

CUSTOMER LOYALTY IN SMALL BUSINESS-TO-BUSINESS RELATIONSHIPS

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ABSTRACT

The high costs of attracting new customers has made customer loyalty the focus of many leading companies. Small businesses that operate in the business-to-business market often rely on relatively fewer customers than larger businesses. The loss of only a few customers can have a severe impact on profitability. This makes the issue of customer loyalty even more important to small business than institutionalised business.

The purpose of this research has been to determine the perceptions associated with customer loyalty in small business-to-business relationships.

The main findings of the research were that small business owners have a positive attitude toward loyalty and intent to remain loyal to their small business suppliers. They believe there are number of positive outcomes associated with loyalty and that these outcomes are important to their business. Loyal customers will spread positive word of mouth and refer new customers to the supplier.

DECLARATION

I, Walter Thomas Penfold, declare that this research report is my own unaided work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Walter Thomas Penfold

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CONTENTS	Page No.
ABSTRACT	ii
DECLARATION	iii
ACKNOWLEDGEMENTS	iv
CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF APPENDICES	xiv
1. <u>INTRODUCTION</u>	1
1.1. <u>Background to the Problem</u>	1
1.2. <u>Problem Statement</u>	2
1.2.1 <i>Sub-Problems</i>	2
1.3. <u>Importance of the Research</u>	2
1.4. <u>Scope</u>	3
1.5. <u>Delimitations</u>	3
2. <u>LITERATURE REVIEW</u>	4
2.1. <u>Introduction</u>	4
2.2. <u>Customer Loyalty</u>	5
2.3. <u>Relationship Marketing</u>	8

2.4. <u>The Importance of Loyalty in Small Business</u>	10
2.5. <u>Buyer Behaviour</u>	11
2.6. <u>Organisational Buying Behaviour</u>	14
2.7. <u>Buying Behaviour in Small Business</u>	16
2.8. <u>Individual Behaviour Theory</u>	17
2.9. <u>Antecedents of Customer Loyalty</u>	22
2.10. <u>The Landscape Irrigation Industry in Context</u>	27
2.11. <u>Summary</u>	29
2.12. <u>Propositions</u>	31
3. <u>METHODOLOGY</u>	35
3.1 <u>Method</u>	35
3.2. <u>The Research Population</u>	35
3.3. <u>Sample Size and Selection</u>	35
3.4. <u>Data Collection & Questionnaire Design</u>	36
3.4.1. <i>Stage 1 - Interview</i>	36
3.4.2. <i>Stage 2 - Questionnaire</i>	36
3.5 <u>Reliability and Validity</u>	38
3.5.1. <i>Reliability</i>	38
3.5.2. <i>Validity</i>	38
3.6. <u>Pilot Study</u>	39
3.7. <u>Data Analysis</u>	39
4. <u>PRESENTATION OF RESULTS</u>	41
4.1. <u>Introduction</u>	41

4.2. <u>Intention to Remain Loyal</u>	41
4.3. <u>Attitude Towards Remaining Loyal</u>	42
4.4. <u>Positive Word of Mouth and Referrals</u>	43
4.5. <u>Beliefs Associated with Customer Loyalty</u>	45
4.5.1. <i>Negotiating Power</i>	47
4.5.2. <i>Pricing</i>	48
4.5.3. <i>New Business Leads</i>	49
4.5.4. <i>Working Relationships</i>	50
4.5.5. <i>Service Levels</i>	51
4.5.6. <i>Reciprocal Loyalty</i>	52
4.5.7. <i>Technical Support</i>	53
4.5.8. <i>Standardised Equipment</i>	54
4.5.9. <i>Reliable Equipment</i>	55
4.5.10. <i>Credit</i>	56
4.5.11. <i>Latest Developments</i>	57
4.5.12. <i>Competitor Suppliers</i>	58
4.5.13. <i>Distribution Fitting Algorithm</i>	59
4.6. <u>The Influence of Others on Loyalty</u>	61
4.6.1. <i>Current Supplier Influence</i>	62
4.6.2. <i>Competitor Supplier Influence</i>	63
4.6.3. <i>Client Influence</i>	64
4.6.4. <i>Subjective Norm</i>	65
4.6.5. <i>Distribution Fitting Algorithm</i>	65
5. <u>INTERPRETATION OF RESULTS</u>	67
5.1. <u>Introduction</u>	67

5.2. <u>Propositions</u>	67
5.2.1. <i>Intention to Remain Loyal</i>	67
5.2.2. <i>Attitude Towards Remaining Loyal</i>	73
5.2.3. <i>Positive Word of Mouth and Referrals</i>	73
5.2.4. <i>Product Reliability</i>	74
5.2.5. <i>Service Reliability</i>	75
5.2.6. <i>Other Potential Suppliers</i>	76
5.2.7. <i>Price Risk</i>	77
5.2.8. <i>Service Risk</i>	77
5.2.9. <i>Future Innovations</i>	77
5.2.10. <i>Supplier Competence</i>	78
5.2.11. <i>Supplier Communication</i>	78
5.2.12. <i>Supplier Commitment</i>	79
5.2.13. <i>Conflict Resolution</i>	80
5.2.14. <i>The Influence of Others on Loyalty</i>	80
6. <u>CONCLUSIONS AND RECOMMENDATIONS</u>	82
6.1. <u>Summary</u>	82
6.2. <u>Limitations</u>	83
6.3. <u>Recommendations</u>	84
<u>LIST OF REFERENCES</u>	86

LIST OF TABLES**Page No.**

Table 1:	Buying Behaviour Influences	12
Table 2:	Intention to Remain Loyal	42
Table 3:	Attitude Toward Loyalty	43
Table 4:	Positive Word of Mouth and Referrals	45
Table 5:	Salient Belief Organisation	46
Table 6:	Results from Distribution Fitting Algorithm	59
Table 7:	Ranking in Order of Likelihood	60
Table 8:	Ranking in Order of Importance	60
Table 9:	Ranking of Referents	66

LIST OF FIGURES**Page No.**

Figure 1:	Consumer Buyer Behaviour	13
Figure 2:	The Theory of Reasoned Action	19
Figure 3:	Theory of Reasoned Action Variables	20
Figure 4:	Antecedents of Customer Loyalty	25
Figure 5:	Histogram of Intention to Remain Loyal	41
Figure 6:	Histogram of Attitude Toward Loyalty	42
Figure 7:	Histogram of Positive Word of Mouth	44
Figure 8:	Histogram of Recommends if Asked	44
Figure 9:	Histogram of Proactively Encourages	45
Figure 10:	Likelihood of Getting More Negotiating Power	47
Figure 11:	Importance of Negotiating Power	47
Figure 12:	Likelihood of Getting Best Pricing	48
Figure 13:	Importance of Pricing	48

LIST OF FIGURES CONTINUED**Page No.**

Figure 14:	Likelihood of New Business Leads Increasing	49
Figure 15:	Importance of New Business Leads	49
Figure 16:	Likelihood of Working Relationships Improving	50
Figure 17:	Importance of Working Relationships	50
Figure 18:	Likelihood of Service Levels Improving	51
Figure 19:	Importance of Service Levels	51
Figure 20:	Likelihood of Reciprocal Loyalty	52
Figure 21:	Importance of Reciprocal Loyalty	52
Figure 22:	Likelihood of Access to Technical Support	53
Figure 23:	Importance of Access to Technical Support	53
Figure 24:	Likelihood of Standardised Equipment	54
Figure 25:	Importance of Standardised Equipment	54
Figure 26:	Likelihood of Access to Reliable Equipment	55

LIST OF FIGURES CONTINUED**Page No.**

Figure 27:	Importance of Reliable Equipment	55
Figure 28:	Likelihood of Access to Credit	56
Figure 29:	Importance of Credit	56
Figure 30:	Likelihood of Turning a Blind Eye to Latest Developments	57
Figure 31:	Importance of Staying Abreast of Latest Developments	57
Figure 32:	Likelihood of Turning a Blind Eye to Other Suppliers	58
Figure 33:	Importance of Deals from Other Suppliers	58
Figure 34:	Likelihood of Current Supplier Influencing Loyalty	62
Figure 35:	Importance of Current Supplier	62
Figure 36:	Likelihood of Competitor Supplier Influencing Loyalty	63
Figure 37:	Importance of Competitor Suppliers	63
Figure 38:	Likelihood of Clients Influencing Loyalty	64
Figure 39:	Importance of Clients	64

LIST OF FIGURES CONTINUED

Page No.

Figure 40: Subjective Norm 65

Figure 41: Belief Evaluation 69

LIST OF APPENDICES**Page No.**

Appendix A:	Interview Questions	91
Appendix B:	Letter of Introduction	92
Appendix C:	Questionnaire	95

1. INTRODUCTION

1.1. Background to the Problem

Customer loyalty has become one of the most important issues in business today. Organisations are beginning to perceive increasingly more value in retaining customers as apposed to acquiring new ones (Duffy, 1998). In its simplest form, loyalty is defined as the act of repeat purchasing. However, many researchers have discovered that there are other important aspects of loyalty, such as the positive word-of-mouth that a loyal customer creates and referrals customers may give to prospective others (Dowling & Uncles, 1997, Heskett, 2002 & Uncles, Dowling & Hammond, 2003).

Customer loyalty may be more important to small business than it is to larger organisations. Small businesses rely on a relatively smaller base of customers than their larger counterparts. A small decrease in the number of customers could be detrimental to such a business. It is therefore imperative for small business to understand the basis by which their customers remain loyal.

Customer loyalty is a form of purchasing behaviour (Wong, 2004). To understand customer loyalty it is therefore necessary to understand the drivers of purchasing decisions. In industrial or business-to-business markets small businesses often interact with other small businesses. For the small business, then, it is important to understand the nature of small business purchasing and customer loyalty.

1.2. Problem Statement

The objective of this research is to determine the perceptions associated with customer loyalty in small business-to-business relationships. Perceptions include underlying beliefs, intentions, attitude, and subjective norms of individuals who are responsible for the purchasing function of a small business.

1.2.1. Sub-Problems

Sub-problem 1: To determine how a customer's attitude towards loyalty relates to his or her intention to remain loyal.

Sub-problem 2: To determine and evaluate beliefs associated with customer loyalty in small business-to-business relationships.

Sub-problem 3: To determine and evaluate referents who influence a customer's loyalty.

1.3. Importance of the Research

Research into small business purchasing behaviour is limited. The existing theories of organisational buying behaviour and customer loyalty in business-to-business relationships are based for the most part on large organisations. Small businesses are often run by individuals and they do not have the complex decision making processes of their larger counterparts.

For small business to compete successfully in the modern business environment it is imperative for them to understand how customer's beliefs and attitudes affect their loyalty. If small business can successfully harness this information they can enjoy the benefits that accrue from having loyal customers and guard against the risks of high customer turnover.

This researcher aims to provide a deeper understanding of customer loyalty in small business.

1.4. Scope

The industry chosen for the research is the landscape irrigation industry, more specifically the residential and light commercial contracting sector. This industry consists of independent contractors who purchase from importers and wholesalers of irrigation equipment. The majority of these contractors are one-man businesses.

1.5 Delimitations

This study will be limited to the sample of landscape irrigation contractors in Gauteng, South Africa. The sample is based on a list obtained primarily through industry experience of the researcher over the past three years. Although it is believed that the list is fairly comprehensive, due to the fragmented and informal nature of the industry it is possible that the list is not exhaustive.

2. LITERATURE REVIEW

2.1. Introduction

Customer loyalty is a large subject and is closely related to many other concepts such as buying behaviour, relationship marketing, rewards programs and customer satisfaction. For the purposes of this research the literature review is focused on aspects of customer loyalty which will be pertinent, or may shed light on loyalty in small business. Little research has been done specifically on loyalty in small business. This provides an opportunity to examine existing views on customer loyalty in the context of a small business environment.

The literature review is a process of discovery which leads not only to propositions, but in this research also to an appropriate research methodology. Since there are only a few examples of research into customer loyalty in small business there are no research techniques designed specifically for this subject matter. The researcher had to select an appropriate research technique from similar fields of research. The propositions reflect this combination of literature review findings. Some are as a result of views expressed by researchers which seem appropriate to small business and others are as a direct result of the method being utilized.

The literature review will begin with a general discussion about customer loyalty and the importance of loyalty in business. This will lead into a discussion about relationship marketing, a branch of marketing which takes cognisance of the importance of customer loyalty. The importance of loyalty in small business will then be discussed.

Buying behaviour is discussed in the context of consumers, larger organisations and small business. The appropriateness of existing theories in a small business context will be discussed and then a theory of individual behaviour, the theory of reasoned action, will be introduced.

An in depth discussion concerning the antecedents of customer loyalty will take place and finally some specifics regarding the context of this research, the landscape irrigation industry, will be discussed.

2.2. Customer Loyalty

Customer loyalty is a popular topic amongst researchers and business people alike. Companies in many industries have come to understand the importance of building and maintaining lasting relationships with customers. The importance of loyalty has also been widely recognised in literature. Chumpitaz & Paparoidamis (2004) list a number of research findings which add impetus to this view:

- Customer loyalty is positively related to company profits.
- Customer loyalty builds brand equity.
- The relative costs of customer retention are substantially less than those of new customer acquisition.
- Customer loyalty results in positive word of mouth leading to greater resistance to competitors.

Heskett (2002) articulates the benefits of customer loyalty slightly differently and also adds to the above list:

- The company enjoys the benefits of margins from both repeat purchases and from purchases of new products. The latter often provide a margin premium.
- Loyal customers that are familiar with the process of buying from the supplier are less costly to serve than new customers that still have to learn.
- Loyal customers refer new customers.
- Loyal customers suggest improvements to products and services provided by the supplier.

He goes on to describe three customer behaviours related to loyalty. These are:

1. *Commitment* - committed customers are not only loyal, but they demonstrate their loyalty by telling others of their satisfaction
2. *Apostle-like behaviour* – these customers not only tell other people, but are also convincing; they possess credibility and authority
3. *Ownership* – These customers take responsibility for the continuing success of the product or service offering

Heskett (2002) believes that a committed customer as an apostle or owner can generate up to 100 times the value for a business as those who are merely loyal but don't recruit other customers or provide ideas for improving the product or service.

In an earlier work, Dowling & Uncles (1997) claimed that companies introduce loyalty programs because loyal customers are more profitable to a firm. The profitability stems from many of the reasons mention above. Specifically, they mention that loyal customers have reduced servicing costs, less price sensitivity, increased spending, and pass on favourable recommendations to other potential customers.

Perhaps the most widely used definition of customer loyalty was developed by Oliver (1999: 34):

... a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour

Inherent in this definition are the two principle aspects of brand loyalty: behaviour and attitude. The behaviour most often associated with customer loyalty is repeat purchases. Indeed this is the measure most researchers use to quantify loyalty. For loyal customers, frequency of repeat purchases is said to rise resulting in increased spending. A number of researchers (Dowling & Uncles, 1997, Heskett, 2002 & Uncles *et al*, 2003) have noted that the other behaviour associated with loyalty is that of positive word of mouth and recommendations to potential customers.

Uncles *et al* (2003) describe three conceptualizations of customer loyalty:

1. *Monogamy* – Customers have attitudinal-loyalty with strong attitudes and positive attitudes. Significant others influence their loyalty.
2. *Polygamy* – Customers have behavioural-loyalty through satisfactory experience. Their loyalty is divided amongst a few brands.
3. *Promiscuity* – Customers have weak or no loyalty and choices are determined by situations and individual's characteristics.

The next section focuses on relationship marketing which is closely related to customer loyalty.

2.3. Relationship Marketing

According to Cant, Brink & Brijball (2002:236), relationship marketing can be defined as:

The shift from a focus on transactions to a relationship focus in marketing, where customers become partners and the organisation makes long-term commitments to maintaining those relationships with quality, service and innovation

Similarly, relationship-based buying can be described as (Cant *et al*, 2002:236):

The way customers are voting with their buying decisions for those organisations that take the time and effort to get to know them and establish relationships with them.

There is a worldwide trend towards relationship marketing as businesses begin to understand the benefits associated with retaining loyal customers (Duffy, 1998). There are countless terms to describe relationship marketing, including loyalty marketing, frequency marketing, one-to-one marketing and customer-centric marketing.

Regardless of what it is called, relationship marketing is seen by most authors as a shift from manipulating a customer to genuine customer involvement. It is the process of attracting, maintaining and enhancing customer relations. Zontanos & Anderson (2004) suggest that relationship building is about two things, creating value for the business and creating loyal customers.

Dwyer & Tanner (2002) discuss business-to-business relationships from the buyer's perspective. They highlight the importance of a company's purchasing philosophy. A type of purchasing philosophy traditionally employed by companies was *adversarial purchasing*, where the company had several vendors for each product. This was thought to increase competition for the buyer's business and reduce costs. More modern philosophies influenced by movements such as *Total Quality Management* advocate *partnership purchasing* which seeks to maximize collaboration between the buyer and supplier. This purchasing philosophy indicates that the buyer can also benefit from close business-to-business relationships.

Relationship marketing is particularly relevant to small business. Ringberg & Gupta (2003) argue that among small independent contractors and business owners, relationships are more important than the utilitarian aspects of a purchase decision. They go on to say that small businesses are likely to react more similarly to a consumer market where improved personal relations and loyalty come from “improved affective resonance with the brand/company” (Ringberg & Gupta, 2003: 609).

Zontanos & Anderson (2004) go so far as to say that relationship marketing is the solution to the critique that most marketing theories are not suited for small business.

2.4. The Importance of Loyalty in Small Business

Most research on loyalty has focused on frequently purchased package goods which can also be described as brand loyalty (Wong, 2004). This type of research is often centred on the loyalty of end-consumers.

Loyalty is particularly important in small business-to-business relationships because of the dependence of small business on a relatively smaller number of customers.

Carter & Jones-Evans (2000) have shown that there is a relationship between the size of a business and the number of customers it serves. A high percentage of small businesses rely on less than ten customers and some on only one. Their lack of power and reliance on a small customer base results in an environment which is for more uncertain and controllable than big business (Zontanos & Anderson, 2004).

It is important for small business to understand the underlying reasons for customer loyalty in order to foster good relations on a long term basis. Selnes (1998) suggests that the success of a mutually beneficial relationship between a buyer and supplier is dependent on increasing benefits and reducing sacrifice for the buyer which improves satisfaction and stimulates repurchasing. On ongoing valuable relationship increases trust through safety, credibility and security which reduces sacrifices for the buyer.

There will be further discussion in a later section on the underlying drivers of customer loyalty in both business-to-business markets and business-to-consumer markets. The next section reviews buyer behaviour.

2.5. Buyer Behaviour

There is no universal definition of buyer behaviour (Du Plessis, Rousseua & Blem, 1994) although most definitions are characterised by a central theme of decision-making. Essentially, buying behaviour is the decision-making process of an individual or group of people for the acquisition of products or services. Du plessis, *et al* (1994) describe the decision-making process as comprising two influencing variables: individual and environmental. Each has six variables which control internal thought processes. These are as follows:

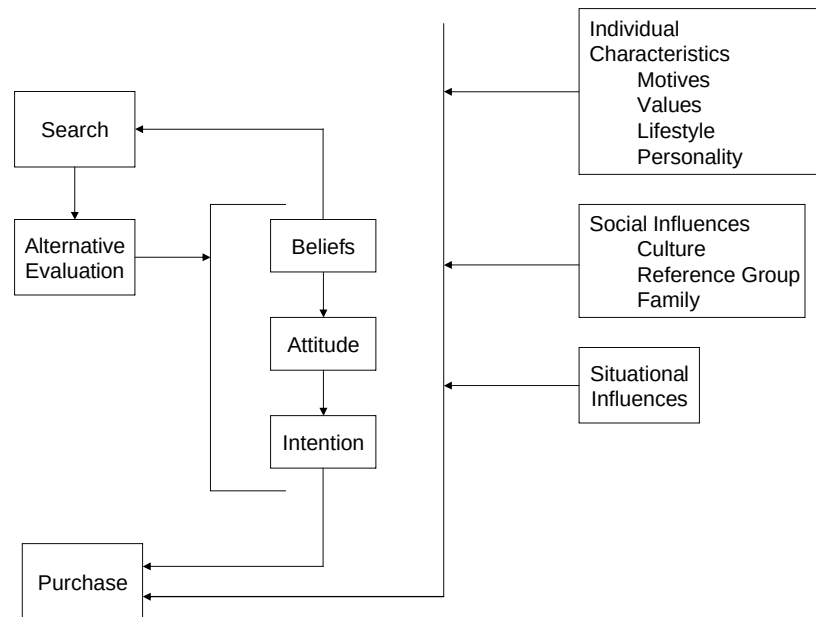
Table 1: Buying Behaviour Influences

Individual influencing variables	Environmental influences
Needs	Cultural influences
Motives	Social influences
Personality	Reference groups
Perception	Family influences
Learning	Economic demand factors
Attitudes	Business and marketing influences

Source: Du plessis, *et al* (1994)

A number of buyer behaviour models have been developed to show the interaction of the various variables and the flow of information. It is outside of the scope of this research to study these various models in detail. It is notable, however, that there is a common theme that runs through most of the researcher's work (Howard & Sheth, 1969; Engel & Blackwell, 1982; Engel, Blackwell & Miniard, 1986; Kohli, 1989; Cant *et al*, 2002). That is the prevalence of beliefs, attitudes, normative influences and intentions that precede the action of buying.

Figure 1: Consumer Buyer Behaviour



Source: Adapted from Engel et al (1986)

Organisational buying behaviour differs from consumer buyer behaviour in that decisions aren't left up to individuals; they generally involve a buying centre which must adhere to the rules and regulations dictated by the organisation. In the next section we have a closer look at organisational buying.

2.6. Organisational Buying Behaviour

Organisational buying behaviour theory has its roots in the seminal work by Robinson, Faris & Wind (1967), Industrial Buying and Creative Marketing. The theory is based on the assumption that organisational purchasing is a rational and logical activity of a group of professionals. The subject was originally labelled 'industrial marketing' and initial research was limited to major industrial complexes. The subject has only recently been recognised as encompassing all organisations, but research into smaller organisations is still limited (Wilson, 2000).

Since the first influential papers on the subject, research into organisational buying behaviour has been primarily concerned with the decision making process of the buying centre (Sheth, 1996), with the key unit of measure being the group (Lilien, Kotler & Moorthy, 1992). Prior to this it was assumed that the means to successful industrial marketing was targeting the key influence such as the purchasing manager (Johnston, 1994). In today's highly integrated organisations where purchasing spans a number of departments and levels within the business the buying process is no longer a function of one individual (Wilson & Woodside, 1994; Stoddard & Fern, 2002).

Although organisational buying decisions are primarily group lead activities, in certain circumstances individuals can dominate the process. The effects individuals can have on the process include: use of different decision rules to evaluate vendors; difference in attribute importance amongst different buyers; and differences in how individuals frame purchase decisions (Kauffman, 1996). Dwyer & Tanner (2002:100) go so far as to say:

“After all, purchase decisions are not made by heartless, hyperrational (sic) machines. Purchase decisions are made by people.”

Some researchers have proposed that the theories of consumer buyer behaviour and organisational buying behaviour can and should be combined (Wilson 2000). Wilson (2000:2) asks: “Why should we assume that separate theories are necessary to explain the exchange behaviour adopted by the same individual when placed in different contexts?” Foxal (1993) suggests that the apparent rationality of organisational buying decisions is subject to the same political, social, cultural, individual, behavioural and perceptual influences that are present in consumer buying behaviour.

As with consumer buyer behaviour, there are a number of organisational buying behaviour models. A common theme throughout all these models is the emphasis on group decision-making and the organisational constraints which limit the final decision. Most authors discuss briefly the affect of individual beliefs and attitudes on the final decision, but these aspects of behaviour rarely find their way onto the actual model, as they do in consumer buyer behaviour.

There are three types of buying decisions which organisations make (Cant *et al*, 2002):

1. *New task buying* – buying something that has never been bought before
2. *Straight rebuy* – buying more of the same product that has been bought before

3. *Modified rebuy* – modifying product specifications, prices, terms or suppliers from time to time

According to Selnes (1998) a rebuy decision is the equivalent of a decision to continue a business relationship, and in turn an indicator of customer loyalty. These types of decisions are more likely to be made based on past experiences and satisfaction with the supplier.

2.7. Buying Behaviour in Small Business

Small businesses are not as complex as large organisations and decisions are often taken by one individual (Johnston & Lewin, 1996). The owner or another individual in a small business can manage the purchasing function without the rigid rules and control procedures required in larger organisations. This is contrary to buying decisions in large organisations which are often performed by multiple individuals and multiple departments and subject to a number of conflicting objectives (Johnston & Lewin, 1996).

There has traditionally been a tendency amongst managers and researchers to view small business as a “little big business” (Welsh & White, 1981). More recently researchers have argued that there are significant differences between small and large business (Davis, Hills & LaForge, 1985). Although this researcher could not find any formal models of buying behaviour in small business, Patton, Puto & King (1986) found that individual decision making was more prevalent in smaller than larger firms.

It is possible then that the buying behaviour of small firms will be more akin to consumer buying behaviour than organisational buying behaviour. The attitudes and beliefs of the owner-manager are likely to have a direct effect on the final purchasing decision. It is for this reason that the research methodology utilized in this research is based on an individual behaviour theory rather than organizational buying theory.

2.8. Individual Behaviour Theory

There is some evidence that organisational buying behaviour in small businesses can be described by consumer behaviour models that emphasize the individual rather than the multi-dimensional behaviour of an organisation. Thompson & Panayiotopoulos (1999) found that buying behaviour of pig farmers could be understood and predicted through an application of the theory of reasoned action. The theory of reasoned action (Fishbein & Ajzen, 1975 and Ajzen & Fishbein, 1980) is one of the most widely applied theories of individual behaviour. The theory posits that it is possible to predict behaviour by understanding a person's belief structure and attitudes towards the behaviour.

Numerous explanatory theories of consumer behaviour have been put forward over the years to provide an understanding of alternate brands or product comparisons. To account for how these comparisons are translated into buying decisions, however, many researchers turned to psychological research in attitude formation (Ajzen & Fishbein, 1980).

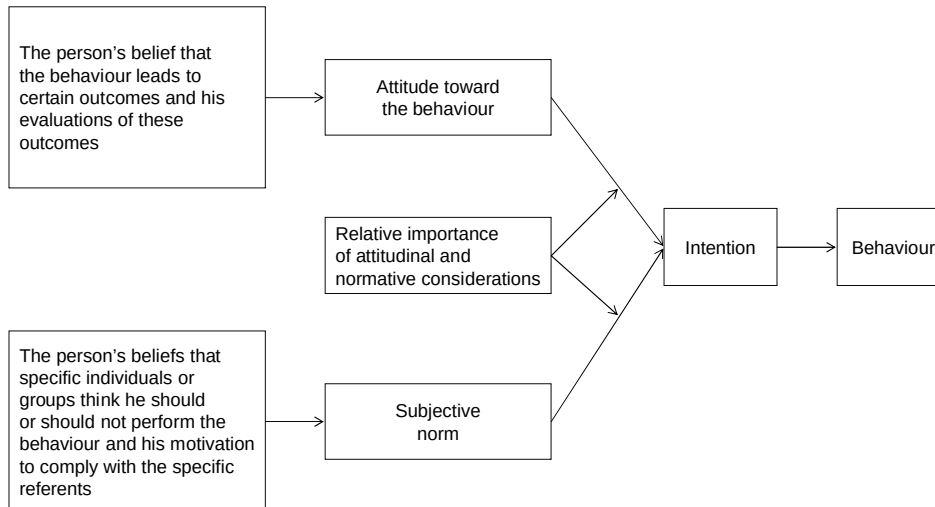
The theory of reasoned action was developed by from a class of theories commonly referred to as expectancy-value models. These models formalised the widely held view that a consumer's anticipated satisfaction with a product is determined by their beliefs that the product fulfils certain functions and that it satisfies some of their needs (Kalafatis, Pollard, East & Tsogas, 1999).

The theory of reasoned action proposes that intention is the primary determinant of behaviour and, in turn, that the determinants of intention are attitude to behaviour and subjective norm. Attitude to behaviour and subjective norms are determined, in turn, by underlying belief structures referred to as outcome beliefs and normative beliefs respectively (Fishbein & Ajzen, 1975).

An outcome belief is measured as the likelihood of an outcome occurring if the action is taken and the value associated with the outcome when it does occur. Normative beliefs are the individual's perception of what relevant others think about the action. They are measured by the likelihood that the referent holds the normative belief and the motivation to comply. This is presented symbolically in Figure 2.

Thompson & Panayiotopoulos (1999) found that the beliefs and attitudes of small business owners were an important predictor of purchasing behaviour. They also found that purchasing decisions in small business were not influenced by the beliefs of significant others, i.e. the purchase decision is less likely to involve the social pressures present in consumer decisions. They concluded that the normative component of reasoned action does not have the same role in small business as it does in personal behaviour.

Figure 2: The Theory of Reasoned Action



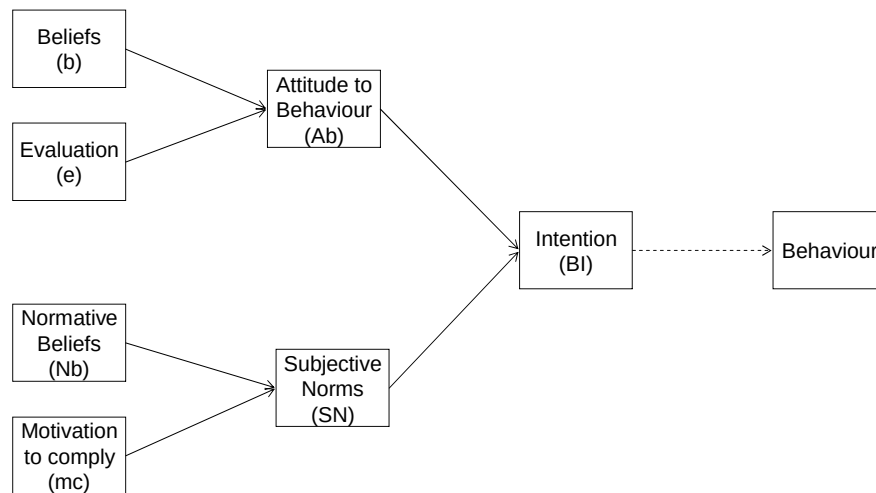
Source: Adapted Ajzen & Fishbein (1980)

The theory of reasoned action has been applied extensively across all the social sciences (Netemeyer, Andrews & Durvasula, 1993) and the results support the models predictive ability (Farley, Lehman & Ryan, 1981).

The theory of reasoned action has also been applied to brand loyalty in a theoretical paper by Ha (1998). Ha proposed to use the model to better understand the cognitive aspects of brand loyalty, stating that most studies on brand loyalty focus primarily on

the measurement of repeat purchases, rather than on how the antecedents of behavioural brand loyalty are inter-related.

Figure 3: Theory of Reasoned Action Variables



Source: Adapted Fishbein & Ajzen (1980)

Figure 3 illustrates the basic model of the theory of reasoned action. Based on literature by Fishbein & Ajzen (1975) and Ajzen (1991), the variables can be described as follows:

Behavioural Intention is an individual's intention to perform a given behaviour. Intentions are assumed to capture the motivational factors that influence a particular

behaviour and are an indication of how hard an individual is willing to try, or how much effort they are prepared to exert to perform the behaviour.

The behavioural intention in this research is customer loyalty. Fishbein & Ajzen (1975) indicate that intentions need to be specified according to target, situation and time. According to this specificity, BI could therefore be stated as:

The customer's intention to remain loyal to his or her current supplier for the next six months

It is also important to define loyalty in the context of the above intention. As discussed previously, loyalty will be defined in terms of frequency of purchase, the most basic measure of loyalty. Loyalty is therefore defined as:

The act of purchasing irrigation equipment more frequently from a particular supplier than any other supplier

Attitude to Behaviour is defined as the degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in questions. It can also be described as an individual's predisposition toward and particular behaviour. In this research it is the individual's predisposition toward remain loyal to a supplier.

Subjective Norms refer to a person's social pressure to perform or not perform the behaviour. It controls the behaviour that is instigated by the desire to act as others think you should act. In this research it is the customer's social pressure to remain loyal.

Beliefs refer to an individual's beliefs about the outcome or some other attribute of remaining loyal to a supplier. This variable measures the strength of the individual's beliefs. According to the theory it is the *salient* beliefs that are the immediate determinants of a person's attitude. Fishbein & Ajzen (1975) describe how a person may hold many beliefs about a particular object or behaviour, but only a relatively small number – perhaps five to nine – at any given moment. The interview process outlined in the research methodology is designed to elicit these salient beliefs.

Evaluation refers to a person's evaluation of the belief outcome. A measure of how important the belief is to the individual.

Normative Beliefs are concerned with the likelihood that important referent individuals or groups approve or disapprove of remaining loyal to a supplier. This variable measures the strength of the normative belief. Normative beliefs are also elicited from the interview process and are therefore *salient* beliefs.

Motivation to Comply refers to the individual's motivation to comply with the referent in question.

2.9. Antecedents of Customer Loyalty

Chumpitaz & Paparoidamis (2004) explore the two variables of product or service quality and client satisfaction in their relationship to behavioural intentions and loyalty. Many studies have researched these variables in a business-to-consumer

environment, but there is still an ongoing debate over their implications in a business-to-business environment.

Their study provides evidence that product quality dimensions are antecedents to customer satisfaction. However, only 41% of loyalty was explained. The authors suggest that this may be due to a lack of relational variables in the model. They propose that a more robust model may incorporate variables such as trust, commitment and dependence.

Further to this, the authors found that core product or service reliability is an absolute prerequisite for a business relationship to exist. Failure to meet these expectations will seriously impact the relationship.

The findings of this study are in contrast to studies on brand loyalty in the consumer market where it has been found that attitude to the purchase is most important as it drives behaviour directly (Chumpitaz & Paparoidamis, 2004).

In an examination of the relationship between service quality, customer satisfaction and store loyalty, Sivadas & Baker-Prewitt (2000) conclude that satisfaction and service quality have no direct effect on loyalty. Rather, loyalty is more directly influenced by relatively attitude. Relative attitude, in turn, is created by satisfying customers and improving service quality.

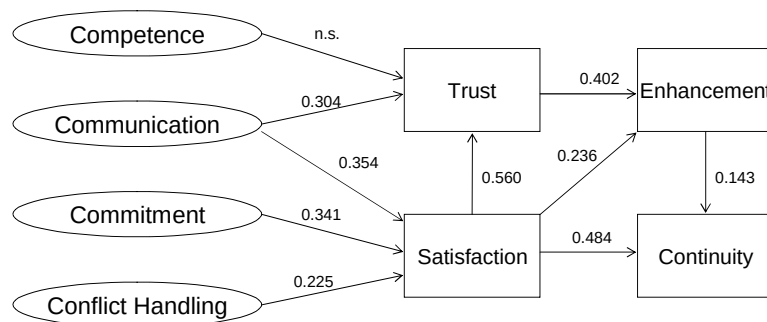
Other studies have found that there is a strong correlation between satisfaction and loyalty in business, between 0.17 and 0.66 in one study and 0.36 to 0.837 in another study (Selnes, 1993).

Selnes (1998) researched the antecedents of trust and satisfaction in buyer-seller relationships. The study centres on the perceived risks associated with enhanced business relations and the factors which mitigate this risk. Some of the risks of enhancing business relations which a customer may perceive are:

- Limiting the number of other potential suppliers.
- Fear that the partner may take advantage by increasing prices, delivering poorer quality, or poorer service.
- Limiting the opportunity of acquiring future innovations as the supplier may not be a leading-edge innovator.

The study resulted in the following model:

Figure 4: Antecedence of Customer Loyalty



Source: Selnes (1998)

The four source variables are defined as follows:

- *Competence* – Technical expertise of the supplier as well as knowledge of the customer's organisation, markets, competitors and industry
- *Communication* – Exchange of information between the customer and supplier
- *Commitment* – Commitment to what the parties have in common and how the supplier responds to customer needs

- *Conflict resolution* – Supplier must show responsibility in unforeseen and unplanned events

The research found that satisfied customers were more motivated to continue the relationship with supplier and enhance the scope of the relationship. It was determined that trust was a strong antecedent of motivation to enhance the scope of a relationship, yet it was not necessary when the decision was relationship continuity.

All four source variables had a strong effect on either trust or satisfaction, or both, apart from competence which unexpectedly did not affect trust. The researchers suggested that competence may operate through communications.

The various findings discussed above indicate that there is no consensus on the antecedents of customer loyalty. The following is a summary of some of the salient findings of the above research:

- Customer satisfaction, or meeting of customers needs, is a prerequisite to customer loyalty.
- In business-to-business relations, satisfaction tends to have a direct effect on customer loyalty.
- In business-to-consumer markets, satisfaction tends to effect attitudes which in turn affect customer loyalty.

- In business-to-business markets, product or service reliability must be present for a customer loyalty to exist.
- In business-to-business markets, competence, communication, commitment and conflict handling may be amongst the attributes which effect customer loyalty.

2.10. The Landscape Irrigation Industry in Context

The landscape irrigation industry in South Africa comprises a segment of small businesses in the form of independent contractors who provide services to residential, commercial and agricultural customers. Services include the supply, design, installation, maintenance and repair of irrigation systems; also know as “sprinkler systems”. Contractors purchase equipment directly from a select number of primary importers and distributors. The industry is loosely regulated by an organisation called the “Landscape Irrigation Association”, which has influence, but no real power.

Due to the small and informal nature of the South African irrigation industry, there is no literature available for review. The information in this report was accumulated through the researcher’s personal experience as one of the importers and distributors of irrigation equipment. By far the majority of equipment is imported from the U.S.A. where the industry is more advanced than in South Africa.

A report by Shank (2000) on the U.S.A. landscape irrigation industry indicates there are approximately 38,000 landscape irrigation contractors in the U.S. performing more than

\$2 billion of irrigation installations every year, excluding highways, golf courses and parks. The industry employs over 200, 000 people with a market growth rate approaching 20% a year.

It is impossible to estimate with any degree of accuracy how many irrigation contractors there are in South African. Some sources estimate over 500 in the Gauteng area alone. The importers and distributors rely heavily on the purchases of contractors as their primary sales channel. Understanding the purchasing behaviour of the contractors will greatly increase the supplier's chances of attracting and retaining contractors as customers.

The typical profile of an irrigation contractor is that of an owner managed business which employs a number of labourers and in the case of bigger contracts a number of supervisors. The owner-manager stays close to the operations of the business and typically is the buyer for the business. Bigger contractors may employ staff to handle purchase orders and manage supplier accounts, but the purchasing decision will most likely remain the responsibility of the owner-manager.

The nature of the industry is such that suppliers tend to have fairly close relationships with their customers. In most cases the suppliers are themselves small businesses. Suppliers compete fairly aggressively for the business of contractors, mostly by employing a one-on-one sales approach.

The independent contracting form of business, although not necessarily a new concept, was not the norm in many industrial nations for much of the twentieth century.

Changes beginning in the mid-1970's created conditions that lead to more non-standard work arrangements such as independent contracting (Kalleberg, 2000). Global economic changes created a business environment that demanded higher profits and more flexibility. Sluggish economies in some countries increased unemployment until it was accepted that it was impossible to create full time employment for everyone. The move to non-standard work practices was facilitated by the advancement of technology in communication and information systems.

It is widely believed that the prevalence of self-employed contractors in industrialised countries has increased substantially since the mid-1970's (VandenHeuvel & Wooden 1997). Contractors differ from conventional small business, such as retailers, in that they cannot accumulate surplus value produced by their labour (Rainbird, 1991). Their only capital is their tools, materials and skills.

The materials of a typical irrigation installation comprise approximately 60-70% of the total cost of the job, the remainder being labour and overheads. For the irrigation contractor it is therefore an important decision when choosing a supplier, as his or her livelihood depends on it.

2.11. Summary

In the context of this research the above literature suggests some important issues to consider:

1. Customer loyalty is an important aspect of the marketing approach of a business.
2. Relationship marketing was developed specifically to enhance marketing theory to include a focus on customer loyalty.
3. Relationship marketing and customer loyalty may be even more significant to small business than institutionalised business.
4. The buying behaviour of a small business is more likely to be better described by individual behaviour models than organisational behaviour models.
5. An individual behaviour theory, the theory of reasoned action, has been successfully applied in a small business context.
6. There are a number of antecedents to customer loyalty discovered in business-to-business as well as business-to-consumer research. The literature is not clear as whether these would apply in a small business.

The act of purchasing in the irrigation industry consists of interactions between small business and independent contractors, a special case of small business. Owner-managers are likely to make independent decisions on which suppliers to choose, and which to stay loyal to. It is reasonable to assume, given the findings in the above literature, that this phenomenon could be studied using an individual behaviour theory, such as the theory of reasoned action.

2.12. Propositions

This research investigates how independent contractors in the irrigation industry perceive supplier loyalty. It employs as a methodological foundation the theory of reasoned action.

The research will investigate the following areas of loyalty:

- The customers' intention to remain loyal
- The customers' attitude towards loyalty
- The customers' beliefs associated with loyalty
- The influence significant others have on customer loyalty

Proposition 1

Irrigation contractors intend to remain loyal to their current supplier for at least the next six months.

Proposition 1 stems primarily from the research methodology employed. Fishbein & Ajzen (1980) propose that it is possible to predict an individual's behavioral intention by understanding the underlying beliefs and attitudes of the individual. Remaining loyal is the behavioural intention in this case and the researcher proposes that irrigation contractors will have a propensity to remain loyal over the short term due to the

benefits associated with close relationships in small business-to-business transactions (Ringberg & Gupta, 2003).

Proposition 2

Irrigation contractors believe that remaining loyal to a supplier is more beneficial than harmful.

This proposition is closely allied to proposition 1. According to Fishbein & Ajzen (1980) an individual's attitude about the outcome of a behaviour can predict that behaviour. In this case the outcome is the benefit the customer receives by remaining loyal to a supplier. If the individual believes that remaining loyal to the supplier is beneficial, he or she is more likely to remain loyal. This notion is tested with proposition 2.

Proposition 3

Irrigation contractors will display loyalty by spreading positive word of mouth about their current supplier and referring new customers (Dowling & Uncles, 1997).

Proposition 4

Irrigation contractors believe that product reliability (Chumpitaz & Paparoidamis, 2004) is an important aspect of supplier loyalty.

Proposition 5

Irrigation contractors believe that service reliability (Chumpitaz & Paparoidamis, 2004) is an important aspect of supplier loyalty.

Proposition 6

Irrigation contractors believe that remaining loyal to a supplier limits the number of other potential suppliers (Selnes, 1998).

Proposition 7

Irrigation contractors believe that a supplier will take advantage of a loyal customer by increasing prices (Selnes, 1998).

Proposition 8

Irrigation contractors believe that a supplier will take advantage of a loyal customer by offering poorer service (Selnes, 1998).

Proposition 9

Irrigation contractors believe that remaining loyal to a supplier will limit the opportunity of acquiring future innovations (Selnes, 1998).

Proposition 10

Irrigation contractors believe that supplier competence (Selnes, 1998) is an important aspect of loyalty.

Proposition 11

Irrigation contractors believe that supplier communication (Selnes, 1998) is an important aspect of loyalty.

Proposition 12

Irrigation contractors believe that supplier commitment (Selnes, 1998) is an important aspect of loyalty.

Proposition 13

Irrigation contractors believe that conflict resolution (Selnes, 1998) is an important aspect of loyalty.

Proposition 14

The loyalty of irrigation contractors to their suppliers is not influenced by what other people think (Thompson & Panayiotopoulos, 1999).

3. METHODOLOGY

3.1 Method

The method has two stages of data collection. The first stage consists of a structured interview of a small sample of respondents in the population. The results of the interview are used to construct a questionnaire. The second stage is the administration of this questionnaire.

The data obtained from the responses to the questionnaire were analysed using descriptive statistics.

3.2. The Research Population

The research population comprises all landscape irrigation contractors in Gauteng.

3.3. Sample Size and Selection

A convenience sample was used. The sample was obtained from a list of all irrigation contractors in Gauteng compiled from the company databases of Wetlands Irrigation. The list contained 237 owner-managed contractors. A sample of ten respondents was interviewed to elicit information required to develop the questionnaire. The self-completion questionnaire with a prepaid reply envelope was distributed to each person on the list.

3.4. Data Collection & Questionnaire Design

The data was collected using a structured interview and a questionnaire. The interview provided the information necessary to compile the questionnaire. The data collection method was adopted from guidelines suggested by Ajzen and Fishbein (1980) in their Theory of Reasoned Action.

3.4.1. Stage 1 - Interview

Free-response, semi-structured interviews as recommended by Ajzen and Fishbein (1980) were conducted to elicit salient outcome beliefs and referents for inclusion in the questionnaire. A random sample of 10 contractors was chosen from the sample list. A copy of the questions that were asked in the interview can be found in appendix A. The results of the interview are presented in table 5.

3.4.2. Stage 2 – Questionnaire

The questionnaire was developed based on the outcome of the interview in stage 1 (see appendix C). The set of beliefs most frequently elicited by the sample constitutes the modal set of salient beliefs for the population (Ajzen & Fishbein, 1980). Ajzen & Fishbein (1980) suggest that the least arbitrary method of determining how many beliefs to include is to choose as many beliefs as necessary to account for a certain percentage (e.g. 75%) of all beliefs submitted. For this research the interview process elicited 12 beliefs and 3 referents. Since the number of beliefs and referents was reasonable the researcher elected to include all 15.

The questionnaire was divided into 4 main sections:

Section 1 measured the strength of each belief and referent elicited during the interview process. This was achieved by asking respondents what the likelihood was of an outcome occurring if they remained loyal to their supplier.

Section 2 measured the importance of each of the outcome beliefs and the motivation to comply with the referents. Respondents were asked how important each of the outcomes or referents was to themselves or their business.

Section 3 comprised a number of question to which the responded had to agree or disagree. The first constituted a global measure of subjective norm. This was obtained by asking respondents to rate the extent to which “important others” would approve or disapprove of them remaining loyal to a supplier. The second measured customer’s intention to remain loyal to a supplier directly. The third set of questions measured the customer’s propensity to talk positively about the supplier and recommend the supplier to other potential customers.

Section 4 constituted a global measure of attitude using a standard attitude scale. This was a direct measure of a person’s favourable or unfavourable disposition towards remaining loyal to a supplier.

The responses were measured on a seven-point bi-polar semantic differential scale and scored +3 to -3 except for the importance measures which were treated as unipolar constructs and scored +0 to +6 as recommended by Ajzen & Fishbein (1980).

The bi-polar scale is used to allow respondents to say that a statement is false. This is necessary because not all respondents will have emitted the same beliefs. When a respondent is confronted with a belief that is not her own it is appropriate to give her the opportunity to say that the statement is false.

3.5 Reliability and Validity

3.5.1. Reliability

The reliability of the measuring instrument was ensured by rigorous adherence to the documented procedures for this type of research.

3.5.2. Validity

The method of application of the theory of reasoned action precludes the instrument developed in this research from being used in any other industry or another setting. However, the findings of this research will provide information as to whether the methodology can be successfully applied more widely than it has been traditionally. In a sense this research is testing the external validity of the specific instrument developed using the guidelines of the theory of reasoned action.

The face validity of the measuring instrument is dependent on the success of the method followed, specifically the results of the elicitation process. Again, it is the researcher's belief that rigorous adherence to the documented method will provide the necessary internal validity.

3.6. Pilot Study

The measurement instrument was tested via a pilot study. Since the questionnaire is non-standard and was developed specifically for this research, it was important to ensure that it was clear and unambiguous. A sample of five contractors was used for the pilot study. It resulted in some cosmetic changes to the wording of certain questions.

3.7. Data Analysis

The data was analysed using descriptive statistics. The limited range of responses to the behavioural intention question in section 5 (which would have been the dependent variable) precluded the researcher from using the more rigorous method of regression analysis.

The data obtained via this research is clearly ordinal data and as such should be rescaled in order to subject it to statistical data. In this case the standard method of rescaling using correspondence analysis was not appropriate due to the small sample and the overwhelming amount of responses at one extreme of the scale. The researcher elected to use a distribution fitting algorithm to calculate representative means and standard deviations (Stacey, 2005).

Stacey (2005) used an algorithmic rather than arithmetic approach to fit distributions to the observed data using the χ^2 statistic. The distribution-fitting algorithm approach was compared to the rescaling approach using correspondence analysis and the approach

that assumes an interval level scale using a bootstrap resampling methodology. Stacey (2005) showed that the distribution fitting algorithm approach was the most accurate and valid when compared to the other approaches. The analysis confirmed that survey results may be flawed if correspondence analysis is used inappropriately or ordinal level scales are assumed to be interval level scales.

A major shortcoming of correspondence analysis was that the analysis was spuriously sensitive to response offset in the data which may cause inaccurate rank ordering of response items. The calculation of variability of responses may also be unreliable. Stacey (2005) suggested that when reviewing analyses of survey data where average opinions or attitudes are quoted or ranked, then the scaling methodology should be questioned.

The distribution fitting algorithm approach does not make any assumptions about the distributions of the underlying attitudes of the respondents and produces data that can be analysed numerically.

4. PRESENTATION OF RESULTS

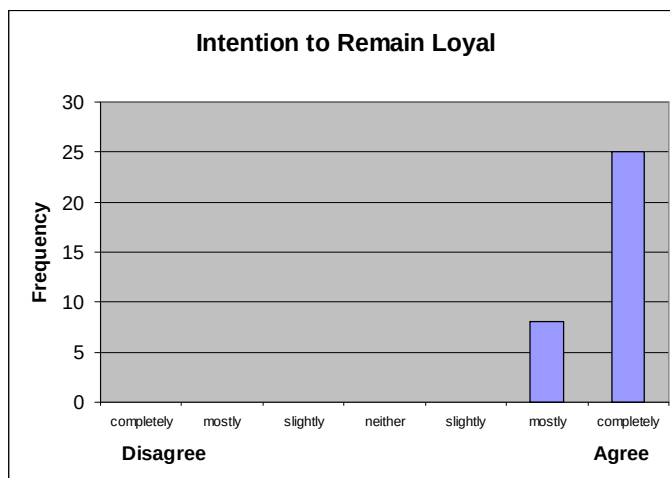
4.1 Introduction

This chapter presents the data collected from the field. The interpretation of the data is presented in the next chapter.

4.2 Intention to Remain Loyal

Respondents were asked whether they intended to remain loyal to their current supplier for the next six months. A histogram of the results is shown in figure 5.

Figure 5: Histogram of Intention to Remain Loyal



All respondents indicated they were mostly or completely intending to remain loyal for the following six months. Data obtained from the distribution fitting algorithm are shown in table 2.

Table 2: Intention to Remain Loyal

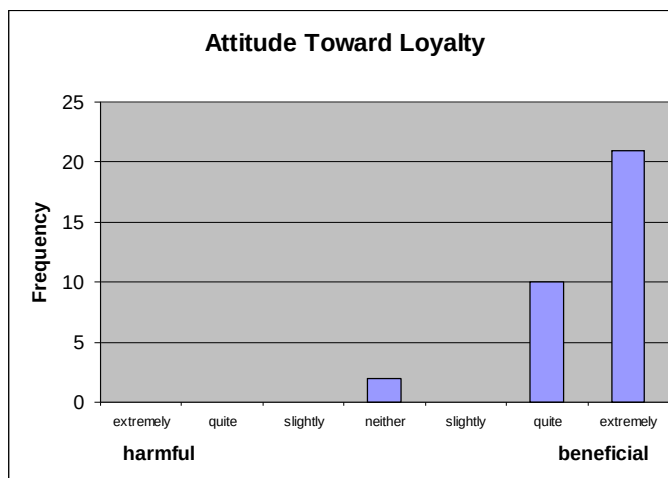
μ	σ	σ^2	p-value
0.43	0.11	0.01	0.0000

The results are significant at the 5% level.

4.3 Attitude Towards Remaining Loyal

Respondents were asked to what degree they believed remaining loyal to their current supplier was harmful or beneficial. A histogram of the results is shown in figure 6.

Figure 6: Histogram of Attitude Toward Loyalty



All respondents apart from 2 indicated that they believed it was quite or extremely beneficial to remain loyal to their current supplier. Data obtained from the distribution fitting algorithm are shown in table 3.

Table 3: Attitude Toward Loyalty

μ	σ	σ^2	p-value
0.55	0.74	0.55	0.0002

The results are significant at the 5% level.

4.4 Positive Word of Mouth and Referrals

Respondents were asked to what degree they agreed or disagreed with the following questions:

- I talk positively about my supplier
- I recommend my supplier to others if asked
- I proactively encourage others to initiate business with my supplier

The frequency of responses are shown in tables 7, 8 and 9.

Figure 7: Histogram of Positive Word of Mouth

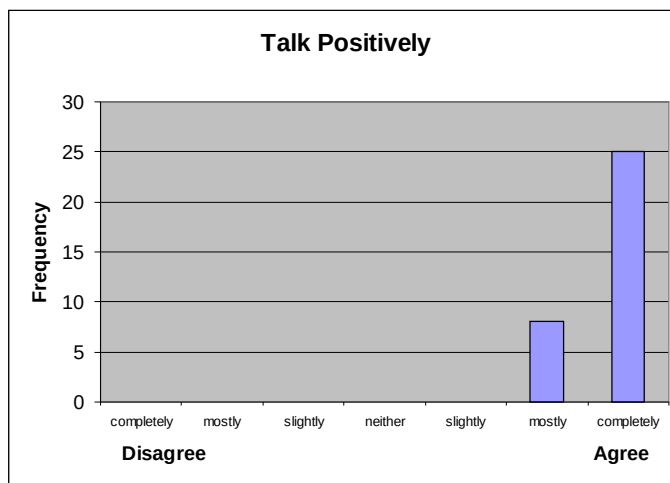


Figure 8: Histogram of Recommends if Asked

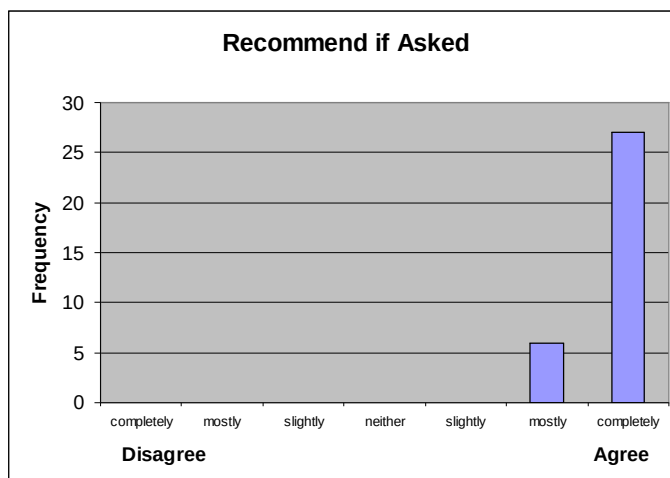
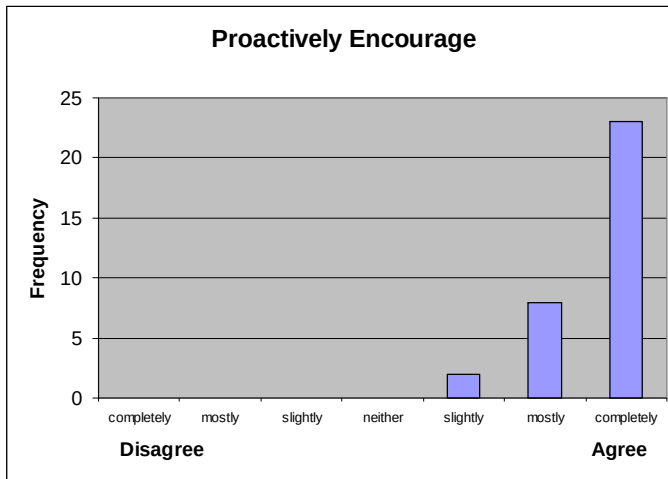


Figure 9: Histogram of Proactively Encourage



All respondents indicated that they spoke positively about their supplier, would recommend them if asked and proactively encouraged others to initiate business with the supplier. Data obtained from the distribution fitting algorithm are shown in table 4.

Table 4: Positive Word of Mouth and Referrals

	μ	σ	σ^2	p-value
Positive WOM	0.44	0.12	0.01	0.0000
Recommend	0.48	0.14	0.02	0.0000
Encourage	0.65	0.61	0.37	0.0000

The results are significant at the 5% level.

4.5 Beliefs Associated with Customer Loyalty

The interview process solicited salient beliefs about loyalty from the respondents. Each of the 10 interviewees was asked first what the advantages were, and second

what the disadvantages were, of remaining loyal to their current irrigation supplier was. They were then asked to mention anything else that came to mind to do with customer loyalty.

The responses were analysed for similar themes and grouped into 12 distinct beliefs. Table 5 shows the raw responses grouped into beliefs.

Table 5: Salient Belief Organisation

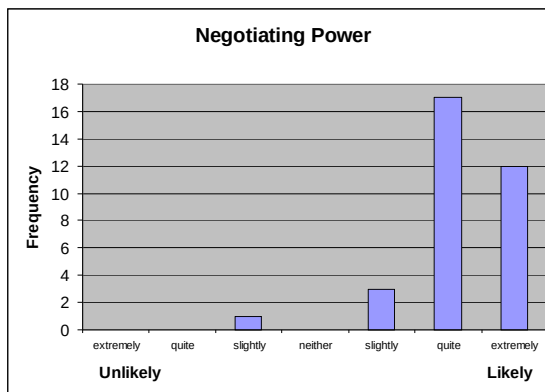
Belief Groupings	Staying loyal to my supplier...	Frequency	Belief Number
1	Gives me more negotiating power	2	1
2	Improves my pricing/discount structure	4	2
3	Increases the amount of new business leads I get	4	3
4	Creates a good working relationship with my supplier	1	4
	Improves the attitude of individuals at the supplier	1	4
	Improves my relationship with individuals at my supplier	3	4
5	Gives me better service	3	5
	Gives me better backup service	3	5
6	Makes my supplier loyal to me	3	6
7	Allows me better access to technical expertise when required	1	7
	Allows me to get me better support	2	7
	Gives me more access to help	1	7
8	Gives me a uniform base of equipment to work with	2	8
9	Allows me to work with reliable equipment	1	9
	Allows me to work with quality equipment	1	9
	Allows me to work with equipment that has good manufacturer warranties	1	9
10	Gives me access to credit	2	10
11	Makes me turn a blind eye to latest developments	1	11
	Makes me turn a blind eye to better equipment	1	11
12	Makes me miss out on better pricing from other suppliers	1	12
	Makes me turn a blind eye to better suppliers	1	12

Respondents were asked what the likelihood of each belief occurring was and what the importance of the outcome was to them.

4.5.1 *Negotiating Power*

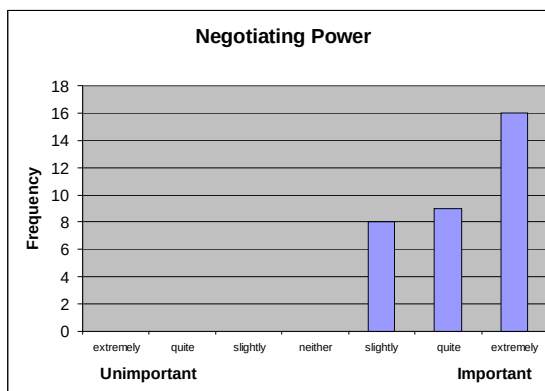
Respondents were asked what the likelihood was that remaining loyal to their current supplier would give them more negotiating power.

Figure 10: Likelihood of Getting More Negotiating Power



Respondents were asked how important to their business the amount of negotiating power they have with their supplier is.

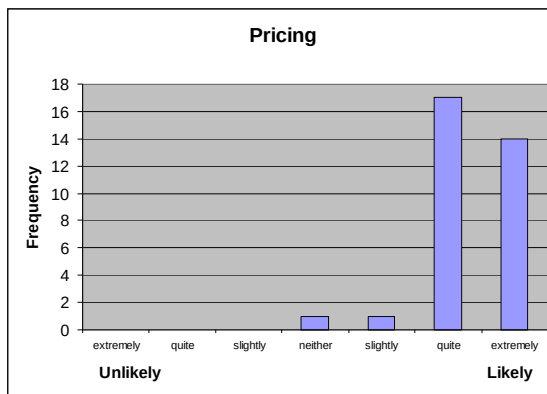
Figure 11: Importance of Negotiating Power



4.5.2 Pricing

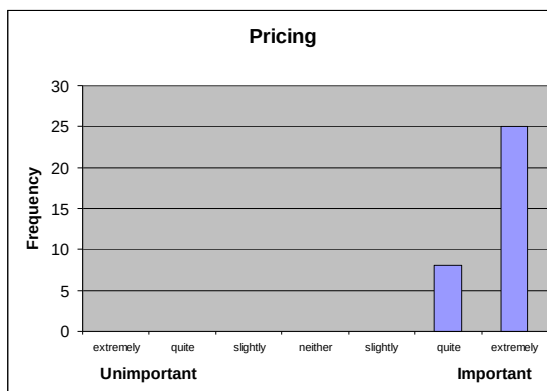
Respondents were asked what the likelihood was that remaining loyal to their current supplier would ensure they get the best pricing/discount structures.

Figure 12: Likelihood of Getting Best Pricing



Respondents were asked how important to their business pricing or the discount structure they receive from a supplier is.

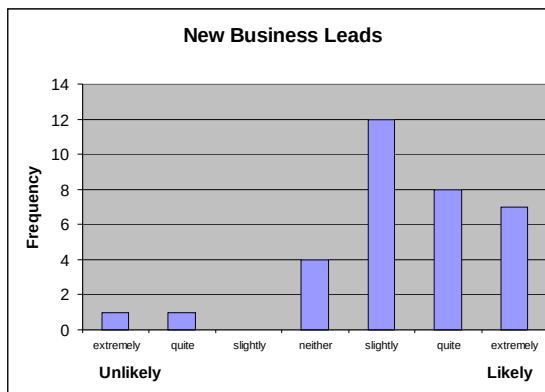
Figure 13: Importance of Pricing



4.5.3 New Business Leads

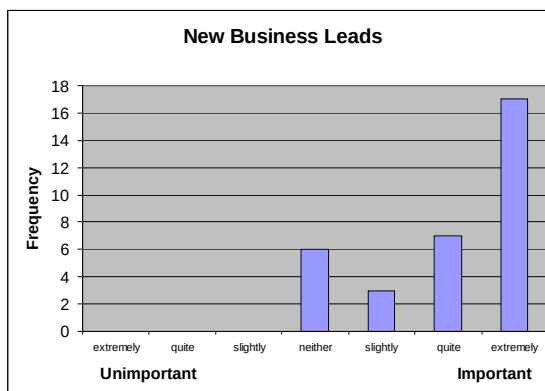
Respondents were asked what the likelihood was that remaining loyal to their current supplier would increase the amount of new business leads they get.

Figure 14: Likelihood of New Business Leads Increasing



Respondents were asked how important to their business the new business leads they get from a supplier are.

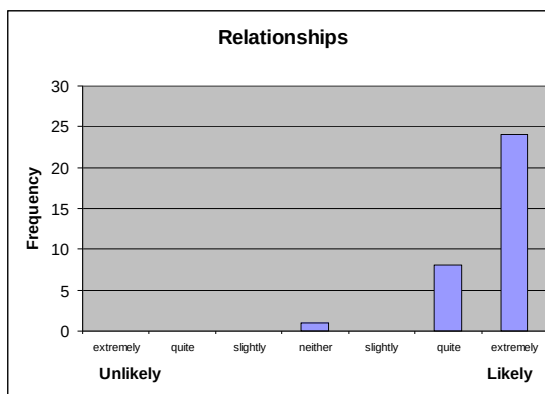
Table 15: Importance of New Business Leads



4.5.4 Working Relationships

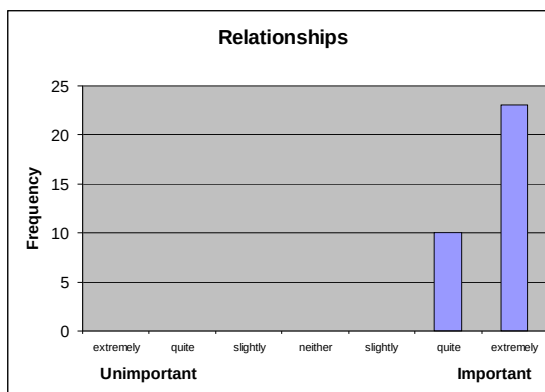
Respondents were asked what the likelihood was that remaining loyal to their current supplier would improve the quality of the working relationships they have with the individuals at the supplier.

Figure 16: Likelihood of Working Relationships Improving



Respondents were asked how important to their business the quality of the working relationships they have with the individuals at a supplier is.

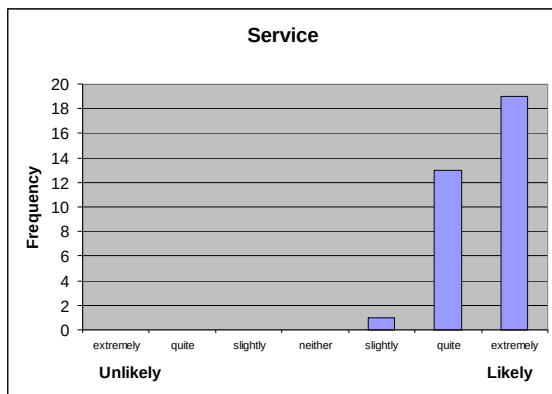
Figure 17: Importance of Working Relationships



4.5.5 Service Levels

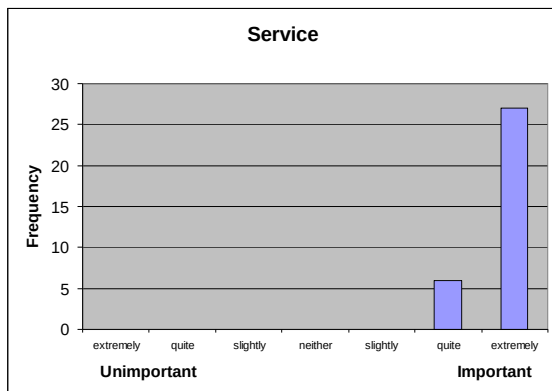
Respondents were asked what the likelihood was that remaining loyal to their current supplier would improve the level of service they receive.

Figure 18: Likelihood of Service Levels Improving



Respondents were asked how important to their business the level of service they receive from a supplier is.

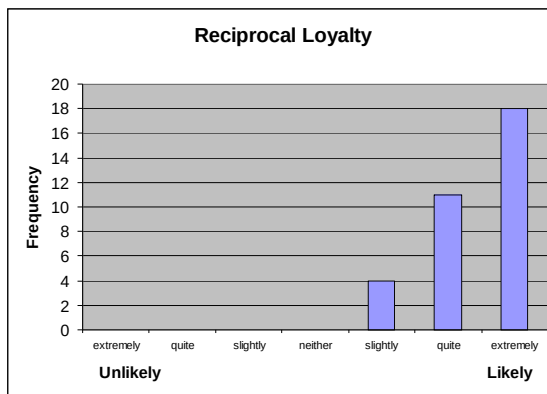
Figure 19: Importance of Service Levels



4.5.6 Reciprocal Loyalty

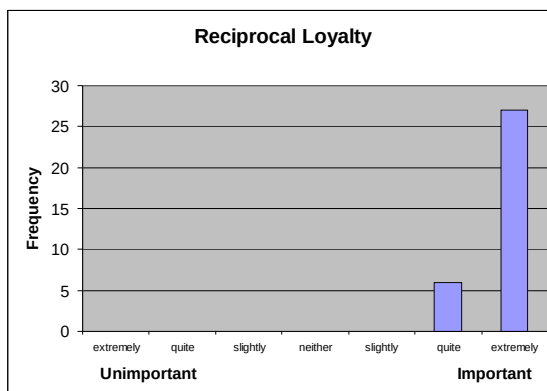
Respondents were asked what the likelihood was that remaining loyal to their current supplier would make their supplier loyal to them.

Figure 20: Likelihood of Reciprocal Loyalty



Respondents were asked how important to their business the loyalty they receive from a supplier is.

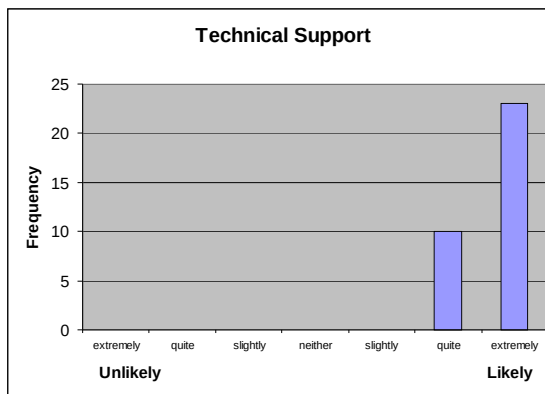
Figure 21: Importance of Reciprocal Loyalty



4.5.7 Technical Support

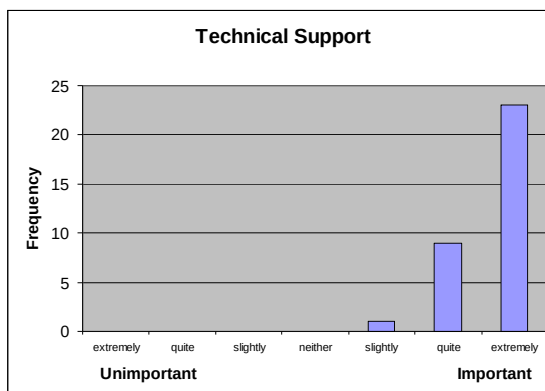
Respondents were asked what the likelihood was that remaining loyal to their current supplier would give them better access to technical support and expertise.

Figure 22: Likelihood of Access to Technical Support



Respondents were asked how important to their business access to technical support and expertise from a supplier is.

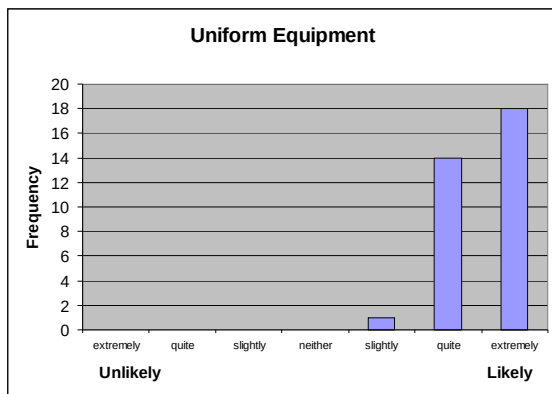
Figure 23: Importance of Access to Technical Support



4.5.8 Standardised Equipment

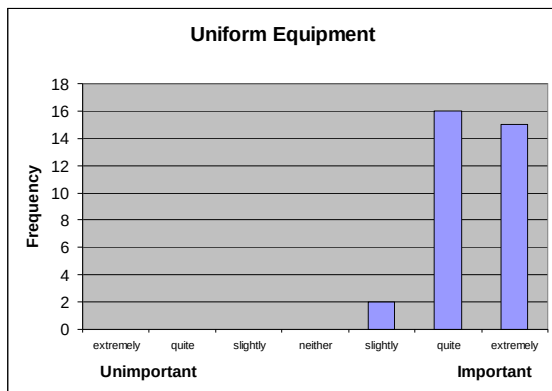
Respondents were asked what the likelihood was that remaining loyal to their current supplier would give them a standardised base of equipment to work with.

Figure 24: Likelihood of Standardised Equipment



Respondents were asked how important to their business a standardised base of equipment is.

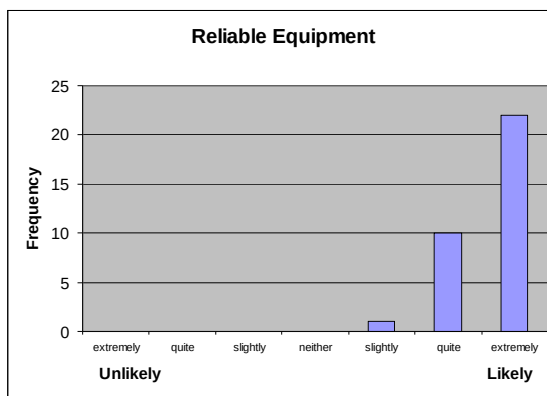
Figure 25: Importance of Standardised Equipment



4.5.9 Reliable Equipment

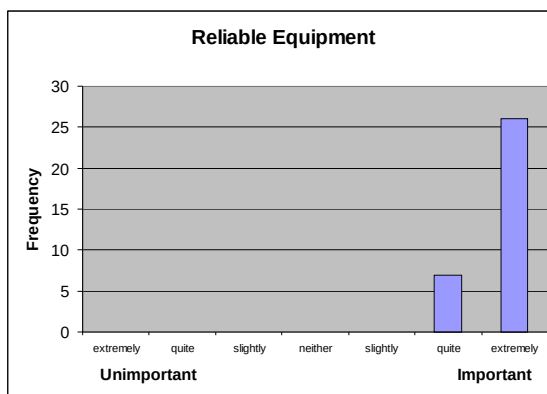
Respondents were asked what the likelihood was that remaining loyal to their current supplier would give them access to reliable, quality equipment with good manufacturer warranties.

Figure 26: Likelihood of Access to Reliable Equipment



Respondents were asked how important to their business having access to reliable, quality equipment with good manufacturer warranties is.

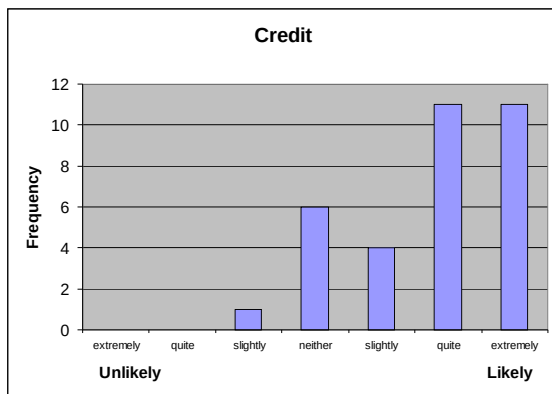
Figure 27: Importance of Reliable Equipment



4.5.10 Credit

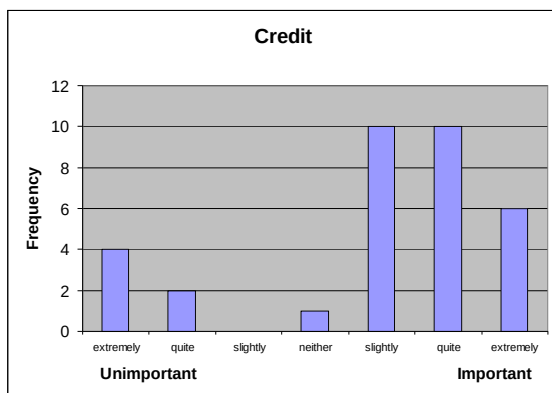
Respondents were asked what the likelihood was that remaining loyal to their current supplier would give them access to credit or flexible repayment options.

Figure 28: Likelihood of Access to Credit



Respondents were asked how important to their business the availability of credit or flexible repayment options from a supplier is.

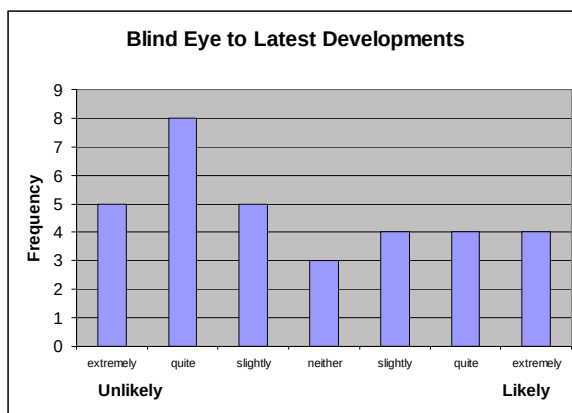
Figure 29: Importance of Credit



4.5.11 Latest Developments

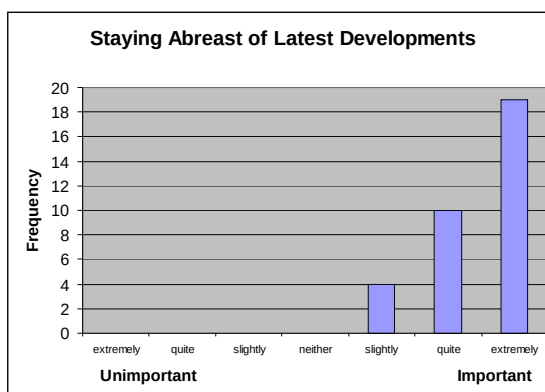
Respondents were asked what the likelihood was that remaining loyal to their current supplier would make them turn a blind eye to the latest developments or better equipment on the market.

Figure 30: Likelihood of Turning a Blind Eye to Latest Developments



Respondents were asked how important to their business it is to stay abreast of the latest developments in irrigation equipment.

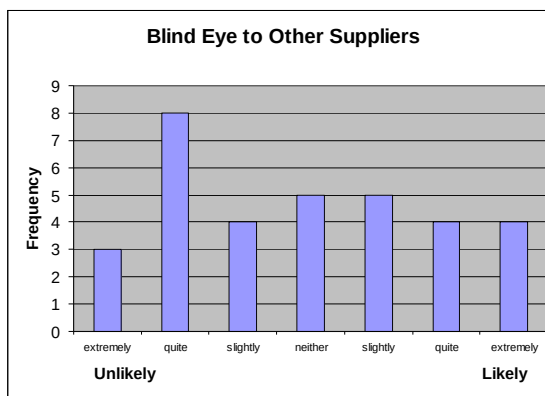
Figure 31: Importance of Staying Abreast of Latest Developments



4.5.12 Competitor Suppliers

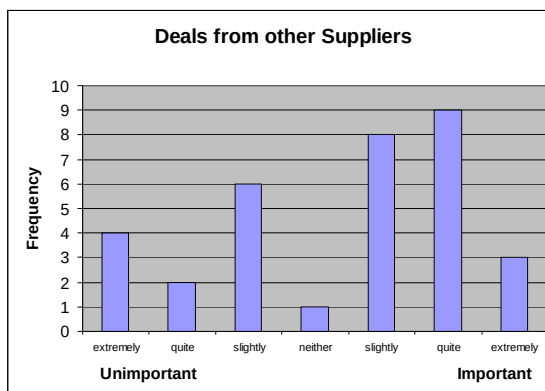
Respondents were asked what the likelihood was that remaining loyal to their current supplier would make them miss out on the opportunity to find out what deals other suppliers can offer them.

Figure 32: Likelihood of Turning a Blind Eye to Other Suppliers



Respondents were asked how important to their business it is to find out what deals other suppliers can offer them.

Figure 33: Importance of Deals from Other Suppliers



4.5.13 Distribution Fitting Algorithm

The results from the distribution fitting algorithm are presented in table 6. Significant results are highlighted in a darker shade of grey.

Table 6: Results from Distribution Fitting Algorithm

	Likelihood			Importance		
	μ	σ		μ	σ	
1	0.15	0.58		0.05	0.88	<i>Negotiating power</i>
2	0.26	0.46		0.31	0.18	<i>Price</i>
3	-0.33	0.76		-0.06	1.33	<i>Leads</i>
4	0.74	0.71		0.25	0.14	<i>Working relationships</i>
5	0.42	0.38		0.23	0.05	<i>Level of service</i>
6	0.39	0.58		0.31	0.14	<i>Reciprocal Loyalty</i>
7	0.38	0.06		0.50	0.61	<i>Technical support</i>
8	0.39	0.37		0.13	0.50	<i>Standardised base of equipment</i>
9	0.54	0.45		0.32	0.17	<i>Reliable equipment</i>
10	-0.03	0.74		-0.88	1.22	<i>Credit</i>
11	-1.03	1.07		0.31	0.80	<i>Blind eye to latest developments</i>
12	-0.90	0.97		-1.19	1.11	<i>Blind eye to other deals</i>

The majority of the results were significant at the 5% level apart from 2 Likelihood questions and 3 importance questions.

A ranking of the means in order of Likelihood is shown in table 7:

Table 7: Ranking in Order of Likelihood

Ranked by strength of belief						
	Likelihood			Importance		
	μ	σ		μ	σ	
4	0.74	0.71		0.25	0.14	Working relationships
9	0.54	0.45		0.32	0.17	Reliable equipment
5	0.42	0.38		0.23	0.05	Level of service
6	0.39	0.58		0.31	0.14	Reciprocal Loyalty
8	0.39	0.37		0.13	0.50	Standardised base of equipment
7	0.38	0.06		0.50	0.61	Technical support
2	0.26	0.46		0.31	0.18	Price
1	0.15	0.58		0.05	0.88	Negotiating power
10	-0.03	0.74		-0.88	1.22	Credit
3	-0.33	0.76		-0.06	1.33	Leads
12	-0.90	0.97		-1.19	1.11	Blind eye to other deals
11	-1.03	1.07		0.31	0.80	Blind eye to latest developments

Respondents believed that it was most likely that working relationships would improve if they remained loyal to a supplier. They believed they were least likely to turn a blind eye to the latest developments in irrigation equipment by remaining loyal to a supplier.

A ranking of the means in order of importance is shown in table 8:

Table 8: Ranking in Order of Importance

Ranked by strength of importance						
	Likelihood			Importance		
	μ	σ		μ	σ	
7	0.38	0.06		0.50	0.61	Technical support
9	0.54	0.45		0.32	0.17	Reliable equipment
6	0.39	0.58		0.31	0.14	Reciprocal Loyalty
2	0.26	0.46		0.31	0.18	Price
11	-1.03	1.07		0.31	0.80	Staying abreast of latest developments
4	0.74	0.71		0.25	0.14	Working relationships
5	0.42	0.38		0.23	0.05	Level of service
8	0.39	0.37		0.13	0.50	Standardised base of equipment
1	0.15	0.58		0.05	0.88	Negotiating power
3	-0.33	0.76		-0.06	1.33	Leads
10	-0.03	0.74		-0.88	1.22	Credit
12	-0.90	0.97		-1.19	1.11	Deals from other suppliers

Due to the limited variation in responses for a number of the questions on the upper end of the importance scale it was not possible to differentiate meaningfully between some of the questions. It was decided to group the top 7 most important responses together rather than attempt to rank them. The most important items were therefore: technical support, reliable equipment, reciprocal loyalty, price, staying abreast of latest developments, working relationships and the level of service received from the supplier. Respondents believed that finding out what deals other suppliers could offer them was least important of all the items.

4.6 The Influence of Others on Loyalty

Respondents were asked during the interview process whether there was any person or groups of people who would approve or disapprove of them remaining loyal to their current supplier. Three groups of people were identified through this process:

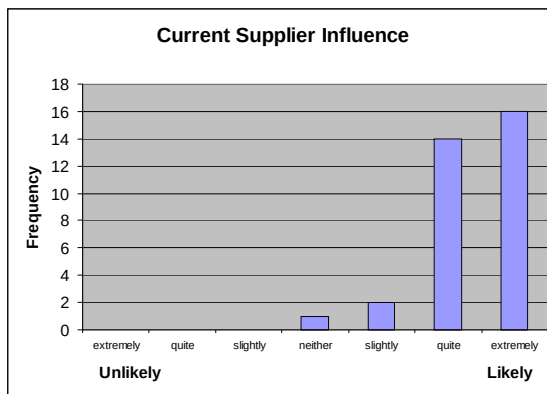
- Their current supplier
- Competitor suppliers
- Clients

In the questionnaire respondents were then asked whether it was likely that these people would influence their loyalty over the next six months. They were also asked how important these groups of people were to them or their business.

4.6.1 Current Supplier Influence

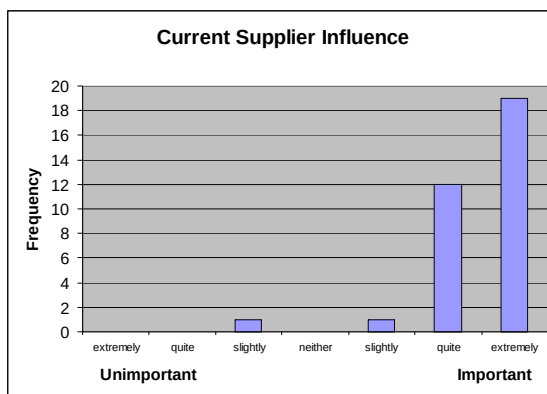
Respondents were asked what the likelihood was of their current supplier influencing them to remain loyal to them over the next six months is.

Figure 34: Likelihood of Current Supplier Influencing Loyalty



Respondents were asked how important it was what their current supplier thinks of them or their business.

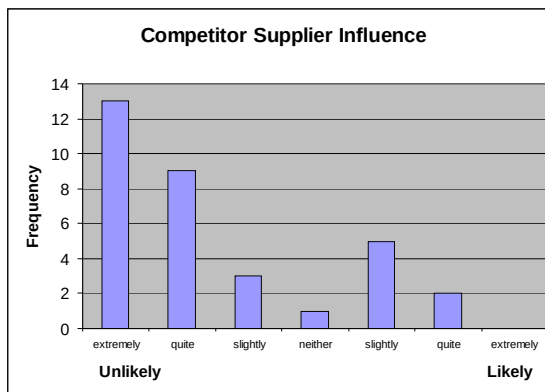
Figure 35: Importance of Current Supplier



4.6.2 Competitor Supplier Influence

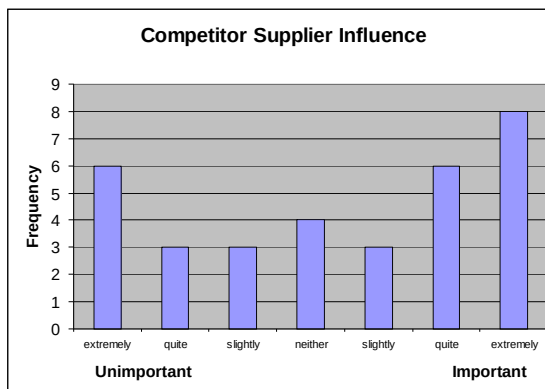
Respondents were asked what the likelihood was of competitor suppliers influencing them to change their loyalty over the next six months.

Figure 36: Likelihood of Competitor Supplier Influencing Loyalty



Respondents were asked how important it was what competitor suppliers think about them or their business.

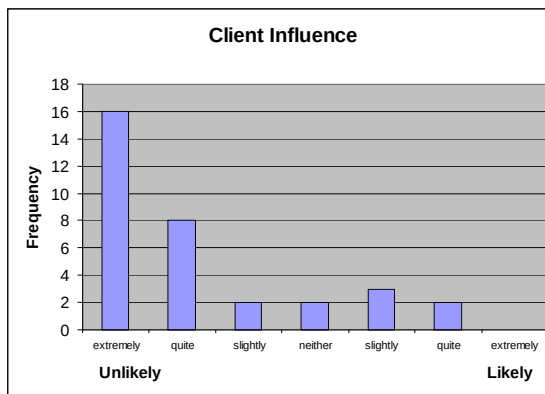
Figure 37: Importance if Competitor Suppliers



4.6.3 Client Influence

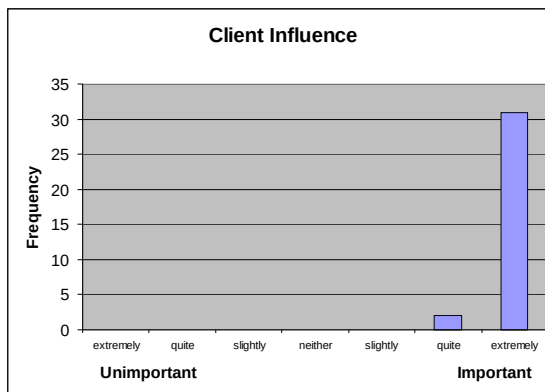
Respondents were asked what the likelihood was of their clients influencing them to change their supplier loyalty over the next six months.

Figure 38: Likelihood of Clients Influencing Loyalty



Respondents were asked how important it was what their clients think about them or their business.

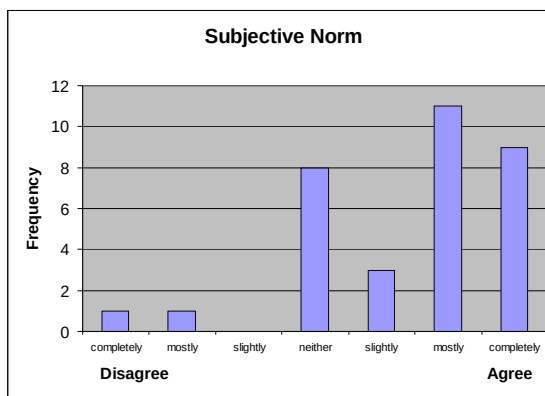
Figure 39: Importance of Clients



4.6.4 Subjective Norm

Respondents were asked whether they agreed that most people that could influence their decisions believe they should remain loyal to their current supplier over the next six months.

Figure 40: Subjective Norm



4.6.5 Distribution Fitting Algorithm

The results from the distribution fitting algorithm for the above responses are presented in table 9.

Table 9: Ranking of Referents

Referents Ranked in order of likelihood					
Likelihood			Importance		
μ	σ		μ	σ	
0.33	0.51		0.30	0.96	Current Supplier
-1.68	1.01		-1.08	1.72	Competitor Suppliers
-1.96	1.12		0.51	0.21	Clients
Referents Ranked in order of importance					
Likelihood			Importance		
μ	σ		μ	σ	
-1.96	1.12		0.51	0.21	Clients
0.33	0.51		0.30	0.96	Current Supplier
-1.68	1.01		-1.08	1.72	Competitor Suppliers

All the results were significant at the 5% level apart from the one question concerning the importance of the customer's current supplier. The results show that the customer's current supplier was most likely to influence them to remain loyal. Clients ranked as the most important out of the three groups of people although respondents believed they exerted the least amount of influence on the customer's loyalty to their supplier.

The subjective norm question yielded insignificant results at the 5% level with a mean of -0.23 and a standard deviation of 0.86.

5 INTERPRETATION OF RESULTS

5.1 Introduction

This chapter discusses the results presented in the previous chapter and aligns them with the propositions.

5.2 Propositions

5.2.1 Intention to Remain Loyal

Proposition 1: Irrigation contractors intend to remain loyal to their current supplier for at least the next six months.

This proposition was upheld with 25 respondents completely agreeing to this statement and 8 mostly agreeing.

Without physically observing behaviour, the individual's perception of their own intentions towards the behaviour is the best method of predicting actual behaviour. In this case the behaviour in question was loyalty. All contractors agreed that they would remain loyal for at least the next six months.

This overwhelmingly positive result indicates that loyalty may be the norm in this particular industry. There are three apparent reasons for this:

5.2.1.1 Deeply Held Commitment to Supplier

Oliver (1999) offers a definition of loyalty which suggests that truly loyal customers have no desire to engage in switching behaviour because of a deeply held commitment to a brand or company. The definition suggests a type of customer behaviour which may be more appropriate to consumer choices rather than business-to-business relationships. The literature has shown, however, that small businesses tend to make decisions more like individuals than large organizations.

Irrigation contractors in Gauteng are numbered in the hundreds rather than thousands. The intimate size of the industry encourages highly personal relationships between owners of businesses as well as between customers and suppliers. It is likely, therefore, that loyalty in the industry is somewhat influenced by customer commitment. It is also likely, however, that commitment on its own would not be enough to stop customers from switching to another supplier.

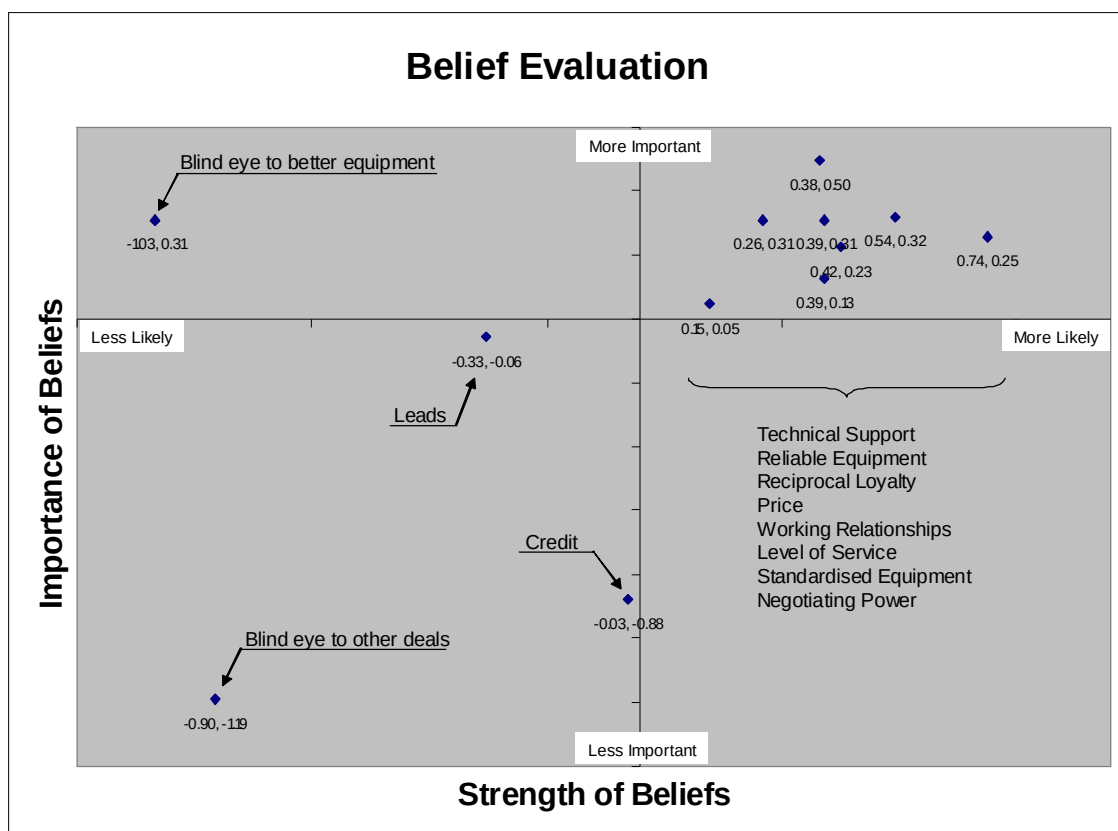
5.2.1.2 Switching Costs

The nature of the irrigation industry is such that switching suppliers can be costly to the customer. As a rule, each wholesaler supplies their own particular brand of irrigation equipment. Although the brands are similar to a large degree, each range has its own particular technical specifications. Learning the technical specs of a new range of equipment involves a substantial time investment which may discourage contractors from switching to a new supplier.

5.2.1.3 Beliefs Associated with Loyalty

An analysis of the beliefs elicited from the interview process highlights a number of desirable outcomes associated with loyalty. Contractors believe that remaining loyal to a supplier is likely to be beneficial to their business. Figure 41 shows a plot of the relationship between the likelihood that an outcome will occur and the importance the customer attributes to that outcome.

Figure 41: Belief Evaluation



Data points in the top right hand corner represent those outcomes that customers' believe are most likely to occur if they remain loyal to a supplier as well as those outcomes which are most important to the customer. These can be grouped into the following categories:

Relationships – Customers believed that remaining loyal to a supplier would make the supplier loyal to them and improve working relationships with individuals at the company. That respondents deemed these outcomes important may be attributed to the intimate nature of the industry and the need for customers to have a pleasant and smooth purchasing experience; an activity which they are constantly involved in. It is also possible that reciprocal loyalty and good working relationships are associated with better levels of service.

Service – Customers believed that remaining loyal to a supplier would improve levels of service and technical support. Contracting is a time based business; unnecessary delays and technical problems can be costly. This may be why respondents ranked these outcomes high on the importance scale.

Product Reliability – Customers believed that remaining loyal to a supplier gave them access to a reliable and standardised base of equipment with good manufacturer warranties. This result may be another element of perceived risks associated with switching suppliers. Contractors who have established through experience that the equipment they use is reliable may not want to risk switching to another brand of equipment and risk possible product failure.

Pricing – Customers believed that remaining loyal to their supplier would give them access to good pricing and could improve their negotiating power. Price and negotiating power were 7th and 8th in the belief rankings. Price was among the top 7 in terms of importance but negotiating power was 4th least important. The results seem to indicate that although price is important, customers don't necessarily believe that remaining loyal to a supplier will give them more negotiating power. With a standard deviation of 0.88, however, views vary and the mean may not be a meaningful representation of all contractors.

Leads – Customers believed that receiving new business leads was the 3rd least likely outcome of remaining loyal to their supplier. Receiving leads from suppliers was also the third least important outcome. Standard deviations came in at 0.76 and 1.33 respectively, the latter being the highest of all the standard deviations. These results seem to indicate that there is a substantial difference amongst opinions. In reality this is most probably due to the fact that there is a common practice in the industry to distribute leads to "preferred contractors". These contractors would have deemed it likely that remaining loyal would result in more leads and those that did not receive leads from their supplier did not believe that loyalty would change their position. In addition, preferred contractors that have come to rely on leads from suppliers would deem them more important than those that were able to run their businesses successfully without them.

Credit – Similarly to new business leads, receiving credit from a supplier in return for loyalty was also ranked fairly low both in belief strength as well as importance, and at

the same time recorded standard deviations of 0.74 and 1.22 respectively. The results of the belief strength were insignificant indicating that the population mean was no different to zero. This can be interpreted to mean that customers are neither likely nor unlikely to receive credit by remaining loyal to their supplier. An average customers did not deem credit to be of high importance, although the above average standard deviation indicates there may be some variance in opinion.

Competitor Suppliers – Customers believed it unlikely they would turn a blind eye to the latest developments in irrigation equipment or to better deals from other suppliers by remaining loyal to their current supplier. It may be that customers felt that loyalty did not preclude the active pursuit of better equipment or deals. Certainly for staying abreast of the latest developments in the industry this could be true because customers deemed it important to engage in this activity. Customers could easily keep themselves technically up to date and educated about other ranges of equipment without compromising their loyalty. They also may deem their current supplier to be sufficiently forthcoming with regard to the latest technological developments and may even consider their supplier leaders in technical innovation negating the need to look elsewhere.

When it came to finding out what other suppliers could offer them, however, customers ranked this least important, albeit with an above average standard deviation of 1.11. It may be that the benefits of loyalty, the risks of switching and to some degree their commitment to their supplier simply outweigh the attraction of better deals from other suppliers.

5.2.2 Attitude Towards Remaining Loyal

Proposition 2: Irrigation contractors believe that remaining loyal to a supplier is more beneficial than harmful.

This proposition was upheld with all respondents except two indicating they believed that remaining loyal to their current supplier was quite or extremely beneficial. The two outliers both responded that it was neither harmful nor beneficial.

This result is concurrent with proposition 1 in that customers would not intend to remain loyal if they believed it would be harmful. It also loosely supports the theory of reasoned action (Fishbein & Ajzen, 1975) which states that there is a relationship between an individual's beliefs and their attitude toward a particular behaviour. The results that upheld proposition 1 indicated that on average customers' believe there are a number of positive outcomes associated with loyalty. This set of positive outcomes, also known as belief evaluations, should be positively correlated with the individual's attitude toward loyalty. Although this cannot be proven statistically, the results certainly seem to indicate that this is the case.

5.2.3 Positive Word of Mouth and Referrals

Proposition 3: Irrigation contractors will display loyalty by spreading positive word of mouth about their current supplier and referring new customers.

This proposition was upheld with all respondents indicating they spread positive word of mouth, recommended their supplier if asked and proactively encouraged others to initiate business with the supplier. This is consistent with proposition 1 and 2.

Many authors, including Uncles *et al* (2003), have found that loyal customers not only purchase more frequently, but also create positive word of mouth and refer new customers. A customer that engages in this type of activity shows a deeply held commitment to the supplier. Whereas frequent purchases may be the most accurate measure of loyalty because it can be observed, it is not always the most accurate indicator of loyalty. A customer may be purchasing frequently for reasons other than loyalty. Spreading positive word of mouth and referring new customers while also purchasing frequently is a much more robust measure of loyalty. The results indicate that irrigation contractors are truly loyal to their supplier.

5.2.4 Product Reliability

Proposition 4: Irrigation contractors believe that product reliability (Chumpitaz & Paparoidamis, 2004) is an important aspect of supplier loyalty.

This proposition was upheld. Reliable, quality equipment with good manufacturer warranties was ranked extremely important by 26 respondents and quite important by 7 respondents. All respondents believed that remaining loyal to their supplier would give them access to reliable, quality equipment with good manufacturer warranties. The outcome was ranked second in the belief rankings.

(Chumpitaz & Paparoidamis, 2004) found that product reliability was a prerequisite to successful business relationships. In the irrigation industry the contractor relies on the supplier for good quality product. Product failure is expensive for the contractor resulting in loss of productive time and can also be detrimental to positive word of mouth as customers are less likely to recommend the contractor if the product used is perceived to be of a low quality.

5.2.5 Service Reliability

Proposition 5: Irrigation contractors believe that service reliability (Chumpitaz & Paparoidamis, 2004) is an important aspect of supplier loyalty.

This proposition was upheld. The level of service contractors receive from their suppliers was ranked extremely important by 27 respondents and quite important by 6 respondents. All respondents believed it was likely that the level of service they received would improve if they remained loyal to their supplier. This outcome was ranked third in the belief rankings.

Along with product reliability, (Chumpitaz & Paparoidamis, 2004) believe that service reliability is also a prerequisite to a successful business relationship. In small business relationships this may be especially the case because small businesses are more susceptible to poor service levels. A small business may rely heavily on their supplier to deliver goods on time, every time. Failure to do so could significantly affect the small business's relationships with their customers. And since small businesses rely on

fewer customers than larger businesses (Zontanos & Anderson, 2004) service failure could significantly affect them.

This is true in the irrigation contracting business. A successful contractor requires a reliable supply chain. If the service levels of a supplier are not up to standard the contractor will be at a disadvantage in the market place.

5.2.6 Other Potential Suppliers

Proposition 6: Irrigation contractors believe that remaining loyal to a supplier limits the number of other potential suppliers (Selnes, 1998).

This proposition was not upheld. The interview process elicited a belief from the respondents that remaining loyal to a supplier would make the contractor turn a blind eye to other potential suppliers. Initially, this seemed to indicate that customers did indeed perceive this as a risk of remaining loyal. Only two respondents, however, expressed this belief, making it one of the less frequently mentioned beliefs associated with loyalty. Respondents to the questionnaire believed, on average, that they were unlikely to turn a blind eye to better deals from other suppliers. Thus the proposition was not upheld. A standard deviation of 0.97, however, shows that there was a fairly high variance in responses.

Respondents also indicated that getting better deals from other suppliers was least important of all. The combination of the two results seems to indicate that although

contractors may not actively pursue better deals, if one is proposed to them they will not turn a blind eye to it.

5.2.7 Price Risk

Proposition 7: Irrigation contractors believe that a supplier will take advantage of a loyal customer by increasing prices (Selnes, 1998).

This proposition was not upheld. The interview process did not elicit this belief. Just the opposite was in fact thought to occur. Customers believed that remaining loyal would give them access to better pricing/discount structures.

5.2.8 Service Risk

Proposition 8: Irrigation contractors believe that a supplier will take advantage of a loyal customer by offering poorer service (Selnes, 1998).

This proposition was not upheld. The interview process did not elicit this belief. Just the opposite was in fact thought to occur. Customers believed that remaining loyal would give them better levels of service.

5.2.9 Future Innovations

Proposition 9: Irrigation contractors believe that remaining loyal to a supplier will limit the opportunity of acquiring future innovations (Selnes, 1998).

This proposition was not upheld. Although the interview process did elicit a belief that remaining loyal to a supplier would make contractors turn a blind eye to better equipment or innovations in the market place, the frequency of this statement was very low. Respondents to the questionnaire indicated that it was unlikely they would do as such.

5.2.10 Supplier Competence

Proposition 10: Irrigation contractors believe that supplier competence (Selnes, 1998) is an important aspect of loyalty.

This proposition was upheld. Selnes (1998) defines competence as technical expertise of the supplier as well as knowledge of the customer's organisation, markets, competitors and industry. Although the interview process did not elicit a belief which directly referred to 'competence', respondents did indicate that they believed remaining loyal to their supplier would give them better access to technical support and expertise. This was ranked one of the most important outcomes of loyalty. Thus, contractors believe that supplier competence is an important aspect of loyalty.

5.2.11 Supplier Communication

Proposition 11: Irrigation contractors believe that supplier communication (Selnes, 1998) is an important aspect of loyalty.

This proposition was upheld. Selnes (1998) defines communication as the exchange of information between the customer and supplier. The interview process did not elicit

a belief that corresponded directly to this definition of communication. Contractors did believe, however, that working relationships with their supplier would improve if they remained loyal. It can be inferred that a prerequisite to a good working relationship is good communication. An improvement in working relationships was ranked the most likely outcome of loyalty as well as one of the most important outcomes. Thus it can be inferred that irrigation contractors believe supplier communication is an important aspect of loyalty.

5.2.12 Supplier Commitment

Proposition 12: Irrigation contractors believe that supplier commitment (Selnes, 1998) is an important aspect of loyalty.

This proposition was upheld. Selnes (1998) defines commitment as commitment to what the parties have in common and how the supplier responds to customer needs. Again, the interview process did not elicit a belief that correspondent exactly to this proposition. Contractors did believe, however, that remaining loyal to their supplier would make their supplier loyal to them. It can be inferred that this reciprocal loyalty is a show of commitment by the supplier. Reciprocal loyalty was ranked the fourth most important outcome of loyalty and one of the most important. Thus, contractors believe that supplier commitment is an important aspect of loyalty.

5.2.13 Conflict Resolution

Proposition 13: Irrigation contractors believe that conflict resolution (Selnes, 1998) is an important aspect of loyalty.

This proposition was not upheld. Selnes (1998) defines conflict resolution as the supplier showing responsibility in unforeseen and unplanned events. The interview process did not elicit any beliefs that conflict resolution was an important aspect of loyalty.

5.2.14 The Influence of Others on Loyalty

Proposition 14: The loyalty of irrigation contractors to their suppliers is not influenced by what other people think (Thompson & Panayiotopoulos, 1999).

This proposition was upheld. The interview process elicited only three people or groups of people that were likely to influence customers' loyalty. These were clients, their current supplier, and competitor suppliers. Not one respondent mentioned that they were influenced by the Landscape Irrigation Association or any other respected people or groups of people in the industry. Nor did respondents indicate they were influenced by other contractors in the industry.

The rankings of the three referents showed that they were most likely to be influenced to remain loyal to their current supplier by that very supplier themselves. They were least likely to be influenced by their clients, even though they ranked their clients most important out of the three referents. This seems to indicate that decisions to remain

loyal are made based on what suppliers are able to offer the contactor, not on what other people think.

Respondents were asked directly whether anyone was likely to influence them to remain loyal to their supplier over the next six months. An analysis of the responses using the distribution fitting algorithm showed that the results were insignificant, meaning that the population mean was no different to zero.

It can be concluded therefore that the loyalty of irrigation contractors is not influenced by what other people think. This is in accord with the findings of (Thompson & Panayiotopoulos, 1999). Their results showed that although small business tend to make purchasing decisions like individuals, their purchasing behaviour is not influenced by others like individual purchasing decisions often are. More important to owners of small businesses are the utilitarian aspects of business relationships.

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Summary

The objective of this research was to determine the perceptions associated with customer loyalty in small business-to-business relationships. Customer loyalty in small business is important because of the lesser number of customers a small business usually has and the large impact the loss of a single customer can have. Research into customer loyalty in small business is limited.

The research method involved collecting information from a sample of small business owners through an interview process designed to elicit salient, or top-of-mind, beliefs about loyalty in small business-to-business transactions with suppliers. The information collected via the interview process was then organised into a questionnaire using a technique prescribed by the theory of reasoned action (Fishbein & Ajzen, 1975). The results from the administration of the questionnaire were then analysed using descriptive statistics. Means and standard deviations used to rank the data were calculated with the use of a distribution fitting algorithm (Stacey, 2005).

The research confirmed that small business owners have a positive attitude toward loyalty in small business-to-business transactions. This is manifested in the purchase behavioural intentions of the owner. Small business owners intend to remain loyal to their current supplier by purchasing more goods from that particular supplier than any other supplier. They will also spread positive word of mouth and refer new customers to the supplier.

Small business owners intend to remain loyal to their suppliers because they believe there are a number of positive outcomes associated with loyalty. These include better working relationships, better service, access to technical expertise and reliable equipment. They also believe that the risks associated with remaining loyal, such as turning a blind eye to better deals or better equipment from other suppliers were not important enough to affect their loyalty.

The loyalty of small business owners' is not significantly influenced by others. Small business owners do not tend to rely on the opinions of others to make their purchasing decisions. If they are at all influenced, it is their existing supplier that exerts more of this influence than any other person or group of people.

The objective of the research was achieved.

6.2 Limitations

This research was confined to one industry only and therefore the findings cannot be generalised to other industries.

The extreme response offset observed in some of the items precluded the use of a more robust statistical method of analysing the data. The multiple regression method suggested by the theory of reasoned action could not be employed because of the limited variation in the responses of the dependent variable.

The use of the distribution fitting algorithm partially resolved the problem of the skewed data, however the limited variation in some of the importance scales precluded a definitive ranking of these items.

6.3 Recommendations

Small business suppliers who in turn serve small business customers may need to focus more acutely on customer loyalty to ensure the continuation and growth of their customer base. Small businesses tend to treat customer loyalty as a byproduct of the personal relationships they have with their customers. In the future they may have to be more proactive in the management of this loyalty. In order to do so, it is imperative to understand what the underlying beliefs associated with loyalty are in the particular industry. It is important to understand why customers remain loyal and what outcomes of loyalty are most important to them.

This paper presents a method that could be employed by small business suppliers to research loyalty in their particular industry. Armed with this information, the small business supplier can then focus company energies on the aspects of service delivery that have the most positive affect on loyalty. It is also possible to use this information to initiate effective loyalty programs.

In the irrigation industry specifically, this research shows that contractors are likely to remain loyal as long as the supplier continues to deliver on those aspects that are most important to the contractor. In this industry it seems that good working relationships, high levels of service and technical support are those aspects which suppliers are most

likely to foster an environment of loyalty with. However, these are all meaningless without a reliable product and good pricing to start. Irrigation suppliers should deliver on their customer's beliefs that remaining loyal will improve relationships and service. If a loyalty program were to be implemented it should revolved around these aspects of the business relationship, rather than price.

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APPENDIX A – Interview Questions

a) Salient Outcomes

1) What do you see as the advantages of your remaining loyal to your current irrigation equipment supplier over the next six months?

2) What do you see as the disadvantages of your remaining loyal to your current irrigation equipment supplier over the next six months?

3) Is there anything else you associate with remaining loyal to your current irrigation equipment supplier over the next six months?

b) *Salient Referents*

- 1) Are there any groups or people who would approve of your remaining loyal to your current irrigation equipment supplier over the next six months?
- 2) Are there any groups or people who would disapprove of your remaining loyal to your current irrigation equipment supplier over the next six months?
- 3) Are there any other groups or people who come to mind when you think about remaining loyal to your current irrigation equipment supplier over the next six months?

APPENDIX B – Letter of Introduction

Dear Sir/Madam

PLEASE ANSWER THE FOLLOWING TWO QUESTIONS BEFORE STARTING:

- 1) I am an owner or co-owner of my business: Yes / No
- 2) I am responsible for purchasing irrigation equipment for my business: Yes / No

If you answered NO to either of the above questions, thank you for your time, but you have been erroneously selected as a respondent and you may discard this questionnaire.

Thank you for participating in this survey on irrigation contractors. Please be so kind as to fill in the attached questionnaire and send it back via the pre-paid envelope enclosed. As the survey is completely anonymous, we would appreciate it if you do not write your name anywhere on the returned questionnaire.

This questionnaire is mainly concerned with contractor's loyalty to irrigation equipment suppliers. For the purposes of this questionnaire, loyalty can be defined as:

“Purchasing more irrigation equipment from a particular supplier than any other supplier”

Please keep this definition in mind when answering the questions.

Throughout the questionnaire we make use of rating scales with seven places; you are to make a cross in the place that best describes your opinion. For example, if you were to be asked whether “it will rain today”, the seven places should be interpreted as follows:

likely							unlikely
	extremely	quite	slightly	neither	slightly	quite	

If you think it is *extremely likely* that it will rain today, then you would place your mark as follows:

likely	X						unlikely
	extremely	quite	slightly	neither	slightly	quite	

If you think it is *quite unlikely* that it will rain today, then you would place your mark as follows:

likely						X	unlikely
	extremely	quite	slightly	neither	slightly	quite	

We will also be using rating scales with the following end-points:

- important-unimportant
- agree-disagree
- harmful-beneficial

The questionnaire will prompt you when the rating scale changes.

In making your ratings please remember the following points:

- 1) Make your marks in the *middle of spaces*, not on the boundaries

NOT like this:

likely						X	unlikely
	extremely	quite	slightly	neither	slightly	quite	extremely

2) Be sure you answer all items – please do not omit any

3) Never put more than one check mark on a single scale

Thank you in advance for your co-operation.

Yours Sincerely

Walter Penfold

APPENDIX C – Questionnaire

	The following questions use a “likely → unlikely” scale							
Remaining loyal to my current supplier will give me more negotiating power	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will ensure I get the best pricing/discount structures	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will increase the amount of new business leads I get	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will improve the quality of the working relationships I have with the individuals at the supplier	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will improve the level of service I receive	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will make my supplier loyal to me	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will give me better access to technical support and expertise	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will give me a standardised base of equipment to work with	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will give me access to reliable, quality equipment with good manufacturer warranties	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
By remaining loyal to my current supplier, I will have access to credit or flexible repayment options	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely

Remaining loyal to my current supplier will make me turn a blind eye to the latest developments or better equipment on the market	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
Remaining loyal to my current supplier will make me miss out on the opportunity to find out what deals other suppliers can offer me	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
The likelihood of my current supplier influencing me to remain loyal to them over the next six months is	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
The likelihood of competitor suppliers influencing me to change my loyalty over the next six months is	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
The likelihood of my clients influencing me to change my supplier loyalty over the next six months is	likely	☐	☐	☐	☐	☐	☐	unlikely
		extremely	quite	slightly	neither	slightly	quite	extremely
	The following questions use an “important → unimportant” scale							
In my business, the amount of negotiating power I have with a supplier is	important	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely
In my business, the pricing/discount structure I receive from a supplier is	important	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely
In my business, the new business leads I get from a supplier are	important	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely
In my business, the quality of the working relationships I have with the individuals at a supplier is	important	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely
In my business, the level of service I receive from a supplier is	important	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely
In my business, the loyalty I receive from a supplier is	important	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely

In my business, access to technical support and expertise from a supplier is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
In my business, a standardised base of equipment is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
In my business, having access to reliable, quality equipment with good manufacturer warranties is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
In my business, the availability of credit or flexible repayment options from a supplier is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
In my business, staying abreast of the latest developments in irrigation equipment is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
In my business, finding out what deals other suppliers can offer me is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
To me, what my current supplier thinks of me or my business is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
To me, what competitor suppliers think about me or my business is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
To me, what my clients think about me or my business is	important	☐	☐	☐	☐	☐	☐	☐	unimportant
		extremely	quite	slightly	neither	slightly	quite	extremely	
	The following questions use an “agree → disagree” scale								
Most people that could influence my decisions believe I should remain loyal to my current supplier over the next six months	agree	☐	☐	☐	☐	☐	☐	☐	disagree
		completely	mostly	slightly	neither	slightly	mostly	completely	
I talk positively about my supplier	agree	☐	☐	☐	☐	☐	☐	☐	disagree
		completely	mostly	slightly	neither	slightly	mostly	completely	

I recommend my current supplier to others if asked	agree <table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>completely</td><td>mostly</td><td>slightly</td><td>neither</td><td>slightly</td><td>mostly</td><td>completely</td> </tr> </table> disagree								completely	mostly	slightly	neither	slightly	mostly	completely
completely	mostly	slightly	neither	slightly	mostly	completely									
I proactively encourage others to initiate business with my supplier	agree <table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>completely</td><td>mostly</td><td>slightly</td><td>neither</td><td>slightly</td><td>mostly</td><td>completely</td> </tr> </table> disagree								completely	mostly	slightly	neither	slightly	mostly	completely
completely	mostly	slightly	neither	slightly	mostly	completely									
I intend to remain loyal to my current supplier over the next six months	agree <table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>completely</td><td>mostly</td><td>slightly</td><td>neither</td><td>slightly</td><td>mostly</td><td>completely</td> </tr> </table> disagree								completely	mostly	slightly	neither	slightly	mostly	completely
completely	mostly	slightly	neither	slightly	mostly	completely									
	The following question uses a “harmful → beneficial” scale														
Remaining loyal to my current supplier over the next six months is	harmful <table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>extremely</td><td>quite</td><td>slightly</td><td>neither</td><td>slightly</td><td>quite</td><td>extremely</td> </tr> </table> beneficial								extremely	quite	slightly	neither	slightly	quite	extremely
extremely	quite	slightly	neither	slightly	quite	extremely									