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Mkhwanazi, Ayanda. (2024). The effect of relationship marketing on consumer behaviour in South Africa [Master's dissertation, University of the Witwatersrand, Johannesburg]. WireDSpace.

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The effect of relationship marketing on consumer behaviour in South Africa.

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2023

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KEYWORDS

Relationship marketing, personalisation, customer service, customer experience

ABSTRACT

Relationship marketing has become a key tactic for companies looking to establish and preserve enduring connections with their clientele. The effect of relationship marketing on consumer behaviour in the financial services sector of South Africa is examined in this qualitative study. This study was performed with thirteen participants from various industry backgrounds and explores trust, satisfaction, loyalty, and client engagement through an analysis of existing body of literature and empirical research. It investigates the ways in which relationship marketing tactics (personalised communication and customer service) influence consumer perceptions, attitudes, and loyalty decisions. The study also assesses how digital platforms and technological advancements support the efficacy of relationship marketing campaigns. The study finds that although consumers respond differently to marketing efforts, there are common sentiments which can be leveraged for company success. The study provides actionable recommendations which underscore the importance of aligning business practices with customer needs and expectations, while leveraging technology to deliver value-added services.

ACKNOWLEDGEMENTS

I wish to thank all who have supported and guided me throughout the completion of this report.

First and foremost, I am deeply grateful to my supervisor, Dr Nakuze Chalomba, for her invaluable guidance, and insightful feedback throughout every stage of this research project. Her expertise, patience, and unwavering support has been instrumental in shaping the direction and quality of this research.

I am thankful to all participants of this study for their willingness to share their insights, experiences, and perspectives, which have deepened the findings of this research.

Furthermore, I am grateful to the Mkhwanazi and Cebekhulu family and friends for their unwavering love, encouragement, and understanding throughout this academic journey. Their support has been a constant source of strength and motivation.

DEDICATION

For my parents Sipho and Sithembile Mkhwanazi.

TABLE OF CONTENTS

ABSTRACT **2**

ACKNOWLEDGEMENTS **3**

DEDICATION **4**

LIST OF TABLES **9**

LIST OF FIGURES **10**

LIST OF ACRONYMS **11**

CHAPTER 1. INTRODUCTION **12**

1.1 STATEMENT OF PURPOSE 12

1.2 BACKGROUND OF THE STUDY 12

1.3 RESEARCH PROBLEM 13

1.4 RESEARCH QUESTIONS 16

1.5 RATIONALE 16

1.6 DELIMITATIONS OF THE STUDY 17

1.7 DEFINITION OF TERMS 17

1.8 ASSUMPTIONS 19

1.9 CHAPTER OUTLINE 20

CHAPTER 2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK 21

2.1 INTRODUCTION 21

2.1.1 DEFINITION OF TOPIC 21

2.2 INDUSTRY OVERVIEW 22

2.2.1 RELATIONSHIP MARKETING 23

2.2.2 SERVICE QUALITY 31

2.2.3 CUSTOMER EXPERIENCE 32

2.2.4 CUSTOMER FEEDBACK 32

2.2.5 PROPOSITION 1 33

2.2.6 CUSTOMER SERVICE 33

2.2.7 CUSTOMER SATISFACTION 33

2.2.8 Proposition 2 34
2.2.9 Relational benefits 34
2.2.10 Proposition 3 36
2.2.11 Customer retention 36
2.2.12 Proposition 4 37
2.2.13 Financial security 37
2.2.14 Proposition 5 38
2.3 ANALYTICAL FRAMEWORK 38
2.3.1 Theoretical Framework 38
2.3.2 Conceptual Framework 40
2.4 Conclusion of Literature Review 42
2.4.1 Proposition 1: Digitisation strategies enhance customer satisfaction. 42
2.4.2 Proposition 2: Personalisation enhances customer satisfaction. 42
2.4.3 Proposition 3: Ongoing communication leads to satisfaction. 42
2.4.4 Proposition 4: Empowerment leads to loyalty. 42
2.4.5 Proposition 5: Consumer trust is a fundamental component of relationship quality that secures loyalty. 43
CHAPTER 3. RESEARCH METHODOLOGY 44
3.1 Research approach 44
3.2 Research design 44
3.3 Data collection methods 45
3.4 Population and sample 45
3.4.1 Population 45
3.4.2 Sample and sampling method 45
3.5 Research instrument 46
3.6 Procedure for data collection 46
3.7 Data analysis strategies and interpretation 47
3.8 Possible limitations and challenges of the study 47
3.9 Quality Assurance 48
3.9.1 External transferability 48
3.9.2 Internal credibility 48
3.9.3 Dependability 49
3.10 Ethical considerations 49
3.11 Consistency Table 50

CHAPTER 4. RESULTS 51

4.1 INTRODUCTION 51

4.2 RESULTS OF PROPOSITION 1: DIGITISATION STRATEGIES ENHANCE CUSTOMER SATISFACTION. 52

4.3 RESULTS OF PROPOSITION 2: PERSONALISATION ENHANCES CUSTOMER SATISFACTION. 53

4.4 RESULTS OF PROPOSITION 3: ONGOING COMMUNICATION LEADS TO SATISFACTION. 54

4.5 RESULTS OF PROPOSITION 4: EMPOWERMENT LEADS TO LOYALTY..... 55

4.6 RESULTS OF PROPOSITION 5: CONSUMER TRUST IS A FUNDAMENTAL COMPONENT OF RELATIONSHIP QUALITY THAT SECURES LOYALTY..... 55

4.7 SUMMARY OF RESULTS: 57

CHAPTER 5. DISCUSSION OF FINDINGS 59

5.1 INTRODUCTION 59

5.2 DISCUSSION OF RESULTS PROPOSITION 1: DIGITISATION STRATEGIES ENHANCE CUSTOMER SATISFACTION. 61

5.3 DISCUSSION OF RESULTS PROPOSITION 2: PERSONALISATION ENHANCES CUSTOMER SATISFACTION. 62

5.4 DISCUSSION OF RESULTS PROPOSITION 3: ONGOING COMMUNICATION LEADS TO SATISFACTION. 63

5.5 DISCUSSION OF RESULTS PROPOSITION 4: EMPOWERMENT LEADS TO LOYALTY. 64

5.6 DISCUSSION OF RESULTS PROPOSITION 5: CONSUMER TRUST IS A FUNDAMENTAL COMPONENT OF RELATIONSHIP QUALITY THAT SECURES LOYALTY. 65

5.7 EMERGING TRENDS 66

5.7.1 INTEGRATION OF SYSTEMS 66
5.7.2 DEMOGRAPHIC FACTORS 66
5.7.3 RURAL VS URBAN RESIDENCY 67
5.7.4 MOBILE MONEY 67
5.7.5 FEES AND SWITCHING COSTS 68

5.8 CUSTOMER RECOMMENDATIONS 69

5.9 CONCLUSION OF DISCUSSION 69

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS 71

6.1 CONCLUSION 71

6.2 RECOMMENDATIONS 71

6.3 LIMITATIONS AND FURTHER RESEARCH 73

REFERENCES 74

APPENDIX A Instrument 83

LIST OF TABLES

Table 1: Problem analysis Literature Matrix 14

Table 2: Literature review Matrix 24

Table 3: Consistency Table 50

Table 4: Thematic analysis of data 59

LIST OF FIGURES

Figure 1: E-S-QUAL Conceptual Framework 41

Figure 2: A pie chart representing the different industries of participants 51

Figure 3: Financial services used by participants in the last three years 52

Figure 4: Preference for online transacting 52

Figure 5: Perceived transparency from service providers 54

Figure 6: Responses for consideration to change from service providers 55

LIST OF ACRONYMS

AI	-	Artificial Intelligence
AML	-	Anti-money laundering
CEM	-	Customer experience management
CLV	-	Customer lifetime value
CMC	-	Computer-mediated communications
CRM	-	Customer relationship management
FICA	-	Financial Intelligence Centre Act
FNB	-	First National Bank
FSCA	-	Financial Sector Conduct Authority
FSPs	-	Financial Services Providers
KYC	-	Know Your Customer
OTP	-	One Time Pin
POPIA	-	Protection of Personal Information Act
SEM	-	Structural equation modelling
TCF	-	Treating Clients Fairly

CHAPTER 1. INTRODUCTION

1.1 Statement of purpose

This qualitative study aims to examine the effect of using relationship marketing to influence consumer behaviour in the South African financial services industry.

1.2 Background of the study

Marketing activities serve as the primary means of communication with customers. Early scholars such as Bagozzi (1975) viewed marketing activities as both catalysts and outcomes of social change, because they directly influence the personality, normative and value system of individuals in society. Kotler *et al* (2021) built upon this perspective by broadly defining marketing activities as social and managerial processes which are based on the concept of mutual exchange and fulfilment between individuals and organisations.

Technological advancements have enabled companies to embark on a direct shift from transactional marketing to relationship marketing, due to the improved ease of interaction between companies and their consumers (Šonková and Grabowska, 2015). Where transactional marketing would be centred around short-term consumer acquisition coupled with generalized messaging, relationship marketing enables a long-term view and personalised messaging, dedicated to building relationship equity (Palmatier and Sridhar, 2020).

Sheth *et al*, (2012) stated that the term “relationship marketing” and “marketing relationships” are not synonymous, as relationship marketing is understood to be a specific focus of marketing. Deszczyński (2021) further noted that relationship management and relationship marketing are often used interchangeably as they are seen as closely related components which can be labelled 'marketing-oriented management'. Relationship management is considered the foundational term, while relationship marketing serves as a subset within this broader concept.

Relationship marketing prioritizes the customer in marketing efforts, promoting collaborative activities aimed to enhance satisfaction and experiences (Albérico and Casaca, 2024). The premise is that customers are in the best position to describe service

quality because they are the ones who benefit from and ultimately use the services provided by businesses (Gonu, 2023). Factors influencing relationship marketing's effect on customer retention, include trust, attachment, and satisfaction (Kumar, 2020). Trust influences how customers assess the business and is influenced by their individual personality traits (van Deventer and Redda, 2023). Rootman (2022) found that specific factors such as reputation, safety regulations, and information security contributed positively to customer retention among banking clients during the Covid-19 pandemic.

Statistics South Africa reported the Finance, Real Estate and Business Services industry to be the second largest positive contributor to South Africa's Gross Domestic Product (GDP) in 2022. The financial services sector is the driving force behind South Africa's services industry; it is well-established and sophisticated and employs a significant portion of the country's workers (FSCA, 2022). Understanding the power of collaborative relationships between service providers and consumers provides critical micro-level information about existing and potential consumers which can improve organisational output (Sheth *et al*, 2012).

Overall, the most effective relationship marketing strategies reduce conflict, improve business' expertise and communication, and align the organization's characteristics to targeted customers (Palmatier and Sridhar, 2020). This study aims to explore the extent to which relationship marketing influences consumer behaviour in the South African financial services industry. The relationship marketing practices investigated include the effectiveness of customer services and personalisation in retaining clients, post the COVID 19 pandemic.

1.3 Research problem

The COVID-19 pandemic, and subsequent lockdown restrictions, had a significant impact on relationship marketing practices in South Africa. It took 750 days before all restrictions could be lifted indefinitely, from when President Cyril Ramaphosa first announced them on the 23rd of March 2020. The lockdown restrictions limited the movement of citizens and disrupted global economies and supply chains, limiting businesses' ability to meet customer demands and maintain relationships. The pandemic also led to increased costs for businesses, as they had to implement additional cleaning and sanitation measures to

protect their employees and customers, while seeking alternative ways of servicing clients.

Larger and older Financial Service Providers (FSPs) faced a significant challenge in maintaining customer centricity and keeping pace with the rapid changes in consumer behaviour and technological advancements. Moreover, the persistently low-interest-rate environment had made it challenging for traditional FSPs to rely solely on interest income for profitability. This forced them to re-evaluate their business models and explore alternative revenue streams, such as fee-based services or wealth management offerings.

A visible consequence of the COVID-19 pandemic was an increase in customers allowing their insurance policies to lapse, liquidating their investments and savings accounts, and seeking more credit, due to the lack of certainty in their economic future (FSCA, 2022). This highlighted a pressing need for FSPs to understand and design for dynamic customer needs while anticipating future trends, in order to sustain competitive advantage.

There is limited research on the efficacy of relationship marketing strategies, despite the potential insights it can provide to the South African financial services sector, which is considered a key indicator of economic development. This is also emphasized through a preliminary review of literature across different industries, as per table below.

Table 1: Problem analysis Literature Matrix

Author (Year)	**Organisational Problem**	**Research Problem**	**Conceptual Frame Used**	**Population and Sample**	**Research Gap**
Paper 1 (Rootman, *et al* 2011).	Lack of a comprehensive and integrated approach to managing consumer relationships in South African banks.	Identifying which variables impact the relationship marketing activities of banks and determining	Empirically test hypothetical models by benchmarking South African banks against successful international	Convenience snowball sampling. Retail banking customers in the UK,	Limited alternative, practical sampling method to provide unbiased data. Limited geographical

		their influence consumer retention.	banks in Canada and the UK.	Canada and South Africa.	locations to compare the findings.
Paper 2 (Amoakoh, *et al*, 2019).	Low growth in small grocery shops in Mangaung Municipality. Possibly due to limited effective relationship marketing strategies and resources.	Establishing whether relationship marketing resolves this issue of low growth of small grocery entrepreneurs.	Applying identified relationship marketing concepts to the operations of small grocery shops to assess consumer retention levels.	Theoretical approach, using desktop research and literature review.	Minimal research into the practice of relationship marketing. Absence of empirical data.
Paper 3 (Makhitha, 2017).	Independent retailers in Soweto experiencing severe competition from larger retailers.	Determining the impact of relationship marketing practices on the performance of independent retailers in Soweto.	Convenience sampling method was adopted.	Survey was conducted among 102 independent retailers.	Inaccessible database of independent retailers in Johannesburg. Lack of will from retailers to participate in surveys.
Paper 4 (Morris *et al*, 1998).	There is not much agreement regarding the definition or nature of relationship marketing in	Studying how industrial marketers conceptualize and apply the concept of	A conceptual model relating definitions, perceptions, attitudes, behaviours, and	Marketing executives from a sample of 480 South African	Little understanding of the standard implementation of relationship

	practice, which could prevent industrial marketers from operationalising the concept successfully.	relationship marketing.	behavioural intentions in the relationship area.	industrial firms.	marketing practices.

1.4 Research questions

This research aims to address the following:

i) How effective are relationship marketing techniques in creating strong relationships with customers?

ii) Which relationship marketing tactics are effective for retaining customers post COVID-19 pandemic?

iii) Which emerging trends and technologies are likely to impact this market in the future.

1.5 Rationale

Relationship investments require time, resources, and effort to achieve increased level of engagement and customer loyalty (Palmatier and Sridhar, 2020). Simply monitoring market success through market share statistics does not measure consumer satisfaction. Businesses now have capability to build online, real-time information systems that offer ongoing information about the levels of retention, satisfaction, and dissatisfaction among consumers. However, the empirical understanding of how consumer attachment effects retention is not well understood (Spies et al, 2022) and will be further explored in this study.

Studying the efficacy of relationship marketing in the financial services sector is important to policy makers, practitioners, and scholarship for several reasons. Policy makers require businesses to engage in practices which promote stability and profitability in the industry. Practitioners in the financial sector need cost-efficient strategies, which

can help them retain clients and grow market share over time. Scholars would welcome further contributions towards the existing theoretical framework and practical insights which would improve the understanding of this area of market research.

1.6 Delimitations of the study

The scope of the study is limited to the effect of relationship marketing on client retention and satisfaction in the South African financial services sector. The relationship studied is between customers and FSPs, as limiting the domain of relationship marketing to those that enhance or facilitate customer relationships, allow focused growth of knowledge in the discipline (Hollensen and Opresnik, 2019). FSPs use personalisation and customer service centres to provide clients with high level of service and support in the customer-business relationship. The study focuses on the banking, insurance and asset management industries, as this is where the bulk of the assets sit in the financial sector (FSCA, 2022). The period observed is post-COVID-19 pandemic to determine whether relationship marketing continues to effect customer retention, despite this specific, disruptive social event.

1.7 Definition of terms

Some key concepts studied include the following operational definitions:

Term	Definition
Customer Lifetime Value	A company's estimation of the net worth of a customer over time (Kumar and Rajan, 2020).
Customer experience	A customer's cognitive, emotional, behavioural, sensorial, and social responses to company offers during the entire customer purchase journey (Lemon, and Verhoef, 2016).

Customer service	The combined desire of solving problems, staff members' willingness to assist, and prompt responses to client inquiries (Kotler and Keller, 2016).
Customer engagement	A distinct psychological state that customers develop with a brand by virtue of interactive, co-creative experiences within focal service relationships (Brodie *et al*, 2013).
Data Analytics	The systematic analysis of data to uncover insights, patterns, and trends that can inform strategic decision-making in marketing (Palmatier and Sridhar, 2020).
Personalisation	This process occurs when a firm tailors its offering to meet unique client needs (Rootman *et al*, 2011).
Prediction modelling	A technique used to forecast future trends and outcomes based on historical data. This helps marketers anticipate customer preferences, identify potential opportunities, and mitigate risks more effectively (Palmatier and Sridhar, 2020).
Relationship marketing	This is the process of forging, sustaining, and enhancing robust connections with a company's customers and other stakeholders (Albérico and Casaca, 2024).

1.8 Assumptions

Some assumptions in this study include participants providing accurate and reliable information which reflect their unique experiences, as the sample is reflective of a broader population. This is controlled by encouraging participants to be honest during their participation and diversifying the demographic of participants. It is also assumed that the business activity and environment has stabilized to pre-COVID levels, and that customers are receptive to these relationship marketing efforts. By keeping the study financial sector specific, and not linking it to individual FSPs, the assumption is that rational inputs will be obtained which are not aligned to promote certain company brands.

1.9 Chapter Outline

Chapter 1 is composed of the introduction, background information, research problem and research questions, objectives and significance of the study, scope and limitations of the study and overview of the dissertation structure.

Chapter 2 focuses on existing literature reviewing relationship marketing's effect on consumer behaviour and introduces the theoretical and conceptual frameworks, overview of previous studies and critical evaluation of existing literature. The identification of research gaps, form the basis of the need for further investigation.

Chapter 3 focuses on the research methodology which includes research approach and design, data collection methods, population and sampling techniques, data analysis techniques, study limitations, quality assurance and ethical considerations. This study will use qualitative methodology to assess consumer behaviour.

Chapter 4 presents the data collected and the analysis thereof based on established methods of study. Through thematic analysis, the data will be decoded to convey information that responds to the research objectives.

Chapter 5 interprets the findings from the previous chapter and discusses how they compare with previous studies, while examining the practical and theoretical implications thereof.

Chapter 6 provides a summary of the findings, highlights the contributions to new knowledge, reflects and makes recommendations for future studies.

CHAPTER 2.LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

The availability of Customer Relationship Management (CRM) databases has enabled businesses to strategically use relationship marketing to form long-term relationships with their customers (Bai and Qin, 2016). Relationship marketing efforts seek to build ongoing relationships between customers and businesses, with the aim of increasing customer loyalty and maximizing mutual value. This literature review aims to explore the evolution of relationship marketing, its theoretical foundations, and the key concepts and strategies associated with its implementation. The evaluation will also look at the empirical data demonstrating relationship marketing's success in raising customer satisfaction, loyalty, and retention. This review seeks to contribute to the ongoing development and improvement of this marketing approach by giving a thorough overview of the present status of relationship marketing in South Africa.

2.1.1 *Definition of topic*

One of the key factors driving the relationship marketing practices is the growing importance of customer experience. Authors are increasingly highlighting the pivotal role of customer engagement in business interactions, emphasizing the customer's resource investments in those engagements (Lemon, and Verhoef, 2016). The quality of the customer experience and interactions with businesses, determine whether the consumer will continue doing business there or not (Grönroos, 2017). It therefore becomes important for businesses to convince customers about their superiority and differentiate themselves from competitors. In today's globally competitive market, customers are more accessible via the internet and there are lower barriers to entry of new firms from emerging markets (Palmatier and Sridhar, 2020). With the world being more interconnected, customers are able to express dissatisfaction with existing FSPs more rapidly, through networks of engagement such as social media. This can negatively influence existing and potential customers about a particular company's brand and reputation.

Pre-COVID, customer loyalty within the South African financial services sector was visibly decreasing due to multiple factors. These include the heavily marketed ease of switching between service providers, economic changes, changes in consumer preferences and strict regulatory requirements (Mackay *et al*, 2014). Another possible cause of client attrition could have been a lack of trust in financial institutions which may have been brought on by several issues, including a history of financial fraud or a belief that financial institutions were not acting in the best interests of their clients. These factors placed companies under significant pressure to redefine their customer value propositions and differentiators, to ensure they remain visible and relevant to their existing client base.

This systematic literature review aims to identify research gaps, from a relationship marketing perspective, and provide a motivation for the conceptual framework that is used as a guide in this study.

2.2 Industry Overview

The South African financial services sector comprises of banks, insurance companies, asset managers, and other financial intermediaries. According to the FSCA Financial Sector Outlook Study 2022, insurance companies cater to millions of South Africans, with funeral insurance being the most held risk product. More than 81% of South Africa's population above the age of 16, have access to bank accounts, however, genuine access to financial services remains limited, as seen by the low levels of account utilization. The investment and asset management industry serves millions of customers with an estimated R4.26 trillion in total assets under management, as of 30 September 2021 (FSCA, 2022).

The regulatory landscape, product offerings, and number of rivals in the financial sector have all changed significantly (Mackay and Major, 2017). In recent years, the sector has changed from traditionally product-focused capabilities, such as transactional services, deposit storage, credit provision, insurance and investment options, to more customer-centric, well-rounded offerings (FSCA, 2022). To provide alternative solutions from conventional financial products, increased investment has been allocated to research and development to better understand customers and their financial needs.

2.2.1 *Relationship Marketing*

The formal study of marketing originated in the early 20th century and initially focused on the dissemination and exchange of goods and products, particularly in the context of manufacturing and production (Vargo *et al*, 2020). This industrial era was characterized by mass production, the rise of middlemen, and the separation of the producer from the customer, which led to a transactional focus of marketing (Hollensen and Opresnik, 2015). This dominant logic focused on tangible resources and heavily relied on economics which provided a foundation for understanding consumer behaviour, market structures, and pricing strategies. Product accessibility was key to capturing markets, however, the goal towards increased client acquisitions, developed a need to better understand clients and the development of a marketing orientation (Baron *et al*, 2010).

Due to significant changes in marketing's context, such as globalization, deregulation, economic shifts, evolving customer expectations, and the rapid advancement of information technology (Lindgreen, 2004), the channels of direct interaction between consumers and producers were reopened and consumers became more discerning and demanded more personalised and responsive service (Baron *et al*, 2010). Businesses then needed to focus on building long-term relationships with their customers to meet these expectations. This required a shift in focus from short-term transactional exchanges to building ongoing relationships based on trust, communication, and mutual value creation (Spies *et al*, 2022).

The growth of the service economy allowed for the evolution of the study of marketing to encompass a broader range of topics and approaches, in an aim to bring stability and decreased uncertainty in a dynamic business environment. Berry (1983) was widely credited with coining the term "relationship marketing" which he defined as "attracting, maintaining, and – in multi- service organizations – enhancing customer relationships". Since then, several scholars have significantly contributed in shaping and advancing the field of relationship marketing, guiding its transition from a transactional to a relational perspective.

Table 2: Literature review Matrix

Author(year)	Methods	Arguments	Who do they agree with?	Who do they disagree with?
Eisingerich and Bell (2006)	Questionnaire answered by of 4,244 'high value' clients, randomly generated.	They emphasize the importance of educating customers about financial products and services, encouraging customer participation, and effective problem management to maintain customer loyalty.	Agreed with Baron and Kenny (1986) that clients become more involved in the service process, they tend to take on a greater share of responsibility for service outcomes, both positive and negative	Disagreed with Wind and Rangaswamy (2000) on the assumption that customer participation always enables better customisation service offerings.
Schmitt, and Zarantonello (2013).	Provide empirical results, formative research, and understanding of the experience process.	While concepts of customer experience and experiential marketing have gained significant attention in marketing research and practice, this research area is still emerging.	Agreed with various scholars of the view that consumer experiences have their own logic and rationality.	Disagreed with Kant (2008) view that consumer experiences should be viewed suspiciously.

Du Plessis and Roberts-Lombard (2013)	Probability sampling of 254 customers completing questionnaire of 7-point Likert-type scale statements	Satisfaction is considered an outcome of commitment and trust. Customer loyalty will increase if there is two-way communication and disputes with consumers are avoided or resolved before they turn into longstanding issues.	Agreed with Bowden-Everson, Dagger and Elliott (2013, p. 55) argue that satisfaction is an essential part of the relationship, as trust reflects the level of satisfaction.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the existing body of research.
Chandra *et al* (2022).	Comprehensive review of 383 publications	Personalisation is a key driver of success in modern marketing	Agree that Vesanen's (2007) conceptual framework on Personalisation, is renowned in the field of personalised marketing.	Does not disagree with past researchers but notes the absence of a comprehensive review that examines the existing literature on personalisation in its entirety.

Spies *et al* (2022).	Quantitative descriptive research design from a sample of 1230 wealth management customers.	The emotional connection that customers have with their wealth management provider, can have both direct and indirect effects on customer retention.	Agree with Moussa and Touzani (2013) that the attachment related to the customer's emotional bond with their provider, leads to increased loyalty and willingness to remain with the provider.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the existing body of research.
Bick *et al* (2010).	A quantitative research design composed of 4035 clients in retail banking across 10 African countries.	Customer service is a key factor in driving customer satisfaction and loyalty in the retail banking industry.	Agree with Knight (1999:356) who emphasized the need for more research into international marketing of services.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the existing body of research.
Mackay *et al* (2014)	Quantitative descriptive research design. Self-administered questionnaire	Relational benefits have a positive impact on customer satisfaction.	Agree with Chen and Hu (2013) and Yen, Liu, Chen and Lee (2014) on the	Does not explicitly disagree with any previous studies or literature. The

	from clients in Gauteng. 907 participants.	Trust, communication, and personalisation were identified as key drivers of customer satisfaction.	importance and relational benefits on customers' satisfaction and behavioural intentions.	results of this study are generally aligned with previous research on the topic.
Mackay and Major (2017)	Quantitative research approach of 464 South African retail bank customers.	The strongest predictors of customer loyalty are perceived value, service quality and customer satisfaction	Agree with Mecha *et al*. (2015:270) that that relationship marketing fosters create intimate relationships with customers for mutual benefit.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon existing body of research.
Baron *et al* (2010)	Empirical review	Provides a synopsis of the origins and history of relationship marketing.	Aligns with the consensus that the marketing mix approach no longer informs research in the twenty-first century and has lost credibility.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the existing body of research.

Lindgreen (2004).	Single-business study	Comprehensive overview of the key considerations and recommended techniques for designing, implementing, and monitoring a successful CRM program in a real-world business context.	Agree with Brodie et al. (1997) that there is a “pluralistic approach to marketing”.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the existing body of research.
Kim and Hyun (2022)	Questionnaire survey	Customer participation positively affects repurchase intention and that this relationship increases for customers with higher levels of relationship commitment.	Agrees with Dwyer *et al* (1987) role of relationship commitment in moderating the relationship between customer participation behaviour and repurchase intention.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the existing body of research.
Payne *et al* (2005).	The “six markets” stakeholder model is examined in a	Effective relationship marketing strategies should	Agrees with Emshoff and Freeman (1979) that there is	Does not explicitly disagree with any previous studies

	wide range of business contexts.	focus on building and maintaining strong relationships with stakeholders across all six markets, instead just focusing on the customer market.	strong resource emphasis on visible stakeholders i.e. customers.	or literature. Rather, the authors build upon and contribute to the existing body of research.
Brady and Cronin (2001)	Qualitative and empirical research.	Customers first form a general impression of service quality, which then influences their perception of other specific dimensions.	Agrees with competing perspectives from (Asubonteng, McCleary, and Swan 1996; Lam and Woo 1997; Mels, Boshoff, and Nel 1997).	Argue that their proposed hierarchical approach integrates the two competing perspectives due to the multidimensional nature of service quality.
Mujinga (2020)	Quantitative survey research from 184 online banking customers.	Online banking in South Africa has a relatively high level of service quality. Efficiency and reliability are important factors.	Agrees with Wilson et al. who recognises service quality as a key factor in attaining and sustaining customer satisfaction.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the

				existing body of research.
Parasuraman *et al* (2005).	Survey-based approach.	E-S-QUAL model is an acceptable and reliable tool for evaluating electronic service quality and can be used by businesses to improve their digital service offerings.	Agrees with (Mick and Fournier 1998) that there is some proof that customers are willing to adopt or accept new technologies.	Does not explicitly disagree with any previous studies or literature. Rather, the authors build upon and contribute to the existing body of research.

Summary of the research gaps identified from literature review:

1. Future studies need to investigate the role of attachment in customer retention across different cultures and nations.
2. Further research into which specific aspects of personalisation are most effective in fostering attachment and improving customer retention in wealth management.
3. Further research and prioritizing of customer expectations that are specific to each country on the African continent.
4. Limited research concentrating on customer relational benefits in the short-term insurance industry.
5. There aren't many scholarly secondary sources on the short-term insurance market.
6. Few published empirical studies have looked at the practical aspects of CRM program design, implementation, and monitoring.

7. Future studies needed to evaluate the emergence of various forms of customer participation methods which combine AI-based virtual reality in digital service environments.
8. Further research into developing planning methods for various identified stakeholders and vigorous testing of the known stakeholder models.

2.2.2 *Service quality*

In the services industry, customers often take part in the production process, while consuming the service simultaneously. This presents unique challenges for ensuring and controlling service quality, as quality is often co-created during the interaction between the service provider and the customer (Kim and Hyun, 2022). The services literature recognizes that customer relationship quality depends on the processes that serve them. Service quality is a pivotal part of the customer experience, due to the multiple points of interactions. A consumer's perception of a business can be influenced by their specific customer service experience. Authors Crosby *et al* (1990) and Du Plessis and Roberts-Lombard (2013) state that interpersonal relationships impact perspective on relationship quality and can shape customer perceptions of service quality. When client expectations are met or exceeded, they could perceive the service as being of high quality. Similarly, if their expectations are not met or their recent experience was poor, they could perceive the service as being of low quality.

The Brady and Cronin Jr. (2001) model proposed the integration of two competing perspectives on perceived service quality: The Disconfirmation Paradigm and the Expectancy-disconfirmation Theory. While the Expectancy-disconfirmation Theory proposes that customers form expectations about service quality based on past experiences and external information, the disconfirmation paradigm suggests that customers assess service quality by comparing their expectations with their actual experiences (De Bruin, *et al*. 2021). A combination of both approaches may be appropriate due to customer heterogeneity. Various authors identified cross-national differences in service expectations, which led to culture being identified as a likely key factor impacting perceptions and expectations of service quality (Bick *et al*, 2010).

2.2.3 *Customer experience*

Eisingerich and Bell (2006) emphasize the importance of customer education, participation, and conflict management for customer loyalty in a complex, multi-product financial sector. This is further supported by Schmitt and Zarantonello (2013) who stated that the consumer experience is a complex and multi-dimensional phenomenon that involves cognitive, emotional, and sensory elements. They proposed a five-step CEM (Customer Experience Management) framework for understanding the different components of the consumer experience and how they are related:

1. **Analysing the experiential world of the customer:** This step involves collecting feedback from customers through surveys, focus groups, and other methods to understand their needs, expectations, and preferences.
2. **Building the experience platform:** This step involves designing the customer experience using the insights gained from listening to customer feedback. Design experiences that are emotionally engaging, memorable, and consistent across touchpoints.
3. **Engineer the customer brand experience:** This step involves ensuring that the designed experience is feasible and can be delivered consistently across all customer touchpoints, including online and offline channels.
4. **Deploy the customer interface:** This step involves implementing the designed and engineered experience across all customer touchpoints, training employees, and ensuring that the experience is delivered as intended.
5. **Engaging in continuous innovation:** Analysing customer feedback and data to identify areas for improvement and making ongoing enhancements.

2.2.4 Customer feedback

Measures of customer engagement include customer satisfaction surveys, service reviews, and social media engagement metrics, which provide important feedback on existing products and services. While these metrics are useful for capturing current perceptions, they may not fully capture emerging trends, changing preferences, or unmet needs that customers may have in the future. Therefore, FSPs should supplement traditional feedback mechanisms with proactive approaches to stay attuned to evolving customer expectations and preferences.

Current trends in personalised marketing include customer co-creation initiatives and the use of artificial intelligence (AI) and machine learning to analyse consumer data and develop targeted campaigns. This involves the integration of personalised content across multiple channels, and emphasis on establishing long-term relationships with customers through personalised experiences (Chandra *et al*, 2022). FSPs can consider implementing additional AI strategies such as market research and trend analyses, data analytics and predictive modelling techniques to effectively engage with and meet the diverse needs of modern consumers.

2.2.5 *Proposition 1*

Digitisation strategies enhance customer satisfaction.

2.2.6 *Customer service*

Customer heterogeneity is addressed through contextual factors which seek to personalise the product/service offering and increase a customer's relationship orientation (Palmatier and Sridhar, 2020). Exceptional service is required to build and sustain a successful company, comprised of devoted customers, who contribute to a profitable organisation (Kotler and Keller, 2016). Through ongoing communication and mutual learning, FSPs can acquire valuable insights into how their products and services are perceived by customers. This allows them to tailor their offerings to better meet customers' unique requirements. CRM databases provide opportunities to personalise customer interactions, identify the most significant clients, calculate the lifetime value of specific clients or client groups, and increase the feasibility of cross-selling (Baron *et al*, 2010).

2.2.7 *Customer satisfaction*

According to Kotler *et al* (2021) customer satisfaction is "a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". This can also be described as customer's emotional state toward a relationship. Literature emphasizes trust, commitment, and satisfaction as key factors in building and maintaining long-term relations. Gratitude and

reciprocity, coupled with trust and commitment, allow the relationship with the customer to become stronger and can create commitment (Šonková and Grabowska, 2015). This provides customers with an added perceived value, which can make them less price sensitive and may discourage them from wanting to do business elsewhere (Grönroos, 2017). In addition, satisfied clients are more likely to comment positively about the business to others, creating an ideal combination of business–consumer and consumer–consumer exchange and the development of stronger ties over time (Ren *et al*, 2022).

While some studies contend that satisfaction results from trust and commitment satisfaction, others see it as a cause of these two factors. Satisfaction can be viewed as both a result of trust and, as a mediating factor between commitment, trust and other factors (Mackay and Major, 2017). Treating customers well and doing the unexpected, such as promoting frequent management contact with customers and using customer data to personalise offers, can improve customer satisfaction (Du Plessis and Roberts-Lombard, 2013). Increased levels of satisfaction based on mutual benefit, might ensure lower levels of conflict between engaging participants, and stimulate longevity of the ongoing relationship.

2.2.8 *Proposition 2*

Personalisation strategies enhances customer satisfaction.

2.2.9 *Relational benefits*

Relational benefits refer to the non-tangible benefits that customers experience with a company (Mackay *et al*, 2014). Payne *et al* (2005) proposed a "six markets" model, which is comprehensive framework that is based on the principle that relationship marketing involves the management of six distinct domains. These six markets are critical to building and maintaining strong relationships with stakeholders (Amine and Ouhna, 2023:

1. **Internal market:** This refers to employed staff and how they relate with the organization. A strong internal market is key to the success of relationship marketing, as employees primarily drive customer satisfaction and retention efforts.

2. **Referral market:** This refers to the relationships that the organization has with other entities, such as suppliers and business partners. Building strong relationships with these stakeholders can increase reputational value and generate referrals and new business opportunities.

3. **Influence market:** This refers to the relationships that the organization has with key opinion leaders and influencers in the market. Building strong relationships with these stakeholders can help to enhance the credibility and influence of the organization in the market.

4. **Customer market:** This refers to the relationships that the organization has with its customers. Building strong relationships with customers is the primary goal of relationship marketing, as it can help to enhance customer satisfaction and leads to increased loyalty and more profitable relationships over time.

5. **Recruitment market:** This refers to the relationships that the organization has with potential employees and job candidates. Building strong relationships with these stakeholders can help to attract and retain top talent and enhance the organization's reputation as an employer of choice.

6. **Supplier and alliance market:** This refers to the relationships that the organization has with its suppliers. Strong relationships with suppliers can help to ensure the timely delivery of goods and services and enhance the quality and value of the organization's offerings.

The six markets model is a relatively complex framework that involves managing multiple relationships and stakeholders. Relational commitment is an important feature in relational exchanges, as it can serve as a long-term measure of success. Although it is important for organisations to not only be concerned with customer exchanges, but rather a broader range of stakeholder relationships, not all stakeholder markets require the same degree of attention and emphasis (Payne *et al*, 2005), hence the specific focus on customer markets for the purpose of this study.

Good customer service personnel often provide powerful barriers to customer defection, through effective relationship management practices. In their papers from 1985 and 1988, Parasuraman, Zeithaml, and Berry highlighted that discrepancies often exist between the

promises and messages conveyed through a company's external communications (e.g., advertising, marketing) and the actual service delivered by employees. These differences can lead to customer dissatisfaction and can contribute to failure in meeting customer expectations. Their research emphasized the importance of aligning customer expectations with the service that is actually provided, in order to bridge these gaps.

2.2.10 *Proposition 3*

Ongoing communication leads to satisfaction.

2.2.11 *Customer retention*

Relationship Marketing aims to acquire and retain customers through defensive strategies, such as reducing customer turnover and increasing customer retention (Brady *et al*, 2010). Customer retention involves building and maintaining a base of committed customers that will increase the profitability of the organization (Palmatier and Sridhar, 2020). Customer lifetime value (CLV) is a common metric used in managing customers profitably which measures the average revenue a customer generates over the course of their engagement with a business. It considers the potential future revenue generated by the customer, discounted to its present value, and is crucial because it guides strategic decisions related to marketing investments, customer acquisition, and customer retention efforts (Kumar and Rajan, 2020).

Although there are lower costs associated with customer retention than new customer acquisition, consumer retention alone is insufficient as some consumers may remain loyal but still not be profitable in the long run (Šonková and Grabowska, 2015). Costly relationship marketing efforts can undermine company performance; therefore, consumer segmentation based on profitability analysis is crucial for making effective retention decisions (Grönroos, 2017).

Although relationships alone are not enough to keep a customer committed, satisfaction can take place immediately after a successful process which is crucial for building loyalty (Du Plessis and Roberts-Lombard, 2013). The customer can develop an emotional bond with the FSP which can lead to increased loyalty and willingness to remain with the provider (Spies *et al*, 2022). The assumption that increased customer participation always

leads to better service offerings and increased customer loyalty, may not always hold true, especially if the customers do not have the required skills or knowledge to contribute in a meaningful way (Eisingerich and Bell, 2006). Therefore, it is crucial for FSPs to carefully consider the degree and kind of customer involvement that is appropriate for their particular context, and to actively seek out feedback from knowledgeable and skilled customers who can offer insightful observations and suggestions for improvement. By doing this, service providers can take advantage of the benefits of customer involvement, improve their service capabilities and boost client retention.

2.2.12 *Proposition 4*

Empowerment leads to loyalty.

2.2.13 *Financial security*

Studies have confirmed that perceived financial security impacts client well-being and overall life satisfaction (Boshoff et al, 2022). The 2016 Wells Fargo scandal in the United States involved bank employees creating unauthorized accounts in the names of existing customers and issuing debit/credit cards, without their knowledge or consent, to meet aggressive sales targets. This violation of customer trust led to significant financial and legal consequences and damages to the bank's reputation. The bank lost millions in customer refunds which highlighted the impact of financial security on client retention.

In response to privacy concerns raised from the collection and building of CRM databases, many countries have implemented data protection laws and regulations to safeguard customer privacy. In South Africa, the Protection of Personal Information Act (POPIA) is the primary law that protects the privacy rights of South African citizens. The Financial Intelligence Centre Act (FICA) is a regulatory framework which seeks to maintain the integrity of customers and the financial system through the establishment of standards for customer identification, due diligence, and reporting of questionable activities.

Developments in online security, such as 3D Secure authentication and Chip and Pin cards, have enhanced security and customer confidence in online transactions (FSCA, 2022). 3D Secure adds an additional layer of security by requiring customers to

authenticate their identity using a PIN number which gets sent to their mobile phone before completing an online purchase. Furthermore, the introduction of virtual cards has provided customers with an additional layer of security and privacy when making online purchases. Virtual cards allow customers to generate temporary card numbers, enabling online shopping without sharing their actual card details. These advancements in online security technologies have reportedly contributed to improved customer trust and safety in the online shopping environment (FSCA, 2022).

2.2.14 *Proposition 5*

Consumer trust is a fundamental component of relationship quality that secures loyalty.

2.3 ANALYTICAL FRAMEWORK

The analytical framework is composed of an integrated overview of the theoretical and empirical concepts of this study.

2.3.1 *Theoretical Framework*

Service-Dominant Logic (S-D)

Scholars Vargo *et al* (2020) proposed the Service-Dominant Logic (S-D) paradigm, which is a theoretical framework that emphasizes the central role of services in value creation and exchange. They argue that value and innovation is not embedded in products that need to be sold, but that it is co-created through the customers-business interaction. According to this paradigm, service refers to applying competency through actions, procedures, and performances for the advantage of another firm or the firm itself (Du Plessis and Roberts-Lombard, 2013). This paradigm supports businesses transitions that are centred towards engaging and empowering customers, in a bid to learn and adapt to their individual and dynamic needs, while cementing loyalty and improving their overall performance. One might argue however, that the S-D paradigm may have limited applicability, as the focus on services may be more appropriate for some industries and less so for others. It is, however, relevant in the financial sector which is has intangible products and multiple points of customer engagement.

Cognitive appraisal theory of emotion

The cognitive appraisal theory of emotion provides a theoretical framework for understanding how emotions influence consumer behaviour. Baggozi *et al* (1999) suggested that individuals make cognitive appraisals of events (evaluations, interpretations, and explanations), which then lead to emotional responses, and subsequently, to behavioural intentions. According to the appraisal theory of emotion, people's emotional reactions are subjective and can vary based on how they assess and process incoming information about events.

Barrett (2017) later expanded on this by proposing the Conceptual Act Theory, which further emphasized that emotions are not triggered by specific events or appraisals but are instead constructed based on the brain's interpretation of the situation. For instance, a customer who is under pressure or pressed for time may be more likely to perceive service as slow or inefficient. Similarly, a customer who is calm and unhurried, might be more tolerant of minor service hiccups and more likely to rate the service as satisfactory. Therefore, it is important to consider a customer's psychological state when assessing service quality (Bick *et al*, 2010). By understanding the cognitive processes involved in emotion construction, marketers can tailor their strategies to evoke positive emotional responses and build stronger relationships with customers.

Involvement theory

According to involvement theory, customers become more involved in the product search and selection process, as a product category becomes more relevant to them (Eisingerich and Bell, 2006). For example, customers may be more involved when making major financial decisions such as purchasing a home or investing in stocks. In such cases, financial service providers can tailor their marketing efforts to provide customers with more detailed information and personalised advice, as well as creating more opportunities for customer engagement and feedback. On the other hand, customers may be less involved in more routine financial decisions such as opening a bank account or applying for a credit card. In these cases, financial service providers may need to adopt different marketing strategies such as offering simplified product information and using more straightforward messaging to communicate the benefits of their products and services. Marketers can effectively target and engage customers considering their level of

involvement in a given product category. This will ultimately increase sales and foster customer loyalty.

SERVQUAL model

There are several dimensions of service quality that customers use to evaluate a service, which include service provider expertise, customer perceptions of fairness, and the degree of personalisation (Crosby et al, 1990). Parasuraman *et al* (1988) designed the SERVQUAL model, which is a multiple-item scale used to measure customer perceptions of service quality. The SERVQUAL model is conceptualized as a hierarchical construct, consisting of the following dimensions: tangibles, reliability, empathy, responsiveness, and assurance (Brady and Cronin, 2001). Tangibles include the appearance of service providers on the outside, such as the layout of their branches and their online presence. The accurate and consistent provision of services, such as access to secure services and quick problem solving, is referred to as reliability. The ability of providers to help clients as soon as possible is referred to as responsiveness. Assurance entails fostering trust and confidence through employee competency and service openness. Understanding and tactfully meeting the requirements of the customer is defined by empathy.

In the South African financial services sector, the SERVQUAL model can effectively guide service quality assessment and improvement efforts. The SERVQUAL model is not without limitations, so one must consider the vagueness of how "consumer expectations" is defined, the gradual steadiness of the scale, and the dimensionality of the instrument (Bick et al, 2010). The SERVQUAL model did not account for technology which prompted Parasuraman *et al*, (2005) to develop the electronic service quality E-S-QUAL measurement scale, that has been widely used in online banking and is further discussed in the next section.

2.3.2 *Conceptual Framework*

The literature highlights the importance of understanding client dynamics, when seeking to improve overall service offerings, while also acknowledging customer heterogeneity and psychological and intellectual factors that may persist against successful execution of relationship marketing strategies. It is important to note that changes in time and consumer preferences, due to increased access to various sources of information. have led

customers on the pursuit for value-adding services. Through the literature review, the conceptual framework for the study of the effect of relationship marketing on South Africa consumers can be developed. The E-S-QUAL model is an extension of the SERVQUAL framework and consists of 22 items grouped into five dimensions, which are:

- **Efficiency**: the simplicity and speed of access to the electronic service.
- **Fulfilment**: the effect of how electronic service meets the customer's needs and expectations.
- **System availability**: the extent to which the electronic service is available and reliable.
- **Privacy**: the extent to which the electronic service protects the customer's personal information and data.
- **Responsiveness:** how the electronic service provider is able and willing to provide prompt and helpful assistance to customers.

The E-S-QUAL framework allows for the highlighting of factors which have the most significant effect on customer satisfaction and loyalty and can assist FSPs in developing strategies that improve and enhance those factors. Mujinga's (2020) research using the E-S-QUAL framework, highlighted the need for South African banks to invest in technology and training to ensure that their online banking services are efficient, reliable, and user-friendly. This framework can be extended across the financial sector and is selected for the purpose of this study.

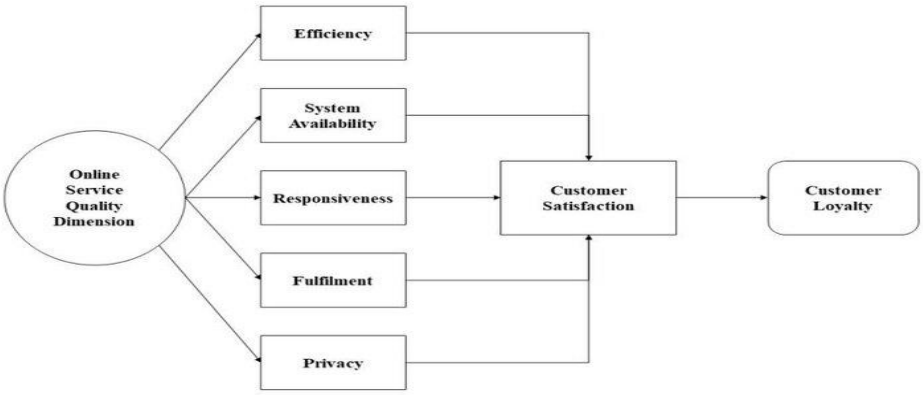


Figure 1: E-S-QUAL Conceptual Framework (Parasuraman *et al*., 2005).

2.4 Conclusion of Literature Review

To build and maintain successful long-term customer relationships, various researchers agree that businesses need to realise the importance of understanding consumers' dynamic needs and preferences, creating experiences that are authentic and relevant, and measuring the impact of experiential marketing on consumer behaviour. Effective problem management and ongoing communication is essential for maintaining customer loyalty.

2.4.1 Proposition 1: Digitisation strategies enhance customer satisfaction.

Technology enhances relationship marketing strategies and can assist FSPs with differentiating themselves from competitors.

2.4.2 Proposition 2: Personalisation enhances customer satisfaction.

Building solid relationships with clients can help FSPs better understand their consumers' wants and preferences which is useful when tailoring their products and services to meet those expectations.

2.4.3 Proposition 3: Ongoing communication leads to satisfaction.

By providing personalised and attentive customer service, FSPs can raise client satisfaction levels. Customers are more likely to stay loyal if their problems are resolved quickly and effectively, and where there is a trusted platform for two-way engagement.

2.4.4 Proposition 4: Empowerment leads to loyalty.

Satisfied customers can lead to referral/ word-of-mouth marketing, as satisfied customers are prone to referring a company to others, which can bring about repeat business and positive ratings.

2.4.5 Proposition 5: Consumer trust is a fundamental component of relationship quality that secures loyalty.

Perceived financial security, ethical behaviour and transparency can influence customers to remain interested in continuing transactional activities with their chosen FSP.

CHAPTER 3.RESEARCH METHODOLOGY

This chapter will discuss the research methodology that will be used to address the research objectives. The overall structure of this chapter will include the following sub-headings: research approach and design, data collection methods, population and sample, procedure for data collection, analysis and interpretation and ethical consideration.

3.1 Research approach

A qualitative research methodology is selected to address the propositions that arose from the literature review, as there is no clear cause-effect relationship that outlines the influence of relationship marketing efforts on customers. This method is selected to introduce novelty to the research as existing studies in similar fields mainly focussed on quantitative methods (refer to Table 2). This approach allows for an exploratory investigation into the complex phenomenon of client satisfaction and retention in response to relationship marketing strategies. Each participant is able to provide a deep, nuanced understanding of their experience which can prove valuable to FSPs' business strategies.

This study will follow a constructive, inductive research paradigm as the propositions made, are based on existing literature which has limited reach in South Africa. The key variables that need to be examined are not clearly defined, therefore this study aims to expand the existing knowledge, to explore and generate new insights. Where quantitative research is concerned with producing statistically generalizable conclusions, qualitative research seeks to explain the underlying reasons, meanings, and motivations behind human behaviour, without constraining participants (Creswell, 2014). This approach is often associated with interpretivism and constructionism which emphasize understanding and interpreting the subjective meanings and constructions individuals assign to their experiences (Tomaszewski *et al*, 2020).

3.2 Research design

The overall study design is Qualitative General which involves gathering and analysing textual data, as per process below (Ochara, 2023):

1. Definition of the desired population
2. Selection of sampling strategy
3. Deciding on sample size.
4. Recruiting potential participants.
5. Screening and selecting participants that are able and interested in participating in the study.
6. Obtaining informed consent before starting the data collection process

3.3 Data collection methods

Data is gathered from an online data collection medium Qualtrics, which will be further discussed in the Research Instrument section. The benefit of using this method is that it is least resource-intensive, and the ease at which online links can be sent allows for quicker responses, larger sample size and greater time for the analysis and interpretation of the results.

3.4 Population and sample

3.4.1 *Population*

The population for the research is any individual, over the age of 21 - 60, who owns either an insurance, investment or banking product with a registered FSP in South Africa. This is because financial institutions operate on a robust, regulatory Treating Customers Fairly (TCF) framework that promotes fair customer treatment across all demographics. Participants selected would have been at least 18 years of age during the COVID-19 pandemic, as this is the age when the customer becomes a legal adult and will have full transactional access to their financial products. The age is limited to 60 as there may be difficulties with digital access, with further age increases.

3.4.2 *Sample and sampling method*

The sampling strategy used is purposive sampling, where individuals who are most likely to contribute valuable insights for this research, are selected. The desired demographic consists of employable adults that have financial products in at least one of the three

identified financial services sectors: banking, insurance and investment sectors. The wide range in terms of age and gender is introduced so that the research does not possess obvious limitations. The sample size is from 10 – 20 to capture as much context-specific insights, as possible. This was determined through a review of studies in similar fields, as discussed in more depth from the previous chapter (please refer to Table 2). The expectation is to conduct as many interviews as possible to contribute new insights and perspectives to the field. As this is a qualitative study, there are no strict rules governing sample size, as the determination relies on the research's objectives and the significance of the study (Shaheen et al, 2019). Willing participants are entered into a lucky draw for a R150 Takealot voucher, as a token of appreciation. This sponsorship is obligation-free and serves to thank them for completing the process.

3.5 Research instrument

The actual instrument used is an interview guide, generated through Qualtrics XM survey software which is a widely used and highly recommended instrument for data collection. Qualtrics XM was selected as it provides a user-friendly online platform for collecting client experience data, it prioritizes data security and privacy and can be accessed freely through Wits University. The interview guide is compiled in alignment with the research objectives, literature review and theoretical framework. The actual instrument is included in Appendix A.

3.6 Procedure for data collection

Using Qualtrics XM, the interview guide link was created and posted via email and the social media platforms (Whatsapp and Facebook) for willing participants to complete. The interview consisted of semi-structured questions to allow flexibility of the conversation. The benefit of using this data collection method is that it is least resource-intensive (from a financial and time perspective) and the ease at which the interview guide link can be sent, results in quicker responses and greater time for the analysis and understanding of the results. This method also assists in conducting interviews at times that are most suitable to participants and can extend over long distances, especially reaching those participants who might not otherwise be reachable for a face-to-face

setting (Salmons, 2011). Participants also provide contact details for instances where there is a need for further elaboration, when they are willing to.

3.7 Data analysis strategies and interpretation

Thematic analysis is known for its theoretical freedom, accessibility, and flexibility (Nowell *et al*, 2017), and is used to group the information received, into significant themes. This method is particularly useful when seeking to uncover and understand the underlying meanings and views expressed by participants, and the general approach can be summarized in the following steps (Ochara, 2023):

1. Collecting data from interviews conducted.
2. Familiarization with the data from the interview transcripts.
3. Generating initial codes that can assist in identifying data segments.
4. Searching for themes in the collated codes.
5. Reviewing and refining themes over time.
6. Defining and naming themes for clarity and distinction.
7. Reporting on the findings which entails the final write that clearly demonstrates the prevalence and impact of each theme.

The reporting entails the use of Microsoft Excel and ATLAS.ti software to present the findings in figures that are suitable for interpretation.

3.8 Possible limitations and challenges of the study

Potential weaknesses in this study include the following:

1. When researchers and participants interact through computer-mediated communications (CMCs), it is important to acknowledge that the human qualities that are crucial for effective interview communications are experienced differently (Salmons, 2011).
2. Participants may struggle to engage fully during the process, therefore there must be some motivation to get them to remain interested throughout the process.
3. Competing distractions may delay the completion time of the study.

4. CMCs can also introduce technical constraints that may impact the flow and quality of communication. For example, one must consider whether the customer has access to data and quality internet connection to complete the interview guide.
5. Researcher Bias may influence the interpretation of the results received due to individual perspectives relating from personal experiences, cultural background, and values. This is to be mitigated by rigorous analysis methods.
6. Validating the accuracy of findings may be challenging as qualitative data may be perceived to be strictly subjective.

3.9 Quality Assurance

Establishing trustworthiness enhances the quality and reliability of the qualitative research process. The research findings need to be aligned to a pragmatic criterion to prove relevance to a variety of stakeholders (Lorelli *et al*, 2017).

3.9.1 *External transferability*

This study meets the transferability criteria, as the purposive sample is a representation of a range of perspectives and experiences relevant to the research topic. The participants are diverse in terms of age, location, and gender to increase the likelihood of the findings being applicable and transferable to other contexts. A consent form for participants is also signed prior to engagements. Thick descriptions are recommended by various authors, including Creswell (2014) and Lorelli *et al* (2017) as judgments of external transferability.

3.9.2 *Internal credibility*

This research meets credibility criteria as there is enough time to engage with participants as they complete the interview process. This process takes place over a three month period. Where there is confusion when completing the semi-structured interview guide, the researcher has the contact details to further probe for more detailed answers. This allows for enough time to engage willing participants and collect data until no new information, or themes emerge. Creswell (2014) highlights the importance of explicitly stating the sponsorship on the cover letter of a mailed interview guide to establishing

credibility. Data triangulation will further enhance credibility and is introduced in the form of 1 or 2 suitable and recommended YouTube videos, which will provide additional data that may be compared to research findings (Ochara, 2023)

3.9.3 *Dependability*

The research meets the dependability criteria because a detailed record of the research process, decisions, and data collection is kept, including the contact details of the participants; however, access to sensitive information may only be shared upon request, and strictly with the respective individual's consent. To enhance dependability, it was noted why and how each participant was chosen, including the nature of the interaction between researcher and willing participants (Salmons, 2011). There is greater emphasis on exploring and generating unique insights, as opposed to external validity or generalizability.

3.10 Ethical considerations

Ethical clearance from the University of the Witwatersrand is obtained prior to data collection. The four principles of Beauchamp and Childress provide the following framework for addressing ethical concerns in research and are followed strictly (Patton, and Cocharn, 2002):

1. **Autonomy** emphasizes the need to respect the rights of participants by allowing them to voluntarily participate, withdraw, or refuse participation at any time without coercion.
2. **Beneficence** involves doing good by ensuring that the potential benefits of the research offset the risks for participants throughout the research process.
3. **Nonmaleficence** focuses on the principle of "not doing harm" by ensuring safety, confidentiality, and privacy.
4. **Justice** promotes fairness and equity in the selection and inclusion criteria of participants.

Respecting participants' confidentiality is crucial to maintaining trust, therefore all efforts will be exhausted to ensure that explicit consent is obtained for data collection and

storage. They will be informed that the data will be kept in password-protected format online and that it will be destroyed after two years of completion of study.

3.11 Consistency Table

Table 3: Consistency table

	Research Question	**Proposition**	**Data collection detail**	**Data analysis method**
1	How effective are relationship marketing techniques in creating strong relationships with customers?	Digitisation strategies enhance satisfaction.	*Interview guide:* Efficiency Q2 - Q3	Thematic analysis
		Personalisation enhances satisfaction.	Fulfilment Q4 – Q6	Thematic analysis
2	Which relationship marketing tactics are effective for retaining customers post COVID-19 pandemic?	Ongoing communication leads to satisfaction	*Interview guide:* Responsiveness Q11 - Q12	Thematic analysis
		Empowerment leads to loyalty.	*Interview guide:* Responsiveness Q11 - Q12	Thematic analysis
3	Which emerging trends and technologies that are likely to impact this market in the future?	Consumer trust is a fundamental component of relationship quality that secures loyalty.	*Interview guide:* System availability Q7 – Q8 Privacy Q9 – Q10	Thematic analysis

CHAPTER 4.RESULTS

4.1 Introduction

The chapter initially presents the demographics of the sample. This is followed by the results from the semi-structure interview guide, which were used to identify relationship marketing characteristics evident in consumers in the financial sector.

Thirteen participants were interviewed, and the sample size comprised of 46% males and 54% female, with ages between 25 - 53. A varied industry background was selected to gain a broad view from customers that were willing to provide in-depth insights into the effectiveness of relationship marketing strategies, as well as ideas for improvement. Their identities were withheld for security purposes.

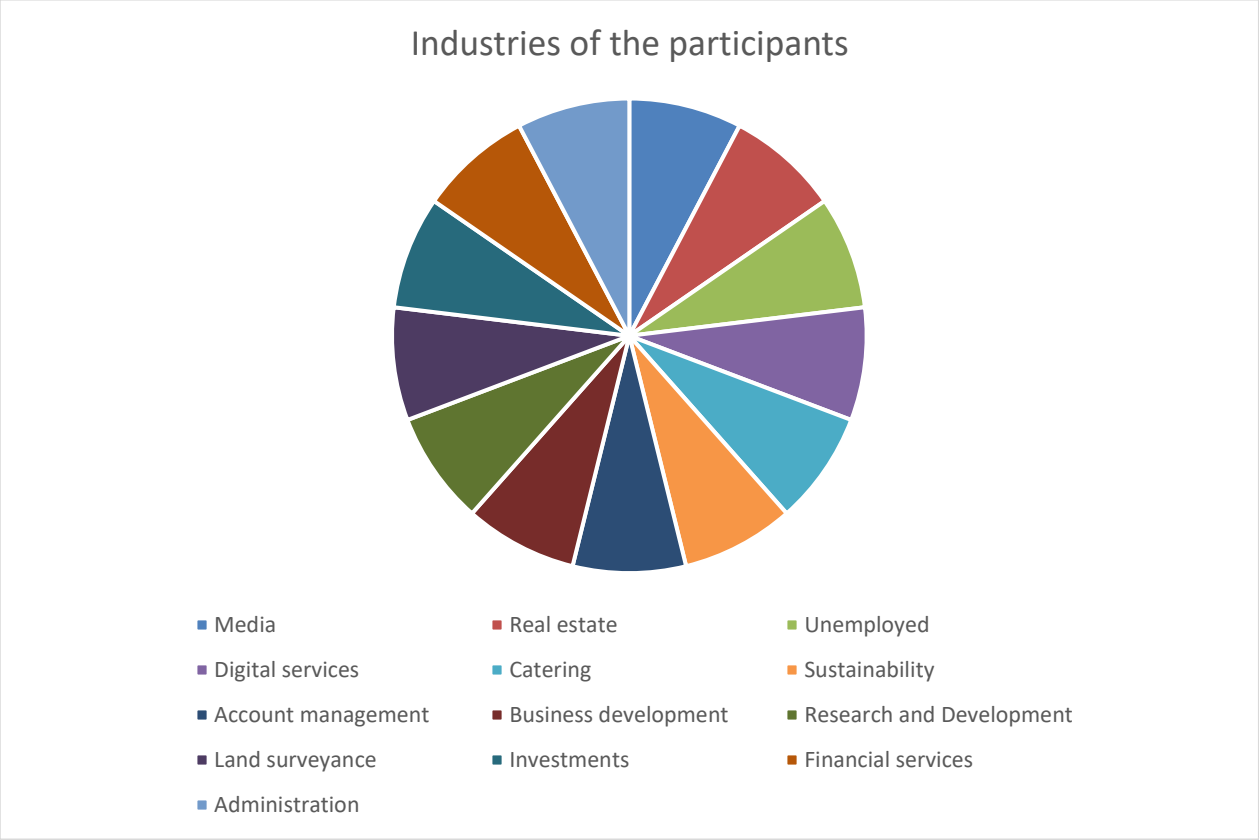


Figure 2: A pie chart representing the different industries of participants.

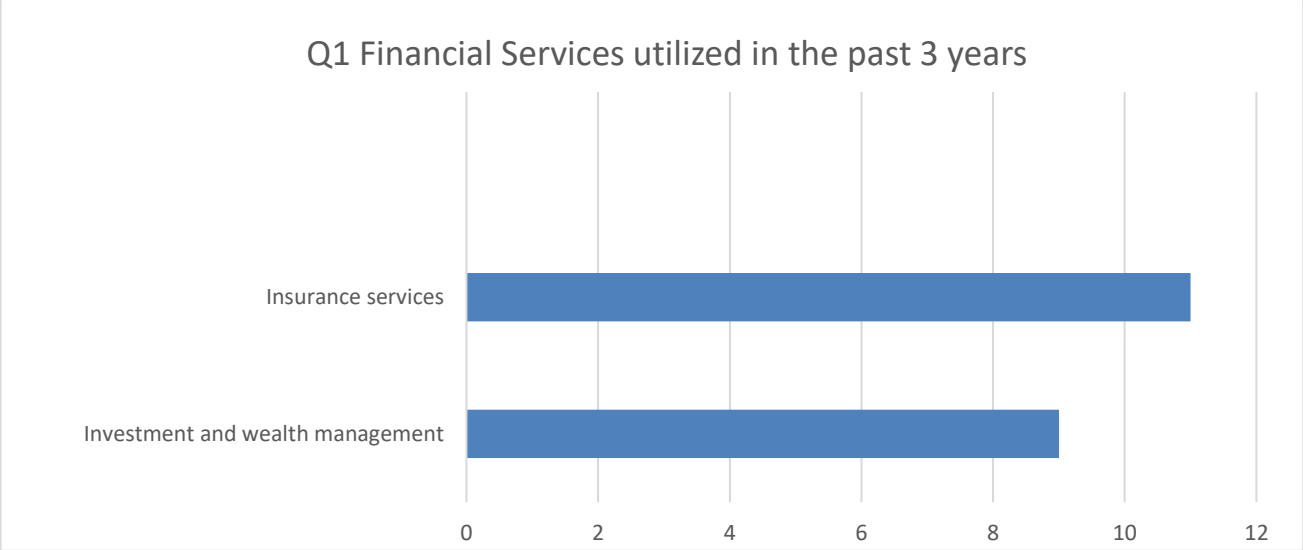


Figure 3: Financial services used by participants in the last three years.

Some of the participant responses are reported in accordance with the E-S-QUAL conceptual framework.

4.2 **Results of Proposition 1:** Digitisation strategies enhance customer satisfaction.

Efficiency: Participants' responses to the simplicity and speed of access to the electronic service:

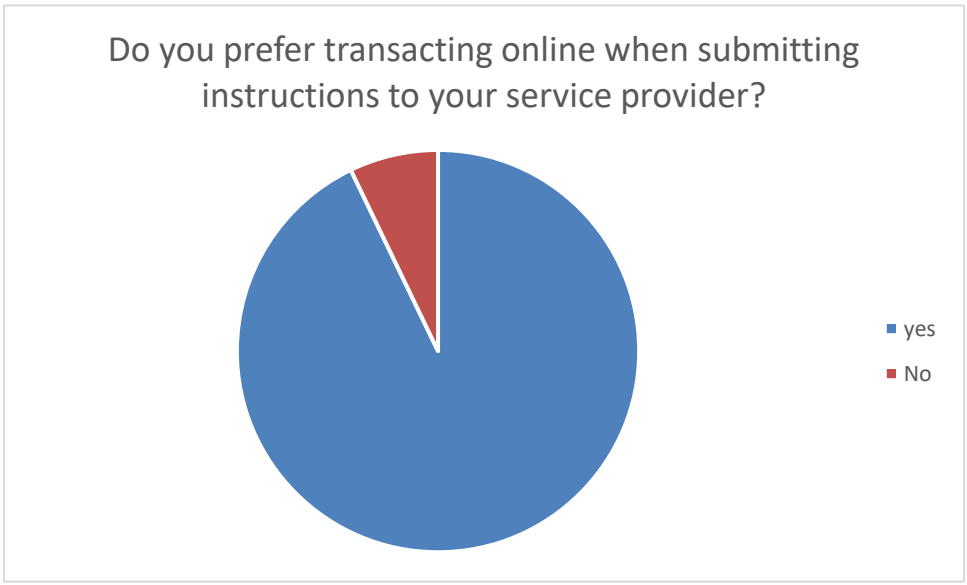


Figure 4: Preference for online transacting

- *Participant 2: Complex procedures would make me postpone the act of seeking service and support.*

- *Participant 6:* *Being a single mom to a toddler means that I do not have a lot of time to do errands that pertain to my financial things, so doing them online just makes it that much easier.*
- *Participant 9:* *No preference either way.*
- *Participant 13:* *Yes - convenient and less errors.*

4.3 Results of Proposition 2: Personalisation enhances customer satisfaction.

Fulfilment: Participants' responses to the effect of how electronic service meets the customer's needs and expectations.

- *Participant 1*: *Investment account is easy and simple to understand. Disinvestment of funds is quick and effective for emergencies.*
- *Participant 4*: *Being able to easily send money to different using either by bank or cell phone number, the safety of not fearing in losing your money unknowingly.*
- *Participant 6*: *I have not had my financial account hacked or manipulated thus far.*
- *Participant 7:* *Having a personal banker, who was effective and efficient through the purchase of my first car and home, cut a lot of the stress and ensured that I was well taken care of. Yes, that is a big part of why I remain committed.*
- *Participant 11:* *I recently acquired a credit facility for my business, and it was all done online within three days. This definitely influences my decision to stay with the institution.*

Fulfilment explored in relation to client experiences:

- *Participant 4:* *I called the call centre for assistance on unauthorised transactions and the consultant was rude and gave me no solution. I escalated this and eventually got assisted. I honestly avoided calling the call centre after that because it was not the first time.*
- *Participant 9:* *Claims experience with OUTsurance. Customer for life.*
- *Participant 12:* *Old Mutual (OM) as I always get great service and innovation in their products e.g. when buying a new house, they provided me with*

best homeowners cover for property, therefore most of my financial matters are with OM.

- *Participant 13:* *Having a Banker who cannot assist me with my needs, either keeps referring me to different departments and not providing feedback or just not interested in me as a client.*

4.4 **Results of Proposition 3:** Ongoing communication leads to satisfaction.

Responsiveness: Participants' responses to how the electronic service provider is able and willing to provide prompt and helpful assistance to customers.

Below responses speak to the general communication that FSPs are mandated to inform clients about:

- *Participant 1:* *It keeps me engaged with what is new and happening and prompts me to review my products or services from time-to-time.*
- *Participant 6:* *It makes me know where I stand with them and if maybe it is time to move onto to another institution.*
- *Participant 8:* *It develops trust and reliability.*
- *Participant 9:* *Communication is a hygiene factor and doesn't really influence me.*

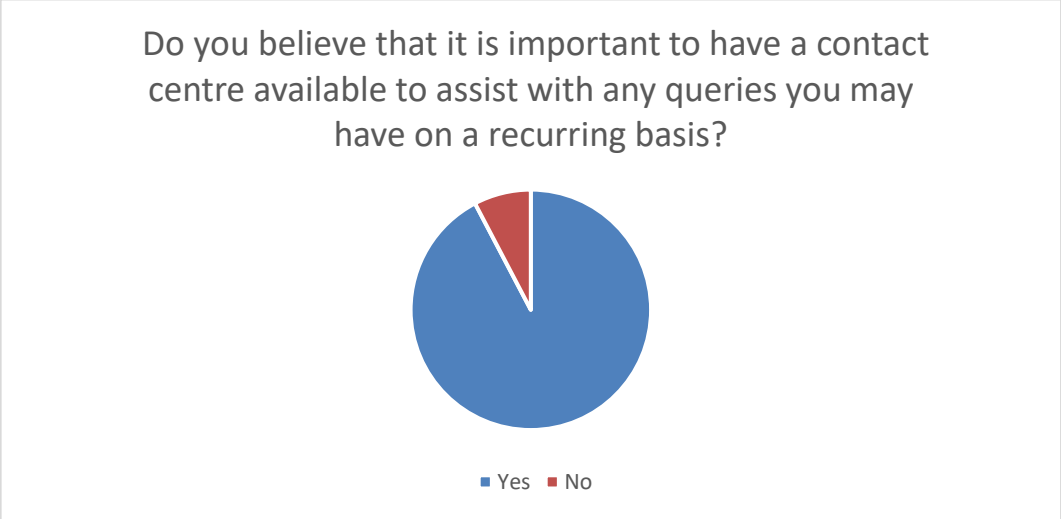


Figure 5: Responses on the importance of available contact centres.

4.5 Results of Proposition 4: Empowerment leads to loyalty.

The below responses relate to the perceived efficacy of contact centres:

- *Participant 3: Yes, there are a lot of scams out in the world. I might need to talk to a real person about problems I face.*
- *Participant 5: Some queries get resolved better digitally better than going to the contact centre, so I do not believe a contact centre is that important.*
- *Participant 11: The call centres are not effective, whilst they do resolve problems it takes too long. It's an inconvenience that a contact centre would not solve in my opinion.*
- *Participant 13: A contact centre is very important, and contrary to everyone, I do think it must operate outside of normal hours.*

4.6 Results of Proposition 5: Consumer trust is a fundamental component of relationship quality that secures loyalty.

System availability: Participants' responses to their experience of electronic service availability and reliability.

- *Participant 5: It depends on what I need to do and the urgency. Availability of reliable systems is 100% important when a transaction is urgent for example.*
- *Participant 11: Availability is very important. We live in a day and age where integration of systems is critical for day-to-day living.*
- *Participant 13: Very important as I transact at any time of the day.*

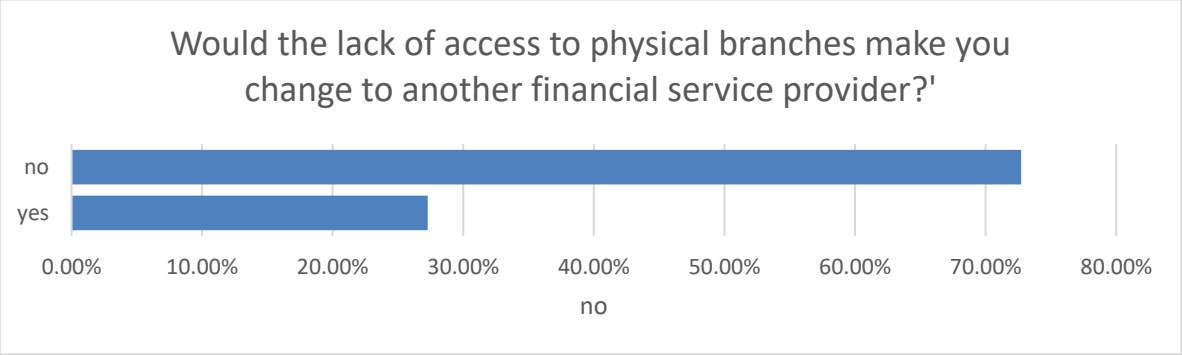


Figure 6: Responses for consideration to change from service providers.

The response from Figure 6, are further explained in the below responses:

- *Participant 1:* *Yes, for access to emergency service and funds (cash).*
- *Participant 2:* *No, it will not. For example, I signed up to Discovery bank and I use this bank account quite regularly.*
- *Participant 4: No, if everything worked efficiently online*
- *Participant 11:* *No. I doubt it'll ever come to that especially in our country with the realities of inequality. I travel quite a bit and some towns are not big enough to warrant a full digital service.*

Privacy: Participants' responses to their experience of how the electronic service protects the customer's personal information and data.

- *Participant 2:* *FNB issues warnings in the app quite frequently. Raising vigilance.*
- *Participant 6: They have been guided by the POPI act so I have not had any problems with my personal information falling into the wrong hands.*
- *Participant 7:* *Very important (to keep data confidential). However, if they do not report breaches in systems, I have no way of telling.*
- *Participant 9: Password-protected documents. Multi-layered authentication processes. One Time Pins (OTPs).*

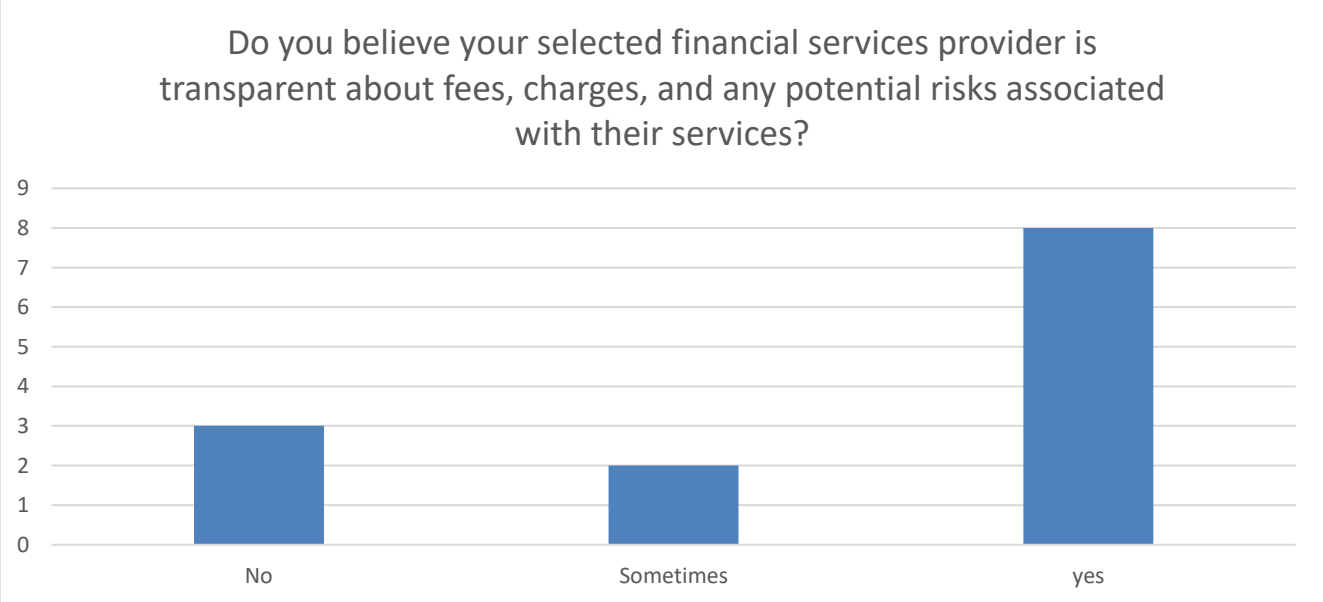


Figure 7: Perceived transparency from service providers

Some responses to the perceived transparency are further unpacked below:

- *Participant 3:* *I don't want to get targeted or called to be advised of something, so if that continues not to be done then, I will remain loyal to it (FSP).*
- *Participant 5:* *Our data gets shared no matter how much you do not consent to it. It shows by the number of phone calls we get from sales. Therefore, the level of importance has gone down.*
- *Participant 7:* *Banking, yes. Investment, yes. Insurers, no – there's a lot of hidden costs that only become apparent at claims stage and all technicalities are not articulated in the policy wording upfront.*
- *Participant 11:* *Yes and no. They put it in the fine print knowing very well that we won't read all of it. The fact that we need their services kind of works against, and so overall I'm not entirely satisfied with it.*

4.7 Summary of results:

Based on the findings, an overwhelming majority of participants prefer online transacting, with the exception of one that has no preference. All participants agree that quick and efficient online transactions are important due to convenience, flexibility, and time-saving benefits. This also eliminates the frustration of complex procedures. Customers appreciate easy-to-understand product offerings, fast processes, quick disinvestment of funds for emergencies, fast underwriting processes, and personalised assistance from knowledgeable staff. These positive experiences influence customers to remain committed. Lack of physical branches is not of significant concern, as less than one third prefer access to them. Participants do base this view on online systems that are functioning and well-maintained.

Regular communication from financial service providers helps maintain a good relationship by keeping customers engaged, informed about updates or changes, and prompting them to review their products or services. Having a contact centre available for queries is important to most participants, especially when they face problems that

cannot be resolved online. While some value the human intervention, there are concerns that it does not always lead to speedy resolutions and that the operating hours are insufficient. Negative experiences include delays and unhelpful customer service. Customers also say they do not wish to be targeted for marketing calls which highlights the need for client consent and involvement when it comes to marketing preferences. Positive past experiences create a sense of familiarity and comfort, making participants more likely to stick with what they know rather than explore new alternatives. Conversely, negative past experiences led to lowered expectations and a reluctance to further engagement with a product or service.

Transparency regarding fees and charges is viewed as crucial for maintaining customer loyalty. Reliable system availability is vital for all participants, who expect access to online services at any time. Efforts taken by some FSPs to protect customers' personal information are noted, including adherence to regulations, password protection, and multi-layered authentication. Customers value the confidentiality of their data, but some remain unsure about specific measures taken by service providers. Overall, protection of personal information is appreciated and contributes to customer loyalty.

CHAPTER 5.DISCUSSION OF FINDINGS

5.1 Introduction

This chapter discusses the results presented in the previous chapter. The discussion will commence with an analysis of the data received from pre-selected customers in the financial services sector. Thereafter, it will examine whether current relationship marketing strategies are effective in keeping these customers committed to their chosen FSPs and whether there are emerging trends from a customer satisfaction and retention perspective.

Key themes emerged based on common sentiments centred around their customer experience. These are listed in the table below.

Table 4: Emerging themes from thematic analysis of data

Valued business operations	Challenges
• Communication • Evaluation • Financial planning • Maintenance • Marketing • Privacy and security • Training • Trust	• Anxiety • Cost • Complexity • Doubt • Inequality • Resolutions • Uncertainty
Customer satisfaction	**Financial concerns**
• Attention to detail • Brand loyalty • Client service • Convenience	• Banking fees • Critique of insurers • Data confidentiality • Data protection and security

• Customer service • Customer value proposition • Desire for simplicity • Effectiveness • Efficiency • Flexibility • Improvement • Individualized service • Innovation • Perceived value • Practicality • Self-improvement • Simplicity • Urgency • User Satisfaction • Knowledgeable staff	• Data sharing • Deception • Decision-making • Being targeted for mass advertising • Financial stability • Hidden costs • Lack of consumer education • Lack of transparency in pricing • Limited resources • Seeking support
Digital preference	Negative experience
• Digital age • Fine print often ignored • Opt-in/out option • Capability improvements • On-demand information	• Avoidance • Dissatisfaction • Distrust • Website Downtime • Frustration • Inconvenience • Inefficiency • Lack of complaint resolution • Limited operating hours • Pandemic disruption • Poor customer service • Time constraints

Addressing these key themes could involve measures such as:

1) Quick processing times
2) Efficiency of customer service
3) Reliability of financial products and services
4) Automation of processes
5) Client involvement in product development

5.2 Discussion of results Proposition 1: Digitisation strategies enhance customer satisfaction.

Prominent Relationship Marketing Strategist Mark Morin during his TEDxLAVAL titled "Building sustainable relationships that bring brands and people closer" (YouTube, 2018) mentioned that today's customer is sceptical, connected and well informed. With the pandemic creating uncertainty and anxiety, customers look for meaningful interactions with businesses that they believe will improve their lives. The views expressed by participants show similar sentiments.

Reliability encompasses several key aspects, such as the technical functioning of the service, accuracy, consistency, and dependability in delivering the promised service (Sukasame, 2005). Participants confirmed that they rely on financial institutions to provide reliable products and services, such as secure online banking platforms, accurate account statements, and dependable investment advice. They often expect quick processing times for simple transactions such as fund transfers, loan approvals, and account openings.

Any breakdowns or inconsistencies in these areas can erode trust and confidence. Participant 11 noted that "*some banking apps are more convenient than others*" which speaks to the unique app features and functionalities that are specific to each FSP. While automated systems and technologies can help FSPs streamline operations and reduce the likelihood of errors or delays, slow performance, glitches, or crashes can lead to frustration and make the self-service process less convenient to use.

Most participants advised that the lack of access to physical branches would not make them change financial service providers. The results received also suggest that face-to-

face interactions seem to be less valued compared to previous times. Participant 2 responded "*No, it will not. For example, I signed up to Discovery bank and I use this bank account quite regularly*". The emergence of digital solutions with lower-cost models, launched by adjacent financial services players such as Discovery in South Africa, represents a significant trend in the financial sector.

Fintech companies are known for their agility and innovation, enables them to rapidly adapt to changing market dynamics and customer preferences. These digital solutions often leverage technology to streamline processes, reduce overhead costs, and offer more affordable services to consumers. While face-to-face interactions with FSPs may still hold value for certain transactions or specific customer segments, the overall trend indicates a growing preference for digital channels due to their convenience, safety, and efficiency.

5.3 Discussion of results Proposition 2: Personalisation enhances customer satisfaction.

Participants confirmed that personalised service, including having a dedicated advisor or banker, reduced stress and enhanced the overall experience, while competitive interest rates, good service, and helpful advisement contributed to satisfaction and loyalty.

Satisfied customers, who appreciate the quality of products or services provided, experience feelings of gratitude which prompts a need for reciprocation (Palmatier and Sridhar, 2020). None of the questions in the interview guide required participants to mention their preferred brand names in the financial sector however, Old Mutual and OUTsurance were mentioned in responses linked to best financial experience. This promotion of brands speaks to recognized value of nonpurchase interactions (Brodie *et al*, 2013).

Old Mutual (2023) has credited its 178-year success to building strong relationships with its customers through its customer-centric approach. During the COVID lockdown periods, Old Mutual announced 'premium holidays' in their product features to allow customers to remain insured despite missing several premium payments. Similarly, OUTsurance (2020) committed towards a relief fund for their customers facing financial strain. Marketing communications and services tailored to individual customer

preferences and needs, demonstrates a deep understanding of their unique requirements, and appears to boost customer satisfaction and retention which is in line with previous-finding.

FSPs should prioritize financial products and services tailored to the specific needs and expectations of different customer segments, while offering convenience to customers through various platforms (Roberts-Lombard and Petzer, 2021). Scholars Albérico and Casaca (2024) advise companies to evaluate their availability of resources to ensure they can effectively implement these programs, while constantly monitoring the rate of success.

In the South African financial sector, a notable challenge is the lack of adequate market and consumer data (Botha and Petzer, 2010). Effective market segmentation relies on robust data to identify and target specific customer segments. Without accurate data, financial institutions may find it challenging to segment the market effectively and develop targeted marketing strategies.

5.4 Discussion of results Proposition 3: Ongoing communication leads to satisfaction.

Regular communication keeps some participants engaged with updates and prompts them to review their products or services periodically. It also helps them stay informed about changes and improvements in the provider's systems or services, enabling better planning. Executive and leadership coach Kristina Spilane highlighted on recent TEDxTalk event that “in diverse and ever-changing markets well-managed relationships are the best currency” (YouTube, 2022). She proceeded to liken relationships to having the same effect as compound interest over time.

Communication demonstrates to some customers that they matter to their FSPs and shows efforts to maintain a good relationship with them, fostering a sense of importance and appreciation. For high-involvement decisions like purchasing a home, accessing credit facilities, or investing; participants advised that offering detailed information and personalised advice further strengthens this relationship. For low-involvement decisions like disinvestments of funds or waiting for OTPs during online transactions, simplicity and clarity are key.

One participant prefers accessing information on-demand rather than receiving regular emails or SMSs, unless there are significant improvements in the provider's systems or capabilities. Another indicated that regular communication has little influence on their relationship with the financial service provider, viewing the relationship as mutually beneficial regardless of communication frequency.

Call centres play a crucial role in customer relationship management, but they face several challenges that can impact service quality. The challenges mentioned by participants include limited operating hours, long call waiting times, lack of training, technical issues, and a lack of resolutions and empathy. Existing research demonstrates a direct correlation between employee satisfaction and the quality level of output within the organization (Ntanzi *et al,* 2020) which highlights that there should be sufficient investment in employee wellness and development.

5.5 **Discussion of results Proposition 4:** Empowerment leads to loyalty.

As discussed in previous chapters, current literature defines customer experience as a multifaceted concept consisting of a customer's behavioural, emotional, cognitive, sensual, and social reactions which influence their perceptions, satisfaction, and loyalty towards the firm. Customers are likely to view an organization's efforts to manage customer concerns and explain financial concepts, as crucial components of providing effective service (Eisingerich and Bell, 2006). The responses indicate various perspectives on the importance and impact of regular communication from financial service providers.

Participants interviewed expect prompt responses from knowledgeable customer service representatives and smooth resolution of problems. They expect clear and honest communication about fees, product descriptions and terms and conditions. They also shared positive sentiments for fast turnaround times and convenience. Positive claims experiences, online convenience for acquiring credit facilities or conducting transactions, and access to comprehensive services with innovative products, appeared to further solidify customers' commitment to their preferred service providers.

5.6 Discussion of results Proposition 5: Consumer trust is a fundamental component of relationship quality that secures loyalty.

The responses reflect a spectrum of viewpoints regarding the transparency of financial service providers regarding fees and charges. While some participants expressed satisfaction with the level of transparency, appreciating clear fee disclosures that foster trust and confidence, others raise concerns about potential hidden costs that are not adequately disclosed, leading to scepticism and frustration.

Participant 7 expressed a feeling of transparency within the banking and investment sectors but not with insurers. This sentiment contrasts reports on the perception of insurance being generally less contentious compared to other financial sectors (FSCA, 2022). This positive sentiment may be credited to various factors, including the perceived value of insurance coverage and service quality. Additionally, the nature of insurance, which involves providing financial protection and support during challenging times, may contribute to a more favourable perception among a broader population.

Fluctuations in fees and discomfort with hidden charges are highlighted, with suggestions for improvement in emphasizing fees more prominently. Additionally, criticism is directed towards fine print tactics, suggesting that not all terms are transparently disclosed, and people do not often have the time to go through the entire brief. Notably Participant 11 expressed mixed sentiment regarding the transparency of FSPs. While acknowledging that important information is often buried in the fine print, the participant expressed frustration with the overall experience, as reliance on these services is unavoidable despite feeling uninformed.

Although it is crucial for consumers to carefully review policy documents and educate themselves about all the terms and conditions stated in their policies, transparency and clear communication of policy terms upfront can go a long way in building trust and helping customers make informed decisions. In the financial services industry, strict regulatory requirements govern various aspects of operations, including customer data protection, anti-money laundering (AML) compliance, and Know Your Customer (KYC) procedures. Failure to comply with these regulations can result in penalties, reputational damage, and loss of customer trust.

5.7 Emerging trends

5.7.1 Integration of systems

As per the response from Participant 11, system integration is important due to the complexity of financial services and transactions. It is essential for managing data efficiently, enhancing the customer experience, mitigating risks, ensuring regulatory compliance, improving operational efficiency, and driving innovation. Integrated systems enable seamless sharing of information across different departments, ensuring a consistent customer experience across various channels. They also enable real-time monitoring of transactions for risk management purposes and streamline regulatory reporting processes. Moreover, system integration seeks to optimize operational workflows, reduce manual errors, and foster agility and innovation within financial institutions.

5.7.2 Demographic factors

Despite the emphasis on retention, total customer retention is impossible to achieve because customers may choose to use a different service provider based on demographic factors outside the company's control such as age, income, and education level (Du Plessis and Roberts-Lombard, 2013). Factors such as employment status and financial literacy influence individuals' adoption of financial products and services, with employed individuals and those with higher education levels being more likely to utilize financial products and services.

The systemic indicators contained in the Global Findex 2021 database, describe that many adults in developing economies, need help when using financial services, which makes them vulnerable to misinformation or falling victim to fraudulent schemes. This need for assistance stems from various factors, such as limited access to education, low levels of financial literacy, or lack of familiarity with technology. The lack of complete understanding when it comes to the terms and conditions of financial products or the risks associated with certain transactions, makes them vulnerable to exploitation. Participant 8’s recommendation suggested the creation of “services catered to specific

socioeconomic groups" which emphasizes the need for FSPs to prioritise customer segmentation and understanding through their marketing and product range efforts.

5.7.3 Rural vs Urban residency

Participant responses confirm that service delivery is generally challenging in separated, diverse, and dynamic markets (Boshoff et al, 2022). Participant 11 mentioned South Africa to be a "*country with the realities of inequality. I travel quite a bit and some towns are not big enough to warrant a full digital service*". Rural/smaller town residency is often associated with lower rates of account ownership compared to urban areas which is why all the participants selected live in urban areas. This discrepancy may be due to limited access to banking infrastructure and financial services in rural areas, as well as lower levels of financial literacy among rural populations. This highlights a gap and urgent need for FSPs to develop a deeper understanding of local cultures and customs to better serve their customers.

5.7.4 Mobile Money

Participant 3's best financial services experience was "*being able to easily send money to people using either bank or cellphone number and the safety of not fearing in losing your money unknowingly*". The COVID-19 pandemic served as a catalyst for the widespread adoption of mobile money, highlighting its convenience, accessibility, and resilience in times of crisis. Mobile money entails using mobile phones for financial transactions and offers several advantages including the ability to send and receive money, pay bills, and make purchases remotely. Additionally, mobile money services provide a lifeline for individuals without bank accounts yet need access to funds from willing parties. According to the Global Findex 2021 report, South Africa saw a 16% increase in account ownership from 2017 to 2021, due to both financial institution and mobile money accounts. This trend could continue shaping the future of financial services, with mobile money playing an increasingly integral role in the global economy.

5.7.5 Fees and switching costs

The responses received from this study reflect various perspectives on the transparency of financial services providers regarding fees, charges, and associated risks. Some participants expressed scepticism about the transparency of their financial services provider, mentioning hidden charges or fees that are not clearly disclosed. They feel uncomfortable or frustrated due to these undisclosed costs. Others acknowledged that their provider is transparent to some extent but suggested room for improvement, such as emphasizing fee disclosure more prominently or providing clearer information about charges, especially regarding transfers or monthly fees.

A few participants indicated satisfaction with the transparency of their provider, stating that fees are clearly shown during transactions and that this transparency makes them feel good or secure. Some participants expressed mixed views, noting that while transparency is evident in certain areas such as banking or investments, it may be lacking in others, such as insurance. They highlighted instances of hidden costs or technicalities not adequately explained upfront. Svensson *et al* (2019) emphasize the importance of trust in managing opportunistic behaviour and argue that higher levels of trust between parties can effectively mitigate opportunistic actions.

Several participants emphasized the importance of receiving transparency which they have come to expect from financial service providers, recognizing it as a factor that builds trust and confidence in the company. Participant 9's response "*Yes. Costs are important, but the full value experienced while interacting with a company means that costs are not the only consideration*" speaks to the concept of providing a valuable experience that justifies cost implications.

Mackay and Major (2017) proposed their Structural Equation Modelling (STEM) framework, to explain the predictors of customer retention in the South African retail banks which consists of four components:

- service quality
- customer satisfaction
- perceived value
- trust/brand image.

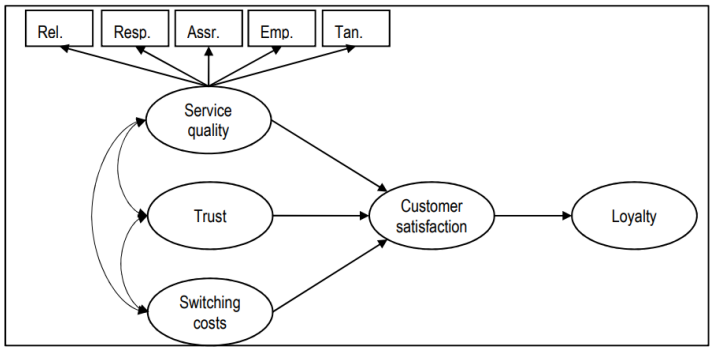


Figure 8: Proposed SEM Framework. Source: Mackay and Major (2017)

As per figure 8, the authors proposed that these components are interrelated and influence each other to impact customer loyalty. Service quality was posited as the foundation of the framework, which directly impacts customer satisfaction and perceived value, which in turn impact retention. Trust and switching costs were identified as moderators that influence relationships between the other components and retention (Mackay and Major, 2017). Costs were identified as a theme in this study which is in alignment with the SEM framework. This can be integrated into FSPs marketing plan and marketing strategy for better client retention outcomes. FSPs should focus on reasonable and justifiable fees (Rootman, 2011) and offer special fee benefits to loyal clients to encourage long-term relationships.

5.8 Customer recommendations

The responses from participants emphasize the importance of improving customer value proposition by focusing on personalised financial literacy efforts, clearer product descriptions, and transparent communication about changes or implementations. Customers emphasize the need for robust data security measures, reliable customer service availability, and constant innovation to improve client experience. Providing more discounts and benefits, tailored services for specific socioeconomic groups, and personalised marketing communication are also key areas for improvement that can be applied to enhance overall satisfaction and loyalty.

5.9 Conclusion of discussion

Addressing the identified key themes in financial services may involve investments in technology infrastructure, process optimization, staff training, and compliance measures.

By prioritizing speed, efficiency, reliability, and automation, financial institutions can improve the overall customer experience and satisfaction levels, strengthen customer relationships, and remain competitive in the market. Given the South Africa's diverse population, and the diverse sample there were no clear indications of how cultural differences may have affected customer service experiences and perceptions. However, past experiences were seen to significantly influence participants' perceptions in current experiences (Lemon, and Verhoef, 2016).

Overall, the responses reflect a range of perceptions regarding the transparency of financial services providers, with some expressing satisfaction, while others identify areas for improvement or express scepticism about the level of disclosure. Service quality is key to building customer satisfaction and loyalty, which can lead to positive business outcomes such as increased revenue, market share, and profitability. Customers are more inclined to stick with a business and make repeated purchases when they feel valued and appreciated. FSP should consider lowering fees on certain services and prioritizing social and environmental responsibility, honest financial reporting, and morally acceptable conduct.

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusion

The COVID-19 pandemic had a significant impact on businesses across the world. With the pandemic causing a shift in consumer behaviour, businesses had to adapt and change their marketing strategies to remain relevant and competitive. To address these challenges, FSPs must adopt a customer-centric mindset and invest in technology and processes that enable them to gather and leverage customer data, personalise interactions, and provide seamless integrated experiences.

6.2 Recommendations

Successful relationship marketing and customer retention strategies include loyalty programs, personalised communications, and proactive issue resolution. FSPs must prioritize employee training and development to equip staff with the skills and knowledge needed to build lasting and profitable customer relationships (Schmitt, and Zarantonello, 2013). This is because customers perceive less risk when dealing with trusted partners in business. Further personalised marketing improvements for FSPs include using AI chatbots and virtual assistants, and leveraging social media platforms to ensure that customers are not restricted to a single mode of communication when seeking resolutions.

Automation plays an important role in enhancing the efficiency and accuracy of various financial processes, including account management, risk assessment, fraud detection, and compliance monitoring. FSPs should guarantee client information privacy and security of funds, ensure clear and complete financial reporting, and promote employees' moral behaviour. They need to be seen as being in the forefront of highlighting ethical behaviours to build trust and loyalty among customers. Overall, investing in integrated technology infrastructure is crucial for financial institutions to remain competitive, compliant, and responsive to customer needs in today's interconnected landscape.

Overcoming service quality challenges requires effective management, sufficient resources, ongoing training, and a commitment to prioritizing customer satisfaction.

Addressing these issues proactively can help call centres improve the customer experience and enhance satisfaction levels. Reviewing customer service records can help to identify common issues and complaints, as well as highlight areas where customer service can be improved. Overall, the combination of convenience, efficiency, safety, personalised service, competitive offers, positive claims experience, and comprehensive services aids in fostering long-term customer retention in the financial sector.

While customer retention is key to the long-term success of a business, it may not always be profitable to try to achieve near-total retention due to the associated costs and profit potential of some of the client base over the long run. Therefore, retention strategies should be aimed at retaining the most profitable customers and delivering a positive experience that encourages them to continue doing business with the company (Hollensen, and Opresnik, 2015). It is worth noting that the success of Capitec has proved that the most profitable customers can also be middle to low-income customers who may have been previously under-served by traditional institutions. This highlights the importance of understanding the diverse characteristics and behaviours of individual customers, as well as the need for tailored strategies to maximize profitability across various customer segments.

While research suggests that relationship marketing is a powerful tool, it is important to invest in social and structural strategies (as opposed to mainly financial programs) and to understand that environmental factors do impact the effectiveness of these practices (Palmatier and Sridhar, 2020). It is therefore crucial for FSPs to collaborate with local communities, governments, and non-profit organizations to prioritize financial education initiatives tailored to the needs of consumers. These initiatives can include:

1. Regular educational training and workshop sessions to promote safety in financial services.
2. Public awareness campaigns that inform communities about common financial scams and how to avoid them.
3. Presenting multi-lingual communication about financial products and services to accommodate the diverse cultural background. This must be done in clear, simple language so that it is accessible to individuals with low literacy levels. This must also be interpreted in Braille and Sign Language to extend beyond physical disabilities.

4. Collaborating with local organizations, community leaders, and government agencies to reach underserved populations and deliver tailored financial education programs.

Given the surge in online criminal activity, particularly through platforms like WhatsApp groups and Facebook, the FSCA has intensified its efforts to educate the public and combat fraudulent activities through their *Warning Wednesday* campaign. They display full consumer warnings and useful tips on their website, to empower South African consumers to make informed financial decisions, protect themselves from fraud, and improve their financial well-being. FSPs need to engage in similar enthusiasm and proactively support current social issues.

6.3 Limitations and further research

This study validates previous research by confirming the significant impact of customer satisfaction and trust on both attachment and retention. This study, while valuable, inevitably has inherent limitations that provide avenues for further research opportunities. These may include constraints in scope, methodology, or generalizability of findings. As such, there are several potential areas for future research to address these limitations and deepen our understanding of the effects of relationship marketing on South African consumers. These include a deeper understanding of the emotional aspects of customer relationships, exploring relationship marketing practices from an organizational perspective and a focus on effective metrics and indicators available to evaluate the impact of customer referrals and influence on business performance. Further research may involve mixed method approaches that combine quantitative and qualitative research methods, to provide a thorough understanding of relationship marketing dynamics.

With the advent of the digital and social media revolution enabling frequent engagement, customers have become active participants in co-creating value or potentially detracting from value for firms. Ultimately, the key to success in relationship marketing and customer retention, will be a commitment to ongoing improvement and a willingness to adapt to changing customer expectations and market conditions.

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APPENDIX A Instrument

Interview guide – Qualtrics XM

Study of the effect of relationship marketing on consumers in the financial services sector.

Dear participant
I am Ayanda Mkhwanazi, a Master of Business Administration student at Wits Business School and am currently conducting research on “the effect of relationship marketing on consumers in South Africa”. relationship marketing on consumers in South Africa”.
My supervisor is Dr Nakuze Chalomba.

This study aims to gather feedback on your unique insights to promote improved client experiences in the financial services sector.

I wish to assure you that your responses will remain confidential and encourage open and honest feedback. .

Your participation will grant you an opportunity to be entered into a lucky draw to win a R 150 Takealot voucher!
Your time and efforts are highly appreciated.

Regards
Ayanda M*

Kindly sign the consent form before proceeding.

PLEASE ACCEPT CONSENT FORM TO PROCEED

Good day

I am inviting you to take part in an interview guide. If you decide to take part, your participation in this research study will last about 8-10 minutes. The interview/research activity will take place on Qualtrics XM link provided

With your permission, I would like to store the interview for 2 years before deletion. Only the researcher will have access to the data. During the research activity, I will need to ask for some personal information about you, including name, age, contact details and occupation.

The interview will be confidential and anonymous. When I share the results of the research study, I will not exclude any information that could identify you. With your permission, other researchers may use the data collected from this research study, but your name and any personal information will not be used or passed on.

Your participation is completely voluntary and will not cost you anything. The risks for this research study are no more than what happens in everyday life.

This research study will be written up as a research report. The report will be available on the university library website. If you would like to receive a summary of this report, I will be happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University HumanResearch Ethics Committee Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,

Ayanda Mkhwanazi

Researcher:

Ayanda Mkhwanazi, 737818@students.wits.ac.za, 0847153739

Supervisor:

Nakuze Chilomba, nakuze.chalomba@wits.ac.za , 0712877232

Tick Yes to agree with the terms and conditions

Q1 Please provide your contact details:

- o Name
- o Contact number/email address
- o Age
- o Occupation

Q2 Which specific financial services have you utilized in the past 3 years?

- ▢ Banking
- ▢ Investment and wealth management
- ▢ Insurance services

Q3 Reason for using service provider (e.g specific financial goals)

- o Banking

_____

- o Investment and wealth management

_____

- o Insurance services

_____

Efficiency

Q4 Do you prefer transacting online when submitting instructions to your service provider and why?

Q5 Would simple, efficient online services be important to you? Kindly explain.

Fulfilment

Q6 Please share your best experience with the financial services provider and whether this influences you to remain committed?

Q7 Please share your worst experience with the financial services provider and how it was solved or rectified?

Q8 Do you believe your selected financial services provider is transparent about fees, charges, and any potential risks associated with their services? How does that make you feel?

System availability

Q9: How important is the availability of reliable systems to you?

Q10: Would the lack of access to physical branches make you change to another financial service provider?

Privacy:

Q11: Which efforts has your service provider taken to protect customers personal information and data?

Q12: How important is committing to a service provider that ensures that your data is kept confidential, and would that be enough to encouragement for you to stay loyal to them?

Responsiveness

Q13How does receiving regular communication from your financial services provider maintain a good relationship?

Q14: Do you believe that it is important to have a contact centre available to assist with any queries you may have on a recurring basis?

Q15 Please provide further suggestions on how the financial services sector can improvement their relationship-building efforts.