



**RELATIONSHIP MARKETING MODEL FOR HAIR SALONS IN THE FREE STATE
PROVINCE**

BY

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DECLARATION

I, Edmund Owusu Amoakoh, student number [REDACTED], do hereby declare that this research report submitted to the Central University of Technology, Free State for the Degree D.Com in MARKETING is my own independent work and has not previously been submitted by me at another University/faculty. I further cede copyright of the thesis in favour of the Central University of Technology, Free State.

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ABSTRACT

The increasing rate of the establishment of hair salons in the Free State province has led to fierce competition in hair salons' businesses. With increased competition, it is hoped that a framework to support competitive activities that meet and exceed customer preferences and requirements could be helpful. This study develops and presents relationship marketing framework that provides support for hair salons competitiveness and growth.

The study applied both qualitative and quantitative research method. The quantitative phase used survey data collection method, to collect data from 145 respondents, randomly selected owner/managers of hair salons and customers from Bloemfontein in the Free State Province of South Africa. These responses were supported with personal interview (i.e. qualitative) to improve generalizability of research finding.

The empirical findings show evidence of lack of awareness and importance of relationship marketing activities in the hair salons for competitiveness. Despite the lack of awareness, a positive relationship between relationship marketing framework and hair salon competitiveness and growth was found.

The relationship marketing model adopted would provide strategic support and adequate information on small business performance which would prove useful for their marketing planning.

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CHAPTER 1: RELATIONSHIP MARKETING MODEL FOR HAIR SALONS IN THE FREE STATE PROVINCE

1.1 INTRODUCTION TO THE STUDY

Relationship marketing is an approach used to build, develop, and maintain a successful relational exchange for competitiveness (Po-Tsang Chen and Hsin-Hui Hu, 2010:406). The emergence of the internet and mobile platforms has created new communication channels and opportunities for applied relationship marketing, resulting in more cost-effective relationship management between hair salons and their customers. The assumption is that with an increased consumer appetite for service quality and pressure of increased profit and market share, hair salons would benefit from the application of relationship marketing. This new communication channel also enables hair salons to engage, network, and collaborate with customers for improved services.

Several researchers (e.g., Che, Binti, and Jamil, 2009:25) argue that the primary focus of relationship marketing is building closer relationships with customers as a strategy to overcome problems such as acquiring competitive advantage and increase market share. In order to achieve a sustainable competitive advantage in the customer market, Che et al. (2009:26) further suggest that marketers need to design a strategy that blends all the activities of relationship marketing including attraction, interaction with customers, quality customer service, maintenance, and customization, which will lead to customer satisfaction and retention. In support of Che et al., Cosic and Djuric (2010:54) add that relationship marketing focuses on relationship development, keeping and improving relations with customers in order to gain profit and reach the goals of the business. In the context of the hair salon industry, one of the ultimate goals of the relationships is to deliver long-term value and satisfaction for customers to retain them.

It must be noted that relationship marketing could be costly, time consuming, and complex; however, it can be a useful technique for improving competitiveness. Thus, this study examines relationship marketing to develop a model suitable for hair salons' competitiveness in the Free State Province of South Africa.

1.2 SIGNIFICANCE OF THE STUDY

It is evident that small, micro and medium enterprises (SMMEs) contribute significantly to the economies of most African countries and hair salons are no exceptions (Abor and Quartey, 2010:219; Page and Soderbom, 2012:2). However, some of them do not perform well. Non-performance of those businesses does not arise from only one reason but a multiplicity of reasons such as poor management, financial constraints, and ineffective marketing practices. Although other areas of management activities might be overwhelming, in this study the question of effective marketing practices such as relationship marketing is important to competitiveness.

Review of the literature showed that the introduction and subsequent adoption of relationship marketing creates business-customer relationships. It raise appetites for customer services, customer perceptions, and expectations on the side of the business, while customers would show satisfaction, loyalty, and retention. Likewise, the existing literature such as the works of Jesri et al. (2013:304-312) revealed many benefits such as:

1. Encouraging businesses to develop a strategic competitive advantage by fostering intense, difficult-to-duplicate marketing relationships with key trading partners.
2. Retaining existing customers.
3. Putting emphasis on customer value, service quality, and customer satisfaction.
4. Gaining quality sources of marketing intelligence for better planning of marketing strategy.

Opinions expressed in another study talk about some limitations of relationship marketing practices and applications, including dissent among loyal customers, souring of relationships over time and lack of empirical data to support it (Ramakumar and Saravanan, 2007:54).

In this study, examination of the impact of relationship marketing has been conducted and a framework developed that provides strategic support to hair salons, which is essential with growing competition and increased customer demand for quality services. Therefore, studies such as this, which provide adequate information on relationship marketing framework and business performance, might prove useful to small business' planning objectives.

1.2 PROBLEM STATEMENT

Competitive challenge among hair salons is a consequence of limited business opportunity and weak customer relationship management competency needed to initiate interaction with customers. In some instances, the interaction with a customer starts with their first patronage. This patronage determines the level of service quality, satisfaction, and retention opportunity. Relationship marketing, therefore, is a possible strategy for building and maintaining relationships with customers in order to improve hair salons' performance. Therefore, this research addresses the need for a relationship marketing framework that provides support to hair salons' competitiveness and growth.

1.3 AIM OF THE STUDY

The aim of this study was twofold. First, to determine the type of interaction needed to enhance quality service delivery. Second, the research examined the impact of relationship marketing model on the competitiveness of hair salons.

1.5 RESEARCH OBJECTIVES

1.5.1. Main objective

The main objective of this study was to develop a relationship marketing framework that will make hair salons competitive and profitable within the context of good relationships.

1.5.2 Secondary research objectives

More specifically, the study identified four secondary research objectives as follows:

- To determine the factors affecting service quality.
- To investigate the relationship between services quality and customer satisfaction.
- To investigate the relationship between customer satisfaction and customer retention.
- To investigate how business performance is affected by service quality, customer satisfaction and customer retention.

1.6 RESEARCH QUESTIONS

Based on the problem statement, the research identified the following research questions:

- 1 What kind of interaction needed to promote the service quality of hair salon?
- 2 What are the elements of service quality in hair salons?
- 3 What are the elements of customer satisfaction in hair salons?
- 4 What are the elements of customer retention in hair salons?
- 5 How do service quality, customer satisfaction and customer retention affect business performance?

1.7 THEORETICAL PERSPECTIVE

This study adopted **relational exchange theory**, which is a long-term relationship between service providers and customers. It is a source of business partnerships (Chattananon and Trimetsoonton, 2009:3); based on buyer-seller relationships (Kanagal, 2010:4). According to Jham and Khan (2008:35), building relationships requires customer satisfaction as a pre-requisite for meeting customers' expectations. Khan (2012:107) also offers that the continuity of the business relations between the customer and company is customer retention. Therefore, the study attaches consideration to customer satisfaction and retention as critical to relationship building between the customer and service provider.

1.7.1 Conceptual framework

It emerged from the review of the theoretical perspective. The framework is made up of independent variables namely, confidence/trust, communication, responsiveness, tangibility, complaints handling and empathy which are some of the components of relationship marketing (Deng, Wei and Zhang, 2010:296; Anabila, Narteh and Tweneboah-Kodua, 2012:53; Rezvani et al., 2011:1547; Kassim and Abdulla, 2010:352; Pournaserani, and Mousavian, 2011:206) and service quality, customer satisfaction and retention as the mediating variables. These independent variables influence or are factors of service quality, customer satisfaction and customer retention (Deng, Wei and Zhang, 2010:296; Van Vureen

et al., 2012:85). Therefore, the study used the independent variables together with the mediating variables (services quality, customer satisfaction, and customer retention) as a framework to measure hair salons' performance and growth. The framework is embedded in the relationship marketing theory, and it emphasizes the need to increase the level of hair salons' competitiveness and growth.

Figure 1.1 illustrates the relationship marketing framework. According to the framework, relationship marketing begins from factors affecting service quality and customer satisfaction. These factors are independent variables namely, confidence/trust, communication, responsiveness, tangibility, empathy and complaints handling. The assumption is that as salons respond to service quality offering (as a central mediating variable), it would lead to customer satisfaction and ultimately customer retention would be achieved. These three variables become the mediating variables. This outcome is highly unlikely and rarely sustainable without the influence of the independent factors i.e. Confidence/trust, communication, responsiveness, tangibility, empathy and complaints handling. It is also assumed that the mediating factors namely, service quality, customer satisfaction, and customer retention would lead to the achievement of positive gross turnover, return on investments and profitability as business performance indicators, which would eventually lead to salons' competitiveness and growth.



Figure 1.1 Conceptual framework for elements of relationship marketing

1.8 METHODOLOGY

1.8.1 Research design: General approach

This study is exploratory because it investigated how relationship marketing can be used and has its impact on hair salon competitiveness. The importance of hair salon competitiveness provides rationale for the development of relationship marketing framework. The exploratory design is selected for its positivist relevance to contextual interplay of data collection and analysis. It employs both descriptive and quantitative research approaches. Details of the research methodology are presented in Chapter 4.

1.8.2 Population

The target population for this study were the owners and customers of the hair salons in the Free State Province. The Free State Development Cooperation (FDC) provided an estimate

list of 550 registered hair salons. Although, most of these hair salons are unregistered, registration status would not affect quality of data since 200 of these have participated in the study. As quality improvement effort and data reliability, a pilot survey was conducted to identify the salons suitable for this specific study. The outcome of the pilot survey enabled the selection and calculation of suitable population sample using the macorr calculator <http://www.macorr.org>.

1.8.3 Sampling method

Probability sampling method was adopted in this study for the following reasons: 1). Large sample comprising 550 hair salons in the region which allows for representativeness; 2) The need to generalize the results of the study, and 3) The population is well defined.

1.8.4 Data collection

Structured Likert-type questionnaires were applied to collect responses from selected respondents. A pilot study using 20 respondents was performed in the Mangaung area of Bloemfontein to improve readability and clarity of the questions. The questionnaires were administered personally.

1.8.5 Data analysis

Data collected was analysed using the SPSS statistical computer software package proven to produce reliable inferential and descriptive statistics. The inferential statistics involves inferences that are made about population indices based on the corresponding indices obtained from samples drawn randomly from the population, while descriptive statistics concerns with the description and or summary of the data obtained for a group of individual units of analysis (Welman et al., 2007:231-236). The data was statistically analysed using frequency counts, percentages, Cronbach Alpha coefficient statistic for reliability analysis, correlation, and regression models were also used for relationships.

1.9 CREDIBILITY OF THE STUDY

For this study to be credible and acceptable, validity and reliability are discussed in detail in Chapter 4 under content validity, construct validity, and some aspects of reliability.

1.9.1 Ethical issues

This empirical research adhered to all prescripts of conducting ethically sound research. This includes, *inter alia*, confidentiality and anonymity concerning privileged information. Furthermore, respecting the privacy, rights, and dignity of all the parties involved in the study were upheld. Lastly, the aims and objectives of this study were communicated to all parties with the view to soliciting their informed consent.

1.9.2 Definitions of key terms

The following operational definitions has been emphasized to give clarity on some terms used in the literature that are considered to have definitional ambiguity, thus the need to be understood in the context of this research.

Hair salon

It refers to a place for hair care services

Hair chemicals

In the language of hair salons, they are products used for treatment of hair such as shampoo, hair cream, relaxers, and colouring creams

.Hair academies

They are training institutions for hair care services.

Hair decor

A term ascribed to different types of hair decorations.

African styling

A term used by hair salons to cover a number of hairstyles such as braiding, dreadlocks, bonding, and many combinations.

Relationship marketing

It is a strategic marketing instrument used to acquire customers, build closer long-term relationship and retain them to acquire competitive advantage (Well and Bojie, 2009).

Relationship marketing framework

A relationship marketing framework represents a simplifying concept of relationships between businesses and their customers. The research operates under the assumption that the model would support the development and management of relationship for business profitability and competitiveness.

Market trends

In the context of hair salons, this term refers to current changes in the salon business market, in terms of innovation such as new products, hairstyles and equipment.

Interaction variables

These are concepts/variables used to consider the relationship between each other; it describes a situation and the kind of influence two variables have on a third. This influence could be in the form of interactions considered and determined in the context of regression analyses.

Predictor variables

They are independent variables that can be used to predict the values of other variables for statistical purposes in the context of the model of this study.

Business performance

This set of analytical processes enables a business to improve. The business performance in the context of this study is measured by estimated daily sales, estimated monthly gross profit, and estimated gross profit percentage of the previous year.

Competitiveness

It is the ability of a business, country, or product to compete with others. In the context of this study, it is the desire of a hair salon to compete with other hair salons and be more successful.

1.9.3 Layout of the study

Chapter 1: Introduction and scope of the study.

Chapter 2: The literature is reviewed on relationship marketing, customer satisfaction, and retention. This is followed by examination of methods used by researchers in investigating the topic with emphasis on RM on business performance.

Chapter 3: Examines the literature on the variables possibly influencing relationship marketing, the six interaction variables (confidence/trust, complaints handling, communication, responsiveness, tangibility, and empathy), service quality, customer satisfaction, and customer retention in hair salons.

Chapter 4: Describes research design and methodology employed.

Chapter 5: Presents and discusses the empirical results.

Chapter 6: Presents the summary, conclusions, and recommendations based on the findings of the empirical research.

1.9.4 CHAPTER SUMMARY

This chapter provided a detailed discussion of the background to the research problem, objective, research questions, the aim, the significance and limitations of the study. The next two chapters of the study presents relationship marketing theory and application with an emphasis on a relationship marketing framework for hair salons.

CHAPTER 2: REVIEW OF RELATIONSHIP MARKETING (RM)

2.1 INTRODUCTION

The previous chapter provided an overarching perspective on the study, i.e. background, aim and problem statement amongst others. The aim was to propose a marketing strategy in relationship marketing that will assist hair salons in being competitive. This chapter provides the broad context of the study by reviewing the literature. This includes the review of the South African hair salon industry, introduction of traditional marketing paradigm, followed by the definition, brief history, scope of relationship marketing, and formation of relationships. The chapter concludes with the differences between RM and customer relationship management (CRM). This background information shows that a reliable marketing strategy will enable hair salons to be competitive.

While salons are making an increasingly significant contribution to the economy by providing self-employment and helping people become emerging entrepreneurs, customers also reap the benefits of an increased choice of service providers and services with competitive pricing. With the proliferation of salons comes with increased competition and the need for relationship marketing as competitive strategy. Hence, the emphasis is on relationship marketing and the need for a framework to aid successful hair salon competitiveness emerged. With growing unemployment, the unemployed would benefit from entrepreneurial ventures like hair salons as source of employment and economic opportunity. They would also improve their management skills through the application of relationship marketing framework for improved business performance. This would enable hair salon owners to review and adapt their marketing and business practices from informal small to formal micro and medium business.

Since this study explores the competitiveness and performance of hair salons using a relationship marketing framework, it is necessary to review the state of the South African salon industry.

2.2 THE SOUTH AFRICAN HAIR SALON INDUSTRY IN PERSPECTIVE

While still largely based in the informal economy, the African hair care business has become a multi-billion industry that stretches to China and India and has drawn global giants such as L’Oreal and Unilever (Health24 Magazine, 2014). This trend is happening in most African countries as well. In the African context, it is common knowledge to find that the hair salon industry started under shade of trees in the centre of villages, street corners in towns and homes. With time, they were found in barbershops. Just few hair care equipment such as one or two stoves, one drier, a pair of scissors and a kettle were needed for start-ups, which attracted low cost in establishing them. They initially provided services to keep the hair neat, but now the rise of unisex salon chains has changed the hair salon industry. In recent times, it is geared towards fashionable services like fashion haircuts and colouring (Rajesh, 2013:1). South African consumers, for various reasons, crave for these salons and hairdressers to provide these labour-intensive services. The hair care market, both professional and informal, is growing rapidly. This proliferation of hair salons is expected to continue due to its low setup costs and the rise of the African middle class, whose tastes call for modern hair care. The emergence of the internet and hair care magazines has exposed these hair salons to new trends in salon business in terms of new styles of hair care for women and glamorous hair cut from soccer stars and movie artists, to mention a few. There seems to be diversified growth within the salons because most of them have either begun to diversify by acquiring already existing hair salons or by going into new markets and new areas of service due to foreign-acquired new trend in hair care provided by the internet and hair care magazines.

Informal conversations with some of the salon owners who are internet marketers for new trend in the industry confirmed that by providing customers with modern hair care, they are able to survive. It is, therefore, not surprising to find hair salon academies spreading across some of the major cities, such as Johannesburg, Pretoria, Cape Town, and Durban, illustrating the employment potential of the business. Salons have become prominent features in African culture where men and women are changing their spending habits and perspectives towards the beauty of their hair on a daily basis. It is now fashionable for both males and females to acquire the most current and expensive hairstyles in response to changing trends in hair care dictated by the internet and other media exposure of these fashion. Currently, the Diagonal reports of 2013 state that there is a term, “African Styling,” being used by South African salons to cover a number of styles such as braiding (hair extensions and pieces), dreadlocks (or dreads), bonding, and many combinations that can last for months (Hartigh, 2013:1).

South African hair salons received a boost with the establishment of the Royal Hairstyles Training Academy and Salon in Gauteng in 2010. A South African hair expert, Kenneth Mokgosi, teamed up with African-American Finance to revolutionise and modernise the local hair industry through high-level training (Admin, 2012). In 2011, they became the second hair salon-training academy to be accredited by the Skills Education and Training Authority (SETA) in South Africa, which focuses on Afro hair, and subsequently opened up their doors in the Johannesburg CBD to their first batch of students in February 2012 (Admin, 2012). Notable about this academy is their curriculum blend of both hair care and business skills, with the aim of preparing students to run their own businesses. The emphasis on hair salon academies and the training empowers salon operators to bridge the gap between the informal and well-established ones. Thus, it is high time for salon entrepreneurs re-visited their marketing strategy to enhance growth and survival.

The above discussion demonstrates that hair salons are assuming the status of “new” small-micro and medium enterprises (SMMEs) because their emergence is potentially bolstering the SMME sector for playing socio-economic roles in the economies of the provinces in South Africa. Free State is no exception, now that they are entrepreneurially oriented to introduce innovation into the industry for growth.

2.2.1. Perceived socio-economic importance of Hair Salons

Hair care seems to be a vital source of jobs for mainly women, who make up a large slice of the informal economy in most African countries. According to Health24 (2014), while reliable Africa-wide figures are hard to come by, market research firm Euromonitor International estimates \$1.1 billion of shampoos, relaxers and hair lotions were sold in South Africa, Nigeria and Cameroon alone last year. It sees the liquid hair care market growing by about 5 percent from 2013 to 2018 in Nigeria and Cameroon, with a slight decline for the more mature South African market. The above information throws more strength behind the role hair salons play in the economic development in the emerging economies. The perceived importance of hair salons revolves around the alleviation of unemployment and poverty through:

1. Creation of self-employment—One inherent benefit of the establishment of hair salons is a gradual decrease in reliance on the government or other employers for jobs;

2. Creating jobs for others—Like any other business, small as some salons are, they are able to at least employ one or two workers to execute certain functions in the salons;
3. Creation of entrepreneurship in the mind-set among the youth—Entrepreneurship, according to Maatoofi and Tajeddini (2011:14) refers to a focus on innovation in the product-market and risky projects that pioneer or innovate to gain superiority over rivals. This implies that by setting up hair salons, the operators are learning to take risks to invest the little capital they may have to create their own jobs (creativity or innovation). By so doing, hair salons create training grounds for entrepreneurship in the mind-set of the owners;
4. Development of human capital—The establishment of hair salons directly or indirectly enhances training of skills, fostering managerial skills, being able to analyse situations and taking opportunities; and
5. Creation of emerging entrepreneurs—by acquiring entrepreneurship, salon operators begin to apply the skills to manage entrepreneurially.

Therefore, considering the potentials of the hair salons in contributing to the economic development in the Free State province, they need to be competitive and profitable. Thus, this study looks at how salon entrepreneurs in the Free State province will change their marketing practices in order to win more customers to achieve growth and competitiveness, hence the need for a relationship marketing framework.

It is important to review the traditional/transactional marketing paradigm since it is the antecedent of relationship marketing. The aim is to show some of its limitations and the need for adopting relationship marketing for customer relationship building.

2.3 TRADITIONAL MARKETING (TM) PARADIGM

Traditional marketing, also known as transactional marketing, was a marketing practice focused on attracting a standard customer, using strategic tools such as standardised products, mass promotion and distribution, and finally, economies of scale and scope, with resultant market share (Brito, 2011:69). The transactional marketing paradigm was not a customer-oriented approach to business but a product-oriented philosophy (Gilanania et al. 2011:790). In other words, the strategy of transactional marketing was to identify prospects,

convert them to customers, and complete sales transactions. It rather dealt mainly with getting a customer rather than keeping a customer. There was no relational customer contact, and it is focused on sales or product-service transactions.

Traditional marketing, as a transactional marketing focused on what marketers will recognise as the 4Ps framework of marketing, which are Price, Product, Place, and Promotion. This is the well-known “Marketing Mix.” The marketing mix management supports the view that marketing is about selling the right product, at the right price, in the right place and with the right promotional tools. The 4Ps were the first marketing tools to be introduced and used in the 1960s (Little and Marandi, 2008:11). Traditional marketing and the 4Ps concept were developed as a basic framework for marketing of products and services only. The consumers were viewed as passive; they were limited to accepting or rejecting this combination of the 4Ps, and to buying or refusing the offer (Maxim, 2009:287). Nordin (2009:3), who noted that during the transactional marketing era, the customer’s purchasing behaviour was influenced through various marketing tools and the sole intention was to close a sale, alludes to this.

Thus, traditional marketing was a business strategy that focused on *single sales transactions and not creating a lasting relationship with the customer* (Robinson, 2012:1). This suggests that the emphasis was on maximizing the efficiency and volume of individual sales transactions and the profits they could generate in a marketplace by means of implementing the 4Ps strategy rather than developing a long-term relationship with the buyer.

However, while the focus on the 4Ps i.e. price, product, promotion and place elements of the traditional marketing model remained relevant, ever since the 1980s, this approach to marketing has been questioned. Maxim (2009:287) argues that the traditional model was based on three conditions: a large number of potential customers existed; both customers and their needs were reasonably homogeneous; and lost customers were relatively easy to replace. Maxim, however, observes that these conditions are increasingly difficult to encounter in the present business environment. The author further argues that it needs to be augmented with relational marketing, addressing growing consumer appetite for increased demand for quality product and service and increasing number of service firms, hence the evolution of 4Ps to 7Ps to include “*people, processes, and physical evidence*” that markets should manage (Maxim, 2009:287). In support of this view, Bosch et al. (2011:419-20) explain the inclusion of the three Ps as: *Processes* stand for the methods of operation when rendering a service, the *people* equate to human dimension involved in the service-delivery value chain, while the *physical evidence* entails the physical environment in which the service is being rendered.

The discussion above seems to suggest that with these additional 3Ps, the concept would be broad enough to accommodate customers, marketing tools and communications to enhance customer satisfaction, customer loyalty and retention, in addition to the ever-changing competitive environment to build relationships.

2.3.1 Some limitations of traditional marketing

Much as the transactional marketing has some merits, of which one is that customers have a short-time horizon and can easily switch from one supplier to another without spending more (Gilanania et al. 2011:791); the literature review suggests some limitations of the traditional marketing in its application of the 4Ps as follows:

The limitation of transactional marketing presented by Robinson (2012:1) suggests non-suitability of information acquisition and assimilation by consumers. The non-suitability is consistent with preference differential and changes in consumer context. Traditional businesses would mass market in order to reach a select few within their target market, and once they closed, the sale would then let the customer go. Nordin (2009:3) also observes that transactional marketing did not operate with a relational approach, where trust, knowledge-sharing and mutual gains are emphasised; a concern raised by Fruchter and Sigue (2005:18) to note that transactional marketing failed to build and maintain close and strong relationships with buyers. Furthermore, it has been argued by Gilananian, et al (2011:791) that the theory and practice of transactional marketing assumed that consumers were available in great numbers and behaved passively, whilst within industrial business to business and service markets, the interactive participation of the customer is required to successfully complete the exchange.

From the above discussions, it is evident that the transactional paradigm was simply a one-sided marketing practice. This marketing practice has given way to relationship marketing (RM) - a new school of thought which is a strategic marketing instrument used to acquire customers, build close long-term relationships, and retain them to acquire competitive advantage. This seems to suggest that this is an appropriate marketing approach for hair salons and, one that will help them acquire, satisfy and build the loyalty of a clientele.

2.4 RELATIONSHIP MARKETING (RM) IN PERSPECTIVE

2.4.1 Definition of Relationship Marketing

Although relationship marketing is generally based on the limits of traditional marketing and emphasizes the benefits of maintaining, long-term relationships with customers, its definition and its terminology are different from one author to another and there is no unanimity.

According to Gilaninia, Danish, and Shahmohammadi (2012:10721), RM is a strategy to attract, retain, and promote customer relations, while Cosic and Djuric (2010:53) define RM as paradigm change, which shifts the focus of business from transaction to relationship. The definition of Alrubaiee and Al-Nazer (2010:157) states that RM involves the directing of all marketing activities toward building loyalty (keeping and winning customers) by providing value to all the parties involved in relational exchanges. The authors further maintain that the main theme in customer relationship marketing is to acquire and retain customers.

Kanagal (2009:17) describes RM as the identification, establishment, maintenance, enhancement, modification and termination of relationships with customers to create value for customers and profit for the organisation through a series of relational exchanges that have both a history and a future. According to Alqahtani (2011:585), RM is seen as a core business activity directed towards setting up, improving, and maintaining successful relational exchanges with customers, suppliers and even other businesses.

Implicit in the above definitions is that relationship marketing involves activities aimed at developing long-term cost effective links between an organization and its customers for their mutual benefits. Organization can maintain and enhance relationships by treating customers fairly and offering service augmentations. For the service provider, a valued relationship is one that is financially profitable in the long term.

In the light of this, the definition of Gilaninia, Danish, and Shahmohammadi (2012:10721) has been adapted to guide this research, as it appears the most summarised version of the elements of all the definitions cited. Therefore, for the purpose of this study, RM in hair salons is operationally defined as ***a marketing strategy directed towards attracting and retaining customers through the promotion of relational exchanges within hair salons for mutual benefits.***

2.4.2 A brief history of relationship marketing

The philosophies of academics in business have transgressed over time through a cycle starting with solely economic production, then onto a selling orientation, to a customer/market orientation and finishing with a societal orientation. It is now beginning to shift towards the relationship marketing (Gilaninia et al. 2011:790). This assertion suggests that the new dimension in marketing has been proposed to replace the traditional paradigm in which most businesses have focused their marketing efforts. However, it is not clear when and where RM started as researchers give conflicting dates and places.

Ramakumar and Saravanan (2007:453) trace the coinage of the concept RM to as far back as 1983 by a professor of marketing Leonard Berry in the context of services marketing, but around 1985, the concept was used in business-to-business context. These authors claim that the idea of developing and fostering relationship with customers is not new, but that many firms are realising the significance of RM for the first time. The assertion by these authors could be interpreted that previously businesses were involved in RM but no academic consciousness was attached to it. Jham and Khan (2008:35) also opine that relationships are as old as humankind and the history of trade and commerce. However, Jham and Khan (2008:35) counter act their earlier suggestion to contend that the concept of RM was formally introduced into the field of service marketing in the early 1990s. They further established that building closer relationships with customers resulted in better returns to companies, and thus higher costs of customer acquisition drove the necessity to build long-term customer relationships. This assertion has been supported by Chattananon and Trimetsoontorn (2009:252) tracing back the history of RM to the 1990s during the industrial marketing period. These assertions create conflicting dates of the introduction of relationship marketing in the marketing literature.

The authenticity of the exact place RM started has raised similar argument. While Chattananon and Trimetsoontorn (2009:252) contend that RM popularity broadened to consumer settings in Western Cultural contexts such as Europe, the USA, Australia, and the UK. Chakrabarty, Brown, and Widing (2010:1) also claim that empirical studies on RM have focused almost exclusively on US and European markets, although developing economies such as China and India are expected to grow. It is also interesting to note that the same authors observe that few studies have examined the paradigm in Eastern cultural contexts such as Thailand, China, Hong Kong, South Korea, or Malaysia. The only exceptions include studies of relationship marketing in an Asian market, while no studies could be located that

specifically examined RM in a manufacturing industry context in South-East Asia. These assertions also indicate that RM has been in existence but no specific place has been mentioned where the concept started.

Barring all the confusion about the actual date and place of RM, the above accounts suggest that the actual date seems to be around the 1990s, but the actual place of origin and in which business sector it was first practised remains uncertain and cannot be exactly specified. Be it as it may, the relevant issue is that the emergence of RM application is essential to business and has brought improved customer-provider relationships thereby boosting business performance according to the literature. It is therefore important to conceive the consequences of this new marketing practice so that appropriate marketing strategies are deployed in support of business and commercial activities in the hair salon context.

2.4.3 The Scope of Relationship Marketing (RM)

According to Alrubaiee and Al-Nazer (2010:155) relationships results from certain aspects of cooperative relationship that characterise successful relational exchanges. Relationship marketing (RM) covers a wide range of relationship strategies that have developed over the past few decades in product as well as service markets, and in consumer as well as business-to-business sectors (Kanagal, 2009:2). R.M is conceptualised as a prerequisite for building relationships, and recognises the lifetime value of customers, and a closer relationship with customers that results in better returns to companies (Jham and Khan, 2008:35).

As stated previously, relationship marketing is a paradigm shift away from the transaction-based marketing where suppliers of yesteryear would only be interested in luring customers to buy their products or services, and after the sale was accomplished, the suppliers would look out for new customers. RM focuses on individual customers, and its strategic tools are to customise product, individualise promotion and distribution, and above all to achieve lifetime loyalty in the customer portfolio (Brito, 2011:69).

According to Singh and Srivastava (2008:6), RM has been viewed as buyer-seller encounters that accumulate over time with opportunities to transform individual and discreet transactions into relational partnerships. Alrubaiee and Al-Nazer (2010) who add that the use of RM can generate higher returns from customers and impacts on a firm's performance through conflict management, communication, shared value, empathy, reciprocity, commitment, satisfaction and trust allude to this.

Cosic and Djuric (2010:54) emphasise RM characteristics as focusing on keeping customers; product benefits orientation; high level of consumer involvement; high level of contacts with consumers through communication, and total quality management. These authors also mention the goal of RM as delivering long-term value to customers, with a business philosophy of retention of existing customers over acquisition of new ones. Studies of Kanagal (2009:9) indicate that RM plays a tremendous role in business success, which includes: improving profitability; addressing customers better; buying in of customer attention; protecting emotional well-being; of consumers; understanding the customer's psyche and building trust with customers. Kanagal (2009:9) further emphasises the dual focus in acquisition and retention strategies, but it is the retention strategy that is given more prominence. In this regard, the author proposes that long-term customer retention produces superior profits because customers are less expensive to retain than to recruit.

From the discussions above, it is evident that RM is a competitive advantage to a business, a tool to reduce the customer churn, to overcome service failures and an opportunity for marketing additional products and services to a more receptive customer base. Thus, one can infer the applicability of RM to the operation of hair salons.

2.4.4 Formation of relationships

According to Hollensen and Opresnik (2010:3), relationship orientation in marketing existed during the pre-industrial era in which producers and consumers interacted directly with each other and developed emotional and structural bonds. Relationships, according to Chattananon and Trimetsoontorn (2009:3), rely on qualities such as trust, equity, responsibility and commitment. The literature study reveals different stages of relationship formation, and Fig.2.1 Figure 2.1 Relationship formation stages shows the stages model of Hollensen and Opresnik (2010:12) that illustrates that successful relationship develops through six stages as follows:

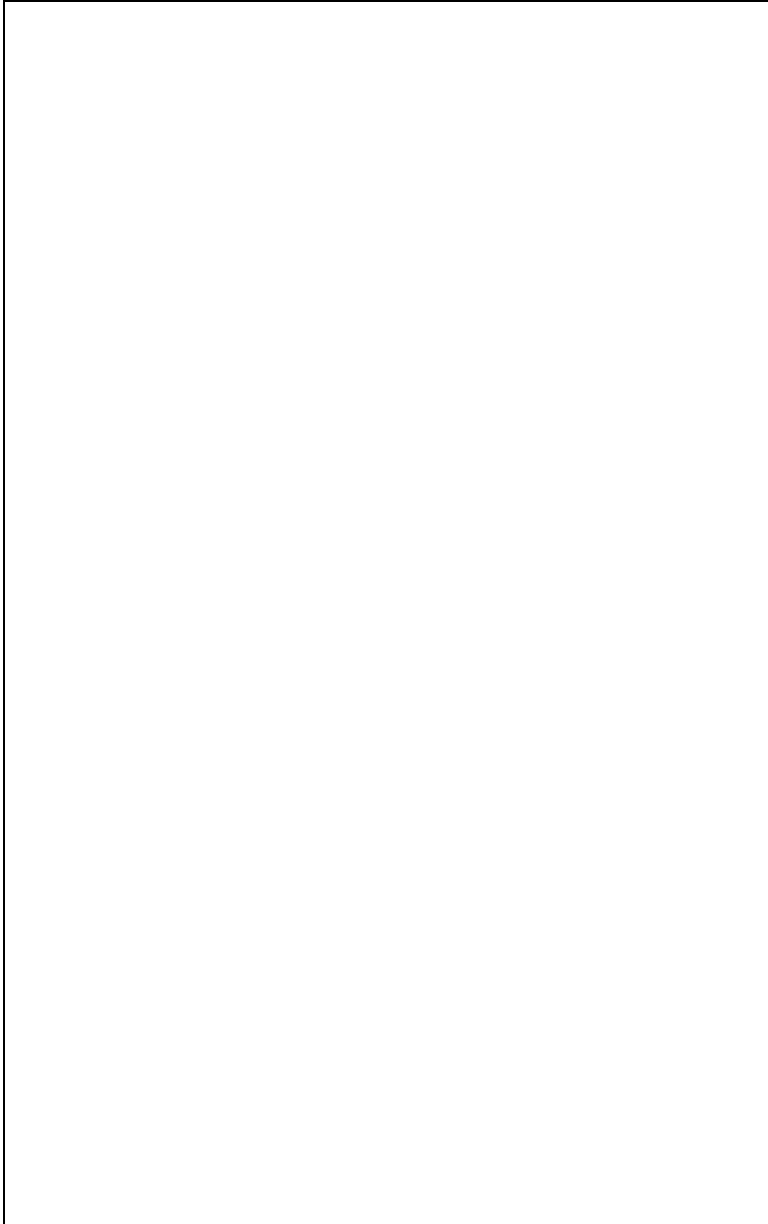


Figure 2.1 Relationship formation stage

Sources: Adapted from Hollensen and Opresnik (2010: 12) with modifications

2.4.5 Relationship Formation Stages

The formation starts with the prospects. It is at this point that the relational marketer is seen to diverge from the traditional marketer, whose interest is seen to be predominantly in the single transaction. From this stage, the essential task of the marketer is to skilfully move prospects to a higher stage of relationship to be customers who have experience and interest in the business. The customers are transformed into clients, who intend to be involved with the company on a regular basis. Clients are converted to the status of advocates, the customers who become actively involved usually through word-of-mouth recommendation.

The advocates are transformed into members who have greater affinity to the company. Finally, they become partners, whose relationships are on a highest stage, and these customers become part of the value creation process.

This model shows the stages of consumer involvement in RM. What this implies is that different relational stages in RM include the assumption that the higher the stage of development the greater the profitability to the business. This suggests that the more the salons' relationships with customers grow the greater will be their profitability and growth.

Therefore, relationships between hair salons and customers are important for successful transactions, and their economic value is important for the hair salons' competitiveness

2.4.6 Tactics of relationship marketing (RM) to maintain relationships

Tactics of RM to maintain relationships has been reviewed in the literature as critical factors for relationship marketing, and researchers such as Doaei, Rezaei, and Khajei (2011:84) have suggested the following as some of RM tactics:

1. **Tangible rewards:** this is to make a present of visible benefits such as price discount, gift, or coupons in order to generate customer loyalty. The tangible reward model moulds customer perception by progressing from "loving the service" to "getting benefit from the service." This new perception makes the product/service more attractive in the early stages.
2. **Interpersonal communication:** This is the transfer and/ or distributing information and sharing among persons. Thus, when a communication is used timeously and suitably, it solves and adjusts discussion and disputation, and it can be helpful to not only retain, improve, and establish a relation to higher levels, but also to create an amicable and warm atmosphere.
3. **Preferential treatment:** this is preferential treatment for loyal customers due to their repeat purchases.
4. **Membership:** it is a method of providing a long-term communication for both regular and non-regular customers. These businesses provide long-term privileges or special services to frequent customers, which will improve and fortify long-term loyalty to the product/service.

5. Direct mail: this includes letters, and catalogues sent to customers directly as it is a good method to communicate with customers.

The aforementioned are some of the suggested handy tactics hair salons can employ to win customers. Besides the above, for example, tangible rewards in the form of price reduction, gifts such as free hair care products, one-to-one interpersonal conversations and timeous communication with customers about changes in the salon services and products are some of the practical means to build relationships.

2.4.7 Benefits /advantages of RM

Several researchers have highlighted some of the benefits of relationship marketing. (For example, Jesri, Ahmadi, and Fatchipoor, 2013:304; Bahri, Sabahi, Taheri, and Hatami, 2013:26; Gilaninian et al., 2011:789; and Ramkumar & Saravanan, 2007:454), suggest the following summarised relationship marketing benefits to customers and businesses:

From the customers' point of view, relationship marketing can provide the following benefits:

1. It allows the customers to get confidence by reducing their anxiety.
2. It makes customers to have faith in product or service provider.
3. It allows customers to feel the trustworthiness of the provider.
4. Customers get social benefits in the form of personal recognition by employees, customers being familiar with employees, the development of friendship with employees, and special treatment such as extra services, special prices, and higher priority over other customers.
5. It allows personalised marketing, which deals with direct one-to-one interactions between a marketer and its customers.
6. R.M enhances customers' acquisition of relevant information to empower them to make correct purchase decision.

From the firms' point of view, R.M can provide the following benefits:

1. RM encourages firms to develop a strategic competitive advantage by fostering intense, difficult-to-duplicate marketing relationships with key trading partners.

2. Studies by Ramkumar and Saravanan (2007:454) reveal the following as benefits of relationship marketing initiatives to retain existing customers: acquiring a customer can cost 5-10 times more than retaining one; a 2% rise in customer retention equates to a 10% reduction in operating costs, and a 5% boost in customer retention translates into an 84% increase in lifetime profit. Therefore, RM has the potential to improve marketing productivity.
3. The authors cited above confirm that service firms lose about 20 per cent of their customers annually, and that companies that can decrease their customer defection rates by 5 % can increase their profits from 25-85%.
4. While customer relationship builds mutual rewards that benefit both the firm and the customer, the organisation can also gain quality sources of marketing intelligence for better planning of the marketing strategy.
5. Putting emphasis on customer value; the importance of keeping customers; putting emphasis on service quality; old customers being a kind of free advertisement for the company, and customer satisfaction about service industry creates motivated staff.
6. It fosters brand loyalty. R.M encourages the customer to build a long-term relationship with a firm and its products.
7. R.M can provide an effective means of achieving both effective product differentiation and competitive advantage.

2.4.8 Some disadvantages and challenges of relationship marketing

Despite the hype about the benefits of relationship marketing (RM), it is relevant for firms to realise some possible limitations and challenges to enable them to be proactive in taking action to minimise the negative outcomes on the business. The literature review shows a number of researchers alluding to the limitations and challenges including Ramkumar and Saravanan (2007:454; Gilaninia, Almani & Mousavian 2011:797 and Percy et al. 2010:2601).

Ramkumar and Saravanan (2007:454) and Gilaninia, Almani & Mousavian (2011:797) argue that RM has the following summarised disadvantages in the following areas:

1. Dissent among loyal customers: Long-term relationships and preferential treatment to most profitable customers may hurt the feelings of other loyal and revenue-generating customers if they are not also declared valued customers.
2. The company is viewed as an enemy and not an ally: Consumers typically view companies as enemies, so when a company institutes a programme the customers do not understand and see it as a breach of trust, they respond by arming themselves to fight back. High levels of interactions, familiarity, and experience can foster a belief that they can evaluate one another.
3. Souring relationships over time: partners in long- term relationships may develop a “what have you done for me lately?” attitude, which paradoxically makes them more sensitive to short-term costs and benefits. In addition, a partner may come to suspect that his/her trust has been taken advantage of, there-by souring their relationship.
4. Attitudinal Barriers: Businesses adopting RM must change from product –to customer-centric operation; a change that can be difficult to navigate, because of the time and interpersonal demands it carries i.e. lip service has to be replaced by authentic concern for the customer, and such attitudinal transformation is difficult to pursue.
5. Attracting new customers may be more important: Another disadvantage of RM is its reliance on current customers. For example, the Indian Telecom sector, where millions of cellular phone subscribers are added every month, is an example of a market in which attracting new customers is equally important. In such situations, RM and traditional marketing should go hand in hand, as RM alone could be a disastrous strategy in such a scenario.
6. Empirical evidence: The argument is that RM lacks a strong theoretical foundation, with few empirical data to support it.
7. Some customers prefer more distant contact, that is they prefer to purchase on basis of price and quality rather than basing on that of a long-lasting relationship.
8. They further argue that the right combination of orientation, sales orientation, and marketing or customer orientation is the cornerstone in creating, developing and enhancing long-term customer relationships. If a company does not have the right product/service, quality, promotion, personal selling, advertising, display, and servicing, it cannot achieve the right relationship with the right customer.

9. The authors contend that RM is suitable for situations where the customer has freedom to choose alternative products and suppliers, switching brands is normal and word of mouth communication is the best approach for promotion.
10. Lastly, some organisations avoid dependence on specific or few subcontractors, or distributor

Regarding the challenges of relationship marketing strategy, Percy et al. (2010:2601) argue that:

1. There is a problem of direct contact with customers. Relationship marketing is based on the notion of trusting cooperation with known customers. Therefore, firms need to know their customers better. Firms should develop systems that provide as much information as possible so that activities such as advertising campaigns, sales contacts and complaints situations can be made as relationship oriented as possible. Firms should always use face-to-face contacts with customers or means provided by information technology as possible to get close to customers. To meet these challenges, many firms are turning to formal customer management programmes (CMPs) that center on customer based needs and or profitability. This indicates that the development of this business model could be difficult task for small to medium service firms due to lack of resources. In this regard, small to medium enterprises may be challenged with regard to having effective direct contact with customers and therefore, may fail to successfully practise relationship marketing.

2. There is lack of database. Traditional marketing operates with little information about customers; in order to pursue relationship marketing, the firm cannot allow such ignorance to persist. A database consisting of customer profiles have to be established. If such a database does not exist, customer contacts will be handled partially. In addition to the primary use of database to maintain customer relationships, databases can be used for a variety of marketing activities such as segmenting the customer base, tailoring marketing activities, generating profiles of customer types, supporting activities and identifying high likelihood purchases. The challenge is that resources constraints limits the ability of SMEs to search for information and the lack of management system limit the use of data already held within the organisation. This situation also limits the practice of relationship marketing.

3. There is a challenge in creating a customer oriented service system. Successfully executed relationship marketing demands that the firm defines its business, and understand how to create and manage a total service. A customer oriented service system implies that a firm should be customer driven. There is an emphasis on the evaluation of customer needs and

giving more attention to information about customers. Thus, a focus on customers should be central to the operations of the organisation. However, most small to medium sized service firms may find it challenging to be customer oriented because of the following reasons: (a). Resources constraints which limit capacity to be innovative in terms of addition of new services to the core service; (b). Resources constraints which could limit the small to medium sized service firms to research on the ever changing consumer needs, preferences and tastes; (c). Lack of resources limiting investments in operational customer relationship management affecting the automation of basic business processes such as marketing, sales and service delivery

These limitations and challenges suggest that even though there is much hair salons can gain from practising RM, nonetheless, they must anticipate these weaknesses and challenges and mitigate them.

2.4.9 Some empirical findings of RM firm performance

In order to justify the necessity of adopting RM, some of the available empirical evidence will be considered in this section. The majority of existing literature relied on surveys sent to several different types of businesses such as manufacturers and banking. All of them focused on how RM improved sales and/or customer satisfaction. (For example, Jham and Khan, 2008; Chattananon and Trimetsoontorn, 2009; Chakrabarty et al., 2010; Alrubaiee and Ai-Nazer, 2010; Rootman, Tait, and Sharp, 2011; and Oboreh, Umukoro, and Ogechukwu, 2012) studies testify this assertion.

Jham and Khan (2008:36) conducted a survey on customer satisfaction and RM to conclude that customer satisfaction affects the sales and profitability of banks. Additionally, Chattananon and Trimetsoontorn (2009:11) mailed surveys to 166 salespeople from 30 steel pipe firms in Thailand and concluded that RM is perceived as an important factor enhancing business performance based on trust, which is one of the RM measures. Furthermore, a survey study of Chakrabarty et al (2010:9) on sales representatives of pharmaceutical manufacturers in India to explore the effects of RM on sales performance concluded that buyer-seller relationships results in mutual satisfaction and sales performance.

Similarly, Alrubaiee and Ai-Nazer (2010:164) conducted an exploratory quantitative study and concluded that RM enhances customer loyalty that contributes to a firm's performance. In their contribution to the above, Rootman, Tait, and Sharp (2011:184) study on Relationship Marketing and customer retention lessons for South African banks used a qualitative

research design to conclude that six banking services delivery variables namely, communication, knowledgeable, empowerment, personalisation, fees, ethical behaviour and technology influenced banks' relationship marketing and customer retention. Finally, studies on relationship marketing as a strategy of Igbo-managed SMMEs in Nigeria, by Oboreh, Umukoro and Ogechukwu (2012:1) concluded that the managers of these SMMEs, especially the literate ones, were aware of the principles, practice, and the philosophy of the RM concept and applied it to achieve growth.

Though little or no study has been done on hair salons, RM is perceived to be an important tool to enhance competitiveness. With growing competition among hair salons, the operators may embrace the relationship marketing concept, which may ensure survival, profitability, and growth.

2.5 DIFFERENCE BETWEEN RELATIONSHIP MARKETING (RM) AND CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

It is important to explain the difference between relationship marketing (RM) and consumer relationship management (CRM) because there seems to be confusion between them (Tiemmo, 2013:338), resulting different perspectives among academics, stakeholders, and relationship marketing students. More so CRM represents a new marketing paradigm, a new theory built on relationships, interactions and networks (Maxim, 2009:292). The presentation of this topic will indicate the role CRM plays in the relationship marketing management.

2.5.1 Definition of customer relationship management

Several researchers have conducted studies on CRM in the past 20 years. However, there is still significant disagreement on its definition and meaning. According to Finnegan and Currie (2010:153), CRM is a process that aims to bring together diverse pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends. Mohammed and Rashid (2012:22) stress that CRM is "a strategic approach that enables organisations to use internal resources (technology, people and processes) to manage the relationship with customers for the whole of their life cycle to create competitive advantages in an organisation's performance; CRM is customer focus, organisation management, knowledge management and technology-based."

Sunder, Murthy, and Yadapadithaya (2012:33) describe CRM as managing customer data to better understand and serve their needs while establishing strong relationships with existing and prospective customers to support their revenue goals. Al-Khoury (2012:35-36) defines CRM as “a coherent and complete set of processes and technologies for managing relationships with current and potential customers and associates of the company, using the marketing, sales, and service departments, regardless of the channel of communication.” In these definitions, there are technology and management dimensions. CRM is built around customers to manage beneficial relationship through acquiring information on different aspects of customers.

2.5.2 The scope of customer relationship management

According to Lo, Stalcup, and Lee (2010:139), the concept of CRM was first developed in the mid-1990s in information technology (IT). Innovation in information processing, more sophisticated and demanding consumers, and an increasingly competitive environment contributed to the development. The authors further argue that CRM was initially considered as a technology-only tool or simple database marketing. However, it has evolved into a management philosophy in which an organisation concentrates its activities around the customer. Over time, it has emerged as a strategy to integrate the cross function of employees to understand and retain long-term profitable relationships with customers and the goal is to create greater value for both customers and shareholders. Chahal (2010:343) mentions one of the core objectives of CRM as establishing and strengthening customer-organisation relationship to satisfy and retain customers, which ultimately affects overall organisational performance.

Another perspective of CRM is expressed by Jung-Chi and Fu-Ming (2011:580), indicating customer relationship management (CRM) developed as a derivative of an American term of “contact management” (during the 1980s) as customer data collection, as well as gathering and application of useful information to be the “call centre,” representing the unit or research tool to analyse customer data. The authors further intimate that to understand a CRM system from the aspect of marketing, its ultimate target also involves meeting the customer’s requirement. Therefore, this suggests that the quest to establish “Relationship Marketing,” involves achieving a long-term customer relationship, and the only differentiation is in the application of information technology to enhance its effectiveness.

2.5.3 Components of customer relationship management (CRM)

Based on the resource-based view of the firm, Coltman, Devinney, and Midgley (2011:205) conceptualise CRM as an endogenously determined function of the organisation's ability to harness and orchestrate capabilities that comprise physical assets, such as IT infrastructure, an organisational capabilities, such as human analytics (HA) and business architecture (BA). In effect, what the authors imply is that human capital and business practices encapsulate the company's organisational capabilities that complement the technology. Therefore, CRM represents a strategy for creating value for both the firm and its customer through the appropriate use of technology, data and customer knowledge. This suggests that CRM brings people, technology, and organisational capabilities to ensure connectivity between the company, its customers, and collaborating firms.

Similarly, Robinson, Neeley, and Williamson (2011:91) identify five components of CRM: process, strategy, philosophy, capability, and technology. As a process, CRM is concerned with harnessing activities to establish and maintain long-term, profitable, mutually beneficial customer relationships. As a strategy, CRM emphasizes that resources for relationship-building efforts should be allocated according to an individual customer's potential lifetime value to the firm. As a philosophy, CRM is customer-centric focusing on increasing loyalty and profitability by understanding a customer's evolving needs. As a capability, CRM suggests that firms invest in developing and acquiring knowledge base that enables them to modify responses to customers on continual basis. As a technology, CRM provides tools to manage various types of interactions across different customer contact points and to disseminate customer knowledge across the organisation.

Tiemo (2013:339) indicates the following as some of the attributes of CRM: It manages value; it seeks to the intelligent use of data and technology; it engages in the acquisition of customer knowledge; and makes available this knowledge to the appropriate stakeholders. Apart from these attributes, the author further contends that CRM develops appropriate (long-term) relationships with specific customer and or customer groups.

These components and attributes could be synthesised into seeing CRM being conceptualised as a creation of marketing intelligence that can be used to select customers and to build long-term relationships and customer interactions with them that can lead to customer loyalty and retention.

2.5.4 Differences between relationship marketing and customer relationship management.

Table 2.1: Differences between RM AND CRM

Relationship marketing	Customer relationship management
Focuses on buyer-seller relationship	Focuses on supplier-customer relationship
Relationships are built using technology	Emphasizes what man can do with technology
Commonly used in business-business and service firms	Commonly used in consumer goods and service processes

Source: Adapted from Tiemo (2013:338)

The table above suggests that CRM focuses on collecting customers' information using appropriate technology but does not show how the information is used to enhance the customer-firms' relationship. Even though it focuses on supplier-customer relationship, it is used in consumer goods and services. Again, CRM is technology-oriented, while relationship marketing is people-centred using technology. Not only that, RM is used in business-business and service firms. There seems to be differences between the two concepts in the table on how they are used to pursue relationship building.

Tiemo (2013:33) stresses that CRM processes include improved pricing, policies, services, custom-made products/services, integrated supply-chains and sales force improvement, while RM focuses on retaining the relationship between organisations and their customers. Here again, there seems to be a difference since the CRM processes mentioned do not talk about relationship building. However, the author asserts that customer relationship management (CRM) takes a customer-centric approach in addressing customers' needs. Apparently, this view is supported by Mohammed and Rashid (2012:22) to emphasise that CRM enables organisations to use internal resources (technology, people, and processes) to manage the relationship with customers for the whole of their life cycles to create competitive advantages in the organisation's performance. These assertions seem to be in line with what RM stands for- relationship building with customers.

It is therefore, evident from the above perspectives that there is a slight differentiation between relationship marketing (MR) and customer relationship management (CRM) among authors. However, in spite of the differences expressed earlier in this section, there is no

doubt that they relate to the same notion of business-customer relationship building and management. While relationship marketing is a philosophy and orientation towards customer retention, customer relationship management is regarded as the practical implementation of relationship marketing (Ramkumar and Saravanan, 2007:454).

The critical question is: Does CRM provide any benefits for the implementation of relationship marketing in the hair salons?

2.5.5 Benefits of customer relationship management (CRM)

Despite such beneficial application of CRM, Akroush, Dahiyat, Gharaibeh, Hesham, and Abu-Lail (2011:158) identify some limitations inhibiting the generalizability of the CRM implementation and applicability in all industrial settings and the countries they are applied. To them, many reports show disappointing results of applying CRM to retain existing customers and developing relationships with them. More so, it does not lead to success in business strategies and does not confer competitive advantage. Keramati, Nili, and Sweden (2011:669) also argue that companies can buy the same CRM technologies (e.g., CRM software) which their competitors use and not have the same results. Nonetheless, Akroush, Dahiyat, Gharaibeh, Hesham, and Abu-Lail (2011:158) contend that business organisations of different sizes are still motivated to adopt CRM to create and manage the relationships with their customers more effectively, and that an enhanced relationship with one's customers can ultimately lead to greater customer satisfaction, loyalty, retention and profitability. This argument is consistent with Amoako, Arthur, Bandoh, and Katah (2012:19) to suggest that companies gain many benefits from CRM. They argue that the benefits commonly pertain to one of these areas:

1. Lower cost of recruiting customers. The cost for recruiting customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfilment and services.
2. No need to recruit so many customers to preserve a steady volume of business. The number of long-term customers will increase and consequently the need for recruiting many customers decreases.

3. Reduced costs of sales. The costs regarding selling are reduced owing to the fact that existing customers are usually more responsive. In addition, with better knowledge of channels and distributors, relationships become more effective, and costs for marketing campaigns are reduced.
4. Higher customer profitability. Customer profitability increases since the customer-wallet share increases; also, there are increases in up-selling, cross-selling, follow-up sales, and referrals.
5. Increased customer retention and loyalty. Customer retention increases since customers stay longer, buy more and buy more frequently. The customer also more often takes initiatives, which increase the bonding relationship, further improving customer loyalty.
6. Winning back lost customers. Win-back consists of identifying which customers have been lost or are about to terminate their relationships, reasons for losing high value customers, effective methods for re-contacting lost customers, and offers that communicate the benefits of reactivation.

Much as these benefits and importance of CRM are laudable, in terms of relationship building, most hair salons lack the financial resources to access technologically based customer information. For example, most salons cannot afford to invest in CRM software and other packages. What is more, few of them may not have knowledge about the concept, which is a challenge to them. Despite these challenges, hair salons can apply relationship marketing's customer-centric approach and devise simple methods of gathering customers' information to enhance relationship marketing management.

2.6 SUMMARY

The chapter starts by putting the South African hair industry into perspective, followed by placing relationship marketing in the context of a paradigm shift in marketing management. A detailed over-view of RM has been presented, together with its core values, beliefs, and comprehensive scope. Relationship marketing is fundamentally different from transactional or traditional marketing management, and requires a new mind-set to make it work in the hair salon business. The formation of relationships has been discussed, followed by the difference between relationship marketing (RM) and customer relationship management (CRM).

CHAPTER 3 OPERATIONALISATION OF THE SELECTED VARIABLES

3.1 INTRODUCTION

This chapter extends the literature review and reviews the relationship marketing variables and their impact on the management aspects of relationship marketing. The management conditions and challenges faced by hair salons provide the basis for the review. The assumption is that understanding and the application of relationship marketing variables would have an impact on relationship management success and by extension customer loyalty: a necessary aspect of the operational element of relationship marketing variable (such as the business condition and customer loyalty) needed to support the development of relationship marketing framework.

3.2 BUSINESS CONDITIONS AFFECTING SMALL BUSINESSES

The nature of business size, management style and limited finance is reviewed and discussed in the context of this study.

3.2.1 Small business size

Hinson and Mahmoud (2011:38) describe small firms as follows: Micro-enterprises employ up to five employees, small enterprises employ six to 29 employees, while medium enterprises employ 30 to 99 employees. Similarly, the South Africa National Small Business Amendment Act of 2003 provides the following definitions of businesses: Micro, five employees; very small, 20 employees; small, 50 employees; medium, 200 employees. Zahedirad and Shivaraj (2011:11) define enterprises as tiny establishments – firms with five to nine workers; small establishments – firms with 10-49 workers; and medium establishments – firms with 50-99 workers.

The size of business and operating condition could limit service quality and undermine relationship management effort. For small hair salon operations, the number of its employees is determined by the size of its market. A small number of employees serving a large customer market would create long waiting periods that have the potential to constrain customer relationships. Employee numbers would have a large effect on small salon

operating capacity in the case of Free State. However, the management of constraining variables is important in overcoming identified limitations.

3.2.2 Small businesses management style

The South Africa National Small Business Amendment Act of 2003 states that one or more owners manage small firms. Islam et al. (2011:293) who, among other things, argue that ownership and management of small firms is typically combined in one or more individuals and future goals of the business are determined as much by personal life style and family factors, as by commercial considerations, allude to this.

This scenario undermines the relational exchange theory, which is the source of business partnerships because customers and employees of the business are ignored. These roles are embedded in relationship marketing. This means elements like communication, trust, and empathy can be compromised.

In support of the former researchers, Hinson and Mahmoud (2011:38) argue that one person usually dominates a small firm, with the owner/manager taking all the major decisions. What is more, a small business entrepreneur has limited formal education and access to new technologies and market information may be limited.

Here too, limited education, lack of access to technology and market information would mean that management skills are weak. In essence, knowledge about relationship marketing management would be lacking thus inhibiting the development of relationship marketing strategy needed for growth and success.

In the same vein, Jones and Rowley (2011:25) also argue that there is an absence of marketing orientation and a lack of management skills in the SMMEs. Additionally, the authors posit that small business marketing characteristics are inherently simple, informal and haphazard: they have business and marketing limitations; the influence of the entrepreneur overshadows the business; they lack a formal system of communication; or sometimes have no system at all.

However, if all the above discussed management limitations could be used to make informed decisions for the benefit of the business and the stakeholders, especially in the interest of relationship marketing, then such a management style could be made use of. If not, then they would constitute inimical for relationship marketing management. Therefore, small business

success would depend on a proactive management that avoids being reactive to competition and consumers' needs. Being proactive requires capital and management skills to develop and practice relevant management style. Small businesses in many instances are constrained by both capital and management skills making formalisation of relationship marketing strategy difficult or impossible.

3.2.3 Management style constrained by limited finances

Although most small informal business's capital outlay for its establishments is relatively small as compared to formal organisations, some of the owners lack enough collateral to enable them to contract loans; their sizes are also inhibitive. In some instances, the capital source of small firms is dependent upon external finance and as a result, they work long hours to achieve success (Islam et al., 2011:293). In this case, this financial handicap also inhibits applying certain marketing practices such as relationship marketing that need financial backing for their practices and implementation.

This analysis of small firms is typical of hair salons given how they are established. In most cases, less educated individuals with little or no marketing knowledge to help them capture customers establish them. They possess little capital sources and their marketing practices are inherently simple, informal and haphazard. The owner/managers making all major decisions without consulting employees and other stakeholders dominate them. There is an absence of marketing orientation and the owners have weak managerial skills, thus inhibiting the development of strategic plans for growth. Above all, they lack a formal system of communication and have sometimes no system at all.

These challenges are some of the factors underpinning the underperformance or failure of some of the salons. As a result, hair salons are unable to expand or offer quality services to satisfy customers in order to win their loyalty for retention, hence the need for a relationship marketing framework to make them competitive and profitable.

3.3 CUSTOMER LOYALTY

From the previous literature review by researchers such as Roberts-Lombard (2011:3495), the basic philosophy of relationship marketing is based on the assumption that businesses-customer interactions and strategies can earn and keep the loyalty of the customers. The author claims that there are linkages between relationship marketing and customer loyalty

through service quality, customer satisfaction and trust as mediating variables. The loyalty of the customer will not only contribute to obtaining a bigger share of the market, but it can also be used to obtain more information about customers for the implantation of relationship management. Thus, all marketing activities intend to create customer loyalty. Therefore, customer loyalty has been introduced as an offshoot of relationship marketing management through service quality, customer satisfaction and retention.

3.3.1 Definition of customer loyalty

According to Doaei, Rezaei, and Kgajei (2011:85), loyalty is a customer's commitment to purchase a product or service frequently, i.e., repetitive same-brand or same-set purchasing despite situational influences and better offering from competitors. Loyalty according to the authors is the function of satisfaction; loyal customers may not always be satisfied, but satisfied customers are likely to be loyal always.

Aminu (2012:1251) describes loyalty as the willingness of a customer to continue patronizing a firm's goods and services over a long period of time, and on a repeated and preferably exclusive basis, with voluntarily recommending the firm's products to friends and associates. This could be by word-of-mouth or referrals, which are some of the instruments that customer loyalty for hair salons may use to attract new customers, while retaining the old.

Yuen and Chan (2010:222) instead provide a comprehensive definition of loyalty, as follows: "it refers to positive feelings toward a brand and repurchasing the brand time after time; it includes both attitudinal and behavioural practices, such as repeat buying of a product and service. Alqahtani's (2011:585) definition relates to customer loyalty to the product, service, or the business itself.

The centrepiece of the definitions of customer loyalty is the "repeat-purchase intentions" of the customer (White and Yanamandram, 2007:4). The understanding of "repeat-purchase intentions" of the customer is that the customer has formed the behaviour and has the urge to continuously buy from the same provider – because he/she is familiar with the provider and trusts the quality of service/products, such that he/she will make referrals or recommendations and avoid switching.

There seems to be no consensus in definitions, however, there are two elements depicted in all the definitions: attitudinal and behavioural. These could be used to conceptualise the concept of loyalty.

3.3.2 Conceptualisation of “loyalty”

According to Santouridis and Trivellas (2010:331), customers demonstrate their loyalty in various ways, and the researchers highlight the conceptualisations of loyalty, including the following:

- *Behavioural* conceptualisations: conceive “loyalty” purely in terms of monitoring the frequency of repeated purchases, brand switches, and “share of wallet”
- *Attitudinal conceptualisations*: conceive “loyalty” as derived from psychological involvement and preferences and focus on issues such as recommendations of the brand, resistance to superior products/services, repurchase intention, and willingness to pay a price premium.

However, Yuen and Chan, (2010:224), Santouridis and Trivellas,(2010:331) hold the views that the definition of loyalty based solely on either of the two does not provide a holistic view of this complex concept. Thus, these researchers propose an alternative conceptualisation to conceive “loyalty” in terms of behavioural and attitudinal dimensions. This suggests that the two types of loyalties must occur concurrently. In other words, both behaviour and attitude are vital link and aspiration to business success, profit and business performance because, while behavioural loyalty is highly prized, because it means sales, attitudinal loyalty makes customers more resistant to attempts by other marketers to steal them away (Jumaev, Kumar and Hanaysha, 2012:38).

3.3.3. Scope of loyalty

Customer loyalty is an important indicator of service quality offered by an organisation through customer satisfaction. According to Santouridis and Trivellas (2010:331), customer satisfaction is considered as being a fundamental determinant of customer loyalty, and that high satisfaction results in customers with increased loyalty – who are less prone to be approached from the competition. Similarly, Vikas, Luciano, and Roger (2011:159) state that customer retention is an inherent outcome of loyalty, which is positively linked to financial performance indicators such as profitability and market share. Thus, Vikas et al. (2011:159) conclude that there is a positive correlation between customer satisfaction, customer retention and customer loyalty, which ultimately leads to profitability.

According to Chung-Yu and Li-Wei (2012:58), service providers generally consider loyalty as being an important source of competitive advantage and increased profitability. Therefore,

gaining customer loyalty becomes a core and strategic objective for service organisations such as hair salons, in order to satisfy their customers so that they can achieve growth and profitability.

3.3.4 Determinants of customer loyalty

Customer loyalty has become paramount for organisations, and therefore there is a major concern about its determinants or drivers. Several previous studies reveal different or similar drivers for customer loyalty.

Vikas, Luciano, and Roger (2011:159) concluded in one of their studies that there are several major determinants of customer loyalty. Customer satisfaction is one of the major drivers, for low perceived value, which compels customers towards switching to competing businesses in order to increase perceived value. This consequently contributes to a decline in loyalty. Furthermore, the researchers, argue that service quality has been associated with customer loyalty, because it results in repeated sales and increased market share, which leads to customer loyalty and the development of good relationships with customers. The authors associate Corporate and brand image with customer loyalty. There is a positive relationship between corporate image and customer satisfaction, which then leads to customer loyalty.

Similarly, while Chung-Yu and Li-Wei (2012:58) mention potential customer loyalty antecedents as being corporate image, perceived value and switching cost, Yuen and Chan (2010) also suggest eight attributes: performance, features, conformance, reliability, durability, serviceability, aesthetics and customer-perceived quality. The model of Vikas, Luciano and Roger (2011:159) in Figure 3.1, below, is adapted for this study as the determinants of customer loyalty.

Fig. 3.1 Drivers of customer Loyalty

Source: Model of Luciano and Roger (2011:159)

Implicit in the discussion above is that customer satisfaction and service quality are determinants for customer loyalty. This means that customers are committed to purchasing products and services from specific service provider and will resist the action of competitors attempting to usurp their patronage; this enhances relationship marketing. From the analysis of the determinants of loyalty, it is also evident that some of the variables and components of the relationship marketing framework—such as customer satisfaction, service quality, trust—are contained in the drivers of customer loyalty. Thus, customer loyalty is important determinant for relationship marketing management in supporting hair salons to achieve competitiveness and growth.

3.3.5. Advantages of customer loyalty

This section presents some of the benefits of customer loyalty to business, cited by the following researchers (e.g., Arubaiee and Al-Nazer, 2010:159; Avarez, Casielles, and Martin, 2011:145; Jesri, Ahmadi and Fatchpoor, 2013:306). Generally, the summary of all the cited advantages are:

- Customer loyalty retains valued relationships

- Loyal customers are profitable because it is assumed that it is cheaper to keep an existing customer than to acquire a new one
- Customer loyalty is a barrier to switching to a competitor
- Customer loyalty creates price insensitivity
- Through customer loyalty, firms are able to build up a stable customer portfolio, hence decreasing the probability of ending ongoing relationships
- Loyal customers refer new customers, while defecting ones typically tell 8 to 16 others about the reason for their defection
- Trust and commitment are some of the factors of customer loyalty which allow firms to remain competitive
- Customer loyalty helps a firm achieve a portfolio of satisfied and loyal customers, and this consequently improves a firm's economic and competitive position in its markets, and the efficiency and effectiveness of its strategic actions.

Thus, customer loyalty through service quality and customer satisfaction holds significant importance in corporate relationship marketing management. It is worth focusing on loyalty strategies; no matter how large or small the business is, as referrals only come from customers who are “apostles.”

3.4 CONCEPTUAL FRAMEWORK

The conceptual framework has been reproduced for the operationalization of the variables of the model. As stated and explained in Chapter 1, the framework of this study (see figure 3.2) emerges from some of the relationship-building variables – the determinants of RM, service quality, customer satisfaction and retention – which have been identified in the theoretical framework, and have been hypothesised as having an influence on relationship management in the salon business in terms of performance and growth.

According to figure 3.2, service quality is the central mediating variable of the framework. Service quality has been identified in the study as being an antecedent of customer satisfaction, while customer satisfaction has been hypothesised as having a direct effect on customer repurchase intentions, i.e., customer retention. The three variables are linked to each other to be the mediating variables. The independent variables (factor)s in the framework are extracted from some of the determinants of relationship marketing influencing

service quality and customer satisfaction variables and the ultimate customer retention, while gross turnover, return on investment and profitability are the performance indicators of the business leading to hair salon growth. Therefore, the independent variables and the mediating variables are operationalized in the next sections.



Fig.3.2: Conceptual framework for elements of Relationship marketing (Self-compilation)

3.5 OPERATIONALISATION OF THE INDEPENDENT VARIABLES

3.5.1 Confidence/trust

Confidence/trust is generally viewed as an essential ingredient for a successful relationship (Jiun-Sheng Chris Lin & Chung-Yuen, Wu, 2011:534). The conceptualization of relationship marketing is represented by behaviour components, and among other things, confidence/trust, has become important relationship asset – in that it helps the firm in its effort to achieve a competitive advantage (Ghani and Abd, 2012:146). Ghani and Abd further state that the element of trust represents the most important dimension of relationship marketing,

including an in-channel relationship such as the firm-retailers' relationship. They retaliate that trust is critical when where there is risk and incomplete information between trustworthy parties, demonstrating a high level of integrity such as consistency, honesty, fairness, responsibility, helpfulness and benevolence. In other words, mistrust would seem to decrease the level of commitment in a relationship.

Sohail (2012:237) argues that trust is the willingness to rely on an exchange partner in whom one has confidence. Trust, according to Gilaninia et al. (2011), indicates that each person of the relationship must consider the other person's promise and it is defined as willingness to trust and rely on each other. Taleghani, Gilaninia, and Mousavian (2011:157), who describe trust as the "cornerstone" of long-term relationships, allude to this view; It is a willingness to rely on an exchange partner in whom one has confidence.

Cai, Jun, and Yang (2010:258) point out that trust is a significant linkage between buyer and supplier information sharing, which are success variables of relationship marketing.

According to van Vuuren et al. (2012:85), trust is an expectancy of positive outcomes that one can receive based on the expected action of another party. Furthermore, the researchers contend that if one party trusts another, such a party is willing to develop a positive behavioural intention towards the other party, and the customer is willing to form a positive buying intention towards the business.

While Deng, Lu, Wei, and Zhang (2010:296) concluded that trust positively influences customer satisfaction and loyalty, which eventually results in repeat purchase (retention), Roberts-Lombard and du Plessis (2012:164) suggested that managers aiming at building a loyal customer base should concentrate on the issue of trust, among other variables, as being a recipe for the success of relationship marketing. To them, trust is the willingness of a party to be vulnerable to or dependent on the actions of another party in situations of risk. They argue that trust in an organisation should increase the benefits from transactions with the organisation, because the customers will be more likely to utilise the organisation's service or products again. For example, a customer who chooses a particular salon for hair care demonstrates confidence or trust the customer has depending on market offering, quality service, the competence of the personnel and customer-centred performance of the salon. This ultimately leads to customer satisfaction and retention.

Trust therefore can be described as everything to do with the relationship between an individual as a customer and an organisation hinging on relationship interest. In other words, there are mutual benefits they seem to get from the trust that exists between them, and on

the side of the customer, they expect service quality, and satisfaction, while the organisation expects loyalty and retention. Thus, trust has been linked to other components of RM to lead to cooperation, communication and bargaining (Gilaninia et al. 2011:795).

3.5.2 Perceived confidence/trust in the hair salons

In the context of this study, and in the relationship marketing model, trust is measured by factors such as hair salons providing service quality; evidence of showing confidence, and reliability of the promises of the salons' owner/managers. Employees' favourable behaviour towards the customers as partners in the relationship is also critical. The salons must show commitment to the customers to satisfy them in the early stages of the transaction; and, finally, a process of give-and-take, which leads to mutual relations between hair salons and hair-salon customers. If this mutual relation is accepted and well managed by the parties, it may result in meeting the customers' expectation, which then may lead to service quality, customer satisfaction and retention.

3.5.3 Communication

Communication in the context of relationship marketing is part of marketing mix—that is, price, product, promotion and place. Its role is to communicate information of various kinds about the organisation, its products and services—to its target market. The aim of any information is to inform, remind, persuade and differentiate offerings from competitors. The deeper or the more value that communication has, the more influence it has on customers' perception of the organisation, and the stronger relationship they build, which will subsequently determine the extent of loyalty of the customers.

According to Yeboah and Atakora (2013:42), for any organisation to be known and heard by its key stakeholders, it should consistently communicate with its stakeholders, rather than only produce and price its products. The researchers argue that companies must communicate with present and potential stakeholders including employees and the public, because, sometimes the public can form negative perception about the organisation, its employees, its service or products.

Anabila, Narteh, and Tweneboah-Kodua (2012:53) also argue that communication has a positive effect on customer acquisition and retention, and that the frequency of communication between the parties indicates the strength of the relationship. This is

expected to have a positive effect on customer loyalty. Gilaninian et al. (2011:795) define communication as the formal and informal exchanging and sharing of meaningful and timely information between buyers and sellers. The authors argue that communication refers to the ability to provide timely and trustworthy information as an interactive dialogue between the company and its customers, which takes place during the pre-selling, selling, consummation and post-consuming stages. These views demonstrate that communication is a continuous activity between the provider and the user; it must be frequent, relevant, and timely from the business to the customer. The researchers further contend that for a customer to perceive a relationship as being valuable, the customer needs must be fulfilled, and these needs can be established through gathering information from them. In other words, communication in a relationship means providing information that can, also provide information when problems occur, and fulfilling promises.

In their argument for communication for relationship building, Halimi, Chavosh, and Choshali (2011:51) point out that successful relationship communication can be taken into account as a prominent dimension, and that communication must be employed as an effective means in order to enhance partners' trust of each other as an antecedent for relationship marketing. They further argue that in the establishment of any strong alliance, communication is considered as being an important characteristic, and it is believed to be a core competency. They describe elements such as communication bi-directionality, formality, influence of activities and frequency as being four characteristics of relationship-building communication. This suggests that communication should be a two-way process, so that the feedback from the other partner can be used to resolve any disagreement. Rahnama, Alaei, Shafaei, and Ariana (2012:1842) to describe communication as being all formal and informal intercourse that causes the exchange of meaningful and in-time information among purchasers and sellers have alluded to this suggestion.

It is evident that the communication gap does not create effective inter-personal relationships, let alone those between the customer and the organisation. This implies that timely communication fosters trust by assisting with solving disputes and aligning perceptions and expectations, which subsequently creates loyalty among customers. Thus, effective communication is beneficial to the firm and stakeholders (Lo, Sheng, and Chung, 2010). This suggests that a successful communication strategy and appropriate relationship management ensures that customers are retained, because communication is mainly based upon the concept of sharing with customers and through such formal and informal communications, a firm tries to know more about a consumer's preference (Lo et al., 2010).

This means that effective and timely communication helps with the formation of cooperation and trust through interactions in relationships that knit customers to the organisation.

It is now evident that understanding the value and nature of customer relationships with the business, is very necessary between the customer and the provider. In other words, feedback information from customers, prospects and the public regarding the awareness of the business image and its products/service – including the attitude of the staff – will help marketers to adjust their brand image strategy in order to build a strong relationship with customers.

3.5.4 Perceived communication in hair salons

In the context of this study, communication plays a leading role in the economic performance of hair salons in terms of customer satisfaction and retention. Knowledge of the customers about new hair products, changes in service delivery, and new hairstyles in the market proactively and in a timely manner prevents them from switching to competitors. Hair salons must use information to build awareness, develop customer preference by promoting value, performance and other features in their services to convince interested customers and persuade them to patronise their services. In addition, the salons may use communication to tell dissatisfied customers what the salons will be doing to rectify the cause of any dissatisfaction. If there is effective communication between the salons and their customers, it should result in a cordial relationship, and customers will be more loyal and continue using their services.

3.5.5 Complaints handling

Placing the argument within the context of relational exchange theory, complaints are likely to emerge from the customer to the provider such that it might destroy any relationship building due to inherently different economic interests. Customers' complaint behaviour refers to the responses triggered by perceived dissatisfaction due to inadequacies of integrity, reliability, responsiveness and functionality (Komunda, Kibeera, Munyoki and Byarugaba, 2015:522). These authors articulate that customers' complaint behaviour is linked to negative disconfirmation- whereby the perceived performance falls short of expectation, causing the customer to be dissatisfied. Further, the researchers contend that customers value positively the balance between costs and benefits, which are economic and psychological. The customers seem to consider positively the likelihood of obtaining a favourable solution in terms of value. This suggests that economic interest seems to be the bedrock of relationship

building between the customer and the provider as far as complaints handling is concerned, which are diametrically opposed - while the provider seeks to maximize profit for the product or service provided or rendered, the buyer seeks to attain the greatest monetary value for what is bought.

In support of the argument by the former researchers, Supriaddin, Palilati, Bua, Patwayati and Jusuf (2015:2) conceive customers' complaints as one part of negative expressions resulted by unsuitability and gap between reality and someone's expectation. Further, the authors articulate that customers' complaint behaviour is a term, which covers all customers' actions if they feel unsatisfied with a purchase or service.

Complaints could be disagreement from the customer against a particular service delivery of the other party, or could lead to conflict in an exchange that can be perceived as a relationship. Consistent with Roberts-Lombard and du Plessis (2012:156) and Anabila et al. (2012:54), Gilaninian et al. (2011:795) state that complaints handling or conflict increases the possibility of creating and maintaining a long-term relationship, and it is the supplier's ability to avoid potential conflict, arising out of such complaints before it creates problems. The supplier can promote the discussion of solutions openly when they occur. It is defined by Rahnama, Aleaei, Shafaei, and Ariana (2012:1843) as being "the provider's ability in minimizing the negative outcomes from potential and clear involvement." This could mean that the provider must try to diffuse any potential tension that might arise in the course of any transaction between the two parties.

According to Roberts-Lombard and du Plessis (2012:156-157), the need and ability to resolve customer problems in a satisfactory manner are critical. They further point out that customers prefer their complaints satisfactorily resolved and often become more loyal towards the organization than customers who were never dissatisfied. For example, organisations that empower employees to remedy the situation on the spot have been shown to achieve higher revenues and greater profits Roberts-Lombard and du Plessis (2012:156-157). This could imply that such customers would have confidence and trust in the personnel and the organisation, as well as a sense of security and a feeling of being cared for. This would create a cordial relationship among the parties on one hand, and on the other hand, satisfaction, loyalty, and retention for patronage on the part of the customers.

Rezvani et al. (2011:1547) discuss complaints handling as being a variable that establishes relationship marketing. For example, in complaints control, the researchers include special training about how to confront customers, pay some appreciative compensation to

customers, and promote variables such as reliance, commitment and communication, among others. This suggests that prescription of compensation, re-providing the service and motivation systems can ward off a potential conflict situation arising out of unresolved complaints, and it enhances customers' loyalty. In addition, this would demonstrate to customers that the organisation is reliable, and committed to a transactional and shared information relationship, which eventually leads to the building of trust, customer loyalty, customer retention and effective relationship marketing.

According to Shammout and Haddad (2014:205), complaints handling is one of the essential pillars of customer service, customer retention and customer delight; and it is a smart business to understand why customers complain, so one can stop complaints from happening in the first place. The researchers further articulate that complaint management leads to operational value through improvement and improved financial performance.

Therefore, complaints management must be one of the noble marketing tools used to bring the two parties together in times of disagreement. Constructive complaints management can be seen as a strategic priority in any organisation. The reason for this is that complaints have major effects on productivity, decision-making, customer loyalty and retention. For example, any significant improvement in the efficiency of complaints handling is a huge investment of time – because by surfacing complaints or disagreements timeously and directly dealing with them effectively, there will be productivity gains.

3.5.6 Perceived complaints handling in hair salons

Complaints handling in the hair-salon business is necessitated by dissatisfaction from a valued customer. For example, most potential complaints situations in salons, from a practical point of view, could arise from the wrong application of a hair chemical on a customer's hair, disrespect of the employees towards the customer, and insensitivity to customer's complaints by the management raises concern by the customer. In other words, customers' complaints behaviour is a term which cover all customers action if they feel unsatisfied with a purchase or service. The outcome of an amicable solution to these disagreements and aspects of dissatisfaction with the services of hair salons would foster customer satisfaction, loyalty and retention. On the other hand, poorly managed complaints in the salon business can easily become personal, generating resentment, antagonism and hostility. These emotional conflicts may interfere with work relationships, creating incompetence of the management,

loss of confidence and mistrust on the part of the customer, which are major factors for diversion of loyalty. This would result negative turnover, which will then reduce salons' financial benefits.

It is expected that these potential complaints to give cause to customers to have conflicts with service providers could be avoided through frequent, meaningful, supportive and appropriate bi-directional communications (Gilaninian et al., 2011:795). As suggested by Rezvani et al. (2011:1547), the salons stand to benefit from stable working relationships with customers and employees, while organisational loyalty and retained knowledge of experienced employees and loyal customers may be retained.

3.5.7 Responsiveness

There are different perspectives on the concept by several researchers in terms of its definition and interpretation as a driver for customer satisfaction and retention. Ladhari, Ladhari, and Morales (2011:230) refer to responsiveness as the willingness to help customers and provide prompt service. By this the researchers mean that the organisation should give prompt service, show care and interest in helping customers, and respond appropriately to requests. For example, employees should not neglect answering questions because they are too busy. Almost in a similar manner to the previous researchers, Kassim, and Abdulla (2010:352) describe responsiveness as a company's ability and willingness to provide prompt service when customers have questions or problems. Thus, understanding customer requirements and developing the service based on responsive feedback, enhances service satisfaction.

Consistent with other perspectives, Jaya and Mahalingam (2011:87) observe that responsiveness denotes speed and timeliness of service delivery. This includes speed of throughput and the ability of the service provider to respond promptly to customer service requests with minimal waiting and queuing time.

It is therefore evident from the afore-mentioned definitions and perspectives that being responsive suggests being attentive to the needs of a customer in a timely manner. Thus recognising responsiveness as being another form of responsibility is essential in order to increase the overall satisfaction of every customer with any service provider.

3.5.8 Perceived responsiveness in the hair salon

Close examination of the discussion above reveals certain pertinent of responsive practices that hair salons can provide to their customers. For example, willingness of the salons and employees to offer support to the customers must be one of the priorities. The salons and the employees must be seen to be responsible for the welfare of the customers; there is the need for the salons to exercise promptness in service delivery, in other words, reduction of waiting time of customers in service delivery must be a concern. While attentiveness to the needs of customers and understanding customer requirements are important, showing care and interest in the customers are also to be expected from the salons.

3.5.9 Empathy

According to Mohammad et al. (2011:159), empathy is the ability to see a situation from another person's perspective. It is defined as seeking to understand somebody else desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense. Anand and Selvaraj (2012:153) view empathy as the service dimension that focuses on individualised attention or care, easy access, good communication, and customer understanding. Kassim and Abdullah (2010:352) argue that empathy represents personalisation or the customization dimension of service quality and for that matter customer satisfaction, loyalty and retention. Like Anand and Selvaraj (2012:153), Kassim and Abdullah (2010:352) add that empathy reflects the degree to which information or service is tailored to meet the needs of the individual customer. Kassim and Abdullah (2010:352) further argue that the concept of personalization consists of four components: personal attention, preferences, understanding the specific needs of customers, and information regarding the product's modification.

Mukesh, Fong, and Vincent (2010:354) have similar arguments and note that empathy deals with the caring, customisation and individual attention given by a firm to its customers. In other words, it relates to how a firm appreciates its customers. Additionally, Ladhari, Ladhari, and Morales (2011:230) observe that the following are some of the drivers of empathy: giving customers individual attention, businesses having convenient operating hours for their customers, having the best interest of customers at heart, employing staff who provide customers with personal attention, and employing staff who understand customers' specific needs.

From the evaluation of the various arguments and perspectives in the literature on empathy, almost all the researchers arrive at the same drivers: customisation and individual attention, adhering to specific needs of the customer, caring, empathic staff of the organisation, quality information pre-requisites for customer satisfaction, loyalty, and retention.

3.5.10 Perceived empathy in the hair salons

Common sense will tell us that customers prefer a cordial human interaction when dealing with service industries such as hair salons. Therefore, owner/managers of hair salons are expected to implement customer-oriented strategies. Hair salons must show a sincere interest in solving client problems, hair-salon employees should be motivated and trained to understand customer needs, personalize services, provide individual attention – and generally demonstrate caring behaviour in all of their interpersonal dealings with customers. Since empathy is a human dimension of service quality, salon operators should devote financial resources to training programmes in this area. The ability to provide empathetic service can be best developed through a comprehensive training programme that encourages a culture of excellence in service delivery in the salons. Hair salons should demonstrate attention to and understanding of all customer issues.

3.5.11 Tangibility

Ladhari, Ladhari, and Morales (2011:225) refer to tangible elements of service quality as being the appearance of equipment, physical facilities and personnel, while Anand and Selvaraj (2012:153) define tangibles as the physical facilities of the firm such as seating comfort, entertainment facilities, music providers, video shows and written materials. According to Jaya and Mahalingam (2011:87), tangibles of service are the equipment, signage, appearance of employees and manmade physical environment surrounding the service, which is commonly known as the “servicescape.” Mukesh, Fong, and Vincent (2010) express another perspective of the tangibility dimension of service quality. They refer to tangibility as being the appearance of physical facilities, equipment, personnel, and printed and visual materials of the organisation. In other words, these authors emphasise the aesthetic and visual appeal of the firm in the eyes of the customer. This benefits the business by providing what customers need in an effective and efficient manner in the form of service quality and satisfaction.

3.5.12 Perceived tangibility in the hair salons

Several marketers have explored customers' cognitive and affective responses to the perception of service attributes and concluded that tangibility plays a big role in customer satisfaction and loyalty, leading to re-patronage. There must be appearance and availability of tools/modern equipment in the hair salons. The hygiene and aesthetic aspect of the salons' environment must be attractive. Relaxation media like music, video programmes and hair-care magazine must be provided. Employees' neatness, support and personal interactions with customers must be cordial and welcoming. These actions will ultimately lead to the development of customer satisfaction, re-patronisation, and retention.

As has been stated earlier, this research focuses on the concepts of service quality, customer satisfaction and customer retention for successful implementation of a relationship-marketing framework to achieve better performance and growth of salons in the Free State Province. The next sections, therefore, discuss briefly how the three concepts influence relationship marketing in the hair salons.

3.6 OPERATIONALISATION OF SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER RETENTION AND THEIR INFLUENCES ON RELATIONSHIP MARKETING

3.6.1 Service quality

The fast changing, fierce market conditions prevalent within the service sector, and improvements in terms of competitiveness rely on effective, active and improved services quality (Hu, Cheng, Chiu, and Hong, 2011:187) and that service quality directly affects customer satisfaction.

Service quality has drawn a lot of attention from researchers and practitioners due to its strong impact on business performance, customer satisfaction, customer loyalty and profitability (Santouridis and Trivellas, 2010:331). Quality has been typically regarded as being a key strategic component of competitive advantage, and therefore improving service or product quality has been a matter of prime concern to firms, leading to satisfaction and greater retention (Yuen and Chan, 2010:222).

According to Geetika and Nandan (2010:97), service quality can be defined as "a customer's perception of how well a service meets or exceeds their expectation." They further add that

service quality can be measured in terms of customer perception, customer expectation, customer satisfaction and customer attitude and that the evaluation of service quality leads to customer satisfaction. Muhammad (2012:56) notes that customer perceptions of the quality of service are traditionally measured immediately after the person has consumed the service. The author further states that perception of service quality experienced at the time of repeat purchase decision. These assertions by the authors, however, need some caution; measuring service quality can be difficult due to its unique characteristics—intangibility, heterogeneity, inseparability and perishability—and that service quality is linked to the concepts of perceptions and expectations. By implication too, these observations could mean that the service will be considered excellent if perceptions exceed expectations; it will be regarded as good or adequate if it only equals the expectation and the service will be classed as bad if it does not meet both of them.

Generally, service quality is pivotal for satisfying customers, retaining them, and creating loyalty among customers. Hence, one can suggest that there is effective relationship marketing.

3.6.2 Determinants of service quality

Anand and Selvaraj (2012:152) note that in every organisation, the performance of service quality is being evaluated mainly by the principal tool called “SERVQUAL,” whose dimensions are Tangibility, Reliability, Assurance, Responsiveness, and Empathy. It has been suggested by the authors that these dimensions must be used to measure the relative importance of the service dimension among customers and market segments, by comparing the performance of competitors. It has been further suggested by the authors that in order to sustain growth in the market, extra services should compulsorily be provided to the customers. Hence, one more factor – Value Added Services – should be added to the five dimensions. Figure 3.3 (below) is used as a proposed model for service quality to explain the six dimensions.

Fig. 3.3: Proposed model of service quality.

Source: Adapted from Anand and Selvaraj (2012:153), with slight modifications.

Some of these variables are incorporated in the framework, which will be discussed under Section 3.7.

3.6.3 Perceived service quality in the hair salon

Service quality is commonly noted as being a critical prerequisite and determinant of competitiveness for establishing and sustaining a satisfying relationship with customers and this assertion relates to a hair salon. A hair salon is expected to practise the perceived service quality dimensions previously mentioned—to meet customers' expectations, if not exceed them, in the areas of tangibles, reliability, responsiveness, assurance/confidence, and empathy. Among other things, these services begin from providing acceptable physical facilities, including equipment, personnel and communication materials. A hair salon must perform the promised service dependably and accurately; it must show courtesy to customers and convey trust and confidence. It must show willingness to offer help to customers; and, finally, it is expected to show understanding and pay individualised attention to customers. The owner of a hair salon must remember that some, if not most, customers prefer good services to lower prices – while others consider situations where they are prepared to pay a little extra to get a better or more efficient services. These services would enhance a

competitive advantage over rivals and customers are retained to achieve relationship marketing management.

3.6.4 Customer satisfaction

Customer satisfaction is the heart of marketing (Ganiyu, Uche, and Adeoti, 2012:13). The ability of an organization to satisfy customers are vital because it has been shown that dissatisfied customers tend to complain to the company, and sometimes seek redress more often to relief cognitive dissonance and a bad consumption experience. The same authors aver that if service providers fail to properly address such behaviour, it can have a serious adverse effect, such as customers resorting to negative word-of-mouth as a means of getting back at the company. This situation demonstrates that service quality is the basis of customer satisfaction, which eventually leads to customer loyalty and retention as a core objective for service organisations such as the salon industry in its quest for relationship building.

Jham and Khan (2008:35) define customer satisfaction as “a multi-dimensional construct which has been conceptualised as a prerequisite for building relationships and is generally described as the full meeting of one’s expectations, and is the feeling or attitude of a customer towards a product or service after it has been used.” The authors further add that customer satisfaction has three dimensions: satisfactory interaction with personnel, satisfaction with the core service, and satisfaction with the organisation.

Another similar view of customer satisfaction is that of Gilaninia et al. (2012:10723), who state that it is a feeling or an attitude of a customer towards the good or service that could affect consumer buying behaviour. Gilaninia et al. believe that customer satisfaction is realised from the components of relationship marketing: trust, commitment, communication, conflict handling, and competence. Alrubaiee and Al-Nazer (2010:159) are of the opinion that customer satisfaction is a consumer’s evaluative judgement related to the pleasurable level of consumption-related fulfilment.

According to Awa, Ikechukwu, Asiegbu, Igwe, and Eze (2011:4), customer satisfaction is viewed as a complex relational and economic activity involving inputs (marketing effectiveness, e.g., marketing orientation) from vendors and other independent firms, and continues even in the manner how dealers handle and explain customers’ complaints and doubts. It is a performance measurement instrument that focuses on experience-based positive judgement of a product by a customer. Awa et al.(2011:4) claim that customer satisfaction can be measured, as alluded to previously. Measurement can help businesses

to identify the following: (i) the most profitable customers; (ii) increasing or decreasing loyalty in the midst of competition; (iii) how to calculate the lifetime value of each customer; switching costs; (iv) customer retention; (v) reduction of marketing costs; (vi) how to boost sales' volume per customer/consumer group;(vii) and how to build a meaningful dialogue that builds relationships and fosters brand loyalty.

Gengis (2010:79) on the other hand, points out that customer satisfaction can be experienced in a variety of situations and connected to both goods and services; it is highly personal assessment that is greatly affected by customer's expectations. It is also based on the customer's experience of both contacts with the organisation and personal outcomes. In short, it is about the relationship between the customer and product or service and the provider of a product or service.

Cockalo, Dordevic, and Sajfert (2011:33-34) state that relationship marketing is connected with values, creating values for customers, and customer satisfaction, with the ultimate result of creating customer loyalty and relationship satisfaction. In explaining relationship satisfaction, the authors argue that it is the level of a person's felt state, resulting from comparing a product's perceived performance in relation to the person's expectation. This is translated to mean that business must be customer-centred so that it can deliver value to customers in order to win their loyalty. Thus, relating customer satisfaction to relationship marketing, these researchers argue that the goals of relationship marketing can be realised through:

1. understanding customer needs;
2. treating customers as partners;
3. satisfying all customers' needs by employees; and
4. providing the best quality according to customer's individual needs.

This suggests that relationship marketing cannot be effective if it does not strive to win the individual customer's satisfaction and loyalty through the workings of the employees and the organisation as a whole. It is through the achievement of these goals, that relationship marketing formation can be successful.

Ganiyu, Uche, and Olusola (2012:14) also posit that customer satisfaction has been considered as being a major factor in determining why customers leave or stay with an organisation. Contrary to this view, customer satisfaction does not always guarantee a repeat patronisation of a product or service; customers often switch patronage to competitors each day. Nevertheless, customer satisfaction plays a major role in building relationships,

according to the literature. The underpinning of the marketing concept, according to Gengis (2010:79), is that identification and satisfaction of customer needs leads to improved customer retention.

Thus, customer satisfaction has been affirmed as being an antecedent to customer loyalty and retention, and it explains their mediation role between relationship marketing and business competitiveness and growth. Therefore, customers usually evaluate the product and service quality of the business, before becoming satisfied, and expectations too can influence their evaluation exercise.

3.6.5 Determinants of customer satisfaction

It is worthy to highlight some reasons for a business to satisfy customers as indicators for the determinants of customer satisfaction.

It has been suggested by Ganiyu et al (2012:14) that a business satisfies a customer for a number of reasons: (i) a dissatisfied customer tends to complain to the company and in some cases seeks redress more often to relieve cognitive dissonance and a bad consumption experience; (ii) if the service provider fails to properly address such behaviour, it can have a seriously adverse effect; (iii) a dissatisfied customer may resort to negative word-of-mouth to get back at the company; (iv) unsatisfied customers may choose not to defect if the switching cost is high and lastly (v), satisfied customers may seek out competitors because they believe they might receive better services elsewhere. This situation explains why customer relationship management (CRM), as previously mentioned, works hand-in-hand with relationship marketing as a strategy to get more information about customers, and to implement it is to build stronger interactions and a lasting relationship with them.

According to Haroon, Wang and Ali (2012:179), customers consider employees' behaviour, friendliness and efficient customer handling as being important factors, while the most important factors includes access to services, communication, credibility and staff conduct – to increase the level of customer satisfaction, which results in a decrease in customer attrition. Pratap and Sujoy (2013:3) also express another views dealing with determinants of customer satisfaction: employee responsiveness, appearance of tangibles, social responsibility, service innovation, positive word-of-mouth, competence and reliability.

It should be noted that, most of these determinants are found in the components of the relationship marketing framework, which will be discussed in the appropriate section. Figure 3 4 illustrates the self-compiled determinants of the customer satisfaction model.

Fig. 3.4: Determinants of customer satisfaction model (self-compilation).

3.6.6 Perceived customer satisfaction in the hair salons

From the previous discussions, one could suggest that satisfaction is the ability of an offer to conform to the expectations of customers. Apart from those variables found in the elements of relationship marketing as determinants, the suggestions of Geetika and Nandan (2010:98) are considered as practical measurements of customer satisfaction in the salons. Customers will expect hair salons to provide comfortable premises or shelters, cleanliness, information systems, safety and personal security, helpful personnel and physical conditions in the salons, coupled with comfortable seating and amenities. Apart from these, hair salons are expected to provide relaxation facilities, ranging from provision of hair magazines, music and video-show facilities to the handling of their complaints. In addition, there should be friendly relationships among the staff, customers and market situation, and the level of staff awareness about the salon and its advice are healthy criteria for quality salon services. Going by these measurements, one can aptly conclude that customer satisfaction exists when the above provisions meet the needs and expectations of the customer, and thus, this enhances the achievement of relationship marketing.

3.6.7 Customer retention

Businesses need to meet customers' expectations by understanding certain factors, which foster customer satisfaction and lead to loyalty and retention: knowing the customers, reaching the customers, delivering their needs, and clearly tailoring offerings to suit customers' requirements. Since customer retention is a significant recipe for business performance and profitability, this study has given it an extensive discussion. What definition, therefore, is given to *customer retention* by businesses? Interestingly, the definition of customer retention continues to be debated in academic journals.

3.6.8 Definition and discussion of customer retention

Customer retention has been defined by different studies, and discussed in different ways by several researchers. In his treatment of the concept, Khan (2012:107) defines it as “the continuity of the business relations between the customer and company.” Sohail (2012:238) describes it as actions that a selling organisation undertakes in order to reduce customer defections. According to the author, the description of retention goes beyond this. It means maintaining the business relationship established between a supplier and a customer. This, concurs with the definition by Rootman, Tait, and Sharp (2011:187), as being a firm’s “zero defections” of profitable consumers, or no switches from profitable consumers to competitors, or the longevity of a consumer’s relationship with a firm.

Seideh, Saeid, and Kwek (2012:141) define the concept as the “summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumers’ prior feelings about the consumption experience.” By this the authors mean that customer retention is all about behavioural intentions, and that satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to difference between what customers expect and what they receive, with respect to the fulfilment of some need, goal or desire.

The imports of the definitions for customer retention are similar: customer retention is one of the most important indicators of customer satisfaction. The more satisfied customers are, the greater their customer retention.

3.6.9 Scope of customer retention

Jawaria, Imran, Kashif, Ayse, Nadeem and Hasan (2010:2404) see customer retention as satisfying customers by bringing quality into the service sector, in order to retain them. They further indicate that the service industry depends on continuous cycles of repurchases and that companies have to struggle hard to retain customers. This view raises the argument that customer retention has an impact on the market share of the service sector, because retained customers will recommend the business to others, in effect helping these businesses to increase their customer base. This is consistent with the views of van Vuuren, Roberts-Lombard and van Tonder (2012:82), who argue that retaining customers makes it difficult for competitors to enter the market or to increase their market share, and that loyal customers often refer new customers to the service providers, which is beneficial as there is no expenditure in terms of gaining new customers.

Another view has been put forward by Alhawari (2012:48) stating that customer retention has become an important business process because it touches the most important assets of all organisations – i.e., the customer. Thus, this situation has forced organisations to manage customer relationship, in order to retain them.

Even though there is a debate as to the precise mechanisms of the relationship between retention and profit, retention typically serves as a mediator in the satisfaction-profitability link (Irit and Barak, 2011:7). Similarly, Jawaria et al. (2010:2404) note that customer retention has an undeviating impact on the market share of the organisation, and those loyal customers would keep recommending to others, which helps the organisation to earn more customers. Thus, companies striving to maximize their market share must retain their customers.

Examination of the discussion on customer retention suggests that regardless of the tactics or strategies an organisation uses to enhance profitability, it must focus on maintaining its current customer base. It is also evident that the cost of attracting a new customer is greater than the cost of keeping an existing customer. Converting new customers to become loyal ones takes more time, effort, and expense than is required for current customers. In addition, loyal customers generally have greater usage levels, are more open to cross selling, and are fewer prices sensitive.

3.6.10 Determinants of customer retention

The literature reveals many suggestions of determinants of customer retention from several studies, some of which are reviewed for the purpose of this study.

Rootman et al. (2011:187) suggests that the following variables, among others, can influence a business's RM customer retention: communication, knowledgeability, empowerment, personalisation, fees, ethical behaviour, and technology. These variables are explained as follows:

Communication is the delivering of a message or information through various methods, from one individual or group to another, or from and to a client, such as word-of-mouth and marketing communication. Knowledgeability is the level of insight employees have regarding specific aspects of the products and clients of the firm. Empowerment occurs when managers give employees authority to make decisions or take actions on their own. Personalisation occurs when a firm develops or tailors its offering to satisfy unique client needs. Ethical behaviour refers to conforming to acceptable standards based on custom, practice and personal conscience. The ethical behaviour of a firm includes its level of social responsibility—in other words, its obligation to consumers, employees, and the community. Fees refer to the price, rent, tariff, a fare, premium or rate, charged for services or products, and technology refers to the level of automation a firm utilises.

Jawaria, Imran, Kashif, Ayse, Nadeem and Hasan (2010:2404) observe the following as being some of the determinants of customer retention: service quality, price, value-added services, support services, and customer complaints. These, according to the authors, will lead to customer satisfaction, loyalty and eventual customer retention. Inamullah (2012:106) identified the following determinants which will have impact on retention: post-sales services (similar to support services), quality of product and services, emotional commitment or trust, and loyalty. Contrary to the previous researchers, Irit and Barak (2011:7) contend that the following emerge as especially prominent drivers of customer retention (i) customer satisfaction as a key element in customers' defection decisions, (ii) usage pattern as a consequence of customers' fairness perception, (iii) customer tenure with the company which enhances the positive effect of satisfaction on customer retention, and (iv) and personal characteristics like customer's gender and age which have been found to significantly affect customers' defection decisions.

Figure 5 (below) illustrates the self-compiled determinants of customer retention model, extracted from the discussions of the variables, of which some are located in the relationship marketing model components.



Fig. 3.5: Determinants of customer retention model (self-compilation).

Generally, the literature shows that most determinants are similar to each other and re-occur in the explanations of the variables. Thus explaining them under each model would seem repetitive (see Sections: 3.4.4; 3.6.2; 3.6.5 and 3.6.10).

3.6.11 Perceived advantages of customer retention

The definitions and the model of customer retention were discussed in the previous section. It is important to highlight the major advantages of customer retention to firms and their clients. For this study, customer retention will be equated with successful relationship marketing (i.e., retention is viewed as a logical conclusion of relationship marketing).

3.6.12 Benefits of customer retention for the firm

(a) *Enhancement of profitability*

Ramkumar and Saravanan (2007:454) found that service firms lose about 20% of their customers annually, and that companies which can decrease their customer defection rate by 5% – can increase their profits from 25 to 85. In effect, the business gains from reduction of cost from repeat purchases.

(b). *Competitive advantage*

Companies achieving a full understanding of relationship marketing principles (customer retention) can gain a competitive advantage (Gilaninia et al., 2011:797). For example, loyalty from retained customers, even when prices vary, confers a competitive advantage.

(c). *Lifetime value of the customer*

The “lifetime value” concept concludes that an enterprise should restrict taking a short-term view and should rather consider the income derived from that company’s lifetime association with the customer (Hollensen and Opresnick, 2010:13). In a customer-retention strategy, a company should project the value of individual customers over time to discourage defection to the competition. This can create “exit barriers,” which promote retention by making switching costs too high for the customers to terminate the relationship, which is a benefit for the company.

(d). *Customer satisfaction*

Some of the motives behind organisational investments in customer-relationship building include: access to privileged information on customer needs and wants, and mutual rewards (Gilaninia et al., 2011:789). In short, the firm achieves customer satisfaction, which is one of the cornerstones of customer retention.

(e). *Employee satisfaction*

Customer retention makes employees’ jobs easier and more satisfying; happy employees increase productivity and customer satisfaction (Alrubaiee and Al-Nazer, 2010:155).

3.6.13 Benefits from customer retention to customers

From the customer's perspective, Gilaninia et al. (2011:789) state the following benefits:

- (1) *Confidence*: Customer retention reduces customer anxiety, gives faith in products or the service provider, and a feeling of trust in the provider;
- (2) *Social benefits*: personal recognition by employees, customer familiarity with employees, and development of friendship with employees; and
- (3) *Special treatment*: extra services, special prices, higher priority than other customers.

3.6.14 Some disadvantages of customer retention

Some of the disadvantages of customer retention has been indicated by several researchers such as (Rootman 2011:94; Gilaninia *et al.* 2011:792 and Ali, 2007:1), and the summaries are as follows:

- (i) When a firm retains the “wrong” consumers is the same as retaining unprofitable consumers, it will not benefit as it will not receive the benefits from focusing on and retaining profitable consumers.
- (ii) In the Second instance the firm uses negative customer retention strategies to “lock the consumer in” by penalizing the consumer for an exit from the firm-client relationship. This disadvantages the consumer, such as there may be high switching and administrative costs before being able to switch firms. This would make the consumer develop negative attitudes towards the firm and the consequence would be negative word-of-mouth communication.

3.6.15 Perceived customer retention in the hair salons

Hair salon customer repeat purchases or patronage intentions function as a series of factors, including: (i) Location of the salon – convenient accessibility of the place where the salon is located; (ii) after sales communication to reinforce the image of likability and closeness, e.g., birthday cards, calendars and follow-up calls;(iii) trust or confidence the customers have in the business; (iv) friendliness and hospitality attributes of employees of the salon; (v) after sales' support services and customer complaint-handling procedures; and (vi) affordable prices – are all very important. In addition, the amenities of the salon, neatness, and value-

added services are considered part of the fascination for retention, as customers use several of these attributes when deciding to return to a salon.

Therefore, a close evaluation of customer needs, specific transactions, products or services, promotion and communication performance attributes, can directly impact customer retention providers – because as customers' relationship with the hair salon lengthens, so too do profits rise.

3.7 R.M IMPACT ON SERVICE QUALITY, CUSTOMER SATISFACTION, AND RETENTION

This section deals with the effect relationship marketing has on service quality, customer satisfaction, and customer retention, drawing relationships from some of the independent variables that are part of the elements of relationship marketing.

3.7.1 Impact of relationship marketing on service quality

Relationships are not only about keeping customers over time, but also about encouraging favourable attitudes toward the firm services. The discussion of the relationship marketing impact on service quality will be done in the context of some of the variables of RM such as trust, communication and commitment.

3.7.1.1 Trust and service quality

The theoretical linkage of trust to service quality has been argued in the studies of Shahriar, Pradeep, and D'Ambra (2012:33) on the health services' industry. They conclude that service quality and perceived trust play an instrumental role in promoting continuance of services provided by the health services' industry. The authors argue that the growing recognition of the importance of these concepts has been driven by the fact that high service quality and strong consumer trust, result in positive behavioural intentions. Additionally, the researchers argue that lowering costs is not enough if one's confidence in the quality of service is low, and perceptions of poor quality of care may dissuade customers from using the available services. Thus, if the system can be trusted, it would guarantee a level of quality and its effects would be on user satisfaction and continuance intentions, which suggest relationship building. Therefore, one can postulate that trust and confidence have a significant, positive effect on service quality and that relationship marketing has an effect on service quality.

3.7.1.2 Communication and service quality

Communication is a critical interpersonal process consisting of a repetitive cycle of initiating, maintaining and terminating an information exchange, which in itself is relationship marketing. This assertion could be translated to suggest that an effective communication can significantly reinforce clients' intention to continue receiving services from the same provider, leading to the development of long-term relationships with customers.

Chenet, Dagger, and O'Sullivan (2010:337) view word-of-mouth as being informal communication about a service/product between private parties, and propose that word-of-mouth communication is a critical outcome in business-to-business relationships. With these assertions, it is suggested that word-of-mouth recommendation has a positive effect on service quality. Thus, it is relationship marketing building, which has a direct impact on service quality.

3.7.1.3 Commitment and service quality

Commitment implies that there are mutual benefits associated with remaining in customer-provider relationships, and that both parties want the relationship to endure and are prepared to expend effort in maintaining the relationship (Chenet, Dagger and O'Sullivan, 2010:338). The researchers argue that commitment drives attitudinal loyalty, referrals and behavioural intentions towards the service of a business and that commitment is directly linked to word-of-mouth and willingness to recommend a service. Therefore, commitment is found to have a positive influence on satisfaction with the services quality of a business. Consequently, the researchers posit that commitment is an antecedent to relationship outcomes. This implies that commitment has a significant, positive effect on service-quality satisfaction, which is in the domain of relationship marketing. Therefore, one can aptly postulate that relationship marketing has an impact on service quality.

3.7.2 Impact of relationship marketing on customer satisfaction

The impact of relationship marketing (RM) on customer satisfaction will be discussed in the context of the following dimensions of RM: commitment, trust, and conflict handling – as prescribed by (e.g., Mukhiddin, Dileep and Jalal, 2012; Abdullah, Abdelmo'ti, and Abdalelah, 2014; Mohammad, Shahram, and Seyyed, 2011).

3.7.2.1 Commitment and customer satisfaction

On commitment, Mukhiddin et al. (2012:39-41) suggest that the tendency to resist changing preference provides the principle evidence of commitment. The authors define consumer commitment as being the psychological attachment to a service that develops. They argue that a customer would be able to determine that his or her purchase behaviour was derived from a sense of satisfaction, and that commitment has an affective nature. Therefore, affective commitment reflects a customer's sense of belonging and involvement with a service provider, similar to bonding. Further to their argument, the authors note that affective commitment involves the desire to maintain a relationship that customers perceive to be of value. They conclude that the relationship marketing area has shown that there is significant relationship between commitment and loyalty (which is an offshoot of customer satisfaction), and that the two factors seem to be crucial in influencing one another.

On the other hand, Abdulla et al. (2014:77-80) suggest that commitment is another determinant of the strength of relationship marketing. They define commitment as being the customer's durable intention to develop and sustain a relationship with the supplier in the long run, as commitment is central to relationship marketing. The authors argue that commitment is an important determinant and useful construct for measuring the likelihood of customer loyalty whose antecedent is customer satisfaction. Thus, satisfaction could be viewed as an intention to continue a course of action or activity or a desire to maintain a relationship. In their opinion, Abdulla et al. (2014:7780), commitment means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem.

3.7.2.2 Trust and customer satisfaction

According to Mohammad, Shahram, and Seyyed (2011:157-158), trust is the "cornerstone" of long-term relationships. In the context of relationship marketing, trust is defined as the dimension of a business relationship that determines the level to which each party feels they can rely on the integrity of the promise offered by the other. They argue that fulfilling a promise that has been given is equally important as being a means of achieving customer satisfaction, retaining the customer base, and securing long-term profitability – in addition to fanning the fire of trust. In the opinion of the authors, trust in organisations comes from customers' positive experiences that induce them to continue with the relationship. Thus, one can

postulate that trust has an impact on satisfaction, meaning that RM has an impact on satisfaction.

Mukhiddin *et al.* (2012:39-41) state that trust is the “perceived level of confidence in transaction partners’ reliability and honesty.” The authors further state that trust is “the belief that a partner’s word or promise is reliable and that a party will fulfil his/her obligations in the relationship.” This is supported by Abdulla *et al.* (2014:77-80), but they differ in referring to trust as relying on someone’s word based upon reputation, personality, systems and processes. One can therefore suggest that trust has an effect on customer satisfaction; in other words, RM has an impact on satisfaction.

3.7.2.3 Conflict handling and customer satisfaction

Mohammad, Shahram, and Seyyed (2011:157-158) define conflict as “tension and frustration between two or more social entities that arise from the incompatibility of actual and desired responses.” In other words, it is an opportunity for the company to show its engagement towards its client through its efforts to resolve the conflict and its willingness to discuss reasons and possible satisfactory solutions. Mukhiddin *et al.* (2012:39-41) suggest that being proactive in planning and implementation includes identifying potential conflict, solving conflict before it manifests, avoiding potential conflict, and blocking its occurrence. These efforts could lead to better relationships and satisfaction. In other words, there is a significant relationship between conflict handling and customer satisfaction.

It is evident that there is a significant relationship marketing impact on the variables of the relationship marketing model: service quality, customer satisfaction and customer retention through commitment, and trust and conflict handling.

3.7.3 Impact of relationship marketing on customer retention

Variables of relationship marketing like price/fees, word-of-mouth and expertise/knowledgeability, have been identified to be used for discussion.

3.7.3.1 Price/fees and customer retention

Grootman, Tait, and Sharp (2011:184) investigated South African banks, Canadian banks and UK banks for ideas on the implementation of a relationship marketing strategy. The results revealed there is a possible influence of fees on a firm’s relationships with clients, and their customer loyalty and retention rates. Similarly, Seyed and Mahnoosh (2012:6093)

suggest that price fairness has a positive impact on purchase intention through the mediating role of customer value to enhance profits, satisfaction and the ultimate intention to retain the customer. Additionally, Saadi, Reza, and Babakjamshidi (2013:215) state that price is a critical determinant that influences customer buying decisions and those customers usually select their service providers strongly relying on perceived price. The authors further argue that how much consumers are willing to pay differs due to their different needs and wants and that the price perceptions to the same service products may differ among individuals. Thus, a perceived higher price by consumers, might negatively influence their purchase probabilities.

Given these arguments, it is postulated that perceived price has a direct impact on the level of relationship quality and indirectly impacts on customer retention.

3.7.3.2 *Expertise/knowledgeability and customer retention*

Research on relationship quality suggests that contact-person expertise is a significant antecedent or most important antecedent of element of quality in a relationship and it relates to satisfaction with expert service (Seyed and Mahnoosh, 2012:6093). For example, the authors argue that experienced and knowledgeable employees can reduce customers' perceived uncertainty and anxiety, which may lead to higher customer satisfaction and loyalty. Therefore, the level of expertise of employees—including knowledge, experience or skills relevant to a particular domain or activity—is a vital determinant of relationship quality and customer satisfaction.

Grootman, Tait, and Sharp (2011:84) base their argument on an example of a bank's client relationships, which include their knowledgeability, influence a bank's clients and customer loyalty. The researchers allude to the fact that the skills and knowledge of bank employees to identify consider and solve client queries and complaints, improve banks' relationships with their clients, leading to satisfaction, loyalty, and ultimate customer retention.

3.7.3.3 *Word-of-mouth (WOM) and customer retention*

According to Seyed and Mahnoosh (2012:6093), word-of-mouth (WOM) refers to the informal communication between consumers about the characteristics of a business or a product. These authors argue that WOM is a key service relationship outcome. They suggest and offer empirical support that the interpersonal relationship between contact employees and customers can help foster WOM communication. It is interesting to note that relationship

marketing highlights potential responses that can emerge from efforts directed at forming relationships with consumers, and one of the determinants is the WOM communication. It has been argued that the basic idea behind WOM is that information about products, services, stores, companies, and so on, can spread from one consumer to another – and that the ultimate test of strong customer relationships is their willingness to recommend the firm (Seyed and Mahnoosh, 2012:6093). Furthermore, these researchers contend that WOM is a credible source of communication, which plays an instrumental role in new customer acquisitions and advocates of the firm.

Sohail (2012) has studied Word-of-mouth communications (WOM) in two ways, as an input into consumer decision-making, and as an outcome of the purchase process. The authors argue that as an outcome of the purchase process, the interaction of consumers and users of a product or service serve to amplify the original market message. Thus, positive WOM communication is a direct outcome of customer loyalty – which leads to customer retention.

It is evident that there is a significant relationship marketing impact on the variables: service quality, customer satisfaction and customer retention through commitment, trust, conflict handling, price/fees, expertise/knowledgeability, and word-of-mouth communication. The correct adaptation of these variables in the salons is vital to ensure higher customer satisfaction and retention.

3.8 PRACTICES OF RELATIONSHIP MARKETING IN HAIR SALONS

In Chapter 2 (Section 2.4.1.8), the relevance of relationship marketing in financial services has been acknowledged by researchers like Chattananon and Trimetsoontorn (2009), Chakrabarty et al. (2010), Alrubaiee and Ai-Nazer, (2010), Rootman, Tait, and Sharp (2011), and Jham and Khan (2008). It seems, however, that the practices of relationship marketing in the hair-salon industry has not been appreciated, even though it is a service industry. This is because it does not typically involve significant amounts of money, risk and confidential information handled by other service industries like banking, tourism and the hotel industries. Therefore, this section presents the literature review on perceived relationship marketing practices in the context of the business operations of the hair salons.

This section discusses in the context of the practices of relationship marketing in certain SMMEs based on a few works of several researchers, which could be related to hair salons.

In their studies on relationship marketing as a strategy of Igbo-managed SMMEs in Nigeria, Oboreh, Umukoro and Ogechukwu (2012:1) concluded that the managers of these SMMEs, especially the literate ones, were aware of the principles, practice, and philosophy of the RM concept – and applied it to achieve growth. These researchers further argue that:

(1) The whole management of the business must be marketing oriented. That is, marketing and sales functions must permeate every section of the business. This implies that there are neither full-time, nor part-time marketers nor workers, and that everybody, irrespective of task and expertise, influences the customer relationship. The whole practice of relationship marketing must not be the sole responsibility of management; it requires marketing-oriented management. In the context of hair salons, all employees, not only owner/managers, must embrace relationship marketing.

(2) The core values of RM are found in its emphasis in collaboration and the creation of mutual value. In the words of Oboreh, Francis, and Ogechukwu (2012:19), relationship marketing should be more of win-win, than win-lose, and more of a plus-sum game than a zero-sum game. In a plus-sum game, the parties increase value for each other; in a zero-sum game, what one gains is at the loss of another. In this respect, all the employees, together with the owner/managers of the salon business, are expected to show a sterling and constructive attitude leading to the fulfilment of a long-lasting and meaningful relationship. It is suggested that it is important to retain existing customers, because relationship marketing puts emphasis on customer retention and not acquisition of new customers, and also discourages defection.

(3) It is argued that RM is not to be mingled with transactional selling, which considers only the seller's satisfaction, but puts the customer and interactive relationship in perspective. Thus, according to the authors, all parties should be active and responsible. In relationship selling, the responsibility does not lie with the supplier alone, but also with the end user. The initiative to action in order to achieve effective relationships cannot be left to the owner/managers or a single party in the salon business; everyone can, and should be active. For example, customers initiate innovation and force owner/managers of the salons to change and suggest improvements in their products and/or services in terms of their hair care

(4) These researchers intimate that RM requires different values based in relationships and services to the customers. The fundamental believe in value is that all consumers are individuals and have different characteristics, and the outcome of this situation is

that customers are the source of revenue for all businesses who should be focused, and that the provider's task is to provide value for the customer. Hair-salon customers must get value as an outcome of the services they provide, and thus, it is an effective marketing practice to create value.

From the afore-mentioned discussions, the following could be added as suggested requirements for the practice of relationship marketing in the hair salons as strategic issues.

First, the salon owners should view themselves as service business providers. In other words, they should know the long-term needs and desires of the customers to be able to offer better and added value on top of the core services. Customers demand a much more holistic service offering in today's competitive environment (Percy, Visvanathan and Watson, 2010:2598) What is important is the ability of the salons to manage additional elements of the total offering better than the competitors do in a friendly, trustworthy and timely manner.

Second, the owners should view the businesses from a process management perspective (Percy, et al. 2010:2598). This means that an ongoing relationship where customers look for value in the total service offering requires internal collaboration among the functions, the owners, the employees and even the customers as it has been stated in Section 3.8 (3) above.

Third, there must be development of networks and partnerships. These are critical success factors for improving performance in small to medium firms (Percy et al. 2010:2600). As it has been mentioned earlier, relationship marketing is based on cooperation where parties are best off as partners. Therefore, this implies that hair salons that want successfully implement relationship marketing should recognize certain aspects of relationship that characterize successful relational exchanges. These issues concern factors such as trust, commitment and cooperation, keeping promises and shared values.

It is the view of this study that for the successful practice of relationship marketing, it is strategically challenging and imperative that hair salons should establish and maintain relations with all-important role players in the salon operating environment because most decision making rests not only on the owners but all of them.

3.9 GAPS IN THE LITERATURE REVIEW

Overall there are varieties of gaps in the literature and in the empirical analysis. These gaps relate to elements of relationship marketing

Table 3.1 Gaps in the literature review and the empirical evidence

ELEMENTS OF RELATIONSHIP MARKETING (100%)	GAPS IN THE LITERATURE	EMPIRICAL EVIDENCE OF PRACTICE (AVERAGE %)
TRUST/COMMITMENT	14.3%	85.7%
HANDLING OF COMPLAINTS	17.6%	82.04%
COMMUNICATION	32.6%	67.4%
RESPONSIVENESS	9.7%	90.3%
EMPATHY	34%	66%

3.9.1 Trust/commitment

Trust/commitment is an element of and pillar of development and management of relationship between business and its customers. In practice the trust needed by customers on services are often not fulfilled and/ or absent because some business owners show a negative perception to this variable in relationships. Usually, some owners of the salons do not demonstrate a high level of integrity such as consistency, honesty, fairness, helpfulness and responsibility within the business. Thus, absence of these may reduce the level of commitment in a relationship between the salon and the customers. From Table 3.1, about 14.3% of the salons do not consider and do not show this tendency to their customers. This is not consistent with Sohail (2012:237) to observe that trust/commitment is higher among buyers who believe they receive more value from a relationship, and that it is another important determinant of customer loyalty. Therefore, the absence of trust/commitment within some of the salons is a crucial concern to be addressed if they want to win more customers.

3.9.2 Handling of complaints

Complaints are queries or customer problems and if satisfactorily resolved enhances loyalty towards the organisation by the customer. From a practical point of view, most potential queries situations in salons could arise from the wrong application of a hair chemical on a customer's hair, disrespect of the employees towards the customer, and insensitivity to a customer's complaints. The outcome of an amicable solution to these disagreements and aspects of dissatisfaction with the services of the salons would foster customer satisfaction, loyalty and retention. However, poorly managed queries in the salon business would interfere with relationships. There must be right complaints management approach to minimize negative outcomes and maximize positive consequences. Thus, the ability of the business to handle queries well could be an important determinant of customer satisfaction, loyalty and retention. Similarly, 17.6% gap for this marketing practice means a huge loss of customers to those salons. Therefore, complaints handling is a huge investment of time, productivity gains and relationship building for a business.

3.9.3 Communication

Another gap emanates from ineffective communication system among the salons. It seems, for any particular organisation to be known and heard by its customers, it should consistently communicate with its customers rather than only produce and price its products. According to the table, 32.6% of the salons do not practise this element of RM within some of the hair salons because, they may find it difficult to inform, remind, persuade and differentiate offerings from competitors. Anabila, Narteh, and Tweneboah-Kodua (2012:53) argue that communication has a positive effect on customer acquisition and retention, and that the frequency of communication between the parties indicates the strength of the relationship. Additionally, Sohail (2012:237) avers that relationship conflict can be reduced by using proper communication system and, it is important element of relationship marketing. Therefore, the importance of communication within the hair salons cannot be under-estimated because, communication in relationships keeps in touch with customers, providing timely and trustworthy information if a delivery problem occurs. Therefore, attention must be drawn to the fact that the deeper or more value that communication has, the more influence it has on customer's perception of the organisation, and the stronger relationship they build.

3.9.4 Responsiveness

Also included among the gaps is responsiveness as an element of relationship marketing which is not well adhered to by some of the hair salons. It denotes speed and timeliness of service delivery. The table shows that 9.7% of the salons do not practise this as a driver for customer satisfaction and retention and for that matter relationship marketing. This shows that these salons have negative perception towards this relationship element. This suggests that they do not give prompt service, show care and interest in helping customers, and respond appropriately to requests. These include understanding customer requirements and developing the service based on responsive feedback, which enhances service satisfaction. Kassim, and Abdulla (2010:352) allude to this suggestion and, describe responsiveness as a company's ability and willingness to provide prompt service when customers have questions or problems. Thus, understanding customer requirements and developing the service based on responsive feedback, enhances service satisfaction, loyalty and relationship building.

3.9.5 Empathy

Empathy as an element of RM is another driver for building customer-provider relationship. It depicts personal attention, preferences, understanding and caring of the customer. Empathy pre-supposes that owners of businesses are expected to implement customer-oriented strategies whereby businesses must show sincere interest in solving clients' problems and requirements. The table shows that 34% of the salons do not practise empathy within their businesses. This means that these salons do not personalise services and generally do not demonstrate caring behaviour in all of their interpersonal dealings with customers – these represent a gap in the literature to be addressed.

Therefore, the stand-up issue from all these gaps is that there is a critical need to address them if relationship marketing can succeed within the hair salons.

3.10 SUMMARY

This chapter began with discussion of the conditions or challenges necessitating relationship marketing in hair salons, and followed by highlighting the impact of customer loyalty on the variables of the model. The conceptual framework was briefly analysed in relation to the variables, service quality, customer satisfaction and retention, and their influence on relationship marketing. Thereafter, there was discussion of the impact of relationship marketing on service quality, customer satisfaction and retention, and, finally, the chapter presented the perceived practices of relationship marketing in the hair salons, followed by presentation of the gaps in the literature review.

CHAPTER 4: METHODOLOGY

4.1 INTRODUCTION

Chapter 1 mentioned briefly the problem under investigation as well as the specific research questions being investigated. As Blumberg, Cooper, and Schindler (2008:4) allude to, once a research problem and questions have been identified for a study, the next stage is the identification of methods, instruments, techniques, and models to help conduct sound research, by describing and explaining in much detail the scientific methods and techniques employed in the empirical investigation. Firstly, the various stages of the research process are described. This is followed by re-statement of the problem. Thereafter, specific research questions and objectives are highlighted followed by research design, sampling method, data collection and analysis, then credibility and reliability of the study are discussed. Finally, ethical issues of the research are discussed.

4.2 ELEMENTS OF RESEARCH PROCESS

Zikmund and Babib (2010:58) recommended among others, pre-interview, questionnaire, data analysis, and reporting as possible methods to collect and analyze research data, a recommendation that has been followed in this research. The proposal stage is included here in the formal research process, which includes the presentation of the topic to the Faculty Research Committee for appraisal and consideration.

Figure 4.1: Elements of research process of this study.

4.2.1 Stage 1: Proposal

The research topic was defended before the research committee, including the promoter of this study for acceptance.

4.2.2 Stage 2: Pre-interview – (Literature review)

The literature search and review was extensively done on relationship marketing in the context of hair salons. This stage contained in Chapters 2 and 3. This review was the key to unlocking the rest of the research. It facilitated the development of a conceptual model to measure relationship marketing in the hair salons. Evaluation and selection of appropriate research techniques, strategies and technique needed to achieve research objective were also guided by the literature review.

4.2.3 Stage 3: Problem statement

The problem statement of this research presented in Chapter 1 informed the formulation of research questions and the objectives.

4.2.4 Stage 4: Formulating research questions.

The problem statement to be investigated by the study presented in Chapter 1 informed the research questions that guided the study.

4.2.5 Stage 5: The purpose of the study

The significance of this research in adding to knowledge was stated in Chapter 1.

4.2.6 Stage 6: Research objectives

The objectives to be achieved for this research were formulated.

4.2.7 Stage 7: Population and sampling

The sampling methods adopted for the study were explained. The population for this research was identified as owners and customers of the hair salons estimated to be 550 registered salons. A sample of 200 hair salons was researched.

4.2.8 Stage 8: Questionnaire and pre-tested questionnaire

A tailor-made questionnaire was designed consisted of structured questions. The questionnaire was piloted on 20 randomly selected salons. The questionnaire was polished and administered to 200 respondents.

4.2.9 Stage 9: Statistical analysis and interpretation of results

The data collected from respondents were analyzed and interpreted. Descriptive and inferential analyses are performed. This is found in Chapter 5.

4.2.10 Stage 10: Conclusions and recommendations

Findings were reported, and the results were discussed, followed by conclusions and recommendations.

4.3 RE-STATEMENT OF PROBLEM

In summary, as stated in Chapter 1, the problem statement is: ***the research addresses the need for a relationship marketing model that provides measurement variables such as service quality, satisfaction, and retention to support hair salons' competitiveness and growth in the Free State Province.***

4.4 SPECIFIC RESEARCH QUESTIONS

Based on the problem statement, the following research questions were identified:

- What kind of interaction is needed to promote the service quality of hair salon?
- What are the elements of service quality in hair salon?
- What are the elements of customer satisfaction?
- What are the elements of customer retention?
- Do service quality, customer satisfaction and customer retention affect business performance?

4.5 PURPOSE OF THE STUDY

The purpose of this study was twofold. First, to determine the type of interaction needed to enhance service quality in the hair salons. Second, the research examined the impact of relationship marketing model on the competitiveness of hair salons in the Free State province.

4.6 RESEARCH OBJECTIVES

4.6.1. Main objective

The main objective of this study was to develop a relationship marketing model that would make hair salon businesses in the Free State province competitive

4.6.2 Secondary research objectives

More specifically, four secondary research objectives were identified:

- To determine the significant factors affecting service quality.
- To investigate the relationship between service quality and customer satisfaction.
- To investigate relationship between customer satisfaction and customer retention.
- To investigate how hair salon business performance is affected by service quality, customer satisfaction, and customer retention.

4.7 RESEARCH PHILOSOPHY/PARADIGM

Research into relationship marketing practice of hair salons requires the consideration of different research philosophies/paradigms. According to Flowers, 2009:1 and Aliyu, 2014:79, these paradigms are the parameters that describe perceptions, beliefs, assumptions and reality and truth (knowledge of that reality) of which some are people's knowledge, views, understandings, interpretations, experiences and interaction which can influence the way in which the research is undertaken. Relationship marketing for hair salon is particularly a virgin area in terms of research and relationship marketing determinism. The aspect of relationship marketing is common to large businesses and it is not a common feature of management in hair salons. The parameter of this study would be to collect and describe responses about the perceptions, beliefs, and assumptions hair salons have of relationship marketing. It is also important to understand and discuss relationship aspect of hair salon business using approaches congruent to hair salon relationship marketing ability.

Based on the beliefs, perceptions and assumptions, the next sections therefore, describes two of the paradigms distinguished by Bryman and Bell (2011:15) supported by Creswell (2012:16) as positivistic (quantitative) and phenomenological (qualitative, interpretivists, constructivist) in order to adopt one of them for this study.

4.7.1 Positivism research paradigm

According to (Flowers, 2009:3), positivist position is derived from that of natural science and is characterised by the testing of hypothesis developed from existing theory (hence deductive or theory testing) through measurement of observable social realities. In other words, observable social realities are believed to be objective and may not be influenced by social actors (Bryman and Bell, 2011:15). For example, in this study, it is assumed that if hair salons provide service quality, it would create customer satisfaction and it would lead to customer loyalty and retention. These marketing practices would ultimately build positive relationships between the salons and their customers. This is an observable reality. It is the researcher to test this assumption through either hypothesis or research questions to be objective. This is the positivist standpoint.

Alluding to Flowers (2009:15), Bryman and Bell (2011:15) posit that there must be development of testable hypothesis derived from theory and generation of objective data of facts gathered through sensual observation (responses from hair salons' customers through questionnaires). Flowers (2009:3), among other things, add that knowledge is valid only if it is based on observations, and theoretical models can be developed that are generalizable and can explain cause and effect relationships, which lend themselves to predicting outcomes. In this regard, there is a proposed relationship marketing model for hair salons that could be generalizable and can explain cause and effect relationships of the variables in this study. Thus, positivist is based on values of reason, truth and validity. There is a focus purely on facts, gathered through direct observation and experience and measured empirically using *quantitative methods*, as alluded to by Zikmund et al. (2010:137).

It must be noted that even though positivism is supposed to be the proper way of producing knowledge, there are critics to argue that to study social phenomena away from the social actors is not enough (Blumberg et al., 2008:193; Bryman and Bell, 2011:15). These authors contend that phenomenon should be argued from the actor's point of view. This means that the social realities cannot be understood by using natural science principles but must consider explaining it from the interpretations and meanings social actors attach to social phenomenon. These criticisms form the basis of phenomenological scholars' antithetical position to say that social phenomena are constructed and interpreted under subjective perceptions of social actors. However, there is a degree of objectivity and generalizability of results from samples for big populations for research activity in the positivist stance.

It is, therefore, evident in the description above that researchers opting for the positivist stance consider quantification of constructs important and emphasise on measuring the phenomenon through quantitative measurement.

4.7.2 Quantitative methods

Quantitative research method is said to be an approach that involves collecting and analysing numerical data by applying statistical tests. According to Creswell (2009:16), this method provides the researchers ways to test theories by formulating hypotheses and the collection of data either to support or refute these hypotheses. Quantitative method evaluates objective data produced by the respondents who are outsiders making the research process free from bias. It produces stable facts that do not change easily, and it uses consistent yardstick for making distinctions and producing reliable results. It deals with large samples that are usually representative of the population with the main aim of testing the hypotheses, and that results can be generalised to other situations (Welman, Kruger and Mitchell, 2011:8; Crowther and Lancaster, 2009:75; Zikmund and Babin, 2010:94). According to the positivist point of view, results emanating from this research practice would be true and valid.

4.7.3 Phenomenological research paradigm

The Phenomenological research paradigm on the other hand is also called interpretive framework. From the point of view of Flowers (2009:3), there is a fundamental difference between the subject matters of natural and social sciences. In the social world, it is argued that individuals and groups make sense of situations based on their individual experience, memories and expectations. The author argues that meaning to a situation is constructed through experience resulting in many differing interpretations, and it is important to understand these meanings and factors that influence, determine and affect the interpretations reached by different individuals.

The author, *inter alia*, further contends that under this paradigm, the interpretivists aim to work alongside others as they make sense of, draw meaning from and create their realities in order to understand their point of view, and to interpret these experiences in the context of the researchers academic experience, hence is inductive or theory building. Thus, the focus of the researcher under this paradigm is on understanding the meanings and interpretations of “social factors,” and to understand their world from their point of view is contextual and hence is not widely generalizable. However, , Flowers (2009:3) points out that understanding what people are thinking and feeling, as well as how they communicate, verbally and non-

verbally are considered important. Given the subjective nature of this paradigm, and the emphasis on language, it is associated with *qualitative* approaches to data gathering.

It is worthy to mention that phenomenological research paradigm is said to facilitate deeper understanding of social realities from the point of view of actors (Blumberg et al., 2008:23; Bryman and Bell, 2011:15) and it involves smaller sample sizes enabling faster data collection and analysis (Cooper and Schindler, 2011:193). However, there are criticisms against this research paradigm of which one is that the researcher becomes so much involved in the process that the findings become biased and that it lacks verifiability and cannot be generalized (Zikmund et al., 2013:134).

4.7.4 Qualitative methods

From the above discussion on the interpretivists' paradigm, qualitative research approach is briefly discussed in the following section.

Qualitative research method addresses business objectives through techniques that allow the researcher to provide an elaborate interpretation of the market phenomena, without depending on numerical measurement (Zikmund et al., 2010:133). Qualitative research approach also includes in-depth interviewing and the on-going participant observation of a situation (Creswell 2009:196). This research method is said to be more subjective, implying that different researchers may have different outcomes from the same interview. The results of qualitative method is said to reveal higher levels of validity, but lower levels of reliability, when the research is replicated (Collins and Hussey 2003:50).

Considering the analysis on the two paradigms, this study rests mainly in the domain of positivistic research paradigm (quantitative). The following are among the several scholars who have observed some merits and demerits of quantitative method, such as (Welman, Kruger, and Mitchell, 2011:8; Bryman and Bell, 2011:167; Blumberg, Cooper, and Schindler: 2008:193; and Pradeep, 2010:4) whose observations are summarized and generally presented in the context of this study.

Some of the merits of quantitative research method are as follows:

- It evaluates objective data produced by the minds of respondents who are outsiders making the research process free from bias.
- It produces stable facts that will not change easily.

- Specific instruments are used to collect data such as questionnaires.
- It uses a consistent device for making distinctions, thus results are consistent in terms of reliability (Welman, Kruger, and Mitchell, 2011:8).
- It deals with a large sample (could be representative of the population).
- The results of quantitative method of research can be generalized or can be applied to other situations.
- It tests hypotheses or specific research questions. (Zikmund and Babin, 2010:94)

The following are some of the criticisms of quantitative method:

- Limited ability to re-interview participants
- Limited by opportunity to probe respondents and the original data collection instrument
- Larger sample sizes lengthen data collection (Cooper and Schindler, 2011:163)
- It is argued that a measurement process poses an artificial and spurious precision and accuracy. For example, respondents' answers to questionnaire questions are assumed rather than real, because they are supposed to interpret questions similarly, but it is not the case. Therefore, the problem of meaning arises.
- The reliance on instruments and procedures hinders the connection between research and everyday life because we can be sure that respondents are not aware of what the question is and its manifestations. It is argued that sometimes their actual behaviour may be at odds with their answers (Bryman and Bell, 2011:167).

Scanning through the advantages and disadvantages mentioned, certain elements of quantitative method matches this study:

1. It deals with a large sample to be representative of the number of hair salons in the province and estimation of precision,
2. It tests relationships among variables; this is in line with the main focus of this study, that is whether there is a relationship between the application of relationship marketing framework and hair salons' competitiveness and growth
3. The results of quantitative method can be generalized. The ultimate value of this study is that if the results reveal that there is relationship between the use of relationship

marketing framework and competitiveness of hair salons in the province, it could be applied within the salons in other regions of South Africa, since results of quantitative method have been suggested as consistent and reliable.

4. There is relationship marketing theoretical framework for hair salons to be tested
5. Specific instruments are used to collect data such as questionnaires
6. It evaluates objective data produced by the minds of respondents who are outsiders (the researcher, owners and the customers of the hair salons) making the research process free from bias.
7. It tests specific research questions. (Zikmund and Babin, 2010:94)

Therefore, disadvantages notwithstanding, this study lends to (positivistic) quantitative design because, among other factors, it investigates relationships among variables—specifically the relationship between the application of relationship marketing framework and the growth of hair salons for profitability.

4.8 RESEARCH DESIGN: GENERAL APPROACH

Research design of this study was exploratory in nature. Rootman (2011:237) suggests that exploratory research is undertaken to better understand a specific problem (Relationship marketing framework's impact on hair salons) when not much is known about the situation. In other words, exploratory research aims to explain the reasons for a specific situation since there is no information available on how similar problem or research issues have been solved in the past.. As mentioned in the problem statement, this study is about a relationship marketing framework that supports hair salon competitiveness in the Free State Province.

4.8.1 Population

A population is the entire group of people, elements, events or things of interest that the researcher wishes to investigate (Blumberg et al. 2008:239; Bryman & Bell, 2011:176; Cooper & Schindler, 2011:364; Zikmund et al. 2013:85). The target population of this study were the owners and customers of the hair salons, formal and informal, as well as registered and unregistered. The Free State Development Cooperation (FDC) provided an estimate of about 550 registered hair salons in the Free State province.

4.8.2 Sampling

As Zikmund and Babin (2010:301) put it: “A sample is a subset, or some part, of a larger population, from which population characteristics are estimated.” In other words, sampling is defined in terms of the population being studied (Zikmund and Babin, 2010:301). Since many of the hair salons were unregistered, a sample frame was not readily available. However, a target of 200 of such businesses was researched. Therefore, a pilot survey consisting of 20 randomly selected salons was conducted to identify the salons to enable the researcher to get the sample frame. A sample size calculator, which is available at <http://www.macorr.org>, was used to select the sample.

4.9 THE SAMPLING METHOD

According to Blumberg, Cooper, and Schandler (2008:364), there are varieties of sampling methods; each of them depends on the requirements of the project and its objectives and funds available. Similarly, Zikmund and Babin (2010:301) state that these alternative sampling techniques may be grouped into two categories—probability sampling and nonprobability sampling. Probability sampling or simple random sampling is such that every element in the population has a known non-zero probability of selection, i.e., each member of the population has an equal chance of being selected. On the other hand, non-probability sampling units of the sample are selected based on personal judgment or convenience, i.e., the probability of being chosen is unknown and it is arbitrary.

Advantages and disadvantages have been associated with these sampling categories by several researchers (Blumberg et al., 2008; Zikmund and Babin, 2010; Welman, Kruger, and Mitchell, 2007) to the extent that it is not possible to review all of them. As a result, attention is paid to the works of Blumberg et al. (2008:239), who share the same information with other authors for this research.

According to Blumberg et al. (2008:239), probability sampling method has the following merits:

- Random sampling elements reduces sample bias
- It is easy to design
- It is easy to implement

- Its population is well defined
- Its sample size is large to give a true cross section of the population and
- There is objectivity in its application

Demerits of probability random sampling observed are that:

- It requires population list
- It fails to use all the information about a population and the design may be wasteful
- It may be expensive to implement in terms of cost and time and
- It uses larger sample size and therefore produces larger errors

Regarding non-probability sampling method, the authors have these merits associated with it:

- It is less expensive because of smaller population size
- It is convenient to use when the population is vague and difficult to define
- If non-probability sampling is controlled, it gives acceptable results.

Non-probability sampling has the following disadvantages:

- It is subjective
- There is an element of bias and
- Population elements are unknown.

From the discussion on the two research methods, probability sampling method is the one chosen for this study for three reasons:

1. It deals with large sample which is ideal for this study because 550 hair salons in the region were initially identified and thus requires a large sample to be representative;
2. The results are generalizable, meaning its results are reliable, which is also suitable for this study, because eventually, the results will be applied to other hair salons in

other provinces if there is positive relationship between the use of relationship marketing and hair salons' performance; and

3. It deals with a well-defined population that is also suitable for this study because the population of this study is well defined as hair salons in the Free State province.

4.10 DATA COLLECTION

According to Welman, Kruger, and Mitchell (2011:149), to collect primary data for the purpose of a study of this nature, one of the measuring instruments to use is questionnaire. Thus, the first stage in collecting primary data is to design the questionnaire that would be used.

4.10.1 Questionnaire design

The questionnaire items were based on the objectives and research questions of the study. The questions were made up of classification and target or measurement questions. The classification questions are those on demographic variables as means to group participants' answers so that patterns would be revealed and studied. The measurement or target questions were structured and provided the participants with a fixed set of choices (Blumberg et al., 2008:239). The questions were formulated in an easy way to facilitate participants' understanding.

As indicated earlier, 54 itemized Likert-type questions were used to collect the primary data for analysis. According to Cooper and Schindler (2011:299), Likert-type scales consist of statements that express either a favourable or unfavourable (agree or disagree) attitude toward the object of interest, and Dzansi (2006:80) also opines that it is easy to complete. However, 11 itemized questions for sections A and B were used because the respondents were made not to guess a choice but to indicate specifically what type of information was required by the researcher. The structured questionnaire is made up of two sections, dealing with the drivers for service quality, customer satisfaction, and retention.

4.10.2 Sections in the questionnaire

The questionnaire was divided into four sections:

Section A: These were general information questions, mostly related to demographic factors. These were very easy and good for correlation analysis purposes.

Section B: These were business information questions.

Section C: This section was highly structured requiring the respondents to indicate their awareness of relationship marketing. The respondents were made to indicate their preferences on a Likert-type scale.

Section D: The respondents were made to answer questions on the elements of relationship marketing practices such as service quality, customer satisfaction, customer retention, confidence/trust, communication, responsiveness, tangibility, empathy, and complaints handling.

4.10.3 Pre-testing or piloting of questionnaire

Cooper and Schindler (2011) argue that pre-testing or piloting is not only an established practice for discovery of errors but also it is useful for training the researcher and training team. They further explain that it is the assessment of questions and instruments before the start of the study. Blumberg et al. (2008:239), who indicate the following as positive contribution to a meaningful research study, have also mentioned the usefulness of pre-testing or piloting of the questionnaire:

- The researcher can use colleagues, respondent surrogates, or actual respondents to refine a measuring instrument.
- Suggestions of the respondents are used to identify and change confusing, awkward, or offensive questions and techniques.

As there seems to be little information on relationship marketing model research activity on hair salon business, there was the need to pre-test or pilot the questionnaire by applying two of the various options recommended by Cooper and Schindler (2011:358) namely researcher pre-testing and participants pre-test. These choices were also informed by the absence of previous questionnaire on the topic to study. Therefore, the first level of the pre-testing, i.e., researcher pre-testing, involved fellow research colleagues who were on their doctoral studies, in order to solicit their opinions and suggestions for improvement in the research questionnaire. The second level of the pre-testing was participants pre-testing where the questionnaire was field-tested on sampled hair salon owners and customers.

From the participant pre-testing, and in terms of their literacy level, there could emerge that the respondents would understand the questions clearly and thus there would be no need of changing the questions. On the hand if there could emerge that some of the respondents would be illiterates, then, afore thought translation of the questions and answers into mother tongues would be necessary. Thus, all the questions and response choices were initially in

English. However, it emerged from the responses to the piloted questionnaires that the educational levels of some of the respondents were below matric level. This necessitated the translation of the questionnaire into Sotho, as it is the predominant language spoken in the region to enable these respondents answer the questions as required of them.

There was also an ethical need of letting the respondents know the purpose of the study in advance to ensure their consent, since they would be informed of the purpose and benefits they would get from relationship marketing at this stage.

4.11 MEASURING CREDIBILITY OF THE STUDY

According to Bryman and Bell (2011:43), credibility has something to do with how believable the findings from research activities are, and that it has all to do with validity of the research. Dzansi (2006) also explains credibility as practicality, reliability, and validity aspects of the measuring instrument. Therefore, for this study to be credible and acceptable, validity, and reliability which appear to be much mentioned in terms of credibility (Blumberg et al., 2008:403; Cooper and Schindler, 2011:236) are discussed in this section.

4.11.1 Measurement validity

Blumberg et al. (2008:403) have explained validity as a measuring instrument dealing with whether a measure accomplishes its claims. The authors mean that in every research design, there is an element of uncertainties, problems, and results being true or false.

The instrument used in this research was the researcher's own design as has been stated earlier on, since there was little previous research findings on the topic to include. This brings to the fore the question of the validity instrument to be applied.

Cooper and Schindler (2011:281) mention three types of measuring instrument validity namely: *content validity*, *construct validity* and *criterion-related validity*. For the purpose of this study, content validity and construct validity were applied, because the criterion-related validity is usually used for a study which already has existing information to fall on, unlike hair salons lacking previous relationship marketing framework research information on them in the province. Therefore the other two types of measuring instrument validity are addressed thereof.

4.11.2 Content validity

Cooper and Schindler (2011:281) describe content validity as a measuring instrument that provides adequate coverage of the investigative questions guiding the study. They again posit that if the instrument contains a representative sample of the universe of subject matter of interest, then content validity is good. Bryman and Bell (2007:165) also contend that consulting researchers with rich experience and expertise to act as judges to determine whether in the face of it the measure seems to reflect the concept concerned establish content validity.

This study meets the content validity requirements in terms of provision of coverage of the investigative questions, representative sample, and consultation of researchers who were experienced and experts. In terms of coverage of the relationship marketing and hair salons growth, the *elements*—awareness of relationship marketing by the owner/manager and customers’—and questions on the variables of relationship marketing model to be tested were included in the questionnaire. What is more, the representative sample of 200 from 550 hair salons was also stated.

The section on pre-testing of questionnaire involved researcher pre-testing, by using fellow researchers who are pursuing their doctorate degrees and had done similar research during their master’s degrees to solicit their suggestions and corrections. Apart from these researchers, the supervisor of this study, who is well versed in the field of research, also added his inputs to demonstrate the required expertise involved in this study. Again, considering the fact that this study was exploratory in nature, and there was little information on the topic also adds to the previous requirements to make the content validity of this study appropriate.

4.11.3 Construct validity

Dzansi (2006:86) describes construct validity as the degree to which a test measures an intended hypothetical construct. The researcher explains that it testifies to how well the results from the use of the measure fit the theories around which the test is designed. This assertion has been alluded to by Cooper and Schindler (2011) indicating that in this type of validity, both the theory and the measuring instrument being used to test for any interested effect of any construct must be considered.

From the literature review, the construct relationship marketing in hair salons was operationally defined ***as a marketing strategy directed towards attracting and retaining customers through the promotion of relational exchanges within hair salons.*** Further, the elements of relationship marketing model to be tested and the application of the use of relationship marketing theories are stated in the literature review. Thus, the sections in the questionnaire on the variables and the elements of relationship marketing fit well with the theory.

4.12 RELIABILITY

Cooper and Schindler (2011:283) define instrument reliability as the one concerned with estimates of the degree to which a measurement is free from random or unstable error, and that it is reliable to a degree that it supplies consistent results. This means that the reliability of the measuring instrument has impact on the credibility of the research findings (Dzansi, 2006:86) and thus the researcher identifies the following such errors supported by the previous researchers as the major causes of instrument unreliability:

- Subject error
- Subject response bias
- Observer error
- Observer bias and
- Information collection bias.

4.12.1 Subject error

Dzansi (2006:86) describes this error as the type of error that emanates from a situation where participants of the research do not represent the population the study is investigating. In order to reduce misrepresentation, hair salons were well defined and the operators and customers of hair salons were selected in this study.

4.12.2 Subject response bias

Cooper and Schindler (2011:413) describe this as “Don’t Know” questions which could emanate from the respondent’s reluctance to answer that question, providing dubious

answers, incorrect answers due to lack of knowledge of that topic for the question or evading that question as unimportant.

In this study, the questions were adequately scrutinized to avoid any misgivings and suspicion of invasion of privacy of the respondents especially, since most of the respondents may have difficulty in understanding the concept of relationship marketing. Apart from this, questions were rephrased on sensitive issues in a positive way and respondents were assured of the confidentiality of their information. Finally, the purpose of the study was explained to them and the questionnaires were hand-delivered to the respondents for further explanation of issues.

4.12.3 Observer error

According to Pradeep Rohilla (2010:136), this bias can occur when conducting observations or conducting individual interviews. An observer or data collector will only see or hear things in which s/he is interested or will miss information that is critical to the research. The researcher alone, for the views and suggestions of other researchers regarding the questions to ensure uniformity of questions to be administered as well as the low level of the English language used to avoid misinterpretation by the respondents, conducted the pre-testing.

4.12.4 Information collection bias

Pradeep Rohilla (2010:136) describes it as when there is distortion in the information data collected so that it does not represent reality because of defective instruments such as closed questions on topics about which little is known, open-ended questions without guidelines on how to ask or to answer them, or vaguely phrased questions. In light of the above, an attempt was made to avoid too many open-ended questions; questions were rephrased and the questionnaire was pretested.

Those administered questionnaires that were returned were edited, coded, and captured.

4.13 DATA EDITING, CODING, AND CAPTURING

4.13.1 Data editing

According to Cooper and Schindler (2011:402), editing detects errors, corrects them when possible, and certifies that minimum data quality standards have been achieved. Incidentally, all the questions in the returned questionnaires were edited.

4.13.2 Data coding

Cooper and Schindler (2011:405) stated coding involves assigning numbers or other symbols to answers so that responses could be grouped into a limited number of classes or categories. This definition fits the Likert-type scale used for responses in the questionnaire as numbers were assigned to the answers. The responses of the returned questionnaires were edited and transferred into the column in the questionnaire titled “for office use only.”

4.13.3 Data entry

According to Cooper and Schindler (2011:417) data entry converts information gathered by secondary or primary methods to a medium for viewing and manipulation. The purpose is to change the data from their original form to a format suitable for performing a data analysis that will achieve research objectives (Zikmund and Babin, 2010:359). The data for this study was processed with assistance from an expert.

Data for the registered hair salons was originated from the FDC database, while ‘word of mouth’ from current CUT (both Welkom and Bloemfontein campuses) students of the location and collection of data from the informal hairs salons was adopted. Structured Likert-type questionnaires were used to gather responses from the two categories of respondents earlier on mentioned. The questionnaire was subjected to a pre-test by not less than 20 of these hair salons found in Mangaung area of Bloemfontein to eliminate problem questions. The questionnaires were hand-delivered and personally collected to increase response rate. This was done through the employ of all these steps to avoid all biases and to ensure validity and reliability of the study, using Cronbach’s Alpha coefficient. Content and construct validity will also be ensured.

4.13.4 Data analysis

Data collected was analysed using the SPSS statistical computer software package proven to produce reliable inferential and descriptive statistics. The data was statistically analysed using frequency counts, and percentages. Cronbach’s Alpha coefficient statistic for reliability analysis, correlation and regression models were also used for relationships.

4.13.5 Inferential statistics

According to Welman, Kruger, and Mitchell (2011:8), inferential statistics are concerned with inferences that we can make about population indices based on the corresponding indices obtained from samples drawn randomly from the populations. The above inferential statistics was produced and used to summarise and made inferences based on the data collected.

4.13.6 Descriptive statistics

Descriptive statistics are concerned with the description of the characteristics of a population (Zikmund and Babin, 2010:94). Frequency tables, percentages and graphical displays were used to describe the data or the variables collected. These are reported in Chapter 5.

4.14 LIMITATIONS OF THE STUDY

There is no research without shortcomings and since this study is no exception, the following three main limitations are identified with the study:

1. There is an anticipated limitation due to the limited knowledge the salons' owners and the customers have about relationship marketing. Thus, their responses may not reflect the true picture of the results
2. This research only focused on the hair salons' owners and customers excluding employees. Relationship marketing success in hair salons involves employees as well and that inclusion of these stakeholders in this survey could have helped this bias.
3. There is risk of geographical bias because the sample in terms of size and ownership may not be representative of hair salons in other provinces of the country. Therefore, generalizability of the results across the whole country might be limited.

In spite of the aforementioned biases, the outcome of the study should be credible.

CHAPTER 5: RESULTS AND DISCUSSIONS

5.1 INTRODUCTION

Chapter 4 discussed and examined elements of the research process, pre interview, data collection instruments, and pertinent issues in applied research methods within the context of this research project. The outcome of examined research issues forms the backdrop of the summary of findings presented and discussed in this chapter. This presentation is focused on key analytical variables selected and used to support presentation of the summary of findings. These variables include response rate, biographical and business profiles, analysis of reliability of constructs used in the study, service quality, customer satisfaction and retention relationships, hair salons performance relationship with service quality, customer satisfaction, and retention.

5.2 RESPONSE RATE

The questionnaires were administered to a sample of 200 hair salons out of which 145 completed were returned. This represents a response rate of 73% (72.5% to be precise). All the returned questionnaires were correctly filled.

5.3 DESCRIPTIVE STATISTICS

Descriptive statistics were applied to analyze the distribution of scores on the demographics. Frequency tables and graphical displays were used to present the summarised scores. The demographics are presented in two parts namely, the profile of respondents (salon owners, owner/managers, managers and customers) and business profile. These profiles are summarised in Tables 5.1 and 5.2 respectively.

5.3.1 Biographical summary

The study sample consisted mainly of males (62.1%) with 38% female respondents. This demographic suggests more men are involved in hair salon business compared to women. The social and economic rationale for the increase in men compared to women could be any of these reasons: due to the scourge of unemployment hitting the males quite hard, or the low-set up cost of establishing a salon or they have more entrepreneurial mindset than the female counterparts do.

Table 5.1. Biographical summary

Biographical Variables	Category	Frequency	Percentage
Q1: Gender	Male	90	62.1%
	Female	55	37.9%
Q2: Age	Below 25	3	2.1%
	26 – 35	83	57.2%
	36 – 40	52	35.9%
	40 and above	7	4.8%
Q3: Level of education	Primary	1	0.7%
	Middle	24	16.6%
	Matric	113	77.9%
	Diploma	3	2.1%
	Degree	4	2.8%
Q4: Nationality	South African	77	53.1%
	Permanent Resident	6	4.1%
	Non South African	62	42.8%
Q5: Type of Respondent	Owner	54	37.2%
	Owner/Manager	14	9.7%
	Manager	7	4.8%
	Employee	7	4.8%
	Customer	63	43.4%

Table 5.1 shows that a majority (57.2%) of the respondents fell within 26 and 35 years group who form the core of the unemployed. Hair salon business seems to be the only economic activity that the unemployed could easily engage in especially owing to the fact that it is relatively inexpensive to start a salon business.

According to Table 5.1, the greatest proportion (77.9%) of the respondents were those reaching matric level of education, only 0.7% reached primary level whilst 4.9% had tertiary education. This indicates that the question of unemployment in the province still comes to the fore. These school leavers seemed not to have been able to continue their education to the tertiary level and thus, not being able to be absorbed by the job market except resorting to joining the hair salon industry. However, with matric level of education, they could also be capable of understanding relationship marketing principles and practice to apply it in their businesses. On the other hand, 4.9% of those with tertiary education level may think of becoming emerging entrepreneurs in hair salons and, also have potentials of grasping the principles of relationship marketing with ease and practising it in their salons.

Table 5.1 shows that there is almost equal nationality representation in terms of South Africans and the other nationals (53.1% and 42.8% respectively.) engaged in hair salons. In terms of South African nationals, unemployment cannot be ruled out, and the salons creating jobs should also not to be ignored. Regarding the influx of foreign nationals, there could be other reasons such as political unrest in their countries, or for greener pastures in South Africa. On the other hand it could be due to the closeness of the countries.

According to the type of respondents, the statistics shows that 43.4% are customers, whilst 46.9% are owners of the salons. This shows that there is almost equal representation of the two role players who took part in the survey. The statistics also shows that 46.9% being owners goes to confirm earlier findings that most small businesses are owned by single individuals and future goals of the business are determined as much by personal life style and family factors, as by commercial considerations (Islam et al. 2011). On the other hand, the 9.7% owner/managers could also mean that apart from the fact that they are owners, these may have managerial skills to manage their own businesses and have the potentials to understand the principles of relationship marketing and practise it in their salons.

5.3.2 Business profile summary

Results in Table 5.2 indicates that most businesses in the study sample were sole proprietorships (64.8%), 14.5% were corporations, with very few partnerships (7.6%), and 13.1% being family businesses. This (64.8%) figure confirms earlier findings of Hinson and Mahmoud (2011), which suggests that one person usually dominates a small firm, and hair salons are no exceptions. The proportions (14.5% and 7.6%) which are close corporation and partnership respectively could mean that they are rather the registered and well-established hair salons whose owners may be well educated, having marketing information for proper management and who could know much about relationship marketing practices. However, this could be contrary to the assertions of Hinson and Mahmoud (2011), Islam et al. (2011) and the suggestion by Jones and Rowley (2011) that there is lack of business and marketing limitations among small businesses.

Table 5.2. Business details

Business Details	Category	Frequency	Percentage
Q6: Form of business	Sole proprietor	94	64.8%
	Close corporation	21	14.5%
	Partnership	11	7.6%
	Family business	19	13.1%
Q7: Number of employees besides owner	1-5	38	26.2%
	6-10	79	54.5%
	10 and above	28	19.3%
Q8: Age of business	Less than 1 year	6	4.1%
	2-5 years	76	52.4%
	6-10 years	54	37.2%
	11 years and above	9	6.2%
Q9: Daily sales estimates	Less than R200	12	8.3%
	R201-R300	32	22.1%
	R301-R400	33	22.8%
	R401-R500	22	15.2%
	R501-R600	28	19.3%
	R600 and above	18	12.4%
Q10: Monthly gross profit estimates	Less than R10 000	85	58.6%
	R11 000 - 20 000	50	34.5%
	R21 000 - 30 000	5	3.4%
	R31 000 - 40 000	3	2.1%
	R40 000 and above	2	1.4%
Q11: Estimate your business's percentage profit for the previous year	Loss	11	7.6%
	Breakeven	30	20.7%
	up to 2%	55	37.9%
	3-5%	35	24.1%
	6-10%	6	4.1%
	11-15%	3	2.1%
	16-20%	1	0.7%
	21% and above	4	2.8%

Regarding the number of employees, the staff complement of most salons is between 6-10 employees (52.4%) with only 19.3% of the sampled businesses having 11 or more employees. These figures confirm earlier findings of Zahedirad and Shivaraj (2011) which state that small businesses employ between 10 and 49 workers; tiny establishments employ between 5 and 9 workers, while medium establishments employ between 50 and 99 workers. Thus, in terms of this study, most of the hair salons are either tiny or small in nature. However, these figures indicate that hair salons' performance in relation to employees' growth is quite

impressive for those employing 11 or more workers. This implies that in terms of job creation, hair salons are able to absorb certain proportion of the unemployed in the province.

The next important statistics on hair salons is how long the businesses have been in existence. According to Table 5.2, the businesses sampled were generally small scale businesses accounted for 56.5% (4.1%+52.4%).

5.3.3 Performance of hair salons

A performance measure is made up of financial indicators. This analysis relied on and used three financial performance indicators to present this finding summary as shown below:

5.3.4 Daily sales growth

In terms of daily sales growth, Table 5.2 and Figure 5.1 show that the businesses making between R201 and R400 were made up of 44.9%; between R401 and R600 were 34.5% and only 12.4% made above R600, while only 8.3% made less than R200 of the respondents. In general, the businesses sampled were low-income businesses with only 12.4% taking in more than R600 daily and this indicates that they are not profitable in terms of over-head costs.

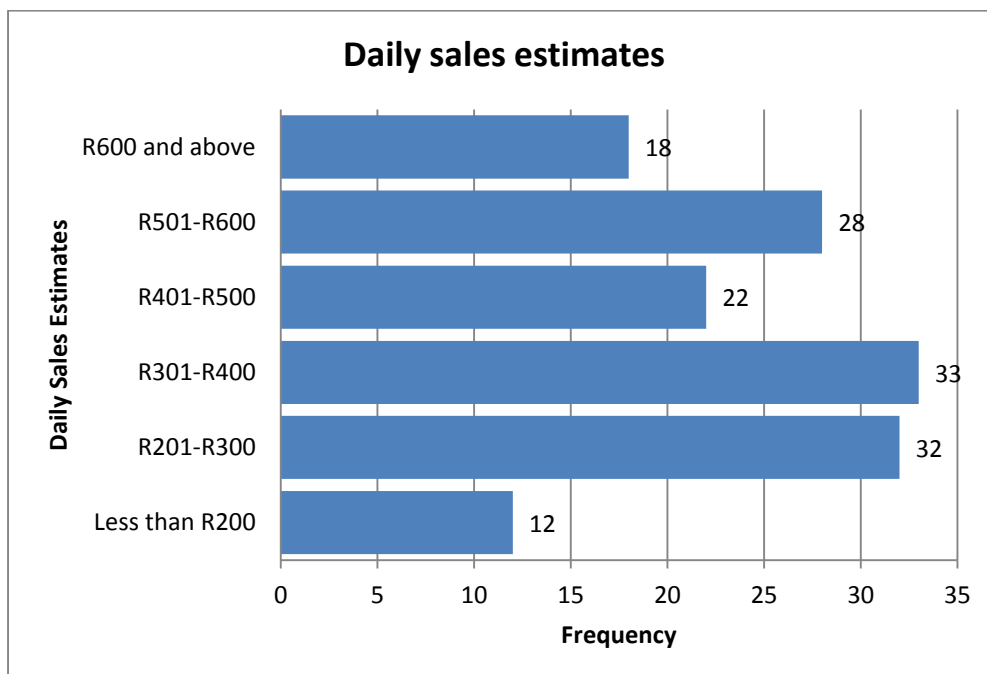


Figure 5.1. Daily Sales Estimates

5.3.5 Monthly gross profit estimates

Regarding monthly gross profit, Table 5.2 and Figure 5.2 show that a greater proportion (58.6%) grossed less than R10,000 per month; 34.5% grossed between R11 00 and R20 000. This is an indication that majority of the salons are relatively not able to make within the profitable range. It could also mean that those salons earning between R21 000 and R40 000 and above (6.9%) are the few close corporations and the partnerships that are well established. Generally, these figures paint a bleak picture of the hair salon business in the province as far as profitability is concerned. This confirms earlier findings of Islam et al., (2011) to note that the capital source of small firms is dependent upon external finance and as a result, they work long hours to achieve success. This financial handicap also inhibits applying certain marketing practices that need financial backing for expansion.

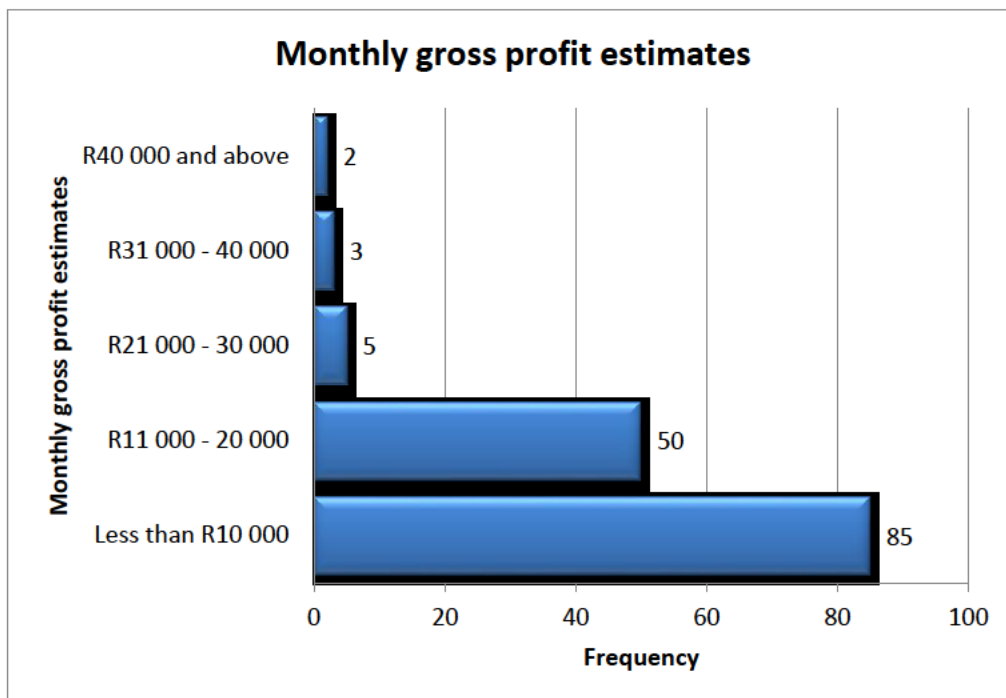


Figure 5.2 Monthly gross profit

5.3.6 Estimated business percentage profit/loss for the previous year

In terms of estimated business percentage profit/loss for the previous year, Table 5.2 and Figure 5.3 show that 28.3% (41) of the salons operated between loss and breakeven, which is a significant figure in terms of profitability. 62.0% (90) of the salons made between 2% and

5% profit for the previous year, while 6.2% (9) of the respondents made 6-15 % profit and 2.8% (4) made 21% and above profit. This means that the current estimates for monthly gross profit does not seem to predict a healthy percentage profit for the coming years. Therefore, this indicates that salon businesses must aim for volume of sales, as the profit margins are small. Thus, there is the need for improved marketing practices such as relationship marketing.

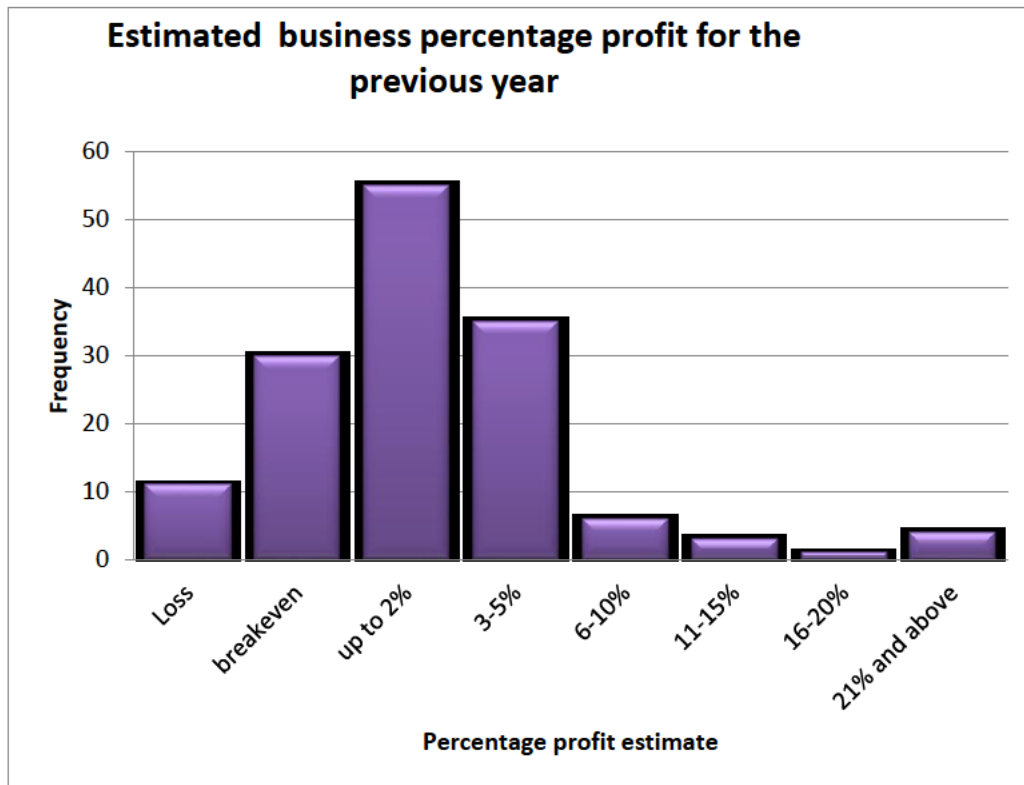


Figure 5.3. Estimated business percentage profit for the previous year

5.4 INTERNAL CONSISTENCY AND RELIABILITY ANALYSIS

Internal consistency and reliability analysis of the constructs that make up this study are discussed in this section. The Cronbach’s Alpha statistic is the main tool used to measure reliability of the various constructs in the study. Cronbach’s alpha co-efficient of around 0.70 is deemed acceptable for internal consistency of a measuring instrument (Lai et al., 2010; Field 2012; Khan et al., 2012). Anything exceeding the acceptable level shows that the instrument had a very high level of reliability and that the results from this study can be relied on. Measures of reliability and consistency were also obtained for each section of the questionnaire and the results are in the sections that follow. Generally, all sections had

acceptable values for the Cronbach's alpha co-efficient (close to or above 0.70) except a few of them. This section outlines the reliability of each construct as laid out in the questionnaire.

Table 5.3 is the summary of the internal consistency analysis. According to Tables 5.3, eight out of ten constructs of the questionnaire (54 questions) managed to achieve adequate internal consistency on average with Chronbach's Alpha above 0.70 (Refer to explanations from Tables 5.4 to 5.13)

Table 5.3: SUMMARY

CONSTRUCTS	NO OF RESPONDENTS	NO. OF ITEMS	CHROMBACH'S ALPHA	COMMENTS: Internal consistency
Awareness of relationship marketing QUES: 12-16	145	5	0.920	Very high
Service quality QUES: 17-23	145	7	0.907	Very high
Customer Satisfaction QUE: 24-29	145	6	0.770	Adequate
Customer Retention QUES: 30-33	145	4	0.570	Moderate
Confidence/trust QUES: 34-37	145	4	0.082	High
Complaints Handling QUES:38-42	145	5	0.508	Moderate
Communication QUES: 43-46	145	4	0.508	Moderate
Responsiveness QUES: 47-49	145	3	0.721	Adequate
Tangibility QUES: 50-52	145	3	0.382	Very low
Empathy QUES: 53-54	145	2	0.701	Adequate
All 10 constructs	145	43		

5.4.1 Awareness of Relationship Marketing construct

In Table 5.4, the effect of each question to the overall reliability of the Relationship Marketing is assessed by computing the Cronbach's Alpha. Awareness of Relationship Marketing' is in fact very reliable with all its five questions that make up the construct as indicated by the Cronbach's Alpha statistic of 0.920.

Table 5.4. Awareness of Relationship Marketing

Item by item analysis				
Awareness of Relationship Marketing	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q12: Marketing activities directed towards building loyalty among employees and customers	15.952	9.171	0.755	0.909
Q13: Marketing plan to attract and maintain customers and employees	15.890	8.932	0.851	0.890
Q14: Providing value to the customer and employees	15.945	9.122	0.760	0.908
Q15: Relationship marketing is useful for product and service communication in business	15.545	9.041	0.803	0.900
Q16: Relationship marketing is perceive to be good for business	15.538	9.056	0.796	0.901
All 5 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	5	0.920	

5.4.2 Service Quality

Table 5.5 shows that Service Quality construct has very high internal consistency (Cronbach's Alpha=0.907) which is indicative of a very reliable construct. The questionnaire items involved in this construct are coherent and adequately measure service quality.

Table 5.5. Service Quality

Item by item analysis				
SERVICE QUALITY	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q17: The business provides acceptable physical facilities	26.9241	8.876	0.692	0.897
Q18: The business employees show courtesy to customers	26.9103	8.554	0.758	0.889
Q19: The business employees show willingness to offer help to customers	26.8345	9.250	0.717	0.895
Q20: The business pay individualized attention to customers	26.8621	9.148	0.752	0.892
Q21: The business services are accurately provided	26.8207	9.051	0.724	0.893
Q22: The business sticks to appointments with customers	26.8690	8.545	0.727	0.893
Q23: The business provides after sales services	26.9724	8.360	0.722	0.895
All 7 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	7	0.907	

5.4.3 Customer Satisfaction

The customer satisfaction construct is of adequate reliability when the six questionnaire items that make up the construct are used as depicted in Table 5.6

Table 5.6. Customer Satisfaction

Item by item analysis				
CUSTOMER SATISFACTION	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q24: The business believes personal security in the salon is a priority	22.7103	4.360	0.383	0.786
Q25: The business satisfies customer preferences and needs	22.3586	4.440	0.652	0.705
Q26: The business products and services are tailored to meet the needs of customers	22.2966	4.391	0.687	0.697
Q27: The business staff renders all necessary helping hand to customers during their visit to the salon	22.3103	4.396	0.639	0.706
Q28: The business provides superior hair services as compared to other salons	22.3931	4.657	0.423	0.760
Q29: Customers feel they cannot visit any other salons because of our service	22.3103	4.868	0.417	0.759
All 6 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	6	0.770	

5.4.4 Customer Retention

Table 5.7 indicates that there is moderate internal consistency in the questionnaire items that make up the Customer Retention construct with Cronbach's Alpha 0.570.

Table 5.7 Customer Retention

Item by item analysis				
CUSTOMER RETENTION	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q30: Prices are acceptable to customers	12.8897	2.071	0.310	0.532
Q31: The business provides value for customers money paid in terms of services	13.7517	2.007	0.138	0.691
Q32: The business has employees who have better insight in the salon business	13.0069	1.771	0.489	0.400
Q33: The business services conform to acceptable salons' standards	13.1724	1.449	0.557	0.306
All 4 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	4	0.570	

5.4.5 Confidence/Trust

In Table 5.8, there is high internal consistency in the Confidence/Trust registering 0.082 Cronbach's Alpha statistics.

Table 5.8 Confidence/Trust

Item by item analysis				
CONFIDENCE/TRUST	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q34: Employees behave in a manner that instils confidence in customers	12.8966	12.691	0.098	0.045
Q35: The business honours appointments with customers without fail at all times	12.3586	12.940	0.058	0.067
Q36: Employees and the management are reliable in providing quality services to customers	12.5172	12.557	0.132	0.027
Q37: The business and its employees take responsibility for any bad service rendered	12.4828	1.710	0.039	0.424
All 4 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	4	0.082	

5.4.6 Complaints Handling

From Table 5.9, there is moderate internal consistency in the Complaints Handling construct with a Cronbach's Alpha statistic of 0.508.

Table 5.9 Complaints Handling

Item by item analysis				
COMPLAINTS HANDLING	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q38: The business treats any complaints from customers and employees with fairness	16.4722	3.104	0.257	0.480
Q39: Sees to it that it pays to address or resolve customers and employees' problems	16.3819	3.189	0.459	0.340
Q40: Staff are helpful whenever customers show dissatisfaction	15.8264	4.158	0.210	0.493
Q41: Is always sensitive to customers and employees' complaints	15.9653	3.978	0.184	0.504
Q42: Makes the employees and customers know the policy to deal with conflicts situations	16.2431	2.982	0.327	0.420
All 5 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	5	0.508	

5.4.7 Communication

Table 5.10 shows that communication construct is very reliable, with a Cronbach's Alpha statistic of 0.860

Table 5.10 Communication

Item by item analysis				
COMMUNICATION	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q43: The business timeously informs customers about new hair products and styles	11.4966	4.210	0.774	0.481
Q44: The business regularly informs customers about changes in service delivery	11.5172	4.001	0.838	0.431
Q45: The business from time to time organizes promotions in the salon	10.5931	8.451	-0.027	0.860
Q46: Regularly offers useful information about the salon on bill boards local radio, TV and by means of flyers	11.9931	4.826	0.515	0.666
All 4 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	4	0.508	

5.4.8 Responsiveness

According to Table 5.11, the three items that make up the construct of Responsiveness are coherence as indicated by a Cronbach's Alpha statistic of 0.721, which shows adequate internal consistency or reliability.

Table 5.11. Responsiveness

Item by item analysis				
RESPONSIVENESS	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q47: The business seems to be responsible for the welfare of the customers	8.441	1.193	0.367	0.860
Q48: The business shows promptness in the service delivery	8.172	1.116	0.620	0.543
Q49: The business is always attentive to the needs of the customers	8.159	1.051	0.679	0.468
All 3 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	3	0.721	

5.4.9 Tangibility

Table 5.12 shows that the construct of Tangibility has very low Cronbach's Alpha statistics. The items in this construct will need to be rephrased for future studies. The construct when all three questionnaire items are considered has Cronbach's Alpha statistic of 0.382 which indicates weak internal consistency.

Table 5.12 Tangibility

Item by item analysis				
TANGIBILITY	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q50: The business has a healthy appearance in the salon	8.766	0.861	0.443	0.072
Q51: The business has relaxation media in the form of music, video programmes, support and personal interaction with customers is cordial and welcoming	8.428	1.177	0.111	0.467
	9.152	0.685	0.185	0.448
All 3 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	3	0.382	

5.4.10 Empathy

From Table 5.13, the construct of Empathy has an adequate Cronbach's Alpha statistic (0.701) when the two questions are used. Since there are only two items in this construct the partial Cronbach's Alpha statistics are not computed as deleting one question will result in considering only one question in the computation of the Cronbach's Alpha statistic. The construct of Empathy is deemed reliable.

Table 5.13 Empathy

Item by item analysis				
EMPATHY	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q53: Shows a caring behaviour in all of its inter personal dealings with customers	3.897	0.566	0.541	
Q54: The business shows sincere interest in solving customers' problems	3.579	0.662	0.541	
Both the 2 items	Number of Cases	Number of items	Cronbach's Alpha	
	145	2	0.701	

5.5 RELATIONSHIP MARKETING AWARENESS AND PRACTICES

An overall measure of Awareness of Relationship Marketing and elements of relationship marketing practices are calculated, using frequency distribution and percentages. (Full explanations are found in Tables 5.15 to 5.30).

NOTE! The information in Table 5.14 only shows the average percentages of the items of the questions under each construct as summaries.

Table 5.14 SUMMARY

CONSTRUCTS	NO OF RESPONDENTS	NO. OF ITEMS	AGREE / STRONGLY AGREE AVERAGE %	COMMENTS: RELATIONSHIP MARKETING PRACTICE
Awareness of relationship marketing QUES: 12-16	145	5	63.7	Not very high
Service quality QUES: 17-23	145	7	97.0	Practice
Customer Satisfaction QUE: 24-29	145	6	94.4	Practice
Customer Retention QUES: 30-33	145	4	88.4	Practice
Confidence/trust QUES: 34-37	145	4	85.7	Practice
Complaints Handling QUES:38-42	145	5	82.04	Practice
Communication QUES: 43-46	145	4	67.4	Not very much
Responsiveness QUES: 47-49	145	3	90.3	Practice
Tangibility QUES: 50-52	145	3	90.6	Practice
Empathy QUES: 53-54	145	2	66.2	Not very much
All 10 constructs	145	43		

5.5.1 Awareness of relationship marketing

The awareness of relationship marketing (presented in Table 5.15) is not very high as indicated by only 55.9% of the respondents who agreed or strongly agreed that there are marketing activities directed towards building loyalty among employees and customers and that RM provides value to the customers and employees. However, 59.3% say it is a marketing plan to attract and maintain customers and employees. The highest regarded

aspect of Relationship Marketing as useful for product and service communication in business (Q15: 73.8% agree or strongly agree) and that relationship marketing is perceived to be good for business (Q16: 73.8% agree or strongly agree). The summary in Table 5.14 below shows that the average percentage of MR awareness is 63.7%; however, majority (above 70%) of the respondents agree and strongly agree that it is useful and good to practice relationship marketing in Table 5.15.

Generally, awareness of relationship marketing is not high as indicated in terms of percentages for 3 out of 5 questions in the questionnaire (Q12: 55.9%, Q13: 59.3% & Q14: 55.9%).

Table 5.15 Awareness of Relationship Marketing

Awareness of Relationship Marketing (ARM)		Frequency Distribution						Descriptives		Latent Factor (Principal component)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	Coefficient
Q12: Marketing activities directed towards building loyalty among employees and customers	Freq	1	3	60	46	35				
	%	0.7%	2.1%	41.4%	31.7%	24.1%	55.9%	3.77	0.87	0.844
Q13: Marketing plan to attract and maintain customers and employees	Freq	0	3	56	49	37				
	%	0.0%	2.1%	38.6%	33.8%	25.5%	59.3%	3.83	0.84	0.909
Q14: Providing value to the customer and employees	Freq	1	3	60	45	36				
	%	0.7%	2.1%	41.4%	31.0%	24.8%	55.9%	3.77	0.87	0.846
Q15: Relationship marketing is usefull for product and service communication in business	Freq	0	2	36	42	65				
	%	0.0%	1.4%	24.8%	29.0%	44.8%	73.8%	4.17	0.85	0.879
Q16: Relationship marketing is perceive to be good for business	Freq	0	2	36	41	66				
	%	0.0%	1.4%	24.8%	28.3%	45.5%	73.8%	4.18	0.86	0.875
Cronbach's Alpha								0.920		
% of total variation accounted for by latent factor								75.83%		

5.5.2 Relationship Marketing Practices

The elements of Relationship Marketing Practice were measured using nine constructs, each one representing a specific relationship marketing practice. The results for the nine practices

are summarized in Tables 5.16 to 5.22 below. This indicates that practicing these variables would lead to hair salon's competitiveness.

5.5.2.1 Service quality as a Relationship Marketing Practice

According to Table 5.16, the study sample had very high levels of perceived service quality as most of the respondents agreed or strongly agreed to the seven questions that make up this construct. The percentages of the questions that make up this construct were all above a score of, 90.0%, which means that most of the respondents attested to the fact that high service quality of the businesses as important. This supports the observation of Olu (2010:89) that service quality is commonly noted as being a critical prerequisite and determinant of competitiveness for establishing and sustaining a satisfying relationship with customers. The overall measure of service quality retains 97.0.% average (Table 5.14) of the information contained in the seven items that make up the construct.

Table 5.16. Service Quality

SERVICE QUALITY (SQ)		Frequency Distribution						Descriptives		Latent Factor (Principal component)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	Coefficient
Q17: The business provides acceptable physical facilities	Freq %	0 0.0%	3 2.1%	1 0.7%	70 48.3%	71 49.0%	97.2%	4.44	0.62	0.775
Q18: The business employees show courtesy to customers	Freq %	1 0.7%	2 1.4%	0 0.0%	69 47.6%	73 50.3%	97.9%	4.46	0.65	0.830
Q19: The business employees show willingness to offer help to customers	Freq %	0 0.0%	0 0.0%	2 1.4%	64 44.1%	79 54.5%	98.6%	4.53	0.53	0.803
Q20: The business pay individualized attention to customers	Freq %	0 0.0%	0 0.0%	2 1.4%	68 46.9%	75 51.7%	98.6%	4.50	0.53	0.827
Q21: The business services are accurately provided	Freq %	0 0.0%	1 0.7%	2 1.4%	59 40.7%	83 57.2%	97.9%	4.54	0.56	0.805
Q22: The business sticks to appointments with customers	Freq %	1 0.7%	2 1.4%	2 1.4%	59 40.7%	81 55.9%	96.6%	4.50	0.67	0.804
Q23: The business provides after sales services	Freq %	0 0.0%	4 2.8%	7 4.8%	62 42.8%	72 49.7%	92.4%	4.39	0.71	0.797
		Cronbach's Alpha						0.907		
		% of total variation accounted for by latent factor						64.99%		

5.5.2.2 Customer Satisfaction as a Relationship Marketing Practice

On the average, 94.4% of the respondents perceived customer satisfaction as an outcome of marketing effort that has to be strong potential to improve relations with customers in Table 5.14. This is consistent with the majority (97.9%) of the sample in Table 5.17, who were affirmative that customer satisfaction is high and it is important to create satisfaction for business customers. In practice, customer satisfaction happens with testimonial from happy customers. This confirms the study of Jham and Khan (2008:35) which conceptualized the concept as a prerequisite for building relationships, and is generally described as the full meeting of one's expectations.

Table 5.17. Customer satisfaction

CUSTOMER SATISFACTION (CS)		Frequency Distribution						Descriptives		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	
Q24: The business believes personal security in the salon is a priority	Freq %	0 0.0%	4 2.8%	22 15.2%	65 44.8%	54 37.2%	82.1%	4.17	0.78	0.570
Q25: The business satisfies customer preferences and needs	Freq %	0 0.0%	0 0.0%	3 2.1%	64 44.1%	78 53.8%	97.9%	4.52	0.54	0.843
Q26: The business products and services are tailored to meet the needs of customers	Freq %	0 0.0%	0 0.0%	3 2.1%	55 37.9%	87 60.0%	97.9%	4.58	0.54	0.874
Q27: The business staff renders all necessary helping hand to customers during their visit to the salon	Freq %	0 0.0%	1 0.7%	2 1.4%	56 38.6%	86 59.3%	97.9%	4.57	0.56	0.823
Q28: The business provides superior hair services as compared to other salons	Freq %	0 0.0%	1 0.7%	8 5.5%	56 38.6%	80 55.2%	93.8%	4.48	0.64	0.528
Q29: Customers feel they cannot visit any other salons because of our service	Freq %	0 0.0%	0 0.0%	5 3.4%	53 36.6%	87 60.0%	96.6%	4.57	0.56	0.501
Cronbach's Alpha								0.770		
% of total variation accounted for by latent factor								50.10%		

5.5.2.3 Customer Retention as a Relationship Marketing Practice

Table 5.18 shows high levels of perceived customer retention. The percentages of those agreeing or strongly agreeing to the two of the four questionnaire items that make up the construct of customer retention is 97.2% (majority); 89.0% strongly agreeing that business services conform to acceptable standards, while 70.3% agreeing or strongly agreeing that the business provides value for customers' money paid in terms of services while the average is 88.4% in Table 5.14. The respondents are therefore alluding to the fact that most businesses would be able to retain their customers when prices are acceptable, employees have better insight in the salon business and that services are conformed to acceptable salon standards.

Table 5.18. Customer retention

CUSTOMER RETENTION (CR)		Frequency Distribution						Descriptives		Latent Factor (Principal component)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean	Std Dev	Coefficient
Q30: Prices are acceptable to customers	Freq %	0 0.0%	1 0.7%	3 2.1%	32 22.1%	109 75.2%	97.2%	4.72	0.54	0.692
Q31: The business provides value for customers money paid in terms of services	Freq %	0 0.0%	4 2.8%	39 26.9%	76 52.4%	26 17.9%	70.3%	3.86	0.74	0.245
Q32: The business has employees who have better insight in the salon business	Freq %	0 0.0%	1 0.7%	3 2.1%	49 33.8%	92 63.4%	97.2%	4.60	0.57	0.866
Q33: The business services conform to acceptable salons' standards	Freq %	0 0.0%	0 0.0%	16 11.0%	50 34.5%	79 54.5%	89.0%	4.43	0.69	0.791
		Cronbach's Alpha						0.570		
		% of total variation accounted for by latent factor						47.85%		

5.5.2.4 Confidence/trust as a Relationship Marketing practice

Table 5.19 shows that the respondents perceive to have high levels of confidence and trust practices in their businesses. This is evident in the percentages between 90% and 95% of those agreeing or strongly agreeing to two of the four questionnaire items, while between 75.9% and 80.0% agree or strongly agree to the remaining items of the construct. The average is 85.7%. This confirms the conclusion of Deng, Lu, Wei and Zhang (2010:296) that trust positively influences customer satisfaction and loyalty, which eventually results in repeat purchase (retention).

Table 5.19 Confidence/Trust

CONFIDENCE/TRUST (CT)		Frequency Distribution						Descriptives		Latent Factor (Principal)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean	Std Dev	Coefficient
Q34: Employees behave in a manner that instils confidence in customers	Freq %	0 0.0%	4 2.8%	31 21.4%	92 63.4%	18 12.4%	75.9%	3.86	0.66	0.320
Q35: The business honours appointments with customers without fail at all times	Freq %	0 0.0%	2 1.4%	4 2.8%	74 51.0%	65 44.8%	95.9%	4.39	0.62	0.787
Q36: Employees and the management are reliable in providing quality services to customers	Freq %	0 0.0%	2 1.4%	11 7.6%	83 57.2%	49 33.8%	91.0%	4.23	0.65	0.859
Q37: The business and its employees take responsibility for any bad service rendered	Freq %	0 0.0%	3 2.1%	26 17.9%	85 58.6%	31 21.4%	80.0%	4.27	3.39	0.065
		Cronbach's Alpha						0.082		
		% of total variation accounted for by latent factor						36.76%		

5.5.2.5 Complaints Handling as a Relationship Marketing Practice

Table 5.20 showed that there was a general agreement that staff are helpful whenever customers show dissatisfaction (99.3% agree/strongly agree); 89.7% of the sample agreed and strongly agreed that the business is sensitive to customers and employees' complaints, while over 70.0% agreed and or strongly agreed to the remaining items of the construct in the questionnaire. On the average, 82.4% of the respondents agreed and or strongly agreed

to all the items in the questionnaire in Table 5.14. This concurs with the observation by Roberts-Lombard and du Plessis (2012:156-157) that the need and ability to resolve customer problems in a satisfactory manner are critical, while Rezvani et al. (2011:1547) also note that a business stands to benefit from stable working relationships with customers.

Table 5.20 Complaints Handling

COMPLAINTS HANDLING (CH)		Frequency Distribution						Descriptives		Latent Factor (Principal component)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	Coefficient
Q38: The business treats any complaints from customers and employees with fairness	Freq %	0 0.0%	22 15.2%	20 13.8%	74 51.0%	29 20.0%	71.0%	3.76	0.94	0.858
Q39: Sees to it that it pays to address or resolve customers and employees' problems	Freq %	0 0.0%	5 3.4%	34 23.4%	84 57.9%	22 15.2%	73.1%	3.85	0.71	0.900
Q40: Staff are helpful whenever customers show dissatisfaction	Freq %	0 0.0%	0 0.0%	1 0.7%	85 58.6%	59 40.7%	99.3%	4.40	0.51	0.008
Q41: Is always sensitive to customers and employees' complaints	Freq %	0 0.0%	0 0.0%	15 10.3%	77 53.1%	53 36.6%	89.7%	4.26	0.63	0.044
Q42: Makes the employees and customers know the policy to deal with conflicts situations	Freq %	0 0.0%	14 9.7%	19 13.2%	67 46.5%	44 30.6%	77.1%	3.98	0.91	0.446
		Cronbach's Alpha						0.508		
		% of total variation accounted for by latent factor						34.94%		

5.5.2.6 Communication as a Relationship Marketing Practice

Table 5.21 shows that most (95.2%) of the businesses that participated in the study, from time to time organised promotions as a form of communication; Over 60.0% timeously informs customers about new hair products and styles, and regularly informs customers about changes in service delivery. However, 40.0% do not regularly offer useful information about their salons on billboards or local radio, TV and by means of flyers (question 46) There is general lack of usage of modern technology to market business by some of the salons. The strongest form of communication that the businesses use is the organisation of promotions in the salon from time to time (question 45: 95.2% agreed or strongly agreed).

This means that apart from 95.2% agree and strongly agree for question 45 in Table 5.19, the other two communication channels are used but to a lesser extent. Generally, most respondents (67.4%) on the average, agree that communication is good for relationship building in Table 5.1.4. Generally, communication is not very strong among the salons, which is not consistent with Anabila, Narteh and Tweneboah-Kodua (2012:53) to argue, among others, that communication indicates the strength of relationships.

Table 5.21 Communication

COMMUNICATION (COM)		Frequency Distribution						Descriptives		Latent Factor (Principal)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean	Std Dev	Coefficient
Q43: The business timeously informs customers about new hair products and styles	Freq %	0 0.0%	32 22.1%	14 9.7%	64 44.1%	35 24.1%	68.3%	3.70	1.07	0.941
Q44: The business regularly informs customers about changes in service delivery	Freq %	0 0.0%	32 22.1%	17 11.7%	61 42.1%	35 24.1%	66.2%	3.68	1.07	0.955
Q45: The business from time to time organizes promotions in the salon	Freq %	0 0.0%	2 1.4%	5 3.4%	41 28.3%	97 66.9%	95.2%	4.61	0.63	0.038
Q46: Regularly offers useful information about the salon on bill boards local radio, TV and by means of flyers	Freq %	1 0.7%	53 36.6%	33 22.8%	31 21.4%	27 18.6%	40.0%	3.21	1.15	0.759
Cronbach's Alpha								0.508		
% of total variation accounted for by latent factor								59.42%		

5.5.2.7 Responsiveness as a Relationship Marketing Practice

The results in Table 5.22 shows that in general the businesses of the research participants showed promptness in service delivery (question 48: 95.9% agreed/ strongly agreed) and were always attentive to the needs of the customers (question 49: 95.9% agreed/ strongly agreed). The businesses also demonstrate to be responsible for the welfare of the customers (question 47: 79.3% agreed/ strongly agreed). The average is 90.3% in Table 5.14. This situation is in line with a concern raised by Jaya and Mahalingam (2011:87) who observe that responsiveness denotes speed and timeliness of service delivery. Therefore, all the three

questions in this construct are important in the determination of responsiveness and the salons consider responsiveness as relationship building determinant.

Table 5.22 Responsiveness

RESPONSIVENESS (RES)		Frequency Distribution						Descriptives		Latent Factor (Principal component)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean	Std Dev	Coefficient
Q47: The business seems to be responsible for the welfare of the customers	Freq %	0 0.0%	4 2.8%	26 17.9%	89 61.4%	26 17.9%	79.3%	3.94	0.68	0.621
Q48: The business shows promptness in the service delivery	Freq %	0 0.0%	3 2.1%	3 2.1%	99 68.3%	40 27.6%	95.9%	4.21	0.58	0.884
Q49: The business is always attentive to the needs of the customers	Freq %	0 0.0%	3 2.1%	3 2.1%	97 66.9%	42 29.0%	95.9%	4.23	0.59	0.908
Cronbach's Alpha								0.721		
% of total variation accounted for by latent factor								66.44%		

5.5.2.8 Tangibility as a Relationship Marketing Practice

The results in Table 5.23 show that, generally, the business environment is welcoming for customers. The respondents indicated that the business has a healthy appearance in the salon (question 51: 98.6% agreed/ strongly agreed) and that the business has relaxation media in the form of music and video programmes (question 51: 97.9% agreed/ strongly agreed). All three questions in this construct are important in the determination of tangibility with question 50 (98.6%) being the dominant contributor to tangibility. On the average too, 90.6% of the respondents agreed to that construct as good. This confirms the aesthetic and visual appeal, including the efficiency and appearance of the employees in the firm in order to benefit by providing what customers need, in an effective and efficient manner by several authors including Ladhari, Ladhari and Morales (2011:225), Jaya and Mahalingam (2011:87) and Mukesh, Fong, and Vincent (2010:354) as relationship building.

Table 5.23 Tangibility

TANGIBILITY (TANG)		Frequency Distribution						Descriptives		Latent Factor (Principal component)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean	Std Dev	Coefficient
Q50: The business has a healthy appearance in the salon	Freq %	0 0.0%	0 0.0%	2 1.4%	82 56.6%	61 42.1%	98.6%	4.41	0.52	0.861
Q51: The business has relaxation media in the form of music, video programmes	Freq %	0 0.0%	1 0.7%	2 1.4%	30 20.7%	112 77.2%	97.9%	4.74	0.51	0.533
Q52: Employees' neatness, support and personal interaction with customers is cordial and welcoming	Freq %	0 0.0%	4 2.8%	32 22.1%	66 45.5%	43 29.7%	75.2%	4.02	0.79	0.630
		Cronbach's Alpha						0.382		
		% of total variation accounted for by latent factor						47.39%		

5.5.2.9 Empathy as a Relationship Marketing Practice

Table 5.24 below shows that the businesses had strength in showing sincere interest in solving customers' problems (question 54: 80.0% agreed/ strongly agreed). Kassim and Abdullah (2010:352) who state that empathy represents personalization or the customization dimension of service quality and for that matter customer satisfaction, loyalty and retention have affirmed this. However, the businesses lacked in showing a caring behaviour in all of their inter-personal dealings with customers (question 53: only 52.4% agreed/ strongly agreed). On the average, 66.2% of the respondents considered the construct as important. This is a concern to be addresses by the salons because it seems empathy within hair salons is not strong

Table 5.24 Summary statistics of Empathy

EMPATHY (EMP)		Frequency Distribution						Descriptives			Latent Factor (Principal component)
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean	Std Dev	Coefficient	
Q53: Shows a caring behaviour in all of its inter personal dealings with customers	Freq	0	11	58	57	19	52.4%	3.58	0.81	0.711	
	%	0.0%	7.6%	40.0%	39.3%	13.1%					
Q54: The business shows sincere interest in solving customers' problems	Freq	0	10	19	92	24	80.0%	3.90	0.75	0.711	
	%	0.0%	6.9%	13.1%	63.4%	16.6%					
		Cronbach's Alpha						0.701			
		% of total variation accounted for by latent factor						50.49%			

5.6 RELATIONSHIPS OF CONCEPTUAL MODEL VARIABLES – RESEARCH OBJECTIVES

The conceptual framework is reproduced in figure 5.4 below. The key relationships (objectives) that need to be investigated are derived from the links in the conceptual framework. They are the factors that affect service quality; the relationship between service quality and customer satisfaction; the effects of customer satisfaction on customer retention; and the effects of service quality, customer satisfaction and customer retention on business performance, which, in turn, is expected to drive business growth.

Pearson's correlations and a regression model with service quality as the central mediating variable are used to evaluate these relationships.



FIGURE 5.4: Conceptual framework for elements of relationship marketing.

5.6.1 Factors that affect Service Quality

This section assesses the relationships between independent variables/factors (as measured by confidence/trust, complains handling, communication, responsiveness, tangibility and empathy) and Service Quality.

5.6.2 Objective 1 - Service quality and interaction variables

The correlation results presented in Table 5.25 show that service quality is significantly correlated to communication (Correlation=0.175, p-value=0.035) and awareness (from the questionnaire) of relationship marketing (Correlation=0.344, p-value=0.000). The other factors do not significantly affect service quality. On the other hand, some of the independent variables are significantly correlated amongst themselves. For example Communication and Complains handling are significantly correlated (Correlation=0.360, p-value=0.000).

Table 5.25. Interaction variables and Service Quality

Pearson Correlation		Confidence and Trust	Complains Handling	Communication	Responsiveness	Tangibility	Empathy	Awareness of Relationship Marketing
Confidence and Trust	Correlation							
	p-value							
	N							
Complains Handling	Correlation	0.142						
	p-value	0.089						
	N	144						
Communication	Correlation	0.017	0.360**					
	p-value	0.842	0.000					
	N	145	144					
Responsiveness	Correlation	0.086	0.108	0.169*				
	p-value	0.303	0.197	0.043				
	N	145	144	145				
Tangibility	Correlation	0.012	0.270**	0.167*	0.080			
	p-value	0.882	0.001	0.044	0.340			
	N	145	144	145	145			
Empathy	Correlation	0.098	0.145	0.316**	0.229**	0.097		
	p-value	0.243	0.083	0.000	0.006	0.243		
	N	145	144	145	145	145		
Awareness of Relationship Marketing	Correlation	0.167*	0.400**	0.493**	0.095	0.193*	0.222**	
	p-value	0.044	0.000	0.000	0.255	0.020	0.007	
	N	145	144	145	145	145	145	
Service Quality	Correlation	-0.016	0.095	0.175*	0.054	0.103	-0.055	0.344**
	p-value	0.845	0.257	0.035	0.521	0.217	0.514	0.000
	N	145	144	145	145	145	145	145

*. Correlation is significant at the 0.05 level (2-tailed).

*. Correlation is significant at the 0.01 level (2-tailed).

5.6.3 Regression of Service quality on interaction variables

Using forward selection regression, the results in Table 5.26 were obtained. The results show that Awareness of Relationship Marketing (parameter=0.229, t=4.390, p-value=0.000) is the factor affecting service quality. The other factors, as also indicated by correlation results, do not have a significant effect on service quality. From the above, this indicates that research objective 1 has been achieved with communication and awareness influencing service quality.

Table 5.26. Regression of service Quality on interaction variables

Included Variables (Response variable = Service quality)					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.581	0.209		17.161	0.000
Awareness of Relationship Marketing	0.229	0.052	0.346	4.390	0.000
Excluded Variables					
	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics (Tolerance)
Confidence and Trust	-0.080	-1.000	0.319	-0.084	0.969
Complains Handling	-0.052	-0.599	0.550	-0.050	0.840
Communication	0.007	0.072	0.942	0.006	0.757
Responsiveness	0.022	0.279	0.781	0.023	0.991
Tangibility	0.042	0.529	0.598	0.044	0.966
Empathy	-0.146	-1.821	0.071	-0.152	0.944

5.6.4 Factors that impact on customer satisfaction and retention.

This section investigates the relationship between service quality, customer satisfaction, and customer retention by correlation analysis

5.5.5 Objectives 2 and 3 - Correlation between service quality, customer satisfaction and customer retention

The objective of this section is to look at the effect of service quality on customer satisfaction and retention. In doing so, we also look at the effects of the independent (interaction) variables on retention.

The surprising result in Table 5.27 is that there is no significant correlation between service quality and customer satisfaction (Correlation=-0.007, p-value=0.935). The results show that customer satisfaction significantly depends on complaints handling (Correlation=0.183, p-value=0.028) and Responsiveness (Correlation=0.275, p-value=0.001). However, there is significant correlation between customer retention and service quality (correlation=0.171, p-value=0.040). On the other hand, customer retention is significantly correlated to Confidence/

trust (correlation=0.236, p-value=0.004), responsiveness (correlation=0.324, p-value=0.000) and customer satisfaction (correlation=0.327, p-value=0.000). From the above:

- (i) Service quality correlates with customer retention
- (ii) Customer retention correlates with customer satisfaction and some independent (interaction) variables
- (iii) Customer satisfaction correlates with some independent (interaction) variables.

Therefore, there are relationships among service quality, customer satisfaction and customer retention.

Thus, objectives 2 and 3 are achieved.

Table 5.27 Interaction variables, customer satisfaction and retention

Pearson's Correlations		Confidence and Trust	Complains Handling	Communication	Responsiveness	Tangibility	Empathy	Awareness of Relationship Marketing	Service Quality	Customer Satisfaction
Customer Satisfaction	p-value	0.845	0.257	0.035	0.521	0.217	0.514	0.000		
	N	145	144	145	145	145	145	145		
Customer Retention	Correlation	-0.018	0.183*	0.126	0.275**	0.101	0.260**	0.074	-0.007	
	p-value	0.832	0.028	0.132	0.001	0.229	0.002	0.377	0.935	
Customer Satisfaction	N	145	144	145	145	145	145	145	145	
	Correlation	.236**	0.078	0.097	0.324**	-0.057	0.072	0.045	0.171*	0.327**
Customer Retention	p-value	0.004	0.353	0.247	0.000	0.498	0.387	0.589	0.040	0.000
	N	145	144	145	145	145	145	145	145	145
*. Correlation is significant at the 0.05 level (2-tailed).										
**. Correlation is significant at the 0.01 level (2-tailed).										

5.7 SERVICE QUALITY, CUSTOMER SATISFACTION AND RETENTION ON PERFORMANCE

The effects of all predictor variables on business performance are of paramount importance in the quest for business performance. The most important factors that drive business performance are investigated using regression analysis. Business performance is measured by daily sales estimates, monthly gross profit estimates and estimated business percentage profit for the previous year.

5.7.1 Objective 4 - Effects of service quality, customer satisfaction and retention on Daily sales

The results in Table 5.28 show that service quality (coefficient=0.598, t=2.363, p-value=0.019) and Customer Satisfaction (coefficient=0.950, t=3.044, p-value=0.003) significantly impact on business performance as measured by Daily sales estimates whilst customer retention does not.

Table 5.28. Regression of Daily sales estimates on service quality, customer satisfaction and retention.

Dependent variable = Q9: Daily sales estimates	Coefficients		t-tests		
	B	Std. Error	T	Sig.	Comment
(Constant)	-2.909	1.873	-1.553	0.123	
Service Quality	0.598	0.253	2.363	0.019	Significant
Customer Satisfaction	0.950	0.312	3.044	0.003	Significant
Customer Retention	-0.114	0.313	-0.365	0.715	Not Sig.

5.7.2 Effects of service quality, customer satisfaction and retention on monthly gross profit

Results in Table 5.29 show that, customer satisfaction is a significant determinant of business performance as measured by monthly gross profit estimates (coefficient=0.478, t=2.928, p-value=0.004). The more satisfied the customer the higher the performance of the business. However, other variables do not

Table 5.29. Regression of monthly gross profit estimates on service quality, customer satisfaction and retention

Dependent Variable: Q10: Monthly gross profit estimates	Coefficients		t-tests		
	B	Std. Error	T	Sig.	Comment
(Constant)	-0.071	0.979	-0.072	0.942	
Service Quality	0.072	0.132	0.543	0.588	Not Sig.
Customer Satisfaction	0.478	0.163	2.928	0.004	Significant
Customer Retention	-0.195	0.163	-1.195	0.234	Not Sig.

5.7.3 Effects of service quality, customer satisfaction and retention on percentage profit for the previous year

Results in Table 5.30 show that customer satisfaction is a significant determinant of business performance as measured by estimated business's percentage profit for the previous year estimates (coefficient=1.080, t=3.873, p-value=0.000).

Table 5.30. Regression of effects of service quality, customer satisfaction, and retention on percentage profit for the previous year

Dependent Variable: Q11: Estimate your business's percentage profit for the previous year	Coefficients		t-tests		
	B	Std. Error	t	Sig.	Comment
(Constant)	-1.006	1.673	-0.601	0.549	
Service Quality	0.321	0.226	1.419	0.158	Not Sig.
Customer Satisfaction	1.080	0.279	3.873	0.000	Significant
Customer Retention	-0.471	0.279	-1.688	0.094	Not Sig.

Generally, regarding objective four, customer satisfaction significantly affects daily sales, gross monthly turnover and the previous year percentage profit.

Therefore, objective four is achieved with customer satisfaction influencing business performance.

It is worthy to note that there is a table (6.1) in section 6.5.6 to show the attainment of all the set objectives indicating in which chapter(s) and section(s) each of the research's objectives were obtained.

5.8 CONCLUSIONS

This section deals with the summary of the conclusions from the empirical findings as found in Table 5.1 to 5.30.

5.8.1 Demographics

In terms of demographic data, it can be said that majority (57.2%) of the owners of the salons fell within 26 and 35 years while the greatest proportion of owners (77.9%) were high school leavers.

5.8.2 Ownership of business, type, staff, and age

The conclusion is that there was almost equal nationality representation in terms of ownership of businesses with South Africans forming 53.1% and other nationals making 42.8%. It can also be said that most businesses were of the sole proprietorship (64.8%). Regarding number of employees, most staff complement was 6-10 accounted for 52.4%. Most of the businesses (56.5%) were generally small scale and have been in existence for less than six years old being new ventures.

5.8.3 Business performance (Earnings)

In terms of business performance in earnings, the conclusion is that on the average, the greatest proportion (93.1%) grossed less than R21 000 monthly gross turn over and that salon business is not a high profit margin kind in the province.

5.8.4 RM variables effects on business performance

The conclusion is that even though other variables play some roles, generally, customer satisfaction significantly contribute to business performance.

5.8.5 Internal consistency and reliability analysis of constructs

It can be concluded from the analysis that internal consistency and reliability of most of the constructs are reliable because they showed high alpha coefficient statistics ranging from 0.70 to 0.920 (See Table 5.3)

5.8.6 Relationships among the RM variables.

By using Pearson's Correlations and a Regression model, it can be said that majority of the key and the independent variables significantly correlate among themselves.

5.8.7 RM awareness and variables' marketing practices.

From statistical analysis, RM awareness is not very high (55.9%), while the majority (above 80%) strongly agreed to practise the elements of relationship marketing.

5.9 SUMMARY

This chapter reported and fully discussed the empirical findings. In terms of demographic data, it can be said that majority (57.2%) fell within 26 and 35 years while the greatest proportion of owners (77.9%) had matric level of education and 4.9% reaching tertiary level.

The study showed an almost equal nationality representation in terms of ownership of businesses with South Africans forming 53.1% and other nationals making 42.8%. It can also be said that most businesses were of the sole proprietorship (64.8%), close corporation forming 14.5%, while partnership ones made up 7.6% and family businesses accounted for 13.1%. Regarding number of employees, most staff complement was 6-10 accounted for 52.4%, and only 19.3% of the businesses engaging 11 or more employees. Most of the businesses (56.5%) were generally small scale and have been in existence for less than 6 years old being fairly new ventures.

In terms of business performance, daily sales growth were evenly distributed between less than R200 and above R600, and only 12.4% taking in more than R600 daily. Monthly gross profit shows that the greatest proportion (93.1%) grossed less than R21 000 per month (58.6% grossed less than R10 000 and 34.5% grossed between R11 000 and R 20 000) while those businesses earning between R21 000 and R40 000 and above profit ranged around 6.9%. The estimated percentage profit/loss for the previous year shows that majority (82.7%) had between breakeven and 5% profit margins indicating that salon business is not a high profit margin kind in the province.

Internal consistency and reliability analysis showed high alpha coefficient for most of the constructs as most of the values were close to or above 0.70 and therefore showed high levels of reliability and consistency. Constructs such as Awareness of Relationship Marketing (0.920), Service Quality (0.907), Customer Satisfaction (0.770), Confidence/trust (0.082), Responsiveness (0.721) and Empathy (0.701) while Customer Retention (0.570), Complaints Handling (0.508) and Communication (0.508) showing moderate consistency and reliability.

Pearson's Correlations and a Regression model with service quality as a central mediating variable was used to evaluate relationships with independent variables. The correlation results showed that service quality is significantly correlated to communication and awareness of relationship marketing independent variables. In other words, other factors do not significantly affect service quality. However, the results showed that some of the independent factors significantly correlated amongst themselves except Confidence/trust. The results also showed that there is no significant correlation between service quality and customer satisfaction and that satisfaction significantly depends on complaints handling and responsiveness. However, customer retention relates to service quality, confidence/trust, responsiveness and customer satisfaction.

Results of forward selection regression confirmed that it is only awareness of relationship marketing which is a significant factor impacting service quality.

The effects of all predictor variables on business performance were investigated using regression analysis. The results showed that service quality and customer satisfaction significantly impact on business performance as measured by daily sales estimates. On estimated business's percentage profit for the previous year estimates, customer satisfaction significantly affects the previous year's percentage.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter presents conclusions and a brief recommendations for future research. This presentation contains conclusions derived from the literature review and research question/responses to support the development of the relationship marketing framework. The developed framework is presented in this chapter because of the synopsis of empirical abstraction, synthesis, and analysis of responses to achieve set objectives. Introduction of the research questions and objectives was done as a guideline to show how the analysis and synthesis helped to achieve research objectives. This chapter presents the conclusions with a final framework for relationship marketing. Based on this conclusion, recommendations for successful relationship marketing in small businesses is presented.

6.2 SUMMARY OF RESEARCH QUESTIONS AND OBJECTIVES

The research questions of the study are re-produced as; what factors of interaction are needed to promote service quality? What are the elements of the following variables: service quality; customer satisfaction; customer retention and how these variables affect business performance? The main objective is to develop a relationship marketing framework for hair salons, whilst the secondary ones are to determine the factors affecting service quality, investigate the relationship between service quality and customer satisfaction and relationship between customer satisfaction and customer retention and, to investigate how these affect business performance.

6.3 CONCLUSIONS BASED ON LITERATURE REVIEW

An extensive literature study was done to support the development of the theoretical as well as the conceptual model. The theoretical framework provides the base to understand the importance of relationship marketing. The framework also emphasized the nature of intervening characters that can make business and customer relationships to succeed or fail. Although, some theoretical models and frameworks exist in the marketing literature, their impact on relationship management success is elusive. A mirage of inhibiting factors such as

the lack of management competencies, limited start-up capital, size of business, and location have been found to affect business-customers relationship management success.

6.3.1 Management competencies and business success

Based on the business conditions affecting small business, it emerged from the literature review that there are types of management competencies within the small businesses, particularly among hair salons, and that there should be an emphasis on and or understanding of these competencies to forge the relationships between customers, employees and other stakeholders.

Olawale (2011:193) points out that for SMEs, the critical resources are likely to be held by the individual entrepreneurs that are likely to be reflected in their personal effectiveness (self-management) through their skills, knowledge, experience, and education. This suggests that business owners themselves are responsible for the direction and development of their firms. Hence, the success or failure of the SMEs is largely influenced by the skills and abilities of the owners. Therefore, the hardships encountered by entrepreneurs often stem from a lack of the afore-mentioned self-management or personal effectiveness competency.

One other competency that increases business performance and lowers risks of business failure is the presence of marketing orientation and managerial skills. This can find expression in such as instituting formal system of communication and proactive strategy that enhances relationship marketing. Small businesses in many instances are constrained by management skills and marketing orientation making formalization of strategy difficult or impossible (Jones and Rowley, 2011:25).

Typical of small firms is the owners/managers lacking competency of marketing knowledge to help them ward off fierce competition and capture customers (Hinson and Mahmoud, 2011:38). Business planning and marketing skills are needed to develop customized services and products to satisfy them to improve business competitiveness, which are deemed as relationship building. This is largely deficient among small businesses.

Thus, there is the need for hair salon to introduce relationship marketing to complement the traditional marketing practices that are not relational based. The presentation of a relationship marketing framework is done to support relationship marketing activities in hair salons. This framework would be cost-effective to monitor consumers' consumption and purchasing behaviour to tailor products and services to suit their preferences and to build relationships.

Therefore, the success or failure of the small businesses relationship marketing management is largely influenced by the skills and abilities (competencies) of the owners/managers.

6.3.2 The impact of limited start-up capital and business success

Financial handicap inhibiting small businesses such as hair salons' performance seems to occupy tremendous space in the entrepreneurial literature. One of the most important barriers preventing would-be entrepreneurs from starting businesses and small businesses from growing is inadequate access to financial capital (Islam et al. 2011:293). Starting with entry, the importance of personal wealth as a determinant of entrepreneurship has been negligible among owners of small businesses. Low levels of personal capital lowers rates of business creation, and liquidity constraints also limit the ability of would-be entrepreneurs to raise start-up capital. The result of this state of affairs is the fact that such businesses are undercapitalized and the consequence is that these businesses will likely have lower sales, profits, and employment and will be more likely to fail.

As compared to larger organizations, some of the owners of small businesses seem to lack enough collateral to enable them to contract loans because of personal commitments. This suggests that larger organizations may be able to negotiate better credit terms and obtain larger loans for their new businesses possibly leading to firms that are more successful. Therefore, there seems to be positive relationship with inability of the small businesses' entrepreneurs to obtain the optimal level of start-up capital because of borrowing constraints.

This suggests that limited start-up capital for small businesses such as hair salons has a number of consequences. First, it inhibits the application of certain marketing practices such as relationship marketing that need financial backing for expansion. Second, it would be difficult for these businesses to start and expand operations, develop new products, invest in new staff or production facilities. Thus, the availability of financial capital for investment in positive net present value projects is vital to the sustainability and viability of SMEs, and thus, this enhances relationship building.

6.3.3 Size of business and success

The size of a business is inconclusive in its definition as several scholars of entrepreneurship have come up with different classification frameworks in terms of size, control, turnover, and

total gross asset value etc. As stated in section 3.2.1 of this study, hair salons seem to belong to the classification suggested by Zahedirad and Shivaraj (2011:11) as small, employing between 10-49 workers. The question arises as to whether the smallness of a business contributes to a success or a failure. Some of the conditions affecting small businesses are highlighted below.

Small businesses seem not to attract funding as compared to larger ones because most of the owners do not have collateral securities to enable them access such as bank loans and other financial institutions' lending facilities. Their limited financial resources seems to be a major problem in conducting marketing activities such as research efforts to determine what planning techniques are most useful especially in winning customers for retention.

The nature of the size and lack of financial capital of these businesses seem to suggest that is that productivity is low and less market share due to lack of well-trained personnel and the small number of employees they may have. Their personnel management seems to be constrained by the limited finances coupled with ineffective management style. Islam et al. (2011:293), who argue that ownership and management of small firms is typically combined in one or more individuals, allude to this. Furthermore, future goals of the business are determined as much by personal life style as by commercial considerations. Additionally, there is less consideration of the empowerment of the personnel to increase productivity, and training personnel requires financial and other resources together with management competence.

As compared to large organizations, small businesses lack networking. Small businesses require external resources through developing networks with suppliers, customers and other organizations to access external resources and build relationships (Laforet, 2013:490). According to the author, some of the benefits arising from networks include access to a critical mass of specialized resources without the costs of ownership and lower transaction costs of interaction intensive activities for co-located firms.

Most research tends to focus on innovation outcomes of product or service to which small businesses give little attention due to many factors including lack of resources, risk-averse attitude of management (intolerance of uncertainties) and less application of technology activities (Laforet, 2013:490). The author notes that even if small businesses engage in innovation at all, it is done on ad-hoc and informal basis and more development orientated—as opposed to larger organizations—, which can yield a short-term perspective due to not

having sufficient capital to conduct research. Therefore, small businesses lacking the aforementioned factors may not be successful in their endeavours to forge relationship marketing.

6.3.4 Location effect and business success

Location is the “place” where the business is sited. According to Hallak, Graham, and Lindsay (2012:143), a place does not only refer to the physical environment but it is a holistic phenomenon involving environmental, social, psychological, and temporal processes. In addition, they are repositories and context within which interpersonal, community and cultural relationship occur. Thus, location of a business can build relationships and can determine the success or failure of a business. This study will focus more on the benefits of location to the business, customers, and the community for relationship building.

Location is suggested to be how to place a business in the supply chain, especially the market catchment and well-secured area in order to acquire customers and to create market share. Generally, customers seek places where they feel safe, secure, and comfortable and, where they feel that they belong. It is beneficial to locate a business at strategic places like along the principal streets where movements of people are more frequent, and more so at well-populated vicinities.

It is also suggested that consideration of visibility of the business would address the advertising and identification problems. Placing a business at obscured areas would not allow the business to advertise itself to prospective customers and other stakeholders. The business must be close to the market in such a way that even people looking for jobs could find it easy to identify the business.

As it has been suggested earlier, another benefit for locating a business in a populated area is for networking to build relationships and gain external resources. Networking with other service providers in the case of hair salons, customers, suppliers of products and materials and other businesses would also avail the business with external resources such as qualified personnel, and in the case of hair salons efficient and qualified hair stylists.

Common sense will suggest that it would add to the rate of business success if the location of the business were close to sources of products, power, cheap but experienced labour, and water, which are the most significant determinant of business success. Uninterrupted

acquisition and use of these factors of production would create business efficiency and effectiveness.

Location of a business influences decisions made by the entrepreneur in terms of the corporate social responsibility of the business. According to Hallak, Graham, and Lindsay (2012:145), it is the concept of corporations having an obligation to consider the interests of customers, employees, shareholders, communities and ecological environments. These decisions influence emotions, motivations, and behaviours for the entrepreneur. This may affect the level of support the business provides to these entities to build relationships to win more support also from them in terms of market share (e.g., customers may view the business in a favourable light). Thus, location is suggested to be one of the most significant determinants of business success.

Therefore the presence of the aforementioned factors such as effective management competencies, adequate start-up capital, considerable size of business, and good location have been found to affect business-customers relationship management success. In other words, these would enhance interaction and reciprocal relationship between business and the community, which underpins a rational business strategy for improving long-term performance.

6.4 MEDIATING VARIABLES AND RELATIONSHIP MARKETING (RM) AND BUSINESS PERFORMANCE

6.4.1 RM, service quality, and business performance

Service quality is the effective, active, and improved service offering the business gives to the customer to satisfy him or her (Hu, Cheng, Chiu, and Hong, 2011:187). It is defined by Geetika and Nandan (2010:98) as a customers' perception of how well a service meets or exceeds their expectation. Service quality is introduced to show its relationship with customer satisfaction on one hand, and customer retention on the other as antecedents for relationships marketing. As indicated in section 3.6.2, the performance of service quality is evaluated by tangibility, reliability, assurance, and responsibility, to mention a few of them, which are some of RM components. The literature revealed that Service quality has a strong impact on business performance, customer satisfaction, customer loyalty (which are variables of relationship marketing) and profitability (Santouridis and Trivellas, 2010:331). Therefore, it is evident that service quality has an impact on relationship marketing and that

for small businesses to be competitive and perform better, their products and services need to meet customers' requirements and expectations.

6.4.2 RM, Customer satisfaction and business performance

Gilaninia et al. (2012:10723) as a feeling or attitude of a customer towards the good or service that could affect consumer-buying behaviour have defined customer satisfaction. The authors believe that customer satisfaction is realized from the components of relationship marketing such as trust, commitment, communication, conflict handling, and competence. The review of the literature showed that relationship marketing is connected with creating values for customers and customer satisfaction. This is translated to mean that business must be customer-centered so that it can deliver value to customers in order to win their loyalty. It has been suggested that the goals of RM can be realized through understanding customer needs, treating customers as partners, and providing the best quality according to customer's individual needs (Cockalo, Dordevic, and Sajfert, 2011:33-34). By providing these, the competitiveness of the business could be achieved.

6.4.3 RM, Customer retention, and business performance

Customer retention has many definitions including that of Khan (2012:107) defining it as the continuity of the business relations between the customer and company. Rootman, Tait, and Sharp (2011:187) also define it as being a firm's "zero defections" of profitable consumers, or no switches from profitable consumers to competitors, or the longevity of a consumer's relationship with a firm. The description of customer retention goes beyond these to mean maintaining the business relationship between a supplier and a customer. This relationship building would foster satisfaction and loyalty leading to retention. Some of the factors for retention are; to know the customer through interactions, delivering the needs through quality services and products, and tailoring offerings to suit customer requirements. These would entice the customer not to defect to a competitor but rather it would foster repeat purchases. Therefore, customer retention is a relationship building which leads to business performance and profitability.

6.5 CONCLUSIONS BASED ON THE EMPIRICAL RESULTS

The following conclusions are based on the statistical findings, and are arranged according to research questions. Some of the results are based on the research objectives and the questionnaire.

6.5.1 Research question 1

What factors of interaction are needed to promote the service quality of hair salons?

Review of the literature showed that interaction factors such as empathy, responsiveness, and assurance promote service quality (See section 3.6.2). They are used to measure the relative importance of the service dimension among customers and market segments by comparing the performance of competitors. These would meet customers' expectations, perceptions and develop satisfaction. However, from the statistical analysis and results, awareness of relationship marketing (parameter = 0.229, $t=4.390$, $p\text{-value} = 0.000$) emerged from the questionnaire as a significant factor influencing service quality as evident in Table 5.25.

6.5.2 Research question 2

What are the elements or factors of service quality?

Literature study indicated that some of the elements or factors of service quality are assurance, reliability, value added service and tangibility (Sections 3.6.1 to 3.6.2). These are used to explain customer perception and expectation. Customer perceptions are their perception of performance delivered by the business, while customer expectations are those that the customer expects as being "should be" and "can be" type of services – such as tangibles, reliability, assurance, and empathy. According to Table 5.16, it emerged from the questionnaire and the service quality as a RM practice that the identical percentages of (98.6%) reflect that the businesses agreed/strongly agreed that services offered by employees **show willingness to offer help to customers**, and that **the business pays individual attention to customers**. About 97.9% say the **business employees show courtesy to customers** and that the **business services are accurately provided**. Furthermore, 97.2% think that the business **provides acceptable physical facilities**, while 96.6% claim that the **business sticks to appointment with customers**, and 92.4% agree that the **business provides after sales services**. These responses are in line with the

definitions of the elements or factors of service quality as well as the perceptions and expectations of the customers, which provide opportunity for relationships.

6.5.3 Research question 3

What are the elements or factors of customer satisfaction?

From the literature review, the following are some of the elements or factors of customer satisfaction: security, reliability, branding, employees' conduct, design, and service range as evident in section 3.6.5 of the study. These elements are provided by a business to increase the level of customer satisfaction, which results in a decrease in customer attrition. However, in terms of Statistical analysis results (Table 5.17), it emerged from customer satisfaction as a RM practice and the questionnaire that the identical percentages of 97.9% reflect that the **the business satisfies customer preferences and needs**, as well as the **business products and services are tailored to meet the needs of customers**. Not only that but also the **business staff renders all necessary helping hand to customers during their visits to the salon**. 96.6% indicate that **customers feel they cannot visit any other salons because of our service**, while 93.3% say the **business provides superior hair services as compared to other salons**. Lastly, 82.1% believe that the **business believes personal security in the salon is a priority**. These responses of the respondents also correspond with the elements or factors of customer satisfaction.

6.5.4 Research question 4

What are the elements or factors for customer retention?

Findings from the literature search indicated that price, knowledgeability, quality of products and services, and value-added services are some of the elements or factors for customer retention as evident in section 3.6.10 of this research. These factors have been suggested as the key elements in customers' defection decisions through customer satisfaction (Irit and Barak, 2011). Results from the statistical analysis (Table 5.18) showed that the identical percentages of 97.2% indicate the respondents' **agreement on prices being acceptable to customers**. Second, the **business has employees who have better insight in the salon business**; 89.0% are of the opinion that the **business services conform to acceptable salon's standards**, while 70.3% believed that the **business provides value for customers' money paid in terms of services**. The results indicated that majority of the participants allude to the fact that salons would be able to retain their customers if all the items in the

questionnaire prevailed. Thus, the results are consistent with the elements or factors promoting customer retention.

6.5.5 Research question 5

Do service quality, customer satisfaction, and customer retention affect business performance?

The most important factors that drive business growth are investigated using regression analysis. Business performance is measured by daily sales estimates; monthly gross profit estimates and estimated business percentage profit for the previous year.

On daily sales, the results in Table 5.26 showed that **service quality** (coefficient=0.598, $t=2.363$, $p\text{-value}=0.019$) and **Customer Satisfaction** (coefficient=0.950, $t=3.044$, $p\text{-value}=0.003$) significantly impact on business performance.

In terms of monthly gross profit, results in Table 5.27 showed that **customer satisfaction** is a significant determinant of business performance (coefficient=0.478, $t=2.928$, $p\text{-value}=0.004$). The more satisfied the customer the higher the performance of the business.

According to results in Table 5.28, **customer satisfaction** is a significant determinant of business performance as measured by estimated business's percentage profit for the previous year's estimates (coefficient=1.080, $t=3.873$, $p\text{-value}=0.000$

Generally, in all the three cases **customer satisfaction** has the least p values (0.003; 0.004 and 0.000) compared to other constructs. This means that customer satisfaction has the highest significant effects on the three performance measurements. **Therefore, it is concluded that customer satisfaction significantly influences business performance (growth).**

6.5.6 Attainment of the set objectives

The completion of the research has proved the attainment of all the set objectives as given in Chapter 1. Table 6.1 indicates in which chapter(s) and or section(s) each of the research's objectives were attained.

Table 6.1: Research objectives covered in the relevant chapters or sections

Objective	Where Objective was covered
To determine the significant factors affecting service quality	Chapter three: Section 3.6.2 Chapter five: Section 5.4.2 Chapter six: Section 6.5.1
To investigate the relationship between service quality and customer satisfaction	Chapter five: Section 5.6.5 Chapter six: Section 6.6 (No. 3)
To investigate the relationship between customer satisfaction and customer retention.	Chapter five: Section 5.6.5 Chapter six: Section 6.6 (No. 2)
To investigate how business performance is affected by service quality, customer satisfaction and customer retention.	Chapter five: Sections 5.7.1 to 5.7.3
Main objective: To develop a relationship model that will make hair salons in the Free State province competitive	Chapter 6: Section 6.6

6.6 FINAL FRAMEWORK FOR RELATIONSHIP MARKETING

The framework for relationship marketing presented here is based on the conclusion derived from the gaps in the literature review and empirical data analysis. It is hoped that this framework would support and promote relationship marketing success in small businesses, particularly, the hair salons through the application of relationship marketing elements identified to be effective in influencing service quality, customer retention, and satisfaction. Figure 6.1 is the proposed framework for relationship marketing for hair salons.

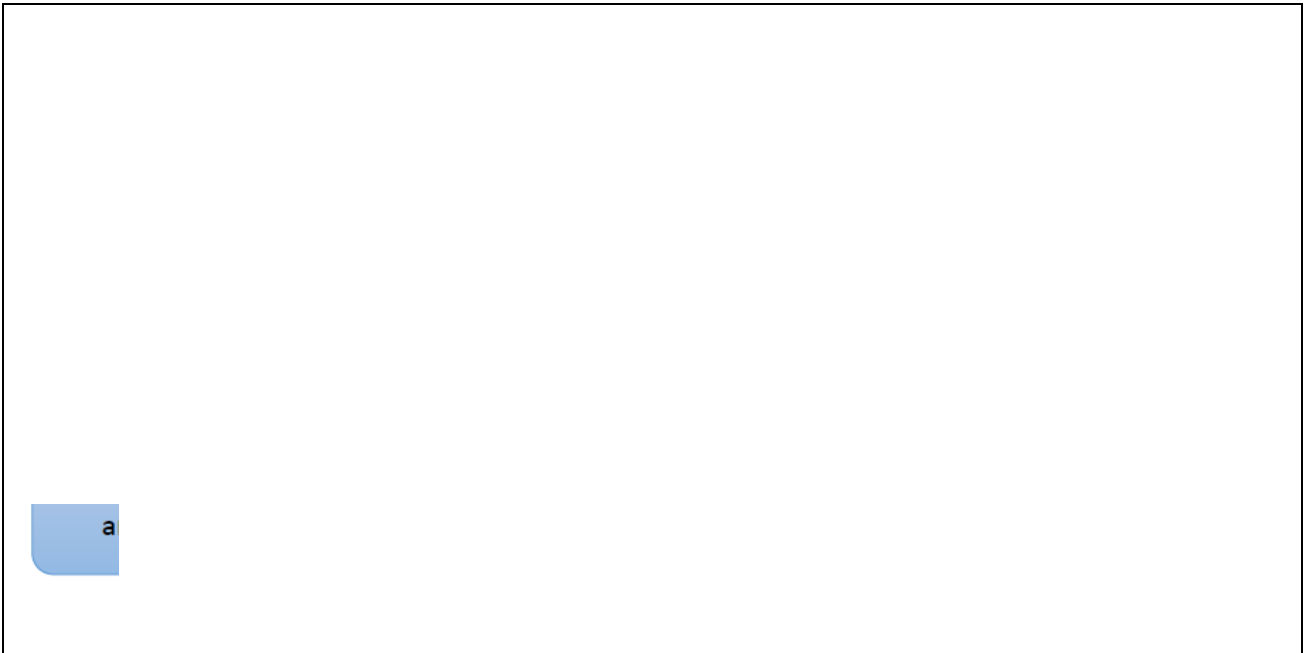


Figure 6.1: Proposed framework for relationship marketing for hair salons

6.6.1 Discussion of the framework

The key variables of the framework is extracted from some of the gaps found in the literature review and the empirical findings (Section 3.9), which is made up of the following namely, trust/commitment, communication, handling of queries, responsiveness, and empathy as independent variables. The mediating variables are customer satisfaction, service quality and customer retention. It is assumed that if these gaps or perceptions are addressed and the business practices them, it would be able to provide quality service, customer satisfaction, and retention, which would ultimately lead to competitiveness, profit/market share, and relationship building.

There are several paths marketers may take to successfully implement a relationship marketing programme. However, several attributes that must be present in order for R.M programme to be successful, includes trust/commitment, communication, and handling of queries, responsiveness, and empathy which are depicted as the pillars of the framework to measure relationship marketing. Therefore, these variables are discussed in relation to relationship marketing building of the hair salons.

6.6.1.1 Trust /commitment

Trust/commitment is one of the key elements and a pillar for a success for relationship marketing, and has become important relationship asset according to the literature, in that it helps the firm in its effort to achieve a competitive advantage (Ghani and Abd, 2012:146). Trust/commitment represents customer confidence in a firm's reliability and integrity, and these in turn is associated with consistency, honesty, fairness, helpfulness, concern and respect. In the context of the framework, trust/commitment encourages the salon business to work at preserving relationship so that customers will resist attracting short-term alternatives. From the framework, trust/commitment is measured by evidence of salons showing confidence and reliability towards the customers as parties in the early stages of the transaction with them. Trust has been linked to other components leading to cooperation, communication and bargaining, and that buyers base their commitment on calculations of switching risks as well as on sentiments of allegiance (Gilaninia et al. 2011:795). There must be a process of give-and-take, which leads to mutual relations, and if it is well managed may result in meeting customer expectation, satisfaction, service quality and eventual customer allegiance and retention. Thus, presence of trust/commitment in the salon business will improve the chances of successful relationship management.

6.6.1.2 Communication

Communication is believed to directly affect the building of long-term relationships with the stakeholders of an organization. The literature review notes that communication has a positive effect on customer acquisition and retention, and that the frequency of communication between the parties indicates the strength of relationship (Anabila, Nartey, and Tweneboa-Kodua, 2012:53). Communication is part of marketing mix – price, product, promotion, and place. In the context of the framework, its role is to communicate information of various kinds about services, price and product of the salons to its target market to inform, remind, persuade, and differentiate offerings from competitors regularly. 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 (Gilaninia et al. 2011:795). To maintain sustainable relationships, hair salons need to conduct regular satisfaction surveys to get feedback from customers and monitor their attitudes towards them, for, it seems no organization can function properly or reach its goals without a good system of communication. It is suggested that the use of

information to build awareness and develop customer preference by promoting value would promote relationship marketing.

6.6.1.3 Queries handling

It is common knowledge that when there is difference between service performance and service expectation, customer dissatisfaction results leading to complains or queries. Customers query for a variety of reasons that include seeking a refund, compensation, and/or having the service performed again. Customers complain to vent their anger; help to improve the service; and for altruism reasons (Aminu, 2012:46). It is logical that hair salons should encourage their customers to query each time they experience service failure, develop a procedure to track these queries, train their employees to analyze and resolve the queries. This will obviously strengthen the bond hair salons have with their customers, which in turn will make customers satisfied, loyal, and retained and improve hair salons profitability. Handling of queries from customers is one of the marketing tools used to bring two parties together. For example, most potential complaints or queries situations in hair salons could arise from a wrong application of a hair chemicals and disrespect from the employees towards the customer. If these queries are proactively resolved in a timely manner, the outcome of an amicable solution would foster service quality, satisfaction, retention and customer-provider relationships to enhance market share and profitability.

6.6.1.4 Responsiveness

Responsiveness in relationship marketing reflects an attitude of giving instead of getting. Firms put customers more at ease when the customer realizes that the business is as concerned with what benefits the customer is receiving as to the profit the firm is making. In the framework it is referred to as the willingness to help customers such as providing prompt service, reduction of waste time of customers in the service delivery and attentiveness to the needs of customers (Ladhari, Ladhari, and Morales, and 2011:230). There must be open and free dialogue, which requires a communication pipeline through which a business is alerted to the problems before they escalate. This free and open dialogue promotes interaction and relationship building. The owner or the employees assume that when hair salon customers have problems they want them handled promptly. Responsiveness entails providing service within a period that meets or exceed customers' expectations. Since customers' expectations will differ across situations, the business must ask questions and listen in order to determine their expectations. Thus, relationship marketing would be enhanced.

6.6.1.5 Empathy

Empathy, according to the literature, is the service dimension that focuses on individualized attention, care, access, good communication and customer understanding (Anand and Selvaraj, 2012). In other words, it is the ability to try to feel for the customer and adjust one's behaviour to take into account these feelings through communication. As a business, understanding the feelings and needs of the customer is crucial to making that transaction and for maintaining the long-term relationship. In the context of the framework and hair salons, it is assumed that the business must put itself in the shoes of the customer, understand what the customer needs, for if the business does not understand the customer, it cannot serve him/her successfully. The appeal of relationship marketing lies in the fact that customers can express their desires and concerns and have them fulfilled. Therefore, hair salons must keep an open ear to the customers in terms of the pillars of the framework, and thus positive relationship marketing management could be achieved.

This framework adds a new dimension to and recognizes the hair salons' dynamic management activities in all the variables of the framework. The findings of this research that are accommodated in this framework suggest that increased hair salons' management activities are essential in all the variables which may not have existed in hair salons operations previously. This has certainly contributed to the body of knowledge in the field of marketing, particularly framework of relationship marketing for hair salons.

6.6.2 Application of the relationship marketing framework

There is the need to provide customers with quality product and service offerings as an important salon management activity. Product and service quality can be used to influence consumer decision-making and behaviour and thus increase their purchasing decision in different contexts with the aim of satisfying their product needs and requirements. The framework can be used to influence customer perceptions that have to do with the way in which customers view and react to the products and services that are available to them especially when the product or service is novelty.

The management strategies in the framework could be applied to the operations of marketers. For example, marketers in their campaigns to get attention of customers by making it possible to convince them to purchase a specific product or service use marketing communication strategy. The purpose of this framework is to ensure that management functions are aligned with service quality strategies, cutting across the marketing activities, determining customer satisfaction and retention of the adoption process. It supports the challenges that management of the hair salons face that has become imperative with the increase of, for example, new demands of customers for service quality, current fashionable hairstyles and even current hair chemicals within the industry context.

With increased competition, changes in customers' taste for current hairstyle and life style in the context of hair salons, this framework can be used to communicate differentiated features of services and products offerings. By so doing, hair salons' competitive abilities would benefit from the application of the framework.

6.6.3 Application of the framework to relationship management

Since "the customer" is the central block of relationship marketing building, one of the benefits of the framework is found to be the fostering of long-term customer relationships. It is worthy to note that long-term customer relationships build mutual rewards that benefit both the firm and the customer, while the organization can also gain quality sources of marketing intelligence for better planning of the marketing strategies (Jesri et al., 2013:56). In addition to this, this relationship marketing framework allows flexible access and interaction of a business with customers as against traditional marketing practices where customers were passive partners.

The framework can be used to encourage hair salon businesses to develop a competitive plan by fostering intense, difficult-to-duplicate marketing relationships with customers, employees and even competitors as partners. For example, this could be done by the management developing special treatment such as extra services, special prices, coupons, free hair products and higher priority over other customers, or providing fast and flexible salon services or products information to customers.

The framework assumes that the management steps up marketing management process to manage all the marketing activities with such as commitment, trust, empathy and responsiveness. This commitment of the management is essential in promoting the concept of customer relationship management within and outside the business. What ought to be

done is to, among others, institute frequent changes in marketing activities and introduction of support techniques such as trained staff that are required to make the framework a success because relationship marketing is a partnership in nature. This success can be achieved by making customers or even employees of the salon participating in the programmes of the business, especially in relationship marketing programmes and practices, within the salon or providing information about the salon business, its products and services so that the customers can use this information to evaluate the business image. Customer relationship management would drive this.

There are certain activities to be offered by the management of the hair salons including affordable prices, trust, competence, branding, service innovation, personalization, and the use of technology. These would create confidence, faith and trustworthy in the service provider and social benefits and development of friendship in the form of personal recognition by employees. This presents a panacea for challenges to relationship marketing management effort the business, and it would enhance customer relationships.

Ultimately, the framework can be used to create products and services awareness and loyalty through consistent promotion of marketing activities of the business. In this regard, constant and frequent exposure of these salon services and products would result constant brand-customer engagement. Eventually, relationships with customers or other stakeholders can be enhanced to attract and retain salon customers to achieve competitiveness and growth.

6.7 RECOMMENDATIONS

The study has revealed a number of issues pertaining to the establishment of hair salons in the Free State province. The economy manifests a high level of unemployment, especially among the youth, who rely mostly on hair salons for their livelihood. However, the economy is characterized by a number of informal hair salons in the industry whose contribution to the economy of the province is unknown because they are not registered in the provincial economic statistics let alone national.

From an informal observation of the researcher, it is revealed that majority of the hair salons are unproductive and fail pre-maturely due to poor performance. There has been a few identified problems the salon industry owners are faced with such as lack of skills in marketing, entrepreneurship, marketing management, general business and financial management talk less the awareness and knowledge of relationship marketing that is virtually

scant, and above all lack of financial outlay for expansion. Thus, the salon industry in the province will continue to suffer this huge setback if nothing is done about it considering its socio-economic importance in alleviating unemployment and poverty among the greater proportion of the populace.

The aforementioned setbacks poses challenges for policy makers and the owners of these hair salons. Thus, the following are some of the recommendations for the policy makers and the hair salon operators to consider.

6.7.1 Formalization of hair salon industry

The study revealed that greater proportion of the hair salons in the industry are not formalized and unregistered. Efforts must be made to formalize these informal hair salons into economically viable ventures by registering them to be sustainable commercial industry. The financial implication for the formalization would make them get provincial guarantees to enable them access financial credit facilities from the banks and other financial institutions. With this financial back up, hair salons would be able to finance any marketing practices such as relationship marketing management, which may be cost-inhibitive to undertake. It is, therefore, strongly recommended that Free State government, in partnership with small-business-oriented NGOs, pursue formalization strategy to move these hair salons into viable sector capable of acquiring resources to create relationship marketing awareness and implementation of relationship marketing programmes. This would enhance hair salons' competitiveness to win more customers for their satisfaction, loyalty and retention. This in turn would address the risk of some of them failing prematurely.

6.7.2 Development of hair salon academies

The literature review shows that already hair salon academies are spreading across in some major cities of the country illustrating the importance, lucrative, job creation, and self-employment potential of the business, which seems to be scantily found in the Free State province. It is suggested that such training centers be established in the various cities of the province. There must be a curriculum blend of both hair care and marketing practices such as relationship marketing and other business skills to stimulate growth in this market. In order to boost its potential for novelty and growth, and in collaboration with the Skills Education and Training Authority (SETA), such academies could be accredited. This step would draw more unemployed into the industry to make it value creating. As highlighted earlier on, this

innovation would demonstrate that hair salons would be assuming the status of emerging SMMEs because their emergence would potentially bolster the SMMEs sector for playing socio-economic roles in the economy of Free State province. The emphasis on hair salon academies empowers salon operators to bridge the gap between the informal and well-established ones.

6.7.3 Development of skills training

It is recommended that basic training in business management, and entrepreneurship must be incorporated in the academies mentioned in section 6.7.2 to assist the salons owners to overcome skills shortages. The aim is to prepare the students to run their own businesses with the knowledge gained.

Apart from the part played by the hair salon academies, the local municipalities and private collaborate practise capacity training by setting up development and training programmes for salon operators. In these programmes, areas such as marketing management, marketing practices, simple financial management, marketing research, and more importantly the knowledge of relationship marketing are included. Since hair salons appear to be a key means of economic participation by marginalized people, it is important that more attention is paid to this segment of the SMMEs sector so that the operators of these salons' would gain mastery of relationship marketing management to enhance customer relationships. The spillover of this step would produce economic performance of the salons.

6.8. RECOMMENDATIONS FOR FURTHER RESEARCH

This topic seems to be a virgin area in relationship marketing framework for hair salons in the province. Thus, improving performance and competitiveness for growth of hair salons seems not to have occupied the attention of the Free State government, NGOs and similar bodies concerned with economic development. It appears also that there has not been any studies done and suggested solutions. Therefore, the results of this empirical research necessitate further research on the following pertinent issues:

- Whether the findings of this study are applicable to other parts of South Africa.

- Why relationship marketing is not practiced by some hair salons to any appreciable extent in the Free State province.
- To validate the findings of this study to suggest that relationship marketing framework influences hair salon competitiveness, performance, and growth.
- To investigate the results of this research that suggest that the variables used in this framework influence relationship marketing.
- Much as the study supports evidence that the use of relationship marketing framework is beneficial to the competitiveness in hair salons, it leaves the sustainability of these effects uncertain. This is one area to be looked at for a research as to what could be done to alleviate these shortcomings to sustain performance and competitiveness for hair salons.
- The findings of this study suggest that the entrepreneurial orientation of the owners might be an important component or “resource” that needs to be considered. Relationship marketing framework has not sufficiently considered the part to be played by the owners to affect the practice of relationship marketing in the salon business. This is also an area of concern as a base for further research.

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ANNEXURE A



QUESTIONNAIRE

RELATIONSHIP MARKETING MODEL FOR HAIR SALONS IN THE FREE STATE PROVINCE

Dear Sir/Madam,

You have been selected to respond to questions contained in this questionnaire. Your responses would be seen as your perception to the on-going investigation into relationship marketing practice of hair salons in the Free State Province. The success of hair salon is seen to be important for business success, job creation and provincial economic growth trajectory. This study intends to develop a model to support relationship marketing efforts for successful hair salon business in Free State. Your responses would be collected by completing this questionnaire as indicated in each section.

Please note that this study is in fulfillment of the requirement for Doctor of Philosophy in Marketing (PhD) at the Central University of Technology and responses *received would be used for the stated purpose of academic research only and treated in strict professional confidence.*

Thank you for your responses and participation in this study.

Edmund Owusu Amoakoh.

Cell: 0728659190

SECTIONS A & B BIOGRAPHICAL INFORMATION (ALL RESPONDENTS)

(Please mark the appropriate box with a cross [x])

PERSONAL DETAILS										
1	Your gender	1 male				2 female				
2	Your age	1 Below 25	2 26-35	3 36-40	4 40 and above					
3	Level of education	1 Primary	2 Middle	3 Matric	4 Diploma	5 Degree				
4	Nationality	1 South African	2 Permanent Resident	3 Non-South African						
5	Type of respondent	1 Owner	2 Owner/Manager	3 Manager	4 Employee	5 Customer				
BUSINESS DETAILS										
6	Type of business	1 Sole proprietor		2 Close corporation		3 Partnership		4 Family business		
7	Number of employees besides owner	1 [1-5]		2 [6-10]		3 [10 and above]				
8	Age of business	1 Less than one year		2 2-5 years		3 6-10 years		4 11 years and above		
9	Estimate your daily sales	1 Less than R200	2 R201-300	3 R301-400	4 R401-500	5 R501-600	6 R600 and above			
10	Estimate your monthly gross profit	1 Less than R10,000		2 R11,000-20,000	3 R21,000-30,000	4 R31,000-40,000	5 R40,000 and above			
11	Estimate your business's percentage profit for the previous year	1 Loss Break even		2	3 Up to 2%	4 3-5% 10%	5	6 6-11-15%	7 20%	8 21% and above

SECTION C: AWARENESS AND PERCEPTION OF RELATIONSHIP MARKETING. (ALL RESPONDENTS)

Using the scale below, please indicate your **degree** of agreement with each of the statement.

(Please mark the appropriate box with a cross [x])

- (1) = Strongly Disagree
- (2) = Disagree
- (3) = Neutral
- (4) = Agree
- (5) = Strongly Agree

	Awareness of Relationship Marketing	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Office use only
What does relationship marketing mean to you?							
12	Marketing activities directed towards building loyalty among the employees and customers	5	4	3	2	1	
13	Marketing plan to attract and maintain customers and employees	5	4	3	2	1	
14	Providing value to the customer and employees	5	4	3	2	1	
Perception of Relationship Marketing							
15	Relationship marketing is useful when used to communicate product and service information to the business	5	4	3	2	1	
16	Relationship marketing is perceived to be good for business	5	4	3	2	1	

SECTION D: ELEMENTS OF RELATIONSHIP MARKETING PRACTICE

Using the scale below, please indicate your **degree** of agreement with each of the statement.

(1)= Strongly Disagree

(2)= Disagree

(3)= Neutral

(4)= Agree

(5)= Strongly Agree

	SERVICE QUALITY The business:	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Office use only
		5	4	3	2	1	
17	Provides an acceptable physical facilities e.g. equipment, personnel and communication materials	5	4	3	2	1	
18	Employees show courtesy to customers	5	4	3	2	1	
19	Employees show willingness to offer help to customers	5	4	3	2	1	
20	Pay individualized attention to customers	5	4	3	2	1	
21	Services are accurately provided	5	4	3	2	1	
22	Sticks to appointments with customers	5	4	3	2	1	
23	Provides after sales services	5	4	3	2	1	
	CUSTOMER STISFACTION The business:	5	4	3	2	1	
24	Believes that providing personal security in the salon is a priority and a good thing to do	5	4	3	2	1	
25	Satisfies customer preferences and needs	5	4	3	2	1	
26	Products and services are tailored to meet the needs of the customer	5	4	3	2	1	
27	Staff renders all the necessary helping hand to customers during their visits to the salon	5	4	3	2	1	
28	Provides superior hair services as compared to other salons	5	4	3	2	1	
29	Customers feel like they cannot visit any other salons because of the type of services they receive	5	4	3	2	1	
	CUSTOMER RETENTION						
	The business						

30	Prices are acceptable to customers	5	4	3	2	1	
31	Provides value for customers' money paid in terms of services provided	5	4	3	2	1	
32	Has employees who have better insight in the salon business	5	4	3	2	1	
33	Services conform to acceptable salons' standards.	5	4	3	2	1	
CONFIDENCE/TRUST							
The business:							
34	And its employees behave in a manner that instills confidence in customers	5	4	3	2	1	
35	Honours appointments with customers without fail at all times	5	4	3	2	1	
36	Employees and the management are reliable in providing quality service to customers	5	4	3	2	1	
37	And its employees take responsibility for any bad service rendered to a customer	5	4	3	2	1	
COMPLAINTS HANDLING							
The business:							
38	Treats any complaints from the customers and employees with fairness	5	4	3	2	1	
39	Sees to it that it pays to address or resolve customers and employees' problems.	5	4	3	2	1	
40	Staff are helpful whenever customers show dissatisfaction	5	4	3	2	1	
41	Is always sensitive to customers and employees' complaints	5	4	3	2	1	
42	Makes the employees and customers know the policy to deal with conflict situations	5	4	3	2	1	
COMMUNICATION							
The business:							
43	Timeously informs customers about new hair products and styles	5	4	3	2	1	
44	Regularly informs customers about changes in service delivery	5	4	3	2	1	
45	From time to time organizes promotions in the salon	5	4	3	2	1	
46	Regularly offers useful information about the salon on bill-boards, local radio, T.V and by means of flyers	5	4	3	2	1	
RESPONSIVENESS							
The business							
47	Sees to be responsible for the welfare of the customers	5	4	3	2	1	

48	Shows promptness in the service delivery	5	4	3	2	1	
49	Is always attentive to the needs of the customers.	5	4	3	2	1	
TANGIBILITY							
The business							
50	Has a healthy appearance in the salon	5	4	3	2	1	
51	Has relaxation media in the form of music, video programmes etc.	5	4	3	2	1	
52	Employees' neatness, support and personal interaction with customers is cordial and welcoming	5	4	3	2	1	
EMPATHY							
The business							
53	Shows a caring behaviour in all of its inter-personal dealings with customers	5	4	3	2	1	
54	Shows sincere interest in solving customers' problems.	5	4	3	2	1	

ANNEXURE B



LETHATHAMA LA DIPOTSO

MMOTLOLO WA DIKAMANO MAKETING BAKENG SA DISALONU TSA MORIRI PROVENSING YA FREISETATA

Monghadi/ Mofumahadi ya ratehang,

O hlauwe ho araba dipotso tse fumanwang lethathameng lena la dipotso. Dikarabelo tsa hao di tla lebeha jwalo ka tjebahalo ya hao patlisisong ena ya dikamano maketeng wa disalonu tsa moriri Provensing ya Freisetata. Katleho ya salonu ya moriri e le kgwebo ya bohlokwa e atlehileng, theho ya mesebetsi le motjha wa kgolo ya moruo ya Provensi. Phuputso ena e ikemiseditse ho ntshetsa pele mmotlolo wa ho tshehetsa kamano ya maketing bakeng sa sa kgwebo ya salonu e atlehileng Freisetata. Dikarabo tsa hao di tla bokellwa ka tsela ya ho tlatsa lethathama la dipotso jwalo ka ha ho bontshitshwe karolong e nngwe le e nngwe.

Kakopo ela hloko hore phuputso ena ke phethahatso ya tlhoko ya lengolo la Bongaka la Filosofi ya Maketing (PhD) Yunivesithing E Bohareng Ya Thekenoloji, Freisetata mme dikarabelo tse fumanweng **di tla sebediswa mabakeng a phuputso ya thuto feela mme e tla bolokwa ka ho otlooha e le sephiri.**

Ke lebohela dikarabelo tsa hao le ho kgatha tema phuputsong ena.

Edmund Owusu Amoakoh.

Cell: 0728659190

KAROLO A & B LESEDI KA TSA KAHISANO LE BOTHO (BAKGATHATEMA KAOFELA)

(Kakopo tshwaya lebokose le tshwanehileng ka sefapano [x])

DINTLHA TSA BOTHO										
1	Bong ba hao	1 motona				2 motshehadi				
2	Dilemo tsa hao	1 Tlase ho 25	2 26-35	3 36-40	4 40 ho feta					
3	Borutehi	1 Mathomo	2 Bohareng	3 Metriki	4 Dipoloma	5 Dikrii				
4	Boahi	1 Moafrikab orwa	2 Moahi ya phethahetse ng	3 Molata						
5	Mofuta wa mokgathatema	1 Monga kgwebo	2 Monga kgwebo/ Motsamaisi	3 Mosebeletsi	4 Motsamaisi	5 Moreki				
BUSINESS DETAILS										
6	Mofuta wa kgwebo	1 Kgwebo bomong	2 Kgwebo poraefete	3 Bomphato	4 Kgwebo ya lelapa					
7	Palo ya basebeletsi ntle le monga kgwebo	1 [1-5]	2 [6-10]	3 [10 le ho feta]						
8	Dilemo tsa kgwebo	1 Tlase ho selemo	2 2-5 dilemo	3 6-10 dilemo	4 11 dilemo le ho feta 5					
9	Akanya thekiso letsatsi ka leng	1 Tlase ho R200	2 R201-300	3 R301-400	4 R401- 500	5 R501- 600	6 R600 le ho feta			
10	Akanya phaello ya hao ka kgwedi	1 Tlase ho R10,000	2 R11,000- 20,000	3 R21,000- 30,000	4 R31,000- 40,000	5 R40,000 le ho feta				
11	Akanya phesente ya phaello ya Kgwebo ya hao selemong se fetileng	1 Tahlehelo Aroleha ka ho lekana	2	3 Ho ya ho 2%	4 3-5% 10%	5 6-	6 11-15%	7 20%	8 21% le ho feta	

KAROLO C: TLHOKOMELO LE TJHEBO YA DIKAMANO MAKETING (BAKGATHATEMA KAOFELA)

Ka ho sebedisa sekala se katlase, kakopo bontsha **boholo** ba ho dumellana ha hao le e nngwe le enngwe ya dipolelo.

(Kakopo tshwaya lebokose le tshwanehileng ka sefapano

[x])

- (6) = Hanana Kabotlalo
 (7) = Hanana
 (8) = Fofu
 (9) = Dumela
 (10) = Dumela Kabotlalo

	Tihokomelo le Tjhebo ya Dikamano Maketing	Dumela Kabotlalo	Dumela	Fofu	Hanana	Hanana Kabotlalo	Bakeng sa ofisi feela
Dikamano maketeng di bolelang eng ho wena?							
12	Ho maketa diketsahalo tse lebisitsweng kahong ya botshepehi hara basebeletsi le bareki	5	4	3	2	1	
13	Leano la ho maketa ho hohela le ho hlokomela bareki le basebeletsi	5	4	3	2	1	
14	Ho nehelana ka boleng bareking le basebeletsing	5	4	3	2	1	
Tjhebo ya Dikamano Maketing							
15	Dikamano maketing di bohlokwa ha di sebediswa ho buisanwa ka dihlahiswa le lesedi la ditshebeletso kgwebong	5	4	3	2	1	
16	Dikamano maketing di shebahala di le ntle bakeng sa kgwebo	5	4	3	2	1	

THANK YOU

KAROLO D: DIELEMENTE TSA DIKAMANO TSA DITLWAELO TSA MAKETING

Ka ho sebedisa sekala se katlase, kakopo bontsha **boholo** ba ho dumellana ha hao le e ngwe le enngwe ya dipolelo..

(Kakopo tshwaya lebokose le tshwanehileng ka sefapano

[x])

(1) = Hanana Kabotlalo

(2) = Hanana

(3) = Fofo

(4) = Dumela

(5) = Dumela Kabotlalo

	BOLENG BA TSHEBETSO Kgwebo:	Dumela Kabotlalo	Dumela	Fofo	Hanana	Hanana Kabotlalo	Bakeng sa ofisi feela
		5	4	3	2	1	
17	E nehelana ka disebediswa tse amoheleng jwalo ka, disebediswa, basebeletsi le disebediswa tsa dipuisano	5	4	3	2	1	
18	Basebeletsi ba bontsha tlhompho bareking	5	4	3	2	1	
19	Basebetsi ba bontsha tjheseheho ya ho thusa bareki	5	4	3	2	1	
20	Ba bontsha tsotello e ikgethileng ho moreki kamong.	5	4	3	2	1	
21	Nehelano ya ditshebeletso ke e nepahetseng	5	4	3	2	1	
22	Tsitlalelo dikopano le bareki	5	4	3	2	1	
23	Nehelano ya ditshebeletso tsa ka morao ho dithekiso	5	4	3	2	1	
		5	4	3	2	1	
	KGOTSOFALO YA MOREKI Kgwebo:						
24	E dumela hore ho nehelana ka tshireletso ya botho salonung ke ntho ya mantlha mme ke ntho e ntle	5	4	3	2	1	
25	E kgotsofatsa ditabatabelo le ditlhoko tsa moreki	5	4	3	2	1	
26	Dihlahiswa le ditshebeletso e hlophisitswe ho fihlela ditlhoko tsa moreki	5	4	3	2	1	
27	Basebetsi ba nehelana ka thuso yohle e hlokwang ke bareki nako ya diketelo tsa bona salonung	5	4	3	2	1	
28	E nehelana ka ditshebeletso tse hodimo tsa moriri ha ho bapiswa le disalonu tse ding	5	4	3	2	1	
29	Bareki ba ikutlwa eka ba ka se etele disalonung tse ding ka	5	4	3	2	1	

	lebaka la mofuta wa ditshebeletso tseo ba di fuwang						
TSHWARELLO YA BAREKI							
Kgwebo:							
30	Ditheko di amohelohile ho bareki	5	4	3	2	1	
31	E nehelana ka boleng bakeng sa tjehelete eo bareki ba e lefang ho ya ka ditshebeletso tseo ba di fuwang	5	4	3	2	1	
32	E na le basebeletsi ba na le kutlwisiso ya kgwebo ya salonu	5	4	3	2	1	
33	Ditshebeletso di tsamaelana le maemo a amohelohileng a disalonu.	5	4	3	2	1	
BOITSHEPO/ TSHEPO							
Kgwebo:							
34	Basebeletsi ba yona ba itshwara ka tsela e bolokang boitshepo ho bareki.	5	4	3	2	1	
35	E phethahatsa ditshepiso tsa yona ho bareki ka dikopano tse sa nyopeng ka nako tsohle.	5	4	3	2	1	
36	Basebeletsi le botsamaisi ba a tshepahala phanong ya ditshebeletso bareking.	5	4	3	2	1	
37	Mme basebeletsi ba yona ba nka boikarabelo bakeng sa tshebeletso bareking.	5	4	3	2	1	
TSHWARO YA DITLETLEBO							
Kgwebo:							
38	E tshwara tletlebo e nngwe le e nngwe ya bareki le basebeletsi ka toka.	5	4	3	2	1	
39	E nnetefatsa hore e natsa le ho rarolla mathata a bareki le basebeletsi	5	4	3	2	1	
40	Basebeletsi ba dula ba thusa ha bareki ba bontsha ho se kgotsofale	5	4	3	2	1	
41	E dula e le hlokolosi ho ditletlebo tsa bareki le basebeletsi	5	4	3	2	1	
42	E etsa hore basebeletsi le bareki ba tsebe pholisi ya ho sebetsana le maemo a kgohlano.	5	4	3	2	1	
DIPUISANO							
Kgwebo:							
43	E bolella bareki ka nako ka dihlahiswa le ditaele tse ntjha tsa moriri	5	4	3	2	1	
44	E bolella bareki kgafetsa ka diphetoho nehelanong ya ditshebeletso	5	4	3	2	1	
45	Nako le nako e hlophisa dipapatso ka salonung	5	4	3	2	1	
46	E fana ka lesedi le bohlokwa kgafetsa ka salonu dibiliboto, diradiyo tsa lehae,	5	4	3	2	1	

	ditheleveshene, le ka tshebediso ya diphamfolete						
TLHOKOMELO							
Kgwebo:							
47	E nka boikarabelo dintlheng tsohle tsa bareki	5	4	3	2	1	
48	E bontsha potlako phanong ya ditshebeletso	5	4	3	2	1	
49	E hlokomela ditlhoko tsa bareki ka mehla.	5	4	3	2	1	
BONNETE							
Kgwebo:							
50	E na le tjebehalo ya bophelo bo botle ka salonung.	5	4	3	2	1	
51	E na le mediya o kgatholla sebopehong sa mmino, mananeo a dividiyo,jj.	5	4	3	2	1	
52	Bohlweki, tshehetso le ho buisana le bareki ha basebeletsi, ho bontsha thabo le kamohelo.	5	4	3	2	1	
TSOTELLO							
Kgwebo:							
53	E bontsha boitshwaro ba ho tsotella diketsahalong tsohle tse amanang le bareki.	5	4	3	2	1	
54	E bontsha kgahleho ho rarolleng mathata a bareki.	5	4	3	2	1	

KE LEBOHELA DIKARABELO TSA HAO

ANNEXURE C



QUOTATION # 117076

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