UNIVERSITY OF KWAZULU-NATAL

BUSINESS TO BUSINESS DIMENSIONS OF RELATIONSHIP MARKETING IN THE SOUTH AFRICAN CEMENT MANUFACTURING INDUSTRY

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2015

DECLARATION

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ABSTRACT

The focus of this study was relationship marketing (RM) in the business-to-business (B2B) context in the cement manufacturing industry in South Africa. Literature reveals published research for the cement industry is limited, particularly in South Africa, regarding the dimensions of relationship marketing. Research in this field focuses primarily on other industries and no agreed dimensions of RM exist. One of the objectives of the study was to test satisfaction as a mediator between causes and outcomes, with the causes being supplier competencies, trust, commitment and communication and the outcomes being cooperation and loyalty. An additional objective of the study was to develop a framework of relationship marketing dimensions for the South African cement industry. Data was collected from 362 major cement customers throughout South Africa's nine provinces using a face-to-face interview technique with self-administered questionnaires. The data collected in the empirical study was analysed using Structural Equation Modelling (SEM).

A framework of relationship marketing dimensions for the cement industry in South Africa was developed. It is anticipated this framework may contribute towards addressing the deficiencies in the implementation of relationship marketing strategies. The empirical results of this study suggested that a cement supplier should invest in methods of enhancing customer trust and communication in order to maintain customer satisfaction. The results also show that customer loyalty and cooperation could be maintained, by focusing on strategies for building relationships on the basis of customer satisfaction as well as surpassing customer needs and desires.

One of the contributions of this study is the examination of the sequential logic of relationship marketing constructs in a business-to-business context for the cement industry. As a result, this study makes both theoretical and practical contributions to the field of relationship marketing. The outcome of the study developed a framework of RM dimensions, which could be used for the benefit of future researchers. It also presents findings of managerial interest such as the knowledge that satisfaction is a key factor between trust and communication. In addition, important outcomes of the relationship are cooperation and loyalty.

The study offers practical contribution to the field of marketing by assisting cement companies to formulate profession-shielding mechanisms from competitors. The findings of this study also contribute by providing dimensions of RM, which may improve customer cooperation and loyalty within the cement and other business-to-business environments in related industries, which could lead to larger market share, higher customer retention and greater profitability. A limitation of the study is the use of a judgemental sample since the results may be interpreted to represent populations of those similar to the respondents only. Generalisation of results to the South African population and industries is therefore restricted. In light of this, it is recommended that the study is replicated for other South African industries.

Key words: Relationship Marketing, South African Cement Manufacturing Industry, Supplier Competencies, Trust, Commitment, Communication, Satisfaction, Cooperation, Loyalty

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CHAPTER 1

1. INTRODUCTION

1.1 Introduction to thesis

The primary purpose of this chapter is to provide an overview of the thesis and its motivation, as well as an explanation of the importance of the cement industry to the South African economy. This is followed by a brief literature review on relationship marketing, the problem statement, research objectives, research questions, the conceptual framework for the study, hypotheses, research design, the study's contribution to the body of knowledge, as well as its practical implications and finally, an evaluation of the limitations of the study.

1.2 Motivation for the Study

According to Svensson *et al*. (2010:1): "close working relationships between buyers and suppliers in business markets are becoming more and more essential to achieving business success". This view is supported by Anderson and Narus (1990), Ganesan (1994), Geyskens (1999) and Morgan and Hunt (1994) who advocate that strong relationships in business-to-business markets ensures stability to both suppliers and buyers. "The three most studied dimensions of relationship marketing in literature are trust, commitment and satisfaction (Morgan and Hunt, 1994; Caceres and Paparoidamis, 2007; Palmatier, Dant, Grewel and Evans, 2006 and Barry, Dion and Johnson, 2008) and there is no agreement on how satisfaction fits into a nomological network with trust and commitment, it remains an issue in need of resolution" (Svensson *et al*. (2010:1).

In addition to these differences, evidence from literature seems to point towards a lack of specific constructs of relationship marketing in business-to-business markets within specific industries. Trust and commitment are perceived as the most important constructs of relationship marketing (Morgan and Hunt 1994; Barry *et al.*, 2008; Caceres and Paparoidamis, 2007).

A lack of consensus exists regarding the position of satisfaction in relationship marketing models with no accepted constructs which make up the relationship marketing models in different industries, as shown by the findings of Papassapa and Miller (2007), Rauyruen and Miller (2007), Skermeas and Robson (2008), Barry *et al*. (2008), Palmatier*et al*. (2006) and Ulaga and Eggert (2004, in which satisfaction, trust and commitment are all described merely as dimensions of higher order. Gounaris (2005:126), states: "in most business-to-business (B2B) exchanges, achieving a sale is not the fulfilment of an effort but rather an event in a broader endeavour to build and sustain a long-term relationship with the customer and ensure that sales keep coming, thus the major issue is to examine what influences the customer's willingness to remain with the existing supplier. Product quality has been traditionally considered a major prerequisite for gaining this kind of behavioural response from the customer but as technology in many industries becomes a commodity, the importance of quality alone in deriving loyalty diminishes rapidly".

Vargo and Lusch (2004:1) described the problem of marketing as: "an inherited model of exchange from economics with a dominant logic based on the exchange of goods, which are usually manufactured outputs. The dominant logic focused on tangible resources, embedded value and transactions. Over the past several decades, new perspectives have emerged which have a revised logic focused on intangible resources, the co-creation of value and relationships". Marketing has shifted from its dominant aspect of exchange of tangible goods and services into a more relationship encompassing position, taking into consideration the need for long term relationships.

This perspective is supported by Theron and Terblanche (2010:389), who maintain that the: "creation of long-term relationships with customers requires knowledge of the dimensions contributing to the establishment and maintenance of such relationships". Theron and Terblanche (2010:389) further state that: "although numerous empirical studies have been conducted, they identified four most studied dimensions, namely commitment, satisfaction, communication and trust". Six additional dimensions have been identified, including competence, relationship benefits, bonding, customisation, attractiveness of alternatives and shared values, which are perceived as important for the management of business-to-business relationship marketing in the financial services industry in South Africa (Theron and Terblanche, 2010:389).

Studies on business-to-business interactions identify a variety of dimensions in the development of market relationships. However, difficulties arise from a lack of consensus in critical business-to-business market literature, particularly the manufacturing industry. While researchers have developed several conceptual frameworks on business-to-business relationship structures, none have focused on the cement manufacturing industry in South Africa. According to Ulaga and Eggert (2004:312): “established models on relationship marketing might insufficiently address the cement industry in South Africa”. Athanasopoulou (2009:584) states: “the problem is that relationships in business-to-business markets differ from those in retail settings and relationships in products generally differ from those in services”.

Gummesson (1994:7) further states: “the most innovative and theoretical developed contributions to relationship marketing (RM) come from service marketing, the network approach to industrial marketing, quality management and from organisational theory”. This is supported by Davis (2008:310): “RM research largely resides in the domain of industrial and service sectors, but RM can be applied to and provides benefit to the construction industry”. Athanasopoulou (2009:586), maintains: “most studies on business-to-business relationships are based on samples drawn from developed countries including the United States (one third of all studies) and Europe (predominantly the Netherlands, United Kingdom and Germany). This makes it difficult to generalise results across countries as the characteristics of relationships may differ widely between countries”.

The choice of this study is motivated by the research outcomes on relationship marketing (RM) by amongst others, Theron and Terblanche (2010), Athanasopoulou, (2009), Gilaninia *et al*. (2011), Gounaris (2005), Ulaga and Eggert, (2004) and Gummesson, (1994). As outlined above, these authors argue that despite the existence of RM as initially described by Berry (1983) no agreement exists on uniform dimensions or variables which constitute RM management. Furthermore, studies on RM in specific industries are limited, particularly for developing countries. The current study proposes that the ambiguities and contradictory results of previous studies may partly be explained by the fact that performance based constructs should be added to the affective and conative variables within existing relationship marketing models.

In order to close this gap, the current study suggests that supplier competency and effective communication should be included as key constituents in business relationship modelling.

According to Gronroos (1994a:9), relationship marketing is described as: "identify and establish, maintain and enhance and when necessary, terminate relationships with customers and other stakeholders at a profit so that the objectives of all parties involved are met and this is done by mutual exchange and fulfilment of promises". This definition is explicitly explained by Berndt and Tait (2012:7): "relationship marketing concerns the facilitation and management of the relationships between the business and its customers. It developed as a response to the realization that businesses were spending vast resources in time and money to attract new customers but very little on retaining existing ones. Relationship marketing is particularly relevant when a customer has alternative service providers to choose from, when the customer makes the selection decision and when there is an ongoing desire or need for a product or service". This is applicable to cement suppliers and their market competitors, compounded by the emergence of new market entrants offering improved and more affordable products. Therefore, RM is considered vital to sectors which experience increased competition along with decline of economic growth, as is prevalent in the current South African economy.

The cement industry in South Africa was selected for this study on account of the role it plays, as depicted by Snyman (2010:1-2): "the cement industry is a major employment generator and contributes significantly to the South African economy". Snyman (2010:1-2) also states: the South African construction industry of which the cement industry is part of, is a major player in the Southern African Development Community.

It is a significant job creator in the economy, and employed over 1.8 million people at various skills levels during 2009 and generates annual revenue of approximately R267 billion. In 2009 the production capacity of cement stood at 17.5 million tonnes, an increase of 24% from 2008 production levels. This level of increase is expected to be maintained over the coming three years.

According to Olivier (2015:1) "with governments across the continent committing billions of dollars to infrastructure, Africa is at the start of a 20 to 30 year infrastructure development boom. The strategic importance of the cement sector will play a key role in these government's infrastructure roll-out plans, which are going to require a sustainable supply of cement if these ambitious targets are to be met. It is expected that these rapid infrastructure developments in Southern Africa will brighten the prospects of the cement industry in the region and thus open the market to intensive competition".

However, the Gauteng Growth Development Agency (2015:2) maintains: "although R827 billion in government spend has been earmarked for infrastructure development over the next three years, the industry find itself in a precarious position and is still reeling from the announcement in June 2013 that the Competition Commission had reached a settlement with 15 construction firms, for collusive tendering estimated to be in the region of R47 billion". Rossouw (2015:1) states: "the past few years have highlighted the need for better coordination and monitoring within the cement industry - a challenge that the South African government has welcomed with the roll-out of its national infrastructure plan as implementation of the plan will require significant input from the cement industry".

Collusive tendering resulted from the fact that prior to 1994, cement in South Africa was marketed under a centralised cartel system sanctioned by the state at the time. Sullivan and Sheffrin (2003:171) define a cartel as a "formal agreement among competing firms who agree to fix prices, marketing and production". The centralised cartel system was formulated as an agreement among oligopoly cement producers, who set a monopoly price, allocated markets to save, allocated output among its members, created a central distribution system and determined how profits were to be shared. In this regard, Sullivan and Sheffrin (2003:173) differentiate between private cartels and public cartels.

In terms of the public cartel, a government system is involved in enforcing the cartel agreement and the cartel is protected from legal action. Conversely, private cartels are subject to legal liability under antitrust laws. In this instance, the cement industry prior to 1994 could be considered a public cartel system. Prior to dismantling of the cartel system, cement companies were production orientated, in which manufactured cement was transported to a central distribution point where it could be sold to customers.

Marketing did not occur and cement was regarded as an undifferentiated commodity. However, cement companies became market orientated subsequent to the unbundling process. While established marketing departments currently exist within cement companies and marketing activities such as advertising, sales promotions, personal selling and sponsorships are implemented, the challenge is to progress a step further by engaging in relationship marketing. A number of competitors entered the market post 1994 and new government regulations signified that cement companies could not continue to behave in the same manner. Change was necessary and it appeared that embracing relationship marketing would place cement companies in a position to professionally and sustainably achieve their goals and profitably retain customers (Van Vuuren *et al*., 2012: 82-83). As a result, relationship marketing could be considered a significant industry strategy for companies to remain competitive in the marketplace. The current study therefore focuses on determining the dimensions necessary for implementing relationship marketing in the South African cement industry.

1.3 Relationship Marketing Defined

The term 'relationship marketing' was coined by Berry (1983:25) at an international conference on service marketing, to describe a long-term approach to marketing (Gilaninia *et al*., 2011:788). Berry (1983:25) defines relationship marketing as: "attracting, maintaining and in multi-service organisations-enhancing customer relationships". According to Gronroos (1994b), relationship marketing serves to: "identify and establish, maintain and enhance and when necessary, terminate relationships with customers and other stakeholders at a profit so that the objectives of all parties involved are met, and this is done by mutual exchange and fulfilment of promises".

This definition is explicitly explained by Berndt and Tait (2012:7): "relationship marketing concerns the facilitation and management of the relationships between the business and its customers. It developed as a response to the realization that businesses were spending vast resources in time and money to attract new customers but very little on retaining existing ones. Relationship marketing is particularly relevant when a customer has alternative service providers to choose from, when the customer makes the selection decision and when there is an ongoing desire or need for a product or service". The above definitions and explanations of RM differ significantly from the definitions and explanations of marketing. According to Gordon (1998:9), RM aims to address the differences as follows:

- Seeks to create new value for customers and then share it with those customers
- Recognizes the key roles customers play, both as purchasers and in defining the value they wish to achieve
- Businesses are perceived to design and align processes, communication, technology and people in support of customer value
- Represents continuous cooperative effort between buyers and sellers
- Recognizes the value of customers' purchasing lifetimes (lifetime value)
- Seeks to build a chain of relationships within the organisation, to create the values customers want and establish relationships between the organisation and its main stakeholders, including suppliers, distribution channels, intermediaries and shareholders.

Egan (2011:73) states: "the illusion that RM is unconcerned about profit because of its apparent philanthropic and cooperative image is false. A principal objective behind companies adopting relational strategies must at least be sustainable profitability. To succeed, a company must have a flow of new customers with restricted exit. The aim is to keep or, where company objectives call for it, increase the number of customers available to the company. To achieve profitability the dual strategies of acquisition and retention must work in tandem". Barnes (1994:562) cautions against the: "simplistic acceptance of relationship marketing as a 'good thing' because it leads to long-term profitability and begs the question of how and with whom these relationships are to be established and what form they will take". However according to Egan (2011:95) this is: "based on historical data and cannot be guaranteed in the future". Egan (2011:95) suggests: "estimates of 'lifetime value' can be valid from a strategy planning perspective". This appears to be applicable to cement suppliers, as competitors exist in the market, which is compounded by the emergence of new entrants offering improved and more affordable products.

1.4 Business-to-Business Relationship Marketing

Cooke (1986:16) provided a definition of business-to-business (B2B) or industrial marketing as: "marketing to the organisational buyer as contrasted to consumer marketing, which is marketing to the ultimate consumer". Cooke (1986:10-12) also offered six significant differences between industrial marketing and consumer marketing which are discussed briefly below:

- "Derived demand is an important and unique aspect of the difference between industrial markets and consumer markets" Cooke (1986:10). Industrial purchase will not take place without consumer demand. As Cooke (1986:10) states: "all industrial sales are made to companies or institutions which sell to other companies or institutions who will, somewhere down the line, provide a product or service to ultimate consumers". In the cement industry this occurs when the supplier sells to the customer (industrial) and the customer in turn transforms the product to generate other products, or the customer makes use of the product to perform particular functions such road construction or civil engineering projects.

- Consumer markets are more concentrated and greater in number in comparison to industrial markets, which are less numerous but may be geographically concentrated in a particular area.

- Factors which influence an industrial purchase, in general, are believed to be more rational than those affecting consumer purchases.

- Reciprocity purchasing is more common in industrial markets than consumer markets. (Reciprocity is clarified as the practice of purchasing goods and services from those who purchase from you).

- Industrial markets, as opposed to consumer markets, tend to establish long term relationships and once established, these relationships are difficult to terminate.

- Greater purchasing influencers exist in industrial purchases as opposed to consumer purchasing.

1.5 Core Company Relationships

Relationship marketing debate has widened its scope to include other relationships rather than concentrating on the tradition supplier-customer relationships, Egan (2011:143). In this context, relationship marketing includes partners such as suppliers, internal customers, government, intermediaries and other institutions, as Egan (2011:143) maintains: “authors adopted a view of marketing that continued to acknowledge the importance of managing customer relationships, but recognized that this is only one part of the relationship marketing equation”. According to Egan (2011:144), such partnerships can be grouped into four categories which include customer partnerships, internal partnerships, supplier partnerships and external partnerships. It should be noted at this stage that whilst a discussion of the stipulated partnerships is provided in Table 1.1 below, the primary focus of this study is on developing customer relationships.

Table 1.1: Core Company Relationships

Author and Title	Customer Partnerships	Supplier Partnerships	Internal Partnerships	External Partnerships
Doyle (1995) The core firm and its partnerships	**Customer partnerships**	**Supplier partnerships**	**Internal partnerships** Employees, functional departments, other SBUs	**External partnerships** Competitors, governments, external partners
Morgan and Hunt (1994) Four partnerships and ten relationships	**Buyer partnerships** Intermediate, final consumer	**Supplier partnerships** Goods suppliers, service suppliers	**Internal partnerships** Business units, employees	**Lateral partnerships** Competitors, non-profit organisations, government
Christopher *et al.*(1991) Six markets	**Customer markets**	**Supplier markets**	**Internal market,** Employee market	**Referral market,** Influence market
Gummesson (1996; 1999) 30Rs	**Classic market relationships** Classic dyad (customer/supplier), classic triad (customer/supplier/ competitor), classic network (distribution channels)		**Meta relationships** Profit centres, internal customer Quality (design manufacturing), employee, matrix relationships, marketing services, owner/financiers	**Mega relationships** Personal/social, knowledge relationship, mega alliances (e.g. government, EU, NAFTA), mass media
Gummesson (1996; 1999) 30Rs	**Special market relationships** Full-time/part-time marketers, service encounter, Many-headed customer/supplier, customer relationship,			

Table 1.1: Core Company Relationships (cont.)

Author and Title	Customer Partnerships	Supplier Partnerships	Internal Partnerships	External Partnerships
Gummesson (1996; 1999) 30Rs	**Special market relationships** close versus distant relationship, monopoly relationship, customer as a member, electronic relationship, parasocial relationship, non-commercial relationship, green relationship, law-based relationship, criminal network			

Source: Egan (2011:144)

The core firm and its relationships are discussed below (Jooste *et al.*, 2013:328-331; Egan, 2011:144-340):

- **Customer markets -** refers to the parties who acquire the goods and services of the organisation. These customers could be individuals or organisations who purchase in order to manufacture products. Identification of specific customers involved with the organisation results in the development of relationship strategies tailored to suit each individual customer.

- **Internal markets -** refers to individuals in the employ of the organisation who interact with customers and who transmit the values of the organisation into the marketplace. Such employees are regarded as internal customers as well as internal suppliers.

Loyal employees are able to persuade customers to remain with the organisation, thereby increasing profitability. Creating a relationship with employees is critical in this process of internal marketing.

- **Supplier markets** – considered essential to the process of creating value. While supply may be of raw material, skills or financial in nature, the organisation cannot generate the product or provide its services to the satisfaction of the customer, without its suppliers. The relationship created between organisation and supplier exists in a business-to-business context, which differs from business-to-consumer situations.

- **External markets -** these include recruitment markets, referral markets and influence markets as described below:

  Recruitment markets **-** refers to potential recruitments who may be employed by the organisation in the future. In this regard, having the correct skills is imperative for business success. Therefore, skills should include developing relationships with potential employees as well as the parties involved in sourcing potential employees, such as recruitment agencies and universities.

  Referral markets **-** refers to individuals who provide new business for the organisation, such as satisfied customers. Word-of-mouth referrals occur when satisfied customers share their good experiences with others and as a result, are able to influence the behaviour of others towards the organisation.

  Influence markets **-** refers to individuals who are able to influence (whether positively or negatively) the manner in which the organisation carries out business (marketing) efforts. Influence marketsare regarded as diverse and include investors, the media, competitors, government and environmental factors. While all these aspects may not be imperative, it is vital for the organisation to build relationships with those that are regarded as relevant for success.

The focal point of the current study is the customer market in the form of business-to-business.

1.6 Benefits of Relationship Marketing

Morgan and Hunt (1994:24) maintain that competition in the global marketplace requires firms to continually seek out products, processes and technologies which add value to their own offerings. This is a critical element for competitive strategy. According to Davis (2008:310), two of the most significant advantages of relationship marketing are client retention and enhancement of value on products. Davis (2008:311) also believes that relationship marketing creates value for customers and this value is shared with key stakeholders. The concept is that long-term relationships create strong customer bonds and in so doing, contributes to the achievement of organisational objectives, primarily profitability and the ability to withstand competition. Within a competitive environment, customers depend on organisations for need-satisfying products, while organisations depend on customers for ideas and revenue (Ndubisi, 2004:70). Therefore, long-term relationships where both parties learn how to best interact with one another over time, leads to decreasing relationship costs for both customer and supplier (Ndubisi, 2004:71).

Hunt and Morgan (2006:78) summarise the outcomes of relationship marketing and associated benefits to the supplier as follows:

- Competitive advantage
- Good financial performance
- Customer satisfaction
- Provides a learning culture
- Customer loyalty
- Acquiescence
- Decreased uncertainty

Hunt *et al*. (2006:83) describe the benefits of relationship marketing to the customer as follows:

- Belief that a particular partner can be trusted to reliably, competently and non-opportunistically provide quality market offerings
- Belief that the partnering company shares similar values to the consumer

- Decreased search costs
- Perceived risk associated with market offering is lessened
- Exchange is consistent with moral obligation
- Exchange allows for customisation which results in realisation of customer's needs, wants, tastes and preferences.

1.7 Theoretical Framework Development

Theron and Terblanche (2010:387) maintain that uncertainty exists on a universal, generic set of dimensions for the representation of relationship marketing across a variety of industries. In spite of this uncertainty, overwhelming support of the importance of three particular dimensions are evident in literature. These include trust, commitment and satisfaction. The significance of the three dimensions on RM was highlighted by Svensson *et al*. (2010:10-11) in a meta analysis of 23 studies conducted between 1999 and 2008.

Athanasopoulou (2009:604) formulated a conceptual framework on relationship quality, which could be implemented in all contexts and which could be used as a guideline for future research. A possible criticism in opposition to this framework is that it was not intended for any specific industry. Gilaninia *et al*. (2011:796) formulated a model for RM, which provides more specific direction on the construction of a framework for the proposed study area. The literature review clarifies the four most significant categories of RM dimensions, namely trust, commitment, communication and supplier competency. These dimensions lead to customer satisfaction (mediating variable) with outcomes of customer loyalty and co-operation. A theoretical conceptual framework for RM applicable to the cement manufacturing industry is shown in Figure 1.1 below.

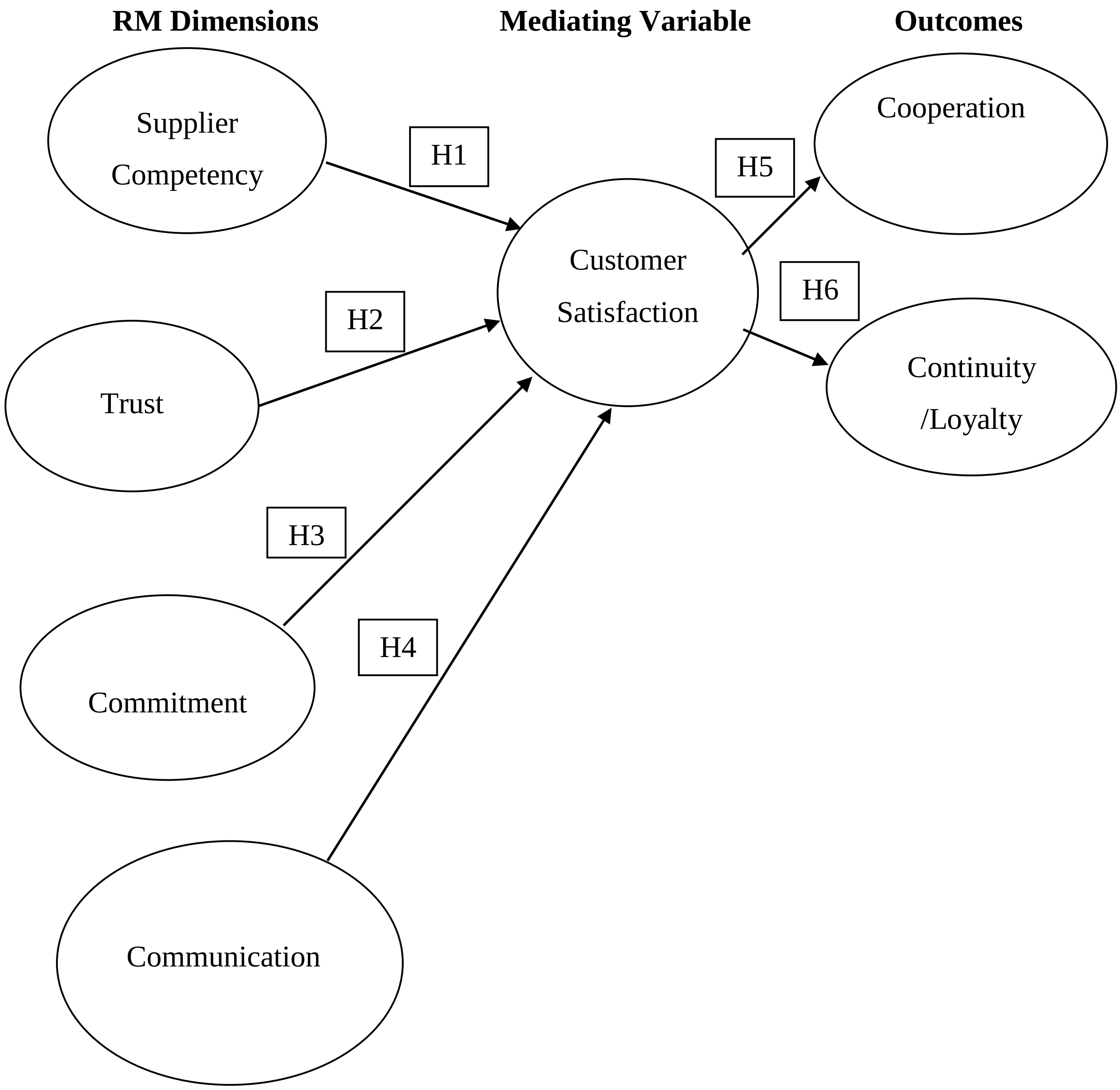


Figure 1.1: Theoretical Conceptual Framework of RM

1.8 Study Hypotheses

In accordance with the reviewed literature and the proposed conceptual framework, the following hypotheses are applicable to the current study:

H1: Supplier competencies have a positive influence on customer satisfaction
H2: Trust has a positive influence on customer satisfaction
H3: Commitment has a positive influence on customer satisfaction
H4: Communication has a positive influence on customer satisfaction
H5: Customer satisfaction has a positive influence on customer cooperation
H6: Customer satisfaction has a positive influence on customer loyalty/continuity.

1.9 Problem Statement

Gaps identified in the literature as well as the important role of the South African cement industry in the economy and its current challenges led to formulation of the problem statement for this study as follows:

> Similar to any business, it is vital for cement companies to aspire towards providing value to customers in order to retain, satisfy and pursue long-term relationships, so as to sustainably contribute to future profitability and compete successfully. In order to add value, cement manufacturers must be aware of what constitutes relationship marketing dimensions. However, research in this field focuses primarily on other industries. The limited availability of research for the cement industry, particularly in South Africa, renders the process of acquiring knowledge on the RM dimensions difficult. In addition, it appears no agreed dimensions of relationship marketing currently exist. It is anticipated that the development of good marketing strategies in RM will assist cement companies to implement strategies aimed at retaining and offering value to customers at increased profits.

1.10 Research Objectives

The following research objectives are formulated for the current study:

1. To test satisfaction as a mediator between causes and outcomes. The causes include supplier competencies, trust, commitment and communication, while the outcomes are cooperation and loyalty.

2. To develop a framework of RM dimensions from a business-to-business perspective for the management of RM in the South African cement manufacturing industry

3. To identify the dimensions of RM from a business-to-business perspective

4. To recommend specific RM dimensions which address gaps in cement industry marketing and which can be used as a guideline for future business-to-business marketing activities.

5. To determine the value and benefits of relationship marketing

1.11 Research Questions

The following research questions are posed:

1. What are the dimensions of RM that lead to business-to-business customer satisfaction with a cement supplier?

2. What are the outcome dimensions of RM for satisfied customers?

3. What is the importance of RM in the cement manufacturing industry?

4. What are the dimensions of business-to-business RM in the cement manufacturing industry in South Africa?

5. Is customer satisfaction a mediator between cause and RM outcomes in the cement industry?

1.12 Background of the South African Cement Industry

1.12.1 Importance of cement industry to the South African economy

According to Rossouw (2015:2): “the cement industry adds significant value to South Africa and its people. The value received by cement employees represented 69% of the value created. This is a significant contribution. According to Statistics South Africa, more than 1.8 million people are employed by the cement industry. The state received 19% of value created in the form of direct taxes. The reality is that the state receives significantly more if one takes into account the tax on employee income deducted from employees’ salaries and net indirect taxes like value added tax”.

South Africa’s substantial unemployment rate (25%) consists primarily of unskilled labour and the construction industry, being labour intensive, is perceived as the sector which could offer a possible solution (Olivier, 2015:1). Olivier, 2015:1 states: “while inadequate infrastructure may be the single biggest threat to Africa’s long-term growth, at the same time it also represents a significant opportunity for investors in the cement industry to finance infrastructure such as the construction of ports, power stations and housing projects”. The Gauteng Growth Development Agency (2015:11) maintains: “the cement industry remains a key sector, serving all sectors of the South African economy. It has a strategic role to fulfil if the country is to develop and grow, as envisaged in the National Development Plan. Analysts believe that if government is to make inroads into solving the unemployment crisis, the housing backlog, a proactive relationship with the cement industry needs to be developed”.

1.12.2 Historical view of the South African cement industry

Ballim (2007:137) states: “the cement industry in South Africa started in 1892, following the discovery of gold in the Witwatersrand in the 1880s”. Prior to this, cement was imported into South Africa, predominantly from Egypt via Cape Town.

Snyman (2010:1-2) states: “the South African construction industry of which the cement industry is part, is a major player in the Southern African Development Community. It is a major job creator in the economy, and employed over one million people at various skills levels during 2009. In 2009 the production capacity of cement stood at 17.5 million tonnes, an increase of 24% from 2008 production levels. This level of increase was expected to be maintained over the coming three years”.

Prior to 1994, cement in South Africa was marketed under a centralised cartel system sanctioned by the state. Sullivan and Sheffrin (2003:171) define a cartel as a “formal agreement among competing firms that agree to fix prices, marketing and production”.

The centralised cartel system was formulated as an agreement among oligopoly cement producers who set a monopoly price, allocated markets to save, allocated output among its members, created a central distribution system and determined the manner in which profits were shared. Sullivan and Sheffrin (2003:173) differentiate between private cartels and public cartels. In terms of the public cartel, a government system enforces the cartel agreement and protects the cartel from legal action. Conversely, private cartels are subject to legal liability under antitrust laws. In this instance, the cement industry was considered a public cartel.

1.13 Cement Industry Restructure

The cement cartel was restructured in 1994 by the new government in order to open up the market to new entrants, which would allow industry players to compete, providing consumers with choice. Restructuring of the cartel system gave rise to new marketing challenges in the industry such as the need to establish marketing systems including new market channels, branding and establishment of relationships with key customers. The restructuring process also exposed the market to competition.

In this context, Table 1.2 below shows the change in market share of the cement players between 1994 and 2009.

Table 1.2: Cement market share post 1994

Company	Market share beginning 1994	Market share end 2009
Pretoria Portland Cement	43%	39%
AfriSam	24%	19%
Larfage	23%	18%
Cimpor	10%	7%
Sephaku	0%	10%
Conticem	0%	3%
Independent Producers	0%	4%

(Cement and Concrete Institute of South Africa Annual Report, 2009)

The intensity of competition in the South African market is on the increase as a result of the above changes, therefore it necessary for cement industry players to develop methods of retaining customers as more intense competition emerges. According to Gronroos (1996:12): “relationship marketing is one of the strategies that marketers can use to retain customers in the cement industry”. The views of Gronroos (1996:12) clarifies the significance of RM in the industry, particularly in light of the restructuring process.

Relationship marketing according to Gronroos (1996:11) “involves identifying and establishing, maintaining and enhancing relationships with customers and other stakeholders at a profit, so that the objectives of all parties involved are met and that this is done by a mutual exchange and fulfilment of promise”. Sheth and Parvatiyar (1995a:6) view relationship marketing as: “attempts to involve and integrate customers, suppliers and other infrastructural partners into a firm’s developmental and marketing activities”. For the purpose of this study, the most appropriate definition is offered by Theron and Terblanche (210:386): “relationship marketing is about attraction, retention, and building of relationships at every point of the interaction with the customer, with the intention of creating various benefits for both the firm and the customer”.

1.14 Relationship Marketing in the Cement Industry

(Theron and Terblanche, 2010:384) state: “relationship marketing as a management concept is important for acquiring sustainable profitability and is as a means of protecting an organisation from the effects of competition. It has been proven that those organisations which embrace relationship marketing are in a better position to lower their marketing costs and are in a position to achieve their long term goals”.

Athanasopoulou, (2009:583) maintains: “researchers have concluded that it is five times more expensive to acquire new customers than to keep existing ones”. Organisations should therefore strive to develop long-term relationships with customers to facilitate customer loyalty and increased profits.

In order to validate the need for an RM framework in the cement industry, the Competition Tribunal arrived at a settlement with AfriSam South Africa (Pty) Ltd, on 1st November 2011 where: “the company admitted it took part in a cement cartel. AfriSam agreed to pay a penalty of about R125 million. This was after the company admitted that it entered into arrangements and agreements with PPC, Lafarge and Cimpor to divide markets and indirectly fix the price of cement” (Competition Tribunal of South Africa. (2011:1-2).

It is evident from this case that some cement organisations continue to collude on price fixing, subsequent to restructure of the cartel system. However, the findings of the Competition Tribunal signify that cement companies will be required to work independently which would likely result in intense competition. Consequently, the cement industry must ensure a loyal customer base is developed and RM could facilitate achievement of this goal. In this regard, a framework or particular dimensions of RM that could be applied to the cement industry are crucial. The anticipated increase in competition and the findings of the Competition Tribunal support the views of (Theron and Terblanche, 2010:384). “the marketing environment has changed considerably over the past decades and organisations are increasingly building relationships with their customers to protect themselves from competitors”.

Gilaninia *et al*. (2011:789), state: “there are three main categories of factors affecting the necessity of relationship marketing, namely change in competition, change in customers and change in environment”.

In the case of the cement industry, all three criteria proposed by Gilaninia *et al*. (2011:789) have been fulfilled post restructure. These criteria affect the necessity of RM according to the flowing characteristics (Gilaninia *et al*., 2011:789):

Change in competition - competitive conditions such as globalisation and market entry of new industry players. A case in point is independent producers such as Sephaku and Conticem who entered the cement market post 1994.

Change in customers - more experienced customers with greater information on products, as well as change in customer needs and purchasing behaviour. A change in composition of customer base was also apparent with the introduction of Black Economic Empowerment (BEE) in 1998, which required companies to conduct business with black customers, an aspect which was not practised prior to 1994.

Change in the environment - incorporates changes in rules, regulations and economic conditions. Factors such as the introduction of the anti-competition commission in 1994, BEE in 1998 and the new Labour Relations Act of 1998, changed the manner in which organisations conducted business in South Africa.

In terms of the cement industry, all three of the above criteria are applicable. Snyman (2010:1-2) states: “robust growth in the construction industry has had many implications for the local cement industry, by 2009 the rapidly growing demand for cement put pressure on supply and this resulted in all players increasing production capacity. By 2009, production capacity increased by 24% to 17.5 million tonnes”.

South Africa experienced cement shortages during the stipulated period, which consequently created an environment for new cement players to enter the market and in this manner enhanced the competitive landscape.

As outlined below, Olivier (2015:1-2), Rossouw (2015:1-2) and the Gauteng Development Agency (2015:1-12) described the fundamental changes reshaping the South African economy, which highlights the importance of embracing RM within the cement industry:

1. The Department of Housing set out an invitation in March 2010, which endeavoured to expose the construction industry to growing opportunities. In this respect, suppliers of alternative building methods were invited to collaborate and it appears one particular building method, namely lightweight steel construction, is gaining momentum, which will inevitably have a future impact on cement operations.

2. The growing demand for greener buildings and the use of environmentally friendly materials is taking shape in South Africa, which will mould future demand.

3. A shift from spending on economic infrastructure to social infrastructure is prevalent, therefore the future focus will be on smaller projects, resulting in increased competition among cement suppliers.

The anticipated increase in competition and government spending on smaller projects, create a demand for alternative building materials. The findings of the competition tribunal support the views of Theron and Terblanche, (2010:383) regarding the considerable change in the marketing environment over the past decades. Organisations have responded to this change by building relationships with customers as a means of defence from competitors. In terms of markets, cement companies supply products primarily to businesses such as construction companies, hardware outlets, government departments, ready mix companies, mining companies and concrete manufacturers. As a result, the current study focuses on the dynamic interplay between cement producers (suppliers) and their primary customers and the manner in which RM could enhance interdependence within the industry. It should be noted that suppliers in this instance refers to cement manufacturers, in particular how they are perceived by buyers (major cement customers)

1.15 Methodology and Design

1.15.1 Research design, population and sample size

In order to determine the causes and outcomes of customer satisfaction in the South African cement manufacturing industry, the study adopted a quantitative research method, which was accomplished through a survey research design. Joseph *et al*. (2009:235) states: "the survey research method requires that individuals answer the same predetermined set of questions and that responses are selected from a set of possible answers to be recorded in a structured, precise manner".

Saunders *et al*. (2007:177) states: "surveys are usually conducted using questionnaires which allow for the collection of standardised data from a sizeable population in a highly economical way and the survey strategy is perceived as authoritative by people in general and is both comparatively easy to explain and to understand. The survey strategy allows you to collect quantitative data which you can analyse quantitatively using descriptive and inferential statistics and data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships".

The personal survey method (interview administered survey) was selected for this study to obtain information from decision makers in the cement industry. As indicated by Wilson (2012:131): "personal-interviewing methods involve meeting the respondent face-to-face and interviewing them using a paper based questionnaire, a lap-top computer or an electronic notepad". In this respect, personal-interviewing was considered suitable for "business-to-business or organisational research which requires interviews with business executives" (Burns and Bush, 2010:280).

In terms of the sampling method, the study utilised non-probability sampling in the form of judgemental sampling. In accordance with Wilson (2012:192), it was considered the most suitable sampling technique for business-to-business markets.

In addition, Wilson (2012:192) states: “a carefully chosen judgemental sample may be better able to represent the mix of potential respondents in a population than even a probability sample as you can balance your sample to be consistent with known market characteristics”. Sekaran and Bougie (2013:259) maintains a judgemental sampling design is: “used where the collection of specialised informed inputs on the topic area researched is vital, and the use of any other sampling design would not offer opportunities to obtain the specialised information”.

The sample elements or respondents were the primary customers of the three predominant cement manufacturing organisations in South Africa. This was established from a list of 400 cement customers, obtained from the Southern Africa Concrete Society.

A total of 362 respondents, across all nine South African provinces, were targeted from the list, generating a sample size which was sufficiently large to generalise results to the entire population. The necessary permission was obtained from Pretoria Portland Cement to make use of their offices for the purpose of sampling, due to the organisation’s presence across the nine provinces.

1.15.2 Data collection

Data was collected by research assistants, using structured, self-administered questionnaires. In order to maximise the response rate, this was arranged by appointment, where questionnaires were completed by respondents in the presence of research assistants. Subsequent to completion, questionnaires were collected from respondents and placed in individual, sealed envelopes. The nature of the sample design required the presence of research assistants, due to the characteristics of the respondents. As business executives, the respondents were not readily available and had limited time to spare so were unlikely to complete questionnaires unless required as part of a scheduled appointment during work hours.

The research assistants were trained on issues relevant to data collection, including approaching respondents and the ethics of data collection. The training enabled the assistants to become familiar with the contents of the questionnaire.

This approach is supported by Sekaran and Bougie (2013:120) who state: “interviewers have to be thoroughly briefed about the research and trained in how to start an interview, how to proceed with the questions, how to motivate respondents to answer, what to look for in the answers and how to close an interview”. A face-to-face interview technique was selected along with the self-administered questionnaires. According to Sekaran and Bougie (2013:124), this method provides the advantage that: “the researcher can clarify doubts, ensure that questions are properly understood, rephrase the questions and motivate respondents, this approach usually yields high response rate.

The disadvantages may be that it takes time, costs more when a wide geographical region is covered, respondents may be concerned about confidentiality of information given, interviewers need to be trained and can introduce interviewer bias”. Regardless of the disadvantages, it was believed the face-to-face method could yield a higher response rate than other interviewing methods.

1.15.3 Measuring instrument

The dimensions and outcomes of RM were measured on a seven point Likert scale. Joseph *et al* (2009:370) state: “a Likert scale requires respondents to indicate the extent to which they either agree or disagree with a series of mental or behavioural statements about a given object and has typically four scale descriptors”. Davis (2008:314) refers to these response categories as quantifiers, which afford a respondent the opportunity of not only answering a checklist, but also recording the level of intensity of agreement or disagreement. The survey questions for this study were structured and closed-ended and with the exception of nominal data, a Likert scale with responses categorised from 1-strongly disagree to 7-strongly agree, were used to determine the extent of agreement. A neutral point was not included. The specific parameters are as follows:

- 1= strongly disagree
- 2= disagree
- 3= somewhat disagree
- 4= neither agree or disagree
- 5=somewhat agree

- 6= agree
- 7= strongly agree

The questionnaire consisted of two parts. The first part was nominal as it requested biological information such as employment position and level of seniority in the company to ensure the questionnaire was completed by an individual who matched the predetermined criterion of senior executive. The second part consisted of the seven point Likert scale questions pertaining to cement suppliers.

1.15.4 Data collection, preparation and analysis

The data collected from the completed questionnaires was subjected to editing, coding and quality assessments to ensure correctness, consistency and completeness prior to data analysis. The statistical programme for social sciences (SPSS) was used to perform data analysis.

1.15.5 Reliability and validity

The reliability of a scale indicates the extent to which it is free from random error (Pallant, 2007:6). The two frequently used indicators of scale reliability include test-retest reliability and internal consistency. Test-rest reliability of a scale is assessed by administering it to the same individuals on two different occasions and calculating the correlation between the two scores obtained (Pallant, 2007:6). High test-retest correlations indicate a more reliable scale. Internal consistency is the degree to which the items that make up the scale all measure the same underlying attribute. In this instance, the commonly used statistic is Cronbach's coefficient alpha, which provides an indication of the average correlation among the scale items. Values range from zero to one, with higher values indicating greater reliability (Pallant, 2007:6).

The validity of a scale refers to the degree to which it measures what it is intended to measure (Pallant, 2007:7).

Several measures were used during this study to assess reliability and validity of collected data, which involved consistency checks to identify data that were out of range, logically inconsistent, or extreme values (Malhotra, 2010:461). Out-of-range data values were regarded as inadmissible.

1.15.6 Structural models

In accordance with Svensson *et al.* (2010:5) the measurement and structural properties between the constructs of the conceptual framework, descriptive analysis, correlation analysis, regression analysis and structural equation modelling were examined and tested using Analysis of Moment Structures (AMOS). In addition, Structural Equation Modelling (SEM), a statistical technique which describes relationships between variables, was used to measure the variables and their interrelationship simultaneously, as well as the multiple dependent relationships between variables. The Chi-square test was used to evaluate goodness-of-fit (Svensson *et al.*, 2010:5).

1.16 Contribution and Limitations of Study

Numerous studies examine the relationships between commitment, communication, trust, satisfaction, loyalty and cooperation, however no literature is available for an integrated model on the relationships between these constructs for any specific industry, in particular the cement industry. The evidence presented by literature suggests a need for future studies to focus on causes and outcomes of satisfaction with regard to specific industries. This study contributes to theory and practice by closing this gap. It also contributes to the examination of causes and outcomes of satisfaction constructs in business-to-business relationships in the cement industry. As a result, the study offers both a theoretical and practical contribution to the field of relationship marketing. It is believed the study would lay a foundation for further studies to be conducted in similar industries operating under similar environments. Further studies could also expand on the causes and outcomes of satisfaction. It is anticipated that the results of this study would offer a practical contribution in assisting marketing managers of cement companies to develop marketing strategies that would secure customer loyalty rather than be dependent on a cartel system. A possible limitation of the study is that a judgemental sample was used and the results may be interpreted to represent populations similar to the respondents. This limits the generalisation of results to the entire South African population. Therefore, it is recommended that the study be replicated in other industries. The research was aimed at organisations which contribute 80% towards organisational profitability, since relationship marketing is undertaken with key customers. It presents another possible limitation as the study only included major cement customers, limiting the ability to generalise the findings to other industries, other countries or different cultures.

An additional limitation is that the sample did not incorporate all business-to-business relationships but focused solely on the relationship between cement suppliers and their customers. However, such a limitation presents the opportunity to conduct future studies on other business-to-business relationships among different countries or cultures. Further studies on smaller organisations may generate different findings, the current study nevertheless lays a foundation for expanded research.

1.17 Structure of the Thesis

The thesis is structured with seven chapters, the details are provided below.

1.17.1 Chapter One

The purpose of chapter one is to provide an overview of the thesis, its motivation, an explanation of the importance of the cement industry to the South African economy, brief literature of the subject of relationship marketing, problem statement, research objectives, research questions, the conceptual framework for the study, hypotheses, the research design, the study’s contribution to the current body of knowledge and its practical implications as well as an assessment of the limitations of the study.

1.17.2 Chapter Two

The importance of relationship marketing in retaining, sustaining and building relationships for long term mutual benefit between exchange partners, motivated the researcher to investigate what variables or dimensions would constitute relationship marketing specifically in the South African cement industry. This chapter therefore describes marketing terminology. The paradigm shift from transactional marketing to relationship marketing is also outlined. A comparison between transactional marketing and relationship marketing is discussed. Relationship marketing is defined, providing a working definition for the study. The importance of RM to both the supplier and customer are clarified. The drivers of relationship marketing are explained, along with the various strategy development methods of relationship marketing. The nature of organisational relationships as well as the theoretical basis of RM and its benefits are discussed.

1.17.3 Chapter Three

Existing conceptual frameworks and their strengths or weaknesses are evaluated, with a view to developing a framework for the study while proposing the hypotheses. The chapter is dedicated to determining the variables required for the development of a relationship marketing model and the outcomes of the influence of such variables. The purpose of this section is to propose dimensions of RM that can be subjected to a survey in order to establish the specific parameters for the creation or maintenance of strong relations in the cement industry. These dimensions are identified and discussed with reference to the study hypotheses.

1.17.4 Chapter Four

The relationship marketing theories, benefits, definitions and proposed conceptual framework for the study as outlined in Chapters Two and Three are contextualised in Chapter Four. In this section the focus is on the role of the cement industry in the South African economy, the extent of relationship practise is also explored along with its implications for industry players.
The context in which South African cement manufacturers operate is clarified and a brief background is provided on the major suppliers, their capabilities, market share and contribution to the cement industry. The chapter will also outline a brief history of cement production in South Africa, the players operating in the industry as well as the relevant target markets.

1.17.5 Chapter Five

It is believed that the competitive nature of the cement industry, markets and industry players all have a direct influence on the research methodology to be followed in this study. Chapter Five therefore presents the research focus, problem statement, research objectives, research questions and hypotheses for the study as well as the manner in which these aspects influence the research methodology. Three major types of research design (exploratory, descriptive and experimental) are discussed and a choice of research design is made for the current study. This chapter explains the selection of research design in the context of the critical questions and objectives identified under the research problem. Population and sampling issues are also discussed. In addition, details of data collection methods, data collection instrument, sampling and sample size are clarified and the questionnaire design, pre-testing methods and data analysis techniques are outlined.

1.17.6 Chapter Six

Chapter Six introduces the topic under study, followed by reiteration of the research hypotheses, research statement, research objectives and research questions. Data analysis and presentation of results occurs according to a predetermined order which includes descriptive statistics (gender distribution, racial groups, position in the company, number of years employed and provincial distribution of respondents), reliabilities of scale using Cronbach's Alpha, correlations among constructs, regression analysis, structural equation modelling and path analysis. Pie charts, graphs, tables and frequency tables are used. Data are then discussed and the managerial implications of the results are provided. Finally, findings are summarised by assessing research objectives and research questions to draw conclusions on whether or not the research objectives have been met and the research questions answered.

1.17.7 Chapter Seven

Chapter Seven provides a summary of all chapters (Chapters One to Seven) followed by conclusions, recommendations and outcomes of the study. The chapter will also provide research contributions, limitations and future areas of study.

1.17.8 Appendices

The list of appendices includes the questionnaire used in the study, ethical clearance letter, executive summaries of articles published in peer-reviewed journalsand a certificate of language editing.

1.18 Summary

Chapter One presented an overview of the thesis. It defined and outlined the problem statement, research questions, research objectives, proposed conceptual framework. It also outlined the development of hypotheses and the research design used to obtain the primary data to fulfil the objectives of the study. The study seeks to close the gaps identified in literature through evaluation of the cement industry in South Africa.

CHAPTER 2

2. RELATIONSHIP MARKETING

2.1 Introduction

Harker (2003:15) states that the literature review has numerous purposes in any major research article. One of the purposes is that it places the research into perspective, it advances a theoretical framework for the research and aids in developing hypotheses suitable for testing. The literature review should extract from the literature the theories, thoughts and opinions to validate the research topic and measure the methodology and conclusions of studies relevant to the research. Also a literature review within a PhD thesis is read by examiners to assure themselves that the candidate has a clear understanding of the topic.

The literature review of the current study is divided into three chapters. The first chapter focuses on relationship marketing, its definitions, nature of organisational relationships, theoretical basis and benefits. This chapter defines relevant marketing terminology and provides a discussion on the paradigm shift from transactional marketing to relationship marketing. The comparison between transactional marketing and relationship marketing is also clarified. Relationship marketing is then defined and a working definition is provided in the context of the study. The importance of RM to both the supplier and customer is outlined. The drivers of relationship marketing are explained, along with the different strategy developments of relationship marketing. Finally, the nature of organisational relationships, theoretical basis to RM and its benefits are discussed.

2.2 Shift from Transactional Marketing to Relationship Marketing

According to Strydom *et al.* (2012:5): “marketing is the process by which organizations create value for customers in the form of ideas, goods and services, to produce satisfying exchange relationships and to capture value from customers”. According to Lamb *et al.* (2011:10), various approaches to marketing have developed gradually over time and each new approach has resulted in re-orientation of marketing management concepts.

Whilst orientations continue to manifest in marketing philosophy and activities, each one was initiated as a dominant paradigm during a specific period in the historical development of the marketing discipline. Lamb *et al.* (2011:15) maintain that: “although different marketing orientations have predominated at different times, this does not mean that nowadays all business firms actually implement the latest thinking in their daily marketing activities. Unfortunately, in South Africa the ideal of a customer orientation based on need satisfaction, long-term customer relationship-building and due regard for the environment is often a pipe dream”.

According to Petzer (2005:27) the focus in the marketing process has shifted from single once-off transactions to continuing relationships. The transaction is not seen as the conclusion of the process, rather, it is the commencement of a relationship in which the buyer and seller become co-dependent. The purpose of relationship marketing is not to secure a sale but to preserve lasting relationships between the supplier and its customers. It necessitates: “strong competition, fragmentation of markets and increasing customer awareness and complexity” (Gilaninia *et al*., 2011:787). The argument is supported by Wiid (2014:32): “customers have become more informed and more savvy and now demand greater products and customer service from businesses. To win the hearts and minds of these customers, businesses must be able to demonstrate they offer superior value and have what it takes to compete, to win and to outlast their competitors”. It is believed that strong relationships between suppliers and customers creates a competitive advantage, customer retention, customer loyalty, customer cooperation and a win-win situation (Goffin *et al*., 2003:3).

The origins of transactional marketing derive from microeconomics in North America during the 1950’s, where prior to World War Two, economists developed price theory to embrace oligopolistic competition (Chamberlain 1993; Sheth, Garder and Garrett 1988; Waterschoot and Van Den Bulte 1992). This theoretical development led early marketing theoreticians to create lists of marketing variables deduced from econometrics (McGarry, 1950).

During this period, Borden (1954) was inspired to introduce the concept of the marketing mix, which consisted of a list of twelve variables. The twelve variables (product, price, branding, display, distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, fact finding and analysis) would be considered by the marketer in any given situation(Borden (1954).

McCarthy (1960), then reconstructed the twelve variables into the now familiar '4Ps'. The 4Ps model was criticised as a list of decision-making variables on four fronts. Firstly, the lack of any formal and precise specification of the properties or characteristics of the marketing mix elements was perceived as a major flaw (Waterschoot and Van Den Butlte 1992). Secondly, the lack of a clear conceptual framework suggested that the categories were not mutually exclusive (Gronroos 1994b). Thirdly, the model lacked the integrative, interactive dimensions necessary to combine with either the customer or with a generalised marketing programme (Kent 1986). Finally, the model portrayed the marketer as the active party in pursuit of a passive customer within a simple market framework, but in reality, the situation was far more complex (Clarkson *et al.*, 1997).

With the advent of globalisation the environmental context in which the 4Ps was applied changed, which required organisations to compete for saturated markets, firms therefore competed for a static number of customers (Harker and Egan 2006), thus rendering it impossible to universally apply the 4Ps to all circumstances. The characteristics of consumers also changed, where standardisation had been the key to mass production, mass markets began to fragment. Customers became more sophisticated and demanding, requiring products and services tailored to their specific needs (Harker and Egan). The transactional marketing paradigm sought to 'bend' the customer to fit the product, however in practice the paradigm was not a customer-orientated approach, but a product-orientated philosophy (Gronroos 1994a; Gummesson 1997a). According to Harker and Egan (2006:220) transactional marketing: "directed at its practice, in that in most organisation's structures, there was a creation of a separate department of marketing, separate from the rest of the firm, with among other responsibilities, those focused on marketing such as market analysis, advertising, sales promotion, pricing and distribution".

Berry and Parasuraman (1995:32) states the implication is: “transactional marketing as a theory/practice suggests that marketing can be treated as a separate, discrete function, rather than as an integrated one”. This contradicts one of the primary and most traditional validations of a firm adopting a marketing orientation, namely that marketing integrates other functions of the business (Bennett 1996:416-436; Jackson 1985) into a more coherent whole, built around the needs and desires of the customer.

The outcome of creating a ‘marketing department’ is to create a situation within an organisation where, “the rest of the organisation is alienated from marketing, and the marketers are isolated from design, production, deliveries, technical service, complaints handling and other activities of the firm” (Gronroos 1994a:7). Harker and Egan (2006:221) maintain: “the theory and practice of transactional marketing assumed that consumers were available in great numbers and behaved passively”. Within industrial (B2B) and service markets, the interactive participation of the customer is required to successfully complete the exchange and these interactions are often limited in number (Gummesson 1987).

Harker and Egan (2006:222) explain: “B2B partners are characterised as active and mutually dependent, with the buyer and seller both able to initiate an exchange. Interaction between the organisations is not the sole purview of a marketing department but instead occurs between the equivalent departments in each firm and therefore the relationship between two parties is something that grows in strength through repeated exchanges over a period of time, it is not instantaneously generated”. Table 2.1 below shows various schools of thought and the respective influence.

Table 2.1: Marketing theory and practice

Timeline and Stream of Literature	Fundamental Ideas or Propositions
1800-1920: Classical and Neoclassical Economics Marshall (1890:np) Say (1821:54-107) Shaw (1912:703-765) Smith (1776)	Economics became the first social science to reach the quantitative sophistication of the natural sciences. Value is embedded in matter through manufacturing (value-added, utility, value in exchange), goods are viewed as standardized output (commodities). Wealth in society is created by the acquisition of tangible "stuff". Marketing as matter in motion.
1900-1950: Early/Formative Marketing • Commodities Copeland (1923:34-46) • Institutions Nystrom (1915:49-98) Weld (1916:1-15) • Functional Cherington (1920:14-25) Weld (1917:306-318)	Early marketing thought was highly descriptive of commodities, institutions, and marketing functions: commodity school (characteristics of goods), institutional school (role of marketing institutions in value-embedding process) and functional school (functions that marketers perform). A major focus was on the transaction or output and how institutions performing marketing functions added value to commodities. Marketing primarily provided time and place utility and a major goal was possession utility (creating a transfer of title or sale). However, a focus on functions is the beginning of the recognition of operant resources.
1950-1980: Marketing Management • Business should be customer focused Drucker (1954:65-87) McKitterick (1957:71-81) • Value "determined" in marketplace Levitt (1960:173-181) • Marketing is a decision-making and problem-solving function Kotler (1967) McCarthy (1960:12-20)	Firms can use analytical techniques (largely from microeconomics) in an attempt to define marketing mix for optimal firm performance. Value is "determined" in the marketplace, "embedded" value must have usefulness. Customers do not buy things but need or want fulfilment. Everyone in the firm must be focused on the customer since the firm's only purpose is to create a satisfied customer. Identification of the functional responses to the changing environment that provide competitive advantage through differentiation begins to shift toward value in use.

Table 2.1: Marketing theory and practice (cont.)

Timeline and Stream of Literature	Fundamental Ideas or Propositions
1980-2000 and Forward: Marketing as a Social and Economic Process • Market orientation Kohli and Jaworski (1990:1-18) Narver and Slater (1990:20-35) • Relationship marketing Berry (1983:25-28) Duncan and Moriarty (1998:1-12) Gummesson (1994:2-20, 2002:585) Sheth and Parvatiyar (2000:63-78) • Quality management Hauser and Clausing (1988:63-73) Parasuraman, Zeithaml, and Berry (1988:12-40) • Value and supply chain management Normann and Ramirez 1993:65-77) Srivastava, Shervani and Fahey (1999:168-179) • Resource management Constantin and Lusch (1994:27-37) Day (1994:37-52) Dickson (1992:69-83) Morgan and Hunt (1994:20-38) • Network analysis (Achrol, 1991:77-93) Achrol and Kotler (1999:146-163) Webster (1992:1-17)	A dominant logic begins to emerge that largely views marketing as a continuous social and economic process in which operant resources are paramount. This logic views financial results not as an end result but as a test of a market hypothesis about a value proposition. The marketplace can falsify market hypotheses, which enables entities to learn about their actions and find the means to better serve their customers and to improve financial performance. This paradigm begins to unify disparate literature streams in major areas such as customer and market orientation, services marketing, relationship marketing, quality management, value and supply chain management, resource management, and network analysis. The foundational premise of the merging paradigm include: (1) skills and knowledge are the fundamental unit of exchange, (2) indirect exchange masks the fundamental unit of exchange, (3) goods are distribution mechanisms for service provision, (4) knowledge is the fundamental source of competitive advantage, (5) all economies are service economies, (6) the customer is always a co-producer, (7) the enterprise can only make value propositions, (8) a service-centred view is inherently customer oriented and relational.

Source:Vargo and Lusch 2004:3

Table 2.1 above shows the transformation of marketing from being 4Ps determinant, predominantly orientated to manufactured goods (physical) and towards the inclusion of intangible benefits which prompted greater focus on building relationships with customers as a means of gaining sustainable competitive advantage and achievement of long term goals. Harker (2003:16) states: “the foundations of RM are inextricably mixed with the development and practice of transactional marketing. The underpinning theories and conceptualisations of RM often only exist in relation, or opposition to the theory and practice of transactional marketing”. The importance of RM came into effect as a result of the failure of transactional marketing to address the long term effect of customer retention. In this regard, it is crucial to understand transactional marketing in order to fully comprehended RM.

The American Association (AMA Board, 1985:1-10) defines transactional marketing as: “the process of planning and executing conception, pricing, promotion and distribution of ideas, goods and services that satisfy individual and organisational objectives”. Gummesson (1987:10), clarifies: “the marketing concept states that firms should investigate needs and wants in the marketplace and based on their findings, should develop market segments, products to serve those segments and the necessary resources. In so doing a firm stands the best chance of making a profit and surviving in the long run”. The limitation (Gummesson, 1987) in this context, occurs as result of marketing theory being primarily built on the premise that it is only applied to packed goods and favours the mass marketing approach, where the market is manipulated through the implementation of the marketing mix (product, price, promotion and place). The weakness lies in the fact that marketing concepts fail to take into consideration, the interactions taking place between supplier and customer.

Gummesson (1987) recognises that consumer goods have developed powerful tools, however when applied to other areas such as industrial marketing, the theories are partially valid and occasionally destructive. According to Gummesson (1987:34): “Marketing is seen as relationship management: creating, developing and maintaining a network in which the firm thrives”.

Gronroos (1994b) describes the marketing mix as a straight jacket which restricts the marketing operations of companies, the common result being competition among firms for a share of a maturing market. “Consequently, the door is opened for RM, which offers the potential for companies to forge relationships with existing customers in an effort to prolong their operations”, (Gilaninia *et al*., 2011:790). Gummesson (1994) suggests a paradigm shift has occurred away from transactional marketing towards RM with emphasis placed on the time-scale of relationships. Gilaninia *et al*. (2011:791) further states: “the theory and practice of transactional marketing assumed that consumers were available in great numbers and behaved passively. Within industrial (B2B) and service markets, the interactive participation of the customer is required to successfully complete the exchange, and within B2B, customer-firms are often limited in number."

Transactional marketing maintains the assumption of its microeconomic origins in that the marketing mix is used to facilitate optimization of a company's profit function. As a result, firms believed marketing objectives were met at the point of customer attraction, defined as the moment of exchange. Growing recognition stipulated that in marketing a service, the objectives should not only be to attract, but also to keep and maintain the customer and to develop a long term relationship with them. In this context, when selling a physical product, the costs of production are offset by the revenue of the purchase. Gilaninia *et al*. (2011:790) conclude that: "transactional marketing paradigm was not a customer-oriented approach to business but a product-oriented philosophy". This view is supported by Gummesson (1994:9): "RM is often comprehended as a firmer grip on the customer, much like the fisherman's relationship to the fish, more sophisticated equipment and techniques make it less probable that the fish will get off the hook. Marketing then becomes a matter of trapping customers, to imprison them and even punish their escape. If buzz words such as 'customer retention' and 'zero defection' are treated in the light of mere manipulation, the application of RM will not make a noteworthy contribution. Ideally, RM assumes goodwill from all parties".

Therefore the emergence of RM is due to the perception of marketing as a series of transactions with no emphasis placed on building long term relationships with customers.

It is necessary to consider the 4Ps in the implementation of RM as the 4Ps continue to play a vital role in marketing. Gummesson (1994:9) states: "the 4Ps and their extensions will always be needed, but the paradigm shift develops their role from that of being founding parameters of marketing to one of being contributing parameters to relationships, networks and interaction". The paradigm shift places RM at the core of marketing, while the 4Ps could be considered the enabling factor of relationships. According to Gummesson (1994:6): "it is particularly obvious in the relationship approach that marketing is embedded in the whole management process". It should be noted that the marketing mix and RM are based on marketing concepts, which focus primarily on customers and their needs.

In light of the above, transactional marketing should not be misinterpreted as having no place in modern society. In this regard, Kotler (1994) argues that transactional marketing is more useful than relationship marketing when the customer has a short time horizon and can easily switch from one supplier to another without spending more. Relationship marketing can pay off if customers have a long-term perspective, as costs involved in switching supplier are high. This argument supports the need for relationship marketing in the cement industry in terms of high switching costs. In addition, the consequences of changing products are significant, particularly if the new product does not perform well. Therefore, the decision on whether to use relationship marketing or transactional marketing depends on the industry and the needs of the customer. “An alternative view is that RM remains a broad concept and that no purist definition is possible or even practical”, (Egan 2004:20). Relationships are after all, considered ‘fuzzy’ entities with ‘fuzzy’ borders and several overlapping properties (Gummesson, 1994:10). However, according to Harker and Egan (2006:240), “the operationalization of relation strategy will always remains high on the RM agenda”.

Comparisons between transactional marketing and relationship marketing are shown below in Table 2.2.

Table 2.2: Comparison of Transactional and Relationship Marketing

Relationship Marketing	**Commentary**
Focus on client retention	Christopher *et al.* (1991) and Nickels and Wood (1997) identify a focus on client retention and emphasise the importance of keeping customers, as well as obtaining new ones (Gronroos, 1996)
Orientation on product benefits	Product benefits as opposed to features of the project are noted by Christopher *et al.* (1991).
Long-time scale	A longer time scale associated with RM is also noted, together with the priority of high customer service
High customer service emphasis	Gronroos (1990; 1996) refers to promises and commitment that create an enduring relationship, whilst Nickels and Wood (1997) highlight a requirement for continued research to enhance understanding customer needs.
High-customer commitment High-customer contact	High customer commitment and contact is emphasised by Christopher *et al.* (1991) and Nickels and Wood (1997)
Quality is the concern of all	Authors stress that quality is the concern of those in the relationship. This point is reinforced by Woodside *et al.* (1992) when describing a model outlining service quality performance in the context of certified practicing accountants. The relationship proposed in RM is not solely concerned with relationships administered by a marketing department within an organisation, but with all departments of an organisation.

Source: Davis (2008:312)

On reflection of the above differences between transactional and relationship marketing, it can be concluded that RM has the potential to enhance goal achievement, strengthen long-term relationships and establish performance standards from which to recruit new customers.

Gummesson (1995:13) refers to strategies in which both parties voluntarily remain loyal to each other by retaining the relationship. RM also reduces transaction costs by continually engaging with a particular organisation. The importance of mutually beneficial relationships in B2B cannot be over emphasized and has meaningful influence on the supplier as well as the customer (Ndubisi, 2004:70). Athanasopoulou (2009:583) maintains, in the prevailing highly competitive environment, losing customers is costly and it is five times less expensive to retain existing customers than to acquire new ones. Berry (1983:25) states: "efforts to retain existing customers are minimal, as far as formal marketing programming is concerned. This view of marketing is needlessly restrictive and wasteful". In light of this, organisations strive to maintain long term relationships with customers in order to increase profitability and as a shield from competition. Relationship marketing has the ability to facilitate understanding of customers, as well as increase market share and profitability while reducing costs (Gilaninia *et al*., 2011:788).

Kotler (1992:50) concludes that companies must move from short-term transaction-orientated goals to long-term relationship building which improves trust and this will become the norm in present-day marketing. This viewpoint is supported by Du Plessis *et al*. (2012:119), who indicate that RM is becoming a key ingredient in successful organisational marketing with the purpose of establishing and managing buyer-seller relationships.

2.3 Relationship Marketing Defined

According to Morgan and Hunt (1994:21), understanding of relationship marketing is dependent on the distinction between discrete transactions (short in duration with a distinct beginning and sharp ending) and relational exchange (prolonged duration). Gummesson (1994:5) states relationships need at least two parties, basically a supplier and a customer who enter into contact with each other. RM give emphasis to a long term collaborative relationship between the provider and the customer and long term profitability. Gilaninia *et al.* (2011:788) state that relationship marketing is one of the oldest approaches to marketing, but one of the least understood. It is a wide topic and many scholars and researchers have approached it from different angles.
The term RM has therefore been subjected to numerous definitions and explanations. The term, 'relationship marketing' was coined by Berry (1983) to describe a long-term approach to marketing during an international conference on service marketing (Gilaninia *et al*., 2011:788). Berry (1983:25) defines relationship marketing as attracting,

maintaining and enhancing customer relationships in multi-service organisations. Berry (1983:25) also noted: “efforts to retain existing customers are minimal, at least as far as formal marketing programming is concerned”. This perspective is regarded as wasteful and restrictive (Berry, 1983:25) due to the fact that firms would not only benefit from retaining valued customers but also from recruitment of new customers. However, the costs involved in attracting new customers are greater than those applicable to retention.

Berry (1983:25) argues: “servicing and selling existing customers is viewed to be just as important to long term marketing success as acquiring new ones. Good services are necessary to retain the relationship. Good selling is necessary to enhance it. The marketing mind-set is that the attraction of new customers is merely the first step in the marketing process. Cementing the relationship, transforming indifferent customers into loyal ones, serving customers as clients is marketing too”.

While the emphasis of the current study is on the importance of lasting relationships, traditional marketing methods which include selling, servicing and promotion are also important to the implementation of marketing strategies, which ultimately affects long term marketing relationships. However, in consideration of changes to the macro environment, in particular competition and legislation, it seems necessary to embrace a more comprehensive method of managing customers. Table 2.3 shows the various definitions of relationship marketing.

Table 2.3: Relationship marketing definitions

Reference	Description/definition of Relationship Marketing (RM)
Berry and Parasuraman (1991:32)	RM concerns attracting, developing and retaining customer relationships.
Gummesson (1994:2)	RM is marketing seen as relationships, networks and interaction.
Sheth (1994:9)	The understanding, explanation and management of the ongoing collaborative business relationship between suppliers and customers.
Sheth and Parvatiyar (1995a:398)	Attempts to involve and integrate customers, suppliers and other infrastructural partners into a firm's developmental and marketing activities
Gronroos (1996:11)	RM is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and that this is done by mutual exchange and fulfilment of promise
Du Plessis *et al.* (2012:119)	RM is shifting from activities centred on attracting buyers to activities concerned with retaining current customers

Source: Shelby and Arnett (2006:73)

There is consensus with the views of Gronroos (1996:11) who believes RM is to identify and establish, maintain and enhance relationships with customers and other stakeholders at a profit. The objectives of all parties involved should be met and achieved by mutual exchange and fulfilment of promise. According to Gronroos (1994b:9), RM is intended to detect and create, maintain and improve and when required, end relationships with customers and other stakeholders at a profit so that the purposes of all parties involved are achieved and this is done by mutual exchange and fulfilment of promises. Berndt and Tait (2012:7) explicitly explain this definition that relationship marketing is about the enablement and management of the relationships between the business and its customers.

It developed as a response to the realization that businesses were spending vast resources in time and money to attract new customers but very little on retaining existing ones. Relationship marketing is particularly relevant when a customer has alternative service providers to choose from, when the customer makes the selection decision and when there is an ongoing desire or need for a product or service".

This is applicable to cement suppliers, due to market competition which is compounded by the emergence of new entrants offering improved and affordable products. It can be deduced that business to business RM involves creating and maintaining long-term beneficial relationships in order to achieve mutual goals between a firm and its customers, as argued by Du Plessis *et al.* (2012:119) who contend that RM entails retention of existing customers. It should also be noted that RM cannot be applied to every customer, it is a selective strategy applied to customers who contribute significantly to a firm's goals. The challenges of the present marketing concept as outlined by Gummesson (1987:12-19) are as follows:

1. **The many-headed customer and seller -** n order to identify a 'customer' and a web is a task which requires concepts, systematic research and long-term planning of marketing as well as a great deal of patience and stamina.

2. **The real customer does not necessarily appear in the market-place -** attacking the customer with a marketing mix if the stage is not set is futile. The real decision maker is usually not identified in marketing theory as being part of the market.

3. **The customer as co-producer -** it is essential to recognize that a service is partly produced, marketed and consumed in an interactive relationship between the customer and the selling firm and that the quality of this relationship, as well as the quality of the service, results from the efforts of both sides. Marketing which takes place during the interaction is often the most important and is at times, the only marketing performed by a service company.

4. **Market mechanisms are controlled outside the firm -** the complex network of relations in the market signifies that buyer-seller interaction assumes several forms, which are institutionalized and which curb the market mechanism. These networks must be analysed to enable the seller to assess their own market. The complex network of relations that exist in the market means that buyer-seller interaction takes many forms which are institutionalized and which curb the market mechanism. These networks have to be analysed in order for the seller to assess his/her market opportunities and develop appropriate strategies.

5. **Market mechanisms are brought inside the firm -** as market mechanisms are introduced to the firm, replacing the planned economy, the seller, buyer or competitor become clearly defined. If the boundaries between 'us' and 'them' are not clear, marketing strategies must be developed for such internal market relations.

6. **Inter-functional Dependency and the 'Part-time Marketer'-** the boundaries of marketing responsibility are dissolved and are no longer in line with the marketing department. The work required to create and maintain market relationships is divided between full-time professional marketers in the marketing department and omnipresent (non-professional) 'part-time' marketers. The network of contacts within the firm, including formal as well as informal or professional or social, are considered part of marketing.

7. **Process Management and the Internal Customer -** the customer-supplier relationship of process management links all parties together within the company.

8. **Internal Marketing -** personnel constitute a market within the firm and this market must to be reached efficiently in order to prepare for external contacts. Knowledge obtained from external marketing can also be applied to internal marketing.

9. **Relational Quality -** relational quality emphasizes that skilled management of relations between buyer and seller is part of customer-perceived quality. High relational quality contributes to positive customer-perceived quality and thus enhances the opportunity for a long-term business relationship.

The above clarification of RM differs significantly from definitions of marketing. Gordon (1998:9), states RM aims to address the differences as follows:

- Seeks to create new value for customers and then share it with those customers

- Recognizes the key role of customers as purchasers and in defining the value they wish to achieve
- Businesses design and align processes, communication, technology and people in support of customer value
- Represents continuous cooperative effort between buyers and sellers
- Recognizes the value of customers' purchasing lifetimes (lifetime value)
- Seeks to build a chain of relationships within the organization to create the value customers seek, builds a bridge between the organization and its main stakeholders, including suppliers, distribution channels, intermediaries and shareholders.

Egan (2011:73) states: "the illusion that RM is unconcerned about profit because of its apparent philanthropic and cooperative image is false. A principal objective behind companies adopting relational strategies must, at least ultimately be sustainable profitability. To succeed, a company must have both a flow of new customers and restricted exit. The aim is to keep or, where company objectives call for it, increase the number of customers available to the company. To achieve profitability the dual strategies of acquisition and retention must work in tandem". Therefore, RM is long-term, profit driven. Barnes (1994:562) cautions against the "simplistic acceptance of relationship marketing as a 'good thing' because it leads to long-term profitability and begs the question of how and with whom these relationships are to be established and what form they will take". However, according to Egan (2011:95) this is: "based on historical data and cannot be guaranteed in the future". Egan (2011:95) suggests that: "estimates of 'lifetime value' can be valid from a strategy planning perspective".

2.4 Drivers of Relationship Marketing

Literature has identified several drivers of RM, the following presents a summary of the factors (Egan (2011:75-146); Berndt and Tait, 2012:25-32):

- **Customer acquisition** -every organization loses customers through relocation, other forms of termination, or some level of switching. The loss of customers must be replaced for the company to avoid redundancy. Historically, the focus for companies was on customer acquisition, however competitive pressures, globalization and the economic down-turn, render customer acquisition more difficult.

- **Customer retention** -the following aspects represent the effects of customer retention on profitability:

  - Acquiring new customers involves greater costs than maintaining existing customers
  - According to the Pareto principle, traditionally eighty percent of profits are derived from twenty percent of clients. As a result, businesses should focus on those clients who produce profits, in other words, existing clients.
  - Regular customers tend to place frequent and consistent orders, thereby decreasing the costs of servicing those customers
  - Efforts to retain customers renders it difficult for competitors to enter the market or to increase their share of the market.
  - Improved customer retention could lead to an increased level of employee satisfaction, which in turn leads to increased employee retention, generating a feedback loop of greater customer longevity.
  - Long-time customers tend to be less price sensitive, permitting price increases more readily
  - Long-time customers are also likely to provide free word-of-mouth advertising and referrals.

- **Switching costs** - regarded as effective barriers to exit from the relationship perspective of the customer. Switching costs can be created by the supplier, the customer or the relationship itself. These costs can be monetary or non-monetary, examples include search costs, learning costs, emotional costs, inertial costs, risk, social costs, financial costs and legal barriers.

- **Relationship longevity** - customer retention results in enhanced revenue, reduced costs and improved financial performance. Longevity leads to the following:

Revenue growth over time: income and spending increases over time, however this does not occur without the intervention of the supplier in expanding the offering relative to that of competitors.

*Cost saving*s: a stable customer base could result in streamlined inventory management, minimizing market-downs and simplifying capacity forecasting.

Referral income: companies who perform better than competitors may benefit from referrals. Reliance on referrals for revenue growth implies that competitors are inactive or that market expansion is occurring at a substantial rate. Neither situation currently exists within any industry sector. In addition, while a particular company may benefit from referrals, competitors may similarly benefit from referrals away from that company.

Price premiums: it has been suggested this could be obtained from long term, loyal customers. However, the proposition disregards widespread use of promotional schemes. The application of price premiums to long-term customers is unrealistic as it is highly unlikely, particularly in competitive markets. Nevertheless, some evidence exists for the validity of price premiums with respect to long-term customers.

- **Sustainable competitive advantage** - if competitive advantage is perceived to be low, the ability of relationship strategies to develop lasting competitive advantage is also low. Similarly when competitive advantage is perceived to be high, the ability of relationship strategies to develop lasting competitive advantage is high.
- **Risk, salience and emotion -** these psychological aspects are involved to a certain degree, in every exchange or purchase. Although wholly subjective, the level of risk, degree of salience and nature of emotion generated, will affect the choice of product or service as well as the supplier involved. This is referred to as the level of relational involvement which the customer seeks or agrees to accept.

- **Trust and commitment -** relationship commitment and trust are essential in order to build successful customer relationships. Interactions with customers fail to develop into relationships if businesses lack these elements. To build trust is to ensure customers feel reassured that the business will fulfil service expectations and honour its commitments. Trust is particularly relevant to the cement industry as customers prefer cement suppliers who deliver the correct product on time. Trust is therefore an important element of a relationship-building programme, as it generates confidence, fosters cooperation and offers the service provider a ‘second chance’ when inevitable mishaps occur. Commitment implies that both parties are loyal, reliable and demonstrate stability in the interaction with one another. When both trust and commitment are present, outcomes are produced which promote efficiency, productivity and effectiveness.

Commitment is commonly used as a dependent variable in buyer-seller relationship studies. It is perceived as the ‘end game’ state of relationship marketing (Wilson, 1995:337). Egan (2011:123) argues: “commitment is undoubtedly connected with the notion of trust but it is less clear which, if any, assumes precedence and whether commitment is the outcome of growing trust or whether trust develops from the decision to commit to one or few suppliers. A breakdown in commitment may be the result of a breakdown in trust or vice versa”.

- **Shared goals and mutual benefits -** relationship commitment is likely to be affected by the extent to which partners share a common belief with regard to behaviours, goals and policies which are considered important, appropriate and correct for a particular situation.

- **Perceived need for closeness -** the more pronounced the perceived need for closeness for either party in the relationship, the stronger the force for the creation of a relationship.

- **Customer satisfaction -** customers are satisfied when expectations are fulfilled or exceeded. Customer satisfaction is associated with return on investment and market value, as a result, the need for satisfaction leads to the development of relationships. A few of the drivers of customer satisfaction include confirmed standards leading to moderate satisfaction, positively disconfirmed (more than expected) standards leading to high satisfaction and negatively disconfirmed (worse than expected) standards leading to dissatisfaction. Customer satisfaction or dissatisfaction may be set in motion by personal contact with suppliers, on issues such as core product or service, support service or systems, elements of customer interaction, technical performance and affective dimensions of service.

In addition to the above, Harwood and Gary (2006:107-108) present the drivers for the shift from transaction marketing to relationship marketing as follows:

- Not all customers are similar in terms of profitability to the organization

- Retention of customers, rather than the acquisition of new customers could be more profitable

- The importance of supply chain management systems, such as the just-in-time (JIT) concept, leads toward greater openness between buyers and sellers

- The move from commodity-based transactions to specialty business and higher-value-added products leads to closer relationships between buyer and seller due to requirements for more detailed product specifications

- Trends in out-sourcing necessitate “co-makership” agreements requiring more complex negotiation and conflict resolution processes, which ultimately results in mutually beneficial outcomes.

Therefore, according to Harwood and Garry (2006:108) the principle of relationship marketing circles around creation of value throughout the course of exchange rather than merely as a result of delivery of a core product. Nonetheless there are some reasons for its failure to achieve what it originally promised as a result of deep misinterpretation of the differing roles of relationship marketing, and the variability of the types of marketing relationship that can be formed by and between establishments dependent on the size and industry setting they are in.

In summary, Table 2.4 below shows the drivers which promote or oppose relational strategies and the applicable relevance to the cement industry.

Table 2.4: Drivers affecting strategic decision-making

Drivers promoting relational strategies	**Drivers against relational strategies**	**Drivers that promote relational strategies in SA cement industry**
High acquisition costs relative to retention costs	Minimal acquisition and retention cost differential	High acquisition costs relative to retention costs
High exit barriers	Low exit barriers	High exit barriers
Competitive advantage sustainable	Competitive advantage unsustainable	Sustainable competitive advantage
Buoyant or expanding market	Saturated market	Expanding market
High risk orhigh salience products or services	Low risk or low salience products or services	Cement products are high risk if applied incorrectly and cause structures to collapse, placing lives in danger
Requirement for trust and commitment	Requirement for trust only	Requirement for both trust and commitment
High emotion involved in exchange	Low emotion involved in exchange	High emotion involved in exchange
Perceived need for closeness	No perceived need for closeness	Perceived need for closeness
Satisfaction beneficial to retention	Repeat behaviour strategy beneficial	Satisfaction beneficial to retention

Source: Adapted from Egan (2011:109)

Since the criteria presented above, appear to be applicable to the cement industry, it is considered appropriate for relational strategies to be implemented in the industry.

2.5 The Relationship Development Process

Berndt and Tait (2012:34) state that when a customer has been attained, the relationship with the enterprise can develop in two essentially different directions, depending on the level of customer satisfaction. On one hand, if the enterprise is capable to retain a customer strongly satisfied, ideally the customer may turn into an 'enthusiast' for the enterprise. This means the customer becomes more and more competitive. On the other hand, in the case of a customer who becomes dissatisfied, it is possible that the customer may turn into a 'terrorist' with regard to the company, not only by causing the organization extra costs, but also by discouraging other current or potential customers from dealing with the organization. In light of this, the need to satisfy customers or surpass expectations is of utmost importance to relationship building. The phases of relationship development as outlined by Dwyer *et al*. (1987:15-20), Egan (2011:156-157) and Berndt and Tait (2012:34-35) are as follows:

1. **Awareness -** refers to the recognition of one party that the other party is a ‘feasible exchange party’. Considerable ‘positioning’ and ‘posturing’ may take place to enhance each party’s attractiveness. This applies to prospective customers who may have less exposure to the supplier’s offering. Promotion of the supplier offering can therefore enhance the persuasion to become first purchasers.

2. **Exploration -** refers to the ‘search and trial period’ in the relational exchange, termed the ‘purchaser phase’ by Berndt and Tait (2012:35). During this phase, the customer’s initial purchases are based on their level of satisfaction and they will establish a means of continuing with the supplier. Excellent service is important to move these customers to the next level (clients).

   The exploration phase is conceptualized into five self-explanatory sub-processes as follows:

   - Attraction (raises the question of why the relationship is likely to be worthwhile)
   - Communication and bargaining
   - Development and exercise of power
   - Norm development (normalization of the relationship)
   - Expectation development (what is required from the relationship)

3. **Expansion -** refers to the continual increase in benefits obtained by the exchange partners and their increasing interdependence. At this stage, the supplier must transform the purchaser into a client through increased satisfaction levels. Similarly, the client must also be transformed into a supporter (a person who is partial to the organization and provides passive support) and the supporter,

transformed into an advocate (a person who actively makes recommendation to others, who performs marketing for the organisation).

4. **Commitment -** refers to an implicit or explicit pledge to continue the relationship. This is the partnership phase in which benefits include ‘certainty’ developed from mutual anticipated roles and goals, ‘efficiency’ established as a result of bargaining and ‘effectiveness’ derived from trust.

5. **Dissolution -** the possibility of withdrawal or disengagement. While this aspect is not directly related to relationship development, it is considered an integral part of the model as dissolution is always an option and will ultimately take place.

2.6 Core Firm and its Relationships

Egan (2011:143) states that former definitions of relationship marketing were focused on the ‘traditional’ supplier-customer relationship. Discussion on relationship marketing has broadened the scope to include other relationships.
While RM includes partners such as suppliers, internal customers, government, intermediaries and other institutions, according to Egan (2011:143): “authors adopted a view of marketing that continued to acknowledge the importance of managing customer relationships, but recognized that this is only one part of the relationship marketing equation”.

Such partnerships are grouped into four categories, namely customer partnerships, internal partnerships, supplier partnerships and external partnerships (Egan, 2011:144) as illustrated in Table 2.5. It should be noted that while the discussion to follow relates to all four partnerships, the focus of the current study is on the development of customer relationships.

Table 2.5: The firm's core relationships

Author	Customer Partnerships	Supplier Partnerships	Internal Partnerships	External Partnerships
Doyle (1995) The core firm and its partnerships	**Customer partnerships**	**Supplier partnerships**	**Internal partnerships** Employees, Functional, Departments, Other SBUs	**External partnerships** Competitors, Governments, External partners
Morgan and Hunt (1994) Four Partnerships and ten relationships	**Buyer partnerships** Intermediate, Final consumer	**Supplier partnerships** Goods suppliers, Service suppliers	**Internal partnerships** Business units, Employees	**Lateral partnerships** Competitors, Non-profit organisations, Government
Christopher *et al.* (1991) Six markets	**Customer markets**	**Supplier markets**	**Internal market, Employee market**	**Referral market, Influence market**
Gummesson (1996; 1999) 30Rs	**Classic market relationships** Classic dyad (customer/supplier)		**Meta relationships** Profit centres, Internal customer,	**Mega relationships** Personal/social, Mega alliances (government),
Gummesson (1996; 1999) 30Rs	**Classic market relationships** Classic triad (above +competitor) Classic network (distribution channels)		**Meta relationships** Quality (e.g. design manufacture)	**Mega relationships** Knowledge relationship, Mega alliances (e.g. EU, NAFTA), Mass media
	Special market relationships Full-time/part-time marketers, The service encounter, Many-headed customer/supplier, Customer's customer relationship, Close versus distant relationship, Non-commercial relationship, Green relationship, Law-based relationship, Criminal network		Employee, Matrix relationships, Marketing services, Owner or financier	

Source: Egan (2011:144)

The core firm and its relationships according to Jooste *et al.* (2013:328-331) and Egan (2011:144-340) is briefly discussed below:

- **Customer markets** - refer to parties who acquire goods and services of the organization. Customers could be individuals or organisations who purchase in order to manufacture their own products. Identifying specific customers involved in the organization results in the development of relationship strategies suited specifically to different customers.

- **Internal markets -** refers to those in the employ of the organization who interact with customers and who transmit the values of the organization into the marketplace. These employees are regarded as internal customers as well as internal suppliers. Loyal employees are able to influence customers to remain with the organization, thereby increasing the profitability of the organization. Critical to this process is the building of a relationship with employees, or internal marketing.

- **Supplier markets -** are essential to the process of creating value as organizations cannot generate products or provide services without suppliers. The supply could be raw material, skills or financial resources. The relationship between organization and supplier exists in a business-to-business context, which differs from business-to-consumer situations.

- **External markets** - include, recruitment markets, referral markets and influence markets:

  Recruitment markets- refers to potential employees of the organisation, in which having the correct skills is important for the future of the organisation. The process entails building relationships with potential employees and institutions involved in providing employees, such as recruitment agencies or universities.

  Referral markets- refers to those who provide new business opportunities for the organization, such as satisfied customers. Word-of-mouth referral occurs when satisfied customers communicate their good experiences and as a result are able to influence the behaviour of others.

Influence markets- refers to those who are able to influence (either positively or negatively) the manner in which an organization practices its business (marketing) efforts. This is a diverse market and includes investors, media, competitors, government and environmental markets. Whilst some of these markets are not significant for the organization, formation of relevant relationships is regarded as imperative.

2.7 Relationship Marketing Strategy

Berry (1983:26) outlined five relationship strategies, which may applied within an organisation, either simultaneously or selected in accordance with a particular vision, mission and objectives as well as availability of resources required to implement such strategies. The five strategies are:

1. Core Service strategy
2. Relationship customization
3. Service Augmentation
4. Relationship Pricing
5. Internal Marketing

The strategies are clarified below:

- **Core service strategy -** the design and marketing of a 'core service' around which a customer relationship can be established is a key RM strategy. The ideal core service attracts new customers through the characteristic of need fulfilment and reinforces the business relationship through its quality, multiple parts and long-term nature. It also provides a base for the sale of additional services over time.
  Core services are directed toward central rather than peripheral target market needs. In this instance, cement products must conform to the South African Bureau of Standards as high grade and durable.

- **Customizing the relationship -** firms could precisely tailor services to particular situations through knowledge of the specific characteristics and requirements of individual customers, capturing this data for use as needed. In this manner, customers are offered an incentive to remain with one supplier, rather than 'start over' with another supplier. However, the needs of cement customers vary, as some tend to purchase cement for re-sale in its original form, while others purchase cement products as raw material in order to manufacture other products. The possibilities for relationship customization are substantial, particularly as personal service capabilities are combined with electronic data processing capabilities.

- **Service augmentation -** involves the inclusion of 'extras' in the service in order to differentiate it from a competitor offering. Meaningful differentiation occurs with the genuine nature of 'extras', in which these are valued by customers and are not readily available from competitors. Examples from the cement industry include training of customers' staff on product use and specifications as well as on-site visits or technical support.

- **Relationship pricing -** a historical marketing concept which advocates a better price for a better customer. As an option for cement companies pursuing customer loyalty, it could be implemented as pricing of cement products to encourage relationships

- **Internal marketing -** several forms exist, all with the common premise of the 'customer' within an organisation. In this instance, the employee is regarded as the customer and the work role as the product. As with external markets, emphasis is placed on customer satisfaction and service quality is largely determined by the skills and attitude of personnel.

  Firms can use internal marketing to offer quality products, which attract, retain and motivate quality personnel. Offering products which consistently meet the quality requirements of target markets is therefore a significant factor in building strong customer relationships.

The above strategies of relationship marketing by Berry (1983:26) could be supplemented by the strategies that Harrison-Walker and Coppett (2003:66-67) advocate below:

- In order for organisations to achieve differentiation, traditional marketing theory must be considered. The company could design strategies targeted towards a specific market niche.

- Research should be conducted at a company level to determine the unique requirements of customers, these can be fulfilled once they are understood.

- Continuous research and development with a view to securing patents on the best available product brands may be the most effective method of ensuring customer loyalty to a particular brand.

- Brand positioning strategies and corporate public relations could be utilized to create and maintain a unique identity for the product and the company.

- The company could also use "pull" promotional strategies to encourage consumers to request brands by name

Harwood and Garry (2006:108) maintain: "while it is argued that the approach to relationship marketing is one of win-win, it may not always be appropriate to pursue an entirely problem-solving free approach. There may be vulnerabilities and challenges associated with rigidly applying the relationship marketing approach as a 'straight jacket'.

These challenges are summarized (Harwood and Garry, 2006:108) as follows:

- Prejudice towards cooperation creates internal pressure for compromise.

- Avoidance of confrontational strategies poses a risk of impasse, which is perceived as failure.

- Focus on sensitivity towards the perceived interests of others fosters vulnerability to deception and manipulation by a competitive party. It also increases the possibility that settlement may be more favourable to the other side than impartiality would warrant.

- Reliance on qualitative (value-laden) goals results in difficulty to establish definite aspiration levels and bottom lines.

- Substantial skill and knowledge of process is required to succeed.

- Confidence in assessment powers (perception) is required for consideration of the interests and needs of other parties and payoff schedules.

Any strategy should be balanced according to individual needs and circumstances in order to recognize uniqueness and thus implement an honest relationship.

2.8 Business-to-Business Marketing and benefits of Relationship Marketing

Definitions of business-to-business and industrial marketing are useful to differentiate these concepts from consumer marketing. A great number of authors derive meaning and understanding on the topic from Cooke (1986:10) who provides the following definitions of industrial marketing:

- The marketing of goods or services to commercial enterprises, governments, and non-profit institutions for resale to other industrial consumers or for use in the goods and services that they, in turn, produce
- The marketing of goods and services to industrial customers for use in the operations of businesses themselves and for use by non-political institutions

- Human activities directed toward satisfying wants and needs of professional buyers and other individuals influencing purchases in commercial, institutional, and governmental organisations through the exchange process

- A set of activities directed toward facilitating and expediting exchange involving customers in industrial markets and industrial products

The above highlights the discrepancies and contradictions in the existing definitions of industrial marketing. According to Cooke (1986:16), a working definition of industrial marketing is: “marketing to the organisational buyer as contrasted to consumer marketing, which is marketing to the ultimate consumer”. This definition is adopted for the purpose of the current study.

Cooke (1986:10-12) also provided six significant differences between industrial marketing and consumer marketing as discussed below:

- Derived demand is a significant and exceptional aspect of the difference between industrial markets and consumer markets Cooke (1986:10). Industrial purchases will not take place without consumer demand. Cooke (1986:10) further stated: “all industrial sales are made to companies or institutions that sell to other companies or institutions who will, somewhere down the line, provide a product or service to ultimate consumers” In the cement industry, this is applicable where the supplier sells to the customer (industrial) and the customer in turn transforms the product to generate other products or to perform certain functions such as road construction and civil engineering.

- Consumer markets are more concentrated and greater in number in comparison to industrial markets, which are less numerous but tend to be geographically concentrated to a particular area.

- Factors influencing an industrial purchase are, in general, more rational than those affecting consumer purchases.

- Reciprocity buying is more common in industrial markets than consumer markets. Reciprocity is the practice of buying goods and services from those who buy from you.

- Industrial markets, as opposed to consumer markets, tend to establish long term relationships and once established, those relationships are difficult to break.

- Greater buying influencers exist in industrial purchases than in consumer buying.

Cooke (1986:12-13) provided the product classification system as an alternative method to assess the differences between industrial and consumer marketing as follows:

- Pricing of industrial products is higher than consumer products
- Industrial purchases generally exceed consumer purchase
- More planning is required to purchase a product in industrial markets than consumer markets.
- Industrial customers are able to negotiate prices whereas consumer customers are not
- Once a purchase is made, delivery time is usually delayed with industrial purchases.
- Installation of goods generally takes place in industrial markets
- Consumer products are purchased more frequently than industrial products
- Industrial products are more complex

With regard to the benefits of RM, Shelby *et al*. (2006:72) believes the following two questions should be answered:

- Why is RM so prominent now?
- Why do firms and customers enter into relationships with other firms and consumers?

Mulki and Stock (2003:52-59) discuss several environmental factors, which have contributed to the rise of RM. These include the trend for firms in advanced economies to be service orientated, to adopt information technologies, to embrace a global nature and to be niche-orientated as well as information-orientated.

Shelby *et al.* (2006:74), argue: “the rise of strategic network competition, as an alternative to traditional and hierarchical competition, has given a significant impetus to the rise of RM”. Sheth (2002:590) maintains the three factors responsible for the popularity of RM are firstly: “the energy crisis of the 1970s and the consequent economic stagflation resulted in excess capacity and high raw material costs. Competition intensified on a global basis. As a result, companies defensively focused on retaining customers rather than acquiring new ones". Secondly, "service marketing was emerging as a popular new domain of research and understanding". Thirdly, "in business to business marketing, most companies began to institute key account, national account and global account management processes and programs to consolidate and increase share of each account's business to fewer suppliers preferably resulting in a sole source relationship".

Sheth (2002:591) also outlines three challenges likely to be faced by organisations practising RM first: "the impact of the internet and information technology, especially in all situations where there is a direct account receivable relationship, as a result marketing is becoming marginalised. Second, "the empirical evidence is inconclusive despite all of our beliefs in lifetime value of the customer, and share of customer wallet concepts especially in business-to-business marketing. The largest revenue accounts are often found not to be the most profitable accounts. Consequently, there is emergence of a strong belief that a company must be selective in its use of relationship marketing". Third, "many companies are outsourcing their customers because companies are recognizing that as much as one-third of their customers will be unprofitable even in the long run".

In spite of these challenges, relationship marketing could be beneficial to an organisation if applied selectively.

2.9 Why Customers form Relationships?

Shelby *et al.* (2006:75) state customers need relationship partners that they can rely on . They do so because a trustworthy partner decreases the risk related with relational exchange, because trust is associated with a partner's reliability, integrity, and competence. Morgan and Hunt (1994) propose that customers are motivated to engage in relational exchanges with partners with whom they share values. Customers therefore seek firms, which share their perspectives on what is important or unimportant, what is right or wrong, appropriate or inappropriate and proper or improper. Sheth and Parvatiyar (1995:256) propose consumers engage relational market behaviour to attain greater effectiveness in their decision making, to lessen the task of information processing, to realise more cognitive consistency in their decisions, and to reduce the perceived risks associated with future choices. This denotes that the time period for seeking new products or services is reduced, thereby decreasing the costs associated with information searches.

Bagozzi (1995:273) maintains: “the most common and determinative motive for entering a marketing relationship is that consumers see the relationship as a means of fulfilment of a goal to which one had earlier, perhaps tentatively, committed. That is, people have goals to acquire a product or use a service, and a relationship then becomes instrumental in goal achievement”. RM should therefore take into consideration the goals of customers.

Vargo and Lusch (2004:15) evaluate the evolving “dominant logic” of marketing in which the: “focus is shifting away from tangibles and toward intangibles, such as skills, information, and knowledge, toward interactivity and connectivity and on-going relationships”. According to Vargo and Lusch (2004:12), the evolving dominant logic: “implies that the goal is customised offerings, to recognise that the consumer is always a co-producer, and to strive to maximise consumer involvement in the customisation to better fit his or her needs” Consumers engage in relationships which contribute to the production of goods and services that are customised to their individual needs, desires and preferences.

Ulaga and Eggert (2004:7-11) clarify some of the benefits of RM as follows:

- Product benefits such as quality and conformance to requirements
- Service benefits, specifically the customer’s search for complete solutions rather than mere products
- Customers seek know-how benefits beyond the exchange of products and services
- Customers seek time-to-market benefits
- Social benefits such as personal relationships are regarded as important

2.10 Why Companies form Relationships?

Shelby *et al.* (2006:76), propose: “firms enter into relational exchanges with other firms and with consumers when such relationships enable firms to better compete. That is, relationship marketing involves a strategic choice. Specifically, the fundamental imperative of relationship marketing strategy is that, to achieve competitive advantage and, thereby, superior financial performance, firms should identify, develop and nurture a relationship portfolio". This view is supported by Pop and Pelau (2004:26): "the philosophy of relationship marketing relies on gaining competitive advantages for the company, due to the retention of the customer for a long time, among the group of permanent clients of the organisation, by keeping and growing their satisfaction level towards the realised services. The relationship of the company with its customers represents the most important capital, known as relationship capital, representing a synthesis of knowledge, experience and trust accumulated over time".

According to Gummesson (1987:12): "marketing, with reference to industrial and international operations is not primarily concerned with the manipulation of the 4Ps from consumer goods marketing, instead it is to reach a critical mass of relations with customers, distributors, suppliers, public institutions and individuals. The marketer must gain understanding of the market structure, then develop strategic relationships with key companies and people in the market. They must build relationships with suppliers and distributors and customers. Those relationships are more important than low prices, flashy promotions or even advanced technology." While changes can take place in terms of price and technology, close relationships last a lifetime.

The establishment of long lasting relationships involves time, particularly in cases where the product is of a technical nature and requires greater investment on research and development, which also applies to cement products. Morgan and Hunt (1994:24) state: "competition in the global marketplace requires that firms continually seek out products, processes and technologies that add value to their own offerings and that it is a critical element in competitive strategy".

The two most significant benefits of RM are client retention and addition of value on products (Davis, 2008:310). Davis (2008:311) also maintains that RM creates value for customers and this value is shared with key stakeholders. The objective is that long-term relationships will create strong customer bonds and in this manner, contribute to the achievement of organisational objectives, among them profitability and the ability to withstand competition.

Gummesson (1991:63-64), highlighted three benefits of RM, namely:"interaction, single sourcing and total quality management. Interaction between staff of the service provider and customer has become fundamental for establishing and maintaining relationships. A phenomenon which emphasizes the significance of networks and long-term relationships, is single sourcing and the 'just-in-time' (JIT) logistical system. Total quality is regarded as customer-perceived quality, incorporating the internal capability of managing quality and consideration of customer needs".

This is supported by Wilson (1995:336): "an important phenomenon related to buyer-seller relationships is that many buyers are developing single source suppliers because of the pressure to increase quality, reduce inventory, develop just-in-time (JIT) systems and decrease time to market. The intensity of contact required to accomplish superior quality, implement JIT and reduce time to market could not be achieved with multiple sources of supply". Gummesson (1995:250-51) states: "customers do not buy goods or services, they buy offerings with services which create value. The traditional division between goods and services is long out-dated. It is not a matter of redefining services and seeing them from a customer perspective, activities render services, things render services. The shift in focus to relationship marketing is a shift from the means and the producer perspective to utilization and the customer perspective".
While the production of goods and services is no longer the sole prerogative of the manufacturer, it must be carried out in conjunction with the customer.

Customers depend on organisations for need-satisfying products in a competitive environment and organisations in turn, depend on customers for ideas and profits (Ndubisi, 2004:70). Long-term relationships in which both parties learn how to best interact with each other over time leads to decreasing relationship costs for the customer as well as for the supplier (Ndubisi, 2004:71).

Hunt and Morgan (2006:78) summarise the benefits of RM to the supplier as follows:

- Leads to a competitive advantage
- Results in good financial performance
- Leads to customer satisfaction

- Provides with a learning culture
- Leads customers to propensity to stay
- Leads to acquiescence
- Leads to decreased uncertainty

Hunt and Morgan (2006:83) also summarise the benefits of RM to the customer as follows:

- The belief that a particular partner can be trusted to reliably, competently and non-opportunistically provide quality market offerings
- The belief that the partnering firm shares values with the consumer
- The customer experiences decreases in search costs
- The customer perceives that the risk associated with market offering, is lessened.
- The exchange is consistent with moral obligation
- The exchange allows for customisation which results in improved satisfaction of the customer's needs, wants tastes and preferences.

2.11 Summary

The chapter assessed the paradigm shift from transactional marketing to relationship marketing as a result of increased competition, market globalisation, slow economic growth and legislative amendments. Marketing concepts as well as relationship marketing were defined. The benefits and significance of RM were outlined. The differences between business-to-business marketing and consumer marketing were discussed. Drivers of relationship marketing and the various relationship partnerships were discussed. Chapter Three describes existing conceptual frameworks including their strengths and weaknesses with a view to developing a framework for the study, while proposing suitable hypotheses. It is dedicated to establishing the variables which are required for the development of RM, along with the outcomes of such variables.

CHAPTER 3

3. THEORETICAL FRAMEWORK DEVELOPMENT

3.1 Introduction

Chapter Two emphasised the importance of RM in retaining, sustaining and building relationships for the long term and the mutual benefits experienced between exchange partners. This motivated the researcher to investigate the variables or dimensions which constitute relationship marketing, specifically within the South African cement industry.

In this Chapter, existing conceptual frameworks are considered in order to develop a suitable RM framework for the study, which may be subjected to a survey so that particular RM dimensions can be obtained. These dimensions are identified and discussed in terms of the manner in which they could be applied within the cement industry for the creation or maintenance of strong relationships.

The variables required for the development of RM and the outcomes of their influence are also discussed.

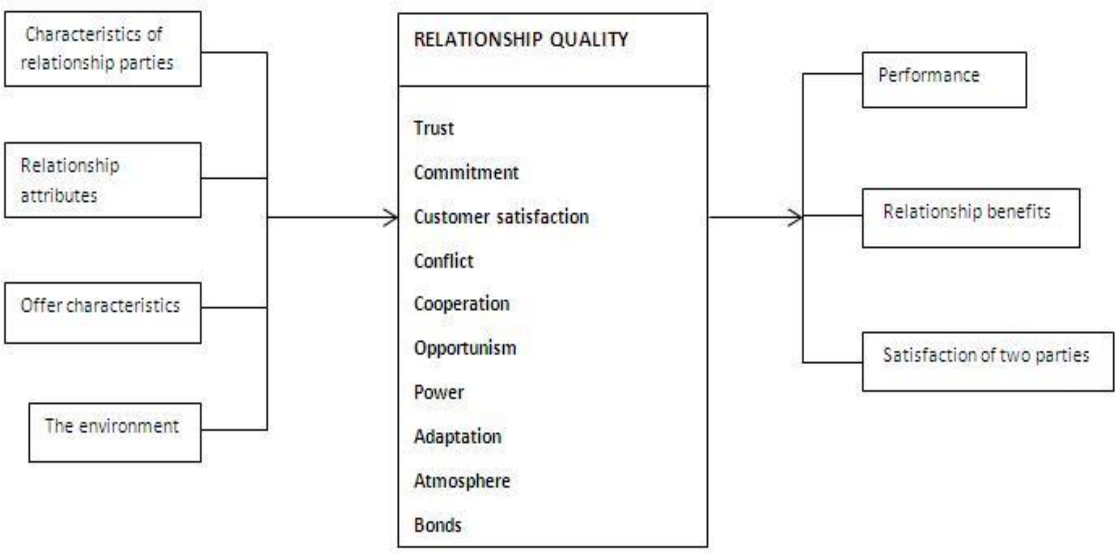
3.2 Relationship Marketing Conceptual Framework

3.2.1 Relationship quality

Athanasopoulou, (2009:604), described a conceptual framework of relationship quality which could be applied across all contexts and which could be used as a guide for future research. However, a disadvantage of this framework is that it is not intended for any specific industry.

The framework is further explained in Table 3.1 below.

Table 3.1: Relationship quality: A conceptual framework



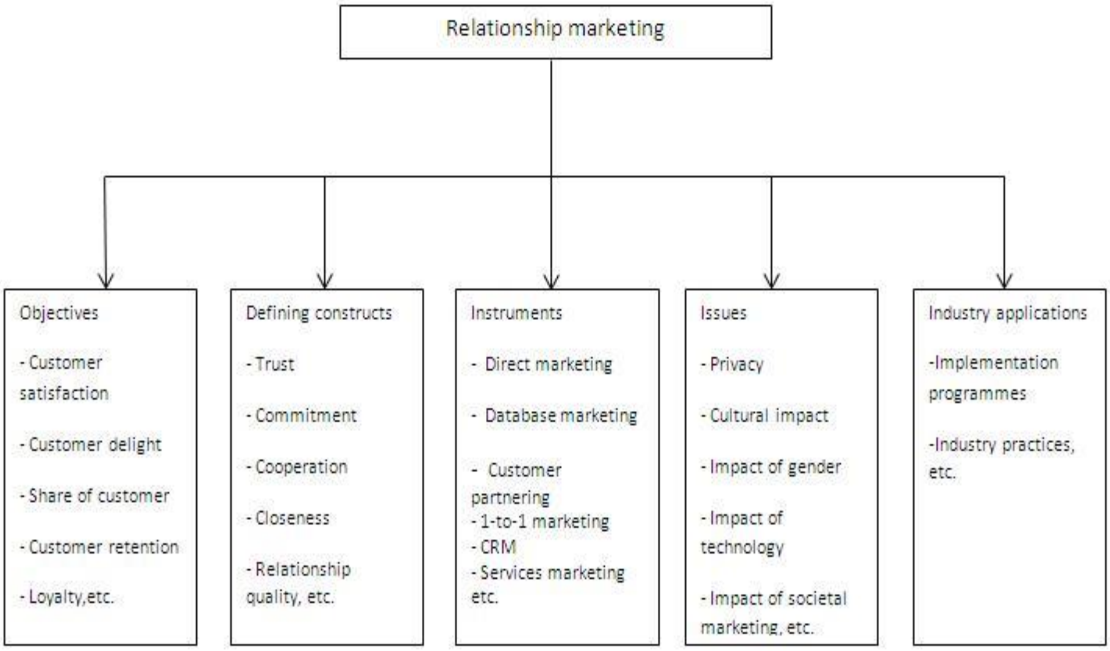
Source: Athanasopoulou (2009:604)

Athanasopoulou (2009:604) argues that researchers are able to select the ultimate variables to apply within particular contexts, however the framework assumes that relationships pertain to individuals or businesses, and these may vary according to customer and brand. Athanasopoulou (2009:605) also maintains that relationships could exist between customers and firms, government, non-profit organisations or intermediaries. In this context, the majority of research focuses on relationships between suppliers and customers, therefore further research is required on cross-border relationships (Athanasopoulou, 2009:605).

3.2.2 Model of relationship marketing

Gilaninia *et al.* (2011:796) introduced the RM model as shown in Table 3.2 below. The model is not specific to any industry, as the objective of the current study is to develop a framework of RM for the cement industry, the following model provides some direction to create a more specific framework.

Table 3.2: Comprehensive model of relationship marketing



Source: Das (2009:326-363)

3.2.3 Relationship marketing conceptual framework

The purpose of clarifying existing conceptual frameworks is to build evidence of a particular pattern in order to demonstrate specific dimensions, which have been universally analysed in literature. This will assist the researcher in proposing a conceptual framework for the study in the context of the cement industry in South Africa. The conceptual framework is represented in Table 3.3 below.

Table 3.3: Existing relationship marketing conceptual framework

Author/s	Name of framework/model	Relationship variables
Morgan and Hunt (1994:22)	The KMV Model of Relationship Marketing	Relationship termination costs, relationship benefits, shared values, communication, opportunistic behaviour
Wilson (1995:337)	An Integrated Model of Buyer-Seller Relationships	Commitment, trust, cooperation, Mutual goals, power, satisfaction, attractiveness of alternatives, adaptation, shared technology, summative constructs, non-retrievable investments, structural bonds and social bonds
Theron and Terblanche (2010:396)	Dimensions of RM in B2B financial services	Trust, satisfaction, commitment, communication, competence, relationship benefits, bonding, customisation, attractiveness of alternatives and shared values

There is consensus with the views of Ulaga and Eggert (2004:312) who state an assessment of typical business practices and relationship marketing frameworks propose that established models of buyer-seller relationships might inadequately reflect managerial emphasis on supplier performance assessment. This occurs because customers periodically evaluate supplier relationships and performance, as they prefer to gauge the perceived benefits and costs they derive from relationships. This thesis will attempt to include the aspects of customer satisfaction in the conceptual model proposed at a later stage in this chapter.

Relationship marketing models focus predominantly on “soft” factors of buyer-seller relationships to the detriment of performance based measures (Ulaga and Eggert, 2004:312). For example Morgan and Hunt (1994), identify commitment and trust as key mediating variables of relationship marketing, this model includes a single performance based measure, namely ‘relationship benefits’ and hypothesises a positive correlation between ‘relationship benefits’ and relationship commitment.

However, the empirical study did not support a significant relationship between both constructs and 'relationship benefits' were not found to be a key driver of successful business relationships (Ulaga and Eggert, 2004).

Trust alone, as alluded by several researchers, did not have a significant influence on buyer-seller relationship (Doney and Cannon 1997) but was noteworthy when considered in combination with other variables such as effective communication and supplier competence, as suggested in the current study. Supplier choice is not influenced solely by trust, but also by superiority of the supplier offering as supported in the current study. The ambiguities and contradictory results of previous studies may partly be explained by the fact that performance based constructs could be added to the affective and conative variables in existing relationship marketing models. Therefore, the current study suggests that supplier competences and effective communication should be included as key constituents when modelling business relationships.

3.3 Dimensions of Relationship Marketing

Theron and Terblanche (2010:387) express uncertainty on the existence of a universal, generic set of dimensions used to represent RM, however despite the lack of a complete set of dimensions, overwhelming support for three dimensions in particular trust, commitment and satisfaction are evident in literature. Svensson *et al.* (2010:10-11) stressed the importance of three dimensions (trust, satisfaction, commitment) on RM during a meta-analysis of 23 studies conducted between 1999 and 2008. The challenge is that the studies are not specific to the cement industry. Theron and Terblanche (2010:389-390) offered a list of 23 generic dimensions, which could influence business-to-business marketing relationships between an organisation and its customers. The 23 dimensions are shown in Table 3.4 below.

Table 3.4: Dimensions of RM for business-to-business

Dimension	Derived Definition	Reference
Commitment	The desire for continuity manifested by willingness to invest resources in a relationship	Gounaris (2005)
Communication	The formal as well as informal sharing of meaningful and timely information between firms	Anderson and Narus (1990) Vatanasombut *et al.* (2008)
Trust	A willingness to rely on an exchange partner in whom one has confidence	Moorman *et al.* (1993) Orth and Green (2009)
Satisfaction	An overall evaluation based on the total purchase and consumption experience with a product or service over time	Garbarino and Johnson (1999) Barry *et al.* (2008)
Competence	The buyer's perception of the technological and commercial competence of the supplier	Selnes (1998) Sichtmann (2007)
Bonding	The (psychological) process through which the buyer and the provider build a relationship to the benefit of both parties	Gounaris (2005)
Relationship benefits	Partners who deliver superior benefits are highly valued and firms will commit to establishing, developing and maintaining relationships with such partners	Morgan and Hunt (1994) Sweeney and Webb (2007
Customisation	The extent to which a seller uses knowledge about a buyer to tailor his offerings to the buyer	De Wulf and Odekerken-Schroder (2000) Danaher *et al.* (2008)
Attractiveness of alternatives	The client's estimate of the likely satisfaction available in an alternative relationship	Sharma and Patterson (2000)
Power	The ability of one individual or group to control or influence the behaviour of another	Hunt and Nevin (1974) Ashnai *et al.* (2009)

Table 3.4: Dimensions of RM for business-to-business (cont.)

Dimension	Derived Definition	Reference
Shared values	The extent to which partners have beliefs in common about what behaviours, goals and policies are important, unimportant, appropriate or inappropriate and right or wrong	Morgan and Hunt (1994) Vatanasombut *et al.* (2008)
Conflict	The overall level of disagreement in the working partnership	Anderson and Narus (1990)
Cooperation	Similar/complementary coordinated actions taken by firms in interdependent relations to achieve mutual outcomes or singular outcomes with reciprocation that is expected over time	Anderson and Narus (1990) Lages *et al.* (2008)
Coordination	The extent to which different parties in a relationship work well together to accomplish a collective set of tasks	Mohr and Spekman (1996) Payan (2007)
Dependence	The extent to which there is no equivalent of better alternatives available in the market	Gao *et al.* (2005)
Empathy	Seeking to understand the desires and goals of others	Sin *et al.*(2005)
Goal compatibility, goal congruence/ mutual goal	The degree to which partners share goals only accomplished through joint action and the maintenance of a relationship	Wilson (1995) Coote *et al*. (2004)
Opportunistic behaviour	Behaviour for the purpose of taking advantage of a new opportunity but which endangers a relationship	De Ruyterand Wetzels (1999) Delerue-Vidot (2006)
Reciprocity	The component of a business relationship that causes either party to provide favours or make allowances for the other in return for similar favours or allowances at a later stage	Sin *et al.* (2005)
Relationship-specific investment	The relational specific commitment of resources that a partner invests in the relationship	Wilson (1995) Perry *et al.* (2002)

Table 3.4: Dimensions of RM for business-to-business (cont.)

Dimension	Derived Definition	Reference
Product/service quality	A comparison between customer expectation and performance	De Ruyter and Wetzels (1999)
Switching costs	The one-time costs that customers associate with the process of switching from one provider to another	Burnham *et al.* (2003) Barry *et al.* (2008)
Uncertainty	Unanticipated changes in the circumstances surrounding an exchange	Noordewier *et al.* (1990)

Source: Theron and Terblanche (2010:389-390)

Tables 3.3 and 3.4 enable assessment of the most frequently cited dimensions in literature and therefore facilitates the process of extracting the dimensions which can be used to model a proposed conceptual framework for the study. In accordance with Table 3.3, the recurring dimensions may be arranged into four major RM groupings of trust, commitment, communication and supplier competency. It is believed the particular dimensions lead to customer satisfaction, which in turn leads to loyalty and increased co-operation. However, the dimensions are not industry specific and the challenge for this study is to establish specific dimensions for cement providers. According to Svensson *et al.* (2010:2): "in support of the lack of consensus about the positioning of satisfaction, a recent review of the literature that includes satisfaction, trust and commitment (see Table 3.5 below) shows that some studies (Papassapa and Miller, 2007; Rauyruen and Miller, 2007; Skarmeas and Robson, 2008; Skarmeas *et al*., 2008) position all three constructs simply as dimensions of higher order construct, labelled as relationship quality.

Other studies position satisfaction as an antecedent to trust and commitment (Geyskens and Steenkamp, 2000; Moliner *et al.*, 2007a; 2007b), or as an outcome of trust and commitment (Farrelly and Quester 2005), or as an equal mediator along with the mediating role of trust and commitment (Barry *et al.*, 2008; Palmatier *et al*., 2006), or as a mediator between trust, commitment and other outcomes Garbarino and Johnson 1999)".

Table 3.5: Research on satisfaction, trust and commitment

Citation	Findings
Garbarino and Johnson (1999)	For low relational customers (e.g., infrequent transactions), satisfaction mediates the influence of commitment and trust on future intentions. For high relational customers, satisfaction is an antecedent of commitment and trust.
Geyskens *et al.* (2000)	Satisfaction (noneconomic) leads to trust and trust leads to commitment.
Lang and Colgate (2003)	Different facets of relationship quality differ in their sensitivity to information technology gaps. The most sensitive facets are conflict, satisfaction, and trust, while social bonding and commitment appear to be less sensitive.
Roberts *et al.* (2003)	Relationship quality, consisting of trust, commitment, satisfaction and affective conflict, is a better predictor of behavioural intentions than service quality.
Walter *et al.* (2003)	The extent to which a supplier fulfils direct and indirect functions in a relationship has a direct positive impact on relationship quality. The dimensions of relationship quality include commitment, trust and satisfaction.
Bansal *et al.* (2004)	Commitment does not mediate the relationship between either satisfaction or trust and switching intentions. However, trust does lead to commitment.
Farrelly and Quester (2005)	Commitment and trust lead to satisfaction.
Bruggen *et al.* (2005)	Channel performance is positively associated with relationship quality, consisting of satisfaction, trust, commitment and conflict. This relationship is moderated by interdependence of the relationship.
Carr (2006)	Relationship quality (satisfaction, trust, commitment) mediates the effect of service quality on user identification with information systems (IS) departments and voluntary participation with such departments. Trust and satisfaction lead to commitment.

Table 3.5: Research on satisfaction, trust and commitment (cont.)

Citation	Findings
Leonidou *et al.* (2006)	The impact of uncertainty, distance and conflict on relationship quality is examined. The dimensions of relationship quality include adaptation, commitment, communication, cooperation, satisfaction, trust and understanding. An inverse association was found between uncertainty, distance and conflict on one hand, and commitment, cooperation and satisfaction on the other hand. In high conflict situations, trust and understanding were at low levels.
Palmatier *et al.* (2006)	Commitment, trust and satisfaction are individually and collectively mediated between various antecedents and several outcomes (including the positive expectation of continuity and positive cooperation).
Ulaga and Eggert (2004)	Satisfaction and commitment have a negative association, creating the propensity to leave a relationship (opposite of continuity expectancy). Trust was found to be a mediator between satisfaction and commitment. Relationship value has a direct impact on the intention to expand business as well as an indirect impact mediated by the relationship quality construct (satisfaction + trust + commitment).
Barry *et al.* (2008)	Relationship quality, consisting of satisfaction, trust and affective commitment, mediates the influence of perceived value on relationship strength.
Caceres and Paparoidamis (2007)	Satisfaction is the mediating variable between service or product quality and business loyalty. A significant positive effect of relationship quality components (satisfaction, trust and commitment) is evident on business loyalty. Satisfaction also leads to trust and commitment. Finally, trust leads to commitment.
Moliner *et al.* (2007a; 2007b)	Post-purchase perceived value is an antecedent of satisfaction. Satisfaction, in turn is an antecedent of trust and affective commitment. Trust (benevolence) also positively impacts affective commitment.

Table 3.5: Research on satisfaction, trust and commitment (cont.)

Citation	**Findings**
Papassapa and Miller (2007)	Results show that all four dimensions of relationship quality (trust, commitment, satisfaction and service quality) influence attitudinal loyalty, however, only satisfaction and perceived service quality influence behavioural loyalty (purchase intentions).
Payan and Svensson (2007)	Commitment and trust precede coordination, cooperation and specific assets. Cooperation and coordination, in turn are positively related to the outcome of satisfaction. Specific assets are negatively related to the outcome of satisfaction.
Rauyruen and Miller (2007)	Trust, commitment, satisfaction and service quality constitute relationship quality. All four dimensions of relationship quality influence attitudinal loyalty. However, only satisfaction and perceived service quality influence behavioural loyalty (purchase intentions).
Sanchez *et al.* (2007)	Post-purchase perceived value is an antecedent of satisfaction. Satisfaction, in turn is a precursor of trust and affective commitment. Trust (including honesty and benevolence) also positively impacts affective commitment.
Skarmeas and Robson (2008)	Trust, commitment, satisfaction and conflict constitute relationship quality and are outcomes of exporter's role performance, asset specificity and cultural sensitivity. .
Skarmeas *et al.* (2008)	Trust, commitment and satisfaction constitute relationship quality as a second order construct. Psychic distance is negatively associated with relationship quality, while transaction-specific investments and role performance are associated positively with relationship quality. No link is found between environmental uncertainty and relationship quality.

Source: Svensson *et al.* (2010:10-11)

The current study supports the position of satisfaction as a mediator between trust and commitment as described by Svensson *et al.* (2010:2). In accordance with Goffin *et al.* (2006:189-209), the constructs of communication and supplier competencies are added to this perspective.

Therefore, for the purpose of this study, satisfaction is perceived as a mediator between trust, commitment, supplier competencies and communication with anticipated outcomes such as loyalty, continuity and cooperation.

In support of this perspective, Svensson *et al.* (2010:2) state: "first, some studies show that trust and/or commitment appear to be antecedents or precursors to satisfaction, secondly, satisfaction may have a stronger association with certain outcomes in comparison to trust and third, satisfaction may be the strongest component of relationship quality". In addition, Skarmeas *et al.* (2008:25) state, "satisfaction is a focal outcome of buyer-seller relationships that is generally unlikely to develop in the absence of trust and commitment". These opinions suggest that satisfaction may serve as a more proximal cause of important outcomes as opposed to trust or commitment, as a result it is considered appropriate to position satisfaction as a mediator proposed above.

In support of the inclusion of supplier competency and communication in the conceptual framework, Goffin *et al*. (2006:203) state: "before partnership is possible, supplier's competencies are vital and once supplier competencies exist then detailed communication is required". Communication is regarded as vital to the cement industry due to its technical nature, which requires that product services are communicated effectively without delay. Supplier competency is reflected in quality and timeous delivery, which are of paramount importance in the cement industry.

The inclusion of the outcomes such as loyalty, continuity and cooperation is supported by Palmatier *et al*. (2006) who identified continuity expectancy and cooperation as two of the most important outcomes of key relational mediators of satisfaction, trust and commitment. These relational mediators had the largest combined influence on the dyadic outcome of cooperation and impacted substantially on continuity expectation (Palmatier *et al*., 2006). In addition, Ulaga and Eggert (2004) discovered that satisfaction and commitment are negatively associated with a propensity to leave a relationship. Consequently, in terms of the conceptual framework for this study, literature seems to support the inclusion of continuity, loyalty and cooperation as outcomes of RM dimensions when implemented correctly.

3.4 Relationship Marketing Dimensions

Supplier competency, trust, commitment and communication are identified in literature as the predictors (RM dimensions) of customer satisfaction (mediating variable) resulting in outcomes of customer cooperation and customer continuity or loyalty. These concepts are further discussed below:

3.4.1 Supplier competency

In the cement industry, supplier competency is considered crucial to strengthen the relationship between supplier and buyer. Sanchez *et al.* (1996:8) define competency as "an ability to sustain the coordinated deployment of assets in a manner that helps a firm to achieve its goals". Hunt and Morgan (2006:79) argue that: "competencies are crucial in enabling firms to use resources efficiently and or effectively and as a result, competencies are sources of competitive advantage". This is possible since competency is tacit, complex and organisation-specific, rendering it difficult to imitate.

According to Goffin *et al.* (2006:204), supplier competencies include recognised factors such as quality, price, delivery performance, flexibility, joint problem solving, special product capability and new product development. If these conditions are fulfilled, a positive relationship can be established. In addition, the ability of the supplier to provide specialised training programs on product use, deploy tailor-made promotional campaigns and purchase dedicated tools and machinery can also result in enhanced relationship outcomes in terms of effectiveness and efficiency (Skarmeas and Robson 2008).

Therefore, exchange partners can implement relationship interactions more satisfactorily and business activities may be enhanced through the presence of the above investments. Such collaboration results in buyers performing duties more proficiently and servicing customers in a highly productive manner. As supported by Skarmeas and Robson (2008), technical assistance and a twenty four hour toll free help line is of paramount importance. It should be accompanied by on-site visits, laboratory tests and the services of competent technicians to assist customers in difficult circumstances.

As this industry and its products are of a technical nature, providing such services distinguishes an organisation from competitors and is assured to enhance the relationship between supplier and buyer. On the basis of this discussion, the initial study hypothesis is developed as:

H1: Supplier competencies have a positive influence on customer satisfaction

3.4.2 Trust

Morgan and Hunt (1994:23) state: "one of the critical constructs in facilitating exchange relationships between partners and therefore pivotal for understanding of business relationships, is trust". This is supported by Papassapa and Miller (2007:3) and Wilson (1995:337) who state that the nature and understanding of trust and its importance, constitutes a major impact on the development and management of B2B relationships. The degree of trust which develops between companies has been described as a fundamental building block of relationships and a critical economic exchange. The definitions of trust relevant to B2B marketing in the industrial sector are summarised in Table 3.6.

Table 3.6: Definitions of trust relevant to B2B

Author	Definition
Dwyer *et al.* (1987:20)	The belief that a party's word or promise is reliable and a party will fulfil its obligations in an exchange relationship
Moorman *et al*. (1993:82)	A willingness to rely on an exchange partner in whom one has confidence
Morgan and Hunt (1994:23)	Trust occurs when one party has confidence in an exchange partner's reliability and integrity
Mayer *et al.* (1995:712)	Trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action, irrespective of the ability to monitor or control that other party.
Doney and Cannon (1997:35)	Trust is perceived credibility and benevolence of a target trust.
Thomas (2009:346)	Trust as an expectation of positive outcomes, which one can receive based on the anticipated action of another party

The key aspect of trust as illustrated by the above definitions are credibility, reliability, confidence and integrity which reduce the risks associated with opportunistic behaviour by a firm. Fulfilment of these aspects serves to increase the long-term association between organisations in a relationship. This study concurs with the opinions of Morgan and Hunt (1994:23) in which trust: "occurs when one party has confidence in an exchange partner's reliability and integrity". It is supported by Thomas (2009:346) who clarifies that trust is "an expectancy of positive outcomes, outcomes that one can receive based on the expected action of another party".

For the purpose of this study, trust is an inter-organisational construct as opposed to an interpersonal construct as advocated by Narayandas and Rangan (2004) as it is invariably formed between individuals in an organisation. According to Narayandas and Rangan (2004:72): "much of the literature on relationship marketing fails to distinguish interpersonal from inter-organisational effects, focusing on the constructs themselves, most scholars are indifferent to the levels at which they operate".

Mouzas *et al*. (2007:1018) posits that: "the use of trust as an interpersonal concept for the study of inter-organisational relationships is problematic and should be avoided" Jiang *et al*. (2009:709) argue that "another facet exists which relates to inter-organisational traits of a business relationship, in that evidence for this is based on research which shows that long term and successful business relationships can exist which are not based on interpersonal trust but have as a foundation, the need to engage with others to achieve benefits they would otherwise not be able to gain on their own". Jiang *et al*. (2009:709) also state: "interpersonal trust is the focal research target of psychologists". Sako and Helper (1998:389) maintain: "business firms are concerned just as much with inter-organisational trust".

The benefits associated with trust, which occurs for both the supplier and the buyer are summarised in Table 3.7 below.

Table 3.7: Benefits associated with trust

Author	Benefits of trust
Morgan and Hunt (1994:23)	Trust results in confidence of the trusting party and results in satisfaction. Relationship marketing involves healthy relationships characterised by trust. Trust reduces ethical conflicts
Doney and Cannon (1997:35)	**Willingness to customise**- Customisation provides evidence that the vendor can be believed. This can be done by providing specialist equipment or adapting existing processes to meet the buyers' needs. **Confidential information sharing**- The extent to which parties are prepared to share private information. The extent and nature of information disclosed provides a signal of good faith. **Length of relationship-** The outcome of past ventures provides predictability of processes, the outcomes of previous business records provides a framework for subsequent interaction.
Gounaris (2005:127)	Trust results in goodwill and integrity of each other. Trust facilitates resolution of relationship deficiencies and prolongs the duration of the relationship.
Svensson *et al.* (2010:3)	Trust may relate positively to satisfaction if the manufacturer feels secure that the actions of the supplier will lead to positive results. A trusting manufacturer expects the supplier to communicate openly, contributing to satisfying interactions between the manufacturer and supplier.
Van Vuuren *et al.* (2012:85)	High levels of trust are related to higher levels of customer satisfaction and retention. Trust reduces uncertainty. If one party trust another, such a party is willing to develop a positive behavioural intention toward the other party. When a customer trusts a business or brand, that customer is willing to form positive buying intentions towards the business. Therefore, trust improves information sharing and availability, reduces transactional costs and contribute to collaboration.

Trust is therefore considered significant to business relationships as it provides reliability, satisfaction, integrity, retention, repeat purchase, word of mouth, open communication, willingness to customise, willingness to share information, brand loyalty, increased profitability, prolonged relationships, healthy relationships and the ability to solve relationship deficiencies.

In light of the above, this study accepts the opinion of Svensson *et al.* (2010:3): “as the manufacturer evaluates the various aspects of a business relationship, various components of trust will most likely be used in the evaluation including the trust component of credibility, fairness and honesty, therefore suggesting that trust is a precursor to satisfaction”.

The second hypothesis is therefore developed as:

H2: Trust has a positive influence on customer satisfaction

3.4.3 Commitment

Papassapa *et al.* (2007:3) state: “the concept of commitment stems from industrial and organisational psychology and has been viewed as an intention to continue a course of action or activity such as maintaining a relationship with a business partner”. Morgan and Hunt (1994:23), propose that “relationship commitment is central to relationship marketing and is viewed as critical in the literatures of organisational and buyer behaviour and is one of the most important variables for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty and satisfaction as well as for predicting future purchase frequency”. This view is supported by Anderson *et al.*(1987); Anderson and Weitz (1990); Jackson (1985) and Dwyer *et al.* (1987).

Wilson (1995:337) argues that, “commitment is the most common dependent variable used in buyer-seller relationship studies”. Wilson (1995:337) views commitment as, “an important variable in discriminating stayers and leavers, it is the desire to continue the relationship and to work to ensure its continuance and that commitment is an implicit pledge of relational continuity between exchange partners”.

Wilson (1995:337) concludes that: “commitment implies importance of the relationship to the partners and a desire to continue the relationship into the future”.

The definitions of commitment relevant to B2B marketing in the industrial sector can be summarised in Table3.8.

Table 3.8: Definitions of commitment

Author	Definition
Moorman *et al.* (1992:316)	Commitment - an enduring desire to maintain a valued relationship.
Morgan and Hunt (1994: 23)	Relationship commitment - implies that an ongoing relationship with another is important to warrant maximum effort to maintain it, the committed party believes the relationship is worth effort to ensure it endures indefinitely.
Hennig-Thurau and Klee (1997:752)	Commitment is a customer's long-term orientation toward a relationship grounded on an emotional bond to the relationship and on the conviction that remaining in the relationship will yield higher net benefits than terminating it.
Papassapa and Miller (2007:3)	Commitment is a psychological sentiment of the mind through which an attitude concerning continuation of a relationship with a business partner is formed.

In consideration of the above, for the purposes of this study, a working definition of commitment could be adapted from Morgan and Hunt (1994:23): "relationship commitment is an exchange partner believing that an ongoing relationship with another is so important so as to warrant maximum efforts at maintaining it, that is the committed party believes the relationship is worth working on to ensure it endures indefinitely". This definition summarises other descriptions provided above and includes the key aspects included in these descriptions.

According to Morgan and Hunt (1994:23), the key aspects of a commitment definition include: "valued relationship, enduring desire to maintain the relationship indefinitely, committed partner, willingness to make effort to maintain the relationship and ensure that it benefits all partners".

Table 3.9 below summarises the benefits of commitment.

Table 3.9: Benefits of commitment

Author	Benefits of Relationship Commitment
Morgan and Hunt (1994:23)	Leads to increased sales and profitability
Liang and Wang (2005:71)	Regarded as an antecedent of repeat purchase, customers who committed to a relationship might have a greater propensity to act on account of the need to remain consistent with the commitment
Ndubisi (2007:74)	Highly committed customers are willing to reciprocate the efforts of a firm due to past benefits received and highly committed firms will continue to enjoy benefits of the reciprocity.
Papassapa and Miller (2007:4)	Consequences of commitment include word of mouth communication, committed customers tend to buy more, stay loyal and resist change.
Du Plessis (2010:96)	More committed customers tend to form a positive overall impression of the total duration of the relationship, including different transactions whether positive and negative, and exhibit strong intentions to stay in a relationship.

The opinions of Morgan and Hunt (1994:23) are relevant in terms of commitment constructs: “a common theme emerges from the various literatures on commitment to relationships as parties or firms identify commitment among exchange partners as key to achieving valuable outcomes for themselves, and they endeavour to develop and maintain this precious attribute in their relationships”.

The manufacturer’s happiness with a relationship may be founded upon the manufacturer’s own efforts, put into developing and maintaining the business relationship. The manufacturer’s clear specifications and more involvement with the supplier will make it stress-free for the supplier to accomplish the manufacturer’s expectations, which in turn increases the manufacturer’s satisfaction, Svensson *et al.* (2010:3).

Farrelly and Quester (2005:212) note: “it seems logical to argue here that trust and commitment are key factors of satisfaction, a more general concept and a closer determinant of their decision to extend, renew, or terminate the sponsorship relationship”. Several other studies support the view that commitment is a precursor to satisfaction

(Johnson *et al.,* 2008; Mohr and Spekman, 1994). Therefore, in concurrence with Farrelly and Quester (2005:212): "a relationship atmosphere where both parties believe they can achieve goals without opportunism should show evidence of a high level of commitment which in turn should show higher levels of satisfaction with the relationship".

The third hypothesis is formulated as:

H3: Commitment has a positive influence on customer satisfaction

3.4.4 Communication

Anderson and Narus (1990:44) define communication as: "the formal as well as informal sharing of meaningful and timely information between firms". This definition is supported by Gilaninia *et al.* (2011:795): "communication refers to the ability to provide timely and trustworthy information" which is adopted for this study. Gilaninia *et al.* (2011:795) further argue that communication is an interactive dialogue between the company and its customers: "communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs. It is the communicator's task in the early stages to build awareness, develop consumer preference (by promoting value, performance and other features), convince interested buyers and encourage them to make the purchase decision.

Communication also tells dissatisfied customers what the organisation is doing to rectify the cause of the dissatisfaction". In light of this, timeous communication, which provides relevant information will lead to customer satisfaction and loyalty. Timely communication also assists in resolving disputes and aligning perceptions and expectations. Based on the above discussions a partner's perception of past, present and future communication from another partner will result in greater satisfaction if frequent and of high quality, relevant, timely and reliable. The deduction is that communication leads to a strong relationship satisfying both parties and should be proactive and not reactive.

This leads to the fourth hypothesis as:

H4: Communication has a positive influence on customer satisfaction.

3.4.5 Satisfaction, cooperation and continuity

Wilson (1995:338) states: "because we are discussing business relationships, performance satisfaction is a critical variable. Partners, especially sellers, must deliver high-level satisfaction on the basic elements of the business transaction. Buyers need to satisfy their partner's business needs or they risk becoming marginalised". Davis (2008:313) states: "in order to be successful in a business relationship, it is necessary for organisations to analyse clients' needs and determine satisfaction". In tandem with Ulaga and Eggert (2004:316): "customer satisfaction is widely accepted among researchers as a strong predictor for behavioural variables such as repurchase intentions, word-of-mouth, or loyalty". Kotler (1994:20) stresses that: "the key to customer retention and loyalty is customer satisfaction".

Wilson (1995:338) defines performance satisfaction as: "the degree to which the business transaction meets the business performance expectations of the partner. Performance satisfaction includes both product specific performance and non-product attributes". While Geyskens *et al.* (1999:223) defines a purchasing manager's satisfaction with a supplier as: "an affective state of mind resulting from the appraisal of all relevant aspects of the business relationship".

For the purposes of this study, the definition of customer satisfaction provided by Roberts-Lombard (2009:73) is applicable: "the degree to which a business's product or service performance matches up to the expectation of the customer. If the performance matches or exceeds the expectations, then the customer is satisfied, if the performance is below par then the customer is dissatisfied".

Van Vuuren *et al.* (2012:83) states: "customer satisfaction is influenced by expectations, perceived service and perceived quality. Expectations influence total satisfaction when the customer evaluates a product or service. Satisfaction is a customer's emotional response when evaluating the discrepancy between expectations regarding the service and the perception of actual performance. Perceived quality is measured through recent service experiences that consist of two components, namely perceived product quality and perceived service quality".

Davis (2008:313) maintains the reasons for customer satisfaction can be categorised according to " a demonstrated understanding of their problems, needs or interests, an interactive and communicative relationship, consistency in time and budget (additional costs providing value), as well as meeting of expectations and matching previous favourable experience, together with process predictability". Consequently: "satisfaction clearly arises from a cognitive process of comparing perceived performance against some comparison standards and the feeling of satisfaction essentially represents an affective state of mind" (Ulaga and Eggert, 2004:316).

Gilaninia *et al.* (2011:796) view loyalty as: "a deeply held commitment to re-buy or re-patronise a preferred product or service in the future despite situational influences and marketing efforts which have the potential to cause switching behaviour". Van Vuuren *et al.* (2012:84) concedes: "the concept of customer loyalty has been defined in a number of ways however, there are two key characteristics. Firstly, loyalty encompasses attitude and behaviour or behavioural intention, and secondly, loyalty is assessed and created over time". For the purpose of this study, customer loyalty will refer to customers engaged in business relationships for a period of one year or more.

Cooperation has been defined by Anderson and Narus (1990:45) as: "similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time". Cooperation should be proactive rather than an attempt at coercion to take interdependent actions (Morgan and Hunt, 1994:25). Wilson (1995:338) states: "the interaction of cooperation and commitment results in cooperative behaviour allowing the partnership to work, ensuring that both parties receive the benefits of the relationship".

Ulaga and Eggert (2004:316) discovered that: "satisfaction is the strongest predictor (compared to trust and commitment) of a firm's decision not to leave a relationship". Similarly, Rauyruen and Miller (2007) maintain that satisfaction influences behavioural loyalty (purchase intentions) compared to the effects of trust and commitment. Consequently, in agreement with the findings of Palmatier *et al.* (2006), this study positions satisfaction as a precursor to both continuity and cooperation. In this study loyalty or continuity reflects expectations of the relationship duration while cooperation reflects willingness of one organisation to work with another. Both outcomes reflect the intentions and behaviours associated with working with another firm.

In light of this, the fifth and six hypotheses, respectfully are developed as:

H5: Customer satisfaction has a positive influence on cooperation

H6: Customer satisfaction has a positive influence on continuity/or loyalty.

3.5 Theoretical Framework

Drawing on literature and the conceptual frameworks discussed, a framework of dimensions (supplier competencies, trust, commitment and communication) is presented in Figure 3.1. The mediating variable is customer satisfaction and the outcomes are customer cooperation and loyalty.

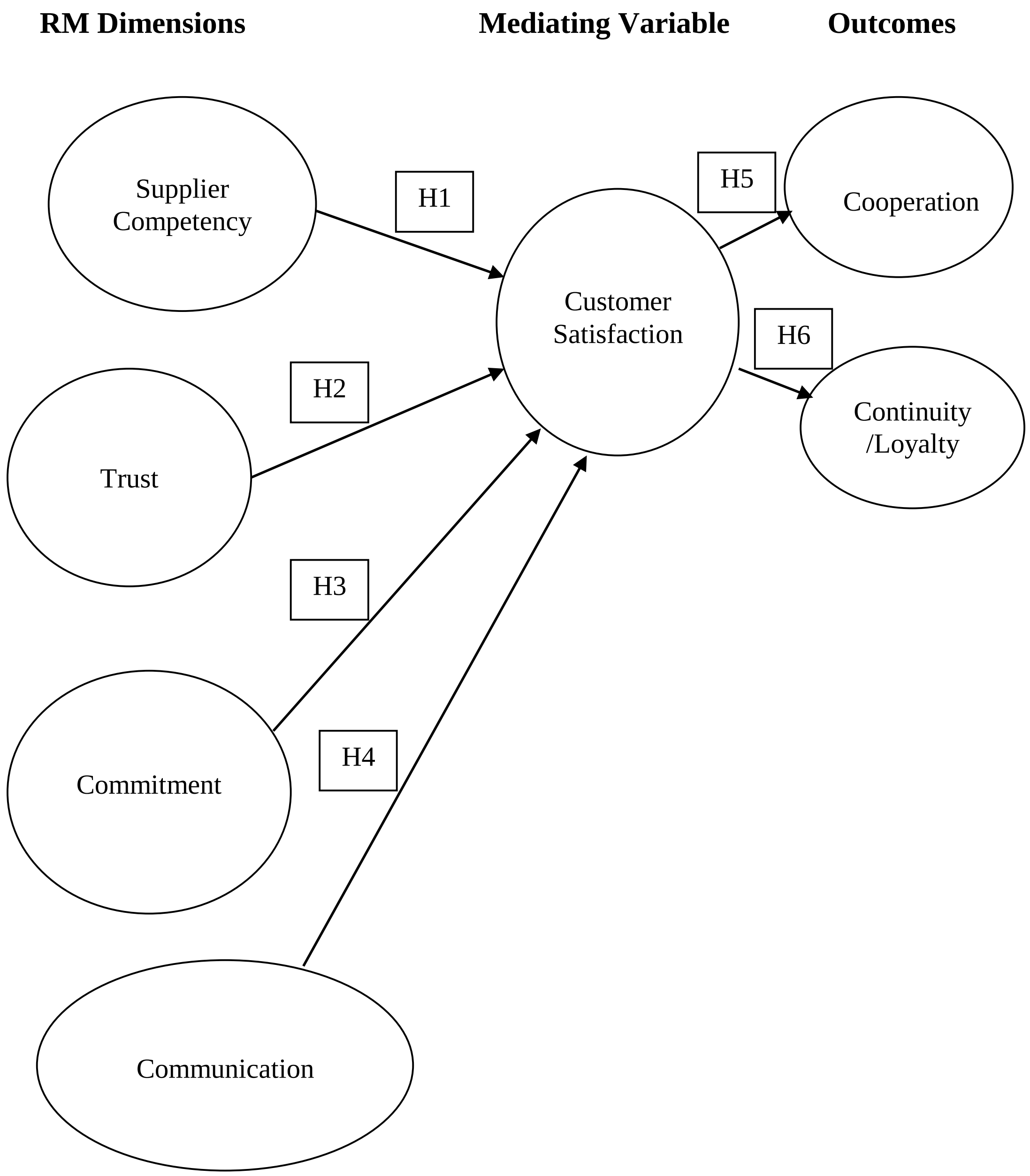


Figure 3.1: RM theoretical Framework - Cement Industry

3.6 Hypotheses for the Study

In light of the above, the hypotheses tested in the study are as follows:

H1: Supplier competencies have a positive influence on customer satisfaction

H2: Trust has a positive influence on customer satisfaction

H3: Commitment has a positive influence on customer satisfaction

H4: Communication has a positive influence on customer satisfaction

H5: Customer satisfaction has a positive influence on customer cooperation

H6: Customer satisfaction has positive influence on customer loyalty/continuity.

3.7 Summary

Chapter Three described relationship marketing frameworks and discussed the contributions and short comings of existing buyer-seller relationship models. The theoretical model of the study was developed, along with hypotheses, objectives and research questions. In proposing the conceptual model for the study, supplier competency, trust, commitment and communication were identified as the predictors for RM dimensions. Customer satisfaction was determined as mediating variable and the outcome as customer cooperation and customer continuity or loyalty.

CHAPTER 4

4. SOUTH AFRICAN CEMENT INDUSTRY

4.1 Introduction

It is important to contextualise RM theories, benefits, definitions and the proposed conceptual framework for the study in terms of the cement industry in South Africa by evaluating its role in the South African economy. In this chapter, the extent to which relationships are practised are determined, along with the implications for industry players. The purpose of the chapter is to provide the context in which cement manufacturers operate and to provide a background for each of the major suppliers' operations, capabilities, market share and contribution to the industry. A brief history of cement production is presented, clarifying industry players and target markets. The nature of competition is believed to directly affect the research design selected for the study.

It should be noted that the researcher encountered challenges in compiling this chapter, similar to those described by Ballim (2007:138): "South Africa's literacy and education levels are not particularly favourable and this dearth is also acute in the general areas of high-level research and technology application skills in cement and concrete materials science and engineering". As a result, much of the information included in this chapter is limited to the views of a few authors and company online platforms, it is anticipated therefore that the study will add to the existing body of knowledge and contribute significantly to the existence of academic research in the field.

4.2 Importance of Cement industry to South African Economy

Snyman (2010:1-2) states: "the cement industry is a major employment generator and contributes significantly to the South African economy. The South African construction industry of which the cement industry is part of, is a major player in the Southern African Development Community".
Snyman (2010:1-2) further states:"It is a major job creator in the economy and employed over 1.8 million people at various skills levels during 2009 and generating annual revenue

of approximately R267 billion. In 2009 the production capacity of cement stood at 17.5 million tonnes, an increase of 24% from 2008 production levels. This level of increase was expected to be maintained over the coming three years Snyman (2010:1-2) believes".

According to Olivier (2015:1-2): "with governments across the continent committing billions of dollars to infrastructure, Africa is at the start of a 20 to 30 year infrastructure development boom. The strategic importance of the cement sector will play a key role in the government's infrastructure roll out plans, which are going to require a sustainable supply of cement if these ambitious targets are to be met. It is expected that these rapid infrastructure developments in the Southern Africa will brighten the prospects of the cement industry in the region and thus open the market to intensive competition".

According to Rossouw (2015:1): "the cement industry adds significant value to South Africa and its people. The value received by cement employees represented 69% of the value created. This is a significant contribution. According to Statistics South Africa more than 1.8 million people are employed by the cement industry. The state received 19% of value created in the form of direct taxes. The reality is that the state receives significantly more if one takes into account the tax on employee income deducted from the employees' salaries and net indirect taxes like value added tax".

In light of South Africa's massive unemployment rate (25%) constituting predominantly unskilled labour, the construction industry is perceived as the sector, which may provide a solution owing to its labour intensive characteristics (Olivier,2015:1-2). Oliver (2015:1-2) also maintains: "while inadequate infrastructure may be the single biggest threat to Africa's long-term growth, at the same time it also represents a significant opportunity for investors in the cement industry to finance infrastructure such as the construction of ports, power stations and housing projects". According to the Gauteng Growth Development Agency (2015:1-12): "the cement industry remains a key sector, serving all sectors of the South African economy. It has a strategic role to fulfil if the country is to develop and grow, as envisaged in the National Development Plan.
Analysts believe that if government is to make inroads into solving the unemployment crisis, the housing backlog, a proactive relationship with the cement industry needs to be developed.

4.3 Restructure of Cement Industry

The cartel was restructured in 1994 by the new government in order for new competitors to enter and allow industry players to compete and provide consumers with greater choice. The restructure of the cartel system created new marketing challenges in the industry, such as the need to establish marketing systems including new market channels, branding and establishing relationships with key customers. Table 4.1 below shows the change in market share of the cement players between 1994 and 2009 Concrete Society of Southern Africa, 2009:1-5):

Table 4.1: Cement industry market share after 1994

Company name	Market share at beginning of 1994	Market share at the end of 2009
Pretoria Portland Cement	43%	39%
AfriSam	24%	19%
Larfage	23%	18%
Cimpor	10%	7%
Sephaku	0%	10%
Conticem	0%	3%
Independent Producers	0%	4%

(Cement and Concrete Institute of South Africa Annual Report 2009)

In view of the above, it is clear that the intensity of competition in the South African market is increasing. As a result, cement industry players are required to develop methods to retain customers as more intense competition emerges. Relationship marketing is one of the strategies marketers can use to retain customers in the cement industry (Gronroos, 1996:12).The restructure of the cartel system therefore generated a convergence for the introduction of relationship marketing in the industry.

4.4 Relationship Marketing for Cement Industry

Theron and Terblanche (2010:384) state: “relationship marketing as a management concept is important for acquiring sustainable profitability and as a means of protecting an organisation from the effects of competition. It has been proven that those organisations that embrace relationship marketing are in a better position to lower their marketing costs and be in a position to achieve their long term goals". Athanasopoulou, (2009:583) maintains: "researchers have concluded that it is five times more expensive to acquire new customers than to keep existing ones". Organisations should therefore strive to develop long-term relationships with customers in order to build customer loyalty and increase profitability.

In order to validate the need for an RM framework in the cement industry, the Competition Tribunal reached a settlement with AfriSam South Africa (Pty) Ltd, on 1st November 2011 wherein: "the company admitted it took part in a cement cartel. AfriSam agreed to pay a penalty of about R125 million. This was after the company admitted that it entered into arrangements and agreements with PPC, Lafarge and Cimpor to divide markets and indirectly fix the price of cement" (Competition Tribunal of South Africa, 2011:1-2).It is evident from this case that some cement organisations continue to collude on price fixing, subsequent to restructuring of the cartel system.

However, the findings of the Competition Tribunal signify that cement companies will be required to work independently which would likely result in intense competition. Consequently, the cement industry must ensure a loyal customer base is developed, RM could facilitate achievement of this goal. In this regard, a framework or particular dimensions of RM that could be applied to the cement industry are crucial.

Furthermore, the anticipated increase in competition and the findings of the Competition Tribunal support the views of Theron and Terblanche (2010:383): "the marketing environment has changed considerably over the past decades and organisations are increasingly building relationships with their customers to protect themselves from competitors".

Gilaninia *et al*. (2011:789), state: "there are three main categories affecting the necessity of relationship marketing, namely change in competition, change in customers and change in environment". In the case of the cement industry, all three criteria have been met post the restructure.

These criteria affect the necessity of RM according to the following characteristics (Gilaninia *et al*., 2011:789):

Change in competition - competitive conditions such as the entry of new competitors and globalisation. A case in point are independent producers such as Sephaku and Conticem who entered the cement market post 1994.

Change in customers - more experienced customers with greater information on products, as well as change in customer needs and purchasing behaviour. A change in composition of customer base was also apparent with the introduction of Black Economic Empowerment (BEE) in 1998, which required companies to conduct business with black customers, an aspect which was not practised prior to 1994.

Change in the environment - incorporate changes in rules, regulations and economic conditions. Factors such as the introduction of the anti-competition commission in 1994, BEE in 1998 and the new Labour Relations Act of 1998, changed the way organisations conducted business in South Africa.

In terms of the cement industry, three of the above criteria are applicable namely change in competition, change in customers and change in the environment. Snyman (2010:1-2), states: "Robust growth in the construction industry has had many implications for the local cement industry, by 2009 the rapidly growing demand for cement put pressure on supply and this resulted in all players increasing production capacity. By 2009, production capacity increased by 24% to 17.5 million tonnes".

South Africa experienced cement shortages during the stipulated period and this in turn created an environment for new cement players to enter the market and in this manner enhance the competition landscape as outlined below (Olivier, 2015:1-2).

Rossouw (2015:1-3) and the Gauteng Growth Development Agency (2015:1-12), described the fundamental changes reshaping the South African economy, which highlight the importance of embracing RM within the cement industry:

1. The Department of Housing set out an invitation in March 2010, which endeavoured to expose the construction industry to growing opportunities. In this respect, suppliers of alternative building methods were invited to collaborate and it appears one particular building method, lightweight steel construction, is gaining momentum, which will inevitably have a future impact on cement operations.

2. The growing demand for greener buildings and the use of environmentally friendly materials is taking shape in South Africa, which will mould future demand.

3. A shift from spending on economic infrastructure to social infrastructure is prevalent, therefore the future focus will be on smaller projects, resulting in increased competition among cement suppliers.

The anticipated increase in competition within the industry, government spending on smaller projects, demand for alternative building materials and the findings of the Competition Tribunal support the statement made by Theron and Terblanche, (2010:383), that the marketing environment has changed considerably over the past decade and organisations are increasingly building relationships with customers to protect themselves from competitors

4.5 Historical Perspective of Cement Production in South Africa

According to Ballim (2007:137): “cement production in South Africa started in 1892 when the Eerste Cement-Fabrieken Beperkt (First Cement Factory, Limited), now known as Pretoria Portland Cement, was established near a dolomitic limestone deposit outside Pretoria. In its first year of operation, the company produced about 1000 tons of cement”.

Ballim (2007:137) also states: “the industrial expansion of the 1960s and 1970s saw production output grow to around 7 million tons per annum”. During this period cement consumption increased from 2 million tons per annum in 1960 to 4 million tons in 1970 and 15 million tons per annum in 2007 to 19 million tons per annum in 2010 (Southern Africa Concrete Society, 2012).

Such rapid growth was driven by urbanisation and infrastructure development, as described by Ballim (2007:138): “in 2005, the total cement output was 13 million tons and rose to 17.5 million tons in 2009. The reasons for this increase can be attributed to the award of the 2010 soccer World Cup to South Africa, infrastructure development and a general increase in industrial activity”.

4.6 Industry Players

According to Sheath (2002:np), “the construction industry of which cement is part, generates a turnover in excess of R50 billion per year, employing over 1.8 million people. He further estimates the total size of the construction activity to be worth R10 billion per annum, a contribution of about 1-2% to the Gross Domestic Product (GDP)”.

This illustrates the importance and key role of the industry to the South African economy. In terms of per capita usage of cement in 2007, South Africa with its population of 47 million, stood at 202kg, compared to Kenya with 60kg per capita, while the USA produced over 300kg per capita and Germany over 400kg per capita (Ballim, 2007:138).

The statistics show that cement consumption in South Africa is lower in comparison to the developed world, but is more advanced when compared to other African countries. According to Sheath (2012): “11.2 million tons of cement were sold domestically and 1,5 million tons of exports (total 12.7 million tons) in 2011 at an average price of R1200 per ton giving it a market size of R15, 2 billion. GDP in 2011 in South Africa was R13,130 billion, therefore contributing 0.49% to the economy”.

Sheath (2012) also states: “there are six major cement manufacturers in South Africa, namely Pretoria Portland Cement, Larfage, AfriSam, Cimpor, Sephakhu and Conticem”. Descriptions of cement manufacturers in South Africa are presented below:

- **Pretoria Portland Cement (PPC) -** Started operations in 1892 with a current production capacity of approximately 7.1 million tons per annum, it is considered the market leader with 39% market share and forms part of Barloworld. PPC cement has eight manufacturing facilities and three milling depots across South Africa, Botswana and Zimbabwe, the company also produces aggregates, metallurgical lime, burnt dolomite and limestone. One of PPC's objectives in Sub-Saharan Africa is to develop into a leading emerging market business, in this regard the company believes it is crucial not to lose focus on performance and image in terms of historical markets. These two key strategies support PPC's vision of enhancing the cement industry-leadership position in Southern Africa, while expanding the operational footprint into other parts of Sub-Saharan Africa (Snyman, 2010:1-2).

"The history of the company is closely linked to the growth and development of South Africa. PPC has produced cement for many of the country's most famous landmarks and construction projects. These include the Union Buildings, the Gariep Dam, Van Stadens River Bridge, the Huguenot Tunnel and much of the remainder of Southern Africa's infrastructure"(Pretoria Portland Cement Corporate Profile, 2013:1-3). PPC also exports some of its products to other African countries including Rwanda, Democratic Republic of Congo, Ethiopia and the Indian Ocean Islands (Pretoria Portland Cement Corporate Profile, 2013:1-3). Whilst PPC is regarded as one of the leading cement suppliers in Southern Africa with a dominant footprint and market share in the region, the company has been accused in several instances of price fixing and has been the subject of competition tribunal investigations.

- **AfriSam -** is the second market leader with 19% market share and is locally black owned. It started operations in 1934 with a current production capacity of approximately 4.6 million tons per annum.
  AfriSam has five production facilities across South Africa and over 40 ready-mix concrete plants, as well as aggregate and slagment.

- **Lafarge South Africa -** is the third market leader with 18% market share and is owned by Lafarge, France. It started operations in 1940 with a current production capacity of approximately 3.5 million tons per annum.

- **Cimpor -** is the fourth cement manufacturer with 7% market share and is owned by Cimpor, Portugal. It started operations in 1964 with a current production capacity of approximately 1.6 million tons per annum.

- **Sephaku Cement -** is the fifth cement manufacturer with 10% market share and is owned by Dangote, Nigeria. It is currently under construction, which was expected to be completed in August 2013, however the company continues to import cement with an expected production capacity of 2 million tons per annum when in operation.

- **Conticem -** the sixth cement manufacturer with 3% market share. It is also currently under construction, expected to be completed in 2013, however it it continues to import cement with an expected production capacity of 1 million tons per annum when in operation (Snyman, 2010:1-2).

4.7 Target Market

Ballim (2007:138) states: "South African cement production and consumption is mainly derived by demand in industrial, infrastructure, housing development and government spending as witnessed during the period of 1960 to 1970 and 2007 to 2010, when there was a rapid increase in cement demand as a result of rapid industrial developments and the awarding of the hosting of the 2010 soccer world cup".

In terms of markets, cement companies primarily supply products to other corporations such as construction companies, hardware outlets, government departments, ready mix companies, mining companies and concrete manufacturers.
The focus of this study is therefore on the dynamic interplay between cement producers (suppliers) and the major customers, as well as the manner in which relationship marketing can enhance their interdependence.

It should be noted that the current study focuses on suppliers (cement manufacturers) as perceived by buyers (major cement customers) and the implementation of RM in the industry. Table 4.2 below shows cement market segments and consumption of the industrial sector (Concrete Society of Southern Africa. (2009:1-5).

Table 4.2: Market segment and consumption of sector

Segment	Inhabitants	Use
Industrial (44%)	Concrete product manufacturers (17%) Readymix (18%) Mines (2%) Blenders (7%)	The product is used to make other products. Cement is transformed (concrete, slabs and roof tiles
Construction (9%)	Building (4%) Civil (5%)	The product is transformed and used in mortar, plaster and soil stabilisation
Retail (47%)	Small to medium builders, contractors and DIY (47%)	The product is not transformed, mainly sold in bags for use by DIY, contractors and small builders

The above demonstrates that on the whole, cement produced in South Africa is distributed through the retail sector, unlike developed countries where cement is primarily consumed by the ready mix sector and which is still developing in South Africa (Ballim, 2007:138).

According to Sheath (2012), two major areas of growth exist in South Africa as follows:

- Organic growth - the government's priorities are housing, education and employment. As several people live in basic shack dwellings, the endeavour is to provide more acceptable housing and accommodation.

  This will require construction of two or three million homes and to this end, several systems have been proposed for fast, low cost housing which include the use of cement in one form or another.

- Market share – in terms of civil engineering, concrete roads present a major opportunity for cement supply. As only 400-500 km of roads are concrete, the priority is to obtain a larger market share of road construction, not merely national roads, but also smaller, low volume roads that feed into newly formed townships and settlements.

4.8 Characteristics of South African Cement Products

According to Sheath (2012), the following aspects characterise cement production in South Africa:

- High quality cement products are manufactured according to the latest European specifications that were first introduced into the country in 1996. All cementitious products are manufactured to standards which include SABS EN 197 or to SABS ENV 413.

- South Africa is strategically located to serve the entire African continent.

- All-purpose cement is a specially blended, high quality combination, engineered for general building and masonry usage, it is popular with builders, architects, engineers, contractors and home improvers.

- High strength cement is generally used in brick and block-making, reservoirs, pre-cast operations, structural and mining operations. The strength of this cement type makes it ideal for specialised applications.

- Rapid, hard cement is ideal for use in cold weather conditions and in the precast concrete industry where quicker demoulding times are required, or in construction projects to facilitate earlier striping of formwork and earlier bridge launching or highest sliding rate.

4.9 Summary

This chapter described the contribution of the cement industry to the South African economy. The major cement manufacturers were identified and target markets for cement manufacturers were described. The chapter also highlighted the rationale for selecting the cement industry as the focus of the study as well motivational factors embracing RM in the industry. A brief history of cement production in South Africa was also explained and the significance of the study to the cement and other related industries was outlined.

CHAPTER 5

5. RESEARCH DESIGN AND METHODOLOGY

5.1 Introduction

This chapter provides an overview of the research method used in the study. The research methodology is directly influenced by the oligopolistic competitive nature of the cement industry as well as the relevant markets and industry players. The study is focused on business-to-business relationship marketing in the context of the South African cement manufacturing industry. This chapter demonstrates how the problem statement, research objectives, research questions and hypotheses influence the research methodology. The research design is explained in terms of the research questions and objectives. The three major types of research designs (exploratory, descriptive and experiments) are discussed and an appropriate selection is made for the study. Details of data collection methods, data collection instruments, sampling and sample size are also discussed, along with the questionnaire design, pre-testing and data analysis techniques utilised.

5.2 Focus of the Study

The current study is based on determining the dimensions of relationship marketing in the context of the South African cement manufacturing industry. As previously discussed, a conceptual model was formulated for the study and variables were determined for testing. The relationship marketing variables include supplier competency, trust, commitment and communication, with the mediating variable being satisfaction and the outcomes being cooperation and loyalty. The scope of the study consisted of major cement customers in the construction, retail and concrete producer markets in South Africa.

5.2.1 Hypotheses for the study

The hypotheses for the study are as follows:

H1: Supplier competency has a positive influence on customer satisfaction
H2: Trust has a positive influence on customer satisfaction
H3: Commitment has a positive influence on customer satisfaction
H4: Communication has a positive influence on customer satisfaction
H5: Customer satisfaction has a positive influence on customer cooperation
H6: Customer satisfaction has positive influence on customer loyalty/continuity

5.2.2 Problem statement

Similar to any other business, it is vital for cement companies to aim for providing value to customers in order to retain, satisfy and pursue long-term relationships in order to be in a position to compete and sustainably contribute to future profitability. In order to add value, cement manufacturers must be aware of the RM dimensions in the cement industry. However, the limited published research, which deals with the dimensions for the cement industry in South Africa, becomes problematic. In addition, the existing research in this field tends to focus on other industries and do not provide any standard dimensions for relationship marketing. It is anticipated that the development of good marketing strategies in RM will assist cement companies in implementing strategies aimed at retaining and offering value to customers at increased profit.

5.2.3 Research objectives

The research objectives are:

1. To test the satisfaction as a mediator between causes and outcomes. Causes include supplier competency, trust, commitment and communication. Outcomes are cooperation and continuity or loyalty.

2. To develop a framework of RM dimensions from a business-to-business perspective for the South African cement manufacturing industry.

3. To identify the dimensions of relationship marketing from a business-to-business perspective.

4. To recommend specific RM dimensions which address gaps in cement industry marketing and which can be used as a guideline for future business-to-business marketing activities.

5. To determine the value and benefits of relationship marketing.

5.2.4 Research questions

The research questions that the study focuses on are:

1. What are the dimensions of RM that lead to business-to-business customer satisfaction with a cement supplier?

2. What are the outcome dimensions of RM for satisfied customers?

3. What is the importance of RM in the cement manufacturing industry?

4. What are the dimensions of business-to-business RM in the cement manufacturing industry in South Africa?

5. Is customer satisfaction a mediator between cause and RM outcomes in the cement industry?

5.3 Research Design

According to Malhotra (2010:102) and Lacobucci and Churchill (2010:58) research design is defined as an outline or blue print for directing the marketing research project, it stipulates the details of the procedures necessary for obtaining the information needed to structure or solve marketing research problems.

Saunders *et al.* (2012:159) indicates: “the research design is the general plan of how you will go about answering your research questions. It specifies the sources from which you intend to collect data and how you propose to collect and analyse the data”. Burns and Bush (2010:143) states: “research design is a set of advance decisions that make up the master plan specifying the methods and procedures for collecting and analysing the needed information”. Therefore, research design is summarised as a process of collecting, analysing, interpreting and reporting of research results for managerial decision making purposes.

According to Burns and Bush (2010:143), there are motives to justify the importance placed on the research design. First, while every problem and research objective may seem to be exceptional, there are usually resemblances among problems and objectives to allow us to make some pronouncements in advance about the best design to use to resolve a problem. Second, there are some basic marketing research designs that can be successfully matched to given problems and research objectives. In this way, they serve a researcher much like the blueprint serves a builder.

The research design guides the researcher through the study in a systematic way in order to answer the research questions and objectives. While research problems and objectives may differ, the methodology to achieve them is generally the same. Lacobucci and Churchill (2010:74) maintain a research design: “ensures that the study will be relevant to the problem and that it uses economical procedures”.

5.3.1 Qualitative versus quantitative research

Qualitative research is primarily concerned with obtaining in depth information from respondents, it makes use of open-ended questioning techniques and is based on a small non-representative sample, employing non-statistical techniques for data analysis (Wilson, 2012:125). The qualitative research method was not regarded as suitable for the current study.

The primary goal of a quantitative survey research method is to provide specific facts and estimates from a large, representative sample of respondents which can be used to generalise findings on relationships (Joseph *et al.*, 2009:235).

Quantitative research applies statistical techniques to analyse data and in most instances use questionnaires with closed ended questions (Wilson, 2012:126). The quantitative research method was selected for the study to enable collection of primary data from the major customers of cement manufacturers in South Africa

5.3.2 Types of research designs

According to Lacobucci and Churchill (2010:58) and Burns and Bush (2010:144), three types of research design exist, these include exploratory, descriptive and causal, which are briefly discussed below:

- **Exploratory research design -** Lacobucci and Churchill (2010:58) states it focuses on: "the discovery of ideas and insights" while Burns and Bush (2010:144) states: "exploratory research is most commonly unstructured, informal research that is undertaken to gain background information about the general nature of the research problem. It does not have a predetermined set of procedures, rather, the nature of the design changes as the research changes and as the researcher gains information. It is informal in that there is no formal set of objectives, sample plan or questionnaire".

- **Descriptive research design -** Burns and Bush (2010:159) states it is: "undertaken to obtain answers to questions of who, what, where, when and how". Lacobucci and Churchill (2010:59) states: "descriptive research is typically concerned with determining the frequency with which something occurs or the relationship between two variables".

- **Causal research design** - according to Lacobucci and Churchill (2010:59) it is: "concerned with determining cause and effect relationships and these are studied via experiments". Burns and Bush (2010:154) states: "causality may be thought of as understanding a phenomenon in terms of conditional statements of the form 'if x, then y' and these "if-then" statements become our way of manipulating variables of interest".

An overview of the three different types of research design is presented in Table 5.1 (Lacobucci and Churchill, 2010:60; Burns and Bush, 2010:144-155).

Table 5.1: Types of research designs

Research Design	Research Application	Research Type
Exploratory Research	• Formulate problems more precisely • Develop hypotheses • Establish priorities for research • Eliminate impractical ideas • Clarify concepts	• Literature search • Experience survey • Focus groups • Interviews • Projective tests • Ethnographies
Descriptive Research	• Describe segment characteristics • Estimate proportion of people who behave in a certain way • Make specific predictions	• Longitudinal study • Panel • Sample survey
Causal Research	• Provide evidence regarding causal relationships by means of: − Concomitant variation − Time order in which variables occur − Elimination of other explanations	• Laboratory experiment • Field experiment

Source: Lacobucci and Churchill (2010:60)

Based on the information presented in Table 5.1 above, the descriptive research design was chosen for this study as it provides answers to the "who, what, when, where and how" questions and involves collecting numeric data to answer the research questions (Joseph *et al*., 2009:51). Saunders *et al.* (2012:163) states: "the data is used to test theory and it examines relationships between variables, which are measured numerically and analysed using a range of statistical techniques".

5.4 The Survey Research Method

According to Malhotra (2010:211) the survey method of attaining information is based on the questioning of respondents. A structured questionnaire is administered to a sample of a population and designed to draw specific information from respondents. Wilson (2012:131) supports this notion: "surveying involves the structured questioning of participants and the recording of responses". It is necessary to consider the various types of survey methods in order to select one particular type for this study, in addition, clarification of the advantages would support the rationale for selection of the survey method. Table 5.2 below shows some of the advantages of using survey methods in general (Burns and Bush, 2010:267; Wilson, 2012:130-131).

Table 5.2: Advantages of surveys

Advantage	Description
Provide standardisation	All respondents react to questions worded identically and presented in the same order.
Easy to administer	Interviewers read questions to respondents and record their answers quickly and easily. In many cases respondents read and respond to questions themselves.
Gets beneath the surface	Although not to the extent of depth interviews, or focus groups, surveys commonly asks questions about motives, circumstances, sequences of events, or mental deliberations.
Easy to analyse	Standardisation and computer processing allow for quick tallies, cross-tabulation, and other statistical analyses despite large sample sizes
Reveals subgroup differences	Respondents can be divided into segments or subgroups for comparison in search of meaningful differences.
More easily replicated	In comparison with qualitative studies, quantitative studies can be more easily replicated and direct comparison can be made between results
Quantify the incidence	The data gathered provides answers that can quantify incidence of particular behaviours, motivations and attitudes in the population under investigation

Source: (Burns and Bush, 2010:267; Wilson, 2012: 130-131)

The survey research method requires individuals to answer the same predetermined set of questions, responses are selected from a set of possible answers which are recorded in a structured, precise manner (Joseph *et al.*, 2009:235). According to Saunders *et al.* (2012:177) surveys are frequently conducted by means of questionnaires which permit for the gathering of homogenous data from a sizeable population in a highly inexpensive way and the survey strategy is perceived as commanding by people in general and is both reasonably easy to explain and to understand. Saunders *et al.* (2012:177) also state: "the survey strategy allows you to collect quantitative data which you can analyse quantitatively using descriptive and inferential statistics and data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships".

In light of the above perspectives, the survey research method was selected for the current study as the aim was to construct a model of relationship marketing for the cement industry. The main goal of quantitative survey research is to provide specific facts and estimates from a large, representative sample of respondents that can be used to generalise findings on relationships (Joseph *et al.,* 2009:235). Burns and Bush (2010:270-271) maintains the survey method has: "four major modes of collecting survey information from respondents and these are personal interview, computer facilitated interview, self-administered interview and mail interviewing". Descriptions as well as advantages and disadvantages of the four data collection modes are shown in Table 5.3.

Table 5.3: Data collection methods: advantages and disadvantages

Collection method	Description	Advantages	Disadvantages
Personal surveys	Face-to-face surveys conducted in home or office of respondent. May also involve computer-assisted personal interviews.	• Quick feedback • Rapport • Quality control • Adaptability • Motivation • Improve understanding • Control visual elements • Persuade respondents to complete questionnaire • Privacy	• Humans errors • High cost • Fear of interview evaluation • Time consuming
Telephone survey	Respondents interviewed by telephone May involve computer assisted telephone interviews	• Fast turnaround • Reasonable cost • Yields high quality sample	• No visuals • No observation of body language • Quantity and type of information that can be collected is limited • High non-response errors
Mail survey	Questionnaires mailed to pre-selected respondents with return envelope, covering letter and possibly an incentive. The respondent completes and return questionnaire	• Economical • Can cover national and international areas • No interviewer bias • Respondent convenience • Piggybacking	• Low response rate • Lack of control of respondent • Long time to receive feedback
Electronic survey	Respondent completes an e-mailed questionnaire or accesses a web page to complete a questionnaire	• Reduced cost • Fast delivery • Easily personalised	• Technical skills may be required • Set up costs can be high

Source: (Burns and Bush, 2010:271-291); Wilson, 2012:131-151)

Survey methods may be compared in terms of the following criteria (Malhotra, 2010:221-228):

- **Diversity of questions and flexibility -** depend on the degree of interaction between respondent, interviewer and questionnaire, as well as the ability to see the questions.

- **Use of physical stimuli –** it is occasionally helpful or necessary to use physical stimuli such as the product, a product prototype, or promotional displays during interviews
- **Sample control -** the ability of the survey mode to effectively and efficiently reach the units specified in the sample
- **Quantity of data -** refers to the suitability of a survey to allow for the collection of large amounts of data.
- **Response rate -** is broadly defined as the percentage of the total attempted interviews which are completed.
- **Control of the data collection environment -** the degree of control a researcher has over an environment in which the respondent answers a questionnaire.
- **Control of field force -** consists of interviewers and supervisors involved in data collection
- **Potential for interview bias -** the extent of prejudice a survey design allows, in terms of selecting respondents, asking questions and recording the answers.
- **Speed -** measures the rate at which the questionnaire is created, distributed and returned.
- **Cost -** involves survey expenditure
- **Perceived anonymity -** refers to the respondents' perceptions that the interviewer or researcher will not discern their identities.
- **Social desirability and sensitive information -** is the tendency of respondents to provide answers which are socially acceptable, whether or not they are true.
- **Low incidence rate -** refers to the rate of occurrence or the percentage of persons eligible to participate in the study.
- **Respondent control -** methods which allow respondents control over the interviewing process solicit greater cooperation and are therefore desirable.

Table 5.4 below presents a comparative evaluation of survey methods.

Table 5.4: Evaluation of survey methods

Criteria	Telephone	In-home Interviews	Mall-Intercept Interviews	Mail Surveys	Mail Panels	E-Mail	Internet
Diversity of questions and flexibility	Low to moderate	High	High	Moderate	Moderate	Moderate	Moderate to high
Use of physical stimuli	Low	Moderate	High	Moderate	Low	Moderate	Moderate
Sample control	Moderate to high	High	Moderate	Low	Moderate	Low	Low
Quantity of data	Low	High	Moderate	Moderate	High	Moderate	Moderate
Response Rate	Moderate	High	High	Low	High	Low	Very Low
Control of data collection environment	Moderate	High	High	Low	Low	Low	Low
Control of field force	Moderate	Low	Moderate	High	High	High	High
Interviewer bias	Moderate	High	High	None	None	None	None
Speed	High	Moderate	Moderate	Low	Low	High	Very High
Cost	Moderate	High	Moderate	Low	Low	Low	Low
Anonymity	Moderate	Low	Low	High	High	Moderate	High
Social desirability	Moderate	High	High	Low	Low	Moderate	Low
Sensitive information	High	High	Low	High	Moderate	Moderate	High
Incidence rate	High	Low	Low	Moderate	Moderate	Moderate	High
Respondent control	Low to moderate	Low	Low	High	High	High	High

Source: (Malhotra, 2010:222)

In terms of the above analyses of the different modes of surveys, the personal survey method (interview administered survey) was selected for the current study in order to obtain information from decision makers in the cement industry. Wilson (2012:131) states: "personal-interviewing methods involve meeting the respondent face-to-face and interviewing them using a paper based questionnaire, a lap-top computer or an electronic notepad". The personal interviewing method was regarded as most suitable for "business-to-business or organisational research which requires interviews with business executives" (Burns and Bush, 2010:280).

The most prominent advantages of the personal-interviewing method encountered in fieldwork, include the following (Wilson, 2012:131):

- Motivates respondent to take part and answer difficult questions
- Convinces the respondent to participate
- Assists respondent with difficult questionnaires
- Judges the interest, impatience and seriousness of the respondent
- Controls visual elements of the questionnaire
- Improves understanding

The disadvantages of personal interviewing are (Wilson, 2012:132):

- Is more costly and time consuming
- Need well trained interviewers
- Quality control may be difficult
- May be difficult to motivate interviewers

As this study involves business-to-business, the personal interview method was deemed appropriate for obtaining information from decision makers who may be reluctant to respond to surveys if other methods are used. The personal interviewing method also scores highly on several criteria measured above.

According to Wilson (2012:132), the following are different personal survey methods available to researchers:

- In-home interviews, undertaken at respondent's place of residence
- In-office interviews, occurring at the place of work
- Mall-intercept interviews, usually takes place with respondents in shopping malls

The in-office interview method was selected for the current study on account of the following aspects (Sekaran and Bougie, 2013:147):

- The research team can collect completed responses within a short period of time
- Respondents' uncertainties on questions can be clarified immediately
- It is assumed respondents would be more comfortable answering questions in a familiar environment
- The researcher is afforded the opportunity to introduce the topic and request the respondent to offer candid answers

5.5 Survey Population and Sample Size

Sekaran and Bougie (2013:244) state that sampling is the procedure of choosing a satisfactory number of the accurate elements from the population, so that a study of the sample and an understanding of its properties or characteristics make it possible for us to simplify such properties or characteristics to the population elements. The primary sampling steps followed in this study include (Sekaran and Bougie, 2013:244):

- Define population
- Determine sample frame
- Determine sampling technique
- Determine sample size
- Execute sampling process

Table 5.5 below shows the sampling process for the study.

Table 5.5: Design of sampling

Define Target Population	
1. Elements	Cement Customers
2. Sampling Units	Major cement buyers/decision makers
3. Extent	South Africa
4. Time	2014
5. Determine sampling frame	500 listed cement customer companies
6. Select sampling technique	Judgemental sampling technique
7. Determine sample size	362 major cement customers

Source: Adapted from Malhotra (2010:372)

Defining the population - according to Malhotra (2010:372): "the target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made". Sekaran and Bougie (2013:245) and Burns and Bush (2010:264) maintain: "the target population must be defined in terms of elements, geographical boundaries and time or is defined as the entire population under study as specified by the objectives of the research project" In this instance, the target population is defined as all cement customers in South Africa in 2014.

Determining the sample frame - "a sampling frame is a representation of the elements of the target population. It consists of a list or set of directions for identifying the target population. It is the physical representation of all the elements in the population from which the sample is drawn" (Malhotra, 2010:372; Sekaran and Bougie, 2013:245). The sampling frame in this case is all cement buyers or decision makers.

Selecting the sampling technique - Burns and Bush (2010:368) states: "all sample designs fall into one of two general categories, probability and non-probability. Probability samples are those in which members of the population have a known chance of being selected into the sample. Non-probability samples, on the other hand, are those where chances of selecting members from the population into the sample are unknown". The non-probability sampling technique was applied to the current study.

In addition, three main techniques of non-probability sampling exist, which include convenience sampling, judgement sampling and quota sampling as briefly described below (Sekaran and Bougie, 2013:252-253):

- **Convenience sampling:** refers to the collection of information from members of the population who are conveniently available to provide it.
- **Judgement sampling:** involves the choice of subjects who are most advantageously placed or in the best position to provide the information required.
- **Quota sampling:** ensures that certain groups are adequately represented in the study through the assignment of quota.

The advantages and disadvantages of the non-probability sampling design are shown in Table 5.6.

Table 5.6: Non-probability sampling design

Non-Probability Sample Design	Description	Advantages	Disadvantages
Convenience sampling	The most accessible members are chosen as subjects	• Quick • Convenient • Less expensive	• Not generalizable at all
Judgement sampling	Subjects are selected on the basis of expertise in the subject investigated	• Occasionally the only meaningful to investigate	• Not generalizable to entire population
Quota Sampling	Subjects are conveniently chosen from targeted groups according to some predetermined number or quota	• Very useful where minority participation in a study is critical.	• Not easily generalizable

Source: (Sekaran and Bougie, 2013:254)

The current study used non-probability sampling in the form of judgemental sampling, which was considered the most suitable sampling technique for business-to-business markets in accordance with Wilson (2012:192).

Particular importance is that: “a carefully chosen judgemental sample may be better able to represent the mix of potential respondents in a population than even a probability sample as you can balance your sample to be in keeping with known market characteristics" (Wilson, 2012:192).

Sekaran and Bougie (2013:252) state: "judgemental sampling involves the choice of subjects who are most advantageously placed or in the best position to provide the information required". Only those cases must be selected, which will allow for the fulfilment of research questions and objectives (Saunders *et al.*, 2012:287). In this respect, the current study is aimed at obtaining responses from a specific target group of customers, the target population is defined as the top 500 cement manufacturing companies who purchase products and services for re-sale and use in their own production (Abdul-Muhmin, 2005:623).

Determining the sample size - Saunders *et al.* (2012:283) state: "the issue of sample size in non-probability is ambiguous and unlike probability sampling, there are no rules. The sample size is dependent on your research questions and objectives, in particular, what you need to find out, what will be useful, what will have credibility and what can be done within your available resources". However, according to Burns and Bush (2010:416), two methods of determining sample size apply when using non-probability sampling, namely the arbitrary approach and the conventional approach as discussed below:

1. **The arbitrary approach -** "May take on the guise of a percentage rule of thumb statement regarding sample size for example, a sample size should be at least 5% of the population in order to be accurate. It is simple and easy to apply but is neither accurate nor economical" (Burns and Bush, 2010:416).

2. **The conventional approach -** "follows some convention or number believed somehow to be the right sample size" (Burns and Bush, 2010:416). The conventional approach is used to determine sample size for this study. There are 500 listed cement customer companies in South Africa.

   A sample of 362 was selected from the 500, which was considered large enough to represent the population. Sekaran and Bougie (2013:246), summarise the factors affecting sample size decisions as follows:

- The research objective
- The extent of precision desired (the confidence interval)
- The acceptable risk in predicting that level of precision (confidence level)
- The amount of variability in the population itself
- The cost and time constrains
- In some cases the size of the population itself.

The sample elements or respondents included manufacturing companies in South Africa. A total of 362 respondents were targeted, constituting a large enough sample to generalise the results to the entire population. A judgemental sampling procedure was used, as the research required contact with the major customers of cement suppliers. According to Sekaran and Bougie (2013:259) judgemental sampling design is: "used where the collection of specialised informed inputs on the topic area researched is vital, and the use of any other sampling design would not offer opportunities to obtain the specialised information".

5.6 Measuring Instrument for Developing Questionnaire

5.6.1 Questionnaire design process

Malhotra (2010:335) states that the ultimate weakness of questionnaire design is the absence of theory. Since there are no scientific principles that guarantee the best or perfect questionnaire, the questionnaire design is an expertise developed through experience. It is an art rather than science. However, the questionnaire design process Malhotra, 2010:336) described below was implemented for the study:

- Specify the information needed
- Specify the type of interviewing method
- Determine the content of individual questions
- Design questions to overcome respondent's inability and unwillingness to answer
- Decide the question structure
- Determine the question wording

- Arrange the questions in proper order
- Identify the form and layout
- Reproduce the questionnaire
- Eliminate bugs by pretesting

5.6.1.1 Specify the information needed- are clarified in the preceding sections.

5.6.1.2 Specify the type of interviewing method - are clarified in the preceding sections

5.6.1.3 Determine the content of individual questions

Zikmund and Babin (2010:698) state: “designing a questionnaire is a critical part of the research process”. According to Trochim and Donnelly (2006:112): “researchers need to consider three particular factors in designing questionnaires, the question content, scope and purpose a response format that allows for accurate data collection from respondents and correctly wording the questions so that it addresses the issue at hand”.

In terms of operationalization of constructs in the conceptual model, Amy and Charvat (2008:173) state: “operationalization is the process whereby the selected constructs are turned into measurable phenomenon” Zikmund and Babin (2010:325), define constructs as: “concepts which are measured with multiple variables”. Barker *et al.*(2010:52) observe that researchers advocate the use of multiple indicators to measure underlying constructs.

Table 5.7 indicates the conceptual and operational definitions of each of the constructs used in this study, as well as the scale used to measure each construct. The operational definition refers to the measurable indicators or items which are used in the questionnaire.

Table 5.7: Constructs for questionnaire development

Concept: Supplier Competency	
Conceptual Definition	**Operational Definition**
"An ability to sustain the coordinated deployment of assets in a way that helps a firm to achieve its goals" (Sanchez *et. al.*, 1996:8)	Please (X) the extent to which you agree or disagree with the following statements: • In terms of cement supplier competency • Quality performance of a product makes it easier to do business with a cement supplier • On time delivery performance makes us happy with a cement supplier • Flexibility is critical in this business • The ability of a cement supplier to provide specialized training programs on product use can enhance our relationship satisfaction with the supplier • Joint problem solving allows us to have a positive relationship with a cement supplier • Special product capability and new product development will make us want to continue doing business with a cement supplier Adapted from: Goffin *et. al*. (2006:200-209). Individual items are to be scored on a 7 point Likert scale with values from 1 to 7 where 1 represent "strongly disagree" and 7 "strongly agree"

Concept: Trust

Conceptual Definition	**Operational Definition**
"Occurs when one party has confidence in exchange partner's reliability and integrity" (Morgan and Hunt, 1994:23) "An expectancy of positive outcomes" (Thomas, 2009:346) Scored on Likert scale -1 to 7 (1 = "strongly disagree" and 7 = strongly agree"	Please (X) the extent to which you agree or disagree with the following statements: • With regard to a cement supplier trust • It is important for a cement supplier to keep promises made to us • A cement supplier must be trustworthy in a relationship • In a relationship, a cement supplier can be counted on to do what is right • A cement supplier must be trusted at all times for us to be happy to do business with it • A cement supplier must have high integrity Adapted from: Morgan *et al.* (1994:20-38) and Svensson *et al.* (2010:1-11)

Table 5.7: Constructs for questionnaire development (cont.)

Concept: Commitment	
Conceptual Definition	**Operational Definition**
"It is the desire to continue the relationship and to work to ensure its continuance and that commitment is an implicit pledge of relational continuity among partners" (Wilson, 1995:337)	Please (X) the extent to which you agree or disagree with the following statements: • With regard to commitment • The relationship that my firm has with a cement supplier is something we are very committed to • The relationship that my firm has with a cement supplier is something our firm intends to maintain • The relationship that my firm has with a cement supplier deserves our firm's maximum effort to maintain • We would like to continue our work with a cement supplier • We intend to do business with a cement supplier well into the future Adapted from: Morgan *et al*. (1994:20-38) and Svensson *et al*. (2010:1-11) Individual items are to be scored on a 7 point Likert scale with values from 1 to 7 where 1 represent "strongly disagree" and 7 "strongly agree"
Concept: Communication	
Conceptual Definition	**Operational Definition**
"The ability to provide timely and trustworthy information" (Gilaninia *et al*., 2011:795)	Please (X) the extent to which you agree or disagree with the following statements: • With regard to communication • The ability of a cement supplier to provide timely relevant information is very important • Trustworthy information is important all the time • Communication is an interactive dialogue between a cement supplier and its customers • A cement supplier must keep its customers informed of new developments • A cement supplier must communicate well its expectations for our firm's performance Adapted from: Gilaninia *et al*. (2011:780-790) Individual items are to be scored on a 7 point Likert scale with values from 1 to 7 where 1 represent "strongly disagree" and 7 "strongly agree"

Table 5.7: Constructs for questionnaire development (cont.)

Concept: Satisfaction	
Conceptual Definition	**Operational Definition**
"The degree to which a business's products or service performance matches up to the expectations of the customer" (Roberts-Lombard, 2009:73)	Please (X) the extent to which you agree or disagree with the following statements: • With regard to satisfaction • A relationship with a cement supplier must reflect a happy situation • The relationship between our firms must be trouble-free • The relationship between the two firms must be satisfying • A cement supplier must deliver high-level satisfaction on the basic elements of business transaction • A cement supplier must understand customer needs Adapted from: Morgan and Hunt (1994:25) Individual items are to be scored on a 7 point Likert scale with values from 1 to 7 where 1 represent "strongly disagree" and 7 "strongly agree"

Concept: Cooperation

Conceptual Definition	**Operational Definition**
"Similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time" (Anderson and Narus, 1990:45)	Please (X) the extent to which you agree or disagree with the following statements: • With regard to cooperation • My firm prefers to cooperate with a cement supplier • My firm prefers to get along with a cement supplier • My firm's cooperation with a cement supplier is a priority • Working jointly with a cement supplier on issues that affect both firms is important • It is good for our processes/ or procedures to be coordinated with those of a cement supplier • Coordinating our activities with those of the cement supplier makes business sense Adapted from: Svensson *et al*. (2010:1-11) Individual items are to be scored on a 7 point Likert scale with values from 1 to 7 where 1 represent "strongly disagree" and 7 "strongly agree"

Table 5.7: Constructs for questionnaire development (cont.)

Concept: Continuity/Loyalty

Conceptual Definition	**Operational Definition**
"Deeply held commitment to re-buy or repartonise a preferred product or service in future despite situational or marketing efforts to cause switching behavior" (Gilaninia *et al.*, 2011:796)	Please (X) the extent to which you agree or disagree with the following statements: • With regard to continuity/loyalty • An enduring relationship with a cement supplier makes business sense • A relationship with a cement supply must be a long-term alliance • A relationship with a cement supplier must be one which last • Loyalty makes us not leave our cement supplier • Being loyal to a cement supplier reduces uncertainty Adapted from: Svensson *et al.* (2010:1-11) Individual items are to be scored on a 7 point Likert scale with values from 1 to 7 where 1 represent "strongly disagree" and 7 "strongly agree"

5.6.1.4 Question design

Respondents should be asked questions on topics they are aware of and must have the necessary recollection pertaining to the question. "The inability to remember leads to errors of omission, telescoping and creation" (Malhotra, 2010:340). These issues were taken into consideration when designing the questionnaire

5.6.1.5 Question structure

There are three main forms of questions based on their forms for capturing data, open-ended, closed and scaling responses (Wilson, 2013:157-161).

The three forms are briefly described below:

- **Open-ended questions -** also known as unstructured questions, are those in which respondents can reply in their own words. There are no pre-set choices of answers and the respondent is able to make a decision whether to provide a brief, one-word answer or a more detailed response.

- **Closed questions -** require the respondent to make a selection from a predefined list of responses. Two main types of closed questions include dichotomous questions with only two potential responses and multiple response questions with more than two responses.

- **Scaling questions -** refers to the procedure used for the assignment of numerical measures to subjective concepts such as attitudes, opinions and feelings. In the study, the dimensions of RM and its outcomes were measured on a seven point Likert scale with 1= strongly disagree, 2= disagree, 3= somewhat disagree, 4=neither agree nor disagree, 5= somewhat agree, 6= agree and 7= strongly agree. According to Joseph *et al.* (2009:370), a Likert scale typically consists of four scale descriptors and requires that respondents indicate the extent to which they either agree or disagree with a series of mental or behavioural statements on a given object.

The questions will be structured and closed-ended. With the exception of nominal data, a Likert scale with responses categorised from 1- low to- 7 high were used to determine the extent of agreement to particular questions (Davis, 2008). Naoum (1998) refers to these response categories as quantifiers and that it indicates that they afforded a respondent with the opportunity of not only answering a checklist but also to record a level of intensity of agreement or disagreement. Statistical techniques can be used to manipulate and analyse data obtained.

Table 5.8 below shows advantages and disadvantages of using structured as opposed to unstructured questions. This validates the choice of the structured questions used in the study.

Table 5.8: Structured or unstructured questions

Questions	Advantages	Disadvantages
Unstructured	• Enable researchers to uncover reasons not previously recognised • May assist in clarifying answers to other questions appearing in the questionnaire • Quality information can be obtained • May lead to more structured questions	• Makes editing and coding difficult • Analysis and interpretation is difficult • Difficult to determine relationship between variables • Depth of answers may vary dramatically between respondents
Structured	• All respondents provide same level of depth and interviewers merely tick the selected box • Interviewer bias can be eradicated • Analysis and interpretation of data is less complex • Questions are completed more rapidly • Coding and data entry are simplified	• Some respondents experience difficulty in choosing answers with two options • Bias can take place • Question design can become time consuming

Source: (Wilson, 2013:157-159; Malhotra, 2010:344-345)

Because of the advantages offered by the structured questions, the researcher made use of them in designing the questionnaire.

5.6.1.6 Question wording: "The overriding principle should be that wording and phrasing should be simple and straightforward as possible" (Wilson, 2013:171; Wilson, 2013:171-174; Bougie and Sekaran, 2013:150-153; Burns and Bush, 2010:341-342; Malhotra, 2010:346-349), offer some guidelines outlined in Table 5.10 which where adhered to in this study with regard to questionnaire wording.

Table 5.9: Guidelines for questionnaire wording

Guidelines	Description
Define the issue	A question should clearly define the issue being addressed
Use ordinary words	Ordinary words should be used and should match the vocabulary of the respondent
Use unambiguous words	Words in the questionnaire should have a single meaning that is known to the respondents
Avoid leading or biasing questions	A question should not be worded in a manner which leads the respondent towards an answer
Avoid implicit alternatives	Avoid making an implied alternative explicit, as this may increase the percentage of people selecting that alternative
Avoid implicit assumptions	Questions should not be worded so that the answer is dependent upon implicit assumptions about what will happen as a consequence
Avoid generalisation and estimates	Questions should be specific rather than general
Dual statements: positive or negative	Positive and negative statements should be used when measuring attitude
Avoid lengthy questions	Long questions should be avoided as they tend to discourage respondents from providing answers
Avoid double-barrelled questions	Do not ask two questions in one

Source:(Wilson, 2012:171-174; Sekaran and Bougie, 2013:150-153; Burns and Bush, 2010:341-342; Malhotra, 2010:346-349)

5.6.1.7 Layout and order of questionnaire

The questionnaire used for the study (Appendix 1) and the layout is presented as follows:

Cover letter - a cover letter was attached to the questionnaire which introduced the research purpose and what was expected from each participant as well as an approximate indication of the time required to complete the questionnaire.

Respondents were assured that the information collected during the study would be treated as confidential and would remain anonymous, all personal names or company names would be excluded.

The questionnaire - consisted of two parts, the first nominal part requested biological information such as position and level of seniority in the company to ensure the survey was completed by the correct individual. The second part consisted of a series of seven point Likert scale questions to determine the level of agreement or disagreement with a statement regarding a cement supplier.

Pretesting the questionnaire - a pre-test involves conducting a dry run of the survey on a small representative set of respondents in order to discover errors before the survey is launched" (Burns and Bush, 2010:354). The questionnaire was pre-tested with 20 respondents conveniently sampled. "It is important to pre-test the questionnaire to ensure that the questions are understood by the respondents and that there are no problems with the wording or measurement. This helps to rectify any inadequacies before administering the instrument to respondents" (Sekaran and Bougie, 2013:158).

5.7 Data Collection Method

Research assistants were used to collect data using structured, self-administered questionnaires. The research assistants were to set appointments and sit with the respondents while they complete the questionnaire. This was done in order to improve the response rate. Questionnaires were placed in envelopes and after completing the respondents will then place them back in the envelopes provided and seal them. Research assistants were used also because of the nature of the sample design and the characteristics of the respondents, which are senior business people who are difficult to get and who have less time or less interested completing questionnaires in left alone to do it. Therefore research assistants, "are the most probably the most effective way of enlisting cooperation" (Aaker *et al*., 2011:233).

The assistants were trained on issues relating to data collection including how to approach respondents and ethics in data collection.
This view is supported by Sekaran and Bougie (2013:120), "Interviewers have to be thoroughly briefed about the research and trained in how to start an interview, how to proceed with the questions, how to motivate respondents to answer, what to look for in the answers and how to close an interview". The training also helped them to familiarise themselves with the contents of the questionnaire. Respondents to the questionnaire were approached in their places of work/offices.

Face-to-face interview technique with self-administered questionnaires was chosen because, according to Sekaran and Bougie (2013:124), "has the main advantage that the researcher can clarify doubts, ensure that questions are properly understood, the ability to rephrase the questions, can establish and motivate respondents and usually yields high response rate. The disadvantages may be that it takes time, costs more when wide geographical region is covered, respondents may be concerned about confidentiality of information given, interviewers need to be trained and can introduce interviewer bias". Despite these disadvantages, face-to-face interview was chosen as it provides higher response rate (Almost 100% response rate ensured) as compared to other methods of interviewing.

Table 5.10 below presents the process for data collection and the fieldwork for the study.

Table 5.10: Data collection and fieldwork

Data Planning Stages	Process
Selection of Fieldworkers	• A Job specification was developed • Fieldworkers were graduate students of marketing from University of Johannesburg, in total ten in total were recruited
Training of Fieldworkers	• Fieldworkers were trained on how to make initial contact with respondents, how to probe, how to ask questions and how to end the interview.
Supervision of Fieldworkers	• A manager was assigned to each of the nine provinces to check on: Samples Quality Cheating
Validation of Fieldwork	• The project leader made contact with 10% of respondents for verification purposes
Evaluation of Fieldworkers	• Fieldworkers were evaluated based on: Cost and time Response rate Quality of data Quality of interviewing

Adapted from: (Malhotra, 2010:445)

5.8 Non-Sampling Errors

Two types of errors may occur in research studies, namely sampling and non-sampling error. Sampling error is resolved during the sampling process (Burns and Bush, 2010:429). Non-sampling error occurs during data collection and is defined (Burns and Bush, 2010:429) as: "all errors in a survey except those attributable to the sample plan and the sample size, these include all types of non-response errors, data gathering errors, data handling errors, data analysis errors and interpretation errors". Table 5.11 below presents an overview of data-collection errors and the strategies used to overcome them in the current study.

Table 5.11: Data-collection errors

Type	Strategies for controlling
Non-coverage	• Used different sources for obtaining the sampling frame • Selected the sample in such a way as to reduce incidence such as ignoring eligible elements
Not at home/ Not in office	• Advance appointment made with interviewers • Contacted secretaries of designated persons
Refusals	• Respondents were persuaded on value of the research • Advance notice of the survey was provided • Guaranteed anonymity
Intentional fieldworker errors such as cheating and leading respondent	• Supervision • Validation
Unintentional fieldworker errors such as interviewer characteristics and misunderstanding	• Interviewers were trained in interview techniques • Orientation and role playing was provided
Fatigue	• Necessary breaks were given
Falsehoods	• Interviewers were trained in interview techniques • Orientation and role playing were provided
Misunderstanding	• A well drafted questionnaire was used • The questions were uncomplicated

Adapted from: (Burns and Bush, 2010:437; Lacobucci and Churchill, 2010:390)

5.9 Data Preparation and Analysis

5.9.1 Data preparation

Prior to data analysis, data was subjected to a preparation process as outlined by Malhotra (2010:453-465).The process is illustrated in Table 5.12 below.

Table 5.12: Data preparation process

Process	Description of what happened
Questionnaire checking	All questionnaires were checked for completeness and interviewing quality
Editing	Questionnaires were screened to identify illegible, incomplete, inconsistent and ambiguous responses
Coding	Assigning codes to all possible response
Transcribing	Coded data was transferred from questionnaires into computer software
Data cleaning	Involved consistency checks and treatment of missing responses
Statistically adjust the data	Involved scale transformation and weighting
Data analysis	Appropriate data analysis strategy was selected

Adapted from: (Malhotra, 2010:453-465)

5.9.2 Statistical analyses used in marketing research

Burns and Bush (2010:461) state: "marketing researchers can use five basic types of statistical analyses to reduce the data matrix, namely descriptive analysis, inferential analysis, differential analysis, associative analysis and predictive analysis".

The five types of statistical analyses are represented below in Table 5.13.

Table 5.13: Statistical analyses for market researchers

Type	Description	Example	Statistical Concepts
Descriptive analysis	Summarize basic findings for the sample	Describe the typical respondent, describe similarity of respondents to the typical respondent.	Mean, median, mode, frequency distribution, range, standard deviation
Inferential analysis	Determine population parameters, test hypotheses	Estimate population values	Confidence interval, hypothesis test
Differences analysis	Determine if differences exist, evaluate statistical significance of difference in the means of two or more groups in a sample	Evaluate the statistical significance of difference in the means of two or more groups in a sample	*t* test of differences, analysis of variance
Associative analysis	Determine associations	Determine if two variables are related in a systematic way	Correlation, cross-tabulation
Predictive analysis	Find complex relationships within the variables in the data set	Determine the dispositions of several variables' influences on a key variable	Multiple regression

Descriptive analysis, inferential analysis, associative analysis and predictive analysis, are the statistical techniques used in this study and the specific statistical techniques used in this study are discussed in the following sections:

- **Data capturing and analysis**

  The data collected from the completed questionnaires was subjected to editing, coding and quality checking for correctness, consistency and completeness. Data analysis was carried out by subjecting the collected data into the SPSS statistical programme in to perform data analysis.

- **Respondent validation**

  The purpose of data validation was to determine if surveys, interviews and observations were conducted in the correct manner and free of prejudice (Joseph *et al.* 2009:455). In order to facilitate accurate data collection, each respondent's name, address and telephone number was recorded (Joseph *et al.*, 2009:455).

To verify authenticity of submitted data, approximately ten percent of respondents were contacted by the researcher to discuss their experiences in completing the questionnaire, as suggested by Joseph *et al.* (2009:455): “most marketing research professionals target between ten and thirty percent of completed interviews for callbacks”.

- **Reliability and Validity**

“The reliability of a scale indicates the extent to which it is free from random error”, (Pallant, 2007:6). “The two frequently used indicators of scale reliability include test-retest reliability and internal consistency. Test-rest reliability of a scale is assessed by administering it to the same individuals on two different occasions and calculating the correlation between the two scores obtained”, (Pallant, 2007:6). “High test-retest correlations indicate a more reliable scale”, (Hair *et al.* 2006:137).

Internal consistency is the degree to which the items that make up the scale all measure the same underlying attribute. In this instance the commonly used statistic is Cronbach’s coefficient alpha, which provides an indication of the average correlation among the scale items. Values range from zero to one, with higher values indicating greater reliability (Pallant, 2007; Hair *et al.*, 2006).

“The validity of a scale refers to the degree to which it measures what it is intended to measure”, (Pallant, 2007:7). The three primary types of validity are content validity, criterion validity and construct validity. “Content validity refers to the adequacy with which a measure or a scale has sampled from the intended domain of content”, (Pallant, 2007:7; Hair *et al.,* 2006:136). “Criterion validity concerns the relationship between scale score and some specified, measurable criterion”, (Pallant, 2007:7; Hair *et al.,* 2006:136). Construct validity involves testing a scale not against a single criterion but in terms of theoretically derived hypotheses concerning the nature of the underlying variable or construct (Pallant, 2007; Hair *et al.,* 2006).

Several measures were used during this study to assess reliability and validity of collected data, which involved consistency checks to identify data that were out of range, logically inconsistent, or extreme values (Malhotra, 2010). Out-of-range data values were regarded as inadmissible.

- **Mean**

"A measure of central tendency. It is the average value characterising a set of numbers" (Burns and Bush, 2010:466). The purpose of the mean as stated by Malhotra *et al.* (2012:622) is that, "The mean, or average value, is the most commonly used measure of central tendency. The measure is used to estimate the mean when the data have been collected using an interval or ratio scale. The data should display some central tendency, with most of the responses distributed around the mean".

- **Standard Deviation**

"The standard deviation indicates the degree of variation or diversity in the values in such a way as to be translatable into normal, or bell-shaped curve, distribution", Burns and Bush (2010:468). "The standard deviation is expressed in the same units as the data, rather than in squared units" (Malhotra *et al.,* 2012:623).

- **Regression Analysis**

"Regression analysis is a statistical procedure for analysing associative relationship between a metric-dependent variable and one or more independent variables" (Malhotra *et al*., 2012:704). According to Malhotra *et al*. (2012:704), regression analysis can be used in the following ways:

- Determine whether the independent variable explains a significant variation in the dependent variable and verify whether a relationship exists.

- Determine how much of the variation in the dependent variable can be explained by the independent variables, indicates strength of relationship
- Determine the structure or form of the relationship or the mathematical equation relating the independent and dependent variables
- Predict the values of the dependent variable
- Control other independent variables when evaluating the contributions of a specific variable or set of variables.

They are two types of regression analysis i.e. Bivariate and Multiple regression analysis (Hair *et al.,* 2006; Malhotra *et al.,* 2012). "Bivariate is a procedure for deriving a mathematical relationship, in the form of an equation, between a single metric-dependent variable and single independent variable" (Malhotra *et al.,* 2012:704) while, "Multiple regression analysis is a statistical technique that can be used to analyse the relationship between a single dependent variable and several independent variables" (Hair *et al.,* 2006:176). The multiple regression analysis was used in this study.

- **Correlation analysis (r)**

"Correlation (r) is a statistic summarising the strength of association between two matric variables" (Malhotra *et al*., 2012:696). According to Hair *et al*. (2006:171), "Correlation coefficient (r) indicates the strength of association between any two metric variables. The sign (+ or -) indicates the direction of the relationship. The value range from +1 to -1, with +1 indicating a perfect positive relationship, 0 indicating no relationship, and -1 indicating a perfect negative or reverse relationship (as one variable grows larger, the other variable grows smaller)".

- **Structural Equation Modelling (SEM) and Path Analysis**

To examine and test the measurement and structural properties between the constructs of the conceptual framework, structural equation modelling and path analysis was used. "Structural Equation Modelling (SEM) is a statistical technique that describes relationships between variables" (Svensson*et al.,* 2010:5).

"The SEM is used to measure the several variables, their interrelationship simultaneously and the multiple dependent relationships between variables" (Hair *et al.*, 2006:711). SEM is considered to be a confirmatory analysis because it is useful for testing and potentially confirming theory (Hair *et al.,* 2006:720).

"**Confirmatory factor analysis** is a technique used to estimate the measurement model. It seeks to confirm whether the number of factors (or constructs) and the loadings of observed variables on them conform to what is expected on the basis of theory. Indicator variables are selected on the basis of theory, confirmatory factor analysis is used to see if they load as predicted on the expected number of factors" (Malhotra *et al.,* 2012:866).

SEM is distinguished from other multivariate techniques by the following characteristics, according to Malhotra *et al.* (2012:866):

- Representation of constructs as unobservable or latent factors in dependence relationships
- Estimation of multiple and interrelated dependence relationships incorporated in an integrated model
- Incorporation of measurement error in an explicit manner. SEM can explicitly account for less than perfect reliability of the observed variables, providing analyses of attenuation and estimation bias due to measurement error
- Explanation of the covariance among the observed variables. SEM seeks to represent hypotheses about the means, variances and covariances of observed data in terms of a small number of structural parameters defined by a hypothesised underlying model.

- **Path Analysis**

According to Hair *et al.* (2006:710) path analysis is: "a general approach that employs simple bivariate correlations to estimate relationship in a SEM model. It seeks to determine the strength of the paths shown in paths diagrams". When evaluating goodness-of-fit, the Chi-square was used.

> “The chi-square statistic is used to test the statistical significance of the observed association in a cross-tabulation. It assists in determining whether a systematic association exists between two variables” (Malhotra *et al.*, 2012:636).

5.10 Summary

The survey research methods were explained and the different research designs were looked into. The different interviewing techniques applicable to business-to-business studies were scrutinised and the method suitable for the study chosen. Each of the research steps were theoretical discussed and linked to the study. The chapter looked into the sampling errors and non-sampling errors in research studies and in particular how they were dealt with in this study. The different survey methods were discussed, their advantages and disadvantages compared and of the different survey methods. The processes followed in designing the questionnaire were outlined and discussed. Finally, the data processing preparation and data analytical techniques used in the study were discussed.

CHAPTER 6

6. DATA ANALYSIS AND DISCUSSION OF RESULTS

6.1 Introduction

The current study was based on determination of the dimensions of relationship marketing in the context of the South African cement manufacturing industry. A conceptual model for the study was designed and the variables used for testing were determined. The relationship marketing variables included supplier competency, trust, commitment and communication, with the mediating variable being satisfaction and the outcomes being cooperation and loyalty.

The research hypotheses, research problem statement, research objectives and research questions as postulated in sections 6.1.1, 6.1.2, 6.1.3, and 6.1.4 respectively, were tested. The scope of the study consisted of major cement customers in the construction, retail and concrete markets in South Africa. This chapter will present, analyse and discuss the results based on each objective. The chapter consists of two sections, the first presents the data analysis and the second includes a discussion of the results. Descriptive, inferential statistics as well as multivariate analysis techniques were used in the study.

6.1.1 Hypotheses for the study

H1: Supplier competency has a positive influence on customer satisfaction

H2: Trust has a positive influence on customer satisfaction

H3: Commitment has a positive influence on customer satisfaction

H4: Communication has a positive influence on customer satisfaction

H5: Customer satisfaction has a positive influence on customer cooperation

H6: Customer satisfaction has positive influence on customer loyalty or continuity.

6.1.2 Problem statement

It is vital for cement companies, similar to any business, to aspire towards providing value to their customers in order to retain, satisfy and pursue long-term relationships in an attempt to sustainably contribute to future profitability and be in a position to compete. In order to add value, cement manufacturers must be aware of what constitutes relationship marketing dimensions. However, research in this field focuses primarily on other industries. Therefore, the limited availability of research for the cement industry, particularly in South Africa, renders the process of acquiring knowledge on Relationship Marketing (RM) dimensions difficult. In addition, of great concern is the fact that it appears no agreed dimensions of RM currently exist. It is anticipated that the development of good marketing strategies in RM will assist cement companies in implementing strategies aimed at retaining and offering value to customers at increased profit.

6.1.3 Research objectives

1. To test satisfaction as a mediator between causes and outcomes. The causes are supplier competency, trust, commitment and communication. The outcomes are cooperation and continuity or loyalty.

2. To develop a framework of RM dimensions from a business-to-business perspective for the management of RM in the South African cement manufacturing industry.

3. To identify the dimensions of RM from a business-to-business perspective.

4. To recommend specific RM dimensions which address gaps in cement industry marketing and which can be used as a guideline in future business-to-business marketing activities.

5. To determine the value and benefits of relationship marketing

6.1.4 The research questions

1. What are the dimensions of RM that lead to business-to-business customer satisfaction with a cement supplier?

2. What are the outcome dimensions of RM for satisfied customers?

3. What is the importance of RM in the cement manufacturing industry?

4. What are the dimensions of business-to-business RM in the cement manufacturing industry in South Africa?

5. Is customer satisfaction a mediator between causes and RM outcomes in the cement industry?

6.2 Descriptive Statistics

6.2.1 Response rate

Malhotra (2010:224) defines response rate as: "the percentage of the total attempted interviews that are completed". In order to achieve the study objectives and fulfil the research questions, 362 questionnaires were distributed, using an in-office personal interviewing method. A total of 362 questionnaires were completed and returned, representing a one hundred percent (100%) response rate. This exceeded the typical response rate (between 60% and 80%) in cases where the same method was used (Malhotra, 2010:224). The high response rate could be attributed to the following:

- Respondents were more comfortable answering questions in the comfort of a familiar work environment
- Well trained interviewers
- Respondents' level of trust in interviewers

- Respondents’ eagerness to be involved in a process which enables interaction with cement suppliers. Collection of completed responses was done within a short period of time (one month)
- Respondents’ queries or uncertainties were clarified immediately
- The researcher was afforded the opportunity to introduce the topic and encourage respondents to provide candid answers
- Interviewers made advance appointments
- Secretaries of designated persons were contacted to confirm the interviews
- Respondents seemed to understand the value of the study
- Advance notice of the survey was provided
- Anonymity was guaranteed
- The process involved sound supervision
- Interviewers were trained in interview techniques
- A well drafted questionnaire was used
- The questions were simple and easy to answer

6.2.2 Gender

This section establishes the gender constituency of respondents (section A of the questionnaire. Figure 6.1 below shows that the majority of the respondents were male (71%), while females comprised 29% of the sample. This shows that cement industry customers are male dominated, despite the fact that in South Africa, females make up approximately 52% of a total population of nearly 54 million people (Statistics South Africa, 2015:15-17).

While it seems fewer women are actively involved in this sector of the economy, given the background of South Africa, significant progress has been made in addressing the challenges of economic empowerment among women.

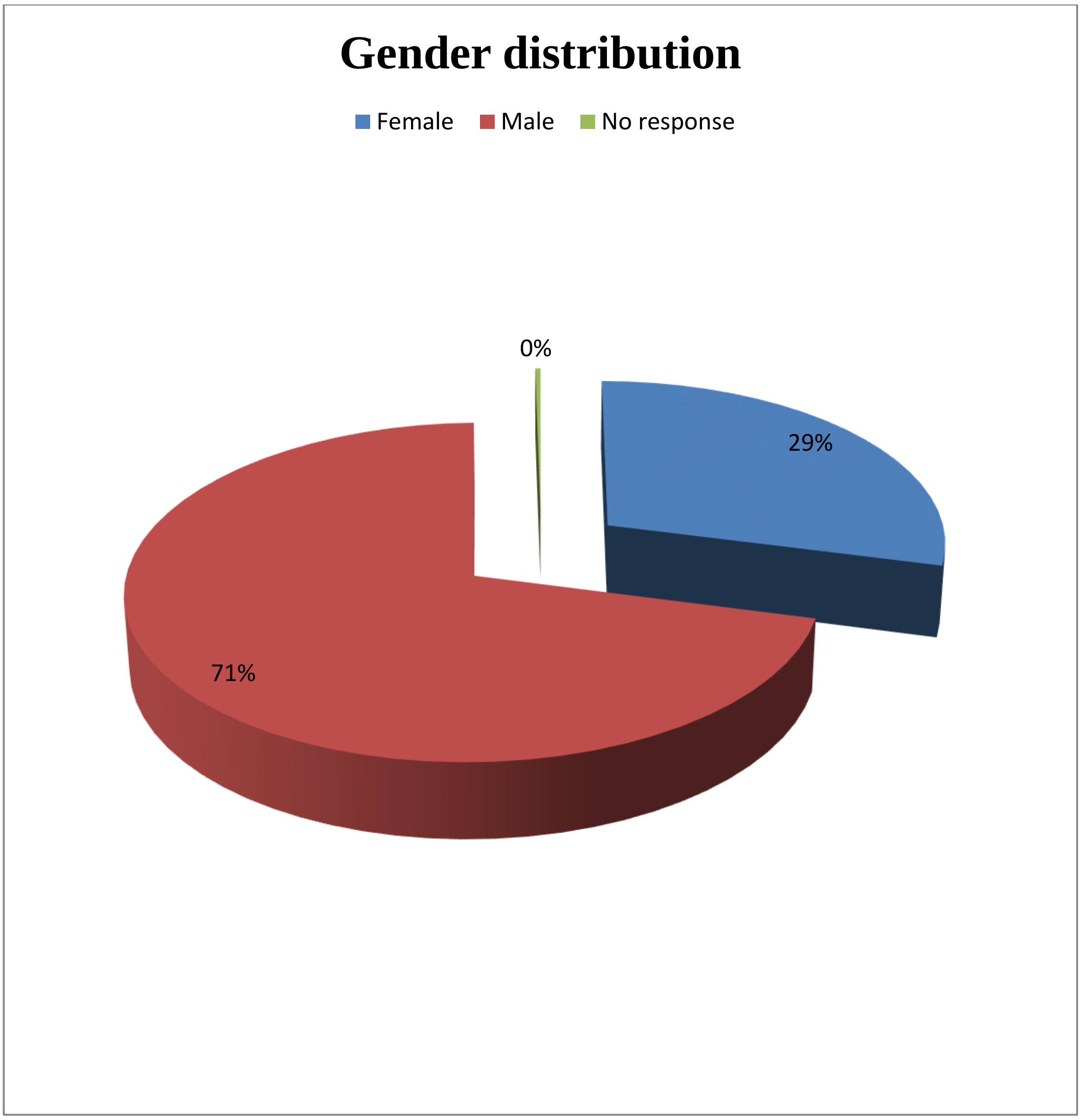


Figure 6.1: Gender Distribution

6.2.3 Racial groups

Figure 6.2 below indicates that the majority (47.2%) of the sample was white, followed by Black African (25.4%), Coloured (16.6%) and Asian/Indian (10.8%). This shows that White individuals constitute approximately half of the industry despite the fact that only 8% of the total South African population are white, while 80% are Black African (Statistics South Africa, 2015:15-17). The researcher is of the opinion that the high number of Black Africans in the industry must be commended, given the historical background of South Africa. This demonstrates significant progress has been achieved over the past 20 years since democracy, however more needs to be done.

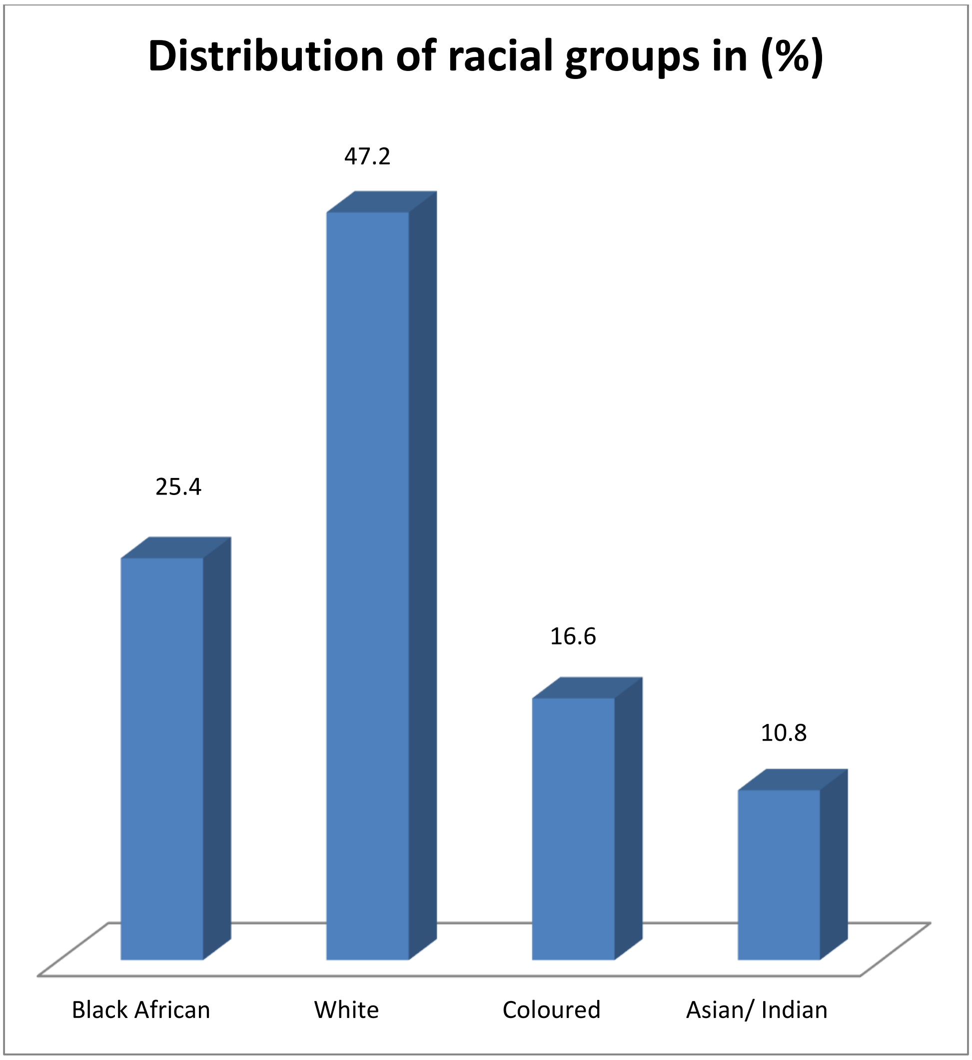


Figure 6.2: Sample Racial Group Distribution (%)

6.2.4 Position in the company

Table 6.1 below indicates that the majority of the respondents were buyers (30.9%), followed by managing directors and marketing managers (7.5%). The least respondents were logistics managers, foremen, personal assistants, credit controllers, factory managers and supervisors. This shows that the study was regarded as important, as indicated by the majority of senior decision makers who completed the survey. The researcher is of the opinion therefore, that the results of this study can be considered credible, as these types of respondents are difficult to recruit.

Table 6.1: Distribution of position in the company

Position in the Company				
		Frequency	**Valid Percent**	**Cumulative Percent**
Valid	Buyer	112	30.9	30.9
	Marketing Manager	27	7.5	38.4
	Marketing Director	16	4.4	42.8
	Managing Director	84	23.2	66.0
	Owner	18	5.0	71.0
	Operation Manager	8	2.2	73.2
	Admin Manager	3	.8	74.0
	Branch Manager	13	3.6	77.6
	Supervisor	3	.8	78.5
	General Manager	23	6.4	84.8
	Store Manager	14	3.9	88.7
	Despatch Manager	5	1.4	90.1
	Factory Manager	2	.6	90.6
	Accounts	2	.6	91.2
	Sales	10	2.8	93.9
	Plant Manager	5	1.4	95.3
	Regional Manager	2	.6	95.9
	Contract Manager	4	1.1	97.0
	Credit Controller	1	.3	97.2
	Personal Assistant	1	.3	97.5
	Foreman	1	.3	97.8
	Logistics Manager	1	.3	98.1
	No response	7	1.9	100.0
	Total	362	100.0	

6.2.5 Years of experience

Figure 6.3 below indicates the study sample consists of 31.8% of respondents who have spent 6-10 years in their current positions, followed by those who have been employed for 1-5 years (27.1%), more than 15 years (21.8%) and 11-15 years (18.5%). Participants who did not respond included 0.8%. These figures indicate the significance of the research as 72.1% of the sample respondents have been employed for more than 6 years in the industry, as a result it is assumed these respondents are knowledgeable of the industry. This is believed to contribute towards credibility of the study as such 'quality' respondents are often difficult to recruit.

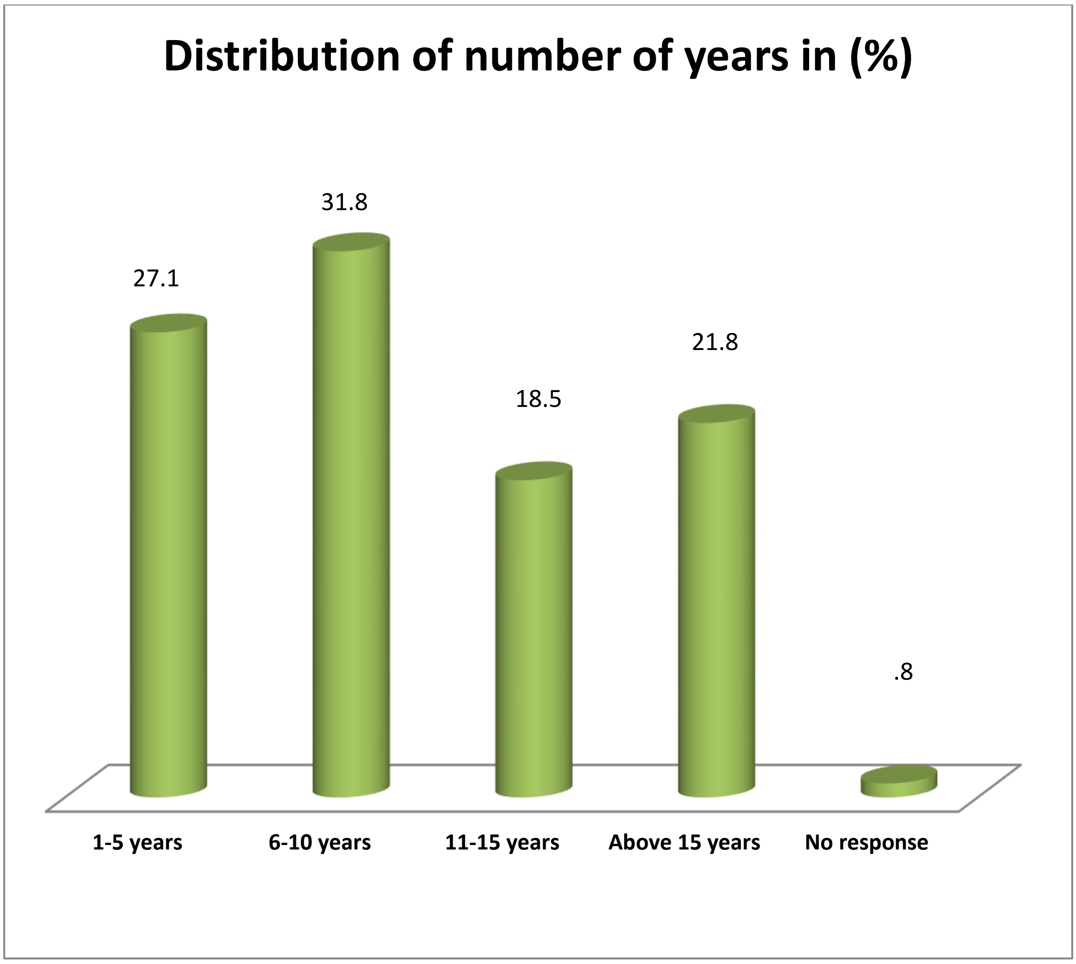


Figure 6.3: Number of Years in the Organisation

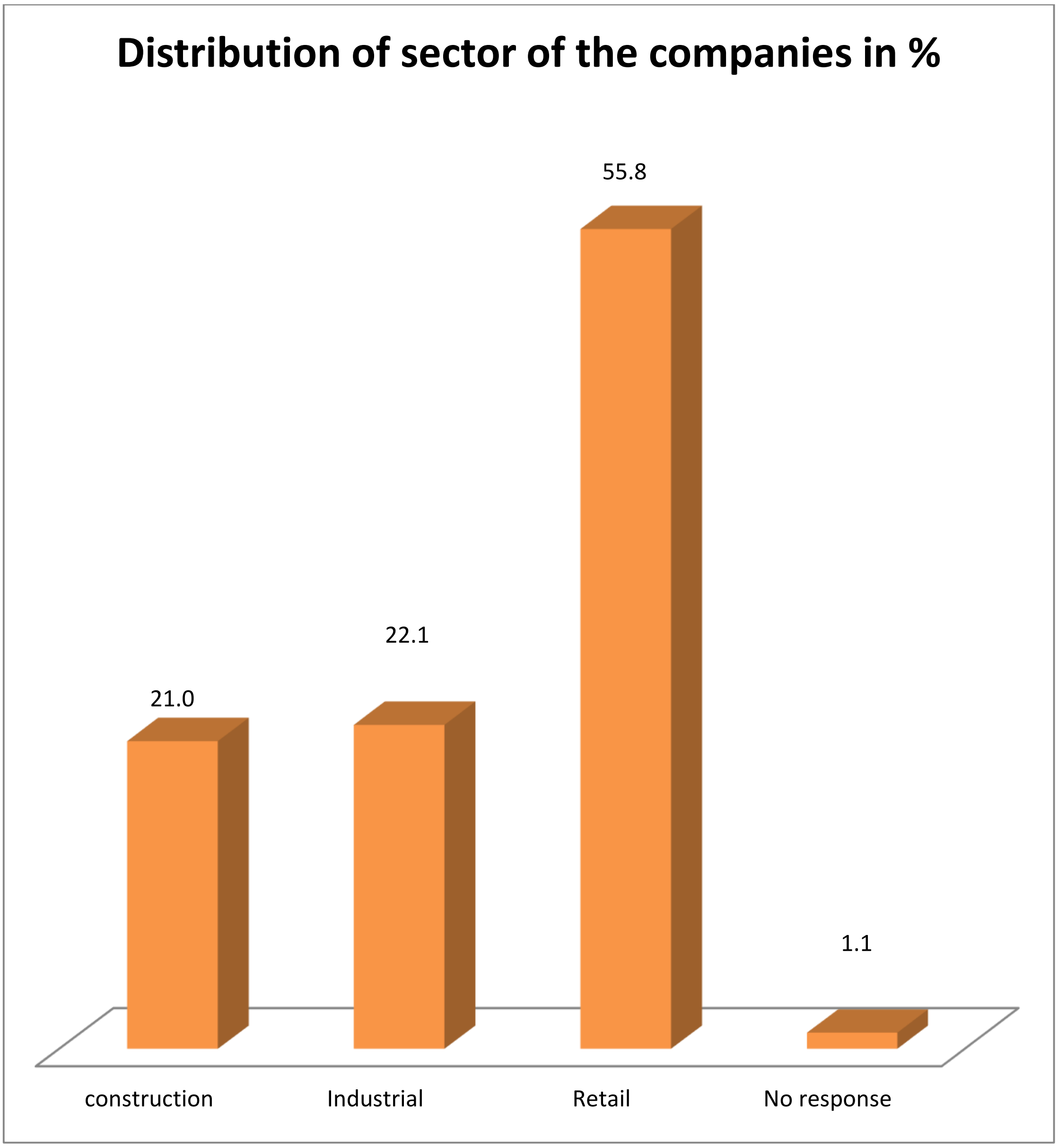


Figure 6.4: Sector Distribution

6.2.6 Sample distribution among sectors

Figure 6.4 above indicates that the majority of respondents were from the retail (55.8%), industrial (22.1%) and construction (21%) sectors. This is in line with industry conventions, where the majority of cement products are distributed through the retail sector. This is also the norm in developing countries such as South Africa, contrasting with the developed world where cement products are distributed through the industrial sector.

However, retail distribution of cement offers less value to the product in comparison to the industrial sector where the product is of greater value, as the value chain would have added some significance. Therefore, the industrial sector offers greater opportunities for developing countries in the long term.

6.2.7 Provincial distribution

A list of all major cement customers was obtained from the Southern Africa Concrete Society. PPC cement was approached to make use of their offices, on account of their presence across the nine South African provinces. Figure 6.5 below indicates that most of the sample respondents were in Gauteng (20.50%), followed by the Western Cape (17.1%) and the Eastern Cape (15%).

This seems consistent with the fact that Gauteng is the economic hub of South Africa and the area where the majority of businesses have their head offices. The Western Cape is the second largest economy in South Africa, therefore business concentration would occur predominantly in Gauteng.

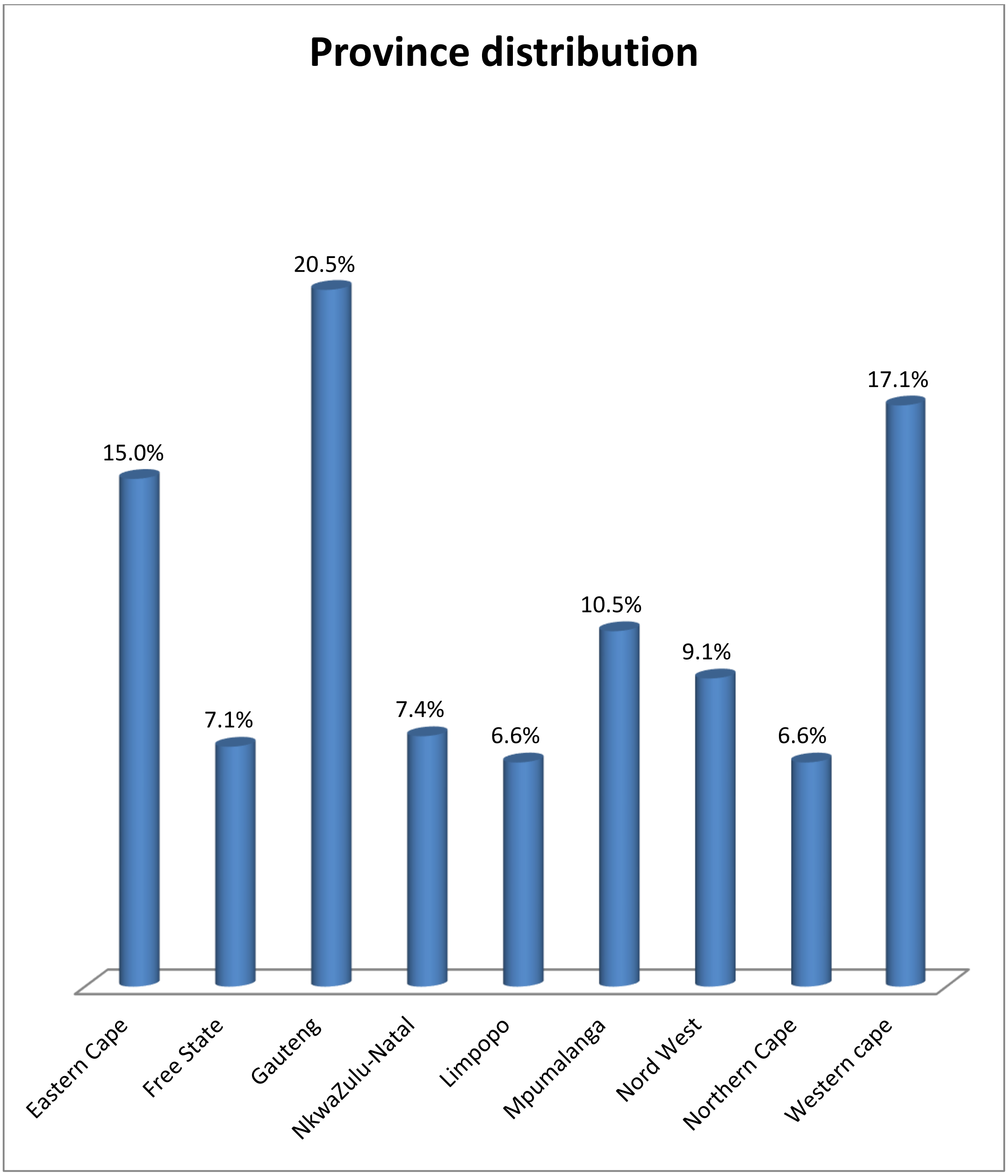


Figure 6.5: Provincial Distribution

6.2.8 Reliability and Validity of Measurement Scales

The reliability of scale was performed using Cronbach's Alpha Coefficient. According to Hair e*t al.* (2006:8) reliability: "is the degree to which the observed variable measures the 'true' value and is 'error' free". The closer the values are to 1, the greater the reliability of the scale.

Since one of the objectives was to formulate a framework of RM dimensions for the South African cement industry, the measurement scales related to the questionnaire were subjected to reliability and validity tests in order to ensure the items measured what they intended to measure. All the Cronbach's Alpha Coefficient assessments considered in this study indicated good reliability (>0.7).

The validity of a scale refers to the degree to which it measures what it is supposed to measure (Pallant, 2007:7). The three main types of validity are content validity, criterion validity and construct validity. The following activities were performed to ensure validity:

- The questionnaire was directly aligned by the research objectives

- Feedback from the pilot study was used to make the necessary adjustments to the final questionnaire

- A large sample was used to improve the accuracy of the results

The result on scales of supplier competency, trust in supplier, commitment with supplier, communication with supplier, satisfaction with supplier, cooperation with supplier, continuity or loyalty with supplier are presented in the following tables. The results of reliability are also presented below.

Table 6.2: Cement supplier competency scale

Item Statistics			
	Mean	**Std. Deviation**	**N**
SC1: Quality competence of a cement brand makes it easier to do business with a cement supplier	6.34	.900	362
SC4: The competence of a cement supplier to provide specialised training programs on product use can enhance our relationship satisfaction with a cement supplier	6.05	1.134	362
SC6: New product development competence will make us want to continue doing business with a cement supplier	6.04	1.092	362
SC7: Special product competence will make us want to continue doing business with a cement supplier	6.12	1.083	362

The Cronbach's Alpha of the scale: cement supplier competency is .853, thus indicating a good reliability.

Reliability Statistics	
Cronbach's Alpha	N of Items
.853	4

Table 6.3: Trust in cement supplier scale

Item Statistics			
	Mean	Std. Deviation	N
TS1: It is important for a cement supplier to keep promises made to us	6.50	.908	362
TS3: A cement supplier can be counted on to do what is right in a business relationship	6.41	.958	362
TS5: A cement supplier must have high integrity	6.52	.914	362

The Cronbach's Alpha of the scale: trust in a cement supplier is .864, thus indicating a good reliability.

Reliability Statistics	
Cronbach's Alpha	N of Items
.864	3

Table 6.4: Commitment with a cement supplier scale

Item Statistics			
	Mean	Std. Deviation	N
CCS1: We are committed to our business relationship with a cement supplier	6.18	.981	362
CCS2: Our firm intends to maintain a relationship with a cement supplier	6.28	.922	362
CCS5: Our firm intend to do business with a cement supplier well into the future	6.35	.921	362

The Cronbach's Alpha of the scale: commitment with a cement supplier is .902, thus indicating a good reliability.

Reliability Statistics	
Cronbach's Alpha	N of Items
.902	3

Table 6.5: Communication with a cement supplier scale

Item Statistics			
	Mean	Std. Deviation	N
COW1: The ability of a cement supplier to provide timely information is very important	6.39	.945	362
COW3: I believe communication is an interactive dialogue between a cement supplier and its customers	6.43	.919	362
COW4: A cement supplier must keep its customers informed of new developments	6.31	.950	362

The Cronbach's Alpha of the scale: communication with a cement supplier is .882, thus indicating a good reliability.

Reliability Statistics	
Cronbach's Alpha	N of Items
.882	3

Table 6.6: Satisfaction with a cement supplier scale

Item Statistics			
	Mean	Std. Deviation	N
SS1:A relationship with a cement supplier must reflect a happy situation	6.29	.887	362
SS2: The relationship between our firms must be trouble-free	6.31	.942	362
SS3: The relationship between a cement supplier and a customer must be satisfying	6.39	.838	362
SS6: A cement supplier must exceed customer needs	6.34	.963	362

The Cronbach's Alpha of the scale: satisfaction with a cement supplier is .909, thus indicating a good reliability.

Reliability Statistics	
Cronbach's Alpha	N of Items
.909	4

Table 6.7: Cooperation with a cement supplier scale

Item Statistics			
Description	Mean	Std. Deviation	N
CS1: Our firm prefers to cooperate with a cement supplier	6.30	.919	362
CS2: Our firm prefers to get along with a cement supplier	6.18	.992	362
CS3: Our firm's cooperation with a cement supplier is a priority	6.34	.902	362
CS4: Working jointly with a cement supplier on issues that affect both firms is important	6.20	.993	362
CS5: It is good for our processes/or procedures to be coordinated with those of a cement supplier	6.20	1.060	362
CS6: Coordinating our activities with those of a cement supplier makes business sense.	6.34	.902	362

The Cronbach's Alpha of the scale: cooperation with a cement supplier is .934, thus indicating a good reliability.

Reliability Statistics	
Cronbach's Alpha	N of Items
.934	6

Table 6.8: Continuity or loyalty with a cement supplier scale

Item Statistics			
	Mean	Std. Deviation	N
CL2: A relationship with a cement supplier must be a long-term alliance	6.26	.914	362
CL3: A relationship with a cement supplier must be one that last	6.30	.918	362
CL5: Being loyal to a cement supplier reduces uncertainty	6.14	1.094	362

The Cronbach's Alpha of scale: continuity or loyalty with a cement supplier is .895, thus indicating a good reliability.

Reliability Statistics	
Cronbach's Alpha	N of Items
.895	3

6.2.9 Degree of agreement among respondents

In order to answer the research questions and achieve the research objectives, descriptive analysis was performed on all the constructs measured in the study. The mean values shown in Table 6.9 are in the region of 6, indicating that in general, the sample agrees with the items of various constructs in the study. The standard deviation (less than one) indicates that the items of the various constructs are not significantly different across the sample. The standard deviation of cooperation is significant as it is larger than one, which signifies that while respondents generally agree with statements on cooperation, a significant number in the sample have different opinions.

Table 6.9: Descriptive statistics

Descriptive Statistics					
	N	**Mean of computed constructs**	**Std. Deviation (computed)**	**Mean on a scale of 7**	**Standard Deviation on a scale of 7**
Competency_factor	362	24.55	3.521	6.14	0.88
Trust_factor	362	19.43	2.467	6.48	0.82
Commitment_factor	362	18.80	2.568	6.27	0.86
Communication_factor	362	19.13	2.531	6.38	0.84
Satisfaction_factor	362	25.33	3.222	6.33	0.81
Cooperation_factor	362	37.68	7.025	6.28	1.17
Loyalty_factor	362	18.71	2.669	6.24	0.89
Valid N (listwise)	362				

6.3 Multivariate Analysis

6.3.1 Correlation among constructs

Respondents were required to indicate the level of agreement or disagreement with statements regarding the dimensions of relationship marketing in the South African cement industry. Table 6.10 indicates that all the constructs of the study were positively correlated, which signifies a positive association between the studied constructs. According to Hair *et al.* (2006:171), "Correlation coefficient (r) indicates the strength of association between any two metric variables. The sign (+ or -) indicates the direction of the relationship. The value range from +1 to -1, with +1 indicating a perfect positive relationship, 0 indicating no relationship, and -1 indicating a perfect negative or reverse relationship (as one variable grows larger, the other variable grows smaller)".

Table 6.10 indicates that trust seems to show the strongest positive association with all variables, which is consistent with relationship marketing research in which trust is the most widely accepted concept (Svensson *et al.*, 2010; Skarmeas *et al.*, 2008; Skarmeas and Robson, 2008; Morgan and Hunt, 1994; Dwyer *et al.*, 1987). According to Wilson (1995:337) trust "is a fundamental relationship model building block and as such is included in most relationship models".

Ulaga and Eggert (2004:315) state: "in a business-to-business relationship, the customer will attempt to reduce its perceived risk by selecting a supplier seen as capable of performing reliably (credibility) and demonstrate its interest in the buyer's well-being (benevolence)".

Trust of a cement supplier is created if constant, timely and regular communication takes place, if competence is demonstrated through the product offering and if satisfaction and cooperation with the supplier exists. Therefore trust is considered one of the most significant dimensions of relationship marketing.

In addition, communication is strongly associated with satisfaction, cooperation, trust, loyalty and competency as described by Gilaninia *et al.* (2011:795): "communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs".

Satisfaction is significantly associated with trust, cooperation and communication. Cooperation in turn, is strongly associated with loyalty Cooperation in turn, is strongly associated with loyalty as loyal customers are likely to cooperate with suppliers. Competency has a strong association with trust and a moderate association with commitment, satisfaction, cooperation and loyalty.

While several authors have studied the strong association of commitment with satisfaction as a predicting construct for future purchase actions, this study found it has the weakest associations.

Table 6.10: Correlation among constructs

Correlations								
		Competencies_factor	Trust_factor	Commitment_factor	Communication_factor	Satisfaction_factor	Cooperation_factor	Loyalty_factor
Competenciesfactor	Pearson Correlation	1	.747**	.572**	.825**	.580**	.529**	.551**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	362	362	362	362	362	362	362
Trust factor	Pearson Correlation	.747**	1	.507**	.751**	.640**	.553**	.595**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	362	362	362	362	362	362	362
Commitmentfactor	Pearson Correlation	.572**	.507**	1	.574**	.388**	.348**	.369**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	362	362	362	362	362	362	362
Communicationfactor	Pearson Correlation	.825**	.751**	.574**	1	.680**	.622**	.546**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	362	362	362	362	362	362	362
Satisfactionfactor	Pearson Correlation	.580**	.640**	.388**	.680**	1	.813**	.643**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	362	362	362	362	362	362	362
Cooperationfactor	Pearson Correlation	.529**	.553**	.348**	.622**	.813**	1	.748**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	362	362	362	362	362	362	362
Loyaltyfactor	Pearson Correlation	.551**	.595**	.369**	.546**	.643**	.748**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	362	362	362	362	362	362	362
**. Correlation is significant at the 0.01 level (2-tailed)								

6.3.2 Determination of RM Dimensions

One of the research questions of the study set out to determine which dimensions were important in relationship marketing for the South African cement manufacturing industry. Table 6.11 indicates that supplier competency, trust, commitment, communication, satisfaction, loyalty and cooperation are regarded as the significant dimensions of RM in this context. Table 6.11 below summarises the findings and interpretations of correlations among constructs (described in Table 6.10 above):

Table 6.11: Findings and interpretation on correlation of constructs

Construct	Findings	Factor Loading
Competency Factor	There is a significant association between competencies factor and trust factor	.747
	There is a moderate association between competencies factor and commitment factor	.572
	There is a perfect positive association between competencies factor and communication factor	.852
	There is a moderate association between competencies factor and satisfaction factor	.580
	There is a moderate association between competencies factor and cooperation factor	.529
	There is a moderate association between competencies factor and loyalty	.551
Trust Factor	There is a moderate association between trust factor and commitment factor	.507
	There is a significant association between trust factor and communication factor	.751
	There is a strong association between trust factor and satisfaction factor	.640
	There is a strong association between trust factor and cooperation factor	.553
	There is a strong association between trust factor and Loyalty factor	.595

Table 6.11: Findings and interpretation on correlation of constructs (cont.)

Construct	Findings	Factor Loading
Commitment Factor	There is a moderate association between commitment factor and communication factor	.574
	There is a moderate association between commitment factor and satisfaction factor	.388
	There is a weak association between commitment factor and cooperation factor	.348
	There is a moderate association between commitment factor and loyalty factor	.369
Communication Factor	There is a significant association between communication factor and satisfaction factor	.680
	There is a strong association between communication factor and cooperation factor	.622
	There is a moderate association between communication factor and loyalty factor	.546
Satisfaction Factor	There is a perfect positive association between satisfaction factor and cooperation factor	.813
	There is a strong association between satisfaction factor and loyalty	.643
Cooperation Factor	There is a significant association between cooperation factor and loyalty factor	.748

6.3.3 Multiple regression analysis of constructs

According to (Hair *et al.*, 2006:176) "multiple regression analysis is a statistical technique that can be used to analyse the relationship between a matric dependent variable and several independent variables. The objective of multiple regression analysis is to use the independent variables whose values are known to predict the single dependent value selected by the researcher. The weights denote the relative contribution of the independent variables to the overall prediction and facilitate interpretation as to the influence of each variable in making the predictions".

Multiple regression analysis was used to predict the effect on the dependent variable (satisfaction) as a result of changes to the independent variables (trust, competencies, commitment and communication) and to determine which independent variables has the strongest influence on the dependent variable.

Table 6.12: Regression weights

			Estimate	S.E.	C.R.	P	Label
Satisfaction_ Factor	<---	Trust_factor	.651	.103	6.352	***	par_1
Satisfaction Factor	<---	Communication _ factor	.665	.112	5.909	***	par_2
Satisfaction_ Factor	<---	Commitment_ factor	-.019	.051	-.373	.709	par_14
Satisfaction_ Factor	<---	Competencies_ factor	.023	.095	.242	.809	par_15
Cooperation factor	<---	Satisfaction_ Factor	1.422	.070	20.357	***	par_3
Loyalty factor	<---	Satisfaction_ Factor	.639	.044	14.519	***	par_4

Table 6.13 below summarises the findings and interpretations of Table 6.12 on regression weights of independent variables on dependent variables.

Table 6.13: Findings and interpretations on regression weights

Independent Variable	Dependent variable	Finding	Estimate/Factor Loading
Trust Factor	**Satisfaction Factor**	Trust has a significant predication/influence on satisfaction	.651
Communication Factor	**Satisfaction Factor**	Communication has a significant predication/ influence on satisfaction	.665
Commitment Factor	**Satisfaction Factor**	Commitment has a insignificant predication/ influence on satisfaction	-.019
Competencies Factor	**Satisfaction Factor**	Competency factor has a insignificant prediction/ influence on satisfaction	.023
Satisfaction Factor	**Cooperation Factor**	Satisfaction factor has a significant predication/ influence on cooperation	1.422
Satisfaction Factor	**Loyalty Factor**	Satisfaction factor has a significant predication/ influence on loyalty	.639

- Positive or negative changes which occur regarding trust towards a cement supplier will result in either positive or negative change of satisfaction levels from a cement customer.
- Positive or negative changes in communication by a cement supplier will result in a change on satisfaction levels from a cement customer, either positively or negatively.
- Positive or negative changes in commitment by a cement supplier will result in no change on satisfaction levels of a cement customer.
- Positive or negative changes of competency by a cement supplier will result in no change on satisfaction levels of a cement customer.
- Positive or negative changes in satisfaction from a cement customer will result in either positive or negative change in cooperation levels of that cement customer.
- Positive or negative changes in satisfaction from a cement customer will also result in either positive or negative change on loyalty levels of that cement customer.

6.3.4 Structural equation modelling

Structural equation modelling and path analysis were used to examine and test the measurement and structural properties between the constructs of the conceptual framework. Svensson *et al.* (2010:5) states: "Structural Equation Modelling (SEM) is a statistical technique that describes relationships between variables". According to Hair *et al.* (2006:711): "SEM is used to measure several variables, their interrelationship simultaneously and the multiple dependent relationships between variables". For the purpose of the current study, the conceptual model was subjected to model fit indices in order to test its fit.

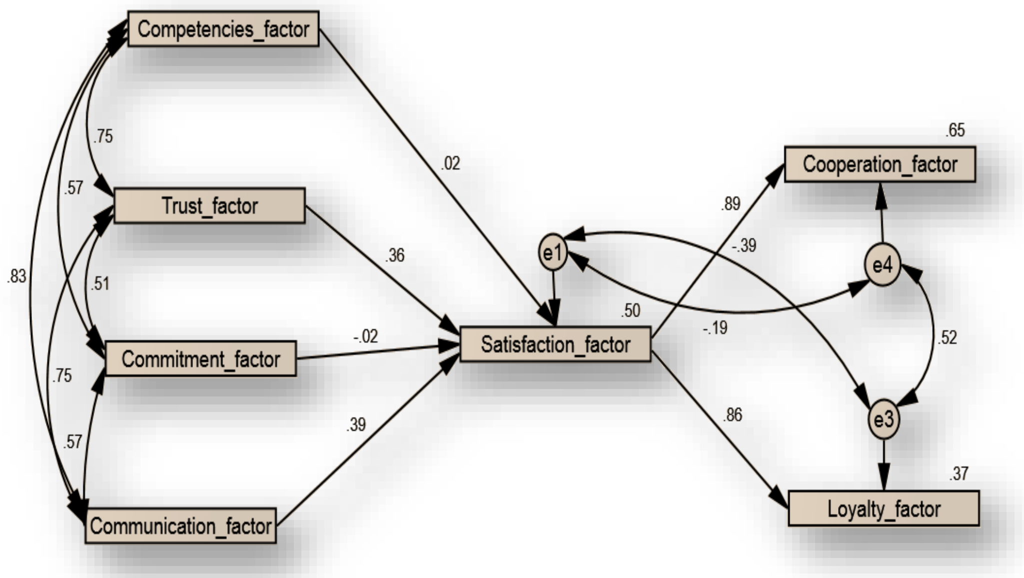


Figure 6.6: Structural Model Testing

The model fit indices below were used to test appropriate fit:

Table 6.14: CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	22	31.781	6	.000	5.297
Saturated model	28	.000	0		
Independence model	7	1920.524	21	.000	91.454

Table 6.14 indicates CMIN/DF was acceptable (approximately 5). The Chi-square is 31.781 with 6 degrees of freedom and probability level .000, which is regarded as an acceptable level.

Table 6.15: RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	17.655	.976	.890	.209
Saturated model	.000	1.000		
Independence model	743.784	.307	.076	.230

Table 6.15 above indicates a good level of GFI and AGFI (superior to .85)

Table 6.16: Baseline comparison

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.983	.942	.987	.952	.986
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table 6.16 above indicates a good level of TLI and CFI (superior to .85)

Considering that more than 4 indices correspond to good fit, it can be concluded that the structural model presented in Figure 6.6 has a good model fit. As the result of the satisfactory findings in testing the measurement model, it was used to test the study hypotheses.

Table 6.17 below provides the exact values of the regression coefficients indicated in the structural model (Figure 6.6), the values show that commitment and competencies seem to have the smallest coefficients (.016):

Table 6.17: Regression weights

			Estimate
Satisfaction_factor	<---	Trust_factor	.356
Satisfaction_factor	<---	Communication_factor	.394
Satisfaction_factor	<---	Commitment_factor	-.016
Satisfaction_factor	<---	Competencies_factor	.016
Cooperation_factor	<---	Satisfaction_factor	.892
Loyalty_factor	<---	Satisfaction_factor	.862

Table 6.18: Correlations

			Estimate
Trust_factor	<-->	Competencies_factor	.747
Communication_factor	<-->	Commitment_factor	.574
Trust_factor	<-->	Communication_factor	.751
Communication_factor	<-->	Competencies_factor	.825
Competencies_factor	<-->	Commitment_factor	.572
Trust_factor	<-->	Commitment_factor	.507
e3	<-->	e4	.518
e3	<-->	e1	-.387
e4	<-->	e1	-.190

Table 6.18 above provides the exact value of the correlations indicated on the structural model. According to the results, competency and communication almost overlap each other and are strongly correlated (0.825).

Table 6.19: Squared multiple correlations

	Estimate
Satisfaction_factor	.499
Loyalty_factor	.366
Cooperation_factor	.654

Table 6.19 above indicates the amount of variance explained for each dependent variable. Variance facilitates identification of the most important variables in the model. According to the results, cooperation and satisfaction are regarded as the most significant variables in the South African cement industry environment as it shows the highest variance (respectively 65% and 50%). The most significant independent variables in the South African Cement industry are communication (39%) and trust (36%).

6.3.5 Interpretation of findings on correlations

- Correlation between competencies and trust is 0.75, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0 .75 units of standard deviation.

- Correlation between competency and commitment is 0.57, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0.57 units of standard deviation.

- Correlation between competencies and communication is 0.83, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0.83 units of standard deviation.

- Correlation between trust and commitment is 0.51, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0.51 units of standard deviation.

- Correlation between trust and communication is equal to 0.75, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0.75 units of standard deviation.

- Correlation between commitment and communication is 0.57, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0.57 units of standard deviation.

- Correlation between competencies and trust is 0.75, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0.75 units of standard deviation.
- Correlation between competency and trust is equal to 0.75, which indicates that when one of these two variables grows positively by one unit of standard deviation, the other variable also grows positively by 0.75 units of standard deviation.

6.3.6 Regressions using the structural model

- The regression coefficient between trust and satisfaction is 0.36, if trust increases by one standard deviation, it will produce a standard deviation increase of 36% in satisfaction.

- The regression coefficient between communication and satisfaction is 0.39, if communication increases by one standard deviation it will result in a 39% standard deviation increase in satisfaction.

- The regression coefficient between satisfaction and cooperation is 0.89, if satisfaction increases by one standard deviation, it will produce a standard deviation increase of 89% in cooperation.

- The regression coefficient between satisfaction and loyalty is 0.86, if satisfaction increases by one standard deviation, it will result in an 86% standard deviation increase in cooperation.

- The regression coefficient between competency and satisfaction is 0.2, if competency increases by one standard deviation, it will produce a standard deviation increase of 2% in satisfaction.

- The regression coefficient between commitment and satisfaction is -02, if commitment increases by one standard deviation, it will result in a -2% standard deviation increase in satisfaction.

6.3.7 RM Dimensions for South African cement industry

Table 6.6 of the structural model indicates that satisfaction has the strongest predictive effect on cooperation (.89) and loyalty (.86). Communication has the second largest predictive effect on satisfaction (.39) followed by trust on satisfaction (.36). Competency and commitment have the weakest predictive effects on satisfaction (.02 and -02 respectively).

Based on the regression and correlation analyses in terms of the structural model, results show that for the South Africa cement industry, satisfaction is the primary significant dimension of relationship marketing, followed sequentially by cooperation, communication, loyalty and trust. Competency and commitment are not regarded as important dimensions of relationship marketing for the cement industry.

6.3.8 Hypotheses testing

A number of hypotheses were developed in order to achieve the objectives of the study. Results of correlations among constructs, regression among variables as well as the analyses of variables using the Structural Equation Model enables a review of the study findings in relation to the specific hypotheses as presented in Table 6.20 below.

Table 6.20: Investigated hypotheses and results

Research Hypothesis	Exogenous Construct	Endogenous Construct	Regression Weight	Finding
H1: Supplier competency has a direct and positive influence on customer satisfaction	Supplier Competency	Satisfaction	.2	Rejected
H2: Trust has a direct and positive influence on customer satisfaction	Trust	Satisfaction	.36	Confirmed
H3: Commitment has a direct and positive influence on customer satisfaction	Commitment	Satisfaction	-02	Rejected
H4: Communication has a direct and positive influence on customer satisfaction.	Communication	Satisfaction	.039	Confirmed
H5: Customer satisfaction has a direct and positive influence on cooperation.	Satisfaction	Cooperation	.89	Confirmed
H6: Customer satisfaction has a direct and positive influence on continuity.	Satisfaction	Loyalty/ Continuity	.86	Confirmed

6.3.9 Mediation analyses

According to Hair *et al.* (2006:710), path analysis is: “a general approach that employs simple bivariate correlations to estimate relationship in a SEM model. It seeks to determine the strength of the paths shown in paths diagrams”. As the primary objective of this study was to test satisfaction as a mediator between causes and outcomes (in terms of RM dimensions), path analysis was used to test the effect of satisfaction mediation.

The causes were defined as supplier competency, trust, commitment and communication. The outcomes included cooperation and continuity or loyalty. Paths a, b, c and d presents the results below.

a- Path Trust-Satisfaction-Cooperation

```
**************** TOTAL, DIRECT, AND INDIRECT EFFECTS *************

                              Outcome: 1

                              Y = Cooperat

                              X = Trust_

                              M = Satisfac

Sample size362

Total effect of X on Y

     Effect          SE           t           p        LLCI        ULCI

     1.6142       .1282     12.5915       .0000      1.3621      1.8663

Direct effect of X on Y

     Effect          SE           t           p        LLCI        ULCI

      .1620       .1165      1.3910       .1651      -.0671       .3911

Indirect effect of X on Y

             Effect     Boot SE    BootLLCIBootULCI

Satisfac1.4522      .5059       .2432      1.9294

*******************************************************************
```

In accordance with the first outcome, satisfaction significantly mediates the effect of trust on cooperation, since the mediating effect is positive (1.4522) and the bootstrap interval [0.2432; 1.9294] does not contain 0.

b- Path Communication-Satisfaction-Cooperation

```
**************** TOTAL, DIRECT, AND INDIRECT EFFECTS *************

                              Outcome: 2

                              Y = Cooperat
                              X = Communic
                              M = Satisfac
                              Sample size362
Total effect of X on Y
     Effect          SE           t           p        LLCI        ULCI
     1.6714       .1109     15.0722       .0000      1.4534      1.8895
Direct effect of X on Y
     Effect          SE           t           p        LLCI        ULCI
      .3478       .1111      3.1300       .0019       .1293       .5663
Indirect effect of X on Y
              Effect     Boot SE    BootLLCIBootULCI
Satisfac  1.3237       .4975       .2265      2.1267
**********************************************************************
```

According to outcome two, satisfaction significantly mediates the effect of communication on cooperation, as the mediating effect is positive (1.3237) and the bootstrap interval [0.2265; 2.1267] does not contain 0.

c- Path Trust- Satisfaction- Continuity/Loyalty

```
**************** TOTAL, DIRECT, AND INDIRECT EFFECTS ************

                              Outcome: 3

                              Y = Loyalty
                              X = Trust_fa
                              M = Satisfac
                              Sample size362
Total effect of X on Y
     Effect          SE           t           p        LLCI        ULCI
      .8084       .0576     14.0403       .0000       .6951       .9216
Direct effect of X on Y
     Effect          SE           t           p        LLCI        ULCI
      .4216       .0679      6.2073       .0000       .2880       .5551
Indirect effect of X on Y
              Effect     Boot SE    BootLLCIBootULCI
Satisfac       .3868       .2565     -.0075        .8715
**********************************************************************
```

Referring to outcome three, satisfaction does not mediate the effect of trust on loyalty, as the bootstrap interval [-0.0075; 0.8715] does contain 0.

d- Path Communication- Satisfaction- Continuity/Loyalty

```
***************** TOTAL, DIRECT, AND INDIRECT EFFECTS *************
                              Outcome: 4
                              Y = Loyalty
                              X = Communic
                              M = Satisfac
                              Sample size 362
Total effect of X on Y
     Effect          SE           t           p        LLCI        ULCI
      .6826       .0552     12.3558       .0000       .5740       .7913
Direct effect of X on Y
     Effect          SE           t           p        LLCI        ULCI
      .2523       .0676      3.7322       .0002       .1194       .3852
Indirect effect of X on Y
             Effect     Boot SE    BootLLCIBootULCI
Satisfac      .4303       .2503      -.0187       .8460
**********************************************************************
```

According to outcome four, satisfaction does not mediate the effect of communication on loyalty, as the bootstrap interval [-0.0187; 0.8460] contain 0.

6.4 Discussion of Results

This section provides a discussion of results in order to address the research objectives, research questions and hypotheses. The scope of this study involved determining RM dimensions for the South African cement manufacturing industry in a business-to-business context resulting in development of a theoretical framework. Comparison of literature findings and empirical results is performed, in which the dimensions of relationship marketing identified in literature are compared to the results obtained. The research hypotheses, research objectives and the research questions are answered in this section.

6.4.1 Cement industry RM dimensions

In this section, the researcher attempts the answer one of the research objectives, which sought to determine the dimensions of business-to-business relationship marketing in the South African cement manufacturing industry. The dimensions of supplier competency, trust, commitment, communication, satisfaction, cooperation and loyalty were tested and the results and hypotheses are discussed as follows:

6.4.1.1 Supplier competency

In the cement industry, supplier competencies are considered as crucial to strengthen the relationships between suppliers and buyers. Competence is defined by Sanchez *et al.* (1996:8) as: "an ability to sustain the coordinated deployment of assets in a way that helps a firm to achieve its goals". Hunt *et al.* (2006:79) argue that: "competencies are crucial in enabling firms to use their resources efficiently and/or effectively and as a result, competencies are sources of competitive advantage". This occurs as competency is tacit, complex and organisational specific and therefore difficult to imitate. According to Goffin *et al.* (2006:204), supplier competencies include well-known factors such as quality, price, delivery performance, flexibility, joint problem solving, special product capability and new product development. Fulfilment of these conditions could result in the establishment of a positive relationship. In addition, the ability of the supplier to provide specialised training programs on product usage, deployment of tailor-made promotional campaigns and purchase of dedicated tools and machinery can also result in enhanced relationship outcomes in terms of effectiveness and efficiency (Skarmeas and Robson 2008:175). Exchange partners can then implement relationship exchanges more satisfactorily and may increase business activities. Such collaboration may give rise to the buyer performing duties and servicing its customers in a highly productive and proficient manner. The findings of this research shows:

- Supplier competency factor is strongly correlated with trust
- Competency factor is moderately correlated with commitment
- Competency factor is perfectly correlated with communication
- Competency factor is moderately correlated with satisfaction
- Competency factor is moderately correlated with cooperation
- Competency factor is moderately correlated with loyalty

The significant finding is that competency factors do not have a predictive effect on satisfaction, nor does it have an effect on cooperation and loyalty. The hypothesis which states the competency factor has a direct and positive effect on satisfaction, is rejected.

6.4.1.2 Trust

Morgan and Hunt (1994:23) state: "one of the critical constructs in facilitating exchange relationships between partners, and therefore pivotal for understanding of business relationships, is trust". This is supported by Papassapa *et al.* (2007:3) and Wilson 1995:337, who maintain that the nature and understanding of trust and its importance has a major impact on the development and management of B2B relationships. The degree of trust which develops between companies has been described as a fundamental relationship building block and a critical economic exchange (Papassapa and Miller 2007:3; Wilson, 1995:337).

Trust is imperative to business relationships as it provides reliability, satisfaction, integrity, retention, repeat purchase, word of mouth referral, open communication, willingness to customise, willingness to share information, brand loyalty, increased profitability, prolonged relationships, healthy relationships and the ability to solve relationship deficiencies as substantiated during the literature review. Therefore, the perspectives of Svensson *et al.* (2010:3) are accepted: "as the manufacturer evaluates the various aspects of a business relationship, various components of trust will most likely be used in the evaluation including the trust component of credibility, fairness and honesty, suggesting that trust is a precursor to satisfaction". In this study, trust was found to have a predictive effect on satisfaction and the hypothesis that trust has a direct and positive effect on satisfaction is therefore confirmed.

6.4.1.3 Commitment

Papassapa and Miller (2007:3) state: "the concept of commitment stems from industrial and organisational psychology and has been viewed as an intention to continue a course of action or activity such as maintaining a relationship with a business partner". Morgan and Hunt (1994:23), propose: "relationship commitment is central to relationship marketing and is viewed as critical in the literatures of organisational and buyer behaviour and is one of the most important variables for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty and satisfaction as well as for predicting future purchase frequency".

This view is also supported by Anderson *et al.* (1987), Anderson and Weitz (1990), Jackson (1985) and Dwyer *et al.* (1987). Wilson (1995:337) argues that: "commitment is the most common dependent variable used in buyer-seller relationship studies". In addition, Wilson (1995:337) perceives commitment as: "an important variable in discriminating stayers and leavers, it is the desire to continue the relationship and to work to ensure its continuance and that commitment is an implicit pledge of relational continuity between exchange partners. Commitment implies importance of the relationship to the partners and a desire to continue the relationship into the future". Farrelly and Quester (2005:212) state: "It seems logical to argue here that trust and commitment are key factors of satisfaction, a more general concept and a closer determinant of their decision to extend, renew or terminate the sponsorship relationship". Several other studies support the view of commitment being regarded as a precursor to satisfaction (Johnson *et al*. 2008; Mohr and Spekman 1994). Therefore, as indicated by Farrelly and Quester (2005:212): "a relationship atmosphere where both parties believe they can achieve goals without opportunism should show evidence of a high level of commitment, which in turn should show higher levels of satisfaction with the relationship". The results of this study do not support the above arguments, as commitment was not found to have any effect on satisfaction in the South African cement industry and therefore has no effect on cooperation and loyalty. The hypothesis that commitment has a direct and positive influence on satisfaction, is rejected.

6.4.1.4 Communication

According to Anderson and Narus (1990:44): "communication can be defined broadly as the formal as well as informal sharing of meaningful and timely information between firms". This definition is corroborated by Gilaninia *et al.* (2011:795): "communication refers to the ability to provide timely and trustworthy information". In addition, communication can be regarded as an interactive dialogue between the company and its customers as Gilaninia *et al*. (2011:795) describe: "communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs. It is the communicator's task in the early stages to build awareness, develop consumer preference (by promoting value, performance and other features), convince interested buyers and encourage them to make the purchase decision. Communication also tells dissatisfied customers what the organisation is doing to rectify the cause of the dissatisfaction".

In light of this, timeous communication which offers relevant information will lead to customer satisfaction and loyalty. Timely communication also assists in dispute resolution and alignment of perception with expectations. It can be deduced from the above that communication results in strong relationships which satisfy both parties and should therefore be proactive rather than reactive. As a result, a partner's perception of past, present and future communications from another partner will result in greater satisfaction if these have been and will be frequent and of high quality as well as relevant, timely and reliable. This perspective was supported by the findings of the study as communication was found to have a strong predictive effect on satisfaction**.** Consequently, the hypothesis that communication has a direct and positive effect on satisfaction is confirmed.

6.4.1.5 Satisfaction, cooperation and continuity

Wilson (1995:338) states: "because we are discussing business relationships, performance satisfaction is a critical variable. Partners, especially sellers, must deliver high-level satisfaction on the basic elements of the business transaction. Buyers need to satisfy their partner's business needs or they risk becoming marginalised".
This line of argument is supported by Davis (2008:313): "in order to be successful in a business relationship, it is necessary for organisations to analyse clients' needs and determine satisfaction". Ulaga and Eggert (2004:316) state: "customer satisfaction is widely accepted among researchers as a strong predictor for behavioural variables such as repurchase intentions, word-of-mouth, or loyalty". Kotler (1994:20) stresses that: "the key to customer retention and loyalty is customer satisfaction".

Wilson (1995:338) defines performance satisfaction as: "the degree to which the business transaction meets the business performance expectations of the partner. Performance satisfaction includes both product specific performance and non-product attributes". Geyskens *et al.* (1999:223) defines a purchasing manager's satisfaction with a supplier as "an affective state of mind resulting from the appraisal of all relevant aspects of the business relationship". For the purposes of this study, the definition provided by Van Vuuren *et al.* (2012:81-93) is applicable, in which customer satisfaction is: "the degree to which a business's product or service performance matches up to the expectation of the customer. If the performance matches or exceeds the expectations, then the customer is satisfied, if the performance is below par then the customer is dissatisfied".

Van Vuuren *et al.* (2012:81-93) importantly state: "customer satisfaction is influenced by expectations, perceived service and perceived quality. Expectations influence total satisfaction when the customer evaluates a product or service. Satisfaction is a customer's emotional response when evaluating the discrepancy between expectations regarding the service and the perception of actual performance. Perceived quality is measured through recent service experiences that consist of two components, namely perceived product quality and perceived service quality". Davis (2008:313) describes the various categories of customer satisfaction as: "a demonstrated understanding of their problems, needs or interests, an interactive and communicative relationship, consistency in time and budget (additional costs providing value), meeting expectations and matching previous favourable experience, together with process predictability".

Ulaga and Eggert (2004:316) state: "satisfaction clearly arises from a cognitive process of comparing perceived performance against some comparison standards and the feeling of satisfaction essentially represents an affective state of mind".
Gilaninia *et al.* (2011:796) view loyalty as: "a deeply held commitment to re-buy or re-patronise a preferred product or service in the future despite situational influence and marketing efforts having the potential to cause switching behaviour". Van Vuuren *et al.* (2012:84) concur: "the concept of customer loyalty has been defined in a number of ways however, there are two key characteristics, firstly, loyalty encompasses attitude and behaviour or behavioural intention, and secondly, loyalty is assessed and created over time". Consequently, for the purpose of this study, customer loyalty refers to customers who engage in a business relationship for one year and more.

Cooperation has been defined by Anderson and Narus (1990:45) as: "similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time". Cooperation must be spontaneous rather than a situation of coercion towards interdependent action (Morgan and Hunt, 1994:25). In light of this, Wilson (1995:338) states: "the interaction of cooperation and commitment results in cooperative behaviour allowing the partnership to work ensuring that both parties receive the benefits of the relationship". Ulaga and Eggert (2004:316) maintain: "satisfaction is the strongest predictor (compared to trust and commitment) of a firm's decision not to leave a relationship". Similarly, Rauyruen and Miller (2007) indicate that only satisfaction influences behavioural loyalty (purchase intentions) in comparison to the effects of trust and commitment.

Consequently, in agreement with the findings of Palmatier *et al.* (2006), this study positions satisfaction as a precursor to both loyalty and cooperation. As a result, continuity reflects expectations about the relationship duration and cooperation reflects a willingness of one organisation to work with another. These outcomes reflect the intentions and behaviours associated with working with another firm. In this respect, the results of the study seem to support literature descriptions and satisfaction was found to have a very strong predictive effect on cooperation and loyalty. Therefore, the hypotheses that satisfaction has a direct and positive effect on cooperation and loyalty, is confirmed.

A key finding of this study, which appears to be lacking in other studies is the mediating role of satisfaction as described by Svensson *et al.* (2010:2) on factors such as: “trust, commitment, communication, competencies and other important outcomes (cooperation and continuity)”. The following were confirmed with regard to the mediating role of satisfaction:

- Satisfaction significantly mediates the effect of communication on cooperation
- Satisfaction does not mediate the effect of trust on loyalty
- Satisfaction does not mediate the effect of communication on loyalty
- Satisfaction significantly mediates the effect of trust on cooperation
- Satisfaction does not have any mediating effect on competency and commitment or on loyalty and cooperation.

6.4.1.6 Satisfaction as a mediator between causes and outcomes

One of the objectives of the study was to determine if satisfaction acts as a mediator between causes and outcomes in the South African cement industry. The causes include supplier competency, trust, commitment and communication, while the outcomes were cooperation and loyalty. Path analysis revealed the following results:

1. Satisfaction is a mediator between communication and trust with the outcome of cooperation.

2. Satisfaction is not a mediator between communication and trust on loyalty, but satisfaction has a direct and positive influence on loyalty. This result shows that communication and trust have no direct influence on loyalty

6.4.1.7 Framework of RM dimensions

One of the gaps the study aspired to fill was the development of a framework of relationship marketing from a business-to-business perspective for the South African cement industry. This was achieved by subjecting a proposed conceptual framework to structural equation model testing, the results are shown in Figure 6.7.

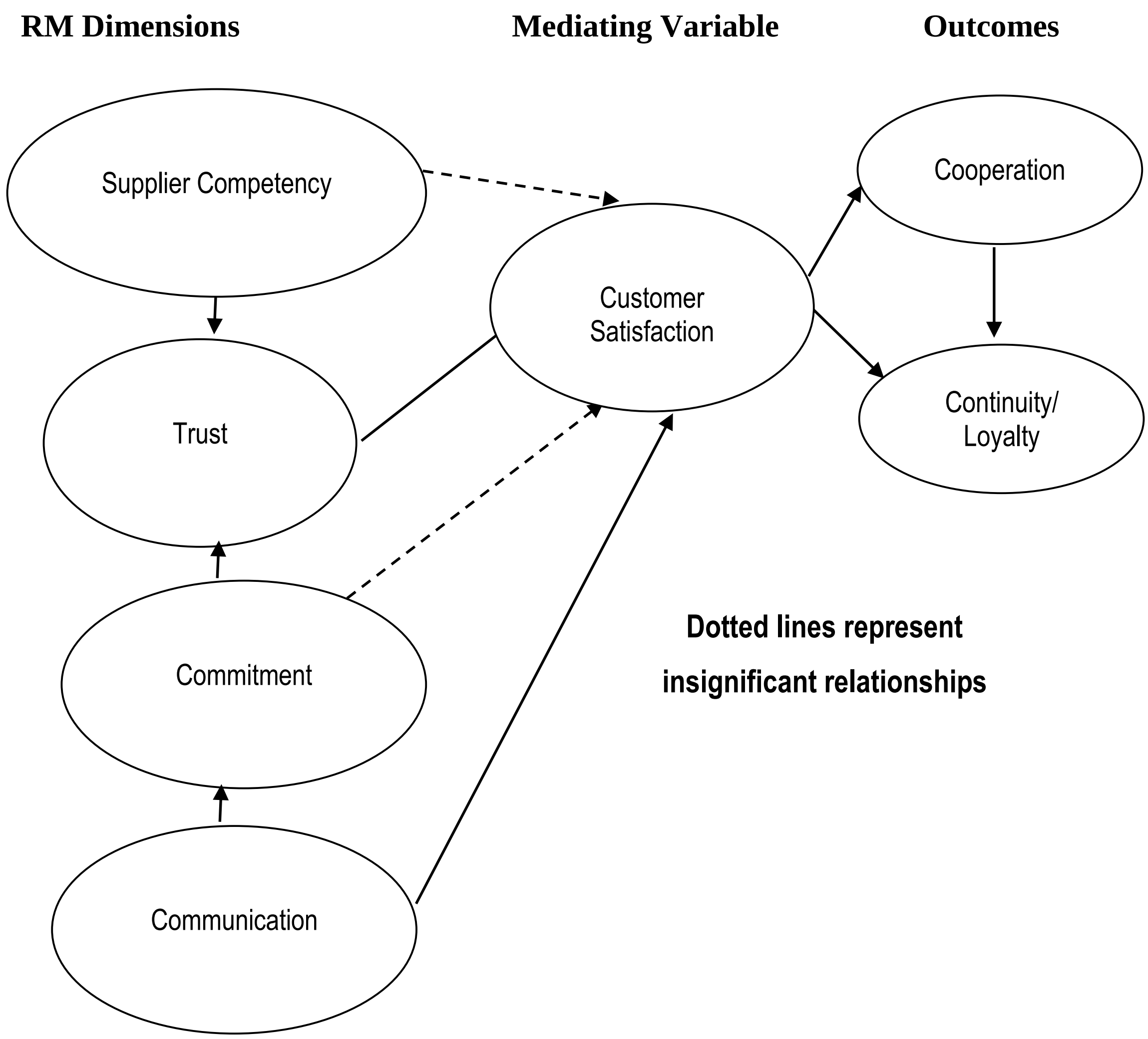


Figure 6.7: RM Framework in SA Cement Industry

6.4.1.8 Important business-to-business dimensions of RM

In accordance with the empirical findings of the study, the following have been identified as RM dimensions applicable to the South African cement industry, in order of importance:

- Satisfaction
- Communication
- Trust
- Supplier competency
- Commitment

The relevant outcomes are:

- Cooperation
- Loyalty

6.5 Summary

Chapter Six presented the data analyses using descriptive analysis, correlations, regression and structural modelling techniques. The analyses allowed for identification of RM dimensions which could be applied to the South African cement industry. The findings of the study were discussed in relation to existing literature. Based on the findings, the research hypotheses, research objectives and research questions were answered. Chapter Seven draws together the conclusions, recommendations, contributions, limitations and suggestions for future research.

CHAPTER 7

7. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

The current study involved determination of business-to-business RM dimensions for the South African cement manufacturing industry. It also involved development of an applicable theoretical framework. Several research hypotheses, objectives and questions were tested. The study was quantitative in nature and was carried out using a survey method. Personal self-administered questionnaires formed the basis for data collection. The results were analysed using descriptive, correlation, regression and structural modelling analytical techniques. Finally, the dimensions of relationship marketing in the South African cement industry were identified. Chapter Seven provides a summary of all chapters followed by discussion of the study conclusions and recommendations of the outcomes of the study. The chapter also provides contributions, limitations and future areas of study.

7.2 Thesis Summary

Chapter One clarified that change in customer, change in competition and change in environment are some of the aspects contributing to the need for relationship marketing in the cement industry. Motivations for the study were provided and the rationale for selecting the cement industry was provided. The cement industry has been identified as a major contributor to the South African economy in terms of job creation, infrastructure development and as a key catalyst to the construction and mining sectors, both of which are important to the development of South Africa. The chapter defines and outlines the problem statement, research questions, research objectives, proposed conceptual framework, hypotheses development and the research design used to obtain the primary data, which was analysed to answer the research objectives and questions of the study.

Gaps in literature were identified, which highlighted the need for further research based on a specific industry as well as the research status of relationship marketing dimensions as it pertains to developed countries, which may differ from environments in developing countries.

Chapter Two defined marketing as the process of satisfying customer needs at a profit while relationship marketing involves attracting and retaining customers in a sustainable fashion for the development of long term relationships, with benefits for both the manufacturer and the customer, which fulfil the objectives of both parties. The paradigm shift from transactional marketing to relationship marketing was identified, which has occurred as a result of increased competition, globalisation of markets, slow economic growth and changes in legislation.

It was explained that the understanding of relationship marketing requires differentiation of discrete transactions, which are short in duration with a distinct beginning and sharp ending, and relational exchange with a longer duration. The benefits of relationship marketing to both the manufacturer and customer were also outlined. Business-to-business marketing differs significantly from consumer marketing in that the focus is on buying, selling and transforming products or services for re-sale or as raw materials for the production of other goods or services for a profit, while consumer marketing is primarily concerned with those customers who buy products or services for final consumption. Relationship marketing in business-to-business scenarios is focused on client retention, product benefits, long term relationships, high customer service levels as well as high customer contact and commitment.

Strong relationships between suppliers and customers leads to a competitive advantage, customer retention, customer loyalty, customer cooperation and a win-win situation. In the prevailing competitive environment, losing customers becomes costly and it is five times less expensive to retain existing customers than to acquire new ones. Relationship marketing has the ability to assist an organisation to enhance understanding of its customers and increase market share as well as profitability while reducing costs. The drivers of relationship marketing include reduced cost of customer acquisition, customer retention, reduced switching costs and attainment of competitive advantage.

Relationship partnerships are grouped into categories, namely customer partnerships, internal partnerships, supplier partnerships and external partnerships. While each of the four partnerships was clarified, the focus of this study was on the development of customer relationships. The importance of relationship marketing in sustaining long- term relationships and the mutual benefit between exchange partners motivated the researcher to investigate the variables or dimensions which constitute relationship marketing specifically in the South African cement industry.

In Chapter Three, an assessment of relationship marketing frameworks suggested that existing models of buyer-seller relationships might insufficiently show managerial focus on supplier performance evaluation. This occurs as a result of periodic customer evaluation of supplier relationships and performance, since customers prefer to gauge the perceived benefits and costs they derive from relationships. In the current study, a suggestion is made that the ambiguities and contradictory results of previous studies may partly be explained by the requirement for researchers to add performance based constructs to the affective and conative variables in existing relationship marketing models. In order to close this gap, the current study proposed that supplier competences and effective communication should be included as key constituents in addition to trust and commitment when modelling business relationships. Development of the conceptual model included factors such as supplier competency, trust, commitment and communication since these were identified in literature as the predictors (RM dimensions) of customer satisfaction (mediating variable) with the outcomes being customer cooperation and customer continuity or loyalty.

Chapter Four dealt with the South African cement industry landscape, where it was clarified that the South African cement industry is a major contributor to the employment of both skilled and unskilled individuals. It was elaborated that since 1994, existing cement manufacturers have lost market share to new entrants. Increased competition within the industry, changes in legislation, government spending on smaller projects, demand for alternative building materials and the findings of the Competition Tribunal support the descriptions of changes within the marketing environment over the past decade, as a result organisations are increasingly building relationships with customers as a means of protection from competitors.

The study revealed that the South African cement industry has experienced major changes ranging from restructuring of the cartel system, emergence of new market entrants, changes in legislation, changes in customer complexity and changes in target markets. These changes require cement players to embrace RM as a possible strategy to facilitate retention of existing customers for future growth and prosperity. However the discussion revealed a lack of evidence to demonstrate that RM is implemented in the South African cement industry or any specific industry as alluded by several authors. This constituted the motivational factor to perform the current study.

The research methodology was discussed in Chapter Five. The study was descriptive in nature as it clarified segment characteristics, estimated proportions of individuals who behaved in a particular way and made specific predictions. A quantitative research method was used in the form of a survey as it provided the advantage of standardisation as well as ease of administration and analysis while revealing subgroup differences.

A personal interviewing method was chosen as the study involved business-to-business scenarios. This method was considered suitable for obtaining information from decision makers who might generally be reluctant to respond to surveys using other methods. Each of the research stages was discussed in terms of theoretical background and these were linked to the study. A descriptive research design was chosen for the study as it was aimed at describing market characteristics and required clear specification of the 'what, who, when, where and why' aspects of the research. The chapter also considered sampling and non-sampling errors, in particular how these were managed in this study.

As the survey method was selected for this study, various survey methods were discussed, including the applicable advantages and disadvantages. Personal interviews in the form of in-office interviews were regarded as suitable for the study. Since questionnaires are used in quantitative data collection, the processes involved in designing the questionnaire were outlined. Data processing and preparation was also discussed.

Chapter Six presented and analysed the data collected using descriptive, correlation, regression and structural modelling analytical techniques. This enabled identification of the RM dimensions in the South African cement industry. The findings of the study were discussed in relation to existing literature. The research hypotheses, research objectives and research questions were answered in the discussion section and were based on the study findings.

Chapter Seven provided a summary of the study. The conclusions, recommendations, contributions and limitations were presented. The study concluded that satisfaction plays a mediating role between trust and communication with the outcome being customer loyalty. In addition, supplier competency and commitment play an insignificant role in relationship marketing in the South African cement industry. Therefore, in order to maintain customer loyalty and cooperation, a cement supplier may enhance all the aspects of relationship marketing dimensions which include trust, communication and satisfaction.

7.3 Conclusions

The study involved dimensions of relationship marketing in the context of the South African cement industry. The research questions were formulated in chapter one based on the objectives of the study and are restated as follows:

What are the dimensions of RM that lead to business-to-business customer satisfaction with a cement supplier?

What are the outcome dimensions of RM for satisfied customers?

What is the importance of RM in the cement manufacturing industry?

What are the dimensions of business-to-business RM in the cement manufacturing industry in South Africa?

Is customer satisfaction a mediator between cause and RM outcomes in the cement industry?

The study answered the research questions, drawing the following conclusions:

- Relationship marketing is primarily concerned with retaining, attracting and maintaining customers in order to meet the mutual objectives of parties involved, by creating value for the customer and treating the customer as a co-producer. It involves the facilitation and management of relationships between the business and its customers. Customers have greater choice and are becoming more sophisticated as purchasers in the current environment.

- Relationship marketing has become relevant to the cement industry, particularly subsequent to restructuring of the cartel system in 1994, which presented challenges of competitors entering the market, globalization, changes in legislation and the need for long-term profitability. Literature reveals that, while the approach to relationship marketing is of mutual benefit , it may not always be appropriate to pursue an entire problem-solving approach, as vulnerabilities and challenges may occur, which are associated with rigidly applying RM as a 'straight jacket'. Therefore, when implementing relationship strategies, each case must be assessed on its merit by conducting a cost-benefit analysis.

- A framework of relationship marketing dimensions for the cement industry in South Africa was developed, it is anticipated the framework will assist in addressing the deficiencies of implementing RM strategies.

- The outcomes of this study indicate that satisfaction plays a central role in relationship building in the South African cement industry. Customer satisfaction has an important influence on customer cooperation and loyalty.

- One of the most significant outcomes is that trust and communication have no direct effect on loyalty, however these factors do have an effect on cooperation. The findings on customer satisfaction were significant as it plays a pivotal role in relationship marketing in the South African cement industry as it leads to outcomes such as cooperation and loyalty.

  The two outcomes are crucial for business success in terms of repeat purchase, referrals (word-of-mouth marketing), retention and long-term profitability.

- Trust and communication had a significant influence on satisfaction, therefore the key RM variables in the South African cement industry include trust, communication and satisfaction, the key outcomes are cooperation and loyalty.

- While commitment is cited in other studies as a predictor of satisfaction, in the current study it was suggested that commitment was an outcome of satisfaction. When a customer is satisfied with a cement supplier, they are likely to be committed to a relationship. Similarly, supplier competency did not have an effect on customer satisfaction, as it is assumed that any cement supplier would demonstrate sufficient competency to produce quality products.

- In order to maintain customer loyalty and cooperation, a cement supplier may enhance the RM dimensions of trust, communication and satisfaction. Results therefore suggest a paradigm shift from production or sales orientation towards relationship marketing.

7.4 Recommendations

The following recommendations are based on the findings of the study:

1. It is recommended that a manufacturer of cement products develop strategies and procedures to ensure that the products or services offered be consistent with or exceed customer expectations. This requires cement manufacturers to invest resources for the satisfaction of customer needs in order to fulfil organisational goals and objectives. Satisfaction leads to cooperation and loyalty, which are important factors for suppliers in order to gain a competitive advantage. Loyal customers are more profitable and are likely to remain with the supplier for a long period and provide word of mouth referrals. Satisfaction leads to long-term relationship commitment and a decreased propensity to terminate relationships.

   According to Alvarez *et al.* (2011:27): "it is fundamental that cement manufacturers must deliver a quality service at all times to their customers, stressing not just the core service but also the peripheral ones, and striving to cover aspects related not only to the technical quality but also to the functional quality".

In order to satisfy the customer, the following strategies are recommended:

- Focus on understanding problems, needs and interests of customers
- Implement strategies for managing disputes
- Interactive strategies for communication must be in place
- A complaint management system will provide a method for listening to the needs of the customer
- Emphasis should be placed on providing value to customers
- Customer expectations should be fulfilled
- Previous favourable experiences should be matched
- Focus should be on product range
- Product quality should be comparable with global standards
- Strategies on product support should be implemented
- Customer service must be efficient
- Marketing communication (sales, promotion, effectiveness) must relate to requirement of customers
- Pricing strategies must be competitive
- Training of support staff should include management of customer complaints and provide the necessary skills to deal with customers in a professional manner
- The sales force should have expertise in the cement industry
- The supplier must be reliable with the necessary expertise

2. A cement manufacturer should invest in strategies of achieving trust and effective communication. It should be noted that supplier competencies influence trust and communication influences commitment, an inter-relationship exists between trust and commitment.

   Cement suppliers must provide quality products in order to obtain trust from customers. As previously discussed, satisfaction has a significant influence on cooperation and cooperation in turn influences loyalty. Trust and communication have a direct influence on cooperation, which in turn influences loyalty. According to Alvarez *et al.* (2011:155), cement manufacturers must: "strive to develop an organisational culture that involves all their employees, favouring both bottom-up and top-down communication". Employees must have the perception that they form part of decision making processes and as far as possible should be incentivized to perform duties with due consideration of customer satisfaction.

3. In order to consolidate market position, retain customers and become more profitable, a cement supplier must generate trust, utilise effective communication strategies and ensure customer satisfaction. In this manner, the cement manufacturer is in a position to retain loyal customers indefinitely, who are willing to cooperate and provide positive word of mouth feedback, improving the company's reputation in the industry. The following are recommendations for cement suppliers on the acquisition of trust:

    - Demonstrate reliability and integrity in business operations
    - Ability to mutually adapt to the needs of the customer
    - Adhere to quality products, the organisation must develop an understanding of the customer's needs and set specific quality standards.
    - Creation of customer relationships must be encouraged and facilitated by corporate policies.
    - Investing in customer-centred employees in which customer needs become the focus of the organisation's operations, marketing departments would play a leading role in this respect.
    - Strategies to ensure timeous delivery without errors
    - Operations departments should offer seamless services to clients without excessive bureaucracy
    - Service quality strategies should be developed which enable the supplier to differentiate itself from competitors

4. In order for cement organisations to acquire trust and enhance satisfaction, customers should receive individual services with personalized exchange of information

5. Effective communication strategies lead to greater customer satisfaction, which in turn leads to increased cooperation and loyalty. This also generates commitment, which in turn leads to trust and trust leads to satisfaction. The following recommendations describe effective communication strategies for cement suppliers:

    - Open communication is required
    - A designated contact is essential
    - Information regarding operational and strategic issues must be shared
    - Communication must be proactive rather than reactive
    - Timely communication is required
    - Relevant information must be supplied

    Cement suppliers must provide specialised training programs on product usage, deploy tailor-made promotional campaigns and purchase dedicated tools and machinery in order to enhance relationship outcomes in terms of effectiveness and efficiency. In addition, technical assistance and a 24 hour toll free help line is of paramount importance. This should be supported by on-site visits, laboratory tests and availability of competent technicians to assist customers in times of difficulty. As the industry and its products are of a technical nature, providing such services distinguishes an organisation which is assured to increase the trust relationship between supplier and buyer.

6. In order to achieve commitment, it is recommended that a cement manufacturer focus on social bonding tactics such as recruitment of employees with the skills to improve social bonding as well as provide training initiatives to existing staff, in particular support staff

7.5 Research contributions, limitations and future research

7.5.1 Research contributions

Several studies on relationship marketing specify trust, commitment and satisfaction as the common dimensions of relationship marketing. This study makes a theoretical contribution through the addition of other dimensions such as supplier competencies, communication, cooperation and loyalty. While numerous studies examine the relationships between trust, commitment, communication, satisfaction, cooperation and continuity, no evidence in literature is available for an integrated model of the relationships between these constructs in terms of RM, or specifically for the cement industry. However the available literature indicates several recommendations for future studies which demarcate relationship marketing for specific industries. This study contributes to theory and practice by fulfilling this gap through provision of a framework for the dimensions of RM, specifically aimed at the cement industry as illustrated in Figure 7.1

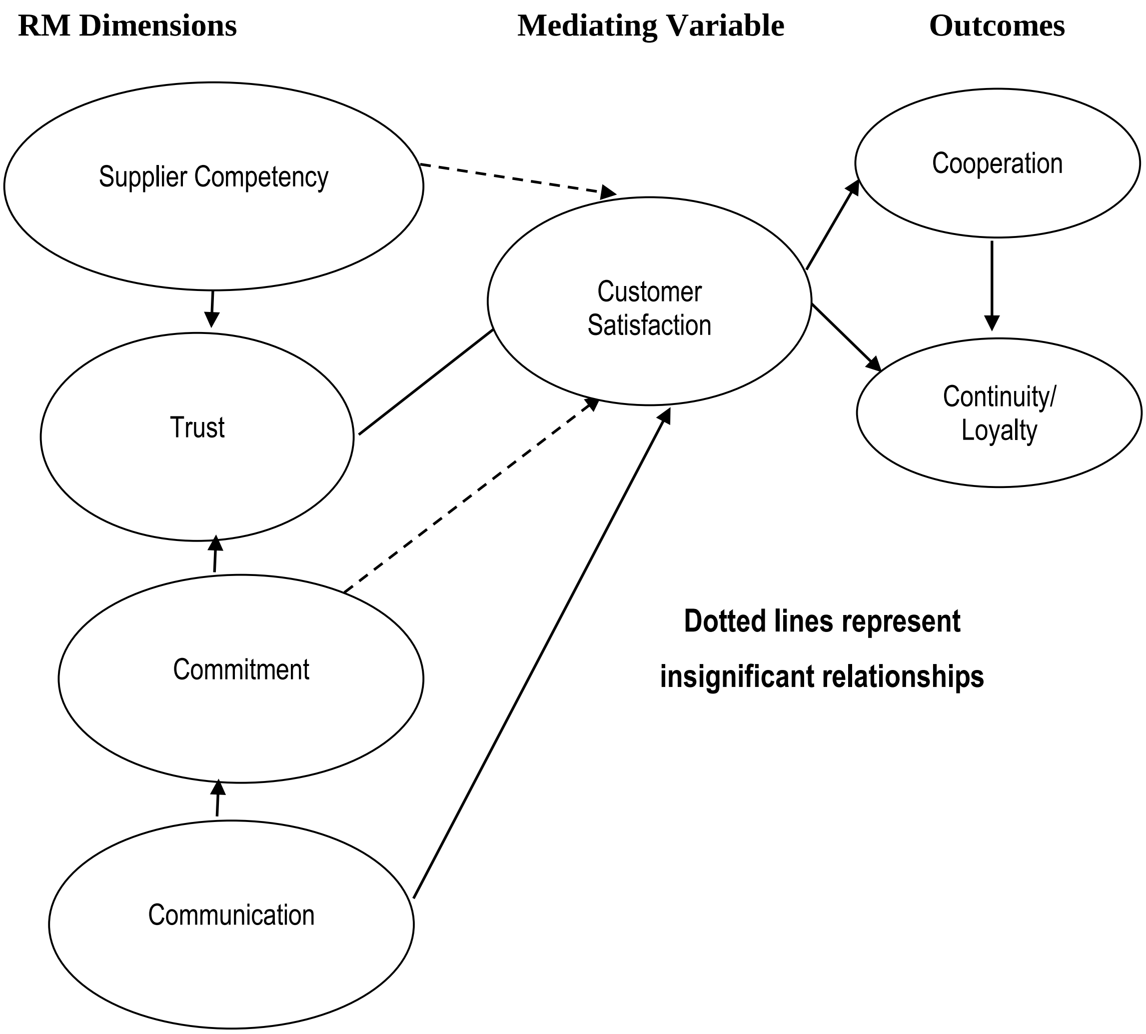


Figure 7.1: RM framework of SA Cement Industry

The study also examined the sequential logic of RM constructs in a business-to-business context in the cement industry. As a result, this study contributes theoretical as well as practical aspects to the field of relationship marketing. The outcome of the study was a framework of RM dimensions for the cement industry, which could be applied for the benefit of other researchers. It also presents findings of managerial interest.

The literature review suggests a lack of research on business to business dimensions of RM in the cement industry. In addition, the research of Athanasopoulou (2009:586) and other similar studies have primarily been conducted in the developed world. This study therefore contributes to the current body of knowledge.

The practical contribution of the study to the field of marketing emanates from the recommendations for cement companies to develop professional shields from competition and investigations on collusion by the competition tribunal, as described for three major cement producers in 2009 and the subsequent Afrisam fine of R25 million. The findings of this study contribute towards improving customer cooperation and loyalty within the business-to-business environment of the cement industry and this could lead to larger market share, higher customer retention and greater profitability.

The study also presented new RM dimensions which could be utilised by cement companies and other related industries in retaining customers and ensuring profitability for their business. In addition, the study lays the foundation for further studies in similar industries operating under similar environments. Further studies could expand on the dimensions of RM.

It is anticipated that the practical contribution of the study would assist marketing managers of cement companies to implement strategies to ensure customer loyalty, rather than depend on the cartel system, as this has proven to be a failure.

7.5.2 Limitations

A limitation of the study is that a judgemental sample was used and the results may be interpreted to represent a population similar to the respondents only. Therefore, generalisation of the results cannot occur to all industries and the entire South African population. The research was aimed at those organisations, which contribute 80% of profitability since relationship marketing is targeted towards key customers. The study involved major cement customers in South Africa, which limits the ability to generalise findings to other industries, other countries and other cultures. In addition, the sample did not include all business-to-business relationships, it only tested the relationship between cement suppliers and its major customers.

7.5.3 Future Studies

This study lays a foundation for further studies to be conducted in similar industries operating under similar environments. Further studies could expand on the dimensions of RM. It is recommended that the study is replicated for other South African industries, or other countries or other cultures.

This study also presents the opportunity to perform further research on other business-to-business relationships. A further study could also be considered on smaller organisations.

7.6 Summary

The conclusions and recommendations based on the study's findings were outlined. One conclusion was that satisfaction plays a mediating role between trust and communication and the outcome of this is customer loyalty and cooperation. The chapter concluded with contributions, limitations and future research on relationship marketing. One of the most important contributions of the study is the development of RM dimensions for the cement industry and the provision of practical recommendations to marketing managers of cement producers. The study also lays a foundation for future research in similar industries.

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Appendix 1: Study Questionnaire

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANCE

Dear Respondent,

PhD In Marketing Research Project
Researcher: Phineas Mubango 0115591281/0729880425
Supervisor: Dr. M.A. Phiri 0332605843
Humanities and Social Sciences Research Ethics Committee: Mrs M Snyman
Telephone: 0312608350
Fax: 0312604609
E-mail: snymanm@ukzn.ac.za

I, Phineas Mubango am currently completing a PhD in Marketing at the School of Management, IT and Governance, University of Kwazulu Natal. You are invited to participate in a research project entitled **Business-to-Business Dimensions of Relationship Marketing in the South African Cement Manufacturing Industry.** The aim of this study is to test satisfaction as a mediator between causes and outcomes. The causes are supplier competencies, trust, commitment and communication. The outcomes are cooperation and continuity or loyalty.

Through your participation, I hope to understand the dimensions of Relationship Marketing (RM) and the outcomes of its implementation. The results of this survey are intended to contribute towards theoretical knowledge in the field of marketing and assist cement companies to implement relationship marketing strategies.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time without any negative consequences. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, IT and Governance, UKZN.

If you have any questions or concerns regarding completion of the questionnaire survey or about participating in this study, you may contact me or my supervisor on the numbers listed above. The survey requires approximately ten (10) minutes to complete. I hope you will set aside this time to complete the questionnaire.

Sincerely
Phineas Mubango

Investigator signature………………………………………

Date…………………………………………………………

Supervisor signature………………………………………..

Date ………………………………………………………..

Consent

I……………………………………………………………………………....... (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Participant Signature..

Date...............................

Letter to Participants

Business to business dimensions of relationship marketing in the South African cement manufacturing industry

Dear Participant

You are invited to participate in a research project designed to establish dimensions necessary for establishing and maintaining customer relationships in the cement industry. The study is part of my research in fulfillment of the requirements for my PhD studies in Marketing.

Research Purpose

The aim of the study is to test satisfaction as a mediator between causes and outcomes of relationship marketing in a business-to-business context in the South African cement manufacturing industry in order to facilitate development of strategies aimed at satisfying and retaining customers. The causes are supplier competencies, trust, commitment and communication. The outcomes are cooperation and continuity or loyalty.

In light of the increase in competition in the cement industry and amongst others, the changes in legislation, a study of this nature may assist cement manufacturers to reach to their customers and move away from a dependency on price fixing and the cartel system of business. It is hoped the results will go beyond the cement industry as several other industries in South Africa could benefit from the research outcomes.

Participant Expectations

You are required to complete the questionnaire in full and it should take you approximately 10 minutes. Your participation in this study will provide valuable information which will assist in the development of a framework for business to business dimensions of relationship marketing. Your response is of utmost importance to me. I would appreciate it if you can take your time to answer **all** questions.

Please note that no reports will be made available to participants. Also note that all information gathered in this study will be treated as strictly confidential and used in aggregate form so as not to identify any individual respondent.

You are therefore **not** required to indicate your name or contact details anywhere on this questionnaire. It remains completely anonymous.

Thank you in advance for your participation. Should you have any queries please do not hesitate to contact the lead researcher in this project.

Sincerely,
Mr. Phineas Mubango
University of Johannesburg Department of Marketing
Office K Red 1 Auckland Park Bunting Road Campus
Tel: 011 559 1281
Fax: 011 559 4943
E-mail: pmbango@uj.ac.za

Supervisor: Dr. M.A. Phiri
University of KwaZulu Natal
E-mail:phirim@ukzn.ac.za

Mrs Mariette Snyman (Humanities and Social Science Research Ethics Committee)
University of KwaZulu Natal
Telephone: 031 260 8350
Fax: 031 260 4609
snymanm@ukzn.ac.za

The Questionnaire - Business to business dimensions of relationship marketing

Section A: Background information

This section seeks some background information about you and your organization. This information is important as it has a bearing on the results of the survey. Please indicate your answer by crossing (x) in the appropriate block.

A.1 Please indicate your gender

Female	1	Male	2

A.2 Please indicate your race

Black African	1	White	2	Coloured	3	Asia/Indian	4	Other (Specify)

A.3 Please indicate your position in the company:

Buyer (1)	Marketing Manager (2)	Marketing Director (3)	Managing Director (4)	Other: Specify

A. 4 Please indicate the number of years in your current position:

1-5years [1]	6-10years [2]	11-15years [3]	Above 15years [4]

A.5 Please indicate the sector of your company:

Construction	1	Industrial	2

A.6 Please indicate the province/s in which your company has presence:

Eastern Cape [1]	Free State [2]	Gauteng [3]	KwaZulu-Natal [4]	Limpopo [5]
Mpumalanga [6]	North West [7]	Northern Cape [8]	Western Cape [9]	All the provinces

Section B: Dimensions of business to business relationship marketing

The following statements measure your perceptions with regard to the importance of the dimensions of relationship marketing in the South African cement manufacturing industry. Please indicate the extent to which you agree or disagree with each of the statements listed below by crossing (x) the number corresponds to your answer.

1= Strongly disagree; 2= Disagree; 3= Somewhat disagree; 4= Neither agree or disagree; 5= Somewhat agree; 6= Agree; 7= Strongly agree

Cement Supplier Competencies								
SC1	Quality competence of a cement brand makes it easier to do business with a cement supplier	1	2	3	4	5	6	7
SC2	On time delivery competence of a supplier makes us happy to do business with a cement supplier	1	2	3	4	5	6	7
SC3	Flexibility competence is critical in this business	1	2	3	4	5	6	7
SC4	The competence of a cement supplier to provide specialised training programs on product use can enhance our relationship satisfaction with a cement supplier	1	2	3	4	5	6	7
SC5	Joint problem solving competence allows us to have a positive relationship with a cement supplier	1	2	3	4	5	6	7
SC6	New product development competence will make us want to continue doing business with a cement supplier	1	2	3	4	5	6	7
SC7	Special product competence will make us want to continue doing business with a cement supplier	1	2	3	4	5	6	7
Trust in a cement supplier								
TS1	It is important for a cement supplier to keep promises made to us	1	2	3	4	5	6	7
TS2	A cement supplier must be trustworthy in a business relationship	1	2	3	4	5	6	7

TS3	A cement supplier can be counted on to do what is right in a business relationship	1	2	3	4	5	6	7
TS4	A cement supplier must be trusted at all times for us to be happy to do business with it	1	2	3	4	5	6	7
TS5	A cement supplier must have high integrity	1	2	3	4	5	6	7
Commitment with a cement supplier								
CCS1	We are committed to our business relationship with a cement supplier	1	2	3	4	5	6	7
CCS2	Our firm intends to maintain a relationship with a cement supplier	1	2	3	4	5	6	7
CCS3	Our firm puts maximum effort in maintaining a relationship with a cement supplier	1	2	3	4	5	6	7
CCS4	Our firm would like to continue our work with a cement supplier well into the future	1	2	3	4	5	6	7
CCS5	Our firm intend to do business with a cement supplier well into the future	1	2	3	4	5	6	7
Communication with a cement supplier								
COW1	The ability of a cement supplier to provide timely information is very important	1	2	3	4	5	6	7
COW2	Relevant information is important all the time	1	2	3	4	5	6	7
COW3	I believe communication is an interactive dialogue between a cement supplier and its customers	1	2	3	4	5	6	7
COW4	A cement supplier must keep its customers informed of new developments	1	2	3	4	5	6	7
COW5	A cement supplier must communicate well its expectations for our firm's performance	1	2	3	4	5	6	7
Satisfaction with a cement supplier								
SS1	A relationship with a cement supplier must reflect a happy situation	1	2	3	4	5	6	7
SS2	The relationship between our firms must be trouble-free	1	2	3	4	5	6	7

SS3	The relationship between a cement supplier and a customer must be satisfying	1	2	3	4	5	6	7
SS4	A cement supplier must deliver high-level satisfaction on the basic elements of business transaction	1	2	3	4	5	6	7
SS5	A cement supplier must understand customers' needs	1	2	3	4	5	6	7
SS6	A cement supplier must exceed customer needs	1	2	3	4	5	6	7
Cooperation with a cement supplier								
CS1	Our firm prefers to cooperate with a cement supplier	1	2	3	4	5	6	7
CS2	Our firm prefers to get along with a cement supplier	1	2	3	4	5	6	7
CS3	Our firm's cooperation with a cement supplier is a priority	1	2	3	4	5	6	7
CS4	Working jointly with a cement supplier on issues that affect both firms is important	1	2	3	4	5	6	7
CS5	It is good for our processes/or procedures to be coordinated with those of a cement supplier	1	2	3	4	5	6	7
CS6	Coordinating our activities with those of a cement supplier makes business sense.	1	2	3	4	5	6	7
Continuity/or Loyalty with a cement supplier								
CL1	Having an enduring relationship with a cement supplier makes business sense	1	2	3	4	5	6	7
CL2	A relationship with a cement supplier must be a long-term alliance	1	2	3	4	5	6	7
CL3	A relationship with a cement supplier must be one that last	1	2	3	4	5	6	7
CL4	Loyalty makes us not leave our cement supplier	1	2	3	4	5	6	7
CL5	Being loyal to a cement supplier reduces uncertainty	1	2	3	4	5	6	7

Appendix 2: Ethical Clearance

UNIVERSITY OF KWAZULU-NATAL

INYUVESI YAKWAZULU-NATALI

14 August 2014

Mr Phineas Mubango 201506647
School of Management, IT & Governance
Westville Campus

Dear Mr Mubango

Protocol reference number: HSS/0953/014D
Project title: Business to Business Dimensions of Relationship Marketing in the South African Cement Manufacturing Industry

Full Approval – Expedited Application

In response to your application dated 11 July 2014, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL.**

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 discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

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

Yours faithfully

....

Dr Shenuka Singh (Chair)
Humanities & Social Sciences Research Ethics Committee

/pm

Cc Supervisor: Prof S Perumal
Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee
Dr Shenuka Singh (Chair)
Westville Campus, Govan Mbeki Building
Postal Address: Private Bag X54001, Durban 4000
Telephone: +27 (0) 31260 3587/8350/4557 **Facsimile:** +27 (0) 31 260 4609 **Email:** ximbap@ukzn.ac.za / snymanm@ukzn.ac.za / mohunp@ukzn.ac.za
Website: www.ukzn.ac.za

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Appendix 3: Breach of Ethics Acknowledge

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

Protocol reference number : HSS/0953/014D

Project title : Business to Business Dimensions of Relationship Marketing in the South African Cement Manufacturing Industry

ACKNOWLEDGEMENT:
BREACH OF ETHICAL PROCESSES AT UKZN

I, the undersigned,

Student Name (Student Nr)	:	Mr Phineas Mubango (201506647)
School	:	Management, IT & Governance
Campus	:	Westville

as the Principal Investigator ("the Applicant") in the above stated project, do hereby acknowledge that:

1. The University of KwaZulu-Natal's (hereinafter "UKZN") Research Ethics Policy (V) does not make provision for Retrospective Ethics Approval;
2. All researchers (both students and staff) at UKZN are obliged to be familiar with this policy;
3. I have been informed that research cannot be done without obtaining full ethical clearance as per the policy and guidelines of the University;
4. **Research for the above project was undertaken by myself without final ethical clearance being obtained;**
5. The University reserves its right to, at any stage and time, withdraw the relevant degree obtained by myself if:
   5.1 It becomes known to UKZN that there was an additional ethical breach during any field work or whilst collection data for the above stated project, and / or
   5.2 I fail to apply for ethical clearance for any future research projects.
6. In addition to point 5 above, the appropriate disciplinary processes will follow should this occur again.

I further acknowledge that should there be any legal implications/actions emanating from the research in terms of any ethical violations, I will be personally liable and hereby indemnify UKZN against any legal action that may arise from my failure to adhere to the University Research Ethics Policy (V).

Signed at JHB on the 20 day of JANUARY 2015

Signature of applicant: ____________

Signed at ______ on the ______ day of ______ 2015

Signature of Chair (HSSREC): ____________ Date: 3-1-15

Humanities & Social Sciences Research Ethics Committee
Dr Shenuka Singh (Chair)
Westville Campus, Govan Mbeki Building
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Appendix 4: Approval for Publication A

UKRAINIAN ACADEMY OF BANKING
PUBLISHING HOUSE "VIRTUS INTERPRESS"
EDITORIAL BOARD OF INTERNATIONAL SCIENTIFIC JOURNAL
"Journal of Governance & Regulation"

Petropavlovskaya Str. 57, Sumy 40030, Ukraine
Tel.: 38-542-219945, e-mail: alex_kostyuk@mail.ru

VIRTUS INTERPRESS

LETTER OF PAPER ACCEPTANCE

FROM: Alexander Kostyuk, Editor, journal of Governance and Regulation and
Director, Virtus Interpress, Ukraine DATE: June 4, 2015

TO/ATTN: Mr Phineas Mbango, Dr. M.A. Phiri
Department of Marketing Management
University of Johannesburg
Auckland Park Campus
PO Box 524
Auckland Park
2006
South Africa
Tel: 011 559 1414
Fax: 011 559 4943
Email: pmbango@uj.ac.za

I certify that your paper Trust and Communication as predictors of customer satisfaction in Business-to-Business Relationship Marketing in the South African Cement Manufacturing Industry has been accepted, blind reviewed and published in journal of Governance and Regulation (volume 4, 2015).

Director of Virtus Interpress,
Editor, journal of Governance and Regulation

Alexander Kostyuk

Приватне мале підприємство "Віртус Інтерпрес"
VIRTUS INTERPRESS
Ідентифікаційний код
32462877
Україна м. Суми

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Appendix 5: Abstract for Publication A

Trust and Communication as Predictors of Customer Satisfaction in Business-to-Business Relationship Marketing in the South African Cement Manufacturing Industry

ABSTRACT

Customer satisfaction has become more relevant in the South African cement industry as it leads to important outcomes of customer loyalty and customer cooperation. The unbundling of the cartel system in 1994, the entrance of new competitors into the market, the effect of globalization, the changes in legislation and the need to become more profitable in the long term has necessitated the need for cement suppliers to adopt strategies of ensuring customer satisfaction.

A literature search was undertaken in the areas of relationship marketing, trust, communication and customer satisfaction. The study's literature reveals that, there is limited published research in the Cement Industry particularly in South Africa which deals with customer satisfaction determinants. The limited research published in this field is about other industries mainly in developed countries.

The major objective of the study was to test if trust and communication influence customer satisfaction in the context of business-to-business relationship marketing in the South African Cement Manufacturing Industry.

The methodological approach followed was a survey and quantitative in nature. Data were collected from 362 major business-to-business cement customers throughout South Africa's nine provinces using the face-to-face interview technique using a seven-point Likert scale structured self-administered questionnaires. The data collected in the empirical study were analysed using descriptive, correlation and regression analysis.

The empirical results of this study suggested that, in order to maintain customer satisfaction, a cement supplier has to invest in ways of enhancing customer trust and communication.
Customer satisfaction plays a pivotal role in relationship marketing in the cement industry in South Africa as it leads to important outcome of customer loyalty.

Customer loyalty is crucial for business success in terms of repeat purchase, referrals (word-of-mouth marketing), retention and long-term profitability. A contribution of this study is its examination of the sequential logic of trust and communication as predictors of customer satisfaction in a business-to-business context in the South African cement industry.

As a result this study makes both theoretical and practical contribution in the field of relationship marketing. For example, marketing managers would benefit from the knowledge that satisfaction is a key outcome of trust and communication in the cement industry. One of the major contribution of this study is, its departure from the norm where trust and commitment are always researched by introducing a new relationship between trust and communication as predictors of customer satisfaction.

Key words: South African Cement Industry, Relationship Marketing, Communication, Trust, Satisfaction, Business-to-Business

Appendix 6: Approval for Publication B

UKRAINIAN ACADEMY OF BANKING
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"Journal of Governance & Regulation"

Petropavlovskaya Str. 57, Sumy 40030, Ukraine
Tel.: 38-542-219945, e-mail: alex_kostyuk@mail.ru

LETTER OF PAPER ACCEPTANCE

FROM: Alexander Kostyuk, Editor, journal of Governance and Regulation and
Director, Virtus Interpress, Ukraine DATE: June 27, 2015

TO/ATTN: Mr Phineas Mbango
Department of Marketing Management
University of Johannesburg
Auckland Park Campus
PO Box 524
Auckland Park
2006
South Africa
Tel: 011 559 1414
Fax: 011 559 4943
Email: pmbango@uj.ac.za

I certify that your paper Customer satisfaction as a mediator between causes (Trust and Communication) and the outcome (customer loyalty) in Business-to-Business Relationship Marketing in the South African Cement Manufacturing Industry written with Dr. M.A. Phiri has been accepted, blind reviewed and to be published in journal of Governance and Regulation (volume 4, 2015).

Director of Virtus Interpress,
Editor, journal of Governance and Regulation

Alexander Kostyuk

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Appendix 7: Abstract for Publication B

Customer satisfaction as a Mediator between Causes (Trust and Communication) and the Outcome (customer loyalty) in Business-to-Business Relationship Marketing in the South African Cement Manufacturing Industry

ABSTRACT

Customer loyalty has become more relevant in the cement industry since the unbundling of the cartel system in 1994, the entrance of new competitors into the market and the effect of globalization. This study's literature review reveals that there is limited published research in the Cement Industry, particularly in South Africa, which deals with customer loyalty management. The major objective of the study was to test satisfaction as a mediator between causes and outcome, the causes being trust and communication and the outcome being customer loyalty.

The methodological approach followed was a survey and quantitative in nature. Data were collected from 362 major business-to-business cement customers throughout South Africa's nine provinces using the face-to-face interview technique with self-administered questionnaires. The data collected in the empirical study were analysed using the structural equations modelling (SEM).

The results show that in order to maintain customer loyalty, a cement supplier has to focus on strategies to build relationships on the basis of creating customer satisfaction and/or exceeding customer needs and wants. They also need to invest in enhancing customer trust and communication. Another important finding is that trust and communication have no direct effect on loyalty. Customer satisfaction is therefore the most important mediator as it leads to customer loyalty. Customer loyalty is crucial for business success in terms of repeat purchase, referrals (word-of-mouth marketing), retention and long-term profitability.

There exists evidence from literature of an outcry for a need for future studies to examine causes and outcomes of satisfaction to specific industries.

This study contributes to theory and practice by closing that gap, by providing a framework of causes and outcomes of satisfaction specifically aimed at the cement industry.

Another contribution of this study is its examination of the sequential logic of causes and outcomes of satisfaction in business-to-business relationships in the cement industry. This study hopes to make a practical contribution in helping marketing managers of cement companies to come up with marketing strategies of ensuring customer loyalty.

Key words: South African Cement Industry, Relationship Marketing, Customer loyalty, Communication, Trust, Satisfaction, Business-to-Business

Appendix 8: PhD Thesis Editing

RESEARCH ADVISORY GROUP

Achievement through excellence

9.10.2015

Confirmation of Services

This serves to confirm the following services have been completed on the PhD thesis of Mr Phineas Mubango:

- Proof reading and editing.
- Check and correct reference style and indexing in accordance with Harvard method.
- Set format in accordance with institutional requirements (headings, numbering, margins, pagination, table format).
- Check and correct table of contents, list of figures, list of tables, list of appendices.

Please note, in accordance with the standard terms and conditions applicable to the services, the Research Advisory Group cannot be held responsible, nor accept any liability for:

(a) Suitability of information, content and verification of factual accuracy of the document. As the applicant is responsible for the above, it is most imperative to consult the designated supervisor to ensure aptness and that the fundamental institutional requirements are fulfilled prior to submission.

(b) The institutional mark allocated to the applicant.

(c) Any changes that occur to the formatting and presentation of the document as a result of amendments made by the applicant after receipt of the final review.

The applicant is contractually responsible for ensuring:

(i) formatting and presentation complies with the standards of the Research Advisory Group and of the applicable institution.

(ii) the Research Advisory Group is not brought into disrepute in relation to 8(*i*) and in any other manner whatsoever.

Thank you for using the services of the Research Advisory Group, we look forward to your continued patronage in the future.