

**POLYGAMOUS LOYALTY AND RETAIL CHAINS' LOYALTY PROGRAMME  
HOLDERS IN KENYA**

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**B311 -020-2010**

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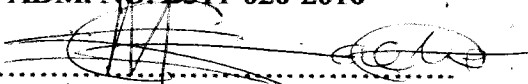
## DECLARATION

This dissertation thesis is my original work and to the best of my knowledge, it has not been presented for a degree award to any other University

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## DEDICATION

I dedicate my dissertation work to my family and many friends. A special feeling of gratitude to my late loving parents; Dickson Gachie and Rahab Njeri Gachie whose words of encouragement and push for tenacity will ever ring in my ears. I also dedicate this dissertation to my daughters, Njeri who is what miracles are all about and Noni, the epitome of change and paradigm shift in my life. You are both very special.

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## ABBREVIATION AND ACRONYMS

ANOVA: Analysis of Variance .....	102
CRM: Customer Relationship Management .....	38
EV: Expectancy-Value .....	24
FBI: Fishbein Behavioural Intentions .....	25
GDP: Gross Domestic Product.....	5
Ha: Alternative Hypothesis .....	8
Ho: Null Hypothesis.....	8
KMO: Kaiser-Meyer-Olkin Measure .....	102
RBs: Retail Brands .....	63
RSQS: Retail Service Quality Scale .....	73
SERVQUAL: Service Quality .....	73
SN: The Subjective Norm .....	24
TRA: The Theory of Reasoned Action .....	24
USA: United States of America .....	43
WOM: Word of Mouth .....	28
ZOT: Zone of Torrance .....	57

## ABSTRACT

The problem of the present study is that despite the significant findings of the pilot study and existing literature on prevalence of polygamous loyalty amongst the retail chains' loyalty programmes' holders in Kenya, much is unknown about the drivers or factors influencing this phenomenon. Polygamous loyalty was conceptualized as customers' membership to several different retail chains' loyalty schemes.

The study objective therefore was to establish factors influencing this phenomenon. To achieve this, the research tested hypotheses derived from existing theories to examine the relationship between conceptualized independent variables (Satisfaction, Alternative Attractiveness, loyalty programme service quality, stores' brand attitudes, price perceptions, service quality, trust and customers perceived value) that were conceptualised as to having a significant relationship with the study's dependent variable ( polygamous loyalty ).

The retail chains (supermarkets) sector was used for a sample of 663 from a segment target population, 2.5 million members of loyalty programme from the five leading retail chains by turnover and sales volume (Nakumatt, Tuskys, Naivas, Uchumi and Ukwalla). Probability systematic sampling technique was employed. A self-administered questionnaire was used for data collection in Nairobi, Nakuru, Mombasa and Eldoret after being pre-tested. A self-administrating question survey had a response rate of 83%. Measurement scale for study variables were adopted from similar studies and existing literature. The study was cross-sectional, survey and quantitative in design.

Multiple regressions' p-value statistic was used as the test statistics for hypotheses testing. Key findings of the study were; loyalty programme service quality, stores' brand attitude, price perceptions, service quality and customers perceived value had significant relationships with dependent variable of the study. Coefficient of determination  $R^2$  of 0.62 this implied that at 95 % level of confidence 62% of the variation of Y can be explained by the independent variable. The regression model was found to be significant. The only statistically significant difference was that price, trust and alternative attractiveness were and both were dropped from the final study model. Cronbach alpha of .913 established the scales reliability. No significant differences were observed from the control variables of age, marital status, vehicle ownership and gender. However, the study established that average membership to retails chain's loyalty schemes was 2.65.

Finally, the present study was cross sectional that is all variables were measured at one point in time, thus essentially from a static perspective. It may be worthwhile to study polygamous loyalty over time, longitudinal approach to take into account the change of consumer preferences and change in consumer patronage behaviour.

In conclusion, this study research developed support for the view that a firm's relationship strategy ought to be embroiled into the organisation's culture.

## CHAPTER ONE: INTRODUCTION

### 1.1. Background of the Study

Existing literature reveals existence of considerable discussions and dimensions on definition of loyalty. For example, Brown (1952); Day (1969) and Jones and Sasser (1995) conceptualised loyalty as a form of repeat purchase while Wilson (1995); Anderson and Weitz (1989) as relationship continuance. Oliver (1997), conceived loyalty as a deeply held commitment to rebuy or repatronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour. Yet other studies for example Keller (1993); Dick and Basu (1994); Baldinger and Rubinson (1996); Oliver (1997; 1999) suggested that consumer loyalty was a relationship between relative attitude towards an entity and repeat patronage behaviour.

Proponents of relationship marketing philosophy and customer loyalty axis on which the present study is grounded Craft (1984); Haubrich (1989); Selers (1989); Pare' (1990); Bertrand (1995); Kalwani, and Narayandas (1995); Zineldin (1995;1998); Zineldin (2002) have compared business-customer relationships to marriage or love affairs. Building on these propositions, Zineldin (2002) states that "this romantic business philosophy assumes that, love affairs or marriage relationship as well as long-term business are relationships ideally based on shared interests, love, ethics, mutual trustworthiness and commitment to continue the relationship and to keep the relationship arrangement productive, mutually beneficial and rewarding for all parties ( pp.548-549)."



On the contrary, however, Selnes and Singh (2001) claim that most companies find that many of their customers do not have monogamous relationships with them, but, rather, they have relationships also with their competitors. Selnes and Singh continue to posit that, not only do firms find that their customers have multiple relationships (also referred to as promiscuous/ cheaters by Dowling and Uncles (1997), but also that these relationships with multiple suppliers are strong and long lasting.

Consistent with the above, Uncles *et al.* (2003) acknowledge that a wealth of data suggests that most consumers are polygamous and are loyal to a portfolio of brands within a product category. Scholars, Ehrenberg (1988); Dowling and Uncles (1997); Davies (1998); Passingham (1998); Yin and Kannan (1999); Mauri (2003) have defined polygamous loyalty as customers' membership to several loyalty schemes in the same industry or category. The present study adopts this definition to operationalise the study's dependent variable.

In conclusion, Selnes and Singh, (2001) posit that one question that arises is; why do customers have relationships with more than one supplier within a category? And, if customers have polygamous relationships, what factors determine the choice within the set of alternative relationships?

Despite spending hundreds of millions of pounds on price-cutting campaigns and loyalty card schemes, supermarkets have only persuaded a small minority of shoppers to stay loyal (Reinartz and Kumar, (2002). In concurrence, studies by Mintel Research indicate that only 15 per cent of all grocery shoppers are completely loyal to the store where they do

their main grocery shopping, 29 per cent use one other store and 22 per cent use two others. A wealth of data, according to Uncles *et al.* (2003) suggests that most consumers are polygamous and are loyal to a portfolio of brands within a product category

The problem is that despite findings by Magi (2003) and Mayer-Waarden (2007), that possession of at least a competitor's loyalty programme negatively affects the share of purchases, share of the wallet and of the visits in the store, little empirical research exists on factors influencing this phenomenon among retail chains' loyalty programme holders in Kenya.

This research studied the antecedents to loyalty by exploring both behavioural and attitudinal loyalty antecedents, analysing conceptualised factors influencing polygamous loyalty, and correlating those findings to the dependent variable of the study. The pertinent issues covered in this chapter include a background on loyalty programmes schemes, loyalty and retention-profit link. An explanation of the proposed research method is postulated. A discussion about the study's significance to marketing theory and practice is given, plus analysis of how this study may contribute to furthering relationship-marketing theory. Several theories are introduced with a new model proposed to predict polygamous loyalty. Lastly, the chapter includes a discussion on the theoretical framework and a review of the research assumptions and limitations.

The rise and expansion of retailers in Kenya has contributed to high competition among retailers, leading to the growth of loyalty programmes as a structured marketing effort to retain customers (Onwong'a *et al.* 2010). Moreover, Onwong'a *et al.* (2010) continued to posit that the low standard of living occasioned sometimes by high rates of inflation has

made Kenyans to be more cautious shoppers who are concerned about value for money and more focused on buying what is needed.

In comparison to the US and Europe where loyalty programmes have matured, in countries which could compare well with Kenyan retail chains experience such as Malaysia and most countries in Asia Pacific are experiencing a new wave, postulates Steyn *et al.* (2010). Buckstein (2006) postulates that loyalty programmes provide merchants with a means to deliver highly targeted, relevant incentives to customers to lure them to participate in marketing initiatives and purchase products and services.

According to Cedrola and Memmo (2010) and Waarden (2007), there is a positive correlation between owning a loyalty card, the amount of expenditure and the length of the relationship between customers and their focal store. However, owning several cards from different competitors has a negative impact on loyalty (Waarden, 2007).

Consistent with other studies' significant findings for example Dowling and Uncles (1997); Selnes and Singh (2001); Magi (2003); Uncles *et al.* (2003); Capizzi and Rick (2005); Meyer-Waarden (2007); Cedrola and Memmo (2010); Uncles *et al.* (2010) data indicates that customers are polygamous. Findings from a pilot study carried out between 11th September 2012 and 30th September 2012 amongst 200 shoppers in five major retail outlets by their retail chain network and sales turnover within Nairobi metropolitan using a probability systematic random sampling method indicated that 75 per cent of shoppers were members of at least one loyalty programme, 59 per cent were members of more than

one loyalty programme and 72 per cent of them try to use a loyalty scheme as often as possible. This has motivated the present study.

The goal of the present study was, therefore, to provide insight into factors influencing polygamous loyalty among the retail chain's loyalty programme holders in order to aid marketing professionals to develop suitable marketing strategies.

The retail environment in Kenya has undergone a continuous and marked growth since market liberalisation of late 80s; when there were only two (2) major players, partially government-owned Uchumi Supermarkets and Nakumatt, then a new market entrant. The rapid expansion of the Kenyan economy over the last decade combined with external economic and social influences such as the growth of a youthful middle class have led to a retail boom in the country (Onwong' *et al.*, 2010). Studies by Onwong' *et al.* (2010) cite empirical studies by Reardon *et al.* (2005) which indicate that supermarkets in Kenya are growing at an annual rate of 18 per cent and have a 20 per cent share of the urban food market overall. This has in turn encouraged the entry of new players as well as aggressive approaches by existing retailers such as the introduction of new retail formats and competitive price wars (Kenya National Bureau of Statistics 2010-2011).

The retail sector has been the largest contributor to GDP (KNBS, 2010-2011). To leverage on this, the government has continuously created a conducive environment thus encouraging the growth of the retail sector at large as part of her effort to achieve both the economic and social pillars of Vision 2030 the government's strategic plan and development roadmap.

There are around 200 outlets - hypermarkets, supermarkets and superstores - in Kenya (Insight retail magazine, 2011). The five largest players measured by year ending 2012 sales turnover and retail chain network are: the Nakumatt, Tuskys, Naivas, Uchumi and Ukwala supermarkets (Insight retail magazine, 2011) , because of intense competition they have all had to consider loyalty programmes.

Loyalty programmes comprise integrated systems of marketing actions and communication that aim to increase buyer / customer loyalty, repeat buying, and reduce switching costs by providing economical, hedonist, informational, functional, and sociological or relational rewards (Gable, 2008). They are thought of as activities that offer incentives (rewards) to customers based on evidence of loyalty (purchase frequency or amounts).

## **1.2. Statement of the Problem**

Despite the significant findings of the pilot study and existing literature on prevalence of polygamous loyalty amongst the retail chains' loyalty programmes' holders, much is unknown about the drivers or factors influencing this phenomenon.

This is despite the empirical evidence that possession of at least a competitor's loyalty programme negatively affects the share of purchases and the share of visits in the store (Magi, 2003 and Waarden, 2007). Comparatively, little empirical research is available that examines the drivers of this phenomenon in the retail industry in Kenya. The rise and expansion of retailers in Kenya has contributed to high competition among retailers which has led to the growth of loyalty programmes as a structured marketing effort used to retain customers; for example report by Insight retail magazine (2011) suggests that there are around four million loyalty programme holders across the five largest retailers in Kenya.

To earn a programme point, loyalty scheme holders and shoppers have to spend a minimum of Kenya shillings one hundred; one programme point is equal to one Kenya shilling. On average, retail chains spend more than five hundred million shillings to service and retain the loyalty programmes (Insight retail magazine, 2011). Given these figures, the industry desperately needs rigorous empirical evidence regarding the effectiveness of loyalty programmes as a retention tool and strategy. In response to the scarce empirical evidence, contribution to this body of knowledge and to bridge this knowledge gap, this study seeks to investigate the drivers of polygamous loyalty among the retail chains loyalty programme holders in Kenya.

### **1.3. Objective of the Study**

The present study sought to establish factors that influence polygamous loyalty among retail chains' loyalty programme holders in Kenya.

### **1.4. Research Question**

The current study sought to address the following question: What drives polygamous loyalty among retail outlets' loyalty programme holders in Kenya?

### **1.5. Study Hypotheses**

#### **1.5.1. Satisfaction and Polygamous Loyalty**

Loyalty and satisfaction are related (Komunda and Osarenkhoe, 2012). Similarly, Sousa and Voss (2009); Morrison and Huppert (2010), posit that higher satisfaction has been proposed to be related to higher loyalty. To Komunda and Osarenkhoe (2012), satisfaction is only of value to firms if it elicits some kind of positive financial outcome.

Study by Morrisson and Huppertz (2010) posit that a firm's market share comes from three sources. First, those customers who switch to the company from other firms; second, new customers to the market who choose the company for their initial purchase and, third, those customers retained by the company from the previous time period. Komunda and Osarenkhoe (2012) continue to aver that service management literature suggests that profitability and growth are largely determined by loyalty, and that behavioural loyalty itself is a direct result of customer satisfaction.

Other studies for example Alonso (2000); Salmones *et al.* (2009) and Thiele (2005) while measuring loyalty in terms of duration of relationship established a positive relationship between the two variables. Empirical studies Bodet (2007) and Pollack (2009) have indicated a positive relationship between overall satisfaction and attitudinal loyalty as well as customer satisfaction and loyalty respectively. Hence this leads to the following hypotheses;

*H1o: There is no significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders.*

*H1: There is a significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders*

### **1.5.2. Alternative Attractiveness and Polygamous Loyalty**

As conceived by Kuusik and Varblane (2009) all industries suffer from voluntary churn, the decision by the customer to switch to another company or service provider. The globalisation of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term

success is no longer achieved through optimised product price and qualities, posit Kuusik and Varblane (2009).

Alternative attractiveness is conceptualised as the client's estimate of the likely satisfaction available in an alternative relationship (Sharma and Patterson, 2000). Further, as suggested by Sharma and Patterson (2000) lack of attractive alternative offerings has been suggested to be a favourable situation to defend clients.

This is the same if clients are unaware of attractive alternative suppliers, then they may well stay in a relationship even when it is perceived as less than satisfactory (Sharma and Patterson, 2000). However, Sharma and Patterson (2000) aver that customers may opt or decide to review or terminate the current relationship and go to a new service provider if they perceive the alternative to be attractive due to the availability of better service, the proximity of location and the availability of a full range of services (Sharma and Patterson, 2009). We, therefore, propose that;

*H2o: There is no significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders.*

*Ha2: There is a significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders.*

### **1.5.3. Loyalty Programme Service Quality and Polygamous Loyalty**

In a loyalty programme setting, service quality refers to the overall experience of customers in applying, renewing, updating accumulating, redeeming and using the programme (Nor Omar and Musa, 2011). Loyalty programme service quality (LPSQual) as



an emerging issue in relationship marketing remains underdeveloped until its key dimensions have been identified and operationalised (Nor Omar and Musa, 2011). Shugan (2005) argues that the design and implementation of loyalty programmes is an important and growing area of research that needs further theoretical development.

In agreement, Waarden (2008) postulates that most providers produce similar programmes that cause the loyalty programme to lack distinctiveness. Drawing from this view, Mauri (2003) observes that the programme's rewards are then no longer appealing or different. Mauri continues to observe that due to lack of clear differentiation of the loyalty programmes consumers will move from one programme to another in response to specific promotional campaigns.

Omar and Musa (2011) identified an existence of a gap between customers' expectations of loyalty programmes and the retailer's estimation of those expectations. Omar and Musa acknowledge, then, that in an increasingly competitive global environment, there is growing evidence that investment in service quality improvements enhance customer satisfaction and build long-term relationships between providers and customers. This leads to the study hypotheses;

*H3o: There is a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.*

*Ha3: There is a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.*

#### **1.5.4. Store Brands Attitude and Polygamous loyalty**

Kremer and Viot (2012) posit that stores' brand ability to build retailer brand has direct relevance to loyalty, regardless of the store or to the retailer as a chain. In recognising this Lujten and Reijnders (2009) and Steenkamp *et al.* (2004) have suggested that retailers have become aware of this new advantage which goes beyond their immediate profitability. Reijnders and Steenkamp *et al.*; continued to suggest that store brands could also play a role in the process of positioning the retailer's shop formula as a brand.

Similarly, Corstjens and Lal (2000) analytically demonstrated that store brands can not only generate retail differentiation but also store loyalty and store profitability if the quality of the store brand is sufficiently high. To support the foregoing, studies by Ailawadi *et al.* (2008) found a significant positive relationship between store brand share and wallet share. The higher store brand share increases wallet share, the greater wallet share increases store brand share (Ailawadi *et al.* 2008). This discussion then leads to the following study's hypotheses;

*H4o: Retail chain's brand attitude has no significant relationship with polygamous loyalty among retail chains' loyalty programme holders.*

*Ha4: Retail chain's brand attitude has a significant relationship with polygamous loyalty among retail chains' loyalty programme holders.*

#### **1.5.5. Price Perceptions and Polygamous Loyalty**

Loyal customers are willing to pay a premium even if the price has increased because the perceived risk is very high and they prefer to pay a higher price to avoid the risk of any change, proclaim Yoon and Kim (2000). The scholars continue to posit that long-term

relationships of service loyalty make loyal customers more price tolerant, since loyalty discourages customers from making price comparison with other products by shopping around.

Studies, such as those by Alvarez and Casielles (2004) postulate that perception of loss has an inverse relationship with brand utility and purchase orientations, therefore, when the consumer has perceptions of loss, brand (store) utility will diminish and the likelihood of purchase will also go down. In continuation, Alvarez and Casielles posit that the same is true; when the consumer experience perception is for gain, he or she will be more inclined to purchase from the store or brand.

Building on this, Jiang and Rosenbloom (2004) position that price perception plays an increased determinant role on both post-purchase satisfaction and loyalty. In addition, Snoj *et al.* (2004) acknowledge that higher price perceptions lead to expectation of higher perceived quality and value, ultimately leading to high satisfaction levels, greater levels of consumer loyalty and retention. This, therefore, leads to the following propositions;

*H5o: There is no significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders.*

*Ha5: There is a significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders*

### **1.5.6 Service Quality and Polygamous loyalty**

Yee and Sidek (2008) conceptualise service quality as a kind of personal selling that involves direct interactions between salespeople and potential buyers. In continuation, Yee

and Sidek method that consumers like to shop at specific stores because they like the services provided and are assured of certain service privileges. The two scholars lay a claim to, the proposition that impact of salespeople-consumer relationships will generally result in long-term orientation of consumers towards the store or brand and trust in salespeople, relates well to the overall perceptions of the store's service quality, and results in the consumer being totally satisfied with the stores in the end.

Leung and To (2001) narrow down on the attribute of personalisation (i.e. reliability, responsiveness, personalisation and tangibles). Leung and To (2001) go ahead to posit that personalisation attribute significantly influences consumers' experience, evaluation of service, and in turn, affecting the loyalty of consumers.

Wong and Sohal (2003) examined the effect of service quality and customer loyalty on two levels of retail relationships: person-to-person (salesperson level) and person to firm (store level) and found a positive relationship between service quality and customer loyalty. Similarly, Davids (2007) postulates that consumers are more likely to become loyal to a store in the presence of a relationship between them and an employee.

Conceivably, studies such as Sivadas, and Baker-Prewitt (2000) ; Wong and Sohal (2003); Yee and Sidek (2008 ) have viewed quality service as a vehicle for ensuring satisfaction by increasing value for customer with understanding that customers who are satisfied with service quality are likely to remain loyal. Based on the existing literature on the relationship between service quality and loyalty, the study derives the following propositions;

*Ho6o: There is a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders.*

*Ha6: There is a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders*

### **1.5.7 Trust and Polygamous Loyalty**

Ling *et al.* (2011) viewed trust as one of the critical elements in creation of successful relationships whether for business-to-business market or business-to-consumer market. Scholars for example Sirdeshmukh *et al.* (2002); Weun *et al.* (2004); Cunha *et al.* (2009) have demonstrated that trust is logically and experientially a critical variable in relationships. Studies by Rod and Ashill (2010) and Sirdeshmukh *et al.* (2002) have supported the importance of trust in explaining loyalty. In particular, Rod and Ashill (2010) discerned trust as sometimes as having two components: performance or credibility trust and benevolence trust.

In a business-to-business context, Rod and Ashill (2010) established presence of strong effects for credibility trust on relationship commitment. Other studies, Morrisson and Huppertz (2010) have also suggested the existence of an effect credibility trust on loyalty. In conclusion, as conceived by Komunda and Osarenkhoe (2012) consumers who are not willing to trust a vendor in a competitive marketplace are unlikely to be loyal. The study thus hypothesises that;

*H7o: There is no significant relationship between trust and polygamous loyalty among retail chains' loyalty programmes holders.*

*Ha7: There is a significant relationship between trust and polygamous loyalty among retail chains' loyalty programmes holders*

### **1.5.8 Perceived Value and Polygamous Loyalty**

Perceived value is often described as the outcome of a cost-benefit comparison process (Burnham *et al.* 2003). Linking the elements related to perceived value to switching costs, Edward and Sahadev (2011) method that when customers' perceived value or satisfaction is high, chance of searching for a better service from another provider is not likely to be high. Particularly, Yang and Peterson (2004) suggest that managers can create switching barriers by focusing on improving perceived value to a higher level. Tarus and Rabach (2013) in their study on factors influencing customer loyalty in Kenya's mobile telephone service providers conceived customer perceived value as emanating from rewards and sacrifices associated with purchase decisions.

While citing Yang and Peterson (2004), Tarus and Rabach posit that the sacrifice is the monetary and non-monetary costs such as time consumption, energy consumption and stress experienced by the customers, while the rewards are the benefits derived from the purchase decisions such as satisfaction. Thus in conclusion, Tarus and Rabach (2013) believe that customer value is a trade-off between total benefits received to total sacrifices made, taking into consideration the available suppliers' offering. Other studies such as Sirdeshmukh *et al.* (2002) ; Yang and Peterson (2004); Aydin and Ozer (2005) demonstrated that perceived customer value enhances customer loyalty toward a particular product or service on condition that such exchanges provide superior value. Hence, from the above discussions, the following hypotheses are proposed:

*H8o: There is no significant relationship between perceived value and polygamous loyalty among retail chains' loyalty programmes holders*

*Ha8: There is a significant relationship between perceived value and polygamous loyalty among retail chains' loyalty programmes holders*

### **1.6. Purpose of the Study**

The purpose of the present study was to identify drivers (factors) of polygamous loyalty and the extent of factors influence. The dependent variable conceptualised to be influenced by the independent variable in the study was polygamous loyalty. The independent variables influencing the outcome of the dependent variable included satisfaction, alternative attractiveness, loyalty programme service quality, store's brand attitude, price perceptions, service quality, trust and customer perceived value. The instrument used to gather the quantitative data was a self-administered questionnaire examining the components of independents variables of the study. To validate the survey instrument and analysis methods, a pre-test was conducted before the tool was administered. The measurement scales were adopted from previous studies and literature.

Secondly, purpose of this research was to analyse the effectiveness of a predictive model in determining factors influencing polygamous loyalty among a retail chain's loyalty programme holders. This was performed by analysing the significance of relationships between the study's conceptualised independent variables and polygamous loyalty among retail chains' loyalty programme holders in Kenya.

Lastly, the study sought to operationalise the concept of polygamous loyalty. To achieve this purpose measurement for polygamous loyalty, the study's dependent variable, spurious loyalty, was adopted as the proxy variable and the measure adopted from Muncy (1996) and Van Trijp *et al.* (1996) chosen for its similarity in characterisation as conceptualised by Dick and Basu (1994).

### **1.7. Significance of the Study**

The managers in retail industry design and develop loyalty programmes for several reasons that include; rewarding loyal customers, generating information, manipulating consumer behaviour, and as a defensive measure to combat a competing scheme. However, with existence of the above phenomenon these objectives may not be realised.

The findings of this study add valuable information to the body of knowledge on how to lead marketing efforts more successfully using improved loyalty creation and retention strategies. As earlier stated, there are around two million five hundred thousand loyalty programme holders across the five largest retailers in Kenya (Insight retail magazine, 2011). Given these figures, the industry desperately needs rigorous empirical evidence regarding the effectiveness of loyalty programmes. The conclusions from this research aid in filling this void.

The findings of this study, will contribute in the development of an organising framework for relationships, which are exceptionally important in an applied discipline such as retailing. Results from this study also provide marketing leadership with added knowledge



of a consistent approach to employ successfully retention and relationship marketing techniques.

Comparatively little empirical research is available that examines drivers of this phenomenon in the retail industry in Kenya. This is despite studies acknowledging that a loyalty programme does have a positive impact on increasing customer loyalty Noordhoff (2004); Wilson and Turner (2006). In response to the scarce empirical evidence and to bridge this knowledge gap, this study sought to investigate the drivers of polygamous loyalty among the retail chain loyalty program holders hence making a contribution to this debate. To academia, the results of this study are significant and of interest since they would set a precedent for future research.

### **1.8. Study Assumptions**

The study assumed that the sample population would be a representative of the study's target population, the respondents would answer all the questions correctly and freely and that they would respond within the given timeline. The study also assumed that retail stores' management would be cooperative allow the study to be carried out within their premises. The study assumed that the results and the findings would answer the research question, solve the problem situation and be generalisable. The study also assumed that there was no one single model that can be applied to establish the relationships between the present study's conceptualised variables. In conclusion, the study assumed that the proposed study model would be used in future studies to explore the area of the study further.

### **1.9. Scope and Delimitations**

The characteristics that limited the scope of the research include the choice of the research question and hypotheses, and variables of interest, since the study only investigated the relationships between variables and the findings used to answer the stated research question. Secondly, this study was focused on the investigating factors that influence polygamous loyalty among retail chains' loyalty programme holders in the five largest retail chains by branch network size and sales turnover- Nakumatt, Tusksys, Uchumi, Naivas and Ukwalla (Insight retail magazine, 2011).

The researcher limits this study to a sample size selected from the sampling frame of a segment of the target population group; shoppers who were members of retail chains' loyalty programmes in Nairobi, Mombasa, Nakuru and Eldoret, all with urban settings in Kenya. The primary objective of the study was to establish if significant relationships exists between the study variables.

As an addendum, the study included a chosen problem itself; intrinsically there are other associated problems that could have been chosen but were rejected, hence excluding certain territory which the researcher viewed as not being interesting, directly relevant and to some extent too problematic because of the large scope against limited time and resources.

### 1.10. Definition of Terms

**Polygamous Loyalty:** Customers' membership to several loyalty schemes in the same industry or category (Mauri 2003; Yim and Kannan 1999; Davies 1998; Passingham 1998; Dowling and Uncles 1997; Ehrenberg, 1988)

**Store Satisfaction:** Pleasurable fulfillment; that is, consumption that fulfills customers' desirable goals and needs in a pleasurable manner (Oliver, 1999)

**Alternative Attractiveness:** The client's estimate of the likely satisfaction available in an alternative relationship (Rusbult, 1980; Ping, 1993; Sharma and Patterson, 2000)

**Loyalty Programme Service Quality:** Synergy of loyalty programmes attributes; programme policy, tangibility, communication and personalisation to meet the programme holder's expectations (Vesel and Zabkar, 2010)

**Store Retail Brands:** Referred to as retail brand (RBs); products bearing the store brand, own labels/brands, private labels and private-label brands or store brands other than what is supplied by the national manufacturers or distributor to the store (Semeijn *et al.* 2004)

**Price Perception** How customers see a product's price; as high, low or fair (Schiffman and Kanuk, 2004)

**Service Quality:** Correspondence of services to customers' expectations, satisfaction of needs and requirements (Lewis and Mitchell, 1990; Gronroos, 1990, 1984; Parasuraman *et al.* 1985, 1988)

**Trust:** Penchant of willing to rely on another party in whom one has confidence on (Moorman *et al.* 1992; and Ling *et al.* 2011)

**Customer Perceived Value:** Value that a customer associates with a specific product or service (Hansen *et al.* 2013)

### **1.11. Chapter Summary**

Chapter One provided the background, statement of the problem, the objective of the study and research question. Similarly, the chapter also covered the study hypothesis, the purpose of the study, the significance of the present study, assumptions and the scope. The next section Chapter Two extends the research elements discussed in Chapter One in a literature review.

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## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

The chapter reviews literature with the objective of establishing the limitations of the present empirical research on polygamous loyalty and thereby postulating the rationale for the contribution that the study seeks to offer. Grounded on theories underpinning customer loyalty, the study builds on relationship marketing literature by examining the nature of loyalty programmes as loyalty building strategy.

An overview of both the retail chains and loyalty programmes are explored and then contextualised into the Kenyan scenario. The reviewed literature then focuses on hypothesised factors thought to influence polygamous loyalty among the retail chains' loyalty programme holders in Kenya. These factors included; satisfaction, alternative attractiveness, loyalty programme service quality, store brand attitude, price perceptions, service quality, trust and customers' perceived value.

The chapter is organised in several sections; section 2.0 provides an introduction into the chapter. Section 2.2 is on theories underpinning the study. An overview of marketing literature is covered in section 2.3, while section 2.4 covers existing literature on loyalty programmes. Section 2.5 comprises a review of the retail sector both at the global level and Kenyan context. Sections 2.6 and 2.7 explore the study's dependent and independent variables respectively. Section 2.8 presents the study's operationalisation framework, while section 2.9 highlights the research gaps. Lastly, the study's conceptual framework is presented in section 2.9.

### **2.1.1. Consumer Loyalty**

Reviewed literature reveals existence of considerable discussions and dimensions on definition of loyalty. For example, Brown (1952); Day (1969) and Jones and Sasser (1995) conceptualised loyalty as a form of repeat purchase while Anderson and Weitz (1989); Wilson (1995) as relationship continuance. Oliver (1997), conceived loyalty as a deeply held commitment to rebuy or repatronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour. Yet other studies such as Keller (1993); Dick and Basu (1994); Baldinger and Rubinson (1996); Oliver (1997; 1999) suggested that consumer loyalty was a relationship between relative attitude towards an entity and repeat patronage behaviour.

Similarly, Jacoby and Chestnut (1978) as cited by Jensen (2011) quote 53 definitions concluding that there exists a considerable number of different brand loyalty measures, which can be categorised as either behavioural (e.g. number of repeat purchases of the same brand) or attitudinal (for example, preferences for a particular brand to other alternatives) or a combination of these.

Recent studies, Dowling and Hammond (2003) and Garland and Gendall (2004) conceptualised customer loyalty in three different ways; loyalty as favourable attitudes or beliefs towards a brand with manifestation to emotional brand attachment, second, in terms of behaviour, the regular purchasing of a particular brand and, finally, as contingency approach.

## 2.2. Theories Underpinning the Study

Traditional theories and proponents conceived loyalty solely from behavioural perspective. One such theory is the Fishbein Behavioural Intentions (FBI) model which sought to understand the important motivations underlying a given behaviour. The model postulated that intention, viewed as the immediate antecedent of behaviour, is determined by an attitudinal or personal component and a normative or social component (Fishbein and Ajzen, 1975). Similarly, the expectancy-value (EV) Fishbein and Ajzen (1975) posited that beliefs and values had a relationship with the attitude towards an item or action (behaviour).

In tandem the theory of reasoned action (TRA) Fishbein (1980) sought to discern what leads customers to certain buying behaviours. However, TRA differed with both the FBI and EV in that it introduced normative influences into the overall model and a causal relationship between the two antecedents and intention (Ha, 1998). TRA asserted that attitude toward buying and subjective norm are the antecedents of performed behaviour (Ha, 1998).

Lutz (1991) while building on Fishbein's work offered two important propositions to the theorem. First, as cited by Ha (1998) to predict purchase behaviour, it is necessary to measure a person's attitude toward performing that behaviour, not just the general attitude toward the object around which the purchasing behaviour is. Second, in addition to the attitude toward the behaviour, TRA includes a second determinant of overt behaviour: the subjective norm (SN). SN is intended to measure the social influences on a person's behaviour (Ha, 1998).

Critics of behavioural theories such as Day (1969); Jacoby and Chestnut (1978); Keller (1993); Dick and Basu (1994); Baldinger and Rubinson (1996) questioned the appropriateness of defining loyalty solely by behavioural perspective. These researchers argued that repeat purchase may be caused by factors other than loyalty (Ha, 1998). For example, a consumer's repeat purchasing may be caused by the consumer's preference for convenience or reflect situational constraints, such as the actual brands carried by the retailer (Day, 1969; Jacoby and Chestnut, 1978; Foxall and Goldsmith 1994; Mellens *et al.* 1996; Reichheld, 1996). These researchers believed in a different predisposition of true loyalty implied in both a consistent purchase pattern of a specific brand over a period of time and a favourable attitude toward the brand.

Studies, such those by Dick and Basu (1994); Zeithaml (2000); Chaudhuri and Holbrook (2001) took a common approach that encompassed both the behavioural and attitudinal perspective loyalty and sought to distinguish between a consumer's attitudinal loyalty and behavioural loyalty. Building on behavioural theorists Dick and Basu (1994) offered a framework that viewed loyalty in three dimensions (categories) while Goldsmith (1994); Mellens *et al.* (1996); Reichheld (1996) conceived loyalty in three models. Oliver (1997) proposed a four-stage loyalty model.

To Raphael and Raphael (1995); Banks and Daus (2002) and Narayandas (2005); loyalty was like a ladder with rungs going up and a possibility of descending. Informed by literature, this study, therefore, focused on loyalty from both behavioural and attitudinal perspectives, hence grounded on these prepositional theorems.



### **2.2.1. Loyalty Typology (Dick and Basu (1994))**

The present study is anchored on the typology model proposed by Dick and Basu (1994) that depicted loyalty as a two-dimensional construct involving relative attitude and repeat patronage (Garland and Gendall, 2004). The typology conceptualised customer loyalty as a relationship between relative attitude toward an entity (for example, brand/service/store/vendor) and repeat purchases (Jensen, 2011). As cited by Rowley and Dawes (1999) the strength of the relationship between relative attitude and repeat patronage was conceived to have both attitudinal and behavioural elements. Dick and Basu's (1994) framework introduced the concept of "relative attitude" as a composite of attitudinal differentiation and attitudinal strength (Jensen, 2011). This was also conceived as brand parity by (Munch, 1996).

The Dick and Basu model emphasised that if the consumer is unable to differentiate among alternatives and/or sees no or very few differences between alternatives, relative attitude will be low, and will result in the absence of true loyalty (Jensen, 2011). Further, Dick and Basu posited that relative attitude is at its highest when influenced by high attitudinal strength, equivalent to the concept of repeat patronage (Jensen, 2011). The Dick and Basu typology framework divided loyalty into four categories or groups; true loyalty, latent loyalty, spurious loyalty and no loyalty (Rowley and Dawes, 1999; Jensen, 2011; Garland and Gendall, 2004). The typology framework's four loyalty categories are depicted in table 2.1.

**Table: 2.1 Dick and Basu (1994) Definition of Categories of loyalty**

		Repeat Patronage	
		High	Low
Relative Attitude	High	True loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty

Source: (Dick and Basu, 1994)

**No loyalty:** Characterised by a low relative attitude combined with no or limited repeat purchases (Jensen, 2011; Rowley and Dawes, 1999; Garland and Gendall, 2004). Consumers, therefore, see few differences between alternative brands/ products/ store or service. Brand switching is common and likely to be caused by situational factors; for example, sold out situations or price deals on competing alternatives (Jensen, 2011).

**Spurious loyalty:** Characterised by frequent purchases of a brand/ product/service or store visit but has no relative attitude or preferences for this particular brand/product/store/service (Rowley and Dawes, 1999). Since spurious loyal consumers lack true preferences to a product/store/brand/service, they easily switch to another brand because of situational circumstances such as a competing brand/store/service/ product on sale or promotional campaign. This behaviour is very common on the grocery product market (Dick and Basu, 1994; Rowley and Dawes, 1999; Jensen, 2011; Garland and Gendall, 2004).

**Latent loyalty:** Dick and Basu (1994) conceptualised latent loyalty as being characterised by a strong attitude or preference for a particular brand, but with no or a limited number of customers purchasing the brand. To Dick and Basu (1994); Jensen (2011) various factors

may give rise to preferences without repeat purchases. For example, consumers occasionally buying their groceries in different stores may not be able to purchase their preferred brand each time Jensen, (2011).

**True loyalty:** true loyalty is said to exist when a high level of repeat purchases is due to high relative attitude or preference for a particular brand (Jensen, 2011; Garland and Gendall, 2004; Rowley and Dawes, 1999). Loyal consumers are less likely to be influenced by situational factors, are less motivated to search for alternatives, are more resistant to counter persuasion from competitors, and are more likely to act as ambassadors passing along positive (WOM) word of mouth to other consumers (Dick and Basu, 1994; Jensen, 2011).

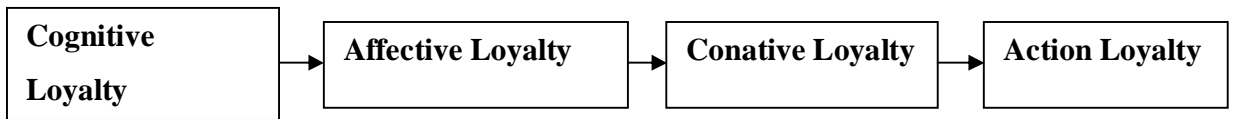
Summing Dick and Basu's (1994) typology model, therefore, implies that there are two extreme levels of loyalty; true loyalty indicating a high level of repeat purchasing and a high level of relative attitude and no loyalty constituting consumers who neither perceive brand differences nor make any repeat purchase (Jensen, 2011). By extending the three component attitude theory Allen and Meyer (1990), Dick and Basu suggested three factors (attitudinal antecedents) that affect loyalty relationship. These antecedents of loyalty relationship were identified and categorised into: Cognitive antecedents, associated with a "rational" decision making based on informational determinants; Affective antecedents, associated with feelings about the product or service; and Conative antecedents, or those associated with a behavioural disposition (Dick and Basu, 1994; Rowley and Dawes, 1999; Jensen, 2011).

### **2.2.2. Oliver's (1997) Four-Stage Loyalty Model**

Suggesting that literature on loyalty lacked a unitary approach, Oliver's (1997) four-stage loyalty model conceived loyalty as a matter of degree of commitment of consumer and lay on a continuum (Sivadas and Prewitt, 2000). Drawing on the work of Jacoby *et al.* (1978), Oliver viewed customer loyalty as a deeply held commitment to rebuy or repatronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour that progresses in four phases, with each phase representing a greater degree of loyalty (Blut, Evanschitzky, Vogel and Ahlert, 2007; Amy and Sohal, 2003; Sivadas and Prewitt 2000).

This perspective had its support from other studies such those by Blut *et al.* (2007); Bloemer and Kasper (1995). The model implied that different antecedents of consumer loyalty do not emerge simultaneously, but rather consecutively over time (Oliver, 1999). Similarly, Blut *et al.* (2007) posited that the model extended the loyalty sequence through inclusion of an observable behaviour, such as actual purchase behaviour. Studies such as those by Blut *et al.* (2007) argued that at each loyalty stage, different factors influencing loyalty may be identified and therefore detectable. Four stages of Oliver's loyalty model are depicted in figure 2.2 below.

### Four Stages of Oliver's Loyalty Model



**Figure: 2.1: Source: (Oliver, 1997; Sivadas and Prewitt, 2000)**

#### 2.2.2.1. Cognitive loyalty

Cognitive loyalty is characterised as the first phase of the model. Oliver (1997) believed that in this phase, consumers may continue to patronise one store (over others) based on some compelling reason, e.g. one store has lower prices or better service than other stores (Sivadas and Prewitt 2000; Oliver, 1997). This is depicted as the weakest loyalty in the model (Blut *et al.* 2007).

In continuation, Blut *et al.* (2007) argued that in this stage loyalty is directed at costs and benefits of an offering and not at the brand itself and as soon as another store offers more attractive prices or better service the consumer may switch to alternative offerings if they perceive them as superior with respect to cost-benefit ratio (Kalyanaram and Little, 1994; Sivakumar and Raj, 1997). Loyalty at this stage is solely propelled by functional characteristics therefore consumers' commitment towards a store may not be very strong (Oliver, 1997). Consumers may switch during this stage when faced with non-competitive performance. While agreeing with Oliver's proposition, Sivadas and Prewitt (2000) viewed consumers' evaluation of service quality as a good indicator of their cognitive loyalty.

#### 2.2.2.2. Affective loyalty

The next stage in Oliver's model is affective loyalty. Oliver posits that affective loyalty relates to a favourable attitude towards a specific brand. He believed that attitude itself is a

function of cognition for example expectation (Blut *et al.* 2007). According to Bitner (1990) satisfaction was a precedent of expectancy confirmation which in turn effectuates affective loyalty. Oliver argues that this form of loyalty was stronger in addition to cognition; at this stage loyalty is driven by prior attitudes toward a particular store and at a later stage by satisfaction.

Oliver later on defined satisfaction as consumer's fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant. He believed that this stage of loyalty was a stronger form of loyalty in that in addition to "counter argument" it solely would not dislodge consumer's loyalty since it was also based on affect. At this stage consumer's loyalty is a function of both attitude and satisfaction (Oliver, 1997). Earlier studies by Sambandam and Lord (1995) believed that affective loyalty was also subject to deterioration, caused primarily by heightened attractiveness of competitive propositions and offerings and enhanced liking for competitive brands. This is, for instance, conveyed through imagery, advertisement and brand association used in competitive communications (Oliver, 1999).

#### **2.2.2.3. Conative loyalty**

The third stage of loyalty in Oliver's model is conative loyalty. This stage is characterised by consumer holding "commitment to buy" and exemplified by intentions to purchase and actions such as WOM (word of mouth) recommending the store to others (Oliver, 1997). Oliver further postulates that factors such as repeated delivery failures are a particularly strong in diminishing conative loyalty. As cited by Blut *et al.* (2007) consumers may try alternative offerings if frequent service failures are experienced. Oliver (1999), drawing on

his earlier work, posited that though the consumer is conatively loyal, he/she has not developed the resolve to avoid considering alternative offerings.

#### **2.2.2.4. Action Loyalty**

The final stage of loyalty is action loyalty, this being as a result of the confluence of the preceding three stages (Oliver, 1997). To the scholar, action is the necessary result and the resultant of three previous loyalty states may be a readiness to act (in this case, to buy). This readiness is accompanied by the consumer's unwillingness to search for the favourite offering despite considerable effort necessary to do so (Blut *et al.* 2007). Competitive offerings are not considered as alternatives (Oliver, 1997).

#### **2.2.3. Loyalty Ladder Model**

Proponents of loyalty ladder model such as Raphael and Raphael (1995); Banks and Daus (2002); Narayandas (2005); Mascarenhas *et al.* (2006) believed that loyalty was like a ladder with rungs going up and a possibility of descending. In particular, Mascarenhas *et al.* (2006) postulate that loyalty was a multidimensional loyalty ladder which was a function of major variables such as value differentiation, provider-interaction, and engaging experiences among others. To the scholars, these variables had both horizontal by row and vertical by column interactions that impacted on each rung of the loyalty ladder bottom-upwards. Mascarenhas *et al.* further suggested that consumer loyalty is a function of the consumer's perception of congruence in values with either the product or service provider. To Mascarenhas *et al.* the higher the consumer's congruence in values, the higher is customer loyalty. The scholars conceptualised value as "the consumer's perception of

the benefits minus the costs of maintaining an ongoing relationship with a provider (pp.400).”

Earlier study according to Raphael and Raphael (1995) conceived of a five - rung loyalty ladder of; prospects (individuals who may be interested in firm’s products or services), shoppers (individuals who visit the business), customers (individual who do the actual purchasing of one or more of the firm’s offerings or services), clients (clients who regularly patronise the firm) and advocates (individuals who give positive referrals to the firm’s offering or services). Extending the model, Banks and Daus (2002) suggested the sixth rung; the evangelisers made up of loyal customers who often try to convert friends and peers who are using competitors’ offerings or services.

Recent studies, for example, Narayandas (2005) drew an association between certain hierarchy of customer behaviours and the loyalty ladder. For instance, the scholar posits that loyalty could be initiated by some random first-time brand purchases and if the benefits remain consistently positive then repeat purchase is reinforced. Narayandas (2005) methods further that when repeat purchases are followed by recurrent purchases and quantity purchases, this could indicate higher levels of loyalty that prompts life-long endorsements. Figure 2.3 below depicts Narayandas’ (2005) loyalty ladder hierarchy:



<b>Brand community purchase</b>	Highly differentiated and socially visible brand value generates unique customer community bonding values. Personal and social, brand and industry risks are minimal. <b>Community branding</b>	Increasing and long-established buyer-buyer and seller-manufacturer bonding relationships	Unique product or service brand community bonding and enhancing experience in shopping, purchase and use. <b>Lasting customer loyalty</b>
<b>Lifetime family purchases and commitment</b>	Highly differentiated brand value generates unique customer and family values. Personal and family, brand and industry risks are minimal. <b>Family Branding</b>	Increasing and long-established buyer-family and seller bonding relationships	Unique product or service positive, socially bonding, and indispensable experience in shopping, purchase and use
<b>Total category purchase</b>	Perceived brand's most superior net benefits compared to competing brands and substitutes. Personal risk is minimal. <b>Personalization</b>	Increasing and long-established buyer-seller relationships	Unique, engaging and self-actualizing product or service experience in shopping, purchase and use
<b>Regular brand purchase</b>	Perceived brand's increasingly superior net benefits compared to competing brands and substitutes. Industry risk is minimal. <b>Institutionalization</b>	Increasing long-term buyer-seller bonding relationships	Unique and reinforcing positive product or service experience in shopping, purchase and use
<b>Frequent brand purchases</b>	Perceived brand's superior net benefits compared to competing substitutes. Product risk is at minimum. <b>Satisfaction</b>	Increasing long-term buyer-seller relationships	Unique positive product or service experience in shopping, purchase and use
<b>Referral brand purchases</b>	Perceived brand's superior net benefits are shared with other potential buyers. Social risk is at minimum. <b>Value equity</b>	Growing buyer-buyer WOM sharing of perceived benefits and values	Inter-buyer expectations regarding product or service fulfilled
<b>Repeat brand purchases</b>	Perceived brand's superior net benefits compared to competing brands. Brand risk is at minimum. <b>Brand equity. Evoked set</b>	Growing buyer-seller relationships.	Positive customer satisfaction beyond expectations
<b>Random brand purchase</b>	Perceived product's net benefits are high. <b>Awareness set</b>	One-time buyer-seller contact	Customer expectations regarding product or service fulfilled
<b>Customer Loyalty Ladder</b>	<b>Differentiated Value Ladder</b>	<b>Interactive Relationship Ladder</b>	<b>Total Customer Experience Ladder</b>
<b>Total Customer Experience as:</b>			

**Note:** Read from bottom row upwards



**Figure 2.2 Loyalty Ladder Model; Source: (Narayandas, 2005).**

Drawing on the loyalty as a ladder model, Mascarenhas *et al.* (2006) postulated that, loyalty was not a one-step process, but a long ascending process consisting of many sequential steps. The scholars continued to posit that, each of the rungs of the ladder was partial or quasi loyalty; for example repetitive behaviour, brand interest. Mascarenhas *et al.*

(2006) believed that loyalty can move upwards or downwards, depending upon how the customer experiences at a given point in time, hence loyalty was an interactive and interdependent process, which encompassed a buyer-seller relationship, ultimately generating relational equity. Further, Mascarenhas *et al.* (2006) suggested that the higher in the ladder, the stronger was customer loyalty and conversely, the lower in the ladder, the more vulnerable was customer loyalty. In conclusion, Mascarenhas *et al.* viewed loyalty as a step by step accumulative process, and given the vivacity and dynamic nature of consumers' preference, tastes and lifestyles ascendance loyalty is a slower process than descending one.

Drawing from the above discussion on grounding theories, the present study adopted a two-dimensional composite of attitude and behaviour to describe loyalty with the understanding that this descriptive substantially increases the predictive power of loyalty (Hallowell, 1996; Pritchard and Howard, 1997). Studies such as those by Day (1969) ; Jacoby and Kyner (1973); Backman and Crompton, (1991); Pritchard et al.(1992); Hallowell (1996); Pritchard and Howard (1997) support the application of the a two-dimensional composite measurement approach as a valuable tool to understand customer loyalty in several fields, such as retailing, recreation, upscale hotels and airlines.

### **2.3. Relationship Marketing Managerial Philosophy**

Abratt and Russell (1999) state that “at the centre of the relationship marketing philosophy is the proposition that making the most out of existing clients is essential for long-term profitability (pp.5)”, Abratt and Russell continue to state that “keeping clients, by

developing relationships with them, is crucial to establishing and maintaining a competitive advantage in the market (pp.5)”.

Drawing on the above predisposition of relationship development, Ennew and Binks (1996) opined that a lot of attention in both theory and practice of marketing has been focused on new customer acquisition by new product development to satisfy specific needs. While concluding, the two scholars posited that higher relative cost associated with customer acquisition has shifted firms’ emphasis to building and maintaining long-term customer relationships to improve performance and profitability.

Hakansson and Waluszewski (2005) highlighted that most marketing literature still features the 4Ps as the central, coordinating concept around which the many other aspects of marketing practice are organised. However, one major alteration to this approach has come with the advent of relationship marketing (Kim *et al.* 2012; Ndubisi, 2007; Abratt and Russell, 1999). Introduced by Berry (1983), relationship marketing was viewed as a long-term approach to marketing in the service context.

The proponents of relationship marketing such as Webster (1992); Payne (1995); Grönroos, (1989); Clark and Payne (1995); Abratt and Russell (1999) were of the opinion that the traditional marketing mix ( 4Ps) and other marketing managerial philosophies failed to adequately capture all the key elements that ought to have been addressed in building and sustaining long-term relationships marketing.

Drawing on the above, Berry (1995) observed that technological development and increased reorganisation of potential benefits that can be derived from maturing service marketing for the firm are other additional reasons for the drive towards the development of the relationship marketing concept. Abratt and Russell (1999), however, argue that formation of such relationships is dependent on the appropriate facilitating conditions.

Abratt and Russell (1999) conceived relationship marketing managerial philosophy as having seven tenets; first, the emphasis on relationship approach rather than a transaction approach to marketing. Second, the need to understand the economics of customer retention with a view of ensuring appropriate resource allocation in targeting profitable customer segments (Abratt and Russell, 1999).

Third was integrating quality customer service with marketing more closely than previously thought (Abratt and Russell, 1999). The fourth tenet was of opinion that the traditional marketing mix (4Ps) did not have adequate elements to facilitate building and sustenance of long-term relationships (Abratt and Russell, 1999).

The fifth believed that marketing ought to be considered in a broad cross-functional context; quality service was thought to provide a solid basis for enhanced customer loyalty, retention and to a larger extent improved business performance (Abratt and Russell, 1999).

The concern of the sixth tenet is with “internal marketing” through incorporation of a framework for internal customers (staff members) relationships with customers, suppliers,

referrals sources since they influence markets and recruitment markets (Abratt and Russell, 1999).

The last tenet of relationship marketing expounded on how the principles and philosophy of relationship marketing can be applied to a wide range of diverse market domains; for example, as a means of differentiation and gaining competitive advantage (Abratt and Russell, 1999).

## **2.4 Loyalty Card Programme**

### **2.4.1 Global Overview**

Stemming from the philosophy and doctrine of relationship marketing, Reichheld (1996) believes that customer retention rates and customer share of category purchase are important metrics in customer relationship management (CRM). In agreement with this view, Mayer-Waarden (2008) argues that to maximise on these metrics, many firms use relationship marketing instruments (tools), and loyalty programmes, or frequency reward programmes.

For example, airlines reward travellers with free flights on accumulation of sufficient travel miles, hotels offer free nights to guests or return guest for staying a number of nights, telcos offer free calls while retail formats offer redeemable points and rewards (Mayer-Waarden, 2008; Rowley, 2007). Mayer-Waarden (2008) stated that “the common thread among reward programmes is the provision of (in) tangible benefits to customers as a reward for their repeated purchases of the company’s product(s) (pp. 87).” Waarden (2008), citing previous studies by Sharp and Sharp (1997); Yi and Jeon (2003), defines a

loyalty card programme as an integrated system of marketing actions that aims to make customers more loyal by developing personalised relationships with them.

Earlier studies such as those by O'Brien and Jones (1995); Gilbert (1996) and Malley (1998) trace the origin of loyalty programmes to "AAdvantage Programme" introduced by American Airlines in 1981 in the wake of industry de-regulation in 1979. The airline was then looking for a cost-effective marketing strategy with a view to fulfilling duo objectives of promoting customer loyalty and provision of consistency demand (Malley, 1998). Other airlines, hotels, retail formats and credit cards quickly copied the "AAdvantage Programme" in USA. Similarly loyalty programmes in the 1990s became popular in Europe and since then the same has been developed in Asia and the Far East (O'Brien and Jones, 1995; Gilbert, 1999).

Several studies for example Reinartz and Kumar (2002); Reinartz, (2005); Shugan (2005); Yamanouchi (2005) Rowley (2007); Mayer-Waarden (2008); Miranda and Ko'nya (2008) aver that an intense attention in customer relationships is evident in marketing practice and is most apparent in firms' significant investments in customer relationship management (CRM) systems, such as loyalty programmes; in Europe, for example, the top 16 retailers collectively spent more than \$1 billion in 2000 to manage their programmes. Similarly, studies by Yamanouchi (2005) and Shugan (2005) point out that at the end of 2003, United Airlines estimated that its loyalty programme (i.e. outstanding programme awards) represented a liability of \$717 million.

In the USA, for instance there has been a steady growth of the amount invested in customer loyalty programmes from different companies over the last 15 years with over \$1.2 billion subscribed in 2003 (Parker, 2006; Miranda and Ko'nya, 2008 ). Significant findings by De Weaver (2002) indicate that 54 per cent of Australian consumers were members of at least one loyalty programme and equally 69 per cent of them try to use a loyalty scheme as often as possible.

In agreement, Mayer-Waarden, Benavent and Caste'ran (2013) posit that customer relationship instruments, where loyalty or frequency reward programmes represent key marketing activities, are being used by many firms. Waarden *et al.* (2013) give an example of French grocery retailer Carrefour which devotes approximately 80 million euro of its annual marketing expenditure to managing its loyalty programme.

Similarly, Mayer-Waarden *et al.* (2013) cite Mayer-Waarden and Benavent (2009) who aver that the popularity of loyalty programmes is evident by the number of participant: 55 per cent of the US population, 81 per cent of Canadians, 85 per cent of UK consumers and 90 per cent of French customers are enrolled in at least one relational programme. Furthermore Mayer- Waarden (2008) cites Parker (2006) who postulated that, currently, companies spend a larger proportion of their marketing budgets on retaining existing customers than on attempting to acquire new ones.

#### 2.4.2 Kenyan Context

In Kenya, by far the largest loyalty programme is the Smart card from Nakumatt, Kenya's largest retailer by branch network backed by Equity Bank and MasterCard. Rival retailers Tuskys' magic card backed by MasterCard and Equity Bank, Uchumi's U-card, Naivas' backed by Chase Bank and Ukwala offer "specialist" variety of loyalty programmes. Membership to respective store loyalty programmes are free (Insight retail magazine, 2011).

There are around two million five hundred thousand loyalty programme holders across the five largest retailers in Kenya (Insight retail magazine, 2011). To earn a programme point, shoppers have to spend a minimum of Kenya shillings one hundred; one programme point is equal to one Kenya shilling. On average, retail chains spend more than five hundred million Kenya shillings to service and retain the loyalty programmes annually (Insight retail magazine, 2011).

On the retail format context, Miranda and Ko'nya (2008) contend that supermarkets have traditionally continuously tried to award their loyal patrons through their own loyalty schemes with point-of-sale discounts on selected items in the store. Miranda and Ko'nya (2008) continue to posit that seldom the goal of the loyalty scheme is to get their patrons' demographic data. Loyalty programmes become instruments of discrimination and individualisation of the marketing mix hence with information and observation of their patrons buying patterns, supermarkets' management hope to put together product offerings that encourage customers to stay loyal and devoted to the particular supermarket (Mayer-Waarden, 2008; Miranda and Ko'nya, 2008). Table 2.4 below shows loyalty



programmes' frequency of usage, retention rate and non-use frequency among the five leading retail chains in Kenya.

**Table 2.2: Retail Chains Loyalty Programme Frequency Kenyan Context**

<b>Retail Chain</b>	<b>Loyalty Scheme Frequency of usage while shopping</b>	<b>Retention Rate</b>	<b>Non-usage Frequency</b>
Nakumatt	86%	60%	30%
Tuskys	82%	50%	28%
Uchumi	80%	50%	34.12%
Naivas	84%	55%	19%
Ukwalla	82%	51%	22%

Source: (Insight retail magazine, 2011)

## **2.5 Retail Sector**

### **2.5.1 Global Overview**

Kumar (2008) avers that to mitigate against intense competition and market saturation, supermarkets worldwide are accessing strategies for generating new revenue streams. Kumar cites Agnese (2003) and Blisard et al. (2002) who recognise that to expand their products array, supermarkets have employed mass customisation, development of private label, home delivery and embracement of internet, and increased focus on customer loyalty programmes.

Studies (Kumar, 2008 and Agnese, 2003) posit that there are a number of factors, external (macro) and internal (micro) that impact on the supermarket industry. For example, external factors could include inflation, trends in gross domestic product (GDP), decreased population growth in establishment markets, and shifts in demographics (Kumar, 2008).

Internal factors impacting the industry on the other hand are said to include market saturation, limited market growth and competition (Kumar, 2008). In concurrence, Agnese (2003) points out that customer base in much of the world has been declining or stabilising and market demographics have shifted considerably in recent years. Kumar (2008) professes that change in demographics affects tastes and expectations, which in turn affect per capita food spending.

In disparity to the above postulation, global retail industry survey Deloitte and Store media (2013) indicates that despite the economic slowdown in 2011, composite retail revenue rocketed for retailers based in Africa/Middle East, Latin America and Asia/Pacific (excluding Japan). The growth, Deloitte and Store media (2013) claims was fueled by burgeoning middle classes, demographic changes (youthful populations) and sizable foreign direct investment. The survey also suggests that the above average profitability realised by the retailers based in these regions may have been contributed to by greater pricing flexibility as a strategy.

The top 10 global retailers as ranked by Deloitte and Store media (2013) and Kantar Retail (2013) reports includes; Wal-Mart (USA) at No. 1 with 11,147 stores and \$488,964 billion in annual sales, Carrefour (France) at No. 2 with 9,248 stores and \$116,268 billion in sales, Costco (USA) at No. 3 with 633 stores and \$108,318 billion in sales, Tesco (UK) at No. 4 with 7,552 stores and \$106,058 billion in sales, Kroger (USA) at No. 5 with 3,560 stores and \$97,975 billion in sales, Schwarz Group (Germany) at No. 6 with 3,726 stores and \$92,127 billion in sales, Seven & I (Japan) at No. 7 with 27,646 stores and \$86,038 billion in sales, Metro Group (Germany) at No. 8 with 2,220 stores and \$84,852 billion in

sales, Home Depot (USA) at No. 9 with 2,265 stores and \$76,778 billion in sales, Target (USA) at No. 10 with 1,917 stores and \$76,277 billion in sales.

### **2.5.2 Retail Sector: Kenyan Context**

The Kenyan retail landscape was dominated by small retailers until mid 90s, and most Kenyans then preferred to do their household shopping from these outlets - explicitly, described then as the “corner kiosk” in the urban set up. The entry of larger format retailers (supermarkets) in late 80s changed the consumers’ perception towards retail shopping. The modern ambience and layout presented by the new retail formats has since their entry threatened the survival of traditional retailer formats.

The Kenyan retailing landscape can be conceptualised into two sectors: organised and unorganised. The organised retailing covers supermarkets, hyper-markets and malls, the professionally-run retail formats offering a variety of services and products under one-stop-shop theme. In Kenya, apart from publicly-listed Uchumi, other retail outlets are family-run and operate on self-service model.

The unorganised retailer includes the small size family-owned stores. However, by large a major market share of Kenya’s retailing is dominated by unorganised retailing sector. The small retail outlets use stalls or small rooms for storing and selling merchandise. These retailers offer products at economical prices to the local consumers, sometimes locally referred to as “the Kadogo economy” in reference of the retailer strategy of repacking the product into small packs to enhance affordability.

The National Economic Surveys (2012; 2013) identified wholesale and retail trade sectors as key growth drivers of Kenya's economy. The retail environment in Kenya has undergone a continuous and marked growth since market liberalisation of the late 80s; then there were only two (2) major players, partially government-owned Uchumi Supermarkets and Nakumatt, then a new market entrant.

The rapid expansion of the Kenyan economy over the last decade combined with external economic and social influences such as the growth of a youthful middle class have led to a retail boom in the country. For example, studies by Onwong' *et al.*(2010) cite empirical studies by Reardon (2004) which indicate that supermarkets in Kenya are growing at an annual rate of 18 per cent and have a 20 per cent share of the urban food market overall. This has in turn encouraged the entry of new players as well as aggressive approaches by existing retailers such as the introduction of new retail formats and competitive price wars (National Economic Survey, 2012).

The retail sector has been the largest contributor to GDP (National Economic Survey, 2012) .To leverage on this, the government has continuously created a conducive environment thus encouraging the growth of the retail sector at large as part of her effort to achieve both the economic and social pillars of Vision 2030, the government's strategic plan and development roadmap. There are around 200 outlets - hypermarkets, supermarkets and superstores - in Kenya (Insight retail magazine, 2011). The five largest players measured by year ending 2011 sales turnover and retail chain network are: the

Nakumatt, Tuskys, Naivas, Uchumi and Ukwala supermarkets (Insight retail magazine, 2011).

## **2.6 Dependent Variable**

### **2.6.1 Polygamous loyalty**

While provoking debate on polygamous loyalty, several studies have attempted to describe polygamous loyalty. Studies such those of Ehrenberg (1988); Dowling and Uncles (1997); Davies (1998); Passingham (1998); Yim and Kannan (1999); Mauri (2003), grounded their description of polygamous loyalty on customers' membership to several loyalty schemes in the same industry or category.

On the other hand Uncles *et al.* (2003) described polygamous loyalty as the tendency of customers to buy more than one brand in the category. Similarly, polygamous loyalty was described as a repertoire of two or three brands within any product category from one they regularly buy (Dowling and Uncles, 1997). Other scholars such as Malley (1998) choose to adopt spurious loyalty (Dick and Basu, 1994) and use of the term promiscuous to describe the study's dependent variable.

The terminology was also described to by Ehrenberg (1988) as the butterfly tendency to flit from brand to brand without any fixed allegiance where there are no long-run propensities, only next-purchase probabilities). Though the study used above descriptions interchangeably, spurious loyalty (Dick and Basu, 1994) was used to operationalise the study's dependent variable.

Philosophers of relationship marketing such as Bertrand (1995); Kalwani and Narayandas (1995); Zineldin (1998); Zineldin (2002) compared business-customer relationships to marriage or love affairs. Drawing from this proposition Zineldin (2002) stated that “this romantic business philosophy assumes that, love affairs or marriage relationship as well as long-term business are relationships ideally based on shared interests, love, ethics, mutual trustworthiness, cooperation and commitment to continue the relationship and to keep the relationship arrangement productive, mutually beneficial and rewarding for all parties (pp.548-549).”

Consistent with customer relationship marriage dimension proponents, Selnes and Singh (2001) observe that for obvious reasons companies would prefer that customers have monogamous relationships (are loyal only to them), and thus do not have relationships with their competitors. Underlying the importance of customer loyalty, Selnes and Singh cite O'Brien and Jones (1995); Reichheld (1996); Dowling and Uncles (1997) who believed that the key to firms' success and profitability was in customer retention rather than wooing new ones.

Similarly, other studies such as those by Gee, Coates and Nicholson (2008); Anderson and Narus (2004); Sterne (2002); Walsh *et al.* (2005) emphasise that rather than continuously trying to acquire new customers in order to replace the defecting ones (referred to as leaking bucket theory Ehrenberg (1988) retention of customer is a more effective business strategy. Empirical study by Pfeifer (2005) suggests that it costs five times more to acquire a new customer than to retain an existing one.

Despite the concerted efforts by firms to create customer retention and loyalty, Selnes and Singh (2001) claim most companies find that many of their customers do not have a monogamous relationship with them; rather they have relationships also with their competitors. Selnes and Singh continue to posit that, not only do firms find that their customers have multiple relationships (also referred to as promiscuous / cheaters by Dowling and Uncles, 1997), but also that these relationships with multiple suppliers are strong and long lasting. Then to Selnes and Singh (2001), one question that arises is why customers have relationships with more than one supplier within a category. And, if customers have polygamous relationships, what factors determine the choice within the set of alternative relationships?

Dowling and Uncles (1997) posit that previously, polygamous loyalty was readily apparent in markets such as soft drinks and breakfast cereals. However, this has extended beyond these products. In agreement, Dowling and Uncles (1997) point out that polygamous loyalty is also seen in the multiple memberships of loyalty schemes.

Building on their earlier work, Uncles *et al.* (2003) acknowledge that a wealth of data suggests that most consumers are polygamous and are loyal to a portfolio of brands within a product category. For example, Capizzi and Rick (2005) cite a study by Warrillow and Associates, which indicates that 45 per cent of all US and Canadian small business owners belong to a loyalty programme sponsored by one of their suppliers. Of these, 60 per cent belong to more than one programme, with the average participation exceeding 2.3 programmes (Capizzi and Rick 2005). While making similar observations, Dowling and Uncles (1997) point out that a survey of European business airline travellers indicated that

more than 80 per cent of air travellers have membership in more than one airline loyalty scheme.

Empirical data from a study by Cedrola and Memmo (2010) among 606 retail shoppers “active” owners of a loyalty card selected through stratified random sampling in the period September-November 2004 found that, significantly, 55.6 per cent were owners of more than one loyalty card. Study finding also indicated that those who owned two cards were 53.8 per cent; three cards 31.5 per cent; four cards 10.8 per cent; five cards 2.1 per cent; and more than five cards 1.8 per cent.

Similarly, Wright and Sparks (1999), exploratory study on 150 retail shoppers selected through quota-based sampling found that 72 per cent of the respondents were owners of at least one loyalty card. Further results showed that respondent surveyed participated on average, in 1.8 card schemes. Significantly, particular demographic groups, for example those in 35-44 age brackets, recorded an average of 3.0 cards while those with children were active in 2.7 schemes (Wright and Sparks, 1999). These findings are consistent with similar studies such as Dowling and Uncles (1997); Magi (2003); Mayer-Waarden (2007); Uncles *et al.* (2010).

Existing literature for example, Noordhoff *et al.* (2004); Rowley (2007); Waarden (2007) have established a link between customer loyalty and loyalty scheme membership. Rowley (2007) views this link as of importance since it may affect customers’ initial and continuing engagement with the scheme, and in turn their willingness to continue to identify with a brand, organisation or outlet. Similarly, Noordhoff *et al.* (2004) study of



store loyalty among customers in the Netherlands and Singapore concludes that provided the number of alternative programmes to which members subscribe is limited, loyalty programmes can impact on attitudinal as well as behavioural store loyalty.

Mayer-Waarden (2007) established that a positive correlation exists between owning a loyalty card, the amount of expenditure and relationship length between a customer and their focal store. However, Waarden (2007) cautions that ownership of several loyalty cards from different competitors has a negative impact on loyalty.

From the above postulations, therefore, it is the goal of this study to focus on the often-forgotten component of factors that influence polygamous loyalty. This would be achieved, the study believes, through answering the foregoing one question contextualised from Selnes and Singh, (2001); why do customers have relationships with more than one supplier within a category? And, if customers have polygamous relationships, what factors determine the choice within the set of alternative relationships?

To measure polygamous loyalty, the study's dependent variable, spurious loyalty, was adopted as the proxy measure chosen for its similarity in characterisation as conceptualised by (Dick and Basu, 1994). The items for measure were then adopted from (Muncy, 1996; Van Trijp *et al.* 1996 and Jensen, 2011).

Four items were used to measure the polygamous loyalty construct. Two items adopted from Muncy (1996) were used to measure resistance to situational factors: "If the store was out of my favourite brand of (PRODUCT), I would wait to purchase until later rather than

just buy another brand”; and ”If a brand of (PRODUCT) different to the one I usually purchase was on sale, I would probably consider purchasing it”. Tendency for variety seeking was measured with a statement adopted from Van Trijp *et al.* (1996); “Purchasing (PRODUCT), I would rather stick to a brand I usually buy, than try something else”. Finally, the following statement was assumed to address the consumers’ resistance to counter persuasion; “I think commercials for my favourite brand of (PRODUCT) are better than commercials for other brands”

## **2.7 Independent Variables**

### **2.7 .1 Satisfaction and Polygamous Loyalty**

Various marketing literature have advanced different conceptualisation of satisfaction for example Mulley (1998); Ruyter and Bloemer (1999); Pauwels and Schroder (2004). Conceivably, Oliver (1999) defines store satisfaction as pleasurable fulfillment, that is, consumption that fulfils customers’ desirable goals and needs in a pleasurable manner. On the other hand, expectancy disconfirmation paradigm’s marketing proponents for example, Oliver and DeSarbo (1988); Tse and Wilton (1988); Yi (1990); Oliver (1999) viewed satisfaction from confirmation and disconfirmation axis which yielded either positive or negative disconfirmation.

In continuation, the scholars posit that satisfaction be viewed as a comparison of customers’ expectations and perceptions; confirmation is achieved when product or services exactly meet these expectations and disconfirmation results from discrepancy between expectations and perceptions (Oliver and DeSarbo, 1988; Tse and Wilton, 1988; Yi ,1990; Oliver, 1999) Expectancy disconfirmation paradigm identified a dichotomy of disconfirmation; confirmation and positive disconfirmation which was said to occur when

product or service performance exceeds expectation likely to lead to satisfaction, and negative disconfirmation when expectations exceeds performance resulting to dissatisfaction (Oliver and DeSarbo, 1988; Tse and Wilton, 1988; Yi, 1990; Oliver, 1999). Thus, the paradigm gives credence that satisfaction is both a process and an outcome (Pauwels and Schroder 2004; Ruyter, and Bloemer 1999).

Drawing on Oliver (1989) conceptualisation of satisfaction as states framework, (Pauwels and Schroder 2004; Ruyter and Bloemer 1999) conceived satisfaction as an outcome; a state of fulfillment connected to reinforcement and arousal. Oliver's framework discerned different types of satisfaction based on the levels of fulfillment and degree of arousal; satisfaction as contentment, satisfaction as pleasure, satisfaction as relief, satisfaction as novelty and satisfaction as surprise (Ruyter and Bloemer, 1999). While citing Oliver (1989) Pauwels and Schroder, Ruyter and Bloemer concluded that satisfaction was a post-consumption evaluation or a pleasurable level of consumption related fulfillment.

Current and previous marketing literature has established a relationship between customer satisfaction and customer loyalty (Newman and Werbel, 1973; Oliver, 1980; Kasper, 1988; Oliver and Swan, 1989; Oliva *et al.* 1992; Cronin and Taylor, 1992; Hallowell, 1996; Levesque and McDougall, 1996; Zeithaml *et al.* 1996; Mooradian and Olver, 1997; Strauss and Neuhaus, 1997; Mulley 1998 ; De Ruyter and Bloemer, 1999 ; Reynolds and Beatty, 1999; Cassel and Eklof, 2000; McDougall and Levesque, (2000); Bowen and Chen, 2001; Morag *et al.* 2008; Walsh *et al.* 2008; Bauman *et al.* 2012)

Inference data from a study by Hallowell (1996) that divided retail banking customers by regions established and supported the inference of a customer satisfaction/ customer loyalty relationship. Hallowell study demonstrated that customer satisfaction was responsible for as much as 37 per cent ( $R$  square = 0.37) of the difference in customer loyalty levels among the divisions examined, holding constant. Similarly, Bowen and Chen's (2001) comparative study between retail shoppers in over 20 retailing stores in The Netherlands and Singapore confirmed a positive relationship between satisfaction and both behavioural and attitudinal store loyalty in Singapore.

In agreement, Anderson *et al.* (1994) and Jones *et al.* (2000) acknowledged store satisfaction as a prime antecedent of store loyalty. Bloemer and De Ruyter (1998) on the other hand specifically established existence of a relationship between store satisfaction and store loyalty in departmental stores. Noordhoff *et al.* (2004), concluded that in grocery retailing setting, customers who are very satisfied with the store would also show high levels of commitment (attitudinal loyalty) and repurchase behaviour (behavioural loyalty). In agreement, De Ruyter and Bloemer (1999) argued that relatively high levels of satisfaction were the most important determinant of customer loyalty.

Customer satisfaction, loyalty and profit link theorists such as Reichheld and Sasser (1990); Roth and van der Velde (1990); (1991); Rust and Zahorik (1991); Nelson *et al.* (1992); Heskett *et al.* (1994); Storbacka *et al.* (1994); Hallowell (1996) drew a link between satisfaction, loyalty and profitability of the firm. In particular, Nelson *et al.* (1992) and Rust and Zahorik (1991) established a relationship of customer satisfaction to profitability among hospitals and banks respectively. Similarly, empirical data by

Reichheld and Sasser (1990) supported the profitability theorem and claimed that empirically, when a firm retains just five per cent more of its customers, profitability increased by 25 per cent to 125 per cent.

Though the relationship between satisfaction and loyalty has been established, studies such those by Heskett *et al.* (1997); Bowen and Chen (2001); Walsh *et al.* (2008) Bloemer and Kasper (1995) have questioned the type of this relationship. Bowen *et al.* (2001) verified that customer satisfaction does not equal customer loyalty and existence of nonlinear and asymmetric relationship between customer satisfaction and customer loyalty, giving credence on this is empirical data from Bowen *et al.* study which indicated that as customer satisfaction measurement raises one unit from 6 to 7 (on a scale of 1-7), the customer loyalty indices increase by over 100 per cent.

Similarly, Oliva *et al.* (1992) established that a minor change in satisfaction could lead to a substantial change in loyalty increment hence the tendency to remain loyal in spite of the pressure of switching incentives. Drawing from these findings, Heskett *et al.* (1997) conceptualised the relationship between satisfaction and loyalty as curvilinear. Heskett *et al.* described the extremes of customer loyalty as ranging from the so-called “evangelists” (i.e. customers in the “zone of affection” who are close to 100 percent satisfied or delighted and near 100 percent loyal) to the “terrorists” those customers who are very dissatisfied ( Bowen *et al.* 2001).

Contrasting the satisfaction and loyalty relationship theorem, scholars such as Cronin and Taylor (1992); Oliva *et al.* (1992); Reichheld (1994); McKenzie (1995); Jones and Sasser

(1995); Reichheld (1996); Mittal and Lassar (1998); Mulley (1998); East and Hammond (1999); Oliver (1999) claim that satisfaction and loyalty are not always strongly correlated. In particular, Oliver (1999) claimed that 90 per cent of satisfied customers defect. Similarly, Reichheld (1994) found that despite customer claiming to be being satisfied or very satisfied many of them still defected.

Cited by Mulley (1998) Ogilvy Loyalty Centre study in UK found that, although 85 per cent of automotive customers reported being satisfied, only 40 per cent repurchased, and 66 per cent of packaged goods customers who identified a favourite brand had bought “another brand” most recently. Walsh *et al.* (2008) cites Jones and Sasser (1995) who posit that some customers remain with a service provider regardless of their level of satisfaction. Conceivably, Oliver (1999) avers that store satisfaction is a necessary yet insufficient requirement of store loyalty. The study, therefore, has the following proposition;

*Ha1: There is a significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders*

To operationalise the study's independent variable, the measurement scale was adopted from (Verhoef *et al.* 2001). Five items were used to measure satisfaction construct's relationship with polygamous loyalty among loyalty programme holders. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

### **2.7.2 Alternative Attractiveness and Polygamous Loyalty**

Sharma and Patterson (2000) cite (Rusbult, 1980; Ping, 1993) conceptualisation of alternative attractiveness as the client's estimate of the likely satisfaction available in an alternative relationship. Conceivably, Wu (2011) cites Anderson and Narus (1984) who conceptualise alternative attractiveness as being characterised by four dimensions; available alternatives, degree of differences among them, degree of difficulty in understanding them and the degree of difficulty in comparing them. This study adopts this conceptualisation and description.

The ideal situation for business managers is when customers lack attractive alternative offering (Ping, 1993). Sharma and Patterson (2000) suggest that when customers are unaware of attractive alternative suppliers, retailers they may well stay in a relationship even when such relationship is perceived unsatisfactory. Sharma and Patterson continue to claim that the motivation to continue in an unsatisfactory relationship diminishes in the presence of a highly attractive alternative.

Customers on their own volition may decide to change or terminate a relationship and go for a new supplier, retailer or service provider if they perceive the alternative to be attractive due to, for example, availability of better service, proximity of location, variety of services or products, price (savings) and promise of high financial returns.

In marketing literature Jones and Sasser (1995), acknowledge that in a situation of high competitive business environment (many alternative retail outlets), dissatisfied customers quickly change their service supplier. Similarly, in low competitive environments (no or few alternatives) or customers are simply unaware of the available alternatives, dissatisfied

customers may choose to stay in the relationship hence exhibiting spurious loyalty-polygamous loyalty (Jones and Sasser, 1995). Drawing on this Wu (2011), believes that for customers to make loyalty decisions, it is important that each referent expectation is put into consideration and, therefore, alternative attractiveness acts as a reference point.

Similarly, building on Oliver and DeSarbo (1988); Tse and Wilton, (1988) ; Yi (1990); Oliver (1999) expectancy disconfirmation paradigm; Sharma and Patterson (2000) posit that in situations when customers experience only moderate negative disconfirmation satisfaction, (when expectations exceeds performance) it stands to reason that customers may seek to terminate or sever the current relationship if a more attractive alternative is present.

Sharma and Patterson (2000) believed that, high alternative attractiveness influence the development and sustenance of relationship commitment toward a service provider (retail outlet). Sharma and Patterson continue to postulate that, in conditions of low alternative attractiveness customers may be induced to stay in less satisfactory relationships as “hostages” (rather than committed loyals) who will quickly defect when alternatives present themselves or are available.

From empirical data on the effect of alternative attractiveness as a moderating variable Wu (2011), confirms that alternative attractiveness negatively moderates the inertia (customer’s preference for the status quo. Significant findings Wu (2011) indicate that alternative attractiveness influences the moderating effect of the Zone of Torrance (ZOT) i.e. customer’s range of expectations regarding service performance on the satisfaction,



loyalty and inertia-loyalty relationships. Taking cognisance that some customers might have a narrower ZOT, while others may tolerate a greater range of service performance. Studies such as those by Walker and Baker (2000); Weun *et al.* (2004); Wu (2011) claim that the negative moderating effect of the ZOT on the relationship between satisfaction and customer loyalty will, therefore, decrease as alternative attractiveness increases (Wu, 2011). Consequently, this implies that the limit of the ZOT on explanatory power of satisfaction is removed by alternative attractiveness hence customers are mostly likely to use their satisfaction judgments in maintenance of customer loyalty.

Wu (2011) cites Mittal and Kamakura (2001) who postulate that customers may have different widths of the ZOT with regard to repurchasing, resulting to different levels of customer loyalty from customers with the same satisfaction levels. In addition, Egan (2004) ; Yap and Sweeney (2007) ; Wu (2011) observe that within the ZOT, inertia exists and develops, attributed to customers' indifference to small increases or decreases of service performance, and making insignificant changes to their behaviours.

Drawing from the above discussion, the positive moderating effect of the ZOT on the relationship between inertia and customer loyalty will decrease as alternative attractiveness increases (Wu, 2011). This means that the relationship between inertia and customer loyalty, which is strengthened by the ZOT, is terminated when alternative attractiveness breaks the customers' inertial repurchasing patterns (Wu, 2011). In conclusion Wu (2011) believe that the end effect will be that customers with higher perceptions of alternative attractiveness will mostly experience changes in the influence of the ZOT on their loyalty decisions. The study, therefore, proposes that;

*Ha2: There is a significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders*

To operationalise the construct of alternative attractiveness, the items were sourced from (Ping (1993) and Jones *et al.* (2000). Three items were used to measure the alternative attractiveness construct's relationship with the dependent variable of the study. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

### **2.7.3 Loyalty Programmes Service Quality (LPSQual) and Polygamous Loyalty**

Rowley (2007) observes that the highly significant core studies into loyalty programmes remain focused on answering the question whether loyalty schemes provoke loyalty and, if so, the kind of loyalty. Rowley continues to posit that the importance of the link between loyalty scheme membership affects customers' initial and continuing engagement and their (customers) willingness to be identified with the brand, organisation or outlet.

Studies, such as those by Dowling and Uncles (1997); Mattila (2001) and Whyte (2004) have established the tendency of loyalty schemes provoking behavioural loyalty or calculated commitment instead of affective loyalty. In particular, Whyte (2004) avers that that loyalty scheme might only build spurious loyalty (polygamous loyalty) and be unsuccessful in translating such loyalty to commitment. In contrast , Noordhoff *et al.* (2004) comparative study of more than 20 retail outlets in The Netherlands and Singapore found that a loyalty programme can not only impact on attitudinal loyalty but also behavioural loyalty provided the number of memberships to other retailer loyalty schemes is limited.

Rowley (2007) observes that rewards are the key strategy for enticing customers to participate in the loyalty scheme. However, effectiveness of the typically relatively low-value rewards that loyalty schemes offer their members has been questioned. For example, Parker and Worthington (2000) argue that customer loyalty to a reward scheme may be affected by the satisfaction that a customer derives from the degree of return received and available alternative competing scheme in the same industry or sector. Contributing to this debate, O'Malley (1998) posits that many loyalty schemes have created a reward syndrome where customers have conceived rewards as the normal part of shopping experience, hence placing low values on rewards.

Studies such as those by Cuthbertson and Laine (2004) and Stone *et al.* (2004) in their contribution have acknowledged that loyalty cannot be generated only through the loyalty schemes' reward mechanisms alone. Opening up the debate about loyalty scheme design, Palmer *et al.* (2000) suggest that there is no single formula for the development of a successful loyalty programme. Drawing on this statement, Rowley (2007) suggests that there might be a difference in the effectiveness of a loyalty programme building loyalty based on the geographical market and sector (travel, retail, financial services) and other parameters. Therefore, loyalty scheme designers need to focus on understanding the alignment and interplay between loyalty scheme and sector and market characteristics.

Similarly, Shugan (2005) suggests that a loyalty schemes ought to be designed in such a manner that immediate customer benefits attach the consumer to the brand over time. In agreement, O'Brien and Jones (1995) emphasised the need for establishment of elements that determined a programmes' value from customers' perspective.

Empirical findings by Vesel and Zabkar (2010) suggested that the reward timing, the amount of effort required for redemption of the programme rewards, the compatibility of the reward with the brand image and the reward type and the service experience are critical elements influencing the effectiveness of a loyalty programme to build customer loyalty (Kivetz and Simonson, 2002; Roehm et al. 2002; Yi and Jeon, 2003; Keh and Lee, 2006).

A review of relationship marketing literature by Vesel and Zabkar (2010) conceptualised the most important factors pertaining to service quality and loyalty programmes as reward, service personnel, programme policy, tangibility, communication and personalisation. On the reward attribute Vesel and Zabkar (2010) cite Bridson *et al.* (2008) findings that indicated that an appropriate mix of programme attributes that included hard attributes (discounts, vouchers and coupons) and soft attributes (better service, special attention and recognition) could affect store loyalty. Further, Vesel and Zabkar while citing previous study by Brady and Cronin (2001) aver that customer oriented behaviours of employees will impact upon customers' perceptions of service quality.

Similarly, a study by Gremler and Gwinner (2000) acknowledges that when employees are customer oriented, have good rapport with customers and exhibit perceptive and attentive listening skills, customers will evaluate the service more highly and will be more likely to return (Vesel and Zabkar, 2010).

Conceivably, Vesel and Zabkar believed that unlike in service quality which is multidimensional, in a loyalty programme the dimension of service quality is influenced

directly by programme policy on redemption procedures, entry requirements, rebate calculation and renewal terms. In agreement, Demoulin and Zidda (2009); Liu and Yang (2009) have acknowledged that the effectiveness of loyalty programmes was dependent on the programmes' policy. The tangibility attribute in retail loyalty programme context is conceptualised to consist of the physical appearance of the loyalty programme customer service counters being easily accessible and provision of space to move around (Vesel and Zabkar, 2010).

The importance of communication as a necessary condition for existence of relationship cannot be overemphasised (Bendapudi and Berry, 1997). In view of the underlying importance, Vesel and Zabkar (2010) posit that it would be useful to communicate both economic and non-economic benefits to both members and non-members of the loyalty programmes; this by itself, the scholars believed, would create "exogenous" loyalty membership.

Finally, Vesel and Zabkar (2010) cite Srinivasan *et al.* (2002) who highlight the essential role played by personalisation in saving customers' time and increasing perception of service quality. In agreement, Vesel and Zabkar believe that firms can build loyalty selectively for their most valuable segment through personalised and privileged service; this would convey benefits of value discrimination to profiled customers. In view of the above discussion, therefore, the study hypothesises that;

*Ha3: There is a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.*

The construct of loyalty programme service quality was operationalised with the adoption of items from DeVellis (2003) and Omar and Musa (2011). Seven items were used to measure loyalty programme service quality construct's in relation to the study's dependent variable. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

#### **2.7.4. Stores' Brand Attitude and Polygamous Loyalty**

Earlier cited in the present study, Day (1969) posits that for a customer to be described as "truly loyal" to a brand he /she must not only hold a comparatively favourable attitude towards the brand but also repeatedly purchases it. Acknowledging that retail stores have experienced numerous multi-loyalties and variety seeing behaviours Binninger (2008) and Schroder *et al.* (2001) believe that the key factor in building customer loyalty is by making store branded assortments and products.

Building on the above predisposition, Binninger (2008) cites other study by Collins-Dodd and Lindley (2003) that suggest that Retail Brands (RBs) are one such feature of retail stores' offerings capable of differentiating stores' assortments and build customers' loyalty. Semeijn *et al.* (2004) note that different descriptions have been used interchangeably to define retail brands (RBs); own labels/brands, private labels and private label brands or store brands.

To achieve this fete, RBs are advocated to base their perceived quality on external and internal attributes (Binninger, 2008). Conceivably, de Wulf *et al.* (2005) believe that there exists a relationship between RBs and overall retail brand in a sense that a consumer who

is loyal to a RB possesses a favourable perception of the overall retail brand which may spill over into store loyalty. Binninger (2008) notes the likelihood of customers who acknowledge loyalty to a specific RB being more likely to be loyal to the retail store.

Noting that attitude may relate to aspects of consumption or directly connected with a product, service or brand Binninger (2008) posits that attitude may, therefore, affect the brand loyalty evidenced by favourable beliefs, attitudes and displayed by behaviour of repeated purchases. The general assumption is that there exists a natural association between RBs and the store's name has an impact on consumer loyalty (de Wulf *et al.* 2005). In the continuing the discussion Binninger (2008) avers that it is taken by the rule of the thumb as an implicit fact that a RB is clearly perceived as a brand belonging to the store that stocks it.

A study by Binninger (2008) has established a positive relationship between retail brand (RB) satisfaction and RB loyalty as well a correlation between the two variables and consumer loyalty. Binninger further demonstrated that correlation between RB satisfaction, RB loyalty and RB brand were significantly correlated with RB attitude. The above finding, therefore, brings into focus that RB attitude has a significant moderating component of the relationships between customers, their main store and its own products (Binninger, 2008). Similarly, a previous study by de Wulf *et al.* (2005) -acknowledged the importance of the relationship between consumers' loyalty and RBs. Ailawadi *et al.* (2008) found a positive relationship between store brand share and wallet share: higher store brand share increases wallet share and greater wallet share increases store brand share.

Similarly, a quantitative study by Kremer and Viot (2012) established that store brand image contributes to retailer's loyalty; and that the supply dimension has a significant positive relationship with retailer loyalty. Kremer and Viot concluded that customers are loyal to the retailer when the supply appeals to them. However, if the supply is not attractive enough to customers then price and other values attributed to attitudes toward RBs may not be enough for customers to be loyal. From the above findings Kremer and Viot (2012) concluded that there is a threshold for RBs in terms of quality and variety of supply required for customers to be loyal to the retailer. This discussion then leads to study's hypothesis that:

*Ha4: Retail's brand attitude has a significant relationship with polygamous loyalty among retail chains' loyalty programme holders*

The measurement scale for retail's brand attitude was adopted from Yoo and Donthu (2001). Four items were used to measure retail brand attitude construct's relationship with dependent variable of the study. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

#### **2.7.5. Price and Polygamous Loyalty**

Yee and Sidek (2008) conceptualise price as the quantity of payment or compensation for something. Yee and Sidek further describe price as the exchange ratio between goods that pay for each other. Schiffman and Kanuk (2004) on the other hand, conceive price perceptions as how customers see a product's price, as high, low or fair. Schiffman and Kanuk continue to postulate that perception of price as unfair affects consumers' perceptions of value and ultimately the purchase behaviour or intentions.



In agreement, Moore *et al.* (2003) established that both positive and negative perceptions serve as marketplace cues. Other studies by Jiang and Rosenbloom (2004) have established price perceptions as a driver to success. Moore *et al.* (2003) argue that when price perceptions are high this may be interpreted as positive indicator of quality, prestige and status.

Yee and Sidek (2008) posit that the company's value positioning or brand is communicated to the market by the price. Yee and Sidek (2008) further claimed that before deciding on the attractiveness of the retail price, customers generally evaluate the open market price against internal price. Previous studies by Sproles and Kendall (1986) introduced the concept of price consciousness which the study defined as finding the best value, buying at the prices or the lowest price choice.

Cadogan and Foster (2000) conceived price as the most important consideration of the available consumer. However, Cadogan and Foster continued to posit that consumers with high brand loyalty are willing to pay a premium price for their favoured brand, thus, their purchase intention is not easily affected by price. Additionally Yee and Sidek (2008) cites Keller (2003) who avers that since customers have a strong belief in the price and value of their favourite brands they always compare and evaluate prices with alternative brands.

Drawing on the above and related to the concept of price consciousness described above, Schiffman and Kanuk (2004) conceptualised the idea of reference price which the scholar believed is related to price perceptions. The scholars described reference price as the price

which formed customers' basis for comparison in judging another price. The scholars postulated that through reference then, price perception of a brand, service or product is formed. Alvarez and Casielles (2004) continue to method that when planning to buy a brand, product or a service customer will employ reference price to comparatively judge if the price is acceptable or not, this comparison result to emergence of a loss or gain. Perception of a gain is perceived when the reference price is higher than the observed price. The opposite is true, that is the consumer experience loss if the observed price is higher than reference price.

Building on the foregoing argument, Yee and Sidek (2008) claim that price plays a moderating variable role to consumer satisfaction; hence satisfaction is built by comparing price with perceived costs and values. Ultimately, if the perceived values of the product are greater than cost, it is believed that consumers will make a decision to purchase that product (Yee and Sidek, 2008). Price is described as the quantity of payment or compensation for something. It indicates price as an exchange ratio between goods that pay for each other (Yee and Sidek, 2008). Price also communicates to the market the company's intended value positioning of its product or brand (Yee and Sidek, 2008). Price consciousness is defined as finding the best value, buying at sale prices or the lowest price choice (Sproles and Kendall, 1986). Additionally, consumers generally evaluate market price against an internal reference price, before they decided on the attractiveness of the retail price (Schiffman and Kanuk, 2004).

In agreement, Mulley *et al.* (1998) believe that price has a significant influence on consumer's choice and purchase intentions and incidence. Building on the debate, Yoon

and Kim (2000), claim that loyal customers are willing to pay a premium even when the price has been increased since the perceived risk is very high and such consumers would prefer payment of higher price in avoidance of the risk of any change. In addition Yee and Sidek (2008) point out that long-term relationships of service loyalty make loyal customers more price-tolerant, since loyalty discourages customers from making price comparison with other products by shopping around. Basically, long-term relationships of service loyalty make loyal customers more prices tolerant, since loyalty discourages customers from making price comparison with other products by shopping around (Yee and Sidek, 2008).

Studies by Alvarez and Casielles (2004) postulate that perception of loss has an inverse relationship with brand utility and purchase orientations, therefore when the consumer has a perception of loss, brand (store) utility will diminish and the likelihood of purchase will also go down. On the contrary, when the consumer experience perception is gain he or she will be more inclined to purchase from the store or brand (Alvarez and Casielles, (2004).

Building on this, Jiang and Rosenbloom (2004) posit that price perception plays an increased determinant role on both post-purchase satisfaction and loyalty. In addition, Snoj *et al.* (2004) acknowledge that higher price perceptions lead to expectation of higher perceived quality and value ultimately leading to high satisfaction levels, greater levels of consumer loyalty and retention. This, therefore, leads to the following proposition;

*Ha5: There is a significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders*

For the construct of price perceptions, the items measurements were adapted from Biswas *et al.* (2002). Three items were used to measure the brand attitude construct's relationship to polygamous loyalty among loyalty programme holders. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

#### **2.7.6. Service Quality and Polygamous loyalty**

There has been general agreement that service quality is an important strategic defensive retailing competitive weapon (Gronroos, 1984; Berry *et al.* 1988; Parasuraman *et al.* 1988; Gronroos; 1990; Dabholkar *et al.* 1996; Leung, 2001; Wisniewski, 2001; Kim and Jin, 2002; Schneider and White, 2004; Wong, 2006; Kim *et al.* 2007; Yee and Sidek 2008; Stanworth, 2009; ADas and Kumar, 2010; Khare, 2013). Various scholars have attempted to define and describe quality service. For example a common definition is by Lewis and Mitchell (1990); Gronroos (1990); (1984); Parasuraman *et al.* (1985); (1988) as a correspondence of services to customers' expectations, satisfaction of needs and requirements. Gronroos (1990); (1984) conceived service quality in three dimensions; functional (or process) dimension, technical (or outcome) dimension, and image.

Drawing on earlier work, Parasuraman *et al.* (1988) defined service quality as "the degree of discrepancy between customers' normative expectations for the service and their perceptions of the service performance (Yee and Sidek, 2008). Parasuraman *et al.* (1988) further described service quality as consisting of five dimensions namely reliability, assurance, tangibles, empathy, and responsiveness.

Building on this perspective, Parasuraman *et.al* (1988); (1991) developed SERVQUAL, a scale for measuring service quality operationalised by calculating the difference between expectations and perception in relation to 22 items of the five conceptualised dimensions of service quality. While developing the expectations side of their gap model downstream, Berry and Parasuraman (1991) and Zeithaml *et al.* (1993) posit that expectations can be conceived to exist at two levels: the desired and the adequate, a zone of tolerance (ZOT) reflecting the degrees of heterogeneity individual customers are willing to accept is said to exist there between.

Studies such as those by Sivadas and Baker-Prewitt (2000); Wong and Sohal (2003) ; Yee and Sidek (2008) have viewed quality service as a vehicle for ensuring satisfaction by increasing value for customers with understanding that customers who are satisfied with service quality are likely to remain loyal. Wong and Sohal (2003) in particular, believe that service quality creates retention and enhancement of continued patronage of existing customers.

Similarly, Zeithaml (1996) claims that firm's ability to deliver superior quality service to customers is key to the creation of customer's loyalty. In agreement, Dabholkar *et al.* (2000) observed that by evaluating different dimensions of service quality customers are able to form overall evaluation of service quality which in turn serves as antecedent of overall evaluation of service quality and subsequently influences the strength of relationship. Dabholkar *et al.* (2000) concluded that enhanced service quality is of essence to the formation of strong relationships.

Similarly, Wong and Sohal (2003) found a positive relationship between service quality and customer loyalty in their study that sought to examine the effects of service quality and customer loyalty on two levels of retail relationships; person-to-person (salesperson level) and person to firm (store level). Study by Zins (2001) established the existence of a significant relationship between service quality and customer loyalty in the commercial airline industry. Lewis and Soureli, (2006), believe that service quality positively affects customer loyalty.

Consumers like to shop at specific stores because they like the services provided and are assured of certain service privileges (Yee and Sidek, 2008). The impact of salespersons' consumer relationships generally resulted in long-term orientation of consumers towards the store or brand proclaims (Yee and Sidek, 2008). Further study by Yee and Sidek (2008) posit that trust in salespeople appears to relate to overall perceptions of the store's service quality, and results in the consumer being totally satisfied with the stores in the end.

The attribute of personalisation i.e. reliability, responsiveness, personalisation and tangibles significantly influences consumers' experience and evaluation of service, and in turn, affects the loyalty of consumers (To and Leung, 2001). On the other hand, Davids (2007) believes that consumers are more likely to become loyal to a store in the presence of a relationship between them and an employee. On the other hand, studies by Adas and Kumar (2010) using retail service quality scale (RSQS) and Dabholkar *et al.* (1996) established that the personal interaction and physical aspects dimensions of RSQS showed higher contributions to increasing customer base, through customer retention and word of mouth respectively.

Viewing service quality as personal selling, Yee and Sidek (2008) aver that this involved direct interactions between potential buyers and salespeople. Yee and Sidek further believed that the impact of relationships between sales people and consumer results in long-term orientation of the consumer towards the store. Trust in salespeople on the other hand had a positive relationship to the overall perception of the store's service quality, leading to consumer total satisfaction with the store at the end (Yee and Sidek, 2008). Drawing from the foregoing, Yee and Sidek suggested that consumers like to patronage specific stores since they like the service provided and assurance of certain service privileges.

On the contrary, earlier studies such as those by Cronin and Taylor (1992) and Boulding *et al.* (1993) have also investigated the relationships between service quality and customer loyalty yielding contrasting findings. Focusing on purchase intentions, Cronin and Taylor (1992) found that service quality lacked a significant positive effect on purchasing intentions.

Study by Dabholkar and Thorpe (1994) on the hand established a significant relationship between quality service and customer satisfaction. Dabholkar and Thorpe further report that customer satisfaction in turn leads to a positive influence on intention to recommend others to the store. In agreement, Boulding *et al.* (1993), upon carrying out an investigation on elements of repurchasing and willingness of customers to recommend others, found that service quality had a positive relationship with both repurchasing

intentions and willingness to recommend. Based on the existing literature and the above discussions, the following hypothesis is proposed:

*Ha 6: There is a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders*

Taking cognizance to Dabholkar *et al.*'s (1996) proposition that measures developed earlier such as Parasurman *et al.*'s (1991) SERVQUAL scale to assess service quality for pure service environments do not adequately capture service quality for retail stores, the study adopted the Dabholkar *et al.* (1996) retail service measurement scale (RSQS). The scale consisted of 34 sub-scale items (attributes) that measure the five dimensions (physical, reliability, personal interaction, problem solving and policy) on customer perceptions of service quality for a retail store. Each item was rated on a five -point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5). Similar studies such as those by Kim and Gin (2002); Adas and Kumar (2010); Khare (2013) have adopted the RSQS scale.

### **2.7.7. Trust and Polygamous Loyalty**

Ling *et al.* (2011) posit that trust is one of the critical elements in building and maintaining successful relationships both for business-to-business (B2B) or business-to-consumer market. Morgan and Hunt (1994) conceptualised trust, as only existing when a party has confidence in an exchange partner's reliability and integrity. Further, Ling *et al.* (2011) cite Moorman *et al.* (1992) who conceived trust as penchant of willing to rely on another party in whom one has confidence. According to Ling *et al.* (2011) the importance of confidence



is raised by both conceptualisation in the course of exchange. This trustworthiness emanating from other parties expertise, reliability and intentionality

Various studies for example, Chaudhuri and Holbrook (2001); Aydin and Özer (2005); Akbar and Parvez (2009); Ling *et al.* (2011) have established a relationship between trust and consumer loyalty which was conceived as to reduce risk perception long associated with opportunistic behaviour by the firm. In particular, Chaudhuri and Holbrook (2001) believed trust reduced consumers' uncertainty if they knew that they can always rely on their trusted store or brand. Ling *et al.* (2011) concluded that successful reduction of doubt and feelings of uncertainty by the firm increases the perceived switching cost in the customer and this in turn results to loyalty toward the store or the brand.

Trust is logically and experientially a critical variable in relationships (Sirdeshmukh *et al.* 2002; Weun *et al.* 2004; Cunha *et al.* 2009). Studies such as those by Sirdeshmukh *et al.* (2002); Rod, and Ashill (2010) support the importance of trust in explaining loyalty. In particular, Rod and Ashill (2010) suggested trust sometimes has two components: performance or credibility trust and benevolence trust. In a business-to-business context, Rod and Ashill (2010) found strong effects for credibility trust on relationship commitment.

Similarly, Morrisson and Huppertz (2010) have also suggested the existence of an effect credibility trust on loyalty. As conceived by Komunda and Osarenkhoe (2012) customers who are not willing to trust a vendor in a competitive marketplace are unlikely to be loyal. In contrast, Sirdeshmukh *et al.* (2002) studies in clothing retail and non-business airline

travel service context reported lack of strong relationship between trust and loyalty, thereby disagreeing with the widely held proposition that trust leads to loyalty.

Similarly, Ball *et al.* (2004) claimed that in a market with suitable alternatives lack of global and benevolence trust leads to negative loyalty (desire and intention to switch); positive benevolence and global trust may not necessarily lead to positive loyalty. For example, Ball *et al.* (2004) state that “in some markets where all or nearly all vendors are trustworthy, one could trust many vendors equally, one could expect trust as a normal part of doing business, and therefore be loyal or not without reference to trust. So, the trust-loyalty relationship, while positive, may be weak in some markets (pp.1276).”

Focusing on the retail industry Amrik (2006) believed that contacts with employees (salespeople) are capable of delivering high level of trust to consumers by demonstrating to them that they (employees) have best intentions and interests at heart, processes, the skills and competencies required to meet consumers' needs and ability to solve problems honestly and skillfully. Further, Amrik (2006) avers that a salesperson's exhibition of extensive knowledge of the products, merchandise availability and fashion develops trust. Amrik (2006) conclude that relationship development through the contact with retail outlet's employees makes a contribution to the development of trust as the customers experience positive service interactions and receipt of benefits from this personal interaction.

In addition, Amrik (2006) continues to postulate that with formation of high levels of trust in a salesperson and the retail store they represent, there will be an open communication

and higher levels of obligation to form high levels of trust in the salesperson and the retail store they represent. The consumers will be more likely to pursue open communications and higher levels of obligation to make the relationship succeed, make it mutually satisfying and of benefit (Amrik, 2006). As a result, therefore, a positive relationship yields to equally positive relationship outcomes such as trust and intentions to continue a relationship with the salesperson and the retail store (Amrik, 2006). Based on the existing literature and the above discussions, the following hypothesis is derived:

*Ha7: There is a significant relationship between trust and polygamous loyalty among retail chains' loyalty programmes holders*

For the construct of trust, the measurement items were adapted from studies by Swan *et al.* (1999); Chaudhuri and Holbrook (2001); De Wulf and Odekerken-Schroeder (2003). Six items were used to measure the trust construct's relationship to polygamous loyalty among loyalty progamme holders. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

#### **2.7.8. Customer Perceived Value and Polygamous Loyalty**

In general thinking, a customer's perceived value is conceived as the value that a customer associates with a specific product or service (Hansen *et al.* 2013). Similar studies by Hansen *et al.* (2008) conceptualise perceived value as the benefits received by the customer divided by the resources sacrificed to acquire them. Hansen *et al.*(2013) state that "In repurchasing, a standard economic assumption would suggest that any customer in need of a product or service will return to a provider who delivers superior value for

money ( pp.1162)”. The foregoing, therefore, presumes a detailed cost-benefit analysis to arrive at a precise value estimate for all available alternatives (Hansen *et al.* 2013).

Taking cognition that customers are not rational cost-benefit analysts, and at the same time drawing from an affect referral decision rule, Hansen *et al.*(2013) acknowledge that consumer’s memory often consists of an overall evaluation and rank ordering of the available alternatives, rather than of attribute-specific information related to each and every alternative .

From the above mentioned underlying proposition, Hansen *et al.* (2013) position that consumers will most likely have an overall value judgment for each alternative in the consideration set stored in memory, hence customers’ perceived value is a perceptual judgment of the overall value received from a given object or service . Tarus and Rabach (2013) believed that customer perceived value emanates from rewards and sacrifices associated with purchase decisions. Citing Yang and Peterson (2004) the scholars postulate that these sacrifices are the monetary and non-monetary costs such as time consumption, energy consumption and stress experienced by the customers, while the rewards are the benefits derived from the purchase decisions such as satisfaction.

Therefore, Tarus and Rabach (2013) believe that customer perceived value is a trade-off between total benefits received to total sacrifices made, taking into consideration the available suppliers’ offering. Studies, such as those by Sirdeshmukh *et al.* (2002); Yang and Peterson (2004); Aydin and Ozer (2005) have gone ahead to demonstrate that perceived customer value enhances customer loyalty toward a particular product or service

as long as such exchanges provide superior value. Based on the existing literature and the above discussions, the following hypothesis is derived:

*Ha8: There is a significant relationship between perceived value and polygamous loyalty among retail chains' loyalty programmes holders*

The measurement for perceived value was adopted from Baker *et al.* (2002). Three items were used to measure perceived value construct's relationship to the dependent variable of the study. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

### **2.8. Operationalisation**

To operationalise the study's variables and parameters, measurement scales were adopted from existing literature. Table 2.2 below presents the study's operationalisation framework and scales.

**Table 2.3 Study's Operationalisation framework and Measurement Scales**

Dependent variable	Variable Name	Scale and Measurements	Source
	Polygamous Loyalty (Proxy Variable - Spurious loyalty)	Interval	Reynolds and Beatty (1999) ; Harrison-Walker (2001)
<b>Independent Variables</b>	Satisfaction	Interval	Verhoef <i>et al.</i> (2001)
	Alternative Attractiveness	Interval	(Ping 1993 and Jones <i>et al.</i> 2000 )
	Loyalty programme Service Quality	Interval	DeVellis (2003) Omar and Musa (2011)
	Store's Brand Attitude	Interval	Yoo and Donthu (2001)
	Price perceptions	Interval	Biswas <i>et al.</i> (2002)
	Service Quality	Interval	Dabholkar <i>et al.</i> (1996 ) Retail Service Quality Scale (RSQS)
	Trust	Interval	Swan <i>et al.</i> (1999); Chaudhuri and Holbrook (2001); De Wulf and Odekerken-Schroöder (2003)
	Customers 'Perceived Value	Interval	Baker <i>et al.</i> (2002)

## 2.9. Research Gaps

The retail sector in Kenya has registered tremendous growth, suggested both by literature and noticeable branch network growth of the existing retailers and new entrants. This

means that to succeed the outlets must be able to differentiate them for the crowded marketplace and implement customers' retention strategies. Literature, Reichheld and Sasser (1990) suggests that it costs less to retain a customer than to gain a new one. Reviewed literature, Reichheld (1996) also suggested that by retaining five per cent of customers, the firm's revenue may grow by as much as 100 per cent. Proponents of 80/20 theory of the firm suggested that 80 per cent of the firm revenue came from the 20 per cent of the loyal customers; however, this proposition is debatable.

The above implies, therefore, that marketing professionals need to understand how to manipulate the variables controlling customer loyalty and influencing retention. Relationship marketing managerial philosophy and customer relationship management (CRM) have found their way into the hearts of the firms. Relationship marketing and customer relationship management tools, such as the loyalty schemes have become like Siamese twins; joined together at the hip. These two issues, relationship marketing and loyalty schemes, have become central to marketing professionals. However, the marketing literature has questioned the effectiveness of the loyalty schemes in building loyalty despite investing billions of dollars. Scholars such as Rowley (2007) have questioned the ability of loyalty schemes in building loyalty by posing the question: do loyalty schemes really work? Other scholars cited earlier in the study such as Selnes and Singh (2001) has posed the question; why do customers have relationships with more than one supplier within a category? And, if customers have polygamous relationships, what factors determine the choice within the set of alternative relationships? The search for an answer to these pertinent questions has led to the need for the present study.

Though the theories on which the present study is grounded and from which study variables were derived are relevant, several inadequacies are noticeable that may call for extension of the theories or the models. First, the Dick and Basu (1994) typology model viewed loyalty in two dimensions, behavioural and attitudinal. However, after literature review, the importance of the concept of contingency or situational factors influencing loyalty was evident. Though the aspect of situational or contingent factors to loyalty was not the focus of the present study, extending the model to encompass the factors may add new knowledge to the field. Secondly, the Dick and Basu model emulated the significant role by situational circumstances; such as price, service quality, promotions, sold outs situation, alternative attractiveness, that price and firm's promotional campaigns lead to customer switching. Though this could be true, the model did not test the type and significance of the relationships. Thirdly, though the model (Dick and Basu, 1994) formulated four categories of loyalty; no loyalty, latent loyalty, spurious loyalty and true loyalty, none has been operationalised by the model.

Fourthly, Oliver's (1997) four-stage loyalty model conceived loyalty as lying on a continuum, the assumption being that each and every consumer will have some degree of commitment to transit the four stages, ultimately ending with action loyalty. Hypothetically, even if this was true, Oliver's (1997) four-stage model leaves two grey areas; one, the strengths and the types of relationship between factors influencing the transition and respective stage, and, two, the answer to the question on what would happen if a consumer stagnated in one stage and failed to transit to the next stage on the continuum.



Lastly, Narayandas' (2005) loyalty ladder model which believed that loyalty was like a ladder with rungs going up and a possibility of descending only conceived loyalty from the behavioural dimension only. Extending the model to include both the attitudinal dimension of loyalty may add new knowledge to the marketing field. Likewise, though the model assumed that all consumers would go up the rungs till the top rung, thus total consumer loyalty little is known on factors influencing the ascending of the rungs. Similarly, the model postulate that as much the customers may ascend the loyalty rungs so they may descend from the loyalty ladder rungs, this therefore leaves a grey area of factors influencing the descending. Though the present study focused on factors influencing polygamous loyalty, (believed also represented in one of the stages in Oliver's (1997) four-stage model and loyalty model rungs), this study sought to lay ground for several important components that can be included and extended in future research. This includes a new model for estimating factors influencing polygamous loyalty within retail chains' loyalty programme holders.

Several studies has attempted to describe polygamous loyalty for example, Ehrenberg (1988); Dowling and Uncles (1997); Davies (1998); Passingham (1998); Yim and Kannan (1999); Mauri (2003) grounding their description on customers' membership to several loyalty schemes in the same industry or category. By adopting this definition, the present study sought to fill the knowledge gap by posing the question: what factors influence polygamous loyalty within loyalty programme holders in Kenya?

Studies have compared business-customer relationships to marriage or love affairs for example Bertrand (1995); Zineldin (1998); (2002). Drawing on this, Zineldin (2002) stated

that “this romantic business philosophy assumes that love affairs or marriage relationship as well as long-term business are relationships ideally based on shared interests, love, ethics, mutual trustworthiness, cooperation and commitment to continue the relationship and to keep the relationship arrangement productive, mutually beneficial and rewarding for all parties (pp.548-549.”)

However, despite the concerted efforts by firms to create customer retention and loyalty, Selnes and Singh (2001) claim most companies find that many of their customers do not have monogamous relationship with them; rather they also have relationships with their competitors. Selnes and Singh continue to posit that, not only do firms find that their customers have multiple relationships (also referred to as promiscuous / cheaters by Dowling and Uncles (1997), but also that these relationships with multiple suppliers are strong and long lasting.

Empirical data from a study by Cedrola and Memmo (2010) among 606 retail shoppers “active” owners of a loyalty card selected through stratified random sampling in the period September-November 2004 found that, significantly 55.6 per cent were owners of more than one loyalty card. The study findings also indicated that those who owned two cards were 53.8 per cent; three cards 31.5 per cent; four cards 10.8 per cent; five cards 2.1 per cent; and more than five cards 1.8 per cent.

From the above postulations, therefore, it is the goal of this study to focus on the often-forgotten component of factors that influence polygamous loyalty. This can achieved, the study believes, through answering the study’s research question contextualised from Selnes

and Singh (2001); why do customers have relationships with more than one supplier within a category? And, if customers have polygamous relationships, what factors determine the choice within the set of alternative relationships?

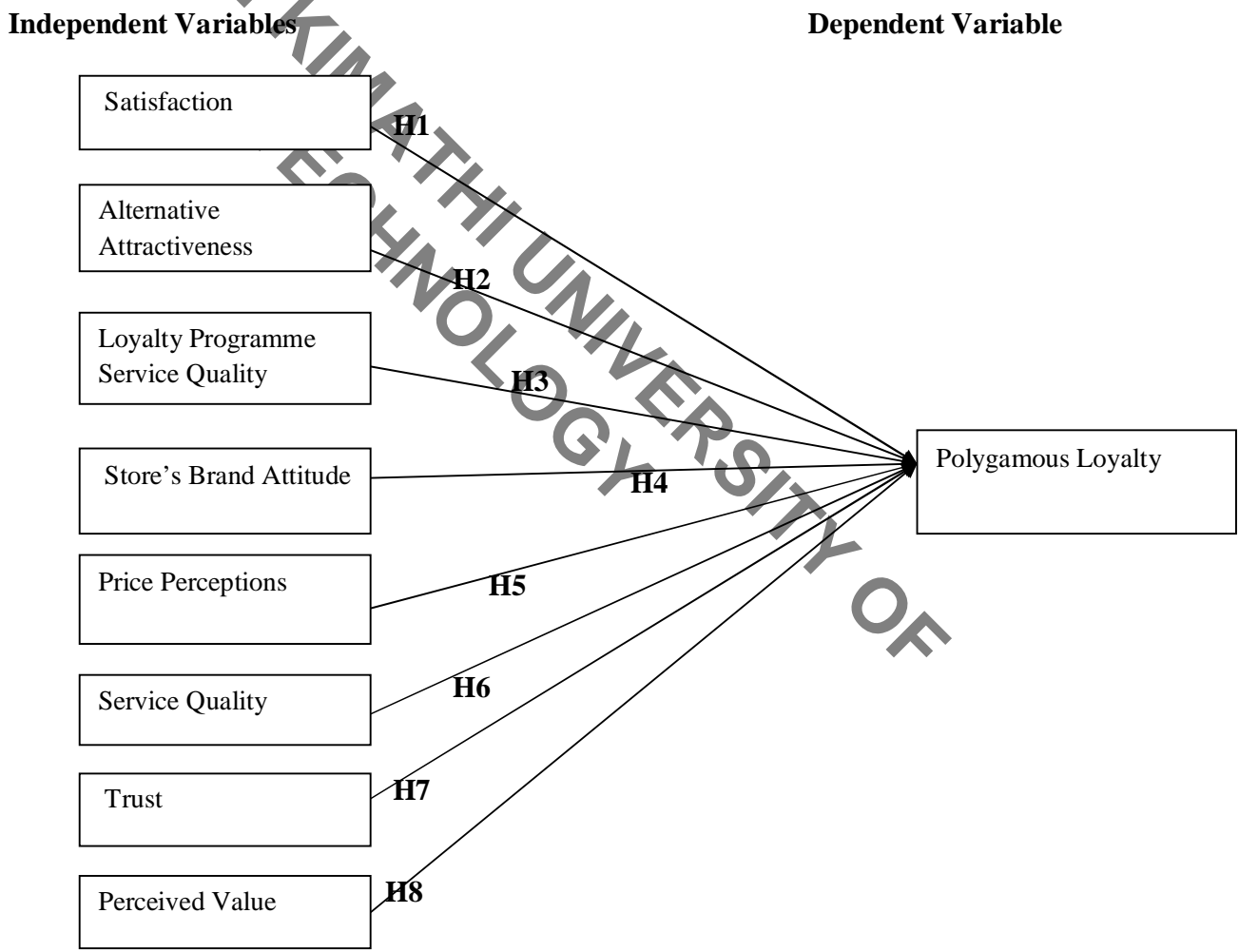
Similarly, while the conceptual literature on polygamous loyalty is comprehensive, the empirical literature tends to be sparse. Few cross-industry studies exist including the construct of polygamous loyalty or the study's proxy variable spurious loyalty. Despite Magi (2003) and Waarden (2007) finding that the possession of at least a competitor's loyalty programme negatively affects the share of purchases, share of the wallet and of the visits in the store, little empirical research exists on factors influencing this phenomenon among retail chains' loyalty programme holders in Kenya.

The survey tool was designed to take customer characteristics, and any influence these typically unmeasured characteristics could have on polygamous loyalty, into account. Another void in the literature this study fills is operationalisation of spurious loyalty, the study's proxy variable, from Dick and Basu (1994) loyalty categories. The overall goal was to provide insight in developing relationship marketing and customer relationship management strategies that can be applied in tandem with other existing loyalty and retention strategies.

### **1.9 Conceptual Framework**

Henderson (1994) describes a conceptual framework as the foundation upon which the entire research study is based. Taking cognisance of the description, the current study sought to develop, describe and elaborate network of relationships among the variables that have been deemed relevant to the problem situation, that have been identified by the study.

Henderson (1994) continues to posit that the major aim of research should be to relate data to theory or generate a theory from data. Similarly, Henderson laid emphasis that in order to hold knowledge; theory should provide a conceptual framework, so that knowledge can be interpreted for empirical application in a diverse manner. From the discussions on the study's hypotheses and proposed relationships among both variables of the study (dependent and independent), the following conceptual framework and model is derived that depicts the study's conceptualised relationships among variables of study. Figure 2.3 below present the study's conceptual framework.



**Figure 2.3: Conceptual Framework; Source: Author (2014)**

## 2.11. Chapter Summary

The chapter built on consumer loyalty and relationship marketing philosophy literature by examining the different orientations of loyalty by zeroing in on factors that may influence polygamous loyalty, operationalised by (Dick and Basu, 1994) spurious loyalty typology. A study conceptual model was developed to understand and predict polygamous loyalty. The marketing literature discovered that polygamous loyalty has been of concern for (a long time) but little empirical literature exists to examine factors influencing the phenomenon.

Essential and of importance to the study was the review of the relevant literature from the grounding theories, retail industry, including retail chains' customer management systems (loyalty programmes schemes), customer loyalty, relationship marketing and marketing theory and practice. This step was important to the study to uncover gaps in the research and to discover the extent to which the independent variables of the study influence the dependent variable.

The next chapter expands on the primary study research questions, theories, and research design strategy to be implemented to study the conceptualised factors influencing polygamous loyalty among the retain chains' loyalty scheme holders. The next Chapter, also describe the study methodology, study population, target population, sample size and sampling design, reviewed the research question and hypothesis, the data collection procedure, variables, and the statistical techniques to be used to infer the findings of the present study.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1. Introduction**

The purpose of this study was determining factors influencing polygamous loyalty among retail chain's loyalty programme holders in Kenya. This chapter describes the procedures and methodology employed for the quantitative study used to analyse these relationships, test the significance of the model and the study's hypotheses. The chapter also addresses the survey design, population, sample size, sampling technique, instrument and analysis used to examine the constructs. The data analysis methodology is discussed and the applied statistical approach.

### **3.2. Research Method and Design Appropriateness**

#### **3.2.1. Research Design**

The study used cross-sectional, descriptive and quantitative survey research design which involved quantifying data and generalising results from a sample to the population of interest, measuring the incidence of various views and opinions in a chosen sample, randomly selecting respondents, using structured techniques such as questionnaire in gathering data, presenting statistical data in the form of tabulations and using the results to recommend a final course of action (Glass and Hopkins, 1984). The data distribution went beyond the descriptive statistics in order to draw inferences. Three main purposes of research were to describe, explain, and validate findings. Description emerged since findings were conclusive and usually descriptive following creative exploration, and served to organise the findings in order to fit them with explanations, and then test or validate those explanations (Krathwohl, 1993).

The survey enabled the researcher to obtain data about practices, situations or views at one point in time through questionnaires. The use of surveys permitted the researcher to study more variables at one time than was typically possible in a laboratory or field experiments, whilst data can be collected about real world environments (Krathwohl, 1993).

According to Krathwohl (1993) a key weakness of the design is that it is very difficult to realize insights relating to the causes of or processes involved in the phenomena measured. There are, in addition, several sources of bias such as the possibly self-selecting nature of respondents, the point in time when the survey is conducted and in the researcher him/herself through the design of the survey itself.

Quantitative method was used to collect data, which entailed use of structured technique, the questionnaire. Data was then computed using statistical analysis in order to discern relationships between the variables of the study. The study used quantitative method because it allowed researcher to come to general conclusions about results and building a model to describe a phenomenon (Krathwohl, 1993). To the scholar, quantitative method can allow researchers to draw conclusions about phenomenon, discern how it functions and is develop laws about it and used to attempt to anticipate future behaviour. One of the real advantages of quantitative methods is their ability to use smaller groups of people to make inferences about larger groups that would be prohibitively expensive to study (Holton and Burnett, 1997). From the above discussions quantitative research method was found appropriate by the present study to explore the research problem in depth, to generate richer understanding of the full range of opinions and experiences on the problem.

### **3.2.2. Rationale for Chosen Method**

These analysis techniques and methods were suitable for this study as they have been applied in empirical research, recommended in the literature, and used in similar studies. In particular, Fullerton (2005) and Zeithaml *et al.* (2005) suggest that correlation and survey methods are appropriate and suitable for investigating, testing and analysing the study variables.

### **3.2.3. Measurements**

Multi-item scales were employed to measure most variables in order to adequately capture the domain of the constructs (Nunnally, 1978; Churchill, 1979). In consistence with the foregoing in measuring the constructs, multi-item scales were used in the study's instrument with adoption from different sources of the existing literature.

To measure polygamous loyalty, the study's dependent variable, spurious loyalty was adopted as the proxy measure chosen for its similarity in characterisation as conceptualised by Dick and Basu (1994). The items for measure discussed below were then adopted from Muncy (1996); Van Trijp *et al.* (1996) and Jensen (2011). Four items were used to measure the polygamous loyalty construct.

Two items adapted from Muncy (1996) were used to measure resistance to situational factors: "If the store was out of my favourite brand of (PRODUCT), I would wait to purchase until later rather than just buy another brand"; and "If a brand of (PRODUCT) different to the one I usually purchase was on sale, I would probably consider purchasing it".



Tendency for variety seeking was measured with a statement adapted from Van Trijp et al. (1996); “Purchasing (PRODUCT), I would rather stick to a brand I usually buy, than try something else”. Finally, the following statement was assumed to address the consumers’ resistance to counter persuasion; “I think commercials for my favourite brand of (PRODUCT) are better than commercials for other brands.” Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

The measurement for satisfaction was adopted from Verhoef *et al.* (2001). Five items were used to measure satisfaction construct’s relationship with polygamous loyalty among loyalty programme holders. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

For the construct of alternative attractiveness, the items were sourced from Ping (1993) and Jones *et al.* (2000). Three items were used to measure the alternative attractiveness construct’s relationship with dependent variable of the study .Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

For the construct of loyalty program service quality, the items were adapted from DeVellis (2003) and Omar and Musa (2011). Seven items were used to measure loyalty program service quality construct in relation to the study’s dependent variable. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

The measurement scale for retail's brand attitude was adopted from Yoo and Donthu (2001). Four items were used to measure retail brand attitude construct's relationship to dependent variable of the study. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

For the construct of price perceptions, the items measurement was adapted from Biswas *et al.* (2002). Three items were used to measure price perceptions construct's relationship to polygamous loyalty among loyalty programme holders. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The measurement for service quality was adopted from Dabholkar *et al.* (1996). The scale consisted of 28 items that measured the five dimensions of customer perceptions of service quality for a retail store.

The physical aspects construct was assessed by six items. Examples of scale items are, "The store has modern-looking equipment and fixtures" and "The store layout at this store makes it easy for customers to find what they need." The reliability construct was measured using five items, such as "When this store promises to do something by a certain time, it will do so" and "This store insists on error-free sales transactions and records." The scale of personal interaction included nine items.

Examples are "Employees in this store have the knowledge to answer customers' questions" and "Employees of this store treat customers courteously on the telephone." Problem solving was measured by three items such as "This store willingly handles returns and exchanges." The last dimension, policy, was assessed by five items such as "This store

offers high-quality merchandise” and “This store accepts most major credit cards.” Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

For the construct of trust, the items were adapted from Swan *et al.* (1999); Chaudhuri and Holbrook (2001); De Wulf and Odekerken-Schroeder (2003). Six items were used to measure trust construct’s relationship to polygamous loyalty among loyalty programme holders. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The measurement for perceived value was adopted from Baker *et al.* (2002). Three items were used to measure perceived value construct’s relationship to the dependent variable of the study. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 3.1 presents the study’s variable’s measurement scales.

### **3.3. Population**

The population was defined as in similar studies as comprising of retail outlets (supermarkets) shoppers (Dabholkar *et al.* 1996; Boshoff and Terblanche, 1997). Therefore the study’s population was composed of all retail (supermarkets) shoppers in Kenya.

#### **3.3.1. Target Population**

The study’s target population was two million five hundred thousand (2.5 million) retail chain’s loyalty programme holders (Insight business magazine, 2011).

### 3.3.2. Sample Size

A common goal of survey research is to collect data representative of a population, the researcher uses information gathered from the survey to generalise findings from a drawn sample back to a population, within the limits of random error (Bartlett *et al.* 2001). Within a quantitative survey design, determining sample size and dealing with non-response bias is essential (Bartlett *et al.* 2001).

Putting the above discussion into perspective, the study had a sample size (n) of 663 shoppers who were members of retail chains' loyalty programmes, adopted from Krejcie and Morgan's (1970) sample size scale and formula for determining sample size for categorical data at t value (2.575) used based on population size for selected alpha level  $\alpha=.05$  in each tail and a degree of accuracy  $a =.01$ . Hence the study sample was computed and derived as follows;

$$\text{no} = \frac{(t)^2 * (p)(q)}{(d)^2}$$
$$\text{no} = \frac{(2.575)^2 (.5)(.5)}{(.05)^2} = 663$$

Where t = value for selected alpha level of .01 in each tail = 2.575 (the alpha level of .01 indicates the level of risk the researcher is willing to take that the true margin of error may exceed the acceptable margin of error).

Where  $p(q) = \text{estimate of variance} = .25$ . (Maximum possible proportion (.5) \* maximum possible proportion (.5) produces maximum possible sample size). When estimating the variance of educational and social science studies, Krejcie and Morgan (1970) suggest that a study should use .50 as an estimate of the population proportion. This proportion will result in the maximization of variance, which will also produce the maximum sample size (Krejcie and Morgan, 1970).

Where  $d = \text{acceptable margin of error for proportion being estimated} = .05$  (error researcher is willing to except). Krejcie and Morgan (1970) posit that five per cent margin of error is acceptable for categorical data.

#### **3.4. Sampling Design**

Sampling design can be described as a procedure or plan drawn up before any data is collected to obtain a sample from a given population Denscombe (1998). Studies by Reardon (2004) indicates that supermarkets in Kenya are growing at an annual rate of 18 per cent and have a 20 per cent share of the urban food market overall. With the number of retail outlets in Kenya rapidly increasing, the competition among retailers is becoming more intense.

Building a superior retail outlets relationship and loyalty with consumers is essential for the retail outlets to increase their competitive advantage over other retailers. In order to test the hypothesized relationships, data was collected from a segment of shoppers who were members of retail chains' loyalty.

The sample was selected from the country's five largest retail sector players: Nakumatt; Tuskys; Naivas; Uchumi; and Ukwala measured by sales and branch network (Insight retail magazine, 2011). The data was collected in Nairobi, Mombasa, Nakuru and Eldoret. These cities and towns were selected because all the five largest retail sectors players had branch network presence for over two years and consequently have a greater degree of stability in consumer expectations as compared to other cities and towns in the country.

This sampling was important to ensure that the study findings were not very 'short-term' retail evolution stage specific Woodruffe *et al.* (2002). The sample was selected proportional to each retail outlet's combined branch network in the four selected towns. A screening question (Are you a member of at least one loyalty programme in one of retail outlets in Kenya?) was used to ensure appropriateness of respondents.

To reduce a possible research bias caused by geographical factors, the four major towns (Nairobi, Mombasa, Nakuru and Eldoret) were selected for the survey. The objective was to recruit a sample that reflected a cross-section of shoppers. Table 3.2 depicts sample selection proportions.

**Table 3.1 Sample Selection Proportion per Retail Chain's Branch Network**

Retail Chain(s)	Distribution	
	Sample Selection Proportion per Retail Chain(s)	Percentage
Nakumatt	186	28%
Tuskys	159	24%
Uchumi	106	16%
Naivas	124	19%
Ukwala	88	13%
<b>Total (Sample Size Proportion)</b>	<b>663</b>	<b>100</b>

#### **3.4.1. Sampling Frame**

Sampling frame is an objective list of the population from which the researcher can make a selection Denscombe (1998). According to Cooper and Schindler (2003), the basic idea of sampling is selecting some of the elements in a population so that the researcher may draw conclusions about the entire population. Cooper and Schindler (2003) also add that a sampling frame should be a complete and correct list of population members only.

Since retail chains shoppers are diverse, the sampling frame focused on a segment of this population group - shoppers who were members of retail chains' loyalty programmes. Respondents were required to be at least 18 years old since by this age one may be assumed to be shopping for oneself in Kenya. Above 28 years was taken as a second group because by the age of 28, one is usually more independent; usually working and/or

married; with greater discretionary amount to spend; with increased travel and consequent exposure to a variety of stores and so on.

The questionnaire implement employed was designed to explore factors influencing polygamous loyalty among retail chains' loyalty programme holders. For exploration of this particular topic, the sampling frame had to satisfy one principal requirement: it had to comprise retail chains' shoppers with some relatively homogeneous characteristics who were members of retail chains' loyalty programme; and it had to comprise retail chains' shoppers who were, probabilistically, members of more than one retail chains' loyalty programmes.

#### **3.4.2. Sampling Technique**

According to Cooper and Schindler (2003), sampling is done in order to lower costs, increase the speed of data collection, greater accuracy of results and availability of population elements. Probability systematic random sampling process was used to select respondents. Subramani (2012) posits that if there exists a linear trend among the population values, then the systematic sampling is recommended for selecting a random sample of size  $n$ , which gives a better estimator compared to simple random sampling (Cooper and Schindler, 2003). In this process, sampling interval was defined according to the number of questionnaire issued required as apportioned per respective retail chains' outlet. The sampling process was conducted by sampling every  $k$ th item in a population after the first item is selected at random from the first  $k$  items.



### **3.5. Study Instrument**

A self-administered questionnaire was used. The data collection instrument was developed and organised on the basis of the specific study's hypothesis to ensure relevance to the research problem. The structure of the questionnaire was clear, easy to understand, and straight forward to ensure that the respondents answered the questions with ease. The design intent was to discover significant relationship between the dependent variable and independent variables. The survey instrument contained a list of quantitative questions exploring the participants' perceptions of polygamous loyalty, satisfaction, alternatives attractiveness, loyalty programme service quality, brand attitude, price, service quality, trust and perceived value.

The tool was divided into three sections consisting of questions adopted and contextualised from measurement scales that have been validated in numerous studies to measure the study's dependent and independent variables. In the first section, respondents were asked whether they were subscribed members of at least one loyalty scheme in any of the retail chains and, if so, the status of their membership. Second Section - a five-point Likert scale ranging from "strongly disagrees" to "strongly agree" was adopted for questions regarding the study's variables under investigation. Lastly, the third section contained questions regarding demographic characteristics of the respondents such as gender, age, education, car ownership, household size, marital status and gross income per month. A questionnaire was used because questionnaires cover a large number of respondents in a relatively short time and reliable data can be generated since the questions asked can be answered at the respondents' convenience (Komunda and Osarenkhoe, 2012).

### 3.6. Data Collection Method

The sampling process was in-store based; this involved setting a table within the retail chains and a self-administered study tool was administered through mall/retail store intercept survey technique (Bush and Hair, 1985). The choice of the technique was informed by similar studies such as those by Griffin *et al.* (2000) ; Keng *et al.* (2007) ; Wang *et al.* (2010) ; Khare (2013) which have employed mall intercept technique for data collecting. The technique is also considered free of bias and has anonymity attribute than in telephone or personal interviews (Khare, 2013).

Sampled respondents were invited by the research assistants to fill in the survey instrument, a redeemable coupon from the store as token of appreciation was issued after the survey. To ensure that respondents were not surveyed twice, the research assistant enquired them if they had participated in a similar survey in another retail chain. The self-administered study tool was moderated by research assistants who were familiar with the cities and towns selected for the survey after undergoing training to familiarise themselves with the study tool. The data was collected at the selected retail chain's outlets during shopping hours over a period of one month between 20<sup>th</sup> September and 22<sup>nd</sup> October, 2013 from shoppers who met the study sampling frame criteria and were willing to respond. In total, some 599 usable responses were yielded by this process across the five selected retail chains' outlets.

### **3.6.1. Pilot Study**

#### **3.6.1.1 Sample Size and Survey Validation**

A pilot version of the survey instrument was designed and tested. A pilot study was conducted at two selected Uchumi Supermarket outlets at Sarit and Capital Centre, both in Nairobi, between September 20<sup>th</sup> and October 1<sup>st</sup>, 2013 among fifty (50) subjects similar to the targeted sample using modified systematic sampling technique (these respondents were not included in the final study).

The goals of the pilot study were four fold: one, to test the instrument's face validity, to determine whether the questions were clear, understandable, and in a logical order; two, to carry out the instrument's content validity, the participants were asked to criticise the content of the questionnaire. More specifically, the participants were asked to express their views on whether they considered the study instrument's questions to be representative of factors influencing polygamous loyalty among the retail chains' loyalty programme holders in Kenya,

Thirdly, construct validity was tested by use of the appropriate statistical technique to determine the structure of the questionnaire; namely, the number of sub-scales measured by the study's questionnaire, and the questions that constituted each sub-scale. During the instrument's construct validity test, the instruments' questions were used relatively to the importance of the statements that evaluated the dimensions of the study variables, and finally, to test the reliability of the instrument that is the; the internal consistency and the repeatability of measurement sub-scale derived from the construct validity of the tool.

### **3.7. Data Analysis Procedure**

Data analysis is the process of systematically applying statistical techniques to describe and illustrate, condense and recap, and evaluate data (Shamoo and Resnik, 2003). All the responses to each question for each respondent were entered into a data sheet using the coded values and the construction of a summary sheet followed. The study then attempted to interpret the data into information that people can understand through analysis of the results.

According to Shamoo and Resnik (2003) various analytical procedures provide a way of drawing inductive inferences from data and distinguishing the phenomenon of interest from the statistical fluctuations present in the data. The analysis involved gathering data that describes events and then organises, tabulates, depicts, and describes the data collection (Glass and Hopkins, 1984)

In tandem with research design, descriptive statistics and analysis was used to analyse the primary data. Quantitative data methods were used to analyse background as well as the respondents' profiles. These quantitative data methods included the common measures such as measures of central tendencies (mean) and dispersions (standard deviation). The mean score was used as the test statistics to measure the relationship between control variable and independent variable dimension importance. The respondents' responses were presented in distribution and frequency tables.

The study used various test statistics to analyse the relationship between the dependent and independent variables. These included but were not limited to; the Cronbach's alpha (denoted by  $\alpha$ ) to measure the reliability of the data, KMO statistics to test sample adequacy, the coefficient of determination,  $r^2$  as a measure of percent of the variance in the dependent variable explained by the independent variables, analysis of variance (ANOVA), Bartlett's Test of Sphericity statistics to test the null hypothesis that the correlation matrix upon which factor analysis was based was an identity matrix, F-statistic to test significance of the study model and p-value to test study hypotheses

Inferential statistics was used in measurement of significance of the relationships and differences between or among the variables. The study used multiple regressions to analyse data; this is because the study had multiple variables. A Statistical Package for Social Sciences (SPSS) computer software version 16 was used for data computation. The intent and motivation of this study was to identify drivers of polygamous loyalty and the extent of factors influence and test a predictive model that depicts the relationships between study variables. The methods chosen were well suited for this goal.

### **3.7.1. Regression Model**

The researcher used regression analysis to obtain estimates of the unknown parameters of  $\beta_0$   $\beta_1$   $\beta_2$   $\beta_3$   $\beta_4$  and  $\beta_5$  which indicate how a change in one of the independent variables affects the values taken by the dependent variable.

$$\hat{y} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \dots + \varepsilon$$

Where:  $\hat{y}$  = Estimated value of Polygamous Loyalty

$\beta_0$  = Intercept

$X_1$  = Satisfaction

$\beta_1$  = Gradient / Change in  $X_1$

$X_2$  = Alternative Attractiveness

$\beta_2$  = Gradient / Change in  $X_2$

$X_3$  = Loyalty Programmes Service quality

$\beta_3$  = Gradient / Change in  $X_3$

$X_4$  = Store's Brand Attitude

$\beta_4$  = Gradient / Change in  $X_4$

$X_5$  = Price perceptions

$\beta_5$  = Gradient / Change in  $X_5$

$X_6$  = Service Quality

$\beta_6$  = Gradient / Change in  $X_6$

$X_7$  = Trust

$\beta_7$  = Gradient / Change in  $X_7$

$X_8$  = Customers' Perceived Value

$\beta_8$  = Gradient / Change in  $X_8$

$\varepsilon$  = error variable (factors outside the regression model)

The regression model sought to find out the relationship between the variables and predict future outcome, at 95% confidence level ( $\alpha.05$ )

### **3.7.2. Expected Results**

The expected result sought to answer the research question and meet the objectives of the study. Of importance was the need to establish the strengths and type of relationships existing among the variables of the study. The researcher also aimed to address the study's research problem, coming up with solutions and recommendation to the industry. The researcher also aimed to come up with a model that could be used to predict future cases. Ultimately, the study expected to lay a foundation where future studies might be grounded; it was the expectation of the researcher that with the study's findings, new knowledge would be created and disseminated in the field of the study.

### **3.8. Ethical Considerations**

The term ethics in the context of the study was used to refer right and wrong and the morality of choices individuals' make. The study took into cognition of key ethical issues to protect the rights of research participants. The study highlighted the importance of the respondent's (participant's) input, the purpose of the study enumerated, the geographic location of the study and total assurance of confidentiality. The study had underlying principles: Principle of voluntary participation - the survey was conducted on a confidential and voluntary basis and participants were assured that on their volition could withdrawal their participation from the study at any time without penalty or loss of benefit to themselves. The principle of confidentiality and identification – the study did not solicit or collect any information that might identify any participant in the study period. The principle to right information -participants who wished the study to share the findings were voluntarily requested to provide their email address. The principle of anonymity was

implemented which essentially meant that the participant remained anonymous throughout the study. All participants were 18 years old or older.

### **3.9. Chapter Summary**

The chapter described the study methodology, study design, study population, target population, sample size and sampling design, reviewed the research question and hypothesis, the data collection procedure, variables, and data measurement and analysis. This chapter first considered the literature review and developed the methodology provided based on empirical research. The analytical methods used in the study were supported by work done by previous researchers. The intent and motivation of this study was to identify drivers of polygamous loyalty and the extent of factors' influence and test a predictive model that depicts the relationships between study variables. The next chapter presents and interprets the results of the study.



## CHAPTER FOUR: RESULTS AND FINDINGS

### 4.1 Introduction

The purpose of this quantitative study was to establish factors that influence polygamous loyalty among retail chains' loyalty scheme holders in Kenya, analysing the conceptualised factors influencing polygamous loyalty, and their relationship to the dependent variable of the study. The following alternative hypotheses were proposed:

H1a: There is a significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders.

H2a: There is a significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders.

H3a: There is a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.

H4a: Retail chain's brand attitude has a significant relationship with polygamous loyalty among retail chains' loyalty programme holders.

H5a: There is a significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders.

H6a: There is a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders.

H7a: There is a significant relationship between trust and polygamous loyalty among retail chains' loyalty programmes holders.

H8a: There is a significant relationship between perceived value and polygamous loyalty among retail chains' loyalty programmes holders

The following null hypotheses were derived:

H1o: There is no significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders.

H2o: There is no significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders.

H3o: There is a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.

H4o: Retail chain's brand attitude has no significant relationship with polygamous loyalty among retail chains' loyalty programme holders

H5o: There is no significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders.

H6o: There is a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders.

H7o: There is no significant relationship between trust and polygamous loyalty among retail chains' loyalty programmes holders.

H8o: There is no significant relationship between perceived value and polygamous loyalty among retail chains' loyalty programmes holders

To test the hypotheses specified above, multiple regression equation procedures were conducted between the study dependent variable (polygamous loyalty) and the independent variables ( satisfaction, alternative attractiveness, loyalty programme service quality, store brand's attitude, service quality, price perception, trust and customer perceived value conceptualised as to be having significant influence or relationships.

The chapter includes the descriptive statistics of both the demographic and variables of the study. The reliabilities of the instrument, scale measures and sample adequacy are detailed. The section is followed by results presentation on principal component factor analysis. The multi-variant equation modeling results are then described.

#### **4.1.1 Review of Problem Statement and Method**

Magi (2003) and Waarden (2007) findings demonstrated that the possession of at least a competitor's loyalty programme negatively affects the share of purchases, share of the wallet and of the visits in the store. Despite these significant findings, sparse empirical research exists on factors influencing this phenomenon (polygamous loyalty) both global and Kenyan context.

Similarly, a wealth of data according to Uncles *et al.* (2003), suggests that most consumers are polygamous and are loyal to a portfolio of brands within a product category. In particular, studies such as those by Dowling and Uncles (1997) describe polygamous loyalty customers' membership to several loyalty schemes in the same industry or category.

Further, a pilot study carried out between September 11th and September 30th 2012 amongst 200 shoppers in five major retail outlets by their retail chain network within Nairobi metropolitan area using a systematic random sampling method indicated that 75 per cent of shoppers were members of at least one loyalty programme, 59 per cent were members of more than one loyalty programme and 72 per cent of them try to use a loyalty scheme as often as possible.

The problem is that despite these significant findings of the pilot study on prevalence of polygamous loyalty amongst the retail chains' loyalty programmes holders in Kenya and supporting literature, much is unknown about the factors influencing this phenomenon. The need to fill this glaring knowledge gap, therefore, motivated the present study.

The cross sectional survey, descriptive and quantitative research design sought to examine and establish the relationship strengths between conceptualised study independent and dependent variable. To address the study problem, hypotheses testing and answering research questions, a sample size (n) of 663 shoppers from a segment of the target population group, shoppers who were members of retail chains' loyalty programmes (Nakumatt; Tuskys; Naivas; Uchumi; and Ukwala- Nairobi, Mombasa, Nakuru and Eldoret) were surveyed with a researcher developed instrument. The study sampling adopted Krejcie and Morgan's (1970) sample size scale and formula for determining sample size for categorical data at t value (2.575) used based on population size for selected alpha level  $\alpha = .05$  in each tail and a degree of accuracy  $\alpha = .01$ .

The purpose of this present study was to analyse the significance and effectiveness of the study's proposed predictive model in determining factors influencing polygamous loyalty among retail chain's loyalty programme holders. This was performed by testing the significance of relationships of satisfaction, alternative attractiveness, loyalty programme service quality, brand attitude, price, service quality, trust and perceived value in influencing polygamous loyalty among retail chains' loyalty programme holders in Kenya.

The instrument used to gather the quantitative data was a self-administered questionnaire examining the components of independent variables of the study. To validate the survey instrument and analysis methods, a pre-test was conducted before being administered.

#### **4.1.2 Data Collection**

Survey participants were the primary data for this study. The study instrument was self-administered to shoppers who fitted the study's sampling frame and participatory criterion (membership to at least one of retail chain's loyalty scheme). Individual participant were asked to evaluate the conceptualised study variables based on their views. The study's tool was designed specifically for this study. The design objective was to establish the significance of relationships between the study variables and to which extent the proposed independent variables influence the dependent variable.

A self-administered questionnaire was used. The data collection instrument was developed and organised on the basis of the specific study's hypotheses to ensure relevance to the research problem. The survey tool contained a list of quantitative questions exploring the participants' perceptions of polygamous loyalty, satisfaction, alternative attractiveness, loyalty programme service quality, store's brand attitude, service quality, price perception, trust and customer perceived value. The survey participants were made up of shoppers from a segment of the target population group, shoppers who were members of retail chains' loyalty programmes in Kenya. The study subjects remained anonymous, thus ensuring that no individual response was attributed to any individual respondent.

#### 4.1.3 Pilot Study Results

A pre-test for the tool was carried out between September 20<sup>th</sup> and October 1<sup>st</sup>, 2013 among fifty (50) subjects similar to the targeted sample at two selected Uchumi Supermarkets outlets: Sarit and Capital Centre in Nairobi. Probability systematic random sampling technique was employed. The pilot study's responses were not included in the final study.

The objectives of the pre-test were: one, to test the tool's face validity; this by determining whether the target respondents found the questions clear, understandable, and following a logical order; two, to carry out instrument's content validity, the targeted respondents were requested to critique the content of the questionnaire with a view of finding out whether the tool's questions contextualised the factors influencing polygamous loyalty among the retail chains' loyalty programme holders in Kenya,

Thirdly, construct validity was tested by use of the appropriate statistical technique to determine whether the number of sub- scales measured by the study's questionnaire were valid in measure of the study's variables, and finally, to test the reliability of the instrument that is the; the internal consistency, evaluate the degree to which different test items (sub-scales) that probe the same construct produce similar results.

Of the 50 respondents of the pilot study 94 per cent (47 participants) found the questions to be clear, understandable and logical, hence the present study instrument's face validity was confirmed; 98 per cent (49 participants) found the tool's questions to be relevant and representative of factors influencing polygamous loyalty among the retail chains' loyalty

programme holders in Kenya. Given the chance to explain what was not relevant, the respondent suggested that some of the questions be improved to clearly contextualise the Kenyan retail format. Taking cognisance that Churchill (1979) suggests that assessment of Cronbach alpha ( $\alpha$ ) and exploratory factor analysis (EFA) are the first tools for the assessment of the measurement instrument quality; this formed the basis of testing the present study tool at the pilot study stage.

Reliabilities' measures of the study's initial conceptualised variables scales (satisfaction, alternative attractiveness, loyalty programme service quality, stores' brand attitude, service quality, price perceptions, trust, customers perceived value, trust, store image, switching costs and store environment cue) were assessed using the reliability acceptance criteria, calculating Cronbach alpha (Cronbach, 1951). The results of the reliability test scores (Cronbach alpha) showed scale measurements for; store image at ( $\alpha$  .45), switching cost ( $\alpha$  .37) and store environment cues ( $\alpha$  .51) reliabilities were below  $\alpha$  .70 Cronbach alpha coefficient score considered the minimum acceptable level (Nunnally, 1978; de Vaus, 1995).

Similarly, construct validity was tested by use of the appropriate statistical technique and the results from exploratory factor analysis (EFA) showed that two variables (store image and environment cues) yielded the least percent (%) of Variance, meaning the two variables accounted for the least percent of total factors variance. The two tests informed the study's decision to exclude the three variables (store image, switching costs and environment cues) from conceptual framework. The pilot study also carried out multicollinearity test to

check whether there was a causal link between the variables. The pilot study results did not detect the existence of the phenomenon.

## **4.2 Demographic Variables**

### **4.2.1 Response and Sample Characteristics**

The descriptive statistics of the demographic variables describing the samples of the respondents are presented.

A total of 722 surveys were self-administered to a systematic random sample of retail chains' (supermarkets) shoppers from the five main retail chains in Kenya by sales turnover and branch network (Nakumatt, Tuskys, Uchumi, Naivas, and Ukwala). The selected sampling frame had to satisfy one principal requirement: it had to comprise retail chains' shoppers with some relatively homogeneous characteristics who were members of retail chains' loyalty programme; and it had to comprise retail chains' shoppers who were, probabilistically, members of more than one retail chains' loyalty programmes.

The sample was selected proportional to each retail outlet's combined branch network in the four selected towns. A screening question (Are you a member of at least one loyalty programme in one of retail outlets in Kenya?) was used to ensure appropriateness of respondents. To reduce a possible research bias caused by geographical factors, four major towns (Nairobi, Mombasa, Nakuru and Eldoret) were elected for the survey.

The criterion for selection was that the retail chains' operational branch presence for a minimum of two years in selected towns. A total of 623 questionnaires were returned for a response rate of 86 per cent. 24 of the 663 returned completed questionnaires were



rejected for failing the inclusion criteria which included either missing data or inappropriate responses. As a result, the final number of accepted responses used in the analysis was 599, yielding a response rate of 83 per cent. Table 4.1 depicts the response rate.

#### 4.2.2 Study's Response Rate

**Table 4:1 Frequencies and Percentages of Demographic Variables Describing Study's Response Rate.**

Study Sample	Targeted Sample	Returned	Rejected	Accepted
663	722	623	24	599

Source: Primary Data

Of the respondents, 38 per cent were male and 62 per cent were female. On the demographic profile characteristics, 39.6 per cent were between ages of 18 and 28 years while 35.1 per cent were between 29 and 38 years old; 15.7 per cent ranged between 39 and 48 years of age and those over 49 years constituted the remaining 9.6 per cent. Table 4.2 depicts the response rate.

**Table 4:2 Frequencies and Percentages of Demographic Variables Describing Study's Respondents Age.**

Age	Percent
18-28	39.6
29-38	35.1
39-48	15.7
>49	9.6
Total	100.0

On educational level, the most striking descriptive results were that partially only 0.8 per cent and 1.7 per cent of the respondents respectively didn't have formal education and were primary level of education graduates. Respondents with combined tertiary and university education levels accounted for over two thirds at 85.2 Per cent. The remaining percentile, 13 per cent, constituted respondents with secondary level of education. Table 4.3 depicts the findings.

**Table 4:3 Frequencies and Percentages of Demographic Variables Describing Study's Respondents Level of Education.**

Level of Education	Percent
Non formal	.8
Primary	1.7
Secondary	12.2
Tertiary	41.1
University graduate	44.1
Total	100.0

The above findings imply that over 80 per cent of loyalty programme holders were knowledgeable customers. This suggests that the management should come up with retention strategies tailored to this segment of the customers who may have dynamic tastes and preferences, and extensive social network.

Notable descriptive results were that (77%) of household size had an average of four members. Households with single membership accounted for 5.9 per cent of the respondents, while the largest household size had 10 members, however, of interest to note is that this only constituted less than 1 per cent of the survey's respondents. Table 4.4 below summarises the findings.

**Table 4:4 Frequencies and Percentages of Demographic Variables Describing Study’s Respondents Monthly Income.**

Household Size	Percent
1	5.9
2	6.2
3	25.3
4	18.2
5	33.5
6	6.2
7	2.2
8	1.0
9	.8
10	.7
Total	100.0

The survey sought to find out if respondents owed a vehicle and if so did they use it while shopping. The respondents were asked to answer in affirmative on the ownership. Of the respondents 35.5 per cent indicated that they owned a vehicle and usually used it while shopping. The rest more than half (64.5%) indicated that they were non-motorised. Table 4.5 summarises these characteristics.

**Table 4:5 Frequencies and Percentages of Demographic Variables Describing Study’s Respondents vehicle ownership and usage while shopping.**

Own a Vehicle and Use it While Shopping	Percent
Yes	35.5
No	64.5
Total	100.0

Results indicate that 37.1 per cent of the survey’s respondents earned a monthly income of Kenya shilling twenty thousand and below. 28.9 per cent indicated that they have a monthly income ranging between Kshs. 40,000 to 80, 000. Those with a monthly income of 20,000 to 40,000 accounted for 24.1 Per cent. Of the respondents 6.5 per cent

constituted those with highest monthly income earning between Kshs. 150,000. The remaining 3.4 per cent earned between Kshs. 80,000 and 150,000. Table 4.6 outlines the respondents' monthly income composition.

**Table 4:6 Frequencies and Percentages of Demographic Variables Describing Study's Respondents Household Size.**

Monthly income	Percent
20,000 and <	37.1
20,000-40,000	24.1
40,000-80,000	28.9
80,000-150,000	3.4
> 150,000	6.5
Total	100.0

The above findings imply that significant number of the customers, 61% earned Kenya shillings 40,000 or less. These findings imply that most of the consumers may be bargain hunters hence, the retail chains ought to come up with appealing differentiation strategies would make the consumers' price tolerant.

Of the respondents, 87 per cent indicated that they were resident in urban areas while the remaining 13 per cent resided in the rural areas. These descriptive results are in conformity with expected results since the areas of the study, retail chain formats, are predominately in urban areas. The study focused on Nairobi and Mombasa city; and Nakuru and Eldoret town. Table 4: 7 depicts the results.

**Table 4:7 Frequencies and Percentages of Demographic Variables Describing Study’s Respondents Place of Residence.**

Residence	Percent
Urban	87.0
Rural	13.0
Total	100.0

### 4.3 Control Variables

Although this study focused on independent variables (satisfaction, alternative attractiveness, loyalty programme service quality, store’s brand attitude, price perceptions, service quality, trust and customer perceived value) with regard to polygamous loyalty, literature review indicates that previous studies for example, Homburg and Giering (2001) have suggested that demographic variables (age, income and gender,) also represent significant alternative explanations for the development of customer loyalty. From the above predisposition, the study therefore sought to establish the relationship between the control variable and dependent variable of the study.

By adopting Ehrenberg (1988); Dowling and Uncles (1997); Passingham (1998); Davies (1998); Yim and Kannan (1999) and Mauri (2003) definition and conceptualization of polygamous loyalty; customers’ membership to several loyalty schemes in the same industry or category, the study formed a base for examining how controlling variables related with the dependent variable under study. The study’s screening question adopted and contextualized from the above definition of polygamous loyalty (Are you a member of at least one loyalty programme in one of retail outlets in Kenya; If yes, you are a member of how many loyalty programmes?) operationalised the measure of prevalence of

polygamous loyalty across the control variables (Age, monthly income, place of residence, gender, marital status, car ownership and usage while shopping and education level). To test this relationship, a measure of central tendency, the mean, was used as the test statistics.

#### 4.3.1 Retail Chains' Loyalty Scheme Membership

Descriptive statistics indicated that of the study's respondents almost half 49 per cent were members of at least two loyalty schemes. Of the participants, 30 per cent had a membership of three. 13.5 per cent were members of four loyalty schemes in different retail chains in Kenya. A notable finding is that only five per cent of the survey's participants indicated that they were members in only one loyalty scheme. The remaining percentile 1.8 per cent had a subscription in five loyalty scheme. Descriptive statistics, however, showed that no one respondent was a member in more than five different loyalty schemes. Table 4.8 depicts the survey's findings.

**Table 4:8 Frequencies and Percentages of Demographic Variables Describing Study's Respondents Retail Chains' Loyalty Scheme Membership.**

If yes, you are a member of how many loyalty programmes?	Percent
1	4.9
2	49.0
3	30.8
4	13.5
5	1.8
Total	100.0

As earlier discussed the mean score statistics was used to present quantitative descriptions of the overall and across the control variables Retail Chains' loyalty scheme membership data in a manageable form. According to Glass and Hopkins (1984) the mean score is the

best measure of central tendency when the data are roughly symmetric and have no outliers, or when there are outliers, the researcher wants them to be included. Table 4.9 below depicts the overall mean of respondents' retail chains' loyalty schemes membership.

**Table 4:9 Descriptive Statistics for Describing overall (Sample mean) of Study's Respondents retail Chain's Loyalty Schemes membership.**

	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
If yes, you are a member of how many loyalty programmes?	2.65	.034	.806

*At 95% Confidence Interval for Mean two tailed*

At 95 per cent level of confidence, the key findings from the primary research revealed that overall the population surveyed tends to have a membership on average, of 2.65 loyalty schemes. The overall average loyalty scheme membership was slightly higher than scheme participation cited in the literature. In particular, Capizzi and Rick (2005) cite a study by Warrillow and Associates, which indicates 60 per cent of US and Canadian small business owners belonged to more than one programme, with the average participation exceeding 2.3 programmes (Capizzi and Rick, 2005). The study however, contradicts, Wright and Sparks (1999), exploratory study and Taylor Nelson AGB's Omnimas loyalty scheme tracking survey (1995-1997 ) which indicated that people tend to participate, on average, in 2.2 schemes (across all sectors) and 1.8 card loyalty schemes respectively.

Though the figure may be above average in Kenyan situation compared to the global average, Kenyan retail sector is still young compared to the mature retail formats in development world. However, it would be of importance to retail chains management to

note that though this is true, the trend may affect the share of the wallet to respective retail outlets hence the need to refocus on customers' retention strategies.

#### 4.3.2 Age and Retail Chains' Loyalty Scheme Membership

The findings show key differences between the ages brackets when it comes to loyalty scheme memberships (Table 4.10), the findings reveal a significant younger or older bias in terms of average retail chains' loyalty scheme membership. Results show that the respondents between 18 to 28 age brackets were on average members of 2.68 loyalty scheme across the retail chains in Kenya. Those in 29-38 age groups had membership of an average of 2.50 retail chains' loyalty scheme. The middle age band (39-48), recorded a higher loyalty scheme membership average with a mean score of 2.86. A notable finding was that the respondents who were over 49 years of age though a small percent (1.8 per cent) were average members in 3.0 of retail chains' loyalty schemes. Table 4.10 below describes respondents' retail chains' loyalty scheme membership by age.

**Table 4:10 Descriptive Statistics for Control Variable (Age) Describing Study's Respondents Retail Chains' Loyalty Scheme Membership by Age .**

	Age	Test Statistics : Mean
<b>If yes, you are a member of how many loyalty programmes?</b>	18-28	2.68
	29-38	2.50
	39-48	2.86
	>49	3.00

*At 95% Confidence Interval for Mean two tailed*



### 4.3.3 Gender and Retail Chains' Loyalty Scheme Membership

In terms of gender and loyalty scheme membership, results indicate there was insignificant difference, thus the results do not support the claim that gender is a key discriminator in loyalty scheme membership; however, notable finding is that both male and female survey participants' membership to loyalty scheme was above the overall average. In particular, the mean score for male respondents indicated that on average male respondents had membership in 2.66 retail chains' loyalty scheme programmes. On the other hand, female respondents were members of an average 2.68 retail chain's loyalty scheme programme.

Table 4.11 below depicts these results.

**Table 4:11 Descriptive Statistics for Control Variable (Gender) Describing Study's Respondents retail Chains' Loyalty Scheme Membership by Gender.**

	Gender	Test Statistics :	Mean
<b>If yes, you are a member of how many loyalty programmes?</b>	Male		2.66
	Female		2.68

*At 95% Confidence Interval for Mean two tailed*

### 4.3.4 Marital Status and Retail Chains' Loyalty Scheme Membership

The results indicated that insignificant association exists between marital status and membership to retail chains' loyalty schemes. Single participants, on average, own just as many loyalty cards as married participants. Table 4.12 below depicts these results.

**Table 4:12 Descriptive Statistics for Control Variable (Marital Status) Describing Study’s Respondents Retail Chains’ Loyalty Scheme Membership by Marital Status**

Status	Marital	Test Statistics : Mean
If yes, you are a member of how many loyalty programmes?	Married	2.69
	Single	2.62

*At 95% Confidence Interval for Mean two tailed*

#### **4.3.5 Household Size and Retail Chains’ Loyalty Scheme Membership**

The survey findings from the primary research revealed that household size is a significant control variable in terms of average retail chains’ loyalty scheme membership. One trend that was deduced suggested there is a relationship between the household size and the number of membership to different loyalty schemes. The mean score in the Table 4.13 below summarises the surveys’ results.

**Table 4:13 Descriptive Statistics for Control Variable (Household Size) Describing Study’s Respondents Retail chains’ Loyalty Scheme Membership by Household size.**

Household Size	Test Statistics:	Mean
If yes, you are a member of how many loyalty programmes?	1	2.65
	2	2.59
	3	2.59
	4	2.77
	5	2.58
	6	2.79
	7	2.67
	8	2.83
	9	3.50
	10	2.75

*At 95% Confidence Interval for Mean two tailed*

#### **4.3.6 Educational Level and Retail Chains’ Loyalty Scheme Membership**

One of the survey’s key finding revealed notable results, on average the respondents without formal education were members of 3 retail chain loyalty programmes, similarly respondents who were university graduates had a membership on average of 2.7 loyalty scheme. These results tend to suggest that there is no significant association between level

of education and the number of retail chains. These findings are summarised in the Table 4.14 below.

**Table 4:14 Descriptive Statistics for Control Variable (Educational Level) Describing Study’s Respondents Retail chains’ Loyalty Scheme Membership by Educational Level.**

Educational level	Test Statistics : Mean	
If yes, you are a member of how many loyalty programmes?	Non formal	3.00
	Primary	2.50
	Secondary	2.43
	Tertiary	2.66
	University graduate	2.72

*At 95% Confidence Interval for Mean two tailed*

#### **4.3.7 Vehicle Ownership and Usage While Shopping and Retail Chains’ Loyalty Scheme Membership**

The results indicated that insignificant association exists between vehicle ownership and membership to retail chains’ loyalty schemes. None motorized participants, on average, own just as many loyalty cards as motorized participants. These results are summarised in Table 4.15 below.

**Table 4:15 Descriptive Statistics for Control Variable (Vehicle Ownership and Usage during Shopping) Describing Study’s Respondents Retail Chains’ Loyalty Scheme Membership by Vehicle Ownership and Usage during Shopping.**

<b>Own a vehicle and use it while shopping</b>	<b>Test Statistics: Mean</b>
If yes, you are a member of how many loyalty programmes? Yes	2.73
No	2.63

*At 95% Confidence Interval for Mean two tailed*

#### 4.4 Study Variables

The study used descriptive statistics to describe important features of the study’s independent variables’ dimensions. Descriptive statistics were used because they provide simple summaries about the sample and the measures (Glass and Hopkins, 1984). The measures of central tendency were used as test statistics. The mean was used to present quantitative descriptions of the data in a manageable form. The standard deviation statistics was used as test statistics for determining how tightly all the scores were clustered around the mean.

According to Glass and Hopkins (1984) the mean is the best measure of central tendency when the data are roughly symmetric and have no outliers, or when there are outliers, but you want them to be included. Taking cognisance of the fact that the study used a reverse agreement five-point Likert scale method with scores ranging from 1 for “strongly disagrees” to 5 for “strongly agree” to measure study’s variables under investigation; by interpretation it implies that the strength of variable’s dimensions in influencing the dependent variable would range from a mean score of 1 for of highest influence to 5 for

lowest influence. However, alternative attractiveness dimensions take the reverse interpretation due to scale's questions design.

#### **4.4.1 Independent Variables**

The study sought to measure the dimensions of the independent variables that were considered of influence by the study's respondents. The results were derived from the lowest mean score of dimensions of independent variables effect on polygamous loyalty among retail chains' loyalty programme holders. The study used the mean scores as the test statistic to measure the dimensions importance at 95 per cent confidence interval. The mean scores statistics were ranked from the highest to the lowest scores in descending order.

##### **4.4.1.1 Satisfaction**

The measurement for satisfaction was adopted from Verhoef *et al.* (2001). Five items (dimensions) were used to measure satisfaction construct's. Responses to these dimensions were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 4.16 below depicts the results for dimensions' influence.

**Table 4:16 Descriptive Statistics for Independent Variable (Satisfaction) Describing Principal Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Satisfaction Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
I am satisfied with the competence of salesperson of this retail store	4.00	.033	.811
I am satisfied with the service quality of this retail store	4.05	.032	.794
In general, I am satisfied with the services offered by this retail store	4.06	.033	.804
I am satisfied with the relationship with this retail store	4.08	.030	.740
This retail store is a good store to do business with	4.08	.031	.765

*At 95% Confidence Interval for Mean two tailed*

The study used reverse agreement method for responses on variable attribute. This implied that the variables' attribute with the lowest means score statistics had the highest contribution of influence on the dependent variable. The overall results at 95 per cent level of confidence in Table 4.16 indicate that respondent agreed that they were satisfied with salespersons competence at a mean score of (4.0). However, despite the high mean score depicted, the attribute was also perceived by the respondents as significantly influencing the relationship with dependent variable.

The findings are in agreement with Oliver (1999) who claimed that 90 per cent of satisfied customers defect. Similarly, Reichheld (1994) found that despite customer claiming to be being satisfied or very satisfied many of them still defect. Cited by Mulley (1998) Ogilvy Loyalty Centre study in UK findings that, although 85 per cent of automotive customers

reported being satisfied, only 40 per cent repurchased, and 66 per cent of packaged goods customers who identified a favourite brand had bought “another brand” most recently.

The present study agrees with Oliver’s (1999) proposition that store satisfaction is a necessary yet insufficient requirement of store loyalty. The findings are also in agreement with Bowen *et al.* (2001) verification that customer satisfaction does not equal customer loyalty and existence of non-linear and asymmetric relationship between customer satisfaction and customer loyalty. The findings also agree with Heskett *et al.* (1997) conceptualisation of the relationship between satisfaction and loyalty as curvilinear.

#### **4.4.1.2 Alternative Attractiveness**

To measure the construct of alternative attractiveness the items were sourced from Ping (1993) and Jones *et al.* (2000) and three dimensions were used to measure the alternative attractiveness construct’s relationship with dependent variable of the study. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 4.17 below summarises the results for dimensions’ influence.



**Table 4:17 Descriptive Statistics for Independent Variable (Alternative Attractiveness) Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Alternative Attractiveness - Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
If I need to change my retail store of choice, there are some good retail stores to choose from	3.42	.047	1.144
Compared to this retail store, there are other retail stores with which I would probably be equally or more satisfied	3.27	.045	1.108
Other retail stores would benefit me more than this retail store	2.72	.046	1.120

*At 95% Confidence Interval for Mean two tailed*

Marketing literature for example, Jones and Sasser (1995) acknowledges that in a situation of high competitive business environment (many alternative retail outlets), dissatisfied customers quickly change their service supplier. Interpreted from the above predisposition, the findings of the present study indicate that the availability of attractive alternatives with a mean score statistics of 3.42 influences the respondents to be polygamous in their loyalty.

Taken from scholars for example, Walker and Baker (2000); Weun *et al.* (2004) and Wu (2011) who conceptualised alternative attractiveness as a moderating variable, the findings concur with Wu's (2011) significant findings that alternative attractiveness influences the moderating effect of the Zone of Tolerance (ZOT) (customer's range of expectations regarding service performance) on the satisfaction, loyalty and inertia-loyalty relationships. The present study results also agree to the claim that, since some customers might have a narrower ZOT, while others may tolerate a greater range of service performance Walker and Baker (2000); Weun *et al.* (2004) and Wu (2011) the negative moderating effect of the

ZOT on the relationship between satisfaction and customer loyalty will, therefore, decrease as alternative attractiveness increases.

#### 4.4.1.3 Loyalty Programme Service Quality

The construct of loyalty program service quality measurement scale and items were adapted from Omar and Musa (2011) and DeVellis (2003). Seven attributes were used to measure loyalty program service quality construct's in relation to the study's dependent variable. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 4.18 below summarises the results for dimensions' influence.

**Table 4:18 Descriptive Statistics for Independent Variable (Loyalty Programme Service Quality) Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Loyalty Programme Service Quality Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
This loyalty programme provides a comfortable seating area at its service counter, has a service counter that is easy to find and offers service counter where cardholders has space to move around	3.37	.048	1.186
This loyalty programme provides website that is useful and reliable, easy to access, informative, attractive, often updated and gives prompt feedback to its cardholders	3.39	.047	1.143
This loyalty programme reminds cardholders about the expiry date of the points, informs cardholders the participating outlets in the loyalty programme and reminds cardholders about the expiry date of the voucher	3.48	.047	1.145
This loyalty programme provides personalised service, gives cardholders personal attention to its cardholders and always emphasises their cardholders' best interest	3.66	.042	1.029
This loyalty programme offers high quality reward gifts offers branded reward gifts provides desirable reward gifts	3.72	.042	1.028
The staff handling this loyalty programme are always willing to solve cardholder's queries, cares about receiving feedback from the cardholders, often have cardholder's best interests at heart and always listen to cardholder's suggestions	3.73	.039	.951
This loyalty programme has redemption procedures that are easy to understand gives enough time to cardholders to redeem the points allows points to be earned quickly	3.89	.038	.928

*At 95% Confidence Interval for Mean two tailed*

A review of relationship marketing literature for example Vesel and Zabkar (2010) conceptualised the most important factors pertaining to service quality and loyalty programmes as reward, service personnel, programme policy, tangibility, communication and personalization. The findings of the study negates this preposition but agree with studies such as those by Cuthbertson and Laine (2004); Stone *et al.* (2004) which have acknowledged that loyalty cannot be generated only through the loyalty schemes' reward mechanisms alone.

Rowley (2007) observes that rewards are the key strategy for enticing customers to participate in the loyalty scheme. On the contrary, the overall results at 95 per cent level of confidence in Table 4.18 indicates that tangibility dimension of loyalty programme service quality with mean score statistics 3.37 was the principal dimension that influenced respondents to be polygamous in loyalty. These attributes of the tangibility attribute include comfortable seating area at its service counter, a service counter that is easy to find and service counter where cardholders have space to move around. As indicated earlier the findings of the study concurs with Cuthbertson and Laine (2004); Stone *et al.* (2004) who postulate that loyalty cannot be generated only through the loyalty schemes' reward mechanisms alone.

#### **4.4.1.4 Store's Brand Attitude**

The measurement scale for store's (retail's) brand attitude was adopted from Yoo and Donthu (2001). Three dimensions were used to measure store's brand attitude construct's relationship to dependent variable of the study. Responses to these items were recorded on

a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 4.19 below summarises the results for dimensions' influence.

**Table 4:19 Descriptive Statistics for Independent Variable (Store's Brand Attitude) Describing Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Store's Brand Attitude-Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
This store's branded products keep their promises	3.94	.034	.829
This store's branded products can be trusted	4.04	.029	.720
This store's branded products are reliable	4.07	.032	.794

*At 95% Confidence Interval for Mean two tailed*

Notable findings from Table 4.19 indicate the attribute on promising keeping was the principal dimension influencing the respondents' loyalty even though with high mean score statistics of 3.94 . Interpreted from the supply dimension, these findings are in agreement with Kremer and Viot (2012) who established that store brand image contributes to retailer's loyalty; the supply dimension has a significant positive relationship with retailer loyalty. Kremer and Viot concluded that customers are loyal to the retailer when the supply appeals to them. However, if the supply is not attractive enough to customers then price and other values attributed to attitudes toward RBs may not be enough to make customers loyal.

#### **4.4.1.5 Price Perceptions**

For the construct of price perceptions, the items (dimensions) measurements were adapted from Biswas *et al.* (2002). Three items were used to measure price perceptions construct's relationship to polygamous loyalty among loyalty programme holders. Responses to these

items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 4.20 below summarises the results for dimensions' influence.

**Table 4:20 Descriptive Statistics for Independent Variable (Price Perceptions) Describing Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Price Perception -Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
The prices of this retail store are lower than their competitors	3.54	.048	1.170
The prices of this retail store are very interesting	3.83	.038	.936
The prices of the store are very good	3.91	.048	1.172

*At 95% Confidence Interval for Mean two tailed*

The overall results at 95 per cent level of confidence in Table 4.20 indicate that price competitiveness attribute dimensions with mean score statistics of 3.54 was the principal dimension that influenced respondent to be polygamous in loyalty. The findings is in agreement to Yee and Sidek (2008) proposition that, before deciding on the attractiveness of the retail price customers generally evaluate the open market price against internal price.

Additionally, the findings of the present study agree with Schiffman and Kanuk (2004) proposition that consumers generally evaluated market price against an internal reference price (the price which formed customers' basis for comparison in judging another price) before they decide on the attractiveness of the retail price .

In contrast, however, these findings lack convergence with Yee and Sidek's (2008) suggestion that long-term relationship of service loyalty makes loyal customers more price

tolerant, since loyalty discourages customers from making price comparison with other products by shopping around. Similarly, the finding disagrees with Yoon and Kim (2000) position that loyal customers are willing to pay a premium even if the price has increased because the perceived risk is very high and they prefer to pay a higher price to avoid the risk of any change.

#### **4.4.1.6 Service Quality**

The measurement for service quality was adopted from Dabholkar *et al.* (1996). The scale consisted of 28 attributes that measured customer perceptions of service quality for a retail store. Responses to these items were recorded on a five -point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 4.21 below presents the key attributes of service quality that influence the study variable. The rest of the table is on the appendices section of the study.

**Table 4:21 Descriptive Statistics for Independent Variable (Service Quality) Describing Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Service Quality –Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
The store is conveniently located near my residential neighborhood	3.14	.054	1.316
This store provides plenty of convenient parking for customers	3.39	.051	1.244
When a customer has a problem, this store shows a sincere interest in solving it	3.42	.044	1.073
This store offers its own credit card	3.47	.043	1.063
When this store promises to do something by a certain time, it will do so	3.53	.037	.902
This store provides its services at the time it promises to do so	3.58	.040	.984
Employees in this store tell the customers exactly when services will be performed	3.58	.079	1.936
This store willingly handles returns and exchanges	3.58	.039	.952

*At 95% Confidence Interval for Mean two tailed*

The study findings depicting convenience of the retail store as the principal dimension influencing respondent being polygamous are not surprising considering that most retail outlets are located within the urban central business areas though the trend is changing. The finding also operationalised Rowley (2005) 4Cs loyalty model, convenience-seekers

category theorising that loyalty is driven by a range of convenience factors such as location, opening hours, pack size, reputation, or availability and these factors may extend to both store and outlet brands ( for example, supermarket brands) and product brands .

#### 4.4.1.7 Trust

For the construct of trust, the items were adapted from Swan *et al.* (1999); Chaudhuri and Holbrook (2001); De Wulf and Odekerken-Schroöder (2003). Five items were used to measure trust construct's relationship to polygamous loyalty among loyalty progamme holders. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Results are depicted in Table 4.22 below

**Table 4:22 Descriptive Statistics for Independent Variable (Trust) Describing Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Trust- Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
This salesperson keeps his/her promises	3.73	.034	.827
This salesperson can be trusted	3.76	.035	.857
This store keeps its promises	3.90	.032	.772
This store has my interest in mind	3.98	.058	1.429
This store can be trusted	4.16	.030	.728

*At 95% Confidence Interval for Mean two tailed*

The overall findings of the study indicate a mean score statistics of 3.73 for dimension of ability of the salesman to keep his /her promise as having an effect on the study's dependent variable. These findings are in agreement with Amrik's (2006) view while focusing on retail industry that contacts with employees (salespeople) are capable of



delivering high level of trust to consumers by demonstrating to them that they (employees) have best intentions and the customer's interests at heart, processes, and the skills and competencies required to meet consumers' needs and ability to solve problems honestly and skillfully. As a result, therefore, a positive relationship yields to equally positive relationship outcomes such as trust and intentions to continue a relationship with the salesperson and the retail store (Amrik, 2006).

#### 4.4.1.8 Customers' Perceived Value

The measurement for perceived value was adopted from Baker *et al.* (2002). Three dimensions were used to measure perceived value construct's relationship to the dependent variable of the study. Responses to these items were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 4.23 below presents mean score for the independent variable customer's perceived value.

**Table 4:23 Descriptive Statistics for Independent Variable (Customers' Perceived Value) Influencing Dependent Variable (Test statistics the Mean Scores).**

Customers' Perceived Value	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
In this store products have a high value for money	3.70	.043	1.038
In this store, compared to other stores, I can save money	3.81	.042	1.026
In this store products are economical	3.84	.039	.955

*At 95% Confidence Interval for Mean two tailed*

Marketing literature for example, Hansen *et al.* (2013) positions that consumers will most likely have an overall value judgment for each alternative in the consideration stored in

memory, hence customers' perceived value is a perceptual judgment of the overall value received from a given object or service .

Interpreting the findings of the study from the above proposition, overall results at 95 per cent level of confidence in Table 4.23 implies that customers always look for the value of their money in the relationship. This is to suggest that customers will seek other alternatives where their value of money is maximised. The findings concur with Tarus and Rabach (2013) that customer perceived value is a trade-off between total benefits received to total sacrifices made, taking into consideration the available suppliers' offering.

#### **4.5 Scale Validity, Reliability Test and Sampling Adequacy Testing**

##### **4.5.1 Validity and Reliability Test**

Churchill (1979) posits that assessments of Cronbach alpha and exploratory factor analysis (EFA) are the first tools for the assessment the measurement instrument quality. Tull and Harkins (1987) define reliability as the extent to which a measurement is free from variable error. Cronbach's alpha is a measure of internal consistency; that is, how closely related a set of items are as a group (Churchill, 1979). Drawing from the foregoing, the present study applied the internal consistency method, and adopted the Cronbach alpha coefficient to separately access the reliability of the scales. Measures of reliability were accessed by calculating Cronbach alpha (Cronbach, 1951). According to Nunnally (1978) and de Vaus (1995) reliability score of 0.7 or above are considered acceptable. Table 4.24 presents Cronbach alpha scores for the measurement scales used in the study.

**Table 4:24 Cronbach alphas Score for the measurement scales used in the study (Test Statistics Cronbach's Alpha (  $\alpha$  ) Coefficient).**

Cronbach's Alpha	N of Items
.913	66

Reliability test for total scale yielded an output score of alpha value of  $\alpha$  .913. Since Cronbach alpha is used to estimate the proportion of variance that is systematic or consistent in a set of test scores ranging 00.0 (if no variance is consistent) to 1.00 (if all variance is consistent) interpreted this means that the test was 91 per cent reliable, and by extension that it is 9 per cent unreliable. These results confirmed that the reliability of the scale was established.

The study further employed Guttman alpha split half method to reconfirm the reliability of the scale. In this method reliability is calculated by first splitting a test into two halves and the covariance between the scores achieved on each half is calculated. The variance of the total test score (that is, including both halves) is also calculated. Guttman alpha coefficient is generally taken to mean the reliability from the split that maximizes the coefficient. Guttman L4 (lambda four) coefficient is measured against the acceptable level of alpha ( $\alpha$ ) 0.70 (Nunnally, 1978 and de Vaus, 1995). The lambda 4 score is depicted in Table 4.25 below.

**Table 4:25 Guttman Split Half L4 (Lambda Four) Coefficient Score for the measurement scales used in the Study (Test Statistics: Guttman L4).**

Cronbach's Alpha	Part 1	Value	.823
		N of Items	33(a)
	Part 2	Value	.878
		N of Items	33(b)
	Total N of Items		66
Correlation Between Forms			.705
Spearman-Brown Coefficient	Equal Length		.827
	Unequal Length		.827
Guttman Split-Half Coefficient			.823

The result above showed an output Guttman alpha coefficient of values of .823 and interpreting this meant that the test was 82 per cent reliable. These results confirmed that the reliability of the scale is established.

Cohen (1990) posit that a "high" value of alpha is often used as evidence that the items measure an underlying (or latent) construct; the measure of internal consistency showing how closely related a set of items (variables) are as a group. The alpha coefficient score of  $\alpha .913$  and Guttman L4 alpha coefficient of values of  $\alpha .823$  indicate that the study's measurement scale items had a relatively high internal consistency. These results therefore confirm that the study's tool measurement scales are reliable.

The "Cronbach Alpha if item deleted" index (represents the increment or drop in the sample value of  $\alpha$  if dispensing with a scale component) was used to identify the sub-scales that reduced the internal consistency of the tool. The results depicted on Table 4.26 indicate that sub scale deletion would have resulted to an insignificant increase on the overall scale  $\alpha .913$ ; hence no sub scale (question) was deleted from the study's

instrument. Table 4.26 below presents a portion of the study's Cronbach Alpha if item deleted for Sub-scale. A complete tabular of the output is on the appendices section of the study.

**Table 4:26 Cronbach Alpha if item deleted for Sub-scale (Test Statistics Cronbach's Alpha - $\alpha$  Coefficient).**

Study's Tool Measurement Sub-Scales (Questions)	Cronbach's Alpha if Item Deleted
If the retail store where I shop was out of my favourite brand of (PRODUCT), I would wait to purchase until later rather than just buy from another store	.913
If different retail store, from the one I usually do shopping, had a sale, I would probably consider shopping from it	.912
I would rather stick to a retail store I usually shop from, than try other retail outlets	.912
I think commercials for my favourite retail store are better than commercials for other retail outlets	.911
This retail store is a good store to do business with	.911
I am satisfied with the competence of salesperson of this retail store	.911
I am satisfied with the service quality of this retail store	.911
I am satisfied with the relationship with this retail store	.911
In general, I am satisfied with the services offered by this retail store	.911
If I need to change my retail store of choice, there are some good retail stores to choose from	.912
Compared to this retail store, there are other retail stores with which I would probably be equally or more satisfied	.913
Other retail stores would benefit me more than this retail store	.913
This loyalty programme has redemption procedures that are easy to understand gives enough time to cardholders to redeem the points allows points to be earned quickly	.911
This loyalty programme offers high quality reward gifts offers branded reward gifts provides desirable reward gifts	.910
This loyalty programme provides personalized service, gives cardholders personal attention to its cardholders and always emphasizes their cardholders' best interest	.911
This loyalty programme provides a comfortable seating area at its service counter, has a service counter that is easy to find and offers service counter where cardholders has space to move around	.911

#### 4.5.2 KMO and Bartlett's Test

As earlier cited in the study, Churchill (1979) posits that assessment of Cronbach alpha and exploratory factor analysis (EFA) is the first tools for the assessment of the measurement instrument quality. Taking cognisance of the Churchill (1979) proposition the study employed Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) as the test statistics to measure sample adequacy and Bartlett's test of Sphericity as test statistics to test the null hypothesis that the correlation matrix upon which principal component analysis is based is an identity matrix.

Tabachnick and Fidell (2001) cite Comrey and Lee (1992) who proposes the criteria for measuring the sample adequacy for both factor and principal analysis. According to Tabachnick and Fidell (2001) sample size of 50 cases is regarded as very poor while for 100 as poor. A sample for 200 is regarded as fair and that of 300 is regarded as good (Tabachnick and Fidell, 2001). The scholars posit that a sample size of 500 is regarded as very good, while for 1000 or more as excellent. Employing Tabachnick and Fidell (2001) criteria for sample size adequacy, study's sample size of 599 was then regarded as being very good and hence used for principal component analysis. Table 4.27 below depicts study's sample adequacy test output.

**Table 4:27 KMO and Bartlett's Statistics for the Measurement Scales Used in the Study Test Statistics: KMO and Bartlett's Coefficients.**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.838
Bartlett's Test of Sphericity	Approx. Chi-Square	1.487E3
	DF	36
	Sig.	.000

Source: Primary Data (2013)

On the onset Principal Components Analysis (PCA) was conducted on the data set. The purpose was to understand the relationships amongst a set of underlying dimensions (Netemeyer, Bearden and Sharma, 2003). To measure the KMO test statistics was used against the set acceptance level of 0.6 and above (Tabachnick and Fidell, 2001). Tabachnick and Fidell methods that the KMO statistics measure of Sampling Adequacy varies between 0 and 1, and further suggest that the coefficient values closer to 1 are regarded as even better. The findings depicted in Table 4.27 yielded a KMO measure of sampling adequacy score of (.838) indicating that the sample scores were suitable for (exploratory factor analysis (EFA).

On the other hand, Bartlett's Test of Sphericity coefficient was used to test the null hypothesis that the correlation matrix upon which factor analysis is based is an identity matrix. An identity matrix is a matrix in which all of the diagonal elements are 1 and all off diagonal elements are 0. Table 4.27 indicated an approximate Chi-Square value of  $1.487 \times 10^3$  Sig = 0.000 which lead to rejection of the Null Hypothesis that the Correlation matrix is an identity matrix. Hence, indicated that the raw data was suitable for factor analysis.

### 4.5.3 Principal Component Analysis

For unidimensionality, principal components analysis was generated separately for each individual study's construct to ascertain that all items loaded onto one factor only as suggested by Gerbing and Anderson (1988). The factors with higher extraction values imply that their variation is explained to a greater extent by all the other factors combined. Table 4.28 below shows the variation in a single variable with respect to all the other variables combined in the factor analysis (Communalities).

**Table 4.28 % Principal Component Analysis (Test Statistics: Communalities).  
Communalities**

	Initial	Extraction
Polygamous Customer Loyalty	1.000	.720
Satisfaction	1.000	.682
Alternative Attractiveness	1.000	.661
Loyalty Programme Service Quality	1.000	.702
Brand Attitude	1.000	.696
Price	1.000	.698
Service quality	1.000	.744
Trust	1.000	.678
Perceived value	1.000	.700

**Extraction Method: Principal Component Analysis.**

*Source: Primary data 2013*

Conversely, a measure of uniqueness ( $100\% - \text{extraction value} * 100\%$ ) indicates how far a variable is from all the others combined. Results from the Table 4.28 show individual



variability could be accounted for to a greater extent by all the others combined. From the results above, none of the items loaded poorly. Thus, they were all suited to be included in the study's multiple regression models for further analysis and hypothesis testing. The Table 4.29 below show variance Statistics for variable reduction used in the study.

**Table 4.29 % Variance Statistics for Variable Reduction Used in the Study (Test Statistics: % Total Variance Coefficients).**

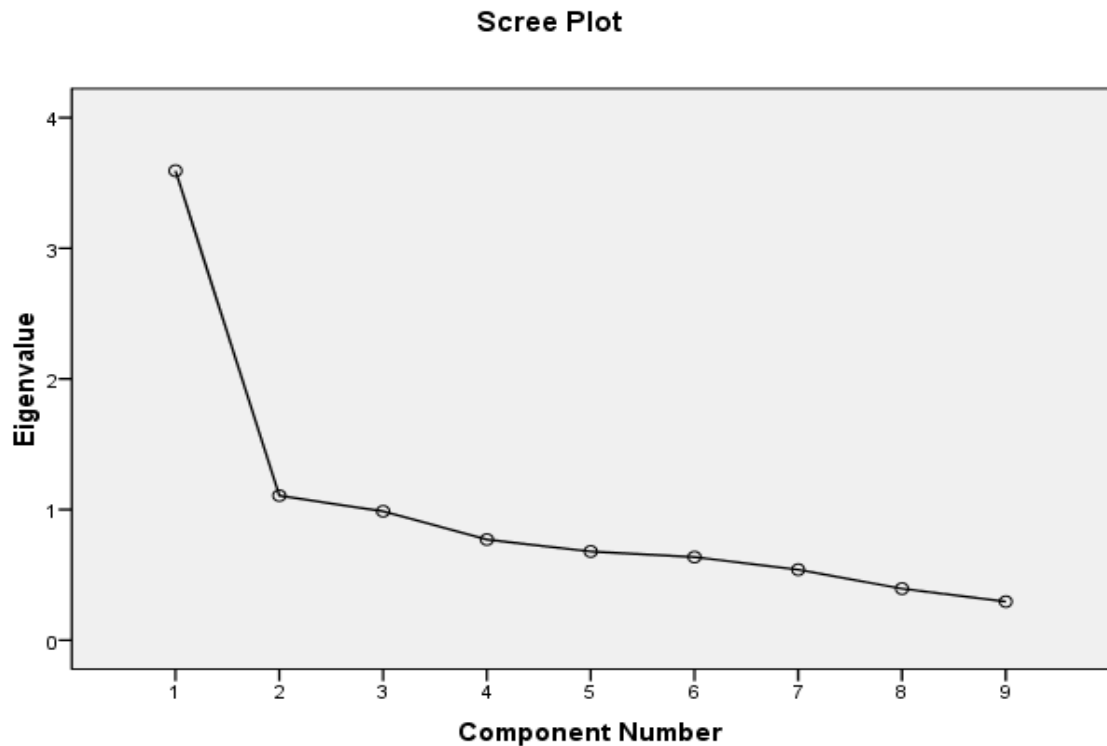
**Total Variance Explained**

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.593	39.927	39.927	3.593	39.927	39.927
2	1.101	12.296	52.224	1.101	12.296	52.224
3	.835	9.159	61.383			
4	.720	8.424	69.807			
5	.623	7.539	79.346			
6	.612	7.066	84.412			
7	.520	5.454	89.866			
8	.502	5.120	94.986			
9	.494	5.014	100.000			

Extraction Method: Principal Component Analysis.

**Source: Primary data 2013**

From the Table 4.29, the factor model retained only two factors out of the total nine that were used in the model. These two factors cumulatively accounted for 52 per cent of the total variance of the factor model. The other six factors accounted for other 48 per cent of the total variance.



**Figure 4.1 Source: Primary data 2013**

The main objective of the study's principal component analysis was to formulate the hypotheses to be tested. The scree plot (Figure 4.1) above of Eigen values against component numbers therefore formed the decision criteria and informed hypotheses formulation. Factor numbers (independent variables) with the highest Eigenvalues indicated their high extend in affecting the total variance in the model. Since the scree plot had not leveled out (became horizontal) even up to the 9<sup>th</sup> factor, it suggests that all the factors were still contributing significantly to the overall variance in the model and were thus included in the multiple regression model for further testing of the hypotheses.

Secondly, Hair *et al.* (1998) suggest that for any factor to be meaningful, at least five per cent of the total variance explained should be attributable to that factor. Going by the

proposition, findings from Table 4.29 demonstrate that all the study factors were meaningful since five per cent and above of the total variance are attributed to various factor in the study hence the study's decision to include all nine variables in the regression model.

Similarly, contributing to the present study's decision to include all the variables into multiple regression analysis, Cortina (1993) states that "principal component analysis alone doesn't provide enough evidence to conclude that a set of items is unidimensional because such an analysis may yield only one factor even if the items have a correlation of .10 with each other (pp.103)." The scholar continues to state that "in essence what this means is that Cronbach alpha can be used as confirmatory measure of unidimensionality or as a measure of the strength of a dimension (pp.103)."

#### 4.6 Regression Analysis

The study used multiple regression method of data analysis which was found to be appropriate whenever a quantitative variable (the dependent or criterion variable) is to be examined in relationship to any other factors (expressed as independent or predictor variables). Table 4:30 below presents the regression output.

**Table 4:30 Regression statistics Test statistic-Coefficient of determination-Adjusted  $r^2$**

<i>Regression Statistics</i>	
Multiple R	0.85
R Square	0.72
Adjusted R Square	0.62
Standard Error	0.41
Observations	599.00

The independent variables of the study were thought as to be having a sufficient relationship with the dependent variable, that influences the dependent variables in either positive or negative way; that is, when the independent variable is present, the dependent variable is also considered to be present and with each unit of increase in the independent variable, there is an increase or decrease in the dependent variable.

The variance in the dependent variable is assumed to be accounted for by the independent variables. The regression output presented in (Table 4:30) indicates an adjusted  $R^2$  of 0.62. This implies that at 95 per cent level of confidence 62 per cent of the variation of Y (dependent variable around  $\bar{Y}$  which is its mean) is explained by the regressors/independent variables or changes in the independent variables explains 62 per cent of change in dependent variable. The remaining 38 per cent is the value of all the other factors that affect the dependent variable but were not included in the regression model either because were difficult to measure or unknown.

#### **4.6.1 Test of joint Regressors' Significance-Analysis of Variance**

To test whether the overall regression model was statistically significant the study used the F-statistics of the study's multiple regression results output presented in Table 4.31 below as the test statistics. This involved testing the null ( $H_0$ ) hypothesis proposition that:  $\beta_2 = \beta_3 = \beta_4 = \beta_5 = \beta_6 = \beta_7 = \beta_8 = \beta_9 = 0$  against the Alternative hypothesis ( $H_a$ ) proposition that: at least one of  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$  and  $\beta_8$  does not equal zero. The  $\beta_2$  to  $\beta_9$  are coefficients of the independent variables. Table 4.33 below presents the study's ANOVA output.

**Table 4.31 Study's F-statistics from the multiple regression results output (Test statistics: F statistic).**

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	8	9.02	1.13	6.81	0.00

To conduct test of significance of the model the study formulated alternative hypothesis ( $H_a$ ) rejection rule; Reject: If associated F-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.31, the associated value of significance  $F = 0.00$ . We reject the alternative hypothesis ( $H_a$ ) if F associated value F-value  $> p/\alpha$ , 0.05. Since  $F = 0.00$  is  $< p/\alpha$ , 0.05, we fail to reject the alternative hypothesis ( $H_a$ ) at significance level 0.05.

This therefore means that at least none of the regressor coefficients are equal to zero and indeed all the independent variables (Satisfaction Alternative, Attractiveness, Perceived Value, Brand Attitude, Price, Service Quality, Trust and Loyalty Programme Service Quality ) jointly have an impact on changes in the dependent variable (polygamous loyalty). The study, therefore, concluded that the model is statistically significant and suited to predict relationships between the study variables.

#### **4.6.2 Test of Hypotheses (Test statistic –P-value)**

The conceptual frame work of the present study was the foundation upon which the study hypotheses were based. The study sought to develop, describe and elaborate network of associations among the variables that were deemed relevant to the problem situation that have been identified. Henderson (1994) claimed that the major aim of research should be to relate data to theory or generate a theory from data.

To solve the study's problem, the study conceptualised eight independent variables (Satisfaction Alternative, Attractiveness, Perceived Value, Brand Attitude, Price, Service Quality, Trust and Loyalty Programme Service Quality) that were thought to have an influence on the dependent variable under the study, polygamous loyalty. Subsequently, eight alternative hypotheses and equivalent null hypotheses were formulated emanating from the study's independent variables.

The proposition of the eight study's alternative hypothesis was that; there was significant relationship between the respective independent variables and the dependent variable of the study. The onus of the study was, therefore, to test if these propositions (hypotheses) hold. The p-value coefficient from the regression output in Table 4.32 below present the test statistic.

**Table 4:32 Interpretation of Coefficients Study's Statistics from the multiple regression results output (Test statistics: P-Value- Rejection Rule: Reject if p-value >  $p/\alpha$ , 0.05.**

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t- Stat</i>	<i>P-value</i>
Intercept	1.67	2.28	-0.73	0.47
SATS (X <sub>1</sub> )	0.04	0.35	-0.12	0.90
AA (X <sub>2</sub> )	-0.17	0.14	-1.22	0.24
LPSQ (X <sub>3</sub> )	-0.05	0.12	-0.38	0.01
BA(X <sub>4</sub> )	-0.38	0.31	-1.20	0.04
PRC (X <sub>5</sub> )	0.37	0.13	2.80	0.01
SQ (X <sub>6</sub> )	-1.39	0.40	3.50	0.00
TST (X <sub>7</sub> )	0.24	0.34	-0.71	0.48
PV (X <sub>8</sub> )	-0.41	0.17	2.42	0.02

**H1a: The study hypothesized that there was a significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders.**

To conduct a test of the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set; Reject: If coefficient p-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.32 the coefficient (computed) p-value = 0.90. We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.90 is  $> p/\alpha$ , 0.05, we fail to accept the alternative hypothesis ( $H_a$ ) at significance level 0.05. The study therefore concluded that there is no significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders.

**H2a: The study hypothesized that there was a significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders.**

To test the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set ; Reject: If coefficient p-value  $> p/\alpha$ , 0.05 .From the regression results from Table 4.32 the coefficient

(computed) p-value = 0.24. We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.24 is  $> p/\alpha$ , 0.05, we fail to accept the alternative hypothesis ( $H_a$ ) at significance level 0.05. The study therefore concluded that there was no significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders.

**H3a: The study hypothesized that there was a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.**

To test the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set; Reject: If coefficient p-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.32 the coefficient (computed) p-value = 0.01. We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.01 is  $< p/\alpha$ , 0.05, we fail to reject the alternative hypothesis ( $H_a$ ) at significance level 0.05. The study therefore supports the proposition that there is significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.

**H4a: The study hypothesized that Retail chain's brand attitude had a significant relationship with polygamous loyalty among retail chains' loyalty programme holders.**

To conduct a test for the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set; Reject: If coefficient p-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.32 the coefficient (computed) p-value = 0.04. We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.04 is  $< p/\alpha$ , 0.05, we fail to reject the alternative hypothesis ( $H_a$ ) at significance level 0.05. A significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders is established.



**H5a: The study hypothesized that there was a significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders.**

To test the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set; Reject: If coefficient p-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.32 the coefficient (Computed) p-value = 0.01. We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.01 is  $< p/\alpha$ , 0.05, we fail to reject the alternative hypothesis ( $H_a$ ) at significance level 0.05. The study therefore supported the proposition that there exists a significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programme holders.

**H6a: The study hypothesized that there was a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders.**

To conduct a test for the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set ; Reject: If coefficient p-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.32 the coefficient ( computed) p-value = 0.00. We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.00 is  $< p/\alpha$ , 0.05, we fail to reject the alternative hypothesis ( $H_a$ ) at significance level 0.05. A significant relationship between loyalty service quality and polygamous loyalty among retail chains' loyalty programme holders is established.

**H7a: It was hypothesized that there was a significant relationship between trust and polygamous loyalty among retail chains' loyalty programmes holders.**

To test the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set; Reject: If coefficient p-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.32 the coefficient (computed) p-value = 0.48 .We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.48 is  $> p/\alpha$ , 0.05, we fail to accept the alternative hypothesis ( $H_a$ ) at significance level 0.05. The study therefore concluded that there was no significant relationship between trust and polygamous loyalty among retail chains' loyalty programme holders.

**H8a: The study hypothesized that a significant relationship between customer perceived value and polygamous loyalty among retail chains' loyalty programmes holders**

To conduct a test for the above formulated alternative hypothesis ( $H_a$ ), a rejection rule was set; Reject: If coefficient p-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.32 the coefficient (computed) p-value = 0.02. We reject the alternative hypothesis ( $H_a$ ) if coefficient (computed) p-value  $> p/\alpha$ , 0.05. Since coefficient (computed) p-value = 0.02 is  $< p/\alpha$ , 0.05, we fail to reject the alternative hypothesis ( $H_a$ ) at significance level 0.05. A significant relationship between loyalty customer perceived value and polygamous loyalty among retail chains' loyalty programme holders is established.

#### **4.6.3 Interpretation of coefficients - Zero Slope Coefficients** (Test statistics: $\beta_1$ , $\beta_2$ , $\beta_3$ , $\beta_4$ , $\beta_5$ , $\beta_6$ , $\beta_7$ and $\beta_8$ )

The study sought to interpret the coefficients of the multiple regression output in table 4:32, the estimation of the unknown parameters of  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$ ,  $\beta_5$ ,  $\beta_6$ ,  $\beta_7$  and  $\beta_8$  which indicate how a change in one of the independent variables affects the values taken by the dependent variable. The study findings showed that holding other independent variables

constant, for each one unit increase of loyalty programme service quality there is a decrease of 0.05 units in polygamous loyalty. These findings indicate that there exists a significant inverse relationship between loyalty programme service quality and polygamous loyalty.

The findings of the study suggest that holding other independent variables constant, for each one unit increase of store's brand attitude, there is a decrease of 1.38 units in polygamous loyalty. The finding established existence of an inverse relationship between the study variables. This finding imply that, if the management of the chains implement strategies that would build positive attitude of consumers toward the store branded products, also referred to as private labels this would increase the retails' loyalty customer retention. Literature review, indicate that an increase of stores brand increase the share of wallet to the store.

Similarly, the findings of the study suggest that holding all other independent variables constant, for each one unit increase of service quality there is a decrease of 1.39 units in polygamous loyalty hence existence of an inverse relationship. The managerial implication of this finding suggests that should the retail chains' managers improved on service quality attributes highlighted in earlier sections of the present study (pp. 136) such as; convenience, parking space, problem solving and keeping promises this would greatly improve the store's customer retention rate

Finally, the study finding indicated that holding all other independent variables constant, for each one unit increase of customer perceived value there is a decrease of 0.41 units in

polygamous loyalty. These findings indicate that there exists a significant inverse relationship between customer perceived value and polygamous loyalty.

From the managerial perspective the above findings implies that with a change or an improvement to the retail chain's value perception positioning strategies, the store could enhance its customer retention rates. Since customers' perceived value is a perceptual judgment of the overall value received from a given object or service , this call for strategies to position the retail chain's as giving value for money, that which ensures great savings and economical .

#### **4.6.4 Study's Final Equation**

From the study's findings, the following regression equation (model) can be used to predict the value of the dependent variable (polygamous loyalty) for future cases given the values of the independent variables.  $\hat{Y} = 1.67 - 0.04X_1 - 0.17X_2 - 0.05X_3 - 0.38X_4 + 0.37X_5 + 1.39X_6 - 0.24X_7 + 0.41X_8$

## 4.7 Study Findings

The findings of the study support five of the study's hypotheses. Table 4.33 below is the summary of the hypotheses testing and decisions.

**Table 4:33 Summary of the Study's Alternative Hypothesis Testing and Decisions.**

Study's Alternative Hypothesis Rejection Rule	Decision
<b>H1:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.90) > p/\alpha$ (0.05)	Failed to accept
<b>H2:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.24) > p/\alpha$ (0.05)	Failed to accept
<b>H3:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.01) \leq p/\alpha$ (0.05)	Failed to Reject
<b>H4:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.04) \leq p/\alpha$ (0.05)	Failed to Reject
<b>H5:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.01) \leq p/\alpha$ (0.05)	Failed to Reject
<b>H6:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.00) \leq p/\alpha$ (0.05)	Failed to Reject
<b>H7:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.48) > p/\alpha$ (0.05)	Failed to accept
<b>H8:</b> The relationship is significant if: $p \leq p/\alpha$ , $(0.02) \leq p/\alpha$ (0.05)	Failed to Reject

At 0.05 confidence interval

**4.7.1 H3a: The study hypothesized that there was a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.**

The findings depicted in Table 4.30 suggest that significant relationships exist between five independent variables and the dependent variable. These sets of independent variables have an explanatory power of 62 per cent of the change in dependent variable under the study (polygamous loyalty) therefore five hypotheses were supported by the findings, three were not supported.

Studies such as those by Demoulin and Zidda (2009); Liu and Yang (2009) have acknowledged that the effectiveness of loyalty programmes was dependent on the programmes' service quality and in particular the programme policy. Similarly, Vesel and Zabkar, while citing previous literature by Brady and Cronin (2001) aver that customer-oriented behaviours of employees will impact upon customers' perceptions of service quality. In agreement, Gremler and Gwinner (2000) acknowledge that when employees are customer oriented, have good rapport with customers and exhibit perceptive and attentive listening skills, customers will evaluate the service more highly and will be more likely to return (Vesel and Zabkar, 2010). Conceivably, the findings of this study support the notion that loyalty programme service quality has a significant relationship with polygamous loyalty.

**4.7.2H4a: The study hypothesized that Retail chain's brand attitude had a significant relationship with polygamous loyalty among retail chains' loyalty programme holders.**

Positive store brand attitude may lead to customers developing psychological switching cost and ultimately discovering a scarcity of attractive alternative brands. Similarly a customer may become dependent on a store's brand if the brand is recognised as of importance in perceived value. This dependence is true if a customer has positive attitude to the brand ability to offer satisfaction hence not easily replaceable with another brand. However, if a customer has a negative attitude toward the store's brand he /she may seek alternatives.

Literature review suggests that stores' brand is synonymous with the retail store image, meaning that a negative attitude toward the store brand will lead to a negative attitude towards the store. The study established a significant relationship between store brand attitude and polygamous loyalty. These findings are consistent with Binninger (2008) who established a positive relationship between retail brand (RB) satisfaction and RB loyalty as well a correlation between the two variables and consumer loyalty. Similarly, the findings find support from Collins-Dodd and Lindley (2003) suggestion that Retail Brands (RBs) are one such feature of retail stores' offerings capable of differentiating stores' assortments and building customers' loyalty.

**4.7.3 H5a: The study hypothesized that there was a significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders.**

Literature review yielded different propositions on the relationship between price perception and loyalty. For example, Yoon and Kim (2000) suggest that loyal customers are willing to pay a premium even if the price has increased because the perceived risk is very high and they prefer to pay a higher price to avoid the risk of any change, the findings from this present study contradicts this proposition.

However, the study results find support in Alvarez and Casielles (2004) who postulate that perception of loss has an inverse relationship with brand utility and purchase orientations, therefore when the consumer has a perceptions of loss, brand (store) utility will diminish and the likelihood of purchase will also go down and when the consumer experience perception for gain he or she will be more inclined to purchase from the store or brand

(Alvarez and Casielles, 2004). The study finding that price perception has a significant relationship with polygamous loyalty also finds support from Jiang and Rosenbloom's (2004) position that price perception plays an increased determinant role on both post-purchase satisfaction and loyalty.

**4.7.4 H6a: The study hypothesized that there was a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders.**

Review of literature show that relationships between service quality and polygamous loyalty has been extensively studied. In particular, various studies support the study findings that a significant relationship exists between service quality and polygamous loyalty for example, Sivadas and Baker-Prewitt (2000); Wong and Sohal (2003); Yee and Sidek (2008) have viewed quality service as a vehicle for ensuring satisfaction by increasing value for customer with understanding that customers who are satisfied with service quality are likely to remain loyal. Similarly, Wong and Sohal (2003) in particular, believe that service quality creates retention and enhancement of continued patronage of existing customers.

In agreement, Zeithaml (1996) also avers that firm's ability to deliver superior quality service to customers is of essence in creation of customer loyalty. Dabholkar *et al.* (2000) agree that by evaluating different dimensions of service quality customers are able to form overall evaluation of service quality which in turn serves as antecedent of overall evaluation of service quality and subsequently influencing the strength of relationship.



Dabholkar *et al.* (1996) concludes that enhanced service quality is of essence to the formation of strong relationships. Studies by Wong and Sohal (2003) established a positive relationship between service quality and customer loyalty in their study that sought to examine the effects of service quality and customer loyalty on two levels of retail relationships; person-to-person (salesperson level) and person to firm (store level).

**4.7.5 H8a: The study hypothesized that a significant relationship between customer perceived value and polygamous loyalty among retail chains' loyalty programmes holders.**

This study finding established that a significant relationship exists between customer perceived value and polygamous loyalty. This finding seems to validate the rule of the thumb proposition that customers will only buy or purchase a specific product or service if it has a value that a customer associates with. In agreement, studies such as those by Sirdeshmukh *et al.*(2002); Yang and Peterson (2004); Aydin and Ozer (2005) have gone ahead to demonstrate that perceived customer value enhances customer loyalty towards a particular product or service as long as such exchanges provide superior value.

**4.7.6 H1a: The study hypothesized that there was a significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders.**

The findings of the present study do not support the hypothesis that there is significant a relationship between satisfaction and polygamous loyalty. These results are consistent with studies such as those by Cronin and Taylor (1992); Oliva *et al.* (1992); Reichheld (1994); Jones and Sasser (1995); McKenzie (1995); Reichheld (1996); Mulley (1998); Mittal and Lassar (1998); East and Hammond (1999); Oliver (1999) that claim satisfaction and

loyalty are not always strongly correlated. In particular, Oliver (1999) claimed that 90 per cent of satisfied customers defect. Similarly, Reichheld (1994) found that despite customers claiming to be satisfied or very satisfied, many of them still defected.

**4.7.7 H7a: The study hypothesized that there was a significant relationship between trust and polygamous loyalty among retail chains' loyalty programmes holders.**

The importance of trust in building a long-term relationship has always been emphasised. However, a notable key study finding is lack of support to the hypothesis that there is a significant relationship between trust and polygamous loyalty. These findings contradict conclusions from various studies such as those by Chaudhuri and Holbrook (2001); Aydin and Özer (2005); Akbar and Parvez (2009) and Ling *et al.* (2011) that established a relationship between trust and consumer loyalty which was conceived as to reduce risk perception long associated with opportunistic behaviour by the firm.

The finding stated above also negates Chaudhuri and Holbrook's (2001) position that trust reduced consumers' uncertainty if they knew that they can always rely on their trusted store or brand. The study finding also contradict Ling *et al.*'s (2011) conclusion that successful reduction of doubt and feelings of uncertainty by the firm increase the perceived switching cost in the customer and this in turn results to loyalty toward the store or the brand.

The study findings are, however, consistent with Sirdeshmukh *et al.* (2002) whose studies in clothing retail and non-business airline travel service context reported lack of a strong relationship between trust and loyalty, thereby disagreeing with the widely held

proposition that trust leads to loyalty. Similarly the study's findings seem to confirm Ball *et al.*'s (2004) claims that in a market with suitable alternatives, lack of global and benevolence trust lead to negative loyalty (desire and intention to switch), but positive benevolence and global trust may not necessarily lead to positive loyalty. For example, Ball *et al.* (2004) states that "in some markets where all or nearly all vendors are trustworthy, one could trust many vendors equally, one could expect trust as a normal part of doing business, and therefore be loyal or not without reference to trust. So, the trust-loyalty relationship, while positive, may be weak in some markets (Ball *et al.* 2004, pp.1276).

**4.7.8 H2a: The study hypothesized that there was a significant relationship between alternative attractiveness and polygamous loyalty among retail chains' loyalty programme holders.**

Studies by Rusbult (1980) and Ping (1993) define alternative attractiveness as the client's estimate of the likely satisfaction available in an alternative relationship. This definition suggests that alternative attractiveness would be a predictor factor to polygamous loyalty. The findings of the study seem to negate the obvious expected outcome by failing to support the proposition that there exists a significant relationship between alternative attractiveness.

The findings also contradict Jones and Sasser (1995) that in a situation of high competitive business environment (many alternative retail outlets), dissatisfied customers quickly change their service supplier. In contradiction, Jones and Sasser (1995) seem to give credence to the study finding by postulating that in low competitive environments (no or

few alternatives or customers are simply unaware of the available alternatives), dissatisfied customers may choose to stay in the relationship hence exhibiting spurious loyalty-polygamous loyalty.

#### **4.8. Chapter Summary**

This chapter presented in sufficient detail a) response rate, b) demographic frequencies c) control variable descriptive statistics ,d) pilot test results ,e) the reliability and sampling adequacy test, f) validation of the survey instrument, f) principal component analysis, g) the multiple regression analysis, h ) the data analysis procedures, and i) the presentation of the findings. The findings were organised in relationship to the study's conceptual framework and the hypotheses statements. Results were presented and shown in tabular form.

The significance of the model was tested and final proposed regression model presented. In Chapter Five, that follows next data is summarised, results discussed, and conclusions are drawn. The study's contribution to theory is discussed. The study's limitations are postulated. Chapter Five also includes a discussion of managerial implications, the recommendations to the field of customer loyalty based on this research, and the recommendations for future studies.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The previous chapter presented the study's results that measured the factors conceptualised as to be having a relationship with the dependent variable, polygamous loyalty. Interpretation of the results forms an integral step in addressing the study's problem as presented in Chapter One of the study. Chapter Five presents the interpretation of the results related to the null hypotheses and alternate hypotheses statements presented in chapters one and two. This chapter is organised by the major headings conclusions, implications, and recommendations.

The purpose of study was to identify drivers of polygamous loyalty and the extent of the factors' influence and to test a predictive model that depicts the relationships between study variables. The interpretations that follow puts into consideration the assumptions identified in Chapter One. The possible limitations of the conclusions and the significant effects the results have on marketing theory and practice are considered. Finally, this closing chapter presents broader implications and recommendations for future research.

### **5.2 Summary of Key Findings**

The study's descriptive statistics established that at 95 per cent level of confidence the key findings from the primary research revealed that overall the population surveyed tends to have a membership, on average, of 2.65 loyalty schemes. Reliability test for total scale yielded an output score Cronbach coefficient score of  $\alpha .913$  and Guttman L4 alpha

coefficient of values of  $\alpha$  .823 thus establishing the reliability of the scale. The inference statistics, KMO and Bartlett's test of Sphericity, established the sampling adequacy and rejected the null proposition that the correlation matrix upon which principal component analysis is based is an identity matrix respectively. Multiple regression coefficients of determination statistics  $R^2$  of 0.62 implied that at 95 per cent level of confidence 62 per cent of the variation of Y (dependent variable around  $\bar{Y}$  which is its mean) is explained by the repressors/independent variables or changes in the independent variables explains 62 per cent of change in dependent variable, the remaining 38 per cent is the value of all the other factors that affect the dependent variable but were not included in the regression model either because they were difficult to measure or unknown.

The study's estimation model was found to be significant. This decision was based on the study's alternative hypotheses set testing rejection rule; Reject: If associated F-value  $> p/\alpha$ , 0.05. From the regression results from Table 4.31 (page 142) the associated value of significance  $F = 0.00$ . We reject the alternative hypothesis ( $H_a$ ) if F associated value F-value  $> p/\alpha$ , 0.05. Since  $F = 0.00$  is  $< p/\alpha$ , 0.05, the study failed to reject the alternative hypothesis ( $H_a$ ) at significance level 0.05.

Based on the p-value statistics and the study alternative hypothesis testing set rejection rule, Reject If: Coefficient p-value  $> p/\alpha$ , 0.05. Based on the regression analysis output in Table 4.22 in page 143 the study failed to reject five alternative hypothesis which had coefficient p-value  $< p/\alpha$ , 0.05, hence meeting the study's hypotheses testing rule.

The study established an inverse relationship between polygamous loyalty and Loyalty programme service quality. This suggesting that for each one unit increase of there is a decrease of 0.05 units in polygamous loyalty. An inverse relationship was also established to exist between the study's dependent variable and store's brand attitude. The finding indicated that for each one unit increase of store's brand attitude, there is a decrease of 1.38 units in polygamous loyalty. The managerial implication of the finding suggests that an improvement to retail chain's strategies on store branded products would increase loyalty programme holders' retention rate. Similarly, the findings of the study established an inverse relationship between service quality and polygamous loyalty. From the study findings, for each one unit increase of service quality there is a decrease of 1.39 units in polygamous loyalty. Significant role of service quality in building loyalty has been established both by literature and present study, the managerial implication from above finding therefore suggests that enhancement of attributes associated this service quality would greatly improve customer retention.

Finally, an inverse relationship between the dependent variable and customer perceived value was established. The study finding indicated that that holding all other independent variables constant, for each one unit increase of customer perceived value there is a decrease of 0.41 units in polygamous loyalty. The managerial implications to the above finding is that if the store position itself as giving value for money, ensuring saving and economical would highly differentiate it from competition hence increase customer retention.

In conclusion, a regression equation (model) that can be used to predict the estimated value of the dependent variable (Polygamous loyalty) for future cases given the values of the independent variables was generated:

$$\hat{Y} = 1.67 - 0.04X_1 - 0.17X_2 - 0.05X_3 - 0.38X_4 + 0.37X_5 - 1.39X_6 - 0.24X_7 + 0.41X_8$$

### 5.3. Conclusions

Customer loyalty has been part of the marketing theory and practice throughout much of the history of commerce. Building customer loyalty is especially important especially so because markets have become more competitive and achieving differentiation has become more challenging. This is perhaps especially true in retail and wholesale industry in Kenya which has experienced growth and expansion by the existing retails chains (supermarkets), new entrants, mergers and acquisitions. This has led to fierce competition in customer retention through customer loyalty strategies.

This quantitative research was built on loyalty theories and expanded on existing models to include factors conceptualised to influence polygamous loyalty. The study findings were related to factors influencing polygamous loyalty that may lead to new relationship marketing strategies that can be adopted by marketing practitioners across other industries to mitigate this phenomenon. This research developed support for the view that a firm's relationship strategy ought to be embroiled into the organisation's culture. The firm's culture ought to include relationship building as part of the overall business model at all stages of customer acquisition, retention and marketing and in all internal processes (Ndubisi, 2007 and Kim *et al.* 2012).



This study has several significant implications for consumer loyalty. First, the outcome and findings of this present study provide a view of polygamous loyalty, thus helping business management and marketing practitioners understand the factors that may lead to the undesirable phenomenon. Second, the study provides guidance in developing strategies for developing sustainable long-term business - customer relationships. Last, the results aid in helping the retail chains (supermarkets) improvement on customer loyalty building marketing efficiency and effectiveness through provision of needed insight on conceptualised factors that may influence customers' choices in being in alternative relationships within the same industry.

### **5.3.1 Multiple Regression Estimation Model Significance**

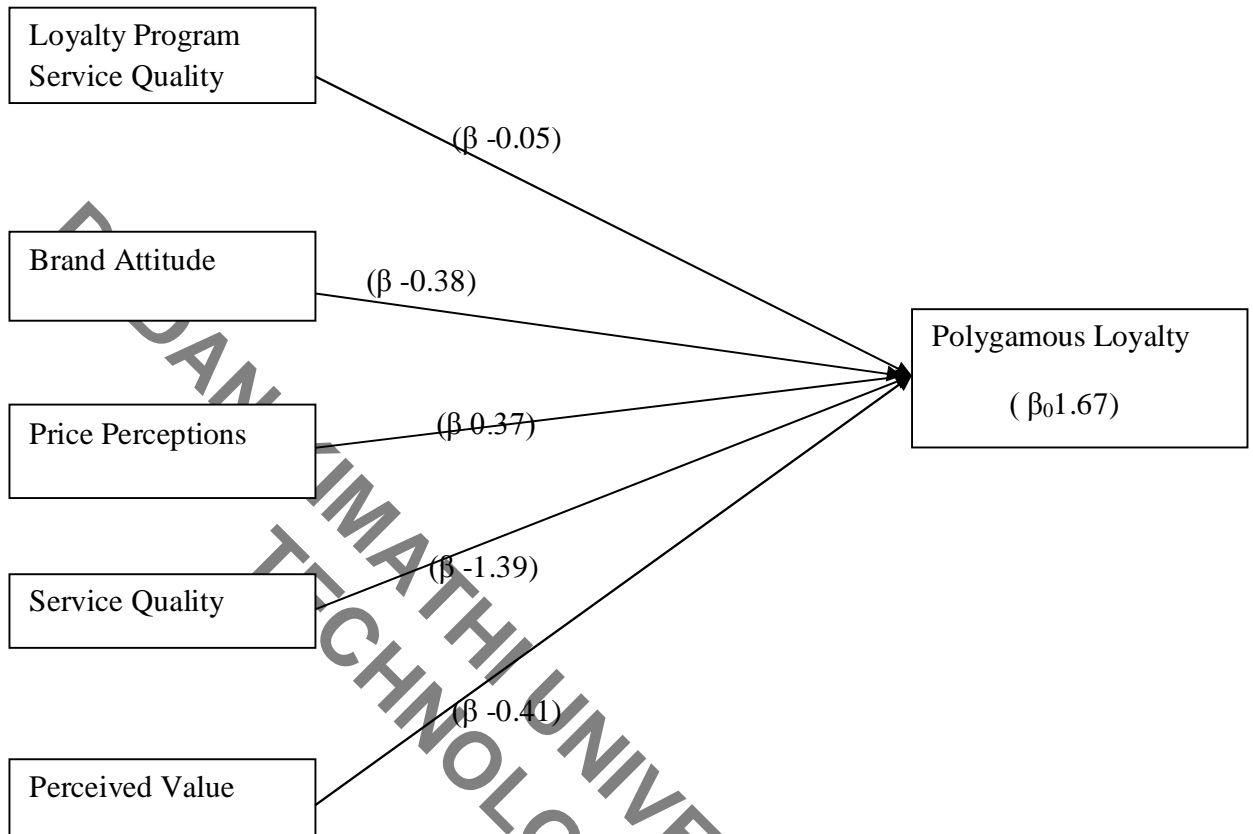
Multiple regression interpretation coefficient comprising the p-value as test statistics was used in Chapter Four to test hypothesis and revise the proposed multiple regression estimation model formulated in chapter one. The study failed to accept three alternative hypotheses, hence the study's conceptualised variables of satisfaction, alternative attractiveness and trust were dropped from the revised model.

The revised multiple regression estimation model shown in Figure 5.1 below fits the data well. (LPSQ:  $\beta=-0.05$ , P-value=0.01, SBA  $\beta= -0.38$ , P-value =0.04 PRCP:  $\beta=0.37$ , P-value=0.01 SQ:  $\beta=-1.39$ , P-value=0.00: CPV:  $\beta=-0.41$ , P-value=0.02) Where: LPSQ= Loyalty programme Service Quality; SBA= Store's Brands Attitude; PRCP= Price perceptions; SQ= Service Quality and CPV= Customer Perceived Value.

### 5.3.1.1 Revised Multiple Regression Estimation Model Framework

#### Independent Variables

#### Dependent Variable



**Figure: 5.1: Revised Multiple Regression Estimation Model**

### 5.4. Discussion

Polygamous loyalty as a phenomenon continues to receive a great deal of attention from scholars and from retail management field as indicated by results of literature review. In the present study, a model is proposed for understanding this phenomenon. The major emphasis in the proposed model is; loyalty programme service quality, stores brand attitude, price perceptions, service quality and customer perceived value. The study

identified the five fore-mentioned variables as being significant predictors of polygamous loyalty.

**5.4.1 H3a: The study hypothesized that there was a significant relationship between loyalty programme service quality and polygamous loyalty among retail chains' loyalty programme holders.**

It was established that a significant inverse relationship exists between polygamous loyalty and loyalty programme service quality, store brand attitude, service quality and customer perceived value. This suggests that the seven dimensions of loyalty programme service quality; reward, service personnel, programme policy, tangibility, communication and personalisation are significant in retaining customer. From this finding therefore it would be of importance for retail managers to create synergy among these dimensions. Notable though is that the loyalty programmes have emphasised the reward aspect of the scheme. This is however, contradicted by findings on earlier part of the study which indicated that attributes of; comfortable seating area at its service counter, a service counter that is easy to find and offers service counter where cardholders has space to move around and website that is useful and reliable, easy to access, informative, attractive, often updated and gives prompt feedback to its cardholders were of importance. Notable development in the retail sector is that is that the trend changing with some retail chains offering more services through their loyalty programmes. For example, Nakumatt, Tusksys and Naivas have partnered with financial service providers to offer banking and credit services through their loyalty schemes; this may enhance retention rate.

**5.4.2 H1a: The study hypothesized that there was a significant relationship between satisfaction and polygamous loyalty among retail chains' loyalty programme holders.**

Though the findings failed to support the alternative hypothesis stated above, the importance of satisfaction cannot be under estimated. Literature review indicates that the relationship between satisfaction and loyalty is not linear but sometimes curvilinear. This implies that a slight increase of satisfaction may have a significant impact on loyalty. Similarly, literature suggests that customer switch service providers even when satisfied.

Despite this contradiction, there is need to look at satisfaction as having different levels as suggested by literature cited earlier in the previous section (Chapter Two). Satisfaction one would suggest plays a critical role as a moderating variable to loyalty. This is in tandem with the foregoing, that, the positive impact of manifest satisfaction on store loyalty is stronger than the positive impact of latent satisfaction on store loyalty. Bearing in mind that polygamous loyalty is the opposite of true loyalty; the findings confirm the results from the Vasel and Zabkar (2010) study which posits that firms can build loyalty selectively for their most variable segment through personalised and privileged service.

**5.4.3 H4a: The study hypothesized that Retail chain's brand attitude had a significant relationship with polygamous loyalty among retail chains' loyalty programme holders.**

The finding of the study that supported the above proposition could not have come at a better time for the retail sector in Kenya and especially so for the retail chain format. One observable trend within the retail chain is the strategy by supermarket to start what has been referred to as private labels or brands. The managerial implications of the finding

suggest that retail chain's management must enhance the attitude toward the store's brands. Literature suggests that, store image is synonymous to store brand, hence need to position the store branded products as, of quality, affordable, reliable, and trustful and most importance available, unlike the national brands (manufactured by the suppliers) Trends from the global perspective suggest that this would offer an avenue for competitive advantage. These findings therefore get support from studies such as those by Ailawadi *et al.* (2008) established a positive relationship between store brand share and wallet share. The study by Ailawadi *et al.* (2008) demonstrated that higher store brand share increases wallet share and greater wallet share increases store brand share.

**5.4.4 H6a: The study hypothesized that there was a significant relationship between service quality and polygamous loyalty among retail chains' loyalty programmes holders.**

Marketing literature has expounded the importance of quality service for any organization to retain her customer. Proponents of adoption theories have suggested the need to delight, excite and mesmerize customers, this is only possible with quality service. The findings therefore confirm the rule of the thumb. Due to the competitive nature of retail formats in the country, this call for retail chain's management to go beyond call for duty. This therefore suggests the need to interrogate the different components or attributes of service quality. Findings from earlier section of the study indicate that, convenience, parking space, problem solving and keeping promise were important attributes to the respondents. Generalised, this could be the next battle frontier for customer retention. The findings also gets support from a study by Wong and Sohal (2003) examined the effects of service quality and customer loyalty on two levels of retail relationships; person-to-person

(salesperson level) and person to firm (store level) established a positive relationship between service quality and customer loyalty.

**5.4.5 H8a: The study hypothesized that a significant relationship between customer perceived value and polygamous loyalty among retail chains' loyalty programmes holders.**

By supporting the above proposition, the study findings confirmed the widely held view that consumers always maintain relationship with merchants who ensures, value for money, positions as money saving service provider and ultimately economical. Though this may be relative, on what constitute perceived value, one underlying factor is value proposition. Though the retail chain formats in the country are not highly segmented, some attributes of segmentation are noticeable, for example, retails chains associated with upper middle class, middle class and lower middle class. However, irrespective of the perceived segment, the management of these retail chains must position their stores as giving their customers' superior values. Study by Aydin and Ozer (2005) demonstrated that perceived customer value enhances customer loyalty toward a particular product or service as long as such exchanges provide superior value.

**5.4.6 H5a: The study hypothesized that there was a significant relationship between price perceptions and polygamous loyalty among retail chains' loyalty programmes holders.**

By supporting the above proposition, the findings gave credence to the argument that when the consumer experience perception is gain, he or she will be more inclined to purchase from the store. This implies that the retail's outlet ability to position its offering

to connote equilibrium with customers' reference price will mitigate against negative price perception which may lead to customers defecting to seek better deals. This finds support from a study Alvarez and Casielles (2004) which found the effect of the price perceptions has both positive and negative significant relationship with loyalty confirms position that perception of loss has an inverse relationship with brand utility and purchase orientations; therefore, when the consumer has a perception of loss, brand (store) utility will diminish and the likelihood of purchase will also go down.

### **5.5. Contribution to Theory**

While the concept of polygamous loyalty has been incorporated into theoretical models in buyer -seller relationships by studies such as Ehrenberg (1988); Dowling and Uncles (1997); Passingham (1998); Davies (1998); Yim and Kannan (1999); Mauri (2003), little evidence indicate that it has been operationalised. The present study, therefore, empirically operationalised the concept.

Some notable significant contributions to the theory by the present study are; one, operationalisation of Dick and Basu (1994) loyalty model's categorisation of spurious loyalty. Two, the study developed a model that may predict polygamous loyalty (spurious loyalty) for future cases. Three, this is the first study in Kenya at the doctoral level in this area. Fourth, survey tool was designed to take customer characteristics, and any influence these typically unmeasured characteristics could have on polygamous loyalty, into account, hence adding new knowledge and a contribution to the theory. Fifth, the study presents a model that can be used to predict future cases of polygamous loyalty. Sixth, the study operationalised the concept of polygamous loyalty in Kenya and at the same time meeting

the study's objective hence bridging the knowledge gap. Lastly, the study also extended Oliver's (1997) four-stage loyalty model and Narayandas (2005) through operationalisation of variables expounded in both theories.

### **5.6. Recommendations and Recommended Areas for Further Study**

The study finding depicts coefficient of determination of  $R^2$  of 0.62 implied that at 95 per cent level of confidence 62 per cent of the variation of Y (dependent variable around  $\bar{Y}$  which is its mean) is explained by the repressors/independent variables or changes in the independent variables explains 62 per cent of change in dependent variable, the remaining 38 per cent is the value of all the other factors that affect the dependent variable but were not included in the regression. This therefore suggested that practitioners of relationship marketing can leverage on the five independent variables found to have a significant relationship with the study dependent variable to mitigate customer switching. However, the study suggest for managers of retails to come up with strategies on individual variable. The independent variable of the study accounted for only 62 per cent of variable, hence handy for management to be open on the other significant factors left outside of the model. Specifically, retention strategies build on, loyalty programme service quality, store's brand attitude, price perceptions, service quality and customer perceived quality may give a competitive advantage on the long run.

A number of theoretical implications follow from the present study, suggesting a number of issues that merit further research. First of all, though the two dimensional approaches (behavioural and attitudinal) to understanding loyalty are relevant to the present they are insufficient for lack of operationalisation. Second, the four-stage loyalty model conceived



loyalty as lying on a continuum, the assumption being that each and every consumer will have some degree of commitment to transit the four stages, ultimately ending with action loyalty. Hypothetically, even if this was true, Oliver's (1997) four-stage model leaves two grey areas: one, the strengths and the types of relationships between factors influencing the transition and respective stage and, two, the answer to the question on what would happen if a consumer stagnated in one stage and failed to transit to the next stage on the continuum. The obvious implication would be to investigate what happens if a customer fails to progress to the next stage of the model.

Thirdly, Narayandas' (2005) loyalty ladder model, which believed that loyalty was like a ladder with rungs going up and a possibility of descending, only conceived loyalty from behavioural dimension only. Extending the model to include the attitudinal dimension of loyalty may add new knowledge to the marketing field. Likewise, the model proposition was that, all consumers would go up the rungs up to the top rung regarded as total consumer loyalty by the model. However, little is known on factors influencing the ascending of the rungs. Similarly, the model method that the consumer descends from the loyalty ladder rungs also leaves a grey area of factors influencing the descending. Hence this calls for further research to fill this knowledge void.

Fourth, the present study replicates and extends findings from loyalty programme service quality, stores' brand attitude, price perception, service quality and customer perceived value to polygamous loyalty literature. Additional research is required to test the present study model in real life business-to-business application. On the other hand, the external

validity of present study findings would need additional attention in terms of the replication of the present study in a similar research environment.

Fifth, the present study conclusions are limited by using a sample from members of loyalty programme. Although the sample was selected to ensure homogeneity and comparability, the sample of the present study largely may not represent the perceptions of the general population. In addition, a proposition may be made that the loyalty holders used as samples for the study may be better informed in retailing industry and they are aware of different perspectives of services.

For future research, a sample more representative of the target market of loyalty schemes which vary from the urban retail sector may be considered. Some other suggested possibilities for future consideration include cross-regional comparison (the East African region), comparison on different types of retailers, such as, food, telcos, and petrol station outlets.

### **5.7. Limitations of the Study**

This study was limited to polygamous loyalty as customers' membership to several loyalty schemes in the same industry or category. Future research should focus on other forms of polygamous loyalty; for example, customers having a repertoire of two or three brands within any product category from the one which they regularly bought (Dowling and Uncles, 1997). Moreover, the study focused exclusively on one category of loyalty within the Dick and Basu model. Additional research is needed to investigate whether a

distinction can also be made between the factors influencing polygamous loyalty (spurious loyalty) with, for example, latent loyalty when operationalised.

The present study was cross-sectional, that is, all variables were measured at one point in time, thus essentially from a static perspective. It may be worthwhile to study polygamous loyalty over time, a longitudinal approach to take into account the change of consumer preferences and change in consumer patronage behaviour. Should this happen, a consideration must be given to a comparative study between purely rural or quasi-urban and urban retail chains format.

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**Appendix: 1: Sample Size Scale**

<b>Required Sample Size<sup>†</sup></b>								
Population Size	Confidence = <b>95%</b>				Confidence = <b>99%</b>			
	Margin of Error				Margin of Error			
	<b>5.0%</b>	<b>3.5%</b>	<b>2.5%</b>	<b>1.0%</b>	<b>5.0%</b>	<b>3.5%</b>	<b>2.5%</b>	<b>1.0%</b>
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	<b>1176</b>	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

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Appendix: 2: T-Distribution Table

Significance level =  $\alpha$ 

Degrees of Freedom	.005 (1-tail)	.01 (1-tail)	.025 (1-tail)	.05 (1-tail)	.10 (1-tail)	.25 (1-tail)
	.01 (2-tails)	.02 (2-tails)	.05 (2-tails)	.10 (2-tails)	.20 (2-tails)	.50 (2-tails)
1	63.657	31.821	12.706	6.314	3.078	1.000
2	9.925	6.965	4.303	2.920	1.886	.816
3	5.841	4.541	3.182	2.353	1.638	.765
4	4.604	3.747	2.776	2.132	1.533	.741
5	4.032	3.365	2.571	2.015	1.476	.727
6	3.707	3.143	2.447	1.943	1.440	.718
7	3.500	2.998	2.365	1.895	1.415	.711
8	3.355	2.896	2.306	1.860	1.397	.706
9	3.250	2.821	2.262	1.833	1.383	.703
10	3.169	2.764	2.228	1.812	1.372	.700
11	3.106	2.718	2.201	1.796	1.363	.697
12	3.054	2.681	2.179	1.782	1.356	.696
13	3.012	2.650	2.160	1.771	1.350	.694
14	2.977	2.625	2.145	1.761	1.345	.692
15	2.947	2.602	2.132	1.753	1.341	.691
16	2.921	2.584	2.120	1.746	1.337	.690
17	2.898	2.567	2.110	1.740	1.333	.689
18	2.878	2.552	2.101	1.734	1.330	.688
19	2.861	2.540	2.093	1.729	1.328	.688
20	2.845	2.528	2.086	1.725	1.325	.687
21	2.831	2.518	2.080	1.721	1.323	.686
22	2.819	2.508	2.074	1.717	1.321	.686
23	2.807	2.500	2.069	1.714	1.320	.685
24	2.797	2.492	2.064	1.711	1.318	.685
25	2.878	2.485	2.060	1.708	1.316	.684
26	2.779	2.479	2.056	1.706	1.315	.684
27	2.771	2.473	2.052	1.703	1.314	.684
28	2.763	2.467	2.048	1.701	1.313	.683
29	2.756	2.462	2.045	1.699	1.311	.683
Large	2.575	2.327	1.960	1.645	1.282	.675

**Appendix: 3: Study Instrument**

**APPENDIX 3: STUDY QUESTIONNAIRE**

**TOPIC: POLYGAMOUS LOYALTY AND RETAIL CHAINS LOYALTY PROGRAMME HOLDERS IN KENYA**

The study seeks to establish factors influencing polygamous loyalty among retail chains' loyalty programme holders in Kenya. Information provided by the respondent will be treated with utmost confidentiality. Kindly write down your email address if you would like the findings of the study shared with you. Email address: \_\_\_\_\_

Date: ----/-----/20.....

**SECTION A**

**Retail Chains' loyalty Programme Membership**

Q1.a. Are you a member of at least **one** loyalty programme in one of retail outlets (supermarket) in Kenya? YES  NO  (if **NO** don't answer the questionnaire)

b. If yes, you are a member of how many loyalty programmes?

On a scale of 1-5 of which 1 = to **DISAGREE** to 5 = **AGREE** indicate your feeling on each of the items listed

Y	ITEMS	1	2	3	4	5
1	If the retail store where I shop was out of my favourite brand of (PRODUCT), I would wait to purchase until later rather than just buy from another store					
2	If different retail store, from the one I usually do shopping, had a sale, I would probably consider shopping from it					
3	I would rather stick to a retail store I usually shop from, than try other retail outlets					
4	I think commercials for my favourite retail store are better than commercials for other retail outlets					

X1 5	This retail store is a good store to do business with					
6	I am satisfied with the competence of salesperson of this retail store					
7	I am satisfied with the service quality of this retail store					
8	I am satisfied with the relationship with this retail store					
9	In general, I am satisfied with the services offered by this retail store					
X2 10	If I need to change my retail store of choice, there are some good retail stores to choose from					
11	Compared to this retail store, there are other retail stores with which I would probably be equally or more satisfied					
12	Other retail stores would benefit me more than this retail store					
X3 13	This loyalty programme has redemption procedures that are easy to understand gives enough time to cardholders to redeem the points allows points to be earned quickly					
14	This loyalty programme offers high quality reward gifts offers branded reward gifts provides desirable reward gifts					
15	This loyalty programme provides personalized service, gives cardholders personal attention to its cardholders and always emphasizes their cardholders' best interest					
16	This loyalty programme provides a comfortable seating area at its service counter, has a service counter that is easy to find and offers service counter where cardholders has space to move around					
17	This loyalty programme reminds cardholders about the expiry date of the points, informs cardholders the participating outlets in the loyalty programme and reminds cardholders about the expiry date of the voucher					
18	The staff handling this loyalty programme are always willing to solve cardholder's queries, cares about receiving feedback from the cardholders , often have cardholder's best interests at heart and always listen to					

	cardholder's suggestions					
19	This loyalty programme provides website that is useful and reliable, easy to access, informative, attractive, often updated and gives prompt feedback to its cardholders					
X4 20	Overall, I think the services of this retail store are good					
21	Overall, I think the services of this retail store are nice.					
22	Overall, I think the services of this retail store are very attractive.					
23	Overall, I think the services of this retail store are very desirable.					
24	Overall, I think the services of this retail store are extremely likeable.					
X5 25	The prices of this retail store are very interesting					
26	The prices of the store are very good					
27	The prices of this retail store are lower than their competitors					
X6 28	This store has modern-looking equipment and fixtures					
29	The physical facilities at this store are visually appealing					
30	Materials associated with this store's service (such as shopping bags, catalogs or statements) are visually appealing					
31	The store layout at this store makes it easy for customers to find what they need					
32	The store layout at this store makes it easy for customers to move around in the store					

33	The store is conveniently located near my residential neighbourhood					
34	When this store promises to do something by a certain time, it will do so					
35	This store provides its services at the time it promises to do so					
36	This store performs the service right the first time					
37	This store has merchandise available when the customers want it					
38	This store insists on error-free sales transactions and records					
39	Employees in this store have the knowledge to answer customers' questions					
40	The behavior of employees in this store instills confidence in Customers					
41	Customers feel safe in their transactions with this store					
42	Employees in this store give prompt service to customers					
43	Employees in this store tell the customers exactly when services will be performed					
44	Employees in this store are never too busy to respond to customers' requests					
45	This store gives customers individual attention					
46	Employees in this store are consistently courteous with customers					
47	Employees in this store treat customers courteously on the telephone					
48	This store willingly handles returns and exchanges					
49	When a customer has a problem, this store shows a sincere interest in solving it					
50	Employees of this store are able to handle customer complaints directly and immediately					

51	This store offers high quality merchandise					
52	This store provides plenty of convenient parking for customers					
53	This store has operating hours convenient for all their customers					
54	This store accepts most major credit cards					
55	This store offers its own credit card					
<b>X7</b> 56	This salesperson can be trusted					
57	This salesperson keeps his/her promises					
58	This store's branded products can be trusted					
59	This store's branded products keep their promises					
60	This store's branded products are reliable					
61	This store can be trusted					
62	This store has my interest in mind					
63	This store keeps its promises					
<b>X8</b> 64	In this store products have a high value for money					
65	In this store products are economical					
66	In this store, compared to other stores, I can save money					

**SECTION B**

**Q1. Background Information**

<p>Name of the retail store:</p> <hr/>	<p>Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female</p> <p>Household Size _____</p> <p>Own a vehicle and use it while shopping YES <input type="checkbox"/> NO <input type="checkbox"/></p>	<p>Education Level:</p> <table border="0"> <tr> <td><input type="checkbox"/> Non-formal</td> <td><input type="checkbox"/> Tertiary College</td> </tr> <tr> <td><input type="checkbox"/> Primary</td> <td><input type="checkbox"/> University Graduate</td> </tr> <tr> <td><input type="checkbox"/> Secondary</td> <td></td> </tr> </table>	<input type="checkbox"/> Non-formal	<input type="checkbox"/> Tertiary College	<input type="checkbox"/> Primary	<input type="checkbox"/> University Graduate	<input type="checkbox"/> Secondary									
<input type="checkbox"/> Non-formal	<input type="checkbox"/> Tertiary College															
<input type="checkbox"/> Primary	<input type="checkbox"/> University Graduate															
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<p>Age: Years</p> <table border="0"> <tr> <td><input type="checkbox"/> 18-28</td> <td><input type="checkbox"/> 28-38</td> </tr> <tr> <td><input type="checkbox"/> 38-48</td> <td><input type="checkbox"/> over 48</td> </tr> </table>	<input type="checkbox"/> 18-28	<input type="checkbox"/> 28-38	<input type="checkbox"/> 38-48	<input type="checkbox"/> over 48	<p>Residence:</p> <table border="0"> <tr> <td><input type="checkbox"/> Urban</td> <td><input type="checkbox"/> Rural</td> </tr> </table> <hr/> <p>Marital Status:</p> <table border="0"> <tr> <td><input type="checkbox"/> Married</td> <td><input type="checkbox"/> Single</td> </tr> </table>	<input type="checkbox"/> Urban	<input type="checkbox"/> Rural	<input type="checkbox"/> Married	<input type="checkbox"/> Single	<p>Monthly Income Level: Kshs.</p> <table border="0"> <tr> <td><input type="checkbox"/> 20,000 and Below</td> <td><input type="checkbox"/> 20,000-40,000</td> </tr> <tr> <td><input type="checkbox"/> 40,000-80,000</td> <td><input type="checkbox"/> 80,000-150,000</td> </tr> <tr> <td><input type="checkbox"/> Over Kshs.150,000</td> <td></td> </tr> </table>	<input type="checkbox"/> 20,000 and Below	<input type="checkbox"/> 20,000-40,000	<input type="checkbox"/> 40,000-80,000	<input type="checkbox"/> 80,000-150,000	<input type="checkbox"/> Over Kshs.150,000	
<input type="checkbox"/> 18-28	<input type="checkbox"/> 28-38															
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<input type="checkbox"/> 40,000-80,000	<input type="checkbox"/> 80,000-150,000															
<input type="checkbox"/> Over Kshs.150,000																

**Thank You**



**DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY**

**NYERI-MWEIGA ROAD**

**P.O. BOX 657, 10100- NYERI KENYA.**

**Phone: 0710127516 EMAIL: [directorbps@dekut.ac.ke](mailto:directorbps@dekut.ac.ke)**

REF: B311-020/2010

September 5<sup>th</sup>, 2013

**TO WHOM IT MAY CONCERN**

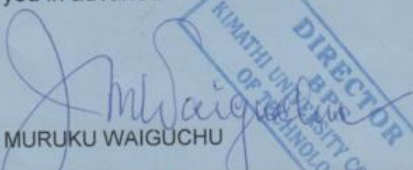
Dear Sir/Madam,

**RE: INTRODUCTORY LETTER FOR RESEARCH**

The bearer of this letter; **STEVE GACHIE** is a bonafied student in the School of Graduate Studies and Research at Dedan Kimathi University of Technology. In fulfilling part of the requirements for a Doctorate Degree in Business Administration and Management, he intends to conduct research in your company.

The university requests for your assistance with to the student with the necessary data which forms an integral part of the academic research. The information provided will be used only for this purpose and will be treated with utmost confidentiality. A final copy of the report will be made available to you upon request.

Thank you in advance.

  
PROF. MURUKU WAIGUCHU

**DIRECTOR, SCHOOL OF GRADUATE STUDIES AND RESEARCH**



DeKUT is ISO 9001: 2008 Certified

*Better Life Through Technology*



**Appendix: 5: Descriptive Statistics for Independent Variable (Service Quality) Describing Dimensions Influencing Dependent Variable (Test statistics the Mean Scores).**

Service Quality –Dimensions	Mean		Std. Deviation
	Statistic	Std. Error	Statistic
The store is conveniently located near my residential neighborhood	3.14	.054	1.316
This store provides plenty of convenient parking for customers	3.39	.051	1.244
When a customer has a problem, this store shows a sincere interest in solving it	3.42	.044	1.073
This store offers its own credit card	3.47	.043	1.063
When this store promises to do something by a certain time, it will do so	3.53	.037	.902
This store provides its services at the time it promises to do so	3.58	.040	.984
Employees in this store tell the customers exactly when services will be performed	3.58	.079	1.936
This store willingly handles returns and exchanges	3.58	.039	.952
This store has operating hours convenient for all their customers	3.63	.048	1.170
This store accepts most major credit cards	3.69	.045	1.093
This store performs the service right the first time	3.72	.037	.899
This store gives customers individual attention	3.72	.040	.974

Overall, I think the services of this retail store are extremely likeable.	3.74	.040	.983
This store insists on error-free sales transactions and records	3.74	.038	.918
This salesperson can be trusted	3.76	.035	.857
Employees in this store are never too busy to respond to customers' requests	3.82	.038	.930
This store offers high quality merchandise	3.83	.036	.878
This store has merchandise available when the customers want it	3.84	.037	.898
This store provides plenty of convenient parking for customers	3.90	.035	.850
Employees in this store are consistently courteous with customers	3.91	.034	.841
Employees of this store are able to handle customer complaints directly and immediately	3.91	.033	.801
Materials associated with this store's service (such as shopping bags, catalogues or statements) are visually appealing	3.95	.037	.892
Employees in this store have the knowledge to answer customers' questions	3.96	.032	.774
This store has modern-looking equipment and fixtures	3.97	.036	.874
Overall, I think the services of this retail store are very desirable.	3.98	.035	.848

Employees in this store give prompt service to customers	3.99	.031	.758
The behaviour of employees in this store instills confidence in customers	4.00	.033	.807
Overall, I think the services of this retail store are very attractive.	4.00	.033	.810
The store layout at this store makes it easy for customers to move around in the store	4.04	.036	.872
Customers feel safe in their transactions with this store	4.05	.032	.776
The physical facilities at this store are visually appealing	4.07	.032	.793
Overall, I think the services of this retail store are nice.	4.08	.032	.786
The store layout at this store makes it easy for customers to find what they need	4.10	.033	.808
Overall, I think the services of this retail store are good	4.16	.029	.716

**Appendix: 6: Cronbach Alpha if item deleted for Sub-scale (Test Statistics Cronbach's Alpha - $\alpha$  Coefficient).**

<b>Study's Tool Measurement Sub-Scales (Questions)</b>	<b>Cronbach's Alpha if Item Deleted</b>
If the retail store where I shop was out of my favourite brand of (PRODUCT), I would wait to purchase until later rather than just buy from another store	.913
If different retail store, from the one I usually do shopping, had a sale, I would probably consider shopping from it	.912
I would rather stick to a retail store I usually shop from, than try other retail outlets	.912
I think commercials for my favourite retail store are better than commercials for other retail outlets	.911
This retail store is a good store to do business with	.911
I am satisfied with the competence of salesperson of this retail store	.911
I am satisfied with the service quality of this retail store	.911
I am satisfied with the relationship with this retail store	.911
In general, I am satisfied with the services offered by this retail store	.911
If I need to change my retail store of choice, there are some good retail stores to choose from	.912
Compared to this retail store, there are other retail stores with which I would probably be equally or more satisfied	.913
Other retail stores would benefit me more than this retail store	.913
This loyalty programme has redemption procedures that are easy to understand gives enough time to cardholders to redeem the points allows points to be earned quickly	.911
This loyalty programme offers high quality reward gifts offers branded reward gifts provides desirable reward gifts	.910
This loyalty programme provides personalized service, gives cardholders personal attention to its cardholders and always emphasizes their cardholders' best interest	.911
This loyalty programme provides a comfortable seating area at its service counter, has a service counter that is easy to find and offers service counter where cardholders has space to move around	.911
This loyalty programme reminds cardholders about the expiry date of the points, informs cardholders the participating outlets in the loyalty programme and reminds cardholders about the expiry date of the voucher	.911
The staff handling this loyalty programme are always	.910

willing to solve cardholder's queries, cares about receiving feedback from the cardholders , often have cardholder's best interests at heart and always listen to cardholder's suggestions	
This loyalty programme provides website that is useful and reliable, easy to access, informative, attractive, often updated and gives prompt feedback to its cardholders	.911
Overall, I think the services of this retail store are good	.911
Overall, I think the services of this retail store are nice.	.910
Overall, I think the services of this retail store are very attractive.	.910
Overall, I think the services of this retail store are very desirable.	.910
Overall, I think the services of this retail store are extremely likeable.	.910
The prices of this retail store are very interesting	.911
The prices of the store are very good	.912
The prices of this retail store are lower than their competitors	.913
This store has modern-looking equipment and fixtures	.910
The physical facilities at this store are visually appealing	.911
Materials associated with this store's service (such as shopping bags, catalogs or statements) are visually appealing	.910
The store layout at this store makes it easy for customers to find what they need	.910
The store layout at this store makes it easy for customers to move around in the store	.910
The store is conveniently located near my residential neighborhoods	.913
When this store promises to do something by a certain time, it will do so	.910
This store provides its services at the time it promises to do so	.910
This store performs the service right the first time	.910
This store has merchandise available when the customers want it	.910
This store insists on error-free sales transactions and records	.911
Employees in this store have the knowledge to answer customers' questions	.910
The behaviour of employees in this store instills confidence in Customers	.910
Customers feel safe in their transactions with this store	.910
Employees in this store give prompt service to customers	.910
Employees in this store tell the customers exactly when	.912

services will be performed	
Employees in this store are never too busy to respond to customers' requests	.911
This store gives customers individual attention	.911
Employees in this store are consistently courteous with customers	.910
This store willingly handles returns and exchanges	.912
When a customer has a problem, this store shows a sincere interest in solving it	.911
Employees of this store are able to handle customer complaints directly and immediately	.911
This store offers high quality merchandise	.910
This store provides plenty of convenient parking for customers	.911
This store provides plenty of convenient parking for customers	.911
This store has operating hours convenient for all their customers	.911
This store accepts most major credit cards	.912
This store offers its own credit card	.912
This salesperson can be trusted	.910
This salesperson keeps his/her promises	.910
This store's branded products can be trusted	.911
This store's branded products keep their promises	.910
This store's branded products are reliable	.911
This store can be trusted	.910
This store has my interest in mind	.913
This store keeps its promises	.910
In this store products have a high value for money	.911
In this store products are economical	.912
In this store, compared to other stores, I can save money	.912

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