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The Effects of Retailer Innovation on Customer Retention in Small Independent Retailers

by

Valencia Melissa Zulu

A thesis submitted in fulfilment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

at the

School of Economic and Business Sciences

UNIVERSITY OF THE WITWATERSRAND

Under the Supervision of:

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&

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ABSTRACT

The South African government (Department of Trade and Industry) classifies small independent retailers as part of small, medium, and micro enterprises, making these retailers a significant and critical industry in the South African economy. However, there have been numerous challenges that influence the high failure rate of small independent retailers. The lack of innovation is one of the biggest challenges. The skill and capability of a retailer to innovate has become an important differentiating factor and one of the primary means of enhancing a competitive advantage. While scholars have cited that small businesses that innovate increase their chances of survival, and enriched performance, there is a lack of studies on the potential of innovation as a consumer retention strategy within the small retailing context. The purpose of this study was to investigate the effects of retailer innovation on consumer retention in small independent retailers in the township economy. Following a quantitative approach, the data was collected conveniently from 500 consumers. Structural Equation Modelling (SEM) was used as the statistical technique to analyse the data and test the hypotheses. The findings revealed that retailer innovation had a non-significant direct relationship with consumer retention. However, findings identified consumer participation, consumer advocacy, consumer experience, and consumer satisfaction as the mediators that enable the relationship. These results provide a valuable contribution to current literature by generating new knowledge for scholars in the field of township economy, consumer behaviour, retail marketing and small businesses innovation. Furthermore, this study provides valuable information to policy makers, entrepreneurs, and the private sector, particularly those with interests in the revitalisation of the township economy.

Keywords: retailer innovation, consumer innovativeness, advocacy, participation, experience, satisfaction, retention, small independent retailers, township economy

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This thesis is dedicated, in part, to my late sister, Fatima Mercia Zulu who has always inspired me to dream big.

A special thanks to my lovely mom, Elsie Margaret Zulu for her wisdom and support, she has always been my pillar of strength and has encouraged me to complete this thesis, which is dedicated mainly to her.

To the rest of my family, I would also like to express my profound appreciation to my sister, Sibongile Zulu, for being with me every step of this journey; you truly pushed me to be better; and to my little brother, Sizwe Zulu, I hope this work will inspire you.

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DECLARATION

I, Valencia Melissa Zulu, hereby declare that this thesis, titled “The effects of retailer innovation on customer retention in small independent retailers”, is my own work. It is submitted for the degree of Doctor of Philosophy in the School of Economic and Business Sciences at the University of the Witwatersrand, Johannesburg in South Africa. It has not been submitted before for any degree or examination in this or any other university.

_____

Valencia Melissa Zulu

Signed at Johannesburg on the …… day of …… 2019.

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LIST OF ABBREVIATIONS AND ACRONYMS

AMOS	Analysis Moment of Structures
AVE	Average Variance Extracted
CAB	Cognitive-Affect-Behaviour
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CR	Composite Reliability
DOI	Diffusion of Innovation
DTI	The South African Department of Trade and Industry
GDP	Gross Domestic Product
GFI	Goodness of Fit Index
HTMT	Heterotrait-monotrait
IFI	Incremental Fit Index
RMSEA	Random Measurement of Standard Error Approximation
SMMEs	Small, Medium, and Micro Enterprises
SOR	Stimulus-Organism-Response
SPSS	Statistical Package for the Social Science
TLI	Tucker-Lewis Index
TOT	Theory of Trying

Chapter 1: INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

The South African government (Department of Trade and Industry) classifies small independent retailers as part of the small, medium, and micro enterprises (SMMEs) group (Makhitha, 2016), making these retailers a significant and critical industry in the South African economy. SMMEs make an important contribution to the economies of both developed and emerging countries in terms of employment generation and socio-economic developmental impact (Inyang, 2013). In the South African economy, SMMEs are associated with economic empowerment and job creation within the underprivileged communities, exclusively in rural and semi-urban areas (Kongolo, 2010; Nkwinika & Munzhedzi, 2016; Tsoabisi, 2014).

Approximately 79 per cent of SMMEs business activities in South Africa involve a component of retailing (Jere, Jere & Aspeling, 2015). Considering the business activities of SMMEs as depicted in Figure 1.1, classified by the Small Enterprise Development Agency (SEDA) (SEDA, 2018), retailing falls under the second largest service sector category, contributing 15 per cent of Gross Domestic Product (GDP). Although these contributions are beneficial to the broader socio-economic development, the arrival and penetration of big national retailers is a major challenge (DED, 2015). As a result, small independent retailers servicing local communities are unable to match the low prices and merchandise variety of large national retailers (Peyton, Moseley & Battersby, 2015). Additionally, national retail chains have the resources to innovate (Strydom, 2014). This in turn contributes towards the decline and failure rate of small independent retailers operating with little revenue (Khare, 2014).

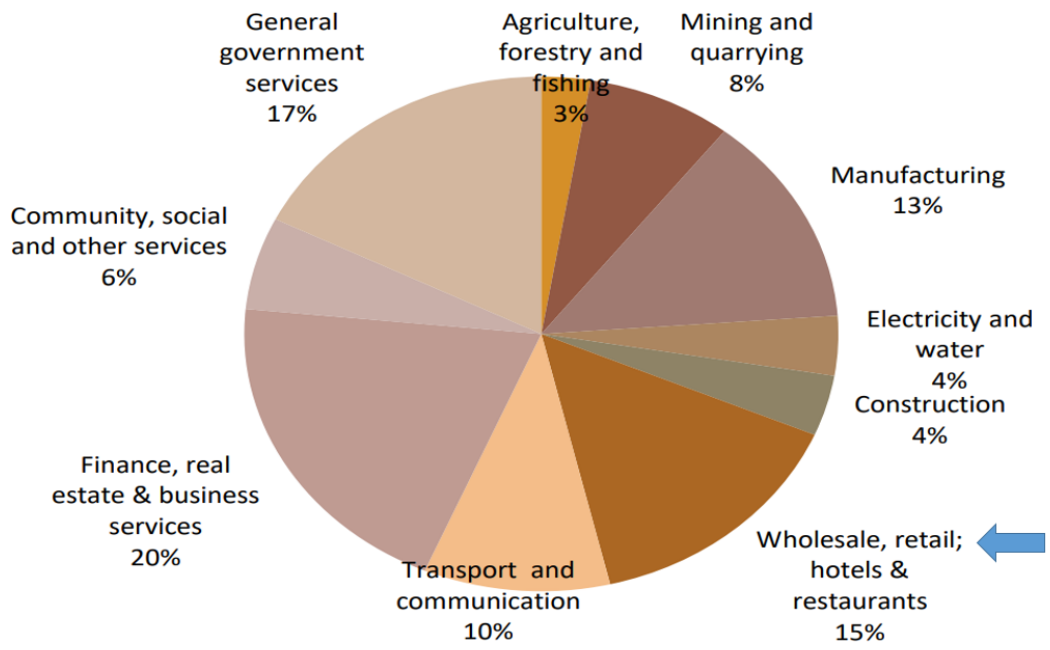


Figure 1.1: GDP contribution by SMME economic sector

Source: SEDA (2018: 7).

Moreover, the lack of innovation has been identified as the biggest factor affecting the high failure rate of small businesses within the retail industry (Jere et al., 2015). However, Forsman (2011) argued that, small businesses are more likely to have innovation entrenched in their daily processes. This is due to the flexible nature of small businesses, where innovation can be developed and implemented on an economical scale (Rusanen, Halinen & Jaakkola, 2014). As a result, small businesses have been found to exploit the benefits of innovation, for example, continuous network availability, and shoppers' mobile connectivity (Pantano, 2014). This way, the small retailer is able to offer products without the physical store restraints (Kohler, Fueller, Stieger, & Matzler, 2011; Ku & Tai, 2013; Pantano & Di Pietro, 2012).

However, the challenge is ensuring that the actual physical store matches the services and products offered online. It is still, therefore, imperative that when consumers visit the retail store they are still able to experience the innovation. The success of a company relies on its ability to innovate (Ganglmair-Wooliscroft & Wooliscroft, 2016). Hence, a retailer's degree of innovation is one of the utmost

significant differentiating elements in obtaining competitive advantage (Lin, 2015; Ruiz-Molina, Gil-Saura & Servera-Francés, 2017; Yeh, 2016). The nature of innovation in retailing is broad in range, the main components of innovation in the retail sector include retail formats, information technology, shopper experience, product assortment, branding, advertising, and payment processes (Hristov & Reynolds, 2015; Reinartz, Dellaert, Krafft, Kumar & Varadarajan, 2011).

Similarly, Botschen and Wegerer (2017) confirmed that newer retail formats speak to innovative consumer-related touchpoint experiences that both entice consumers, and assist in improving product and service presentations to increase sales. Moliner-Velázquez, Fuentes-Blasco, Servera-Francés, and Gil-Saura (2018) validated the importance of retail innovation as a strategy to satisfy and retain consumers. Therefore, small independent retailers need to focus on innovation in order to survive competition and meet consumers' needs (Abril & Martos-Partal, 2013). For a business to thrive, it needs to align itself with customers' constantly changing needs and expectations of value, in order to influence satisfaction (Sundström & Reynolds, 2014).

Bellingkrodt and Wallenburg (2015) insisted that innovation is a strong driver of customer satisfaction. However, customer loyalty and retention is highly dependent on consumer satisfaction (Ennew, Binks & Chiplin, 2015). One of the strategies to lessen the decline and failure rate of small independent retailers could be to understand how innovation might influence customer satisfaction and in turn retention. Therefore, the purpose of this study was to examine the effect of retailer innovation on consumer retention within the small independent retail context, particularly in the South African township economy.

1.2 Research Problem and Identification of Research Gap

Despite the recognition that small businesses are well suited to creating innovative activities to enhance performance (Quinn, McKitterick, McAdam & Brennan, 2013), there is a considerable dearth of knowledge relating to small retailer innovation as a driver of consumer satisfaction and retention. On the other hand, various scholars (Laforet, 2013; North & Smallbone, 2000; Oke, Burke & Myers, 2007) pointed out

that small businesses that innovate increase their probabilities of survival, improve performance, and grow. However, literature about the methods used by small businesses to innovate has remained unclear and attempts made by scholars (Grimmer, Miles & Grimmer, 2015; Grissemann, Plank & Brunner-Sperdin, 2013; Hutchinson, Donnell, Gilmore & Reid, 2015) examined innovation in small business and small retailing as a driver to business performance and loyalty, but from a firm's point of view.

Moreover, literature revealed that the business setting of small retailers in emerging nations has not been well researched (Boulaksil, Fransoo, Blanco & Koubida, 2014) and in spite of earlier calls for more studies in the field (Samiee, 1993), adequate empirical research is still lacking (Boulaksil et al., 2014). Poor performance of small retailers has been highlighted, but there is still a lack of knowledge, literature, and empirical research to understand their business environment (Boulaksil et al., 2014). Additionally, retail service innovation research has been conducted from a large firm's point of view (Hotho & Champion, 2011), and based on successful cases such as Starbucks, Google, and Apple (Witell et al., 2015). These studies have focussed largely on creating value for the firm rather than creating value for the consumer (Witell et al., 2015).

Therefore, it is important that such a study as this be carried out in order to understand retail innovation from a small independent retail customer's perspective. Furthermore, while previous studies have investigated retail innovation in small scale retailing (Quinn et al., 2013), little research has been conducted on retailer innovation influence on consumer retention with the mediating roles of consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction in small independent supermarket retailers. Subsequently, there have been concerns pertaining to the decline of independent retailers in South Africa (Das Nair & Chisoro, 2015). Research conducted in various townships in South Africa have validated that the number of small businesses declined instantly after the national supermarket stores moved into townships (DED, 2015).

More so, prior studies on how retailer innovation affects consumers have explored other dimensions in other contexts. For an instance, perceived convenience retailer innovativeness has been studied as an antecedent of perceived value and store patronage intentions, particularly in Taiwan (Lin, 2016). Other scholars (Ruiz-Molina et al., 2017), have investigated the linkage amongst relationship benefits and store loyalty in Spain, exploring the moderating role of the retailer's degree of innovation in these relationships. Other studies also explored retail innovation from a services point of view, investigating how supermarket retailers select and implement market orientation and service innovation strategies to enhance customer-perceived value (Yeh, 2016). Despite the number of research conducted to understand the benefits of innovation in retailing, research that explores this phenomenon within the small independent retailing context is lacking.

To address the void in studies on retailer innovation influence within the small independent retail sector, this study aimed to investigate the effects of retailer innovation on consumer retention directly and indirectly through mediators. Given the decline of small independent retailers and the roles they play in economic development (Calderwood & Davies, 2012; Clarke & Banga, 2010; Nkwinika & Munzhedzi, 2016; SEDA, 2018), this study was of utmost importance in addressing the gap in literature.

1.3 Purpose of the Study

In order to fill the identified gaps, the purpose of the present study was twofold:

- First, to investigate and understand the influence of retailer innovation on consumer retention in small independent retailers; and
- Second, to determine the mediating role of consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction in small independent retailers.

1.4 Research Objectives

In order to fulfil the aim of the study, the following theoretical and empirical objectives were suggested:

1.4.1 Theoretical objectives

- To review theoretical literature on retailer innovation;
- To review theoretical literature on consumer innovativeness;
- To review theoretical literature on consumer participation;
- To review theoretical literature on consumer advocacy;
- To review theoretical literature on consumer experience;
- To review theoretical literature on consumer satisfaction; and
- To review theoretical literature on consumer retention.

1.4.2 Empirical objectives

- To examine the influence of retailer innovation on (i) consumer retention, (ii) consumer innovativeness, (iii) consumer participation, (iv) consumer advocacy, and (v) consumer experience in small independent retailers;
- To determine the impact of consumer innovativeness on consumer satisfaction in small independent retailers;
- To estimate the effect of consumer participation on consumer retention in small independent retailers;
- To assess the influence of consumer satisfaction and consumer advocacy in small independent retailers;
- To determine the influence of consumer advocacy and consumer participation in small independent retailers;

- To estimate the effect of consumer experience on consumer satisfaction in small independent retailers; and
- To examine the impact of consumer satisfaction on consumer retention in small independent retailers.
- To test the mediation effect of consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction in small independent retailers.

1.5 Research Questions

In order to examine the research objectives of the study, this study aimed to answer the following research questions:

- Does retailer innovation influence consumer retention in small independent retailers?
- To what extent does the mediating role of consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction influence the relationship between retailer innovation and consumer retention?

1.6 Significance and Contribution to the Study

Studies into the potential for innovation in the small retailing context and the kinds of innovative actions that can be employed is limited (Quinn at al., 2013). Therefore, it was hoped that the proposed model would make a significant contribution to consumer behaviour and retail literature, predominantly in this era of increased market competition in which innovation has become a critical strategic instrument for market differentiation (Bellingkrodt & Wallenburg 2015). Moreover, the practical relevance is found in the fact that the consumers can benefit from retail innovation (Sundström & Reynolds, 2014). However, it is not known, whether, retailer innovation influences consumer innovation, consumer participation, consumer

advocacy, consumer experience, thus consumer satisfaction and in turn consumer retention, particularly in small independent retailers.

These small independent retailers can use innovation as a customer retention strategy (Quinn at al., 2013); however, there are few known studies in this area. It is also not known whether these small independent retailers have implemented innovation as a marketing tool, and if they have, little is also known about its impact as a marketing platform to retain customers. This study proposed that a focus on innovation in the small independent retail context is valuable for consumer retention. Therefore, from a theoretical perspective:

- This study would provide additions to current literature by generating new literature for scholars in the field of township economy, consumer behaviour, retail marketing, and small business innovation.

Furthermore, this study had significance from an industry perspective, given the economic and community role of small independent retailing across national boundaries, and aimed to be of benefit to:

- Small business policy makers;
- Entrepreneurs in small businesses, especially those that operate in the retail sector and those who still wish to enter the small retail sector, and
- Large national chain retailers, who have interest in the Public Private Partnership (PPP) for township revitalisation strategies.

1.7 Preliminary Literature Review and Conceptual Model

The aim of this section is to provide a preliminary review of constructs that are in the proposed conceptual model, followed by the outline of the conceptual model and hypothesis. A detailed and comprehensive discussion of the literature is presented in Chapters 2, 3, and 4.

1.7.1 Theoretical framework

Four theories grounded this study, namely, the Diffusion of Innovation (DOI) theory, Stimulus-organism-response (SOR) Theory, Cognitive-Affect-Behaviour (CAB) Model and the Theory of Trying (TOT). Chapter 3 provides an in-depth review of these theories.

1.7.1.1 Diffusion of Innovation (DOI) theory

The theory explores how, over time, an idea, brand, product or service perceived as new attains momentum (LaMorte, 2018), and spreads or diffuses among consumers (Ganglmair-Wooliscroft & Wooliscroft, 2016). For example, this study proposed that consumer acceptance of an innovation is influenced by retail innovation within the store environment. Furthermore, the DOI theory states that innovative consumers are more likely to form positive attitudes towards an innovation, and therefore be motivated to use it (Chiu & Hofer, 2015). Hypothetically, new ideas, products, or services fascinate innovative consumers because they satisfy consumers' need for change (Lin, 2016).

1.7.1.2 Stimulus-organism-response (SOR) theory

The SOR theory explains that environmental stimuli influence customers' emotional responses and this emotional state affects consumers' behavioural responses (Izogo & Jayawardhena, 2018; Jang, Baek, Yoon & Choo, 2018; Lee & Jeong, 2012). A stimulating store environment is a strategic tool for differentiation and customer satisfaction (Vieira, 2013). This study adopted the SOR theory to investigate how retail environmental stimuli, such as innovation (cognitive and sensory cues) affect consumer behaviour (organisms, i.e. participation, advocacy, experience, satisfaction), and in turn retention (response).

1.7.1.3 Cognitive-Affect-Behaviour (CAB) model

The CAB model is used to explain individuals' awareness, emotional responses, perceptions, and behaviour related to an environment (Ojiaku, Achi & Aghara, 2018). The decision begins with cognitions (thoughts, perceptions, attitudes about the retail environment), followed by the affect (feelings that consumers have with

respect to the retail environment) and lastly, the ultimate behaviour, which determines whether a consumer will be loyal to the retailer (Liu, Segev & Villar, 2017).

1.7.1.4 Theory of Trying (TOT)

The TOT, introduced by Bagozzi and Warshaw (1990), states that in the process of trying to perform a certain behaviour, an individual's intention signals a decisive mind. This decision is influenced by both cognitive and motivational elements (Dai, Luo, Liao & Cao, 2015). This theory, therefore, justifies that innovative individuals are always willing to try out new information; in this study it is proposed that retailer innovation influences consumer innovativeness. Innovative consumers, as classified by the DOI theory are among the early adopters of innovations, and can act as advocates for the small independent retailers.

1.7.2 Empirical literature

A detailed discussion on the review of the constructs is presented in Chapter 3.

1.7.2.1 Retailer innovation

Retailer innovation is the extent to which retailers adopt new ideas for products and services (Ruiz-Molina et al., 2017). It encapsulates offering new or modified solutions to consumer needs in a way that adds value (Mahmoud, Hinson & Anim, 2018). The retail dimension of innovation measured in this study was the design dimension (Pinto, Dell'Era, Verganti & Bellini, 2017). For example, the design of the store environment (colours, freshness, space, signage style, product arrangement, and store navigation).

1.7.2.2 Consumer innovativeness

Consumer innovativeness is the extent to which consumers are comparatively early in embracing new ideas than the average members of their social system (Leicht, Chtourou & Youssef, 2018). Consumer innovativeness places emphasis on the characteristics of consumers, such as personality traits predicting behaviour towards new products and services (Persaud & Schillo, 2017). This study measured

the extent to which consumers were willing to try different things or new products before others, and consumers' feelings of ease about these novel experiences. Innovative consumers are open to and accepting of change because they attach importance to values such as curiosity and creativity (Koschate-Fischer, Hoyer, Stokburger-Sauer, & Engling, 2018).

1.7.2.3 Consumer participation

Consumer participation is the consumer's provision of feedback, which includes knowledge, effort, and time, on the creation and delivery of a service (Dong, Sivakumar, Evans & Zou, 2015). These consumers are likely to generate customised offerings for themselves (Ngo & O'Cass, 2013). As such, retailers who focus on increasing consumer participation are more likely to develop and create superior customer experiences that are satisfactory (Yeh, 2016). Moreover, the service providers should enable consumers to have an active voice in the co-creation process (Mainardes, Teixeira, & Romano, 2017).

Consumer participation is therefore important in terms of building relationships with customers, satisfying them, which in turn has a positive influence on business performance (Dong, Sivakumar, Evans & Zou, 2015; Mustak, Jaakkola, Halinen & Kaartemo, 2016). To measure consumer participation, this study focussed on the retail store's ability to include consumers in the service delivery process. For example, the extent to which the store seeks advice from customers, whether the store builds relationships with customers, and if the store allows consumers to provide feedback on its performance.

1.7.2.4 Consumer advocacy

Consumer advocacy is an effective means to empower customers, and gain their trust and loyalty (Roy, Eshghi & Quazi, 2014). It involves the exchange and sharing of market information by consumers in order to stimulate positive brand experience (Jayasimha & Billore, 2016; Shimul & Phau, 2018). In order to nurture this relationship, retailers need to represent consumers' interests faithfully and provide them with truthful information (Yeh, 2015). For example, this study measured the extent to which the retail store provided open and complete information to

customers, if the store enabled customers to share their feedback and if the store represented the best interests of the customers.

1.7.2.5 Consumer experience

Consumer experience is a combination of cognitive and affective components that result from an encounter with a service (Roy, 2018). Mohd-Ramly and Omar (2017) defined consumer experience as the interaction between customers and all stimuli associated with retailers. This stimulus is evoked by quality of products offered in the store, employee service, convenience of location, and store layout, as measured in this study. Companies have realised that in order to stay competitive, they have to pay attention to designing engaging customer experiences (Forbes, 2017; Teixeira et al., 2012).

1.7.2.6 Consumer satisfaction

Consumer satisfaction is the level of a consumer's felt state that occurs from comparing their expectations of a product or service with the perceived performance (Kaura, Durga Prasad & Sharma, 2015; Orel and Kara, 2014). If consumers perceive the performance to match or exceed their expectations, they are then satisfied, but if not, they are dissatisfied (Amin, 2016; Tsitskari, Antoniadis & Costa, 2014). It is therefore important to pay attention to customer satisfaction, as dissatisfied customers are quick to spread negative perceptions by word of mouth (Agolla, Makara & Monametsi, 2018). On the other hand, highly satisfied customers are willing to repurchase, and spread positive perceptions by word of mouth (Meng & Han, 2018). In this study, consumer satisfaction was measured through the availability of goods, selected products, reputation, service, and overall consumer satisfaction with the small independent retail store.

1.7.2.7 Consumer retention

Consumer retention is the degree to which consumers show commitment and loyalty to a specific store through repeat purchasing behaviour (Bojei, Julian, Wel & Ahmed, 2013). Consumers' repeat purchases denote that the consumer is satisfied and willing to recommend the store to others (Parawansa, 2018). Therefore, the outcomes of consumer retention are positive word of mouth messages, and

consumer loyalty (Darzi & Bhat, 2018; Parawansa, 2018). In this study, consumer retention was measured through loyalty and commitment towards the small independent retailer.

1.8 Conceptual Model and Hypotheses Statements

As demonstrated in Figure 1.2, the model proposes that retailer innovation as a predictor has a direct influence on consumer retention, the outcome. However, multiple mediators, namely, consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction, also facilitate this relationship. The four theories grounding this study, the DOI, SOR, CAB and TOT (Dai et al., 2015; Ganglmair-Wooliscroft & Wooliscroft, 2016; Izogo & Jayawardhena, 2018; Jang et al., 2018; Lee & Jeong, 2012; Ojiaku et al., 2018), have been sourced as a foundation to assist in conceptualising the model.

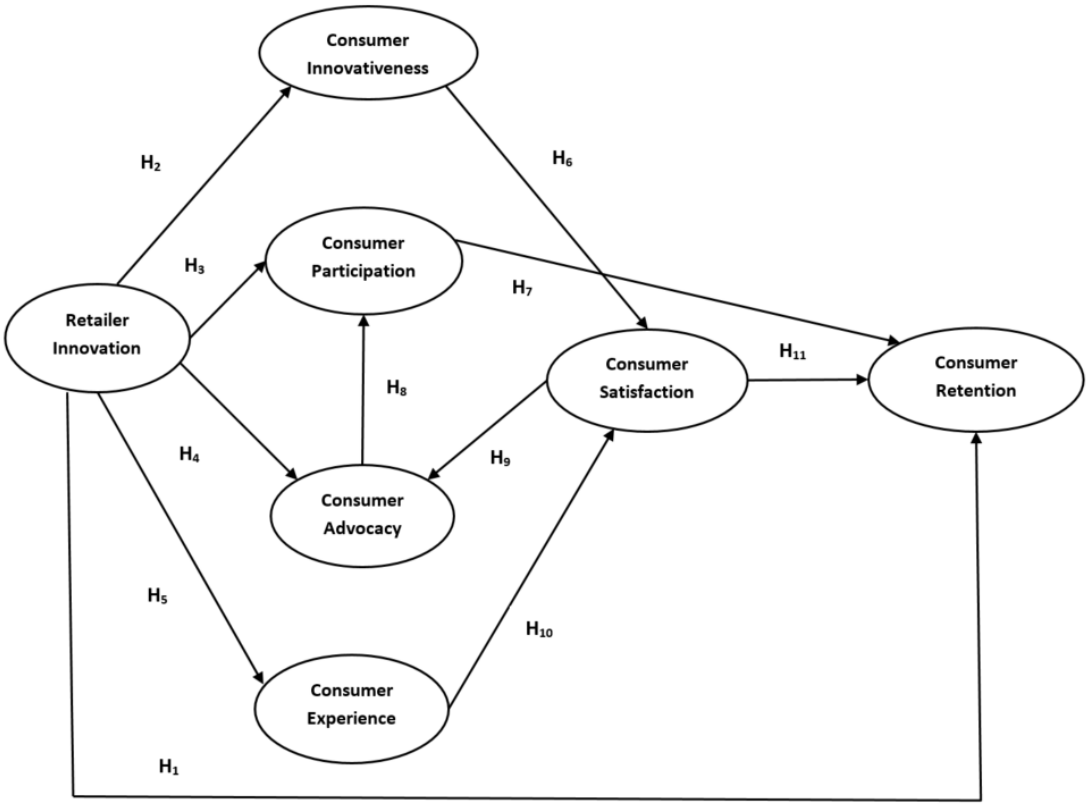


Figure 1.2: Conceptual model

Source: Researcher's own compilation (2017).

Based on the proposed conceptual model, the following hypotheses were derived:

- *H1*: Retailer innovation has a significant positive relationship with consumer retention in small independent retail stores.
- *H2*: Retailer innovation has a significant positive relationship with consumer innovativeness in small independent retail stores.
- *H3*: Retailer innovation has a significant positive relationship with consumer participation in small independent retail stores.
- *H4*: Retailer innovation has a significant positive relationship with consumer advocacy in small independent retail stores.
- *H5*: Retailer innovation has a significant positive relationship with consumer experience in small independent retail stores.
- *H6*: Consumer innovativeness has a significant positive relationship with consumer satisfaction in small independent retail stores.
- *H7*: Consumer participation has a significant positive relationship with consumer retention in small independent retail stores
- *H8*: Consumer advocacy has a significant positive relationship with consumer participation in small independent retail stores.
- *H9*: Consumer satisfaction has a significant positive relationship with consumer advocacy in small independent retail stores.
- *H10*: Consumer experience has a significant positive relationship with consumer satisfaction in small independent retail stores.
- *H11*: Consumer satisfaction has a significant positive relationship with consumer retention in small independent retail stores.

To test mediation, the following hypotheses were proposed:

- *H12*: Consumer innovativeness and consumer satisfaction mediate the relationship between retailer innovation and customer retention.
- *H13*: Consumer participation. mediates the relationship between retailer innovation and customer retention.
- *H14*: Consumer advocacy and consumer participation mediate the relationship between retailer innovation and customer retention.
- *H15*: consumer advocacy and consumer participation mediate the relationship between consumer satisfaction and customer retention.
- *H16*: Consumer experience and consumer satisfaction mediate the relationship between retailer innovation and customer retention.

1.9 Research Methodology

The study followed a positivist research philosophy, as it aimed to test and confirm the hypotheses depicted in Figure 1.2. As a result, this study adopted a quantitative approach to collect and analyse data. Data was collected from 500 participants using a survey as a data collection instrument. Surveys are often linked to the deductive approach, which this study also adopted. A non-probability, convenience sampling technique was adopted to select the participants of the study. The selection of a convenience sampling technique was due to easy accessibility, and the willingness of the participants to volunteer to be part of the study (Farrokhi & Mahmoudi-Hamidabad, 2012). Additionally, there was no list from which to draw a sample from the target population. It was not possible to obtain a customer database or list of all consumers that purchase from small independent retailers trading in townships.

The measurement instrument was adapted from existing scales and a seven-point Likert scale ranging from one, which means strongly disagree, to seven, which means strongly agree was used. Scales for retailer innovation and consumer satisfaction were adapted from Nanda, Kuruvilla, and Murty (2013). Measures for

consumer innovativeness were adapted from Hur, Yoo, and Chung (2012). The scales for consumer participation and consumer advocacy were adapted from Yeh (2016) and for consumer experience were adapted from Lin (2016). Lastly, the scales for consumer retention were adapted from Bojei et al. (2013).

The data analysis was performed on SPSS to obtain descriptive statistics, and test for reliability of the measurement items through running a Cronbach's Alpha test. In order to test validity (convergent and discriminant) the two types of models in Structural Equation Modelling (SEM), namely, the measurement model and the structural model were run in AMOS. Moreover, through these models, fit measures, comprising absolute fit and incremental fit indices, were obtained. An in-depth research methodology discussion follows in Chapter 5.

1.10 Ethical Considerations

This study followed an ethical procedure for data collection. In order to uphold the standard of the research profession, an ethical clearance certificate was obtained from the Ethics Committee of the University of the Witwatersrand. The participants were informed that participation was voluntary and anonymity was guaranteed. The detailed steps of the ethical procedure is found in Chapter 5.

1.11 Structure of the Thesis

As outlined in Figure 1.3, the structure of the thesis is as follows:

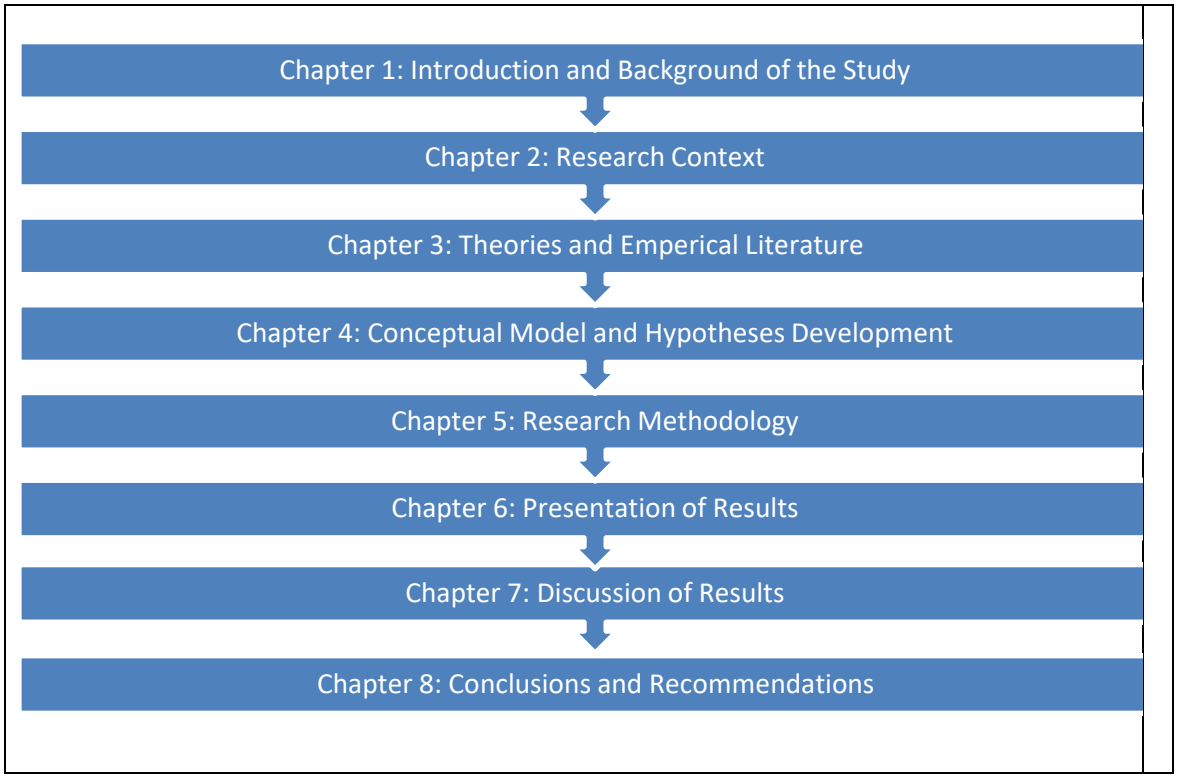


Figure 1.3: Thesis structure

Source: Researcher's own compilation (2017).

1.12 Conclusion

This chapter presents an overview of the study, namely the introduction to and background of the study. This was followed by a discussion of the research problem and identified gap in literature. The research purpose, objectives, and questions were also presented, followed by the significance and contributions. Lastly, a preliminary literature review was discussed, followed by an overview of the methodology adopted in the study. The next chapter discusses the context of the research.

Chapter 2: RESEARCH CONTEXT

2.1 Introduction

This chapter aims to deliberate on the research context. First, the chapter provides an overview and highlights the importance of the retail industry. Second, the chapter addresses retail trends and retailing in emerging economies. Third, the chapter discusses retailing in the South African context, followed by a discussion of small independent retailers. Lastly, the chapter provides an overview of the township economy and highlights the importance of the township consumer.

2.2 Overview of the retail sector

One of the leading sectors in the global economy is the retail industry. The retail industry is going through an implausible change internationally, as there has been a huge improvement in consumer purchasing patterns and needs (Srivastava, Kumar, and Agnihotri, 2016). As a result, retailing has become more complex and has changed because of new technology and changing consumer demographics (PWC, 2015b). Askew (2018), asserted that consumers are increasingly in control of when they make purchases, what they purchase, and how they consume those purchases. Moreover, in support of Askew (2018) the Global Powers of Retailing – Retail Trends report by Deloitte (2018), confirmed that consumers are obviously in the driver's seat, and they are empowered by technology to stay continually connected, which stimulates changes in shopping behaviour.

This, therefore, provides retailing with opportunities, and strategies, to entice consumers to make certain purchasing decisions. Retailing originated from a French word, with the prefix re-, and the verb -tailer meaning "to cut again" (Ahmed, 2017: 30). A process that involves the transportation of goods to the end consumer, retailing comprises of all the activities involved in selling directly to the end customer for personal and non-business usage (Ahmed, 2017; Srivastava et al., 2016). Retailing embraces sales activities of the producer directly to customers, whether through independently or nationally owned brick and mortar stores or online stores.

Reiterated by Govindarajan and Rajkumar, 2017), retailing consists of all business activities related to the sale of products and services in small quantities directly to the customers for their personal and household use. As simple as retailing activity sounds, Chorna (2010, as cited in Chorna, Shumilo, Kushnir & Zabrodska, 2018) argued that retail trade is a comprehensive and a complicated concept characterised by the following stages:

- First, retail trade is an act of trading money for products and services, which has to be of benefit to both parties that are participating in the process. During the exchange process, customers buy products and services to derive value of some sort, while the retailer pursues this transactional relationship to gain profit. However, in the purchasing process, customers seek to satisfy their psychological needs and social status. Therefore, procuring these goods and services fosters self-assertion and self-expression of consumers.

- Second, retail trade is an independent industry of the economy conferred by intermediaries among the manufacturing and final consumption in diverse markets of supplies and services. The retail trade industry is a set of business organisations that comprise legal entities (government and privately owned retail enterprises) as well as individuals (entrepreneurs) selling merchandise to the end customer. Retail businesses ensure that there is a variety of merchandise and that the quality meets the demand and expectations of customers. Similarly, retailers have to organise a consistent level of servicing consumers and render assorted services in order to meet individual needs of customers.

- Third, retail trade is an economic indicator of the state and its trade markets, thus a level of retail trade growth demonstrates a level of national economic development, which is very significant for sustainability of nations.

- Fourth, retail trade is a distinguished type of business. It is fundamentally an entrepreneurial activity in the scope of exchange related to selling products and services to end customers for personal, household, and family usage. This is an ultimate stage of the distribution.

Furthermore, Berman (2013, cited in Chorna et al., 2018) concluded by proposing two peculiarities of retail trade, which differentiates them from other forms of businesses. One, an average sum paid per purchase is significantly lower than the same amount of manufacturing enterprises; two, the end customer makes countless impulsive purchasing decisions, therefore, the majority of customers should be attracted to retail stores one way or the other. It can then be determined from the above breakdown of retailing, as affirmed by Govindarajan and Rajkumar (2017) that retail trade is an activity that ensures, or should ensure, maximum customer satisfaction from the buying process. Figure 2.1 illustrates the global sales value of grocery retail in 2016 and the projections for 2021, which shows the sustainability and continuous growth of the industry.

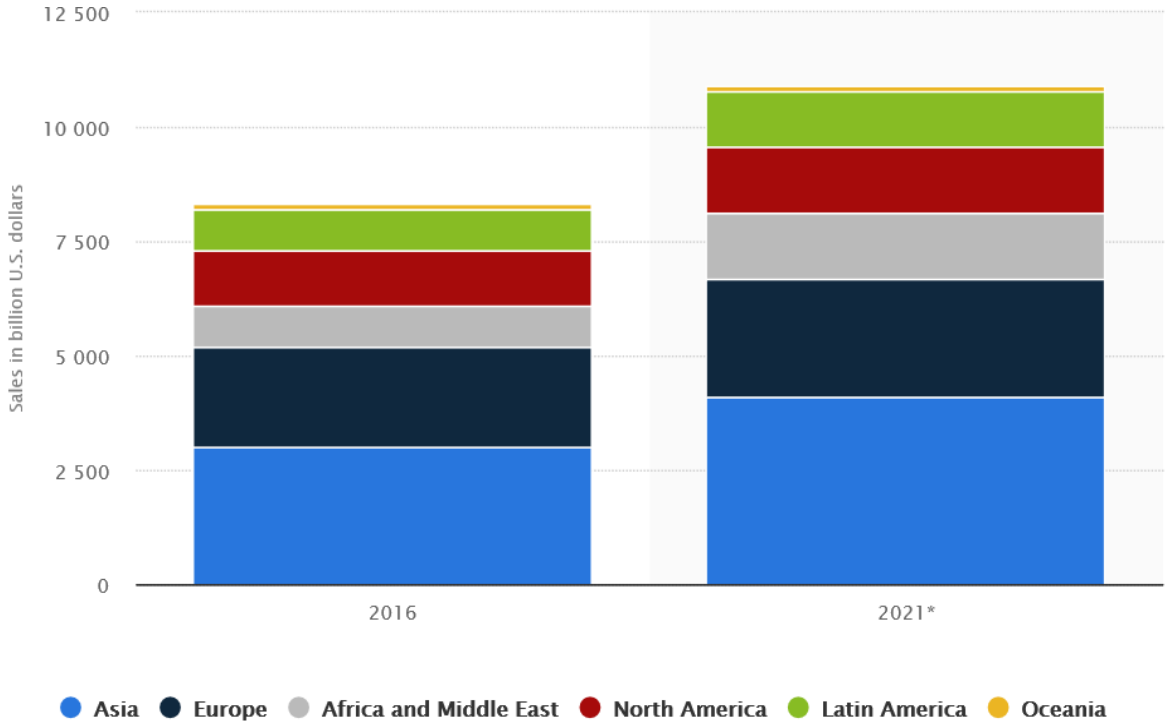


Figure 2.1: Global sales value of grocer in 2016 and projected sales for 2021

Source: Statista (2018, para. 1)

2.3 Importance of the Retail Sector

Retailing is broadly considered as being important to both local and national economies (Grimmer et al., 2015). The retail industry plays a major role in the

world's developing and developed economies. At the prevailing phase of development, as recapitulated by Chorna et al. (2018), retail trade plays a key role in global economies, making it a priority industry in approximately all countries around the world. The distribution of products from producers to customers institutes an enormous segment of overall economic activity around the world (Bronnenberg & Ellickson, 2015). Retail development, therefore, has been crucial in the advancement of various economically and socially challenged areas in the world, resulting in an enriched social unity and safer living environments (Strydom, 2013). Considerable investments in shopping centres, better personal mobility, and knowledgeable customers have resulted in changes in the nature and range of retail development (Strydom, 2013).

As discussed by Das Nair and Dube (2017), supermarkets are an important direct market for suppliers of food and household consumable products, therefore a strong catalyst to stimulate food processing and light manufacturing industries. Suppliers and manufacturers are the key sources in retailing, as without the distribution of their merchandise, the final products will not get to the consumers. Therefore, it is important that retailers gather all consumer information, preferences, and experiences as they shop in order to inform the suppliers and manufacturers of the consumer purchasing patterns. This would be beneficial to the sector, as there seems to be a trend in co-creation, where consumers become part of the creation of merchandise and in-store experiences. Hence, potential techniques for consumer value creation have seen major firms establish in-store marketing strategies, and build on sensory traits and consumer participation, in order to strengthen consumer experience, particularly in terms of creating brand awareness and restoring brand value (Russo Spena, Caridà, Colurcio & Melia, 2012).

2.4 Retail Trends

Retailing has become more complex and is constantly changing. It is imperative for retailers to be up to date with the changing needs and wants of consumers. In an increasingly international retail market, demographic and socioeconomic changes are redesigning customer behaviour, spending patterns, and retailing models (Lowe, Maggioni & Sands, 2018). According to PWC (2015b), one of the bigger

trends in retail is to focus on the consumer's shopping experience within the physical store, which means that the retailer has to be innovative. Furthermore, as suggested by Terblanche (2018), a positive in-store consumer shopping experience offers a competitive advantage, that enhances the value that a consumer gets from visiting a supermarket. It is important for retailers to understand that consumers seek to be entertained and want to enjoy their shopping experience. This is the key determinant in bringing consumers in-store and retaining them in future.

In an extremely competitive environment, such as the retail sector, there is constant pressure to drive retailers to be innovative (Ruiz-Molina et al., 2017). Given the competitive landscape of the retail industry in both product quality and price, as advocated by Roy, Sana, and Chaudhuri (2018), it is essential for retailers to compete using more complex strategies and approaches, rather than to lower their trade prices. This simply means that retailers should focus on providing value to consumers, something that consumers can be attached to in order to stay loyal to the retail store. The value derived by consumers can be in the form of shopping or product experience. As noted by Terblanche (2018), customer experience is a means for differentiation, which signifies that retail stores must be designed to educate, entertain, tell stories, and inspire consumers (Sands, Oppewal, & Beverland, 2015).

Moreover, some strategies to consider when delivering value, as proposed by Roy et al. (2018), should equally include non-price elements, for example, product advertising, post-sale consumer care, and support. It is advantageous to note that when a sale takes place, the after sales team needs to start engaging with consumers to build a relationship to avoid customer dissatisfaction (Sharifi & Esfidani, 2014). Customers tend to experience post-purchase dissonance when they are not satisfied with a product or service. Thus, the implementation of consumer experience within retail stores will ensure that consumers' shopping preferences are designed to respond to their individual needs.

Although physical retail outlets are not going anywhere, and still constitute 90 per cent of global retail sales, as stipulated by Deloitte (2018), it is important for the physical retailer to note that in order to compete, it is crucial to pay attention to the

convenience and boundless variety offered by online stores. It is, arguably, essential not to disregard the fact that there has been a trend of combining the physical store and the online store, particularly by big supermarkets, such as Pick ‘n Pay and Woolworths, which have taken this opportunity to make it easy for consumers to access goods in the comfort of their homes.

Retailers are also shifting to self-service technologies as they relieve the consumer from long queues in store (Rodríguez, Paredes & Yi, 2016). These technologies include researching items online before purchasing them in the physical store, self-scanning, and looking through the products in store before buying them online, which is known as show rooming (Lewrick, Williams, Maktoba, Tjandra & Lee, 2015). These technological advancements, considered as modern retailing, signifies a considerable improvement in productivity, such as providing customers with better product assortment, lower prices, and enriched convenience (Bronnenberg & Ellickson, 2015).

Moreover, as online retailers capture more of the market, physical retail stores struggle with deteriorating sales, making the store environment more imperative than ever (Lowe et al., 2018). Hence, transformation in both the online and offline retail setting is obligatory in order to better serve the demands of consumers and redefine consumer experience (Deloitte, 2018). Some physical retail stores (also known as brick and mortar stores) are apprehending the prominence of developing unique product/service offers, and pleasurable shopping atmosphere that goes beyond what consumers can find online (Deloitte, 2018). Examples of these include grocery stores that are converting from suppliers of products to stewards of comprehensive solutions, such as providing food, household, health, and wellness in a single retail setting (Deloitte, 2018). Consequently, this raises an important question, how does the small independent retailer prepare to survive when this trend makes it to the township consumer? Hence, this study investigated how retail innovation could influence consumer behaviour (participation, advocacy, innovativeness, and experience) to drive consumer satisfaction and retention in the challenging small independent retailing context.

2.5 Types of Retail Formats

Liao, Wen, Hsian, Li, and Hsu (2014) asserted that the retail industry is currently diversified and disintegrated as customers are overloaded with alternatives and information, making it crucial for retailers to add value in their product and service offering. Consumers are becoming more active and sophisticated concerning product and service development, thus retailing has witnessed a shift from traditional to modern retail formats. The grocery industry trends revealed that the majority of retail stores were in the process of shifting from independent stores to a group of store formats that serve different customer needs, but operate under the banner of a chain to benefit with economies of scale through expansion strategies (Bronnenberg & Ellickson, 2015). This trend is already evident as chains such as the Shoprite Group has more than five store formats catering to different consumer segments in South Africa, and other countries in Africa. These retailers tend to adopt contemporary technology in order to synchronise different departments such as information management, branding techniques, marketing, and merchandising (Miotto & Parente, 2015).

As iterated by Bronnenberg and Ellickson (2015), modern retailing formats have recouped traditional outlets in both emerging and developed markets. According to Kiran and Jhamb (2011), the modern retail formats provided a wide variety of merchandise and services to consumers, which is ideal for a holistic shopping experience. Emphasised by Miotto and Parente (2015), modern retail is represented by a more competitive multiline retail format, comprising of a wider variety of merchandise and sophisticated facilities that provide a clean and safe environment for consumers. As a result, the types of evolving retail formats include shopping malls and centres, supermarkets and hypermarkets, convenience stores, discount stores, and warehouse clubs (Bronnenberg & Ellickson, 2015; Kiran & Jhamb, 2011), which are discussed in detail in the sections that follow.

2.5.1 Shopping malls and centres

Shopping malls are currently the principal form of organised and structured retailing. From a consumer's point of view, procuring value is a considerable consumption

objective in a fruitful shopping experience (El-Adly & Eid, 2016), which is customarily a norm in shopping malls and centres. These shopping malls provide an exceptional shopping experience inclusive of products, services, and entertainment under one roof. Shopping malls are branded by many features that stand-alone stores cannot provide, for example, they are open seven days a week, with longer opening hours, providing convenience for consumers as they encompass a range of brands, stores, restaurants, products, food courts, coffee shops, banks, as well as medical services (El-Adly & Eid, 2016).

2.5.2 Supermarkets and hypermarkets

Supermarkets and hypermarkets are the latest formats located near, or in, neighbouring residential areas (Kiran & Jhamb, 2011). Hypermarkets carry a bigger assortment of products, varying from appliances, foods, sports, home-ware, furniture, and clothing. Examples of hypermarkets include, Wal-Mart, Pick 'n Pay and Checkers. Supermarkets are mainly self-service outlets, catering to diverse consumer needs and primarily focused on groceries, household, and personal goods including household appliances, detergents, and toiletries (El-Adly & Eid, 2016; Norton's Inc., 2016). Examples of supermarkets include, Cash & Carry, 7 Eleven, Boxer, Choppies, Shoprite, Pick n Pay, Cambridge Food, Checkers, Spar, and General Dealers.

2.5.3 Convenience stores

Convenience stores, compared to supermarkets, are comparatively small and situated close to residential areas (Kiran & Jhamb, 2011). The stores tend to provide a limited product line, which conveniently, is beneficial to fulfil the needs of the consumers at any point in time. These stores are often open for 24 hours a day, seven days a week. Consumers usually shop at a convenience store for fresh food items, snacks, energy drinks, soda, water, and tobacco. However, being a small outlet with a narrow merchandise range, means that convenience stores sell products at high prices, making consumers pay for the benefit (Pearce, Hiscock, Blakely & Witten, 2008). Furthermore, scholars (Jernigan et al., 2018) contended that some convenience stores provide customers with a quick purchase to a wider

selection of consumable merchandise and services. These are stores that are based in fuel or petrol refilling stations and garages (Pick n Pay Express at BP garages, Woolworths food stop at Engen garages) as well as chains (superettes) such as KwikSpar and OK Mini Market (Norton's Inc., 2016).

2.5.4 Discount stores

Discount stores offer consumers goods at low prices, since they have a wider selection of products, they are able to sell in large quantities and still have higher economies of scale (Kiran & Jhamb, 2011). Examples of product classifications found at discount stores are food, appliances, home ware, furniture, consumables, and electronics. Examples of discount stores in South Africa include Boxer superstores and USave (Norton's Inc., 2016), whose parent company is Shoprite.

2.5.5 Warehouse clubs

A warehouse club is a wholesale store that provides customers with a wider assortment of merchandise, where customers have the option to purchase in large quantities or single items (Bronnenberg & Ellickson, 2015). This type of store stocks products such as electronics, food, house ware, office equipment, and stationary. Examples of warehouse clubs include Game and Makro.

Figure 2.2, highlights the growth of the retail grocery sector between 2010 and 2015. Discount stores display the highest growth. This is not surprising as these stores service mainly the mass market in low income communities (the largest group of shoppers in countries such as South Africa) and provide consumers with deals that they cannot ignore, such as lower prices within a restricted variety of grocery items. This is followed by convenience stores, hypermarkets, and supermarkets, which grew at approximately the same rate.

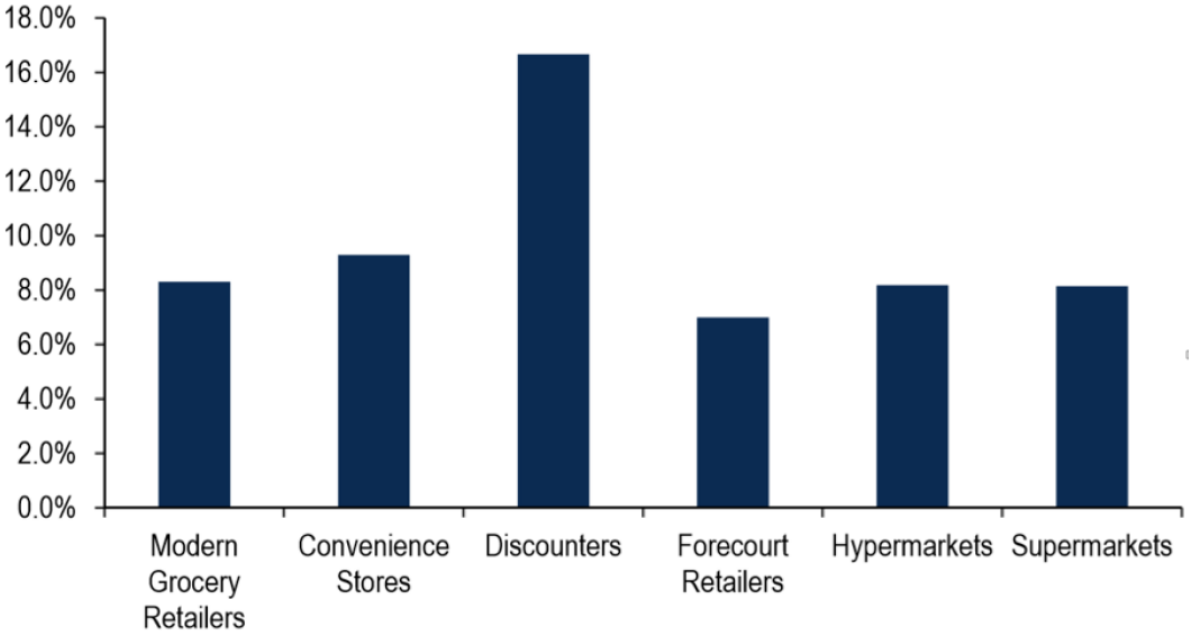


Figure 2.2: Growth is evident in all grocery retail formats (CAGR 2010-2015)

Source: Euromonitor (2016, cited in Norton's Inc. (2016: 16).

2.6 Retail Sector in Emerging Economies

In recent years, the combination of population and economic growth in emerging economies has fast-tracked the advancement of globalisation of retailing by retailers (Reinartz et al., 2011). The accelerated rise in supermarkets in emerging economies over the last several years has resulted in radical changes in food retailing systems (Peyton et al., 2015). According to Reinartz et al, (2011), the main challenge experienced by retailers stationed in developed markets in their efforts to sell to consumers in emerging markets, in particular, to consumers who reside in rural or semi-urban areas, is the lack of a strong and functioning distribution network. Retail outlets that are reputable, and well developed, in emerging markets tend to offer a 'one-stop' shop concept, where consumers can purchase almost all their basic household consumables at the same location (Nandonde & Kuada, 2018), as such decreasing the chance of expansion. Hence, organisations from around the world have recognised that expansion of their activities, and new prospects will commonly transpire in fast developing, emerging nations (Miotto & Parente, 2015). Despite this, the growing middle class consumers in emerging markets, and improvements

in the standards of living, have commanded changes in their purchasing behaviour, creating opportunities for modern retailing outlets (Nandonde & Kuada, 2018).

Furthermore, Kravets and Sandikci (2014), argued that to sustain the existing scale of production, a larger scale of consumption is mandatory, as the future purchasing power rests with the new middle class consumers in emerging markets. There is no question that more modernised retailers satisfy customers in their shopping experience. Nandonde and Kuada (2018) revealed that consumers in emerging markets are fascinated by modern and sophisticated shopping facilities, due to elements such as the atmosphere of the shopping environment, high level of service, and the physical infrastructure (i.e. parking space) that is available to consumers. To elaborate more on the level of modern retailing adoption in emerging markets are scholars, Bronnenberg and Ellickson (2015) who provided some evidence of the modern retailing systems acceptance and adoption in Brazil, Russia, India, China, and South Africa (BRICS), by using the United States as a reference point.

Figure 2.3, as illustrated by Bronnenberg and Ellickson (2015), shows that the United States has totally transformed to modern grocery retailing, while Brazil and South Africa had mainly modern structures. India, on the contrary, showed a very low admittance of the modern retailing format as it operates largely in a traditional format. Dissimilarly, Russia and China have escalated from a completely traditional format, like in India, to an extensive adoption and acceptance of new retailing formats. It is worth noting that, the growth of modern retailing in emerging countries such as South Africa, Russia, Brazil, and China is due to consumer's appreciation of modernisation, thus consuming more. Henceforth, small independent retailers need to find innovative ways to include customers in the product and service delivery process, in order to foster satisfaction and consumer retention in the long term. This does not only provide an opportunity for these retailers to prosper, but to stay competitive in relation to their counterparts.

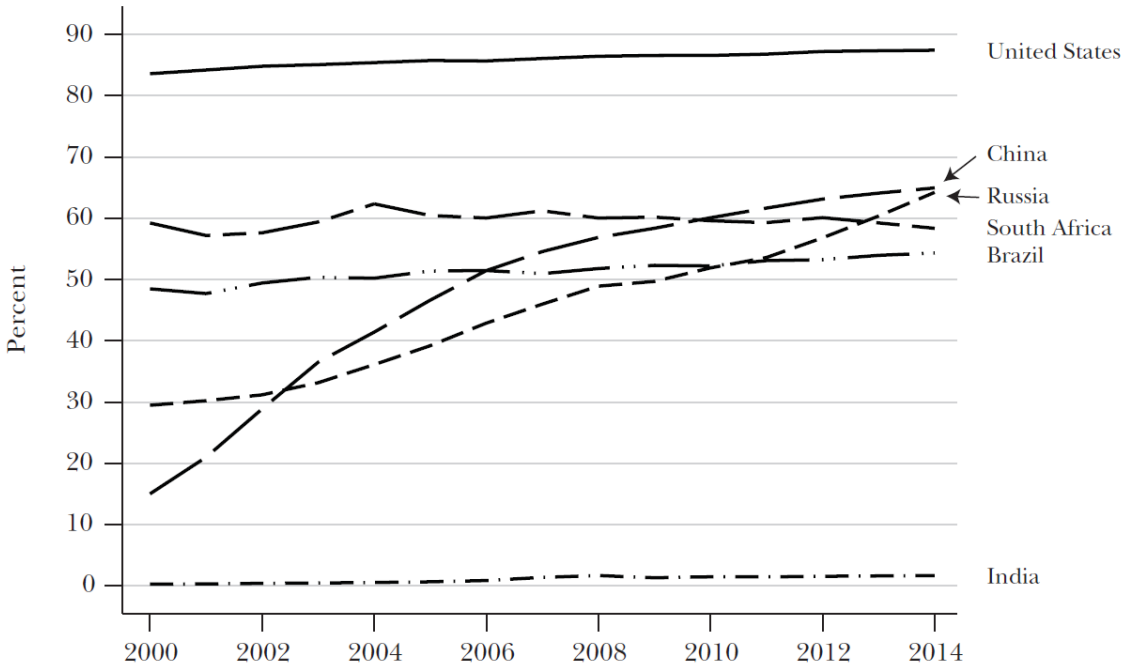


Figure 2.3: Share of modern grocery retail in emerging economies

Source: Bronnenberg and Ellickson (2015: 131)

2.7 Retail Sector in South Africa

According to Cilliers (2018), population expansion was the fundamental driver behind retail development in South Africa. The retail industry in South Africa continues to increase (Mafini & Dhurup, 2015), making it a crucial sector in the economic development of the country. According to the Johannesburg office of the Italian Trade Agency (ITA, 2013), in 2012, the retail, wholesale, accommodation and catering sector contributed 14.4 per cent to overall GDP and reflected growth of 3.5 per cent from the previous year. However, the retail and wholesale sectors employed an estimated 2.82 million people, which makes up 22 per cent of the national labour force (ITA, 2013). Thus retail is positioned as an important sector in the overall South African economy, particularly in these tough economic times when the unemployment rate is high. Although employment has largely increased, in spite of the growth, the rate of unemployment has remained comparatively constant due to the expanding size of the labour market (Lilenstein, Woolard, & Leibbrandt, 2018), such as in the retailing sector. In 2012, total retail sales in South Africa amounted

to R654.1 billion (ITA, 2013). Figure 2.4 demonstrates that retail sales have presented steady growth over the years, reiterating the sustainability of the sector. Das Nair and Dube (2017) emphasised that the development of supermarkets has significant consequences for both suppliers and consumers of household and food products.

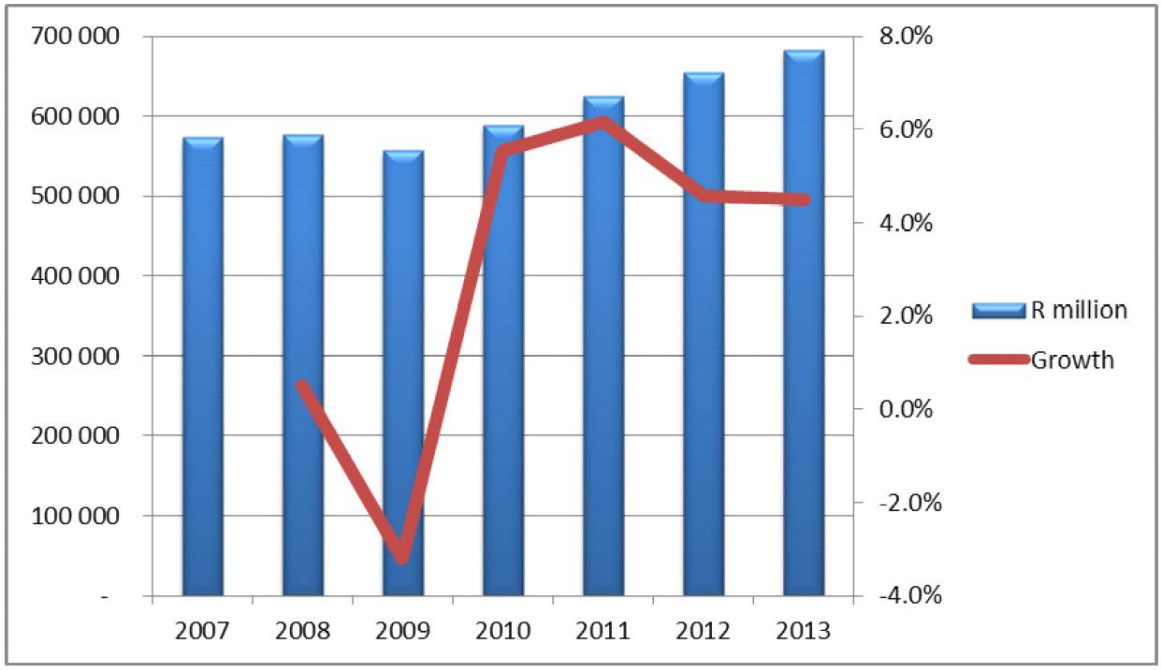


Figure 2.4: Trend in formal retail sales (2007-2013)

Source: ITA (2013: 1).

South Africa has a very diverse retail sector, ranging from big full-line wholesalers and supermarkets, which are classified as the formal trade, and small supermarkets, which are often referred to as spaza shops, which are informal (Norton Inc., 2016). According to research conducted by PMA (2017), the South African grocery retail environment is exceptionally competitive with many retailers focusing on competing for prime store locations, price wars, training staff, modernising their stores with wider aisles for easy navigation, and offering a dedicated product category. On the other hand, the South African retail market is highly concentrated, with five predominant players in the market accounting for approximately 60 per cent of all retail sales (ITA, 2013; Makhitha, 2016).

Denoted as the ‘big five’, the five largest retailers in South Africa are Shoprite, Pick ‘n Pay, Spar, Woolworths, and the new player, Wal-Mart’s Cambridge Foods (ITA, 2013: Makhitha, 2016). Table 2.1 depicts the global brand owner’s retail share, demonstrating the slice of the market each retailer represents. Shoprite is the biggest grocery retailer by market share (PWC, 2012). This is also affirmed by the statistics in Figure 2.6, where Shoprite seems to be leading in sales.

Moreover, Das Nair and Dube (2017) noted that these large and leading supermarkets offer consumers cheaper prices, relative to local independent retailers, given economies of scale and the global and regional sourcing strategies. This poses a threat for small independent retailers, as they cannot afford to compete with larger retailer’s prices, as their economies of scale depends on customer attraction, retention, and partnership with other small independent retailers or national retailers in order to have an increased level of production. As echoed by Jere et al. (2015), the multiple-store hazard to SMMEs operating in the retail sector is supply-chain implications; the cumulative magnitude of national chain retailers provides these retailers with more control when it comes to supply chain, which is a disadvantage to smaller retailers.

Table 2.1: Grocery retailers' global brand owner's retail share

Global brand owner	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)
Shoprite Holdings Ltd	18.3	18.7	18.9	19.2	19.4
Pick 'n Pay Stores Ltd	14.4	14.0	13.7	13.4	13.0
Internationale Spar Cantrele BV	9.2	9.3	9.3	9.3	9.5
Woolworths Holdings Ltd (South Africa)	3.6	3.6	3.6	3.7	3.7
Fruit & Veg City Holdings (Pty) Ltd	1.3	1.5	1.8	2.9	3.4
Pick 'n Pay Retailers (Pty) Ltd	0.9	0.9	1.0	1.0	1.1
Wal-Mart Stores Inc.	1.2	1.1	1.1	1.0	1.0
Others	51	50.9	50.6	49.5	48.8
Total	100.0	100.0	100.0	100.0	100.0

Source: Adapted from PMA (2017).

As depicted in Table 2.1, Shoprite Holdings is the leader in the supermarket retail sector. This is also due to the different segments the retailer accommodates. One of the biggest segments is the mass market (low-income consumers), which are largely township consumers. This is the same market that the small independent retailers cater for, which makes it challenging for retailers to compete.

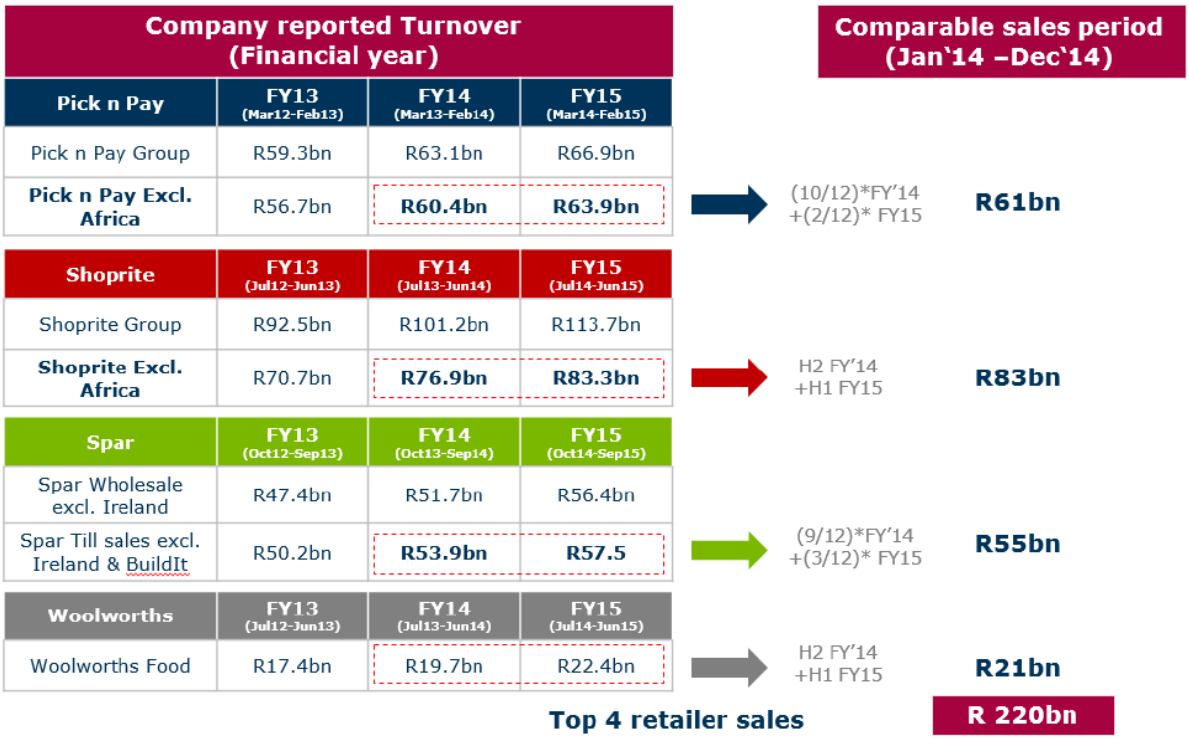


Figure 2.5: Reported retail grocery sales converted to comparable period

Source: Norton's Inc. (2016: 20).

In research conducted by Ernst and Young (EY, 2017), it was reported that South Africa's retailers performed strongly in the year 2016, despite the country seeing its weakest growth in seven years. The investigation focussed on three major retail categories, namely, grocers, speciality, and clothing. The grocery retailers had a 62 per cent share of total retail spend, specialty retailers had 23 per cent, and clothing retailers achieved 15 per cent. In terms of share of profits, grocery retailers achieved 66 per cent, while speciality and clothing retailers had lower shares at 18 per cent and 16 per cent respectively (EY, 2017). This demonstrates the importance of grocery retail in the economy. Goko (2017) stated that South Africa has 2 500 modern retail trade outlets, which include supermarkets, and 140 000 traditional trade outlets, which includes small independent grocers. The annual retail sales for both modern and traditional outlets reported R316.5 billion in March 2017. However, the traditional outlets accounted for 22.3 per cent (R70.5 billion).

Even though the big formal grocery retailers account for the majority of sales, Figure 2.6 shows that independent stores represent about 95 per cent when measured by the number of stores, which is the majority of all retail outlets.

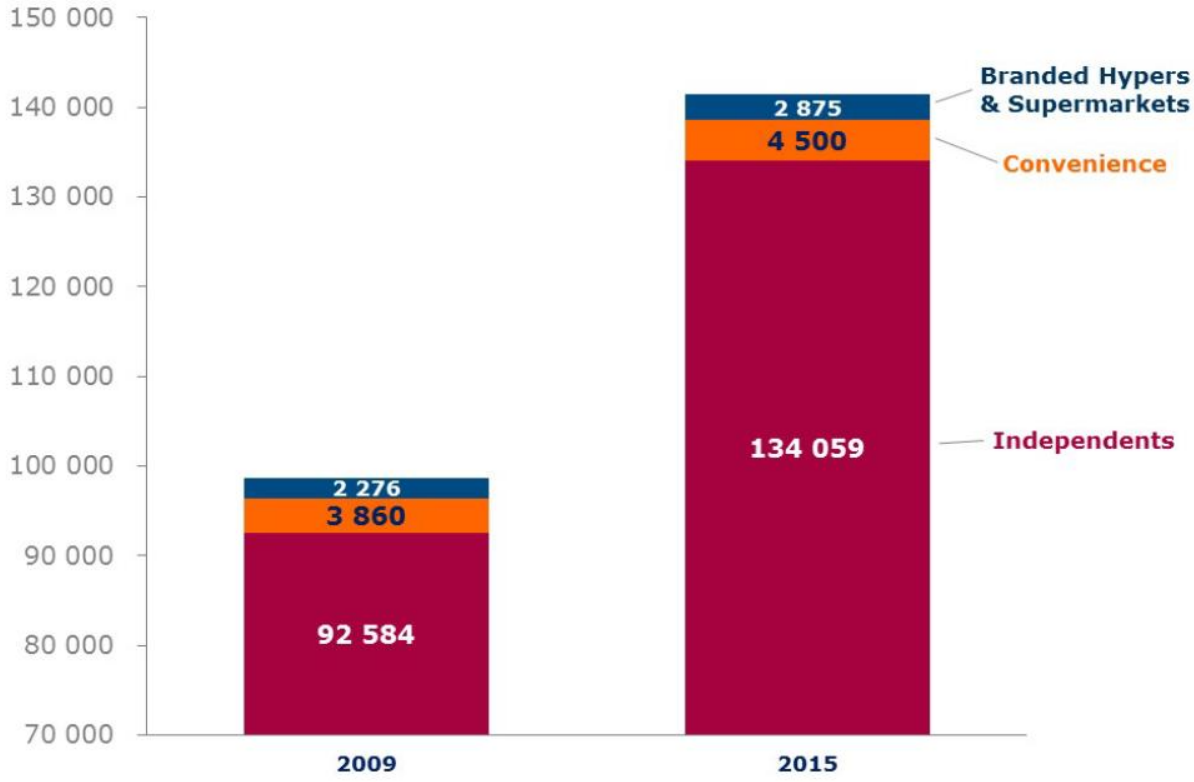


Figure 2.6: Mix of supermarkets, convenience stores, and independent retail stores in South Africa

Source: Nielsen (2016, cited in Norton Inc. 2016: 7).

Consumers today are spoilt with numerous options; retail facilities range from close to home to shopping centres located a distance away. Consumers, however, can also travel to remote areas to purchase goods and services in order to meet their needs and wants. This is one justification for consumers to spend a major part of their income outside their local retailing community, in search of merchandise and shopping experiences that meet their purchasing preferences. The activity of customers travelling and bypassing their local retailers is described as out shopping (Strydom, 2013). Therefore, it was important to investigate the effect of retailer innovation on consumer retention in small independent retailers, especially in townships. Marketers and service providers in this sector are constantly looking for

better techniques to stimulate and improve consumer purchase intention in townships (Todes, 2012). However, intention to purchase alone is not enough, it is important to identify methods that can influence consumer participation, advocacy, satisfaction, and retention in terms of repeat business.

2.8 Small Independent Retailers

In South Africa, independent retailers fall under the DTI's definition of SMME (Makhitha, 2016), making it a very significant and critical industry for the South African economy, since SMMEs are associated with economic empowerment and job creation within underprivileged communities in rural and semi-urban areas (Kongolo, 2010). SMEs make an important contribution to the economies of both developed and emerging nations in terms of employment generation and social-economic developmental impacts (Inyang, 2013). Moreover, echoing the significance of small and medium enterprises (SMEs), Masarira and Msweli (2013), contended that SMEs in South Africa account for approximately 91 per cent of formal business entities, contributing about 57 per cent to the GDP, and providing nearly 60 per cent of employment.

According to Jere et al. (2015), the South African small businesses context covered an extensive range of activities, as depicted in Table 2.2 approximately 79 per cent of business activities involve a component of retailing.

Table 2.2: Nature of small businesses in South Africa

Business Activity	% of small business owners
Retailing activities	*78.7*
Sell something in the same form it was bought	48.8
Buy something to sell, but add value before reselling	10.7
Grow something to sell	5.2
Make something to sell	5.1
Sell by-products of animals	3.7

Business Activity	% of small business owners
Retailing activities	*78.7*
Rear livestock/poultry and sell	3.1
Sell something that was collected from nature	1.5
Sell something that was obtained for free	0.6
Service provision activities	*21.3*
Render a skilled service e.g. mechanic, plumber, hairdresser	13.2
Render other service, e.g. car wash, garden services, transport (taxi services), catering	5.1
Render a professional service, e.g. doctor, lawyer, accountant	1.3
Render building/construction services	1.0
Render tourism related services, e.g. accommodation/hotel/bed and breakfast/ guest house, tour operator	0.6
Total	100.0

Source: Jere et al. (2015: 623).

Fatoki (2014) argued that there have been numerous challenges that produce a high failure rate of small businesses operating in the retail industry in South Africa. Moreover, Jere et al. (2015) stated that retailers are faced with several challenges, which include innovation and value, meaning that small retailers have to find better methods of maximising the consumer shopping experience. Conversely, the arrival of global retailers is a major challenge and is likely to have an effect on the sales and sustainability of SMMEs, especially for small retailers who operate on small revenue (Khare, 2014). As such, small retailers servicing local communities are unable to match the low prices, and merchandise variety, of large national modern retailers (Peyton et al., 2015). Product variety, quality, service, and cleanliness are the factors that small retailers lack (Khare, 2014), which significantly affects their success. National supermarket retailers are progressively penetrating rural and township areas (DED, 2015). This expansion significantly affects the small, informal, and independent retailers in numerous ways, as the decline of these retailers and decrease in profitability is noticeable (DED, 2015).

Small retailers serve a few hundred consumers in the neighbourhood where they are located. Residents frequent these stores daily to fulfil their needs for basic products such as sugar, milk, bread, biscuits, soap and soda drinks (Boulaksil et al., 2014). Small retail stores have an important role to play in their local communities and are a key contributor to local and provincial economies (Calderwood & Davies, 2012). These small businesses act as a centre for the local community, undertaking a dominant role in providing a place for social interaction, a place where the needs of the disadvantaged and socially excluded groups are met, and creating consumer value and fulfilling a significant economic role (Clarke & Banga, 2010).

According to Quinn et al. (2013), in spite of the development of big multiple retail businesses on a global scale, small retailers continue to represent a large amount of retail business and retail employment. While literature on small retailing highlighted broad strategic possibilities for growth, research is lacking on the potential for innovation, and the types of innovative activities that can be implemented. Despite small retailers being an important resource for consumers, as they are conveniently located, literature on business environment of small retailers in developing countries, especially in South Africa is limited. Scholars (Miller, Besser, Gaskill & Sapp, 2003; Sim, 2000) highlighted factors that lead to poor performance of small retailers, but limited empirical research has been investigated to comprehend their business environment (Boulaksil et al., 2017). This might be largely influenced by the challenges and complexities of obtaining data from small retailers, as they do not have sophisticated and advanced technological systems from which to obtain customer data.

Further studies presented the rise of modern retail in developing nations as barely affecting small traditional retailers (Boulaksil et al., 2014). Makhitha (2016) asserted that in 2010 the informal and independent portion of this category was estimated at R73.9 billion and was estimated to grow by 45 per cent to R115.6 billion in 2013, as depicted in Table 2.3. Furthermore, an astounding 22.5 per cent of total consumer expenditure on groceries is at informal and independent retailers, who, as conferred by Makhitha (2016), service 81 per cent of households in South Africa.

Table 2.3: Categories of retailers

Category	2010	2013 (estimated)	% change
Large retailers	R153b	R212.7b	39
Informal and independent retailers	R79.5b	R115.6b	45
Total food and grocery spend in SA	R232.5b	R328.3b	45
Informal and independent market share	34.2%	35.2%	1

Source: Wholesale and Retail SETA (2011: 3).

Early studies conducted in Turkey by Ozcan (2000) found that although the number of large modern retailers increased, the number of small retailers also increased. Another study conducted by D'Andrea, Lopez-Aleman and Stengel (2006) in Latin America, explored the reasons for small traditional retailers remaining successful even after the rise of large retail stores, and it was found that though the majority of consumers have a weak buying power individually, consumers have significant buying power as a community. This makes small retailers a very significant resource for low-income communities, specifically in townships and rural areas. The study carried out by researchers Amine and Lazzaoui (2011) justified this point and found that large retailers were mainly received by middle and upper class consumers in Morocco, but much less by the lower income consumer.

Although large retail chains present a considerable surge in emerging economies, the majority of the consumers keep visiting small retailers (Quinn et al., 2013; Wholesale and Retail SETA, 2011) in their proximity, to benefit from the informal credits, the type of product, and the urgency of needs (Boulaksil et al., 2014). Moreover, a study conducted by the Wholesale and Retail SETA (2011) on Independent Food Retailers (IFRs) in South Africa, it was found that location, price, and specialised products are the main drivers of consumer patronage of these retailers. More so, better pricing and enhanced consumer service is what customers say will encourage them to frequent these independent retailers in the future, with location being the major driver, as depicted in Figure 2.7.

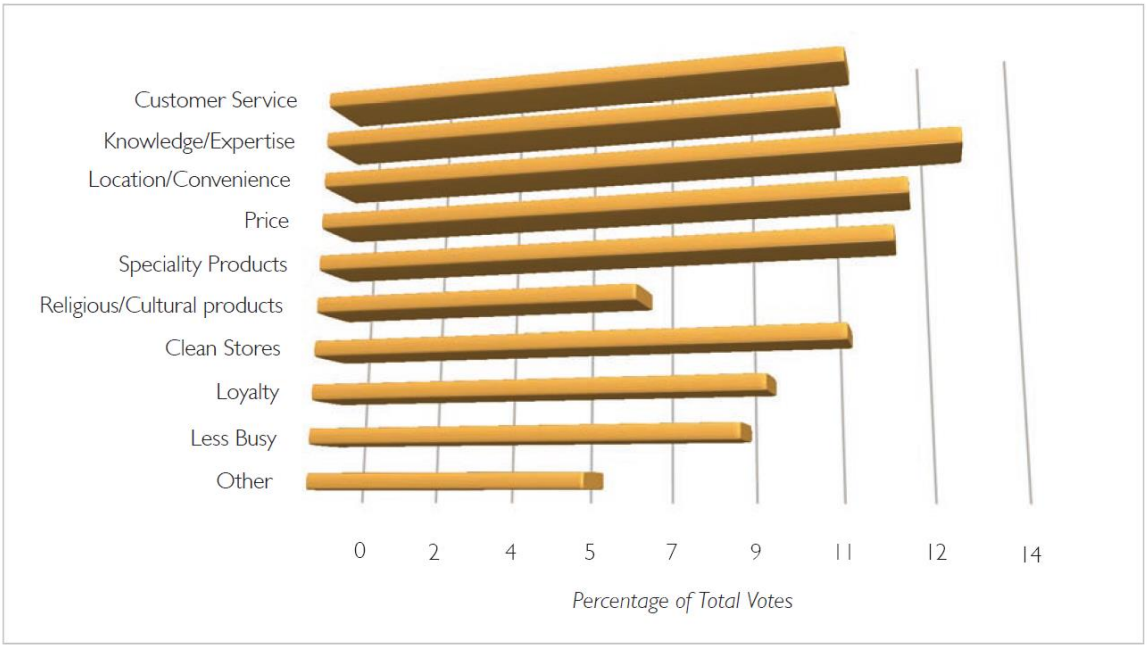


Figure 2.7: Primary reasons consumers shop at IFRs

Source: Wholesale and Retail SETA (2011: 5).

For small retailers, it can be argued that with their limited resources, innovation is critical for business growth. Small retailers based in rural locations are also faced with the problem of out-shopping behaviour, where customers prefer out-of-town locations for their shopping (Mullis & Kim, 2011). Therefore, customer service can be utilised as an innovative strategy that provides small retailers with an opportunity for differentiation from the more impersonal nature of the large store setting (Megicks, 2007). In order to survive, local small independent retailers need to be more observant in reacting to current day competitive market changes if they want to sustain their survival in this competitive environment (Srivastava et al., 2016). As confirmed by Khare (2014), increasing competition, and the entry of international retailers, brings forth not only new store formats, but also raises the question of the survival of small independent retail stores.

Independent retailers are typically small businesses that target lower LSM consumers in township, peri-urban, and central business district areas of cities (Das Nair & Chisoro, 2015). These are businesses that are privately owned and do not belong to a larger chain (e.g. Pick 'n Pay, Shoprite, or Woolworths). Consumers, who are looking for daily or weekly purchases, frequent these stores. Empirical

research suggested that the ‘share of basket’ for independent retailers is rising, and so is their turnover (Shopping and Retail, 2018). A sector that is driven by foreign owners and younger South African business owners, independent retailers are supposedly becoming more profitable and sustainable (Trade Intelligence, 2013). It is estimated that independent retailers account for approximately 40 per cent of the total food retail market, while formal chain supermarkets account for 60 per cent in South Africa (Das Nair & Chisoro, 2015). The viewpoint is that this segment is fast growing given the large collective base of lower LSM consumers (Das Nair & Chisoro, 2015). Moreover, Nielsen’s (2016 cited in Norton Inc. 2016) research on shopper trends found that sales in traditional trade outlets, which includes small independent grocers, developed by 13.4 per cent in early 2017, while rural outlets grew by 2.3 per cent (Goko, 2017)

Numerous terms have been used to define small retailing, including small shops, small independent stores, small convenience stores, and small local shops (Quinn et al., 2013). However, retail businesses in semi-urban and urban areas (townships), where this study was carried out, embrace the retail activities of hawkers, spaza shops, and township general dealers (Ligthelm, 2004):

- Street vendors, trade from a provisional or permanent structure on a street, at a taxi rank, or at a train station.
- Spazas, or tuck shops, are defined as businesses that trade in a section of an occupied residential home, or in any other structure, on a stand zoned or used for residential purposes and where people live permanently.
- Township general dealers, or supermarkets, are stand-alone businesses with a brick and mortar supermarket structure, often located in a business area, but may also be located in residential sections of townships.

For the purpose of this research, the operational description for the small independent retailers in question focused on those with a supermarket structure, also known as general dealers. The choice to use general dealers was made as they carry a wider product range and have more fittings and fixtures providing experiential features in the in-store environment such as self-service to consumers (Ligthelm, 2004).

2.8.1 The role of small independent retailers

Small retail stores have contributed towards social and community infrastructures. These retailers provide a sense of identity and foster interaction between the members of communities without socially excluding or isolating fragile groups, predominantly within poorer communities (Jere et al, 2015). Small independent retail stores are a means of survival for customers, primarily low-income customers residing in townships, and provide access to daily and monthly groceries (Makhitha, 2016). Hatten (2016, cited in Orpha, 2018) asserted that small independent retailers compete on the following features:

- First, on operational superiority, where they provide the lowest or best price;
- Second, merchandise leadership (best product); and
- Third, customer intimacy, which assists these retailers in building long-term customer relationships through excellent service.

Hence, the study investigated how these retailers could utilise innovative solutions to satisfy and retain customers. These retail stores are at an advantage compared to the large chain retailers because they have formed relationships with consumers that instil trust and loyalty.

2.9 Township Economy

Townships refer to impoverished and separate residential areas established by the apartheid government, which were exclusively reserved for people of colour (Africans, Indians, and Coloureds (mixed race)) (Pernegger & Godehart, 2007). The term township, according to the Black Business Quarterly (2017), still represents both the old and new, informal and formal human settlements that are largely African, coloured, and Indian. South African townships are distinguished by a high unemployment rate, a low level of income, poverty, and a dissociation from the main economic centres (David et al., 2018), which provide activities that better the economic outlook for the future (The World Bank, 2014). Although some townships are still largely underdeveloped, there has been sizeable development and

advancement in the standard of living, which has contributed towards the growth of economic activities in townships.

Township economy denotes township based businesses and markets that are activated by township entrepreneurs (Black Business Quarterly, 2017). These enterprises are very diverse, providing a variety of products and services that meet the needs of communities in townships (Gauteng Province Economic Development, 2014). As expressed by Beneke (2014), townships have created a fast growing demand for products and services, and resultantly, they are considered the most dominant developing areas in South Africa. Table 2.4 presents the scope of some activities in the township economy.

Table 2.4: Business activities in the township economy

Sectors	Clusters
Retail	- Butcheries - Spaza shops - Fish & chips - Fruit & vegetable stalls - General dealers
Service industry	- Hair salons - Shebeens - Shisanyama - Security companies - Gym - Sewing & tailoring, including shoemakers - Sanitation (plumbers) - Mobile toilets - Carwash - Burial society
Construction and real estate	- Brick laying / manufacturing - Construction business - Property development - Renting
Tourism	- Tourism guide & logistics - Bed & breakfast

Sectors	Clusters
	- Restaurants - Catering & events - Shisanyama - Water sports & recreation parks - Heritage tourism - Conferencing - Sports tourism - Tour operators
Manufacturing	- Clothing & textile - Auto body repairs and maintenance - Auto mechanics - Furniture manufacturing - Steel production - Tar & oil production - Carpentry - Charcoal manufacturing - Welding pipe & fitting - Plastics recycling - Baking & confectionary
Transport	- Automotive cooperatives - Minibus taxi ownership - Logistics companies - Taxi association & opening of new lines to Johannesburg - Tour operators
Agriculture and agro-processing	- Olive oil for fuel - Bio-fuel - Milling - Poultry retail - Vegetable production

Source: Gauteng Province Economic Development (2014: 11-12).

As demonstrated in Table 2.4, township businesses are involved in broad and diversified economic activities, which are mainly micro-enterprises with little capital and a low skills base (Black Business Quarterly, 2017). Economic activities of townships are largely limited to retail trade, government services, and transportation

(Gauteng Province Economic Development, 2014). Meeting the economic and social needs of communities has been one of the crucial attributes of township initiatives. Therefore, government believes that township economy has a distinct role to play in the facilitation of creating a vibrant, socially inclusive, labour absorbing, and revitalised economy (Gauteng Province Economic Development, 2014).

Henceforth, township revitalisation has presented an opportunity for both government and the private sector to collaborate in response to the development of townships by putting strategies in place that exploit resources and create opportunities for small businesses (Charman, 2017). A successfully executed collaboration to revitalise township economy is shown by the partnership between the Department of Economic Development (DED) and Pick' n Pay in refurbishing spaza shops - to become more innovative and modernised retail outlets. The refurbished spaza shops are furnished with technologically advanced systems, enabling entrepreneurs to develop unique in store-shopping experiences to entice customers.

The customer shopping experience includes value added services such as sale of prepaid electricity, money transfer, airtime, ticketing, and bill payments (FASA, 2016). The entrepreneurs of these retail stores are also equipped with classroom training in order to refine their business skills and stay competitive within the market (Stuurman, 2018). The training includes entrepreneurial development, finance management, and customer service (Stuurman, 2018). It is important to note that normal spaza shops usually do not allow self-service, have no signage, have limited merchandise, and lack service personnel to interact with customers. An example of an original spaza shop (both exterior and interior design) versus the new innovative spaza, which has a supermarket design, is exemplified in Figure 2.8.

Normal Spaza Shop (exterior & interior)





Refurbished SPaza Shop (exterior & interior)





Figure 2.8: Normal Spaza shop versus renovated spaza shop

Sources: Extracted from Brown (2017), Chance (2018), and Spotong (2018).

Moreover, government has committed to ensuring that township economies contribute about 30 per cent of the provinces' GDP by 2030 (Gauteng Province Economic Development, 2014). Townships have since emerged as the new marketplace for major national retailers (Ligthelm, 2008), in turn affecting the progress and sustainability of small independent retailers that already service the township communities. This increase in major grocery chain stores in formerly unexploited markets has accrued a considerable surge in township shopping mall development (Ligthelm, 2008). This affects the growth, expansion, and profitability, and leads to a decline of these retailers (Makhitha, 2016). Moreover, the entrance of large retailers makes it increasingly challenging for small retailers to compete on stock availability, variety, and low prices, which in turn influences consumer

satisfaction (Cilliers, 2018). This challenge created an opportunity for the current study to investigate how small independent retailers could use innovation to influence consumer behaviour and drive customer satisfaction and retention.

2.10 Township Consumer

Townships play an important role in the South African economy as they contribute 41 per cent in total consumer spending (Bongazana, 2014). According to Fin24 (2018), township consumers are more educated and aware of their purchasing patterns and decisions, hence, the power to spend now lies with them. This upsurge in spending has influenced national retailers, particularly supermarket chains, to focus progressively on expanding their markets to penetrate townships (Ligthelm, 2008). Furthermore, although townships largely represent a dual economy, where the deprived and fortunate reside side by side, the emerging black middle class still prefer to live in the townships (Donaldson, Mehlomakhulu, Darkey, Dyssel, & Siyongwana, 2013).

Numerous township consumers have advanced to the middle class, as there is a larger amount of disposable income among the historically disadvantaged population (Charman, Petersen & Piper, 2012). This has resulted in a remarkable increase in consumer spending power (Cilliers, 2018). The African middle class is a group of people who occupy the middle status between the lower class and upper class (Mattes, 2015). These consumers spend between US$2 and US$20 daily, as characterised by the African Development Bank (2011, cited in McEwan, Hughes & Bek, 2015). To assist in determining which group falls into the middle class, the South African Audience Research Foundation (SAARF) introduced an instrument called the Living Standards Measure (LSM).

The LSM is a marketing research instrument that divides the population into 10 groups, 1 the lowest and 10 the highest (SAARF, 2017). The LSM is a means of segmenting the South African market and places people in groups according to their standards of living, using benchmarks such as ownership of major appliances, cars, and the degree of urbanisation (SAARF, 2017). The middle class is classified under LSM groups 7 to 10 (McEwan et al., 2015), and to a certain extent LSM 6. This

group appreciates the finest standards of living, earns a comfortable to higher income, and consumes the most media (Chroniso, 2012). The majority of LSM 7 to 10 lives in Gauteng in terms of geographical location, as demonstrated in Figure 2.9, with 39 per cent of the population in this group accounting for just below 60 per cent of Gauteng's population (Chroniso, 2012; McEwan et al., 2015).

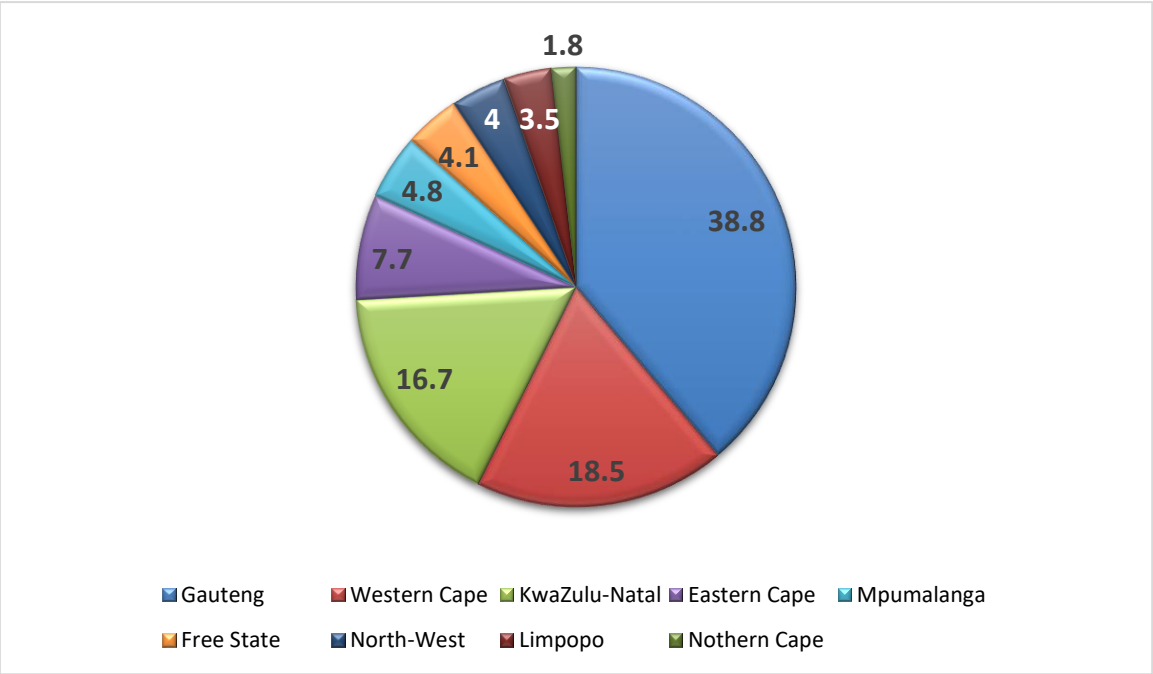


Figure 2.9: Geographical location for LSM 7-10

Source: Chronis (2012: para. 6).

The ethnic profile of the LSM 7 to 10 has significantly shifted, with black South Africans growing respectively from 19 per cent in 2001, to above 47 per cent in 2011(McEwan et al., 2015), as depicted in Figure 2.10.

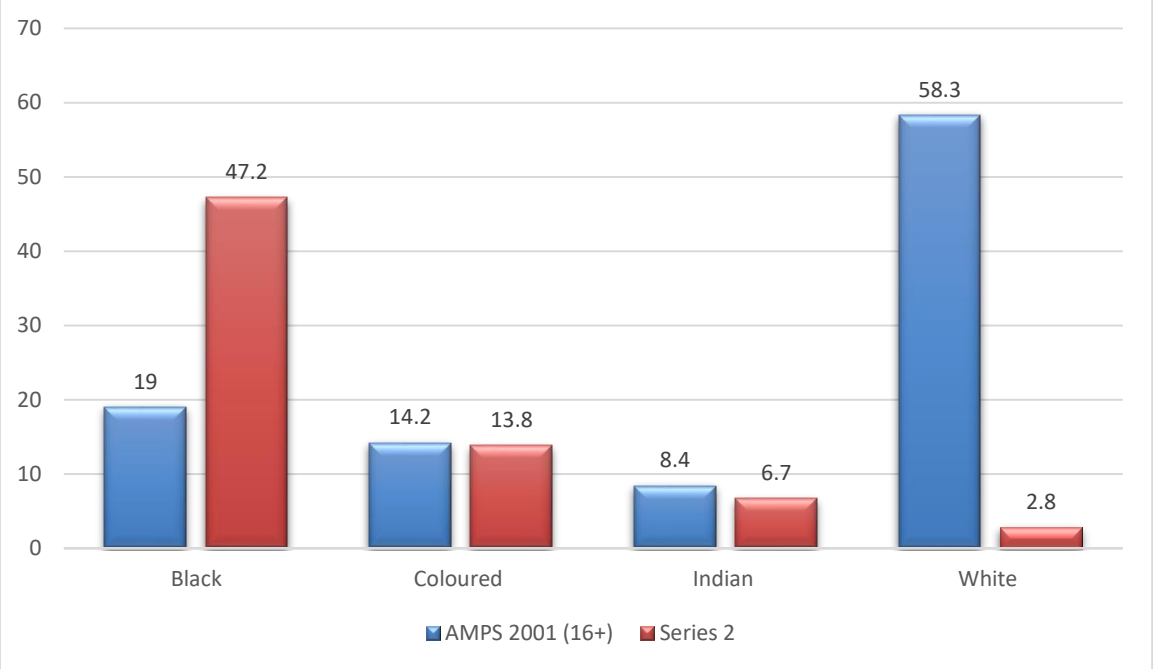


Figure 2.10: LSM 7-10 racial profile

Source: Chronis (2012: para. 5).

Affirming the rise of the black South African middle class was a study conducted by SPARK Media (2016) in major townships in South Africa, where empirical research found that there has since been a major shift of black township consumers from LSM one to five, to LSM six to eight. Figure 2.11 shows that from 2007 to 2016, consumers from townships, such as Soweto and Alexandra, have progressively moved from lower to higher LSMs.

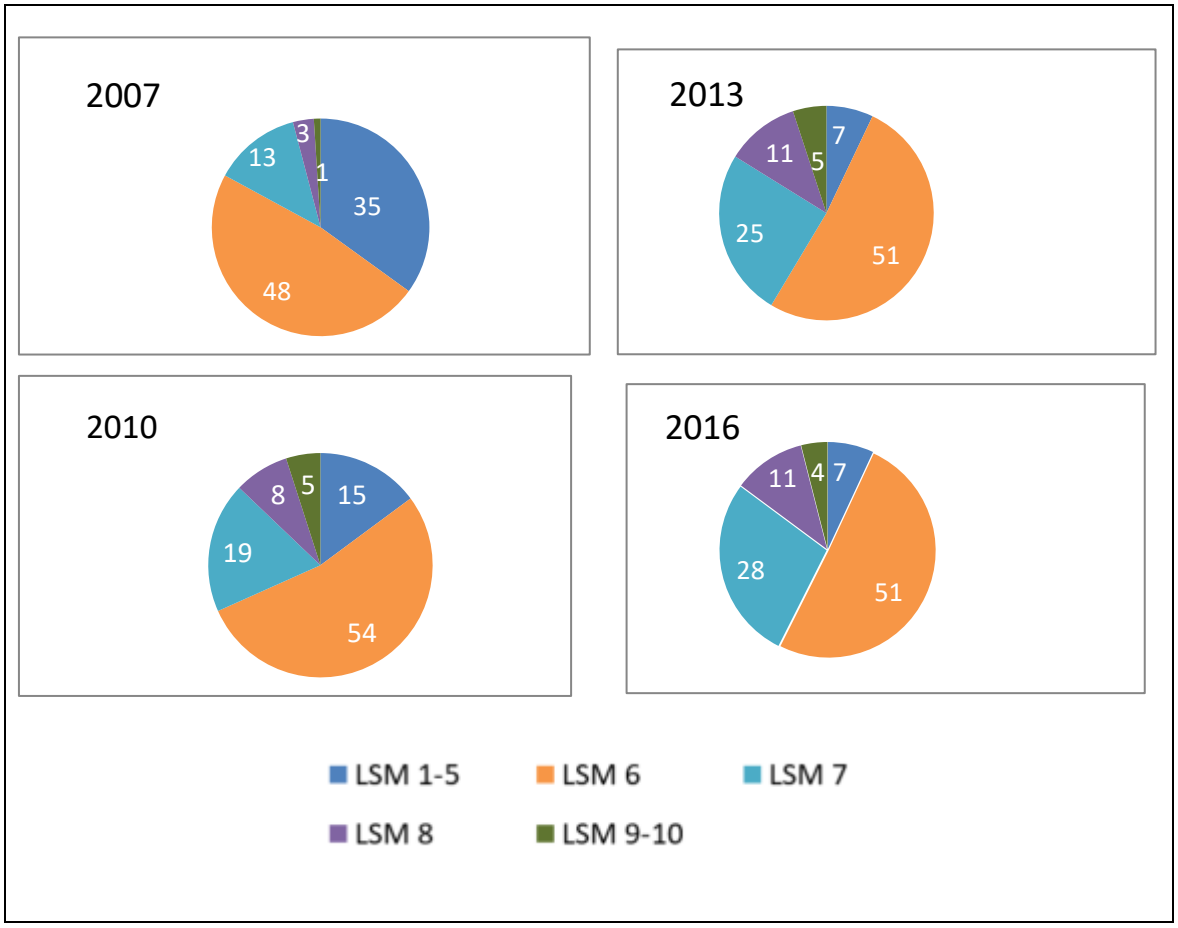


Figure 2.11: Shift of LSM

Source: SPARK Media (2016: 28).

As declared by News24 (2018), the black middleclass contributes substantially to the South African economy by creating jobs (educated and trained workforce), increasing investments by businesses (Mashaba & Wiese, 2016), and presenting a lucrative opportunity for retailers trading in townships. More so, the prominence of the black middleclass is intensifying considerably as they now account for nearly half of South Africa's spending power (Beneke, 2014). As a result, producers and suppliers are acknowledging the small independent retailers trading in townships as imperative distribution channels of merchandise to the final customer (Ligthelm, 2004). It is worth noting that the biggest sector of the population in South Africa, according to race, are black African people, as illustrated in Figure 2.12, which was the context of this study.

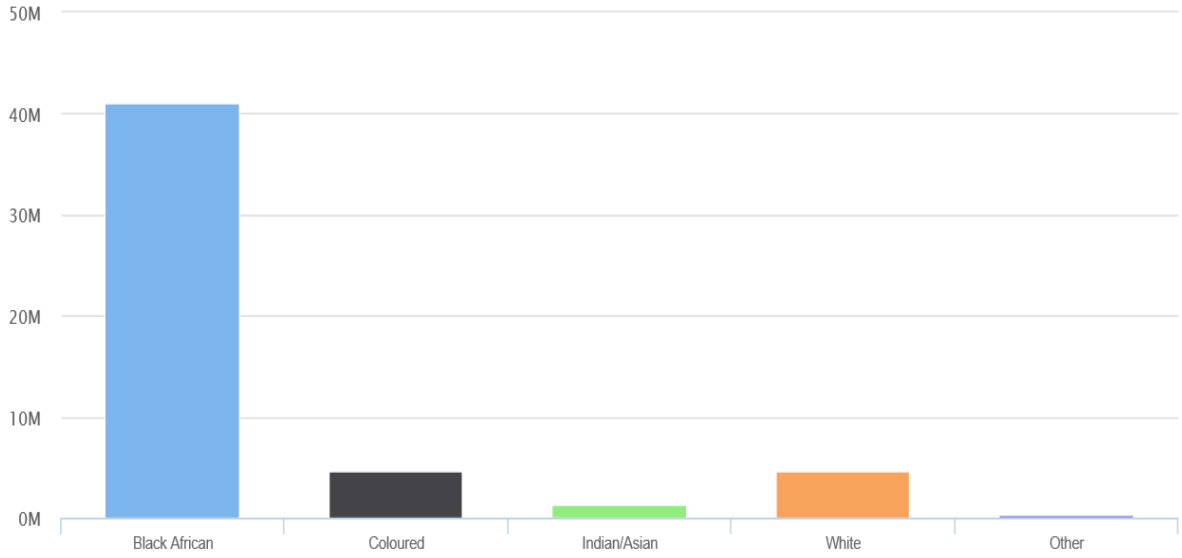


Figure 2.12: South Africa population groups (2011)

Source: Statistics South Africa (2018a: para. 2) .

The Community Survey 2016 conducted by Statistics South Africa (2018b), pointed out that the Gauteng province has the biggest share of the South African population with approximately 13 million people residing there. This represents 24 per cent of the population in South Africa, as demonstrated in Table 2.5. For this reason, the province functions as the economic centre of the country, and generates over 34,8 per cent of the country's total GDP.

Table 2.5: Population distribution by province (2011 & 2016)

Province	Census 2011	Community Survey 2016	% change
Western Cape	5 822 734	6 279 730	7,8
Eastern Cape	6 562 053	6 996 976	6,6
Northern Cape	1 145 861	1 193 780	4,2
Free State	2 745 590	2 834 714	3,2
KwaZulu-Natal	10 267 300	11 065 240	7,8
North West	3 509 953	3 748 435	6,8
Gauteng	12 272 263	13 399 724	9,2

Province	Census 2011	Community Survey 2016	% change
Mpumalanga	4 039 939	4 335 964	7,3
Limpopo	5 404 868	5 799 090	7,3
South Africa	51 770 561	55 653 654	7,5

Source: Statistics South Africa (2018b: 6).

The province is divided into three metropolitan municipality districts: City of Johannesburg, City of Ekurhuleni, and City of Tshwane. It also has two district municipalities (West Rand and Sedibeng). The biggest municipalities by population as shown in Table 2.6, are the City of Johannesburg and the City of Ekurhuleni; hence, these municipalities were part of this study's context.

Table 2.6: Population distribution by location (2011 & 2016)

Province/District/Local municipality	Total population		% change
	Census 2011	Community Survey 2016	
DC42: Sedibeng	916 484	957 528	4,5
GT422 : Midvaal	95 301	111 612	17,1
GT421 : Emfuleni	721 663	733 445	1,6
GT423 : Lesedi	99 520	112 472	13,0
DC48: West Rand	820 995	838 594	2,1
GT481 : Mogale City	362 422	383 864	5,9
GT484 : Merafong City	197 520	188 843	-4,4
GT485 : Rand West City	261 053	265 887	1,9
EKU: Ekurhuleni	3 178 470	3 379 104	6,3
JHB: City of Johannesburg	4 434 827	4 949 347	11,6
TSH: City of Tshwane	2 921 488	3 275 152	12,1
Gauteng (Total)	12 272 263	13 399 724	9,2

Source: Statistics South Africa (2018b: 8).

Moreover, within these municipalities are the biggest townships, as demonstrated in Table 2.7. The latest population data from Statistics South Africa (2018b) indicated that Soweto (situated in City of Johannesburg) and Tembisa (located in City of Ekurhuleni) are the two biggest townships in the country. For this reason, the two townships were selected due to their population size, providing a large number of consumers that provided data for this study.

Table 2.7: 20 biggest townships in South Africa

Rank	Township	2011 Population	Neighbouring town
1	Soweto	1 271 628	Johannesburg
2	Tembisa	463 109	Kempton Park
3	Katlehong	407 294	Germiston
4	Umlazi	404 811	Durban
5	Soshanguve	403 162	Pretoria
6	Khayelitsha	391 749	Cape Town
7	Mamelodi	334 577	Pretoria
8	Mitchell's Plain	310 485	Cape Town
9	Ibhayi	237 799	Port Elizabeth
10	Sebokeng	218 515	Vanderbijlpark
11	Manguang	217 076	Bloemfontein
12	Ivory Park	184 383	Midrand
13	Botshabelo	181 712	Bloemfontein
14	Alexandra	179 624	Sandton
15	Kwa-Mashu	175 663	Durban
16	Vosloorus	163 216	Boksburg
17	Mdantsane	156 835	East London
18	Etwatwa	151 866	Benoni

Rank	Township	2011 Population	Neighbouring town
19	Meadowlands	138 345	Roodepoort
20	Tsakane	135 994	Brakpan

Source: Business Tech (2016, para. 7).

Research conducted by SPARK Media (2016) on township shopper behaviour indicated that the frequency of shopping among township consumers mainly happens once a month followed by a top up of groceries every second week. Figure 2.13 demonstrates the shopping patterns of consumers in the townships investigated in this study. It is clear that the majority of consumers in Tembisa do their bulk shopping once a month followed by top up purchases of grocery items every two weeks.

Even though, shopping every week is minimal, it is important for the small independent retailer to entice these consumers because they frequent these retailers daily and weekly for basic grocery items such as milk, bread and sugar (Boulaksil et al., 2014). It is worth noting from Figure 2.13 that the majority of shopping occurs once a month, and this is when the consumers do the bulk of their shopping and prefer to visit larger retailers, such as Shoprite, as they have a bigger product range. Product variety is lacking in small retailers (Khare, 2014). Hence, once again, it is important that small independent retailers focus on strategies that will assist them to compete in this regard.

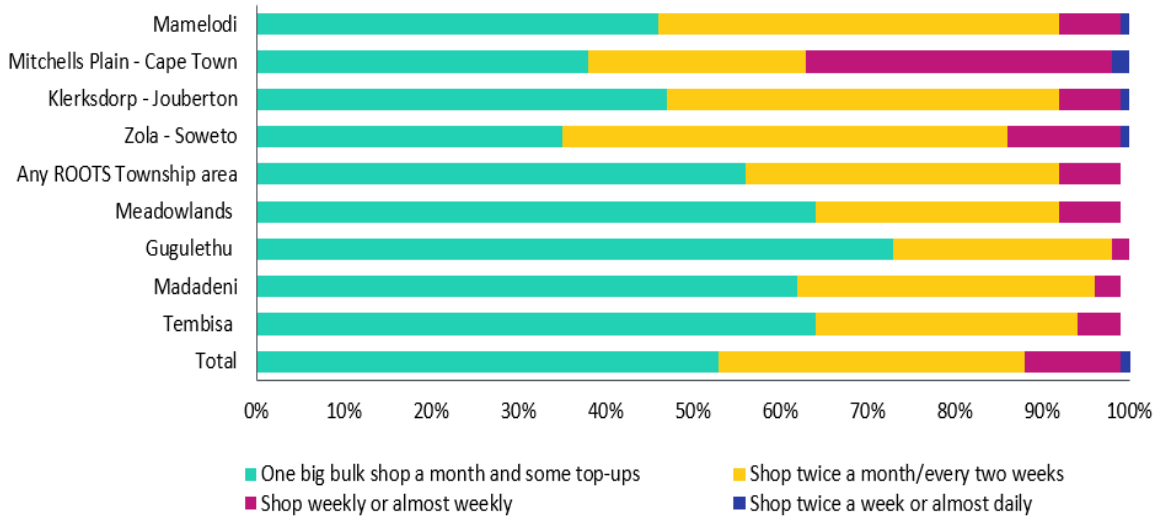


Figure 2.13: Township consumer shopper behaviour and frequency of shopping

Source: SPARK Media (2016: 55).

2.11 Conclusion

This chapter provided an overview of the importance of the retail industry. Second, the chapter addressed retail trends and retailing in emerging economies. Third, the chapter discussed retailing in the South African context, followed by a discussion of small independent retailers. Lastly, the chapter provided an overview of the township economy and highlighted the importance of the township consumer. Chapter 3 presents a discussion of the theories grounding the study and the empirical literature.

Chapter 3: THEORIES AND EMPIRICAL LITERATURE

3.1 Introduction

The purpose of this chapter is to review the relevant theoretical end empirical strand of literature that forms the basis of the study's theoretical framework. The chapter is divided into two sections; first, the four theories that ground this study are discussed, followed by the empirical literature.

3.2 Theoretical grounding

The four theories that ground this study are discussed. These theories include, the Diffusion of Innovation (DOI) theory, Stimulus-organism-response (SOR) Theory, Cognitive-Affect-Behaviour (CAB) Model, and the Theory of Trying (TOT). The theories are used as a premise to explain how retailer innovation influences consumer innovativeness, participation, advocacy, experience, satisfaction, and in turn retention, which was the purpose of the study.

3.2.1 Diffusion of innovation (DOI) theory

This study drew on the DOI theory as a theoretical lens, which was developed by Rogers in 1962. The DOI theory is a popular and well-established theory in both academia and the marketing field (Ganglmair-Wooliscroft & Wooliscroft, 2016; Voeten, De Haan, De Groot & Roome, 2015; Wani & Ali, 2015). The theory explores how, over time, an idea, brand, product or service perceived as new attains momentum (LaMorte, 2018), and spreads or diffuses among consumers (Ganglmair-Wooliscroft & Wooliscroft, 2016). The result of the diffusion is that consumers adopt and accept this new idea, process, product, or service (LaMorte, 2018).

For example, the current study proposed that consumer acceptance of an innovation was influenced by retail innovation within the store environment. The acceptance of the innovation was measured by consumer behaviour responses (consumers' innovativeness, advocacy, participation, experience), and in turn

satisfaction and retention. Furthermore, the DOI theory states that innovative consumers are more likely to form positive attitudes towards an innovation, and therefore be motivated to use it (Chiu & Hofer, 2015). Hypothetically, new ideas, products, or services fascinate innovative consumers because they satisfy their need for change (Lin, 2016).

The key to adoption and acceptance of innovation is that the consumer must perceive the product, service, process, idea or object as innovative (LaMorte, 2018). It is through this that a retailer's capability to innovate can influence the diffusion among consumers. This diffusion, as proposed by the study model can be achieved through consumer participation and advocacy. Consumers who find the innovation as beneficial are more inclined to provide feedback and advocate for the store to other consumers, especially when satisfied. However, according to the DOI theory, the adoption of an innovation is influenced by characteristics of innovations and the characteristics of adopters (innovativeness) (Aykol & Leonidou, 2015). The five characteristics of adoption are identified as follows (LaMorte, 2018):

- *Relative advantage:* The extent to which innovation is perceived as better than the brand, product, service, process or idea that it replaces. Relative advantage assesses whether consumers that shop in small independent retailers find innovation in the retail environment to be better than before. A scale that looks into the sensory and cognitive aspect of the retail environment measures relative advantage.

- *Compatibility:* How consistent and dependable an innovation is to satisfy needs, experiences, and values of potential adopters. This characteristic measures how retailer innovation is aligned to the demands and needs of the consumers. The study hypothesised that retailer innovation had a significant impact on consumer innovativeness and consumer experience, which signified that an innovation should be consistent with what consumers perceived as valuable. Moreover, an innovation is meant to provide symbolic value and convenience (Sundström & Radon, 2015).

- *Complexity:* How challenging an innovation is to use and understand. This characteristic measures how comfortable consumers are within the retail

store environment in terms of newly introduced sounds, overall ambiance, and whether the store layout is user friendly.

- *Trialability:* The degree to which an innovation can be experimented and tested before an adopter can commit. For example, within the innovation in retail environment, the ease of use in terms of store navigation and sense of space are factors that could determine the trialability of the innovation.

- *Observability:* The degree to which an innovation provides tangible results, noticeable to the adopters and others. For instance, if consumers of a retail store see positive results in adopting a service innovation, they are then more likely to keep on visiting the store and recommending it to others.

Furthermore, according to LaMorte (2018), scholars have found that individuals who tend to be the first to adopt an innovation have characteristics that distinguish them from individuals who are late adopters. Therefore, LaMorte (2018) proposed that it is important to first identify and understand the targeted audience before introducing and promoting an innovation. In order to understand the extent of consumer innovativeness, there are five different categories of adopters used to appeal to the different target markets as per Figure 3.1 (Aguilar-Gallegos, Muñoz-Rodríguez, Santoyo-Cortés, Aguilar-Ávila & Klerkx, 2015; Ganglmair-Wooliscroft & Wooliscroft, 2016; Ndah et al., 2015).

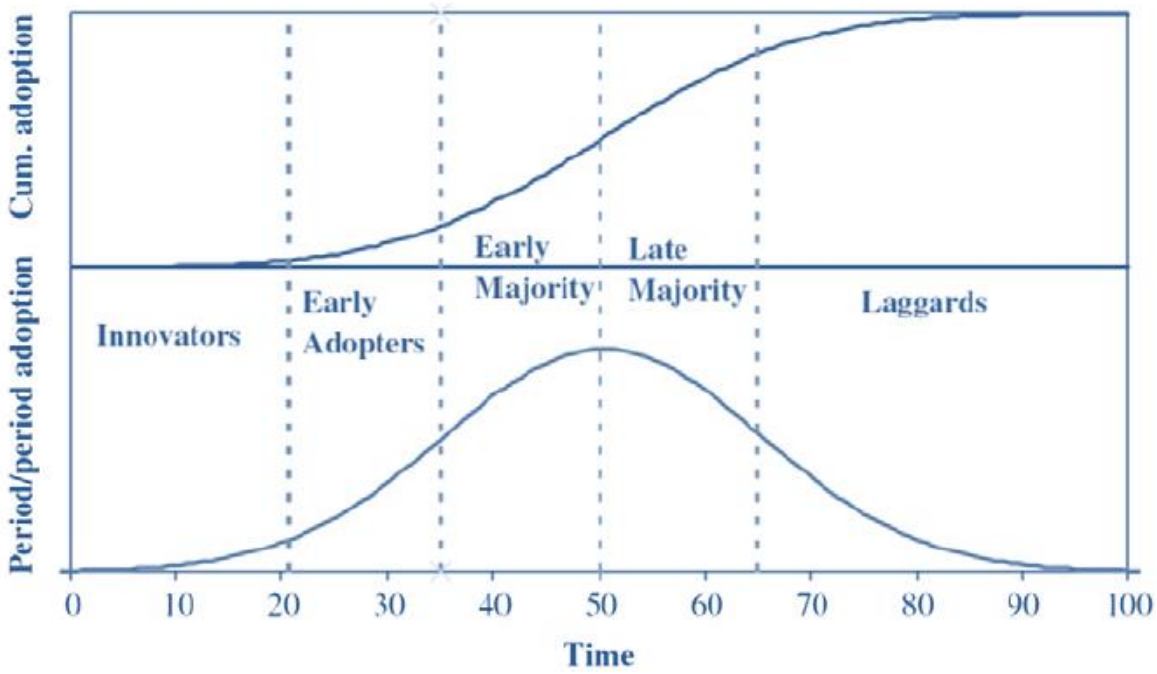


Figure 3.1: Categories of adopters

Source: Ganglmair-Wooliscroft and Wooliscroft (2016: 2712.

- *Innovators:* These individuals are the first to try an innovation and are willing to take risks (LaMorte, 2018; Wani & Ali, 2015).

- *Early adopters:* As depicted in Table 3.1, these individuals are opinion leaders and willing to maintain their position by assessing an innovation for others (LaMorte, 2018; Wani & Ali, 2015). Reinhardt and Gurtner (2015) stated that the success of an innovation depends intensely on the knowledge acquired about early adopters.

- *Early majority:* As illustrated in Table 3.1, these individuals seek information about the innovation before adoption or usage (LaMorte, 2018; Wani & Ali, 2015).

- *Late majority:* These individuals are sceptical of change, and will adopt or use a product or service once it has been accepted by the market (LaMorte, 2018; Wani & Ali, 2015).

- *Laggards:* These individuals are very conservative and sceptical of change (LaMorte, 2018). They first want to make sure the innovation works before trying or using it (Wani & Ali, 2015).

Table 3.1: Characteristics of early adopters and early majority

Early Adpters	Early Majority
- Technology focused	- Not technically focused
- Proponents of revolutionary change	- Proponents of evolutionary change
- Visionary users	- Pragmatic users
- Project oriented	- Process oriented
- Willing to take risks	- Averse to taking risks
- Willing to experiment	- Looking for proven applications
- Individually self-sufficient	- May require support
- Tend to communicate horizontally (focused across disciplines)	- Tend to communicate vertically (focused within a discipline)

Source: Wani and Ali (2015: 106).

Furthermore, Wani and Ali (2015) argued that an innovation takes time to diffuse in a social system as users of the innovation go through a series of thought processes and decision-making activities. The consumer or user goes through five stages in the innovation adoption process (Wani & Ali, 2015):

i. *Awareness:* During this stage, consumers learn about the existence of the product or service innovation.

ii. *Interest and information:* During this stage, consumers collect information about the innovative product or service.

iii. *Evaluation:* During this stage, consumers seek information about the product or service innovation by comparing with other innovations from competitors to ascertain the value of the innovation before deciding whether to try it or not.

iv. *Trial:* During this stage, consumers experiment and test the product or service innovation.

v. *Adoption:* During this stage, consumers accept the product or service innovation and it is taken into continual / full use.

However, in 1983, Rogers suggested an improved and integrated conceptual framework for studying and understanding the phases of the adoption process, which is known as the innovation-decision process (Wani & Ali, 2015). This model is depicted in Figure 3.2.

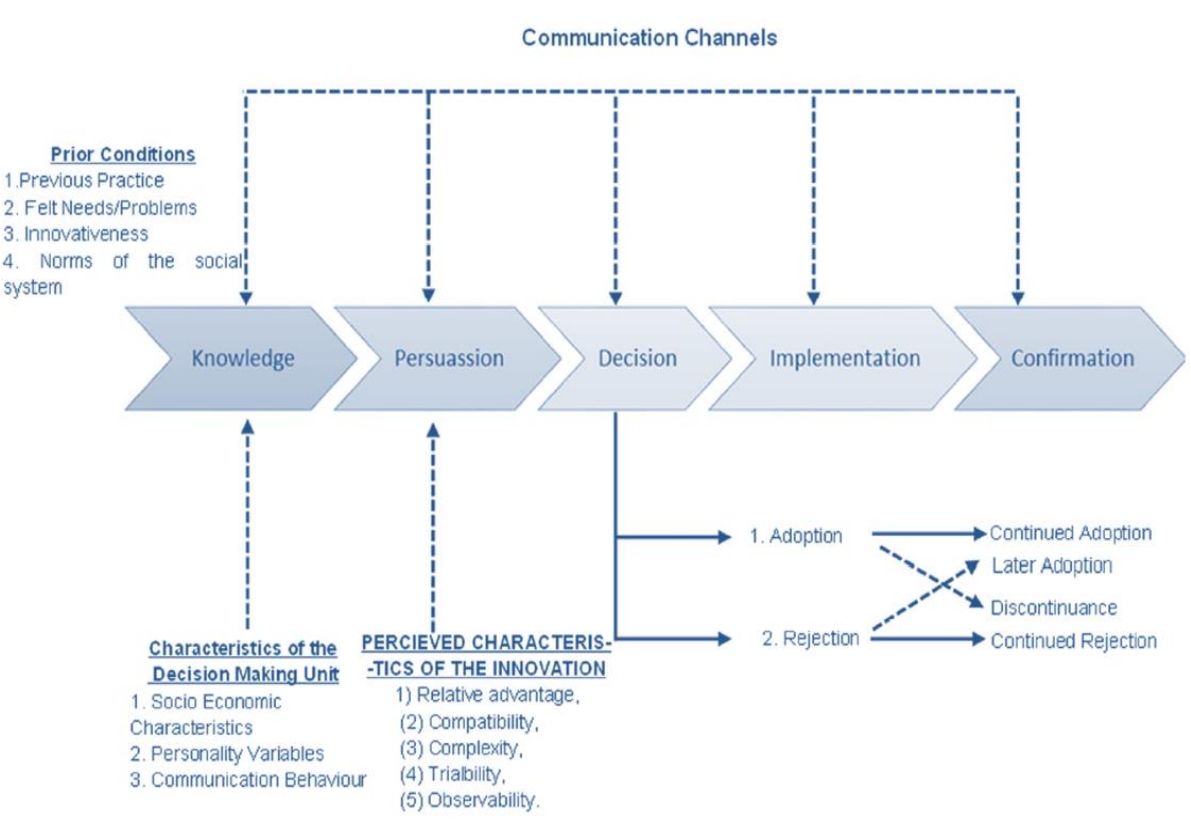


Figure 3.2: The five stages of the innovation-decision process model

Source: Wani and Ali (2015: 110).

The innovation-decision process, as shown in Figure 3.2, explains that in the knowledge stage, the existence of a product or service innovation becomes known to consumers through communication channels (Wani & Ali, 2015). For example, in this stage the small independent retailer must ensure that the previous store environment differs from the new one in a way that is seen by consumers. The retail industry is very competitive and small independent retailers are under pressure to innovate in order to retain consumers. It is important that changing consumer needs

and demands be taken into consideration as part of problem recognition within the knowledge phase.

The persuasion stage in the adoption of the innovation is dependent on both the negative or positive word of mouth messages, which can either increase or decrease consumers' levels of uncertainty (Wani & Ali, 2015). During this stage, family, peers, and friends play an important role in influencing others about the innovation, especially within the small retail context, since they rely on word of mouth messages to supplement their marketing efforts (McGuinness & Hutchinson, 2013). The decision stage involves activities that lead consumers to adopt or reject the product or service innovation (LaMorte; 2018; Wani & Ali, 2015).

The implementation stage denotes the acceptance and frequent usage of the product or service innovation (Wani & Ali, 2015). It is important that during this stage, as proposed by the study, small independent retailers ensure that consumers are satisfied with the innovation, which in turn may affect retention. Lastly, in the confirmation stage the attitude formed in the persuasion stage is important as it determines if the consumer will continue to use the innovation (LaMorte; 2018) or discontinue usage (Wani & Ali, 2015).

Numerous studies have used the DOI theory in both services and retailing to understand adoption, acceptance, and management of innovations. Such research exists from a technological point of view (Bhattacharya, 2015; Evanschitzky, Iyer, Pillai, Kenning & Schütte, 2015; Kurnia, Choudrie, Mahbubur & Alzougool, 2015). However, far less is known about the experience and acceptance of non-technological innovations (Witell et al., 2015), especially in the small independent retailers operating in South African townships. Therefore, the study set out to draw on Rogers' DOI theory to investigate how innovating the retail store environment influenced consumers' responses and in turn, affected satisfaction and retention.

3.2.2 Stimulus-organism-response (SOR) theory

Wu and Li (2018) stated that the SOR theory is one of the popular environmental psychology theories by Mehrabian and Russell (1974, cited in Bakker, van der Voordt, Vink, & de Boon, 2014) used in consumer behaviour research. The SOR

theory, as shown in Figure 3.3, explains that environmental stimuli influence a customer's emotional response and this emotional state affects a consumer's behavioural response (Izogo & Jayawardhena, 2018; Jang et al., 2018; Lee & Jeong, 2012). Numerous studies (Platania, Platania & Santisi, 2016; Sachdeva & Goel, 2015; Spence, Puccinelli, Grewal & Roggeveen, 2014) argued for the benefits of a stimulating and exciting store environment, because it leads to positive emotional and behavioural consumer responses (Holmqvist & Lunardo, 2015). Walsh, Shiu, Hassan, Michaelidou, and Beatty (2011) affirmed that store environmental cues influence consumers' patronage intentions.

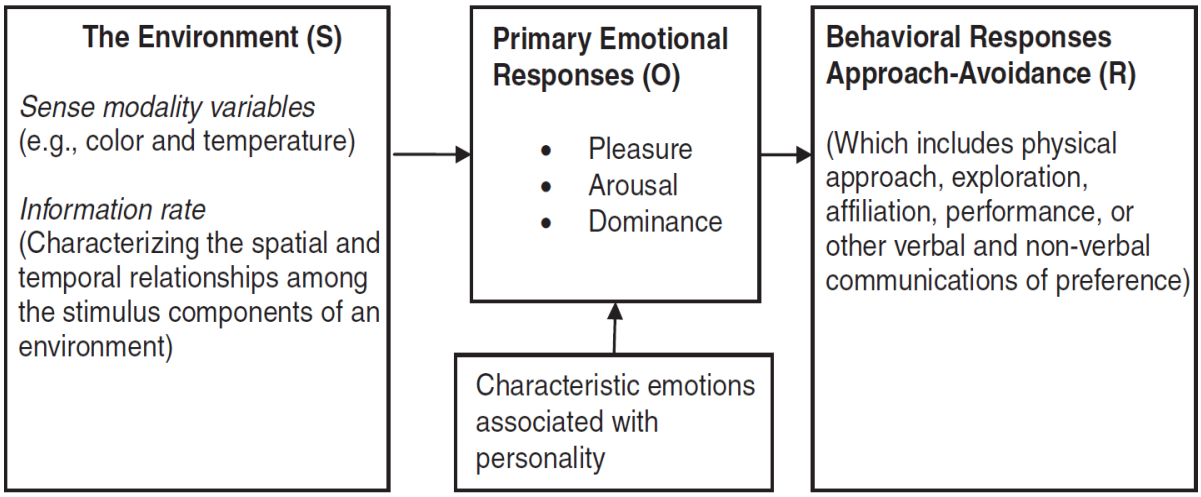


Figure 3.3: SOR framework

Source: Mehrabian and Russell (1974, cited in Vieira, 2013: 1421).

According to Vieira (2013), retailers have also acknowledged the prominence of store environment as a strategic tool for differentiation and shopper satisfaction. However, Holmqvist and Lunardo (2015) questioned whether a stimulating store environment does always satisfy customers, or might lead to shoppers being less satisfied and reluctant to purchase from a store. This is the reason research has relied on the SOR theory to suggest and show evidence concerning several environmental cues and how they affect the consumers' responses (Vieira, 2013). Previous studies have extensively explored the SOR theory within the retail environment (Pantano & Viassone, 2015), both from the physical and online store perspective. Kim and Lennon (2013) extended the SOR theory to include both

internal (website quality) and external source of information (reputation) as stimuli and how these affect consumers' reactions. Guided by the SOR theory, Chang, Eckman, and Yan (2011) investigated how design, ambience, and social aspects of a retail environment affect a consumer's positive emotional responses, and impulse purchasing behaviour. Using the SOR theory, Venter de Villiers, Visnenza and Phiri (2018) investigated the effect of market location and merchandise assortment on loyalty.

The present study adopted the SOR theory to investigate how retail environmental stimuli such as retailer innovation (cognitive and sensory cues) influence consumer behaviour (organisms), and in turn retention (response). Research conducted on store atmosphere found that 63 per cent of consumers spent more time in the store because of atmospherics (Rayburn & Voss, 2013). As a result, out of the 63 per cent, 45 per cent of consumers spent more money (Rayburn & Voss, 2013). Helmefalk and Hultén (2017) reiterated the importance of retailers in creating atmospherics that influence consumers' emotions and thoughts in order to facilitate purchase behaviour.

3.2.2.1 Stimulus

The stimulus is an environmental cue that affects the customer's psychological state (Lee & Jeong, 2012). Helmefalk and Hultén (2017), stressed that for retailers, using sensory cues in the store may be beneficial in influencing consumers' emotions and buying behaviour. In the small independent retail environment, the stimulus is the visible store atmosphere design, layout, colours, smell, and sounds. Store atmosphere plays a significant role in a consumer's shopping experience (Hasan & Mishra, 2015).

3.2.2.2 Organism

To understand consumers' reaction to an environment, studying their emotional responses is required (Vieira, 2013). Organism signifies emotion and cognition, which act as a mediating variable between the stimulus and the consumer's response (Kim & Lennon, 2013; Lee & Jeong, 2012). In the current study, the organism consisted of the effect of the stimulus on affective consumer response,

such as consumer innovativeness, advocacy, participation, experience and satisfaction. Cognition describes a consumer's psychological state, including attention, beliefs, attitudes, knowledge, comprehension, and memory (Lee & Jeong, 2012).

Additional to the cognitive characteristics of the organism, Mehrabian and Russell (1974, cited in Bakker et al., 2014) explored three emotions that mediated the approach-avoidance behaviours in any given environment. The emotional response dimensions indicate consumers' states of feeling (Bakker et al., 2014). Figure 3.4 demonstrates the Pleasure-Arousal-Dominance (PAD) model, which is used to describe consumer perceptions of a physical environment (Hall, Elliott & Meng, 2017). Figure 3.4 explains the influence of environmental cues or stimuli on emotions in retail stores (Petermans, Van Cleempoel, Nuyts & Vanrie, 2009).

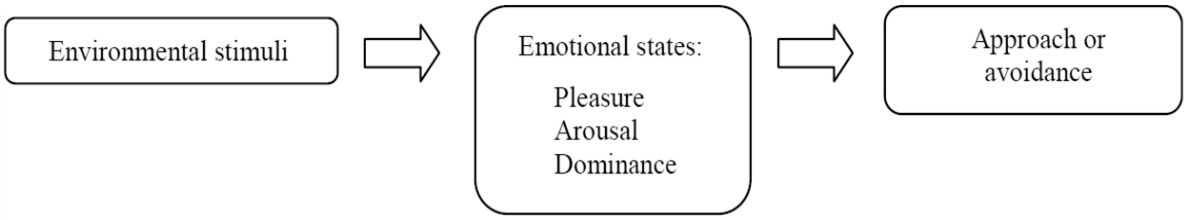


Figure 3.4: Pleasure-Arousal-Dominance (PAD) model

Source: Mehrabian and Russell (1974, cited in Vieira, 2013: 1421).

- Pleasure: Occurs when a consumer feels good, pleased, happy, joyful, or satisfied with a retail environment (Lee & Jeong, 2012; Steen, 2016; Tantanatewin & Inkarojrit, 2018). For example, the study proposed that consumer satisfaction was determined by a pleasurable or pleasant fulfilment reaction (Moreno, Prado-Gascó, Hervás, Núñez-Pomar & Sanz, 2015) towards the small independent retailer, which in turn influenced consumer retention.

i. *Arousal:* Occurs when a consumer feels encouraged, excited, stimulated, or motivated in a retail environment (Lee & Jeong, 2012; Tantanatewin & Inkarojrit, 2018). It was anticipated that as consumers' perceptions of design,

layout, and functionality increase, the consumer experienced stimulation, arousal, and excitement (Steen, 2016).

ii. *Dominance:* Occurs when a consumer feels in control of circumstances or an environment (Bakker et al., 2014; Tantanatewin & Inkarojrit, 2018; Vermaak & de Klerk, 2017; Vieira, 2013). Petermans et al. (20019) described dominance as the extent to which consumers feel unrestricted. According to Bakker et al. (2014), social and physical barriers caused behavioural restrictions. In the case of small independent retailers, consumers perceiving lack of control (in participation and advocacy), could have a negative effect on the extent of stimulation or excitement attained from retailer innovation.

According to Lee and Jeong (2012), when an environment gives consumers pleasure, arousal, and dominance they tend to spend most of their time in that environment. Meaning that there is a high possibility that they will return to the same environment in future, signifying retention and loyalty.

3.2.2.3 Response

The response signifies the consumers' behavioural responses (Wu & Li, 2018), such as consumer retention. The response will determine whether the consumer will stay committed to the small independent retailer or defect to other retailers. Lee and Jeong (2012) insisted that in the SOR theory, a consumer's response is represented in two ways, first, approach behaviours and second, avoidance behaviours. Approach behaviours are connected to a consumer's positive actions (Lin & Bennett, 2014), which in this study represented the intention to stay, explore, and be associated with the retailer. Avoidance behaviours on the other hand, represent dissatisfaction, and the lack of desire to revisit the retailer in future (Lin & Bennett, 2014).

3.2.3 Cognitive-affect-behaviour (CAB) model

The third theory that the study drew upon to support the proposed model was the cognitive-affect-behaviour (CAB) model. The CAB model by Holbrook (1986, cited in Liu et al., 2017) proposed that customers originally form beliefs about certain

situations or environments. For example, in the current study, after visiting the innovated retail store, consumers formed certain beliefs. Once these beliefs are established, emotions (affective reactions) are followed, which ultimately lead to consumers behaving in a certain way (Liu & Segev, 2017), either to accept or resist the innovation. This could motivate consumers to either stay loyal to the retail store or try other retailers. However, as stated by Liu et al. (2017) this decision begins with cognitions (thoughts, perceptions, and attitudes about the retail environment). This is followed by the affect (feelings that consumers have with respect to the retail environment).

According to Ojiaku et al. (2018), the CAB model is utilised to explain individuals' awareness, emotional responses, opinion, perceptions and behaviour about problems or issues that are environmentally related.

- *Cognition:* Consists of an individual's knowledge and perceptions about an object or environment. The cognitive dimension involves the customer's mental reactions to certain stimuli initiated by an environment (Keiningham et al., 2017; Lemon & Verhoef, 2016).

- *Affect:* Refers to an individual's feelings and emotional reaction about specific attributes or overall objects (Ojiaku et al., 2018). Affect has to do with overall emotional evaluation of a product and service performance (Frank, Torrico, Enkawa & Schvaneveldt, 2014).

- *Behaviour:* Consists of an individual's intent to react in a certain way or the actual behaviour towards an object or environment (Ojiaku et al., 2018).

Although, the CAB model has been studied, little research exists on this phenomenon, especially from the retail environment point of view. According to Liu et al. (2017), the CAB model is one of the most common frameworks where three elements (cognition, affect, and behaviour) correlate and move in the same direction. Moreover, the model has been broadly utilised in consumer behaviour research, including studies on consumer loyalty. Following the CAB framework, Lin and Bennett (2014) examined retail consumer experience and its relationship with consumer satisfaction and loyalty. Another study, by Lam, Shankar, Erramilli and

Murthy (2004 cited in Levin & Lobo, 2009), tested the CAB model and used value as an assessment of cognition, satisfaction as the measure of affect, and loyalty representing behaviour.

This study, therefore, adopted the CAB model and argued that retailer innovation affected consumer behaviour, and in turn retention. Cognition was influenced by retail environment innovation, which was represented by consumer innovativeness, participation, advocacy, and consumer experience. Affect was represented by satisfaction. Lastly, behaviour was represented by consumer retention. In Lin and Bennett's (2014) study consumer experience and consumer satisfaction are seen as affect variables that derive from a cognitive assessment of the marketing offer, which in turn leads to loyalty intent and behaviour. This study treats consumer experience as a cognitive variable because consumer satisfaction, which is affect (as proposed) is a positive assessment of consumer experience.

For example, the consumers' choice to revisit the small independent retailer depends on whether they perceive the retail store experience satisfying or not. This means that the consumers' perceptions of retail store innovation (cognition) is important as they influence consumer experience within the store. Therefore, the study proposed that it was important that through retail environment innovation, small independent retailers enhance consumer innovativeness, participation, advocacy, experience, (cognitive), and satisfaction (affect) in order to achieve consumer retention (behaviour).

3.2.4 Theory of trying (TOT)

The fourth theory that this study drew upon to understand the relationship between retailer innovation, consumer innovativeness, and retention was the TOT. According to the TOT (Bagozzi, & Warshaw, 1990), when in the process of trying to perform a certain behaviour, an individual's intention signals a decisive mind. This decision is influenced by both cognitive and motivational elements (Dai et al., 2015). The theory justifies that innovative individuals are always willing to try out new information, in this study it was proposed that retailer innovation influences consumer innovativeness.

According to Chaouali, Souiden, and Ladhari (2017), attitude towards innovation adoption results from three joint effects, which are aspects of TOT. First is their attitude towards trying and succeeding, where consumers try the innovated retail store and are pleased with the innovation (satisfied). Second is their attitude toward trying and failing, which address the anticipated consequences of achieving and not achieving a goal, respectively. The third component is attitude towards learning to utilise technology. In the case of the small independent retailer, the third aspect relates to consumers being eager to visit the innovated retail store.

Moreover, the TOT establishes a theoretical underpinning for the initiation of consumer innovativeness in consumer behaviour research (Dai et al., 2015). However, past studies focused on technology adoptions and their respective behavioural intentions (Ahuja & Thatcher, 2005; Bagozzi, Davis, & Warshaw, 1992; Chaouali et al., 2017; Huang & Martin-Taylor, 2013); but there has been little research conducted that investigates the innovative retail store's physical environment within the small independent retail sector. Therefore, this study sought to close this gap.

Henceforth, it is imperative to investigate whether retailer innovation influences consumers to accept innovation, to participate, and to act as advocates. This is important because the ability of the consumer to be innovative provides insights into how shoppers perceive new merchandise and services (Dai et al., 2015). In the small independent retailing context, innovative consumers are the ones who will be willing to try out the new innovated retail environment. These consumers, are classified by the DOI theory as early adopters of innovations, and can be advocates for the retailer.

3.2.5 Theoretical Framework

This section will explain the relationship between the theories. In order to assist in selecting constructs and hypothesised relationships for the conceptual model, to recap, this study was grounded on four theories. Namely, the Stimulus-organism-response (SOR) Theory, Diffusion of Innovation (DOI) theory, Cognitive-Affect-Behaviour (CAB) Model, and the Theory of Trying (TOT). Based on the adaptation

of the SOR theory (Mehrabian and Russell 1974), in this study, the stimulus is represented by the retail environment innovation (sensory and cognitive).

Sensory depicted by (sound, colours, space, ambiance, freshness) and cognitive depicted by (signage, layout, product arrangement, design). The study therefore proposed that retail environment innovation affects consumers' emotional responses, which is the organism (consumer innovativeness, participation, advocacy, experience and satisfaction) which in turn, influences behavioural response (consumer retention). This study did not only investigate direct relationships, it also examined how the organism mediates the relationship between the stimulus and response.

Based on the adaptation of the Cognitive-Affect-Behaviour (CAB) Model (Holbrook (1986), cognition, which is represented by the organism (emotional responses identified above) is influenced by retail environment innovation. This in turn leads to consumer satisfaction (affect) and impacts on consumer retention (behaviour). However, for consumers to appreciate retail environment innovation, the Diffusion of Innovation (DOI) theory (Rogers, 1962), argues that the motivation to use or accept an innovation, is influenced by positive attitudes formed by innovative consumers towards the innovation.

On that note, it is therefore hypothesised that retailer innovation influences consumer innovativeness, because innovation satisfies consumers' need for change (Lin, 2016). To better understand this relationship, the Theory of Trying (TOT) (Bagozzi, & Warshaw, 1990), states that consumers' intention signal a decisive mind when they are in the process of trying to execute certain behaviour. Depending on the strength of the decision, this is then followed by the ability to act on that decision. Both cognitive and motivational elements influence this decision (Dai et al., 2015).

For example, the study proposed that the retail environment innovation motivates consumer innovativeness, participation, advocacy, and experience, which affects customer satisfaction levels, with the ultimate goal of driving consumer retention. The four theories as discussed under theoretical grounding have been used in literature, but for the most part in isolation. Therefore, a combination of the theories

was adapted to develop the theoretical framework that grounds this study. Furthermore, the theoretical framework was used to develop the proposed conceptual model and hypotheses for the study, which is further outlined and discussed in Chapter 4.

3.3 Empirical Literature

This section discusses the seven constructs of interest: retailer innovation, consumer innovativeness, consumer participation, consumer advocacy, consumer experience, consumer satisfaction, and consumer retention. As part of the discussion, this section motivates more specifically why the study focusses on these specific constructs in the conceptual model. Then, in the next chapter, the hypotheses are developed in order explain the relationships between these constructs.

3.3.1 Retailer innovation (RI)

The concept of innovation in the retail and service industry continues to draw interest among scholars and marketers (Botschen & Wegerer, 2017; Chen, Felt & Huynh, 2017; Chiu & Hofer, 2015; Pantano, 2014; Snyder, Witell, Gustafsson, Fombelle & Kristensson, 2016; Sorescu Frambach, Singh, Rangaswamy & Bridges, 2011). Although, the importance of retail and service innovation has grown both in developed and emerging economies (Geldes, Felzensztein & Palacios-Fenech, 2017; Kaushik & Rahman, 2015; Mittal, Gera & Batra, 2015; Reynoso, Kandampully, Fan & Paulose, 2015), it has attracted little attention in literature when compared to manufacturing and product innovation (Prajogo & Oke, 2016).

Innovation has become important for retail development and profitability (Vel, Dayal & Eastaugh, 2010). Moliner-Velázquez et al. (2018) argued that the central aim of innovation is to generate and increase value for consumers because it assists in improving supply and decrease prices. According Sok, O'Cass, and Miles (2016), innovation can be of benefit to companies in satisfying consumers' continuously changing demands and needs. Ganglmair-Wooliscroft and Wooliscroft (2016) confirmed that the success of a company relies on its capability to offer innovative

ideas, products, and services in order to achieve consumer satisfaction. Therefore, a retailer's degree of innovation is an important differentiating factor and one of the foremost means of developing a competitive advantage (Lin, 2015; Ruiz-Molina et al, 2017; Yeh, 2016).

However, Niu, Wang, and Dong (2013) argued that to achieve competitive success, an organisation's management of the innovation procedure is the biggest driver. Moreover, Jin, Line, and Merkebu (2016) stated that there has been comprehensive research focussing on innovativeness as the key contributing factor of the success of businesses in a competitive marketplace. Companies that put emphasis on innovation achieve new market opportunities followed by successful outcomes (Pantano, 2016). As a result, innovation management is receiving attention in the retail sector (Hristov & Reynolds, 2015, Pantano, 2014).

Vel et al. (2010) asserted that retail identity and physical environment have become crucial sources of retail innovation. Confirmed by Botschen and Wegerer (2017), innovative retail formats have the capability to generate footfall (attract customers) and assist in enhancing presentation of products to generate sales. Therefore, the retailers' ability to innovate is also surfacing as one of the most important components of customer acquisition and retention (Hristov & Reynolds, 2015, Pantano, 2014; Reinartz et al., 2011; Sundström & Reynolds, 2014).

In relation to the South African context, competition is one of the biggest challenges faced by SMMEs operating in the retail sector (Jere et al., 2015). One of the reasons for this challenge is that SMME retailers lack the ability to innovate given the constraint in their financial resources. On the other hand, these SMMEs need innovation in the forefront in order to continuously deliver better customer value. SMMEs are generally an important sector in South Africa (Jere et al., 2015), because they assist in creating employment.

Currently, the unemployment rate is at its highest (27.6%) (Statistics South Africa, 2019), with the highest percentage in townships. SMMEs play a crucial role in townships by uplifting local communities and providing job creation opportunities (Marnewick, 2014). On this note, SMME retailers become a significant driver of

economic growth, which is why it is important to study their innovation capabilities so that they are able to attract and retain customers for business success.

Innovation at a small retailer level cannot be compared to bigger national stores. Big national retailers have the budget to execute both technological and non-technological innovations. Yet, with the little budget small retailers have, especially ones operating in the township economy, are still able to implement non-technological innovations to meet consumer needs. An article published on Bizcommunity (2019) insists that for a holistic shopping experience, South African consumers still depend on in-store purchases. Given that the current study was conducted in the township economy, it is also important to note that majority of the consumers do not engage with these retailers from a technological point of view but rather traditional. Making the retail store environment innovation important than ever.

The entrant of big national retail stores keeps increasing significantly affecting the survival of small traditional independent retailers operating in the township economy. The existence of national retail chains in both rural and townships has left small retailers with no choice but to innovate. For example, the Shoprite Group, has rolled out the Usave eKasi stores (which have similar format to small independent retailers) in pursuit of increasing its presence in townships (Mail & Guardian, 2019). This therefore, means that small independent retailers need to pay attention and make an effort to improve their retail store environment or product and service offering in order to retain their current market. Therefore, it was pertinent that this study focussed on the retail environment innovation, both from a sensory and cognitive point of view as discussed in the preceding literature.

3.3.1.1 Definition of RI

Trott (2008, cited in Lin, Marshall & Dawson, 2013) defined innovation as the application of new and adapted knowledge identifiable in seven types of business functions. These business functions include marketing, process, product, management, organisational, production and service. On the other hand, Michna (2018) stated that an organisation's innovativeness reflects its capability to apply its internal resources to produce new products and services. Hence, numerous studies

have defined retailer innovation as the ability of a retailer to introduce new products (Anselmsson & Johansson, 2009; Chimhundu, Hamlin & McNeill, 2010; Kunz, Schmitt, & Meyer, 2011; Lin, 2015).

According to Ruiz-Molina et al. (2017), retail innovation is the extent to which retailers, trading in a given market, embrace new or unique ideas for products and services. These retailers attempt to collect customer data on the number of innovations adopted, the moment that adoption occurred, and constancy of the retailer's readiness to innovate over time (Ruiz-Molina et al., 2017). Similarly, Botschen and Wegerer (2017) confirmed that newer retail formats speak to innovative consumer-related touchpoint experiences that both entice consumers, and assist in improving product and service presentations to increase sales. Furthermore, Kunz et al. (2011) insisted that innovation is not only an activity resulting in a new element, but also a new combination of older elements.

According to the socio-technical system theory, innovation capabilities are categorised into two classifications, namely, technical innovation capability and non-technical innovation capability (Ngo & O'cass, 2013). The former signifies innovation as the development of new service operations or services and technology, on the other hand, the latter includes innovations that are market, managerial and marketing driven (Ngo & O'cass, 2013).

Technology driven innovations have become important to stimulate shopping experiences. Tools used include digital signage, self-service systems, interactive displays, informative touch points, and mobile applications (Pantano & Timmermans, 2014). For example, Starbucks offers consumers more than coffee. It offers experience through its mobile application, which allows consumers to view the menu, prior to ordering and make payment via the mobile application (KPMG, 2017). Moreover, in-store payments are also done from the application, which is linked to the customer’s loyalty card (KPMG, 2017). This way the customer does not need to carry a wallet, but rather enjoys the convenience because of this technological innovation.

Woolworths has also joined in the technological innovations with the launch of a mobile application that provides consumers with everyday inspiration for food and

fashion to influence purchasing behaviour (Business Report, 2017). The above case studies (Starbucks and Woolworths) play a vital role in indicating the importance of the capability of a retailer to innovate. The growing number of research and empirical evidence both from the perspective of the consumer and organisation shows that retailers have many capabilities to offer new products, services and promotions to fulfil their consumers (Abril & Martos-Partal, 2013).

For the purpose of this research, innovation is limited to non-technical or technological innovation capability. This innovation involves marketing activities such as new ways of displaying merchandise, store layout, store design, ambiance, sound, and colour. According to Śmigielska and Orzeł (2015), innovation in marketing within the retail space has become an important tactic to stimulate consumers in making purchases and strengthening consumer loyalty.

The reason for focussing on the non-technical or technological innovation is that, firstly, the area seems to have received little attention in research (Foroudi et al., 2016). Secondly, small independent retailers operating in the township economy lack sophisticated technology infrastructure and the majority of township consumers still cannot afford technological services. In the South African context, the affordability of internet services is a noteworthy challenge (Common Good First, 2018), especially because majority of people reside in townships, where low income and unemployment are still the biggest challenges.

Another issue affecting the sector is the low levels of digital literacy and coverage or network access (Common Good First, 2018), which implicates both the small independent retailer and the consumer if technical innovations were to be implemented. A study conducted by Marnewick (2014) on the adoption of information and communications technology (ICT) by Soweto township SMEs found that ICT is not being fully utilised for business initiatives (marketing, financial analysis or internet banking). These findings might be directly or indirectly linked to challenges discussed above.

A study conducted by Trott (2008, cited in Lin et al., 2013) demonstrated that marketing, product, and service innovations contribute to customers' perceptions of firm innovation. Therefore, innovation encapsulates offering of new or modified

solutions to meet consumer needs in a way that adds value as defined by consumers (Mahmoud et al., 2018). For the purpose of this study, the definition adopted for retailer innovation was by scholars Botschen and Wegerer, (2017), Mahmoud et al. (2018), Ngo and O'cass (2013), and Ruiz-Molina et al. (2017).

3.3.1.2 Dimensions of RI

Hristov and Reynolds (2015) declared that early conceptualisations of innovation originate from organisational and economics theory, and are constructed mainly on manufacturing-centred logic. According to Ruiz-Molina et al., (2017), there has been lots of recent attention paid to the concept of innovation; yet, there is little accord on the content and dimensionality of this construct. Innovation within the retail industry in particular, has received little attention (Hristov & Reynolds, 2015).

The retail sector is an important and growing sector of the economy with a huge potential to influence the sustainability of performance in supply chains (Pinto et al., 2017). Yet studies have found that the measurement of retail innovation is neglected in research (Hristov & Reynolds, 2015), particularly a scale to measure retail innovation and its relationship with consumers (Ruiz-Molina et al., 2017). There are however efforts made by scholars in identifying constructs that measure innovation in the context of retailing. For example, a study conducted by Pinto et al. (2017) in innovation strategies in retailing, identified three dimensions of retail innovation. These dimensions consist of the market dimension, technology dimension, and design dimension.

The market dimension focusses on the value creation process, which looks at the initiation of new customer interactions that are designed to provide personal engagement (Pinto et al., 2017). During this process, the customer becomes part of the innovation insights by assisting the retailer to introduce new solutions based on consumer needs and their in store shopping behaviour (Pinto et al., 2017). The technology dimension of retail innovation refers to the ‘how’ component towards the solution of the retail service innovation strategy (Pinto et al., 2017). For example, the solution part involves the decisions concerning the adoption of new technology or technical solution that will assist in continuously improving the retailer’s supply chain operations.

New technologies or technical solutions can introduce a value creation process as they fulfil the utilitarian needs of the customer (Pinto et al., 2017). For example, superior access to products and low prices, geographical distance, access to information and being able to compare products (Pinto et al., 2017). The design dimension answers the 'why' element of the retail service innovation strategy, which includes suggesting new meaning of current service or product categories within the store (Pinto et al., 2017).

Further, new meanings can introduce value creation processes that satisfy the cognitive, affective, and emotional stimuli of the customer after visiting a store (Pinto et al., 2017). For example, this study is only interested in the retail store environment innovation. From a retail environment innovation point of view, it evaluates both sensory (sound, colours, space, ambiance, freshness) and cognitive (signage, layout, product arrangement, design) innovations as drivers of customer innovativeness, participation, advocacy, experience, satisfaction and in turn, customer retention.

3.3.1.3 Related studies on RI

Research on innovation has mostly focussed on manufacturing and service industry, with great attention focused on development of a new product or service (Carlborg, Kindström & Kowalkowski, 2014; Mina, Bascavusoglu-Moreau, & Hughes, 2014; Zhu & Ning, 2015). There has been more focused research on innovation in the past, which addresses specific business functional areas (Hristov & Reynolds, 2015). These include, online retailing, retail promotions and pricing, packaging, shopper marketing, brand management, retail planning and environmental management (Aykol & Leonidou, 2015; Grewal et al., 2011; Pantano & Viassone, 2014; Shankar, Inman, Mantrala, Kelley & Rizley, 2011; Wood, Lowe & Wrigley, 2010).

Jensen, Munksgaard, and Arlbjørn (2013) explored how green supply chain innovations can be implemented to improve value offerings for customers in retailers operating in the industrial bakery category. The findings from this study confirmed that the green supply chain innovation has a positive influence on value creation in the supply chain process (Jensen et al., 2013). Andersson and Forslund

(2018) set out to develop a framework for assessing sustainable logistics innovation in retail. During this investigation, they found that retailers concentrated primarily on innovation. Consequently, it cannot be ignored that innovation has the ability to drive value creation for both the organisation and its consumers, hence the findings by Andersson and Forslund (2018).

Other scholars, Sekhon, Al-Eisawi, Roy, and Pritchard (2015) conducted studies on innovation from a services marketing point of view in the retail banking environment. Empirical evidence from this study validated that innovation is one of the strongest constructs that influences service excellence. On the other hand, Botschen and Wegerer (2017) evaluated linking branding concepts and innovation in retail formats. This study constructed the process of retail innovation into the retailer's brand identity, which translated into tangible experiences (customer touchpoints). This study demonstrates the ability of retail innovation to influence consumer experience within the store environment, which is significant for attracting customers and retaining them.

Moliner-Velázquez et al. (2018) justified the importance of retail innovation as a strategy to satisfy and retain customers. Their research investigated the influence of retail innovation and store image on value, satisfaction, and loyalty. Empirical evidence from the study revealed that retail innovation enhances customer value because it improves the customer's perception of the quality of merchandise, store environment, and shopping enjoyment (Moliner-Velázquez et al., 2018).

Correspondingly, Shah, Shafi, and Khan (2018) investigated the effect of service quality, reputation, and innovation levels on consumer satisfaction, with the mediating influence of consumer involvement. Results from this study demonstrate that the levels of innovation, service quality, reputation, and customer involvement have a positive correlation with consumer satisfaction within the retail banking sector (Shah et al., 2018). Similarly, Mahmoud et al. (2018) unveiled the importance of service innovation within the telecommunications industry, where it is acknowledged that service innovation is a significant indicator of consumer satisfaction.

The preceding research serves as evidence that innovation is an important construct in improving consumer satisfaction and retention. Small independent retailers need to focus on innovation in order to meet consumer needs and survive in this competitive industry (Abril & Martos-Partal, 2013). Given the shoppers increasing interest in retail environments that are both interactive and entertaining, the industry is forced to innovate to sustain current consumers and attract new customers (Pantano & Laria, 2012).

Although the literature reviewed above indicates that there are studies within the retail sector conducted on the influence of innovation on satisfaction, there are still gaps in literature to explore the innovation construct further within the retail context. One of the gaps is the effect that retail innovation has on consumer retention within the small independent retailing context. Bellingkrodt and Wallenburg (2015) argued that innovation is a strong driver of consumer satisfaction.

However, according to Ennew et al. (2015), consumer loyalty and retention depend on consumer satisfaction. Therefore, the purpose of this study was to make a first step towards closing this gap, and consequently investigated retailer innovation influence on consumer retention within the small independent retail context, particularly in the township economy. According to the Business Report (2019), in South Africa, competition within the retail market is generally intense. Therefore, it is important that retailers offer new services or products and unique consumer shopping experiences because one of the key success factors for survival is innovation (Business Report, 2019).

3.3.2 Consumer innovativeness (CI)

Consumer innovativeness has been examined extensively as an essential concept in consumer behaviour research, and plays a significant role in persuading consumers to accept new products and services (Chao, Reid, & Mavondo, 2013; Hur et al., 2012). Zhang and Hou (2017) suggested that, consumer innovativeness is a probable personality attribute, that is, a consumer's desire to attain new things. Hypothetically, this is influenced by the consumer's need for uniqueness, the need for stimulation, and seeking different experiences (Leicht et al., 2018). Therefore,

consumer innovativeness is a fundamental individual dispositional characteristic that plays a dominant role in the initial adoption of novel products and services (Byun, Dass, Kumar & Kim, 2017).

The key emphasis of innovators is to be the first to own something new and they are stimulated to seek information to decrease their personal risk from ownership (Byun et al., 2017). Scholars (Ailawadi, Neslin & Gedenk, 2001; Aroean & Michaelidou, 2014), argue that an innovative consumer is less concerned about perceived value and more concerned about the risk of new products and services. However, Chao el al. (2013) posited that in order to assist in minimising the risk, companies need to pay attention to consumer factors that impact on new product or service success. For example, companies need to consider the role played by consumer innovativeness in influencing customer satisfaction, as proposed by the current study.

According to Byun et al. (2017), innovative consumers see themselves as opinion leaders and pioneers who pursue new objects and embrace novel products and services prior to others. Persaud and Schillo (2017) justified this argument by stating that consumers that are innovators tend to adopt a new product or service much earlier, and are less worried about having a perfect product or service while they are willing to pay a premium rate for it. For example, in a study conducted by Barrena-Figueroa and Garcia-Lopez-de-Meneses (2012) on the influence of consumer innovativeness in the acceptance of new products, it was confirmed that innovative consumers tend to be less price sensitive and are more eager to consume new products than are the less innovative consumers.

The preceding empirical research signifies that for small independent retailers, it is important to innovate while keeping innovative consumers in mind. These consumers will be the first to use the product or service and potentially persuade others to be open-minded about trying new things. In agreement with this line of reasoning are Jürgensen and Guesalaga (2018), who stated that companies, in this case, small independent retailers, could benefit from activities that increase consumer innovativeness within their targeted markets. Innovative consumers assist in activating the critical masses needed for a product and service innovation

to be a success (Jürgensen and Guesalaga, 2018). Accordingly, innovative consumers are willing to influence others to accept innovative experiences, and have a quick decision power to stimulate adoption of the innovation in their social groups (Jasrai, 2014).

3.3.2.1 Definition of CI

Hirschman (1980) defined innovativeness as a personality quality that reflects an intrinsic tendency to seek out new information, stimuli, and experiences. Leicht et al. (2018) explained consumer innovativeness as the extent to which consumers are comparatively earlier in embracing new ideas than are the average members of their social system. According to Lao (2014), the extent of consumers' earlier adoption to market innovation, compared to that of other consumers within the same social environment, comes from their search for new consumption experience, and therefore a reflection of a cognitive need and a basic motivation.

Moreover, Persaud and Schillo (2017) stated that consumer innovativeness places emphases on the characteristics of consumers, such as personality traits, to predict behaviour towards new products and services. Therefore, consumer innovativeness is a stimulus of innovative behaviour and is vital to the diffusion and acceptance of new products, services and brands (Koschate-Fischer et al., 2018). Innovative consumers tend to be more open and accepting of change because they attach importance to values such as curiosity and creativity (Koschate-Fischer et al., 2018). For the purpose of this study, all above definitions of consumer innovativeness were adopted.

3.3.2.2 Dimensions of CI

Consumer innovativeness has been linked to elements such as impulsiveness, hedonic shopping motivation, and status seeking (Jürgensen & Guesalaga, 2018). The conceptualisation of this construct places an emphasis on individual characteristics, preferences and behaviours (Persaud & Schillo, 2017). On the other hand, Kaushik and Rahman (2014) classified different antecedents of consumer innovativeness as being characterised by both psychographic and demographic factors. Kaushik and Rahman (2014) found that there are three basic dimensions of

consumer innovativeness, which include domain-specific innovativeness, innate innovativeness, and innovative behaviour.

Domain-specific innovativeness is associated with opinion leaders who provide advice about new products, brands and services in their societal groups (Jasrai, 2014). Innate innovativeness is the inner characteristic or tendency to accept new products or services by an individual (Koschate-Fischer et al., 2018; Zhang & Hou, 2017). Innovative behaviour is the need for uniqueness, which allows consumers to differentiate themselves by buying a rare or new item (Jasrai, 2014). Although all these factors affect consumer innovativeness, Lao (2014) argued that the concept of consumer innovativeness is closely correlated with a consumer's gender, age, societal status, income and culture (Merchant & Rose, 2016).

3.3.2.3 Related studies on CI

According to Li, Zhang and Wang (2015), previous research disclosed that consumer innovativeness influences product assessments of novel brand names, the sensation of customers to act as lead users, and vender–buyer relationships. A survey study of 2 399 adults of the United States concluded that brand engagement is positively associated with consumer innovativeness (Goldsmith, Flynn & Korzenny, 2015). This means that the more companies engage with consumers and form relationships, the more these consumers will be willing to try new and modified brands or products.

Li et al. (2015) studied consumer innovativeness as a behaviour characteristic that might assist in improving understanding the motivations for accepting innovations. The findings demonstrated that factors such as new product originality influences a consumer's intent to adopt new products or brands only if it equally meets the level of new product usefulness (Li at al., 2015). Scholars (Rašković, Ding, Škare, Došen & Žabkar, 2016) were interested in comparing consumer innovativeness and ethnocentrism of young-adult consumers in four different countries. Regardless of the cultural differences, young-adult consumers in all four markets showed higher levels of consumer innovativeness than consumer ethnocentrism (Rašković et al., 2016), which proves the importance of consumer innovativeness.

Another study by Byun et al. (2017), investigated the role played by playfulness on an innovative consumer's pre-order behaviour for novel products and brands. It was discovered in four experimental studies that playfulness is a critical motivational predecessor of the propensity of the consumer to pre-order (Byun et al., 2017). Within the restaurant industry, empirical research investigated by Jin et al. (2016), proposed that consumer innovativeness would have a positive effect on restaurant image, price, gratitude, and fairness. This study further confirmed the proposed influence of consumer innovativeness on gratitude and restaurant image to be positive and significant (Jin et al., 2016).

Other studies (Ashraf, Thongpapanl & Anwar, 2017; Cui, Lin & Qu, 2018; Thakur & Srivastava, 2015) focussed on consumer innovativeness and adoption in the online retailing context, where results reveal that consumer innovativeness is a key and fundamental construct to increase online retail adoption, usage acceptance, and e-loyalty. Although a number of studies have examined consumer innovativeness in different contexts as well as the retail sector, there is still a gap to investigate this construct within the small independent retail environment in the township economy.

Given that this study's context was small independent retailers operating in the townships, it was very important to understand the innovative traits that drive consumer purchase decisions in the townships. These consumers are highly aspirational (Africa Business Insight, 2015) and tend to convince other members of the society to purchase a product especially when deemed useful and valuable. Township consumers have a strong sense of social duty and responsibility (Malope, 2017). They are motivated by the aspiration to be a role model for their communities (Malope, 2017). These consumes are motivated by hedonic benefits, inner traits (aspiration), and being able to advise others on products or services they have tried, acting as role models or opinion leaders within their communities.

3.3.3 Consumer participation (CP)

Mustak et al. (2016) stated that the concept of consumer participation is of key interest in service research. They further argued that it is also a source of positive results for both service providers and consumers. Consumer participation is an

essential element that has an effect on business performance, consumer relationships and consumer satisfaction (Dong et al., 2015; Mustak et al., 2016). It is critical in providing certain services with optimal quality and a satisfactory outcome (Yeh, 2016). Moreover, increased consumer participation is positively associated with service quality and consumer satisfaction (Yeh, 2016).

Consumer participation is considered to comprise various behaviours such as relationship building, preparation, information exchange, assessment behaviours, and quality assurance (Mustak, Jaakkola, & Halinen, 2013). The core offering in consumer participation can occur through shared production of related goods, shared inventiveness, and co-design (Mustak et al., 2013). Consumers are enabled to have an active voice, and to achieve control over the offering co-creation process (Mainardes et al., 2017). Therefore, by including the consumer in the innovation process, retailers can develop and implement product and service offerings that facilitate customer value creation.

Yeh (2016) argued that retailers, who focus on enhancing consumer participation, are more likely to develop superior service competences and to achieve consumer-perceived value, which in turn sustains long-term consumer relationships. By allowing consumers to be interactive within the offering, higher levels of firm innovativeness and consumer satisfaction are achieved (Ennew et al., 2015).

3.3.3.1 Definition of CP

Olsen and Mai (2013) referred to consumer participation as the extent to which the consumer is involved in the production of a product or service. Consumers who actively participate with firms are likely to create customised offerings for themselves (Ngo & O'Cass, 2013). Therefore, consumer participation enables organisations to attract consumers in the pursuit of long-term and profitable relationships (Lacey, 2015).

Moreover, Dong et al. (2015) defined consumer participation as the consumers' provision of feedback, which includes knowledge, effort, and time afforded to the production and delivery of a service. Through these inputs and efforts, consumers then influence the process of the service and its outcomes (Aarikka-Stenroos &

Jaakkola, 2012). Furthermore, as emphasised in marketing literature, particularly, within the services context, services are formed within an interactive process that involves both the consumer and the seller (Aarikka-Stenroos & Jaakkola, 2012). For the purposes of this study, all the above definitions applied.

3.3.3.2 Dimensions of CP

According to Mustak et al. (2016), the dimensions of consumer participation are classified into four categories, namely, customer related, service provider, service offering, and interaction related predecessors. The customer related predecessors of consumer participation are related to demographic features, which influence co-production behaviour to vary, these include gender, age, employment status, level of education, and place of residence (Parrado, Van Ryzin, Bovaird & Löffler, 2013). For example, Parrado et al. (2013) further explained that, educated and employed individuals are more motivated towards various forms of participation, probably, because they have resources that empower their capacity to do so. Additionally, some optimistic emotional conditions, such as a consumer's self-confidence or general level of happiness, can influence a consumer's readiness to participate (Gallan, Jarvis, Brown & Bitner, 2013). Olsen and Mai (2013) suggested that knowledge is an important element in a consumer's enthusiasm to participate in the production of goods and services.

The service provider is the second group of antecedents of consumer participation. The consumer orientation of the service provider is considered an element that increases consumer participation (Mustak et al., 2016). Wang, Wu, and Yang (2013) stated that consumer orientated service providers tend to respond fast to the demands and feedback received from their consumers. With this information, these suppliers are able to create more channels and opportunities for knowledge exchange with consumers (Wang et al., 2013). Furthermore, there is a positive relationship between service providers with a supportive organisational culture and consumer participation (Mustak et al., 2016). What makes this relationship strong is that these service providers motivate their consumers to participate, and consider their inputs during service design strategies (Mustak et al., 2016).

The third group of antecedents of consumer participation is service offering. The nature of services requires high levels of consumer participation (Mustak et al., 2016). According to Wang et al. (2013), consumer participation influences a consumer's expectation of benefits derived from a service, for example, their input toward that service activity (Wang et al., 2013). This includes activities such as consumers assembling furniture (Frow, Nenonen, Payne & Storbacka, 2015) to avoid incurring additional costs. However, for this to be successful, service providers have to ensure that merchandise installation instructions are clear and an easy task.

Technological facilities also play an important role in the provision of services. These technologies facilitate the various means of interaction between the consumer and the service provider. They include self-service technologies (Åkesson & Edvardsson, 2018), such as mobile payment systems, self-checkout, and scan-as you go (Djelassi, Diallo & Zielke, 2018; Fisk et al., 2018; Taylor, 2018). The big national retailers in South Africa already have such facilities in place to facilitate interaction with consumers, which disadvantages small independent retailers since they do not have the financial resources to innovate at this level. The interaction between the service provider and the consumer affects consumer participation profoundly (Mustak et al., 2016).

However, small independent retailers do not have to rely on technological facilities given their nature and the type of consumers they service. By asking for and obtaining customer feedback, organisations, in this case small independent retailers, can listen to their consumers' input regarding their product and service offering in order to improve on it (Beckers, van Doorn & Verhoef, 2018). The fourth group of antecedents of consumer participation is service interaction related. According to Mustak et al. (2016), consumer-to-consumer interactions can positively affect a consumer's propensity to participate in the service design and delivery. For example, consumers that are better knowledgeable and experienced with a service can provide information to new or existing consumers.

3.3.3.3 Related studies on CP

Consumer participation research has been studied in a variety of disciplines, which include, marketing research, strategic management, information management, and operations management (Mustak et al., 2016). Wang et al. (2013) studied consumer participation and its impact on project performance with the mediating role of knowledge sharing within the telecommunication service industry. Dong et al. (2015) explored the influence of consumer participation on service results, affirming the moderating role of participation readiness by the consumer. The findings from this study indicated that when consumer participation readiness is high, increasing consumer participation improves service quality and consumer satisfaction. Other research (Olsen & Mai, 2013) investigated consumer participation in home meal preparation and, the results reveal that high involvement in the meal preparation is the main driver of consumer participation behaviour.

Lowe and Johnson (2017) studied the benefits of consumer participation within virtual communities in the health sector, while Gallan et al. (2013) examined consumer positivity and consumer participation in healthcare services. Painter and Granzin (2015) wanted to understand the shoppers' participation in the distribution process, a concept called consumer logistics. The scholars were interested in the consumers' participation in the movement and management of merchandise from the point of purchase, consumption, and final disposal. On the other hand, Zhao, Yan and Keh (2018) examined the effects of service personnel behaviour on consumer participation in service encounters within retail banking, pointing out the mediating role of consumer emotions. The results from this study demonstrate that service personnel behaviour can influence consumer participation in a positive way.

From the preceding research, it is evident that consumer participation has proven to be beneficial in several ways and results in a range of positive outcomes for both service providers and consumers (Mustak et al., 2016). However, an understanding of how small independent retailers can realise and use the benefits of consumer participation has been lacking. Therefore, for the purpose of this study, consumer participation was investigated to determine its level of influence when it comes to

positive outcomes such as consumer satisfaction within the small independent retailing context.

3.3.4 Consumer advocacy (CA)

Consumer advocacy is related to the selflessness tendencies of consumers, a concept that is similar to that of opinion leaders among their peers (Chelminski & Coulter, 2011). These individuals, according to Chelminski and Coulter (2011), have market expertise and marketplace assisting behaviour. They are knowledgeable and appreciate being a source of information for others. Consumer advocacy is an important construct to investigate as consumers who are able to advocate for a brand can advise other consumers and influence shopping behaviour. Moreover, these consumers promote positive word of mouth for service providers. They take on a role of being both trusted consultants and advisors to other consumers on behalf of a company (Yeh, 2015).

Consumer advocates can efficiently assist in co-creating a brand's image and its identity, and contribute towards building brand positioning (Parrott, Danbury & Kanthavanich, 2015). The purchasing behaviour of potential consumers is influenced by references of consumer advocates. Potential consumers consider information and facts from friends or family as less biased and more dependable, compared to the information they receive from firms (Shailesh & Reddy, 2016). However, Hsiao, Shen and Chao (2015) stated that when consumers get comfortable with the relationship created with their service provider, they are more likely to support and advocate for that service provider.

Advocacy indicates that companies partner with their customers based on the expectation that pleased customers will discuss their positive partnership with that respective company with others (Roy et al., 2014). Consumers who understand the service provider's value and expectations have essential knowledge to interact with the service provider (Anker, Sparks, Moutinho & Grönroos, 2015). This in turn stimulates customers to participate in the service process, as customers will only engage in this process if they receive something of value in return. Therefore,

retailers that are consumer advocacy-based must seek to incentivise and involve consumers in their marketing efforts (Yeh, 2016).

3.3.4.1 Definition of CA

Consumer advocacy denotes the exchange and sharing of market information by consumers in order to influence positive brand experience (Jayasimha, Chaudhary & Chauhan, 2017). Moreover, through information sharing, consumer advocacy has the capability to promote purchases and positive post-purchase experiences, as long as firms ensure that consumers are satisfied throughout the product and service offering process. Achieving satisfaction means consumers will share positive recommendations with other consumers in support of a brand, product, or service (Shailesh & Reddy, 2016).

According to Roy et al. (2014), consumer advocacy is an effective means to empower consumers, and gain their trust and loyalty. However, for this relationship to be successful, firms need to represent consumers' interests faithfully and provide them with truthful information (Yeh, 2015). For the purpose of the study, the above discussion on consumer advocacy applies. This study considered consumer advocacy as a consumer-oriented culture that allowed companies, in this case, small independent retailers to engage in satisfying their consumer needs as a marketing strategy to empower consumers in the market.

3.3.4.2 Dimensions of CA

Shimul and Phau (2018) conceptualised brand attachment, brand satisfaction, and brand loyalty as antecedents of consumer advocacy. They further hypothesised that being committed and faithful to a brand signifies satisfaction, as consumers tend to share their positive brand experience with others. Authors, Shailesh and Reddy (2016) also identified consumer loyalty as a dimension of consumer advocacy, with the focus being affective commitment, advocacy loyalty, and repeat purchasing loyalty.

Hsiao et al. (2015) found affective and continuance commitment to be a strong and significant element of advocacy intention, where affective commitment is the consumer's involvement and emotional attachment to a brand (Shukla, Banerjee &

Singh, 2016). Consumers who are committed to a brand will usually act as advocates of that brand (Grace, Ross & King, 2018), which occurs after a positive encounter with the brand (Shukla et al., 2016). On the other hand, consumers who feel that they should actively continue purchasing from a firm because consumers will experience a loss of benefits if they choose not to, seems to demonstrate a continuance commitment level (Dhaenens, Marler, Vardaman & Chrisman, 2018). Therefore, this explains why both affective and continuous commitment are important antecedents of consumer advocacy. Consumers attach themselves to a brand because they perceive it to be of value and benefit, and when satisfied, they are willing to share the experiences with other consumers, spreading awareness about a brand or service provider.

Yeh (2015) also proposed corporate social responsibility and service innovation as drivers of consumer advocacy. More so, as stated by Yeh (2015), it is important that companies communicate their corporate social responsibility activities because consumers who are cognisant of these initiatives demonstrate positive behaviour and attitudes. These consumers then influence other consumers to take part in the initiatives. Service innovation on the other hand, gives a consumer a voice to take part in the firm's ability to gather consumer data and use it to design and enhance service offerings. This is known as co-creation, where consumers also become the co-producers of the service (Frow et al., 2015). Service innovation is important in developing consumer advocacy led firms because through innovations, consumers are able to participate and design services that meet their needs, and in turn persuade others to do the same.

3.3.4.3 Related studies on CA

Past empirical research on consumer advocacy focused on the context of service failure, unsatisfactory service, and complaining behaviour (Chelminski and Coulter, 2011; Jayasimha & Srivastava, 2017). Shailesh and Reddy (2016) stated that when service or experience encounters are undesirable for consumers, they will spread negative word of mouth messages and prospective customers will then refrain from a retailer or a certain brand (Shailesh & Reddy, 2016). Chelminski and Coulter (2011) examined the link between consumer advocacy and it is association with

consumer complaining behaviours. The scholars found that consumer advocacy is positively connected with spreading negative word-of-mouth in a dissatisfactory service experience.

Recent studies (Javalgi, Hall & Cavusgil, 2014; Papaioannou, Kriemadis, Kapetaniou, Fantidou & Kourtesopoulou, 2018; Shah & Jain, 2015) established that successful businesses require a customer oriented culture. Consumers today are well informed, knowledgeable, empowered, and connected (Roy, 2013). Furthermore, Roy (2013) insisted that because of the increased consumer power, firms are forced to be transparent in their transactions with consumers. Song and Hollenbeck (2015) recommended that service based companies must actively engage and involve consumer advocates. They can do so by appealing to their desire to interact with companies by offering them opportunities to voice their problems and concerns so that they can be identified and resolved quickly (Song & Hollenbeck, 2015). Consumer advocates make their voices heard in order to assist companies to quickly detect problems and provide informed driven solutions to lessen the effect of negative word of mouth messages (Chang, Tsai & Hsu, 2013).

Given the literature investigated on consumer advocacy as a concept, it is worth noting that this an important construct that needs to be explored within the small independent retailing context. For small independent retailers to survive in an industry dominated by big national retailers, it is important that they employ a consumer-orientated culture to not only retain their loyal customers, but also attract new ones. These retailers cannot ignore consumer advocacy as a strategic marketing tool as this strategy incorporates customers as trusted business advisors and consultants (Yeh, 2015) that are capable of spreading negative word of mouth messages (Shailesh & Reddy, 2016; Weitzl, Hutzinger & Einwiller, 2018) or praising a good experience.

Small independent retailers must seek to be consumer advocacy based retailers by involving consumers in their marketing efforts. Consumer advocates are willing to endorse their retailer to others, purchase more from the retailer as new products become available, and are willing to stay with the retailer even when competitors offer same products and services (Shailesh & Reddy, 2016). Therefore, small

independent retailers can consider collaborating with their consumers because satisfied consumers would have a positive relationship with both the retailer and other customers. It is also important to note that consumers that patronise these retail stores are based in townships and these consumers are community orientated. Townships are full of consumers who are brand advocates. For example, consumers who can facilitate marketing opportunities by providing key insights into their needs and preferences (Media Update, 2017).

3.3.5 Consumer experience (CE)

Customer experience is imperative for customer satisfaction and loyalty, and in the end contributes to the business's success and profitability (Kumar, Dalla Pozza & Ganesh, 2013). Consumer experience has the ability to build a unique and sustainable competitive advantage for organisations (Bustamante & Rubio, 2017). Holbrook and Hirschman (1982) introduced the concept of customer experience. The aforementioned scholars were the first to present the experiential perspective of consumer and hedonic behaviour in marketing (Sachdeva & Goel, 2015). Holbrook and Hirschman (1982) identified that consumer behaviour research neglected an important component of the consumption process, which is experience.

Consumer experience is personal, and accumulates at each touch point with the firm during the purchasing decision-making process (Mahrous & Hassan, 2016). Therefore, the role of consumer experience management in a firm aims at supporting a business's abilities with customer needs at each interaction channel (Debruyne & Dullweber 2015). This is to create a superior customer experience and achieve a mutual relationship benefiting both parties (Debruyne & Dullweber 2015). Mohd-Ramly and Omar (2017) asserted that consumer experience is more relevant within the retail industry because retailing is all about creating a total shopping experience.

Today, designing a strong consumer experience is one of the leading and key management objectives (Lemon & Verhoef, 2016). The majority of companies are realising that to stay competitive in the market, the benefit lies in designing and

implementing engaging consumer experiences (Forbes, 2017; Teixeira et al., 2012). Through taking a holistic view of consumer experience (pre-service, core service, and post-service encounters), firms can reinforce relationships with their most valued consumers as well as increase consumer retention (Voorhees, Fombelle, Gregoire, Bone, Gustafsson, Sousa & Walkowiak, 2017).

In a rapidly developing retail scenario, consumer needs are still the main driver of purchase decisions (Grewal, Roggeveen & Nordfält, 2017). Therefore, the significant influence of consumer experience on consumer purchasing behaviour cannot be taken lightly (Roy, 2018). A global study conducted by KPMG (2018) indicated that consumer experience has become more important and noteworthy than ever as retailers strive to distinguish themselves in a demanding and crowded market. Even though companies and marketers need to understand the types of experiences they want to provide for their consumers, it is also important to come up with effective strategies to manage consumers' experiences (Lee & Lim, 2017). Moreover, experiences should be characterised by being personal, useful, easy, and fast (Forbes, 2017).

Customers no longer have an interest in buying products and services just for benefits and features; they also want to enjoy and be entertained (Lee & Lim, 2017; Srivastava & Kaul, 2014). Therefore, the consumer journey during this process has to be explored. According to Lemon and Verhoef (2016) the creation, delivery, and management of consumer experience can be observed from two viewpoints, namely from the firm and customer. The firm designs and creates an experience or journey to be received by the consumer. From the consumer perspective, the concept of co-creation is explored, and consumer experience is considered as a customer's interaction with the firm, while the consumer plays a role in the construction of the experience itself.

Lemon and Verhoef (2016) stated that the focus on shopper experience increases because consumers now interact with organisations through many touchpoints in multiple media and channels. Consumer touchpoints are described as direct or indirect interactions, where shoppers interact with a firm's product, service or brand (Baxendale, Macdonald & Wilson, 2015; International Design Foundation, 2018).

Touchpoints can take a number of forms, including physical or store environment, personal interactions, and online stores or media (Voorhees et al., 2017).

A number of touchpoints have been identified and investigated in literature, these include consumer service, in-store, online environment, support services, word of mouth, purchases and payments, loyalty programmes, advertisements, product or service usage (Baxendale et al., 2015; Brand Quarterly, 2018; Li & Kannan, 2014; Romaniuk, Beal & Uncles, 2013; Wind & Hays, 2016). Additionally, the creation and understanding of each interaction or touchpoint means that a firm can design better shopper experiences, which can be used to enhance consumer journey mapping exercises. For example, Figure 3.5, as proposed by Voorhees et al. (2017) demonstrates how journey mapping can be used to improve and enhance service experience.

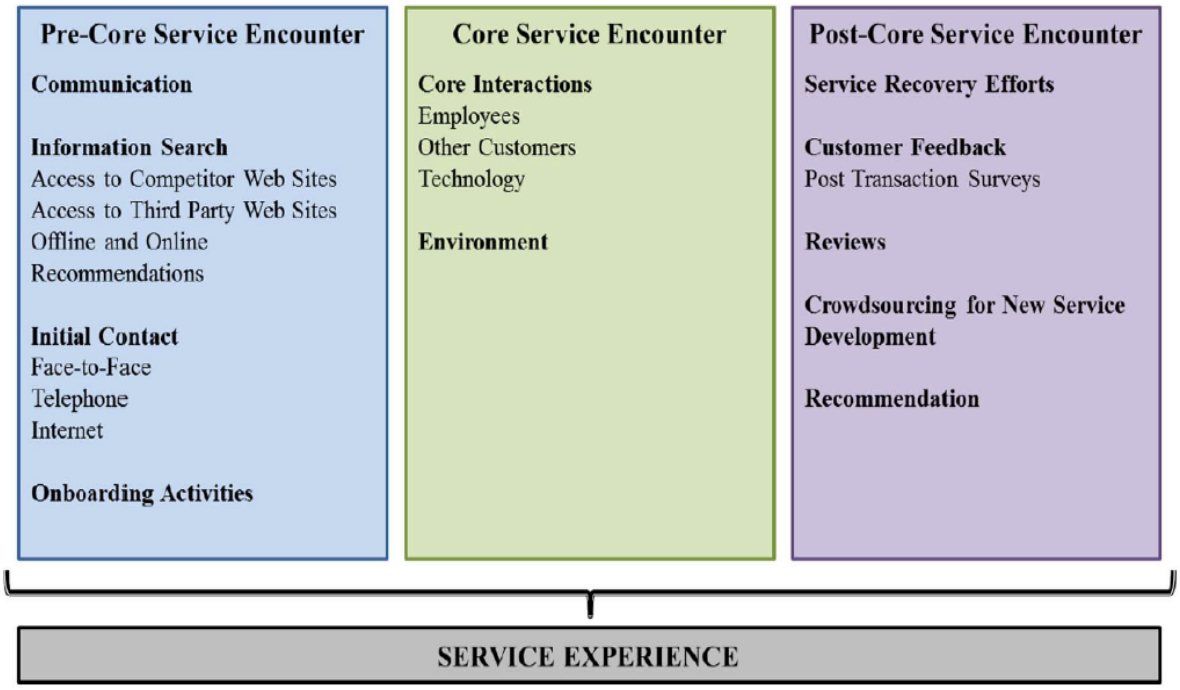


Figure 3.5: Service encounters throughout the service experience

Source: Voorhees et al. (2017: 271).

Pre-core service encounter (Voorhees et al., 2017), as stipulated in Figure 3.5, focuses on leading consumers to interact with the company in the core-service encounter. In the pre-core encounter consumers start reviewing information about what a brand is offering and make initial contact. The search for information about a brand includes, queries directed to frontline employees, online reviews, and word of mouth recommendations. Consumers at this stage take the initiative to engage with the firm, and therefore it is very important that the firm ensures that consumer experience is consistent as consumers seek information from others. It is also important that firms ensure that service personnel are trained to provide a pleasurable service during this stage. This will determine whether the consumer would proceed with his or her purchase.

The core service encounter (Voorhees et al., 2017) is the interaction the consumers make as soon as they have decided to go ahead with the service purchase. This is very important as it influences the last stage, the post-core service encounter, which follows the core service encounter during which customers evaluate and act

depending on their experience during the pre-core service and core service encounter (Voorhees et al., 2017). In this period, the goal of a brand is to retain consumers by improving future service encounters and experiences. The post-core encounters, for example, include activities such as a post-purchase satisfaction survey) or direct contact with consumers to detect any complaints or issues in order to ultimately sustain relationships with consumers.

3.3.5.1 Definition of CE

The word experience is different from goods and services, Lemon and Verhoef (2016) stated that a customer buys an experience for personal enjoyment; a sequence of memorable events staged by a firm. Other scholars, however, argued for a much broader view of consumer experience. Lowe et al. (2018) defined consumer experience as an intrinsic and personal response that consumers have concerning any interaction with a firm. Roy (2018) described consumer experience a combination of cognitive and affective components that result from an encounter with a service. Adding to this definition Homburg, Jozić and Kuehnl (2017) described consumer experience as not only an evolvement of consumers' cognitive and affective behaviour, but inclusive of behavioural, relational, and sensorial responses through a journey of touchpoints from pre-purchase, actual purchase, and post-purchase.

Moreover, Rose Clark, Samouel, and Hair (2012) stated that consumer experience is theorised as a psychological construct. It is a holistic and subjective response resulting from consumer interaction with a firm, which also involves different levels of customer involvement (Rose et al., 2012). Roy (2018) further insisted that the consumer encounter may lead to positive reactions and outcomes such as consumer satisfaction, repeat purchase, loyalty, and word of mouth messages. Lin and Bennett (2014) refer to consumer experience as a developing construct containing a retailer's offering at quality level, which includes location, in store atmosphere, products, price, and promotion. Additionally, scholars (Mohd-Ramly & Omar, 2017), also conceptualised consumer experience as the interaction between consumers and all stimuli associated with retailers. For example, the location,

atmosphere of the store, employees, loyalty programs and services. All above definitions applied to the context of this study.

3.3.5.2 Dimensions of CE

According to Lee and Lim (2017), it is critical to understand the factors that influence consumer experience. Conceptualised by being a multidimensional construct, consumer experience involves physical, emotional, sensorial, social, and cognitive elements (Keiningham et al., 2017; Lemon & Verhoef, 2016). Bustamante and Rubio (2017) classified the conceptualisation of consumer experience in service research under two methodologies. First, consumer experience is measured based on the consumer's perceptions of the mechanisms that make up a holistic service experience. For instance, scholars (Klaus & Maklan, 2012; Klaus & Maklan, 2013) who studied customer experience, proposed a measure suitable for the contemporary conceptualisation of consumer experience, which is the consumer experience quality. This is developed from the consumer's perception of the actual service experience within different sectors such as retail banking, mortgage, luxury goods, fuel, and service stations.

The second methodology to measure consumer experience as stated by Bustamante and Rubio (2017) in support of Keiningham et al. (2017), and Lemon and Verhoef (2016), considers feelings, sensations, social and physical responses, and cognitions that are prompted by a firm. The social dimension of experience focusses on the direct interaction between consumers and service personnel of a firm (Bustamante & Rubio, 2017). The cognitive dimension of experience involves consumers' mental responses (through perceptions and knowledge) to certain stimuli triggered by an environment (store or brand) (Bustamante & Rubio, 2017). The physical aspect of experience is associated with the consumer's physiological response to a given environment (Bustamante & Rubio, 2017).

Physical cues directly influence consumers' actions and their responses during service encounters, these cues involve furniture, equipment, signs, and symbols (Bolton et al., 2018). The sensory aspect of consumer experience involves how consumers respond to an environment using their sensory information to influence their preferences, perceptions, and consumption decisions (Krishna, Cian &

Aydınoğlu, 2017; Moreira, Fortes & Santiago, 2017). These are based on the five sensory organs (Garg & Vandana, 2017). For example, visual elements of a retail store environment, joined with other sensory dimensions such as olfactory and auditory cues (Helmefalk & Hultén, 2017) influence consumers' consumption experience (Grewal et al., 2017).

The preceding components of consumer experience stress the importance of the consumer's journey, interactions, and behaviour during the purchasing decision stages with a firm (Lin & Bennett, 2014). Not only is consumer experience designed by features that a firm can control (atmosphere, assortment, price, and service design interface), but also by elements outside of a firm's control, such as the influence of other consumers (McColl-Kennedy et al., 2015). These elements represent the consumer's internal, personal, and subjective reaction, a reaction formed by both direct and indirect interaction with a firm (Brun, Rajaobelina, Ricard & Berthiaume, 2017). For the purpose of this study, the dimensions explored were in relation to the store atmosphere, product assortment, location, and service design interface.

3.3.5.3 Related studies on CE

Consumer experience is a developing field of interest for many scholars and marketers as these days, shoppers are spoilt for choice (Strom, 2015). Mohd-Ramly and Omar (2017) studied the effect of store attributes on consumer experience and consumer engagement. The findings of this study revealed that store atmosphere, merchandise, and loyalty programs are the antecedents of consumer experience. Similar research conducted by Keiningham et al. (2017) aimed to understand how consumer experience relates to consumer commitment, and proposed that the final objective of improving consumer experience is to foster consumers' commitment to a store or brand. Therefore, commitment strategies need to be aligned with the experience.

McColl-Kennedy et al. (2015) explored the role of consumers in consumer experience across all interactions with a firm, stressing the importance of understanding the co-creation view of consumer experiences. On the other hand, research by Deshwal (2016) in the Indian retail store milieu focused on determining

how groups, based on demographic variables such as gender, age, family income, and education level, vary in measurements of consumer experience quality. Conclusions drawn from this study indicate that differences in gender, age, family income, and education level, influence consumers experience dimensions during their shopping in a retail store.

Moreover, researchers such as Bagdare and Jain (2013) analysed the emotional-hedonic element of the experience since they believed that it plays a prevailing role in shaping consumer experiences. Businesses need to map out and understand the types of experiences they want to provide for their consumers (Lee & Lim, 2017). Therefore, understanding the predecessors that affect a consumer's experience within a retail store is crucial (Lee & Lim, 2017). Scholars that set out to understand this phenomenon are Bustamante and Rubio (2017) who proposed and attempted to validate a scale to measure in-store consumer experience. In their study, they found that measurements such as social, cognitive, physical, and affective, are satisfactory properties of in-store consumer experience.

The above findings are also in line with those of Cachero-Martínez and Vázquez-Casielles (2017), who found that positive emotional, social, and sensory experience, and employees' level of intellect are important categories that influence consumer experience in a retail environment. In their conceptual paper, Sachdeva and Goel (2015) focused on emotions and behaviours in exploring consumer experience in retail environments. They suggested that retail stores should succeed in emotional appeal by encouraging numerous forms of consumer interaction with the brand.

As observed by Terblanche (2018), consumer experience is a means for differentiation. It is important to pay attention to elements such as merchandise value, internal shop environment, service personnel, merchandise variety, and interaction with other consumers (Terblanche, 2018). Firms need to do more than just offer a satisfactory product or location as this alone is not enough for success in the retailing environment (Cachero-Martínez & Vázquez-Casielles, 2017). Given the current competitive intensity that small independent retailers operate in, it is vital that the concept of consumer experience be investigated.

Retail stores in South Africa have become more experiential in order to attract customers (Business Report, 2019). Therefore, as suggested in literature, it is essential that small independent retailers harness skills to manage consumer experiences, which in turn will offer them a differentiation and competitive edge. Hamilton and Wagner (2014) also suggested that small businesses be equally effective in creating consumer experiences that are able to transform an ordinary shopping activity to an experiential journey.

3.3.6 Consumer satisfaction (CS)

Satisfaction provides an indicator of the level to which a firm is successfully meeting consumer demands (Rana, Osman & Islam, 2014). Al-Msallam (2015) argued that consumer satisfaction is one of the key marketing concepts and the main objective of marketing. Further, Jan and Abdullah (2014) asserted that satisfaction is an attribute for organisational competitive advantage as it assists in reducing marketing costs, prevents consumer churn, and enhances firm reputation. Satisfying consumers is considered a crucial component in determining consumer behaviour and sustaining a long-term profitable relationship (Darzi & Bhat, 2018; Kim, Vogt & Knutson, 2015; Siu, Zhang, & Yau, 2013).

According to Meesala and Paul (2018), satisfaction is the significant element that determines whether the performance of a product or service exceeds consumers' expectations. Hence, keeping customers satisfied is important for firm survival because satisfaction strengthens positive reaction towards a brand, leading to re-purchase intention (Pizam, Shapoval & Ellis, 2016). There is a high possibility that satisfied consumers will repeat purchase (Agolla et al., 2018). Giovanis and Athanasopoulou (2018) asserted that highly satisfied consumers tend to perceive the result of a transaction experience to be positive and, consequently, are willing to repurchase, and spread positive word of mouth messages (Meng & Han, 2018).

On the contrary, a dissatisfied consumer is likely to spread negative word of mouth messages to other consumers by not recommending the provider (Agolla et al., 2018). For this reason, scholars (Jan & Abdullah, 2014; Parawansa, 2018) agreed that strong consumer satisfaction will stimulate consumers to remain loyal.

Therefore, consumer satisfaction is a crucial predictor for loyalty and profitability of retailers' marketing activities and efforts (Ihtiyar, Ahmad & Osman, 2014).

3.3.6.1 Definition of CS

Kim, Kim, Garrett, and Jung (2015) proposed that all definitions of consumer satisfaction are categorised by three general components; first, consumer satisfaction is a reaction, which is cognitive or affective. Second, the reaction influences a specific focus, such as consumption experience, and expectations. Third, the reaction takes place at a specific time after consumption or choice, based on the accumulated experience or encounter with a service provider (Dao & Yang, 2014; Eid, 2015). Orel and Kara (2014) described satisfaction as the level of a consumer's felt state that occurs when comparing the actual product or service with the perceived or expected performance of the product or service (Kaura et al., 2015). If customers perceive the performance to match or exceed their expectations of services, they are then satisfied, but if not, they are dissatisfied (Amin, 2016; Tsitskari et al., 2014).

Darzi and Bhat (2018) clarified that satisfaction is the extent of pleasure and delight experienced by consumers subsequent to the fulfilment of consumer's needs and desires (Zhou et al., 2018). It is a shopper's response to the assessment of the perceived discrepancy between prior expectations and the actual performance of the product or service after consumption (Meesala & Paul, 2018). Satisfaction is determined by a consumer's reaction to a retailer's product or service offering (Yoo & Park, 2016). It is largely influenced by the difference between the product or services' actual and expected performance (Xu & Li, 2016; Yoo & Park, 2016). The consumer post-purchase evaluation determines how much the consumer likes or dislikes the product or service after the experience (Meesala & Paul, 2018).

3.3.6.2 Dimensions of CS

Scholars, Garg and Vandana (2017) recommended three dimensions of consumer satisfaction. First, they argued that satisfaction can be achieved through interactions with service personnel. Second, it can be attained through the core service offered to consumers, and third, satisfaction can be reached through the firm. Subramanian,

Gunasekaran, Yu, Cheng, and Ning (2014) stated that many other studies have proposed different models to measure consumer satisfaction. These models include, American customer satisfaction index (ASCI), Sweden customer satisfaction model index (SCSB), and European customer satisfaction index (ECSI). According to ECSI, consumer satisfaction is dependent on perceived quality, expectation, perceived value, and image. It is similar to the ASCI, however, the difference is in the inclusion of image as a construct of measure (Biscaia ,Rosa, Moura e Sa, & Sarrico, 2017). The ECSI is also based on SCSB measurement indicators (Ajami, Navarro Elola & Pastor, 2018).

There are several other measurement tools used to assess consumer satisfaction. These include attaining information from consumers about events that arose when utilising products or services provided (Biscaia et al. (2017). Another method, as stated by Biscaia et al. (2017), is the complaints analysis, where a complaint is an opportunity to identify dissatisfied customers in order to retain them. Additionally, interviews and questionnaires are some of the important tools used to measure consumer satisfaction (Biscaia et al., 2017). An example is the SERVQUAL model, a questionnaire designed to assess the level of customer satisfaction through identifying gaps between customer expectations and their perceptions of service received (Agholor, Jordaan, Shaw & Agholor, 2016; Ali & Raza, 2017; Hussain, Al Nasser & Hussain, 2015; Izogo & Ogba, 2015).

Furthermore, consumer satisfaction from a retailing point of view, is measured by service quality, product superiority, product variety, customer service, convenience, physical store environment, and shopping environment (Demirci-Orel & Kara, 2015; El-Adly & Eid, 2016; Haverila & Fehr, 2016; Mohan, 2013; Srivastava & Kaul, 2014; Zameer, Tara, Kausar & Mohsin, 2015). Other scholars pointed out that consumer satisfaction in retailing is highly dependent on service personnel, product quality, reliability, location, price, and process (Gaur, Sharma, Herjanto & Kingshott, 2017; Kaura et al., 2015; Rana et al., 2014).

3.3.6.3 Related studies on CS

The importance of consumer satisfaction for the sustainability of firms has been widely researched (Biscaia et al., 2017). Scholars and marketing practitioners have

proposed that consumer satisfaction is the result of a consumer behavioural pattern, which positively influences business performance outcomes (Lee & Lim, 2017). In their study, Saeidi, Sofian, Saeidi, Saeidi, and Saaeidi (2015) considered consumer satisfaction one of the mediators in strengthening the relationship between corporate social responsibility and firm performance. A study explored by Mittal, Han, Lee, Im and Sridhar (2017) tested the relationship between satisfaction and sales performance, affirming the mediating role of participation and word of mouth messages.

Moreover, consumer satisfaction research remains robust in the hospitality and general business literature (Mohammed & Rashid, 2018; Oh & Kim, 2017; Park, Hahn, Lee & Jun, 2018; Teviana, Ginting, Lubis & Gultom, 2017; Zheng et al., 2017). Kasiri, Cheng, Sambasivan, and Sidin (2017) studied the customisation and standardisation of the service offering and its impact on service quality, consumer satisfaction, and loyalty across three service sectors (universities, hospitals, and hotels). On the other hand, Gowreesunkar and Varvaressos (2017) investigated attributes that influence consumer satisfaction within the tourism industry. These scholars believed that marketers should understand tourists' interactions to assess consumer experiences and attributes, which lead to consumer satisfaction, successfully.

Other research has investigated consumer satisfaction from an online retailing viewpoint. Ramanathan, Subramanian, and Parrott (2017) studied the role of social media in enhancing consumer satisfaction within the retail environment. Duarte, e Silva and Ferreira (2018) explored how delivering online shopping convenience can enhance satisfaction in order to encourage electronic word of mouth messages, while Pham and Ahammad (2017) characterised the consequences and antecedents of online consumer satisfaction. It was highlighted that post-online purchase experience and responsiveness of consumer service are the most important contributors to consumer satisfaction while shopping online.

Research on consumer satisfaction within physical retail stores has also been studied broadly from a large-scale retail point of view (Biscaia et al., 2017: Ramanathan, Subramanian & Vijaygopal, 2017; Saeidi et al., 2017). However, there

is a lack of empirical research in assessing consumer satisfaction within small independent retailers, particularly those operating in emerging economies such as South Africa, and locations such as townships. Due to the huge number of both global and national retail store brands, small independent retailers are faced with many challenges. For example, consumers have more favoured retailers from which to select.

Given the competitive nature of the retail industry, it is important that small independent retailers search for effective techniques to fulfil and satisfy consumer needs and expectations. In 2018, the South African Customer Satisfaction Index for supermarkets revealed that out of all the South Africa's big five (Woolworths, Shoprite, Checkers, Spar and Pick n Pay), Woolworths scored best when it comes to customer experience (BizCommunity, 2019). However, according to BizCommunity (2019), all the supermarket brands are meeting expectations of the customers, which puts small independent retailers in a challenging position especially because the Shoprite Group has a number of stores in townships.

Based on the above discussion, it is evident that small-scale retailers need to pay sufficient attention to consumer satisfaction, and measure it frequently, to influence higher consumer retention or loyalty (Lee & Lim, 2017; Rana et al., 2014).

3.3.7 Consumer retention (CR)

The significance of retaining consumers has been recognised by customer relationship management (CRM) practitioners and scholars (Ascarza et al., 2018). Increasing consumer retention is a keystone of CRM models such as customer equity (Peters, Verhoef & Krafft, 2015), and customer lifetime value (CLV) (Lew, 2017). A business has only one valid purpose, to acquire and retain customers (Eid, 2015). Customers are the most important people in any form of business (Mandal, 2016). Retaining them is a vital objective for many businesses, particularly in an extremely competitive market environment, such as retailing (Dao & Yang, 2014).

In order to succeed in today's competitive environment, businesses must strive to provide exceptional service to consumers so that they can be retained and remain loyal (Bataineh, Al-Abdallah, Salhab & Shoter, 2015; Kumar et al., 2017).

Furthermore, consumer retention has significant importance in business strategies because it offers an opportunity for businesses to increase the value to consumers and decrease costs (Abdolvand, Baradaran & Albadvi, 2015). Companies have shifted their interest towards retention rather than acquisition, as it is cheaper to retain than to acquire customers (Darzi & Bhat, 2018).

More so, focussing on consumer retention strategies provides firms with techniques to improve revenue and profitability (Chueh, Wang & Liao, 2014; Parawansa, 2018). However, in order for businesses to achieve consumer retention, it is worth noting that consumers tend to assess their purchase and post-purchase experiences as determining factors of their next purchase (Hanaysha, 2018). A positive consumer experience has been found to reinforce the correlation between brand love and positive word of mouth messages (Karjaluoto, Munnukka & Kiuru, 2016). Fundamentally, retained consumers stay loyal due to the commitment to and trust in an organisation (Sharmeela-Banu, SGengeswari & Padmashantini, 2012).

3.3.7.1 Definition of CR

Bojei et al. (2013) defined consumer retention as the extent to which consumers show commitment and loyalty to a specific store assessed through their repeat buying behaviour. Similarly, Parawansa (2018) stated that consumers' continued relationship with a firm denotes that the consumers are satisfied and willing to recommend it to others. Moreover, according to Syaqirah and Faizurrahman (2014), retention can also be described as the consumers' identification, love, trust, commitment, and repurchase intentions. For the purpose of this study, all the above definitions were applicable because the important aspect in consumer retention is that the consumer continues to transact (Ascarza et al., 2018) with the small independent retailer.

3.3.7.2 Dimensions of CR

Consumer retention has been investigated as an outcome of four key elements, namely, positive word of mouth messages, satisfaction, repurchase intentions, and loyalty to a business (Darzi & Bhat, 2018). Shin, Thai, Grewal, and Kim (2017) found that the intention of word of mouth messages have a positive relationship with

repurchase intention, while Gera, Mittal, Batra, and Prasad (2017) proposed that consumer retention leads to improved opportunities for cross selling. Ennew et al. (2015) examined the relationship between consumer satisfaction and retention in the banking industry, with the key approach being building and maintaining a loyal consumer base.

Although, researchers have investigated consumer satisfaction as an important measure of consumer retention, Darzi and Bhat (2018) argued that retention is not only influenced by satisfaction, but service personnel's capability and skills in retaining consumers also has a considerable effect. Kiran and Diljit (2017) affirmed that service quality, service value, customer satisfaction, and customer loyalty lead to better understanding of the development of consumer retention strategies.

Numerous academics have also examined other antecedents affecting retention and loyalty, including the impact of loyalty programs (Filipe, Marques & de Fátima Salgueiro, 2017; Galletta, Carnevale, Celesti, Fazio & Villari, 2018; Ramaseshan, Wirtz & Georgi, 2017), price promotions (del Rio Olivares, Wittkowski, Aspara, Falk & Mattila, 2018), and service quality (Izogo, 2017; Parawansa, 2018), among others. Other scholars have investigated customer relationship management as an antecedent of retention (Braun, Hadwich & Bruhn, 2017; Kang & Kim, 2017).

3.3.7.3 Related studies on CR

It is important for businesses to note that consumer retention starts with the first interaction a consumer has with the firm (Galetto, 2015). A study by Hanaysha (2018) investigated the influence of store environment and sales promotions on consumer retention in the retail context. Scherer, Wünderlich, and Von Wangenheim (2015) underlined the prominence of understanding how personal service channels and self-service tools create valuable consumer experiences and retention.

There has been various studies conducted on consumer retention from different sectors, namely, tourism industry (Eid, 2015; Han & Hyun, 2015), mobile services (Bir, 2016), multichannel settings (Chang & Zhang, 2016), and banking (Parawansa, 2018; Qamar, Masood & Junaid, 2016). Consumer retention presents a significant

challenge for many service firms (Ascarza et al., 2018), with the retail sector being one of them, as competition is high. One of the strategies implemented by Shoprite to retain customers is through a customer-centric approach where surveys on customer perceptions are conducted bi-annually (Shoprite Report, 2017).

Moreover, Shoprite extends the value of shopping experiences through convenient services such as introduction of in store pharmacies, money market kiosks and access to social grant payments, which is a value added service for majority of the consumers in townships. According to Shoprite Report (2017), these value-added services assist in building its brand and reputation, which attracts more customers and in turn, drive customer loyalty. Shoprite is one of the biggest competitors for small independent retailers in townships. In order to survive and retain the current customers, small independent retailers need to ensure that they come up with strategies that will deliver value. As such, it is important that this study is carried out to determine which factors influence consumer retention within in small retailers, particularly in the township economy.

3.4 Conclusion

This chapter provides an in-depth discussion of the theories grounding the study. The four theories under discussion include: the DOI theory, SOR theory, the CAB model, and the TOT. This discussion is followed by a comprehensive examination of the empirical literature of the constructs of the study, namely, retailer innovation, consumer innovativeness, consumer participation, consumer advocacy, consumer experience, consumer satisfaction, and consumer retention. In the next chapter, the theoretical model is conceptualised for the effects of retailer innovation on consumer retention in small independent retailers. Thereafter, the proposed hypothesised relationships between the study's constructs are discussed.

Chapter 4: CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

4.1 Introduction

The purpose of this chapter is to present an in-depth discussion of the proposed conceptual model and the hypotheses development.

4.2 Conceptual Model

Figure 4.1 depicts the model of the study. Various theories, including Diffusion of Innovation (DOI) theory, Stimulus-Organism-Response (SOR) theory, Cognitive-Affect-Behaviour (CAB) model, and the Theory of Trying (TOT) were sourced as a foundation to assist in developing and investigating the proposed relationships in the model. Moreover, the reviewed theories and empirical literature on retailer innovation, consumer innovativeness, consumer participation, consumer advocacy, consumer experience, consumer satisfaction, and consumer retention guided the conception of the study model.

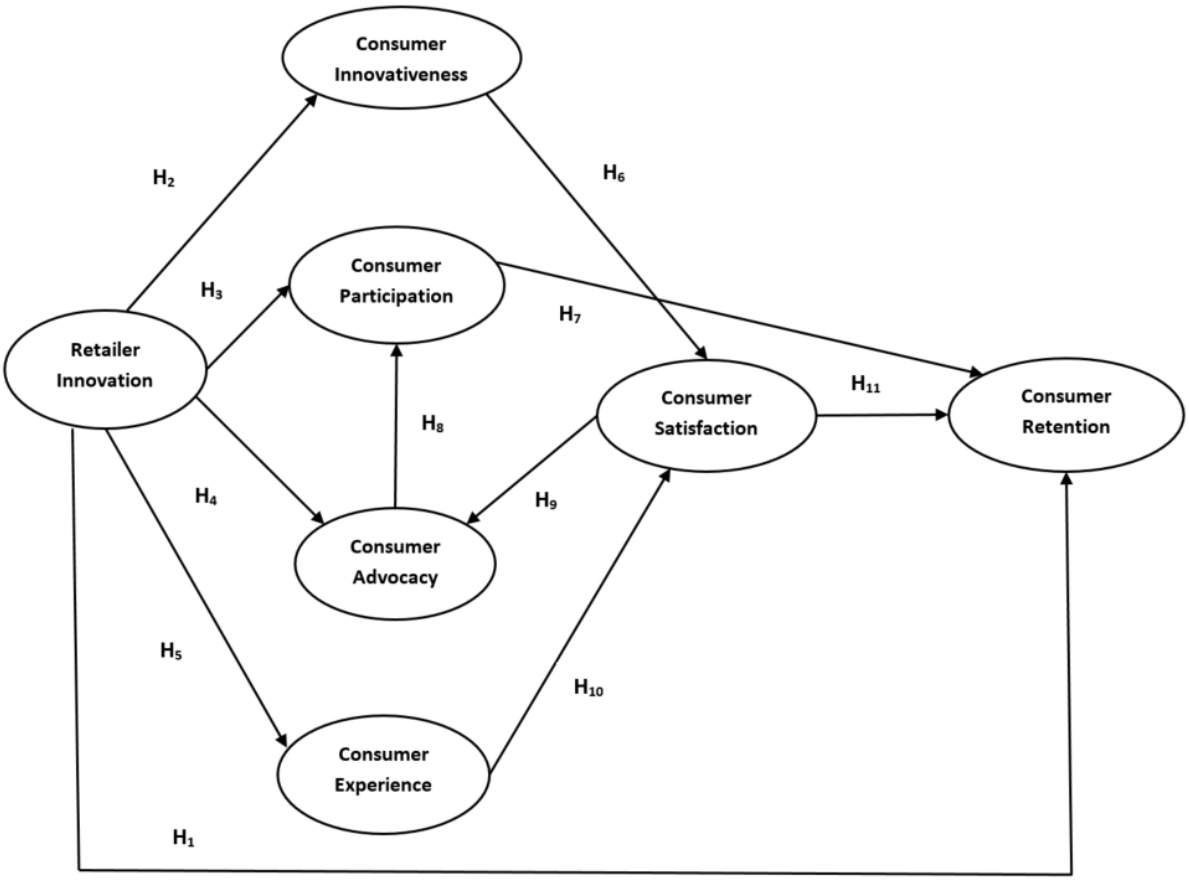


Figure 4.1: Conceptual model

Source: Researcher's own compilation (2017).

Figure 4.1 demonstrates that retailer innovation (predictor), did not only affect consumer retention (outcome) directly; there is also a role played by mediators (consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction) in influencing consumer retention.

Retailer innovation, as proposed by the model, has a direct positive effect on consumer retention. However, the model anticipated that the impact of retailers' innovation on consumer retention can also be measured through other relationships that act as mediators to determine the level of influence on retention. This means that in order for consumers to be committed to a retailer, a series of events need to occur prior to the development and sustenance of this relationship. First, consumers need to be innovative in order to be satisfied by the innovation of the retailer. Second, the level of retailer innovation has to influence consumers to participate in

order to be retained. Third, retailer innovation has to influence how consumers choose to advocate for the brand (retail store) among themselves or other consumers to influence satisfaction. However, the study model also suggests that consumer advocacy plays a significant role in influencing consumers to participate in the product and service delivery process within the store. Lastly, retailer innovation has to play a role in influencing consumer experience for consumers to be satisfied and in turn, retained.

4.3 Hypothesised Relationships between Constructs in the Conceptual Model

Drawing on the theoretical framework (DOI theory, SOR theory, CAB model, and the TOT), this section discusses the conceptualisation of the proposed model.

4.3.1 The relationship between retailer innovation (RI) and consumer retention (CR)

The key to survival and remaining competitive in the market is companies' capabilities of providing consumers with new products and services that are tailored to meet their changing needs (Mahmoud et al., 2018). As a result, innovation offers the firm an opportunity to satisfy its consumers (Mahmoud et al., 2018), and in turn retain them. According to Eriksson, Hilletofth and Hilmola (2013), introducing innovative products and services to the market is important for acquisition and retention strategies for long-term business goals. Findings from a study conducted by Kyei and Bayoh (2017) indicate a significant relationship between innovation and consumer retention.

Retention refers to the future propensity of a consumer to stay loyal to a firm (Mafini & Dhurup, 2015). Small independent retail stores are a means of survival for shoppers, primarily low-income customers residing in townships, which provide access to daily and monthly groceries (Makhitha, 2016). This in turn provides the small independent retail store an opportunity to form relationships with consumers as they visit the store frequently (Orpha, 2018). Oni and Fatoki (2013) asserted that customer loyalty is a behavioural response from committed consumers who show

repeat purchase tendencies towards a business. Krautz and Hoffmann (2017) theorised a firm's successful consumer retention in terms of consumers' repeat purchasing behaviour.

Furthermore, it is important for retailers to attract consumers through differentiated experiences and retain them by meeting their demands and needs (Nanda et al., 2013). To succeed in the competitive environment in which retailers operate, it is important that they focus on providing exceptional service to shoppers in order for them to be retained and remain loyal (Bataineh et al., 2015; Kumar et al., 2017). In their study within the retail industry, Nanda et al. (2013) found that loyalty of shoppers is determined by how many times they visit a retail store, which is influenced by innovation factors.

For example, in the South African grocery retail market, the big five retailers, namely Woolworths, Pick n Pay, Checkers, Shoprite and Spar are always looking into innovative ways to not only retain customers but to also grow their customer base. Some of the innovations introduced that make it difficult for small independent retailers to compete include, the introduction of online stores and loyalty card programmes. Loyalty programmes are used to encourage consumer loyalty, and customers are likely to join these programmes because they attain rewards from their membership. However, research conducted by Oni and Fatoki (2013) found that consumers still visited small retail township stores to make repeat purchases because they were satisfied with the shopping experience.

On the contrary, Oni and Fatoki's (2013) study also found that customer loyalty to small retailers is impacted negatively in the presence of big national retail stores. Pick n Pay's strategic focus for an instance is superior innovation through increasing their online business and financial services (Pick n Pay Integrated Annual Report, 2018). Financial services include a credit facility which is accessed through their Smart Shopper card, bill payments, and money transfers. These innovations form a part of the contributing factors to the decrease of customer loyalty in small retail stores.

Therefore, a retailers' aptitude for continuous innovation has surfaced as one of the most significant mechanisms to attract and retain consumers (Hristov & Reynolds,

2015, Pantano, 2014; Reinartz et al., 2011; Sundström & Reynolds, 2014). Retailers have presented a variety of innovative programmes to influence and retain customers, including customer loyalty cards, special offers, promotions and discount coupons (Rodríguez et al., 2016). Based on these premises, it was hypothesised that:

- H1: Retailer innovation has a significant positive relationship with consumer retention in small independent retail stores.

4.3.2 The relationship between retailer innovation (RI) and consumer innovativeness (CI)

In line with the SOR and CAB theory, Lin (2016) argues that consumer perceptions of retailer innovation can be conceptualised as cognitions, emotions, and behavioural responses evoked by store-related stimuli that are part of the offerings, design, services, and activities of a store. Innovative consumers assist to trigger strategies required for an innovation to be successful (Jürgensen & Guesalaga, 2018), which is in harmony with the DOI theory. Therefore, companies can benefit from activities that increase consumer innovativeness.

Customers have become sophisticated in terms of having higher demands on products and services. This shift has increased competition in terms of pricing and value, making it a challenge for businesses to receive that share of wallet. Eriksson et al. (2013) stated that in order to escape competition based on cost, introducing innovative products and services to the market that adds value to consumers is important. A retailer benefits from customer perceptions of it being innovative (Lin, 2016).

The perception can only be formed if customers believe that the retailer is capable of offering more innovations than its competitors can offer (Lin, 2016). As illustrated by Lin (2016), consumer perceptions of a retailer's innovation can be developed in two behaviours. First, through the consumer's own observations, where consumers notice that most new products and services are initially and consistently introduced by a specific retailer (Ostrom et al., 2010; Pantano, 2014); Pantano & Di Pietro, 2012). Second, consumers with different personality traits have different ways of

thinking (Kunz, Schmitt & Meyer, 2011), adopting (Im, Mason & Houston, 2007), and shopping (Eun Park, Yu & Xin Zhou, 2010; Shukla & Babin, 2013).

Innovative customers evaluate innovation as a positive characteristic of the retailer (Kunz et al., 2011), and as a determinant of perceived value, consequently enhancing the willingness of customers to patronise a store. According to Jürgensen and Guesalaga (2018), consumer innovativeness has been linked to elements such as impulsiveness and hedonic shopping motivation. Following Hirschman's (1980) definition of innovativeness: a personality characteristic that reflects an intrinsic tendency to pursue new information, stimuli, or experiences; Lin (2016) suggested that highly innovative customers are more attracted to innovation than value as they rather seek to fulfil their need for change.

Innovative consumers often desire to attain information about new and different products and services (Henry, 2008). Moreover, innovative consumers are attracted by an innovative image of a specific retailer, which may ultimately be the primary determinant of their patronage intention (Lin, 2016). South African retailers are intensifying their product and service offerings to include municipal account payments, gift vouchers, financial services, tickets for entertainment and coffee shops (Business Report, 2018). These innovative offerings make it easier for consumers to spend more time in the stores, as they minimise the need to make multiple stops since everything that the shoppers need are at the same location (Business Report, 2018).

Understanding of consumers' reactions towards product or service innovation is critical in order for firms to launch these innovative products and services successfully (Stock, 2011). From this observation, the study hypothesised that:

- H2: Retailer innovation has a significant positive relationship with consumer innovativeness in small independent retail stores.

4.3.3 The relationship between retailer innovation (RI) and consumer participation (CP)

According to Ngo and O'Cass (2013), innovation and consumer participation is one of the key relationships that lead to firm performance; however, there is little literature that explores this relationship. Ngo and O'Cass (2013) further proposed that there is a close relationship between a firm's innovation capability and consumer participation. Consumer participation refers to the extent to which consumers contribute their time, effort, and knowledge to the development and delivery of services (Dong, Sivakumar, Evans & Zou, 2015).

Big retailers are fortunate in this regard as they are also able to engage their consumers mostly on their online platforms, something the small independent retailer lacks due to availability of sophisticated technological infrastructure. A study conducted by PWC Report (2019) found that two-way social media engagement was important for South African consumers. The study found that what attracted consumers to a specific brand's social media site was the opportunity to participate in competitions, and being able to view new product offerings.

According to PWC Report (2019), this presents an opportunity for South African retailers to listen to their consumers and incorporate their comments into actionable data for new ideas and improved customer service. Although not in the grocery retail space, Edgars, a South African retail store has taken store innovation and customer participation in store to a whole new level. Edgars launched a concept store, where they have created a store environment that is beyond the transaction, to provide shoppers with meaningful and memorable experiences (Shopping & Retail, 2019). For example, as customers navigate the store, the new design motivates customer participation which is all achieved through different departments, from fashion, beauty and homeware (Shopping & Retail, 2019).

Moreover, the store's beauty counters have also been advanced to provide better in store experience. Edgars is known for housing trained beauty experts who are available to assist customers with makeovers and beauty tips (Shopping & Retail, 2019). This in turn, provides an opportunity for the retailer to interact closely with consumers. Therefore, this shows that companies that are successful at innovating

are able to closely observe their consumers and interact with them to discover their needs (Bellingkrodt & Wallenburg, 2015). Additionally, Ngo and O'Cass (2013) confirmed that by emphasising innovation, companies would improve the relationship between its innovative activities and addressing consumer needs.

Zhihong, Duffield, and Wilson (2015) posited that even though consumer participation in service innovation is one of the effects of consumer participation in services, the success of innovation is determined by how consumers deal with innovation (Ngo & O'Cass, 2013). Ngo and O'Cass (2013) stated that as innovation becomes visible within the service development process, it is probable that consumer participation will improve. In their study, Ngo and O'Cass (2013) confirmed that both non-technical and technical innovation positively influences consumer participation. Based on these findings, it is hypothesised that:

- H3: Retailer innovation has a significant positive relationship with consumer participation in small independent retail stores.

4.3.4 The relationship between retailer innovation (RI) and consumer advocacy (CA)

According to Botschen and Wegerer (2017), innovative retail formats have the capability of attracting customers' support by enhancing presentation of products in order to generate sales. Innovation is beneficial to companies in satisfying consumers' continuously changing demands and needs (Sok, O'Cass & Miles, 2016). After meeting consumers' needs and demands, satisfying consumer expectations and understanding consumers' reasons to shop, retailers can then develop advocacy (IBM Global Business Services, 2008). By introducing service innovation, companies can fast track and elevate the effectiveness of transferring information and new development for consumers (Yeh, 2016).

Innovative services assist firms in merging merchandise and services to attain tailored solutions in order to deliver anticipated results for consumers (Yeh, 2015). A continuous implementation of innovation is a means for firms to gain and sustain competitive advantage. Research insights from the PWC (2015a) report proposed that in order to manage sustainable continuous innovation in products and services,

retailers must closely involve consumers in the product or service refinement. Service refinement can include store design, layout and store experience, which Edgards' new store concept has captured. A survey conducted by IBM Global Business Services (2008), indicated that the most imperative trait for advocates is an enjoyable and pleasurable store experience.

Shopping experience can be facilitated through innovation. Therefore, companies that show the ability to innovate tend to enable consumer advocacy (Yeh, 2016). Lawer and Knox (2006) stated that by focussing on consumer advocacy, the firm can develop deeper consumer relationships that are built through trust and commitment. A survey of retail trade conducted by PWC (cited in OnShelf Pharma 2016) found that 92% of South Africans stated that they patronise their favourite retailers because they trust the brand. Consumer trust and commitment, however, is facilitated by partnership, dialogue, and transparency with customers (Lawer & Knox, 2006).

Hsiao et al. (2015) argued that when consumers become satisfied with the relationship between them and the service provider, they tend to advocate and recommend that service provider to other consumers. Therefore, in the case of the small independent retailer, advocacy is important as these retail stores depend largely on referrals by word of mouth to incentivise their promotion tactics (McGuinness & Hutchinson, 2013). Consumers who patronise small independent retail stores in townships also rely on word of mouth recommendations about the store from other shoppers before making their purchasing decisions (LiveMoya, 2018).

On the other hand, consumers who have already experienced the store (innovative services) are willing to advocate for the store as long as they have a satisfactory store experience (Shailesh & Reddy, 2016). Research conducted by Yeh (2015) on wealth management services found that service innovation is strongly correlated with consumer advocacy. Another study by Yeh (2016) within the supermarket retail context found that service innovation has a strong positive influence on consumer advocacy, which means that the supermarket retailer reinforces service innovation

to increase consumer advocacy. Based on the aforementioned research findings, the following hypothesis was proposed:

- H4: Retailer innovation has a significant positive relationship with consumer advocacy in small independent retail stores.

4.3.5 The relationship between retailer innovation (RI) and consumer experience (CE)

Effective retail management strategies have been associated with the creation of consumer experience, which in turn leads to successful performance outcomes (Rose et al., 2012). However, the creation of consumer experience is influenced largely by the degree to which a firm can innovate, especially in a competitive industry such as retail. A study by Su (2011) on service innovation influence on consumer experience in restaurants, found that innovation has a significant effect on consumer experience. Brands that offer innovative products and services are able to facilitate the creation of product and service knowledge in the market, while connecting with the consumers to address their demands and needs (Foroudi, Jin, Gupta, Melewar, & Foroudi, 2016).

According to Nadiri (2011), adopting new innovative ideas related to consumer experience has stimulated the retail sector to develop new strategies to upsurge consumer satisfaction. Innovation and the use of technology represent the core elements to develop more satisfying customer shopping experiences (Lewrick et al., 2015). For example, in the South African retail market, retailers are using technology to stimulate customer experience. The big national retailers are using data analytics to assist them to gauge their customers in order to predict their purchasing habits and browsing preferences (Business Report, 2018).

Furthermore, the data collected is then used to customise offerings to meet consumer individual needs, which increases the likelihood of consumers spending more time in the store, while strengthening loyalty (Business Report, 2018). This again, would be a challenge for the small independent retailer to implement, especially because, in their nature, being a small business, they do not have adequate resources to make this a success. However, within the small independent

retail sector, research has also shown that local consumers (such as ones residing in townships) find the presence of these retailers an important part of their community as it provides economic and social benefits (Srichookiat & Jindabot, 2017).

In addition to the communal benefits, the small grocery stores are also a good place for innovation, such as introducing new products and services (Srichookiat & Jindabot, 2017), because consumers tend to trust the store's image. Since technological innovations are still a challenge, small retailers can introduce innovation by ensuring that products are of good quality, expand assortment, train service personnel, and leverage on store design. McGuinness and Hutchinson (2013) affirmed that the uniqueness of independent grocery retailers offers an opportunity to add value to consumer experience. For instance, the store can introduce practical changes to the in-store environment to enhance the consumer shopping experience (McGuinness & Hutchinson, 2013). Based on the preceding insights, it is hypothesised that:

- H5: Retailer innovation has a significant positive relationship with consumer experience in small independent retail stores.

4.3.6 The relationship between consumer innovativeness (CI) and consumer satisfaction (CS)

Innovative consumers have a role to play in the diffusion and acceptance of innovations (Alan, Kabadayi, Bakis, Can & Sekerin, 2017; Byun et al., 2017). These consumers tend to be more open and accept change because they attach importance to values such as creativity and curiosity (Koschate-Fischer et al., 2018). Most importantly, highly innovative consumers have quick decision-making power to fuel adoption of the innovation in their social and communal groups (Jasrai, 2014). However, for these consumers to advocate for an innovation, they have to be satisfied with it first.

A study conducted by Oh (2016) found that higher consumer innovativeness significantly influences higher consumer satisfaction, repeat usage, and intention to recommend. Consumer satisfaction, as attested by Al-Jabri and Sohail (2012),

occurs after the trial of new products and services. Rejikumar and Ravindran (2012, cited in Alan et al. 2017) stated that a consumer's sense of satisfaction takes place after the initial trial of a product and service, which is a shift from the intention to adopt phase.

Under pressure to innovate, the retail banking sector has developed new strategies such enhancing consumer satisfaction through offering better (innovative) products and services (Al-Jabri & Sohail, 2012). For example, major South African banks are at the forefront of innovation. Using First National Bank (FNB) as a case study, apart from being a retail banking digital disrupter, the bank has also focused on innovation within their physical branches. In addressing consumer needs, FNB's new on-site design includes an integrated self-service and personalised service in order to strengthen consumer privacy during their bank consultations (MyBroadband, 2018). Some of these services include customers being able to print their own statements and call centre cubicles that are available for customer use.

It is worth noting that consumer innovativeness has been associated with hedonic shopping motivation (Jürgensen & Guesalaga, 2018). Hedonic or pleasant shopping motivation is characterised by value and customer service quality, which in turn leads to satisfaction (Hapsari, Clemes & Dean, 2016). Lee et al. (2008, cited in McGuinness & Hutchinson, 2013) emphasised the prominence of a niche strategy for small independent retailers, which is determined by the relationship between high quality merchandise, consumer service, and consumer satisfaction.

Since the conceptualisation of consumer innovativeness places an emphasis on individual preferences and characteristics (Persaud & Schillo, 2017), it is important that retailers take cognisance of consumers to know how to satisfy them. Goodman and Remaud (2015) suggested that achieving superior consumer satisfaction is a key success factor for small retailers. For these reasons, the study proposed the following hypothesis:

- H6: Consumer innovativeness has a significant positive relationship with consumer satisfaction in small independent retail stores.

4.3.7 The relationship between consumer participation (CP) and consumer retention (CR)

Mustak et al. (2016) highlighted the positive outcomes of consumer participation, which includes better consumer service provider relationships. Consumer participation is determined by consumer behaviours that indicate active and accountable involvement in the development and governance of a firm (Eisingerich, Auh & Merlo, 2014). It involves the provision of constructive shopper feedback and insightful recommendations on store offerings and delivery (Eisingerich et al., 2014).

One of the strategies that the South African retailer (Spar) uses to engage and interact with consumers is through ad hoc customer perception surveys, in-house customer care line and social media (Spar Integrated Report, 2016). This means that they are able to use feedback from customers as advise to improve their offerings and strengthen customer satisfaction. Allowing consumers to be interactive with the offering, achieves higher levels of satisfaction (Bellingkrodt & Wallenburg, 2015; Ennew et al., 2015; Yi & Gong, 2009), which leads to consumer retention (Agolla et al., 2018).

By participating in the product or service delivery process, consumers can monitor their level of fulfilment with the firm's offering (Iruka & Ateke, 2014). This belief drives consumers' commitment to the firm and ultimately, leads to a long-term relationship (Iruka & Ateke, 2014). Firms that are service orientated provide more opportunities for interpersonal consumer interaction, and in turn the development of loyalty (Hongyi & Man, 2011).

Storeowners of small independent retail stores have opportunities to create personal contact and conversation with consumers, while forming sustainable relationships (Srichookiat & Jindabot, 2017). These relationships assist in developing intimacy and familiarity with the retailer (Srichookiat & Jindabot, 2017). Zhang, Zhang, Lee and Feng (2015) confirmed that participation influences loyalty. Consequently, the study hypothesised that:

- H7: Consumer participation has a significant positive relationship with consumer retention in small independent retail stores.

4.3.8 The relationship between consumer advocacy (CA) and consumer participation (CP)

Consumer participation allows businesses to provide tools to connect consumers (Yeh, 2016). Yeh (2016) argued that participation provides an opportunity for the firm to engage in beneficial exchanges with consumers in an effective, efficient, and constructive dialogue (Yeh, 2016). Ngo and O'Cass (2013) insisted that involving consumers in the creation of offerings and delivery process, through customer participation, is a critical delivery tool. Moreover, Roy at al. (2014) stated that if an organisation serves the best interests of its consumers, the consumers would respond with their trust and long-term loyalty, in turn sustaining consumer relationships.

According to Sheth, Sisodia, and Sharma (2000), the advocacy approach incorporates customer consultants as trusted advisors. For example, Spar giving consumers an opportunity to provide feedback through customer perception surveys or in-house customer care line is a good example of including consumers as trusted advisors and participants of the product or service offering. The opportunity to involve consumers as advocates can be done through consumer participation in order for them to raise their challenges and concerns (Song & Hollenbeck, 2015).

Yeh (2015) argued that implementing consumer advocacy helps to shape various customer-focussed competences of service firms. These capabilities support consumers through marketing strategies and tactics that help them to convey their experiences proactively and voluntarily to friends, relatives, and colleagues (Yeh (2015). As a result, retailers that are consumer advocacy-based must seek to incentivise and involve consumers in their marketing efforts (Yeh, 2016). Song and Hollenbeck (2015) commended that service-based businesses must actively involve consumer advocates.

Moreover, Consumer advocacy is characterised by faithfully representing consumers' interests, while providing honest information (Yeh, 2015). Firms that are customer advocacy orientated seek to incentivise and include customers in all their marketing efforts. Advocacy indicates that companies collaborate with their

customers based on the expectation that fulfilled consumers will discuss their positive partnership with the company with others (Urban, 2004).

Consumer advocates make their voices heard in order to assist companies to quickly detect problems and provide informed solutions to lessen the effect of negative word of mouth messages (Chang et al., 2013). Positive word of mouth messages is important because small retailers traditionally rely on this to promote their stores (McGuinness & Hutchinson, 2013). Consumers who patronise small independent retail stores can facilitate marketing opportunities by providing key insights into their needs and preferences (Media Update, 2017). In line with this observation, the following hypothesis was proposed:

- H8: Consumer advocacy has a significant positive relationship with consumer participation in small independent retail stores.

4.3.9 The relationship between consumer satisfaction (CS) and consumer advocacy (CA)

Enhancing consumer satisfaction is unquestionably a principal objective for firms, as superior consumer satisfaction leads to consumer loyalty (Eisingerich et al., 2014; Paul, Sankaranarayanan & Mekoth, 2016). Satisfied consumers tend to perceive the result of a transaction experience to be positive and, consequently, are willing to repurchase, and spread positive word of mouth messages (Giovanis & Athanasopoulou, 2018; Meng & Han, 2018). Positive word of mouth messaging entails consumers advocating a retailer's products and services to others by emphasising their positive experiences with a retailer (van Tonder, Saunders, Lisita & de Beer, 2018).

Afridi and Khattak (2015) proposed that concentrating on consumer advocates could benefit business entities since advocates play a trusted advisor role (Khan & Afaq Khan, 2017) that may assist in decreasing the cost of acquiring customers. According to Shailesh and Reddy (2016), shoppers who spread positive information about a brand to other shoppers mean that they support that particular brand. In justification of the argument, Khan and Afaq Khan (2017) emphasised that

consumer advocacy is getting involved in a company's marketing activities in order to promote word of mouth referrals and increase purchasing behaviour.

However, if during the purchase consumers experience dissatisfaction, they will spread negative word of mouth messages and cause potential consumers to refrain from visiting a retailer (Shailesh & Reddy, 2016). Susanta et al. (2013, cited in Afridi and Khattak, 2015) conducted a study on the influence of satisfaction, commitment, and trust on consumer advocacy. The study found that satisfaction and commitment have a positive effect on consumer advocacy. Shailesh and Reddy (2016) stated that consumer satisfaction has a significant positive influence on consumers' readiness to recommend a good experience, which in turn leads to loyalty outcome.

Consequently, satisfaction then influences the post-purchase behaviour (Khan & Afaq Khan, 2017), such as consumer advocacy. Consumers who are advocates share information and recommend their retailer to other consumers (Shailesh & Reddy, 2016). Small retailers rely on word of mouth messages to incentivise their marketing efforts (Hutchinson et al., 2015), which is a beneficial tactic for township consumers since they also rely heavily on what other consumers say about a brand (LiveMoya, 2018).

Target Group Index (TGI) research on trends and insights highlights that trust in township consumers is enhanced through word of mouth messages (BizCommunity, 2014). Positive experience, which leads to satisfaction, would motivate the consumers of small independent retailers to be advocates and offer positive recommendations (Shailesh & Reddy, 2016). Therefore, it was hypothesised that:

- H9: Consumer satisfaction has a significant positive relationship with consumer advocacy in small independent retail stores.

4.3.10 The relationship between consumer experience (CE) and consumer satisfaction (CS)

According to Rodríguez et al. (2016), future trends in retailing will focus on engaging with consumers at a personal level. This encounter signifies an experience that the

retailer provides to the consumer. Consumer experience is explained as a journey, which is facilitated by emotional and cognitive cues that lead to pleasant or unpleasant memories (Jain, Aagja, & Bagdare, 2017). Lin and Bennett (2014) posited that enhancing consumer experience is a fundamental concern in retail management and an important antecedent for consumer satisfaction.

Kumar et al. (2013), proposed that marketing practitioners should focus on enhancing consumer experience that embraces both physical and intangible elements in order to satisfy consumer needs. To provide superior consumer experience, firms must understand elements that assist in designing desirable consumer experience, and the influence it has on consumer satisfaction in a diverse service environment (Lin & Bennett, 2014). Industries such as retailing are expected to offer unique and beneficial consumer shopping experiences (Paul et al., 2016).

A unique shopping experience, can potentially enhance consumer satisfaction, and in turn loyalty towards the store (Paul et al., 2016). Retailers have recognised that managing consumer experience is crucial to heightening consumer satisfaction and business performance (Evanschitzky et al., 2015). For example, the South African 2018 Customer Satisfaction Index for supermarkets found that Woolworths scored higher on customer satisfaction because consumers are more satisfied with the shopping experience (BizCommunity. (2019). Evidence in research conducted by Murphy, Moscardo, Benckendorff and Pearce (2011) found retail experience a predictor of consumer satisfaction.

Moreover, in support of this finding Paul et al. (2016) emphasised that shopping experience and atmosphere of a retail store are the most important elements that determine consumer satisfaction. The exclusivity of small independent grocery retailers provides capabilities that improve the value of consumer experience (McGuinness & Hutchinson, 2013). For instance, these retail stores are able to make modifications to in-store amenities in order to improve the consumer shopping experience (McGuinness & Hutchinson, 2013).

Within the context of the study, small independent retail stores service township consumers. Therefore, it is important to note that should consumers be dissatisfied with the shopping experience, negative word of mouth messages will spread fast,

and consumers will refrain from using the retailer and recommending it to family (BizCommunity, 2014). For these reasons, it was hypothesised that:

- H10: Consumer experience has a significant positive relationship with consumer satisfaction in small independent retail stores.

4.3.11 The relationship between consumer satisfaction (CS) and consumer retention (CR)

Customer satisfaction is one of the main objectives of businesses because of its effect on repurchases and word-of-mouth referrals (Pizam et al., 2016). Satisfying consumers assists firms to maintain its customer base (Agolla et al., 2018). Strategic activities of retail outlets concentrate on consumer satisfaction, which in turn leads to consumer retention (Rana et al., 2014). Furthermore, Darzi and Bhat (2018) argued that there is higher retention rate when consumers are satisfied. Therefore, satisfied consumers tend to demonstrate greater levels of repurchase intention, and actual repurchase activity (Lin & Bennett, 2014).

Repurchase intention is one of the elements that denote consumer retention (Syaqirah & Faizurrahman, 2014). To be successful in a competitive landscape, such as the retail sector, providing an outstanding service to retain consumers and ensuring they remain loyal is important (Bataineh et al., 2015; Kumar et al., 2017). Bojei et al. (2013) referred to consumer retention as the extent to which consumers show commitment and loyalty to a specific store, which is measured through repeat purchasing behaviour. Within the small retail context, during the repeat purchase encounter the consumer has a higher chance of interacting with the personnel or owner of the store (Srichookiat & Jindabot, 2017).

The customer personal relationship assists in strengthening consumer loyalty towards the store (Srichookiat & Jindabot, 2017). Scholars state that paying attention to consumer retention strategies provides firms with methods of identifying loyal customers, (Chueh et al., 2014; Parawansa, 2018), which is determined by satisfaction (Orel & Kara, 2014). Based on the preceding arguments, the hypothesis proposed was that:

- H11: Consumer satisfaction has a significant positive relationship with consumer retention in small independent retail stores.

In light of the hypotheses development discussion above, this study also aimed to test mediation, therefore the following hypotheses were proposed:

- H12: Consumer innovativeness and consumer satisfaction mediate the relationship between retailer innovation and customer retention.

- H13: Consumer participation. mediates the relationship between retailer innovation and customer retention.

- H14: Consumer advocacy and consumer participation mediate the relationship between retailer innovation and customer retention.

- H15: consumer advocacy and consumer participation mediate the relationship between consumer satisfaction and customer retention.

- H16: Consumer experience and consumer satisfaction mediate the relationship between retailer innovation and customer retention.

4.4 Conclusion

This chapter presents an in-depth discussion of the proposed conceptual model and the development of the hypotheses. The next chapter discusses the methodology employed by the study.

Chapter 5: RESEARCH METHODOLOGY

5.1 Introduction

The previous chapter discussed the proposed conceptual framework of the study, followed by the hypotheses development. This chapter presents and discusses the methodology, defined by Bryman (2012) as the means of understanding the full research process, including logical assumptions, and moral principles. The subsequent sections articulate the research philosophy and approaches, the research design, sampling design process, data collection instrument, data collection process, and analysis.

5.2 Research Philosophy and Methods

According to Creswell and Creswell (2018), philosophical ideas need to be identified as they affect the practice of research. Sefotho (2015) insisted that it is imperative to adopt a research philosophy to guide a study. Moreover, the espoused research philosophy explains why a certain research method is chosen (Creswell & Creswell, 2018). According to Neuman (2014), the chosen research method used in conducting a study will differ depending on whether it is qualitative, quantitative, or mixed. Numerous research paradigms exist, and they are a manifestation of philosophy (Sefotho, 2015). However, this study focussed on outlining the two primary research paradigms that can be taken into consideration when conducting a study, namely, positivism and interpretivism. Table 5.1 presents a summary of the research methods of these research paradigms.

Table 5.1: Summary of positivism and interpretivism research paradigms

Orientation	Positivism	Interpretivism
Ontology (view of reality)	Objective scientific information	Subjective scientific information
Purpose of research	To find natural laws so society can forecast and control events	To comprehend and describe meaningful social action
An explanation that is true	Based on facts and logically connected	Feels right to those who are being studied
Research method	Quantitative research (entrenched in the philosophy of rationalism, and following a structured set of procedures)	Qualitative research (entrenched in the philosophy of empiricism, and following an open and unstructured approach to an investigation)
Data collection technique	surveys, experiments, statistics	participant observations, field research
Relevance of knowledge	hypotheses testing confirming theory	Provides interpretative explanation (revealing in-depth meanings, interpretive schemes, values and rules of daily living) Generation and discovery of theory
Scientific method/theory	Deductive	Inductive

Sources: Adapted from Creswell and Creswell (2018), Kumar (2014), Neuman (2014), and Sefotho (2015).

As presented in Table 5.1, positivism is related to quantitative research and involves hypotheses testing to obtain objective scientific information, which is obtained through surveys, experiments and statistics (Neuman, 2014). On the contrary, interpretivism is linked to qualitative research and is used to obtain an understanding of the world from an individual viewpoint, which is subjective scientific information (Neuman, 2014). This is achieved through participant observations, field research, case studies, focus groups, or unstructured interviews (Neuman, 2014). Table 5.2 outlines the differences between quantitative and qualitative research.

Table 5.2: Summary of classification for qualitative and quantitative research

Orientation	Quantitative	Qualitative
Purpose of research	Testing hypotheses and theories	Exploration, establish meaning from participants' viewpoints
Worldview	Positivist	Interpretivist
Epistemology (theory of knowledge)	Objectivist	Subjectivist
Data collection instruments	Experiments, surveys	Case study, observation, unstructured interviews, ethnography
Methods employed	Numeric data, closed-ended questions	Image data, open-ended questions
Data form	Numerical data	Words (participants' thoughts and insights)
Reasoning	Deductive	Inductive

Sources: Adapted from Antwi and Hamza (2015), and Creswell and Creswell (2018).

As shown in Table 5.2, the quantitative research approach depends on the gathering of quantitative data, for example, numerical data (Antwi & Hamza, 2015). On the other hand, the qualitative research approach depends on the gathering of qualitative data, which for example, is non-numerical (pictures and words) (Antwi & Hamza, 2015). Moreover, in a quantitative approach, a theory is examines by specifying hypotheses and using the collected numerical data to see if the hypotheses are supported (Creswell & Creswell, 2018). On the contrary, in a qualitative approach, meaning of an event is established from the participants' perspectives, where data is collected through observing their behaviour and through open-ended interviews (Creswell & Creswell, 2018). Furthermore, as demonstrated in Table 5.2, scholars conducting quantitative research use deductive reasoning, and for qualitative they apply inductive reasoning (Antwi & Hamza, 2015).

According to Woo, O'Boyle and Spector (2017), deductive reasoning involves arriving at logical conclusions founded on true propositions; this is confirmatory research. For example, in a quantitative study, a hypothesis is logically derived from

theory, and if the hypothesis is supported, the findings should come out as predicted (Woo et al., 2017). The deductive approach also has its own limitations. For example, initially, it is not known whether the hypothesis is correct or not, but only through the conclusions drawn from the results can the premise be validated (Woo et al., 2017). However, deductive research is also used if the results of the tested theory or hypothesis are concluded as false (Antwi & Hamza, 2015). Antwi and Hamza (2015) stated that, if false conclusions to the theory or hypothesis are drawn, then they move on to produce and test new theories.

Inductive research, on the other hand, does not need to begin with a theory or hypothesis (Antwi & Hamza, 2015). It makes use of inductive data collection methods such as discourse analysis, content analysis, rhetorical analysis, and ethnography (Woo et al., 2017). These methods are employed in order to understand experiences and realities of both the participant and researcher (Antwi & Hamza, 2015). Furthermore, inductive research enables the design to develop instead of having a finished research design at the starting point of the research (Antwi & Hamza, 2015). It is challenging if not impossible to project the results of experiences and realities of participants due to the diversity of views, and their value systems (Antwi & Hamza, 2015). Therefore, the foundation of inductive or exploratory research is that it infers data patterns from observed data and makes generalisations from results obtained beyond the observations at hand (Woo et al., 2017).

5.2.1 Rationale for adopting positivism paradigm, quantitative and deductive approach

Based on the facts presented in Table 5.1 and 5.2, this study followed a positivist worldview as it aimed to test and confirm proposed hypotheses developed from existing theories. Therefore, this study adopted a quantitative approach to collect and analyse data. Quantitative research places an emphasis on the quantification of data collection and analysis. It is an objective and deductive research strategy that integrates a scientific model of the research process, particularly, one that is influenced by positivism (Bryman, 2012; Saunders, Lewis & Thornhill, 2009).

Moreover, in a quantitative study, the emphasis is placed on the testing of theories (Bryman, 2012), which is what this study aimed to achieve.

Neuman (2014) stressed that quantitative research generally takes a linear approach and accentuates objectivity in a way that explicitly involves causal explanations and standardised procedures. According to Neuman (2014), the quantitative method process involves a sequence of steps that precede data collection. These include, first, narrowing the research topic to more of a focused question, as outlined in Chapter 1 of the study. Second, to confirm theoretical concepts into exact constructs or variables in order to form hypotheses to test as demonstrated in Chapters 3 and 4.

Furthermore, since surveys are often linked to the deductive approach, the data collection instrument used in this study was a survey. This instrument was used to gather responses from participants with the aim of generating results to confirm the proposed hypotheses. Therefore, this means that this study adopted a deductive approach since the reasoning is premised on confirmatory research. For example, testing existing theory in order to accept or reject hypotheses tested to extend to future research.

5.2.2 Research design

According to Bryman (2012), research design denotes a structure used for data collection and analysis. Babbie (2013) defined research design as a set of decisions employed in a study concerning what topic is to be studied, among what population, with what research approach or method, and for what purpose Wagner, Kawulich, and Garner (2012) defined research design broadly, stating that in social research the design communicates how the study will be conducted. In summary, research design is a plan or outline for conducting research (Malhotra, David & Nunan, 2017). Malhotra et al. (2017) insist that a good research design ensures that the research is conducted efficiently and effectively.

Research designs are generally classified into three categories, namely, exploratory research, causal research, and descriptive research (Bryman, 2012; Kumar, 2014; Malhotra et al., 2017). The aim of exploratory research is to provide understanding

and insights of the nature of a situation (Malhotra et al., 2017). This is when a researcher observes something and pursues it to understand and gain insights; it could be a problem that is not well understood with few studies that exist on the subject matter (Van Wyk, 2012). This research design made use of unstructured observations, qualitative interviews, pilot surveys, and expert surveys (Malhotra et al., 2017).

Unlike exploratory research, causal research is utilised to acquire proof of cause-and-effect relationships (Malhotra et al., 2017). Question types for causal research pertain to why and what (Van Wyk, 2012). For example, what are the causes of customer defection? Experiments are applied to deduce causal relationships (McNabb, 2015). In descriptive research, research questions and hypotheses are formulated prior to the investigation (Malhotra et al., 2017). Therefore, the main purpose of descriptive research is to provide a precise and valid representation of variables that relate to the research question (van Wyk, 2012). Such research is structured and pre-planned unlike exploratory research (Malhotra et al., 2017; van Wyk, 2012).

Descriptive research is divided into two categories, namely, longitudinal and cross-sectional studies (Malhotra et al., 2017). Longitudinal research is used when participants' behaviour is studied over a period (Kumar, 2014). This means that the population under investigation is visited regularly over a long period in order to collect continuous data from the same sample (Kumar, 2014; Malhotra et al., 2017). In contrast, a cross-sectional study design involves the collection of data at a single point in time (Malhotra et al., 2017). For the purpose of this study, a cross-sectional study design was adopted, as it only required a single contact session with the population (Kumar, 2014).

Cross-sectional study design is also used to collect a body of data that is quantifiable in connection with two or more constructs that are investigated to detect relationships or patterns of association (Bryman, 2012). Neuman (2014) reiterated this fact stating that a cross-sectional design does not only involve the data collected on more than one case but this research design inspects data on many cases at one point in time. The reason this study committed to a cross-sectional design is

that it allowed for collection of data to be done over a short period at a given point in time to find the occurrence of the outcome of interest for the chosen population. Moreover, a cross-sectional design is cheap to conduct (Kumar, 2014). Another reason for choosing a cross-sectional study design was that it uses a survey as an instrument for data collection (Malhotra et al., 2017). A survey allows for a large quantity of data to be collected from a sizeable population (Saunders et al., 2009).

5.3 The Sampling Design Process

Sampling is a procedure of choosing a sample from a population, where a sample is a subgroup of the total population the researcher is interested in investigating (Kumar, 2014). The purpose of sampling, particularly in a quantitative study is to draw conclusions about the group from which the sample is drawn, with respect to the focus of the research question (Kumar, 2014). This study adopted the six-step approach to sampling, outlined in Figure 5.1, proposed by Malhotra et al. (2017).

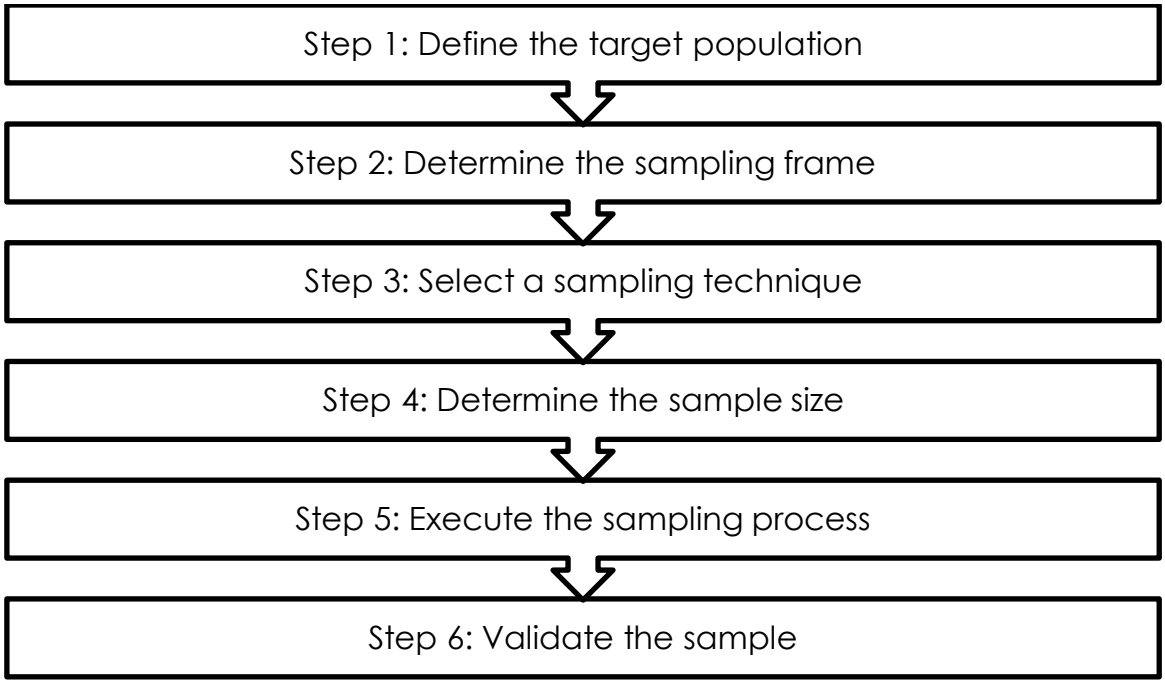


Figure 5.1: The sampling design process

Source: Malhotra et al. (2017: 414).

5.3.1 Defining the target population

According to Malhotra et al. (2017), the sampling design process, as demonstrated in Figure 5.1 begins with stipulating the target population. Bryman (2012) defined a target population as a group from which a sample is selected. Additionally, Neuman (2014) referred to a target population as the large group of many cases from which a researcher draws a sample and to which the results from the sample are generalised. Moreover, the choice of research participants should be determined by the focus of a study, therefore allowing the aim of the research to be met and the research question answered (Symon & Cassell, 2012). The purpose of this study was to investigate the effect of retailer innovation on consumer retention in small independent retailers.

For that reason, the targeted population for this study included all shoppers above the age of 18 that purchased from or patronised small independent supermarket retailers in semi-urban areas (townships) in Gauteng, one of the nine provinces in South Africa. The justification for selecting Gauteng as an area of interest is that houses the capital of South Africa and is the heart of commercial and industrial sectors, accounting for more than 34.8 per cent of South Africa's GDP (Municipalities of South Africa, 2019). It is important to state the means of identifying participants in the population because questions of accessibility arise, which makes it crucial to refer to the availability of sampling frames (Creswell & Creswell, 2018).

5.3.2 Determining the sampling frame

Bryman (2012) defined a sample frame as a list of all items in the targeted population from which a sample will be taken. It is a representation or portrayal of the components of the target population (Malhotra et al., 2017). An example of a sampling frame includes a map, telephone book, mailing list, an association directory listing of the firms in an industry, and a consumer database. For this study however, it was not possible to attain a database of customers who shop at small independent retailers operating in townships due to the nature of the businesses. Although some of these small retailers have access to technology, they do not collect and store customer information. Additionally, some of the small retailers do

not have adequate resources and sophisticated systems to collect and store customer information.

Due to the limitations stated above, it was decided that the study focussed on the two largest townships (by population) in Gauteng. There are three metropolitan municipalities in Gauteng, namely, the City of Johannesburg, City of Ekurhuleni, and City of Tshwane (Municipalities of South Africa, 2019). The study focused on City of Johannesburg and City of Ekurhuleni as they have the biggest townships (BusinessTech, 2016), both by population (more shoppers) and in terms of the number of identifiable small independent retailers. The Soweto township, situated in the city of Johannesburg, has the highest population, followed by Tembisa, situated in the City of Ekurhuleni. As stated above, it was a challenge to draw a sampling frame of all shoppers that purchase or patronise small independent supermarket retailers in Soweto and Tembisa townships. The use of a list is also not entirely accurate as it might lead to sampling frame error due to components that may not belong to the population (Malhotra et al., 2017). To account for sampling frame error, as suggested by Malhotra et al. (2017), this study used a screening question based on the retail store usage; participants were asked if they shopped at small independent supermarket retail stores based in township areas, and if so, they proceeded with the survey.

5.3.3 Selecting a sample technique

Sampling constitutes the number of cases in the sample that are extracted from the population of interest, taking into consideration accessibility, convenience, and financial constraints (Kumar, 2014; Neuman, 2014). There are two techniques used to select a sample, namely probability and non-probability sampling methods. Probability sampling denotes a sample that has been selected using random selection in order for each unit to have an equal chance of being selected (Bryman, 2012). It relies heavily on chance (Malhotra et al., 2017). It is therefore important that each participant in the target population have an equal chance of being selected in the sample (Kumar, 2014). The four types of probability sampling include, simple random, systematic, cluster, and stratified sampling (Kumar, 2014; Malhotra et al., 2017; Neuman, 2014). The main objective of probability sampling is to minimise the

possible sampling errors and reinforce the validity of the results, more so than non-probability sampling (Bryman, 2012).

Non-probability sampling, on the contrary, does not follow probability theory in the choice of participants from the sampling population (Kumar, 2014). It heavily relies on a researcher's judgment (Malhotra et al., 2017). Additionally, Feild, Pruchno, Bewley, Lemay, and Levinsky (2006) stated that non-probability sampling refers to both samples of convenience (e.g. accessibility) as well as to purposive methods of selection. The types of non-probability sampling include judgmental, snowball, quota, and convenience, sampling. Given that it was not possible to obtain a customer database or list of all consumers that purchase from small independent retailers trading in townships, a non-probability, convenience sampling technique was adopted in order to select the participants of this study.

Convenience sampling is a type of non-probability sampling in which members of the target population, as Farrokhi and Mahmoudi-Hamidabad (2012) mentioned, are selected for the purpose of the research if they meet certain practical criteria, as identified by the researcher. The practical criteria include availability at a certain time, geographical proximity, easy accessibility, and the willingness to volunteer for participation (Farrokhi & Mahmoudi-Hamidabad, 2012). Therefore, as explained above, considering the nature of small businesses operating in townships and the inadequacy of resources in terms of keeping customer records or databases, it was impossible to obtain such a database.

Consequently, there was no sampling frame from which a sample could be randomly drawn, to ensure that every consumer stands an equal chance of being included in the sample; convenience sampling allowed the collection of information that would not have been accessible if the probability sampling technique was to be implemented (Tucker, Windapo & Cattell, 2015). Furthermore, convenience sampling technique enables the use of particular groups of people that have underlying knowledge and experience that could give meaningful answers to the research questions (Tucker et al., 2015). For instance, it was important that participants were familiar with and patronised the small independent retail stores.

5.3.4 Determining a sample size

Sample size determination refers to the decisions made by the researcher about the number of cases to be included in the research (Bryman, 2012; Malhotra et al., 2017; Neuman, 2014). The larger the sample, the more accurate and representative it is likely to be (Bryman, 2012; Neuman, 2014). Symon and Cassell (2012) elaborated further by stating that the sample size is dependent upon collected data pending no new information and themes that might be observed, that is, until capacity is reached. This study used Structural Equation Modelling (SEM) as a statistical approach, which is a multivariate analysis method to investigate the nature of relationships between observed and latent constructs.

In order to estimate a minimum acceptable sample size to perform the SEM analysis, various studies were consulted. Li (2016) recommended a sample size of 150 to run a simple CFA model. Additionally, other scholars (Teo, Milutinović & Zhou, 2016) stated that to attain consistent results in SEM, a sample size of between 100 and 150 is acceptable. However, other studies, considered 200 to be a minimum sample size to perform SEM (Karakaya-Ozyer & Aksu-Dunya, 2018; Wolf, Harrington, Clark & Miller, 2013). According to Kyriazos (2018), SEM is a statistical approach that is projected based on covariances, which prove unstable if tested on small samples. Kyriazos (2018) classified sample sizes as follows: 50 (very poor), 100 (poor), 200 (fair), 300 (good), 500 (very good), and 1000 (excellent).

Therefore, the decision to select a sample size of 500 was informed by the preceding literature, which according to Kyriazos (2018) is a very good size to run a SEM analysis test. Moreover, since the proposed conceptual model consists of seven constructs with more than three indicators each, Malhotra et al. (2017) suggested that the sample size be at least 400. This study therefore, collected 500 usable responses, which were large enough to handle SEM analysis and produce reliable results (Malhotra et al., 2017).

5.3.5 Executing the sample process

According to Malhotra et al. (2017), the implementation of the sampling process involves a comprehensive specification of how decisions regarding target

population, sampling frame, sampling technique and sample size would be executed. As explained above, for this study, the target population was all shoppers above the age of 18 that patronise small independent retail stores in the largest townships situated in Gauteng province, namely, Soweto and Tembisa. Considering the lack of customer databases from which to draw a list, a non-probability (convenience) sampling technique was adopted in order to identify participants that were familiar with and patronised the small independent retail stores. The participants were approached in different settings, for example, in the small independent retail stores, the comfort of their homes, in the streets, at churches etc.

5.3.6 Validating the sample

This last step of the sampling design process aims to account for sample error by screening the participants during data collection (Malhotra et al., 2017). In this study, the participants were screened based on their usage of small independent retail stores situated in townships to ensure that they satisfied the criteria of the target population.

5.4 Data Collection Instrument

Neuman (2014) stated that data collection instruments can be assembled into two groups, based on the type of data collected. In a quantitative study, the collection of data is in a form of numbers, and in a qualitative research, it is in a form of words or pictures (Neuman, 2014). Due to the descriptive nature of this research, a survey, also known as a questionnaire was used as a data collection instrument. Babbie (2013) stated that a questionnaire is an example of a data collection instrument particularly designed to produce information that will be useful for analysing data. Moreover, according to Bryman (2012), in a quantitative study, the data collection instrument also known as a research instrument, denotes a self-completion questionnaire and a structured interview.

A structured interview, also referred to as a fully structured data collection instrument, is a survey in which all participants are asked the same questions in exactly the same order (Bryman, 2012). Survey research utilises a formal written

questionnaire to collect information on the behaviours, attitudes, beliefs, and backgrounds of a large number of people (Neuman, 2014). Symon and Cassell (2012) defined a fully structured data collection instrument as an intensified structure that tends to escalate the prospect of the interviewees to reply to parameters set by the researcher rather than following themes. The scholars regard it as stimulating or essential, thus plummeting novelty and richness, but also enabling an easier sorting, comparison, and analysis of material (Symon & Cassell, 2012).

A survey is the most common quantitative technique used to collect primary data (Saunders, et al., 2009), and was hence adopted for this study. The survey comprised two sections. Section A requested the demographic profile of the participants, such as gender, marital status, qualification level, age, occupation, monthly income, and shopping frequency. Section B measured the constructs of the proposed conceptual model. These included retailer innovation, consumer innovativeness, consumer participation, consumer advocacy, consumer experience, consumer satisfaction, and consumer retention. The complete questionnaire is outlined in Appendix A.

Moreover, a seven-point Likert scale ranging from one meaning strongly disagree to seven meaning strongly agree was used to measure all these items. The reason for using a seven-point Likert scale is that it gave more chances to get accurate responses from the participants since the options were many. The measurement items were adapted from previous studies to suit the current study. Table 5.3 outlines the constructs and authors from which measurement items were adapted. This was the final version of the measurement items used for data collection.

The rationale for the selection of measurement items was based on the context of the study. For example, retailer innovation was measured using 10 items, which only assessed retail store environment (cognitive and sensory elements). These were based on the non-technical or technological innovations. A detailed explanation can be found in the literature review under retailer innovation discussion. The items were adapted from existing literature to fit the context of this research.

Table 5.3: Sources and scales adapted

Construct	Adapted Items	Author
Retailer Innovation (RI)	The store has refreshing and unique environment	(Nanda et al., 2013)
	The colours and sounds in the store are unique	
	The environment feels fresh	
	There is great sense of space within the store	
	The atmosphere of the store caters for my needs	
	I think the store is very advanced	
	The retailer has set up this store to meet the needs of the customers	
	The signage style and usage in this store is unique	
	The products are arranged in a customer friendly manner	
	It's easy to navigate this store	
Consumer Innovativeness (CI)	I like to try new and different things	(Hur et al., 2012)
	I often try new products before my friends and neighbours do	
	When I see a new product on the shelf, I often buy it to see what it is like	
	I like to wait until something has been proven before I try it	
	I feel at ease about trying out new things	
Consumer Participation (CP)	The store seeks advice from customers to improve its service	(Yeh, 2016)
	The store builds a relationship with customers by smiling, offering words of kindness	
	The store provides and seeks customer information to clarify service expectations	
	The store gets me to provide customer feedback on its performance	

Construct	Adapted Items	Author
Consumer Advocacy (CA)	The store provides complete and open information to customers	(Yeh, 2016)
	The store enables customers to share information about their experiences in using various products and services	
	The store attempts to represent the best interests of customers	
	The store helps customers help themselves	
	The store supplies its customers with tools to help them solve their problems	
	The store provides information, enabling customers to choose easily among various options	
	The store strives to increase the efficiency of its service	
Consumer Experience (CE)	Products offered in the store are of good quality	(Lin, 2016)
	Employees of the store are always willing to help	
	I get quality products at a good price at the store	
	The location of the store is convenient to my needs	
	The store offers promotions regularly	
	Product variety in the store is sufficient to meet my needs	
	The store layout makes it easy to get around in the store	
Consumer Satisfaction (CS)	The store has good selection of products	(Nanda et al., 2013)
	The store has good reputation	
	Overall, I have good impression about the store	
	The store offers good service	
	Overall I am satisfied with this store	

Construct	Adapted Items	Author
Consumer Retention (CR)	I feel loyalty towards this store	(Bojei et al., 2013)
	Even if this store was difficult to reach I would still keep buying there	
	I think of myself as a loyal customer to this store	
	I am very committed to this store	
	I am willing to make an effort to shop at the store	
	I am willing 'to go the extra mile' to remain as a customer of this store	
	I would rather stay with the store I usually buy from than trying a different store I am not sure of	
	I do most of my shopping at this store	
	I intend to continue shopping at this store over the next few years	
	I prefer to shop often at one store only	
	I care a lot about which store I buy from	

Source: Researcher's own compilation (2017).

5.4.1 Ethical considerations

Ethics is very important in research. As a result, there are principles that researchers need to adhere to when conducting research, especially since data collection mostly involves direct contact with people. This study therefore, adhered to the following principles as suggested by Malhotra et al. (2017):

- The purpose of the study was clearly stated on the cover page of the questionnaire;
- The contact information of the researcher and supervisor also appeared on the cover page, to give the participants assurance that the research was through a reputable institution, the study was ethical, and provided them with a contact for any pressing questions they might have had;

- The participants were informed that their participation in the study was voluntary and that they could withdraw at any given time during the data collection process;
- The privacy of the participants was taken into consideration;
- Anonymity of participants was guaranteed, as the questionnaire did not require any personal identification information;
- The participants were informed that the data collected would only be available to people working on this research; and
- Lastly, in order to uphold the standard of the research profession, an ethical clearance certificate was approved and obtained from the Ethics Committee (see Appendix B).

5.4.2 Pilot testing

Pilot testing involves testing and administering a questionnaire on a small number of potential participants drawn from the sample in order to detect and eradicate any potential problems (Malhotra et al., 2017). Furthermore, Malhotra et al. (2017) insisted that it is a general rule to conduct a pilot test before using a questionnaire in the field. Therefore, following on these recommendations, the questionnaire designed for this study was first pretested on participants sampled from the target population to check for readability, layout and time it would take to complete the questionnaire.

This test was conducted through face-to-face interviews as suggested by Malhotra et al. (2017). Participants provided feedback on the layout, clarity of instructions, the wording of questions, the vocabulary, and the time it took to complete the questionnaire. Overall, the participants provided positive feedback, however, there were minor issues regarding the terminology used in a few questions, which the participants found confusing. The questionnaire was modified. This was then followed by the actual pilot test on 10% of the sample size. It is recommended that

a pilot study should be done on 10–20% of the main sample size (Hazzi & Maldaon, 2015).

Moreover, the Cronbach's alpha test was computed and results confirmed reliability of the measurement items. No items were deleted at this stage. According to Hazzi and Maldaon (2015), a pilot study is also utilised to check a specific research instrument. In addition, Hazzi and Maldaon (2015), affirm that reliability is an important subject that researchers should take into consideration when conducting a pilot test even when using an existing questionnaire. In general, many disciplines (social psychological, industrial and business research), use Cronbach's alpha to test reliability (Hazzi & Maldaon, 2015).

5.5 Data Collection Process

According to Malhotra et al. (2017), survey fieldwork includes the selection, training, and supervision of field workers to be involved in the collection and management of data. Data collection for this study was outsourced to a survey agency with extensive knowledge and experience in obtaining data from consumers residing in townships. The researcher, however, was practically involved to ensure that the data collection was conducted ethically and to ensure that the quality of data collected was acceptable. As recommended by Malhotra et al. (2017), ensuring the quality of data was implemented using the following methods:

- Field workers were trained on how to make initial contact or approach the participants (i.e. opening remarks);
- Field workers were trained on how to ask questions (i.e. ensuring that field workers ask every applicable question, repeat questions that are misunderstood, probe carefully, and use the exact wording in the questionnaire);
- Field workers were trained on how to record answers (i.e. only check the box that reflects the participant's response); and

- Field workers were encouraged to answer any questions that arose and to thank the participants for their cooperation.

The questionnaires were distributed over two to three months to participants while they were in stores, outside the stores, in the streets, in their homes, at churches. Most of the data was collected during weekends, and weekdays in order to capture more diversified opinions. The questionnaires were distributed and collected until 500 usable questionnaires were received.

5.6 Data Analysis

According to Bryman (2012), in quantitative research, during data analysis a number of quantitative data examination techniques are used to reduce the amount of data collected, to test for relations among constructs, and to develop methods of presenting the results of the analysis. This step typically requires the use of computer software in order to manipulate the numerical data to generate tables, graphs, statistical measures, and charts (Bryman, 2012).

Furthermore, Babbie (2013) stated that analysing data includes determining the meaning of collected materials in relation to the aim of the research. Once the collected data are in the appropriate form, the findings can be interpreted and conclusions drawn that reflect the theories, hypotheses, interests and ideas that initiated the investigation (Babbie, 2013). In this study, the Structural Equation Modelling (SEM) approach, which includes Confirmatory Factor Analysis (CFA) and structural model assessment was used for analysing and interpreting data.

SEM is a powerful statistical technique for the development, modification, and validation of theories and hypothesised relationships between variables (Violato & Hecker, 2007). Moreover, through this framework, researchers are able to translate theory into a testable model (Violato & Hecker, 2007). Therefore, statistical software used included the Statistical Package for the Social Sciences (SPSS) and the Analysis of Moment Structures (AMOS) software. The data analysis procedure for this study is outlined in Figure 5.2.

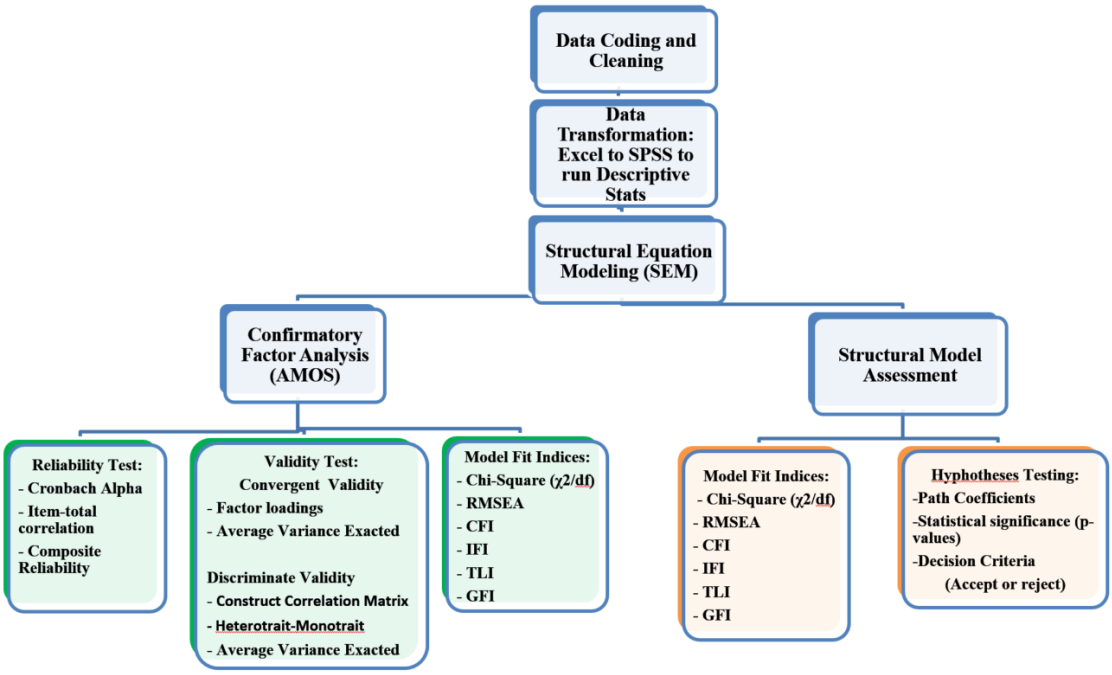


Figure 5.2: Data analysis approach

Source: Researcher's own compilation (2017).

5.6.1 Data cleaning

Data cleaning implies the extensiveness, consistency checks, and the treatment of data in dealing with missing responses (Malhotra et al., 2017). In this study, missing data was addressed by using the simple imputation method as suggested by Lee (2015) and Malhotra et al. (2017). A score that reflected the usual answers for the missing responses from the participants was imputed to replace the missing data. This method was applied because the proportion of missing data was moderate.

5.6.2 Descriptive statistics

According to Lee (2015), it is imperative to perform initial descriptive statistics in order to evaluate and understand the collected data. For this study, frequency distribution was computed to analyse demographic characteristics of the participants, which included gender, marital status, age, qualification level, occupation, monthly income, and shopping frequency. Moreover, descriptive statistics were performed to summarise the participants' responses to the

measurement items, which included the mean and standard deviations to illustrate the pattern of responses.

5.6.3 Normality assessment

Hair et al. (2010, cited in Tarhini, Teo & Tarhini, 2016) stated that assessing the existence of normality is important in multivariate analysis because it affects the reliability and validity of the findings. To examine the normality of the data for this study, the assessment of kurtosis and skewness were conducted, see Appendix D. The kurtosis measures the height of the data distribution and the skewness measures the degree the data distribution coefficients diverge from symmetry around the mean (George & Mallery, 2010, Tarhini et al., 2016).

A positive kurtosis coefficient shows that there is a peaked distribution, while a negative coefficient shows that there is a flatter distribution (Tarhini et al., 2016). A negative skewness shows that the data distribution has moved to the right, while a positive skewness shows that the data distribution has moved to the left (Tarhini et al., 2016). When the kurtosis and skewness is less than 2.0, normal distribution is assumed (George & Mallery, 2010; Khedmatgozar & Shahnazi; 2018; Tarhini et al., 2016).

5.6.4 Testing for multicollinearity

Multicollinearity is the existence of a strong correlation or high linear dependence between constructs (Senawi, Wei & Billings, 2017). In this study, multicollinearity was observed by assessing the correlation matrix. A coefficient of less than 0.80 indicates that no multicollinearity among any distinct correlated paired constructs exists (Hanaysha, 2018). Moreover, the Variance Inflation Factor (VIF) was also used to assess the presence of multicollinearity between constructs, Appendix C. VIF quantifies the degree of correlation between constructs in a model (Ali & Park, 2016; Lim, Cheah & Wong, 2017; Samar Ghani & Alnaser, 2017).

5.7 Structural Equation Modelling (SEM)

SEM is one of the most preferred quantitative techniques in research (Lee, 2015). Scholars embrace its capabilities, as it is able to model latent constructs and correct measurement error, while concurrently estimating parameters of theories (Dijkstra & Henseler, 2015). SEM, a multivariate technique, also known as latent variable analysis and covariance structure analysis explains the influence of relationships between a set of multiple constructs (Malhotra et al., 2017). The proposed conceptual model in this study was designed to assess structural relationships between unobserved constructs, and SEM was a suitable method to test the model. Given that the conceptual model for this study aimed to test both the direct and indirect relationships of constructs, SEM was suitable for the following reasons, as suggested by Malhotra et al. (2017):

- It estimated multiple interrelated dependence relationships; and
- It explained covariance between observed constructs.

The Analysis of Moment Structures (AMOS) graphics version 24 was used to test the conceptual model in this study. There are two types of models in SEM, namely, the measurement model and the structural model.

The Confirmatory Factor Analysis (CFA) is a method used to estimate the measurement model (Malhotra et al., 2017). CFA analyses the fit of latent constructs to identified groups of underlying manifest variables (Lee, 2015). In this study, CFA was performed in AMOS in order to assess the reliability and validity of the measurement model.

5.7.1 Reliability and validity assessment

Reliability and validity are essential measures in establishing and measuring the quality of research (Bryman, 2012; Babbie, 2013). This assessment assists in establishing the truthfulness and credibility of the research results (Neuman, 2014).

5.7.1.1 Reliability assessment

Reliability is defined as the extent to which a measure of a concept or study is stable, estimating the reliability or consistency of a measurement (Bryman, 2012). Babbie (2013) stated that reliability is a quality of measurement method that proposes that the same data would have been collected each time repeatedly from the same phenomenon, yielding consistent results that are similar to the previous. To ensure reliability in this study, the constructs were measured using the Cronbach's Alpha and composite reliability. It is recommended that the threshold for the Cronbach's Alpha should be above 0.6 (Vaske, Beaman & Sponarski, 2017). The composite reliability (CR) is suggested as a more suitable test of internal consistency and preferred estimate of a true reliability test (Hair, Sarstedt, Hopkins & Kuppelwieser, 2014; Rebelo-Pinto, Pinto, Rebelo-Pinto & Paiva, 2014). A threshold that exceeds 0.7 is recommended for CR (Elkaseh, Wong & Fung, 2016).

5.7.1.2 Validity assessment

Neuman (2014) stated that validity suggests truthfulness of a theory or concept. Validity measures the degree of convergence for a set of measurements of the hypothesised constructs and whether an indicator that is formulated to measure a theory or model really measures that theory (Bryman, 2012; Fellows & Liu, 2015; Wagner et al., 2012). To check for validity, convergent and discriminant validity were tested. To test convergent validity, factor loadings, average variance extracted (AVE), and composite reliability were assessed as suggested by Wamuyu and Maharaj (2011). Factor loadings above 0.50 are recommdened (Essmui, Berma, Shahadan, Ramlee & Mohd, 2014; Ghadi, Alwi, Bakar & Talib, 2012; Ono, Nakamura, Okuno & Sumikawa, 2012). AVE is also acceptable if above 0.5 (Hair et al., 2014); however, a value less than 0.5 is acceptable if the composite reliability is above 0.6 (Huang, Wang, Wu & Wang; 2013; Tarhini et al., 2016).

Discriminant validity was assessed to ensure that latent constructs measuring the causal relationships under investigation were truly distinct from one another (Ab Hamid, Sami & Sidek, 2017). To obtain discriminant validity, construct correlation matrix, AVE, and Heterotrait-monotrait (HTMT) were tested. The value of paired correlated constructs less than 0.8 indicate that there are no concerns of

multicollinearity. The HTMT assessment involves the estimations of ratios of the average correlations among constructs to the geometric mean of the average correlations in measurement items of the same constructs (Voorhees, Brady, Calantone & Ramirez, 2016). It is similar to the AVE test, but a more inclusive and less constrained assessment of discriminant validity (Voorhees et al., 2016). To obtain HTMT, values below 0.85 or 0.90 validate that discriminant validity has been attained (Henseler, Ringle & Sarstedt, 2015).

5.7.2 Model fit assessment

Model fit determines how well the model fits the observed data (Hooper, Coughlan & Mullen, 2008). According to Malhotra et al. (2017), the goodness of fit assesses how well a model replicates the covariance matrix between the indicator items. Obtaining adequate goodness of fit of the structural model is important before testing the research hypotheses (Hanaysha, 2018). Fit measures used in this study included absolute fit indices and incremental fit indices (Malhotra et al., 2017). Absolute fit indices assess directly how well the model reproduces the sample data and includes, Goodness of Fit Index (GFI) and the Random Measurement of Standard Error Approximation (RMSEA) (Malhotra et al., 2017).

The incremental fit indices assess how well the model fits the sample data in relation to some alternate model that is treated as baseline model, in which the baseline model is used as a null model, and assumes that the observed constructs are not correlated (Malhotra et al., 2017). Incremental fit indices used in this study included Comparative Fit Index (CFI), Incremental Fit Index (IFI), and Tucker-Lewis Index (TLI). The fit indices to measure the goodness of fit and their respective thresholds are presented in Table 5.4.

Table 5.4: Fit indices and recommended threshold

Fit Indices	Recommended cut-off value
Chi-square (CMIN/DF) value (χ2/df)	<3.0
Comparative Fit Index (CFI)	> 0.9

Incremental Fit Index (IFI)	> 0.9
Tucker-Lewis Index (TLI)	> 0.9
Goodness of Fit Index (GFI)	> 0.9
Random Measurement of Standard Error Approximation (RMSEA)	<0.080

Sources: Adapted from Dwivedi (2015), Ho, Nguyen, Adhikari, Mile, and Bonney (2017), Larwin and Harvey (2012), MacKillop et al. (2016), Pappas, Pateli, Giannakos and Chrissikopoulos (2014), Wang, Fredericks, Ye, Hofkens and Linn (2016).

5.7.3 Structural Model Analysis

Structural model analysis explains the nature and extent of the relationships among constructs (Malhotra et al., 2017), which can only be performed once the validity of the measurement model (CFA) has been established (Malhotra et al., 2017). Measuring the validity of the structural model, as suggested by Malhotra et al. (2017), includes assessing model fit, and testing hypothesised relationships. Consistent with this suggestion, the validity of the structural model was evaluated by assessing the model fit and using fit measures specified in Table 5.4. Subsequently, to test the hypothesised relationships, the path coefficients and p-values were estimated in order to assess the significance of each relationship in the structural model.

5.7.3.1 Testing mediation

To examine the indirect effects of the constructs in the structural model, Preacher and Hayes (2008) recommended the bootstrapping technique because under most conditions, it is the most powerful procedure for attaining confidence limits for specific indirect effects. The bootstrapping technique appears in assessing the indirect path relationships as it has a distribution that is skewed away from zero (Hanaysha, 2018). Moreover, Preacher and Hayes (2008) argued that mediation models are best assessed in a structural equation modelling (SEM) framework because the program allows model estimation and specification options.

An example of a SEM program is the AMOS software that is able to perform the percentile bootstrap technique for total indirect effects in both simple and multiple mediation models. According to Hanaysha (2018), when estimating the confidence intervals (CI) of indirect relationships, the bootstrapping method produces more accurate and precise results. A large number of bootstrap replications are required in the bootstrapping technique in order to attain reliability. Banjanovic and Osborne (2016) suggested that 2 000 bootstrap samples are acceptable. However, in their study they used 5 000 replications since a large bootstrapped sample increases estimation (Banjanovic & Osborne, 2016). On the other hand, Streukens and Leroi-Werelds (2016) argued that the amount of bootstrap replications ranges from 500 minimum to 5 000 maximum.

Based on the above recommendations, a number of scholars (Barragan & Dweck, 2014; Hill, Fombelle & Sirianni, 2016; Reinders & Bartels, 2017; Söderlund, 2018) conducted bootstrapping using 5 000 bootstrap samples with 95 per cent bias-corrected confidence intervals (CI). Therefore, consistent with the above justifications, this study used the bootstrap technique (5 000 bootstrap samples) with 95 per cent bias-corrected confidence intervals (CI) to assess the mediating effect.

5.8 Conclusion

This chapter presented the research philosophy and methodology adopted for this study. This was followed by a comprehensive discussion of the research design, sampling design process, data collection instrument, ethical considerations, data collection process, and analysis. The next chapter outlines the presentation of the results.

Chapter 6: PRESENTATION OF RESULTS

6.1 Introduction

This chapter presents the statistical analyses and results attained from primary data collected on the effects of retailer innovation on customer retention in small independent retailers. An outline of the descriptive statistics from the sample demographics, the constructs, and corresponding measurement instruments is presented. Subsequently, CFA results that assess the reliability and validity of the measurement instrument are discussed. This is followed by the results of the SEM analysis.

6.2 Descriptive Statistics

This section presents the descriptive statistics results for the characteristics of the participants and for the constructs and their measurement items.

6.2.1 Sample description and characteristics

This section outlines the demographic profile and characteristics of participants. First, this section presents a discussion on gender, marital status, age, qualification level, occupation, monthly income, and shopping frequency. Second, the descriptive statistics results related to the constructs and their measurement items is discussed. As discussed under data collection process, the questionnaires were distributed over two to three months to participants. Most of the data was collected during weekends, and weekdays during business hours in order to capture more diversified opinions.

6.2.1.1 Gender profile

Figure 6.1 presents the gender profile of the consumers who participated in the research.

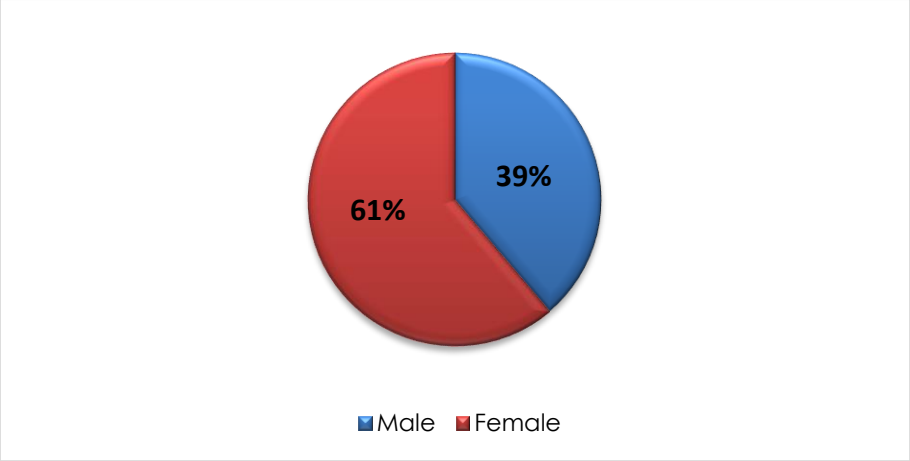


Figure 6.1: Consumers' gender profile

Source: Researcher's own compilation (2018).

The results presented in Figure 6.1 indicate that 61 per cent (306) of the participants were female and 39 per cent (194) were males.

6.2.1.2 Marital status profile

The marital status of consumers who participated in the research is presented in Figure 6.2.

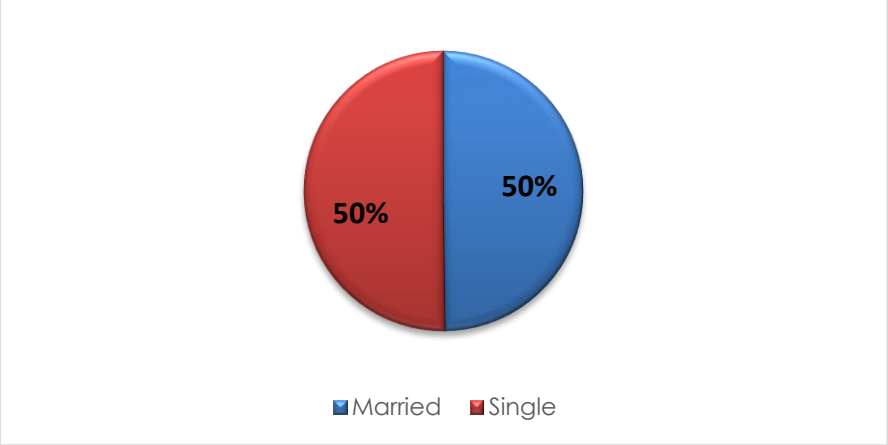


Figure 6.2: Consumers' marital status profile

Source: Researcher's own compilation (2018).

As depicted in Figure 6.2, 50 per cent (249) of the participants who participated in the research were married and 50 per cent (251) were single.

6.2.1.3 Qualification profile

Figure 6.3 portrays the qualification level profile of consumers who participated in the research.

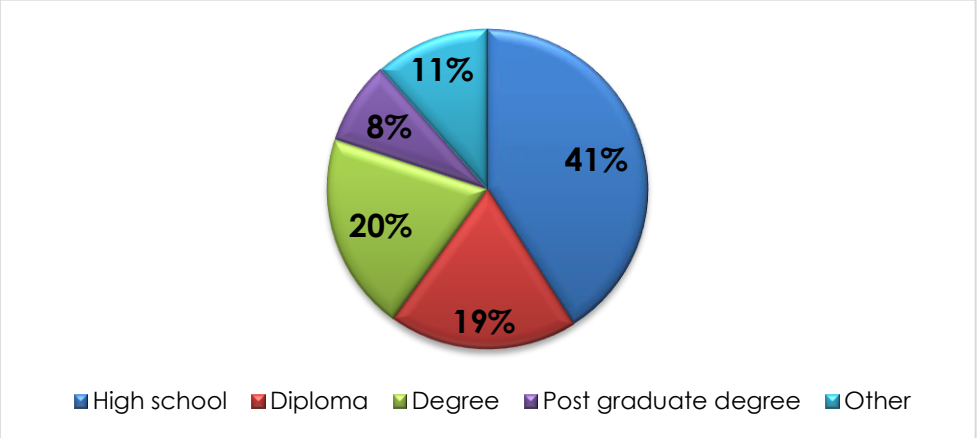


Figure 6.3: Consumers' qualification level profile

Source: Researcher's own compilation (2018).

Out of the 500 consumers who participated in the research, the majority (41 per cent) (205) indicated that they had only a high school education, and 20 per cent (100) indicated that they had a degree. Those who indicated that they had a diploma comprised 19 per cent (95), while eight per cent (42) indicated that they had a postgraduate degree. The remaining 11 per cent (58) of the participants did not specify their qualification level.

6.2.1.4 Age profile

Figure 6.4 shows the age profile of the consumers who participated in the research.

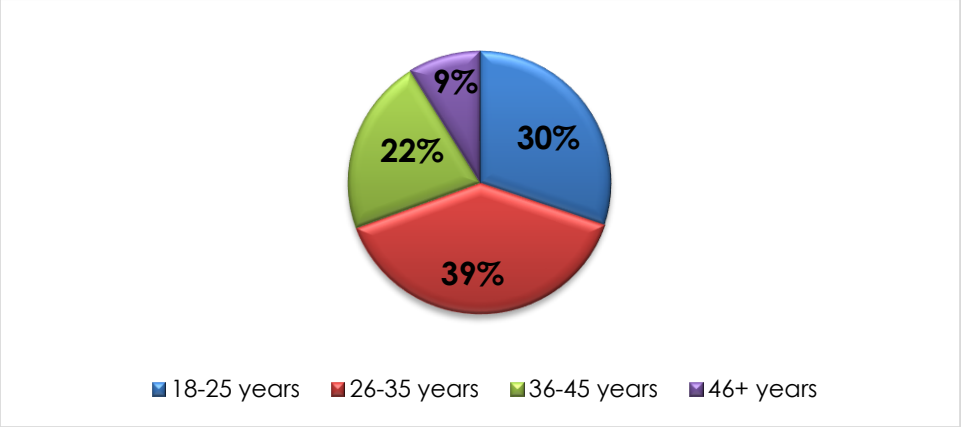


Figure 6.4: Consumers' age profile

Source: Researcher's own compilation (2018).

Results obtained from the age profile of participants showed that 39 per cent (196) of the participants were between the ages of 25 and 36 years, 30 per cent (151) were between the ages of 18 and 28 years. The consumers were aged between 36 and 45 years constituted 22 per cent (109), while nine per cent (44) of the participants were 46 years and older.

6.2.1.5 Occupation profile

The participants were asked to indicate what their profession was and the results of this question are revealed in Figure 6.5.

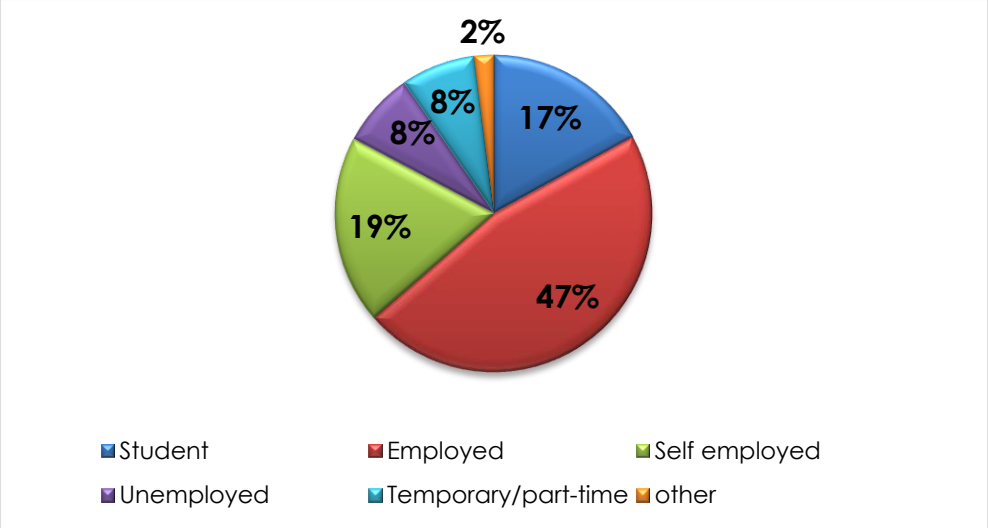


Figure 6.5: Consumers' occupation profile

Source: Researcher's own compilation (2018).

Concerning the participant's occupation profile, the majority of the consumers (47 per cent) (233) disclosed that they were employed, and 19 per cent (96) stated that they were self-employed. Of the participants 17 per cent (85) indicated that they were students, while eight per cent (38) of the participants indicated that they were unemployed, and an equal percentage had part-time or temporary employment.

6.2.1.6 Monthly income profile

Figure 6.6 indicates the monthly income profile of the consumers who participated in the research.

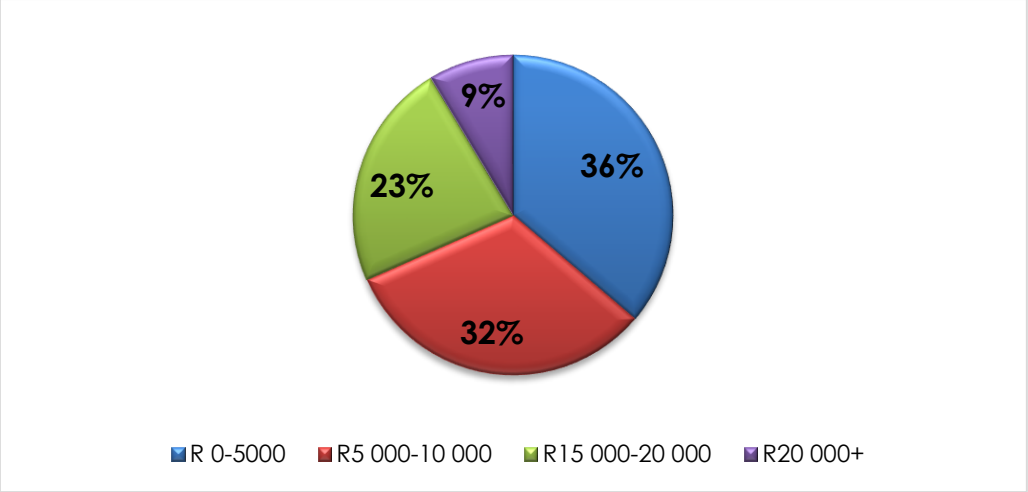


Figure 6.6: Consumers' monthly income profile

Source: Researcher's own compilation (2018).

As shown in Figure 6.6, 36 per cent (181) of the participants revealed that their maximum monthly income was R5 000, 32 per cent (161) of the participants indicated that their monthly income was between R5 000 and R10 000. Of the participants 23 per cent (115) revealed that their monthly income ranged between R15 000 and R20 000, while nine per cent (43) claimed to have a monthly income of R 20 000 and above.

6.2.1.7 Shopping frequency profile

Consumers who participated in the research were also asked to indicate how often they shopped at small independent retailers. The results attained from this question are presented in Figure 6.7.

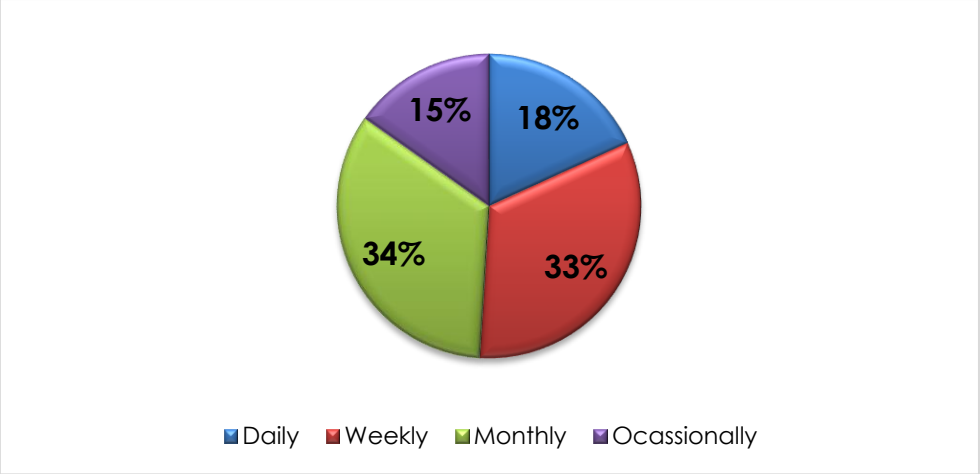


Figure 6.7: Consumers' shopping frequency profile

Source: Researcher's own compilation (2018).

As shown in Figure 6.7, 34 per cent (169) of the participants indicated that they shopped from the small independent retail store monthly, while 33 per cent (164) indicated that they shopped from the store weekly. Some participants (18 per cent) (91) specified that they shop daily, whereas 15 per cent (76) stated that they shopped from the small independent retail store occasionally.

6.2.2 Demographic profile summary

Table 6.1 summarises the demographic profile of the consumers who participated in the research.

Table 6.1: Summary of demographic profile

Demographic characteristic		Frequency	Percentage (%)
Gender	Male	194	39
	Female	306	61
	Total	500	100
Marital status	Married	249	50
	Single	251	50
	Total	500	100
Age	18 – 25 years	151	30
	26 – 35 years	196	39
	36 – 45 years	109	22
	46 years and older	44	9
	Total	500	100
Qualification	High School	205	41
	Diploma	95	19
	Degree	100	20
	Postgraduate degree	42	8
	Other	58	11
	Total	500	100
Occupation	Student	85	17
	Employed	233	47
	Self-employed	96	19
	Unemployed	38	8
	Temporary/part-time	38	8
	Other	10	2
	Total	500	100

Demographic characteristic		Frequency	Percentage (%)
Monthly Income	0 – R5 000	181	36
	R5 000 – R10 000	161	32
	R15 000 – R20 000	115	23
	R20 000 upwards	43	9
	Total	500	100
Shopping Frequency	Daily	91	18
	Weekly	164	33
	Monthly	169	34
	Occasionally	76	15
	Total	500	100

Source: Researcher's own compilation (2018).

6.2.3 Retailer innovation (RI)

Ten measurement items were modified in order to measure retailer innovation and a seven-point scale was used. Table 6.2 illustrates the mean and standard deviation for each measurement item.

Table 6.2: Retailer innovation (RI)

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
The store has refreshing and unique environment	5.17	1.429	8 1.6%	13 2.6%	45 9%	72 14.4%	152 30.4%	101 20.2%	109 21.8	500 100%
The colours and sounds in the store are unique	5.27	1.248	3 6%	6 1.2%	41 8.2%	59 11.8%	175 35%	125 25%	91 18.2%	500 100%
The environment feels fresh	5.27	1.320	6 1.2%	7 1.4%	36 7.2%	67 13.4%	172 34.4%	104 20.8%	108 21.6%	500 100%
There is great sense of space within the store	5.21	1.386	7 1.4%	15 3.0%	36 7.2%	63 12.6%	174 34.8%	98 19.6%	107 21.4%	500 100%
The atmosphere of the store caters for my needs	5.39	1.217	2 0.4%	7 1.4%	27 5.4%	58 11.6%	177 35.4%	120 24%	109 21.8%	500 100%
I think the store is very advanced	5.28	1.428	6 1.2%	12 2.4%	47 9.4%	64 12.8%	133 26.6%	117 23.4%	121 24.2%	500 100%
The retailer has set up this store to meet the needs of the customers	5.52	1.133	0	5 1%	19 3.8%	53 10.6%	174 34.8%	131 26.2%	118 23.6%	500 100%
The signage style and usage in this store is unique	5.29	1.294	5 1%	8 1.6%	28 5.6%	75 15%	172 34.4%	103 20.6%	109 21.8%	500 100%
The products are arranged in a customer friendly manner	5.51	1.245	6 1.2%	7 1.4%	14 2.8%	54 10.8%	165 33%	128 25.6%	126 25.2%	500 100%
It's easy to navigate this store	5.54	1.260	2 0.4%	6 1.2%	27 5.4%	53 10.6%	151 30.2%	117 23.4%	114 28.8%	500 100%
Total	5.35	1.296								

Note: SD-standard deviation; 1 = strongly disagree; 2 = somewhat Disagree; 3 = disagree; 4 = neutral; 5 = agree; 6 = somewhat agree; 7 = strongly Agree

Source: Researcher's own compilation (2018).

The overall mean of 5.35 and standard deviation of 1.296, denoted that the participants generally agreed with each statement measuring the retailer innovation construct. In summary, 52.2 per cent of the participants agreed that small independent retail stores had a refreshing, and unique environment, while 10.6 per

cent disagreed. Furthermore, 56.2 per cent of the participants rated the stores as having a great sense of space, and 8.6 per cent disagreed. Additionally, 50.8 per cent found the stores to be very advanced, and 57.2 per cent found them to cater to their needs in terms of product arrangement (58.2 per cent) and store navigation (59 per cent).

6.2.4 Consumer innovativeness (CI)

In order to measure consumer innovativeness, five measurement items on a seven-point scale were used as shown in Table 6.3.

Table 6.3: Consumer innovativeness (CI)

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
I like to try new and different things	5.15	1.475	11 2.2%	13 2.6%	48 9.6%	65 13%	158 31.6%	91 18.2%	114 22.8%	500 100%
I often try new products before my friends and neighbours do	4.82	1.568	17 3.4%	16 3.2%	77 15.4%	88 17.6%	114 22.8%	107 21.4%	81 16.2%	500 100%
When I see a new product on the shelf, I often buy it to see what it is like	4.81	1.564	16 3.2%	13 2.6%	79 15.8%	101 20.2%	113 22.6%	88 17.6%	90 18%	500 100%
I like to wait until something has been proven before I try it	4.53	1.755	32 6.4%	38 7.6%	82 16.4%	65 13%	133 26.6%	66 13.2%	84 16.8%	500 100%
I feel at ease about trying out new things	4.94	1.469	9 1.8%	12 2.4%	67 13.4%	92 18.4%	150 30%	71 14.2%	99 19.8%	500 100%
Total	4.85	1.566								

Note: SD-standard deviation; 1 = strongly disagree; 2 = somewhat Disagree; 3 = disagree; 4 = neutral; 5 = agree; 6 = somewhat agree; 7 = strongly Agree

Source: Researcher's own compilation (2018).

The scores attained per measurement item in Table 6.3 indicated that about 54.4 per cent of participants agreed that they liked trying new and different things, while 11.8 per cent disagreed with the statement. Approximately, 39 per cent of the participants agreed that they often tried new things before others, with 21.4 per cent agreeing to a certain extent, whereas 18.8 per cent disagreed. Furthermore, 43.4 per cent of the participants indicated that they like to wait until something has been proven worthy before they tried it, while 22.8 per cent disagreed. The overall mean (4.58) and standard deviation (1.566) indicated that to some degree the participants agreed with the statements.

6.2.5 Consumer participation (CP)

To measure consumer participation, four items were adapted. The descriptive statistics for each measurement item is shown is Table 6.4.

Table 6.4: Consumer participation (CP)

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
The store seeks advice from customers to improve its service	4.80	1.567	25 5%	13 2.6%	63 12.6%	82 16.4%	147 29.4%	95 19%	75 15%	500 100%
The store builds a relationship with customers by smiling, offering words of kindness	4.95	1.574	21 4.2%	15 3%	58 11.6%	72 14.4%	124 24.8%	126 25.2%	84 16.8%	500 100%
The store provides and seeks customer information to clarify service expectations	4.83	1.549	17 3.4%	17 3.6%	70 14%	84 16.8%	123 24.6%	113 22.6%	75 15%	500 100%
The store gets me to provide customer feedback on its performance	4.87	1.573	20 4%	15 3%	71 14.2%	71 14.2%	133 26.6%	109 21.8%	81 16.2%	500 100%
Total	4.84	1.566								

Note: SD-standard deviation; 1 = strongly disagree; 2 = somewhat Disagree; 3 = disagree; 4 = neutral; 5 = agree; 6 = somewhat agree; 7 = strongly Agree

Source: Researcher's own compilation (2018).

The total mean (4.84) and standard deviation (1.566) showed that to some extent the participants agreed with the statements. In short, approximately 44.4 per cent of the participants agreed that the small independent retail stores sought advice from them in order to improve the stores' service, and 19 per cent somewhat agreed, while 17 per cent disagreed with the statement. Moreover, about 40 per cent of the participants felt that the stores focused on building relationships with customers, while 15.8 per cent disagreed.

6.2.6 Consumer advocacy (CA)

Consumer advocacy was measured using seven items. The descriptive statistics for each measurement item is presented in Table 6.5.

Table 6.5: Consumer advocacy (CA)

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
The store provides complete and open information to customers	5.08	1.405	14 2.8%	10 2%	32 6.4%	90 18%	165 33%	100 20%	89 17.8%	500 100%
The store enables customers to share information about their experiences in using various products and services	5.02	1.429	14 2.8%	10 2%	54 10.8%	75 15%	137 27.4%	142 28.4%	68 13.6%	500 100%
The store attempts to represent the best interests of customers	5.42	1.314	5 1%	8 1.6%	26 5.2%	65 13%	153 30.6%	114 22.8%	129 25.8%	500 100%
The store helps customers help themselves	5.25	1.310	8 1.6%	9 1.8%	29 5.8%	64 12.8%	179 35.8%	115 23%	96 19.2%	500 100%
The store supplies its customers with tools to help them solve their problems	5.11	1.339	7 1.4%	16 3.2%	42 8.4%	56 11.2%	180 36%	125 25%	74 14.8%	500 100%
The store provides information, enabling customers to choose easily among various options	5.25	1.327	5 1%	12 2.4%	40 8%	53 10.6%	171 34.2%	122 24.4%	97 19.4%	500 100%
The store strives to increase the efficiency of its service	5.45	1.242	2 0.4%	7 1.4%	24 4.8%	67 13.4%	155 31%	123 24.6%	122 24.4%	500 100%
Total	5.23	1.338								

Note: SD-standard deviation; 1 = strongly disagree; 2 = somewhat Disagree; 3 = disagree; 4 = neutral; 5 = agree; 6 = somewhat agree; 7 = strongly Agree

Source: Researcher's own compilation (2018).

As presented in Table 6.5, the descriptive statistics results indicated that 50.8 per cent of the participants agreed that the small independent retailers provided consumers with information about the store. More so, 56.1 per cent of the participants indicated that the stores made an effort to represent the best interests of consumers; while 6.2 per cent disagreed with this statement. Additionally, 55.4 per cent of the participants agreed that the stores attempted to increase the competence of its service while 50.8 per cent indicated that the stores provided customers with tools to assist them in solving their problems, while 9.8 per cent disagreed. The overall mean, which is 5.23, and standard deviation of 1.338, suggested that the participants generally agreed with the items measuring consumer advocacy.

6.2.7 Consumer experience (CE)

Seven items were used to measure consumer experience. The results of the measurements items are presented in Table 6.6.

Table 6.6: Consumer experience (CE)

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
Products offered in the store are of good quality	5.49	1.278	9 1.8%	5 1%	16 3.2%	51 10.2%	166 33.2%	127 25.4%	126 25.2%	500 100%
Employees of the store are always willing to help	5.22	1.452	9 1.8%	13 2.6%	46 9.2%	65 13%	140 28%	114 22.8%	113 22.6%	500 100%
I get quality products at a good price at the store	5.57	1.231	1 0.2%	6 1.2%	26 5.2%	51 10.2%	148 29.6%	126 25.2%	142 28.4%	500 100%
The location of the store is convenient to my needs	5.74	1.190	2 0.4%	4 0.8%	13 2.6%	48 9.6%	145 29%	114 22.8%	174 34.8%	500 100%
The store offers promotions regularly	5.27	1.395	11 8%	2.2 1.6%	34 6.8%	66 13.2%	152 30.4%	119 23.8%	110 22%	500 100%
Product variety in the store is sufficient to meet my needs	5.50	1.214	5 1%	3 0.6%	19 3.8%	64 12.8%	144 28.8%	149 29.8%	116 23.2%	500 100%
The store layout makes it easy to get around in the store	5.70	1.115	0	8 1.6%	10 2%	36 7.2%	158 31.6%	144 28.8%	144 28.8%	500 100%
Total	5.49	1.268								

Note: SD-standard deviation; 1 = strongly disagree; 2 = somewhat Disagree; 3 = disagree; 4 = neutral; 5 = agree; 6 = somewhat agree; 7 = strongly Agree

Source: Researcher's own compilation (2018).

The overall mean (5.19) and standard deviation (1.268) showed that the participants agreed with the statements measuring consumer experience. From the 500 participants, 58.4 per cent specified that the products offered by the small independent retail stores were of good quality, 60.4 per cent agreed that the layout of the store made it easy to navigate, while 11 per cent indicated that employees of the stores were not helpful.

6.2.8 Consumer satisfaction (CS)

In order to measure consumer satisfaction, five measurement items on a seven-point scale were used, as presented in Table 6.7.

Table 6.7: Consumer satisfaction (CS)

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
The store has good selection of products	5.75	1.244	5 1%	8 1.6%	12 2.4%	30 6%	146 29.2%	123 24.6%	176 35.2%	500 100%
The store has good reputation	5.76	1.131	3 0.6%	3 0.6%	13 2.6%	36 7.2%	132 26.4%	162 32.4%	151 30.2%	500 100%
Overall, I have good impression about the store	5.68	1.161	2 0.4%	4 0.8%	16 3.2%	45 9%	140 28%	148 29.6%	145 29%	500 100%
The store offers good service	5.58	1.191	3 0.6%	1 0.2%	22 4.4%	59 11.8%	138 27.6%	145 29%	132 26.4%	500 100%
Overall I am satisfied with this store	5.71	1.207	6 0.6%	7 1.4%	15 3%	41 8.2%	128 25.6%	152 30.4%	154 30.8%	500 100%
Total	5.69	1.868								

Note: SD-standard deviation; 1 = strongly disagree; 2 = somewhat Disagree; 3 = disagree; 4 = neutral; 5 = agree; 6 = somewhat agree; 7 = strongly Agree

Source: Researcher's own compilation (2018).

The results in Table 6.7 show an overall mean of 5.69 and standard deviation of 1.868, which denoted that the participants agreed with the statements. To be precise, 64.4 per cent of the participants agreed that small independent retail stores had a good selection of products, 54 per cent stated that the store offered a good service. Overall, 56.4 per cent of the participants were satisfied with the stores, 30.8 per cent somewhat agreed and 3.6 per cent disagreed.

6.2.9 Consumer retention (CR)

Consumer retention was measured using 11 measurement items. The results for the descriptive statistics for each item are illustrated in Table 6.8.

Table 6.8: Consumer retention (CR)

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
I feel loyalty towards this store	5.19	1.500	15 3%	8 1.6%	44 8.8%	71 14.2%	146 29.2%	94 18.2%	122 24.4%	500 100%
Even if this store was difficult to reach I would still keep buying there	4.93	1.546	19 3.8%	14 2.8%	59 11.8%	76 15.2%	145 29%	98 19.6%	89 17.8%	500 100%
I think of myself as a loyal customer to this store	5.22	1.391	8 1.6%	11 2.2%	43 8.6%	63 12.6%	153 30.6%	120 24%	102 20.4%	500 100%
I am very committed to this store	5.14	1.433	8 1.6%	17 3.4%	42 8.4%	75 15%	144 28.8%	115 23%	99 19.8%	500 100%
I am willing to make an effort to shop at the store	5.16	1.449	8 1.6%	18 3.6%	43 8.6%	71 14.2%	139 27.8%	119 23.8%	102 20.4%	500 100%
I am willing ‘to go the extra mile’ to remain as a customer of this store	5.07	1.532	11 2.2%	17 3.4%	59 11.8%	69 13.8%	137 27.4%	96 19.2%	111 22.2%	500 100%
I would rather stay with the store I usually buy from than trying a different store I am not sure of	5.11	1.521	12 2.4%	16 3.2%	48 9.6%	79 15.8%	131 26.2%	101 20.2%	113 22.6%	500 100%
I do most of my shopping at this store	5.24	1.421	5 1%	11 2.2%	55 11%	59 11.8%	144 28.8%	108 21.6%	118 23.6%	500 100%
I intend to continue shopping at this store over the next few years	5.35	1.268	4 0.8%	7 1.4%	25 5%	74 14.8%	167 33.4%	110 22%	113 22.6%	500 100%
I prefer to shop often at one store only	4.63	1.677	28 5.6%	18 3.6%	94 18.8%	74 14.8%	124 24.8%	79 15.8%	83 16.6%	500 100%
I care a lot about which store I buy from	5.42	1.566	11 2.2%	20 4%	30 6%	61 12.2%	115 23%	93 18.6%	170 34%	500 100%

Measurement item	Mean	SD	1	2	3	4	5	6	7	Total
Total	5.13	1.482								

Note: SD-standard deviation; 1 = strongly disagree; 2 = somewhat Disagree; 3 = disagree; 4 = neutral; 5 = agree; 6 = somewhat agree; 7 = strongly Agree

Source: Researcher's own compilation (2018).

The results indicated that the overall mean was 5.13 and that the standard deviation was 1.482, signifying that the participants agreed with the statements measuring consumer retention. Approximately, 53.6 per cent of the participants indicated that they felt loyal towards small independent retail stores, 54 per cent stated that they cared a lot about which store to buy from, while 24.4 per cent indicated that they did not prefer to shop at any one store exclusively.

6.3 Reliability and Validity of Measurement Scales

Applying various approaches in assessing measurement of instruments is imperative to ensure adequacy and reliability of the measurement instruments (Zait & Bertea, 2011). Reliability and validity are two important mechanisms used to assess measurement instruments (Tavakol & Dennick, 2011). According to Heale and Twycross (2015), enhancing the quality of research in a quantitative study is achieved through the measurement and assessment of reliability and validity. Table 6.9 presents the results obtained for the reliability and validity test of the research construct measurement items.

Table 6.9: Reliability and validity test

Research constructs		Cronbach's Alpha	Item-total correlation	Factor Loadings	Composite Reliability (CR)	Average Variance Extracted (AVE)
Retailer Innovation (RI)	RI1	0.889	0.607	0.570	0.880	0.425
	RI2		0.656	0.629		
	RI3		0.656	0.593		
	RI4		0.658	0.669		
	RI5		0.674	0.701		
	RI6		0.680	0.737		
	RI7		0.587	0.659		
	RI8		0.589	0.681		
	RI9		0.561	0.619		
	RI10		0.584	0.644		
Consumer Innovativeness (CI)	CI1	0.756	0.502	0.574	0.765	0.527
	CI2		0.663	0.840		
	CI3		0.599	0.738		
Consumer Participation (CP)	CP1	0.857	0.654	0.723	0.843	0.574
	CP2		0.664	0.773		
	CP3		0.754	0.784		
	CP4		0.732	0.749		
Consumer Advocacy (CA)	CA1	0.884	0.643	0.672	0.874	0.500
	CA2		0.715	0.730		
	CA3		0.682	0.722		
	CA4		0.627	0.654		
	CA5		0.698	0.700		
	CA6		0.701	0.722		
	CA7		0.642	0.740		

Research constructs		Cronbach's Alpha	Item-total correlation	Factor Loadings	Composite Reliability (CR)	Average Variance Extracted (AVE)
Consumer Experience (CE)	CE1	0.832	0.597	0.650	0.832	0.416
	CE2		0.607	0.663		
	CE3		0.595	0.660		
	CE4		0.557	0.586		
	CE5		0.508	0.547		
	CE6		0.623	0.710		
	CE7		0.587	0.683		
Consumer Satisfaction (CS)	CS1	0.834	0.584	0.720	0.845	0.523
	CS2		0.604	0.629		
	CS3		0.660	0.770		
	CS4		0.651	0.768		
	CS5		0.673	0.720		
Consumer Retention (CR)	CR1	0.907	0.719	0.766	0.907	0.501
	CR2		0.742	0.777		
	CR3		0.777	0.784		
	CR4		0.769	0.814		
	CR5		0.740	0.774		
	CR6		0.754	0.795		
	CR7		0.645	0.672		
	CR8		0.502	0.509		
	CR9		0.544	0.557		
	CR11		0.500	0.537		

Source: Researcher's own compilation (2018).

The reliability and validity results, as depicted in Table 6.9, are discussed in the following sections.

6.3.1 Assessing reliability

To test for reliability, Cronbach's Alpha, item-total correlation and Composite Reliability (CR) tests were conducted.

6.3.1.1 Cronbach's alpha

As demonstrated in Table 6.9, the Cronbach's alpha values ranged from 0.756 to 0.907. Vaske et al. (2017) suggested that an alpha of 0.65 to 0.80 is considered satisfactory. Therefore, internal consistency of the measurement scale was achieved. This indicated that the correlation between a set of responses to survey questions used to measure a construct was satisfactory and acceptable (Herrington, Smith, Feinauer & Griner, 2016; Vaske et al., 2017).

6.3.1.2 Item-total correlation

Item-total correlation was also assessed to analyse the extent of the contribution of the measurement items to the overall score and to test for internal consistency. According to Jacobs, Berduszek, Dijkstra, and van der Sluis (2017), a correlation coefficient that is less than 0.30 is considered weak and indicates that there might be measurement items that do not belong on the scale. As presented in Table 6.9 Item-total correlation statistics ranged from 0.500 to 0.777, which was above the recommended coefficient of 0.30. This indicated that the discriminating power of measurement items observed to discriminate themselves are verified (Silva et al., 2017), in turn confirming internal consistency reliability.

6.3.1.3 Composite reliability (CR)

Further, a composite reliability (CR) assessment was conducted to test internal reliability. CR is estimated using the following formula, CRη =$\sum(\lambda\gamma i)^2$ / [$(\sum(\lambda\gamma i)^2 + (\sum \varepsilon i)$], Where $\boldsymbol{\lambda}$ represents the factor loading of item $\boldsymbol{i}$ into a single common factor and $\boldsymbol{\varepsilon}$ represents the unique variance of item $\boldsymbol{i}$ (Geldhof, Preacher & Zyphur, 2014). According to Hair et al. (2014), CR presents a more suitable test of internal consistency and is a preferred estimate of a true reliability test (Rebelo-Pinto et al., 2014). As shown in Table 6.9, CR values ranged from 0.765 to 0.907, which were

all above the recommended value of 0.7 (Elkaseh et al., 2016). A CR coefficient that is above 0.7 implies the existence of internal reliability (Elkaseh et al., 2016).

6.3.2 Assessing validity

To assess validity, two methods of measuring construct validity were used. These include, convergent and discriminant validity.

6.3.2.1 Convergent validity

Convergent validity is supported by assessing, factor loadings, average variance extracted, and composite reliability (Wamuyu & Maharaj, 2011). Confirmatory Factor Analysis (CFA) was performed in order to estimate factor loadings of the constructs. To ensure that convergent validity of the measurement instruments is obtained, it is required that factor loadings should exceed 0.50 (Essmui et al., 2014; Ghadi et al., 2012; Ono et al., 2012). Other scholars (Chen & Lu, 2016; Khedmatgozar & Shahnazi, 2018) consider 0.40 to be acceptable for factor loadings.

Based on the recommended threshold for factor loadings, as per abovementioned scholars, presented in Table 6.9 all factor loadings were above 0.50, and ranged between 0.509 and 0.840. Three items that loaded low (<0.5), as shaded in Table 6.10, were removed. According to Gunnell, Longmuir, Barnes, Belanger and Tremblay (2018), factor loadings that are below 0.30 are weak and must be removed. Therefore, convergent validity was obtained. This shows that measurement items were highly correlated with other measurement items measuring similar constructs (Heale & Twycross, 2015).

Table 6.10: Measurement items per construct

Constructs	Initial and final number of items before removal	Number of items brought forward after removal after performing CFA
Retailer Innovation	10	10
Consumer Innovativeness	5	3
Consumer Participation	4	4
Consumer Advocacy	7	7
Consumer Experience	7	7
Consumer Satisfaction	5	5
Consumer Retention	11	10
Total	49	46

Source: Researcher's own compilation (2018).

The second method for assessing congregant validity is the Average Variance Extracted (AVE), which is estimated using the following formula, $\boldsymbol{V}\eta = \sum \boldsymbol{\lambda\gamma i}^2 / (\sum \boldsymbol{\lambda\gamma i}^2 + \sum \boldsymbol{\varepsilon i})$, where $\boldsymbol{\lambda}$ signifies the factor loading of item $\boldsymbol{i}$ into a single common factor and $\boldsymbol{\varepsilon}$ signifies the unique variance of item $\boldsymbol{i}$ (Geldhof et al., 2014; Zait & Bertea, 2011). The values for Average Variance extracted (AVE) should be above 0.5 in order to show evidence of convergent validity (Hair et al., 2014). In the study, the values for average variance extracted ranged from 0.416 to 0.574. Fornell and Larcker (1981, cited in Huang et al., 2013) and Tarhini et al. (2016), stated that the average variance extracted is accepted if it is less than 0.5, if the composite reliability exceeds 0.6. Therefore, as presented in Table 6.9 the composite reliability values for all the constructs exceed 0.7, which implies that convergent validity is adequate (Huang et al., 2013).

6.3.2.2 Discriminant validity

Discriminant validity is obtained by examining, Construct Correlation Matrix, Fornell and Larcker (1981) method, and the Heterotrait-monotrait (HTMT) criterion suggested by Henseler et al. (2015). Voorhees et al, (2016), argued that the motivation behind the application of a discriminant validity test is associated with

the need to establish the content and solidity of constructs. Moreover, Voorhees et al. (2016) reiterated this by affirming that it is necessary for scholars to demonstrate evidence that all constructs in a study or conceptual model are distinct and not merely the reflection of the other.

It is evident from Table 6.11 that all construct correlations produced were significant and positive at the 0.01 level. The threshold normally used to establish the presence of a strong Bivariate (Pearson) Correlation is 0.70 to 0.90 (Yoo et al., 2014). Additionally, the correlations observations were used to determine probable concerns of multicollinearity. Multicollinearity was observed by assessing the correlation matrix. The lowest correlation coefficient was 0.272, while the highest was 0.728. These results indicated that no multicollinearity among any distinct constructs existed, as the correlation coefficients between the paired constructs were less than 0.80 (Hanaysha, 2018).

None of the correlation coefficients were above 0.80 (Stummer et al., 2015), which confirmed that there was no presence of multicollinearity between constructs. Furthermore, the Variance Inflation Factor (VIF) values were also assessed. All tests on VIF are found in Appendix C. All VIF outputs for both latent constructs (1.208 to 2.861) and measurement items (1.415 to 2.748) were below five, suggesting that there was no indication to suspect multicollinearity (Ali & Park, 2016; Lim, Cheah & Wong, 2017; Samar et al., 2017). Ab Hamid et al. (2017) confirmed that in order to deal with issues that might arise due to multicollinearity, it is important that researchers establish discriminant validly to ensure that latent variables assessing the causal relationships are different from one another.

Table 6.11: Construct correlation matrix

	RI	CI	CP	CA	CE	CS	CR
RI	1						
CI	.332**	1					
CP	.461**	.339**	1				
CA	.567**	.379**	.635**	1			
CE	.674**	.347**	.458**	.631**	1		
CS	.631**	.272**	.477**	.563**	.728**	1	
CR	.514**	.281**	.440**	.575**	.596**	.611**	1

Note: **. Correlation is significant at the 0.01 level (2-tailed); RI-Retailer Innovation; CI-Consumer Innovativeness; CP-Consumer Participation; CA-Consumer Advocacy; CA-Consumer Experience; CS- Consumer Satisfaction; CR- Consumer Retention

Source: Researcher's own compilation (2018).

According to Henseler, Hubona, and Ray (2016), in order to assess discriminant validity, each construct's AVE should be compared with its squared construct correlations. As presented in Table 6.12, the majority of the AVE values were above the recommended 0.5 threshold. However, retailer innovation (0.425) and consumer experience (0.416) are just below the cut off point for AVE. However, scholars (Fornell & Larcker, 1981; Huang et al., 2013) affirmed that a 0.4 value is also acceptable as long as the CR values are above 0.7, which, as observed from Table 6.9, were all above 0.7, indicating satisfactory validity (Tarhini et al., 2016).

Moreover, to achieve discriminant validity, AVE should exceed MSV and ASV (Rebelo-Pinto et al., 2014; Tarhini, Hone & Liu, 2013; Tarhini et al., 2016). The results shown in Table 6.12 indicated that discriminant validity was supported, as the AVE for all constructs was greater than the ASV. Although, the MSV for retailer innovation, consumer experience and consumer satisfaction were slightly above AVE, these constructs still satisfied all the other reliability and validity tests. Furthermore, factor loadings of the measurement items for these three constructs were above the recommended threshold as presented in Table 6.9, therefore there was no need to delete any items.

Table 6.12: AVE and ASV

Constructs	CR	AVE	MSV	ASV
RI	0.880	0.425	0.454	0.293
CI	0.765	0.527	0.143	0.107
CP	0.843	0.574	0.403	0.226
CA	0.874	0.500	0.403	0.319
CE	0.832	0.416	0.529	0.344
CS	0.845	0.523	0.529	0.319
CR	0.907	0.501	0.373	0.265

Note: RI-Retailer Innovation; CI-Consumer Innovativeness; CP-Consumer Participation; CA-Consumer Advocacy; CA-Consumer Experience; CS- Consumer Satisfaction; CR- Consumer Retention

CR-Composite Reliability; AVE- Average Variance Extracted; HSV- Maximum Shared Squared Variance; ASV- Average Shared Squared Variance

Source: Researcher's own compilation (2018).

Another measure to assess discriminant is the Heterotrait-monotrait (HTMT) criterion proposed by Henseler et al. (2015). Recent studies used this method to test for discriminant validity (Ali, 2016; Ali & Park, 2016; Choi & Chiu, 2017; Kyguoliene, Zikiene & Grigaliunaite, 2017; Moriuchi & Takahashi, 2018; Otero & Wilson, 2018; Samar et al., 2017; Zenker, Braun & Petersen, 2017). According to Voorhees et al. (2016), the HTMT test for assessing discriminant validity has been recently advocated in marketing literature as an additional method. The HTMT assessment involves the calculations of ratios of the average correlations among variables to the geometric mean of the average correlations in measurement items of the same variables (Voorhees et al., 2016).

Additionally, Ab Hamid et al. (2017) attested to using the HTMT test because it is able to attain greater sensitivity estimates of 97 per cent to 99 per cent in contrast to the Fornell and Larcker (1981) estimates of 20.82 per cent. Voorhees et al. (2016) further stated that the basic procedure of HTMT is similar to that of the AVE-SV test, but suggested as a much more inclusive and less constrained measure of discriminant validity. In order to achieve discriminant validity, the HTMT coefficients should not be close to one (Ab Hamid et al., 2017), because if they approach one,

it means that discriminant validity has been violated (Voorhees et al., 2016). Therefore, if HTMT values are below 0.85 or 0.90 respectively, it is then evident that discriminant validity has been attained (Henseler et al., 2015). As observed from Table 6.13 all values are below 0.85, with one slightly above but still below 0.90. It is therefore concluded that discriminant validity has been attained.

Table 6.13: Heterotrait-monotrait (HTMT) ratio

	CA	CE	CI	CP	CR	CS	RI
CA							
CE	0,739						
CI	0,442	0,432					
CP	0,728	0,538	0,384				
CR	0,649	0,679	0,280	0,503			
CS	0,656	0,869	0,369	0,563	0,680		
RI	0,642	0,788	0,387	0,527	0,572	0,735	

Note: RI-Retailer Innovation; CI-Consumer Innovativeness; CP-Consumer Participation; CA-Consumer Advocacy; CA-Consumer Experience; CS- Consumer Satisfaction; CR- Consumer Retention

Source: Researcher's own compilation (2018).

6.4 Normality Assessment

According to various scholars (George & Mallery, 2010; Khedmatgozar & Shahnazi; 2018; Tarhini et al., 2016), the accepted threshold for kurtosis and skewness is less than two, which indicates the normal distribution of the data. Based on these recommendations, all the measurement items of this study indicated that there was a normal distribution. The kurtosis values ranged from -0.032 to 1.708 and the skewness coefficients ranged from -0.302 to -0.972 (see Appendix D). From these values, it was concluded that the data was acceptable and had a satisfactory normal distribution. Moreover, the assumption of normality was reinforced by the sample size of the study, where N=500. Li (2016) recommends a sample size larger than 265 to compensate for the lack of normality in the data.

6.5 Model Fit Assessment: Confirmatory Factor Analysis (CFA)

Amos Graphics version 24 was used to conduct model fit assessment using the confirmatory factor analysis. According to Hanaysha (2018), before testing the research hypotheses, achieving an adequate goodness of fit of the structural model is important. The initial and modified CFA model is presented in Figure 6.8. The fit model indices for both the initial and modified model are presented in Table 6.14. Chi-square (CMIN/DF) (χ2/df), Comparative Fit Index (CFI), Incremental Fit Index (IFI), Tucker-Lewis Index (TLI), Goodness of Fit Index (GFI), and Random Measurement of Standard Error Approximation (RMSEA).

The following fit measures are the most frequently used indices to assess the goodness of fit: χ2/df<3, CFI>0.9, IFI>0.9, TLI>0.9, GFI> 0.9, and RMSEA<0.080 (Dwivedi, 2015; Ho et al., 2017; MacKillop et al. 2016; Pappas, Pateli, Giannakos & Chrissikopoulos, 2014; Wang et al., 2016). The results of the initial model indicated a moderate fit since some of the fit indices met the desired threshold for goodness of fit. The he χ2/df = 2.588, CFI = 0.861, IFI = 0.0.862, TLI = 0.852, GFI = 0.810, and RMSEA = 0.056. To improve the initial model, so that it met the criterion for model fit fully, items that were loading low (<0.5) were deleted since items that are less than 0.32 and 0.45 are said to be poor and fair respectively (McKay et al., 2015).

Secondly, the modification indices recommended correlations between some of the manifest variables, as seen in the modified CFA model. If goodness of fit has not been achieved, to improve the model, researchers might modify it through correlated errors in order to fit the data better (Hermida, 2015). After this operation was conducted, the modified model showed a good and satisfactory fit. Outlined in Table 6.14, χ2/df = 1.960, CFI = 0.926, IFI = 0.926, TLI = 0.918, GFI = 0.863, and RMSEA= 0.044. All the model fit indices were well within the suggested thresholds. Although, GFI was slightly below 0.9, it was still a reasonable and adequate fit (Hanaysha, 2018, McGinnis, Kara & Wolfe, 2016). For clarity, the presentation of the results from AMOS had to be modified and adjusted in order for estimates to be identifiable and visible. The final version as presented in AMOS is shown in Appendix E.

Table 6.14: Fit indices for CFA models

Fit Indices	Initial CFA Model	Modified CFA Model
Chi-square (χ2)	2861.946	1844,578
Degrees of freedom	1106	0.941
Chi-square (CMIN/DF) value (χ2/df)	2.588	1.960
Comparative Fit Index (CFI)	0.861	0.926
Incremental Fit Index (IFI)	0.862	0.926
Tucker-Lewis Index (TLI)	0.852	0.918
Goodness of Fit Index (GFI)	0.810	0.863
Random Measurement of Standard Error Approximation (RMSEA)	0.056	0.044

Source: Researcher's own compilation (2018).

Initial CFA Model

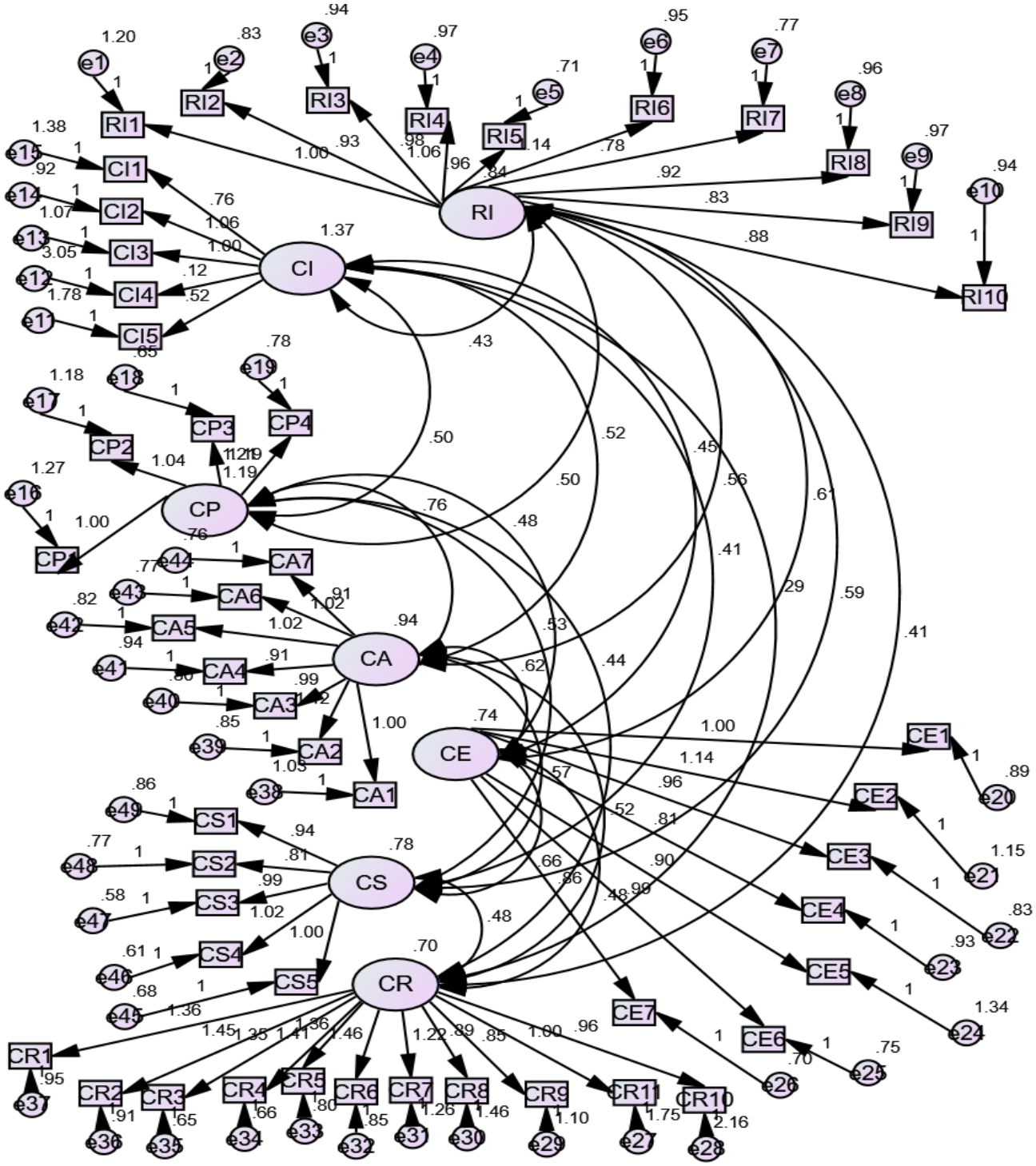


Figure 6.8: CFA Models

Source: Researcher's own compilation (2018).

Modified CFA Model

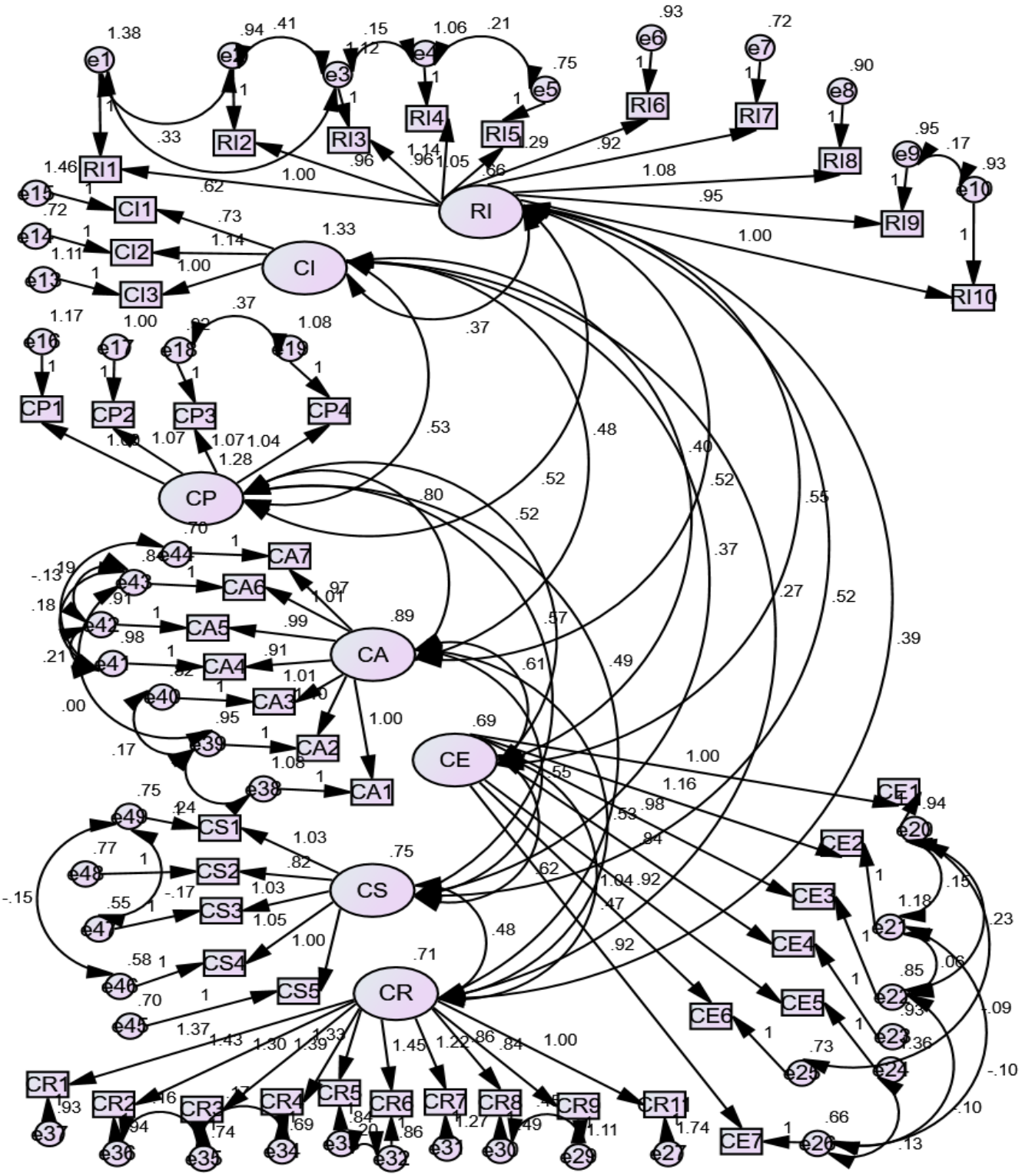


Figure 6.9: CFA Models

Source: Researcher's own compilation (2018).

6.6 Structural Model Analysis

Structural Equation Modelling (SEM) (estimated in AMOS 24) was used to assess the model fit and hypotheses testing. Table 6.15 outlines the results, which showed χ2/df = 2.084, CFI = 0.914, IFI = 0.915, TLI = 0.908, GFI = 0.853, and RMSEA= 0.047. Therefore, these results concluded that the hypothesised research model achieved a good and satisfactory fit.

Table 6.15: Model fit indices for structural model

Fit Indices	Threshold	Results for Fit Indices	Decision
Chi-square (CMIN/DF) value (χ2/df)	>3	2.084	Acceptable
Comparative Fit Index (CFI)	>0.9	0.914	Acceptable
Incremental Fit Index (IFI)	>0.9	0.915	Acceptable
Tucker-Lewis Index (TLI)	>0.9	0.908	Acceptable
Goodness of Fit Index (GFI)	>0.9	0.853	Adequate
Random Measurement of Standard Error Approximation (RMSEA)	<0.080	0.047	Acceptable

Source: Researcher's own compilation (2018).

After attaining a good fit of the model, the path analysis was conducted, where each relationship between the latent constructs within the hypothesised model was examined. The hypothesised relationships were estimated using AMOS 24. Figure 6.9 and Table 6.16 presents the results of the path analysis. For clarity, the presentation of the results from AMOS had to be modified and adjusted without covariances in order for estimates to be identifiable and visible. The final model was run with covariances as per table below. The final version as presented in AMOS with covariances is shown in Appendix E.

RI	CP	CA	CS	CE	CR
e9<-->e10	e17<-->e19	e38<-->e39	e47<-->e49	e20<-->e21	e29<-->e30
e4<-->e5		e39<-->e40		e20<-->e22	e32<-->e33
e2<-->e3		e41<-->e44			e34<-->e35
e1<-->e3					e35<-->e36

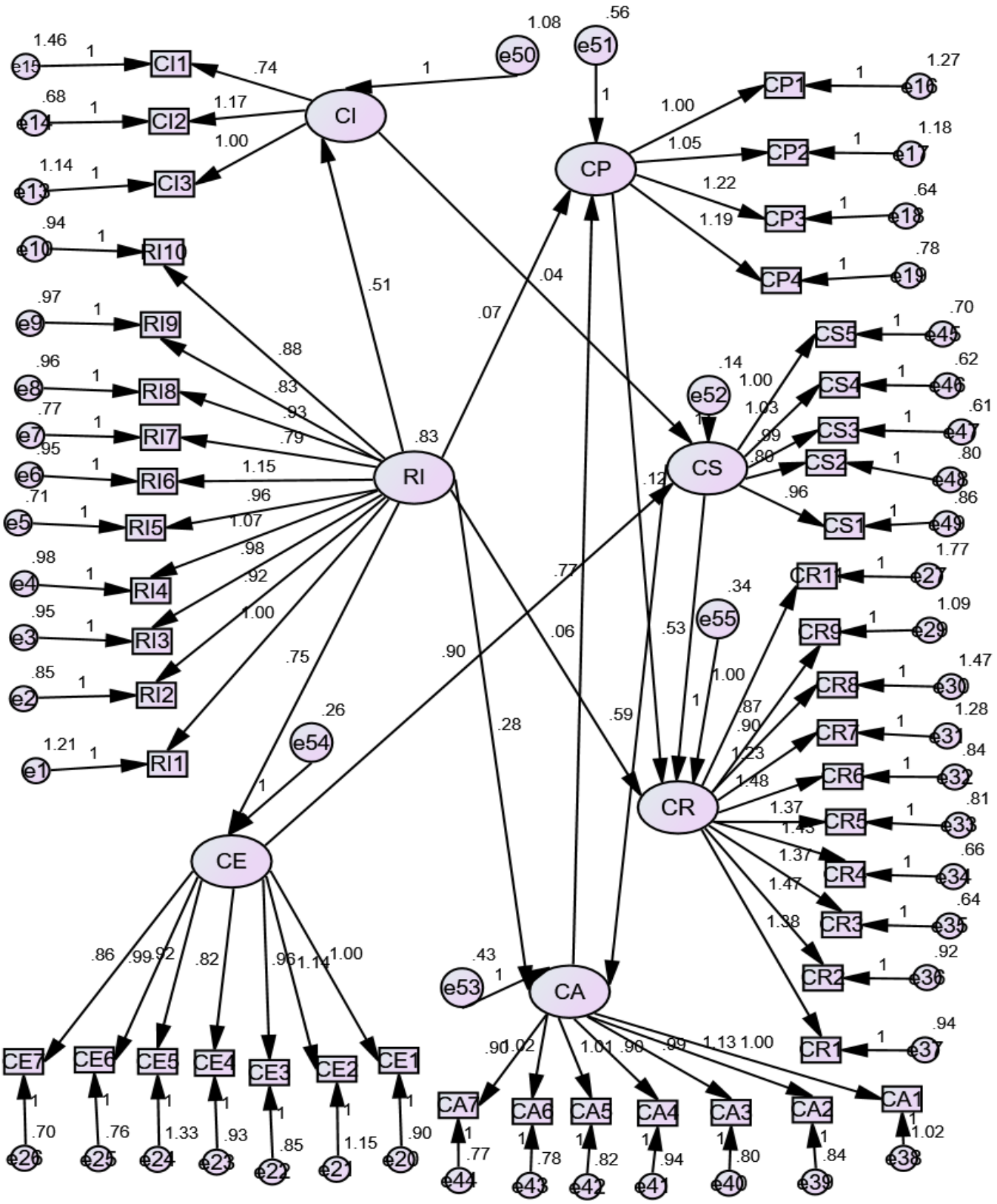


Figure 6.10: Conceptual model results

Source: Researcher's own compilation (2018).

Table 6.16: Hypotheses results and path significance

Structural Paths	Hypotheses	Path Coefficients (β)	P-value	Assessment (significant @ *** p<0.001; **p<0.01)
RI→CR	H1	0.115	0.127^{ns}	Not supported and not significant
RI→CI	H2	0.597	***	Supported and significant at *p<0.001*
RI→CP	H3	0.116	0.150^{ns}	Not supported and not significant
RI→CA	H4	0.415	***	Supported and significant at *p<0.001*
RI→CE	H5	0.832	***	Supported and significant at *p<0.001*
CI→CS	H6	0.032	0.275^{ns}	Not supported and not significant
CP→CR	H7	0.115	0.002**	Supported and significant at *p<0.01*
CA→CP	H8	0.753	***	Supported and significant at *p<0.001*
CS→CA	H9	0.460	***	Supported and significant at *p<0.001*
CE→CS	H10	0.951	***	Supported and significant at *p<0.001*
CS→CR	H11	0.505	***	Supported and significant at *p<0.001*

Note: significant @ *** p<0.001; **p<0.01; (^{ns}):not significant; RI-Retailer Innovation; CI-Consumer Innovativeness; CP-Consumer Participation; CA-Consumer Advocacy; CA-Consumer Experience; CS- Consumer Satisfaction; CR- Consumer Retention

Source: Researcher's own compilation (2018).

Table 6.16 presents the path significance of each hypothesised relationship in the research model (Figure 6.9). Eight of the eleven hypotheses were supported and significant, at p<0.001 and p<0.01. The remaining three hypotheses were not supported and not significant.

6.6.1 Hypotheses testing

This section presents the results attained from the Structural Equation Model (SEM) Analysis, as shown in Figure 6.9 and Table 6.16.

- *H1*: Retailer innovation has a significant positive relationship with consumer retention in small independent retail stores.

The findings for H1 indicated that the relationship between retailer innovation and consumer retention was not significant (β=0.115; p=0.127). Therefore, based on these findings, H1 was not supported. This indicated that the small independent retail store innovation did not influence consumer retention directly.

- H2: Retailer innovation has a significant positive relationship with consumer innovativeness in small independent retail stores.

The results for H2 demonstrated that there was a statistically significant positive relationship between retailer innovation and consumer innovativeness (β=0.597; p<0.001). H2 was therefore supported. This indicated that small independent retail store innovation influenced consumers to be innovative. Consumers therefore were more likely to try new products or services introduced if the small independent retailer constantly innovates.

- H3: Retailer innovation has a significant positive relationship with consumer participation in small independent retail stores.

According to the results, the relationship between retailer innovation and consumer participation was not significant (β=0.0.116; p=0.150). H3 was therefore not supported. In other words, retailer innovation within the small independent retail stores did not positively influence consumers to participate in the product or service delivery process.

- H4: Retailer innovation has a significant positive relationship with consumer advocacy in small independent retail stores.

The results of the path analyses revealed that there was a positive and statistically significant relationship between retailer innovation and consumer advocacy

(β=0.415; p<0.001). Consequently, H4 was supported, which pointed out that when the small independent retail store innovated, it was more likely that the innovation would motivate consumers to become store advocates.

- H5: Retailer innovation has a significant positive relationship with consumer experience in small independent retail stores.

The findings disclosed that retailer innovation indeed had a statistically significant relationship with consumer experience (β=0.832; p<0.001), which was the second strongest relationship out of all the hypotheses. This relationship signified that for consumers to have a pleasurable experience within the small independent retail stores, it was important that these retailers focused on innovating their stores to meet consumers' changing needs and demands.

- H6: Consumer innovativeness has a significant positive relationship with consumer satisfaction in small independent retail stores.

The results showed that the relationship between consumer innovativeness and consumer satisfaction was not significant (β=0.032; p=0.275). As a result, H6 was not supported, which meant that even though consumers were willing to try new products and services, that alone did not lead to them being satisfied with the small independent retailer.

- H7: Consumer participation has a significant positive relationship with consumer retention in small independent retail stores.

Consumer participation positively and significantly influenced consumer retention (β=0.115; p<0.01). Therefore, H6 was supported. This relationship indicated that consumers within the small independent retail context were more likely to be retained if the retail store allowed them to be a part of the product or service delivery process.

- H8: Consumer advocacy has a significant positive relationship with consumer participation in small independent retail stores.

The results indicated that there was a statistically significant positive relationship between consumer advocacy and consumer participation (β=0.753; *p<0.001*), demonstrating that H8 was supported. This meant that the more consumers became advocates for the small independent retailer, the more likely they were to participate in the product or service delivery process.

- H9: Consumer satisfaction has a significant positive relationship with consumer advocacy in small independent retail stores.

The relationship between consumer satisfaction and consumer advocacy was also proven to be statistically significant (β=0.460; *p<0.001*). H9 was therefore supported. This meant that consumers who were satisfied were more likely to act as advocates for the small independent retailer.

- H10: Consumer experience has a significant positive relationship with consumer satisfaction in small independent retail stores.

The results of the path analysis indicated that the relationship between consumer experience and consumer satisfaction was statistically significant (β=0.951; *p<0.001*). This relationship was the strongest of all the tested hypotheses. In view of this, H10 was supported. In other words, pleasurable store experiences led to consumer satisfaction.

- H11: Consumer satisfaction has a significant positive relationship with consumer retention in small independent retail stores.

Finally, the results also confirmed the positive and significant relationship between consumer satisfaction and consumer retention (β=0.505; *p<0.001*). These findings justified support of H11. Based on this outcome, in order for small independent retailers to retain their customers, they first needed to make sure that they were fully satisfied with the store.

6.6.2 Mediation assessment

After attaining acceptable fit of the structural model, as proposed by Hanaysha (2018), the mediation test was conducted by assessing the direct and indirect effects among constructs. In support of the bootstrapping technique are Shrout and Bolger (2002, cited in Hanaysha, 2018), who stated that it is appropriate to use the bootstrapping method, and its significance appears in testing the indirect path relationships as it has a distribution that is skewed away from zero (Hanaysha, 2018). Given that mediation models are best assessed in a structural equation modelling (SEM) framework, AMOS was used to perform the percentile bootstrap technique to test the total indirect effects, since the proposed model for this study consisted of multiple mediation. Furthermore, when estimating the confidence intervals (CI) of indirect relationships, the bootstrapping method produces more accurate and precise results (Hanaysha, 2018).

Since a large number of bootstrap replications are required in the bootstrapping technique to attain reliability, as recommended by numerous scholars (Banjanovic & Osborne, 2016; Barragan & Dweck, 2014; Hill et al., 2016; Reinders & Bartels, 2017; Söderlund, 2018; Streukens & Leroi-Werelds, 2016), this study used the bootstrap technique (5 000 bootstrap samples) with 95 per cent bias-corrected confidence intervals (CI). The technique was used to assess the mediating effect of consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction. These mediators were assessed to determine their effect on the relationship between the independent construct (retailer innovation) and the outcome construct (consumer retention). Table 6.17 presents the results.

Table 6.17: Mediation test results

Bootstrapping (BC 95% CI)				
Mediation and Influence Tested	**SE**	**Lower Bound**	**Upper Bound**	**P-value (significant @ *** p<0.001; **p<0.01)**
H12: RI → CI → CS → CR	0.010	-0.010	0.032	0.309 ^{ns}
H13: RI → CP → CR	0.007	-0.003	0.029	0.133 ^{ns}
H14: RI → CA → CP → CR	0.019	0.011	0.090	p<0.01
H15: CS → CA → CP → CR	0.020	0.013	0.093	p<0.01
H16: RI → CE → CS → CR	0.096	0.246	0.639	p<0.001

Note: significant @ *** p<0.001; **p<0.01; (^{ns}):not significant; RI-Retailer Innovation; CI-Consumer Innovativeness; CP-Consumer Participation; CA-Consumer Advocacy; CA-Consumer Experience; CS- Consumer Satisfaction; CR- Consumer Retention

Source: Researcher's own compilation (2018).

Inclusively, the results as displayed in Table 6.17 indicated that the mediated effect of consumer advocacy and consumer participation between retailer innovation and consumer retention was significant (p<0.01). Therefore, full mediation existed. Moreover, the serial-multiple mediating effect of consumer satisfaction, consumer advocacy and consumer participation between retailer innovation and consumer retention was also significant (p<0.01). Consequently, full mediation was supported. Furthermore, the multiple mediating effect of consumer experience and consumer satisfaction between retailer innovation and consumer retention was significant (p<0.001). However, the mediating effect of consumer participation between retailer innovation and consumer retention was insignificant (p<0.149). In addition, the mediating effect of consumer innovativeness and consumer satisfaction between retailer innovation and consumer retention was also insignificant (p<0.304).

6.7 Conclusion

This chapter presented findings attained from the primary data collected on the effects of retailer innovation on customer retention in small independent retailers. First, the descriptive statistics were presented, followed by the reliability and validity test (CFA analysis), and the model fit assessment using CFA. Lastly, structural

model analysis (model fit and hypotheses tests) results were also presented. In the next chapter, research results are discussed in detail.

Chapter 7: DISCUSSION OF RESULTS

7.1 Introduction

The purpose of this chapter is to discuss the research results as presented in Chapter 6. The chapter is divided into four sections. First the demographic profile is discussed, followed by the descriptive statistics and measurement items. This is followed by a discussion of the hypotheses test results. Before concluding the chapter, the mediation effect results are deliberated.

7.2 Sample Characteristics

The demographic profile and characteristics of the sample included gender, marital status, age, qualification level, occupation, monthly income, and shopping frequency.

7.2.1 Demographic profile and characteristics

According to Tariq, D'Souza and Allaway (2016), demographic variables such as age, gender, family size, occupation, and income are some of the significant predictors of shopping behaviour such as shopping frequency. This was the reason the study focussed on gender, age, income, occupation, marital status, qualification level, and shopping frequency as variables to assist in investigating the effect of retailer innovation on consumer retention within small independent retail stores. Out of the 500 participants who took part in the study, 306 (61 per cent) were females and 194 (39 per cent) were males, which was largely representative of the situation in South Africa, where females are 50 per cent, slightly more than males who represented 49.5 per cent (Kambule, Yessoufou, Nwulu & Mbohwa, 2019). These results are justifiable because according to Kotzé, North, Stols, and Venter (2012), generally female shoppers visit more stores per shopping trip than do male consumers. Moreover, Tariq et al. (2016) asserted that characteristically, females are experts in food and clothing, while males are experts in technology.

Regarding marital status, 251 (50 per cent) participants were single, while 249 (49.8 per cent) were married. Tariq et al. (2016) held that because of the increase in divorce rates and hindered marriages, there has been an increase in single-headed households than households led by couples. This indicated that the small independent retailers also needed to cater for the needs of the single group as more than a half of the sample who participated in the study revealed that they were single. Tariq et al. (2016) argued that a household headed by a single person who is accountable for satisfying the needs of other dependents has to run all the errands ordinarily distributed between the two members in a married household. Although, the married group comprised 49.8 per cent, it was worth noting that both groups are important, as their spending patterns were different.

In terms of the age variable, the majority of the participants (196, 39 per cent) were between the ages of 26 and 35 years, 151 (30 per cent) were aged between 18 and 25 years, while 109 (22 per cent) were between the ages of 36 and 45 years. The remaining 44 (nine per cent) constituted participants 46 years and older. The results supported the findings by the Winsight Grocery Business (2018), which revealed that generation Z shoppers (18 to 21 years of age) and millennials (22 to 36 years of age) average the most grocery shopping trips, when compare to the other groups. Therefore, it was very important that small independent retailers focused on meeting the needs of generation Z and millennials as they made up the majority of the sample that participated in the study.

Concerning qualification, the majority of participants (205, 41 per cent) had high school education, 100 (20 per cent) had a degree, and 95 (19 per cent) had a diploma. About 42 (eight per cent) had postgraduate education and the remaining 58 (12 per cent) indicated other, which could be other certificates, for example short courses. Interestingly, a study conducted by Kambule et al. (2019) within the largest township (Soweto) in South Africa found that close to 80 per cent of the participants either had high school education and tertiary education. These results were consistent with the results of this study, which revealed that in total 84 per cent of the sample that participated in the study had completed high school or tertiary education. To be more precise, 41 per cent of participants had completed high school education and 47 per cent had attained a diploma, degree, or postgraduate

degree. What this means for small independent retailers is that consumers are well informed, more educated and due to this, they have become difficult to persuade (McKinley, 2018).

Nearly half (233, 46.6 per cent) of the participants were employed, with 96 (19 per cent) being self-employed, while 38 (eight per cent) were unemployed. The other 38 (eight per cent) had temporary employment and 85 (17 per cent) indicated that they were students. Taking into consideration the employed and self-employed group, which comprise 66 per cent in total, many consumers who patronise these stores have access to some income. About 181 (36 per cent) of the participants earned less than R5 000 a month, 161 (32 per cent) earned between R5 000 and R10 000, while 115 (23 per cent) earned between R15 000 and R20 000, with the remaining 43 (nine per cent) earning R 20 000 and more. It is not surprising that almost 69 per cent of the participants earned below R10 000. According to Statistics South Africa, in 2017 the annual average household income for black people was R 92 893, approximately R 7 741 monthly (eNCA, 2017).

Regarding the participants shopping behaviour, there was little difference between the participants that shopped monthly (169, 34 per cent) and those that shopped weekly (164, 33 per cent). The remainder either shopped daily (91, 18 per cent) or occasionally (76, 15 per cent). These findings were consistent with those found by SPARK Media (2016), as demonstrated in Figure 7.1. The majority of consumers in townships do most of their shopping once a month, and a small percentage of the consumers shop daily or occasionally as was revealed in this study. This therefore provided valuable information for the small independent retail stores. It was important for these stores to know their consumers' shopping patterns because it would give guidance on when they should focus on introducing innovation to attract new customers and achieve consumer retention.



Figure 7.1: Township consumers' shopping frequency

Source: SPARK Media (2016: 55).

7.3 Descriptive Statistics for Measurement Items

This section presents the descriptive statistics results for each measurement item per construct.

7.3.1 Retailer innovation (RI)

The overall mean of items that measured the construct was 5.35. This signifies that the majority of participants perceived the small independent retailers to be innovative. For example, more than 50 per cent of the participants agreed that small independent retail stores in townships had a refreshing, unique, and advanced environment that catered to their individual needs. This is the first step towards the success of the small independent retailers. Ligthelm (2012, cited in Strydom, 2015) found evidence that owners of small businesses in Soweto township who are involved in customer services and innovation, were more likely to succeed.

Innovative retail stores are also capable of attracting customers, especially through enhancing the presentation of products to generate sales (Botschen & Wegerer, 2017). This is consistent with the current findings. More than 50 per cent of the participants indicated that the small independent retailers arranged products in a customer friendly manner and that it was easy to navigate the stores. These results

justified why consumers patronise small independent retail stores. According to Moliner-Velázquez et al. (2018), retail innovation is an important strategy to satisfy and retain consumers.

7.3.2 Consumer innovativeness (CI)

Concerning items that measured consumer innovativeness, the results revealed that the mean scores were between 4.81 and 5.15. This meant that the participants generally perceived themselves to be innovative and willing to try new products and services. For instance, 54.4 per cent of participants agreed that they liked trying new and different things. These are insightful findings for the small independent retailer because this meant that consumers were open to trying new products and services. Jürgensen and Guesalaga (2018) asserted that consumers who consider themselves as innovative are willing to assist in stimulating others in order for a product and service innovation to be a success. It is also important to note that consumers in townships are highly aspirational and tend to persuade others to buy products, especially when they consider them valuable and beneficial (Africa Business Insight, 2015).

7.3.3 Consumer participation (CP)

The findings for items used to measure consumer participation presented a mean score between 4.80 and 4.95, which are close to five. This implies that to a certain extent, the participants found the small independent retailers to value consumer inputs. For example, although not a significant number (15 per cent) strongly agreed, about 63.4 per cent of the participants partially agreed that the stores sought advice from consumers to improve service delivery. This showed that consumer participation is important for small independent retailers because it is associated with service quality and satisfaction in the long-run (Yeh, 2016). In agreement with this view is Ennew et al. (2015), who suggested that, allowing consumers to interact within the product and service offering, the retailer achieves high levels of innovation and satisfaction.

7.3.4 Consumer advocacy (CA)

Regarding consumer advocacy, the participants generally agreed that the small independent retail stores treated them as trusted consultants and advisors on behalf of the store. This is evidenced by the overall mean of 5.23. More than 50 per cent of the participants were positive about the following statements concerning the stores: the ability to strive to increase efficiency in service; providing consumers with information that enabled them to choose among various options; supplying consumers with tools to solve their problems. Although, not a significant number, 41 per cent of the participants indicated that the store enabled them to share information about their experiences.

Taking into account the participants that slightly agreed (28.4 per cent), pushes the total to 69.4 per cent, which indicated that the participants generally find the stores to allow them to share experiences about products and services consumed. Scholars, Roy et al. (2014) argued that consumer advocacy is an effective strategy to empower consumers, gain their trust and loyalty. Moreover, it is important to pay attention to consumer advocates because Chang et al. (2013) believed that these consumers contribute to quickly detecting problems and providing informed solutions to lessen the effect of negative word of mouth messages.

7.3.5 Consumer experience (CE)

The analysis for the measurement items used to measure consumer experience demonstrated that the participants were positive about the existence of pleasurable consumer experience within small independent retail stores. The overall mean was 5.49. More than half of the participants indicated that the products offered in the stores were of good quality. More than 50 per cent indicated that the employees of the stores were always willing to help. More than half specified that the location of the store was convenient to their needs. Furthermore, more than 50 per cent found the store provided a variety of products with a user-friendly layout.

Additionally, the majority of the participants found that the stores offered value for money and that the stores ran promotions regularly. The findings confirmed the reason the participants patronising small independent retail stores. In line with these

findings is Keiningham et al. (2017), who proposed that the ultimate goal for improving customer experience is to encourage a consumers' commitment to a store. Consumer experience however, is achieved through cognitive, emotional, physical, and social responses (Keiningham et al., 2017; Lemon & Verhoef, 2016). For example, the social dimension of experience focusses on the direct interaction between consumers and store employees (Bustamante & Rubio, 2017), which the participants of the current study found existent and positive.

7.3.6 Consumer satisfaction (CS)

The overall mean for the measurement items used to measure consumer satisfaction was 5.69, which indicated that the participants generally agreed with the statements. For instance, the majority of participants stated that the stores had a good selection of products and a good reputation. Moreover, more than 50 per cent of the participants stated that they were generally satisfied with the small independent retail stores. Satisfied consumers provided an indication of how much the small independent retail stores were successfully meeting consumer demands (Rana et al., 2014). Moreover, according to Meesala and Paul (2018), satisfaction determines whether the performance of a product or service has exceeded consumer's expectations. Judging from the results of the items that measured consumer satisfaction, the participants' product and service expectations were exceeded.

7.3.7 Consumer retention (CR)

The overall mean computed for consumer retention was 5.13. This signified that the statements' responses for this construct were positive. More than half of the participants indicated that they felt loyal towards the small independent retailers. More than 50 per cent of the participants stated that they did most of their shopping at these stores. Additionally, participants specified that they intended to continue shopping at the stores over the next few years. This shows that the participants were willing to commit to the retailer. Primarily, retained consumers stay loyal due to the commitment to and trust of an organisation (Sharmeela-Banu et al., 2012).

Therefore, retaining consumers is a key objective for retailers, given the extremely competitive market environment in which they operate (Dao & Yang, 2014).

7.4 Discussion of Conceptual Model Results

The proposed conceptual model aimed to investigate the effects of retailer innovation on consumer retention in small independent retailers trading within the township economy. This section therefore presents the discussion of the results attained from the hypotheses testing.

7.4.1 Retailer innovation and consumer retention

- *H1*: Retailer innovation has a significant positive relationship with consumer retention in small independent retail stores.

The results for this hypothesis test showed that the relationship between retailer innovation and consumer retention was not statistically significant (β=0.115; p=0.127). This outcome therefore indicated that participants did not consider innovation by the small independent retailer as the sole reason for them to commit. Moreover, this finding also served as evidence that retailer innovation did not influence consumer retention directly. Findings from a study conducted by Kyei and Bayoh (2017) found a significant relationship between innovation and consumer retention. This is not the case for the small independent retailers, as innovation alone does not lead to retention. Again, literature asserts that, retailer innovation has surfaced as one of the most significant mechanisms to retain consumers (Hristov & Reynolds, 2015, Pantano, 2014; Reinartz et al., 2011; Sundström & Reynolds, 2014), yet this study found this relationship to be statistically non-significant.

An acceptable reason for the non-significance of this direct relationship might be that, for consumer retention to be achieved, retailers must first establish if consumers are satisfied with the innovation. Mahmoud et al. (2018) pointed out that innovation offers businesses an opportunity to satisfy consumers. Likewise, for retention and loyalty of consumers, Bataineh et al. (2015) and Kumar et al. (2017)

argued that retailers should focus on providing an exceptional service. Moreover, according to the Stimulus-Organism-Response (SOR) theory, environmental stimuli influences a customer's emotional response, and in turn their behavioural responses (Izogo & Jayawardhena, 2018; Jang et al., 2018; Lee & Jeong, 2012). Therefore, providing a stimulating and exciting store environment is important because if influences positive consumer responses (Platania et al., 2016; Sachdeva & Goel, 2015; Spence et al., 2014).

Therefore, from the preceding literature it was justified that consumer retention was not only influenced by retailer innovation, but a number of other factors come into play, for example, customer service, and environmental cues such as store atmospherics (colour, temperature, design, and decoration). In summary, retailer retention was not the sole predictor of consumer retention within the small independent retail context.

7.4.2 Retailer innovation and consumer innovativeness

- *H2*: Retailer innovation has a significant positive relationship with consumer innovativeness in small independent retail stores.

For H2, there was a statistically significant ($\beta=0.597$; $p<0.001$) relationship between retailer innovation and consumer innovativeness. This confirmed the role played by innovative small independent retailers in influencing consumers to be innovative. This indicated that consumers were more likely to try new products and services introduced if the small independent retailer constantly innovates. In accordance with prior studies, Henry (2008) specified that consumers who perceive themselves as innovative often desire to obtain information about new different products and services. This argument is also justified by Zhang and Hou (2017), who proposed that consumer innovativeness is a plausible personality trait, that is, a consumer's desire to try new things (in this instance, innovative products or services initiated by the retailer). In line with the findings, Leicht et al. (2018) confirmed that consumer innovativeness is influenced by a consumer's desire for uniqueness, stimulation, and different experiences, which are agreed by the small independent retailer.

These findings are also justified by the Theory of Trying (1990), which stated that innovative individuals are always willing to try out new information.

Moreover, innovative consumers can assist to activate strategies required for an innovation to be a success (Jürgensen & Guesalaga, 2018). Small independent retailers can therefore benefit from activities (innovation) that increase consumer innovativeness. According to Kunz et al. (2011), innovative customers assess innovation as a positive characteristic of the retailer. Furthermore, innovative consumers are fascinated by an innovative image of a specific retailer, which may ultimately be the primary reason for their patronage (Lin, 2016). A study by Lin (2016) further confirmed that in order to attract innovative consumers, retailers must constantly improve on retail innovation. This therefore implied that, if small independent retailers continue innovating, it was more likely that they will increase store traffic, as suggested by Lin (2016), through capturing innovative consumers.

7.4.3 Retailer innovation and consumer participation

- *H3*: Retailer innovation has a significant positive relationship with consumer participation in small independent retail stores.

Although the study predicted a significant positive relationship between retailer innovation and consumer participation, the results confirmed this hypothesis to be statistically non-significant (β=0.0.116; p=0.150). This finding suggested that retailer innovation did not influence consumer participation in small independent retail stores. Surprisingly, according to Ngo and O'Cass (2013), innovation and consumer participation is one of the key relationships that lead to firm performance, which signifies a positive relationship between the two constructs. Similarly, Bellingkrodt and Wallenburg (2015) stated that innovative firms are able to closely observe their consumers and interact with them to discover their needs.

Furthermore, Ngo and O'Cass (2013) found that innovation positively influences consumer participation. However, this was not the case in the results of this study. Several potential explanations for this non-significant relation were identified. First, Mustak et al. (2013) stated that consumer participation encompasses relationship building and information exchange. According to the results, although the majority

of participants generally agreed that the small independent retailers were innovative, less than half agreed that the stores sought to build relationships with customers, which justified this negative relationship. Second, although the participants perceived the stores to be innovative, less than half agreed that the stores provided an opportunity for information sharing and exchange with customers.

Both the above justifications for the non-significant relationship could be attributed to Mustak et al. (2016), who stated that there is a positive relationship between firms with a supportive organisational cultural structure and consumer participation. What this meant for the small independent retailers was that within their innovative activities, they must ensure that the service staff members are empowered to empower consumers. Contrarily, it is necessary to point out that consumer participation could be attributed to other dimensions such as demographic features (age, gender, education, and employment status), level of consumers' happiness, and consumer orientation (Gallan et al., 2013; Mustak et al., 2016; Parrado et al., 2013).

*7.4.4 **Retailer*** innovation and consumer advocacy

- *H4*: Retailer innovation has a significant positive relationship with consumer advocacy in small independent retail stores.

The results indicated that retailer innovation strongly and significantly supported and influenced consumer advocacy ($\beta=0.415$; $p<0.001$). This implied that retailer innovation was a significant predictor of consumer advocacy. These findings were in line with findings of prior studies, which recognised that retailers who show abilities to innovate tend to enable consumer advocacy (Yeh, 2016). Within the small independent retailing context, advocacy was important as these retailers fundamentally depend on referrals by word of mouth to incentivise their promotional strategies (McGuinness & Hutchinson, 2013). Additionally, consumers who had already experienced the store (innovative services) were more willing to advocate for the store as long as they had a satisfactory store experience (Shailesh & Reddy, 2016). Another study conducted by Yeh (2015) confirmed a strong relationship

between service innovation and consumer advocacy. This indicated that to strengthen consumer advocacy, small independent retail stores reinforced innovative activities.

7.4.5 Retailer innovation and consumer experience

- *H5*: Retailer innovation has a significant positive relationship with consumer experience in small independent retail stores.

Findings from the analysis indicated a statistically significant positive relationship between retailer innovation and consumer experience ($\beta=0.832$; $p<0.001$). In accordance with these findings previous studies found that innovation had a significant effect on consumer experience (Su, 2011). Lewrick et al. (2015) stated that innovation represents the core elements to develop more satisfying customer shopping experiences. Similarly, McGuinness and Hutchinson (2013) suggested that independent grocery stores could introduce practical changes (innovate) to in-store environment in order to enhance consumer shopping experiences. In summary, in order for small independent retailers to offer pleasurable consumer experience, they need to ensure that they continuously innovate in order to meet the changing demands and needs of consumers.

7.4.6 Consumer innovativeness and consumer satisfaction

- *H6*: Consumer innovativeness has a significant positive relationship with consumer satisfaction in small independent retail stores.

Consumer innovativeness did not significantly influence consumer satisfaction ($\beta=0.032$; $p=0.275$). Previous studies found that consumer innovativeness significantly influenced consumer satisfaction, and intention to recommend (Oh, 2016). Al-Jabri and Sohail (2012) attested that consumer satisfaction transpires after the trial of new products and services. Correspondingly, Alan et al. (2017) affirmed that a consumer's sense of satisfaction takes place after the initial trial of a product and service. Although prior studies have found this relation to be significant,

it is important that possible reasons for this not being the case in the present study be identified.

According to Yoo and Park (2016), consumer satisfaction is determined by a consumer's reaction to a retailer's product or service offering. In relation to the current study, the non-significant relation could be because less than half of participants agreed that they felt at ease trying new things. This meant that if a small number of the sample agreed and were neutral, it affected consumers' satisfaction levels on the innovation, since they had to try it first. This meant that there cannot be a chance for consumers to compare the retailer's product or service's actual and expected performance, which is largely influenced by satisfaction.

The non-significance of this relationship was further justified by the Diffusion of Innovation (DOI) theory, which states that innovation takes time to diffuse as users of the innovation go through a series of decision-making activities. Therefore, for innovation to influence consumer innovativeness, certain factors must be considered, such as awareness of the adoption, information search, evaluation of the innovation, and trial, before adoption takes place. Moreover, Meesala and Paul (2018) argued that consumer post-purchase evaluation is also important as it determines how much the consumer likes or dislikes the innovation.

7.4.7 Consumer participation and consumer retention

- *H7*: Consumer participation has a significant positive relationship with consumer retention in small independent retail stores.

Consumer satisfaction was found to impact positively on consumer retention ($\beta=0.115$; $p<0.01$). This implied that consumer participation was a predictor of consumer retention. In other words, small independent retail stores were able to retain consumers through making provision for consumer participation. Although, according to Apenes Solem (2016), consumer participation produces short-term positive effects, and does not influence long-term satisfaction and loyalty. However, Zhang et al. (2015) found that participation has a significant effect on brand loyalty. Furthermore, Iruka and Ateke (2014) confirmed that adequately implemented consumer participation practice is an important precondition for achieving consumer

retention. With this view in mind, small independent retailers could establish and nurture efficient and effective long-term consumer relationships. Retaining consumers means that a firm has to maintain an established consumer relationship (Hongyi & Man, 2011).

7.4.8 Consumer advocacy and consumer participation

- *H8*: Consumer advocacy has a significant positive relationship with consumer participation in small independent retail stores.

The results revealed a significant ($\beta=0.753$; $p<0.001$) relationship between consumer advocacy and consumer participation. Therefore, it was confirmed that consumer advocacy was an antecedent of consumer participation. This finding corresponds with prior studies that found a direct positive relationship between customer advocacy and customer participation (Yeh, 2016). Song and Hollenbeck (2015) proposed that service based businesses must actively involve consumer advocates. This in turn stimulates consumer participation. Yeh (2016) further argued that participation provides an opportunity to engage in beneficial exchanges with consumers in an effective and efficient constructive dialogue. Therefore, it is not surprising that the results of the present study revealed a significant relationship between consumer advocacy and consumer participation. This indicated that the small independent retailer strengthens consumer advocacy in order to elevate consumer participation.

7.4.9 Consumer satisfaction and consumer advocacy

- *H9*: Consumer satisfaction has a significant positive relationship with consumer advocacy in small independent retail stores.

The results for this hypothesis confirmed a significant positive relationship between consumer satisfaction and consumer advocacy ($\beta=0.460$; $p<0.001$). These findings corresponded with those of prior studies that identified consumer satisfaction as having a positive influence on consumer advocacy (Susanta et al., 2013 cited in Afridi & Khattak., 2015). Additionally, Shailesh and Reddy (2016) affirmed that

consumer satisfaction has a significant positive influence on a customer's readiness to recommend a good experience. Based on the current findings, it was evident that small independent retailers satisfied their customers, which in turn influenced consumer advocacy. This meant that satisfied consumers could easily be encouraged to be part of the service or product offering dialogue or exchange of information with the service provider in order to better their experience. According to Meng and Han (2018), satisfied consumers are willing to repurchase, and spread positive word of mouth messages.

7.4.10 Consumer experience and consumer satisfaction

- *H10*: Consumer experience has a significant positive relationship with consumer satisfaction in small independent retail stores.

The significant positive influence of consumer experience on consumer satisfaction was the strongest of all the hypothesised relationships (β=0.951; $p<0.001$). It confirmed the role played by small independent retailers in ensuring a pleasurable consumer experience in order to satisfy consumers. In accordance with these findings are scholars Kranzbühler, Kleijnen, Morgan, and Teerling (2018), who stated that a favourable consumer experience positively affects marketing relevant outcomes, including consumer satisfaction and loyalty. Pizam et al. (2016) validated this relationship by revealing that consumer satisfaction is an outcome resulting from the consumption experience. Moreover, evidence from a study conducted by Murphy et al. (2011) found that experience is a predictor of consumer satisfaction within the retail context. Therefore, the findings of the present study confirmed that small independent retailers strived to offer their consumers unique shopping experiences in order to satisfy them. This provided a justification for prior literature, which indicated that retailers recognised the importance of managing consumer experience, as it is crucial to heighten consumer satisfaction (Evanschitzky et al, 2015). It was established from the results that consumer experience was an antecedent of consumer satisfaction, which is in line with the observations of Lin and Bennett (2014).

7.4.11 Consumer satisfaction and consumer retention

- *H11*: Consumer satisfaction has a significant positive relationship with consumer retention in small independent retail stores

Lastly, the results also confirmed a significant positive relationship between consumer satisfaction and consumer retention (β=0.505; *p<0.001*). Donthu and Sibley (2015) stated that the key to retaining consumers is through ensuring that they are satisfied. Furthermore, Darzi and Bhat (2018) also suggested that there is a higher retention rate when consumers are satisfied. Other scholars (Han, Kim, Lee & Kim, 2018; Lin & Bennett, 2014; Syaqirah & Faizurrahman, 2014), also stressed the prominent role of consumer satisfaction in activating positive post-purchase behaviours such as repurchase intentions. Findings by Darzi and Bhat (2018) further confirmed that consumer satisfaction has a significant positive effect on consumer retention. Therefore, the empirical analysis results of the present study implied that small independent retailers concentrated on consumer satisfaction in order to retain consumers. This seems to be the view of Agolla et al, (2018), who affirmed that satisfying consumers assists firms to retain them.

Table 7.1: Summary of research hypotheses results

Hypotheses		Result
H1	Retailer innovation has a significant positive relationship with consumer retention in small independent retail stores.	Not supported and not significant
H2	Retailer innovation has a significant positive relationship with consumer innovativeness in small independent retail stores.	Supported and significant at p<0.001
H3	Retailer innovation has a significant positive relationship with consumer participation in small independent retail stores.	Not supported and not significant
H4	Retailer innovation has a significant positive relationship with consumer advocacy in small independent retail stores.	Supported and significant at p<0.001
H5	Retailer innovation has a significant positive relationship with consumer experience in small independent retail stores.	Supported and significant at p<0.001
H6	Consumer innovativeness has a significant positive relationship with consumer satisfaction in small independent retail stores.	Not supported and not significant
H7	Consumer participation has a significant positive relationship with consumer retention in small independent retail stores.	Supported and significant at p<0.01

Hypotheses		Result
H8	Consumer advocacy has a significant positive relationship with consumer participation in small independent retail stores.	Supported and significant at p<0.001
H9	Consumer satisfaction has a significant positive relationship with consumer advocacy in small independent retail stores.	Supported and significant at p<0.001
H10	Consumer experience has a significant positive relationship with consumer satisfaction in small independent retail stores.	Supported and significant at p<0.001
H11	Consumer satisfaction has a significant positive relationship with consumer retention in small independent retail stores.	Supported and significant at p<0.001

Source: Researcher's own compilation (2018).

7.5 Discussion of Mediation Assessment Results

The current study provided support for the proposition that multiple mediators perform a mediating role between retailer innovation and consumer retention. The conceptual model proposed a direct effect of retailer innovation and consumer retention. However, this relationship was also mediated through consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction. This paper aimed to investigate the effects of retailer innovation on consumer retention in small independent retailers. To assess the mediation effect, a bootstrapping procedure (5 000 bootstrap samples) with 95 per cent bias-corrected confidence intervals (CI) was conducted.

The results of the procedure revealed that the indirect effect of consumer experience and consumer satisfaction between retailer innovation and consumer retention was significant (p<0.001). This was the strongest mediation and implied that through pleasurable consumer experience and satisfaction, small independent retailers' innovation has a positive effect on consumer retention. The importance of consumer experience (Mohd-Ramly & Omar; 2017; Voorhees et al., 2017), and consumer satisfaction (Ihtiyar et al., 2014; Meng & Han, 2018) in retail environment have been emphasised as they assist in increasing consumer retention. Kranzbühler (2018) affirmed that a favourable consumer experience positively influences consumer satisfaction and loyalty.

Furthermore, the serial mediating effect of consumer satisfaction, consumer advocacy and consumer participation between retailer innovation and consumer retention was statistically significant ($p<0.01$). This implied that the higher the consumer satisfaction levels, the higher the consumer advocacy, which led to consumer participation and in turn consumer retention. In other words, the results revealed that consumers were satisfied with the small independent retailer and therefore had the potential to become advocates for the store. Through this positive outcome, consumers become valuable participants by becoming co-creators of the product or service offering. When consumers become comfortable with the relationship with the service provider, they tend to support that service provider (Hsiao et al. 2015). Satisfied consumers tend to spread positive word of mouth messages (Meng & Han, 2018).

The analysis also confirmed that the multiple mediation effect of consumer advocacy and consumer participation between retailer innovation on consumer retention was statistically significant ($p<0.01$). This meant that through consumer advocacy and participation, the small independent retailer innovation influenced consumer retention. As previously stated by Roy et al. (2014), consumer advocacy is an effective means to empower consumers. Knowledge is therefore a fundamental component in a consumer's enthusiasm to participate in the production of goods and services (Olsen & Mai, 2013). Yeh (2016) stated that retailers, who focus on increasing consumer participation, are more likely to develop superior service capabilities in order to retain consumers.

The single mediating effect of consumer participation between retailer innovation and consumer retention was however non-significant ($p<0.149$). Although, consumer participation resulted in a range of positive outcomes for both service providers and consumers (Mustak et al., 2016), this was not the case for the mediation effect. A plausible justification might be that consumer participation is also strongly influenced by consumer advocacy as explained in the preceding mediation. Moreover, the mediating effect of consumer innovativeness and consumer satisfaction between retailer innovation and consumer retention was also non-significant ($p<0.304$). This meant that consumer innovativeness and consumer satisfaction together do not mediate the relationship between retailer innovation and

consumer retention. A reasonable explanation might be that consumers had to first experience the innovation of the small independent retailer. Thereafter, evaluate it against their expectations, and then decide if they are satisfied with the innovation. Meesala and Paul (2018) confirmed that through post-purchase evaluations, consumers could determine how much they like or dislike a product or service.

Table 7.2: Summary of mediation test results

Mediation and Influence Tested	P-value (significant @ *** p<0.001; **p<0.01)
H12: RI → CI → CS → CR	0.309 ^{ns}
H13: RI → CP → CR	0.133 ^{ns}
H14: RI → CA → CP → CR	p<0.01
H15: CS → CA → CP → CR	p<0.01
H16: RI → CE → CS → CR	p<0.001

Note: significant @ *** p<0.001; **p<0.01; (^{ns}):not significant; RI-Retailer Innovation; CI-Consumer Innovativeness; CP-Consumer Participation; CA-Consumer Advocacy; CA-Consumer Experience; CS- Consumer Satisfaction; CR- Consumer Retention

Source: Researcher's own compilation (2018).

7.6 Conclusion

The purpose of this chapter was to discuss the results presented in Chapter 6. The chapter started by analysing the demographic profile of the sample looking at gender, marital status, age, qualification level, occupation, monthly income, and shopping frequency. This was followed by a discussion of the descriptive statistics for the measurement items. Thereafter, the hypotheses test and mediation effect results were discussed. Finally, the next chapter provides the conclusions and recommendations of the study.

Chapter 8: CONCLUSIONS AND RECOMMENDATIONS

8.1 Introduction

The aim of the study was to investigate the influence of retailer innovation on consumer retention in small independent retailers. This chapter therefore, aims to present the conclusions drawn from the findings of the analysis in support of the aim of the study. An overview of the main findings is highlighted in this chapter, followed by a discussion of the contributions of the study to the literature and the study's limitations. Lastly, recommendations for future research are outlined.

8.2 Conclusions Based on Research Objectives

Before drawing conclusions on research objectives, it is important to reiterate the research problem of the study. In the South African township economy, small independent retailers continue to decrease, and are under threat, due to increased competition by national supermarket chains (Das Nair & Chisoro, 2015; DED, 2015; Khare, 2014; Strydom, 2014). These national chains have the capacity to innovate and develop smaller versions of their successful supermarkets in order to service both the rural and township market (Strydom, 2014).

The lack of innovation is proclaimed as the biggest challenge that causes a high failure rate of small businesses operating in the retail industry (Jere et al., 2015). This in turn threatens the continued existence of these retailers, leaving them with fewer consumers. Therefore, it is important to understand the relationship between retailer innovation and consumer retention in small independent retailers. Second, it is imperative to understand how other constructs such as consumer innovativeness, participation, advocacy, experience, and satisfaction facilitate this relationship.

To address the research problem and fulfil the aim of the study, the research objectives were formulated as follows:

(1) To examine the influence of retailer innovation on consumer retention, consumer innovativeness, consumer participation, consumer advocacy, and consumer experience in small independent retailers;

(2) To determine the impact of consumer innovativeness on consumer satisfaction in small independent retailers;

(3) To estimate the effect of consumer participation on consumer retention in small independent retailers;

(4) To assess the influence of consumer satisfaction and consumer advocacy in small independent retailers;

(5) To determine the influence of consumer advocacy and consumer participation in small independent retailers;

(6) To estimate the effect of consumer experience on consumer satisfaction in small independent retailers; and

(7) To examine the impact of consumer satisfaction on consumer retention in small independent retailers.

(8) To test the mediation effect of consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction in small independent retailers.

The subsections that follow discuss the conclusions drawn from the above research objectives to address the research problem and fulfil the aim of the study.

8.2.1 Research objective 1

Examining the influence of retailer innovation on (i) consumer retention, (ii) consumer innovativeness, (iii) consumer participation, (iv) consumer advocacy, and (v) consumer experience in small independent retailers.

In accordance with the first objective of the study, the following hypotheses were formulated and empirically tested:

- *H1*: Retailer innovation has a significant positive relationship with consumer retention in small independent retail stores.

The results revealed that retailer innovation did not influence consumer retention. This indicated that consumers did not find the innovation of the small independent retailer as the sole reason for them to commit. Although it is stressed in literature that retailer innovation is an important mechanism to elevate consumer retention (Hristov & Reynolds, 2015, Pantano, 2014; Reinartz et al., 2011; Sundström & Reynolds, 2014), this study found this relationship to be non-significant. It was concluded that small independent retailers could not only rely on innovation as a strategy to retain consumers. Moreover, since this was a direct relationship, it was concluded that the reason it tested negative was the mediation effect between the two constructs. The next hypotheses explore these relationships.

- *H2*: Retailer innovation has a significant positive relationship with consumer innovativeness in small independent retail stores.

Based on the findings, retailer innovation had a positive influence on consumer innovativeness. Previous studies (Leicht et al., 2018; Zhang & Hou, 2017) also confirmed that consumer innovativeness is influenced by a consumer's desire for unique experiences, which is ultimately stimulated by the small independent retailer through innovation. Furthermore, this hypothesis confirmed that in order to attract innovative consumers, retailers must constantly increase innovation (Lin, 2016). Therefore, it was concluded that consumers are more likely to try new products and services introduced if the small independent retailer constantly innovates.

- *H3*: Retailer innovation has a significant positive relationship with consumer participation in small independent retail stores.

Although the study proposed a significant relationship between retailer innovation and consumer participation, the results confirmed that it was non-significant. Ngo and O'Cass (2013) found that innovation positively influences consumer participation, while Bellingkrodt and Wallenburg (2015) suggested that innovative firms are able to interact closely with consumers to discover their needs. This is not the case within the small independent retail context. According to the results,

consumers indicated that stores did not seek to build relationships with customers. This contradicts the argument put forth by scholars (Mustak et al. (2013), which stated that consumer participation encompasses relationship building and information exchange. Therefore, it was concluded that in order to elevate consumer participation, small independent retailers should supplement their innovative activities by focussing on building relationships with consumers.

- *H4*: Retailer innovation has a significant positive relationship with consumer advocacy in small independent retail stores.

The effect of retailer innovation on consumer advocacy was also positive. Yeh (2016) and Shailesh and Reddy (2016) found that retailers who demonstrate capabilities to innovate tend to strengthen consumer advocacy. Conclusions drawn from this hypothesis were that to strengthen consumer advocacy, small independent retail stores must reinforce innovative activities.

- *H5:* Retailer innovation has a significant positive relationship with consumer experience in small independent retail stores.

The results confirmed that the relationship between retailer innovation and consumer experience was positive; this was one of the strongest relationships. According to Lewrick et al. (2015), through innovation, service providers develop more satisfying customer shopping experiences. Therefore, the conclusion drawn from this finding was that the innovative activities initiated by the retailer influenced pleasurable consumer experiences.

8.2.2 Research objective 2

Determining the impact of consumer innovativeness on consumer satisfaction in small independent retailers.

To address this objective, the following hypothesis was formulated and empirically tested:

- *H6*: Consumer innovativeness has a significant positive relationship with consumer satisfaction in small independent retail stores.

Although previous research found this relationship to be significant (Alan et al., 2017; Al-Jabri & Sohail, 2012; Oh, 2016), findings of this study suggested otherwise. The conclusion drawn from this hypothesis was that if consumers were willing to try new things, it did not mean that they would be satisfied with the small independent retail stores. Prior to deciding if a store or brand satisfies them, consumers tend to do a post-purchase evaluation, to determine if their expectations were met (Meesala & Paul, 2018).

8.2.3 Research objective 3

Estimating the effect of consumer participation on consumer retention in small independent retailers.

The following hypothesis was presented in order to address this objective:

- H7: Consumer participation has a significant positive relationship with consumer retention in small independent retail stores.

Results attained from this hypothesis were that consumer participation was an antecedent of consumer retention. Iruka and Ateke (2014) confirmed that consumer participation is an important requirement for achieving consumer retention. Furthermore, Zhang et al. (2015) found that participation has a positive influence on post-purchase behaviour such as loyalty. Therefore, conclusions drawn from the findings were that by allowing information sharing and relationship building with consumers, small independent retail stores could achieve high consumer retention rates.

8.2.4 Research objective 4

Determining the influence of consumer advocacy and consumer participation in small independent retailers.

The following hypothesis was presented in order to address this objective:

- *H8*: Consumer advocacy has a significant positive relationship with consumer participation in small independent retail stores.

The findings for this hypothesis revealed a positive correlation between consumer advocacy and consumer participation. Yeh (2016) also tested this relationship in supermarket retailers and found that consumer advocacy positively influences consumer participation. Therefore, based on the findings, it was concluded that small independent retailers strengthen consumer advocacy to elevate consumer participation. This means that the small retailer encourages consumer feedback by actively involving them in the co-creation and improvement of product and service offerings.

8.2.5 Research objective 5

Assessing the influence of consumer satisfaction and consumer advocacy in small independent retailers.

The following hypothesis was presented in order to address this objective:

- *H9*: Consumer satisfaction has a significant positive relationship with consumer advocacy in small independent retail stores.

With regard to this hypothesis, the findings revealed that consumer satisfaction had a strong influence on consumer advocacy. These findings corresponded with prior studies confirming that consumer satisfaction has a positive influence on consumer advocacy (Chiu et al., 2015; Susanta et al., 2013 cited in Afridi & Khattak., 2015). Moreover, according to Roy (2015), if consumers are satisfied, they engage in consumer advocacy initiated activities. Therefore, it was concluded that satisfied consumers tend to be motivated to act as trusted advisors and consultants of the stores. This is because the results revealed that participants found the small independent retailers to provide open information to customers and assist customers to help themselves. This indicated that the retailer strengthens consumer satisfaction to increase consumer advocacy.

8.2.6 Research objective 6

Estimating the effect of consumer experience on consumer satisfaction in small independent retailers.

The following hypothesis was presented in order to address this objective:

- H10: Consumer experience has a significant positive relationship with consumer satisfaction in small independent retail stores.

This was the strongest relationship out of all the hypotheses. The results indicated that consumers found the small independent retailer to provide pleasurable experience, which leaves them satisfied with the store. This concurs with findings of earlier studies that a positive consumer experience is a critical factor that enhances consumer satisfaction (Evanschitzky et al., 2015; Kranzbühler et al., 2018; Lin & Bennett, 2014; Pizam et al., 2016). The conclusions drawn from this finding were that consumers perceived the shopping experience to be the most important in influencing their satisfaction with the small independent retail stores.

8.2.7 Research objective 7

Examining the impact of consumer satisfaction on consumer retention in small independent retailers.

The following hypothesis was presented in order to address this objective:

- *H11*: Consumer satisfaction has a significant positive relationship with consumer retention in small independent retail stores.

Lastly, the results confirmed that by contributing towards consumer satisfaction, small independent retailers increase consumer retention. This finding coincided with prior research that the key to consumer retention is through satisfying consumers (Darzi & Bhat, 2018; Donthu & Sibley, 2015; Syaqirah & Faizurrahman, 2014). Therefore, it can be concluded that consumers will remain loyal to the small independent retail stores if satisfaction is strengthened.

8.3 Key Advantages of the Conceptual Model

8.3.1 Research objective 8

Testing the mediation effect of consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction in small independent retailers.

In light of the discussion of the mediation assessment results, the following section was presented in order to address this objective:

Initially, the conceptual model proposed that retailer innovation (predictor) was not the only direct influence on consumer retention (outcome), a further role was played by mediators (consumer innovativeness, consumer participation, consumer advocacy, consumer experience, and consumer satisfaction). The mediation influence was tested and some constructs' indirect effects were stronger than others. Figures 8.1, 8.2, and 8.3 provide suggestions for small independent retailers on which relationships to invest in to assist in developing strategies to retain consumers and stay competitive.

Figure 8.1 demonstrates the strongest paths that small independent retailers will have to pay attention to in order to retain consumers and stay competitive.

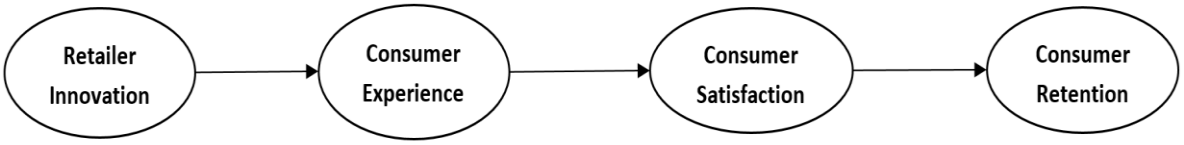


Figure 8.1: Path 1

Source: Researcher's own compilation (2018).

The findings provided support for the contention that consumer experience and consumer satisfaction perform the strongest mediation role between retailer innovation and consumer retention as shown in Figure 8.1. What this means for the small independent retailer is that to facilitate the relationship between innovative

activities and retention of consumers, they have to ensure that they invest in providing pleasurable and satisfactory consumer experiences.

The second strongest path that the small independent retailer should focus on is the relationships depicted in Figured 8.2. This means that satisfied consumers tend to take part in advocacy initiated activities, which leads to consumers participating with the retailer, and in turn staying committed. Therefore, it is important that the retailer invest in strategies that strengthen these relationships.

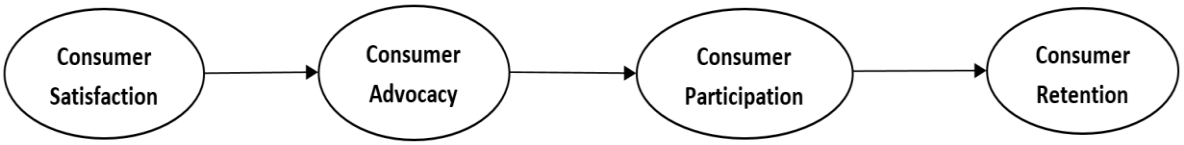


Figure 8.2: Path 2

Source: Researcher's own compilation (2018).

Figure 8.3 presents the third strongest path that the small independent retailer should take into consideration when designing strategies to retain consumers. Again, the findings provided support for the claim that consumer advocacy and consumer experience perform roles of mediators between retailer innovation and consumer retention. What this means for the small independent retailer is that the relationship between innovation and consumer retention can be strengthened through consumer advocacy and consumer participation.

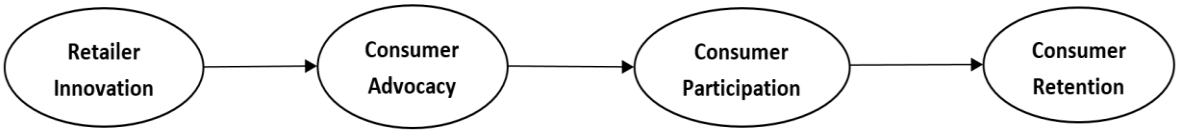


Figure 8.3: Path 3

Source: Researcher's own compilation (2018).

8.4 Recommendations

The justification for this study was that research on the potential for small-scale retailing to innovate, and how innovation can influence consumer retention is limited. Small independent retailers can use innovation as a customer retention strategy, however, it is not known which other factors influence consumer retention in the small independent retailing context. The recommendations that follow are based on conclusions drawn from the main findings.

8.4.1 Effect of retailer innovation on consumer retention, consumer innovativeness, consumer participation, consumer advocacy, and consumer experience

The recommendations for the non-significant relationship between retailer innovation and consumer retention are that small independent retailers should not rely solely on innovation as a strategy to retain consumers. For example, consumers could resist innovation of the retailer because they do not want change. Change affects what they are already familiar and comfortable with. This signifies a negative response to the retailer innovation. According to Abbas, Shahid Nawaz, Ahmad and Ashraf (2017), when customers are satisfied with their routine, innovation threatens the customers' routine, which in turn leads to them resisting the innovation. Moreover, research has examined the resistance to innovation as an active or conscious decision based on psychological and functional barriers (Martin, Gustafsson & Choi, 2016).

Therefore, as part of the strategy to assist in retaining customers through innovation, small independent retailers should focus on providing exceptional service by ensuring that they consider customer feedback. This means that after customers have experienced the innovative store, small independent retailers should ensure that customers are asked to provide feedback on their experience. The retailer can then use this opportunity to find out if consumers are satisfied with the store, and if they are willing to continue shopping at the store. Additionally, strategies to retain consumers should be based on the store atmosphere, as this plays a significant role in strengthening a pleasurable consumer experience (Hasan & Mishra, 2015).

Therefore, the areas of focus should be the design of the store, the colours in the store, and ensuring that there is always a fresh smell.

The recommendations for the effect of consumer retention on consumer innovativeness are that small independent retailers should pay attention to making the store environment and atmosphere unique and exciting. For example, ensuring that consumers find it easy to navigate the store, signage use and style should also be unique in order for consumers to be able to find what they are looking for, with no challenges. Moreover, it is important that the products in the store be arranged in a consumer-friendly manner. If consumers have a positive interaction with the environment and atmosphere of the store, they are more likely to feel at ease about trying out new products on the shelves. Therefore, it is important to map the consumer journey. It is then suggested that small independent retailers focus on areas such as store innovation (both sensory and cognitive) in order to motivate innovative consumers to patronise the stores.

Regarding the influence of retailer innovation on consumer participation, small independent retailers should reinforce innovation in order to increase consumer participation. Areas to focus on to elevate consumer participation include opening consumer dialogue, building customer relationships, and seeking information from customers in order to meet their expectations. Moreover, it is important that small independent retailers consider that increasing consumer participation requires service personnel to be responsive.

Suggestions for the relationship between retailer innovation and consumer advocacy is that small independent retailers should continuously strengthen innovation to increase consumer advocacy. This means that by engaging with consumers, the retailers can continuously address the needs and demands of consumers more effectively, which will improve their innovations. Lastly, there is a positive relationship between retailer innovation and consumer experience, which was one of the strongest relationships. It is advised that small independent retailers focus on the environment and atmosphere of the store as these factors influence consumer experience. For example, retailers should ensure that consumers find it easy to navigate the store, arrange products in a way that is accessible, and ensure

that signage is eye catching. The combination of these elements enhances consumers' experience at the store.

8.4.2 Effect of consumer innovativeness on consumer satisfaction

This relationship was non-significant. What this means for the small independent retailer is that by virtue of consumers being innovative, does not mean that they will be satisfied. Some of the suggestions to strengthen this relationship would be to persuade consumers to do post-purchase evaluations. The evaluations will assist to determine if the products or services they tried met, or exceeded, their expectations. However, before embarking on post-purchase evaluations, first, it is important for retailers to determine if consumers are aware of the innovation. Second, if the innovation sparked consumer interest; third, if the consumers evaluate the innovation and compare it to other stores. Last, if consumers positively embrace the innovation. This will provide an opportunity for small independent retailers to improve their offering, and in turn drive consumer satisfaction.

8.4.3 Effect of consumer participation on consumer retention

The relationship between consumer participation and consumer retention was significant. Given that the consequence of consumer participation is consumer retention, it is therefore recommended that small independent retailers, as part of their strategy, develop systems that consider customer feedback. This will assist retailers to facilitate consumer engagement. Through this, retailers will benefit from a customer's input, while the customer is also granted an opportunity to co-design their experiences with the store. Moreover, it is important that the service personnel are friendly and accessible, in order to build relationships, as consumer participation depends on this. Participation will heighten consumer retention, as consumers will feel that they are appreciated.

8.4.4 Effect of consumer advocacy and consumer participation

Consumer advocacy requires small independent retailers to provide consumers with transparent information, enable consumers to share information about their

experiences, and increase customer service. This in turn will enable consumer participation, which means that the retailer must include consumers in the product and service activities, and the design and delivery strategies. Therefore, it is recommended that small independent retailers motivate consumers to actively collaborate and engage with the retailer to co-create their own personalised shopping experiences.

8.4.5 Effect of consumer satisfaction and consumer advocacy

Consumers who are satisfied with small independent retailers are consumers that find the stores to have a good selection of products, a good reputation, and good service, and generally feel that the store meets their expectations. In line with these measures, it is the recommended that the retailers focus on strengthening their offering in order to elevate consumer advocacy. Satisfied consumers tend to be open about sharing their experiences with others. This will also provide an opportunity for the retailer to address any issues that might arise and thus better meet consumer needs.

8.4.6 Effect of consumer experience on consumer satisfaction

This relationship was the strongest of all the relationships. It is recommended that small independent retailers continually improve on the quality of products, and ensure that employees are always helpful. Moreover, through offering promotions regularly, proving product variety, and ensuring that the layout of the store makes it easy for consumers to move around, retailers are able to satisfy consumers.

8.4.7 Effect of consumer satisfaction on consumer retention

The more consumers that the small independent retailer is able to satisfy, the more likely it is that they will retain consumers. Therefore, it is recommended that retailers provide exceptional customer experiences in order to influence satisfaction. During the satisfaction phase, retailers should conduct customer satisfaction surveys to determine the level of satisfaction, and monitor churn and retention rates.

8.5 Contributions

The contributions of this study are twofold: theoretical and practical, which are discussed in detail in the following subsections.

8.5.1 Theoretical contributions

The findings provide valuable insights into the existing body of literature by generating new knowledge on township economy for scholars in the fields of consumer behaviour, retail marketing, and small businesses innovation. Despite earlier calls for investigating the business environment of small retailers in emerging economies (Boulaksil et al., 2014; Samiee, 1993), sufficient empirical research and evidence is still lacking. Literature points out that those small businesses that innovate increase their chances of survival, improved performance, and growth (Laforet, 2013; North & Smallbone, 2000; Oke et al., 2007). However, literature on how these small businesses innovate has remained scant (Hotho & Champion, 2011).

Moreover, increasing competition and entry of international retailers brings forth not only innovative store formats, but also raises the question of survival of small independent retail stores (Khare, 2014). Based on the preceding literature, this study proposed a validated conceptual model suggesting a framework on how retailer innovation can influence consumer retention. This relationship however, was insignificant. Additionally, the conceptual model also suggested multiple mediators (advocacy, participation, consumer experience, and satisfaction) that assist in strengthening this relationship. The research contributes to literature significantly because it provides evidence of complete (not partial) mediating effects of these constructs.

The conceptual model was grounded on four existing theories, namely, Diffusion of Innovation (DOI) theory, Stimulus-organism-response (SOR) theory, Cognitive-Affect-Behaviour (CAB) Model, and the Theory of Trying (TOT). These theories were applied and combined to understand how retailer innovation affects consumer

innovativeness, participation, advocacy, experience, satisfaction, and in turn retention.

Within the areas of consumer behaviour, retail marketing, small business innovation and township economy, scholars will have access to a new body of work. The new knowledge generated will increase understanding of the effect of retailer innovation on consumer retention in small independent retailers, particularly in the South African township economy. Innovation has become a critical strategic tool for market differentiation (Bellingkrodt & Wallenburg 2015). This study makes a significant contribution to literature, predominantly in this era where increased market competition is a challenge.

8.5.2 Practical contributions

Earlier, it was established that the arrival of global retailers has a negative effect on the sales and profitability of small retailers (Khare, 2014). It is also worth noting that small retailers that service local communities are often unable to match the low prices and merchandise variety of large national modern retailers (Peyton et al., 2015). However, although large retail chains presented a considerable upsurge in developing countries, the majority of the consumers keep patronising the small retailer (Quinn et al., 2013; Wholesale and Retail SETA, 2011). This means that there is still hope for small independent retailers to retain consumers, and in so doing, increase revenue that will then provide employment opportunities in the communities.

The following subsections discuss the benefits that are derived from the findings of the study. This study is of benefit to small business policy makers, entrepreneurs, owners of small independent retail stores, and lastly, national chain retailers who continue to collaborate with government in the revitalisation of township economy.

8.5.2.1 Policy makers

Policy makers and researchers consent that a prosperous and growing SMME sector is the key to job creation (BusinessTech, 2018). Since small independent retailers are classified as SMME, investigation on their growth potential and

sustainability is imperative. An extract from the African National Congress (ANC) election manifesto of 2019 reads as follows: “SMMEs and revitalisation of township and village economies are critical for economic transformation, inclusive growth and job creation and can help drive innovation and all forms of entrepreneurship” (SolomonStar, 2019: 32).

Moreover, the ANC 2019 election manifesto promises to address the penetration of big retail chain stores as they deteriorate the township and village economy; this is one of the research problems that this study aimed to investigate. However, it is important to note that big retail chain stores have the capacity to innovate, and develop smaller versions of their successful supermarkets in order to service both the rural and township market (Strydom, 2014). This threatens the existence of small retailers since the lack of innovation is regarded as an influence on their high failure rate, leaving them with fewer customers. Hence, this study provides a validated conceptual model that looks at how retailer innovation can influence consumer retention in small independent retailers operating in the township economy. Policy makers can develop a policy framework to support these retailers through integrating the proposed model in their training academies.

8.5.2.2 Entrepreneurs and owners of small independent retail stores

One of the primary goals of any business is to retain consumers, as it is cheaper to retain existing than to acquire new. In the marketing field, the capability to retain current consumers has been seen as crucial to the success of business performance (Ennew et al., 2015). However, for this objective to be achieved, it is important to investigate factors that contribute to consumer retention. Small independent retailers should strengthen their innovative activities based on store atmosphere (design, layout, sound, and smell) in order to stimulate consumer retention. However, to facilitate this relationship, small independent retailers should invest resources to strengthen consumer advocacy, participation, experience, and satisfaction. This means that small independent retailers should focus on building relationships with consumers by encouraging consumer feedback and information exchange.

Moreover, to ensure that consumers benefit from an innovation, the retailers should invest in gathering information from customers about the innovation to determine consumer satisfaction levels. Consumer satisfaction is also dependent on the experience consumers have with the innovative retail store, which in turn influences consumer advocacy. In support of consumer advocacy initiatives, owners of the stores should train employees to be sympathetic, helpful, and responsive to customers in order to maintain relationships and influence consumer participation. To stimulate consumer participation, small independent retail stores should develop strategies that enable consumers to be co-creators of the offerings, ensuring their needs are met and in turn strengthening consumer retention. The more consumers the small independent retailer can continue to sell to, and keep, the more feasible it is to achieve business objectives.

8.5.2.3 National chain retailers

Furthermore, this study provides valuable insights to national chain retailers (in the private sector), particularly those with interests to collaborate with government to revitalise the township economy. A successfully executed collaboration to revitalise the township economy is the partnership between the Department of Economic Development and Pick ‘n Pay in refurbishing spaza shops to become innovative and modernised retail outlets. The refurbished spaza shops are furnished with technologically advanced systems, enabling entrepreneurs to develop unique in store-shopping experiences to entice customers. According to Stuurman (2018), Pick ‘n Pay provides classroom training to these entrepreneurs in order to refine their business skills and stay competitive within the market. Therefore, it is important to consider the proposed model and integrate it into their training programmes as a strategic tool for the survival and profitability of these retailers.

8.6 Limitations of the Study

The aim of the study was to investigate the effect of retailer innovation on consumer retention in small independent retailers. Although this study provides significant theoretical and practical contributions, it has its own limitations like any other

research. The first limitation is that this study was conducted in the small independent retail context, which implies that the findings are limited to this context.

Second, this research was based on small independent retailers operating in the township economy of two major townships (Soweto and Tembisa) in Gauteng, one of the nine provinces in South Africa. As a result, the findings of the study cannot be generalised across other provinces and their respective townships.

Third, due to the nature of the township economy, it was not possible to apply a probability sampling method. There was no database with records from which to draw a list of small independent retailers and their respective consumers. Therefore, the study made use of a non-probability sampling technique (convenience), that sample was selected based on accessibility.

8.7 Suggestions for Future Research

Based on the limitations of the study, few key areas for future research have been identified. Future studies could focus on covering townships in other provinces to increase the generalisability of the results. Second, future research could replicate this study in other sectors of the township economy such as service industry, real estate, tourism, manufacturing, transport, agriculture, and agro-processing. Additionally, this study could be replicated in rural areas. Third, other studies could explore a mixed-method approach, where the research involves integrating both quantitative and qualitative data collection methods. The mixed-method study could be applied to gain deeper insights from consumers.

Furthermore, given that this study was conducted from the consumers' perspective, further research could be explored from the small independent retailers' point of view. Fourth, considering that some hypotheses were not significant, other studies could explore mediators such as relationship building and information exchange as constructs that strengthen the relationship between retailer innovation and consumer participation. Fifth, future research could also investigate constructs such as awareness, evaluation, and post-purchase evaluation as mediators to reinforce the relationship between consumer innovativeness and consumer satisfaction.

Lastly, considering that the direct relationship between retailer innovation and consumer retention was negative, future studies can investigate other factors that lead to innovation resistance or the relationship between retailer innovation and consumer innovation resistance.

8.8 Conclusion

The small independent retail store is a means of survival for members of the surrounding community, both from an employment generation perspective, and the provision of daily and monthly groceries to customers. However, a number of factors hinder the stores' contributions. These include the lack of innovation and the penetration of big chain stores, leaving them with few customers. Hence, the study investigated the influence of retailer innovation on consumer retention, with the use of mediators in order to facilitate the relationship. The findings identified consumer participation, consumer advocacy, consumer experience, and consumer satisfaction as the mediators that enable the relationship. Therefore, the study is not only important for understanding constructs that strengthen the relationship between retailer innovation and consumer retention, but also in providing valuable insights for scholars, entrepreneurs, and private institutions that seek to collaborate with government to revitalise township economies.

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Appendix A: Questionnaire

The University of Witwatersrand
School of Economic and Business Sciences
Marketing Department
Cell: 073 471 8555;
Email: zulu.melissa@gmail.com
Date: May 2017

Dear Sir/Madam

RE: COMPLETION OF QUESTIONNAIRE

I am a postgraduate student at the University of Witwatersrand, undertaking a PhD. The topic of my research is "The Effects of Retailer Innovation on Customer Retention in Small independent Retailers"

The purpose of the research is to investigate and understand the influence of retailer innovation on consumer retention in small independent retailers.

This is to kindly request you to complete the attached questionnaire. Your response will be of great value to this study. Please also note that the collected data will be anonymous, treated as confidential, and will only be made available to people working on this research. Please also note that to partake in this study is **voluntary** and you can **withdraw** at any given time suitable to you.

This questionnaire will take **20 minutes** to complete.

Yours Sincerely

PhD Candidate	*Study Supervisor*
Melissa Zulu	**Dr Marike Venter de Villiers**
0716648r@students.wits.ac.za	marike.venter@wits.ac.za
073 471 8555	011 717 8067

Please answer the following questions by marking the appropriate answer(s) with an (X). This questionnaire is strictly for research purposes only.

SECTION A: GENERAL INFORMATION

The section is asking your background information. Please indicate your answer by marking with an (X) on the appropriate box.

Do you shop from small independent supermarket retail stores based in township areas?

Yes ❑	If answer is “Yes” -**continue** with survey
No ❑	If answer is “No” -**close** survey

A1 Please indicate how often you shop from the store

Daily	
Weekly	
Monthly	
Once a while when you need grocery items	

A2 Please indicate your gender

Male	
Female	

A3 Please indicate your marital status.

Married	
Single	

A4 Please indicate your qualification

High School	
Diploma	
Degree	
Post graduate degree	
Other	

A5 Please indicate your age

18 – 25 years	
26 – 35 years	
36 - 45 years	
46 years upwards	

A6 Please indicate your occupation

Student	
Employed	
Self-employed	

Unemployed	
Temporary/part-time	
Other (specify)	

A7 Please indicate your monthly income

0 – R 5000	
R 5000 – R10 000	
R15 000 – R20 000	
R20 000 upwards	

SECTION B

Please read and answer the question below and indicate your level of agreement with the following statements. Place a cross (X) in the block that best corresponds to your answer from “Strongly Disagree” to “Strongly Agree”

	Strongly Disagree [1]	*Somewhat Disagree [2]*	*Disagree [3]*	*Neutral [4]*	*Agree [5]*	*Somewhat Agree [6]*	*Strongly Agree [7]*
Retailer Innovation (RI)							
1. The store has refreshing and unique environment.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
2. The colours and sounds in the store are unique.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
3. The environment feels fresh.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
4. There is great sense of space within the store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
5. The atmosphere of the store caters for my needs.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
6. I think the store is very advanced.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑

	Strongly Disagree [1]	*Somewhat Disagree [2]*	*Disagree [3]*	*Neutral [4]*	*Agree [5]*	*Somewhat Agree [6]*	*Strongly Agree [7]*
7. The retailer has set up this store to meet the needs of the customers.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
8. The signage style and usage in this store is unique.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
9. The products are arranged in a customer friendly manner.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
10. It's easy to navigate this store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
Consumer Innovativeness (CI)							
1. I like to try new and different things.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
2. I often try new products before my friends and neighbours do.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
3. When I see a new product on the shelf, I often buy it to see what it is like.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
4. I like to wait until something has been proven before I try it.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
5. I feel at ease about trying out new things.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
Consumer Participation (CP)							

	Strongly Disagree [1]	*Somewhat Disagree [2]*	*Disagree [3]*	*Neutral [4]*	*Agree [5]*	*Somewhat Agree [6]*	*Strongly Agree [7]*
1. The store seeks advice from customers to improve its service.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
2. The store builds a relationship with customers by smiling, offering words of kindness.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
3. The store provides and seeks customer information to clarify service expectations.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
4. The store gets me to provide customer feedback on its performance.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
Consumer Advocacy (CA)							
1. The store provides complete and open information to customers.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
2. The store enables customers to share information about their experiences in using various products and services.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
3. The store attempts to represent the best interests of customers.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑

	Strongly Disagree [1]	*Somewhat Disagree [2]*	*Disagree [3]*	*Neutral [4]*	*Agree [5]*	*Somewhat Agree [6]*	*Strongly Agree [7]*
4. The store helps customers help themselves.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
5. The store supplies its customers with tools to help them solve their problems.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
6. The store provides information, enabling customers to choose easily among various options.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
7. The store strives to increase the efficiency of its service.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
Consumer Experience (CE)							
1. Products offered in the store are of good quality.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
2. Employees of the store are always willing to help.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
3. I get quality products at a good price at the store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
4. The location of the store is convenient to my needs.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
5. The store offers promotions regularly.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
6. Product variety in the	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑

	Strongly Disagree [1]	*Somewhat Disagree [2]*	*Disagree [3]*	*Neutral [4]*	*Agree [5]*	*Somewhat Agree [6]*	*Strongly Agree [7]*
store is sufficient to meet my needs.							
7. The store layout makes it easy to get around in the store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
Consumer Satisfaction (CS)							
1. The store has good selection of products.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
2. The store has good reputation.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
3. Overall, I have good impression about the store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
4. The store offers good service.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
5. Overall I am satisfied with this store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
Consumer Retention (CR)							
1. I feel loyalty towards this store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
2. Even if this store was difficult to reach, I would still keep buying there.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
3. I think of myself as a loyal customer to this store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
4. I am very committed to this store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑

	Strongly Disagree [1]	*Somewhat Disagree [2]*	*Disagree [3]*	*Neutral [4]*	*Agree [5]*	*Somewhat Agree [6]*	*Strongly Agree [7]*
5. I am willing to make an effort to shop at the store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
6. I am willing 'to go the extra mile' to remain as a customer of this store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
7. I would rather stay with the store I usually buy from than trying a different store I am not sure of.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
8. I do most of my shopping at this store.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
9. I intend to continue shopping at this store over the next few years.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
10. I prefer to shop often at one store only.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑
11. I care a lot about which store I buy from.	1 ❑	2 ❑	3 ❑	4 ❑	5 ❑	6 ❑	7 ❑

Appendix B: Ethics Clearance Certificate

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Zulu

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H17/07/33**
PROJECT TITLE	The effects of retailer innovation on customer retention in small independent retailers
INVESTIGATOR(S)	Miss V Zulu
SCHOOL/DEPARTMENT	School of Economic and Business Sciences/
DATE CONSIDERED	21 July 2017
DECISION OF THE COMMITTEE	Approved
EXPIRY DATE	07 November 2020

DATE 08 November 2017 **CHAIRPERSON** _____
(Professor J Knight)

cc: Supervisor : Dr M Venter de Villiers

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10004, 10th Floor, Senate House, University. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

_____ _____/_____/_____
Signature Date

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES

Appendix C: Variance Inflation Factor (VIF) values

Measurement Items	VIF
CA1	1,803
CA2	2,231
CA3	1,957
CA4	1,791
CA5	2,046
CA6	2,095
CA7	1,760
CE1	1,766
CE2	1,649
CE3	1,726
CE4	1,484
CE5	1,415
CE6	1,715
CE7	1,616
CI1	1,352
CI2	1,818
CI3	1,659
CP1	1,763
CP2	1,822
CP3	2,584
CP4	2,444
CR1	2,160
CR11	1,380
CR2	2,417
CR3	2,830
CR4	2,748
CR5	2,493
CR6	2,613
CR7	1,776
CR8	1,562
CR9	1,602
CS1	1,531
CS2	1,593
CS3	1,820
CS4	1,804
CS5	1,842
RI1	2,015
RI10	1,649
RI2	1,995
RI3	2,380
RI4	1,924
RI5	1,959
RI6	1,906
RI7	1,664
RI8	1,681
RI9	1,619

Model		Collinearity Statistics	
		Tolerance	VIF
1	CI	.822	1.216
	CP	.565	1.771
	CA	.419	2.387
	CE	.381	2.623
	CS	.420	2.383
	CR	.571	1.751
a. Dependent Variable: RI			

Model		Collinearity Statistics	
		Tolerance	VIF
1	CA	.419	2.384
	CE	.351	2.846
	CS	.402	2.488
	CR	.569	1.756
	RI	.477	2.096
	CP	.569	1.756
a. Dependent Variable: CI			

Model		Collinearity Statistics	
		Tolerance	VIF
1	CE	.368	2.717
	CS	.401	2.495
	CR	.594	1.683
	RI	.479	2.086
	CP	.679	1.473
	CI	.827	1.209
a. Dependent Variable: CA			

Model		Collinearity Statistics	
		Tolerance	VIF
1	CI	.828	1.208
	CA	.500	1.998
	CE	.350	2.861
	CS	.407	2.456
	CR	.571	1.752
	RI	.476	2.099
a. Dependent Variable: CP			

Model		Collinearity Statistics	
		Tolerance	VIF
1	CS	.487	2.054
	CR	.580	1.723
	RI	.518	1.929
	CP	.563	1.775
	CI	.823	1.214
	CA	.437	2.287
a. Dependent Variable: CE			

Model		Collinearity Statistics	
		Tolerance	VIF
1	CR	.593	1.688
	RI	.496	2.016
	CP	.571	1.753
	CI	.819	1.221
	CA	.414	2.416
	CE	.423	2.362
a. Dependent Variable: CS			

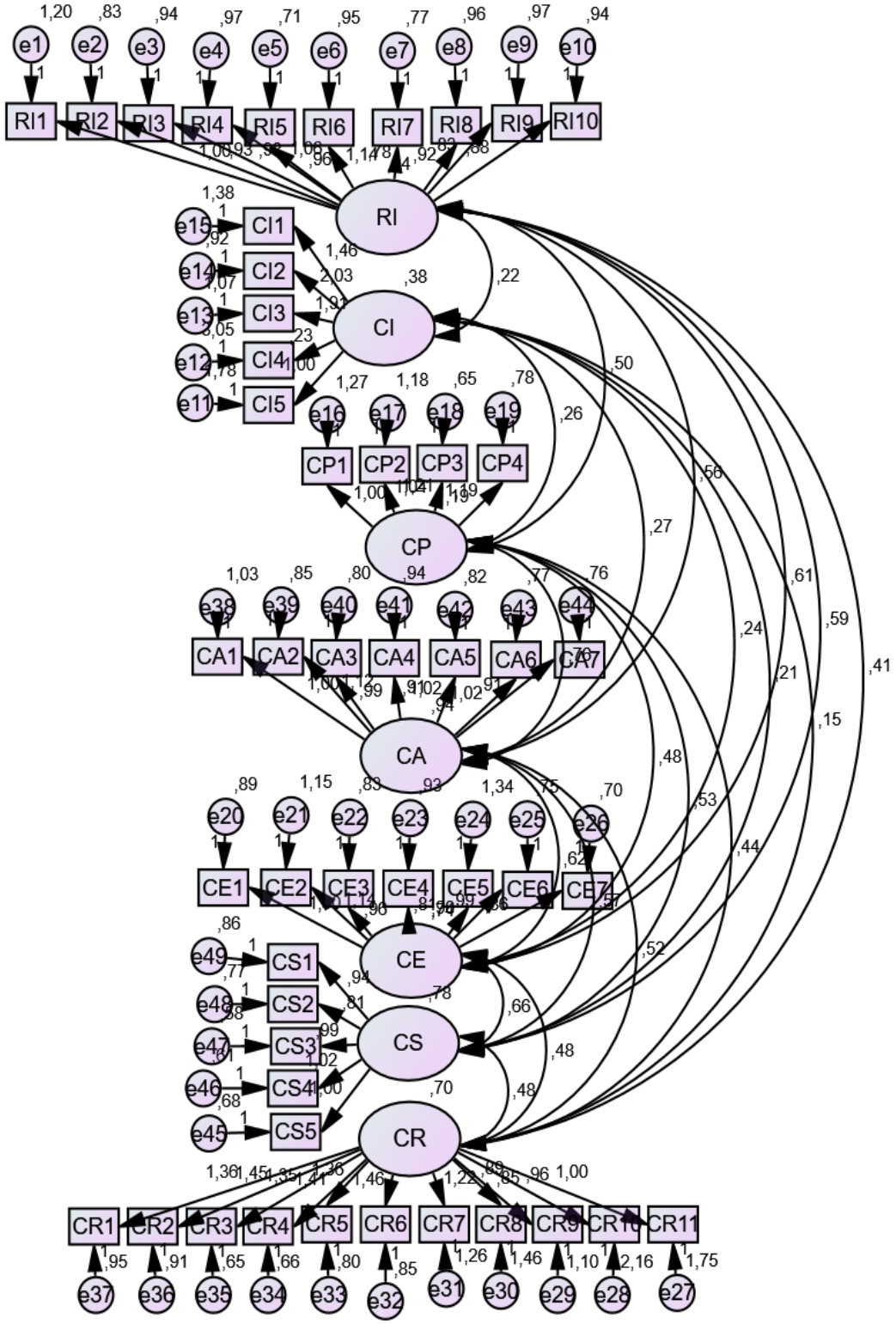
Model		Collinearity Statistics	
		Tolerance	VIF
1	RI	.475	2.106
	CP	.563	1.777
	CI	.817	1.225
	CA	.432	2.315
	CE	.355	2.817
	CS	.417	2.398
a. Dependent Variable: CR			

Appendix D: Kurtosis and Skewness Values

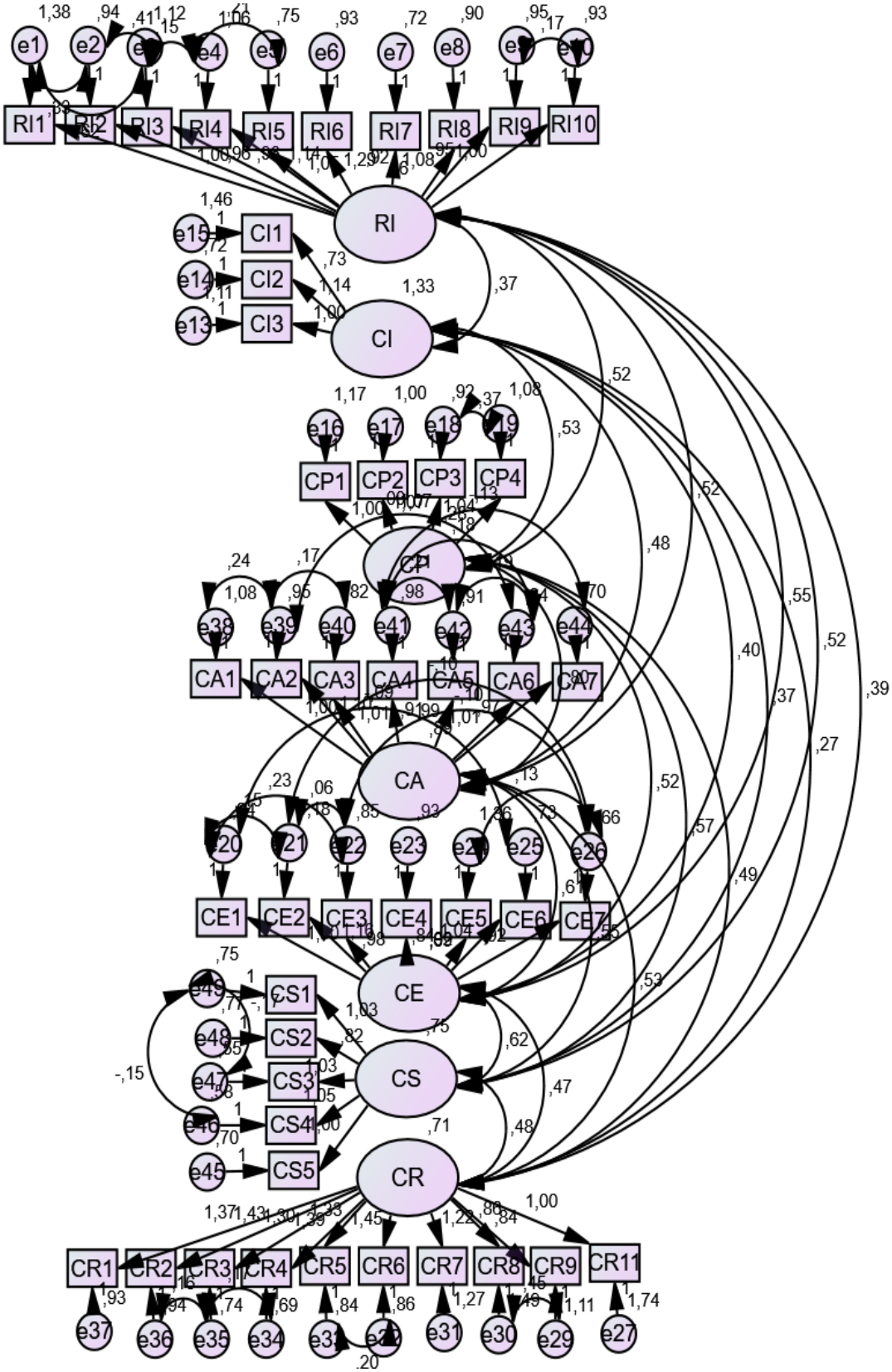
	Skewness	Kurtosis
RI1	-0,5862	-0,03212
RI2	-0,55099	0,144954
RI3	-0,59461	0,277863
RI4	-0,64446	0,234666
RI5	-0,56171	0,239105
RI6	-0,64621	-0,11759
RI7	-0,46951	-0,05944
RI8	-0,56128	0,291239
RI9	-0,87784	1,214261
RI10	-0,66719	0,119062
CI1	-0,62143	0,008591
CI2	-0,42305	-0,48278
CI3	-0,32009	-0,53395
CI4	-0,30479	-0,79205
CI5	-0,30283	-0,42357
CP1	-0,56897	-0,11007
CP2	-0,67948	-0,10766
CP3	-0,49079	-0,36607
CP4	-0,55345	-0,28517
CA1	-0,67084	0,503535
CA2	-0,71864	0,210534
CA3	-0,70175	0,371611
CA4	-0,73699	0,741367
CA5	-0,72236	0,420653
CA6	-0,68603	0,308491
CA7	-0,57889	0,094475
CE1	-0,97542	1,498307
CE2	-0,67583	0,023365
CE3	-0,65669	0,042442
CE4	-0,76657	0,453184
CE5	-0,79096	0,558206
CE6	-0,7935	0,88236
CE7	-0,75554	0,645315
CS1	-1,14148	1,708739
CS2	-1,00636	1,497078
CS3	-0,81728	0,727593
CS4	-0,6995	0,39912
CS5	-1,01969	1,219826
CR1	-0,69882	0,168342
CR2	-0,58429	-0,11265
CR3	-0,68952	0,215549
CR4	-0,62409	-0,00585
CR5	-0,65038	-0,03212
CR6	-0,54442	-0,32332
CR7	-0,59885	-0,17028
CR8	-0,56696	-0,26873
CR9	-0,56142	0,267424
CR10	-0,33886	-0,63295
CR11	-0,8673	0,105582

Appendix E: CFA and Path Analysis Results

Initial CFA Model



Modified CFA Model



Path Analysis

