



Impact of sales staff turnover on customer equity in the South African luxury automotive industry

S N Mbonwa

Student number: 772678

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ABSTRACT

The purpose of this study was to understand the impact of sales staff turnover on customer equity in the South African luxury automotive industry. The concept customer equity has three elements that load onto it, namely; value equity, brand equity and relationship equity. For the purpose of this study, the focus was on relationship equity as this is the one customer equity element that the Sales Executives are able to influence. Rust, Zeithaml, and Lemon (2001) are of the view that customer equity drivers vary in importance for different industries. In relationship orientated industries (e.g. banking and automotive industry), relationship equity may be the most important driver of customer equity. Relationship equity is also known as retention equity as it entails the customers conscious decision to stick with a certain brand even after having conducted thorough research and analysis of other brands (Lemon, Rust, & Zeithaml, 2001).

The study used a quantitative research method and the data is founded on the results from 73 surveys received from customers who own luxury vehicles, namely Audi. The data was analysed utilising multiple regressions, using the independent t-test to accept or reject the proposed hypotheses.

Understanding the impact of sales staff turnover on relationship equity in the automotive sector is critical as this industry currently suffers from very high Sales Executive turnover. Original Equipment Manufacturers and dealer management need to understand the impact of this high staff turnover on the customers and ultimately potential future sales so that they may be able to mobilise effective strategies to minimise any negative impact caused by sales staff churn. The theoretical framework for this study is taken from a model by Vogel, Evanschitzky, and Ramaseshan (2008), which looks at the 3 drivers of customer equity and how these drivers effect customer loyalty intentions and future sales. This study found that sales staff turnover has a strong, significant relationship to relationship equity, meaning that sales staff turnover negatively affects relationship equity for the organisation, and therefore negatively affects the customer experience.

DECLARATION

I, Sthandweyinkosi Mbonwa (S N Mbonwa), declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for a degree in Master of Management in Strategic Marketing at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Sthandweyinkosi Ntokozo Mbonwa

Signed:.....at.....

On the.....of.....2016

DEDICATION

I would like to dedicate this dissertation and the completion of the Master of Management Degree firstly to my late mother, **Duduzile Maureen Mbonwa** – I hope the love for education that you instilled in me remains at the centre of my being. Thank you for being the best parent you could be to us. I miss you dearly and I hope you are proud.

Secondly to **my loved ones, my family, especially my son Mogale**, who had to take a back seat while I pushed to complete this degree. May you be inspired to always push the boundaries, take calculated risks and grow from mistakes. I love you.

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CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

The automotive industry is facing challenging times where profitability is at risk due to low sales numbers. Ensuring that targets are met and profitability is sustained, customer loyalty becomes one of the most important objectives for this industry which struggles with high sales staff turnover and declining market share figures (Schoeman, 2014). The purpose of this study is to understand the impact of sales staff turnover on customer equity in the South African luxury automotive industry. This study will investigate whether there is a direct relationship between sales staff turnover and customer equity using an existing model by Vogel et al. (2008). This model looks at the drivers of customer equity which are; value equity, relationship equity and the brand equity; and how these affect loyalty intentions and the customers future purchase intention. Understanding the impact of staff turnover on customer equity will allow for an understanding into retention or loyalty objectives of the organisation and a deeper understanding on the importance of Sales Executives' (SE) retention to the business. Different authors have different ways of describing customer equity, however most definitions share the opinion that customer equity is critical to the growth of the organisation. Rust, Lemon, and Zeithaml (2004) understand customer equity as becoming customer focused as opposed to product focused, while Lemon et al. (2001) view customer equity as what is required in the marketing and corporate strategy departments to grow the value of the customer. Based on the model by Vogel et al. (2008), this study will use existing theory and concepts to understand how consumers value the relationships formed with the Sales Executives and how these relationships influence brand loyalty in the context of the luxury vehicle industry in South Africa.

1.2 Context of the study

Luxury vehicles Original Equipment Manufacturers (OEMs) are seeing a shift within the competitive environment and in consumer preferences. Technological enhancements have influenced the homogeneity of luxury vehicles, thus making it difficult to differentiate between vehicles purely based on technology. Coelho and Henseler (2012)

support this change, noting that product and service differentiation have become critical for a sustained competitive advantage. They further support the notion that retention and repeat business have become a quantifiable critical objective for OEMs should they want to remain competitive. Customer service then becomes essential for a company wanting to retain or attain a competitive edge and as such, researchers have found service quality to have a direct positive relationship with customer satisfaction, which leads to brand loyalty (Bei & Chiao, 2006; Chinomona & Dubihlela, 2014; Purcarea & Ratiu, 2011; Taylor, Celuch, & Goodwin, 2004). The Sales Executive is usually the first contact for the customer at the dealership, and how this interaction unfolds will influence, to an extent, the customers purchasing decision and form a huge part of the customers purchase experience. This study aims to understand how the service encounter between the Sales Executive and customer affect the future behavioural patterns of the customer. Cronin, Brady, and Hult (2000) probed the effects of quality, value and customer satisfaction on customer behaviour in the service industry and found that indeed, there is a relationship which is linked to the purchase decision, through understanding value and satisfaction of the customer. This sparked interest on the antecedents of a positive purchase behaviour and experience within the automotive industry and what OEMs are able to influence in this regard.

Future purchase intention

With the advent change of the competitive environment in the automotive industry mentioned above, Ewing (2000) notes that there has been a trend of moving away from only focusing on acquisition of new customers to a greater focus on retention. Companies understand that customers have a lifecycle that needs to be managed at the right time, with the right products (Terblanche, 2006). Part of retention entails acquiring longitudinal data which will assist in developing long term relationships with customers through offering customised service. There are many advantages for a company that focuses on retention, namely; Purcarea and Ratiu (2011) found that acquiring new customers is more costly to the company than retaining the current customer base; Rust et al. (2004) affirm that retention leads to an increase in the customer lifetime value

(CLV) and an increase in customer equity; Terblanche (2008) found that a company that focuses on retention lowers their marketing costs, increases opportunities for cross selling and upselling of products and services, increases profitability in the long term, reduces transaction costs due to interdependencies created through long term relationships, and lastly, retention is prone to produce higher service quality. The advantages mentioned reemphasize the importance of focusing and understanding how sales staffs churn influences customer equity, therefore future purchase intention, in the motor industry.

According to Ha (1998, p. 52), "Brand loyalty is a biased, behavioural response expressed over time by some decision making unit, with respect to one or more brands out of a set of brands, and is a function of psychological processes". Taylor, Celuch and Goodwin (1998) agree with this definition since it touches on the behavioural characteristic of loyalty, but they further elaborate on other influences that have an impact on loyalty such as, commitment, external influences and customer preferences. Brand loyalty has become a critical topic for OEMs, especially with the emergence of non-luxury brands also offering vehicles that compete at this 'luxury' level. In the tough economic times that South Africa is facing, customers might view these premium vehicles sold by the likes of VW, Hyundai, Ford etc. (previously classified non premium brands) as offering them more value for money. Therefore, retaining customers based on purchase behaviour (behavioural loyalty), and the attitudinal factors that consumers have about the brand (attitudinal loyalty) has become a major focus. This research paper will focus on elements that the Sales Executive is able to influence in achieving loyalty, or rather future purchase intention within the dealership environment.

Relationship equity

Vogel et al. (2008) notes that customer equity looks at the expected future behaviour of the organisations customers. Rust et al. (2001) found that this becomes critical for the development of long term value for the organisation since the current customer base is a good determinant of future revenues. This needs to be monitored constantly to ensure

sustainability and also to understand the appropriate programmes that could be implemented to enhance customer equity. There are various models that have been developed to address customer equity as proposed by Bolton, Lemon, and Verhoef (2004) and Verhoef (2003), however for the purpose of this study, the model proposed by Rust et al. (2004) and Vogel et al. (2008) will be adopted to analyse the impact of sales staff turnover in the automotive environment on customer equity. The conceptual model to be utilised in this study looks at 3 drivers of customer equity, namely; value equity, brand equity and relationship equity (Rust et al., 2004). Although all 3 will be discussed in Chapter 2, the focus of this study will be on relationship equity since this is the one element the Sales Executive is able to influence. Rust et al. (2001) are of the view that customer equity drivers vary in importance for different industries. In relationship orientated industries (e.g. banking and automotive industry), relationship equity may be the most important driver of customer equity. Relationship equity is also known as retention equity as it entails the customers conscious decision to stick with a certain brand even after having conducted thorough research and analysis of other brands (Lemon et al., 2001). Should a current Audi customer, upon time for repurchase, conduct an analysis on BMW, Jaguar/Land Rover, Mercedes-Benz, Lexus, even VW etc., and still opt to purchase an Audi, then according to Lemon et al. (2001) Audi would have succeeded in building relationship equity.

The South African luxury vehicle industry

BMW won South Africa's most popular premium car brand in 2013 for the fourth time in a row (iafrica.com, 2014). According to a press release article by BMW SA (PressClub, 2014), their market share grew 0.5% per cent from 2012 to 2013, and as a result, this earned them the market leader title for 2013. More recent results from NAAMSA reveal that for the month of May 2014, BMW (excluding Mini) sold 1805 units; Mercedes-Benz (MB) (excluding Smart) sold 2044 units, while Audi sold 1546 units (NAAMSA, 2014). Mercedes-Benz attained the biggest share of the luxury market for May 2014, and before this study was conducted, this result for May 2014 might have been viewed as a reflection of loyalty favouring MB. However, according to Ha (1998), there are three

components that measure customer loyalty - cognitive response (attitude), subjective norm (situational influences) and purchase behaviour (action or behaviour). The figures above may demonstrate a purchase behaviour that was influenced by subjective norms (including things like new product launches, financial campaigns etc.), but they do not give an accurate explanation of the customers' attitude towards MB or the other two brands. Subjective norm can be summarised as the intended measure of social influence on a customer's behaviour in the form of expectations of relevant others, family or friends (Ha, 1998). More clearly, this is the consumers perception of what is accepted behaviour stemming from opinions of trusted friends and family which has a big influence on the customers final purchase decision. At this point, the Sales Executive is introduced as one of the strong influences to the purchasing decision. If relationship equity is formed between the Sales Executive and the customer, then it is possible that the customer rate the opinion or advice of the Sales Executive higher than any advertising, or opinion from friends and family.

1.3 Problem statement

1.3.1 Main problem

Nam, Ekinci, and Whyatt (2011) recognise service quality as critical in developing a strong brand since it promotes the superiority of the brand and also helps differentiate the brand from competitors. The Sales Executives role is to define, represent and epitomise the brand to the customer (Brexendorf, Mühlmeier, Tomczak, & Eisend, 2010). Either way, customer churn has become a significant problem in most industries as it erodes customer equity, thereby eroding profits for the company (Neslin, Gupta, Kamakura, Lu, & Mason, 2006). Sales Executive churn is a bigger challenge to sustainability and customer loyalty which will form the focus of this study. The cost of staff turnover erodes profit for the company due to increased training costs, a reduction in team morale, the decrease of the teams efficiency, and finally, the customer is inconvenienced (Sager, Varadarajan, & Futrell, 1988).

Given that customers place great value on relationships formed with Sales Executives (Moussa & Touzani, 2013), the issues of the nature of these relationships and the impact

they have on repeat purchases will be addressed by understanding *the impact of staff turnover on customer equity in the South African luxury automotive vehicle industry*. Customers have been known to purchase from other brands due to influence from “their” trusted Sales Executive who then become endorsers of the new brand they work for. Brexendorf, Mühlmeier, Tomczak, and Eisend (2010, p. 1150) emphasize that, “Loyalty to a person affects loyalty to the things a person endorses”. This means a Sales Executive that moves from Audi to work for BMW, may have the ability to influence his current customer database to switch brands upon time of repurchase.

1.3.2 Sub-problems

The first sub-problem is to understand sales staff turnover in the luxury vehicle industry and how it impacts relationship equity, therefore, future purchase intention.

The second sub-problem is to understand relationship equity and the impact on the customers future purchase intention.

1.4 Significance of the study

This study will touch on the top 3 main luxury vehicle brands; BMW, MB and Audi, with a specific focus on Audi, to understand the influence sales staff churn has on customer equity and future purchase intention. Purchasing a luxury vehicle is a huge investment, with the transaction expected to last, on average, between three to five years before the customer thinks about repurchase. OEMs aim to influence the repurchase decision in an effort to retain customers and build equity.

This study may provide insight to the OEMs and dealer management on the value of Sales Executives and the importance of ensuring positive customer interactions at all customer contact points in order to build relationship equity. Also, through this study, Sales Executives may learn the value in the creating long term positive relationships with customers and how this can lead to economic benefits. For dealer management and OEMs, the findings will assist in formulating better strategies for retention of Sales

Executives, retention of customers, thereby becoming loyal to the brand, which will influence future customer sales and ultimately, profitability.

1.5 Delimitations of the study

The study will focus only on Audi as the brand that will be investigated. This is because the researcher has access to senior management at Audi SA and will be able to obtain data from dealerships to this effect that can be analysed.

This study will focus on relationship equity and future purchase intention as the desired outcome linked to a decrease in sales staff turnover rates in the industry. Customer loyalty is defined as having three antecedents namely; cognitive response, subjective norm and purchase behaviour (Ha, 1998).

This study will only investigate the elements that Sales Executives can influence, namely cognitive response, to influence attitudinal loyalty, while the rest of the elements are beyond the scope of this paper.

1.6 Assumptions

- The sample would have knowledge about competitor brands, therefore be equipped to make comparisons between brands.
- If a respondent does not wish to disclose certain information, they will not be forced into a response and that part will be withdrawn from the sample.
- The respondents will be based in the province of Gauteng South Africa.
- The sample would have purchased a vehicle (first time and repeat purchasers) at an approved brand dealership within the past 5 years.
- Since this will be a quantitative study sent to the customers as an online link, the customer should have access to the internet in order to be able to receive and complete the survey.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The automotive industry is a service industry that offers an intangible service to a tangible product, as most service firms do (Bei & Chiao, 2006). Iyer, Sharma, and Bejou (2006) found that in the past 2 decades there has been a change in the marketing environment through increased competition and fragmented markets. This increase of competitive products in the automotive industry has given customers the luxury of choice, which to the frustration of OEMs, entails working smarter and more competitively to acquire and retain customers. Iyer et al. (2006) summarise the dilemma that organisations face in the current marketing environment by concluding that organisations need to capitalise on new ways of acquiring and maintaining a competitive advantage in order to remain profitable. The focus of this study is on luxury vehicles in South Africa, with a specific focus on the Audi brand. The products these luxury vehicle competitors offer are similar in depth, range, price, value added products (warranty, maintenance plans) etc., thus making it difficult for OEMs to find a unique competitive advantage to leverage. Bei and Chiao (2006) speak of product quality as an element that can be used as a competitive advantage, however, Coelho and Henseler (2012) are of the opinion that for certain industries it becomes difficult to differentiate purely on product quality. This is because products are now of similar quality due to the advanced technology utilised in the design and production of motor vehicles. According to Ewing (2000), the oligopolisation of the manufacturing industry has presented a challenge of having less sustainable differentiators between motor vehicles. Having a challenge of a few sustainable differentiators has led to the focus on customer equity, namely; value equity, relationship equity and brand equity.

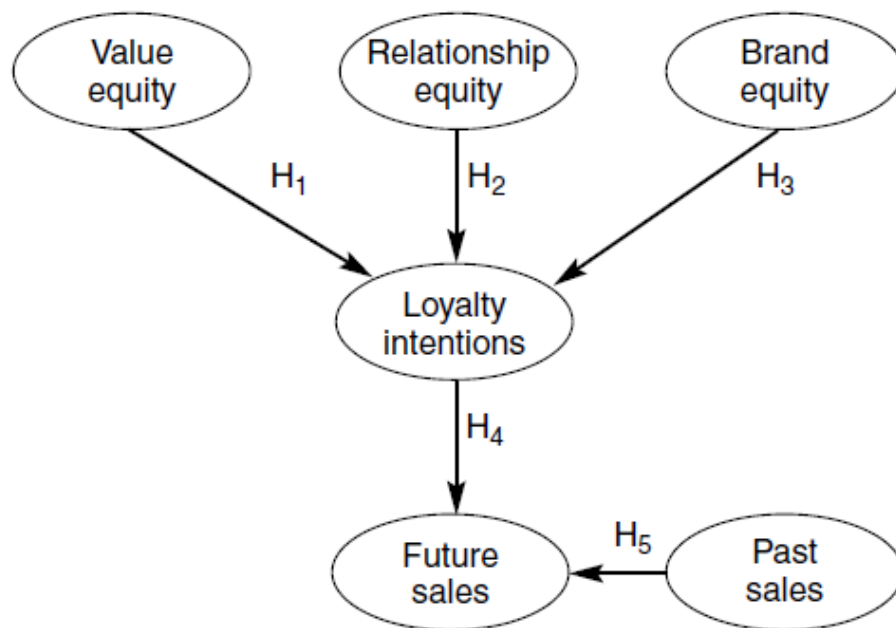
Other authors have identified service quality, price and customer satisfaction as being antecedents to brand loyalty (Bei & Chiao, 2006; Coelho & Henseler, 2012; Devaraj, Matta, & Conlon, 2001). Even though 65 to 85% of customers will switch to other brands even though they are highly satisfied with the product and service that they are receiving, companies still need to ensure that every customer touch point becomes an opportunity

to cement the customers loyalty to the brand (Mittal & Lassar, 1998; Segoro, 2013). Mittal and Lassar (1998) also noticed that if a competitor makes a good enough offer to a satisfied customers, the customer might consider switching, no matter their satisfaction level. This makes the objective of creating loyalty and retention a moving target for most organisations. For this study, the researcher will consult the conceptual model detailed by Vogel et al. (2008) which looks at customer equity drivers which include brand equity, value equity and relationship equity. These elements were researched by the author and found to have an effect on loyalty and future purchase intention. The research will then utilise this model to introduce the proposed model for this study and the hypotheses to be investigated. The aim is to investigate the effect of sales staffs churn on customer equity in the motor industry and how this in turn affects future purchase intention. Even though the study covers customer equity, the focus will be on relationship equity, as Rust et al. (2001) have found that in service-oriented industries, relationship equity is the most critical driver of future purchase intention and loyalty.

Customer equity has been widely documented in the past decade as companies move towards being more customer focused. The individual customer lifetime value (CLV) results from the number of purchases a customer makes, how much the customer purchases, the customers brand switching patterns along with the margins companies will receive from interactions with that customer (Rust et al., 2004; Stahl, Heitmann, Lehmann, & Neslin, 2012). A company with high customer equity will accrue various benefits which include a focus on strategic initiatives that will generate returns (Rust et al., 2004); the ability to quantify marketing activities through segmentation of target customers (Gupta et al., 2006) and through technology where customer behaviour can be tracked and analysed. More comprehensible, Berger and Nasr (1998, p. 18) elaborate further on the equity discussion and describe Customer Lifetime Value (CLV) as, "The economic worth of the customer". Whilst the focus of this report is on understanding relationship equity, it is important to note that the CLV of Audi customers is affected by the brand or dealerships ability to retain loyal customers, therefore aiding future purchase intention prospects.

One of the models analysed for this study was able to link brand equity to customer equity (Rust et al., 2004), Vogel et al. (2008) challenge that this model falls short in addressing how these drivers link to loyalty. It is for this reason that the conceptual model to be used as a base for this study will be the one proposed by Vogel et al. (2008). This model (Figure 2.1) incorporates the construct loyalty, looks at drivers of future purchase intention rather than drivers of Customer Lifetime Value (CLV) and uses past sales as a predictor of future purchase intention. The conceptual model proposed by Vogel et al. (2008) is shown in the following diagram and benefits this study since it will provide a foundation relevant to the industry being investigated.

Figure 2.1: Drivers of customer equity



Vogel et al. (2008, p. 101)

2.2 Customer equity

A firm's relationship with customers is important because it may lead to the creation of customer loyalty to the firm, which leads to profits for the organisation (Iyer et al., 2006). There are three drivers of customer equity that are detailed by Vogel et al. (2008) which are said to influence loyalty and future purchase intention. The first one is value equity

which is explained by Rust et al. (2001) as the customers perception of value offered by the brand. Rust et al. (2001) elaborate on this definition by stating that value equity is the opportunity cost of what is given up, i.e. price paid, for the product received. Customers with high value equity usually are satisfied with the purchases made. Seemingly, the higher the value equity, the more favourable the customer equity for that organisation will be. The second one is brand equity, which is subjective and more focused on the brand than the customer (Leone et al., 2006; Rust et al., 2001; Vogel et al., 2008). Brand equity is based on emotional perceptions about the brand, and if these perceptions are high, then it is likely that the customers will experience high brand equity. The last and most important driver of customer equity for this study is relationship equity. This is the customer's choice to stick to a certain brand no matter the objective and subjective assessments of the brand, including competitors (Leone et al., 2006). These subjective and objective assessments of the brand would involve the customer analysing elements that would link the customer to the brand i.e. sales people, price of the vehicles, brand value, location of the dealerships etc. This research will focus on sales people as a driver of relationship equity. When the sales people driver is high, it is because customers feel they are treated well by the sales staff with the end result being that the customers become familiar with the store, the products and the sales staff.

Service quality is a widely researched concept by many authors (Bei & Chiao, 2006; Coelho & Henseler, 2012; Cronin et al., 2000; Devaraj et al., 2001; Gopalani & Shick, 2011; Moussa & Touzani, 2013; Purcarea & Ratiu, 2011), however, very little research exists on the impact of staff churn on service quality delivered in an organisation or the effect of this churn on loyalty and future purchase intention. There are two types of service quality: technical service quality and functional service quality (S. Bell, Auh, & Smalley, 2005; Mittal & Lassar, 1998). Technical service quality refers to the overall quality of the sales interaction, while the latter refers to the actual interaction between the Sales Executive and the customer and the process used to deliver that service, which is the type of service quality relevant for this study.

In the midst of strong competition in the automotive industry, loyalty and a guarantee of future purchase intention may become the number one driver of strategy formulation. Ha (1998) views loyalty as a positive attitude towards the consistent repurchase of a certain brand. At this point, it is important to explain that loyalty can be behavioural or attitudinal (Ha, 1998; Nam, Ekinici, & Whyatt, 2011; Taylor et al., 2004) which means organisations need to understand which loyalty their “loyal” customers have so as to mobilise strategies that will shift customer loyalty to the organisations preferred type of loyalty. Within the context of the automotive industry, behavioural loyalty is when a customer consistently purchases from one brand because the dealership is conveniently situated, offers more value to the customer etc. This repurchase behaviour does not make a loyal customer because should one or more elements change that influence the current purchase decision (i.e. location change, affordability change), these customers are more likely to switch to their preferred brand or another substitute brand. Attitudinal loyalty is a more accurate reflection of loyalty as it entails the customer’s positive attitude about the brand and the purchase experience. Nam et al. (2011) contend that positive brand experiences also influence brand loyalty. This study will touch on attitudinal loyalty as an element that the Sales Executives have power to influence through their interactions with customers.

Loyalty is a concept that companies, no matter the industry, should focus on in order to harvest the benefits that are linked to having loyal customers. Brand loyalty, more specifically, attitudinal loyalty, erects barriers such as, “Greater sales, increased revenues, reduced customer acquisition costs, and inhibits customer’s susceptibility to marketing efforts by competitors” (Brexendorf et al., 2010, p. 1148). Yi and La (2004), Nam et al. (2011) discuss incremental benefits which include but are not limited to; less price conscious customers whom are less influenced by competing brands and customers who become loyal to the firm for longer. Customer retention is indeed more economical than acquiring new customers who tend to be expensive to service, and in the long run “might” become loyal customers (Bove & Johnson, 2000; Chinomona & Dubihlela, 2014). Acquiring new customers entails convincing customers, who may be

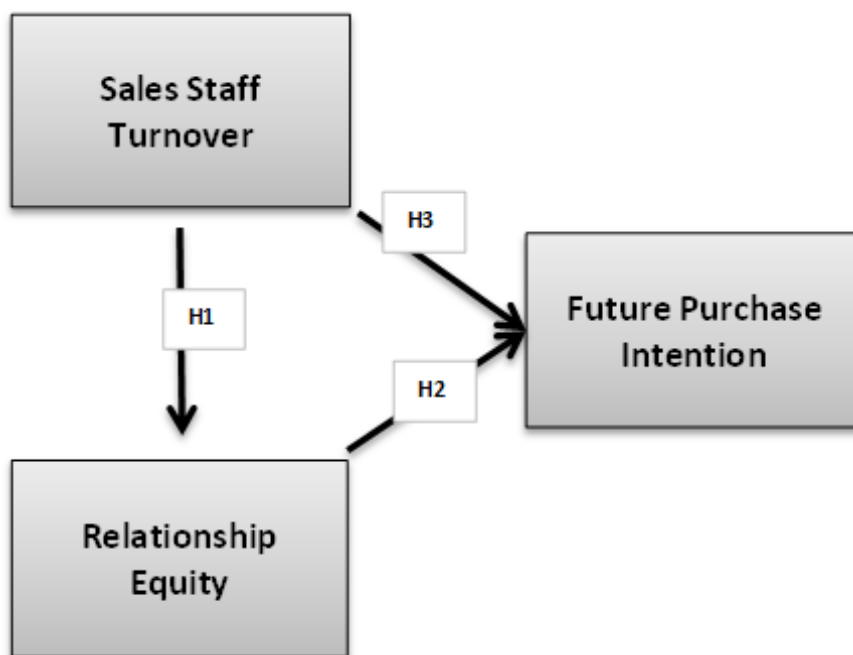
loyal to competing brands, that your brand is superior. Berger and Nasr (1998) contribute to this argument of building loyalty by noting that loyal consumers are likely to be less expensive to service, might pay higher prices than new customer and last but not least, these loyal customers act as brand ambassadors. Except for product performance, which is beyond the scope of this study, another possibility of switching customers to your company is if their levels of expectations in terms of service delivered from their current brand are not met. In order to retain customers, the processes supporting service delivery at dealerships needs to be in place and implemented by the front line staff. It is also critical to note that contrary to some research, not all customers that stay with the company for long periods of time are profitable. Some customers profitability may decrease over time as researched by Berger and Nasr (1998), however for this study, the opposing notion is adopted, which states that building loyalty will yield economic benefits for the organisation.

2.3 Model and hypotheses

2.3.1 *Drivers of customer equity*

At this point, the proposed conceptual model which is based on the stated objectives of this research is introduced in Figure 2.2, as well as the Hypotheses that will be tested for this research. The conceptual model is based on the model by Vogel et al (2008) which details at the drivers of customer equity as has been discussed above. The conceptual model introduced below looks at relationship equity and how this will eventually affect future purchase intention. There are other drivers of customer equity as noted by Vogel et al. (2008), but these will not be a focus for this study since the focus of this study is on the automotive industry, which is a service oriented industry. This industry is interested in increasing market share, retaining customers, building loyal customers, upselling of value added products to the customer and being able to increase the customers' share of wallet spent with the organisation in order to increase profitability for the company.

Figure 2.2: The proposed model for understanding Sales Executive churn on Customer Equity



2.3.2 Relationship Equity

Relationship equity is achieved when the customer believes that they are being treated well and handled with care (Vogel et al., 2008). Iyer et al. (2006) believe that relationship equity can be built both through personal relationships and consistent process implementation and usage. They also found that the formation of relationship equity was fuelled by the increase in competitors in the different industries as well as the transition in product life cycles and innovation. Their definition is also much broader in that it takes into account customer equity as well as processes that assist in cementing the relationships built with customers to ensure they choose you first at every consumer decision making point. There are many processes within a dealership environment that are put in place in order to ensure that customers receive the best service. These processes are important as they serve as assurance that service quality will not be compromised, assist in understanding gaps when there has been a breakdown in the process and also help management measure the Sales Executives performance. Relevant to this is that if relationship equity is high, the Sales Executive becomes the

bridge between the customer and the brand. The customer will trust the quality of advice given by the sales person and a solid relationship is formed.

The customer service Firm Attachment Theory emphasises that emotional bonds are formed that connect the customer with the service firm (Moussa & Touzani, 2013). Emotional bonds can be formed between the customer and the service firm, which could be the brand, and an emotional bond can also form between the customer and the servicing staff, in this case, the Sales Executives. These relationships or bonds formed between Sales Executives and customers can form great barriers of exit, where the customer will be reluctant to change to another brand due to the emotional bonds formed. This barrier to exit may also prove detriment to the service firm when the Sales Executive leaves the brand to work for a competitor, as the customer might be willing to follow the Sales Executive to the competitor brand. To put this into perspective, from the Firm Attachment Theory by Moussa and Touzani (2013), if there is an emotional bond formed with the brand or with the Sales Executive, any change that influences that emotional bond can lead to customer defection. Additional to emotional bonds being great barriers to exit, Moussa and Touzani (2013) have found that customers may view sales staff as attachment figures who have a huge influence on the final buying decision. Therefore, attachment figures and emotional bonds can have a financial benefit for the servicing firm which include building loyalty and customer retention. Research conducted by Low and Johnston (2006) in the business to business environment, proved that vendors who have successful relationships with certain customers reap benefits such as higher profitability, reduced sales costs, reduced marketing costs, and lastly better growth.

Relationship Equity is established when the customer receives good service from the Sales Executive. SERVQUAL (Service Quality) has 5 elements that the customer can use to evaluate the service received from Sales Executives (Nam et al., 2011; Tarn, 1999):

- Tangibles – meaning the physical things a customer can take from the sales interaction. This includes a brochure, quotation, business cards, and later on, the actual vehicle that has been purchased.
- Reliability, which is how the customer views the information given by the Sales Executives and how it correlates to the information the customer has researched. All Sales Executives need to be well trained in product knowledge, technology and competitor products.
- Responsiveness is critical in building rapport with the customer. The customer needs to feel important and it is the Sales Executives mandate to ensure that when customers shop at competitors, the good service received from their dealership becomes benchmark. The Sales Executive needs to listen to the customer's needs, establish what the limitations are, and be responsive to those needs.
- Assurance takes a certain skill as it entails convincing the customer that they are making the right decision. A customer will go through numerous emotions during the sales process, and the Sales Executive needs to be inclined to those emotions and know how to settle the confusion by re-emphasizing the key selling features of the product, the value to be received by customer and most importantly, be able to close the deal.
- Empathy is the last one, meaning the Sales Executive needs to be sensitive to the customer's needs and emotions throughout the process (Purcarea & Ratiu, 2011). If the customer feels the Sales Executive is on his/her side, and not only pushing a sale, they will have more confidence in the process which will build trust.

The above elements are what the customer will analyse as antecedents to determining satisfaction, which has been researched as one of the antecedents to relationship equity (Vogel et al., 2008).

Lastly, S. Bell et al. (2005) summarise the importance of service quality and creating long term relationships with their research which established that good service becomes a critical element to monitor. This is because creating long term relationships with

customers increases size and complexity of transactions, which in turn increases the customer lifetime value. Aaker and Equity (1991); Rauyruen, Miller, and Groth (2009) and Rauyruen et al. (2009) are in agreement that retention and loyalty is one way that organisations can ensure profitability because these are the customers that build brand equity, pay price premiums for products and are “easier” to service based on experience. In opposition to this, some authors have found that loyal customers are indeed more difficult to service and that as the relationship grows, the customer becomes experienced in brand attributes, which ends up increasing the customers’ expectation about the service to be received (Reinartz & Kumar, 2002). This means that service staff needs to continuously reinvent their service offering to customers. They have to move from purely satisfying customers to “delight”, in an effort to meet and exceed the customers’ expectations. Customer delight is a fairly recent concept to receive attention from researchers. Alexander (2010) conducted research on different authors that had researched the concept “Customer Delight” and concluded that customer delight occurs when, “the customer experiences a positive outcome, and the outcome is unanticipated” (Alexander, 2010, p. 40).

This led to the recent interest in customer delight which is fuelled by the notion that there is a direct link between delight and loyalty, which speaks to retention and profitability. As noted before, satisfied customers have increased expectations regarding the service that they should receive. Delighted customer become even more difficult to service because of the high expectations created from previous interactions. It is for these reasons that Barnes, Ponder, and Hopkins (2015) note the financial challenges that might arise with servicing delighted customers. Prior to the research by Barnes et al. (2015), Terblanche (2008) also concluded that customer delight is not suitable for organisations to utilise as a long term strategy as it will be difficult to satisfy and maintain customers’ expectations. This is especially true in the automotive industry where competitiveness has benefited the consumer and left the dealerships financially bare in a continuous effort of providing benchmark service. From conducting informal research at dealerships that the researcher has access to, it became evident that each dealership has their own method

of providing customer satisfaction. Some dealerships have bought into the concept of delight, while others understand the financial implications of delighting customers, and have chosen to ensure great, *consistent* customer service which helps in managing the customers' expectations. All these points create switching barriers (financial, procedural and relational costs), which is what organisations engaging in building relationship equity depend on.

2.3.3 Loyalty

Ewing (2000) found that customers' probability to repurchase the same brand is influenced by whether the customer was satisfied with the service received at the dealership level. S. Bell et al. (2005) supports Ewing (2000), by noting that service quality evaluation is influenced by the attitude the customer has of the brand from previous experience. Therefore, if the service received from the Sales Executive is negative, the customer is not likely to repurchase unless there are behavioural barriers influencing the purchase decision. Although the preceding is true to some degree, the Expectancy Disconfirmation Theory concludes that service quality is analysed on the received encounter at the point of contact (Devaraj et al., 2001; Tarn, 1999; Yi & La, 2004). This means what weighs heavier for the customer when assessing service quality will be the current service experience. This study aims to evaluate the interaction of the Sales Executive with the customer from the start of the interaction to when the vehicle has been delivered in order to understand the process of building relationship equity. Consistency in delivery of delightful service is critical in reaching this objective of high relationship equity. Ewing (2000) further states that a good showroom floor experience, coupled with quality products and good aftersales service is a good formula in creating brand loyalty, therefore future purchase intention in the automotive industry.

Although in contrast, Iyer et al. (2006) have come across research that suggests that long term relationships are more of a liability than an asset for the organisation as the customers tend to expect better treatment and pricing which will eventually effect the relationship outcome. However Mittal and Lassar (1998); Bove and Johnson (2000)

understand that true loyalty can become an organisations biggest asset, as it yields benefits like reducing customer churn to competitors, immunity to the current brand, difficult to dislodge once it has been acquired and most importantly, referrals coupled with positive word of mouth. This school of thought will be adopted for this study. A customer with true loyalty is described by Bove and Johnson (2000) as a customer with a high relative attitude linked to high repeat purchases of their current brand or product. Loyalty is also found to lead to increased sales numbers and an increase in market share when loyal customers purchase the same products repeatedly (Reinartz & Kumar, 2002). Satisfaction has been researched as an antecedent to customer commitment, which would then have a direct relationship to retention and loyalty. Customer commitment is defined by Moorman, Zaltman, and Deshpande (1992, p. 316) as, “The enduring desire to maintain a valued relationship”. This means the customer is not willing to consider any other competing brands or products, because they are committed to their current brand or product. This is the highest stage of relationship equity that the organisation can achieve with their customers. The desire to maintain this relationship has to exist between all stakeholders, i.e. the organisation and the customer. According to Terblanche (2008), there are two types of customer commitments that exist, namely, effective commitment and calculative commitment. The difference between the two is that the former is more of an emotional attachment, while the latter is more a calculative decision influenced by other dynamics including possible switching costs etc. For the purposes of building, maintaining loyalty and customer retention, effective commitment would be the desired outcome, where customers have emotional bonds with the sales staff or their current brand. Although customer commitment is a sibling to loyalty, the two constructs are defined differently, albeit with the same desired outcome.

As previously stated, loyalty is a construct with two dimensions, namely, attitudinal (measuring attitude) or behavioural loyalty (measuring the actual behaviour of the customer over a certain period) (Bove & Johnson, 2000; Yi & La, 2004). Even though these constructs are defined differently, they cannot be viewed as mutually exclusive by organisations. An organisation with attitudinal loyalty, and no behavioural loyal

customers, will not be profitable. A company with customers that are behaviourally loyal might not be able to sustain that loyalty because those customers are only loyal based on certain barriers that influence their choice of product or brand. Should those barriers lift, those customers will more likely shift to a brand they are attitudinally loyal to. In other words, customers are more likely to remain truly loyal to brands that they have a positive attitude towards and a brand that is reflective of their lifestyle and aspirations. An attitudinally loyal customer may become uncommitted to a brand, but this might not be evident in their behaviour immediately, while a customer that changes behavioural loyalty, will effect change in their behaviour immediately as they shift purchase behaviour to another product or brand. The Social Adaptation Theory suggests that, "People subjectively develop adaptive schemata that guide their behaviour" (Reinartz & Kumar, 2002, p. 176). This theory alludes that customers who are behaviourally loyal might be purchasing as a matter of convenience or habit. Habit is when customers make purchase decisions with little deliberation or consideration (Reinartz & Kumar, 2002). In summary, if as an organisation your customer base is behaviourally loyal, the company needs to implement strategies that will have an influence on bringing about attitudinal loyalty. This would require further research into these constructs and would be a good foundation for another research paper. What organisations can control is ensuring that their customers remain satisfied, because satisfaction remains one of the most important elements in understanding the customer's relationship to the brand, which will lead to understanding retention.

Zhang, van Doorn, and Leeflang (2014) found that the customers' culture also plays a role in how the customer perceives the service levels received. As part of a study they conducted between the Asian and Western culture, these authors found that the Western customers are more likely to rely on concrete evidence in order to determine their satisfaction, as opposed to the Asian customers who tend to be more focused on the interaction with the employees. Their study also looks at methods and tools of targeting the different cultural groups. For this study in the South African luxury motor industry, culture will not be a construct that will feature when measuring the effect of Sales

Executives' churn within a dealership environment on customer equity. South Africa is a diverse country with eleven official languages, therefore a future study measuring cultural influence on the construct customer satisfaction might yield interesting results which could assist dealerships understand how to service customers in a diverse country like South Africa.

As much as the customer has an influence on the interaction that happens with the Sales Executives, it is also true that Sales Executives play a crucial role in building brand loyalty when interacting with customers (Brexendorf et al., 2010). In fact, Slåtten, Svensson, and Sværi (2011) assert that employees are crucial in a service organisation at building service excellence. This can serve as a competitive advantage as it means the success of the organisation will depend on how the front line staff performs. At every customer contact point, service quality should remain top of mind, as that moment represents an opportunity to build relationship equity and affect loyalty. This is best described by the customer service worker relationship model (see Figure 2.3), which proposes that the strength of the customers relationship to the Sales Executive plays a role in the development of loyalty towards the organisation (Bove & Johnson, 2000). To this point, organisations should not neglect to build loyalty with their staff members. For the customer relationship model to be effective for an organisation, there needs to be trust between the Sales Executive and the customer, and the customer needs to have continued access to that one particular Sales Executive, meaning that organisations need to embark on strategies to retain staff.

Brexendorf et al. (2010) explain the role of Sales Executives in a dealership environment as to define, represent and epitomise all that is the brand and what it stands for to the customer. This essentially means that Sales Executives become the brand in the customer's eyes and represent to the customer all facets of the business. The relationships that are built between sales staff and customers are built over long periods of time, during different interactions. According to Purcarea and Ratiu (2011), the longer the relationship between the sales staff and the customer, the more intimate the

relationship becomes. The Attachment Theory addresses the relationships formed between customers and Sales Executives as a strong affectionate bond formed at interactions with attachment figures (the attachment figure can be the Sales Executive or the actual brand) and is stored in both the customer and the Sales Executives memory (Moussa & Touzani, 2013). At this point, it is important for organisations to note that the focus on customer loyalty and retention, should not exclude strategies to build loyalty and retention for the organisations internal customers, namely; the Sales Executives.

The research above indicates that customer defection has financial and other business implications, however the same can be found for employee defection. If there is high staff turnover in the dealership environment, resources are spent on training and coaching in order to upskill new staff rather than on sustaining and enhancing current processes which can affect profitability and customer service levels. Barnes et al. (2015) found evidence that interactions between customers and sales staff also impact, positively or negatively, the employees as well. They found that the attitude and behaviour of the employees have been linked to the organisations success and profitability. The service profit chain research that was conducted by Gelade and Young (2005) in the banking industry supports this notion that happy employees make happy customers, and happy customers remain loyal. It further proves that there is definitely a relationship between employee satisfaction and customer satisfaction. Slåtten et al. (2011, p. 206) detailed different variables that organisations can monitor in order to lessen staff turnover which include: "Compensation, supervisory support, employee training and employees perceived growth opportunities". Bove and Johnson (2000) came to a similar conclusion earlier that good strong relationships between customers and staff lead to true loyalty towards the organisation, since good relations with the sales staff is also transferred to a good attitude towards the organisation.

The dealer sales environment is extremely stressful to sales staff with Sales Managers chasing targets that are measured by OEMs for market share penetration. Within this stressful environment, the dealer management, and the OEMs, should not forget the

importance of ensuring employees have high levels of positive effect, which Gelade and Young (2005) say might lead to job satisfaction, effective commitment to the organisation and establishing a customer centric culture. This is supported by The Emotional Contagion Theory which implies that emotions and attitudes of Sales Executives will transfer to the customers upon the sales interaction (Barnes et al., 2015; Brexendorf et al., 2010). A satisfied Sales Executive will more likely pass on the same energy to the customer, while the opposite is also true for an unsatisfied staff member. When a customer centric culture is achieved, through having satisfied employees, it becomes possible, maybe even easier, for the customer to establish intimate relationships with Sales Executives as their 'attachment figures'. It is important to note that attachments will not develop if the interaction starts on negative emotions. As stated before, these social and emotional bonds created with the brand or Sales Executives develop to great barriers of exit and hence will lead to a form of loyalty.

It is evident that Sales Executives play a crucial role in building brand loyalty when interacting with customers (Brexendorf et al., 2010). At every customer contact point, service quality should remain top of mind, as that moment represents an opportunity to build relationship equity. This is best described by the customer service worker relationship model (see Figure 2.3), which proposes that the strength of the customers relationship to the Sales Executive plays a role in the development of loyalty towards the organisation (Bove & Johnson, 2000).

Figure 2.3: The customer service relationship model (Bove & Johnson, 2000)

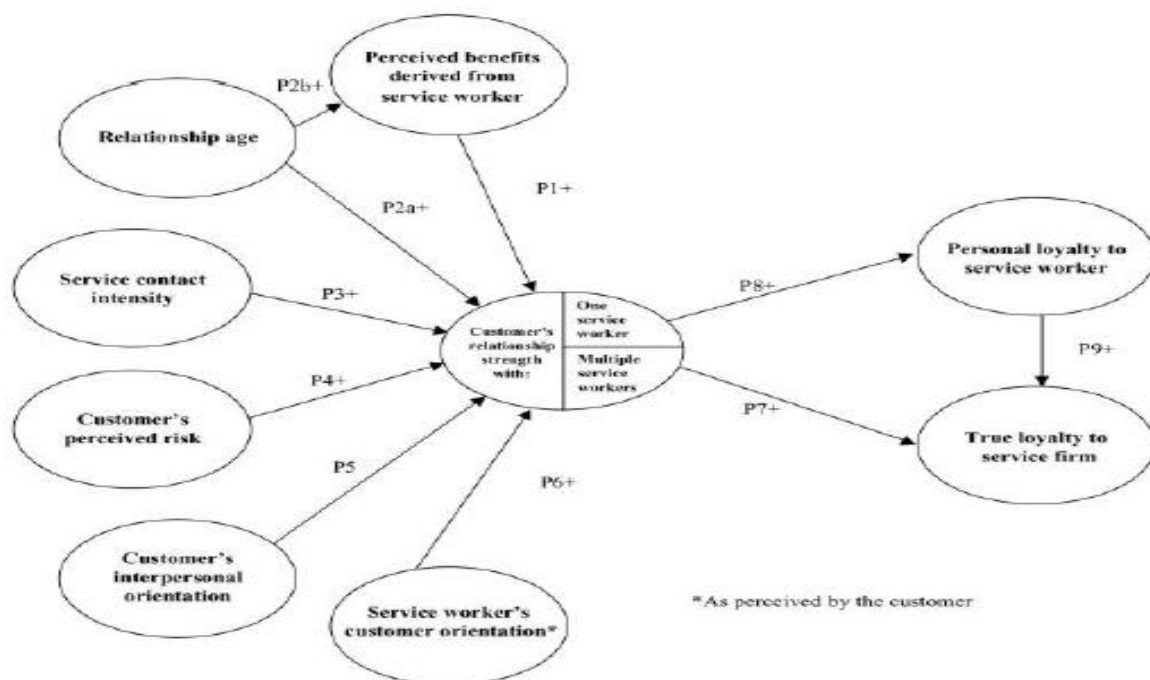


Figure 2.3 details a few methods that sales staff can utilise in order to build or enhance relationship strength between the customer and themselves, which will lead to a positive attitude towards the organisation. These strategies are as following:

- There needs to be perceived benefits (social and economic) that the customer can derive from the Sales Executive. Customers need to trust that they will receive the best service from the Sales Executive, coupled with the best advice and offer on vehicles.
- Strong intimate relationships develop over time. Intimate relationships require trust and commitment from both parties involved, which is created through experience of customers dealing with one particular Sales Executive's reliability and predictability. Most important for OEMs to note, is that trust becomes a difficult target to achieve if the customer is handled by different Sales Executives at each transaction (Moorman, Deshpande, & Zaltman, 1993). Sales Executive retention is essential for the successful launch of customer loyalty and retention strategies.

- The intensity of contact between the Sales Executive and the customer grows the relationship strength. Bove and Johnson (2000) found that repeat interactions between a Sales Executive and customer lead to certain expectations being created, trust and intimacy. These interactions can be for business and social reasons since Sales Executives should know some personal information about the customers' likes and dislikes. Therefore, as an example, it is recommended that a Sales Executive contact a customer regarding a golf day that the dealership is hosting; based on the Sales Executive knowing that the customer likes golf. A point to emphasize here is the Sales Executive needs to gather and record as much info as possible about the customer, as this information will help in creating strong relationships.
- Face to face interactions seem to aid intimate relationship development faster than telephone and email interactions. Sales Executives need to develop relationships where customers feel comfortable to come to the dealership even if it is for a cup of coffee.
- Perceived risk is a customer's uncertainty about acquiring a service or purchasing a product. This is fuelled by not being sure about the action, the consequences of the action and being unsure if they are making the right decision (Bove & Johnson, 2000). The Sales Executive needs to understand the different emotions that the customer will go through during the purchasing phase and try ease the customer's perceived risk.
- The customer's interpersonal orientation will determine the relationship formed with the Sales Executive. Although there are customers that can chat for hours on their personal lives, there are some that would prefer a more professional relationship with the Sales Executive. The Sales Executives need to be able to read the customer to understand their orientation and ensure that the interactions are as per the customers' requirements. Even with the customers that are not interested in building relationships initially, based on the type of interaction the Sales Executives initiates with the customer, relationship strength may grow even for this type of customer, which might lead to relationships actually forming.

- According to the Role Theory, service providers are able to adapt to different customer behaviours based on the job they occupy in order to get to their desired outcome (Solomon, Surprenant, Czepiel, & Gutman, 1985). This means Sales Executive customer orientation is as important as the customers' interpersonal orientation when forming strong relationships. Sales Executives need to understand the customer's needs, and decide what is best for the customer in order to meet that need and build trust with that customer.

The intimate relationship between Sales Executives and customers will affect the brand choice made by the customer. It is possible for customers to switch to brands endorsed by their attachment figures (Sales Executives) and this is referred to as service loyalty, which evaluates the customer's personal relationship with the Sales Executives as an influence to true loyalty (Bove & Johnson, 2000). Research states that customers who have these favourable relationships with sales staff, will tend to develop favourable feelings towards the brand as well (Bove & Johnson, 2000). This further reinforces the importance of good, happy sales or service staff to any organisation wanting to build loyalty and retention. Where the intimate relationship is formed only between a particular Sales Executive and the customer, Bove and Johnson (2000) note that the shift to loyalty towards the organisation will only occur upon the respective Sales Executives availability. If the Sales Executive moves to working for another brand, the loyalty between the customer and the organisation might be compromised. Although this might seem to benefit the employee in that they will be valued by organisations through effective retention strategies, the employer needs to explain to the employee the benefits of maintaining good, strong, stable relationships between the employee and the customers. For the organisation, retention is cheaper than acquisition of new customers (Bove & Johnson, 2000), and for the employee, if they are successful in forming intimate relationships with customers, the value of customer purchases over time increases and those customers become almost immune to competitor products or brands.

2.3.4 *Future purchase intention*

When researchers discuss loyalty, future purchase intention is usually not far off as the next construct to be unpacked. In creating loyalty and retention, the aim is to ensure that the organisation understands the customer's needs and how to fulfil to ensure customers remain profitable for the organisation through repurchase. How organisations can influence customers future behaviour should be as ,if not more, important than the customers current behaviour (Reinartz & Kumar, 2002). We have seen in the above research that customer's current behaviour is prone to change, depending on internal and external constraints; therefore, as much as current customer behaviour is important, organisations need to ensure that the customer's future behaviour also remains a focus. Ehrenberg (1995) conducted research in different industries, and found that higher market share actually influences purchase decisions, including future purchase intentions. Therefore, he contends that the bigger the brand, meaning the bigger the market share, then the more loyal the customers of that organisation will be. Relating these findings to the automotive industry, it means the OEMs must, parallel to ensuring customer satisfaction, also be focused on increasing current market share, because as per Ehrenberg (1995), a positive market share will positively influence future customer purchase decisions.

There are other authors who challenge the research findings of Ehrenberg (1995) which state that purchase behaviour will be highly influenced by market share. Baldinger and Robinson (1996) contend that the sustenance of loyal customers will require a healthy mix of behaviourally loyal customers and those that are attitudinally loyal, rather than depending on market share to influence future purchase intentions. In their research on the hospitality and leisure market, Tarn (1999); Taylor and Baker (1994) found customer satisfaction a bigger influencer to future customer behaviour. They found that it positively influences word of mouth, repeat sales and eventually customer loyalty. Based on this research, satisfied customers in the hospitality and leisure markets are not likely to shift to other brands easily. Companies need to fully understand the antecedents of customer satisfaction in their industries which could vary from price, perceived value, service

quality and product quality. Once this has been identified, effective strategies to influence these antecedents positively could be implemented to effect change in customer satisfaction.

There are authors that do not support the notion of Tarn (1999), that customer satisfaction will lead to future purchases. Jones (2005) and Stewart (1998) share the opinion that even satisfied customers are prone to shifting to competitors should the competition make a good offer. An example of this is seen in the South African automotive industry where Audi and VW are CSI leaders according to the Customer Competitive Experience (CCE) research conducted for the full year ended 2014 by Ipsos (www.ipsos.co.za). They received gold status in terms of customer satisfaction for the past couple of years, but they did not have the highest market share for the respective years. This is supported by research that was conducted by Reichheld (1993) in the automotive industry which found that only 40% of customers that were satisfied with their chosen brand actually repurchased the brand. Therefore although customer satisfaction is one of the antecedents to repurchase behaviour, it does not guarantee repurchase and there are other influencers to the customer repurchase decision that the company might not have control over (Yi & La, 2004).

The aim of any company existence is to be profitable in the short to medium term, while also remaining profitable in the long term. This can be measured by the market share the company possesses or sales the company is achieving. Yi and La (2004) explain that customers which have attitudinal loyalty are emotionally attached to the brand and are less susceptible to competitors. Customers with behavioural loyalty only purchase the brands products, but may have emotional attachments with other brands. These customers could be purchasing a certain brand due to accumulated knowledge, affordability, geographical constraints etc. Companies need to find strategies to influence these behaviourally loyal customers so that they also form positive attitudes about the brand, create emotional attachment and commitments, which will lead to attitudinal loyalty. This will ensure that the customers are retained and remain loyal. In essence,

what this means is purchase intention does not always equate to purchase action (Ewing, 2000). At this point, it is important to note that what will influence a customer's decision to repurchase, will be the sum of different interactions or experiences with the brand and not an individual interaction. Once again, companies need to ensure that at every customer contact point, customer delight is the common objective, as this creates opportunities to influence future purchase decisions.

In the automotive industry, the customer can be loyal to the brand or the dealership or the individual Sales Executive. With the advent increase in non-franchised dealerships, a franchise dealership needs to continuously prove to the customers that they are competitive, offer good service and offer value (Ewing, 2000). Further to this, it can be deduced from the research conducted by Ewing (2000), that if a customer is satisfied with the dealership, the brand or individual Sales Executive, then they are more likely to repurchase respectively. On the other spectrum, future behaviour is a difficult element to predict even if you have the customers "intentions" researched. Ewing (2000) concluded his research to find that even past behaviour is not an accurate predictor of future behaviour. Customers might inform of intentions of repurchase now but upon time of actual purchase, the customer's situation may have changed, thereby effecting the purchase action differently to the communicated intention.

2.4 Conclusion of Literature Review

After a period of 3 to 4 years of owning a vehicle, customers are faced with the decision whether to trade in their current vehicle for a newer model or keep the vehicle for longer. For customers that are deciding on a newer model, the decision then moves to the brand of vehicle they should purchase. The customer can either stick to the brand they have been driving, or they can switch to another brand. This decision of switching is influenced by many elements that have been discussed above namely; relationship equity, value equity, brand equity, service quality, satisfaction, product performance, price etc. The three constructs that were analysed in detail in this paper were relationship equity, future purchase intention and sales staff turnover. The decision to repurchase will be based on

whether the customer has a positive attachment to the brand and or the brand's Sales Executive and whether the customer was satisfied with the service quality received in the past interactions with the brand and or the brand's Sales Executive. This reaffirms the impact Sales Executives have on customer loyalty or the influences they have over the customer's repurchase decision. Moussa and Touzani (2013) state that according to the Firm Attachment Theory, if customers have formed attachment figures with the Sales Executive, should the Sales Executive leave the brand for another competitor brand, it is possible that the Sales Executives influence a shift in brand choice, as customers may purchase the brand endorsed by their attachment figure. The three hypotheses to be addressed in this paper aim to understand the influence of sales staff turnover on relationship equity and future sales, and if relationship equity actually has an influence on future sales, of course assuming a positive interaction between Sales Executive and customer. Proving the hypotheses will give brand management and dealer management the intelligence required for instigating retention strategies for Sales Executives in order to have more stable sales team or allow them to invest in brand building strategies. These retention strategies would be targeted at retaining customers, but also at retaining Sales Executives, with the full understanding of the impact Sales Executives have on relationship equity and future purchase decisions.

The hypotheses that this study will reject or accept are as following:

H_{1:NULL}: Sales staff turnover does not have a significant influence on relationship equity

H_{1:Alternative}: Sales staff turnover has a significant influence on relationship equity

H_{2:NULL}: Relationship equity does not have a significant influence on future purchase intention

H_{2:Alternative}: Relationship equity has a significant influence on future purchase intention

H_{3:NULL}: Sales staff turnover does not have a significant influence on future purchase intention

H_{3:Alternative}: Sales staff turnover has a significant influence on future purchase intention

CHAPTER 3. RESEARCH METHODOLOGY

The purpose of this study is to understand the impact of sales staff turnover on customer equity in the South African luxury automotive industry. This study investigates whether there is a direct relationship between sales staff turnover and customer equity using the model discussed by Vogel, Evanschitzky, and Ramaseshan (2008). This model looks at three drivers of customer equity namely; value equity, relationships equity and brand equity, which then affect loyalty intentions and future purchase intention. This chapter will form a discussion on the procedure and method adopted for this quantitative study which will either support or reject the 3 hypotheses as discussed in chapter 2. It also looks at the instrument utilised to analyse the different elements that eventually influence customer retention and future purchase intention. This study may add value to existing academic theory since very little research is available on sales staff turnover in relation to customer equity within the South African automotive industry. From this study, OEMs together with dealer management will be able to decide if the strategy moving forward can be focused on retention of sales staff, or increasing brand affinity, so as to minimise the effect sales staff turnover might have on customer equity. Research was conducted into service quality and how this effects loyalty in other industries like; the financial institution (S. Bell et al., 2005), the retail industry (Chinomona & Dubihlela, 2014) and the hospitality industry (Nam et al., 2011). This was used to compare and contrast theories and the outcomes of the different industries. This study is based on existing theory and the model by Vogel et al. (2008) has been adopted so as to understand how relationship equity drives future purchase intention for Audi customers.

3.1 Research methodology / paradigm

The research method to be employed for this study is the quantitative method. J. Creswell (2009) describes quantitative research as a method for testing theories by analysing the relationship between variables. Bryman (2012, p. 160) is in agreement with his definition, stating that this form of research is, "A method for collecting numerical data, exhibiting a view of the relationship between theory and research as a deductive, a predilection for a natural science approach (of positivism in particular), and as having an

objectivist conception of social reality". A post positivism approach starts the research by finding existing theory, then collects the data that supports or counters the theory to allow revisions to be done before testing is conducted (Creswell (2009). Further to this, Creswell (2009) also notes the criticism that arose on this worldview just before the millennium, which argued that this view imposed laws and theories to individuals even though these theories and laws didn't fit well in society. This method is suitable for this research since the sample that will be analysed is estimated at 4,500 owners of Audi vehicles purchased within the past 5 years. The respondents should have experience of the purchasing process, and they must have purchased their vehicles from an approved Audi brand dealership. Another reason for employing the quantitative method for this study is because this research wants to firstly, understand sales staff turnover and how it is influenced by relationship equity and future sales, secondly, understand how relationship equity impacts future purchase intentions for Audi customers. This is what J. Creswell (2009) refers to as a post-positivists world view as it looks at the causes that influence an outcome. Lanza (2008) is of the opinion that a quantitative method will require observable and measurable data on the variables being measured, which the researcher has got access to.

3.2 Research Design

This study is positivist and will use a cross-sectional design which is described by J. Creswell (2009) as, "A numeric description of trends, attitudes or opinions of a population by studying a sample of that population" (p.12). Positivism states that reality exists independent to the researcher (Gray, 2013). Further, this epistemological paradigm speaks of reality to what is available to the human senses and should be based on scientific observation, hence positivism has arguments that are against its use due to these scientific foundations (Gray, 2013).

In Bryman (2012), the author focuses on the collection of data for more than a single case at a certain point in time in order to draw connections between variables. This study aims to understand the trends affecting relationship equity in the automotive industry by

understanding the relationship between the variables sales staff turnover, relationship equity and future purchase intention at a certain point in time. This study is interested in variations of different people who have purchased luxury vehicles over the past 5 years in order to be able to understand what drives relationship equity for those consumers. A survey method was used to collect data in the form of a questionnaire. The findings will be generalised for the population, hence the chosen survey method would work best for this study (J. W. Creswell, 2013). The questions used in the survey are instrument-based numeric and are close ended since it is easier to analyse and draw conclusions from such a questionnaire.

Bryman (2012) is of the opinion that the internal validity in a cross-sectional study is likely to be weak due to this type of design producing associations rather than findings from which clear causal suggestions can be made. Another weakness to this design is based on the fact that ecological validity maybe compromised as this type of instrument disrupts what Bryman (2012) calls, “Natural habitat” (p. 61). For this study, the self-completed questionnaire will be utilised to collect data from owners of Audi vehicles. The study design is correlation analysis which tests the relationship between variables and not whether there is a difference in the variables (Black, 1999). Therefore, this paper tested the influence of Sales Executive churn on relationship equity, and not the difference between these three variables. Black (1999) further states that in a correlation study, a sample is chosen and analysed for any trends or traits in an effort to pick out relationships that might exist.

3.3 Population and sample

3.3.1 Population

The sample is current owners of Audi vehicles purchased from a brand accredited dealership in Gauteng, South Africa. They need to have purchased the vehicles within the past 5 years and need to have been part of the purchasing experience. The respondents are all over the age of 18, as they have declared upon completion of the survey. These customers were further segmented into two groups which are made up of

customers who have only bought 1 Audi vehicle in their lifetime, and the second group is of Audi customers that have owned more than 1 Audi vehicle in their lifetime. The reason for this is the customers that have bought more than 1 Audi vehicle are more valuable to this study as their responses will have a heavier weighting on relationship equity formed with their Sales Executives, especially if they purchased their other Audi vehicles from the same Sales Executive. The Audi database is very large, and testing all of the Audi customers would possess a challenge for the researcher on a study of that magnitude, hence this study will only look at customers from the last 5 years in the Gauteng area. It is important that the sample taken from the population is representative and the results can be generalised to the entire population. The sample was extracted from an Audi dealerships database of their customers who purchased vehicles in the past 5 years which was a database of 4,500. There was no other limitation that was imposed when the database sample was extracted.

This study is relevant to OEMs and dealer management since it provides insight into strategies needed to ensure an increase in customer equity. Also, due to the minimum research that exists on sales staff turnover in the motor industry, this study offers insight into sales staff turnover and how this impacts the customers' future purchase intention.

3.3.2 Sample and sampling method

Probability sampling is when participating people have an equal chance of being chosen which allows for deductions to be made about the population from the sample analysed (Curtis & Curtis, 2011). For this study, a non-probability sample was drawn from a database of 3 Audi dealerships, of customers that have purchased vehicles in the last 5 years. Non-probability means that some participants have a better chance of being selected (Bryman, 2012). This method was used because the sample had to be customers who bought vehicles in the past 5 years, and also the total population of customers who have purchased Audi vehicles is not known since the researcher only had access to the database of 3 Audi dealerships. The sample could be repeat buyers or new buyers since the study unpacks relationship equity experienced with the last Sales

Executive the customer dealt with. The respondents must have bought a vehicle in the past 5 years in order to ensure the purchase experience is still top of mind for the customer. This study was also only conducted with customers who purchased new passenger cars, Pre-owned customers were excluded from the sample. A sample of 150 respondents was expected to return completed surveys, based on similar research that has been concluded which utilised similar sample size (Ewing, 2000; Lanza, 2008; Yan & McLaren, 2010). However, completed surveys that were returned came to a total of 73 correctly completed surveys. The participants were required to be of a legal age and they had to acknowledge this by checking a box on the survey.

To collect data, an online survey was used, and sent out as a link to the extracted database of 4,500 customers. Since all customers had provided their e-mail addresses for communication purposes, it is assumed that all customers received the questionnaire. The questionnaires that were received back provided the response rate; however, since only certain people responded to the survey there could be some level of bias in the results generated, which could be a limitation to the study. This online survey was built using research software called Pollbaddy that Audi uses for all their research purposes. This system is able to interpret data into accurate, comprehensible output and provides feedback in real time. Permission was attained from the relevant dealerships to allow the researcher to send the survey to the customers on the extracted database. Kawulich, Garner, and Wagner (2009) state that for successful quantitative studies, it is better to obtain a large sample so as to limit sampling error. Sampling error is caused by the difference between the sample and the population. They also advise on increasing sample size by 40-50% in order to increase the response rate. In essence, the desired response rate was at 30% based on Kawulich et al. (2009) who are of the opinion that a ratio of 30% is required for a smaller population. Unfortunately, the realised sample of 73 completed surveys was much less than the desired response rate, which also posed a limitation for this study.

Table 3.1: Profile of respondents

Description of respondent type	Customers sampled
All Audi customers, 18 years and above, who purchased vehicle from an Audi dealership between 2010 – 2015	Surveys sent out to a sample of 4,500

Table 3.1 details that for the sample, the researcher only focused on Audi owners over the age of 18 who had purchased their vehicles in the past 5 years. The survey link was sent to a database of about 4,500 customers. The response rate came to 73 completed surveys, and of these 73 successfully completed surveys, the split was as following:

Figure 3.1: Number of Audi vehicles owned currently

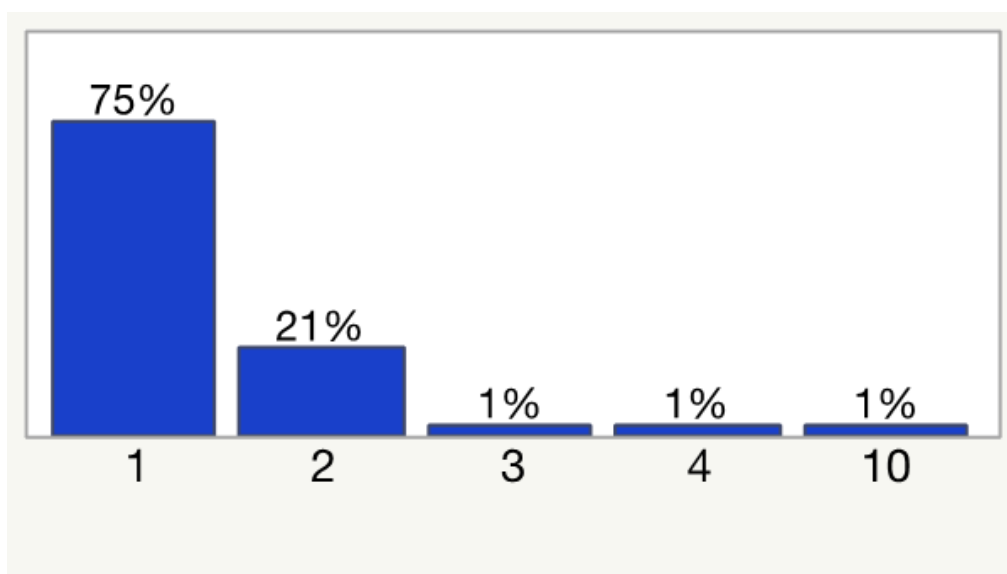


Figure 3.1 shows that 75% of the respondents own 1 Audi vehicle currently, followed by 21% who claim to own 2 Audi vehicles currently, therefore it can be assumed that a large sample (75%) of customers who responded are first time buyers of the brand.

Figure 3.2: Number of Audi vehicles owned in a lifetime

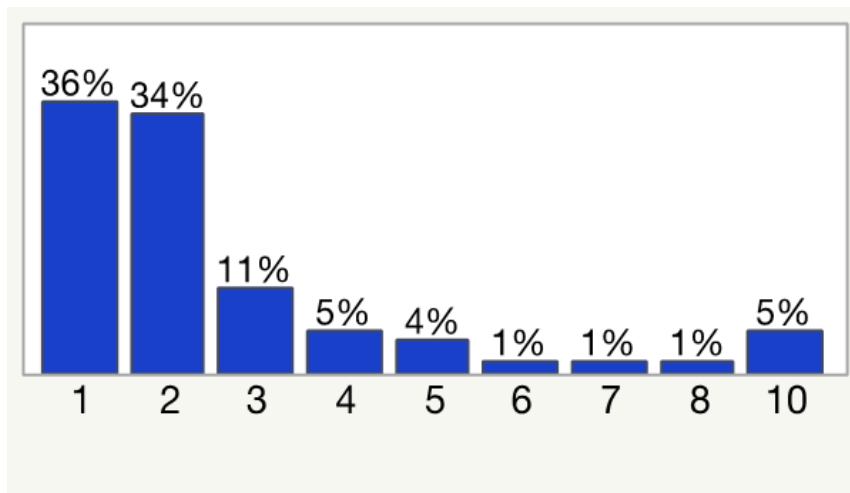


Figure 3.2 shows that of the 73 respondents, 36% have only owned one Audi vehicle in their lifetime, while the rest of the respondents have owned two or more Audi vehicles.

Figure 3.3: If only 1 Audi owned in lifetime, when was it purchased

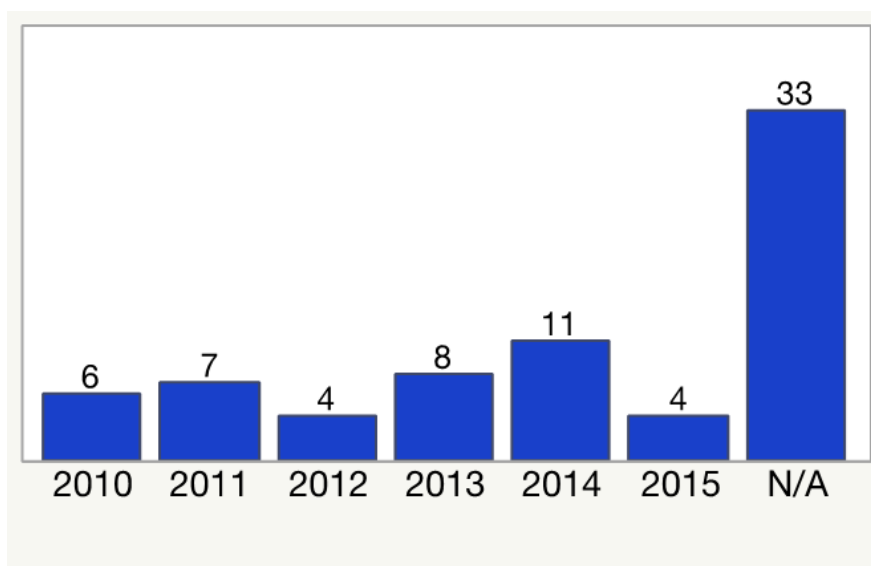
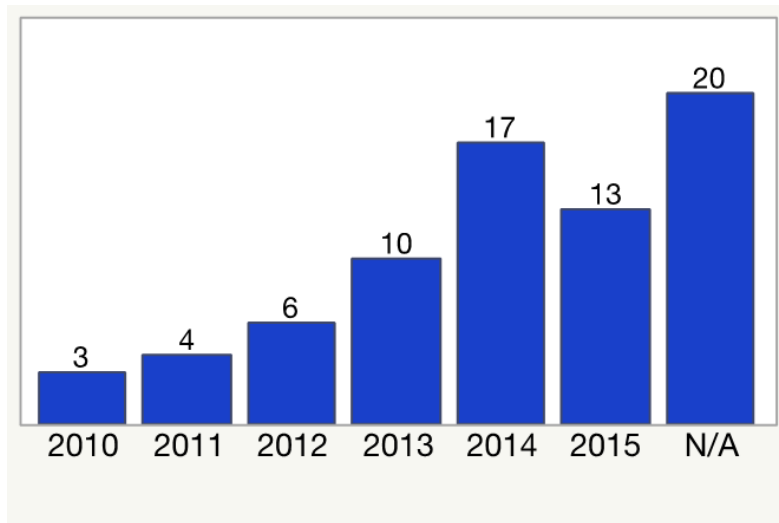


Figure 3.3 shows the purchase year for the 73 respondents who have only owned 1 Audi vehicle in their lifetime. Most respondents chose to not answer this question by selecting N/A which could mean the customers had no recollection of the year their vehicles were purchased.

Figure 3.4: If 2 or more Audi vehicles owned, when was the recent purchase



Lastly, for those respondents who have owned two or more Audi vehicles, Figure 3.4 shows the year the recent vehicle was purchased. Again, some customers chose to not respond to this question by selecting N/A.

Figure 3.5: If customer has owned more than 1 Audi, did they purchase from the same Audi dealership

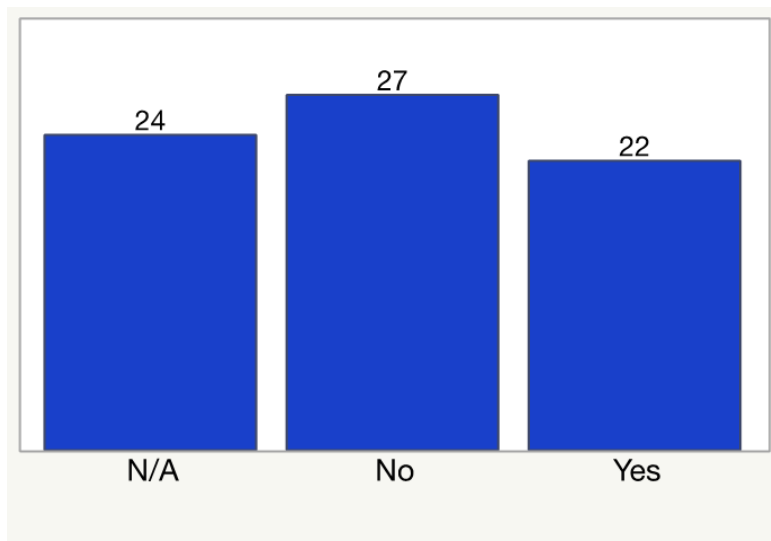


Figure 3.5 illustrates that 22 customers of the 62% who confirmed that they have owned more than 1 Audi vehicle actually purchased their recent Audi from the same dealership

they purchased their previous vehicles. A larger group of 27 customers did not purchase their recent Audi vehicles from the same dealership, while 24 customers chose to not respond to the question.

Figure 3.6: If customer has owned more than 1 Audi, did they purchase from the same Sales Executive

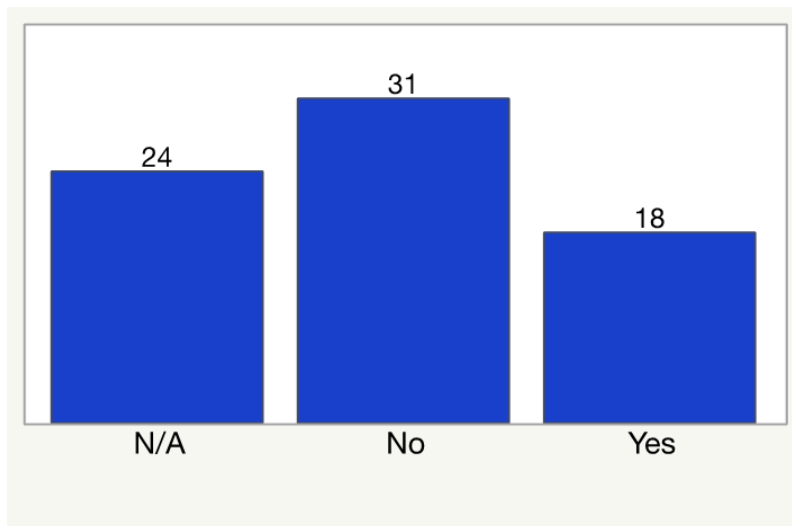


Figure 3.6 illustrates that 18 customers of the 62% who confirmed that they have owned more than 1 Audi vehicle actually purchased their recent Audi from the same Sales Executive they purchased their previous Audi vehicles from. A larger group of 31 customers did not purchase their recent Audi vehicles from the same Sales Executive, while 24 customers chose to not respond to the question.

The percentage of customers who have owned two or more Audi vehicles is 62% of the 73 respondents. Out of this 62%, there are a large number of customers who did not purchase their next Audi vehicles from the same dealership (27 customers) or from the same Sales Executive (31 customers). This is significant and might be an indication of customers being more loyal to the brand, than the actual Sales Executive since these customers still purchased an Audi, just not at the same dealership, and not from the same Sales Executive that assisted them before.

3.4 The research instrument

(See instrument attached under Appendix A)

The instrument utilised in this study is a self-complete questionnaire which means respondents complete the questionnaire on their own, with no assistance from the interviewer (Bailey, 1987; Bryman, 2012). The questionnaire was administered online and e-mailed as a link to a database of 4,500 people. Using the internet has become popular with the technology explosion as it offers respondents the convenience to respond at their own time (Kawulich et al., 2009). Also, online surveys allow for the efficiency and ease of analysis which is important when dealing with many cases. For this study, the survey was run for a period of 3 weeks in a goal to increase the response rates. The questionnaire was designed to enable measurement of the relevant constructs namely, relationship equity, sales staff turnover and future purchase intention. On the actual research instrument attached in Appendix A, question 1 – 9 are control questions, which were put in the survey to assist with formulating conclusions and recommendations for this study. Question 10 – 18, focuses on investigating the construct relationship equity (Lanza, 2008), question 19 – 24 measures sales staff turnover (Lanza, 2008; Vogel et al., 2008; Yim, Tse, & Chan, 2008) and question 25 – 27 measures future purchase intention (Yim et al., 2008).

The scale utilised was based on scales from previous research which used seven-point Likert scales (1= strongly disagree, and 7= strongly agree) (Lanza, 2008; Vogel et al., 2008; Yim et al., 2008). The questionnaire has closed questions which allow the respondent to select one of the alternatives offered by the researcher (Bailey, 1987; Bryman, 2012; Kawulich et al., 2009). In a closed questionnaire, the answers are more consistent, thus allowing the results to be analysed easier. Bailey (1987) and Kawulich et al. (2009) critique this type of questionnaire because it does not allow the respondent freedom to give their input which may frustrate the respondent. More challenges with this type of questionnaire are shared by Kawulich et al. (2009) and Bryman (2012), stating that close ended questionnaires constrain, confuse, are leading and inhibit spontaneity of the respondents. To curb this, Bryman (2012) suggests adding an open question that generates categories or where the respondent can elaborate on his or her thinking.

Although the instrument used for this study did not have open ended questions, it is beneficial to know that open ended questions assist in generating feedback for future research purposes.

For this type of research, the Likert Rating Scale (as seen in Appendix A) is suitable since it gives insight into feelings or attitudes towards certain statements in the questionnaire (J. Bell, 2005). Such scales indicate order or ranking and are seen as useful by authors of social science (J. Bell, 2005; Bryman, 2012). They do possess some challenges however, which include ensuring the questions are rated in the correct manner based on the question asked, and also that objectivity is exercised when analysing the ratings and the intervals between the ratings. In order to ensure accurate measurement of relationship equity, sales staff turnover and future purchase intention, the questions for the survey have been designed in congruence with other research studies that were measuring similar constructs (Lanza, 2008; Vogel et al., 2008; Yim et al., 2008). Vogel et al. (2008) also utilised the seven-point Likert scale to measure loyalty intentions, relationship equity and brand equity in order to understand customer equity drivers into future sales which then formed the foundation of this research instrument.

3.5 Procedure for data collection

Survey research is seen as one of the most important approaches in social science research because it has the ability to analyse general patterns in society by just getting respondents from a sample of the population to respond to a questionnaire (Curtis & Curtis, 2011). A survey is the most appropriate tool to use in trying to understand the attitudes and characteristics of the owners of Audi vehicles in South Africa, Gauteng.

This study used a survey tool that is utilised by the dealerships the sample was drawn from called Pollbaddy to distribute the survey to the 4500 customer sample. Such a tool is effective and enables researchers to design their own surveys and distribute to a wide sample (Kawulich et al., 2009). Another benefit to using a survey tool is that data can be collected and analysed quickly with little room for error. While this does sound great,

Kawulich et al. (2009) notes that online surveys have some challenges which include sampling bias, difficulty reaching the sample who don't have access to the internet, security risks and technological failures. For this study, it has been established that the sample all have access to the internet and they all have e-mail addresses where they were able to receive the survey. Security risks and technological failures were offset by ensuring that the data is stored in a virtual cloud.

The field source for this study was indirect observation which Groenewald (1986) describe as when the researcher does not observe the subject matter, but attains information from someone who has observed the subject. Questionnaire is one method of indirect observation. The questionnaire was e-mailed to the chosen sample via Pollbaddy, and the sample was provided with a deadline for responses (in order for the survey to be valid) of 3 weeks. At the end of week 1, week2, respondents that had not responded were sent a reminder mail in an effort to increase the response rate. All completed questionnaire were sent back to the researcher via the survey tool for final analysis and interpreting. After week 2, the response rate remained slow and the survey was also posted on 3 Audi dealerships Facebook pages to try and increase the response rates.

3.6 Data analysis and interpretation

This study employed a quantitative method to understand the impact of a change in sales staff on customer equity, which affects relationship equity and future purchase intention. Upon receiving the completed questionnaires, the researcher used SAS JMP and SPSS to analyse the data. The analysis of data from completed questionnaires was done at both the descriptive and the multivariate level. Bryman and Cramer (1999); Joseph, Hair, Black, Babin, and Anderson (2010) and Lind, Marchal, and Wathen (2011) assert that multivariate analysis is a statistical technique that enables multiple analysis on cases or objects being investigated. The variables being analysed for this study are: relationship equity, future purchase intention and sales staff turnover which makes multivariate analysis suitable for this study. Bryman and Cramer (1999) list one of the

benefits to this method as the ability to understand the strength of the relationship between the variables being analysed.

There are different types of multivariate techniques and the one to be employed by this study is multiple regressions. This technique is applicable to studies that involve single metric dependant variant, namely sales staff turnover, which is assumed to have two or more metric independent variables, namely relationship equity and future sales (Joseph et al., 2010). H1, H2 and H3, deal with the inter-relationship between sales staff turnover, relationship equity and future purchase intention, which was dealt with by creating a multiple regression model with sales staff turnover as the dependant variable; and relationship equity and future purchase intention as the independent variables. Furthermore, the researcher wanted to check if there were any significant differences across aspects of the sample using data gathered from the instrument. When utilising multiple regression, the least squares technique is highly advised by Joseph et al. (2010) and Lind et al. (2011). They further explain that a least squares technique is used to determine the best fit for a model. This method is specified by an equation that has certain parameters to the observed data (Lind et al., 2011). The type of data required for this quantitative study is metric and more specifically, a ratio metric where there is a neutral zero point.

3.7 Limitations of the study

Sampling

- Currently in the automotive industry, there are numerous surveys being conducted by OEMs in an effort to understand customers better, therefore the response rate was low due to customers being flooded with such surveys. In order to curb this, the researcher provided an incentive to the sample in the form of an Audi accessories gift voucher.
- Due to the low response rate of only 73 completed surveys, the researcher could not test the validity of the constructs in the questionnaire. Therefore,

generalisation with only 73 respondents out of a sample of 4500 customers could be problematic and therefore this serves as a limitation.

- The study was limited to the Gauteng province in South Africa, meaning the results can only be generalised for the Gauteng province.

Collecting Data

- The collection period was 3 weeks, and even though reminder mails were sent after each week, 3 weeks does place a limitation on the overall magnitude of the study.
- The questionnaire was e-mailed to the sample as a link, and with this method there is always a risk of not getting the desired response rate or respondents not answering truthfully as this study did not utilise field workers. To offset this, the questions were phrased in a manner that tested for validity and reliability.
- Reactivity – this occurs when participants are aware that they are being studied or if they can guess the hypotheses (Kawulich et al., 2009). To offset this, the questionnaire was not judgemental, not leading the respondent, and also the researcher attached a cover story which assists to distract the respondents.

3.8 Validity and reliability

Ensuring reliability and validity for this study will safeguard the overall quality of the research process and output. Kawulich et al. (2009) rates this step as critical in the research process to ensure the researcher is confident that the tool used to collect data is collecting the required information and it will yield the same result if the research was conducted at another time. Validity and reliability are separate concepts, but Kawulich et al. (2009) notes that these concepts are not mutually exclusive since the questionnaire used for this study needed to be both valid and reliable. Reliability is concerned with issues of consistency of measures while validity assesses whether the measure of concept really measures the required concepts (Bryman, 2012; Kawulich et al., 2009). In simple terms, validity measures if the questions in the survey actually load onto the constructs and is measured using the statistical test factor analysis. Reliability on the

other hand is tested by determining the Cronbach co-efficient alpha. This study seeks to understand the variables relationship equity and future purchase intention; and how they are influenced by a churn in sales staff at a dealership environment. For this study no variables were changed, and the sample was randomly chosen in a quest for reliable and valid data collection.

3.8.1 External validity

External validity refers to ensuring that the conditions under which the sample is picked and the study conducted is representative of the situation at the time the results of the study will be implemented (Black, 1999). Due to the fact that the response rate to the online survey was low (73 responses), the researcher was not able to test for external validity. This means the research results for this study cannot be generalizable to the population even though the sampling error was kept at a minimum and this puts a limitation on the study. Sampling error is described by Kawulich et al. (2009, p. 87) as, "The difference between the characteristics of the sample and the characteristics of the population that the sample was selected from". Kawulich et al. (2009) point out that when dealing with human participants, there is always room for human influence and error. Another method the researcher employed to maximise external validity for this study was that questionnaires were sent out to a large sample of people (4,500), who were drawn from an Audi dealerships database, to aid the increase in response rate; however this did not yield the desired quantity of responses. Lastly, the researcher, in selecting the sample, ensured that the variability in the sample was minimal and that differences between the cases were bigger so that the desired response rate could be sufficient to generalise for the whole population. Unfortunately the desired response rate of 150 to 200 successfully completed surveys was not achieved.

3.8.2 Internal validity

The researcher looked at research from authors that have investigated sales staff loyalty, future purchase intention and relationship equity as variables to understand if the conclusion attained in this study is valid when compared to research that has been

conducted prior in the automotive and other industries. The researcher specifically focused on the following research from other authors that looked at the same variables; Yim et al. (2008), Lanza (2008) and Vogel, Evanschitzky, and Ramaseshan (2008). In research conducted by Lanza (2008) on relationship equity and repurchase intention, the study found that validity for the study was low but that the reliability was high with Cronbach Alpha ranging between 0.5 and 0.9, which meant the study was reliable. When designing the research instrument, the researcher utilised existing theory to formulate the questions, and this assisted in ensuring internal validity of the study. Internal validity measures accuracy of the study and the quality of the questionnaire. In order to achieve this, the researcher utilised a structured research instrument with closed questions so as to ensure consistency in the data analysis process.

3.8.3 Reliability

For this study, the objective was to get a Cronbach alpha of above 0.8 in order to ensure reliability of the measure being utilised. Measuring reliability ensures that the researcher understands if there are variations in the responses which are due to inconsistencies of the measurement used for the study. The sample's responses to this questionnaire will be different should it be administered again at a different time because as per Kawulich et al. (2009), people's answers can be influenced by many things such as health, mood etc. at the time. To ensure that the questionnaire for this study is reliable, it needs to be stable over time and therefore, the concepts and construct definition need not change. Also, the Likert scale used had to have consistent indicators.

Bryman (2012) explain consistency to mean respondent scores to one indicator must be related to the scores of other indicators. The constructs and concepts for this study were therefore not changed, and the Likert scale rating used was consistent throughout the questionnaire in order to ensure reliability. This study was found to be reliable with the Cronbach alpha discussed below per construct that was measured. This determined reliability means that the study is not influenced by random errors. A Cronbach co-

efficient alpha that is between 0.6 and 1 indicates a good reliable study, while anything below 0.6 indicates some issues with reliability with the measurement of the study.

Table 3.2: Cronbach Alpha for construct *Sales staff turnover*

Cronbach's Alpha		No of Items		
.960		6		
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Question19	26.60	68.743	.823	.958
Question20	26.68	65.247	.923	.947
Question21	26.96	66.540	.906	.949
Question22	27.01	65.264	.936	.945
Question23	26.86	68.842	.818	.958
Question24	26.36	71.732	.841	.956

Table 3.2 tested reliability for the construct sales staff turnover utilising question 19 to 24. The Cronbach alpha was high at 0.960, which reflects that there is internal consistency and that the questions consistently measure the construct.

Table 3.3: Cronbach Alpha for construct *relationship equity*

Cronbach's Alpha		No of Items		
.952		9		
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Question10	47.18	132.454	.859	.944
Question11	46.68	131.469	.881	.943
Question12	46.88	130.304	.928	.941
Question13	48.10	128.699	.707	.955
Question14	46.63	138.320	.853	.946
Question15	47.14	135.314	.727	.951
Question16	46.53	139.197	.854	.946
Question17	46.93	131.148	.912	.942
Question18	47.71	132.069	.711	.953

Table 3.3 tested reliability for the construct relationship equity utilising question 10 to 18. The Cronbach alpha was high at 0.952, which also reflects that there is internal consistency and that the questions consistently measure the construct.

Table 3.4: Cronbach Alpha for construct *future purchase intention*

Cronbach's Alpha		No of Items		
.489		3		
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Question25	6.42	9.359	.080	.770
Question26	8.99	8.208	.299	.403
Question27	7.79	5.721	.641	-.253 ^a

Table 3.4 reflects the measure for the construct future purchase intention; the Cronbach Alpha was 0.489, which is unacceptable reliability.

Table 3.2, 3.3 and 3.4 represent the results of the reliability test done on all the constructs tested by this study namely; sales staff turnover, relationship equity and future purchase intention. As can be seen, the results for the Cronbach Alpha's for relationship equity and sales staff turnover reflect a Cronbach Alpha higher than 0.8, which shows good reliability. For the construct future purchase intention, the Cronbach Alpha was 0.489, which is unacceptable reliability. In order to increase the reliability of this construct measurement, question 25 was deleted, which then improved the reliability of this construct measurement to 0.77, which is considered accepted reliability. Question 25 was deleted because it showed no correlation between the other 2 questions, namely question 26 and question 27 as can be seen in Table 3.4 above (see Appendix A for full questionnaire).

Table 3.5: Cronbach Alpha for construct future purchase intention (deleted question 25)

Cronbach's Alpha	No of Items
.770	2

Table 3.5 below reflects the new Cronbach co-efficient alpha after question 25 has been deleted. Although the Cronbach alpha increases to an acceptable reliability of 0.77, the limitation is that in order to test reliability for a construct, there needs to be 3 or more questions that load onto that construct. Deleting question 25 leaves only 2 questions to measure the future purchase intention construct, which means reliability could not be tested for this construct and this is a limitation to the study.

It is important to analyse the reliability and validity results of the studies being utilised as a base for the current research. This provides an indication of the previous research

challenges and results. The below bullet points summarise existing theory research and the results of the reliability studies:

- A study concluded by Putrevu and Lord (1994) measured brand repurchase intentions (future purchase) and had a Cronbach's Alpha of 0.81, which revealed that the survey was reliable.
- Another study conducted by Vogel et al. (2008) which measured relationship equity had a composite reliability Of 0.84, which revealed that the survey was reliable in measuring the construct relationship equity.
- In the study by Vogel et al. (2008), the construct measured was brand loyalty intentions. The reliability results were the composite reliability of 0.91. This is a good indication of a strong reliability for this study.
- Yim et al. (2008) also measured staff loyalty intentions, which is the loyalty customers have towards staff. The result of this study by Yim et al. (2008) revealed that in the hair salon industry, the reliability of the study was 0.87, which is good reliability.

Another method employed to ensure reliability for this study was a sample pre-survey which was sent out to 20 current Audi drivers, so as to ensure that the questionnaire was able to test for reliability.

In conclusion of the research methodology for this study, the limitation of not being able to test for the validity of the study is noted. However, the test on reliability proved strong for all the constructs being measured. The following Chapter 4 will present the results of this study based on the successfully completed 73 surveys.

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

This chapter aims to present a summary of the results as obtained from the research and the statistical analysis. These findings will be presented in tables and graphs, and later discussed in Chapter 5 in detail. The analysis is conducted so that the hypotheses being tested in this study can either be rejected or accepted, which this will include an overall view of the statistics generated as well as the correlation between constructs to understand relationship strength. Lastly, regression models will be discussed per each hypothesis being tested in relation to the proposed conceptual model by Vogel et al. (2008) and other existing theory. The survey was sent out to a database from 3 dealerships of Audi customers that purchased their vehicles between the period 2010 and 2015. The database was of over 4500 customers who agreed to receive online surveys and communication. The response rate was low, with only 73 completed surveys returned successfully. The following tables below present the results from the survey from question 10 to question 27. The results for question 1 to 9 are not included in the tables below as these were control questions, and not questions that load onto the constructs being measured. For the full survey, please see Appendix A, and for the full research results, please see Appendix B.

Table 4.1: Results measuring construct *relationship equity*

	Strongly Disagree		Disagree		Slightly Disagree		Neutral		Slightly Agree		Agree		Strongly Agree		All	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Question 10	3	4.11%	2	2.74%	4	5.48%	2	2.74%	11	15.07%	16	21.92%	35	47.95%	73	100.00%
Question 11	5	6.85%	0	0.00%	2	2.74%	0	0.00%	4	5.48%	6	8.22%	56	76.71%	73	100.00%
Question 12	3	4.11%	4	5.48%	0	0.00%	1	1.37%	5	6.85%	15	20.55%	45	61.64%	73	100.00%
Question 13	10	13.70%	4	5.48%	2	2.74%	15	20.55%	5	6.85%	12	16.44%	25	34.25%	73	100.00%
Question 14	3	4.11%	0	0.00%	2	2.74%	0	0.00%	2	2.74%	18	24.66%	48	65.75%	73	100.00%
Question 15	3	4.11%	1	1.37%	5	6.85%	10	13.70%	0	0.00%	12	16.44%	42	57.53%	73	100.00%
Question 16	3	4.11%	0	0.00%	0	0.00%	2	2.74%	3	4.11%	11	15.07%	54	73.97%	73	100.00%
Question 17	3	4.11%	2	2.74%	2	2.74%	4	5.48%	4	5.48%	14	19.18%	44	60.27%	73	100.00%
Question 18	5	6.85%	4	5.48%	5	6.85%	12	16.44%	2	2.74%	17	23.29%	28	38.36%	73	100.00%

Table 4.1 depicts the descriptive statistics (percentages and frequencies) for the items or questions measuring the construct relationship equity.

Table 4.2: Results measuring construct *sales staff turnover*

	Strongly Disagree		Disagree		Slightly Disagree		Neutral		Slightly Agree		Agree		Strongly Agree		All	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Question 19	5	6.85%	2	2.74%	3	4.11%	9	12.33%	6	8.22%	19	26.03%	29	39.73%	73	100.00%
Question 20	5	6.85%	2	2.74%	4	5.48%	13	17.81%	3	4.11%	15	20.55%	31	42.47%	73	100.00%
Question 21	5	6.85%	1	1.37%	5	6.85%	20	27.40%	3	4.11%	15	20.55%	24	32.88%	73	100.00%
Question 22	5	6.85%	4	5.48%	1	1.37%	21	28.77%	4	5.48%	15	20.55%	23	31.51%	73	100.00%
Question 23	3	4.11%	5	6.85%	3	4.11%	17	23.29%	4	5.48%	15	20.55%	26	35.62%	73	100.00%
Question 24	3	4.11%	0	0.00%	4	5.48%	10	13.70%	3	4.11%	22	30.14%	31	42.47%	73	100.00%

Table 4.2 depicts the descriptive statistics (percentages and frequencies) for the items or questions measuring the construct sales staff turnover.

Table 4.3: Results measuring construct *future purchase intention*

	Strongly Disagree		Disagree		Slightly Disagree		Neutral		Slightly Agree		Agree		Strongly Agree		All	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Question 25	3	4.11%	7	9.59%	5	6.85%	11	15.07%	7	9.59%	13	17.81%	27	36.99%	73	100.00%
Question 26	24	32.88%	21	28.77%	3	4.11%	18	24.66%	1	1.37%	3	4.11%	3	4.11%	73	100.00%
Question 27	8	10.96%	14	19.18%	2	2.74%	27	36.99%	8	10.96%	10	13.70%	4	5.48%	73	100.00%

Table 4.3 depicts the descriptive statistics (percentages and frequencies) for the items or questions measuring the construct future purchase intention.

Based on the percentages reflected in Table 4.1 to Table 4.3, it is easy to ascertain the respondent's feelings towards a question by analysing the percentages. As an example, question 26, which measures into the construct *future purchase intention*, asks the respondents: "Should my Audi Sales Executive move to work for another luxury motor vehicle brand, my Sales Executive could influence me to switch brands?" The majority of the responses are disagreeing, meaning the Sales Executive could not influence the customer to change brands, no matter how loyal they may be to the Sales Executive. Question 21 enquired if customers consider themselves to be loyal to their Audi Sales Executive, and had a result leaning to the right of the 7-point Likert Scale, therefore depicting that customers agree with the statement.

The hypotheses that this study will reject or accept are as following:

$H_{1:NULL}$: Sales staff turnover does not have a significant influence on relationship equity

$H_{1:Alternative}$: Sales staff turnover has a significant influence on relationship equity

$H_{2:NULL}$: Relationship equity does not have a significant influence on future purchase intention

$H_{2:Alternative}$: Relationship equity has a significant influence on future purchase intention

$H_{3:NULL}$: Sales staff turnover does not have a significant influence on future purchase intention

$H_{3:Alternative}$: Sales staff turnover has a significant influence on future purchase intention

This study investigates the constructs sales staff turnover in order to address $H1$, relationship equity to address $H2$, and future purchase intention to accept or reject $H3$.

4.2 Demographic profile of respondents

The expected demographics of the respondents for this survey were simply that they be 18 years of age and above, be based in Gauteng South Africa, and because the sample was taken from the Audi dealerships database, it was expected that they own an Audi vehicle that was purchased between 2010 and 2015. Audi is a premium brand, therefore the target market are people who can afford to purchase a premium vehicle, most likely LSM 7 and above, family oriented even though the brand does offer model derivatives that are suitable for young professionals like the Audi A1 and the Audi A3. The model derivatives within the Audi brand are representative of the different life stages that the customer will go through, including the exotic model R8 which is at the top of the brands model range.

Figure 4.1: Age of respondents

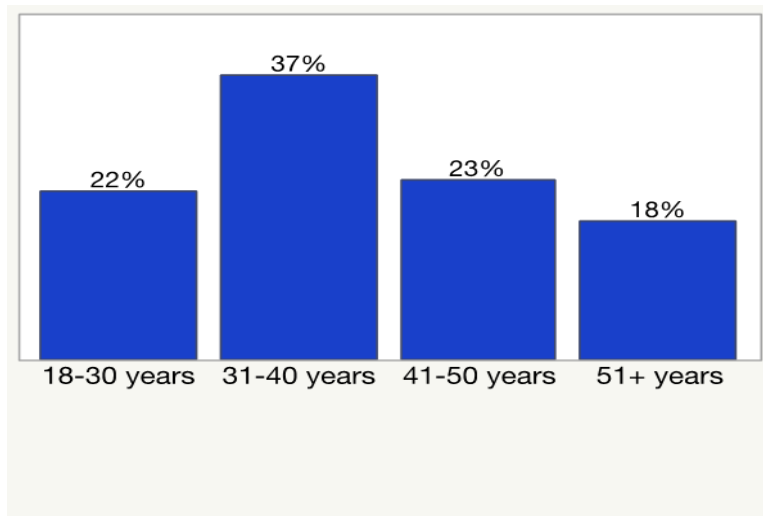


Figure 4.1 depicts that most of the respondents to the survey were between the ages 31 to 40, followed by 23% that were 41 – 50. An assumption can therefore be made that most Audi customers would fall between the age group 31 years to 50 years. This was expected as this age group forms a big part of the Audi target market. What was interesting is that the age group of 18 to 30 is at 22%, which reflects a big growing market that may offer opportunities for the brand to gain and increase market share if coupled with focused strategies.

Figure 4.2: Gender of the respondents

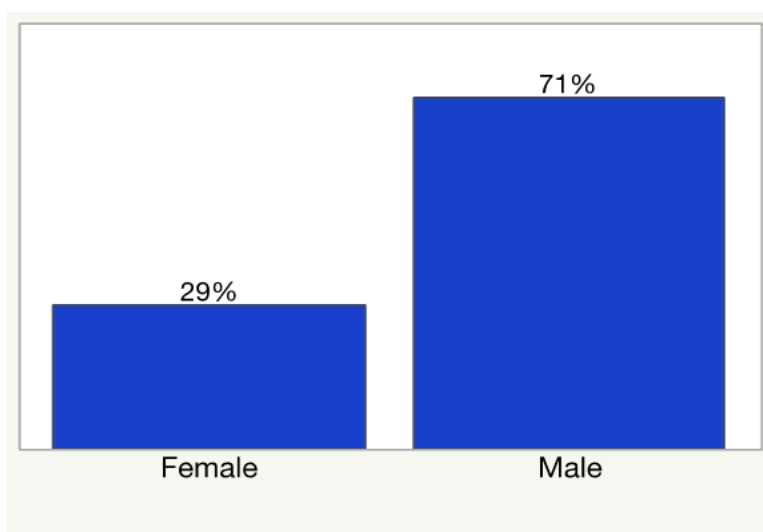


Figure 4.2 illustrates that of the 73 completed surveys received, 71% were from males. Since the response rate was low at only 73 successfully completed surveys, there can be no deductions made which could be a reflection of the whole market.

The demographic results above reflect the context to which the research was based, but are not of significance to this study, as the aim was to measure the relationship between the Sales Executive and the customer no matter the demographics of the represented sample. The following section presents in more detail the statistical results of the study.

4.3 Inferential statistics

In order to understand if there are any relationships that exist between the measured constructs for this study, a linear regression analysis was conducted. Conducting a regression analysis means analysing numerical data which would be consisting of values of a dependant variable (sales staff turnover) to one or more independent variables (relationship equity and future purchase intention). This dependent variable on the equation is normally depicted as a function of the independent variables and constants. In order to be able to accept or reject the hypotheses for this study, the multiple linear regression method was used to analyse the extent to which there exists an influence of one variable over another variable and to understand the linear relationship between the dependant variable and the independent variables (Bryman, 2012). The statistical analysis that was conducted for this study revealed that there is indeed a positive relationship that exists between sales staff turnover and relationship equity (Sales Executives remaining within the dealership).

Before explaining in detail the findings mentioned above, it is important to first understand how each construct score was attained for this study. The construct scores were calculated by taking the average of the reliable questions of the individual construct. For the construct sales staff turnover, question 19 to 24 was used to calculate the score by taking the average score of the reliable questions loading onto that construct. For the construct relationship equity, question 10 to question 18 was used to

calculate the score by taking the average score of the reliable questions loading onto that construct and the same process was adopted to measure the score for the last construct, future purchase intention with question 25 to 27 of the questionnaire. These individual construct scores will be discussed further when the results of each hypothesis are presented later in this Chapter. In the next section is a discussion on the correlation coefficient for the constructs, which was calculated to get the strength and the direction of the relationship (positive or negative) between the relevant variables.

Table 4.4: Correlations matrix

	Relationship equity score	Sales staff turnover score	Future sales score
Relationship equity score	1	0.7467	-0.1207
Sales staff turnover score	0.7467	1	0.0069
Future sales score	-0.1207	0.0069	1

Table 4.4 shows that the correlation coefficient between sales staff turnover and relationship equity is = 0.7467. This is reflective of a strong relationship between the two constructs sales staff turnover and relationship equity. Also, on the same table, when measuring the correlation coefficient between relationship equity and future purchase intention, it revealed a negative score of -0.1207. This reflects a weak, negative relationship between relationship equity and the customers future purchase intention. Lastly, analysing the construct coefficient for future purchase intention and how this is affected by sales staff turnover, the analysis revealed a low score of 0.0069. This means there is a positive relationship between the constructs; however a weak relationship exists between the constructs. A strong correlation is reflected when the correlation coefficient score is close to 1. A score that is close to 0 reflects a weak correlation.

Table 4.5: Summary of the non-parametric Spearman's report

Variable	by Variable	Spearman ρ	Prob> ρ
Sales staff turnover score	Relationship equity score	0.5938	<.0001*
Future sales score	Relationship equity score	0.0343	0.7733
Future sales score	Sales staff turnover score	0.073	0.5393

Table 4.5 represents a summary of the non-parametric Spearman's report which shows the different variable scores against the other constructs being measured in this study. The most significant variables are sales staff turnover against relationship equity with a p score of 0.0001 which is highly significant at a 99% level of confidence, below 0.01. Strong significance is evidenced when the p value is less than 0.05. For the other 2 constructs, relationship equity and future purchase intention, Table 4.5 confirms that there is no significance between the measured variables since their p scores are above 0.05. The Spearman ρ column in the Spearman's report reflects the relationship status (weak vs strong) between the constructs and this is based on the distribution of the variables upon measurement. The correlation coefficient of $r=0.59$ for the variable sales staff turnover and relationship equity is a measure of the strength and the direction of the relationship (positive or negative) between the relevant variables. In this case, it is a positive medium strength relationship. This means that if the relationship equity score goes up, then the sales staff turnover score goes up. Most importantly, a high score of sales staff turnover actually means that customers have a high regard of the Sales Executives. The other 2 constructs measured reflect a score of 0.073 for future sales intention and 0.0343 for relationship equity. This is reflective of a very weak or no relationship at all and it is not significant. The next section aims to present the statistical results for the 3 hypotheses as tested in this study, starting with a discussion on the individual scores calculated per construct.

4.3.1 Results pertaining to hypothesis 1

H_{1:NULL}: Sales staff turnover does not have a significant influence on relationship equity

H_{1:Alternative}: Sales staff turnover has a significant influence on relationship equity

The first discussion on hypothesis 1 will be on the results of how the respondents answered the questions to measure the construct sales staff turnover. The mean and median are different ways of presenting the centre of the data set. These results reveal that Audi owners have a higher median for sales staff turnover's influence on relationship equity, meaning that most respondents agreed with the questions measuring sales staff turnover's influence on relationship equity. Below are, two tables that present the summary statistics of hypothesis 1 and as mentioned before, these construct scores were calculated by taking the average of the reliable questions for the individual construct.

Table 4.6: Sales staff turnover quantiles

100.00%	maximum	7
99.50%		7
97.50%		7
90.00%		7
75.00%	quartile	6.83333333
50.00%	median	5.83333333
25.00%	quartile	4.25
10.00%		2.86666667
2.50%		1
0.50%		1
0.00%	minimum	1

Table 4.6 presents the median for the study into hypothesis 1 which = 5.8333. This shows the score separating the higher half of the data to the lower half of the data.

Table 4.7: Sales staff turnover summary statistics

Mean	5.3493151
Std Dev	1.6393983
Std Err Mean	0.1918771
Upper 95% Mean	5.731815
Lower 95% Mean	4.9668151
N	73
Skewness	-0.944737
Kurtosis	0.235428

Table 4.7 presents the mean for the study into hypothesis 1 which = 5.349. This shows the average score of the data set.

Testing the significance of the relationship

Table 4.5 shows the correlation coefficient of $r=0.59$ for the variable sales staff turnover and relationship equity which is a measure of the strength and the direction of the relationship (positive or negative) between the relevant variables. In this case, it reflects a positive medium strength relationship with a significant score at a 99% level of confidence.

Table 4.8: Analysis of Variance – Sales staff turnover

Analysis of Variance				
Source	DF	Sum of Squares	Mean Square	F Ratio
Model	1	83.06329	83.0633	89.4594
Error	71	65.92369	0.9285	Prob > F
C. Total	72	148.98698		<.0001*

Table 4.8 presents the Analysis of Variance table, which tests if the regression model is significant. In order to assess whether a simple regression model adopted for this study is statistically significant, the F-test was conducted to test the overall model. This test produces a value called p-value, which informs the researcher whether the regression model is statistically significant or not when the result of the p-value < 0.05.

Table 4.8 above shows the F- test with a p-value = 0.0001 for the regression. The regression was done with sales staff turnover as the independent variable which influences relationship equity, the dependent variable. The result of p = 0.0001 means that the null hypothesis can be rejected, meaning that sales staff turnover does influence relationship equity significantly at a 99% level of confidence. The table below provides the regression equation.

Table 4.9: Parameter estimates – Sales staff turnover

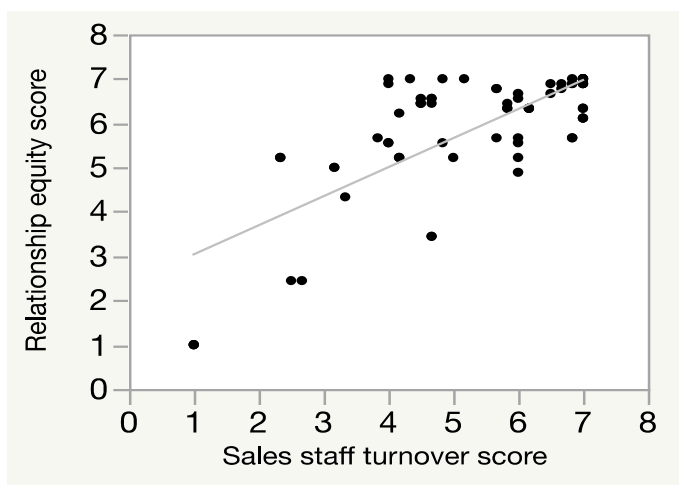
Parameter Estimates							
Term	Estimate	Std Error	t Ratio	Prob> t 	Lower 95%	Upper 95%	Std Beta
Intercept	2.3811354	0.387326	6.15	<.0001*	1.60883	3.15344	0
Sales staff turnover score	0.6551697	0.069269	9.46	<.0001*	0.51705	0.79329	0.74667

Table 4.9 presents the result of the t-test and reveals a score of 0.0001 which is the same as the results for the F-test in Table 4.8. The reason these results are the same is because there is only one independent variable being measured for this hypothesis, which is relationship equity. When there is one independent variable, the result from the F-test and the T-test will be the same. Table 4.9 provides the results that can be used to write a linear regression equation for this hypothesis.

A linear regression line is made up of the following elements in the equation: $Y = a + bX$: where “Y” is the dependant variable; “a” is the intercept; “b” is the slope of the line and “X” is the explanatory variable. From the analysis conducted on sales staff turnover’s influence on relationship equity, the alternative hypothesis is accepted, since the variable sales staff turnover has a significant impact on relationship equity. Thus the linear regression is modelled as following:

$$\text{Sales staff turnover} = 2.3811354 + 0.6551697 * \text{relationship equity score}$$

Figure 4.3: Regression plot – Sales staff turnover



The regression plot in Figure 4.3 is showing the fit of the linear regression on the data. From the plot, it can be seen that the linear line provides a fair fit.

Measurement of the goodness of the fit of the regression model

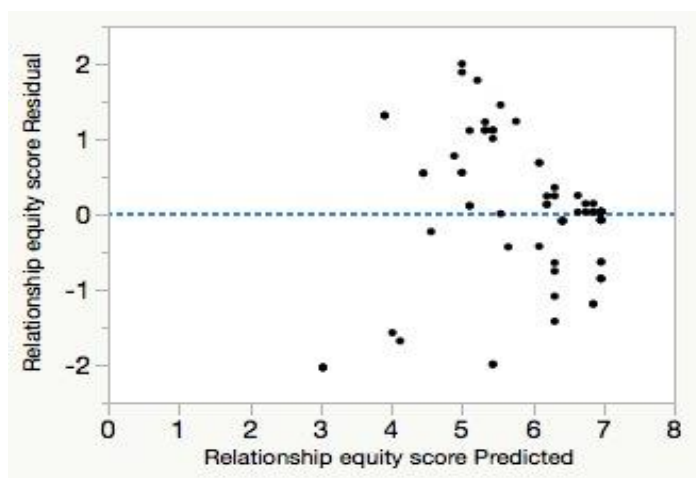
Table 4.10: Summary of fit - Sales staff turnover

Summary of Fit	
RSquare	0.55752
RSquare Adj	0.551288
Root Mean Square Error	0.963588
Mean of Response	5.885845
Observations (or Sum Wgts)	73

The summary of fit Table 4.10 above gives the R Square value which indicates how well the regression model fits the data. For this regression, the R Square = 0.55752 which indicates that 55.75% of the variation in the independent construct is explained by the regression model, which indicates a fair fit. The R-value is the proportion of variation in relationship equity that is explained by sales staff turnover.

Another graph useful for determining the appropriateness of the linear regression model is the residual plot graph, which is illustrated below.

Figure 4.4: Residual plot – Sales staff turnover



The residual plot for sales staff turnover as presented in Figure 4.4 depicts the residuals for the independent variable on the vertical axis, and the dependent variable on the horizontal axis. The points on the plot need to be randomly dispersed in order to confirm that a linear regression model is appropriate for the data. As is presented in Figure 4.4, the points are fairly randomly dispersed on the graph, which means a linear regression model is appropriate for the data.

The statistical analysis for hypothesis 1 presents results that support that the variable sales staff turnover significantly influences relationship equity, therefore hypothesis 1 alternative is accepted, and hypothesis 1 null is rejected. It has been established that there is a significant, strong relationship that exists between the two constructs. As per the topic of this study, these results confirm the impact of sales staff turnover on customer equity (as linked to relationship equity) in the South African luxury automotive industry. In the next section, the discussion on the results pertaining to hypothesis 2 is presented.

4.3.2 Results pertaining to hypothesis 2

H_{2:NULL}: Relationship equity does not have a significant influence on future purchase intention

H_{2:Alternative}: Relationship equity has a significant influence on future purchase intention

The first discussion on hypothesis 2 will be on the results of how the respondents answered the questions to measure the construct relationship equity. The mean and median are different ways of presenting the centre of the data set. Below are, two tables that present the summary statistics of hypothesis 2 and as mentioned before, these construct scores were calculated by taking the average of the reliable questions of the individual construct.

Table 4.11: Relationship Equity Construct Quantiles

100.00%	maximum	7
99.50%		7
97.50%		7
90.00%		7
75.00%	quartile	6.88888889
50.00%	median	6.33333333
25.00%	quartile	5.55555556
10.00%		3.8
2.50%		1
0.50%		1
0.00%	minimum	1

Table 4.11 presents the median for the study into hypothesis 2 which = 6.333. This shows the score separating the higher half of the data to the lower half of the data.

Table 4.12: Relationship Equity Summary Statistics

Mean	5.8858447
Std Dev	1.4384935
Std Err Mean	0.1683629
Upper 95% Mean	6.2214701
Lower 95% Mean	5.5502194
N	73
Skewness	-2.09231
Kurtosis	4.2857553

Table 4.12 presents the mean for the study into hypothesis 2 which = 5.886. This shows the average score of the data set.

Testing the significance of the relationship

Table 4.5 shows the correlation coefficient of $r=0.0343$ for the variable relationship equity and future purchase intention which is a measure of the strength and the direction of the relationship (positive or negative) between the relevant variables. In this case, it reflects a positive, very weak relationship with a non-significant score at a 22% level of confidence.

Table 4.13: Analysis of Variance – Relationship equity

Analysis of Variance				
Source	DF	Sum of Squares	Mean Square	F Ratio
Model	1	2.4536	2.4536	1.0494
Error	71	166.0053	2.3381	Prob > F
C. Total	72	168.4589		0.3091

Table 4.13 presents the Analysis of Variance table, which tests if the regression model is significant. In order to assess whether a simple regression model adopted for this study is statistically significant, the F-test was conducted to test the overall model. This test produces a value called p-value, which informs the researcher whether the regression model is statistically significant or not when the result of the $p\text{-value} < 0.05$.

Table 4.13 above shows the F- test with a $p\text{-value} = 0.3091$ for the regression. The regression was done with relationship equity as the independent variable which influences future purchase intention, the dependent variable. The result of $p = 0.3091$ means that the alternative hypothesis can be rejected, since from the p-value results, it is clear that relationship equity only influences future purchase intention at a low 22% level of confidence. This also means the null hypothesis is accepted and relationship equity does not in fact influence future purchase intention significantly. The table below provides the regression equation.

Table 4.14: Parameter estimates – Relationship equity

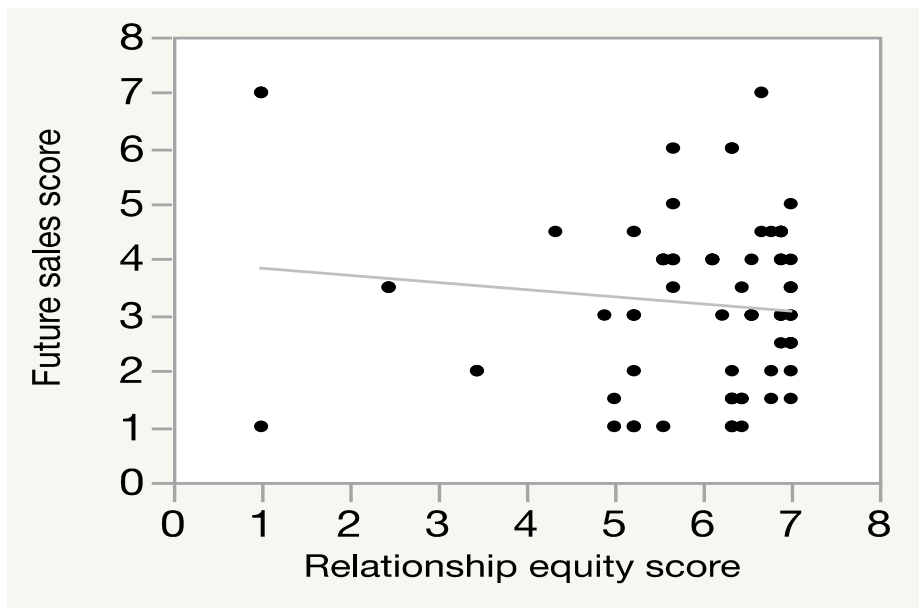
Parameter Estimates						
Term	Estimate	Std Error	t Ratio	Prob> t	Lower 95%	Upper 95%
Intercept	3.9676586	0.758746	5.23	<.0001*	2.454762	5.480555
RE Score	-0.12833	0.125273	-1.02	0.3091	-0.37812	0.121458

Table 4.14 presents the result of the t-test and reveals a score of 0.3091, which is the same as the results for the F-test in Table 4.13. The reason these results are the same is because there is only one independent variable being measured for this hypothesis, which is relationship equity. When there is one independent variable, the result from the F-test and the T-test will be the same. Table 4.14 provides the results that can be used to write a linear regression equation for this hypothesis.

A linear regression line is made up of the following elements in the equation: $Y = a + bX$: where “Y” is the dependant variable; “a” is the intercept; “b” is the slope of the line and “X” is the explanatory variable. From the analysis conducted on relationship equity’s influence on future purchase intention, the null hypothesis is accepted, since the variable relationship equity has no significant impact on future purchase intention. Thus the linear regression could be modelled as following:

Relationship equity = 3.9676586 + -0.12833* future purchase intention

Figure 4.5: Regression Plot – Relationship equity



The regression plot in Figure 4.5 is showing the fit of the linear regression on the data. From the plot, it can be seen that the linear line provides a negative fit, which is not a fair fit for a regression model.

Measurement of the goodness of the fit of the regression model

Table 4.15: Summary of fit – Relationship equity Construct

Summary of Fit	
RSquare	0.014565
RSquare Adj	0.000686
Root Mean Square Error	1.529086
Mean of Response	3.212329
Observations (or Sum Wgts)	73

The summary of fit Table 4.15 above gives the R Square value which indicates how well the regression model fits the data. The R-value is the proportion of variation in future purchase intention that is explained by relationship equity. For this regression, the R Square = 0.014565 which indicates that 1.46% of the variation in the independent construct is explained by the regression model. This is no fit at all, meaning the non-linear regression model might be more suited for this construct measurement.

Another graph useful for determining the appropriateness of the linear regression model is the residual plot graph, which is illustrated below.

Figure 4.6: Residual Plot – Relationship equity



The residual plot for relationship equity as presented in Figure 4.6 depicts the residuals for the independent variable on the vertical axis, and the dependent variable on the horizontal axis. The points on the plot need to be randomly dispersed in order to confirm that a linear regression model is appropriate for the data. As is presented in Figure 4.6, the points are not randomly dispersed on the graph, which means a linear regression model is not appropriate for the data.

The statistical analysis for hypothesis 2 presents results that support that future purchase intention is not significantly influenced by relationship equity. It has been established that there is no significant relationship that exists between the two constructs. From the

analysis conducted above and the results presented on relationship equity's influence on future purchase intention, the alternative hypothesis 2 is rejected and the null hypothesis 2 is accepted. This confirms that although there is impact on customer equity due to sales staff turnover in the South African luxury automotive industry as per the accepted hypothesis 1 alternative, relationship equity has very little impact on the customers' future purchase intention. In the next section, the discussion on the results pertaining to hypothesis 3 is presented.

4.3.3 Results pertaining to hypothesis 3

H_{3:NULL}: Sales staff turnover does not have a significant influence on future purchase intention

H_{3:Alternative}: Sales staff turnover has a significant influence on future purchase intention

The first discussion on hypothesis 3 will be on the results of how the respondents answered the questions to measure the construct future purchase intention. Below are, two tables that present the summary statistics. These construct scores were calculated by taking the average of the reliable questions of the individual construct.

Table 4.16: Future purchase intention Quantiles

100.00%	maximum	7
99.50%		7
97.50%		7
90.00%		5
75.00%	quartile	4
50.00%	median	3
25.00%	quartile	2
10.00%		1
2.50%		1
0.50%		1
0.00%	minimum	1

Table 4.16 presents the median for the study into hypothesis 3 which = 3. This shows the score separating the higher half of the data to the lower half of the data.

Table 4.17: Future purchase intention Summary Statistics

Mean	3.2123288
Std Dev	1.5296101
Std Err Mean	0.1790273
Upper 95% Mean	3.5692132
Lower 95% Mean	2.8554443
N	73
Skewness	0.4912687
Kurtosis	-0.03947

Table 4.17 presents the mean for the study into hypothesis 2 which = 3.212. This shows the average score of the data set.

Testing the significance of the relationship

Table 4.5 shows the correlation coefficient of $r=0.073$ for the variable future purchase intention and sales staff turnover which is a measure of the strength and the direction of the relationship (positive or negative) between the relevant variables. In this case, it reflects a positive, medium to weak relationship strength with a non-significant score at a 46.07% level of confidence.

Table 4.18: Analysis of Variance – Future purchase intention

Analysis of Variance				
Source	DF	Sum of Squares	Mean Square	F Ratio
Model	1	0.0081	0.0081	0.0034
Error	71	168.4508	2.37255	Prob > F
C. Total	72	168.4589		0.9536

Table 4.18 presents the Analysis of Variance table, which tests if the regression model is significant. In order to assess whether a simple regression model adopted for this study is statistically significant, the F-test was conducted to test the overall model. This test produces a value called p-value, which informs the researcher whether the regression model is statistically significant or not when the result of the p-value < 0.05. Table 4.18 above shows the F- test with a p-value = 0.9536 for the regression. The regression was done with sales staff turnover as the independent variable which influences future purchase intention, the dependent variable. The result of $p = 0.9536$ means that the alternative hypothesis can be rejected, since from the p-value results, it is clear that sales staff turnover only influences future purchase intention at a medium to low 46.07% level of confidence. This also means the null hypothesis is accepted and sales staff turnover does not in fact influence future purchase intention significantly. The table below provides the regression equation.

Table 4.19: Parameter estimates – Future purchase intention

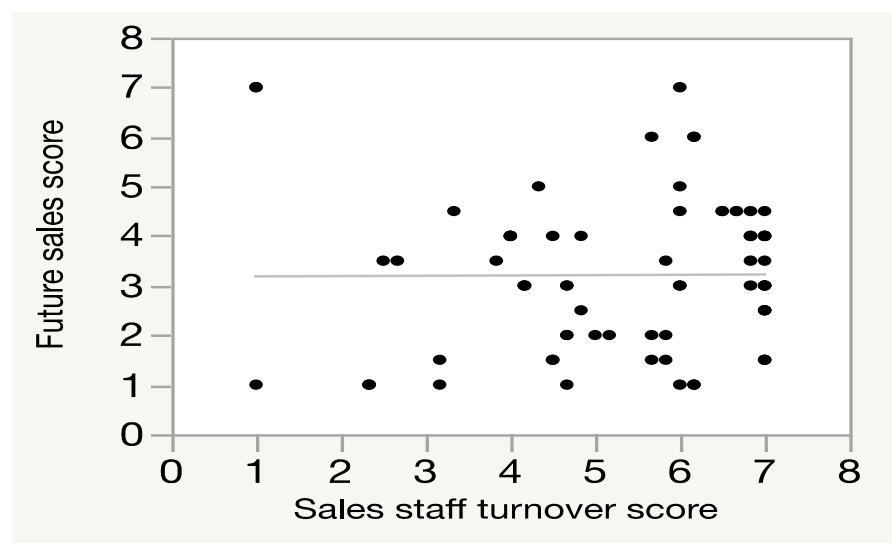
Parameter Estimates						
Term	Estimate	Std Error	t Ratio	Prob> t 	Lower 95%	Upper 95%
Intercept	3.177711	0.619145	5.13	<.0001*	1.9431701	4.4122519
Sales staff turnover score	0.0064714	0.110728	0.06	0.9536	-0.214314	0.2272564

Table 4.19 presents the result of the t-test and reveals a score of 0.9536, which is the same result attained in the F-test in Table 4.18 because there is only one independent variable being measured for the hypothesis, which is sales staff turnover. When there is one independent variable, the score from the F-test and the T-test will be the same. .

A linear regression line is made up of the following elements in the equation: $Y = a + bX$: where “Y” is the dependant variable; “a” is the intercept; “b” is the slope of the line and “X” is the explanatory variable. From the analysis conducted on sales staff turnover’s influence on future purchase intention, the null hypothesis is accepted, since the variable relationship equity has no significant impact on future purchase intention. Thus the linear regression could be modelled as following:

$$\text{Sales staff turnover} = 3.177711 + 0.110728 * \text{future purchase intention}$$

Figure 4.7: Regression Plot – Future purchase intention



The regression plot in Figure 4.7 is showing the fit of the linear regression on the data. From the plot, it can be seen that the linear line provides a fair fit for a regression model.

Measurement of the goodness of the fit of the regression model

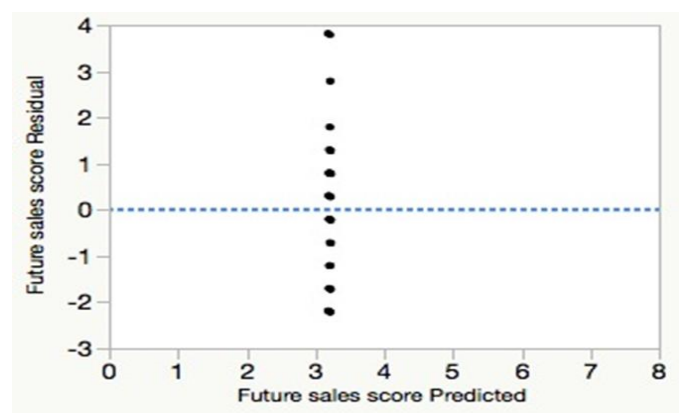
Table 4.20: Summary of fit – Future purchase intention construct

Summary of Fit	
RSquare	0.00004811
RSquare Adj	-0.01404
Root Mean Square Error	1.540307
Mean of Response	3.212329
Observations (or Sum Wgts)	73

The summary of fit Table 4.20 above gives the R Square value which indicates how well the regression model fits the data. The R-value is the proportion of variation in future purchase intention that is explained by sales staff turnover. For this regression, the R Square = 0.00004811 which indicates that 0% of the variation in the independent construct is explained by the regression model. This is no fit at all, meaning the non-linear regression model might be more suited for this construct measurement.

Another graph useful for determining the appropriateness of the linear regression model is the residual plot graph, which is illustrated below.

Figure 4.8: Residual Plot – Future purchase intention



The residual plot for future purchase intention as presented in Figure 4.8 depicts the residuals for the independent variable on the vertical axis, and the dependent variable on the horizontal axis. The points on the plot need to be randomly dispersed in order to confirm that a linear regression model is appropriate for the data. As is presented in Figure 4.8, the points are not randomly dispersed on the graph, which means a linear regression model is not appropriate for the data.

The statistical analysis for hypothesis 3 found that future purchase intention is not significantly influenced by sales staff turnover. It has been established that there is no significant relationship that exists between the two constructs. From the analysis conducted above and the results presented on sales staff turnover's influence on future purchase intention, the alternative hypothesis 3 is rejected and the null hypothesis 3 is accepted. This confirms that although there is impact on customer equity due to sales staff turnover in the South African luxury automotive industry as per the accepted hypothesis 1 alternative, sales staff turnover has very little impact on the customers' future purchase intention.

In the next section is a summary of the results presented in this Chapter.

4.4 Summary of results

Table 4.21: Summary of hypotheses testing and results of the regression analysis

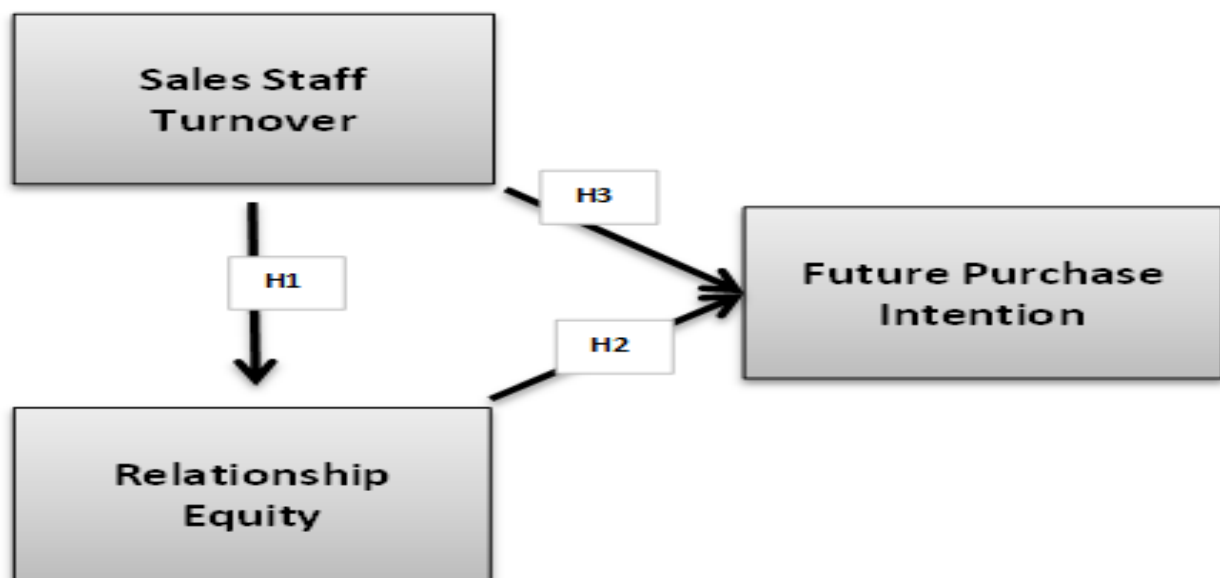
Hypotheses	Accept/Reject
H_{1:NULL} : Sales staff turnover does not have a significant influence on relationship equity	Reject
H_{1:Alternative} : Sales staff turnover has a significant influence on relationship equity	Accept
H_{2:NULL} : Relationship equity does not have a significant influence on future purchase intention	Accept
H_{2:Alternative} : Relationship equity has a significant influence on future purchase intention	Reject
H_{3:NULL} : Sales staff turnover does not have a significant influence on future purchase intention	Accept
H_{3:Alternative} : Sales staff turnover has a significant influence on future purchase intention	Reject

Table 4.218 tabulates the hypotheses H1 to H3,(null and alternative) along with the corresponding results from the research and statistical analysis as to whether the hypotheses is accepted or rejected.

In summary of all statistical analysis that has been presented in this chapter for this study, hypothesis 1 alternative is accepted as there is a significant relationship between the constructs measured sales staff turnover and relationship equity. The other hypothesis 2 (measuring relationship equity) and hypothesis 3 (measuring future purchase intention) have both rejected the alternative hypothesis and accepted the null hypotheses due to a weak significance and low correlation that exists between the constructs measured. From this statistical analysis, it is clear that the sampled Audi customers that were surveyed only view sales staff turnover to have an influence on

relationship equity, but no influence on future purchase intention. The title of this study aimed to understand the “Impact of sales staff turnover on customer equity”, and from the statistical results presented, the impact of sales staff turnover can be quantified to effect relationship equity mostly. Table 4.4 shows that the correlation between sales staff turnover and relationship equity is = 0.7467. This is reflective of a strong correlation and a strong relationship between the two constructs sales staff turnover and relationship equity. From this a deduction can be made that there is a significant impact on customer equity influenced by sales staff turnover. This will be discussed further in the next chapter along with the below proposed model linked to existing theory.

Figure 4.9: Proposed model for sales staff turnover’s influence on relationship Equity



CHAPTER 5. DISCUSSION OF THE RESULTS

This chapter will elaborate on why the hypothesis were rejected or accepted as per Chapter 4 after reviewing the results of the data collected. The results presented in Chapter 4 will be discussed in reference to the hypotheses and the literature review discussed in Chapter 2. The existing theory presented in literature review will be used to compare and contrast the research results of this study. The discussion proceeding will be based, in part, on the summarised results of chapter 4 as per table 5.1 below.

Table 5.1: Summary of research results

Hypotheses	Variables	Accept/Reject	Questions	Items left out	Mean	Cronbach alpha	Reliability
H _{1:NULL} : Sales staff turnover does not have a significant influence on relationship equity	Sales Staff Turnover	Reject	Q 19 - 24	None	5.34	0.96	Good
H _{1:Alternative} : Sales staff turnover has a significant influence on relationship equity		Accept					
H _{2:NULL} : Relationship equity does not have a significant influence on future purchase intention	Relationship Equity	Accept	Q 10 - 18	None	5.89	0.952	Good
H _{2:Alternative} : Relationship equity has a significant influence on future purchase intention		Reject					
H _{3:NULL} : Sales staff turnover does not have a significant influence on future purchase intention	Future Purchase Intention	Accept	Q 25 - 27	Q25	3.212	0.77	Acceptable
H _{3:Alternative} : Sales staff turnover has a significant influence on future purchase intention		Reject					

5.1 Discussion on hypothesis 1

When looking at the whole model, a significant relationship was found to exist for the construct sales staff turnover and relationship equity. When testing for a linear relationship between the dependant and independent variable, the result revealed that sales staff turnover significantly influences relationship equity. This hypothesis was testing whether a turnover in sales staff in the luxury automotive dealerships had an influence on relationship equity. In other words, this hypothesis aimed to understand the impact should the Sales Executive that the customer purchased a vehicle from leave the dealership to work for another brand i.e. would the customer be inconvenienced, would this change influence the customers' loyalty intention towards the brand and would the

relationship the customer has with the Sales Executive be impacted negatively. The reason for testing this hypothesis in the automotive industry is because the automotive industry suffers from high staff turnover, where the Sales Executives are moving from one brand to another. This is influenced by the difficult economic environment that South Africa is challenged with currently, even though the sales targets remain high.

The analysis of the research findings revealed a positive and significant correlation between the measured construct sales staff turnover and its influence on relationship equity. The significance test for this hypothesis showed a result of a p value = 0.0001, which reflects a significant relationship between the constructs measured. The correlation matrix Table 4.4 also revealed a positive, strong correlation about the subject constructs sales staff turnover and relationship equity with a value of 0.7467. For there to exist a strong correlation between constructs, the results need to be as close as possible to 1, which reflects perfect correlation. The result of this study therefore supports the notion of The Firm Attachment Theory by Moussa and Touzani (2013) which states that Sales Executives can form emotional bonds with the brand, or with the Sales Executive. Should these emotional bonds be formed with the Sales Executive, it means the customer is loyal to the Sales Executive and considers the Sales Executives advice to be relevant and important. This theory is supported by the research result as presented in Chapter 4, which revealed that there is indeed a strong relationship that exists between the Sales Executives remaining with the same dealership and an increase in relationship equity with the customer. From the research results, it can also be deduced that the converse of this hypothesis is true, that should the Sales Executive leave their current dealership, the relationship equity formed with his or her customer base would be negatively impacted. The research results also found an R-Squared value of 55.75%, which speaks to the variation in relationship equity by sales staff turnover (Table 4.7). This means that should the Sales Executive leave the dealership, the relationship equity of the customer towards the brand and the Sales Executives is impacted by 55.75%. The longer the relationship between the Sales Executive and the customer, the more intimate the relationship becomes which may affect future purchase intentions.

Rust et al. (2001) found that in service oriented industries, like the automotive industry, sales staff and how they drive relationship equity becomes critical in building loyalty. For the purpose of this study, loyalty has been accepted as an element that presents many benefits to the organisation as stated by Mittal and Lassar (1998) and Bove and Johnson (2000). These benefits include reduced customer churn to competitors, immunity to competitor brands, and most importantly, referrals coupled with positive word of mouth. The results of this research are also in support of the research results by Brexendorf et al. (2010) which found that the sales staff are crucial in service environments at building service excellence, which can also serve as a competitive advantage. This stresses the importance of retaining Sales Executives within the brand, and most importantly, within the respective dealerships in order to maximise on the benefits that relationship equity can offer the brand and the dealership. Upon measuring the construct 'sales staff turnover, the hypothesis was accepted, with a good reliability measure. Even though the validity of the constructs could not be tested due to the low sample of completed surveys received, the reliability for this construct as measured by question 19 to question 24 of the research tool revealed a Cronbach co-efficient alpha of 0.960, which reflects good reliability of the measured construct.

Thus a conclusion is made that sales staff turnover does have a 55.75% influence on relationship equity as measured by this study. This is also supported by the mean measured for this construct which was 5.89. This reflects that most of the respondents' answers were on the right hand side of the 7-point Likert scale, which represents a positive response. Most of the customers showed their attachment to the Sales by the high positive answers for question 20 – "I would recommend my Sales Executive to my friends and family" and question 24 – "I trust the Sales Executive that sold me my Audi". (Please see Table 4.2 for full results). The positive answers to these questions reveal and confirm the attachment that customers feel towards their Sales Executives which makes it critical for dealer management to understand the impact of sales staffs churn to relationship equity, which in turn influences loyalty and potential future sales. This is nicely summarised by Bove and Johnson (2000) who state that it is important for the

customer to have access to one particular Sales Executive in order for the 'customer relationship model' to be effective. This is because there needs to be established trust between the Sales Executive and the customer, which can only be achieved over time and through having contact with one Sales Executive. Last but not least, staff turnover for a dealership presents financial challenges too because with staff churn, comes increased training costs in order to bring the new staff up to date with systems and processes, and also, the service levels during the transition period might be compromised while the new staff member is still in training. In summary, sales staffs churn impacts customer equity negatively and dealer management need to focus strategies on retention of sales staff in order to limit this impact on customers.

5.2 Discussion on hypothesis 2

When analysing the model to measure the construct for this hypothesis, no significant relationship was found to exist between relationship equity, and the influence this construct has on future purchase intention. In the same breath, no linear relationship was found to exist between the independent and dependent variable. This hypothesis aims to understand if relationship equity, once acquired with the customer, has an impact on the customers future purchase intention. In other words, is a customer that has established relationship equity with a Sales Executive more likely to purchase from the same Sales Executive upon time for repurchase. This is important to understand within an industry struggling with high sales staff turnover because this research may provide insight to dealer management and OEMs on whether customers form attachment figures mostly with the brand, or with the Sales Executive. Once the dealer management and OEMs understand this, they would be in a position to mobilise effective strategies that could potentially limit the amount of customer churn to competitor brands, based on the Sales Executive having moved to another competitor brand.

The analysis of the research findings revealed a negative and non-significant correlation between the measured construct relationship equity and its influence on future purchase intention. The significance test for this hypothesis showed a result of a p value = 0.3091, which reflects a non-significant relationship between the constructs measured. The

correlation matrix Table 4.4 revealed a negative, non-existent correlation between the construct relationship equity and future purchase intention with a value of -0.1207. For there to exist a strong correlation between constructs, the results need to be as close as possible to 1, which reflects perfect correlation. In this case, a negative correlation reflects that no relationship exists between relationship equity and the customers future purchase intention. The results of this study support the research by Mittal and Lassar (1998) which found that 65% to 85% of customers will switch brands even though they may be happy with the current brand and or service. This research found that the future purchase decision will be influenced by the offers presented to the customer upon time of purchase and a decision is thus made based on those offers. Therefore, the results of this study confirms that even though Sales Executives may have achieved relationship equity with their customers, upon time for repurchase, the customer may end up purchasing elsewhere.

As per Vogel et al. (2008), relationship equity is when the customer believes that they are being treated well, and are being handled with care. When relationship equity is high, the Sales Executive ends up becoming the bridge between the customer and the brand. This means that the customer sees the Sales Executive as someone they can consult regarding all issues pertaining to the brand, and the advice given will be held in high regard. In the literature review, the model (Figure 2.1) which formed the base of this study by Vogel et al. (2008) revealed that relationship equity may lead to loyalty intentions. Therefore the results of this study are surprising in that they show that no matter how high the relationship equity the customer may have with the Sales Executive or the brand, the future purchase decision might not favour that particular Sales Executive or the brand. This poses a challenge to the model presented by Vogel et al. (2008), as seen in Figure 2.1 which states that relationship equity will lead to loyalty. However another explanation for these results could be found in the study conducted by Reinartz and Kumar (2002) which found that loyal customers are actually the most difficult to service because their expectations are high, and grow with every delightful

service experience. These loyal customers are the ones that are more likely to defect to competitor brands if their service expectations are not met.

Since the results of this study have established that no matter the level of relationship equity, the customer is not guaranteed to purchase from the same Sales Executive or brand upon time for repurchase, dealer management and OEMs need to consider what would effect this future purchase decision and if the notion of true loyalty really exists in the competitive environment that the automotive industry operates in. A deduction can therefore be made that even though relationship equity is a critical driver of future purchase intentions (Rust et al., 2001), the element relationship equity is not the deciding factor to the customers future purchase intention. The research results have introduced a different notion which deals with relationship equity having an influence on the customers consideration set, rather than having an influence in the future purchase intentions. This would mean that when relationship equity is high, upon time for repurchase, the customer will keep the Sales Executive, or the brand in their consideration set. The customer might even rank the different brands within the consideration set and if relationship equity is high, the Sales Executive might find they are high in the customers consideration set. This means the objective should be to remain high on the customers consideration set because according to the results of this hypothesis, that is all the Sales Executive is able to influence – that they remain high on the customers consideration set when the time comes for the customer to make another vehicle purchase. It is for this reason that the measurement into the construct relationship equity in hypothesis 2 was rejected. As stated before, the validity of the study could not be tested due to the low sample of completed surveys received. However the reliability for this construct was measured by question 10 to question 18 of the research tool and the results revealed a Cronbach co-efficient alpha of 0.952, which reflects good reliability of the measured construct. The research results also found an R-Squared value of 1.45%, which speaks to the variation in relationship equity as influenced by the customers future purchase intention (Table 4.13). This means that when relationship equity is high, the future purchase intention of the customer changes only by 1.45%. This is reflective of no

influence by relationship equity on the customers future purchase intention, which also supports why the hypothesis was rejected.

Thus a conclusion is made that relationship equity has a 1.45% influence on the customers future purchase intention as measured by this study. Most of the customers showed their future purchase intentions strongly with the randomly placed answers for question 13 – “My life would be disrupted if I switched to another automobile brand” and question 18 – “I consider myself loyal to the dealership where I recently bought my Audi vehicle”. (Please see Table 4.1 for full results). The widely spread answers between the different end points of the 7-point Likert scale for these questions reveal and confirm that though customers may have high relationship equity to the Sales Executive or the brand, it does not guarantee future business from the respective customers. What is important to any organisation is remaining high on the customers consideration set so that the customer may consider you (the Sales Executive) or the brand first. At that moment of truth, it is up to the Sales Executive to provide the expected service quality to the customer in order to build relationship equity as this will lead to the customer keeping the Sales Executive and the brand high on the consideration set upon time of repurchase. Successful execution of building relationship equity may lead to an influence into the future purchase intention or decision of the customer.

5.3 Discussion on hypothesis 3

The last construct that was analysed for this study was the customers future purchase intention. When analysing the model to measure this hypothesis, no significant relationship was found to exist between sales staff turnover, and the influence this construct has on future purchase intention. In the same breath, no linear relationship was found to exist between the independent and dependent variables. Hypothesis 1 was accepted in that this study found that relationship equity is influenced by sales staff turnover, and that a relationship exists between the two constructs. Then hypothesis 2 was rejected when no significance and a negative relationship was found to exist between the two constructs relationship equity and how it affects future purchase

intention. The findings were that customers are not guaranteed to purchase from the same Sales Executive or the same brand upon time of repurchase, no matter the level of existing relationship equity, therefore even if the Sales Executive leaves the brand or dealership, there is little impact on the customers future purchase intention. This lead to an investigation into hypothesis 3, which seeks to understand if sales staff turnover influences the customers future purchase intention. In other words, should the Sales Executive leave the dealership and the brand, are they able to influence the customers future purchase intention of purchasing the new competitor brand the Sales Executive would be working for at the time the customer was ready for repurchase. This is important for dealer management so that they can understand if through loosing good Sales Executives, they also lose customers.

The analysis of the research findings revealed a weak correlation between the measured construct sales staff turnover and its influence on the customers future purchase intention. The significance test for this hypothesis showed a result of a p value = 0.9536, which reflects a non-significant relationship between the constructs measured. For a significant result, the p value has to be <0.05 . The correlation matrix Table 4.4 revealed a weak, non-existent correlation between the construct sales staff turnover and future purchase intention with a value of 0.0069. For there to exist a strong correlation between constructs, the results need to be close to 1, which reflects perfect correlation. In this study, a weak correlation is noted and reflects that no relationship exists between sales staff turnover and future purchase intention. The results of this study support the research by Ewing (2000) which found that the customers probability to repurchase is influenced mostly by the experience they have received from the whole dealership. Negative experiences will limit the customers' probability to purchase from the same dealership or Sales Executive in the future and the same is true for positive experiences at dealership level. Therefore, even if the Sales Executive that the customer purchased the vehicle from leaves the dealership, the customer will consider the overall experience received from the dealership rather than consider only the Sales Executive that served him or her. Linked to this notion, the Expectancy Disconfirmation Theory as discussed by

Devaraj et al. (2001) summaries that service quality is evaluated based on the current encounter, at the point of contact. Upon time for repurchase, the customer may indeed approach the Sales Executive that handled the previous sale, regardless of the brand the Sales Executive would be working for, and decide not to purchase from the Sales Executive based on the service quality received during that encounter. The customer may also decide to approach the dealership where the previous vehicle was purchased, find a new Sales Executive to assist, and the service quality at that point meets the customers' expectation which ends up as a sale from the 'new' Sales Executive. In other words, the results of this study confirm that customers are loyal only to the service quality they receive at the point of contact which will inform the purchase decision.

This is contrary to the research findings of Moussa and Touzani (2013) which alludes to customers forming attachment figures with the Sales Executives, and the fact that attachment figures have a great influence on the purchase decision. According to the Attachment Figure theory, once a customer sees the Sales Executive as an attachment figure, that Sales Executive will have influence on the final purchase decision no matter if the Sales Executive is still with the same dealership or has moved to a competitor brand. Once such an intimate relationship is formed, then customer commitment is the next step, whereby the customer has a desire to maintain the valued relationship with the Sales Executive, even if they leave to work for a competitor brand. This customer commitment and customer attachment was not confirmed with the results of this study. The results show that customers only have service loyalty if and when the experience at the point of contact is positive and meets the customers' expectations. Service loyalty is the customers' willingness to switch to a brand endorsed by the attachment figure (Bove & Johnson, 2000), meaning the customer is loyal to the advice given by the Sales Executive and would only be loyal to an organisation based on the availability of the Sales Executive who is their attachment figure.

As stated before, the validity of the study could not be tested due to the low sample of completed surveys received. However the reliability for this construct was measured by

question 25 to question 27 of the research tool and the results revealed a Cronbach coefficient alpha of 0.489, which reflects unacceptable reliability. Question 25 was then deleted from the analysis because it showed no correlation between question 26 and question 27. The challenge with deleting question 25 is that reliability could not be tested for this construct because in order to test reliability, there needs to be 3 or more questions that load onto the construct. After deleting question 25, the Cronbach coefficient alpha increased to an acceptable result of 0.77, but this is a limitation to the study as no validity or reliability could be confirmed or measured for this study. The research results also found an R-Squared value of 0.00%, which speaks to the variation in future purchase intention as influenced by sales staff turnover (Table 4.17). This means that when sales staff turnover is high, the future purchase intention of the customer changes by 0.00%, which means sales staff turnover does not influence the customer's future purchase intention at all. It is for the above reasons that the measurement into the construct future purchase intention in hypothesis 3 was rejected.

Thus a conclusion is made that sales staff turnover has a 0.00% influence on future purchase intention as measured by this study. What is important to any organisation is that at every customer contact point, the Sales Executive gives service quality to the customer, because the decision to purchase will be influenced by that interaction. Irrespective of previous interactions with the customer, or whether the customer is new to the Sales Executive, the customer will make a purchase decision based on the current service encounter.

5.4 Conclusion

Chapter 4 and 5 have utilised the 73 responses as received from this quantitative study to explore the constructs sales staff turnover, relationship equity and future purchase intention in order to understand the impact that sales staff turnover has on customer equity in the South African luxury automotive industry, with a special focus on relationship equity as an element of customer equity. The results as presented in Chapter 4 and discussed in Chapter 5 revealed that sales staff turnover does indeed

influence relationship equity by 55.7%, meaning should the Sales Executives leave the dealership or brand, relationship equity is compromised by 55.7%, which in turn would compromise customer equity. The results also found that even if relationship equity is high between the Sales Executive and the customer, there is very little influence that this equity will have on the customers future purchase decision or intention. What it might mean however, is that if relationship equity is high between the customer and the Sales Executive, the customer may keep the Sales Executive or the brand high on the consideration set upon time for repurchase. High relationship equity does not guarantee loyalty or future sales, nor does it influence it significantly, but relationship equity can ensure that the brand or Sales Executive is considered favourably in the next purchase cycle. Lastly, this study investigated the customers future purchase intention and how this is influenced by sales staff turnover. The results were clear that there is no existing relationship between these constructs, therefore sales staff turnover does not significantly influence the customers future purchase intentions. The results support existing theory which states that the customers purchase intention will be influenced by the service experience at the point of contact of the current interaction. This would be true whether the customer is dealing with a new Sales Executive or with the same Sales Executive that sold the customer the previous vehicle. From the results, it seems the customers evaluate the service received from the whole dealership, at the point of contact before making a purchase decision.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

This chapter is a summary of the findings and the conclusions that have been found for this study, particularly with reference to the context that was specified in Chapter 1 and it will also serve as a summary of any differences and or similarities that have been found with existing theory. Based on the stakeholders discussed in Chapter 2, this Chapter will provide recommendations to each of those stakeholders based on the results of the study. Lastly, based on the literature review and the research results, suggestions for future research will be discussed which may aid researchers who are interested in taking this study forward by understanding in more detail elements that have been discussed from Chapter 1 to Chapter 5.

6.1 Conclusion of Study

In Chapter 2, the context of this study was discussed in detail with regards to the changing competitive environment and consumer preferences in the luxury automotive industry. Vehicles are becoming aesthetically and technologically homogenous which presents a challenge for OEMs as they try find and sustain a competitive advantage. Coelho and Henseler (2012) assert that service is one element that the OEMs could leverage as a competitive advantage in order to drive repeat business. Repeat business is one of the cheapest ways a business can sustain itself rather than having to prospect new customers. With repeat business also comes positive word of mouth and great referrals to friends and family. This study focused on the Sales Executive and the impact that they have on the purchase experience, as well as on the final purchase decision. Sales Executives in the automotive industry become the bridge between the customer and the brand, and very close relationships may form between the customer and the Sales Executive. These close relationships that can be formed between the customer and the Sales Executive is what enticed this research study. In an industry that struggles with high sales staff turnover, this research aimed to understand what the impact would be to the customers future purchase intention of the brand, should the Sales Executive that was servicing the customer move to work for another dealership within the same brand, or move to another brand altogether.

Cronin et al. (2000) in their study found that there is a positive relationship between customer satisfaction (through service quality offered) and future purchase decision. In the results of this study, there was no relationship established between relationship equity and future purchase intention, as per hypothesis 2. Relationship equity is built through the customer's service expectations being met, and it happens when the customer believes that they are being taken care of by the brand and or the Sales Executive. Therefore a deduction can be made that when relationship equity is high, it does not guarantee loyalty, but it means the customer will consider purchasing from the brand or Sales Executive again. In essence, because of the changing competitive environment, customers' true loyalty cannot be guaranteed, but what is within the control of the Sales Executive is to ensure that the service quality experienced by the customer will not only influence the consideration set upon time for repurchase, but will also extend to the customer spreading positive word of mouth and becoming the Sales Executives' or the brand's ambassador. Therefore an important point for Sales Executive, and a strategy that should be driven from the dealerships management downwards, is that every customer contact point is an opportunity to build relationship equity, which in turn will influence whether the customer considers you as the Sales Executive or the brand at the next purchase cycle.

Now that it has been established that relationship equity can be beneficial to the Sales Executive and the brand in that it will ensure the Sales Executive or brand feature high in the customers consideration set upon time for repurchase, the study also looked at the impact of sales staff turnover to these established relationships with the customers, as per hypothesis 1. The results of this study were clear that there is a strong, significant relationship between sales staff turnover and relationship equity. What this means is if the Sales Executive that the customer has built relationship equity with leaves the dealership or the brand, the net effect on the relationship equity established will be negative. As discussed in Chapter 5 upon dissecting the results of this study, relationship equity is based on trust between the Sales Executive and the customer, which is established over time and through having access to the same Sales Executive. An

important learning for the Sales Executives is that remaining in the same brand or dealership can assist in building a database of customers that trust you through having continued access to you, which will eventually lead to established relationship equity. However every time the Sales Executive moves to work for another brand or dealership, new relationships have to be built, trust is only established over time and this will require more effort as compared to servicing customers that are already familiar with the Sales Executive and the brand.

Lastly, this study looked at how sales staff turnover influences the customers future purchase intention, as per hypothesis 3. Hypothesis 2 and 3 are different but not mutually exclusive in that they both look at constructs that influence the customers future purchase intentions. This study established that no significant relationship exists between sales staff turnover and the customers future purchase intention. Even though sales staff turnover influences relationship equity significantly, this churn in sales staff will not influence the customers future purchase intention. This might be because Devaraj et al. (2001) found that service quality is evaluated based on the current encounter, at the point of contact. These findings imply that customers will establish relationship equity with the Sales Executive through continued access to the Sales Executive, however, should the Sales Executive leave the brand or the dealership, the customer may still approach the same brand or dealership when looking to repurchase because customers also review the service by whole dealership and not only as given by the Sales Executive. Once the customer approaches a dealership, and are serviced by a new Sales Executive, an analysis of the service quality received at the point of contact will be conducted, which ultimately may influence the customers purchase decision. There is some research that contradicts the findings of this study as it states that the relationship Sales Executives form with the customers can be so intimate that should the Sales Executive leave the dealership or the brand, the Sales Executive is able to influence the customers purchase decision based on the brand being endorsed by the Sales Executive (Brexendorf et al., 2010). This happens when the customers see the Sales Executive as an attachment figure, and therefore becomes loyal to the Sales Executive

and the advice given by the Sales Executive. For this level of intimacy to be achieved between customer and Sales Executive, there needs to be trust built over time through continuous contact between the two stakeholders.

6.2 Recommendations

The aim of this study is to provide insight and value to the OEMs (Original Equipment Manufacturer), the dealer management and the Sales Executives who are the bridge between the customer and the brand on elements that impact the customer's purchase decision. In this section, recommendations are provided to the aforementioned stakeholders based on the existing theory literature that has been reviewed and the results of the survey.

From the results of this survey, a recommendation to the OEMs is to understand that the relationship between the Sales Executive and the customer is important, but the brand needs to build brand affinity through effective marketing communications to the customers. The interaction that the Sales Executive will have with the customer at the point of contact will influence the customers' purchase decision, however building brand affinity will influence the customer to have a desire to know more about the brand, and therefore, approach the dealership for an enquiry. Building brand affinity entails ensuring that the right products mix available in the market for the customer's different life stages, that the finance campaigns add value, and that on a continuous basis the dealerships are given the support and tools required for them to run efficient, profitable businesses. Ehrenberg (1995) states that focusing on strategies to grow market share might positively influence the customers future purchase behaviour.

Similar recommendations can be suggested to dealer management, although at a scale manageable by them. The dealership is also able to run effective communication campaigns, albeit only for their dealership, ensure that the right stock is available to customers and that processes and systems are customer centric. Most importantly though, it is critical to ensure that once the customer has been contacted by a Sales

Executive, the interaction with the customer meets and exceeds the customers expectation in terms of service quality delivery. This will mean that the Sales Executives need to be given the relevant resources and tools to be able to carry their duties. With the advent use of online shopping in South Africa, dealer management need to ensure that all Sales Executives are not only trained on proper processes and systems, but that the Sales Executive has good product knowledge, as well as competitor product knowledge as a minimum.

Lastly, the Sales Executives may also benefit from this study in that it provides feedback on how the customers are influenced in their future purchase decision intentions, how relationship equity impacts on the sales experience and eventually the purchase experience, and then lastly, how the movement from one dealership to the next affects their business. A recommendation to the Sales Executives is that they firstly understand that true customer loyalty is difficult to achieve. True customer loyalty is when a customer will repeatedly purchase your product no matter the objective or subjective assessments conducted (Bove & Johnson, 2000). Therefore, another option, although less desirable, is to ensure that one remains high in the customers consideration set so that when the customers purchasing cycle commences, the customer may consider contacting the Sales Executive that assisted him before, or the brand because of brand affinity. Remaining top of mind to the customer, or ensuring that the Sales Executive or the brand remains high on the customers consideration set will require the sales staff to understand the importance of building valuable long term relationships with customers and actually maintaining those relationships pro-actively. This will make the customer feel valued by the Sales Executive, and most importantly by the brand. This trust can only be established when the customer has continued access to one particular person at a dealership rather than starting a new sales relationship at every purchase cycle. This would be something to consider before the Sales Executive moves onto the next dealership or brand.

6.3 Suggestions for further research

This research focused only on customers within the luxury vehicle market in South Africa. The aim was to understand the impact of sales staff turnover on customer equity, with a specific focus on relationship equity since it is the one customer equity element that the Sales Executives are able to influence, to some extent. Therefore, this study cannot be used to generalise for the whole luxury automotive industry nor can it be used to make inferences on the impact of sales staff turnover in other industries or markets. The other constructs as depicted by the model by Vogel et al. (2008) of customer equity which are brand equity and value equity would also need to be researched further in order to understand the full impact of sales staff turnover on customer equity. This study focused on one element of customer equity, namely relationship equity, because this is the element the Sales Executives are able to influence.

South Africa is a diverse country with eleven official languages, therefore a future study measuring cultural influence on the construct relationship equity might yield interesting results which could assist dealerships understand how to service customers in a diverse country like South Africa.

Bove and Johnson (2000) found two types of loyalty namely, attitudinal loyalty which measures the customers cognitive attachment to the brand (long term desired loyalty) and behavioural loyalty (short term loyalty that is not sustainable), which measures the customers actual behaviour upon time of repurchase. As a further study into building loyalty while growing market share, research into the conversion of customers from one type of loyalty to another would be interesting for organisation so that they can ensure that their buying customers do not defect upon a change in circumstances that would affect the customer's behaviour.

The percentage of customers who have owned two or more Audi vehicles is 62% of the respondents. Out of this 62%, there is a large number of customers who didn't purchase their next vehicles from the same dealership (37%) or from the same Sales Executive

(42%). This is significant and might be an indication of customers being more loyal to the brand, than the actual Sales Executive because these customers still purchased an Audi, just not at the same dealership, and not from the same Sales Executive that assisted them before. Further research into the reasons for the decision to remain with the brand, but not with the same Sales Executive or dealership would also make an interesting research study.

One of the recommendations to OEMs and dealer management is that they focus on Sales Executive retention strategies in order to limit sales staff turnover. An interesting study would be to look at organisations current staff retention strategies and compare these to the staff turnover rates within that organisation to ascertain the impact of the retention strategies on the staff. Another study could also look at the reasons Sales Executives defect to other brands or dealerships. This could offer dealer management insight on the benefits of staff retention strategies, as compared to investing in brand affinity building strategies in order to build customer loyalty, improve retention figures and improve the profitability of the business.

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APPENDIX A: COVER LETTER AND ONLINE SURVEY

Dear Respondent,

My name is Thandi Mbonwa and I am a student at the Wits Business School, currently completing my Master of Management degree in Strategic Marketing. Brand loyalty in the automotive industry has been researched thoroughly; however little research exists that looks at the impact of sales staff turnover on customer equity, with customer retention as the desired output. The results of this study will hopefully lead to an improvement of service levels at car dealerships and provide manufacturers with insight into Sales Executive (SE) equity, so as to be able to create sustainable retention strategies, if necessary.

It is my understanding that you own an Audi purchased from a brand approved dealership (an Audi dealership). I have attached a questionnaire which will request you respond to a series of statements and questions. The items in the questionnaire focus on your decision to purchase from the respective dealership/brand, your interaction with the sales staff and the most likely influence on your future purchase decision.

I would like to stress that your participation in this study is voluntary and all efforts have been implemented to protect your identity and keep the information confidential

.

I have enclosed a consent form for your review. Please read the form and feel free to contact me if you have any questions about the study. If you choose to participate, ensure you approve on the consent block, and submit your response.

I sincerely thank you in advance for your participation,

Thandi Mbonwa
082 504 3535

I acknowledge that I understand the nature of the study, any potential risks to me as a participant, and the means by which my identity will be kept confidential. Clicking on the first Radio Button below indicates that I am over the age of 18 and that I have purchased an Audi vehicle from a brand approved dealership (an Audi dealership).

I give my permission to voluntarily serve as a participant in the study described by Thandi Mbonwa in the Introductory Letter. **[CHECK BOX FOR CONSENT]**

Thinking about the brand of automobile you own (Audi) and your most recent purchase experience, please answer the following questions by checking the box that corresponds with your opinion:

1	2	3	4	5	6	7
Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree

- Do you own an Audi vehicle (Yes/No)
If no – customer is taken to end of survey
- Age? (Option with a range)
- Gender? (Male / Female)
- Current number of Audi vehicles owned? (1 – 10 / more)
- Audi vehicles purchased in your lifetime? (1 – 10 / more)
- If you have only purchased one Audi vehicle in your lifetime, which year was your Audi purchased? (2010 - 2015)
- If you have purchased more than one Audi vehicle in your lifetime, which year was your recent Audi purchased? (2010 - 2015)
- If you have purchased more than one Audi vehicle in your lifetime, did you purchase your recent Audi from the same dealership you purchased your previous Audi vehicles? (Yes/No)
- If you have purchased more than one Audi vehicle in your lifetime, did you purchase your recent Audi from the same Sales Executive you purchased your previous Audi vehicles? (Yes/No)

H2: Relationship equity

- 10. Audi was my first choice when it was time to purchase a vehicle (Likert)
- 11. I would purchase an Audi vehicle again (Likert)
- 12. I feel emotionally attached to the Audi brand (Likert)
- 13. My life would be disrupted if I switched to another automobile brand (Likert)
- 14. I would recommend the Audi brand to my friends and family (Likert)
- 15. I would recommend the Audi dealership I bought my Audi from to my friends and family (Likert)
- 16. I have a positive image of the Audi vehicle that I own (Likert)
- 17. I consider myself loyal to the Audi brand (Likert)
- 18. I consider myself loyal to the dealership where I bought my recent Audi vehicle (Likert)

H1: Sales staff turnover

- 19. I am familiar with the Sales Executive who sold me my recent Audi vehicle (Likert)
- 20. I would recommend my Audi Sales Executive to my friends and family (Likert)
- 21. I consider myself loyal to my Audi Sales Executive (Likert)
- 22. I would choose to be served by the same Audi Sales Executive again (Likert)
- 23. I look forward to seeing my Audi Sales Executive when I visit the dealership (Likert)
- 24. I trust the Sales Executive that sold me my Audi (Likert)

H3: Future purchase intention

- 25. The interaction I had with the Sales Executive strongly influenced my purchase decision (Likert)
- 26. Should my Audi Sales Executive moved to work for another luxury motor vehicle brand, my Sales Executive could influence me to switch brands (Likert)
- 27. If my Audi Sales Executive moved to another Audi dealership, I would probably purchase my next Audi from the dealership they have moved to (Likert)

APPENDIX B: TABLE OF RESEARCH RESULTS

	Strongly Disagree		Disagree		Slightly Disagree		Neutral		Slightly Agree		Agree		Strongly Agree		All	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Question 10	3	4.11%	2	2.74%	4	5.48%	2	2.74%	11	15.07%	16	21.92%	35	47.95%	73	100.00%
Question 11	5	6.85%	0	0.00%	2	2.74%	0	0.00%	4	5.48%	6	8.22%	56	76.71%	73	100.00%
Question 12	3	4.11%	4	5.48%	0	0.00%	1	1.37%	5	6.85%	15	20.55%	45	61.64%	73	100.00%
Question 13	10	13.70%	4	5.48%	2	2.74%	15	20.55%	5	6.85%	12	16.44%	25	34.25%	73	100.00%
Question 14	3	4.11%	0	0.00%	2	2.74%	0	0.00%	2	2.74%	18	24.66%	48	65.75%	73	100.00%
Question 15	3	4.11%	1	1.37%	5	6.85%	10	13.70%	0	0.00%	12	16.44%	42	57.53%	73	100.00%
Question 16	3	4.11%	0	0.00%	0	0.00%	2	2.74%	3	4.11%	11	15.07%	54	73.97%	73	100.00%
Question 17	3	4.11%	2	2.74%	2	2.74%	4	5.48%	4	5.48%	14	19.18%	44	60.27%	73	100.00%
Question 18	5	6.85%	4	5.48%	5	6.85%	12	16.44%	2	2.74%	17	23.29%	28	38.36%	73	100.00%
Question 19	5	6.85%	2	2.74%	3	4.11%	9	12.33%	6	8.22%	19	26.03%	29	39.73%	73	100.00%
Question 20	5	6.85%	2	2.74%	4	5.48%	13	17.81%	3	4.11%	15	20.55%	31	42.47%	73	100.00%
Question 21	5	6.85%	1	1.37%	5	6.85%	20	27.40%	3	4.11%	15	20.55%	24	32.88%	73	100.00%
Question 22	5	6.85%	4	5.48%	1	1.37%	21	28.77%	4	5.48%	15	20.55%	23	31.51%	73	100.00%
Question 23	3	4.11%	5	6.85%	3	4.11%	17	23.29%	4	5.48%	15	20.55%	26	35.62%	73	100.00%
Question 24	3	4.11%	0	0.00%	4	5.48%	10	13.70%	3	4.11%	22	30.14%	31	42.47%	73	100.00%
Question 25	3	4.11%	7	9.59%	5	6.85%	11	15.07%	7	9.59%	13	17.81%	27	36.99%	73	100.00%
Question 26	24	32.88%	21	28.77%	3	4.11%	18	24.66%	1	1.37%	3	4.11%	3	4.11%	73	100.00%
Question 27	8	10.96%	14	19.18%	2	2.74%	27	36.99%	8	10.96%	10	13.70%	4	5.48%	73	100.00%