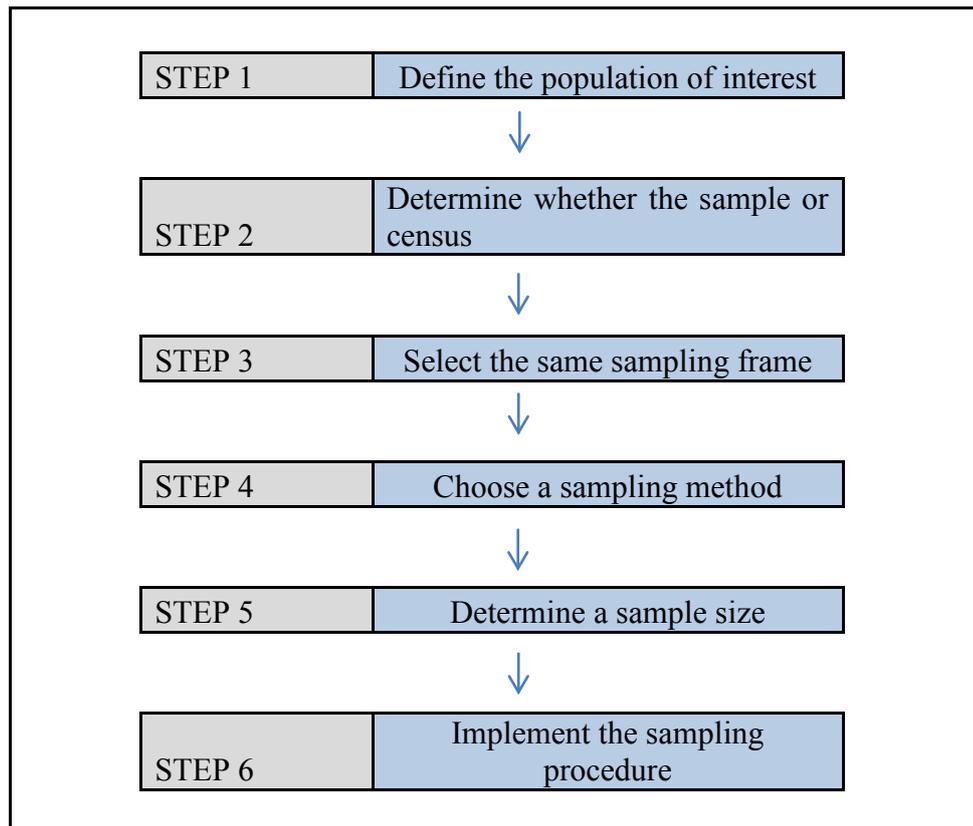


Figure 3.1: The sampling process

Source: Wilson, A. 2006. Marketing Research – An Integrated Approach, 2nd Ed. FT Prentice Hall: Financial Times.

Sampling begins with precisely defining the target population (Sekaran & Bougie, 2009). The population of interest is the total group of people that the researcher wishes to examine, study, or obtain information from (Wilson, 2006). The target market for this study was Electric Express customers. Electric Express has 44 000 active customers and the sample was selected from this population. Step two required the researcher to choose between sampling and census. A sample was selected over census because census requires obtaining data from every member of the population which would probably not have been possible. The size of the population at Electric Express makes it practically impossible to collect data from every person. Sekaran and Bougie (2009) claimed that even if it were possible to collect data from very big populations, it would be prohibitive in terms of time, cost, and other human resources. Research has found that a study of a sample rather than an entire population is more likely to produce more reliable results because the results can be generalised onto the entire population.

The selection of the sample is critical to the accuracy of the study (Wilson, 2006). The sampling frame or list of the population must be a correct, current and up-to-date document (Sekaran & Bougie, 2009). The method for choosing the sample will also impact the accuracy of data collected. Wilson (2006) groups sampling methods under two headings, namely probability and non-probability sampling. In probability sampling the researcher specifies some objectives and systematic procedure for choosing potential respondents from a population. Non-probability sampling, on the other hand, is where a subjective procedure of selection is used, resulting in the probability of selection for each member of the population of interest being unknown. The method selected for this study was non-probability sampling. The selection was random; the respondents were unknown as they were to be selected from the Electric Express “walk-in account holder” customers, which made it possible to execute the study more quickly and easily because could be done “in-store”. A third factor that impacts the accuracy of data is sample size. Wilson (2006) claimed that sampling error tends to decrease at a rate equal to the square root of the relative increase in sample size. Guided by sample size tables (Sekaran & Bougie, 2009) and the total population (44 000) it is recommended that the sample size should be a minimum of 381 respondents. This sample size can achieve a confidence level of 95% with a 5% margin of error. The researcher can start selecting the members of the sample and begin the survey for data collection (Wilson, 2006).

3.6 DATA COLLECTION

According to Sekaran and Bougie (2009), data collection is an integral part of research design. Data can be obtained from primary or secondary sources. Primary data refers to information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study (Sekaran & Bougie, 2009). Some examples of sources of primary data are individuals, focus groups, panels of respondents from whom opinions may be sought from time to time. Secondary data on the other hand refers to information gathered from sources that already exist, for example company records or archives, government publications, industry analysis and websites, among others (Sekaran & Bougie, 2009).

Data collection for this study was obtained from primary sources. Primary data is frequently collected through questionnaires, but in some instances it is also gathered through observations (Wilson, 2006). Therefore, a structured questionnaire was used to obtain data. The questionnaire, according to Sekaran and Bougie (2009), is a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. Questionnaires can be administered personally, mailed to the respondents, or

electronically distributed (Sekaran & Bougie, 2009). The questionnaire was selected for three reasons, namely, it is an efficient data collection mechanism when the researcher knows exactly what is required and how to measure the variables of interest; it is less expensive because it can be administered to large numbers of people at the same time and consumes less time than interviewing; and it does not require much skill to administer as it does to conduct interviews (Sekaran & Bougie, 2009). This research study was confined to an organisation with a large population - a customer base of 44 000 – making it a good place to collect data. Using the questionnaire as the research instrument made it easy to administer the survey.

3.7 INSTRUMENT DEVELOPMENT

The research objectives should be seen as the key driver of questionnaire design (Wilson, 2006). The design or development of the questionnaire is a vital step in the research process. According to Wilson (2006), questionnaires provide the critical communication link between the researcher and the respondents. The primary objective of questionnaire design is to try to reduce the distortion or ambiguity in the two-way communication, to ensure that each party correctly understands what the other is saying. With this in mind and to meet the objectives of the study, the funnel sequence of questioning (Figure 3.2) was followed to develop the questionnaire.

According to Sekaran and Bougie (2009), at the beginning of a questionnaire it is advisable to ask open-ended questions to get a broad idea and form some impressions about the situation. Then the researcher should progress from broad to more specific questions. The transition from broad to narrow themes is what Sekaran and Bougie (2009) called the funnelling technique.

The questionnaire for this study was designed to be user-friendly and simple enough for the branch managers to administer in the stores. The branch managers were not trained researchers and therefore a cover page detailing the reasons and aim of the study was included. In addition, respondents were given the assurance of confidentiality as respondents were not asked to provide any personal details.

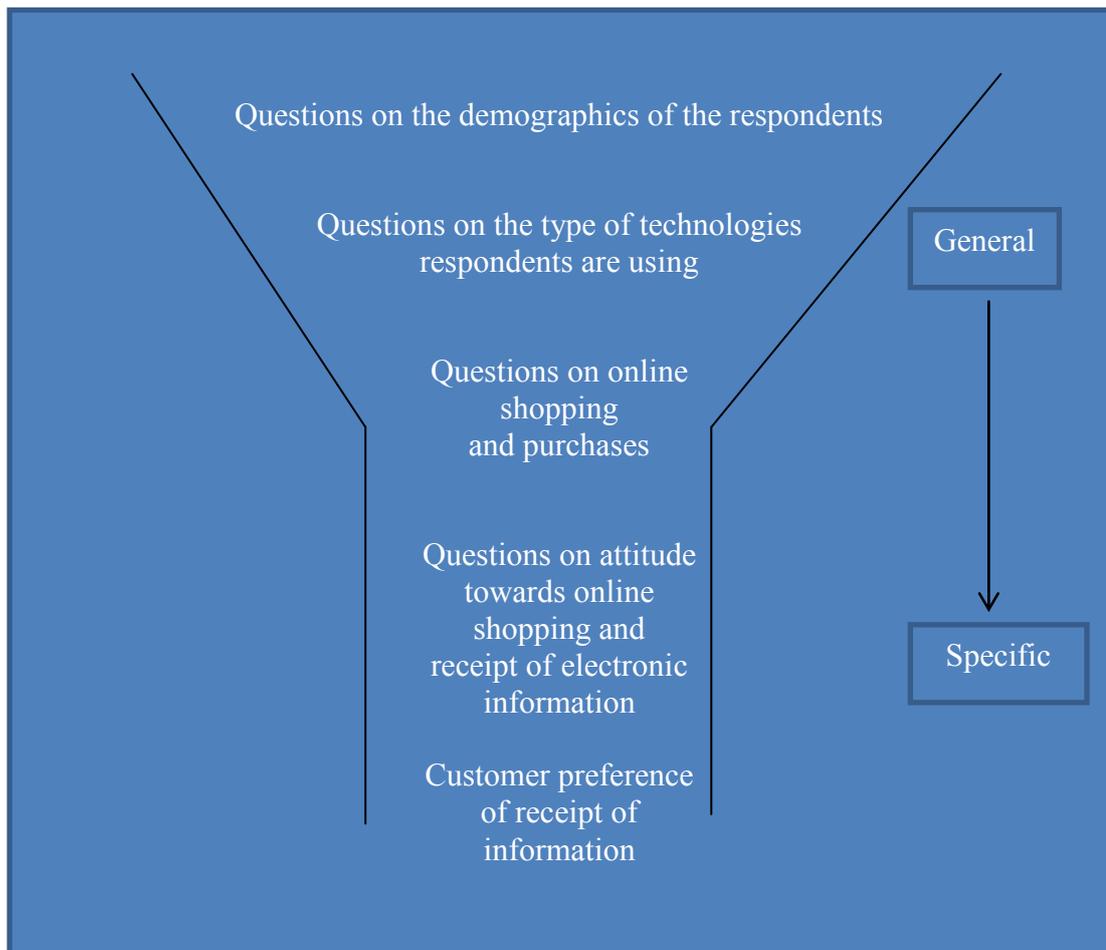


Figure 3.2: Funnel sequence of questioning

Source: Wilson, A. 2006. Marketing Research - An Integrated Approach, 2nd Ed. FT Prentice Hall: Financial Times.

To minimise bias in research, the guidelines for questionnaire design provided by Sekaran and Bougie (2009) were followed. The first guideline relates to the wording of the questions. It is essential to word the questions in a way that can be understood by the respondent. The responses will be biased if some questions are either misunderstood or misinterpreted. Therefore, the questions asked, language used and wording should be appropriate to establish the attitude, perception, feelings and preferences of the respondents. The second relates to the planning of issues with regard to how variables will be categorised, scaled, and coded after receipt of responses. Principles of measurement must be followed to ensure that the data collected are appropriate to test hypotheses; types of measurement scales, scaling techniques as well as assessment of reliability and validity (Sekaran & Bougie, 2009). The third guideline pertains to the appearance of the questionnaire. Sekaran and Bougie (2009) believe that it is important to pay attention to the appearance of the questionnaire. A neat questionnaire with appropriate introduction, instructions and a well-arrayed set of questions and response

alternatives will make it easier for respondents to answer the questions. After following Sekaran and Bougie's guidelines, the questionnaire was developed. The questionnaire is attached as Appendix 1.

3.7.1 Validity and reliability

According to Sekaran and Bougie (2009), validity and reliability in the scientific sense, require that conclusions of research studies must be conceptually correct, i.e., conclusions must be sensible and true statements about the world. Validity and reliability testing of the instrument, according to Sekaran and Bougie (2009), confirms the scientific accuracy that has gone into the research study. The questionnaire must therefore provide valid and reliable data. Due to its importance, much attention was paid to validity and reliability during the design of the questionnaire.

3.7.1.1 Validity

Validity, according to Sekaran and Bougie (2009), is a test of how well an instrument that is developed measures the particular concept it is intended to measure. In short, Sekaran and Bougie (2009) believe that the researcher can establish whether the concept is being measured by applying a validity test to the set of questions. Wilson (2006) suggested that the most common ways of measuring validity are content validity and construct validity. Content validity involves a subjective yet systematic assessment as to how well the scale measures the topic of interest. Construct validity, on the other hand, looks at the underlying theories and past research that supports the inclusion of the various items in the scale. The primary concept of this study was to determine whether the Electric Express customer would like to receive information from the company on a regular basis, the medium through which they would like to receive the information and the preference on product information. To ensure that the questionnaire met the validity test, the researcher looked at the content and construct of the questionnaire. Firstly, to ensure that the questionnaire met the content validity test the questionnaire was divided into three sections:

- Biographical data: the first section comprises of demographic data such as race, gender, age and geographical location (where the respondent lives).
- Technological data: this section comprises of the respondent's preference and attitude towards technologies available on the market.

- Communication data: the third section comprises of the respondent's preference and attitude towards information and communication.

This process ensured that the questions addressed the aim of the study.

Secondly, the researcher assessed the construct of the questionnaire by administering the questionnaire to a pilot group. The pilot group consisted of ten head office staff members who are active customers of Electric Express. Minor changes were made to the sequence of the questionnaire.

3.7.1.2 Reliability

Reliability is described by Sekaran and Bougie (2009) as a test of how consistently a measuring instrument measures whatever concept it is measuring. It refers to the extent to which the instrument produces stable and consistent results. To test whether an instrument is stable, researchers can use two tests of stability – test-retest reliability and parallel-form reliability. To test whether an instrument will yield consistent results the researcher can use internal consistency of measure, inter-item consistency reliability and split-half reliability. To test the reliability of the instrument, internal consistency of measure was selected. The internal consistency of measure, according to Sekaran and Bougie (2009), is how the set of questions are capable of independently measuring the same concept so that the respondents attach the same overall meaning to each of the items. The set of answers provided below each question ensured that the respondents attached the same meaning to each question or item, making the instrument reliable. However, the true test of reliability was through the analysing the data through chi square analysis.

3.7.1.3 Pilot study

To test the validity and reliability of the test a pilot study was conducted. Pilot testing according to Wilson (2006) involves administering a questionnaire to a small group of potential respondents in order to identify and correct design flaws. The respondents for the pilot test were employees at Electric Express head office who have purchased items from Electric Express – making them both employees and customers. Pilot tests are critical if the researcher wants to make sure that the questionnaire is going to fully address the information targets (Wilson, 2006). Ten responses were received during the pilot test. No major changes were made to the questionnaire on completion of the pilot test. The only change that was made was to question 17. The initial instruction was to rank the answers from 1 to 5, with 5

being the most important and 1 being the least important. Eighty percent of the respondents ticked the boxes instead of ranking. Ticking the answers would have also provided useful data for the study and therefore the instruction was changed from rank 1 to 5 to choose 1 or more.

3.8 DATA ANALYSIS

Data analysis is a critical step in the research process. Without the analysis of the data the raw data is meaningless and cannot add value to research. According to Sekaran and Bougie (2009), the data gathered in the data analysis step are statistically analysed to determine if the hypotheses that were generated have been supported. The quantitative method of data collection was used for this study and therefore the method for analysing quantitative data was applied. This type of analysis, according to Wilson (2006), is called content analysis. Wilson (2006) believes that content analysis involves two main components:

- i. Organisation of data: the structuring and ordering of the data using manual or computerised procedures.
- ii. Interpretation of data: determining what the data says with regard to the research objectives.

This study did not follow a manual procedure for organising the data, but rather a computerised system was used to capture the data and interpret the data. The researcher used a system called SurveyMonkey to capture the data. The researcher was able to see responses to the survey as soon as the data capturing process commenced. All results were visible in the “Analyse” tab of the program, and the researcher had access to all of SurveyMonkey’s powerful analysis features (such as charting, filtering, and crosstabs). The researcher was also able to export the results to Excel, or SPSS (Statistical Package for the Social Sciences).

3.9 SUMMARY

The overview of research methodology and the application of research methodology principles provided guidelines and insight into the method that was followed in the study. The conclusive descriptive research approach was selected over exploratory research and conclusive research; the quantitative approach was selected over the qualitative approach; sampling was selected over census and the funnelling approach was used in instrument development. The end result was the development of an instrument (questionnaire) that could be used to collect data for the study. The next step in the study was to administer the

questionnaire. Chapter Four will focus on the analysis of the data and presentation of the results.

CHAPTER FOUR: PRESENTATION OF RESULTS AND DISCUSSION

4.1 INTRODUCTION

The need to understand how to capture the attention of the appliance retail customer and retain that customer led to this study. The analysis of the data was to determine whether technology and communication can be used to capture the attention of the customer and influence customer retention. The data gathered in the study provides insight into how best to communicate with the customers of Electric Express for greater customer retention. While research was conducted on relationship marketing, the value of communication and the use of technology in the marketing process appears to be limited especially in the appliance and retail industry. This chapter describes the data and discusses the research findings.

4.2 DATA ANALYSIS

A quantitative approach was followed for this study. A structured questionnaire was used. The survey method was employed using simple random sampling. To give the study a confidence of 95% with a 5% margin of error, a sample size of 381 had to be obtained. Three hundred and eighty one (381) questionnaires were received and captured. All the questionnaires received were usable. However, not all the questions were answered by all the respondents. The respondents had an option to skip some questions. Therefore percentages reported correspond to the total number of respondents answering the questions.

A sample of 381 Electric Express customers provided their opinions, attitudes and perceptions towards technology and communication. The questionnaire was completed by the respondents and sent to the researcher by the Electric Express branch managers for capturing. SurveyMonkey was used to capture the data. The results were analysed and interpreted. The research findings are depicted in the form of tables, graphs and discussion. The questionnaire comprised of three sections and data generated are presented as follows:

- Biographical data: the first section comprises of demographic data such as race, gender, age and geographical location (where the respondent lives).

- Technological data: this section comprises of the respondent's preference and attitude towards technologies available on the market.
- Communication data: the third section comprises of the respondent's preference and attitude towards information and communication.

To test whether there was a relationship between variables, cross tabulations and chi square analysis were used to analyse the data. Cross tabulations and Chi square analysis were used because these tests can summarise observations by categories. Chi square test helps determine if two variables are associated. The tables reflect the comparison of questions of interest to the biographical variables. The percentages are calculated across the row total to reflect percentages with biographical categories. The chi square results reflect whether the association between the column variable and row variable is significant. A p value less than 0.05 indicates a statistically significant relationship at the 95% level. However, if more than 20% of the categories have small frequencies (n values) then the p value cannot be used to infer a significant association. Chi square had to be calculated separately for each category in questions which required multiple answers.

4.3 BIOGRAPHICAL DATA

The biographical data was included in the questionnaire to obtain the demographics of the respondents and to ensure that responses were received from respondents in all nine provinces as the study was intended to be a national study. Table 4.1 provides data on the four biographical variables used in this study – race, age group, gender and province.

Table 4.1: Frequency distribution of biographical variables

| Biographical variable | | Response count | Response % |
|------------------------------|---------------|-----------------------|-------------------|
| Race | African | 301 | 79.0 |
| | Coloured | 48 | 12.0 |
| | Indian | 15 | 4.0 |
| | White | 17 | 5.0 |
| | | n = 381 | 100.0 |
| Age Group | 20 - 29 | 130 | 34.1 |
| | 30 - 39 | 149 | 39.1 |
| | 40 - 49 | 53 | 13.9 |
| | 50 - 59 | 39 | 10.2 |
| | 60 - 69 | 10 | 2.7 |
| | | n = 381 | 100.0 |
| Gender | Male | 158 | 41.50 |
| | Female | 223 | 58.50 |
| | | n = 381 | 100 |
| Province | KwaZulu-Natal | 48 | 12.6 |
| | Gauteng | 99 | 26.0 |
| | Western Cape | 49 | 12.9 |
| | Eastern Cape | 42 | 11.0 |
| | Northern Cape | 6 | 1.6 |
| | Limpopo | 46 | 12.1 |
| | Mpumalanga | 22 | 5.8 |
| | Free State | 33 | 8.6 |
| | North West | 36 | 9.4 |
| | | n = 381 | 100.0 |

Table 4.1 indicates that the sample is representative of all races within South Africa. The sample includes respondents within the age groups of 20–69. It is inclusive of both male and female and responses were received from respondents located in all nine provinces. Table 4.1 shows that 79% of the sample was African and 58.5% were female. In terms of age, the majority of respondents were in the 20–39 year age groups. The largest proportion of respondents was from Gauteng.

Table 4.2: Number of responses received in relation to number of stores

| Province | Response count | Response % | No of stores |
|---------------|----------------|------------|--------------|
| Gauteng | 99 | 26.0 | 29 |
| Western Cape | 49 | 12.9 | 16 |
| KwaZulu-Natal | 48 | 12.6 | 17 |
| Limpopo | 46 | 12.1 | 18 |
| Eastern Cape | 42 | 11.0 | 16 |
| North West | 36 | 9.4 | 11 |
| Free State | 33 | 8.7 | 10 |
| Mpumalanga | 22 | 5.8 | 11 |
| Northern Cape | 6 | 1.6 | 2 |
| | n = 381 | 100.0 | 130 |

Table 4.2 indicates that there was some matching between the number of Electric Express stores and the number of responses received. The more stores in the province, the more responses received for that province

Table 4.3: Demographics in relation to gender

| Gender | African | Coloured | Indian | White | Total response |
|---------|---------|----------|--------|-------|----------------|
| Male | 34.7% | 3.2% | 1.5% | 2.1% | 41.5% |
| Female | 44.4% | 9.5% | 2.3% | 2.3% | 58.5% |
| n = 381 | | | | | 100% |

Table 4.3 indicates that majority group in the study was African female, followed by African male and Coloured female.

Table 4.4: Geographical location in relation to race

| Province | African | Coloured | Indian | White | Response totals | Population by province 2011 Census |
|---------------|---------|----------|--------|-------|-----------------|------------------------------------|
| Gauteng | 20.9% | 1.8% | 0.8% | 2.3% | 26.0% | 23.7% |
| Limpopo | 12.0% | - | - | - | 12.0% | 10.4% |
| KwaZulu-Natal | 9.2% | - | 3.1% | 0.3% | 12.6% | 19.8% |
| North West | 9.2% | - | - | 0.3% | 9.4% | 6.8% |
| Eastern Cape | 8.7% | 2.1% | - | 0.3% | 11.0% | 12.7% |
| Free State | 7.9% | 0.5% | - | 0.3% | 8.7% | 5.3% |
| Mpumalanga | 5.8% | - | - | - | 5.8% | 7.8% |
| Western Cape | 4.5% | 7.6% | - | 0.7% | 12.9% | 11.3% |
| Northern Cape | 0.8% | 0.5% | - | 0.2% | 1.6% | 2.2% |
| Total % | 79% | 12.5% | 3.9% | 4.6% | 100% | 100% |

Table 4.4 shows that there was a spread of African respondents throughout South Africa. However, the majority of the Indian respondents and Coloured respondents were geographically located in KwaZulu-Natal and Western Cape respectively. The majority of the respondents (26%) were from Gauteng. This finding is supported by the 2011 Census results which reported that the Gauteng Province accounts for 23.7% of South Africa's population (Stats SA, 2011).

4.4 TECHNOLOGY DATA

Winer (2007) believes that companies are looking for new ways to differentiate their products from competitors and argued that information technology and the internet have provided powerful, tangible opportunities for such differentiation. According to Piccoli *et al.* (2001), the real opportunities for sustainable advantage or differentiation lie with those who recognise the importance of using information technology to improve service in all phases of the customer's involvement with the company's product or service. Part of the study was to establish whether the Electric Express customer base has access to technological platforms to create differentiation.

4.4.1 Objective 1: The most effective technology to communicate with the Electric Express customer

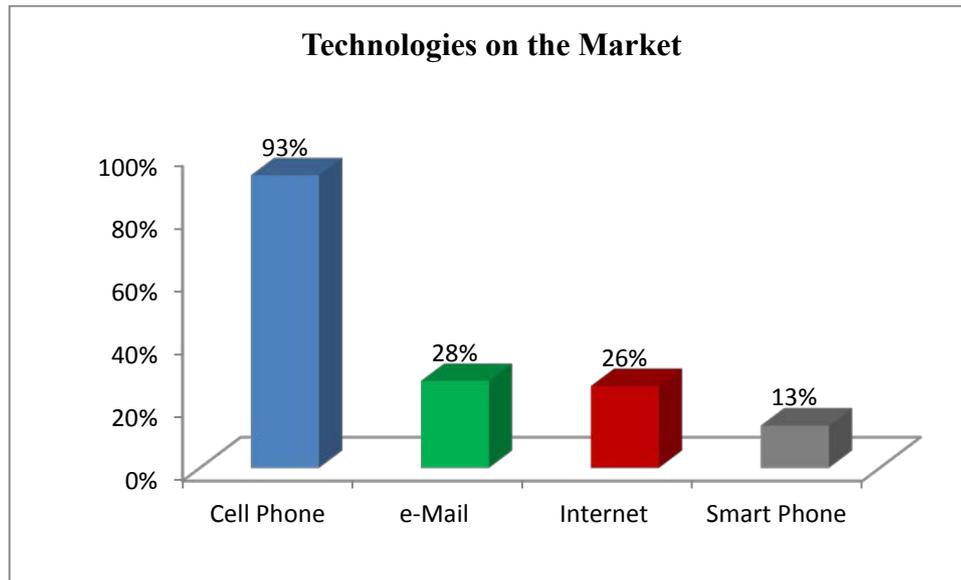


Figure 4.1: Types of technologies in use

The question on technologies in use allowed the respondents to choose one or more options.

The results in Figure 4.1 show that all the respondents used one or more of the communication technologies that are available on the market. Ninety three percent of respondents had a cell phone. This finding is supported by the claim made by UNICEF in their study on the South African Mobile Generation (Berger and Sinha, 2012) that South Africa has experienced compound annual growth rate (CAGR) of 11% in mobile handset sales in the five years, 2005 to 2010, and is expected to grow at a CAGR of 4% to R16 billion by 2015. The findings from this study also support the results from the Mobile Insight Study in South Africa conducted by Nielsen Southern Africa (2011) which found that South African mobile phone use has grown from 17% of adults in 2000 to 76% in 2010 (Hutton, 2011). This study showed that in 2012, 93% of the respondents had a cell phone and 13.4% had a smart phone. This finding supports the literature which claims that smart phone penetration in South Africa is at 19% (Roa, 2011). Figure 4.1 also shows that there is significant use of e-mail and internet access amongst Electric Express customers – 27.6% of respondents had e-mail addresses and 26.0% had internet access. This finding concurs with a finding made by World Wide Worx in the Internet Access in South Africa 2012 study which found that the number of South Africans with access to the Internet grew from 6.8 million in 2010 to 8.5 million at the

end of 2011 (Goldstuck, 2012b). The finding in Figure 4.1 shows that the cell phone is the most widely used technology among the respondents.

Table 4.5: Technology usage in relation to gender

| Technologies | Male | Female | Response totals |
|---------------------|-------------|---------------|------------------------|
| Cell phone | 37.7% | 55.6% | 93.0% |
| e-Mail | 10.7% | 16.7% | 27.0% |
| Internet | 10.2% | 15.7% | 26.0% |
| Smart phone | 6.5% | 6.80% | 13.0% |
| n = 381 | | | |

Table 4.5 shows that technology use is higher amongst females in all the technology categories tested in this study. This finding is supported by Gillwald, Milek and Stork (2010) in their study on Gender Assessment of ICT Access and Usage in Africa which found that more women than men own mobile phones in Mozambique, Cameroon and South Africa, but this difference is only statistically significant for South Africa. However, no studies were found to support the higher usage of females in the e-mail, internet access and smart phone categories. While this study found that female users were higher than male users, the finding is contradicted by the study conducted by Rao (2011) who found that respondents who used the internet comprised of 82% male and 18% female. The study is also contradicted by the Effective Measure statistics commissioned by the South African Digital Media and Marketing Association (DMMA) which revealed that 31% of internet users are female whereas 68% are male.

Table 4.6: Technology usage in relation to race

| Technologies | African | Coloured | Indian | White | Total |
|---------------------|----------------|-----------------|---------------|--------------|--------------|
| Cell phone | 75.0% | 11.5% | 3.10% | 3.60% | 93.20% |
| e-Mail address | 18.0% | 5.2% | 2.00% | 1.80% | 27.00% |
| Internet access | 16.7% | 4.9% | 2.30% | 1.80% | 25.70% |
| Smart phone | 7.8% | 3.1% | 1.57% | 0.70% | 13.17% |
| n = 381 | | | | | |

Table 4.6 shows that African respondents were the highest users of technology. This could be attributed to the fact that Africans were the majority in this sample and are the largest race group in SA. However, no studies were found to confirm or contradict this finding.

Table 4.7: Technology usage in relation to age group

| Age groups | Cell phone | Smart phone | e-Mail | Internet |
|------------|------------|-------------|--------|----------|
| 20 - 29 | 30.4% | 8.4% | 12.6% | 13.6% |
| 30 - 39 | 37.3% | 3.4% | 10.5% | 8.9% |
| 40 - 49 | 12.9% | 1.6% | 3.1% | 1.8% |
| 50 - 59 | 10.2% | 0.0% | 1.3% | 1.3% |
| 60 - 69 | 2.6% | 0.0% | 0.0% | 0.3% |
| n = 381 | 93.4% | 13.4% | 27.5% | 25.9% |

Table 4.7 shows that the highest use of technology was in the 20–39 age groups. This finding supports the claim made by UNICEF in their study on the South African Mobile Generation (Berger and Sinha, 2012) that adolescents and young people were identified as the first adopters of mobile technology and with an increase of mobile devices, new opportunities have opened up to adolescents and young people in accessing and consuming digital information via online platforms like Mixit, Facebook and Twitter.

4.4.2 Internet usage

According to the Internet Access in South Africa (2012) study commissioned by World Wide Worx, the number of internet users in South Africa grew to 8.5 million at the end of 2011 due to the impact of smart phones and ordinary mobile phones (Goldstuck, 2012a). According to Goldstuck (2010), while smart phones are the main driver of internet growth in South Africa, the cost of data use is being driven down by the proliferation of undersea cables connecting the South African coast to Europe. Smith (2010) claimed that internet demand is rising partly due to the popularity of social networking websites, such as Facebook, Twitter and You Tube. However, nine out of ten South Africans are still not online (Smith, 2010).

Table 4.8: Number of respondents that use the Internet

| Internet use | Response % |
|-------------------------------|------------|
| Yes | 52.8 |
| No | 46.7 |
| Not sure what the internet is | 0.5 |
| n = 381 | |

Table 4.8 indicates that 52.8% of respondents used the internet. This finding concurs with the key finding of the Internet Access in South Africa 2012 study undertaken by independent research organisation World Wide Worx which found that internet penetration in South Africa is now approaching 20%, and for the first time the mass market is beginning to embrace digital tools on their phones (Goldstuck, 2012b).

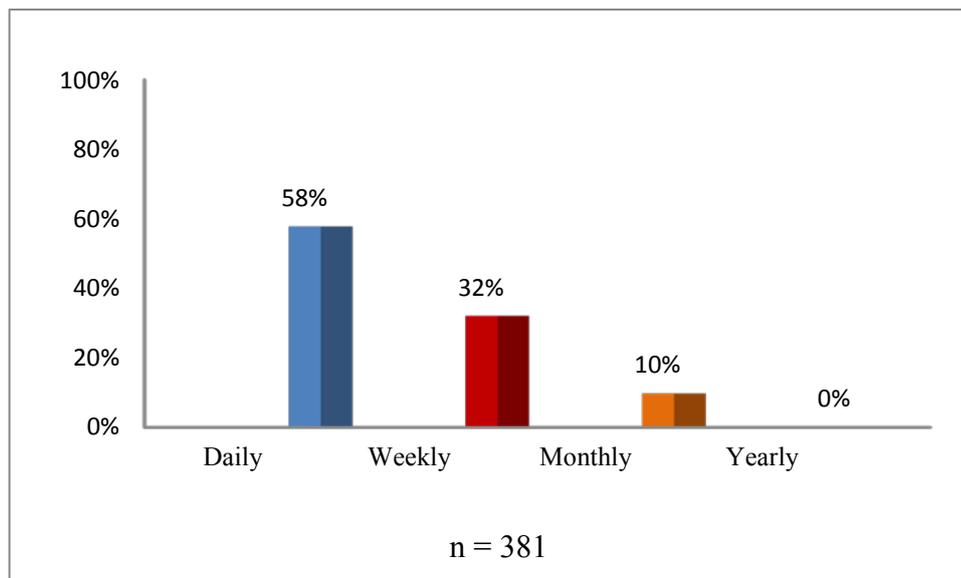


Figure 4.2: Frequency of Internet usage

Figure 4.2 showed that 58% of the respondents who used the Internet used the Internet on a daily basis. No studies were found to confirm or contradict this finding.

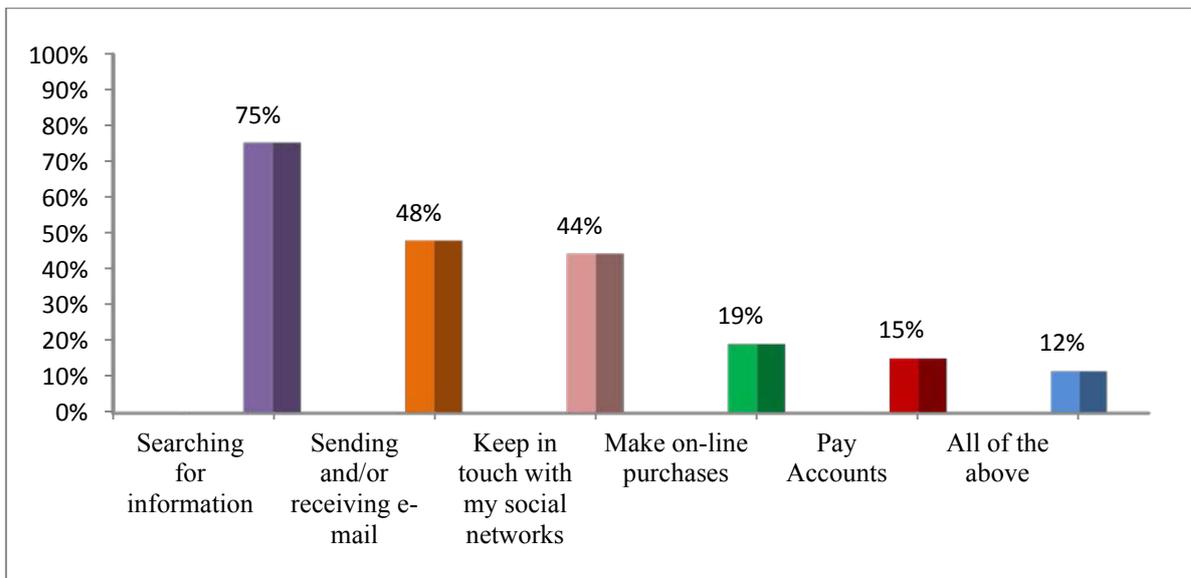


Figure 4.3: Reasons for using the internet

Figure 4.3 shows that the top three reasons for using the internet were searching for information, sending and/or receiving e-mail and keeping in touch with social networks. While no studies were found to support the top two reasons, the finding on keeping in touch with social networks is supported by the claim made by Smith (2010) that consumer demand for internet is rising partly due to the popularity of social networking sites.

Table 4.9: Method of receiving information

| How do you wish to receive information? | Response % |
|--|------------|
| Via SMS | 71.2 |
| Via E-mail | 27.3 |
| Via website | 0.7 |
| Social networks (e.g. Facebook, Twitter, etc.) | 0.7 |
| n = 306 | |

Table 4.9 indicates that 71.2% of the respondents would like to receive information from Electric Express via short message services (SMS). While SMS is the preferred medium for receiving information by the respondents, e-mail should not be ignored given the fact that a reasonable segment of the respondents have e-mail addresses. According to Goldstuck (2010), e-mail is becoming a mainstream communication tool among the South African population. However, despite Twitter, Facebook and MXit becoming key mobile tools, receiving

information via social networks has not gained popularity among the respondents in this study.

In summary, the cell phone is the most widely used technology among the respondents. However, the percentages are significant for e-mail addresses and internet access. Therefore, these technologies should not be ignored. A salient finding of this study is that respondents would like to receive information via SMS.

The next part of the data analysis examines the data in relation to objective 2, which deals with what information the Electric Express customer regards as necessary and relevant.

4.5 COMMUNICATION DATA

Communication is addressed by question 14 to question 20. It deals with the respondents' preference and attitude toward information and communication. Sundaram (2010) believes that in today's market it is becoming increasingly difficult to capture and hold the customer's attention. Not only are new technologies and media platforms reaching the market at a rapid rate, but companies are also dealing with an ever-shortening attention span of today's average consumer (Sundaram, 2010). Sundaram believes that in order to capture the attention of the customer, companies must understand their wants, needs, likes, and the attention span of the customer; and then use the information to develop a communication strategy.

Communication is a critical component for building a long-term, sustainable relationship between the customer and an organisation. Schultz, Tannenbaum and Lauterborn (1993) believe that it is impossible for a marketer to establish effective communication with the target customers using only mass communication like advertising, sponsorship and publicity. Today's digitally empowered consumers expect their shopping experience to be personalised, relevant, and enjoyable (O'Meara, 2009). To create a personalised experience it is important for companies to establish whether the customer would like to receive information and get a clear understanding of the type of information that the customer considers relevant.

4.5.1 Objective 2: What information does the Electric Express customer regard as necessary and relevant?

The first area that was tested in the survey with regard to communication was whether the respondents would like to receive information from Electric Express.

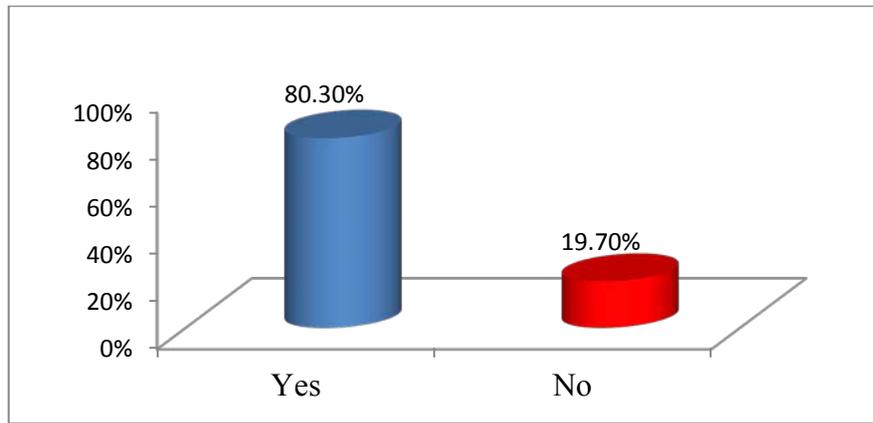


Figure 4.4: Respondents' attitude towards receiving information

Figure 4.4 indicates that 80.3% of the respondents would like to receive information from Electric Express. This finding supports the statement made by Sundaram (2010) that today's customers want interaction with the company to be engaging, informative and useful. However, there was a segment (19.7%) of the respondents that did not wish to receive electronic information from the company.

Table 4.10: Reasons for not wanting to receive information from Electric Express

| Reasons for not wanting to receive information | Response % |
|--|------------|
| Not interested | 44.3 |
| Advertising messages are a frustration | 5.7 |
| Prefer print advertisements | 27.1 |
| Prefer television advertisements | 22.9 |
| n = 75 | |

Table 4.10 shows that 50% of the 75 respondents that did not wish to receive information from Electric Express prefer either print advertisements or television advertisements.

4.5.1.1 What type of information would the respondents like to receive?

Sundaram (2010) says that with fast-paced developments in information technology and new communication devices regularly entering the market, customers' expectations are changing constantly. Today's customers want every interaction with companies to be engaging, informative and useful.

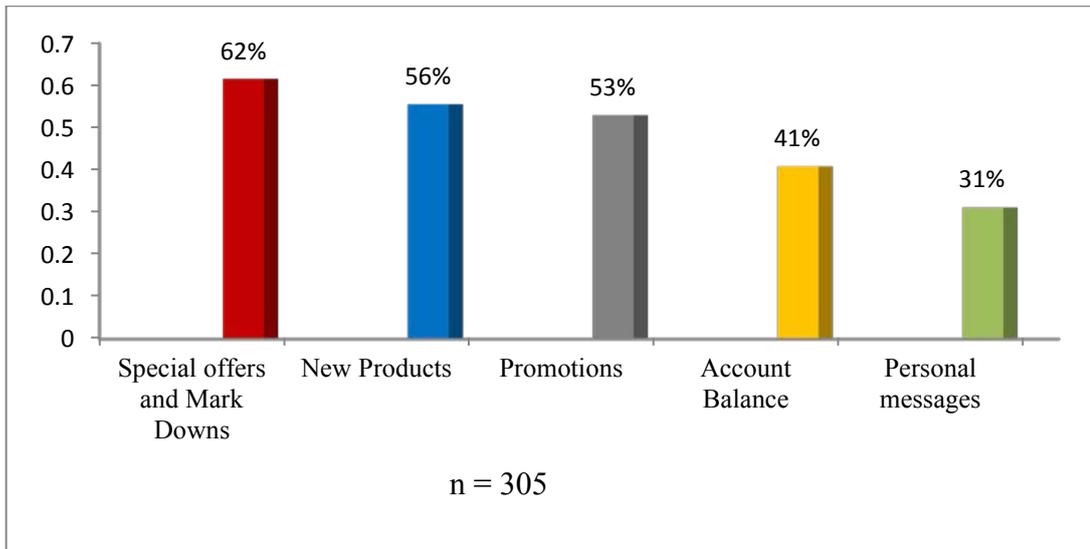


Figure 4.5: Type of information respondents would like to receive

Figure 4.5 shows that the top three topics about which respondents would like to receive information are special offers and mark downs (61.6%), new products (55.6%) and promotions (53.0%). No studies were found to support or contradict this finding.

4.5.1.2 Information required on product categories

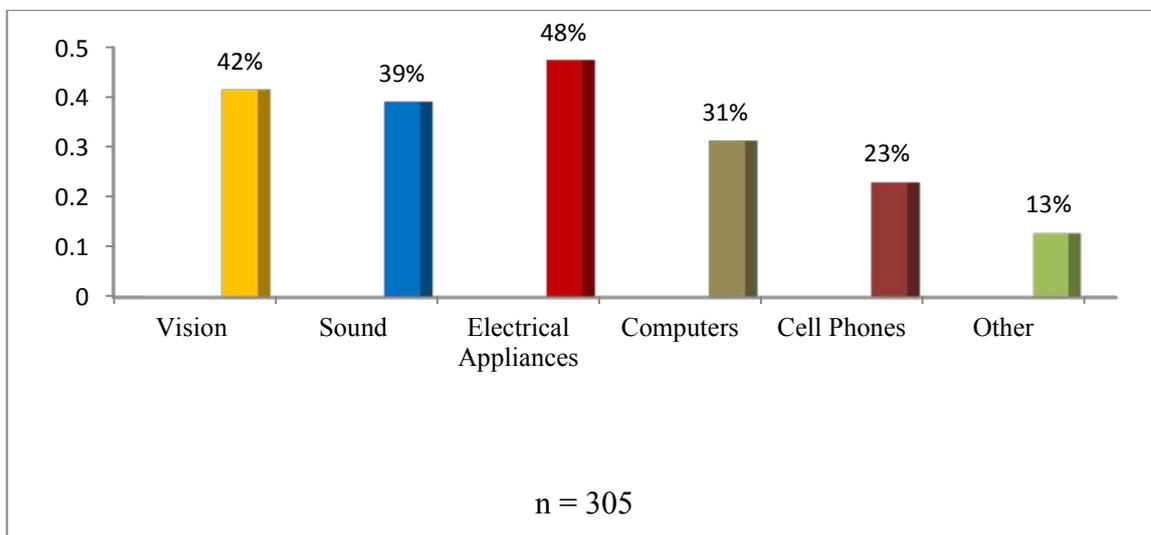


Figure 4.6: Type of information respondents would like to receive from the appliance industry

Figure 4.6 showed that customers were most interested in electrical appliances, vision and sound. No studies were found to support or contradict this finding.

Table 4.11: Information required on accounts and other

| Information on accounts and other | Response % |
|---|-------------------|
| Receive notification when account is paid up | 47.9 |
| Check outstanding balance | 44.2 |
| Receive acknowledgement of receipt of payment | 41.6 |
| Check monthly instalment | 40.8 |
| Check revolving credit [OTB] | 39.3 |
| Receive progress report on repairs | 30.0 |
| n = 381 | |

The question on receiving information on accounts and other allowed the respondents to choose one or more options. Table 4.11 indicates that the respondents would like to engage with the company on a number of issues. The top three include areas when the account is paid up (47.9%), checking outstanding balance (44.2%) and checking monthly instalments (40.8%). This type of information is normally provided on a monthly basis. Therefore, the finding corroborates the finding that respondents would like to receive information on a monthly basis (Table 4.12).

In summary, the study confirms that respondents would like to receive information on product and accounts. The next area the study examined was how often the respondents would like to receive information.

4.5.2 Objective 3: How often would the Electric Express customer like to receive information?

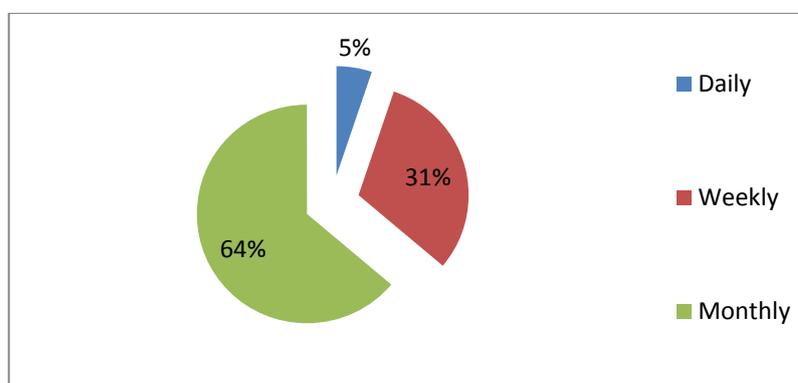


Figure 4.7: Frequency of receiving information from Electric Express

Figure 4.7 indicates that 64% of the respondents would like to receive communication on a monthly basis, 31% would like to receive communication on a weekly basis. No previous research was found to support this finding. However, this study found that the majority of the respondents preferred to receive information on a monthly basis. This answers objective 3 and research question 4 of the study.

4.6 ATTITUDE TO ONLINE SHOPPING

4.6.1 Objective 4: The Electric Express customers' attitude towards online shopping

The study showed that 19% of the respondents made online purchases (Figure 4.3).

4.6.1.1 Types of products purchased online

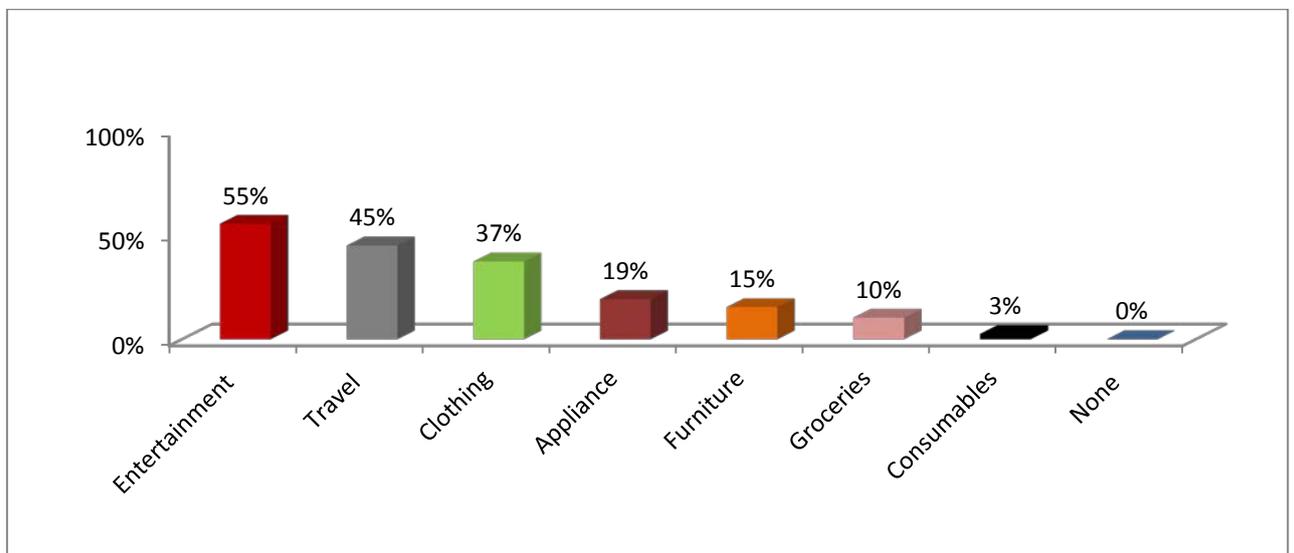


Figure 4.8: Respondents' attitude towards online shopping

Figure 4.8 shows that the biggest purchases made online are entertainment (55%) and travel (45%) respectively. The literature supports this finding that entertainment and travel are the biggest purchases made online. According to Winer (2007), the use of the internet has created a new channel of distribution ideally suited to certain kinds of services, particularly those involving travel, financial transactions and entertainment services. A study conducted by World Wide Worx (2012) confirmed that online shopping was growing in South Africa (Goldstuck, A. 2012a) The study predicted that by the end of 2007 online shopping in South Africa would have grown more than 35% compared to 33% growth the previous year. Results from the study Mobile Africa Report 2011 which was conducted by independent research

organisation, Mobile Monday, showed that 43% of South African users made remote purchases via mobile internet, fixed internet and telephone respectively (Rao, 2011).

Table 4.12: The attitude of respondents towards purchasing furniture or appliances online

| Furniture and/or appliance purchases | Response % |
|---|-------------------|
| Yes | 53.9 |
| No | 46.1 |
| n = 25 | 100% |

Table 4.12 shows that 53.9% of respondents that answered the question would consider purchasing furniture or appliances on-line. However, 53.9% of the respondents that answered this question equates to 3.4% of the entire sample. This indicates that the Electric Express customer might not yet have an inclination to do online purchasing of furniture and appliances. This finding is contradicted by a statement made by Goldstuck (2012) that e-commerce is growing at a rate of around 30% a year in South Africa, and is showing no signs of slowing down.

Table 4.13: On-line purchase of furniture or appliances in relation to age

| Age Group | 20 - 29 | 30 - 39 | 40 - 49 | 50 - 59 | 60 - 69 | Response totals |
|------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| Yes | 27.30% | 20.80% | 3.20% | 2.60% | 0% | 53.90% |
| No | 22.70% | 18.80% | 4.60% | 0% | 0% | 46.10% |
| n = 25 | | | | | | 100% |

Table 4.13 indicates that the younger age groups (20–39) are more likely to conduct online purchases than the older age groups. Forty eight percent of the respondents that answered yes were aged 20–39, dropping to 5.9% in the 40 and above age groups. This finding is supported by the findings of the research project, Internet Use on Cell Phones in South Africa, conducted by World Wide Worx (2010) where cell phone banking peaked at 41% in the 26–34 age groups, dropping to 11% in the over 45 age groups (Goldstuck, 2010).

In summary, the study found that the number of respondents making online purchases is not significant. However, the study shows that there is an appetite to make online purchases among respondents in the 20–39 age groups.

4.7 OBJECTIVE 5: IS THERE A RELATIONSHIP BETWEEN DEMOGRAPHICS, PREFERENCE OF TECHNOLOGY USED AND PREFERENCE OF INFORMATION RECEIVED BY THE ELECTRIC EXPRESS CUSTOMER?

4.7.1 Technologies in relation to biographical data

Cross tabulation and chi square analysis were used to determine whether there was a relationship between technologies and the biographical variables. The following relationships, as illustrated in Table 4.14, were found:

Table 4.14: Frequency distribution – Cell phone users in relation to biographical variables

| Cell phone usage - Race | Yes | No | Total |
|--------------------------------|-----------------|-----------|--------------|
| African | 75.1 | 4 | 79.10% |
| Coloured | 11.5 | 1 | 12.50% |
| Indian | 3.1 | 0.8 | 3.90% |
| White | 3.7 | 0.8 | 4.50% |
| Total | 93.40% | 6.60% | 100.00% |
| n = 381 | Chi square: 9.2 | | p = 0.03 |

Table 4.14 shows a comparison between ownership of cell phone and the biographical variable, race. The highest percentage of cell phone users were African respondents. However, this could be attributed to the fact that the number of African respondents in the study was the highest. The chi square result shows that there is a significant relationship between cell phone ownership and race. The p value is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between ownership of cell phone and race, especially among Africans.

Table 4.15: Frequency distribution - Smart phone users in relation to race

| Smart phone – Race | Yes | No | Total |
|--------------------|-------------------|----------|--------|
| African | 7.9% | 71.1% | 79.0% |
| Coloured | 3.1% | 9.4% | 12.5% |
| Indian | 1.6% | 2.4% | 4.0% |
| White | 0.8% | 3.7% | 4.5% |
| Total | 13.4% | 86.6% | 100.0% |
| n = 381 | chi square = 18.0 | p = 0.00 | |

Table 4.15 shows a comparison between ownership of smart phone and race. The highest percentage of smart phone users was African respondents. The chi square results show that there is a significant relationship between the variable smart phone usage and race. The p value is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between smart phone ownership and race.

Table 4.16: Frequency distribution - Smart phone users in relation to age group

| Smart phone - Age group | Yes | No | Total |
|-------------------------|-------------------|--------------|---------------|
| 20 - 29 | 8.3% | 25.7% | 34.0% |
| 30 - 39 | 3.4% | 35.7% | 39.1% |
| 40 - 49 | 1.7% | 12.3% | 14.0% |
| 50 - 59 | - | 10.3% | 10.3% |
| 60 - 69 | - | 2.6% | 2.6% |
| Total | 13.4% | 86.6% | 100.0% |
| n = 381 | chi square = 24.6 | p = 0.0 | |

Table 4.16 shows a comparison between ownership of smart phone and age group. The highest percentage of smart phone users was respondents in the 20–29 age group. The chi square results show that there is a significant relationship between the variable smart phone usage and age group. The p value is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for age group can be used to infer a significant association between smart phone ownership and age group.

Table 4.17: Frequency distribution – E-Mail users in relation to race

| E-Mail address – Race | Yes | No | Total |
|------------------------------|-------------------|--------------|----------------|
| African | 18.4% | 60.6% | 79.00% |
| Coloured | 5.3% | 7.3% | 12.60% |
| Indian | 2.1% | 1.9% | 4.00% |
| White | 1.8% | 2.6% | 4.40% |
| Total | 27.6% | 72.4% | 100.00% |
| n = 381 | Chi square = 14.1 | | p = 0.003 |

Table 4.17 shows the comparison between ownership of an e-mail address and race. The frequency table shows that the highest percentage of e-mail users was African respondents. The chi square results show that there is a significant relationship between the variable e-mail address and race. The p value is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between e-mail usage and race, especially among Africans.

Table 4.18: Frequency distribution - Internet users in relation to race

| Internet users - Race | Yes | Not sure | No | Total |
|------------------------------|------------------|-----------------|--------------|--------------|
| African | 39.3% | 0.5% | 39.1% | 78.9% |
| Coloured | 4.7% | - | 7.9% | 12.6% |
| Indian | 0.8% | - | 3.2% | 4. % |
| White | 1.9% | - | 2.6% | 4.5% |
| Total | 46.7% | 0.50% | 52.8% | 100% |
| n = 381 | chi square = 7.5 | | p = 0.05 | |

Table 4.18 shows a comparison between internet users and race. The frequency table shows that the highest percentage of internet users was African respondents. The chi square results show that internet usage is not significant across categories within race, gender, age group and province. However, the chi square result is significant for race. The p value for these two categories is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between internet usage and race.

Table 4.19: Frequency distribution - Internet use for paying accounts in relation to biographical variables

| Pay accounts - Race | Yes | No | Total |
|----------------------------|-------------------|-------------|---------------|
| African | 4.7 | 74.3 | 79.0% |
| Coloured | 1.0 | 11.5 | 12.5% |
| Indian | 1.4 | 2.6 | 4.0% |
| White | 0.8 | 3.7 | 4.5% |
| Total | 7.9 | 92.1 | 100.0% |
| n = 381 | chi square = 17.1 | | p = 0.001 |

Table 4.19 shows the comparison between paying accounts via the internet and the biographical variable, race. The frequency table shows that the highest percentage of respondents that use the internet for paying accounts were African respondents. The chi square result is significant for race. The p value for race is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between using the internet to pay accounts and race.

Table 4.20: Frequency distribution - Internet use for making on-line purchases in relation to biographical variables

| Make on-line purchases - Race | Yes | No | Total |
|--------------------------------------|------------------|--------------|---------------|
| African | 7.1 | 71.9 | 79.0% |
| Coloured | 1.3 | 11.3 | 12.6% |
| Indian | 1.3 | 2.6 | 3.9% |
| White | 0.3 | 4.2 | 4.5% |
| Total | 10.0% | 90.0% | 100.0% |
| n = 381 | chi square = 9.7 | | p = 0.021 |

Table 4.20 shows the comparison between making on-line purchases via the internet and the biographical variable, race. The frequency table shows that the highest percentage of respondents that use the internet for making online purchases were African respondents. The chi square results are significant for race. The p value for race is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between making online purchases and race.

4.7.2 Communication in relation to biographical data

Table 4.21: Frequency distribution – Respondents wanting to receive information in relation to race

| Would you like to receive information? | No | Yes | Total |
|--|-------------------|--------------|---------------|
| African | 12.7 | 64.3 | 77.0% |
| Coloured | 4.6 | 8.2 | 12.8% |
| Indian | 0.8 | 4.2 | 5.0% |
| White | 1.6 | 3.6 | 5.2% |
| Total | 19.7% | 80.3% | 100.0% |
| n = 381 | chi square = 11.8 | | p = 0.008 |

Table 4.21 shows the comparison between respondent attitude towards receiving electronic information from Electric Express and race. The frequency table shows that highest percentages of respondents who would like to receive information from Electric Express are African and Coloured respondents. The chi square results are significant for race. The p value is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between wanting to receive information and race and wanting to receive information and province.

Table 4.22: Frequency distribution - Reasons why respondents do not want to receive information in relation to biographical variables

| Why would you not like to receive information? | Advertising messages are a frustration | Not interested | Prefer print advertisements | Prefer TV advertisements | Total |
|--|--|----------------|-----------------------------|--------------------------|---------------|
| African | 0.0 | 31.4 | 20.0 | 13.0 | 64.3% |
| Coloured | 1.4 | 8.5 | 4.3 | 8.6 | 22.8% |
| Indian | 3.0 | 0.0 | 1.4 | 0.0 | 4.3% |
| White | 1.4 | 4.3 | 1.4 | 1.4 | 8.6% |
| Total | 5.8 | 44.2 | 27.1 | 23.0 | 100.0% |
| n = 70 | chi square = 28.5 | | | p = 0.001 | |

Table 4.22 shows a comparison between the reasons for respondents not wanting to receive information and the biographical variable, race. The frequency table reflects that a higher percentage of Africans were not interested, that a higher percentage of Indian respondents felt that advertising messages were a frustration and an equal percentage of Coloured respondents were not interested or preferred television advertisements. The chi square result is significant for race. The p value for this category is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for race can be used to infer a significant association between reasons for not wanting to receive information and race.

Table 4.23: Method of receiving information in relation to age group

| Respondents would like to receive information via - Age group | Social networks | Via E-Mail | Via SMS | Via website | Total |
|--|------------------------|-------------------|----------------|--------------------|---------------|
| 20 - 29 | 0.3 | 14.5 | 32.7 | 0.7 | 48.2% |
| 30 - 39 | 0.3 | 9.3 | 22.4 | - | 32.2% |
| 40 - 49 | - | 1.9 | 8.7 | - | 10.6% |
| 50 - 59 | - | 1.3 | 5.8 | - | 7.1% |
| 60 - 69 | - | 0.3 | 1.6 | - | 1.9% |
| Total | 0.6% | 27.3% | 71.2% | 0.7% | 100.0% |
| n = 311 | chi square = 23.0 | | | p = 0.028 | |

Table 4.23 shows the comparison between the method of receiving the information and the biographical variable, age group. The frequency table shows that the highest percentage of respondents within all age groups prefer receiving information via SMS. However, it is important to note that a significant number (14.5%) of respondents in the 20-29 age groups would like to receive information via e-mail. The chi square results in Table 4.23 show that is a significant relationship between the methods with which the respondents would like to receive the information and age group. The p value of age group is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for age group can be used to infer a significant association between method of receiving information and age group.

Table 4.24: Frequency distribution - Respondents who prefer information on special offers and mark downs in relation to province

| Special offers and mark downs - Province | Yes | No | Total |
|---|-------------------|-------------|---------------|
| Eastern Cape | 7.1 | 3.9 | 11.0% |
| Free State | 3.1 | 5.5 | 8.6% |
| Gauteng | 10.2 | 15.7 | 25.9% |
| KwaZulu-Natal | 6.3 | 6.6 | 12.9% |
| Limpopo | 3.7 | 8.4 | 12.1% |
| Mpumalanga | 3.9 | 1.8 | 5.7% |
| North West | 5.5 | 3.9 | 9.4% |
| Northern Cape | 0.0 | 1.6 | 1.6% |
| Western Cape | 5.5 | 7.3 | 12.8% |
| Total | 45.3 | 54.7 | 100.0% |
| n = 381 | chi square = 25.0 | | p = 0.002 |

Table 4.24 shows a comparison between the respondents who would like information on special offers and mark downs and the biographical variable, province. The frequency table reflects that a higher percentage of respondents within the Gauteng and the Eastern Cape prefer information on special offers and mark downs. The chi square result in Table 4.24 shows a significant relationship for province. The p value for province is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for province can be used to infer a significant association between information on special offers and mark downs and province.

Table 4.25: Frequency distribution - Respondents who prefer information on new products in relation to province

| New products - Province | Yes | No | Total |
|--------------------------------|-------------------|--------------|---------------|
| Eastern Cape | 6.6 | 3.2 | 9.8% |
| Free State | 4.2 | 3.5 | 7.7% |
| Gauteng | 7.1 | 16.6 | 23.7% |
| KwaZulu-Natal | 5.4 | 5.8 | 11.2% |
| Limpopo | 5.0 | 15.1 | 10.1% |
| Mpumalanga | 2.4 | 3.4 | 5.8% |
| North West | 3.1 | 5.3 | 8.4% |
| Northern Cape | 1.0 | 0.5 | 1.5% |
| Western Cape | 5.2 | 6.6 | 11.8% |
| Total | 40.0 | 60.00 | 100.0% |
| n = 381 | chi square = 19.0 | | p = 0.014 |

Table 4.25 shows a comparison between the respondents who prefer information on new products and the biographical variable, province. The frequency table reflects that a higher percentage of respondents within the Gauteng, KZN and Limpopo prefer information on new products. The chi square results show a significant relationship for province. The p value for province is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for province can be used to infer a significant association between information on new products and province.

Table 4.26: Frequency distribution - Respondents who prefer information on promotions in relation to province

| Promotions - Province | Yes | No | Total |
|-----------------------|-------------------|------|----------|
| Eastern Cape | 5.8 | 5.2 | 11.0% |
| Free State | 2.6 | 6.0 | 8.6% |
| Gauteng | 8.4 | 17.6 | 26.0% |
| KwaZulu-Natal | 6.6 | 6.0 | 12.6% |
| Limpopo | 3.1 | 8.9 | 12.0% |
| Mpumalanga | 2.6 | 3.3 | 5.9% |
| North West | 5.0 | 4.5 | 9.5% |
| Northern Cape | 0.8 | 0.8 | 1.6% |
| Western Cape | 3.9 | 8.9 | 12.8% |
| Totals | 38.8% | 61.2 | 100.0% |
| n = 381 | chi square = 17.7 | | p = 0.23 |

Table 4.26 shows a comparison between the respondents who prefer information on promotions and biographical variable province. The frequency table shows that a total of 38.8% of respondents would like to receive information on promotions. The highest percentages of respondents that would like to receive information on promotions are from Gauteng, KZN, and Eastern Cape. The chi-square result shows that there is a significant relationship with province. The p value for province is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for province can be used to infer a significant association between information on promotions and province.

Table 4.27: Frequency distribution - Respondents who prefer information on balance on accounts in relation to province

| Balance on account - Province | Yes | No | Total |
|--------------------------------------|-------------------|--------------|---------------|
| Eastern Cape | 3.9 | 7.3 | 11.2% |
| Free State | 2.6 | 6.0 | 8.6% |
| Gauteng | 5.2 | 20.7 | 25.9% |
| KwaZulu-Natal | 3.7 | 8.9 | 12.6% |
| Limpopo | 2.1 | 10.0 | 12.1% |
| Mpumalanga | 2.9 | 2.9 | 5.8% |
| North West | 2.9 | 6.6 | 9.5% |
| Northern Cape | 1.0 | 0.5 | 1.5% |
| Western Cape | 5.5 | 7.3 | 12.8% |
| Total | 29.8% | 70.2% | 100.0% |
| n = 381 | chi square = 20.6 | | p = 0.008 |

Table 4.27 shows a comparison between the respondents who prefer information on account balance and the biographical variable, province. The frequency table shows that the highest percentage of respondents from Gauteng prefer information on account balances. The chi-square results show that there is a significant relationship with province. The p value for province is less than 0.05. This indicates a statistically significant relationship at 95% level. The p value for province can be used to infer a significant association between information on account balance and province.

In summary, the study found that there is a relationship between demographics, preference of technology used and preference of information received by the Electric Express customer. This information can be used by the company to segment the market further to enhance customer communication.

The final stage of the analysis was to conduct a summary of the findings.

4.8 SUMMARY: FINDINGS OF THE STUDY

The following is a summary of the findings from the data.

4.8.1 Technology data

- All the respondents used one or more of the communication technologies that are available on the market.
- Ninety three percent of respondents had a cell phone.
- Technology use was higher amongst females in all the technology categories tested in this study.
- The highest use of technology was in the 20–39 age groups.
- The highest users of smart phone were African respondents and respondents in the 20–29 age group.
- The highest users of e-mail were African respondents. The study also shows that e-mail usage was highest amongst respondents in the 20–39 age groups.
- The highest internet access was among African respondents.
- The study found that 52.8% of respondents used the internet.
- Fifty seven percent of the respondents used the internet on a daily basis.
- The top three reasons for using the internet were searching for information, sending and/or receiving e-mail and keeping in touch with social networks.
- The highest percentage of respondents that use the internet for making online purchases were African respondents.
- The study found that 3.4% of the respondents would consider purchasing furniture or appliances on-line.
- The younger age groups (20–39) were more likely to conduct online purchases than the older age groups.

4.8.2 Communication data

- The study found that 80.3% of the respondents would like to receive information from Electric Express.

- The highest percentage of respondents that would like to receive information from Electric Express was African respondents.
- The study found that the majority of respondents within all age groups preferred receiving information via SMS.
- The top three areas that respondents would like to receive information on were special offers and mark downs, new products and promotions.
- The study found that when it came to special offers and markdowns, new products or promotions, the respondents were most interested in information on electrical appliances, vision and sound.
- The highest percentage of respondents that preferred information on special offers and mark downs came from Gauteng.
- The highest percentage of respondents that prefer information on new products were from Gauteng.
- The highest percentage of respondents who prefer information on promotions were from Gauteng.
- The highest percentage of respondents who prefer to receive personal messages were African respondents.

4.9 SUMMARY

The study was intended to examine what communication technologies would best suit the customers of Electric Express. The aim was to determine whether technology and communication can capture the attention of the customer and influence customer retention. The impact of various demographic data on technology and communication was explored. Findings from the study are consistent with findings of several related studies on technology and communication. The study confirms that there is a technological platform within the appliance retail industry that can be used to develop an integrated marketing communication system to build greater customer retention. The findings prove that the customer would like to receive monthly information from Electric Express. Secondly, the findings prove that the same technologies (the mobile phone) that have achieved great success in the travel, financial and entertainment sectors can be used in the appliance retail industry. While the study

confirmed these findings there were limitations to the study, which will be discussed in the next chapter together with recommendations to improve the use of technology at Electric Express.

CHAPTER FIVE: RECOMMENDATIONS AND CONCLUSION

5.1 INTRODUCTION

Through data analysis the study confirmed that customers would like to receive information via SMS, receive information on a monthly basis, and receive information on product and other services. The study also confirmed that there is a technological platform within the appliance retail industry that can be used to develop an integrated marketing communication system. As a result of the findings, the researcher is able to make recommendations to Electric Express. However, there were limitations to the study. This chapter is intended to address whether the research objectives have been met and the research questions answered. It identifies the benefit of this study for stakeholders and will illustrate the contribution that this research work makes to scholarship. It will provide recommendations to solve the business problem. Lastly, it will discuss the limitations of the study and recommendations to overcome the limitations.

5.2 HAS THE DATA ANSWERED THE RESEARCH QUESTION?

Table 5.1a and Table 5.1b shows that all the objectives of the study were met

Table 5.1a: Test on whether the objectives were met

| The objectives of the study were to determine: | Questions | Was the objective met: YES/NO | Findings |
|--|------------------|--------------------------------------|---|
| 1. The preferred technology to communicate with the Electric Express customer. | Q5, Q6, Q8, Q19 | Yes | The findings of this study show that the preferred technology for the Electric Express customer is the cell phone and the medium for communication is short message services (SMS). |

Table 5.1b: Test on whether the objectives were met

| The objectives of the study were to determine: | Questions | Was the objective met: YES/NO | Findings |
|--|-------------------------|--------------------------------------|---|
| 2. What information the Electric Express customer regards as necessary and relevant. | Q17, Q18, Q20 | Yes | The findings of the study show that respondents would like to receive information on special offers, mark downs, new products and promotions. The study also found that when it came to special offers, markdowns, new products and promotions the respondents would like information on electrical appliances, vision (TV, DVD, etc.) and sound (Hi-Fi, surround sound systems). The study also showed that respondents would like to receive other information. The top three areas that respondents would like to receive information on were when accounts are paid up; checking outstanding balance; and checking monthly instalments. |
| 3. How often the Electric Express customer would like to receive information. | Q14, Q15 & Q16 | Yes | The study showed that the majority of the respondents would like to receive information from Electric Express on a monthly basis. |
| 4. The relationship between demographics, preference of communication and online shopping patterns of the Electric Express customer. | Q1 - Q4, Q9 - Q11 & Q13 | Yes | The study showed that preference for communication and online shopping does exist between demographics. |

5.3 BENEFITS OF THIS RESEARCH

Many studies have been conducted on marketing, communication and the use of technology in the marketing process. However, there appears to be no significant study on the use of communication and technology in the customer retention process in the South African context. Business has seen a plethora of information on the impact that customer retention has on business, the shift in customer demands and expectations, the relevance of communicating with the customer and how new technology is continually driving innovation and change in the retail industry, yet, Electric Express continues to drive a marketing strategy that is outdated. Research confirmed that customers want the interactions with the company to be engaging, informative and useful. However, Electric Express has not implemented a strategy that would address this customer need. No consideration has been given to mobile and internet strategies for the business, which should be one of the pillars of the marketing strategy.

The benefit of this study is firstly to provide evidence to Electric Express that the preferences and expectations of the customer have changed. The study found:

- i) That 71.2% of the respondents preferred to receive information via SMS and 27.3% via e-mail.
- ii) The majority of the respondents would like to receive information on a monthly basis.
- iii) The majority of the respondents would like to receive information on special offers, mark downs, new products and promotions.
- iv) The majority of respondents would like to receive information on when an account is paid up, the outstanding balance on the account and acknowledgement of receipt of payments.

These findings indicate that customers would like to receive information via SMS, receive information on a monthly basis, and receive information on product and other services - if the results were generalised to the entire population. The findings do not only provide Electric Express with evidence or confirm the change in customer preferences and expectations but provide Electric Express with what type of information the customer wants, the technology to be used and the frequency of communication.

The second benefit is that the study confirms that there is a technological platform within the appliance retail industry that can be used to develop an integrated marketing communication system.

A third benefit is that the study has confirmed that preference for communication and online interaction does exist between demographics. This finding would assist the marketing division in creating personal, interactive and social experiences for the customer based on their preferences.

A fourth benefit is cost saving. Print media and television are expensive communication tools. Mobile and internet are a cheaper means of communication and could reduce marketing expenses significantly.

Lastly, the study found that cell phone usage is significantly high. Both the internet and the mobile phone are proving to be effective tools to communicate with customers. They are proving to be a very powerful tool to capture large audiences in a short space of time and are mechanisms to create dialogue between the customer and organisation.

These findings are not only of benefit to Electric Express, but of benefit to the appliance and electronics industry, and retailers that focus on customers in the LSM 4–7 group.

5.4 RECOMMENDATIONS TO SOLVE THE BUSINESS PROBLEM

According to the African Economic Outlook, South Africa continues to face the triple challenge of chronic high unemployment, poverty and inequality amidst a slow and volatile domestic and global economic environment. Due to the economic downturn, Electric Express is competing in a highly competitive industry. Price margins are low, the product offering is not unique to Electric Express and switching is easy due to the number of competitors in the market. In order to remain competitive, Electric Express has to develop a strategy that will create value and differentiation – a strategy that will set Electric Express apart from its competitors. Research shows that customer retention strategies are proving to be successful in building long lasting relationships with customers, resulting in increased growth and profitability. However, as the customer demands and new channels of interaction emerge retailers are challenged with creating new and differentiating experiences for the customer. To reach customers today retailers must create personal, interactive and social experiences

consistently across a range of channels and locations – whether on the web, on mobile devices or in store.

Electric Express has a marketing department. They rely largely on their monthly catalogue (print media) and to a lesser extent newspaper and television advertisements to inform and/or reach their customers. Electric Express does not have a customer focused strategy. There is no deliberate intention to create a strategy around the customer. In fact, while Electric Express has identified a set of key strategic business objectives that they drive year on year, they have not defined a strategy for the business – operational excellence, product leadership or customer intimacy. It is therefore recommended that Electric Express seriously considers the following:

- i) Adopt the customer intimacy strategy for the business.
- ii) Develop a marketing communication and relationship management strategy that focuses primarily on the customer.
- iii) Implement a mobile and internet strategy for the business as one of the key pillars to the marketing strategy.

5.5 LIMITATIONS OF THIS STUDY

5.5.1 Data analysis

The data analysis relied largely on frequency distribution tables and Chi square analysis. However, according to Goodman (2008), p-values have been criticised because they are widely misunderstood. Goodman (2008) claimed that a p value that is less than 0.05 does not mean that the researcher has proved the experimental hypothesis. While the p values could be considered reliable they could not be confirmed as reliable.

5.5.2 The questionnaire

The intention of this study was to derive business benefit from establishing how to use communication and technology to bring about greater customer retention. However, the questionnaire focused on only communication and technology. No questions were included to test the respondents' opinions on customer retention – i.e., what would encourage the customer to remain loyal to the company.

5.5.3 Administering the questionnaire

The researcher relied on the Electric Express branch managers to administer the questionnaire. The questionnaire was structured to enable the respondents to skip some questions. For example, if the answer was no in question 6 the respondent was requested to skip questions 8 to 13 and answer question 14. However, some respondents answered no in question 6 and answered questions 8 to 13 instead of skipping them. In this instance the researcher skipped questions 8 to 13 when capturing the questionnaire to ensure that the data was clean. The questionnaire was administered physically and not electronically. By administering the questionnaire electronically, the respondent would have been forced to skip the questions as per the design.

5.5.4 Survey system

The researcher used SurveyMonkey to capture the questionnaires. The licence available to the research did not allow the data to be converted into SPSS. The researcher had to engage with a statistician to do cross tabulation and to get the data converted into chi-square. The reliance on a statistician affected the time lines of the study.

5.6 RECOMMENDATIONS TO OVERCOME THE LIMITATION

5.6.1 Data analysis

Significance, according to Helberg (1995), is really as much a function of sample size and experimental design as it is a function of strength of a relationship. With low power, the researcher may be overlooking a really useful relationship; with excessive power, the researcher may find microscopic effects with no real practical value. A reasonable way to handle this challenge, according to Helberg (1995), is to cast results in terms of sizes. That way the size of the effect is presented in terms that make quantitative sense.

5.6.2 The questionnaire

The questionnaire achieved the desired result on the use of technology to communicate effectively with the customer. There were a number of focus areas that this study was unable to examine. One area was questions on the respondents' opinions of customer retention – i.e., what would make the customer do repeat business with the company. However, future studies could consider the following aspects:

- The impact of communication on customer retention
- The impact of technology on customer retention
- The impact of customer service on repeat business.

5.6.3 Administering the questionnaire

To obtain better results it is recommended that a skilled researcher administer the questionnaire for future studies in the company if the questionnaire is administered physically. Alternatively, the questionnaire should be administered electronically. Every branch has access to the internet and would be able to assist the respondents with completing the questionnaire online.

5.6.4 Survey system

For future studies it is recommended that a survey system, such as QuestionPro, that has SPSS functionality be employed to limit the reliance on a statistician.

5.7 SUMMARY

The research question that the study intended to address was how to communicate effectively with the customer through the use of technology? While the study had limitations, the data collected met the objectives and answered the research question. The findings of this study can be used by Electric Express, the electronics industry, retailers that focus on customers in the LSM 4–7 group, marketers, researchers and students. Electric Express have to incorporate electronic media into corporate and communication strategy in order to keep pace with modern consumers' changing behaviour and reliance on technology.

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APPENDIX 1: QUESTIONNAIRE

Dear Respondent

You are invited to participate in our survey "The Effective Use of Technology To Communicate With Customers". In this survey, approximately 381 people will be asked to complete a survey that asks questions about the relationship between demographics, preference of communication and online shopping patterns of the South African Retail Consumer. It will take approximately 20 minutes to complete the questionnaire.

Your participation in this study is completely voluntary. There are no foreseeable risks associated with this project. However, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. It is very important for us to learn your opinions.

Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact Loueen Jones at 011 4080697 or by email at loueenj@jdg.co.za

Thank you very much for your time and support. Please start with the survey now by clicking on the button below.

I Agree

Please tick the appropriate answer

1. Race

- African
- Coloured
- Indian
- White

2. Gender

- Male
- Female

3. Age Group

- 20 - 29
- 30 - 39
- 40 - 49
- 50 – 59
- 60 and above

4. What Province do you live in?

- KwaZulu-Natal
- Gauteng
- Western Cape
- Eastern Cape
- Northern Cape
- Limpopo
- Mpumalanga
- Free State
- North West

Technology

5. Which of the following technologies do you have? [If you use more than 1 technologies choose more than 1]

- Cell Phone
- Smart Phone
- e-Mail Address
- Internet access

6. Do you use the internet?

- Yes
- No
- Not sure what the Internet is?

[If the answer is No or not sure in q6, please progress to question q14]

7. If yes to question 6, how often do you use the Internet?

- Daily
- Weekly
- Monthly
- Yearly

8. If you use the internet what do you use it for?

- Searching for information
- Sending and/or receiving e-mail
- Pay Accounts
- Make on-line purchases
- Keep in touch with my social networks
- All of the above

[If you do not make online purchases please progress to question 14]

9. If indicated in question 8 that you make online purchases, what purchases have you made on the internet?

- Entertainment [e.g., CD's, DVD's, movie tickets, or Compu Tickets]
- Travel [e.g. bus tickets, air tickets]
- Clothing
- Groceries
- Consumables
- Furniture
- Appliance

10. If indicated in question 8 that you make online purchases which of the purchases do you make at least once a week?

- Entertainment [e.g., CD's, DVD's, movie tickets, or Compu Tickets]
- Travel [e.g. bus tickets, air tickets]
- Clothing
- Groceries
- Consumables
- Furniture
- Appliance

11. If you selected appliances in question 9 or 10 what appliances have you purchased online? (if you have not purchased appliances online progress to question 13)

- Vision (e.g. TV, DVD, Video Machines, etc)
- Sound (e.g. Hi-Fi, Surround Systems, etc)
- Electrical Appliances
- Computers
- Cell Phones
- Other

12. How would you describe your online shopping experience?

- Great
- Good
- Neutral
- Bad

13. Would you consider purchasing furniture or appliances online?

- Yes
- No

Communication

14. Would you like to receive electronic information from Electric Express

- Yes
- No

[If yes progress to question 16]

15. If no to question 14, why not?

- Not interested
- Advertising messages are a frustration
- Prefer print advertisements
- Prefer television advertisements

16. If yes to question 13, how often would you like to receive information?

- Daily
- Weekly
- Monthly

17. If you answered yes to question 14, what type of information would you like to receive? (Choose one or more)

- Special offers and Mark Downs
- New Products
- Promotions
- Balance on your account
- Personal messages, e.g., Birthday, Anniversary, etc.

18. If you answered yes to special offers and markdowns, new products or promotions in question 17, what product categories are you interested in? Choose one or more options)

- Vision (e.g. TV, DVD, Video Machines, etc)
- Sound (e.g. Hi-Fi, Surround Systems, etc)
- Electrical Appliances
- Computers
- Cell Phones
- Other

19. How would you like to receive this information

- Via E-mail
- Via SMS
- Via Website
- Social Networks (e.g. Facebook, Twitter, etc.)

20. I would like to receive the following information Electric Express (Choose one or more options)

- Receive progress report on repairs
- Lodge complaints
- Check outstanding balance
- Check monthly instalment
- Receive acknowledgement of receipt of payment
- Check revolving credit [OTB]
- Receive notification when account is paid up

APPENDIX 2: CONFIRMATION LETTER



7 August 2012

Ms Loueen Jones 8934279
Graduate School of Business and Leadership

Dear Ms Jones

Protocol reference number: HSS/0675/012M
Project title: The Effective use of Technology to communicate with customers

EXPEDITED APPROVAL

I wish to inform you that your application has been granted Full Approval through an expedited review process.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Professor Steven Collings (Chair)

/pm

cc Supervisor: Professor A Singh
cc Academic leader: Dr S Bodhanya
cc School Admin: Mrs Wendy Clarke

Professor S Collings (Chair)
Humanities & Social SC Research Ethics Committee
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Telephone: +27 (0)31 260 3587/8350 Facsimile: +27 (0)31 260 4609 Email: ximbap@ukzn.ac.za / snymanm@ukzn.ac.za
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APPENDIX 3: TURNITIN REPORT

Turnitin Originality Report

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