

Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector

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requirements of the degree of Doctor of Philosophy (PhD)

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DECLARATION

I declare that this thesis "*Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector*" is not more than 80,000 words in length excluding the table of contents, appendices and list of bibliography. This thesis is a result of my personal independent work, any sources that are used are fully acknowledged and cited appropriately throughout and listed accordingly in the bibliography.

DEDICATION

To my beloved wife
Whom without I could not find such aspiration, motivation and sentiment.
To my delightful sons,
That have given me a priceless forever-lasting smile.

ACKNOWLEDGEMENT

Intellectual freedom is a priceless treasure, one which we must cherish and value at every opportunity. It was a very long, yet challenging and rewarding journey to complete this thesis. I feel that writing this acknowledgement is one of the most wonderful moments as it affords me an opportunity to express my true gratitude to those who have guided and sustained me along the way. The final destination would not have been reached without the encouragement, motivation and support of many individuals and organisations along with the wealth of guidance, constructive criticism, adequate navigation and inspiration, which has helped, pushed me to my limits. Therefore, I strongly feel this is the moment for me to express my deeper gratitude to everyone who continued their unconditional support in various ways to help me complete my thesis.

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PUBLICATIONS IN CONNECTION WITH THIS THESIS

1. Datta, P.R and Chakraborty B.R (2009), "Determinants of Grocery Store Loyalty of Consumers in Bangladesh", *Journal of Business & Retail Management Research*, Vol. 4, Issue, 1
 2. Datta, P.R (2010), "An Examination into Customer Relationship Marketing and Customer Retention in Grocery food retailing in Bangladesh: Proposed Research Agenda", Paper presented at the International Trade & Research Conference, London, 7-8th November 2010.
 3. Datta, P.R; Ogyeni Omar and Dixon, G (2011), "Ralationship Marketing: Various School of Thoughts and Future Research Agenda", Presented at the International Conference on Corporate Governance & Business Ethics, Boston, USA, 14-15th July 2011
 4. Datta, P.R (2012), "A Conceptual Framework of Customer Retention Strategy (CRS)". Paper presented at the International Conference on Corporate Governance & Business, 19-20th July 2012, Boston-USA
 5. Datta, P.R(2012), "Relationship Marketing: Towards a definition, *The Business & Management Review*. Vol.2 No.2. The Paper presented at the International Conference on Business & Economic Development. 23-24th July 2012, Las Vegas-USA
 6. Datta, P.R (2014), *Customer Retention strategy (CRS): A Conceptual Framework in Food retailing Context*, Paper presented at the International Scientific conference in Cracow, at the Cracow University of Economics, 4-7th June 2014
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ABSTRACT

The context of this study is Bangladesh's food retailing sector. The main purpose of this study is to investigate the relationship between Customer Relationship Marketing (CRM) and customer retention. Since Independence in 1971, Bangladesh has made solid progress and made substantial improvements in its economy, with GDP growth of 5-6% consistently over the past decade. With the real economic growth coupled with rapid urbanisation, the country has witnessed a new form of organised retailing that started to emerge in early 2000. This organised retail format is undergoing a period of unprecedented expansion, something that is driving additional demand and as well as creating opportunities for further enterprise. There are clear signs of substantial and potential growth in future. The economic growth coupled with the growth of urbanisation, changes in demographic factors, increases in employment and income levels has had a profound influence on consumers shopping behaviour and hence, Customer Relationship Marketing.

The core aim of Relationship Marketing is to build a long lasting mutually bonded relationships with customers and various other important stakeholders. The concept has attracted considerable attention among scholars in recent decades and has appeared in service marketing literature as a new marketing paradigm. The concept is considered to be critical to the success of any organisation as it has been an accepted phenomenon that maintains that existing customers are far easier to retain than is the process of acquiring new customers. In order to stay in business and cope with the challenging business dynamism, organisations are continuously searching for reliable and serviceable strategies to be employed in order to increase customer retention.

However, there is a lack of an accepted level of consensus among researchers on the core antecedents of relationship marketing that can be used to achieve the above aims, especially while the concept is new in the context of organised retailing sectors in Bangladesh. In response, this thesis developed a conceptual framework of customer retention strategy to conduct an empirical investigation in one holistic model: (i) the relationships between relationship quality and customer retention; (ii) how bonds influences the relationship quality? As well as (iii) the effect of CRM on customer loyalty and retention. The model incorporates bonds, service quality and components of relational quality (Trust, commitment and satisfaction) into one relationship model to show the relationship between these five constructs and customer loyalty and finally the independent variable of customer retention. The model establishes eleven hypotheses to understand the relationships between various constructs. Furthermore, in order to

understand the intensity of grocery food consumers loyalty, Oliver's Four Stages loyalty model was used.

A sample of 202 grocery food retail customers were selected in a random sample from four selected superstores located in Dhaka, the capital of Bangladesh. Data were collected via mail questionnaires. The questionnaires content validity was tested by conducting a pre-test of 50 households before conducting the final survey. The results support hypothesized relationships built on the model. Correlation analysis indicates that all the coefficient correlate significantly except commitment that shows the least strengths of the correlation coefficient. Nevertheless, correlations were statistically significant. Therefore, all eleven hypotheses are confirmed to some degree. The findings indicate that service quality, trust, bond and customer satisfactions are vital for creating positive customer loyalty which in turn creates customer retention. In regards to the intensity of four types of loyalty (cognitive, affective, co-native and action) results indicate that the intensity of cognitive loyalty was higher than affective loyalty, co-native and action loyalty. Co-native loyalty is also higher than action loyalty.

This thesis provides evidence for the first time in Bangladesh of various linkages between bonds, service quality, relationship quality, loyalty and retention and hence, contributes to both theoretical and practical knowledge. The findings suggest that by employing adequate service quality provisions and bonds it is possible to enhance and build quality relationships between parties.

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LIST OF ABBREVIATIONS USED IN THIS THESIS

CRS-Customer Retention Strategy
CL-Customer Loyalty
CS-Customer Satisfaction
IMP-Industrial Marketing & Purchasing
SD-Standard Deviation
SEM-Structural Equation Modelling
RQ-relational Quality
RM-Relationship Marketing
SPSS- Statistical Package for Social Science

CHAPTER-1: INTRODUCTION

1.1 Introduction

The first chapter of the thesis is divided into the following sections. The background of the study is introduced in the opening section. This describes the development of the modern form of food retail industry, which started in developed countries and now has gone on to spread to emerging and developing countries due to the emergence of globalisation. This spread has been enhanced further by how customer relationship marketing (CRM) has become one of the most important strategic choices for many organisations in the context of retailing. It continues by examining the importance of CRM in the context of grocery food retailing in Bangladesh. Section 1.3 provides an overview of past and present Bangladesh, which includes the growth of organised retailing and the different types of retail formatting in Bangladesh. The reasons for selecting this sector and the justification of the research is discussed in section 1.4. A statement of the research problems that detail the gaps in the research is highlighted in section 1.5. Sections 1.6 establishes various research aims and objectives; while research questions are set out in section 1.7. The last part outlines the structure of the thesis.

1.2 Research background

The food retail industry is both dynamic and vast; it has been undergoing rapid changes throughout the world over the past few decades. Both in North America and Europe, consumers have witnessed the emergence of supermarkets, hypermarkets and mega supermarkets as the dominant retail form. The main reasons for this is that large retailers have developed a new form of shopping experience by introducing self-service and best service quality provisions to the customers on one hand and on the other hand, customers have readily embraced this new high street phenomenon with enthusiasm. Since then the whole landscape of food retailing has steadily been changed. Customers are looking for better quality products with better prices, in essence, good value for money. Convenient payment methods, varieties of branded products, parking facilities, convenient locations and other service & product related factors have all contributed to the changes of consumer behaviours. Additional factors such as the growth of car ownership among the middle classes with greater financial freedom and stable employment, have also contributed to their growth. To fulfil consumer demands and expectations food retailers are continuously shaping their business model and the services and products that they offer. They are striving to bring appealing products and services to the customers to maximise their satisfaction and meet (and where possible exceed) their level of expectations.

European and North American superstore retailers have influenced many of the world developments in superstore retailing, for the past several years. The concept of supermarkets has been rapidly spreading from developed economies to developing and emerging economies in recent years. Many established European and British retailers are investing into Asian countries and expanding their businesses in Malaysia, Thailand, Taiwan, Singapore, India and other Eastern and South Asian countries.

One of their most important areas of focus is grocery food retailing in those markets in which they primarily offer food items such as fresh meat, fish, produce and bakery products along with dry and non-perishable food. According to Reardon *et al* (2005), supermarket diffusion in developing countries (i.e. South East Asia) occurred in three waves. **The first** wave of supermarket diffusion began in the early 1990s when these organised superstores became a major force in retailing by the end of the said decade in South America, Central-Northern Europe, South Africa and East Asia (excluding Japan and China). **The second** wave started in South East Asia, Central and Southern Europe, and Central America in the mid-1990s and by the first decade of the 21st century, the share of this sector had jumped from 5-10% in the mid-90s to an average of between 30-50%. **The third** wave represents countries where the development of these superstores started to take off in late 90s to early 2000s and these include South and Central American countries such as Peru, Nicaragua and Bolivia, South East Asia e.g. Vietnam, India, China and Russia. The last three emerging economies were the major destinations for the retail FDI. However, the growth of superstores in other developing countries in Asia such as Bangladesh and Cambodia started in early 2000 and has been described as the **fourth wave** of diffusion of supermarkets. This supermarket diffusion has been occurring at different rates. Dries, Reardon, and Swinnen (2004) asserted that the supermarkets diffusion occurs systematically by following evolutionary patterns, from large and medium sized cities and then small cities, from the elite to the burgeoning middle class.

Many customer-oriented factors are associated with the contemporary challenges in the area of grocery food retailing. Some of these are economic fluctuations, changes in consumers' lifestyles, demographic characteristics, eating habits, more conducive shopping behaviour, access to a wide range of better quality imported and branded products, rapid growth of urbanisation, an expanding middle class with greater car ownership and higher disposable incomes. Individual attitudes towards shopping behaviour are also affected by various social factors surrounding the consumers (Ragayogan and Muthumani, 2015). These changes will continue to increase in future and influence the grocery food retailing sector. Therefore, it is very important for the retailers to build and maintain a loyal customer base and increase customer retention to

sustain a competitive advantage. Customer retention has become a prime strategic choice for organisations. But, it does not suggest that organisations should not focus on customer acquisition. It should be continued, but one of the prime strategic focuses for many organisations must be customer retention. Hence, building relationships with customers becomes paramount. In this context the concept of Customer Relationships Marketing has attracted substantial attention from the policymakers and many organisations are using this as one of the most important strategic choices.

In recent decades the concept of CRM has been considered as one of the most important strategic shift in marketing theory and practice. According to Gronroos (1996) it has taken the concept of marketing back to its roots. In today's highly competitive markets in all sectors the concept has become a key strategic requirements for their survival and sustainability. Organisations are striving to increase profits through customer satisfaction and loyalty, build and sustain a competitive advantage, hence customer retention has become the most important strategic issue. Organisations are spending more time and effort to create sustainable customer retention strategies. More and more tangible benefits can be accrued through retaining existing customers than customer acquisition. Various studies suggest that acquiring new customers is more costly than retaining existing customers (Fullerton, 2005; Liu, Guo, and Lee, 2011).

Berry (1983) considered Relationship Marketing as the most important strategy for building, maintaining and enhancing relationships with customers and after a few years, Berry & Parasuraman (1991) who supported this definition, presented their improved definition, which considers Relationship Marketing is to "attract, create and retain customers". Morgan and Hunt (1994) asserted that relationship marketing is vital to build and manage a successful rapport with various stakeholders. This idea is also supported by Gilaninia *et al* (2011) after more than a decade that the ultimate goal of the relationship process is to develop and control a long lasting relationship that is based on trust. Management of interaction, building long-term relationships and mutual networks are the essential aspects of relationship marketing strategy (Ndubisi, 2007). However, in 1994 Gronroos proposed a clear definition of the concept. On the one hand, he proposed that the core objective of relationship marketing is to build, manage and reinforce rapport with the customer; on the other hand, he suggested that when necessary the exchange should be terminated with customers and other stakeholders. The relationships should be based on profits and that the ultimate goals of all stakeholders involved in that process are met. The author also further asserted that the exchange should be mutual and all promises should be fulfilled.

The concept of customer loyalty, customer retention, customer patronage behaviour, motivation of store choice and relationship marketing has been extensively investigated and researched throughout the world (Ndubisi and Wah, 2005, Swaminathan. Page. and Gürhan-Canli. 2007, Gilaninia et al, 2011; Liu, Guo, and lee, 2011). A significant volume of literature exists in various subject domains, especially regarding food retailing. However, as the nature of the retail environment is in a constant state of change, consumers behavioural patterns are also continuously changing. The development of a new format of stores in developed economies has led to apparent changes in consumer behaviour. Therefore, there is considerable scope for research. This is especially true of the consumers that made up this study, and it has been greatly influenced by middle class consumers' behaviour in Bangladesh. The prime driver in this change has come as a result of the introduction of, 'so-called' supermarkets that are providing a completely new experience to the consumer with sophisticated customer service, a wide range of products, pleasant ambience, spacious layout, quality imported and branded products and provision for western ways of shopping and maintaining lifestyles. So-called supermarkets in the sense that the size and format of these stores is not the same as their counterparts in developed countries. According to IGD UK channel forecasts (2013) superstores are typically 25-60000 sq.ft in most developed countries whereas in Bangladesh typical superstores are 3,000-5,000sq ft.

Furthermore, the sense of community or at least its legacy is remarkably strong in Bangladesh. Some of these communal bonds are borne out of hardship, other out of religious affiliation. Place and identity are especially important for a people who paid an enormous price to liberate themselves in the 1970s and this struggle has left an indelible mark. Even city dwellers, especially those who reside in Dhaka feel an affinity with their rural roots and heritage. When major religious festivals come around, especially the likes of Eid at the end of Ramadan the capital city appears to empty as people return to the village with which they retain familial contact. In such villages, people are known and know each other and thus build up particular bonds with local retailers. Shopping is an almost daily phenomenon and is as much a social activity as it is an act of necessity. Relationship Marketing is integral to this and has been a key facet in forging mutual trust down the ages. So strong indeed have been the bonds forged that customers were able to access credit, with retailers confident that societal and communal pressures would result in shoppers honouring their commitments. Retailers of every size have needed to take note of their communal standing and thus have been active in the field of CRM before it was ever fully codified as a business practise. Those who, in the last decade or so have established more modern concerns in Dhaka are still imbued with similar attitudes and are mindful of those customers, whilst they may be

more affluent and outward looking share similar expectations to those in previous generations.

Thus, it is very important for superstore retailers to know and understand the aspects or characteristics that are important to their shoppers, in order to maximise their satisfaction. According to Lewison (1994), retailers often use all five senses to appeal to their customers and to build long term relationships. Relationship Marketing has become one of the prominent marketing strategies to satisfy customers by using all of these various senses. In the context of grocery food retailing, customer loyalty has become an important area of research in service marketing (Wong & Sohal, 2003; Fullerton, 2005; Al Otaibi & Yasmeen, 2014). Hence, the context is right for such research, where the sector is new, future opportunities are high and there is a lack of research in this area.

The next section introduces a brief background of information on Bangladesh's past and present, how the introduction of present retail format affected consumer behaviour and the justification for this study.

1.3. Bangladesh: Past & Present/Research setting

Bangladesh, like a number of South Asian countries, is one that has a rich cultural history, one that has been deeply influenced by the landscape in which it sits and the influence and interaction of faiths down the centuries. In common with its neighbours, it witnessed the rise and fall of empires, with the Mughal and British Empires each leaving an indelible mark on this remarkably fertile land. Both Hinduism and Islam have shaped outlooks and cultural norms, with the country strongly influenced by the tastes and habits of its Indian neighbour, whilst at the same time eager to forge a distinctive identity. With the extraordinary growth of Islam borne out of the Mughal period came a rich flowering of language, literature, poetry and music, something that Bengalis cherish and are rightly proud of.

The area that now comprises Bangladesh was primarily an agrarian society during the British Raj, producing a range of products including high quality rice and jute. With West Bengal being predominantly Hindu and East Bengal being predominantly Muslim there were already potential points of tension. Bengal, having come into the possession of the British through the activities of the East India Company, was deemed a wealthy region, yet one that showed signs of volatility. Post-1857 the British colonial authorities endeavoured to rationalise various provinces and as late as 1905 an attempt was made by George Nathaniel Curzon, the Viceroy of India to split Bengal for geo-political reasons. Kolkata (previously known as Calcutta) was designated the capital of West Bengal and Dhaka the capital of East Bengal. Various groups were unhappy with

Curzon's decision and in 1912, the partition was annulled. Even the seeming omnipotence of the British Raj could not mask latent ethnic tensions that were never far below the surface. As the early years of the Twentieth Century progressed, there was increased agitation for Indian self-rule. With the advent of the Second World War the British finally acknowledge that independence was not, a question of 'if' but 'when' and thus the knotty problem of post-independent configuration exercised both the British and those jockeying for land and power. With the date of departure, set for the summer of 1947 it soon became apparent that ethnic conflict was inevitable. With the coming of partition, East Bengal with its predominantly Muslim population decided to become one-half of Pakistan as East Pakistan with the remainder in the west being known as West Pakistan. Both India and Pakistan were to find themselves with sizeable minority populations, a fact that was a source of concern and tension across the Indian sub-continent.

During the years immediately after independence, whilst Pakistan was meant to be one sovereign nation, although comprising of two substantial parts, it was soon discovered that culturally the two parts were very different. West Pakistan tended to view East Pakistan as much more culturally aligned with India and as possibly harbouring pro-India sentiments. Consequently, the West of the new country mistrusted the East, and sought to reshape it in its own image. From the mid-1950s onwards a series of measures were enacted that caused resentment and alienation in what had once been East Bengal. Attempts by West Pakistan to dominate the East culturally and linguistically exacerbated matters to such a point that eventually the East demanded to be liberated and free. Such aspirations were met with violence and repression, with the cultural elite being especially targeted. Eventually, war broke out with the East seeking assistance from its powerful neighbour India. The Bangladesh Liberation War (1971), whilst it only lasted nine months, was to be extremely brutal. During this time, various minority groups, especially communities such as the Hindus were persecuted, targeted and fled. Whilst West Pakistan eventually acknowledged defeat, surrendered and accepted the East's desire to break away but in the process thousands had been killed and the country was brought to its knees. The new nation chose to be called Bangladesh, being one borne out of war, it has had to cope with the consequences of that traumatic period ever since and even to this day the events of 1971 continue to cast a long shadow over the country.

Bangladesh is largely a conservative and traditional, economically destitute society, where nearly 90% of the people are Muslims, with an estimated 8% Hindus and the 1% Buddhists and other minorities (Bangladesh Bureau of Statistics, 2013). There are some indigenous peoples that reside in the Chittagong Hill Tracts, but apart from them the

population is homogeneous with some 98% coming from the same ethnic group. Bangladesh remains traditionally an agrarian society, with 80 % of the population, according to the World Bank (2011), living in the countryside with an estimated 47.5% of population working in the agricultural sector (Bangladesh Ministry of Agriculture, 2012). Whilst agriculture is the main stay when it comes to employment for millions of Bangladeshis, life in the rural areas is extremely tough and the work poorly paid. As elsewhere in the quest for better education, healthcare and employment prospects there has been a move from rural to urban areas that looks set to continue. Even peri-urban communities are fast being swallowed up into urban conurbations of cities such as Dhaka. Cities afford regular employment in manufacturing, especially in the garment industry, brick factories and diverse manufacturing concerns. Whilst Dhaka, the capital, has by far the greatest pull, other cities such as the port city of Chittagong, Khulna, Sylhet, Rajshahi, Comilla and Gazipur are all proving irresistible to those seeking better prospects and a better life. Urbanisation is not only a trend, but also a phenomenon, one that along with globalization, has begun to alter the business dynamic and even influence certain cultural norms. Whilst Bangladeshis cherish their traditions, they have had to adapt to a world that is more interconnected, fast paced and exacting especially in regards to time. Many young Bangladeshis are keen to be educated, broaden their horizons, and in their quest for advancement make use of the extensive Bangladeshi Diaspora to gain international experience. The Diaspora and its connections have resulted in increased trading opportunities, but also to the introduction of new ideas and practices that have affected the home country, especially in metropolitan areas. With a population of more than 154 million in 2012 (Bangladesh Bureau of Statistics, 2013) and where per capita income is about \$752 (World Bank, 2012) the country affords a wealth of opportunity for the sale of goods and services.

However, since the independence in 1971, the country has progressed well and made substantial improvements in its economy with a GDP growth of 5-6% consistently over the past decade. The annual growth of population during 1970-1990 was 2.6%; during 2000-2008, was 1.6% and 1.15% during 2010-2012 (Bangladesh Bureau of Statistics, 2013) and according to the same report, the urban population is 27% of the total population. The rate of annual growth was 3.7% during 1990-2000, while 2000-2008 it was 3.3% and during 2010-2012 it was 2.89%.

1.3.1 The growth of current retail format in Bangladesh

The traditional retail environment in Bangladesh has been one in which people have been served by local traders and markets, where there is ample scope to scrutinise seasonal fruit and vegetables as well as to purchase foodstuffs commensurate with any budget. Most food has been grown and packaged locally, with some being imported

from neighbouring countries such as Burma and India, to supplement the local stock. Staples such as rice and onions are important indicators of food inflation and are closely monitored, in a country where price sensitivity is of paramount importance. Society has become more connected and fallen under the influence of concerted and often sophisticated advertising campaigns. A gradual shift has taken place in recent decades, which in some quarters at least, has added an aspirational aspect to shopping. Whilst most citizens are never in a position to leave the country, they are increasingly familiar with the goods and offerings from elsewhere. The media in the form of television, print, radio and increasingly for the younger generations at least – social media has become a powerful tool for accessing potential customers as well as consolidating and developing a brand or raising awareness. Many Bangladeshi households access terrestrial and satellite television channels, with several of the most popular ones coming out of India. Indian soap operas have a particularly strong hold and consequently their advertising slots are highly sought after and widely seen. In addition, the extensive Bangladeshi Diaspora has played its' part in offering new experiences, which have proved especially attractive to the burgeoning Middle Class.

Whilst daily grocery shopping remains very much the same as it has done for years, organized retail (present superstore format of retailing) is undergoing a period of near unprecedented expansion, something that is driving further demand, as well as creating opportunities for further enterprise. In retail stores in Bangladesh, irrespective of product line and price have begun to appear in diverse shapes and sizes, with convenience stores, discount stores, department stores and superstores a recent phenomenon. Whereas in the past retail shopping was viewed as a means to an end, changing tastes and expectations have seen retail shopping move into the realms of being an experience, one where the shopper or visitor enjoys clean air-conditioned, secure surroundings, and can savor an extensive choice of locally made and imported goods. Some Middle-Class Bangladeshis, who are used to living in gated communities, prefer the new shopping experience at these superstores as they feel more familiar with the shopping style than they would visiting overcrowded, open 'wet' markets for their everyday grocery shopping. Customers soon notice that what they are encountering is something that is of an international standard and thus something that elicits a positive response, pride and a desire to spend time in the congenial surroundings.

However, the food retailing sector in Bangladesh is undeveloped, structurally weak and fragmented compared to its South Asian counterparts. Due to various external environmental factors, such as trade and economic liberalisation, globalisation and the growth of middle class consumers with financial freedom. This has resulted in an increase in women's employment and Foreign Direct Investment (FDI) due to

governmental liberal attitudes and the introduction of organised retailing, the sector has experienced sudden changes (Bangladesh Retail Food Sector Report, 2013). The whole retail food sector in Bangladesh is controlled by small conventional shops, so called 'kacha bazaars', wet markets' or 'roadside open markets' which sell fresh vegetables, fruits, fish and meat. Other small shops are also available which sell dry foods. Therefore, organised and more sophisticated superstores, convenience and departmental stores, large super markets and mega -stores, have all been developed to provide services to the growing middle class consumers.

The food sector in Bangladesh has been largely overlooked by retail analysts and researchers, consequently there is a dearth of research materials/data, and even that which exists is difficult to benchmark and corroborate. However, according to the Bangladesh Retail Food Sector Report (2013), the total sales of the retail food sector could be more than \$16 billion that includes 8% organised food retailing and more than 1million retail grocery shops that exist throughout Bangladesh. The rate of growth in retailing over recent years was 7% based on the same Bangladesh Retail Food Sector Report (2013). The sector is one of the biggest contributors of national employment that is at 12% and made a 14.3% contribution to the national GDP during 2011-2012. The concept of organised retailing is a new phenomenon within a Bangladesh context and started to emerge in early 2000, during this course of time; it managed to attract many investors, creating positive perceptions and greater government attention. Post market Survey (2003) indicates that the total share of the organised retail sector is 1% of the total retail sector while in terms of volume and value, the share of this sector was 49.60% and 18.5% respectively. According to Monira Munni (2010), there are about 30 companies with over 200 outlets that are in operation throughout the capital city and another 1-2 metropolitan cities, have emerged since the first shop was introduced by Agora in early 2000. The annual sales growth over the past several years was 15-20%. The report produced by the Bangladesh Supermarket Owners Association (2013) indicates that the total market turnover of the organised superstores sector annually, is at £192 million (BDT 15 billion). According to the same report the whole retail market is worth \$9.6 billion (BDT 747.50 billion) and is predicted to reach \$38.8 billion (BDT 3027.50 billion) by 2021, at 14% annual growth rate. The turnover of organised superstores by then will reach £2.6 billion (BDT 206.5 billion) at a predicted 30% annual growth rate.

The Bangladesh Supermarket Owners Association (2013) anticipates that the number of superstores in Bangladesh will increase dramatically over the next five (5) years and this is due to increased consumer demand. Concurrent with this Bangladesh is likely to witness an increase in consumer levels of confidence in the quality of products and services offered by these stores. Hygienic and conducive shopping environments, fresh

produce at very competitive prices are gaining consumer's appreciation, in comparison to those extended by traditional wet market shops, the latter being often viewed as outmoded, non-conducive and unhygienic shopping environments. Due to the high quality of products and services, better parking facilities, acceptance of various payment methods, such as credit cards/smart cards, varieties and branded imported products, substantial product ranges and mixes under one roof, customers find the new superstores a very convenient way of shopping. The growth of urbanisation and peri-urbanisation, coupled with the changes in demographic factors, increased employment and income level, along with an increase in the educated young population, has had a profound influence on consumer shopping behaviour and therefore, CRM. Due to the rapid urbanisation in most developing countries like Bangladesh, consumer's behaviour will remain in a high state of flux.

1.3.2. Types of retail format in Bangladesh

Wet market/traditional roadside shops: These are the ubiquitous small shops, usually located at the roadside, and account for 75% of the whole retail sector (Bangladesh Retail Food Sector Report, 2004). Most of these shops are very small and generally sell local goods, no branded foreign goods are accessible, except in some exclusive shops which are located in urban or semi-urban areas. Consumers in those areas are more financially sound and are better able to afford to buy good quality products. They are also more prone to purchase foreign imported products, although many unauthorised channels are used to bring these products into the country (i.e. from India and Burma). These shops are generally family run, and do not incur huge costs. Consumers usually negotiate to reduce the costs and shops sizes are usually 40-100 sq. feet.

Municipal Corporation Mini-Markets: These types of markets are mainly visible in peri-urban and urban areas in Bangladesh and are run and owned by Municipal Corporations. Markets are classified into product categories such as vegetables market, meat and fish markets, groceries etc. According to the Bangladesh Retail Food Sector Report (2004), the market share of these category shops is at 20% of the total retail sector. Most of their products are imported and are generally quality products. However, they cater only for a specific segment of consumers, those who are upper and middle class consumers. Various wholesalers and importers are used as their main channel of acquiring those products.

Departmental or convenient stores: This third category shops are visible throughout Bangladesh and are mainly located in urban areas. They are usually large and sell high quality domestic and imported goods. Total market share of this category is at 5% of the retail sector (Bangladesh Retail Food Sector Report, 2013). Because these shops sell high

quality, imported and sometimes branded products, their prices are high and many consumers cannot afford to buy these products. Therefore, these shops are mainly targeted towards a limited number of high middle class consumers including locals and foreigners residing in major cities. Importers and specialist distributors are used to acquire their products, as they possess adequate storage facilities.

Organised retail stores/superstores: These are the latest development. These organised superstores started to emerge in Bangladesh early in 2000 and are sophisticated and well organised. These superstores are mainly visible in the major cities (such as Dhaka and Chittagong). The modern superstore retailers sell branded, imported and very high quality products with excellent customer service provisions. They offer a new shopping experience to the consumers due to their shopping convenience, acceptance of new payment methods (i. e. credit cards/smart cards), car parking facilities and many services and product related attributes. These stores sell 5% of the total food consumption in Bangladesh (Bangladesh Retail Food Sector Report, 2013) and there are now over 200 outlets run and owned by 30 companies. Agora was the first to introduce this type of superstore in Bangladesh in 2001.

1.4. Sector selection and justification of this research

Whilst consumers may well be reaping the benefit from greater choices and higher standards when it comes to display, hygiene and retail experience, the retailers themselves are competing ever more feverishly to maintain and increase footfall. In addition, due to the potential size of the Bangladeshi market there is the very real likelihood that various international players will wish to enter into the fray. Despite the fact that various modern trends of retail are underway, it is imperative that there is an appreciation of the local culture and context, as Bangladeshis and the Bangladeshi Diaspora are best placed to adapt to meet the challenges of creating an offering that is both attractive, whilst cognizant of local needs, habits and preferences.

This need to understand the local retail dynamic means that additional research has the potential to elucidate a sector that is undergoing dramatic growth and in some ways a fundamental change in the manner in which retail is undertaken. With a young and well educated population, it is imperative that businesses and policy makers gain further insights into key drivers. Customer relationship marketing in a Bangladeshi context is clearly one area that will warrant additional research and analysis. In view of the substantial investments being made in superstores and other aspects of the sector, those making these investments want to see that there is credible data that will help them maintain the current growth rate.

Also, my own interest in this area prompted me to undertake this research as I have been actively involved in this sector for many years. I have witnessed the fact that even though the sector has been growing for years, there are clear signs of substantial and potential growth predicted for the future. Whilst new developments are underway generally the sector has not yet been structurally developed and expanded. This may be as a result of the inadequacy of Government attention, support from financial institutions and lack of understanding and technical knowhow of the superstore owners. Partly though this is also due to the length of time the sector has been developing. Therefore, data availability is very limited. The present socio-economic scenario prevailing in Bangladesh, the organised sector retailers and having access to a limited and small section of the population, would be very worrying in the absence of customer loyalty and their retention. Every effort needs to be made to maintain the existing customer base and to expand it at every opportunity. Customer satisfaction must be gauged periodically with a view to creating a shopping environment where people feel at home – for instance playing background music that elicits a warm response. Therefore, research on CRM and its real effects on retention in Bangladesh's superstore food retailing sector is of paramount importance.

Furthermore, as discussed in a previous section, Bangladesh is extremely, densely populated with over 154 million people and rising in a relatively small country. Every individual must serve to fulfil their basic needs; one of which is the purchase of food and food related items. The Bangladeshi food retailing industry has made a huge shift over the past decade. It has moved from a traditional form of trade, such as street shopping and open markets and having a generally open market, in which relationships are built between businesses and consumers, as well as allowing the opportunities for price negotiation to take place. The dramatic shift of moving to organised superstores creates an unmissable research and analysis opportunity that has not been conducted in the past; the new superstore industry is still adapting to serve the interests of the majority and the rapidity of ever-changing consumer behaviour. Although, currently the size of the organised food retailing market is not too big (8% of the total estimated \$16 billion worth of food retailing market size), the sector is very promising and future growth rate is estimated to be 15% per year. The top 20% of the high-income group population accounts for 44.4% consumption (Gain Report. 2013). Total size of the urban population is 40 million, but Census 2011 indicates that the total population of the capital city is 15 million; unsurprisingly this is where most of the organised superstores are located. According to the *Bangladesh Bureau of Statistics* (2013) approximately 30 million (20% of the total population) are middle class which is more than the combined populations of Denmark, Norway and Sweden. In addition, these consumers are still not highly loyal to any specific brand.

Therefore, it has become apparent that studying customer relationships marketing, in a grocery food-retaining context in Bangladesh, would be a pioneering effort and will contribute significantly to both the theory and practice of CRM, customer loyalty and customer retention.

1.5: Problem definition

Although the organised food retailing sector is new in Bangladesh, its future potential is considerable in view of the size of the population and its projected growth in the coming decades. The sector is vibrant and dynamic whilst also being subject to various internal and external environmental pressures. At the same time consumer demand and choice are changing dramatically. However, the sector is very fragmented, unstructured and undeveloped when compared to its counterparts in Western Europe and North America where the sector is concentrated, matured and sophisticated. In Bangladesh the entire food retailing sector is dominated by small food retailers with low product and technological innovation. Therefore, in the absence of high involvement in product innovation, most of the retailers focus on high quality service provision and this has become their core retail marketing effort. Therefore, customer retention has become the most important strategic choice for organisations. It is against this background, of paramount importance for superstore retailers, to have an insight and understanding on the aspects that there is a need for outlets to appeal to their customers in order to maximise their expectation.

Although, the concept of CRM has attracted huge interest globally and sheer volumes of research has been published on the subject, most of the theoretical and practical work has been done in developed economies, where large organisations are invariably the primary focus of many studies. In addition to this, whilst we understand that there are many opportunities provided by CRM in connection to customer retention, there is still much ambiguity as to its practices in Bangladesh.

An attractive retail environment is the precondition for the customer to become loyal to a specific retail store and such a conducive retail environment should be developed around high quality products and services, adequate service delivery, value for money provisions and other attributes. There is a clear gap in the research in relation to organised food retailing in Bangladesh and therefore, this thesis seeks to identify the most important attributes that consumers consider essential when shopping in a superstore. Secondly, this research seeks to investigate the relationships between CRM and customer retention, and the role played by establishing bonds for building strong relationships with various potential stakeholders.

1.6 Research aims and objectives

The main research aim is to investigate the relationship between relationship marketing (RM) and customer retention in Bangladesh's food retailing sector. The following specific objectives have been established to achieve the research aim:

1. Investigate the impact of relationship quality on customer retention in the grocery food retailing sector in Bangladesh
2. Empirically examine the Bangladeshi food consumers store loyalty level based on service provision at store level and consumers shopping behaviour
3. Investigate the role of bonds as an antecedent of relational quality & ultimately customer loyalty and retention in the development of relationships
4. Identify the various antecedents of customer relationship marketing in the context of customer retention and examine empirically their interrelationships in the food retailing context in Bangladesh

1.7. Research questions

A substantial body of literature in service marketing suggests that customer relationship marketing (CRM) has a subtle impact on customer retention. However, there is a shortfall of evidence and studies on its practice and actual impact on superstore retailers in a developing economy such as Bangladesh. Therefore, the proposed study intends to address this need and ultimate objective in order to offer adequate and relevant answers to the following questions:

1. What are the key factors associated with consumer's choice of store and how do superstore retailers build and maintain bonded, lasting relationships with key customers that leads to customer retention?
2. Is service quality and bonds important in determining relational quality in the food retailing context in Bangladesh?
3. How does relationship quality (RQ) influence customer loyalty (CL) and customer retention in Bangladesh's food retailing sector?
4. How does Bangladeshi's national culture influence consumer shopping behaviour and customer relationship marketing?
5. What practices promote relationship building with customers?

1.8. The Structure of the Thesis

The thesis is split into seven major chapters.

Chapter-1: The first chapter begins with the background, setting and the context of the study. It discusses the core issues related to the subject under investigation. The introductory chapter is also divided into several sections, which includes study background, research setting, the growth of the organised retail format in Bangladesh, sector selection and justification of the problem. It also identifies the research gap and

establishes the research aims and objectives. The following outlines the research questions.

Chapter-2: This chapter focuses on a review of the relevant literature. The chapter begins by discussing the concept of relationship marketing followed by various streams of research on CRM. Various theories, models, concepts in relation to the main constructs used in the conceptual model such as service quality, bonds, relational quality, loyalty and retention are discussed. A major section is given over to the contribution of the cultural and consumer behaviour in the context of Bangladesh.

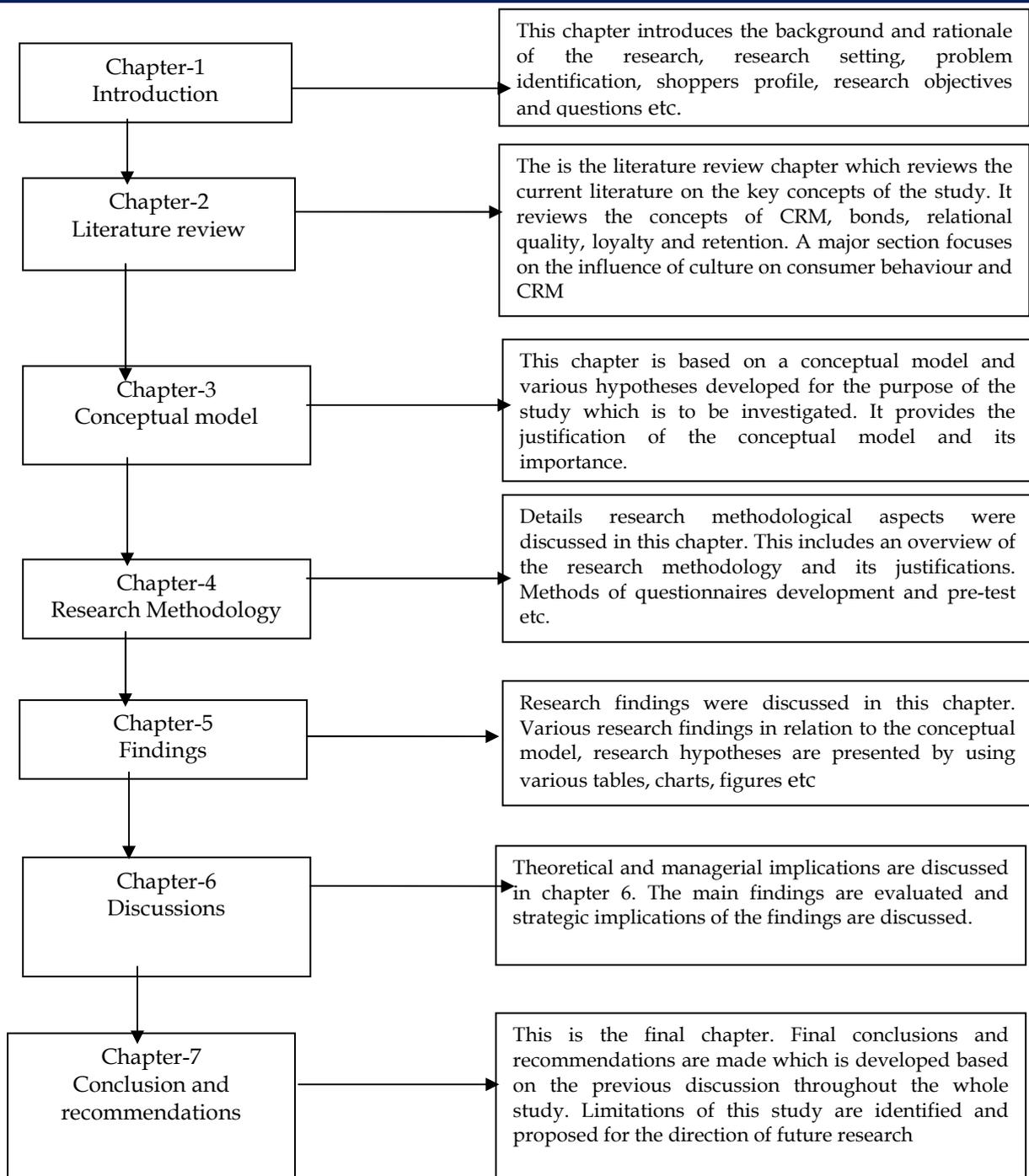
Chapter 3: Conceptual framework and research hypotheses are discussed in this chapter. The chapter focuses on the consequences of various constructs used in the model and outlines various hypotheses. It also proposes the conceptual framework on customer retention strategy and continues to explain the relationships between various constructs.

Chapter-4: This is the methodological chapter, which discusses theoretical, philosophical and methodological issues of the research. The chapter is divided into three major sections, which includes the philosophical aspects of the research, application of research methods and justification, and procedures that have been used to carry out the research.

Chapter 5: Details the findings of the research. This chapter focuses on data analysis procedures, reliability and validity analysis, analysing sample characteristics, analysing various research dimensions and verification of hypotheses, testing conceptual model, measuring the degree of customer loyalty and the justification for using various tests.

Chapter 6: Discusses the findings of this thesis. The chapter also focuses on addressing various research questions. The major theoretical and managerial implications drawn from the findings are also discussed in this chapter.

Chapter 7 Conclusions and recommendations. The chapter also identifies the research limitations and proposes the direction for future research.

Diagram-1.1: Organisation of the chapters

CHAPTER-2

LITERATURE REVIEW ON CUSTOMER RELATIONSHIP MARKETING (CRM) & CUSTOMER RETENTION

2.0 Introduction

This literature review chapter provides an understanding of previous work in the field of study that has been conducted in some major disciplines. It reviews the various literature related to the conceptual model developed in the next chapter for this thesis. The chapter is structured in six major sections. The chapter starts by examining the concept of relationship marketing by reviewing various schools of thought, evolution and definitions of the concept. It proposes a holistic approach while integrating all previous aspects of relationships, a definition of relationship marketing is used as a working definition for the purpose of this thesis. The following two sections focus on service quality concept and relational bonds followed by the section, which examines the meaning of relational quality and its main antecedents, in particular trust, commitment and customer satisfaction. Section four is devoted towards explaining and reviewing the literature on loyalty and associated constructs. The penultimate section focuses on customer retention and its various antecedents. The last section of this literature review focuses on an important aspect of relationship marketing, and that is cultural influence on customer loyalty and consumer behaviour. Finally, the chapter ends with conclusions.

2.1 Relationship Marketing

Over the past 20 years organisations are changing dramatically to cope with challenges which they are facing continuously due to technological advancement, changes of external global environmental forces, changing consumer behaviours, unprecedented demographic changes, changes in consumers' shopping and consumption patterns, and so on. To cope with these contemporary challenges and complexities organisations are continuously seeking to adopt new strategies and practices. More and more customer oriented policies are taken on board by management to survive and achieve a competitive advantage and of course to maximise profits. One such customer oriented philosophy is Customer Relationship Marketing (CRM).

The Customer relationship Marketing (CRM) concept has emerged as a new marketing archetype in recent years. Its aim is to build a strong relationship with potential buyers and various stakeholders for a long period of time that is based on mutual trust and bonds. The primary goal of this type of relationship is to build and maintain trust with, committed, highly satisfied, and knowledgeable partners by creating excellent value, that will help to increase customer retention. Irrespective of the size and type or even location, the concept of CRM becomes one of the most important strategic choices for

many companies. As the market is very uncertain and competition is intense, it is of paramount importance for the organisation to undersnad that the superior quality of products and services, excellent customer service quality facilities and brand & corporate image are not enough to satisfy customer needs and wants; rather commitment, trust, emotions, bonds, mutual understanding and respect are also equally important. The prime aim of this type of relationship process is to build, manage and extend the mutual rapport with potential buyers and other stakeholders to survive and prosper in a competitive environment. For example, according to Reichheld & Sasser, (1990) a company can increase its profit by 2-8% by building a sustainable relationships with profitable customers and reduce 5% of customer defection. While, the author suggested that only profitable customers will be the main focus of such relationships so that an organisation can develop its strategies adequately. A similar view is also underlined by Ndubisi (2005) who focused on building symbiotic relationships with customers and argued that by creating such a relationship with potential customers will facilitate the company to understand customer expectations. Hence, a better quality of services and products can be offered. He further suggested that this should be the only strategic choice for the organisation to build and maintain sustainable growth. In 1996 Gronroos also highlighted the importance of CRM for organisational survival and according to Palmatier et al, (2006) it is more important in service oriented exchanges, as interpersonal relationships have become more relevant in service encounters, as opposed to product exchanges (Barry and Doney, 2011).

The traditional meaning of Marketing is understanding, determining, preparing and maximising customer satisfaction in the most profitable and efficient way. Most of the conventional methods of marketing were applied to create customer awareness about the products and services offered by the company and attract more customers. However, today's meaning of marketing is built upon building and maintaining strong and mutual relationships between the main parties involved (Kandampully, 1998). By building and maintaining such mutual relationships with customer's organisations they can reduce perceived risk, minimise costs of transactions, and increase customer loyalty. This will have a positive impact on an organisation's performance. Therefore, it is critical for the organisations to focus on CRM to build long term relationships to retaining customers.

The following section focuses on the evolution of relationship marketing which includes various relationship marketing schools of thoughts. For the purpose of the thesis it is vital to have an insight into the concept of CRM and its evolution. An understanding of various stages of its development in a different context will help us to assess and study the actual nature of the concept from a specific countries perspective. Studying the

origins and strands of CRM helped not only in providing a theoretical backdrop to the research, but also in ensure that there was heightened awareness of key features. This helped when it came to spotting aspects of CRM in Bangladesh and other similar contexts, as well as proving invaluable when it came to appraising at what stage Bangladesh is in, within the field and CRM schools of thought.

2.1.1 Relationship Marketing: Various Schools of thoughts

There are sheer volumes of review articles, conference proceedings, working papers series, books and seminal works that have been published since the inception of customer relationship marketing (CRM) in early 1983. However, a large number of these works were focused on the general understanding of the concept of CRM or evolution of the concept (Sheth & Parvatiyar, 2000), and very basic discussions of various streams of CRM (Shirshendu et al, 2009). Although, the concept has been used and practiced since ancient times, it is difficult to say what the actual time of origin of CRM is and when the concept emerged in business & marketing literature.

Nevertheless, various literature indicates that the actual concept evolved into the mainstream marketing and business literature during the mid-20th century (Wilson, 1995; Datta et al, 2011). McGarry (1951) is one of the first such scholars who first used and discussed the concept of contractual relationships of marketing and argued that marketing cost can be reduced by 10-20%, by developing and maintaining long lasting mutual and continuous dynamic relationships between organisations and customers. His work focused on the importance of creating bonds and long-term collaboration with the parties involved in the actual exchange process, which has a profound effect on the mutual benefits, creating respect, building confidence and trust, and thus, increases the marketing efficiency. Since the development of the concept of contractual relationships by McGarry in early 1950 until today, a sheer volume of literature published in this field and various streams of schools on relationship marketing have emerged. Not only this, after a long period of time, as the market became more complex and dynamic, McGarry's (1951) view of cost reduction due to relationship building was confirmed by other researchers (Reichheld and Sasser, 1990; Kandampully, 1998; Ndubisi, 2005)

Based on the current service marketing literature, it is clear that Berry (1983) was the first pioneer scholar of this idea to use this concept of relationship marketing in service literature. In the same period, various literature also suggests that the prominence of the concept in the early 1980s was rather a rediscovery of the meaning not a new discovery (Sheth and Parvatiyar, 2000) and should be regarded as a normal process to facilitate ongoing business relationships with customers (Gummesson, 2002). Since then, the concept has evolved in an evolutionary way by responding to various external,

environmental factors and the changing nature of consumer's demands. Various theories, concepts and models of Relationship Marketing have been developed in different parts of the world, although, most of them are in developed countries, in which the service sector is prominent or on the rise. Various literature has identified a number of schools of thought on relationship marketing. A school of thought provides us with a rich diversity of angles on how the domain is shaped over time, initiated, formulated, implemented and improved and hence, the school of thought is very important for scholars. A school of thought is formed based on a collection of people who share common thoughts and understanding on particular topics, same characteristics of opinion, ideas and philosophy (Datta et al, 2011)

There are various disagreements and opinions as to the exact number of schools in Relationship Marketing. According to Payne (1995), there are three schools of thought: Nordic School, IMP Group approach and North American School (dyadic in nature-company customer relationship). In contrast, Gronroos (1997) proposed four schools including Nordic and the IMP Group approach. Two further streams are Anglo-Australian school which are mainly focused on product and quality of service, and other marketing activities and the North American School that is in common with Payne (1995). Nevertheless, the majority of scholars have accepted three major perspectives: Nordic, IMP Group and the Anglo-Australian perspective. Ballantyne (1994) identified total five schools which include: Nordic school; Anglo-Australian perspective, IMP Group; American Service Orientation which are similar to the streams identified by Payne (1995) and Gronroos (1997) and Chinese business relationship perspective. The following table highlights the number and schools of thought found in current literature.

Table-2.1: Number & schools of thought found in literature (Datta et al, 2011)

Authors name & year	No of School	Names of various schools of thought
Ballantyne (1994)	Five(5)	<ol style="list-style-type: none"> 1. Nordic School 2. IMP Group 3. Anglo-Australian Perspective 4. American Service orientation 5. Chinese business relationship perspective
Payne (1995)	Three (3)	<ol style="list-style-type: none"> 6. Nordic School 7. IMP Group approach 8. North American school
Gronroos(1997)	Four (4)	<ol style="list-style-type: none"> 1. Nordic School

		<ol style="list-style-type: none"> 2. IMP Group 3. Anglo-Australian Perspective 4. North American Perspective
Brodie et al (1997)	Six (6)	<ol style="list-style-type: none"> 1. Nordic 2. Interaction relationship 3. Network 4. Channel efficiency & effectiveness 5. Role of value within chain 6. Impact of IT on relationship
Palmer et al (2005)	Three (3)	<ol style="list-style-type: none"> 1. Nordic School 2. IMP Group 3. Anglo-Australian School
Shirshendu et al (2009)	Six (6)	<ol style="list-style-type: none"> 1. Nordic School 2. Superior customer value 3. IMP Group school 4. Relational exchange school 5. Corporate strategy school 6. Customer advocacy school
Datta et al (2011)	Seven (7)	<ol style="list-style-type: none"> 1. Nordic school 2. IMP Group 3. Relational Exchange 4. Superior customer value creation/ Anglo-Australian School 5. Customer relationship Management 6. Behavioural school 7. Customer advocacy school

This section proposes and examines seven (7) schools of thought Customer Relationship Marketing (CRM) and proposes a holistic definition of CRM that is used as an operational definition in this study.

(i) Nordic School of Thought:

Due to emergence of the service sector, a substantial body of research started to focus on service context especially B2C markets. Some of these pioneering scholars such as Gronroos (1997), Gummesson (1994) started to bring new insight and knowledge into service marketing which is now termed as the Nordic School of thought. Relationship Marketing has received a new insight and this school offered a structured approach to RM. This school is firmly linked with the Nordic regions and appeared in the late 1970s due to the perceived shortcomings of transaction-based relationship marketing (Palmer

et al 2005). The service marketing scholars realised that service must be seen as the core elements of deepening the nature of affinity between parties, for enhancing customer loyalty, which ultimately leads to an extension of the customer life cycle (Gronroos, 1995) and the basic theme of this stream is that the marketing process is not just the responsibility of the players within the level of function but should also be viewed as a cross-departmental activity (Gronroos and Gummesson, 1985).

(ii) Industrial Marketing & Purchasing (IMP) Group school of thought

The IMP group was formed jointly in the mid 1970's by the scholars of major European Universities, which includes the University of Bath (UK), Uppsala (Sweden), UMIST (UK), ESC Lyon (France), and the Ludwig Maximilians University (Germany) as a research project on "Industrial Marketing & Purchasing". This involved developing a dynamic and comprehensive model of relationships between buyers and suppliers in the industrial marketing context and multi-country based study. This is known as the Industrial Marketing & Purchasing (IMP) Group School. The focus of the IMP Group is on Business-to-Business Markets.

The scholars from the IMP group have used case studies extensively as a methodological approach and distinguished this from others (Hakansson, 1982). The IMP group project is mainly focused on the interactive relationships between firms and networks between multiple parties. According to Palmer et al (2005), on the one hand, the interactive relationships depend on the interaction between many individuals within companies, while a network operates through building relationships between buyers, suppliers and markets. Scandinavian scholars (such as Hakansson, 1982; Hakansson and Snehota, 1995) have pioneered most of the work of the IMP group.

(iii) Relational Exchanges School of Thought

Various theories and concepts of traditional marketing have mainly focussed on the exchange between buyer and -seller where the exchange process has been viewed as discrete and as being one of transactional, not as an ongoing continuous relationship (Dwyer et al, 1987). In contrast, the concept of relational exchanges focuses on continuous long term relationships between various parties. This school is based on a partnership approach for building long- lasting relationships. Symbiotic marketing concept (Adler, 1966) which has been extended by Varadarajan and Rajarathnam (1986) argued that organisations must use a partnership approach within the entire supply chain management to change consumers` choices and achieve organisational financial objectives in uncertain economic conditions. This school is very similar to the IMP group and focuses on the business-to-business sector. However, while the IMP Group focuses

more on the conceptual foundation of relationships the relational exchange school is based on a more exploratory and empirical approach (Shirshendu et al, 2009).

(IV) Superior Customer Value Creation/Anglo-Australian School

This perspective focuses on the formation of exceptional customer value by integrating the various aspects of service marketing and quality management techniques to provide maximum customer satisfaction. This is an extension of the Nordic School of thought. While the Nordic school focuses on internal marketing, the superior customer value school moves beyond that to other markets. This perspective sees marketing as being built on a high quality of products and customer service, and this approach is important to add additional value for the buyers in building a long lasting rapport with the organisation (Christopher et al, 1991). The main aim of this perspective is to create and maximise customer satisfaction.

(V) Customer Relationship Management School

The shortcomings of previous models of relationship building and the need for a rethinking on the strategic perspective of organisational activities has led the new way of practicing marketing and management activities. Therefore, customer relationship becomes one of the most important strategic management processes to build, sustain and retain long-term customers, for the attainment of organisational profit objectives. Hence, CRM is seen as one off the most important parts of corporate strategy.

The concept emerges as "newest" school of thought in mainstream marketing literature and is as a contemporary reality as a paradigm is (Palmer et al, 2005). While traditional marketing activities is built on dyadic relationships this school focuses on multiple relationships such as internal, customers, networks and other stakeholders (Yang & Wu, 2007). The school is process oriented, rather than relying on the outcome or underlying factors. Hunt (1997) proposed that to create an organisational core competitiveness, organisation should build long lasting mutual relationships with various stakeholders by identifying four categories of relationships (i.e. suppliers, lateral, buyer and internal partnerships) for firms.

(VI) Behavioural School

According to the behavioural school of thought, relationship marketing is behavioural or attitudinal (Eggert and Steiff, 1999). This school of thought first appeared in 1970 in marketing literature when most of the marketing scholars used repeat purchasing to measure customer loyalty. To understand consumer's behavioural patterns and motivation on how they make their shopping choices, behavioural models can be found for many consumers in the literature (Engel, Blackwell and Miniard, 1995; Brito, 2011). According to Shaw and Jones (2005), the behavioural school dealt with the behavioural

patterns of buying and consumption. Some of the most critical elements of the behavioural school of relationship marketing are commitment, trust, reciprocity, bonds and customer satisfaction. Reciprocity is both ways and is a state of relationship, when an organisation gives to other one in return for something. By doing so, it creates mutual benefits for all parties; each party gets something from the other.

(vii) Customer Advocacy School

Customer Advocacy is mainly focused on maximising the customer's interest and collaborating with them. This can create positive customer preferences, increase a loyal customer base and obtain customer recommendations. An organisation advocates for the interest of the customer and in return, customers advocate for the company by buying its products and services. As trust is very important in Customer Advocacy the role of transparency is of paramount importance to create enduring trust. According to Peck et al (1999) an advocate is someone who strongly suggests and promotes to others, and who plays a great role in marketing for the organisation. According to Yeh (2013) superior customer advocacy can improve customer trust and loyalty as organisations always treat their customers as intelligent individuals, who seek to make adequate and informed decisions on the purchase of their products and services. Customer advocacy aims to build a stronger and deeper relationship with customers by creating trust, commitment, greater transparency and long lasting collaborative partnerships with potential customers. Yeh (2013) confirmed that customer advocacy orientation has a direct impact on customer trust and firms always seek to involve consumers in their marketing activities. Therefore, in other words, it can be said that customer loyalty and retention can be enhanced if organisations implement customer advocacy as part of their corporate strategies. McDonald (1993) first brought the concept of Customer Advocacy into the field.

Table-2.2: Relationship Marketing: Various schools of thought

Stream of schools	Situation/context	Associated factors	Main source
Nordic School	Service Marketing	Exchange should be mutual among parties Cross-departmental marketing function Customer retention should be the prime goal Service quality should be seen as the critical mass The core aspects of relationship should be based on continuous interaction, communication, dialogue and network All promises should be kept and must implement accordingly for long-term benefits.	Gronroos (1997, 2004) Gummesson (1994, 2002) Egan (2004) Strandvik and Lijander (1994)
Industrial Marketing & Purchasing (IMP) Group School	Business to Business marketing	Short term/long term relationship Multiple network The researchers from IMP group have undertaken the project Relationship Marketing is the conceptual foundation of the project To build trust between a parties commitment was seen as an important component To create a competitive position, inter- firm adaptation was viewed necessary	Adler (1966) Arndt (1979) Hakansson (1982) Jackson (1985)
The Anglo-Australian school	B2C markets B2B markets	Organisation should integrate service marketing concept, CRM and management of quality to maximise customer satisfaction Customer perceived value is core of relationship marketing Transactional approached is replaced by relationship	Crosby et al (1990) Christopher et al (1991) Payne & Holt (2001) Christopher, Payne & Ballantyne (2002)

		<p>approach</p> <p>Focus on customer retention to increase economic performance</p>	
Relational Exchanges School	Business to business markets	<p>Collaborative relationships to create long term partners</p> <p>Elements of relational quality such as trust, commitment, communication, bonds etc are important</p>	<p>Vara</p> <p>Raja</p> <p>Heic</p> <p>Mor</p> <p>Wils</p>
Customer Relationship Management School	Customer selectivity & Corporate strategy, B2B & B2C markets	<p>For building long term relationship organisation should focus on potential customers and this should be part of corporate strategy</p> <p>Integration of various functions of organisation</p>	<p>Parv</p> <p>Web</p> <p>Seth</p>
Behavioural School	B2C	<p>It is important to have an insight into the behavioural patterns of consumers</p> <p>Focus on fulfilling customer expectation and maximising customer satisfaction, to enhance commitment, trust and customer's word of mouth communication</p> <p>Customer retention to increase economic performance</p>	<p>Egg</p> <p>Suliv</p> <p>Oliv</p> <p>Shav</p>
Customer Advocacy School	B2B and B2C markets	<p>Customer centric so that priority should be given to fulfil customer interest</p> <p>Customer should be viewed as integral part of the organisation, hence, building customer membership is vital</p>	<p>McD</p> <p>Law</p> <p>Gruc</p> <p>(200</p> <p>Urb</p> <p>Yeh</p>

2.1.2 Relationship Marketing: Towards a definition

As it is an established phenomenon that CRM is an old concept that has been found in various service marketing literature over the past few decades and has become an integral part of organisational strategic choices, but till now, it is very much unclear for many what the true purpose and meaning of CRM is (Nevin, 1995; Parvatiyar and Sheth, 2001). Indeed, by looking at the various streams of school in Relationship Marketing and the associated literature, it is very much clear that no universally accepted specific definition of the concept has emerged yet (Datta, 2012b). Egan (2004) suggests that relationship marketing is not easy to define. The concept is very wide that includes various activities and hence, it may have different meanings to different organizations (Palmer, 1994). This also affirmed by Parvatiyar and Sheth (2001) and stated that the concept is not well defined and rather ambiguous in most of the marketing literature. There are many definitions found in the current literature. Harker (1999) identified a total of twenty six (26) definitions and Dann and Dann (2001) have identified fifty (50) definitions. However, the scope of the thesis does not allow discussion of all these definitions in detail; therefore, some of the most common definitions are identified and examined for this thesis. The following section discusses the definitions found in relevant literature and the table 2.3 summarises these definitions.

As previously discussed, Berry (1983) has been considered to be the pioneer scholar who first used the concept in the services marketing literature. Since then, we have witnessed a sheer volume of scholarly publications, that have been published throughout the world in the form of journal papers, conference proceedings, books and book chapters, working paper series, seminal works and other blind peer reviewed and non-peer reviewed articles (Crosby et al,1990); Rust and Zahorik (1993), Gronroos (1994), Morgan and Hunt (1994), Sheth and Parvatiyar (2000), Rao and Perry (2002), Palmer et al. (2005), Wang et al. (2004), and many others.

From a service perspective point of view, Berry (1983) defined the concept as a 'strategy for attracting, maintaining, and enhancing customer relationship', by supporting this definition, Berry and Parasuraman (1991) have developed another modified version of this definition. Their modified version defined the term as to "attract, develop and retain a relationship with the customer'. It is clear from the above definitions that enhancing customer relationships between parties is not only the goal of relationship marketing, but should also be to sustain that relationship, hence, it is viewed as a long-term perspective. Although, the definition pioneered by Berry (1983) is classical in

nature and looks very comprehensive, it does not say much about the purpose of the relationship, nor does it include the various stakeholder groups involved in relationships (Datta, 2012a). However, the later definition with Berry and Parasuraman (1991) made clear that the purpose of the relationship is to retain customers.

The boundaries of relational exchanges between buyers and sellers were set by the traditional view of transactional exchange/cost (Heide, 1994). Indeed, most of the scholars see relational exchanges as the opposite of transactional exchanges (Gummesson, 1996). According to Rao and Perry (2002), the length of exchange relationships is a core element in differentiating the two. For Gundlach and Murphy (1993) transaction, based exchange is based on single one off exchange that is short-term in nature. In contrast, relational exchange is based on continuity, an ongoing process and is long term in nature (Dwyer et al, 1987) and social exchange is a core element for the participants involved in the exchange process that includes essential personal individual satisfaction (Macneil, 1980). An effective relational exchange can bring for the organisation product differentiation and creates switching barriers for the customer (Day and Wensley, 1983). However, the definition has some broader scope to it, which includes the concept of relational exchanges. Morgan and Hunt (1994) identified ten types of relationship marketing in relation to suppliers, internal, buyer and lateral partnerships. They defined Relationship marketing meaning to establish, develop and maintain successful relational exchanges. In conceptualising relationship marketing they realised that relationship commitment and trust are equally important for building successful relationship marketing. However, Peterson (1995) did not accept this definition and criticised it strongly. The author asserted that Morgan and Hunt's (1994) definition as an error of omission and stated if "their definition is true; the relationship marketing and marketing are redundant terms".

Gronroos (1994) has given a holistic view of RM from a network perspective, which focuses on identifying and establishing, managing and extending and if necessary to terminate such relationships with various stakeholders, at a profit, so that the objectives of all parties involved are met". However, according to Calonijs (1988), fulfilment of promises is the most important aspect and organisations must keep its promises. It should be an integral part of the relationship marketing approach. This view is fully supported by Reichheld and Sasser, 1990) when they stated that keeping and applying promises is essential in that it will help organisations to maximise customer satisfaction, enhancing loyalty & retention and of course to achieve long- term economic objectives. The importance of relationship marketing for organisational survival and growth in

today's dynamic business environment is also echoed by Gronroos (1996). One of the most salient aspects of the above definitions is that all have recognised the process aspect of building and maintaining relational exchange.

From a network point of view, Shani and Chalasani (1992) viewed RM for identifying, maintaining and building a network with the customers through interactive, personalised and a value added contract over a long period for mutual benefits. The content of this explanation somehow contradicts the explanation proposed by Gronroos (1994) but both agreed that relationship marketing is buyer-seller centric and the nature of relationship is longitudinal, where both parties' interests are maximised and the ultimate goal of relationship marketing is customer retention. In recent years, this has received significant attention from scholars and practitioners who see this as one of the most important value creation techniques between organisations and customers; through the process of mutual exchange. To maximise buyer-seller satisfaction such value plays an important role. However, it is to be recognised that building mutual trust between parties is an absolute, essential element in creating such value.

After an extensive review of the literature, Harker (1999) identified 26 definitions which have been analysed, synthesized and later developed his own version of his definition of relationship marketing which integrates the various definitions and creates a comprehensive approach to RM. According to the author, "Relationship Marketing occurs when an organization is engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers or partners over time." It is holistic in nature which puts emphasis on the purpose and benefits of relationship marketing. Relationships are possible when parties are proactive and committed and the process is interactive. However, it also supports the argument of Carson et al (1995) that RM should be directed to selected and profitable customers. It includes the word 'partners' which also involves various stakeholders, in addition to customers (Rao and Perry, 2002). Payne (2000) affirms that the concept of CRM is based on "the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value" while Berger and Nasr (1998) offers a divergent view on the subject of relationship marketing. Berger and Nasr (1998) defined relationship marketing as "to create, develop and maintain committed and interactive exchanges with potential customers that are profitable. The keywords of this definition compare with those of Heide (1994): maintaining and developing. Thus, relationship

marketing is about ensuring that relationships with customers is not a one-off but collaborative that expands to lifetimes with the company and the customer, too.

In conclusion, it can be said that despite the various definitions as examined above differing somewhat, they all demonstrate that the main thesis of CRM revolves around its focus on the buyer-seller relationships and both parties mutually benefit from such relationships, which is longitudinal in nature (Datta, 2012b). From the organisational perspective, it can be said that, relationship marketing should be viewed as distinctive organisational corporate culture that puts the parties' relationships at the heart of the organisational strategic thinking.

It is the view of the researcher that the whole philosophy of Customer Relationship Marketing (CRM) as a concept is still unfolding. Albeit, the main objectives of this idea are to achieve and attain organisational profit maximisation objectives by applying various marketing techniques and instruments in recent times, the core focus has now been transformed to a very holistic and comprehensive approach, integrating the organisational collective functions (Datta, 2012b). The writings of various Scholars such as Gronroos, Gummesson, Morgan and Hunt and others have reflected this core view of RM very well. However, one most important component is missing from these definitions, which is "communication", and it has been recognised by the researcher that in order to build strong relational and transactional exchanges `communication` plays an important role. Organisations these days should not solely focus on their product and service quality, but must also understand and be sensitive enough to what the customer thinks about them as an entity.

Furthermore, the researcher contends that it would be difficult to universalize CRM because of the intrusion of `culture` through the backdoor. CRM would, therefore, lead to being influenced by geographical segmentation of markets; and even within a market by consideration of ethnocentricity, which in itself, is culturally oriented. CRM, accordingly, needs to be culture, demography and lifestyle supportive too, for it to be an effective mechanism to increase organizational productivity. The inclusion of these variables further implies that CRM needs to be an on-going process with the renewal, removal and addition of data built in. A one off concise might yield disappointing results because the prediction power of the package is not being put to a test, nor is it being given the opportunity to show its strength, having a pro-active capability in customer retention and creation, through either relational or transactional avenues.

Therefore, the proposed definition by the researcher (Datta, 2012b) is given below. This definition combines most of the key elements discussed above and is based on Gronroos (1994, 1996) definition of relationship marketing.

“Relationship Marketing is a holistic approach involving the organizational functions collectively to identify, establish, maintain and enhance long term mutual relationships with key customers and various stakeholders involved in relational exchanges. This would naturally involve continuous communication, interaction and networking in a trustworthy environment to create superior value for the organization, key customers and stakeholders.”

Table-2.3: Definition of CRM, contexts and authors

YEAR	AUTHOR(S)	Context	DEFINITION/MAIN FOCUS
1983	Berry	Service	The main focus on RM is building, managing and extending relationships with buyers and various stakeholders in multi service organisation
1985	Jackson	Industrial marketing perspective	The main focus on building mutual relationships, Relationship should be over a period of time.
1987	Dwyer, Schurr and Oh	B2B and B2C	An integration of various marketing activities are essential to build, manage and enhance long lasting yet successful buyer-seller relationship
1990	Gronroos	Valid in all context	Building and maintaining profitable relationships with various potential partners are key to achieve economic objectives of all parties involved in relationship. Exchange should be mutual and all promises should be fulfilled.
1991	Berry and Parasuraman	Service perspective	In the service, marketing context the focus of relationship marketing is to attract, develop and retain customer relationship is for long-term perspective.
1992	Shani and Chalasani		A holistic and integrated approach to build up a network with potential customers. Network should be to strengthen continuously so that parties are benefitted equally. The process should be highly personalised, reciprocal and value added over a long period of time.
1994	Gummesson	Network	This concept is based on continuous interaction with parties and building networks
1995	Sheth and Parvatiyar	Service marketing	Attempts to involve and integrate customers, suppliers, and other infrastructural partners into a firm's developmental and marketing activities.

2002	Kim and Cha	All context	"A set of marketing activities that attract customer relationships for the benefit of retaining existing customers".
2008	Singh and Srivastava	Network	Focuses on the creation of customer organisational long-term profits, Continuous exchange among various parties are essential viewed as part of strategic marketing process
2009	Shirshendu et al	A critical evaluation of research stream	Relationship should be based on extensive interaction and cooperation among all parties (stakeholders) with appropriate commitment value for all in an environment, which is optimum level of resources. This will have on business.
2012	Datta P.R	All context	"Relationship Marketing is a holistic approach organizational functions collectively to identify and enhance long term mutual relationships and various stakeholders involved in relationship would naturally involve continuous communication networking in a trustworthy environment for the organization, key customers and stakeholders

2.1.3 CRM in Bangladesh and Asia: Key literature

The concept of CRM has been viewed, as a new archetype in service marketing literature and it has become part of many, of organisational corporate strategies in developed economies. Whilst a literature review suggests that most of the theories, models and frameworks are mainly developed in Europe, North America and other developed economies and practiced there, over the past 30 years, a substantial body of literature on CRM has been found in East and South Asian countries, although to a degree this is still limited in its scope. Until now, there has only been negligible number of studies that have been identified from various sources that are deemed relevant to Bangladesh, or indeed Bangladesh specifically. This section focuses on some of the current literature on CRM in Bangladesh and its Asian counterparts.

Chang (2006) asserted that the role of the salesperson is very important in developing long lasting relationships, whilst according to Tseng (2007) appropriate CRM strategies, such as rewards and preferential treatment are effective in developing mutual relationships. It is an established phenomenon that some of the Eastern and South Asian cultural values and beliefs are influenced by Confucian philosophy, which suggests that an individual is traditionally, a social being. Yau *et al* (2000) pointed out that one of the most essential social investments in Chinese society is building and maintaining relationships. "GUANXI" is the term used to describe this Chinese view of relationship. Although, the word is very ancient, some Sino scholars believe it to be more than five thousand years of old (Luo and Park, 2001), its practice remains ongoing and it is applied to all levels of people's interactions including businesses (Davies, 1995). Bangladeshi and other Asian countries cultures are different to Western cultures in many ways, which includes business practices and consumer behaviour. When people deal with other people in a Chinese context, due to its cultural heritage, trust and familiarity become more important (Xu, 1999). However, it is not a necessary precondition in Western culture.

A comparative study conducted by Merriless & Miller (1999) in Eastern and Western countries found that the nature of relationships in Eastern Asia is based on Chinese "GUANXI". As all relationships are built upon a cultural platform, there are differences in the ways in which relationships are built in Eastern and Western countries (Buttery & Wong, 1999). The culture of Bangladesh and many other Asian countries is primarily based on cooperation rather than competition. Relationships in Asian countries are based on social interaction and in such interaction, honesty and integrity are vital (Kiong

and Kee, 1998). In such an environment, contractual relationship is less important, rather a personal guarantee is essential (Pheng Low, 2001).

Recently a few studies have been conducted on CRM that focus on different aspects of CRM, for example, cross-buying due to customer loyalty and satisfaction (Padmavathy et al, 2012); Customer loyalty & retention (Khandeker and Deshmukh, 2012); CRM and customer behaviour (Ejaz et al, 2013). Prasad and Aryasri (2008) conducted a particularly insightful study in the context of the Indian food retailing sector, to investigate the influence of CRM on loyalty. The findings suggest that CRM variables such as trust, commitment, empathy & communication have a direct effect on customer loyalty and foster high quality relationships.

Kunal and Mohammed (2013) conducted an empirical study to understand the effects of RM and customer perceived quality of service on loyalty. They proposed a research model of customer loyalty by incorporating various previous models into one holistic model to examine the relationships between RM, customer perceived quality of service dimensions and loyalty. In the context of Bangladesh, Kashem and Islam (2012) conducted a study on customer satisfaction in superstore retailing by applying multivariate techniques. The study identified three broad factors associated with customer satisfaction: product, service and customer related factors. In the context of the telephone sector in Bangladesh, Rahman and Masoom (2015) focused on the relationships between CRM and customer retention. They have used Grameen phone study as a case study. The results indicate that RM is core to the business success, and that employees are the main facilitators of CRM. However, findings suggest that a lack of internal marketing creates barriers to implementing CRM concepts in practice.

2.2 Relational bonds

Relationship Marketing has identified the concept of relational bond as one of the major components to create long lasting mutually benefited relationship between organisation and customers (Dwyer et al, 1987; Liljander and Strandvik, 1995; Wang et al, 2006). The core aims of relationship marketing are to create bonds between parties (Liljander and Strandvik, 1995). Bonds are building blocks of relationships between parties involved in relationships, which influence the stability of the cooperation and focus on harvesting the existing relationship rather than establishing new relationships (Hanken, 2007). In customers –service provider relationships, customer receives not only functional benefits, but also expect to receive relational and social benefits (Coulter and Ligas, 2004). Therefore, relational bonds are very important in order to create long lasting, trusted and committed relationships to foster customer satisfaction and loyalty.

According to Sheth and Parvatiyar (1995), a greater and stronger bond between consumers and markets can be created by attempting to develop customer value among collaborating activities. In such a situation, customers have become more committed. Even unsatisfied customers may have a strong relationship with their service providers due to bonds that act as existing barriers for the customers (Liljander and Strandvik, 1995). This section examines the nature and types of relational bonds which is directly associated with the creation of customer loyalty, thus customer retention.

2.2.1 The definitions and types of bonds

The concept of bonds has been found in social sciences literature since the early 19th century and has evolved through industrial marketing literature to service marketing literature to explain the relational ties, or linkages between parties involved in mutual relationships. It is essential that organisations should develop bonds to strengthen relationships with customers (Chen and Chiu, 2009; Nath and Mukherjee, 2012). Past studies suggest that relational bonds increase customer satisfaction, commitment, trust and repeat purchase behaviour (Rao and Pery, 2002; Lacey and Morgan, 2009). Over four and a half decades ago, McCall (1970) defined bonds as "the psychological, emotional, economic or psychical attachment in relationships that are focused on association and interaction and serve to bind parties together under relational exchange". His definition of bonds from sociological perspectives indicates that people are bonded together which is synonymous to marriage. This definition has then been widely accepted and incorporated in industrial marketing and service marketing literature (Hakansson and Snehota, 1995; Liljander and Strandvik, 1995, Wang et al, 2006). According to Levitt (1983), bond provides an opportunity to maintain long lasting

relationships between all parties over time. The same view was also stated by Dwyer et al (1987), that relational exchanges occurs over time.

According to Yim et al (2008), a stronger personal bond among relationship parties enhances commitment to maintain the long relationships. Dash et al (2007) defined bonding as business relationship dimension between customers and suppliers to achieve unified goals and bonds has been seen as an essential element of relationship exchange in the network approach. Bonds also reduce the value in the relationship if they have any negative effects on relationship functions, which can act as low barriers of exit. Therefore, there must be some degree of caution taken by the parties so that relationships become strengthened. The following table 2.4 highlights the definitions of bonds including context and main themes.

Table-2.4: Definition of Bond

Authors & Year	Context	Definition/Main theme
McCall (1970)	Industrial context	The main focus of bonds to have various types of attachments such as emotional, financial or psychological in a relationships. In such relationship association and interaction are vital as they serve to tie various stakeholders together.
Levitt Theodore (1983)	B2B Service context	Bonds helps to maintain strong and long lasting relationship between various parties
Berry (1995)	Relationship Marketing	Bonds can be defined as types of linkages between various stages of relational exchanges
Berry (1995)	Relationship marketing	Financial bond is defined as stimulating high degree of customers consumption, customer motivation & enhancing customer loyalty to increase retention and these can be achieved by using various price incentive techniques such as price discounts and gifts.
Hakansson and Snehota (1995)	Industrial Marketing	Bonds are the main players in the organisation between individuals that grow over a period of time, appearing as the product of both social interaction and task
Liljander and	B2B	Act as exit barriers for the customers and bind the customer and the supplier for a long period of time

Strandvik (1995)		and maintain that relationship
Cann and Sumrall (1997)	Services relationship marketing	Bonding is viewed as a dynamic and holistic system that advance through various stages and always steps as an integrated force that enforces parties to manage and maintain their mutual relationship over a period of time
Perry et al (2002)	Business to Business context	The main focus of social bonds to produce strong and positive interpersonal relationship between various parties through the investment of time and energy
Hsieh et al., (2005)	Service marketing	Social bonds involve creating long lasting relationships with customers and various stakeholders through continuous interaction to offer essential psychological benefits. Social bonds are important in building closeness, strong connections and common understanding between parties for long term mutual benefits
Muhammed et al (2014)	e-retailing context	Financial bonds can be defined as an essential strategy for customer retention to provide financial benefits to the customers for long term benefits

2.2.2 Types of bonds and level of relationship

There are various types of bonds which have been found in literature from industrial marketing to service marketing. The first two types of bonds were found in IMP (Industrial Marketing and Purchasing) group affiliated papers and these are social bonds and technological ties. Since then, the substantial body of literature has identified numerous numbers of bonding variables. For example, the same IMP group research has identified six types of bonds in industrial relationships such as technical, economic, time, legal, social and knowledge (Johanson and Mattsson, 1987). However, in their study, Liljander and Strandvik, (1995) identified a total of ten bonding types, from the service marketing perspective namely Legal, economic, geographical, Knowledge, time, Technological, social, ideological, social and psychological.

Understanding the types of bonds is important, as the level of relationships will predict the degree of bonds existing in the relationship. Berry (1995) pointed out that Relationship marketing can be actively functioned on multiple levels by understanding the nature of bonds which exist between customers and service providers. The types of

relationships will influence the degree of bonds that exist between parties over time (Coulter and Ligas, 2004). Berry (1995) identified three main types of bonds, which develop over time at various levels of relationship, and stresses that there is high potential to achieve a strategic advantage over competitors at a higher level of relationships, although the degree of service customisation may be high.

The study conducted by Coulter and Legas (2004) identified four distinct relationship types and states that bonds are created at various levels of these relationships. The degree of bonds depends on the types of relationships that exist between parties. Due to the nature of the interaction between parties, the strength of the bonds will change over time. According to Liljander and Strandvik (1995), a bond is developed when both parties are involved in interaction and the more they interact informally, the more a social bond is developed. The four types of relationships, according to Coulter and Ligas (2004), are **Professional relationships, casual acquaintances, personal acquaintances and friendship**. Through these relationship stages, the customers and service providers become more trusting and dependent upon one another. The authors stress that the four typology of relationships are influenced by the degree of socialisation with the service provider and the emotional attachment is the most important predictor of customer satisfaction for long-term service relationship.

Studies conducted by Perry et al (2002) in the Australian context of franchisor-franchisee relationships investigates the relationship between technical bonds and social bonds in forming an association between two organisations within franchisee systems. They define technical bonds as when two companies adapt product or process adjustments to each other, for example "just in time", "deliveries on demand". In various literature, these are terms sometimes referred to as economic, structural, non-relational or non-social. By reviewing business-to-business literature, they have developed a framework of structure of an association by incorporating five social bonds and two technical bond components. These bonds are **Social**-equity, conflict, benevolence, trustworthiness, commitment and **technical**-competence and investment. By using structural equation modelling techniques, they have identified that increased technical competence levels from franchisors in relation to information technology which can significantly improve the social bonding in relationships. By incorporating the findings from sociology, industrial and service marketing, Wendelin (2007) proposed 11 types of bonds model, which is the most comprehensive view on bonds at present. These are **technical, social, economic, legal, geographical, psychological, ideological, cultural, time, strategic and knowledge**. This is the extension of the findings of Liljander and Strandvik (1995), to

add strategic aspect of bond. According to Wendelin (2007), strategic bonds should be considered by the organisation as part of their strategy and make strategic decisions to cooperate.

Although, various types of bonds have been found in various literature, the main body of research has identified three main forms of bonds namely, financial, social and structural. For this research, these three forms of bonds are examined.

Financial bond

Reichheld (1993) states that the financial gains from increased customer loyalty are considerable and the findings of this study show that the organisational profit can be increased by 60% in the fifth year by increasing just a 5% customer retention. Berry's (1995) definition of financial bonds states that bonds stimulate customer motivation on consumption and acquire customer loyalty by using price incentives (for example, price discounts and gifts). According to Berry and Parasuraman (1991), financial bonds are those frequently used marketing tactics, where service providers use economic or tangible benefits such as price discounts, reward bonus, price incentives or other forms of cost benefits to secure customer loyalty. However, Berry (1995) pointed out that these bonds are easy to imitate by other competitors, do not offer long-term sustainable competitive advantage and is the lowest level of relationship building, although economic benefits are important for the customer to engage in relationship with the organisation. As said by Huang et al (2014), financial bonds directly influence customer attitudinal attachment.

Social bond

Bonds can have a profound effect on customer satisfaction & build a long lasting commitment, social bonding is of paramount importance between sales persons, and customers to create customer satisfaction, as substantial value can be added by social bonding to the relationship in the form of increased service quality (Cann and Sumrall, 1997). Social bonding is considered as a vital step in building long lasting relationships (Berry, 1995; Dwyer et al, 1987). Rao and Perry (2002) coined this as a dynamic process that plays an important role in ongoing exchange experience. The stronger the personal relationship with the customer, the stronger the social bonds between parties and strong personal relationships will help to foster interest in continuing the relationship. Social bonds are defined by Wilson (1995) as "the degree of mutual personal friendship and liking, shared by the buyer and seller". Social interaction is essential to develop social bonds and the more interaction between two individuals the stronger the bonds are

likely to develop. Smith (1998) argues that communication, cooperation and relationship investment are important antecedents of social bonding.

Due to the nature of the services market, it is of particular interest to examine, the nature of relationship which develops between salespersons and customers (Cann and Sumrall, 1997). Personal interaction is very important as the customers use this as precondition with the choice of offerings and their continuation of purchasing with the service providers. Therefore, a bond is considered as an important element in establishing long-lasting, mutual relationships between parties. Morgan and Hunt (1994) stated that trust and commitment is vital in creating a strong and long lasting association between parties who are involved in mutual relationships. Commitment is influenced by trust and social bonding is the most important antecedent of trust in the service encounter (Cann and Samrall, 1997), and trust is one of the key attributes in the process of bonding (Berry, 1995). However, Wilson (1995) suggests that once the commitment is established both parties will have a strong desire to continue the cooperation for a long period. There are a number of authors (i.e. Anderson and Sullivan,1993; Cronin and Taylor,1992) who see the quality of service as an essential factor of customer satisfaction, Cann and Sumrall (1997) proposed that social bonding contributes to the relationships by adding substantial value, which is evidenced in the form of quality service encounters, these service encounters build trust among parties in relationships, which in turn maximise overall customer satisfaction and increase long term customer commitment. A study conducted by Cater (2008) to investigate the relationships between trust, communication and social bonds in B2B context in Slovenia indicated that social bonds have a positive association with communication and trust. The study supported the findings of Nath and Mukherjee, (2012).

Structural bonds

Structural bonds emerge when service providers offer complex or difficult and expensive service solutions to the customers, which is not easily available elsewhere (Sheth and Parvatiyar, 2000) and this is considered the highest level of relationship building. These bonds are value added benefits and by providing these types of benefits organisations can unify their relationships with potential customers, and increase customer efficiency and productivity, thus greater sustainable advantage over competitors for the organisation. Wilson (1995) argues that customer retention cannot be achieved if a firm does not provide equal or greater value than its competitors and structural bonds have total effect of customer retention. The table below highlights the various types of bonds found in the literature including the main themes and context.

Table-2.5: Types of bonds are found in literature

Authors & Year	Types	Context	Main themes
Hakansson (1982)	Technological ties and Social Bonds (2)	Industrial Marketing	Building ties with the customers through technological advancement and social interaction
Johanson and Matteson (1987)	Technical, planning, knowledge, social, economic & legal bonds (6)	Industrial marketing	Building ties through technological solutions, interaction, organisational planning and level of competencies and fulfilling contractual obligation. Of bond
Berry (1995)	Financial, Social and Structural (3)	Service context	Considered as various levels in relationship marketing. Same as Berry and Parasuraman (1991)
Liljander and Strandvik (1995)	Economic, technological, legal geographical, Social, cultural, ideological, time, knowledge, and psychological (10)	Service context	First five variables were perceived by the customer as negative while other five were perceived as positive
Perry et al (2002)	Equity, conflict, competency, trustworthiness, benevolence, commitment and investment	Business to business context	First six are part of social aspects of relationship while investment is seen as technical bond
Coulter and Ligas (2004)	Professional Casual acquaintances	Service context	Bonds are established at various level of relationships and relationship types vary

	Personal acquaintances Friendship		with the level of emotional attachment with the service provider
Wang et al (2006)	Financial, Unidirectional Social bonding, interactive social bonding and Structural (4)	Information service industry	Bonds are seen as relationship bonding tactics and treated as relationship marketing level, same as Berry & Parasuraman (1991). Bonding tactics are effected by the relationship duration
Wendelin (2007)	Social, technical, legal, economic, geographical, technical, cultural, ideological, psychological, time and strategic (11)	All	Development of bond concept. The framework includes a total of 11 bonding variables and is the most comprehensive and expanded view on bonds thus far.

2.3 Service Quality

Service quality is one of the most widely discussed topics in service marketing literature (Clotey et al, 2008). It is one of the key components of building customer relationships, which is fundamental for enhancing customer loyalty, retention and finally improved organisational performance (Ennew and Binks, 1996; Beneke et al, 2012). It is vital for the service provider to offer the best service to stay in business with satisfied customers. Continuous improvement in service quality is not a cost, but rather an important and valuable investment in customers who generate more profit (Reichheld and Sasser, 1990). Displaying excellent customer service is the key to a sustainable advantage for a corporation (Grewal et al, 2008). Thus, quality in services is of paramount importance to satisfying customers and increasing loyalty. Therefore, delivering quality service is considered an important strategic dimension for an organisation to sustain and prosper in a competitive and hostile environment (Dawkins and Reichheld, 1990; Parasuraman et al, 1985; Reichheld and Sasser, 1990; Fullerton. 2005; Beneke et al, 2012; Ivanauskiene and Volungenaite, 2014).

Gronroos (1984) defined service quality as a perceived judgement, resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. The author further developed a service quality framework based on technical and functional quality which indicates what customers are getting from the service provider and how the service is performed with regards to the customers. The further clarification given by Gronroos (1984) is that quality of service is dependent on expected service and perceived service variables. Customer's previous experience on any services can influence the expectation of a customer and perceived quality is explained as consumer perception of the service. Both variables are very important to constitute total service quality provision. When evaluating total quality, customers take several dimensions into consideration (Odekerken-Schroder et al, 2001). Therefore, it is crucial for the retailers to understand those quality dimensions in order to give good value for money service, which will satisfy more favourably to a customer's needs and then of course turn them to becoming more loyal to the organisation. According to de Ruyter et al (1997), customers not only assess the outcome of the retail encounter but also the process during which the retail transaction takes place. Therefore, these two types of technical and functional qualities are considered as minimal conditions for customers to be involved in the buying process (Crosby et al, 1990). However, Odekerken-Schroder (2001) criticised this narrow view of total quality dimensions and pointed out that although these dimensions are important, they are not sufficient to fulfil the notion of the total quality concept. By incorporating relational quality as an additional dimension, Odekerken-Schroder (2001) developed a conceptual model representing the hypothesized effects of technical quality, functional quality and relational quality on store loyalty.

2.3.1 Service quality dimensions in current literature

Customer service is vital to create long term customer relationships as customers' satisfaction can be built based on the service provisions offered by the organisation. There are several studies that have examined important service quality dimensions within the supermarket retailing industry such as Dabholhar et al (1996); Odekerken-Schroder et al (2001); Huang (2009); Beneke et al (2012); Mahfooz (2014); Ivanauskiene and Volungenaite (2014). Parasuraman, Zeithaml and Berry, (1985) have identified three distinctive features of service quality: intangibility, heterogeneity and inseparability of production and consumption. They further asserted that service quality is an overall evaluation similar to attitude and that service quality led to customer satisfaction. Attitudes are important because they guide customer thought, influence customer feeling and affect customer behaviour. According to Levy and Weitz (2007), customer

service involves all the activities performed by retailers and their employees to attract, retain and enhance customers shopping experience. Grewal and Weitz (2007), further asserts that the role of customer service in retailing is of paramount importance in order to increase customer loyalty.

One of the most widely used conceptual models of service quality developed by Parasuraman et al (1985) is termed as SERVQUAL and it is the most cited and popular service quality framework to date. In their first study on service quality, they identified 10 service quality determinants which were revealed by the focus group interview and these are: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and tangibles. However, only two of these determinants tangibles and credibility can be known in advance of purchase through the physical facilities, appearance of personnel, physical representation of the service, company reputation, company name etc. Some determinants can be known during the purchase of the products or consuming the service and these are: access, courtesy, reliability, responsiveness, understanding /knowing the customers. But two of the determinants such as competence and security cannot be evaluated even after purchase and consumption. Competence is the skills and knowledge required by the service personnel or any research capabilities of the organisation while security is the freedom from danger, risk which can be categorised under physical safety, financial security and confidentiality. Therefore, later Parasuraman et al (1988) reduced and modified these ten dimensions to five distinctive constructs: reliability, assurance, tangibles, empathy and responsiveness. The SERVQUAL model has been tested and applied worldwide in different cultural contexts and across a range of industries by using these determinants. The model can be used by retail chain companies to track service quality levels for each individual store and also assess performance against main competitors (Parasuraman et al. 1988).

Cronin and Taylor (1992) introduced the SERVPERF model which is based on the SERVQUAL framework. The study examined the conceptualisation and measurement of service quality relationships between service quality, customer satisfaction and customer purchase intention. They have criticised the SERVQUAL model due to its limitations on conceptualisation, operationalisation and applications. Although, the model has been applied and used extensively in various contexts; the five dimensions of service quality were difficult to replicate in a different context (Buttle, 1996). Therefore, it was necessary to develop this model which used a performance based measurement criteria of service quality. These SERVQUAL and SERVPERF measurement scales are

the most widely used scales forming the outset for service quality evaluation in different service contexts. The main differences between these two scales is that SERVQUAL is based on satisfaction while SERVPERF is based on attitude. The findings suggest that service quality is directly influenced by the customer satisfaction, which is proposed by Parasuraman et al (1995, 1988) and customer satisfaction leads to customer purchase intentions.

The SERVQUAL and SERVPERF frameworks have received considerable attention across the globe. However, as both models are developed in developed countries within a different industry and cultural context, the applicability of these models without adaptation into other cultural contexts seems unlikely and several studies found a poor fit of the scale (Sharma and Mehta, 2004)

Therefore, Dabholkar et al (1996) have developed the Retail Service Quality Scale (RSQS) as a new measurement scale for service quality assessment. They asserted that the SERVQUAL model has limited uses across different sectors and also does not capture consumer's perceptions in the retail environment very well. The model has five service quality dimensions: personal interaction, physical aspects, policy, problem solving and reliability. According to them, retail service quality is based on a hierarchical factor structure that is comprised of these five basic dimensions. The RSQS model has been used in several studies in different cultural contexts and findings show that the five dimensional RSQS model is appropriate and fits better for measuring the retail service quality perception of consumers (for example: Boshoff and Terblanche (1997) in South Africa; Mehta, Lalwani and Han (2000) in Singapore; Kim and Jin (2001) in both USA and South Korea). However, these studies do not match with the study conducted by Kaul (2007) in an Indian context in which results suggest service quality is multi-dimensional and RSQS dimensions are not valid.

In a South African context, Beneke et al (2012) conducted a study to understand the most important aspects of retail service quality that of impact customer satisfaction. They have used a survey method to collect primary data from a sample of 307 within a major metropole city. By using partial least squares (PLS) analysis to test a path model; the study identified two important retail service quality aspects: physical aspects and personal interaction. In their study they used five service quality dimensions previously identified by Huang (2004) within the supermarket context. These five dimensions are: Physical aspects, reliability, personal interaction, problem solving and policy. Their hypothesised path model indicates that both physical aspects and personal interaction are important to increase customer satisfaction and customer satisfaction is directly

linked to customer loyalty. Physical aspects, such as store appearance, cleanliness & store design are essential. In relation to personal interaction, knowledge of staff, staff friendliness, politeness and willingness to help are important to increase customer satisfaction. The study confirmed that, within a South African context, only physical aspects and personal contexts are important while reliability, problem solving and policy are not important. Furthermore, the study revealed that there is a strong relationship between customer satisfaction and customer loyalty.

Table: 2.6- Service dimensions found in previous studies

Author & Year	Context	Service dimensions used	Methodology	Findings
Parasuraman, Zeithaml and Berry (1985) Foundation of SERVQUAL model	Service and retailing organisation in USA	10 service dimension: Competence, courtesy, credibility, security, access, communication, reliability, responsiveness, understanding and tangibles.	Exploratory qualitative method by using in-depth interviews with 14 executives from 4 nationally known service firms and 12 focus groups	Focus group revealed that generally, customers used the following 10 most important service determinants: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, knowing the customers and tangibles
Parasuraman, Zeithaml and Berry (1988) SERVQUAL model	Service and retailing organisation in USA	Five service dimension: Tangible; reliability; responsiveness, assurance and empathy	A total of 97 items were used to collect data in two stages. After the refinement in stage 1 total 34 items were	A total of 22 items found to be most important that spread among five dimensions: Tangible; reliability;

			used in stage 2	responsiveness, assurance and empathy
Cronin & Taylor (1992) SERVPERF model	Service and retailing organisation in USA	Used SERVQUAL. All dimensions and items	To understand the dimensionality of SERVQUAL, CFA was used. Data were collected from 660 respondents from four industries. A convenience survey was conducted to select the industries	Findings suggest that an attitude should be at the core to measure service quality and therefore performance based scale should be used (SERVPERF). Further, the findings suggest that service quality leads to customer satisfaction as proposed by Parasuraman et al (1988) and customer satisfaction has a direct relationships with customer purchase intentions
Dabholkar et al (1996) RSQS model	Departmental stores in USA	Physical aspects, reliability, personal, interaction, problem solving and policy	Based on SERVPERF. Total 28 items scale used of which 17 items are from SERVPERF &	Proposed hierarchical factor structure to identify the most SQ dimensions. The RSQS is based

			11 items are developed. Used in-depth interviews and qualitative study	on performance but specific to retail context
Kaul (2007)	Apparel stores in Bangalore, India	Physical aspects, reliability, personal interaction, problem solving & policy	Quota sampling was used to collect data from a sample of 180 respondents. Exploratory factor analysis was used to analyse data	RSQS is not a five dimensional in India. Results suggest physical aspects, problem solving and policy
Beneke et al (2012)	Supermarket sector in South Africa (Emerging market)	Physical aspects & personal interaction	Data was collected by using a survey methods from a sample of 307 respondents, used partial least square analysis (PLS)	Physical aspects and personal interactions, are directly linked to customer satisfaction. Customer satisfaction also has direct association with customer loyalty
Mahfooz (2014)	Hypermarket context in Saudi Arabia	Physical aspects, reliability, personal interaction, problem solving and policy	Self - administered questionnaires were used to collect data from a sample of 220. Finally, 185	Physical aspects found to be the most important: layout, store amenities, visual appealing, modern looking equipment and

			questionnaires were used to analyse data	fixtures
Ivanauskiene and Volungenatie (2014)	Three emerging countries: Lithuania, Latvia & Estonia	Physical aspects, reliability, personal, interaction, problem solving and policy	Survey methodology by using 370 survey questionnaires, PCA and Linear regression were used	Results indicate that personal interactions, policy and product quality are the most important dimensions and have a direct impact on customer loyalty.

Source: Developed for this thesis

2.3.2 Service quality and relationship quality

Ennew and Binks (1996) considered service quality as one of the most important constructs for building successful customer relationships and building customer loyalty. In a competitive and hostile environment, delivering the best quality service is considered as an important strategic dimension for organisational sustainability (Dawkins and Reichheld, 1990; Clotey et al, 2008; Grewal et al, 2009). There are many previous studies that found relationships between service quality and relational quality (Cronin & Taylor, 1992; Sivadas and Baker-Prewit, 2000; Mosahab et al, 2010, Beneke et al, 2012). In a retail, departmental store context, the study conducted by Sivadas and Baker-Prewit (2000), to understand the impact of service quality had on consumer satisfaction found positive relationships between these two constructs. Another empirical study conducted by Cann and Sumrall (1997) was done by using satisfaction, service quality and trust. The results indicate that organisations can increase customer satisfaction and the level of trust by increasing quality of service. Satisfied and trustworthy customers tend to be more committed.

Grewal et al (2009) have identified five distinctive retail strategy elements as part of service quality and these are: Service personnel availability, responsiveness, personalisation, pro-activeness and customer loyalty scheme, those are key to achieving a competitive advantage. Taylor & Baker (1994), in their empirical research on assessing the correlation between service quality and satisfaction in the development of customer

purchase intentions, found that a high level of service quality and high level of satisfaction results in the higher levels of purchase intentions. Their stated hypothesis, found to be significant, appears to be that the interaction of service quality and satisfaction provides more explanation of the variance in the purchase intentions of the customers.

Zeithaml, Berry and Parasuraman (1996) offer a conceptual model of the impact of service quality, on particular behaviours that signal whether customers remain with or defect from a company. The model explains that superior service quality leads to favourable behavioural intentions which lead to a stronger customer relationship with company. Thus, it brings financial rewards, increased customer spending, generates customer referrals and allows for premium prices. On the other hand, inferior customer service quality leads to unfavourable behavioural intention which leads to a weakened customer relationship with the company and consequently defection from the company. The financial consequences are: decreased spending, lost customers and costs incurred in the attempt to attract new customers. In this empirical study, Zeithaml, Berry and Parasuraman (1996) developed two hypotheses. The first hypothesis was based on the relationship between service quality and behavioural intention, while the second hypothesis examined the relationship between the degree of behavioural intention and customers experiencing service problems that are solved or not solved. The findings supported these hypotheses and concluded that there is positive relationship between service quality and customer loyalty, whilst also noting that a loyal customer will have the intention to spend more. Furthermore, the study supports the second hypothesis that when customers are not experiencing any service problems they have the highest levels of loyalty and weakest switch intentions. The lowest levels of loyalty are found when, particular services problems are not resolved. Therefore, behavioural intentions are very important to understanding whether customers will remain or defect from a company, according to Zeithaml, Berry and Parasuraman (1996). The findings have a direct correlation with the findings of Ennew and Binks (1996,) that customer loyalty & retention is influenced by service quality. In the context of the retail banking sector in Iran, a study conducted by Mosahab et al (2010) is one to analyse. The study used the SERVQUAL model. The findings suggest that all five dimensions are important to increase customer satisfaction and enhance customer loyalty. Several past studies have identified a direct link between service quality and relationship quality. For example service quality has a direct association with trust (Doney and Canon, 1997; Wong & Sohal, 2006; Chiou and Droge, 2006); service quality increases customer satisfaction

(Cann & Sumrall, 1997; Baker-Prewit, 2000; Mosahab et al, 2010; Beneke et al, 2012; Mahfooz, 2014).

The concept of **service quality** is used for the purpose of this thesis, as one of the most important constructs for creating long-term relationships between parties and it is important to create mutually trusted and committed relationships to build customer loyalty and retention. However, various service quality provisions or dimensions are used to measure service quality offered by the organisation to its customers. It is vital for the service provider to understand the various service quality dimensions that are most important and deliver them adequately and appropriately to their customers, which in turn increases customer loyalty and retention.

2.4 Relationship quality

This section discusses the concept of relational quality that includes three major components: commitment, trust and satisfaction. The focus will be the role and nature of these constructs in relational quality. In recent times, the concept of relational quality has generated substantial interest among academic scholars and other researchers (Morgan & Hunt, 1994; Hennig-Thurau et al, 1997, 2002; Kim and Cha, 2002; Wang et al, 2006). Therefore, for the purpose of this thesis, the concept of relational quality has been considered as one of the most important relationship outcomes.

Relationship quality measures the strength of relationships between parties. Therefore, it is vital for the organisation to understand the degree of strength in a relationship and the factors which are influencing this relationship strength. Over the past three decades, researchers on relationship marketing consistently argued that relationship quality is an essential component of CRM and it has been seen as a central construct (Bejou et al, 1996), comprising of satisfaction and trust. This view has also been strongly supported by Crosby et al (1990) and they considered RQ as an important variable. However, as a third dimension, relationship commitment was used by Hennig-Thurau & Klee (1997), and Wang et al (2006). By reviewing collaborative marketing and **relationship quality literature**, Qi and Li (2005) has used seven dimensional constructs of relationship quality to develop a conceptual framework. These dimensions are: trust, strength, duration, frequency, symmetry, diversity, and facilitation and proposed that these dimensions are positively reflected on the level of the relationship quality in collaborative marketing.

Corsby et al (1990) explained relationship quality as when “the customer is able to rely on the salesperson’s integrity and has confidence in the salesperson’s future performance because the level of past performance has been consistently satisfactory”. They further posit that there are two elements in relationship quality: Trust and salesperson satisfaction. Salespersons become the most important first contact to building the relationship and their level of confidence is an important factor in creating trust and satisfaction. These two dimensional relationships quality directly supports the Dwyer et al (1987) premise which indicates, that relational quality is echoed in the trust and satisfaction of one’s exchange partner and minimal opportunism in buyer seller relationships in channel. Minimal opportunism is viewed as an important aspect of relational exchange as Berry, Parasuraman (1991) stating that minimal opportunism, and customer orientation are required for the development of satisfying relational exchanges. However, Dorsch et al (1998) considered relationship quality which is based on commitment, satisfaction, trust, minimal opportunities, ethical profile of the customer and customer orientation.

By extending the model of Crosby et al (1990), Shamdasani and Balakrishnan (2000) posits that various customer-firms’ interaction has an effect on relationship quality, which in turn influences customer loyalty. Shamdasani and Balakrishnan (2000) defined relationship quality as the intensity of satisfaction and trust with various customer-organisations’ interfaces that includes interactions with individuals, the customer and physical environment. This definition is an extension of Crosby et al (1990) explanation of relational quality. In this definition, Shamdasani and Balakrishnan (2000) add two extra and very important dimension of physical environment, which constitutes symbols & artefacts, ambience and customer environment, such as symbols and interpersonal communication. The results show that although physical environment is an important factor of both trust and satisfaction in personalised service experience, the customer environment has significant effect on only satisfaction, not the trust.

A study conducted by Caceres and Pappas (2007) conceptualises the relationship quality construct by developing a theoretical framework. The study considers relationship quality as a relationship outcome and an overall medium of determining the strength of a relationship between parties involved in relationship. Three major variables of relationship quality have been identified as commitment, trust and satisfaction and have empirically verified their effect on customer loyalty. The results suggest service and product performance and related perception could be the precursor of satisfaction that influences commitment, trust and loyalty. Other dimensions found in

the literature such as: Opportunism & conflict (Dwyer et al, 1987); Perceived quality of interaction (Moorman et al, 1992); Involvement (Moorman et al, 1992); Shared values (Morgan & Hunt, 1994); Communication (Bejou et al, 1996); Willingness to invest and conflict (Kumar et al, 1995); Customer orientation (Dorsch et al, 1998); Product related quality perception (Hennig-Thurau et al, 2002); Cooperation (Woo and Ennew, 2004);

There is no agreed consensus on which dimensions are important for service providers to use for securing customer loyalty and which dimensions make up relationship quality (Qi and Li, 2005) and considerable overlap exist in the literature (Dorsch et al, 1998). However, the substantial body of relationship marketing literature have identified trust, commitment and satisfaction as the key elements of relationship quality (Crosby et al, 1990, Hennig-Thurau et al, 2002; Wang et al, 2006, Palmatier et al 2006) and these constructs of trust, commitment and satisfaction are considered to be interrelated (Hennig-Thurau et al, 2002). Therefore, these three dimensions are explained in this section and are used for this thesis. The table below identifies the various definitions of relational quality including their dimensions and context

Table-2.7: Relationship quality-definition and context

Author & Year	Dimensions	Definition	Context
Dwyer et al (1987)	Trust, satisfaction and minimal opportunism	Satisfaction and trust are vital for relationship quality which is reflected in these dimensions of exchange partner and minimal opportunism	Buyer seller's relationships in channels
Crosby et al (1990)	Trust & customer satisfaction	Relationship quality is referred to as when the customer has the level of confidence in the future performance of the salesperson and can depend on their integrity and this is due to the degree of past performance has been satisfactory consistently.	Service marketing
Kumar et al (1995)	Trust, commitment,	To build better relationship quality commitment, trust,	B2B

	conflict, willingness to invest and expectation of continuity	conflict, determination to invest and desire to continue are the core aspects	
Bejou et al (1996)	Ethics, sales orientation, customer orientation, salesperson's expertise, duration of the relationship	None	Financial services
Hennig-Thurau & Klee (1997)	Trust, commitment, product and services related quality perception	The basic assumption of relationship quality is that there are a limited number of constructs that determine customer loyalty reflecting the level of appropriateness of a relationship	Buyer-seller relationship
Dorsch et al (1998)	Ethical profile, customer orientation, trust, commitment and minimal opportunism	Considered as higher order constructs which includes trust, commitment, satisfaction, customer orientation, opportunism and ethical profile	Business to business Vendor relationship
Shamdasani and Balakrishan (2000)	Satisfaction and trust	Relationship quality has been considered as the intensity of trust and satisfaction with all possible customers-service firms' interfaces that includes interactions with the contact personnel, the physical and customer environment.	Buyer -seller relationship in B2B context
Hennig-Thurau et al (2002)	Customer satisfaction &	Relationship quality can be considered as a meta-	Service firms

	commitment	construct that is based on several essential elements reflecting the overall nature of relationships between parties	
Kim and Cha (2002)	Satisfaction and trust	RQ Defined as the perception and evaluation of customers on individual service, communication of employees and behaviour such as respect, empathy, friendliness, courtesy towards customers, warmth and helpfulness.	Hotel-guest relationships
Woo and Ennew (2004)	Satisfaction and trust	Focuses on the strengths and the level of the relationships that requires to fulfill the partners needs and expectations. This also involves an assessment of previous successful or unsuccessful encounters	Information technology
Qi X and Li Kai (2005)	Trust, strength, duration, frequency, symmetry, diversity, facilitation	Relationship quality is a method of united cognitive evaluation under certain standards. Its purpose is to increase value of the offerings, to enhance trust and commitment and to maintain long term relationships.	Collaborative marketing
Caceres and Paparoidamis (2007)	Commitment, trust and relationship satisfaction	RQ should be used as a channel to determining the relationship strengths of the parties involved in relationships and RQ also be	B2B

		considered as a relationship outcome.	
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2.4.1 Trust

In this thesis, trust is used as the first and most important dimension of relationship quality. It has been widely discussed in the service marketing literature (Crosby et al, 1990; Dwyer et al, 1987; Berry & Parasuraman, 1991; Morgan & Hunt, 1994; Berry, 1995; Hennig-Thuray and Klee, 2002; Wong and Sohal, 2002, Woo and Ennew, 2004; Caceres and Paparoidamis, 2007). Trust has been used as one of the most important components for building and maintaining long lasting and meaningful collaborative relationships between parties and has been often considered as a multidimensional construct (Graf and Perrien, 2005). Bejou et al (1996) have investigated the role of trust, knowledge and ethics in a B2B context. In order to address the impact of sales personnel perceived characteristics, they have developed a framework of relationship satisfaction. It is vital that a salesperson must have adequate, appropriate knowledge and insight about the organisation, products are offered by the organisation and service offerings, and of course it is the customers' needs and wants that need to be satisfied, in order to fulfil their expectations and maximise their satisfaction in the most effective way. Hence, buyer-seller relationships will be based on the level of knowledge and sales people's communication with their buyers and their ability to understand buyers' expectations of their customers (Bejou et al, 1996). Their relationship model included seven important components and these are: duration of the relationship, sales orientation, customer orientation, trust, customer satisfaction, sales personnel expertise, and ethics. The findings confirmed that trust has a direct impact on relationship.

A substantial number of relationship marketing literature has identified two dimensions of trust: **credibility & benevolence**. By reviewing previous literature (total 46 articles) in relationship marketing, Graf and Perrien (2005) found that 36 consider benevolence as important and fundamental dimensions of trust while 38 identified credibility and 25 articles found that both dimensions (benevolence and credibility) are important components of trust. The authors have identified the following antecedents of trust: reputation of the firms, their degree of power, expertise, and the risk associated with the Clients Company, relational norms (such as integrity, mutuality, information sharing, flexibility, solidarity and length of relationship).

A similar approach has been applied by Doney and Cannon (1997) to study trust in the B2B context. They have considered trust as perceived credibility and benevolence. The main precursors of trust are: Sales personnel expertise, buyer's likeability and similarity.

However, Morgan and Hunt (1994) in the commitment trust theory of relationship marketing stated that commitment and trust is core for developing a successful RM programme. Exchange partner's integrity and reliability are also important which enhance the level of confidence and trust that exists when one party can depend on another due to their high degree of integrity and reliability. These exchanges increase partner's level of confidence. The framework offers antecedents and outcomes of relationship trust and commitment. there are five major precursors and these are: the costs of termination of the relationship, benefits of relationship, shared values, opportunistic behaviour and communication, all have positive association on trust. Outcomes of commitment and trust are acquiescence and propensity to leave, functional conflict, cooperation and uncertainty. The findings suggest that commitment has a direct and positive association with trust and these variables are seen as key mediators for cooperative relationship.

Kumar (1996) used the term "antithesis of power" to define trust and stated that trust is important to strengthen cooperation in a manufacturer-retailer relationship context. The numerous benefits of trust have been identified in his paper. For example, retailers with a high degree of trust with their suppliers and manufacturers are 12% more committed and therefore, 22% are less likely to switch to other suppliers. Furthermore, findings of his study suggest that high levels of trust can generate higher sales (78% more) than those with low levels of trust. Trust has been considered as one of the most important determinants of commitment (Morgan and Hunt, 1994). According to Caceres and Paparoidamis (2007) study, business loyalty is influenced by trust and trust is considered as a corner stone of commitment. This view of trust has been supported by the findings of Shamdasani and Balakrishan (2000) that states that trust has a direct impact on customer loyalty. Their empirical study on the determinants of relationship quality and loyalty in the context of personalised services shows that service personnel characteristics such as the expertise of sales personnel, knowledge about their customers, similarity, salesperson's friendliness and disclosure combined with other physical environmental stimulus such as artefacts and symbol, ambience are the most essential antecedents of trust. However, trust is not directly influenced by customer environment. In addition, for higher end service providers trust has been found to be the stronger predictor of loyalty.

2.4.2 Commitment

This study has used commitment as a second dimension and has been considered as one of the most important constructs. In most of the service marketing literature, in particular relationship marketing, the concept of relationship quality and commitment have been used as important precursors of customer loyalty (Morgan and Hunt, 1994; Bendapudi and Berry, 1997). Moorman et al (1987) defined commitment "as an enduring desire to maintain a valued relationship" and that is an important outcome of good relationship interaction (Dwyer et al, 1987).

According to Dwyer et al (1987), commitment is essential for establishing relationships with customers and has been considered as an implicit or explicit assurance of relational community between various parties. Morgan and Hunt (1994) asserted that both trust and commitment should be considered as important elements and core to fruitful relationship and therefore, they defined the term as "an exchange partner accepting that a continuous relationship with others is so vital as to permit maximum efforts at managing it; that is, the committed party assumes the relationship is worth working on to ensure that it sustains itself indefinitely". This explanation is consistent with the definition proposed by Moorman et al (1992). According to them, "commitment is an enduring desire to build and maintain a sustainable valued relationship". The meaning of endure desire indicates that all parties involved in the exchange process should have a firm desire to establish a mutual relationship that will last longer and this is only possible when relationships are viewed as core and most important. That strong and value added relationships will build values for partners involved in exchange relationships, so that this relationship can last for a long period or even for an infinite period. The maintenance of this enduring relationships will have a positive impact on "relational continuity" Dwyer et al (1990). Wong and Sohal (2002) also used the concept of "valued relationship" and asserts that when relationship is viewed as important only then can commitment exist and that view is strongly supported by Morgan & Hunt (1994) that commitment exists when parties recognise that relationship is central and important.

Nevertheless, Berry and Parasuraman (1991) asserted that mutual commitment is vital to building relationship. Relationship is only possible if there is strong commitment, otherwise, relationship will not last long. Dwyer et al (1987) pointed out that the commitment between parties exists at the advanced level of relationship when relationship parties have accomplished a degree of satisfaction from the relationship process and represent the highest stage of relationship bonding. To quantify the notion

of commitment they have suggested three significant and measurable indicators of commitment namely, inputs, consistency and durability. Inputs, the first element of commitment provide economic and emotional resources in the exchange while tangibles, non-tangibles durability over the time of the association is very important to hold the commitment between parties, and consistency must be maintained throughout the relationship in order to avoid any difficulties and misunderstanding between parties. Study conducted by Hennig-Thurau et al (2002), to verify empirically their conceptual model that is based on commitment and satisfaction constructs found that both have a direct and positive impact on customer loyalty.

2.4.3 Customer satisfaction

Customer satisfaction has been viewed in the service literature as 'expectation-disconfirmation theory' that describes the mechanism in which buyers can appraise the level of satisfaction (Oliver, 1980). According to this theory, satisfaction is considered as the result of the mechanism between customer expectation and customer perceived performance of the service and products and lead to one of the two outcomes: Customer satisfaction and dissatisfaction. The first outcome in which case customer expectation meets or exceeds with the perceived performance or in the second situation when expectation does not meet or is less than with the perceived performance leads to dissatisfaction. Shamdasani and Balakrishan (2000) stated that based on the level and quality of interpersonal interaction between parties, the level of customer satisfaction can be varied.

According to Hennig-Thurau et al (2002), customer satisfaction directly influences customer commitment as a high degree of satisfaction offers the buyer a positive and repeated reinforcement, which in turn creates commitment-inducing emotional bonds and any successful business relationship enhance customer satisfaction which in turn heightens business profitability (Caceres and Paparoidamis, 2007). Also, satisfaction is associated with the fulfilment of the social requirements of customers, and thus repeated fulfilments of these social needs leads to a stronger commitment from the customer to the service provider as it creates emotional bonds (Hennig-Thurau & Klee, 1997). In relationship marketing literature, satisfaction has been conceptualised as the key variable of relationship quality (Caceres and Paparoidamis, 2007), service personnel friendliness and knowledge of the customer as the most important determinants of customer satisfaction (Shamadasani and Balakrishan, 2000)

Table-2.8: Determinants of relationship quality found in the literature and various authors

Trust	Commitment	Satisfaction
Dwyer et al (1987)	Moorman et al (1992)	Dwyer et al (1987)
Crosby et al (1990)	Hennig-Thurau & Klee (1997)	Crosby et al (1990)
Bejou et al (1996)	Dorsch et al (1998)	Bejou et al (1996)
Hennig-Thurau and Klee (1997)	Hennig-Thurau et al (2002)	Dorsch et al (1998)
Dorsch et al (1998)	Qi and Li (2005)	Shamadasahi and Balakrishan (2000)
Shamadasahi and Balakrishan (2000)	Wong and Sohal (2006)	Hennig-Thurau et al (2002)
Woo and Ennew (2004)	Caceries and Paparoidamis (2007)	Woo and Ennew (2004)
Qi and Li (2005)		Qi and Li (2005)
Wong and Sohal (2006)		Chiou and Droge (2006)
Chiou and Droge (2006)		Caceries and Paparoidamis (2007)
Caceries and Paparoidamis (2007)		
Others are:		
Product related quality perception (Henning-Thurau et al, 2002)		
Handling Conflict (Kumar et al, 1995)		
Willingness to invest (Kumar et al, 1995)		
Involvement (Moorman et al , 1992)		
Quality of interaction perceived by the customers (Moorman et al, 1992)		
Shared values (Morgan and Hunt, 1994)		
Cooperation (Morgan and Hunt, 1994)		
Strength duration, frequency, symmetry, diversity and facilitation (Qi and Li 2005)		

2.5 Customer Loyalty

Current market environment is competitive, hostile, uncertain and compelling. Organisations are continuously thriving to compete with each other or gain better competitive advantage and sustainability. All organisations are investing in resources heavily and efficiently to acquire new customers, building and sustaining a loyal customer base by offering various tangible and intangible products and services, related benefits such as superior products and services, competitive pricing policies, online facilities, professional customer service provisions etc. The most important aims are to increase customer repurchase intentions, customer commitment and to maximise

customer's expectations. Customer satisfaction has become the most vibrant and important aspect for organisation, as it is believed that customer satisfaction directly influences customer post-purchase behaviour. The outcome of this is customer positive attitude and a greater degree of commitment towards the store. Customers with a high level of commitment are invariably an asset for the organisation as they stay longer, while an unsatisfied customer or non-committed customer may defect from the company if they have other alternatives. Therefore, organisations are investing heavily on various loyalty schemes and programmes to retain existing customers, to maximise organisational profits and efficiency. According to Reichheld (1993), retaining existing customers is of less worth than acquiring new ones. This view is supported by Huddleston et al (2004). They have stated that it may cost organisations 5-6 times more to acquire new customers than retaining their current customers. Organisations can boost almost 100% profit by retaining only 5% of their existing customers (Reichheld and Sasser, 1990).

This is very important in the case of retailing in which organisations are making very little profits. To survive and prosper in current competitive markets, retailers, especially food retailers, must build and maintain loyal customers for long-term benefits (Huddleston et al, 2004). Over the past few decades, the loyalty concept has emerged as one of the most salient subjects of scholarly investigation by many scholars throughout the world, especially developed economies, where retailing is at a mature stage. The core doctrine of CRM is to enhance customer retention by building and maintaining long lasting relationships with parties, and the concept of loyalty has become an important antecedent of customer retention. By creating and maintaining relationships with customers and increasing customer loyalty the key to organisational success (McMullen and Gilmore, 2003) and customer loyalty can reduce operating costs for retailers (Huddleston et al, 2004). Ndubisi and Wah (2005) clearly pointed out that the organisation's ultimate goal, is to convert its typical or traditional buyers into loyal ones. Therefore, customer loyalty is recognised as the most essential component of relationship marketing (Palmer, 1994). Loyalty has been treated as an important relationship outcome in this thesis, which leads to customer retention. *Thus, this section examines the concept of customer loyalty (i.e. in relation to store loyalty) in relation to relationship marketing and customer retention.*

2.5.1 Customer loyalty: Definition and concept

Over the past three decades a sheer volume of literature has been published on customer loyalty in service marketing and relationship marketing disciplines. Although,

the concept of loyalty has been widely investigated, but the philosophical processes underlying its development are still unclear, despite various antecedents of loyalty that have been identified in the literature (Bodet, 2008). Various definitions have emerged in respect to the concept, although, no universally accepted definition of customer loyalty has been established yet, and no general agreement about the conceptual or operational definition of loyalty has either (Jacoby and Chestnut, 1978). But it is well recognised and considered as an important commitment to continue to shop with a specific organisation over a long duration (Uncle et al, 2003). Consumers view loyalty as services, store, brand, activities, product categories and others. However, the various literatures identified 3 main loyalty approaches namely attitudinal loyalty, behavioural loyalty and the combination of these two. More than three and a half decades ago a total of 53 operational definitions of loyalty have been identified by Jacoby and Chestnut (1978) based on the review of over three hundred scholarly articles. To date this was the first such exhaustive list and holistic review of literature on loyalty. Although, several decades of marketing theory and research have extensively contributed to the loyalty concept, but still Jacoby and Chestnut (1978) believed that there is a lack of harmony or unanimity on loyalty definition and this lack of accord is still generating substantial confusion among scholars even today. Many scholars have agreed that until now no universal definition of loyalty can be found (Dick and Basu, 1994; Oliver, 1999; Evanschizky and Wunderlich, 2006).

The concept of service loyalty has been defined by Kandampully (1998) as "the consistent and superior quality of service assurance" while Odekerken-Schroder et al (2001) considered store loyalty as the responsive patterns of consumers buying behaviour, which is expressed over a period of time in relation to a specific store out of a set of stores and that is influenced by consumers' strong store commitment. Service loyalty implies an organisational perspective, which customers seek from an organisation as proof of an organisational commitment to their customers. One of the notions of Kandampully's (1998) definition of service loyalty is the organisational commitment to the customers and employees, emotional connection with customers can lead to exceptional service, thus creating customer loyalty which will have a long-term effect on the organisation. Although, Odekerken-Schroder et al (2001) realised the importance of the commitment within the loyalty, this commitment is one way which is from the customers to the stores, but service loyalty and trust cannot be built without service personnel commitment and without fulfilling promises by the organisation. Clotey et al (2008) identified three determinants of customer loyalty such as quality of service and product, organisational brand image and measured customer loyalty by the

willingness of customers to recommend the retailer's products to others. Brand image was the strongest driver of customer loyalty, followed by product quality then service quality.

Huddleston et al (2004) conducted a study in the USA by employing six focus groups to explain store loyalty concept by respondents. They have examined the likes and dislikes of the respondents of their preferred food store. This specific method of using respondent's likes and dislikes assists researchers to determine various causes of customer behaviour towards repeat purchase. They have developed the theoretical model of their study based on Dick and Basu (1994) which considers customer's relative attitude in relation to a brand and customer patronage behaviour which are the main causes of customer loyalty. The research established a number of **convenience factors** that are essential, such as store location, one stop shopping facilities, store layout familiarity, speedy shopping experience. **Attributes related to products** are product variety, image of the store and brand, product availability, merchandise and fresh produce and meats. Environmental attributes were identified in this study, they were store cleanliness, aisle width, layout and friendly clientele. However, negative attributes were identified by the respondents are: Noise in the store due to announcements, and music in the store, congested aisles, temperatures either too low or high, bad aroma from returned bottles, big store size, overcrowded or too busy store and sudden adjustment of store layout. Sales personnel friendliness found to be essential service characteristics to some participants. However, in contrast, a study conducted by Mandila and Gerogiannis (2012,) found that various types of music have a direct influence on customer behaviour and satisfaction in the retail coffee bar environment. Other studies also support that in-store music is important in influencing customer perception (Morrison et al, 2011). Huddleston et al (2004) stated that store commitment is an essential precondition for customer loyalty to a specific store. Customers are considered spuriously loyal without the store commitment. In this study participants were asked to define store loyalty and most of the participants defined loyalty based on store characteristics such as: **Cognitive antecedents**-patronage behaviour is frequent and consistent, intention to spend most of their budget on one store, positive word of mouth communication; **affective based loyalty**- High level of trust and commitment to their preferred store and **co native based loyalty** such as shopping habits.

Dick and Basu (1994) defined customer loyalty as "the strength of the relationship between an individual's relative attitude and repeat patronage" and by reviewing substantial literature, developed a new conceptual model of customer loyalty. Although,

past loyalty research focused on mainly behavioural measurement issues, which was heavily criticised by Jacoby and Chestnut (1978) as these methods of measurement lack a conceptual basis and do not attempt to understand the various factors underlying repeat purchase (Dick and Basu, 1994). The loyalty model, which is based on attitude-behaviour developed by Dick and Basu (1994), has been widely cited. By giving attention to the appropriate measure of attitude they further stressed, that highly loyal customers are 'true loyal' who will have high repeat purchase behaviour and high relative attitude, while the least loyal customers are under "no loyalty" those customers are with low repeat purchase behaviour and low relative attitude. The two-dimensional typology of relative attitude and repeat purchase leads to the four specific conditions and classifies customers as: loyalty, latent loyalty, spurious loyalty and no loyalty. The uniqueness of Dick and Basu's (1994) work lies in the discussion of relative attitude and the relationship between relative attitude and repeat patronage (Oliver, 1997).

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

Figure-2.1: Dick and Basu's (1994) model of loyalty

Although, their study, which is based on the attitudinal and behavioural aspect of loyalty, works very effectively to understand loyalty effect, the East et al (2000) study which is based on Dick and Basu's (1994) model did not produce the same results. Their study of supermarket customers in Britain and New Zealand conducted by East et al (2000) measured store attitude, category share loyalty and store advocacy produced totally different results than Dick and Basu's(1994) two dimensional model of relative attitude and repeat patronage. The findings suggest that first store loyalty and attitude to the store has a profound impact on retention in New Zealand, but has no effect in Britain, which does not support the work of East et al (2000) work in Britain, which stated first store loyalty and attitude are related to retention.

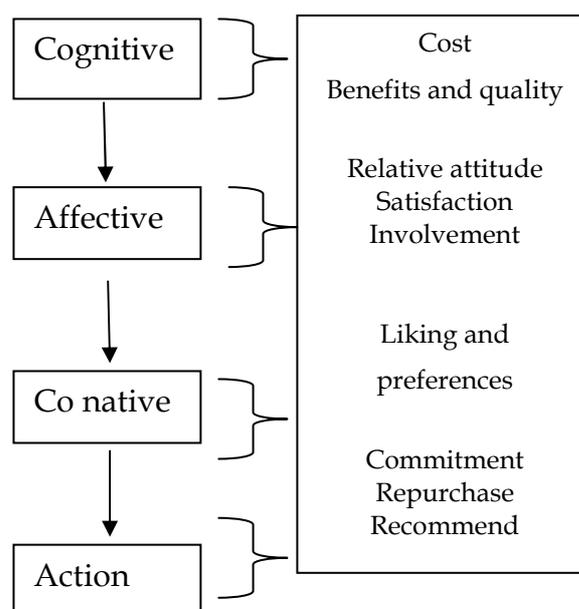
Although. the framework of loyalty developed by Dick and Basu (1994) and Jacoby and Chestnut (1978) are encouraging and similar in many respects (Oliver, 1997) and widely cited in service marketing literature, but was criticised by Oliver (1997) as both frameworks failed to provide a unitary definition of loyalty without reliance on two or

three components, such as, cognitive, affective and behavioural intention. Hence, a unitary and comprehensive definition was offered by Oliver (1997) as:

“Customer loyalty is a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour”

Furthermore, Oliver (1997) developed a loyalty framework based on four stages in a simplified form and asserted that loyalty of customers invariably progresses in four different stages, with each stage representing a higher degree of loyalty. The four stages are cognitive, affective, co-native and action loyalty. Oliver's model combined both attitudinal and behavioural aspects of the construct and explicitly discusses conditions under which loyalty merges. The four stages of the loyalty framework indicates that various aspects of customer loyalty do not appear simultaneously rather it emerges consecutively over the period. According to Oliver (1999), consumer's loyalty can be seen at every stage of the loyalty model and various factors influencing loyalty can be identified at various stages of loyalty. According to Evanschitzky and Wunderlich (2006,) these four stages of the loyalty framework suggests that loyalty is based on belief, affect, intention and action.

Figure-2.2: The Oliver's four stages of loyalty model (1997)



Cognitive Loyalty: The first stage of the loyalty model is the cognitive loyalty. Consumers are more concerned about product related information at this stage. Consumer's loyalty at this stage is greatly determined by product related information,

such as product quality, product prices, service related attributes, and others. This information helps them to patronise a specific store rather than other stores. However, the level of consumer's loyalty at this stage may not be strong, consumers can easily defect from that store, and move to another if there are viable alternatives. Therefore, it is very important for the organisation to provide various relevant product related information to influence consumer's cognitive loyalty, so that they will have a better patronage behaviour to the store. The first stage of loyalty is very important, as it will drive the consumers to the next loyalty level.

Affective Loyalty: At this stage, Consumer's loyalty depends on consumer's attitude in relation to the store or specific brand. The cognitive loyalty will be the foundation of consumer's relative attitude. The higher the cognitive loyalty of consumers, the higher the consumer's affective loyalty. Therefore, previous experience is vital. Attitude itself is a function of cognition (Evanschitzky and Wunderlich, 2006). Commitment at this stage will become as affective as loyalty, although affective loyalty, even driven by satisfaction is still not enough to guarantee loyalty.

Co-native Loyalty: At this stage, consumers are more committed to purchase from their preferred store due to their satisfaction and high level of relative attitude towards the store. A degree of commitment will enhance consumers repurchase intentions and at the same time they are more prone to recommend the store to friends and relatives, due to their positive experience. At this stage, a consumer will hold a deep commitment towards the store or brand.

Action loyalty: At this stage, consumers will have the highest level of loyalty. They are highly satisfied with a deep commitment to stay with the store. Customer's retention is high at this final stage of loyalty and thus leads to frequency of shopping there.

Table-2.9: Customer /Brand loyalty: Author(s), context and main theme

Authors & Year	Context	Main themes
Day (1969)	Buyer behaviour	<ul style="list-style-type: none"> • Brand loyalty • Degree of loyalty based on share on total purchases
Jacoby and Olson (1970)	Behavioural & Attitudinal	<ul style="list-style-type: none"> • Non-random behavioural response • Behavioural and attitudinal • Decision maker need not be the user of the product, decision maker can be the collection of individuals • Essentially a relational phenomenon • Function of decision making, evaluative processes
Jacoby and Kyner (1973)	Behavioural aspect	<ul style="list-style-type: none"> • Repeat purchase behaviour • Evaluation process is deliberate
Crosby et al (1987)	Services context	<ul style="list-style-type: none"> • Loyalty as attitudinal-one dimensional and degree of loyalty is measured by resisting switching
Dick and Basu (1994)	Behavioural & attitudinal	<ul style="list-style-type: none"> • Attention to the appropriate measure of relative attitude • Most loyal behaviour will be observed in the `true loyalty` segment while least loyalty behaviour in the `no loyalty` segment. • Cognitive, affective, co native antecedents of relative attitude are identified as contributing to loyalty
Zeithaml et al (1996)	Behavioural & attitudinal	<ul style="list-style-type: none"> • Loyalty as attitudinal and behavioural • Satisfied customers are willing to recommend to others • High repurchase intention and thus high degree of customer loyalty
Bloemer and Ruyter (1998)	Service context, Store loyalty	<ul style="list-style-type: none"> • Distinctive from repeat visiting behaviour • Store commitment is the centre of store loyalty • the absence of store commitment a patron to a store is merely spuriously loyal • True store loyalty based on highest commitment of consumers while spuriously loyal is based on

		no commitment.
Kandampolly (1998)	Service loyalty	<ul style="list-style-type: none"> • Customer loyalty is gained by the service personnel commitment • Organisational commitment to maintain the service promises • Employees emotional attachment is important
Oliver (1997)		<ul style="list-style-type: none"> • Commitment to rebuy over time • Repeat visiting behaviour towards a same brand • Behaviourally loyal customers are more committed to the store despite marketing and situational situation
Odekerken-Schroder et al (2001)	Behavioural approach in Services	<ul style="list-style-type: none"> • Based on behavioural outcome • High degree of commitment and stay longer with the company • Less willing to switch despite service encounters
Clottey et al (2008)	Service context	<ul style="list-style-type: none"> • Loyalty as behavioural • Willing to recommend due to their past experiences and satisfaction • Stay longer

According to Bloemer et al (1999) store commitment is the critical part and central to the store loyalty, which is a pre-requisite for customers to develop loyalty. Furthermore, they have asserted that by sharing explicit, considerable decision-making and evaluative process, loyal customers can develop. On the other hand, non-explicit and limited decision-making and evaluation process can lead to a lack of consumer's commitment to the store. Hence, these consumers are not loyal. By recognising the importance of commitment, they conceptualised a degree of store loyalty as true and spurious store loyalty. True loyalty has been defined as when consumers repeat purchase behaviour is influenced by the customer's deep commitment and on the other hand, customer loyalty is spurious when it is opposite of true loyalty in which case repeat purchase behaviour is not influenced by deep commitment. Bloemer and Ruyter (1998) proposed a definition of store loyalty as "The biased (i.e. non-random) behavioural response (i.e. revisit), expressed over time, by some decision making units with respect to one store out of a set of stores, which is a function of psychological (decision making and evaluation) processes resulting in brand commitment", in which brand commitment is seen as a necessary condition for store commitment. Spurious loyal customers will not bring long term benefits to the retailers as these customers can switch at any time if they have better alternatives (Huddleston et al, 2004).

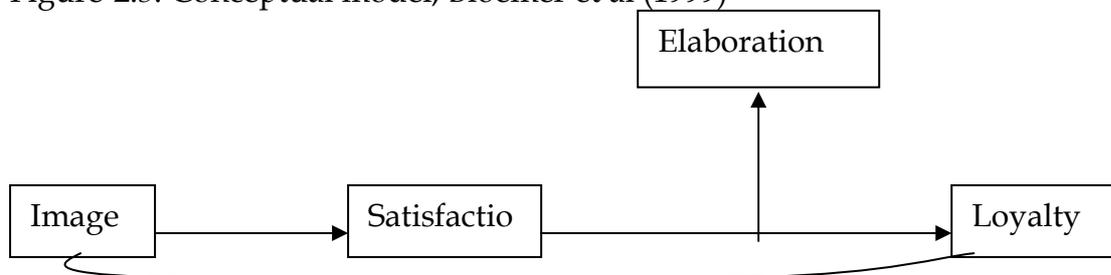
2.5.2. Customer loyalty vs. customer satisfaction

Although various literature in service marketing and relationship marketing has recognised customer satisfaction as a vital antecedent of customer loyalty (for example, Bodet, 2008; Bitner, 1990)) the customer loyalty and customer satisfaction are not the same (Rossat et al, 1998), who points out that satisfaction is an essential but not acceptable criterion for customer loyalty. Customer satisfaction can be created by high product quality and associated service offering and in turn high satisfaction can produce increased customer loyalty (Rossat et al 1998), but still satisfied customers sometimes switch to competitors. Sweeny and Swait (2007) argue that brand credibility is vital to create customer satisfaction and both satisfaction and service quality are the core to customer retention.

However, literature suggests that the final aim of customer satisfaction should be customer loyalty (Sivdas and Baker-Prewitt, 2000; Bloemer et al, 1999), confirms the statement of Anderson and Fornell (1994), who assert that customer loyalty is directly influenced by customer satisfaction. Although, the researchers had realised this phenomenon nearly five decades ago, the central philosophy is more prominent today for all organisations. High degrees of customer satisfaction will help to develop a rapport and emotional sympathy with the brand or store and this develops strong store/brand loyalty (Kotler, 1994). Even when customers are truly dissatisfied they can be brand loyal, due to the high behavioural aspect of brand loyalty. However, this is only possible if there are no other choices for the customers or may be the alternatives are not fit for purpose due to their higher pricing that is not within the range of affordability or due to consumer's limited purchasing power

An empirical study conducted by Bloemer and Ruyter (1998) among 124 customers of a department store in a Swiss city, where people are mainly German speakers, was carried out to investigate the relationship between Image, satisfaction and loyalty. They have developed three hypotheses to verify the relationships.

Figure-2.3: Conceptual model, Bloemer et al (1999)



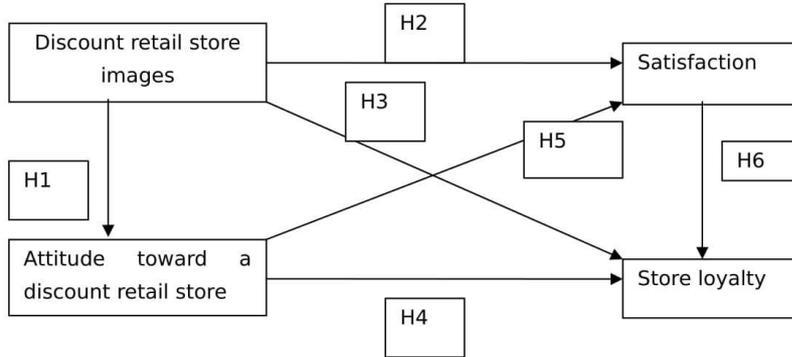
The results clearly support all three hypotheses and further suggest that the nature of satisfaction will influence the association between store satisfaction and store loyalty. In their study, they have identified that manifest and latent satisfaction are the two main antecedents of store loyalty and have a greater impact on the degree of customer store loyalty. According to Bloemer et al (1999), the first type of satisfaction, which is manifest satisfaction, is based on an evaluation while an implicit evaluation leads to a latent satisfaction. They recognise that manifest satisfaction has a direct association with store loyalty while latent satisfaction has merely a relationship, due to its low acceptance of the store and therefore, it will not probably generate strong store commitment. Their hypothesis on manifest and latent satisfaction was positively tested empirically and results show that the manifest satisfaction has greater impact on store loyalty than latent satisfaction.

Koo (2003) conducted another study in the context of Korean discount retail patrons to investigate the relationship between satisfaction, store images and store loyalty. Koo (2003) developed a conceptual framework that includes, a number of discount retail characteristics that have a strong and positive impact on customer attitudes and behaviour towards a specific discount retail store. Based on the conceptual framework, a total six hypotheses were developed to test empirically. The findings of their study identified four specific store images, that have significant influence on customer attitude and these are: atmosphere of the store, service provided by employees, merchandising and post sales service. Interestingly, some of these attributes, such as atmosphere and merchandising, do not support the findings of Theodoridis and Chatzipanagiotou (2009). The study carried out by them in the context of Greece's supermarkets was to investigate the relationship between store image and customer satisfaction in different customer groups. They found that supermarket atmosphere and merchandising do not have a significant impact on customer satisfaction, rather pricing and products are found to be the key determinants of customer satisfaction.

Nevertheless, the same study further suggested that location specific advantage, after sales service and merchandising have a strong and positive influence on customer loyalty but this proposition is not supported by the findings of Bloemer and Ruyeter (1998) rather it contradicts, as their study indicates that store image is not directly associated with store loyalty. However, in conclusion Koo (2003) pointed out that the customer's relative attitude towards the store has a significant influence on loyalty. After store location, after sales service facilities and merchandising all have impacted on store loyalty. The study suggests that location and store image are essential variables to attract retail patrons to the store. It also suggests that

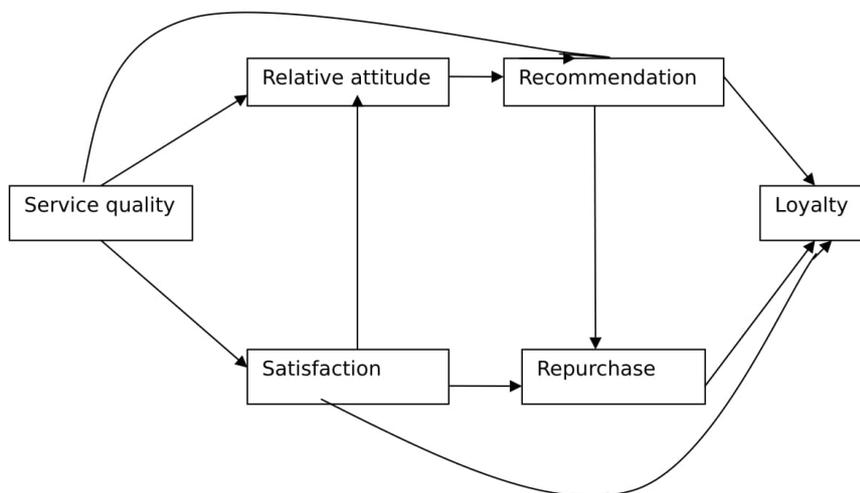
satisfaction does not significantly influence store loyalty. However, the hypothesis on satisfaction does not support the previous studies such as Bloemer and Ruyeter (1998), and Rust and Zahorik (1993).

Figure-2.4: Conceptual model developed by Dond-Mo-Koo (2003)



Nevertheless, according to the study conducted by Heskett (2002), customer satisfaction is found to be the lowest level of the five hierarchical levels of customer behaviours. Some other types of customer behaviours are repeat purchase loyalty behaviour, customer commitment, apostle-like behaviour, which refers to a strong willingness to recommend others and ownership behaviour. Sivdas and Baker-Prewitt (2000) suggested that satisfaction has a direct impact on customer relative attitude, repurchase intention and willingness to recommend others but has no direct relationship on store loyalty. The conceptual framework is given below:

Figure-2.5: Hypothesized model-Sivadas and Baker-Prewitt (2000)



The conceptual framework suggests that customer service quality is important to influence customer relative attitude and satisfaction. It is always the case that a highly- satisfied customer is positive towards the store, has high level of commitment and therefore, such a customer is always happy to recommend

products to their relatives and friends. Therefore, by fostering customer relative attitude and gaining customers willingness to recommend others organisations can enhance customer loyalty. One of the precursors of consumer's loyalty is the repurchase intention of customers and a satisfied customer will have enhanced repurchase intention. Their findings also suggest that relative attitude towards a specific store is significantly influenced by the level of customer satisfaction. Although both customer relative attitude and satisfaction will influence customer recommendation or word of mouth communication, only satisfaction will have a central role in influencing customer repurchase intention. Studies also further assert that relative attitude will not have direct influence on customer satisfaction and furthermore both variables will not have direct influence on customer loyalty. Therefore, it is clear, that satisfaction and customer relative attitude, which is determined by quality of services, can influence customer WoM communication that leads to repurchase intentions of customer and loyalty. In the context of store loyalty, the framework developed by Oliver (1997) is strongly supported by Sivadas and Baker-Prewitt (2000).

2.5.3 Demographic and Store loyalty

There have been a substantial body of literature, that has identified various factors and characteristics associated with retail customer loyalty. Some of the literature has concentrated on determining the socio-economic, demographic and other characteristics associated with customers, to discriminate who has a high or low level of store loyalty (Flavian et al, 2001; East et al, 1997). Although previous research revealed weak associations between demographic characteristics and customer loyalty to a specific store of consumers (East et al, 1997). However, understanding the demographic profile of loyal customers is very important to retailers, as service provision can be targeted accordingly. According to, Gilbert (1999), several demographic factors may affect consumer demand and purchasing behaviour. These include the size of the population, rate of growth, density of population, size of the household and the number of members in a family, distribution of wealth and income and socio-economic clusters. Most of the marketers use the most popular demographic characteristics that includes gender, age, race and ethnicity, education, occupation, size of the family, income, social class and religion (Lucas et al, 1994).

There are also some differing views. Some studies indicate that there is no or little difference in demographic characteristics between consumers who are brand loyal and non-brand loyal. In some cases consumers exhibit a high degree of brand loyalty towards expensive products and services despite a low level of income, if they feel

that a specific brand will give them better comfort and satisfaction. In another case, brand loyalty can be influenced by the age of the consumers. Older consumers tend to experience greater risk even though their level of income can be higher (Schiffman and Kanuk, 1997). However, young customers are always risk takers and they would like to develop a liking and favourable attitude towards a brand, even though they may have low level of income. A study conducted by East et al (1997) in the UK confirmed that buyers under 45 years of age show a high degree of loyalty, while older buyers, those who are over 65 are the least loyal and these findings are not consistent with the findings of Flavian et al (2001) which indicates that the relationship between age and consumer loyalty to the store is not significant. Their research (Flavian et al, 2001) further suggests that both the education level of the family head and the level of available income per household are positively related to loyalty. The findings of Flavian et al (2001) support the results of East et al (1997). The study conducted by East et al (1997) on First-store loyalty to Us and British Supermarkets shows that in Britain households with one person, aged over 65 and retired have lower store loyalty, while a household with school age children and where the age falls into the 25-44 category have higher loyalty and the same tendencies apply in United States, but the distribution does not reach significance. However, Evanschitzky and Wunderlich (2006) empirical study suggests that age, education and income have a moderating effect on loyalty, but not gender.

Ethnicity is one of the most important demographic factors (Sheth et al, 1997) and this may positively influence consumers purchasing behaviour towards a specific brand. Some ethnic brands are popular to some ethnic groups and this group may be more loyal to those retailers who sell specific products targeted to specific ethnic group. For instance, for many generations Goya products have been viewed more popular to Hispanics and hence they are more loyal to these types of products and Chinese-Americans are more favourable to shop at Chinese operated stores (Schiffman and Kanuk, 1997). However, it is also the case that ethnic groups may also have a liking for other non-ethnic branded products, such as many Indian consumers in the UK do not necessarily always shop at Indian food stores, if they have better alternatives with a better price and quality brands with other retailers.

A study conducted by Kim and Jin (2001) on `Korean consumer's patronage of discount store: domestic vs. multinational discount store shopper's profile` have used only married female shoppers in their sample as important demographic variables. Their findings indicate that there are no differences between the two groups (domestic and multinational discount store) with respect to age, size of the family, level of education and income. However, in relation to jobs there are

significant differences between these two groups, in terms of consumer's patronage behaviour. In 1993, Fontenelle and Zinkan also conducted a study to understand the differences across gender. The findings of their study shows that men and women tend to view products and services differently. Women customers are generally more prone to be involved in buying than men.

However, in the context of Bangladesh some of the above demographic factors are not the same as the European and other developing countries. A study conducted by Kashem (2012) on Bangladeshi consumers behavioural patterns, in a superstore context, suggest that most of the consumers are highly educated (i.e 56% graduate level, 14% postgraduate level), female customers are the main buyers (74% female while only 26% male), and the main age group is between 28-32 (32%) with the second highest age group being between 23-27, which constitutes 20% of the superstore customers.

To conclude this section, Customer Loyalty, is key to Relationship Marketing. Loyal customers tend to be more committed and have favourable attitudes, hence customers re- patronize which leads to customer retention. Various literature in relationship marketing and service marketing on customer loyalty suggests the concept is based on three different approaches namely attitudinal, behavioural and combination of these two, but to date there is no universal definition of customer loyalty to be found which is acceptable and most justifiable. The concept, whether it is in relation to store, brand, vendor or service has been explained initially based on the measurement criteria, which does not give explicit understanding of the concept in terms of theoretical and conceptual underpinnings. However, Jacoby and Chestnut (1973) first developed it in a comprehensive manner and explicitly the loyalty definition, which is explained above. By reviewing various literature it is evident that some constructs are very important to create customer loyalty such as commitment, service quality, relative attitude, product and store image, trust and satisfaction. Nevertheless, the strongest loyalty definition can be most justifiable and acceptable if it is based on multi-faceted

In this thesis the definition given by Dick and Basu (1994) was adopted as it is found to be the most comprehensive and explained the behavioural and attitudinal aspect of customers while Oliver (1997) is four stages of the loyalty model and was used to measure the degree of customer loyalty which was found to be most appropriate to apply in the retailing context in Bangladesh.

2.6 Retention

This section discusses the concept of customer retention. The main objective of this thesis is to see the relationship between Customer Relationship Marketing (CRM) and Customer Retention (CR) in the grocery food retailing sector in Bangladesh. There are numerous studies that have been found in the marketing literature, especially the service literature on customer retention and its various antecedents, various models have been developed by (Sheth, 1992; Hennig-Thurau and Klee, 1997; Ahmed and Buttle, 2002; Murgulets et al, 2002; Ranaweera and Neely, 2003; Gustafsson, et al, 2005; Moeller et al, 2009; Myhal et al, 2008). Early research on service quality had a simple premise that satisfied customers are more committed, thus continues service patronage and in return more financial benefits for the organisation. However, it is now evident that mere satisfaction is not the only determinant factor of customer re- patronage behaviour and there are other factors that are associated with customer retention. Therefore, contemporary service researchers focus more on drivers of customer behaviour than drivers of customer satisfaction do (Ranaweera and Neely, 2003).

The prime goal of relationship marketing is customer retention, maximise profitable relationship with customers by increasing the value of the relationship (Ghahfarokhi and Zakaria, 2009) and focusing on customer retention can yield several economic benefits (Dawkins and Reichheld, 1990). Organisational performance can be improved by attracting and retaining satisfied customers (Ennew and Binks, 1996). A study conducted by Reichheld and Sasser (1990) has also assessed the importance of customer retention. The results of their study indicate that organisational profits in service sectors are greatly influenced by the length of the customer relationship. In the context of MBNA, they noted that customer value could be increased by 125% by improving just 5% in customer retention. Long term customer retention can increase customer repeat purchase behaviour and thus more customer spending, increased positive word-of-mouth communications means that customers are more willing to recommend their friends and relatives, customer willingness to pay for premium prices, attribute more commitment to their preferred store, this in turn reduces organisational overall costs on marketing and promotional activities. Even in some cases, less satisfied customers tend to stay with the store, this means more economic benefits for the organisation. Therefore, customer retention is vital for the organisation, as it can cost at least five times more to attract a new customer, than keeping an existing one (Weinstein et al., 1996). A number of studies, also suggested that it is less cost affective for the organisation to retain existing customers, than acquiring new ones (Reichheld and Kenny, 1990; Reichheld and Sasser, 1990). According to Ang and Buttle (2006), companies that have well developed formal

processes for handling customer's complaints are better placed to excel at customer retention.

Table: 2.10: Various constructs of retention found in the literature (developed)

Author(s) and year	Context	Main variables of retention
Wilson (1995)	Business to Business context	Satisfaction Social bonds & structural bonds Trust Peer pressure and Investment Commitment Quality of interaction
Ennew and Binks (1996)	Service sector	Service quality Trust Personalisation
Hennig-Thurau and Klee (1997)	Service sector	Satisfaction Relationship quality (Trust and commitment)
Ranaweera and Neely (2003)	Service sector	Service quality perception Price perception Customer indifference Inertia
Gustafsson et al (2005)	Service sector	Customer satisfaction Affective commitment Calculative commitment
Ang and Buttle (2006)	Manufacturing & service sector	Documented customer retention plan Budget Handling customer complaints
Yanamandram and White (2007)	B2B service sector	Switching costs Interpersonal relationships The attractiveness of alternatives Service recovery inertia
Myhal et al (2008)	B2B	Relationship quality (Actor bond, Activity links, Resource ties, Relationship impact, Situational factors,

		external associations and competitive positions)
Moeller et al (2009)	Service sector	Shopping convenience (decision search, access, transaction, and after sales convenience)
Ghahfarokhi and Zakaria (2009)	Service and industrial	Value added Service quality Customer relationship Organisational policy

Yanamandram and White (2007) in their working paper on “a model of Customer Retention of Dissatisfied Business Services Customers” have identified five major factors that deter dissatisfied customers from switching to alternative service providers thus remaining loyal to the organisation and continue purchasing from their existing service provider. These factors are: switching costs, interpersonal relationships, the attractiveness of alternatives, service recovery and inertia and these factors are mediated by dependence and calculative commitment. In this model, ‘repurchase intentions’ was used as an independence variable which is related to, but not synonymous with the loyalty concept (Yanamandram and White, 2007). The term switching cost is used in the model to include uncertainty costs, pre-switching costs, set-up costs, post-switching costs, and benefit/loss costs. Higher levels of switching costs are associated with higher levels of repurchase intentions among dissatisfied customers. Interpersonal relationships appears to be the most prominent factors to increase repurchase intentions of customers and low attractiveness of alternatives from other service providers push customers, to stay with the present providers as they anticipate the best available alternative to the present service provider. Thus, low alternative attractiveness favours the retention of customers. Service recovery has a direct impact on the behavioural intention of customers. Service recovery refers to how service providers identify a service related failure and the actions taken to get dissatisfied customers back to a state of the satisfaction. According to Bitner (1990), customers are often more dissatisfied due to the organisational failure to recover than the service failure itself. The last variable in the model customer retention is the ‘inertia’. The authors proposed that higher levels of inertia are associated with higher levels of repurchase intention, which support the findings of Ranaweera and Neely (2003), that a high level of inertia was associated with customer retention in the UK telecommunication service context.

Another study conducted by Eshghi et al (2008), which attempts to identify service related factors in the Indian mobile telecommunication market, which influences

repurchase intention, satisfaction and customers willingness to recommend the service to others. The empirical research which was based on collecting data using self-administered questionnaires from mobile phone users in four major cities in India found six variables, namely relational quality, competitiveness, reliability, reputation, support features and transmission which represents the underlying dimensions by which mobile phone users assess the quality of their service. The study identified relational quality, competitiveness, reliability, reputation and transmission quality variables as significant predictors of customer satisfaction, while repurchase intention is influenced by relational quality, competitiveness, reliability and transmission. Relational quality becomes the first rank to influence repurchase intention. Also, all the factors, which influence customer satisfaction, found to be significant factors associated with the customer's willingness to recommend the service to others. The findings support others such as reputation (Bloemer et al, 1998); relational quality (Henning-Thurau and Klee, 1997). Quality, reliability, competence (Parasuram et al, 1985).

2.7 Culture and consumer behaviour

A business hovers around consumers. Their interests will dominate the interests of the organisation. In the continuum of production - distribution - consumption, it is the consumption factor, translated into demand and its fulfilment that will primarily determine the success of the business, not that the other variables in the continuum are less important. Accordingly, consumers and their behaviour must be understood and be diagnosed and dissected in detail so that the management could develop a marketing strategy to add substance and strength to the corporate level strategy. In classical thinking, the one factor that affects demand is the price of a commodity. Another assumption that found expression in that school is the rationality factor - in which consumers behave rationally, given the scarcity of resources. However, with the progress of industrialisation and the rise of multinationals in the twentieth century with businesses spanning across the globe, factors determining demand is no longer restricted to price only, although it retains its importance nonetheless, because it also reflects thinking and the minds of consumers.

The environment influencing consumer decision making has become complex and a lot of research has been undertaken to answer the question - what determines consumer behaviour? In addition, very interestingly, a major element in the chain has been found to be the role that culture plays in shaping consumer thinking and its subsequent behaviour.

2.7.1 Culture and society

Culture plays an important role in the consumer decision-making process and consumer behaviours are greatly influenced by cultural dimensions and vary across countries. Culture is a multi-layered phenomenon and it derives its solidity and strength from that characteristic. The layers which contribute to this aspect have been identified by experts and comprise of individual traits such as:

- Values
- Beliefs
- Behaviours and
- Taken for granted assumptions

They form the culture web. In addition, once the web takes shape, it becomes so strong that individuals belonging to a culture would find it difficult, even impossible to come out of and behave, otherwise that would be contrary to the cultural tradition the core of which lies in the 'taken for granted assumptions'. The environmental factors - those lying around an individual's environment thereby influencing his/her behaviour - to weave the web can be identified, amongst others, as:

- Family background
- Education
- Occupational experience
- Social environment (e.g. religion)
- Technology
- Peers.

Adapted from Kindleberger's (1973) analysis of a socio-cultural model of development, the factors are responsible for building an individual's attitude to:

- Self
- Change
- Growth
- Other people

If 'change' has to take place, then the first set of factors, family background etc., must be flexible and not rigid so that an individual's way of life i.e. behaviour, can be determined by his/her own thinking and not by the decisions' of others. The model would thus look like:

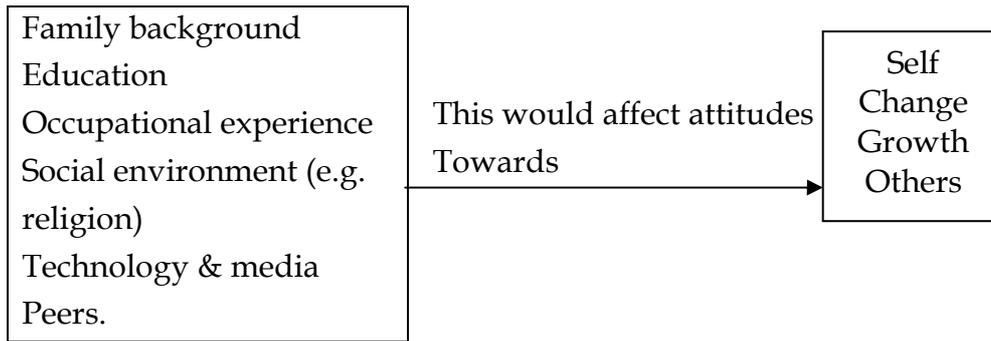


Figure-2.6: Socio-cultural model, Developed for this thesis

2.7.2 Cross cultural studies on cultural dimensions

Many attempts have been made to define and measure cultural values. Culture must be viewed as multidimensional and as a complex structure rather than a simple variable. One of the most influential works have been conducted by Hofstede (1983) whose four dimensions namely Power distance, Individualism-Collectivism, Femininity-Masculinity and Uncertainty Avoidance are widely used in constructs across the globe within different cultural and industrial contexts. In 1988, another dimension was added by Hofstede and Bond, called Confucian dynamism or long term orientation, based on additional surveys in the Chinese Cultural Connection. Since Hofstede (1983) groundbreaking work, there are several major cross-cultural studies that have been conducted.

To examine the relationship between the culture and Innovativeness of a society an empirical study conducted by Shane (1992) can be used. Shane (1992) believes that whether a nation is more innovative and inventive than other nations, depends on two important aspects of culture: Societal hierarchy of a nation and individualism. The study examined the number of patents granted to 33 countries in 1967, 1971, 1976 and 1980 and compared them with Hofstede's Index namely individualism and power distance. The findings suggest that less hierarchical (less power distance) and Individualistic societies tend to be more innovative and inventive than others. Shane (1992), argues that one of the common elements of a hierarchical society is the existence of bureaucracy and hence it has many drawbacks due to the diminishing power of bureaucracy. Lack of communication between top-down management or employees; a central control system, lack of trust between employees, and more focus on process and procedures, all of these reduces innovation and inventions (Hofstede, 1983; Shane, 1992). Shane (1992), argues that due to the value of freedom and outward looking aspects, individualistic nations produce more innovative activities. Also, independence success and non-conformity are important for encouraging innovation (Shane, 1992).

Schwartz (1994) was the first who raised several questions to Hofstede's (1980, 1988) dimensions. Schwartz (1994) asserted that most of the cross-cultural research focused on mainly 2-3 cultures, although one of the first studies conducted by Hofstede (1980, 1988) focused on over 50 countries, but again based on one organisation. Some of the main criticisms raised by Schwartz (1994) are: (a) **Value dimensions and exhaustiveness:** According to Hofstede (1983), the four cultural dimensions are not exhaustive as they explain basic societal problems in a particular nation, there may be other dimensions related to the fundamental problems of humankind that were not identified, due to the lack of questions asked. (b) **Sample adequacy:** Hofstede's (1980) dimensions are based on 40 modern nations excluding all countries under the state of socialism. Hofstede (1980) recognises that adding these countries may influence the possible outcome of the cultural dimensions. (c) **Sample type from a single corporation:** One of the criticisms of Hofstede's (1980, 1988) work was that he had a narrow sample selection as samples were drawn from the national culture in which respondents shared a common corporate culture; (d) **Cultural level vs. Individual level:** Hofstede's (1980) cultural dimensions were based on cultural levels, that is the reflection of national means. According to Schwartz (1994), Hofstede's (1980, 1988). When cultural dimensions are based on an individual person that reflects the personal psychological dynamics of conflicts and individual experience. In contrast, cultural level dimensions focused on various situations, national norms and various solutions; (e) **Equivalence of cultural values across cultures:** Hofstede (1980) did not address the issue of cultural similarities. Furthermore, the extent to which various items were used in his study conceptually similar or equivalent across culture is unknown. (f) **Historical change:** Hofstede (1980) gathered his data during 1967 to 1973. There many cultural changes across the globe since then. Therefore, dimensions may be affected and hence a need to search for new information. However, the first two criticisms were recognised by Hofstede (1980).

Therefore, Schwartz (1994) offered an alternative conceptual and operational model for understanding cultural values and dimensions. The study was based on 87 samples from 41 cultural groups in 38 countries. His study identifies seven cultural dimensions: **Conservatism, Intellectual Autonomy, Affective Autonomy, Hierarchy, Egalitarian Commitment, Mastery and Harmony.** Schwartz (1992) recognises that the formation of the social value system is possible when social and psychological conflicts arise due to the individual pursuit of their values. The main difference of his study compared to Hofstede's (1980, 1988) is that the work identified seven distinctive cultural level dimensions and those are quite different to Hofstede;

these dimensions are based on different methods, a different set of cultures, different sets of samples and respondents, in a different time period, with a different application of the individuals set of values that are similar in meaning across cultures and have different theoretical reasoning (Schwartz, 1994).

In 1997, Inglehart, identified **two dimensions** of culture namely **traditional verses secular rational orientation and survival verses self-expression**. By using representative samples from 65 countries, data was collected from World Value Surveys to measure "attitudes, values and beliefs". The core premise of the study is that cultural and political consequences are directly associated with economic development. These two dimensions are applied to understand, not only the importance of economic development of a nation, but also of cultural history (Inglehart & Baker, 2000). Trompenaars (1996) argued that it is vital to analyse and measure culture to minimise conflict between cultures. He studied the way people resolve dilemmas in specific countries. He identified **seven distinctive dimensions of culture** after evaluating problem resolution behaviours. These are: *Universalism vs. Particularism; Individualism vs. Collectivism; Affective vs., Neutral relationships; Specificity vs. Diffuseness; Achievement vs. Ascription; Time orientation and Internal vs. External control.*

Another model entitled "GLOBE" (Global leadership and Organisational Behaviour Effectiveness), a project developed by House et al (2004) was based on an extensive qualitative and quantitative cross-cultural study. The data was obtained from 17,370 managers from 951 companies in 62 cultures by using 735 questionnaire items. House et al (2004) have identified **nine managerial cultural dimensions** that they believe can be applied in different cultures. These dimensions are: *Performance orientation, Assertiveness orientation, Future orientation, Human orientation, Institutional Collectivism, Family (in-group) collectivism, Gender Egalitarianism, Power distance and Uncertainty Avoidance.* The GLOBE model, is considered to be the most recent study that is based on the managerial values of the organisation. Therefore, this study is less criticised compared to Hofstede's (1980, 1988) work. However, Hofstede's work has been widely applied and tested across the globe and is in different cultural situations, in different industrial settings. A unique feature of the study is that leadership values were measured. However, the results were consistent with the past cross cultural studies in relation to cultural dimensions, especially with Hofstede's dimensions. For example, Gender Egalitarianism and Assertiveness orientation are related to Femininity and Masculinity, while Institutional collectivism and Family collectivism are linked to Hofstede's (1980) dimensions: Individualism-Collectivism. Future orientation is linked to long term orientation.

The dimensions such as power distance and uncertainty avoidance are linked to Hofstede's two dimensions at the same level. Only the performance orientation and Human orientation are different and used as independent variables compared to Hofstede. The central premise of the GLOBE study is that it contextualises the leader's effectiveness, which is embedded in organisational and social norms, beliefs and values of the individual being led. The nine dimensions of the Globe models is built on previous findings such as Hofstede (1980, 1988); Schwartz (1994), Inglehart (1997) and others.

Although various studies have been found in International Business research literature to understand cultural differences and various dimensions of cultural values, to date Hofstede's (1980, 1988) model is found to be the most influential and has been used extensively across the globe in different cultural contexts (Shane, 1992; Mooij and Hofstede, 2011). His model has given many insights into the cultural structure of a nation. Despite various criticisms, his five cultural dimensions put the cross-cultural research at the forefront of International Business research. For the past two decades, most of the cross cultural research has extensively used his cultural constructs in different cultural settings (Shane, 1992; Schwartz, 1994; Trompenaars, 1996; House et al, 2004). Therefore, for this thesis Hofstede's (1980, 1988) cultural dimensions will be used to understand the linkages between these dimensions and relationship marketing.

Table-2.11: Main studies on cultural dimensions

Author (s) & year/Model	Number of dimensions used/identified	Number of countries/Industries used	Number of organisations surveyed
Hofstede (1980)	Four: Individualism vs. collectivism, Power distance, Femininity-Masculinity and uncertainty avoidance	72 countries Information technology	1-IBM and subsidiaries
Hofstede & Bond (1988)	Five: Individualism vs. collectivism, Power distance, Femininity-Masculinity, uncertainty avoidance, long term orientation (Confucian dynamism)	Based on Chinese cultural connection across 33 countries Information technology (IBM and its subsidiaries)	1-IBM and subsidiaries
Shane (1990)	Two: Individualism and Societal hierarchy of a nation	33 countries (One major	1 -a major American

	9Power distance)	American corporation)	Corporation
Schwartz (1994)	Seven: Conservatism, Intellectual autonomy, Affective autonomy, Hierarchy, Egalitarian commitment, Mastery and Harmony	38 countries (Universities)	Universities
Trompenaars (1996)	Seven dimensions: Universalism vs. particularism; Individualism vs. Collectivism; Affective vs. Neutral relationships; Specificity vs. Diffuseness; Achievement vs. Ascription; Time orientation; Internal vs. External control	Nine countries (initial work in 1985), Later extended to many countries	Energy and Hosiery companies
Smith et al (1996)	Two dimensions based on managerial values: Egalitarian commitment verses Conservatism and Utilitarian Involvement verses Loyal Involvement	43 countries and 8841 managers	Various business organisations
Inglehart (1997)	Two dimensions: Traditional verses secular rational orientations and Survival verses self- expression values	65 countries in six continents	Data source: world value survey
House et al (2004)	Nine dimensions based on leadership values: Performance orientation, assertiveness orientation, Future orientation, Human orientation, Institutional Collectivism, Family collectivism, Gender Egalitarianism, Power Distance and Uncertainty Avoidance	62 countries (Financial, Telecommunication and food processing industries)	951 organisations

Source: Developed for this study

2.7. 3. Hofstede and culture

The core notion of marketing is to understand consumer behaviour or patterns of behaviour a consumer can apply to fulfil their current and future demands. The so-called flat world has created immense opportunities for the organisations on one hand and brought huge challenges and complex dynamism on the other hand due to complex uncertain global environment, globalisation, technological advancement, access to mass communication and revolutionary national, organisational and individual connectedness that has led to more complex and instable consumer behaviour. The survival, progress and prosperity of organisations largely depends on either understanding consumer needs and wants and to fulfil them by offering an appropriate level of products and services or to create products which will create new needs and wants among consumers. Both approaches are to deal with the current and future behaviour of consumers by giving more attention to time, space and circumstances.

A substantial body of literature in marketing, especially service marketing and consumer behaviour and other cross cultural management, consider culture as one of the most important determinants of consumer behaviour (Ndubisi, 2004; Cleveland et al, 2013) and behaviour of consumers is greatly influenced by individual, group, local, national and global culture. Various elements of culture such as values, beliefs, norms, customs, taboos, attitudes and others result in different behavioural patterns and the way individual or groups interact by establishing values, beliefs and attitudes will determine a society's culture. Therefore, understanding culture is of paramount importance for organisations as it has direct influence on consumer behaviour, shopping patterns, relationship development and so forth, which requires marketers to develop marketing activities accordingly in order to fulfil consumers needs and wants and performance expectation profitably and satisfactorily.

The influence of national culture on consumer behaviour and marketing activities has received substantial attention in service marketing literature. Marketing activities can be channelled effectively once marketers have had a better understanding on cultural values of the target market (Farley and Lehmann, 1994). The overarching impact of culture on a society and its members is aptly observed by Hofstede (1983) when he comments that culture expresses itself through programming the human mind - a process that ultimately distinguishes one group of people from another. He defined culture as "a groups' characteristics that are conditioned by the same education and life experience" (Hofstede and Bond

1988). To arrive at this position, Hofstede interviewed IBM employees spread over forty countries.

Hofstede's cultural dimensions

In 1988, Hofstede and Bond identified five cultural dimensions to compare the culture of different nations.

Power distance: Power distance is defined as the extent to which people accept or expect that power is distributed unequally and people in a given society follow this pattern. Hierarchical models, are seen as normal phenomenon in high power distance society in which gap between managers and subordinates is high, centralisation decision making is the norm, decision is top down, relationship is formal, subordinates always follow the rules and regulation and obey their superiors, and leadership is autocratic.

With a score of 80 on this dimension, Bangladesh is classified as high power distance society. Naturally, the core elements of High power distance dimensions have a direct influence on individual or group behaviour in a given society.

Individualism verses collectivism: This dimension focuses on whether people are inward looking or outward, the degree of interdependence a society maintains among its members. In some societies, people are more concerned about themselves and the term "I" becomes a central focus of this dimension, whereas in other societies "we" becomes the central focus of societal activities in which the collective input and interests are most important. The relationships between members are based on mutual bond, trust, commitment and shared happiness. According to Dash et al (2007), in a collective society people are more concerned on interpersonal orientation and integration into a cohesive group. An empirical study conducted by Williams et al (1998) confirmed that members of a collectivist society is more focused on social bonding and their hypotheses suggests that different national culture commitments are positively influenced by social bonding. It further states that social and affective dimensions are becoming the most important for a collective culture for building trust.

With a score of 20, Bangladesh is considered as a collectivistic society in which collective obligation, responsibility, accountability and loyalty is paramount. Mutual respect, understanding and rapport among members, responsibility and long term mutual relationship is always fostered and nurtured by such culture.

Masculinity/Femininity:

A score of 55 indicates that the societal culture is predominantly driven by high competition, achievements and success. Performance orientation, wealth creation

and getting societal recognition becomes central to the masculinity culture. In such culture, people live to work, while in a femininity culture people work to live. Equity is the focus of a masculinity culture whereas quality is central to a femininity culture.

Uncertainty avoidance

On this dimension, Bangladesh scored high (score of 60) which suggests people have a high preference for avoiding uncertainty. People follow very rigid rules and behaviour, future security becomes an important factor of individual motivation. In relation to beliefs, attitudes and behaviour characteristics such as a low level of anxieties and stress, greater tolerance, acceptance of uncertainty and diversity, less aggressive, more rationale than emotional, more problem solving attitudes and strong beliefs in general approaches are common in low uncertainty avoidance culture (Reimann et al, 2008) while in a higher level of stress and anxiety, more emotions than rational feelings, acceptance of high degree of aggressive behaviour of self and others, less tolerance, less acceptance of strong need for consensus and clarity, less acceptance of uncertainty and unclear situations are some of the features of a high uncertainty avoidance dimension (Reimann et al, 2008).

2.7. 4. Religion and consumer behaviour

Over 20 years ago, Engel et al (1995) firmly stated that organisation is doomed to fail with a defective knowledge of culture, as culture is the most important antecedents of consumer behaviour. In sociology and psychology, it has long been recognised that religious value systems play a significant role in consumer behaviour (Essoo and Dibb, 2004). Various studies suggest that consumers from different cultural background possess different values, norms and beliefs and express differences of their own, which should be addressed and targeted with specific marketing efforts. Due to the diversity in religion, race, custom, cats, geography and socio-political beliefs, marketers should not use the same marketing mix strategies. Religion places a greater role on the behavioural patterns of consumers and it is critical for organisations to understand how consumer's behaviour is affected by their religiosity factors and so it is very important for a country such as Bangladesh, which is a multi-religion country. The complex dynamism within this society needs to understand the similarities and differences that characterise this multi-religion consumer behaviour.

Arnould, Price and Zikhan (2004) has defined religion as a "cultural subsystem that refers to a unified system of beliefs and practices relative to a sacred ultimate reality or deity", and religiosity is one of the most powerful cultural forces and a key influence in consumer buying behaviour (Delener, 1990). The degree of religiosity and the importance of an individual place on religion itself, will determine to what

extent religion, has an effect on consumer beliefs and behaviour. Religious affiliation, which is sometimes termed as ascribed states, has substantial influence on an individual's life cycle in relation to family size, education, wealth accumulation & decisions taken (Hirschman, 1983).

2.7.5. Consumer behaviour and customer relationship marketing

The importance of building long lasting and mutually benefited relationships, between parties cannot be over emphasised. The classical meaning of firms-household relationships to have influence over each other. The customers demand must be fulfilled by the organisation with the right products and services in the right time at the right places, with the right information at the right price. Customer financial and non-financial expectations must be fulfilled by such offerings. Dissatisfied customers may defect from the organisation and they may patronise others even though they do not bring any compliance against the company (Ndubisi, 2004). Therefore, by building appropriate and adequate levels of relationships with customer's organisations customer loyalty can be built which leads to customer retention.

Ndubisi (2004) argues that the effectiveness of relationship marketing will be influenced by the cultural inclination of any market in delivering customer loyalty and retention. The core elements of relationship marketing such as trust, equity, empathy and commitment are deep-rooted values in culture, influenced by low power distance, collectivism, femininity, high uncertainty avoidance and long-term orientation.

Power distance and relationship marketing

It is easy to build stronger relationships when there is a low power distance, as parties will feel more equal to each other than they are in a higher power distance, in which inequality exists, complexity of superiority-inferiority always hinders a free flow of dual communication (Ndubisi, 2004). Due to the nature of culture, as people can express their opinion, satisfaction, dissatisfaction with the environment is more inclusive and conducive and high level of bond, commitment, trust and empathy will create stronger relationships between parties. Contrastingly, in a high power distance the environment is more exclusive as perceived gap between parties is high. Hence, powerful members of the society will not be keen to build association with less powerful members. The caste system in the Hindu religion will have similar effect in a high-power distance society in which Brahmins or other high castes members will not relate well or initiate any relationships with other lower caste members of the society

According to Ndubisi (2004,) a high power distance marketing of exclusive brands with premium prices will prove to be viable marketing strategies while in a low power distance price should be more reasonable as there is very little or no class differences in the society. To feed the ego of the wealthiest, high powerful consumer's high pricing policy seems to be most effective and acceptable. Class differences also manifest in negotiation and bargaining. Negotiation is often seen within intra-powerful or less powerful members of the society. It is not between powerful and less powerful members

Individualism vs. collectivism in relationship marketing

Ndubisi (2004) empirically tested and proved that relationship marketing is more successful in a collectivistic society in which members are integrated into a cohesive group and people often have extended relationships among members. The level of commitment, trust, empathy and equity are high in such societies and therefore the impact of relationship marketing on satisfaction and loyalty behaviour is high. On the other hand, in an individualistic society, where self-interest is more important than collective interest, transactional marketing may prove to be better than relationship marketing. While the word of mouth communication is stronger in collective societies (Ndubisi, 2004) as group cohesion is higher, negative testimonials and complaining behaviour can also spread faster.

Masculinity vs. Femininity and relationship marketing

Masculinity culture is less conducive to building relationship association than femininity culture. Male is the focus of masculinity culture where short-term orientation is central for success, achievement and wealth accumulation. In such cultures women often do not have the right to engage in certain purchase decision-making processes. However, in relation to grocery items or everyday household purchasing decisions are taken by females as it is usually their main role, to look after the family. In such situations, marketers should use marketing mix strategies accordingly.

Uncertainty avoidance and relationship marketing

According to Ndubisi (2004), culture with a high uncertainty avoidance will have more preferences to build long-term relationship, as compared to transactional marketing. Our traditional household marketing activities were based on credit facilities where consumers may pay later or at the end of months for their shopping. This is normally seen at the small street level shops, traditional mom and dad shops and sometimes-wet markets. Hence, consumers normally buy at the same shops for a longer period. Nevertheless, with the introduction of big supermarkets and

modern organised retail outlets, this is not possible anymore customers sometimes do not have the power to bargain, as prices are fixed and there are no credit facilities.

2.7.6. The impact of culture on Service quality

Customer Satisfaction is the key consequence of service quality and exceeds customer expectation as the main goal of a service provider (Parasuraman, Zeithaml and Berry, 1985, 1988, 1991). Furrer et al (2000) stated that the perception of service quality is influenced by culture and varies across cultures. Over the past decade, the study of culture on service quality has received considerable attention in service marketing literature (Furrer et al 2000; Donthu and Boonghee, 1998; Ndubisi, 2004; Dash et al, 2007; Reimann et al, 2008; Barry and Doney, 2011; Liu et al, 2011). Studies conducted by Furrer et al (2000) in retail banking have found a positive relationship between Hofstede's cultural dimensions and the service quality dimensions of SERVQUAL (reliability, responsiveness, tangibles, assurance and empathy). A SERVQUAL instrument has been developed and widely used to measure service quality perceptions (Parasuraman, Berry and Zeithaml, 2001; Reimann et al, 2008; Furrer et al, 2011)

Personal interaction plays an important role in service delivery. Various studies suggest that greater differences between service providers and customers have had a direct effect on service expectations and satisfaction and vary across culture. In higher power distance culture customers expect that service providers will be weaker than them and hence they will be expecting good treatment and will give greater importance on reliability, responsiveness, assurance and empathy which is supported by a similar hypotheses developed by Mattila (1999), which posits that a large power distance culture has weaker service providers and requires them to provide a high level of customer service. Customers in such culture give more importance on tangibility while applying less importance on assurance. This is also fully supported by Donthu & Yoo (1998), that customers from an individualistic culture expect a higher assurance than customers from a collectivistic culture.

In a high degree of **individualistic** cultures, where customer are more self-dependent and self-centred, they expect service providers to be more efficient, reliable, responsive and usually more demanding than customers from a collectivistic culture (Furrer et al 2000). These customers do not expect to be assured due to their high degree of confidence and responsibilities. However, in masculinity cultures customers expect male service providers to be more professional, reliable and responsive than a female service provider while female services are expected to be more empathetic and should have a feminine presentation (Furrer et al, 2000).

Tangibles will be important for customers as status symbols. In contrast, in a feminine culture it does not play any role on customer service perception.

To customers with a high uncertainty avoidance, all service quality dimensions are important, to reduce uncertainty in both frequent and infrequent buying situations but more important in an infrequent buying situation. Customers with high uncertainty avoidance tangible cues are used as a surrogate of service quality, as these are the evidence of high quality services (Donthu and Yoo, 1998) and these visual elements help to lower their perceived service risk. Nevertheless, customers with low uncertainty avoidance culture, these service quality dimensions are not influencing factors in customer service perception in both frequent and infrequent buying situation. Reinmann et al (2008) believes that uncertainty avoidance is the most powerful cultural value dimension, which has a strong effect on intercultural service quality at both a macro level of economies and at the micro level of consumer behaviour. In high uncertainty avoidance culture, if customers encounter service defects it is difficult for them to accept any alternative arrangements without aggressive and stressful behaviour, which may lead to further service defects (Reimann et al, 2008). In such situations a service provider should take precautions that any deviation from customer service expectation will lead to low service quality perception which in turn leads to customer dissatisfaction. The study conducted by Reinmann et al in 2008 on "the effect uncertainty avoidance on perceived service quality and customer satisfaction" in a business to business context reveals in the fact that, as a cultural variable the degree of uncertainty avoidance has a significant moderating effect on customer perceived service quality and customer satisfaction. Further study suggests that customers from a low uncertainty avoidance culture are more tolerant than customers with a high degree of uncertainty avoidance.

In a long term oriented culture reliability, responsiveness and empathy are very important, as the aim of the relationship is to build long lasting relationships. However, assurance and tangibles are less important. Based on the above discussion the following hypotheses can be generated:

H1: The higher the collectivistic, masculine, high power distance, long term oriented and high uncertainty avoidance culture, generally the lower the service quality expectation

2.7.7: The impact of culture on relationships bonding

More than a decade ago Williams et al (1998) undertook an empirical study on international buyer-seller relationships in cross cultural settings and confirmed their hypothesis that social bonding is very important for the buyers from a collectivistic

culture while buyers from an individualistic culture have a stronger desire for structural bonding. While on a USA-Mexico strategic alliance study Rodriques and Wilson (2002) found that social bonding is very important when creating a high level of trust for collectivistic Mexican managers, while structural bonding (i.e. economic and strategic cooperation) is preferred by individualistic American managers. In 2007, a study conducted by Dash et al within an Indian context, to understand the cultural influences in the relationships between bonding and commitment, in the context of client-bank relationships, developed seven (7) hypotheses. One of the major questions addressed in their study was to see whether the cultural dimension (collectivism/individualism) influences the impact of social or structural bonding on commitment in buyer-seller relationships. To examine the hypothesised relationships between individualism/collectivism as cultural values and its effect on interpersonal business-to-business relationship, a regression analysis was conducted. Results indicate that social bonding and commitment is positively related and the effect of social bonding on commitment is higher in collectivistic culture than individualistic culture. Study further confirmed that structural bonding has a high effect on commitment in individualistic culture.

In collectivistic culture, people are more value oriented than performance and emotions play a great role in their interpersonal behaviour. Barry and Doney (2011) contend that in collectivistic culture customers are more focused on relational quality, than their individualist counterparts are and hence, more likely to focus on relationship investment in their business dealings with service providers. However, in their empirical study they found very mixed results, which shows that t bonds have a weaker relationship with relationship quality in collectivistic culture, although customers are assumed to be more personally attached with their service providers than their individualist counterparts. However, the relationship between relationship investment and relationship quality is stronger in collectivistic culture than individualistic culture. On the other hand, a study found that the perceived economic value has no significant difference in the influence of relationship quality. The following hypothesis can be developed based on the above discussion:

H2: The higher the collectivistic, masculine, high power distance, long term oriented and high uncertainty avoidance culture, generally, the higher the social bonding in relationships

2.7.8 The impact of culture on relational quality: Trust, commitment and satisfaction

As discussed above briefly and based on various evidences from the cross-cultural literature in business and management, marketing and its related domains, it is

established phenomenon that Hofstede (2001) cultural dimensions play a greater role on consumer behaviour and marketing itself. Hence, various precursors and outcomes of relationships marketing are influenced by various cultural dimensions and it varies across culture in relation to time, space and circumstances. Therefore, cultural universalism does not exist. Individual trust, commitment and level of satisfaction are different in different cultural contexts and these three constructs are the core elements of relational quality. This section highlights how consumer trust, commitment and level of satisfaction are moderated by Hofstede's (2001) cultural dimensions.

2.7.8.1 Culture and Trust

As literature suggests, there are various antecedents of trust, however, service provider ability and reliability, benevolence, credibility, integrity, predictability appear to be the most important antecedents of trust and their effect on trust differs across cultures. According to Hofstede (2001), in a given culture within the context of individualism/collectivism, the cultural values are more closely linked to the ability of the relationships between partners and the perception of ability, benevolence and integrity is influenced by cultural values (Schumann et al, 2010).

Service provider **ability** in individualistic/collectivistic culture for the development of trust varies across cultures. Hofstede (2001) argues that in individualistic culture the concept of ability is seen as an important antecedent of trust more than in collectivistic culture, as people are in individualistic culture more self-oriented, focus on more self-interest, self-achievement and self-centred ideology become the norm of the society, therefore, to gain individual customer trust, focus on ability becomes of paramount important for the service provider. However, in collectivistic culture, ability plays a lesser role in service provider evaluation as people are more collective and group oriented, collective interest and achievement is more important.

In relation to **benevolence** Schumann et al (2010) posit that for the development of trust benevolence is more important in feminine culture than in masculinity culture, as the cultural norm is based on equality and fairness, hence, both men and women follow and adhere to feminine gender roles while in masculinity culture traditional masculine gender roles are adhered by men and women adopting feminine gender roles. The main focus of feminine culture is on solidarity, cooperativeness, openly expressed opinion and feelings and more harmonious relationships. Feminine culture is appropriate to foster harmonious relationships which has a high level of benevolence (Gordon, 2005). On the other hand, benevolence is less important in masculinity culture, as confrontation, independent thought, individual interest and

wellbeing are the main norms of this culture (Hofstede, 2001) and also harmonious relationships are less important in such culture.

Predictability is seen as one of the most important precursors of trust and its effect on trust can be moderated by a cultural dimension. In their empirical study, Doney et al (1998) found that the effect of predictability on trust is high in collectivistic and feminine culture and the same effect in high power distance and high uncertainty avoidance culture. Schumann et al (2010) proposed that predictability has a high impact on trust in high uncertainty avoidance culture more than low uncertainty avoidance culture, which corresponds with Hofstede (2001) that predictability is very important in high uncertainty avoidance culture and therefore there is a need for strict rules and regulations. Hofstede (2001) defined uncertainty avoidance as “the extent to which the members of culture feel threatened by uncertain unknown situation”. In high uncertainty avoidance culture people are more confused, as they live with a high degree of anxieties; perceive life as dangerous or threatening and problems are the norm of their life and therefore the level of tolerance is very low, whereas, in low uncertainty avoidance culture the tolerance level of people is high, as they accept ambiguity and uncertainty as part of their everyday life, and hence, prediction is less important for them and strict rules and regulations are not so important (Schumann et al, 2010).

Integrity is another important precursor of trust, which is again influenced by power distance culture in a different context, and Hofstede (2001) posits that the people in high power distance culture seeks differential prestige, socio-economic power and wealth. There are various views on the distribution of power between service providers and in a customer in service context (Schumann et al, 2010). According to Donthu and Yoo (1998), the degree of service provider power depends on their knowledge, expertise and technical know-how. Also, it depends on the characteristics of customers and the type of service provided by the provider (Schumann et al, 2010). Research indicates that customers have low expectation on reliability in high power distance culture (Donthu and Yoo, 1998; Furrer et al, 2000) and they tend to seek advice and suggestions from the personnel of service providers, although customers may understand the service providers will take greater advantage over them (Schumann et al, 2010).

H3: The higher the collectivistic, masculine, high power distance, long term oriented and high uncertainty avoidance culture, generally, the higher the trust in relationships

2.7.8. 2 Culture and commitment

As discussed in the literature review in chapter 2, commitment is an essential component of building long lasting relationships between parties and second most important constructs of relational quality. Morgan and Hunt (1994) stated that commitment is critical in relational exchange theory and without this relationship will not last long. However, commitment is variable depending on culture and geographical context. Morris (2013) found that cultural dimensions' moderate commitment. The concept is defined by Morgan and Hunt (1994) as "an exchange partner believing that an ongoing relationship with another is important as to warrant maximum efforts at maintaining it". In 1987, Dwyer et al identified three measurable criteria of commitment namely input, durability and consistency. Emotional and economic resources are provided by input in the exchange process, while tangibles and intangibles durability are important in the relationships overtime and of course, consistency should be maintained throughout the relationships. However, Morgan and Hunt (1994) noted six important constructs of relationship commitment in their KMV (key mediating variables) model of relationship marketing and these are relationship termination costs, relationships benefit, shared values, acquiescence, propensity to leave and cooperation. Various researches suggest that the key components of relationship commitment are varying across culture and various cultural dimensions have a moderating/direct effect on commitment (Donthu and Yoo, 1998; Furrer et al 2000; Morris, 2013).

In high uncertainty culture people are more prone to building long term relationships due to multiple reasons, such as to avoid high switching costs, social and emotional attachment and or difficulty in finding alternatives (Morris, 2013). In such culture, the effect of **relationship termination cost** is high on commitment. The long term oriented culture tends to focus on more compliances and people normally adhere to others request or policies. In such culture commitment is highly moderated by **acquiescence**, which is defined by Morgan and Hunt (1994) as "the degree to which a partner accepts another's specific requests". Although in channel relationships the effect of commitment on acquiescence is moderated by long-term orientation (Morris, 2013), but also equally important is in service marketing relationships.

Another component of commitment, according to Morgan and Hunt (1994), is the **propensity to leave** which they define as "the perceived likelihood that a partner will terminate the relationship in the near future". In long term, oriented culture the effect of commitment is greater on propensity to leave than short term oriented culture (Morris, 2013). Cooperation, inter-relationships, inter-connectedness are

playing a greater role in collectivistic culture in which people are more oriented towards a collective decision and sharing information (Hofstede, 2001). Therefore, relationship commitment will have a high impact on cooperation in such culture, more than individualistic culture. Nevertheless, Ndibuisi (2004) found that low power distance culture commitment would foster relationships, as this type of culture is very conducive and non-existent of superiority/inferiority complex. In contrast, powerful customers in high power distance culture, may not be keen to forge relationships with others.

2.7.8. 3 Culture and customer satisfaction

In literature review chapter-2, it has been suggested that satisfied customer are more committed as high level of satisfaction may reinforce commitment-inducing emotional bonds (Hennig-Thurau et al, 2002) and the degree of customer satisfaction varies due to the quality of interpersonal interaction between parties (Shamdasani & Balakrishnan, 2000). However, the level of customer satisfaction or dissatisfaction, or the way people may be satisfied or dissatisfied vary across culture and various cultural dimensions (Reimann et al, 2008; Schumann et al, 2010). To understand how various cultural dimensions effect satisfaction/dissatisfaction or relationship between customer satisfaction and perceived service quality, it is important to draw an attention on the concept of tolerance zone (Reimann et al, 2008) which is defined by Berry and Parasuraman (1991) as "a range of service performance that a customer considers satisfactory. If the service quality same or above the tolerance zone customers are satisfied or very satisfied while customers will be dissatisfied if service quality below the tolerance zone customers are dissatisfied (Berry and Parasuraman, 1991).

Various cultural dimensions may affect differently in different cultural contexts on customer tolerance zones. In high uncertainty avoidance culture, while people are more stressful and do not want to accept any uncertainty, customers are more likely to have a lower tolerance for ambiguity (Hofstede, 2001) and therefore, for any service deviation or defect those customers will be more dissatisfied than the customers in a low uncertainty avoidance culture (Reimann et al, 2008).

In individualistic culture, as customers are more prone to their own individual benefits, they are likely to develop a high service quality expectation and any deviation will not be tolerated, while in a collectivistic culture the situation is opposite (Donthu and Yoo, 1998), on the other hand the same authors have found that long term oriented customers are likely to have a lower service quality expectations than short term oriented culture. Another study conducted by Barry and Doney (2011) on cross cultural examination of relationship quality which

included 202 sample populations (buyers) from 42 countries by developing a conceptual model. The research found that in individualistic culture perceived economic value positively influenced customer satisfaction, while in collectivistic culture relationships bonds and perceived relationships investment it positively influenced customer satisfaction. The following hypothesis is developed based on the above discussion:

H4: The higher the collectivistic, masculine, high power distance, long term oriented and high uncertainty avoidance culture, generally, the higher the customer satisfaction

2.7.9 The influence of culture on customer loyalty

Various studies suggest that people from different cultural backgrounds will exhibit different loyalty behaviour in a service context (Ndubisi, 2004; Bianchi, 2006; Aksoy et al, 2012). Customer loyalty has become prime marketing, management strategic choice for organisations as it helps organisations to create social, and financial value and long-term sustainability through customer repeat purchase behaviour, word of mouth communication and referral. Therefore, organisations are more concerned in creating customer satisfaction by offering various social and financial relationship related attributes as overall customer satisfaction would have positive impact on customer loyalty (Aksoy et al, 2012). However, the loyalty behaviour is not static; people behave differently due to time, space and circumstance and thus vary across different cultures. As discussed previously, Hofstede's (1983) cultural dimensions will have a different effect on customer loyalty behaviour in different geographical contexts.

One of the most important aspects of individualistic/collectivistic culture is to understand in-group and out-group phenomenon, as this can influence customer loyalty behaviour differently. Triandis et al (1990) found that in individualistic cultures there are more in-groups and relationships are weaker and less stable, as the social framework is loosely knitted together and so people tend to look after themselves and their immediate family members. In contrast, people in a collectivistic culture are more prone to have a strongly knitted social framework and hence, more in-group oriented. Triandis et al (1990) also found that in collectivistic culture members are more emotionally attached and cooperative minded and share beliefs within the in-group, rather than its counterparts, in which people distinguish one-self from others. As there are few in-groups in collectivistic culture the relationships tend to be stable and stronger, even when in-groups make very costly and hard decisions, members still support each other and stay in it, while the opposite is the reality in individualistic cultures in which people tend to be

disoriented towards the in-group if it is inconvenient and not flexible. It has been suggested that people are more loyal to a service provider, once they have viewed that the service provider is part of their in-group and in collectivistic culture people exhibit a high degree of loyalty more than in individualistic cultures and these people will resist switching their service providers in case of service failures more than their counterparts.

Loyalty behaviour can also be moderated by gender roles in a service context, which is one of the main characteristics of the masculinity-femininity dimension of Hofstede (1983). Men and women have different roles in some cultures, while others make a clear distinction between what is acceptable and what is not (Polyorat et al, 2010). In high masculinity cultures people tend to focus on more assertiveness and wealth accumulation and are not concerned for others, these qualities will have a negative correlation with loyalty, while in a femininity culture it seems to be the opposite, as people are more concerned about interdependence, caring for others and service emphasis (Polyorat et al, 2010). Polyorat et al, (2010) found that people will exhibit stronger loyalty to a service provider in femininity cultures than masculinity cultures. In relation to uncertainty avoidance, the same study identified that in a masculinity culture people will take longer to form loyal relationships with their service provider, but will stay loyal once it is formed more than its counterparts from a low uncertainty culture. This is also true in long term oriented cultures in which people feel more social obligation, common fate and lack of self-fulfilment, autonomous behaviour and freedom of choice.

H5: The higher the collectivistic, masculine, high power distance, long term oriented and high uncertainty avoidance culture, generally, the higher the customer loyalty

2.7.10 Culture and consumer behaviour in Bangladesh: A synthesis

Developing detailed profiles of customers, their buying patterns, and hence their needs, and lifestyles – is to serve the customer better and make sure that their expectations are fulfilled. Retailing thrives with urbanisation but this must be supported by purchasing power and also, very importantly, urban life style. With a high density of population in cities and towns, the basic requirement of supermarket success is served by the number of customers that will flock to their doors. Given the sheer volume of customers in supermarkets, it is naturally difficult to keep track of shoppers. Under the burden of cut-throat competition, most supermarkets are compelled to practise it in some form – even though this is an expensive operation, given that product lines run into thousands and the alternative of unorganised retailing is limited in scope. Research in this area has, however, mostly been

concentrated and developed in developed countries, and there, retailing is mostly organised and population mostly urban. Research findings on Bangladesh would therefore be a contribution in understanding retailing in developing countries.

Demographics in Bangladesh: It must be recognised that the country can still be classed as predominantly rural. Only around 30% of the population was urban in 2010. However, this is a huge increase when the figures are compared historically – 7.6% in 1960, almost doubling to 14.9% in '1980, 23.6% in 2000 and then 30.1% in 2010 [World Bank data, 2012]. By any standards, these increases are remarkable. However, this needs to be supported by the other two conditions, the purchasing power of the urban population and their adaption to urban life style. Firstly, the purchasing power. The GDP growth in Bangladesh has shown good progress over the past years, particularly starting from the latter half of the 1990s. According to the World Bank figures, it was 5% during the 5-year period 1995 to 1999. Over the next 5-year periods, through to 2009, the respective figures were 5.44, and 6.18. For the two years, 2010 and 2011, the growth rate has averaged at 6.4%. With recession engulfing much of the developed world, these growth rates are highly encouraging. In addition, much of this is owed to the spectacular success of the Ready Made Garments (RMG) industry, which contributes nearly 14% to the country's GDP. According to industry association sources, the number of factories in the sector increased from around 800 in 1990 to nearly 3,500 in 2000, 4,200 in 2005 and 5000 in 2009 [BBS 2012]. In turn, employment in these factories has kept a noticeable growth trajectory. It has steadily grown from less than 500,000 to around 1.6 million in 2000, 2.million plus in 2005 and 3.5million in 2009. The factories are located mainly in and around big cities, Dhaka in particular, because of connectivity to infrastructure is better. This has led to a substantial inflow of migrant labour to the cities again, to the capital Dhaka in particular. RMG and other ancillary industries is labour intensive in character and cheap labour is one of the factors that has given a competitive edge to the industry. Labour in these factories is, in general, poorly paid. The capital is also home to government ministries, which attracts labour too – raw, skilled, and qualified. The latter group belonging to the middle classes - low and upper. A socio-economic divide is thus easily discernible in big cities, whereby different localities will portray the living standards of the population with differing lifestyles, shopping habits etc. A large percentage of the population in the capital are rural migrants. During such celebrations as the Eid, there is a huge outflow of the population to enjoy the rituals with families still resident in villages everywhere, even risking their lives while travelling. Although they are urban by proof of living, their behaviour still displays rural fundamentals and attitudes.

Impact on consumer behaviour -price and brand consciousness:

The economic divide shows the preference of low income groups that do not shop in supermarkets or in the organised sector of retailing, but in the unorganised sector, which would provide price advantages compared to the organised sector retailers. Supermarket products, compared to those offered by the shoppers in the unorganised sector, would tend to be more expensive because of the presence of branded products, packaging and the fact that supermarket space has cost elements, not observed in the unorganised sector. These latter elements – brands, packaging, shopping environment providing ambience, lighting, music etc. – are considered important elements in lifestyle management and are inherent cost factors for products. In a developed country framework, supermarkets sustain themselves with volume advantage but that is not available in developing countries – mainly because of the price sensitive behaviour of a very substantial percentage of the population not listed as middle class. Accordingly, in a developing country framework, the volume advantage is not available which neither affects the supermarket prices on the higher side nor is the lifestyle element, which makes prices still higher. This may be a major factor as to why the multi brand retailer- i.e. supermarkets or single brand retailers, are located in affluent areas. Shopping there is aligned with pleasure, something taken for granted in a developed country and hence not that visible in shopper behaviour. In the context of Bangladesh, the shoppers would be rich to very rich, not that price consciousness is attracted by brands even of high value and recreation facilities music etc. The unorganised sector would not be expected to provide all of these. However, what they would offer is on the price front and that attracts a large chunk of the population, even if the experience of shopping turns out to be much less than pleasant. The supermarkets' differentiating features that are price additive are not considered important parameters.

Traditional values vs. contemporary values: Most of the South Asian countries such as Bangladesh have long been regarded as traditional collectivistic nations, in which attainment of in-group goals are the main priority, more than individual goals and people are more focused on conformity, group harmony, safety & security, traditional values and beliefs. Hence, this cultural orientation plays a significant role in influencing consumer shopping behaviour in purchasing intentions. For example, Agarwal and Maheswaran (2005) found that people are more likely to evaluate brands that are consistent with their cultural values. Due to traditional cultural norms, Bangladeshi consumers depend on word of mouth (WOM) communication and recommendation from peers and relatives about product related information such as a source of credibility more than advertising and marketing efforts by the organisation. In such societies in-group reference is vital. However, over the past

several years, due to the effect of globalisation, continuous economic growth, increased employment and affluence, this in-group culture is becoming weaker day by day and various evidence indicates that people are pursuing both individualistic value orientation such as autonomy, individual interest and pleasure, self-centred achievement as well as traditional collectivistic values such as group interest, harmony and loyalty. Nevertheless, over time, space and circumstances individual self-identity has consistent influence on individual purchase behaviour.

Given the above context and under the present socio-economic scenario prevailing in Bangladesh, the organised sector retailers having access to a limited and small section of the population, would be very worried in the absence of customer loyalty and their retention. Every effort needs to be made to maintain the existing customer base and to expand it at every opportunity. Customer satisfaction must be gauged periodically but regularly, besides creating a shopping environment where they feel at home – for instance playing the music tracks they would like.

2.8 Conclusion

The literature review provides an overview of previous works that have been conducted in the field of study. The literature review chapter delineates the perimeter of the thesis by reviewing the various constructs and relevant concepts. This chapter has reviewed the various literatures in relation to the subject and conceptual frameworks which have been developed for this thesis. A framework of research parameters are set to justify the review process. Various important constructs were identified, evaluated and reviewed to develop the conceptual model for this study, which is to be examined empirically. The various sections of this chapter systematically reviewed literature on relationship marketing, its evolution and concepts, the concepts of bonds and its relation in building long-term customer relationships, the concept of relational quality (trust, commitment and satisfaction), customer loyalty and customer retention. The relationship between culture, especially national culture and customer shopping behaviour, culture and relational quality and related concepts were reviewed systematically.

The review has been conducted in order to understand and conceptualise a framework of customer retention strategy and its link with customer relationships in the grocery retailing sector in Bangladesh. The review of literature indicates that most of the previous research, that was conducted in this area, is in mainly developed regions such as Europe, North America, Australia and New Zealand and a limited amount of work has been conducted in the Asian retail setting. There are very few studies focusing specifically on grocery food retailing in Bangladesh and other similar cultural contexts. Berry (1983) was the first to use the term relationship

marketing in the services sector. Since then over the last three decades a considerable volume of literature in this area has been published. However, all this research was conducted in different geographical settings, where retail models and strategies are more complex and customers are apparently more sophisticated and informed. Shopping behaviour in such areas is in a constant state of flux and is influenced by various geo-demographic and environmental stimuli, technology, the media and the vagaries of fashion. Therefore, those same patterns are not necessarily going to play the same role in shopping behaviour as in nations with different traditions, cultures, societal norms, climates, demographics and economic situations.

Drawing from the literature review it can be said that, despite the fact that there are many definitions of CRM, they all differ somewhat. However, they all demonstrate that the core concepts of CRM revolve around its focus on relationships between parties and all parties are benefitting from such relationships. It is understood that it would be difficult to universalize CRM because of the intrusion of 'culture' through the backdoor. CRM would therefore, lead to being influenced by situational factors, which have to be culture, demography and lifestyle supportive too.

Literatures suggest that there are many opportunities and benefits provided by CRM in connection to customer retention, but there is still much ambiguity of its practices in the context of Bangladesh. An attractive retail environment is the precondition for the customers to become loyal to a specific store. The literature review has identified a clear gap in the research, in relation to organised food retailing in Bangladesh. Furthermore, based on the literature review, it should be pointed out, that the various constructs used in this thesis, have not previously been used in one single framework.

The next chapter focuses on the conceptual model and various hypotheses developed for this thesis which is to be examined. These hypotheses represent the relationship between various constructs used in the model and reviewed.

CHAPTER-3

CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

3.1 Introduction

The preceding chapter reviewed the critical and relevant literature to set the theoretical foundation for the thesis. By reviewing current literature several constructs of relationship marketing in relation to customer retention were identified, examined and discussed. This chapter discusses the conceptual framework of Customer Retention Strategy (CRS) and presents the hypotheses to be empirically tested. The conceptual framework establishes the association of various relationship marketing (RM) constructs with customer retention. The chapter is segmented into various sections and subsections.

Various constructs of relationships marketing (RM) are discussed in the opening section and their consequences, with the aid of relevant theoretical underpinnings based on which various research hypotheses were established and discussed. To integrate various constructs into one holistic model a conceptual model of customer retention strategy was proposed and was tested empirically. The final section presents the chapter summary.

3.2 Consequences of Relational Bonds

Organisations in current competitive markets are looking for various strategies to be employed to increase customer retention and researchers are investigating and developing various meaningful models, theories and strategies. Relational bonds are such a powerful strategy and are becoming of paramount importance for service providers to create long-term buyer-seller relationships (Wilson, 1995), and as discussed in chapter 2, relationship bonds have been identified as one of the major components in long lasting buyer seller relationships (Dwyer et al, 1987; Liljander and Strandvik, 1995; Wang et al, 2006).

Although, in service marketing literature, there are many different categories of bonds that have been found, a substantial number of scholars have identified three main forms of bonds that have had a profound effect on relationship development, these are financial bonds, social bonds and structural bonds. Berry (1995) has identified these three bonds and stresses that the degree of relationship that exists at each level varies. He further pointed out that to create a high level of competitive advantage, service providers must build a high degree of relationship and this is only possible when organisation integrates all these bonds together. Wang et al (2006) found that both structural and social bonds have had a profound effect on high involvement products, while financial bonds are important for low

involvement products. Cann and Sumrall (1997) focused on the social bonding in the service encounter and found that a higher level of customer satisfaction can be achieved through social bonding and in turn long-term commitment. Cater (2008) also focuses on the importance of social bonds for creating trust in marketing, while the other researchers focus on different types of bonds (Berry and Parasuraman, 1991; Wang et al, 2006,).

To create long term customer relationships and retention this thesis includes bonds which are considered as a composite measure comprising three distinctive, yet interrelated elements: financial, social and structural bonds, although each element has a different effect on relational quality and relationships.

3.2.1 Bonds and Relationship Quality: Trust

As discussed in chapter 2, the concept of relational quality is considered in this thesis comprising of three major dimensions: trust, commitment and satisfaction. However, for this study these dimensions were not considered as a composite measure, rather each dimension is treated individually. In contrast, the concept of bond is considered as a composite measure comprising three distinctive yet interrelated elements of financial, social and structural bonds rather than as individual constructs.

Relational bond is pivotal to create long lasting buyer seller relationships and to foster customer loyalty. Coulter and Ligas (2004) pointed out that customers do not only receive financial benefits from a service provider, but also expect to receive relational and social benefits. According to Liljander and Strandvik (1995), due to strong bonds many unsatisfied customers may have strong relationships with organisations. To develop this bonding process, trust has been considered as one of the most important key constructs (Berry, 1995). Social bonds are important antecedents of trust in the service encounter (Morgan & Hunt, 1994) and trust is intrinsic in relationship building. Many previous studies highlighted the importance of bonds to overall organisational performance by enhancing customer satisfaction, trust and commitment (Wang et al, 2006; Cater and Cater, 2009; Chen and Chiu, 2009; Huang et al, 2014).

Various literatures suggest the importance of bonds in creating trust in relationships between buyers and sellers. Hakansson and Snehota (1995) discussed the importance of social bonds between individuals for mutual trust and Carter (2008) proposed that social bonds positively influence trust and are empirically tested. Gruen et al (2000) pointed out that relational bonds could effectively increase customer trust. Bonds have been seen as the precursor of trust in many studies such as Rodrigues and Wilson (2002) who found that to create a high level of trust, social bonding is very

important for collectivistic Mexican managers, while for individualistic culture (i. e. USA) structural bonding has a direct relationship with trust.

The above discussion suggests that relational bonds comprising financial, social and structural have a positive association with trust. Therefore, it is assumed that the higher the level of bonds in relationship, the greater the degree of customer trust. The following hypothesis is developed based on the relationship between bonds and trust:

H1: As bonds trajectory rises in relationship, customer trust rises simultaneously

3.2.2 Bonds and relational quality: Commitment

To create long term customer relationships, commitment is vital. According to Morgan and Hunt (1994), for the creation of the most successful relationship in marketing, the existence of trust and commitment is of paramount importance. They have stated further in their definition of relational commitment that this is the accepted phenomenon by the exchange partners, that ongoing relationships with key customers and other stakeholders is vital to establish that relationship and sustain it for a long period of time. This explanation directly corresponds with the definition proposed by Moorman, Zaltman and Deshpande (1992). They proposed that relational commitment is an everlasting aspiration to create and manage mutual relationships with parties involved in the relationships for a longer period. The concept of endure desire means both parties involved in relationships must have positive intentions to build and maintain the relationships for mutual benefits. This is only possible when both parties accept that relationship is central and most important and hence build valued relationships. As these valued relationships tend to add additional values for both parties, hence, such relationships can continue over a period of time...

Berry and Parasuraman (1991) also asserted that mutual commitment is the foundation for building relationships and there is no cemented rapport without any commitment. In an Indian context study, conducted by Dash et al (2007) to understand the relationship between bonding and commitment it was found that social bonding and commitment is positively associated and in collectivistic society the effect of bonding on commitment is higher than in individualistic culture. Based on this premise the next hypothesis is developed. An empirical study conducted by Ziaullah et al (2014) in a Chinese e-retailing context, found that bonds have a significant effect on customer commitment.

H2: As bonds trajectory rises in relationship, customer commitment rises simultaneously

3.2.3 Bonds and relational quality: Satisfaction

Bonds can have a profound effect on influencing customer satisfaction and building long lasting relationships between organisation and customer (Cann and Sumrall, 1997). As suggested in the previous chapter, relationships bond identified three major variables of trust, commitment and satisfaction. The degree of relationship between parties lies on the type of bonds that exist in the relationships. The importance of financial bonding tactics was discussed in various literatures to foster relational quality, in particular to increase customer satisfaction. Customers are price sensitive and financial bonding tactics could be applied at the initial stage of the relationship building process, as an economic reward to customers (Berry and Parasuraman, 1991; Berry, 1995; Dwyer et al, 2006). According to Cann and Sumrall (1997), a higher level of customer satisfaction can be achieved by using various instruments of social bonding between the salesperson and customer and in turn long-term commitment. Salespeople can play a vital role in implementing social bonding through personalisation and emotional attachment with the customers, which will build strong trust and commitment between the two parties. Social bonding is regarded as an important step in relationship building (Berry, 1995; Wilson, 1995) and in the current retail environment bonding tactics play a dominant role (Crosby et al 2006). Various literatures also addressed the concept of bonds in relation to improving customer behavioural loyalty (Berry and Parasuraman, 1991; Berry, 1995; Wang et al, 2006). An empirical study conducted by Chen and Chiu (2009) in a Chinese e-retailing context was achieved by developing a conceptual model. Their study indicates that customer satisfaction is directly influenced by financial bonds.

Wang et al (2006) undertook an empirical investigation to examine the relationship between relationship bonding tactics and customer behavioural intentions. Their investigation suggests that relationship-bonding tactics has a positive association in influencing relationship quality. However, the same study suggests that structural bonds are the most significant factor in influencing relationship quality. According to Sheth and Parvatiyar (2000), structural bond is considered at the highest level of relationship building. Therefore, based on the above discussion it can be agreed that bonds have a direct positive effect on customer satisfaction. Therefore, the following hypothesis is established, to see the link between the two variables: Satisfaction and bonds

H3: As bonds trajectory rises in relationship, customer satisfaction rises simultaneously

3.3 Consequences of Service quality

As discussed in ch2, for building a successful customer relationship and enhanced customer loyalty, retention and overall organisational performance, the concept of service quality has been considered as one of the key constructs (Ennew and Binks, 1996), The concept has become one of the most powerful competitive weapons and discussed topics in marketing literatures (Berry, 1995; Clottey et al 2008; Grewal et al, 2009). Delivering quality service is considered as an important strategic dimension for the organisation to sustained and prosper in a competitive and hostile environment (Dawkins and Reichheld, 1990) and for enhancing customer loyalty it is the central premise (Zeithaml and Bitner, 2003). In long-term buyer seller relationships, various dimensions of service quality can influence the consumer repurchase intentions. Therefore, it is of paramount importance for service providers to understand the service quality dimensions and deliver the best quality to their customers, which in turn increases customer satisfaction and customer loyalty. Various literatures indicate (discussed in ch-2) that service quality positively influences relationship quality. The concept of service quality has been considered as multidimensional constructs (Mosahab et al, 2010). Gronroos (2004) have identified the three major dimensions of service quality as technical quality, organisation's mental picture and performance quality, while in their further research projects Zeithaml et al (1996) identified five constructs of service quality: Reliability, tangibles, responsiveness, empathy and assurance and for the purpose of this thesis the dimensions identified by Zeithaml et al (1996) are used as major dimensions of service quality. A substantial number of studies found positive relationships between service quality and relational quality (Sivadas and Baker-Prewit, 2000; Wong and Sohal, 2006; Mosahab et al, 2010; Adoyo et al, 2012.)

Based on the previous literature this thesis has identified the linkages between service quality and two components of relationship quality (trust and satisfaction), that is discussed in the following section and explains the hypotheses.

3.3.1 Service quality and relational quality dimensions (Trust and satisfaction)

Wong and Sohal (2006) posit that trust is directly influenced by service quality. An empirical study conducted by Chiou and Droge (2006) also identified service quality as a predictable factor of customer overall satisfaction and directly associated it with trust. According to Doney and Cannon (1997), there are consumers who evaluate service providers in order to gain trust and they use various explicit and implicit cues, quality is one of the most important cues. Wong and Sohal (2006) proposed that various factors of service quality such as respectful behaviour to customers, sales personnel knowledge in relation to customer enquiry, and the capability to

handle customer's complaints have a direct relationship in building a higher level of trust.

Sivadas and Baker-Prewitt (2000) conducted a study in the context of retail departmental stores to investigate the impact of service quality on customer satisfaction. The findings suggest that there is a direct and positive relationship between these two constructs. The results further indicate that service quality influences customer's relative attitude and satisfaction. In their conceptual framework of outcomes of social bonding in service encounters, Cann and Sumrall (1997) used the tie between satisfaction, service quality & trust and empirical evidence shows that organisation can increase customer satisfaction and trust by increasing quality of service and trustworthiness and satisfied customers will be more committed. As discussed above, other substantial literatures of service management established the phenomenon that quality is one major dimension of satisfaction (Dick and Basu, 1994; Anderson et al, 1994) and Sivadas & Baker -Prewitt (2000) see service quality as a precursor of satisfaction and the relationship between satisfaction and service quality was found to be intuitive. Mosahab et al (2010) also found a positive connection between satisfaction and service quality.

Therefore, the researcher acknowledges the relationship between service quality and relational quality dimensions (i.e Trust and satisfaction) and hence, the following two hypotheses:

H4: As service quality trajectory rises, customer trust rises simultaneously

H5: As service quality trajectory rises, customer satisfaction rises simultaneously

3.4. Trust and commitment

In the context of buyer-seller relationships, Bejou et al (1996) conducted a study to understand the role of ethics, trust and knowledge. To address the impact of salespeople's perceived characteristics, they have developed a conceptual framework of relational satisfaction. According to the study's findings, they have acknowledged that it is essential that salespeople must have an adequate understanding about the organisation, its products, services, and customer knowledge to maximise their satisfaction effectively. Therefore, the degree of relationship between buyer and seller will depend on the salesperson's quality of knowledge and interaction with customers and their ability to understand their customer's requirements (Bejou et al (1996). Their conceptual model was based on seven interrelated factors: duration of the relationship, customer orientation, sales orientation, customer satisfaction, trust, expertise and ethics. Findings suggest that

trust is directly related to relationship building and enhancing customer commitment.

According to Morgan and Hunt (1994), for building successful relationships, the existence of trust and commitment is important. Kumar (1996) referred trust as the "antithesis of power" and asserted that trust leads to cooperation in a manufacturer-retailer relationship. A study conducted by Adoyo (2012) on interrelationships between relationship quality and customer loyalty found that trust and commitment is positively correlated. They further asserted, that strong customer trust to service providers ensures commitment to their relationships. Various antecedents of trust such as service provider's ability and reliability, benevolence, credibility, integrity and predictability are important for building trust which ultimately leads to higher commitment. This phenomenon also found in other substantial studies (Donio et al, 2006; Caceres and Paparoidamis, 2007; Sohail, 2012; Boora and Singh, 2011). Thus, the next hypothesis is developed to establish the relationships between trust and commitment.

H6: As trust trajectory rises, customer commitment rises simultaneously

3.4.1 Customer satisfaction and commitment

Nearly two decades ago, Anderson et al (1994) found that customer retention is influenced by customer satisfaction that leads to increased customer repeat purchase behaviour. The level of satisfaction depends on the difference of the customer perceived performance and expectations (Kotler, 1994). Customers are highly satisfied when performance exceeds their expectation; on the other hand, if the performance is below expectations, the customers are dissatisfied. Satisfied customers are more emotionally attached to the organisation and therefore, creates high brand loyalty (Kotler, 1994).

Various literature, as discussed in the previous chapter (Chapter-2), indicates that customer's relative attitude and satisfaction are influenced by service quality. In general, satisfied customers are more committed to a specific store and such customers are always loyal and happy to recommend to friends and relatives (Heskett, 2002). A satisfied customer with repurchase intention, will be more loyal to a store. Hennig-Thurau et al (2002) stated that customer satisfaction has a direct impact on customer commitment as a high level of customer satisfaction influences customer repeat purchase behaviour. High levels of satisfaction create commitment-inducing emotional bonds and any successful business relationships enhance customer satisfaction, which in turn increases business profitability (Caceres and Paparoidamis, 2007). Also, satisfaction is associated with the fulfilment of customers' social needs, and thus repeated fulfilments of these social needs lead to a

stronger commitment from the customer to the service provider as it creates emotional bonds (Hennig-Thurau and Klee, 1997). In relationship marketing, literature satisfaction has been conceptualised as a key variable of relationship quality (Caceres and Paparoidamis, 2007) and service personnel friendliness and knowledge of the customer are the most important determinants of customer satisfaction (Shamadasani and Balakrishan, 2000). Other studies also found the positive influence of customer satisfaction on customer commitment (Donio et al, 2006; Boora and Singh, 2011; Adoyo et al, 2012). Therefore, the following hypothesis is established to show the relationship between satisfaction and trust within the food-retailing context.

H7: As customer satisfaction trajectory rises, customer commitment towards the store rises simultaneously

3.5 Consequences of relationship quality

Palmatier et al (2006) argue that the main purpose of adopting relationship marketing is to gain and increase customer loyalty. Various literature has identified trust, commitment and satisfaction as the main predictor construct of customer loyalty (Hennig-Thurau and Klee, 1997; Chaudhuri, 2003; Crosby et al, 1990; Kim and Cha, 2002; Wang et al, 2006, Palmatier et al, 2006; Mosahab et al, 2010; Adoyo et al, 2012; Boora and Singh, 2011). Hennig-Thurau et al (2002) regarded relationship quality as a meta-construct comprising of three core interrelated variables of trust, commitment and satisfaction. From the above discussion, it is clear, that relationship quality influences customer loyalty and the following section explains the hypotheses in relation to relationship quality and loyalty.

3.5.1 Relational quality (Trust, Commitment & Satisfaction) and loyalty relationship

Hennig-Thurau et al (2002) suggested that customer loyalty is directly influenced by trust and commitment and the level of customer loyalty will be higher when the customer has a positive perception of trust. Service encounter always creates an opportunity to establish trust and enhance customer loyalty Bitner (1995). However, Bitner (1990) viewed customer satisfaction as the most important antecedent of customer loyalty, which supports the view of Cronin and Taylor (1992). According to them, guest satisfaction can enhance their decision to use a specific brand of service. Many studies suggest that the final aim of customer satisfaction is to build customer loyalty (Sivdas and Baker-Prewitt, 2000; Bloemer et al, 1998 ;) which confirms the statement made by Anderson et al (1994), who posited that customer loyalty is determined by customer satisfaction. There are numerous studies indicating the positive relationships between satisfaction and loyalty (Anderson and

Sullivan, 1993; Hennig-Thurau et al, 2002). According to, Rust and Zahorik (1993), satisfaction is of central importance to customer loyalty. Many previous research studies on relationship quality indicate that one of the most important determinants of customer loyalty is quality of relationship (Crosby et al, 1994; Woo and Ennew, 2004; Ndubisi, 2004, Leverin & Liljander, 2006; Kunal & Khan 2013)

In a Korean discount retail context, Koo (2003) conducted an empirical investigation to examine relationships between store image, customer satisfaction and store loyalty, among retail patrons. By incorporating various constructs (Store image, customer attitude, satisfaction and loyalty), they have developed a conceptual model. The findings suggest that various store image characteristics have a direct impact on customer attitude towards a discount retail store that leads to customer satisfaction and ultimately customer loyalty. These findings support the study conducted by Bloemer and Ruyeter (1998) who posited that customer satisfaction has a direct influence on customer loyalty. Another study conducted by Ndubisi (2005) to understand the role of customer satisfaction and loyalty, also found the same relationships effect between these two variables. Boora and Singh (2011) asserts that there is a strong relationship between customer satisfaction and customer loyalty. He identified five loyalty constructs: satisfaction, Trust, commitment, communication and conflict handling.

Examining commitment, Reichheld and Sasser (1990) pointed out that committed customers are less likely to switch to a competitor and commitment & loyalty are interconnected (Caceres and Pappas (2007) and also proposed that relationship commitment has a positive association with loyalty. Based on the above discussion the following three hypotheses are developed to show the effect of relational quality on customer loyalty within the context of grocery food retailing. Auruskeviciene et al (2010) also found strong evidence in their study, that trust influences customer loyalty.

H8: *As trust trajectory rises, customer loyalty rises simultaneously*

H9: *As customer commitment trajectory rises, customer loyalty rises simultaneously*

H10: *As customer satisfaction trajectory rises, customer loyalty rises simultaneously*

3.6 Customer loyalty and retention

The main purpose of relationship marketing is customer retention (Gronroos, 1996) as customer retention can yield economic benefit for the organisation (Dawkins and Reichheld, 1990). The prime goal of customer retention strategy is to apply "zero

defection of profitable customers" by providing various product and service related attributes (Rust and Zahorik, 1993). In relationship marketing literature, customer retention has been conceptualised as multi-dimensional construct consisting of both attitudinal and behavioural constructs (Ennew and Binks, 1996) and loyalty has been seen as a core antecedent of customer retention. Although, to differentiate between loyalty and retention the authors have posited that loyalty, must be seen as an attitudinal construct, while a behavioural construct primarily relates to customer retention. To stress the importance of customer loyalty Bansal and Gupta (2001) posit that customer loyalty is not a choice but the only way of building sustainable competitive strategy. Food retailers must establish and manage a group of loyal customers for the organisational survival and sustain it in an intense competitive market environment (Huddleston et al 2003) which is in the line with Ndubisi and Wah (2005), who suggested that the organisation must turn its ordinary customers into loyal ones. Various literature, as discussed in the previous chapter, suggests that customer loyalty is seen as an important relationship outcome, which leads to customer retention (Dick and Basu, 1994; Ennew and Binks, 1996, Huddleston et al, 2004).

A two dimensional model of the degree of attitudinal strength and the degree of attitudinal differentiation is proposed by Dick and Basu (1994) they suggest that the highest relative attitude will lead to positive attitudinal differentiation and a strong attitude strength, while the lowest relative attitude will lead to no attitudinal differentiation and weak attitude strength. Furthermore, the two-dimensional model of relative attitude and repeat patronage leads to four specific conditions (loyalty, latent loyalty, spurious loyalty and no loyalty), suggesting that a high degree of loyalty leads to a high level of relative attitude and high repeat patronage. Therefore, consumers are more likely to possess a low search motivation for alternatives, as they are more committed and have a low level of intention to change the store. Thus, customers are more likely to stay with their first choice.

Oliver's (1997) loyalty model suggests that there are four mental stages which all customers should go through before their final behavioural action to purchase a product or service. This indicates that a customer who has a different level of loyalty at different stages and each stage exhibits a higher level of loyalty. The final stage of this loyalty model indicates that customers who are at the action stage of loyalty are more prone to stay with the organisation and have a high frequency of shopping behaviour. Businesses with high levels of customer loyalty enjoys great financial results and increase customer repurchase behaviour and loyal customers often recommend to other customers to shop at their suppliers. The lifetime profit of a

business can be increased by 75 percent by keeping an additional 5% of existing customers (Huddleston et al, 2004). Therefore, we can say that there is a direct relationship between loyalty and retention. Based on the above discussion the following hypothesis can be established:

H11: As customer loyalty trajectory rises, customer retention rises simultaneously

Table:-3.1: Sources of various constructs in the conceptual model

Hypotheses	Description	Relationship and sources
H1	As bonds trajectory rises in relationship, customer trust rises simultaneously	<ul style="list-style-type: none"> • Bond is considered as composite measures of financial, social and structural bonds as independent variables. • Social bonds are important antecedents of trust in service encounter (Morgan & Hunt, 1994) • Bonds related to Trust (Hakansson and Snehota, 1995) • Social bonds influence positively trust & tested empirically (Carter, 2008) • Relational bonds can increase customer trust (Gruen et al, 2000)
H2	As bonds trajectory rises in relationship, customer commitment rises simultaneously	<ul style="list-style-type: none"> • Smith (1998)-Bonds provide a foundation for relational quality (trust, commitment and satisfaction) and empirical results suggest that bond has positive relationship with RQ • Hsieh et al (2005)- bonds positively influence commitment and Satisfaction • Wang et al (2006) financial and social bonds positively influence trust, commitment and satisfaction but structural bond has no association
H3	As bonds trajectory rises in relationship, customer satisfaction rises simultaneously	<ul style="list-style-type: none"> • Cann and Sumrall (1997)-Bonds are associated positively with customer satisfaction, higher the level of social bonding, higher the level of customer satisfaction • Smith (1998)-Bonds provide a foundation for relational quality (trust, commitment

		<p>and satisfaction) and empirical results suggest that bond has positive relationship with RQ</p> <ul style="list-style-type: none"> • Hsieh et al (2005)- bonds positively influence commitment and Satisfaction • Wang et al (2006) financial and social bonds positively influence trust, commitment and satisfaction but structural bond has no association
H4	As service quality trajectory rises, customer trust rises simultaneously	<ul style="list-style-type: none"> • Cann and Sumrall (1997)-Organisation can increase customer trust by increasing quality of service • Wong and Sohal (2006)-Service quality is positively associated with trust • Chiou and Droge (2006)-Service quality is directly associated with trust
H5	As service quality trajectory rises, customer satisfaction rises simultaneously	<ul style="list-style-type: none"> • Chiou and Droge (2006)-Service quality as predictable factor of customer overall satisfaction and directly associated with trust • Sivadas and Baker-Prewit (2000)-SQ has directly influence customer satisfaction and tested empirically. • Cann & Sumrall (1997)-Organisation can increase customer satisfaction by increasing quality of service • Baker & Sivadas (2000)-SQ is an antecedent of customer satisfaction, Service quality has positive relationship with satisfaction and customer relative attitude
H6	As trust trajectory rises, customer commitment rises simultaneously	<ul style="list-style-type: none"> • Morgan and Hunt (1994)-Commitment - Trust model • Chowdhury (2003)- Trust vs. commitment and empirically tested • Caceres and Papparoidamis (2007) -Trust as an antecedent of commitment • Adoyo et al (2012)-trust and commitment is correlated positively

H7	As customer satisfaction trajectory rises, customer commitment towards the store rises simultaneously	<ul style="list-style-type: none"> • Heskett (2002)-satisfied customers are always committed • Hennig-Thurau et al (2002)-customer satisfaction positively influence customer commitment.
H8	As trust trajectory rises, customer loyalty rises simultaneously	<ul style="list-style-type: none"> • Shamadasani and Balakrishnan (2000)-Trust influence customer loyalty • Hennig-Thurau (2002)-trust directly influences customer loyalty • Bitner (1995)-Trust can increase customer loyalty • Sohail (2012)-Customer loyalty is influenced by customer trust • Boora and Singh (2011)-The effect of trust on customer loyalty is positive
H9	As customer commitment trajectory rises, customer loyalty rises simultaneously	<ul style="list-style-type: none"> • Hennig-Thurau et al (2002)- Customer loyalty is influenced by commitment • Caseres and Pararoidamis (2007)-commitment has a positive impact on customer loyalty • Boora and Singh (2011)
H10	As customer satisfaction trajectory rises, customer loyalty rises simultaneously	<ul style="list-style-type: none"> • Hennig-Thurau et al (2002)-Satisfaction has a significant and strong direct impact on customer loyalty • Bitner (1990)-satisfaction is an antecedent of customer loyalty • Anderson et al (1994)-Customer loyalty is determined by customer satisfaction • Rust and Zahorik (1993)-satisfaction is at the central to customer loyalty • Boora and Singh (2011) • Sohail Sadiq (2012)

H11	As customer loyalty trajectory rises, customer retention rises simultaneously	<ul style="list-style-type: none"> • Ennew and Binks (1996)-Loyalty has been seen as core antecedent of customer retention and customer retention has been conceptualised as multidimensional constructs based on attitudinal and behavioural. • Dick and Basu (1994)-Loyal customers are always stay longer • Huddleston et al (2003)-Positive association between loyalty and retention
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It has been clearly stated in previous chapters that the main concern of this thesis is to advance our knowledge of the relationships between CRM and customer retention in the grocery food retailing context in Bangladesh. The thesis, for the first time, incorporates the concept of bonds, Service Quality, Relational quality, Customer loyalty and customer retention in a single model. The thesis used 11 hypotheses to understand the linkages between various constructs. Only there is no hypotheses consequences for customer retention as it has been used as a final predicted construct in the conceptual model. All these hypotheses were found in previous studies, but in different cultural contexts. Many previous studies provided empirical evidence for supporting a positive association between various constructs (see table 3.1). Although, the wording of the hypotheses was modified slightly, the reasons for using the hypotheses that have been tested and confirmed in the West are:

- I. **Lack of studies:** The review of literature indicates that most of the previous research was conducted in this area in mainly developed regions and a very limited number of studies have been carried out in a Bangladeshi context or similar cultural setting
- II. **Reliability and validity:** As they provided empirical evidence for supporting positive relationships between various constructs
- III. **New context:** It will provide an opportunity to understand their application in a different cultural context

3.7. Proposed conceptual framework of Customer Retention Strategy: An overview

The main research aim of this thesis is to examine the impact of relationship quality on customer retention in the grocery food retailing sector in Bangladesh. The model integrates the concept of bonds, service quality and components of relational quality (Trust, commitment and satisfaction) into one relationship model to show the

relationship between these five constructs, customer loyalty and finally the independent variable of customer retention.

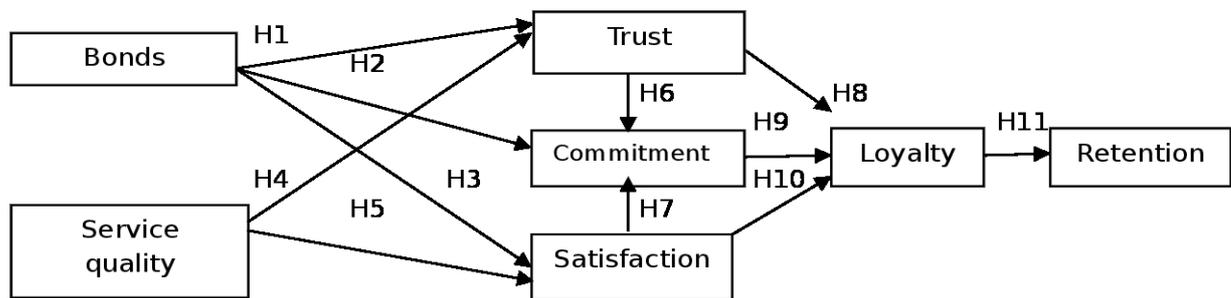


Figure-3.1: Proposed conceptual framework of customer retention strategy (CRS)

Based on the extensive literature discussed in the previous literature review chapter, the proposed conceptual framework of customer retention strategy shown in the above figure 3.1, establishes 11 hypotheses, those were tested empirically. Hypotheses H1, H2 & H3 link to bonds and relational quality elements comprising trust, commitment and satisfaction. Hypotheses H4 and H5 developed in relation to service quality and two major components of relational quality (trust and satisfaction). Relational bonds in this thesis are seen as composite measures comprising social bonds, financial bonds and structural bonds. While this thesis considers relational quality, not as a composite measure comprising trust, commitment and satisfaction but rather treated as an individual element. Bonds and service quality are the first steps for the service provider to create customer trust, commitment and satisfaction, while customers use them as a precondition to evaluate the service provider's service provision for the shopping decision to be taken. Therefore, these two variables are exogenous constructs in this thesis as they build the foundation for a long-term buyer seller relationship. In terms of relational quality, three variables are found to be more common and have interconnectedness to create a stronger relational outcome, which in this case is loyalty. These variables are: trust, commitment and satisfaction, which are treated individually in this thesis and these relational variables, plus loyalty and retention, are treated as endogenous constructs, for the thesis. However, retention is an independent variable in this thesis, which has backward linkages with other exogenous and endogenous constructs. Therefore, within the relational quality, two further hypotheses were developed which show the relationship between trust and commitment (H6) and satisfaction and commitment (H7). Once the relational quality is achieved and combined the relational outcome will be found strong. Hence, the individual effect of relational quality construct on customer loyalty is justified by the further three hypotheses of H8 (trust & loyalty), H9 (commitment & Loyalty) and H10 (satisfaction & loyalty). The final hypothesis shows the association between loyalty

and retention (H11). Bonds and service quality provision are very important for both customers and service providers to create long term buyer-seller relationships in which trusted, satisfied customers are more and more committed towards the service provider. Thus, to create customer loyalty and loyal customers is to be more prone to retain within the organisation. This conceptual model indicates the relationships between service quality, bonds and relational quality and their effect on customer loyalty and retention.

3.8. Conclusions

This chapter discusses the conceptual model of customer retention strategy. As discussed earlier the main objectives of this thesis is to examine the impact of CRM on customer retention in a grocery-food retailing sector in Bangladesh. This proposed conceptual model identified various constructs and examines the relationships between these constructs. The model incorporates the concepts of bonds, service quality, relational quality (trust, commitment & satisfaction), customer loyalty and customer retention into a single model, which establishes 11 hypotheses to establish the casual relationships between these constructs.

Consistent with the literature the conceptual framework has been integrated with the dependent constructs such as bonds, service quality and relational quality and loyalty with an independent construct of retention. It is important to note that various constructs have been reviewed and used to develop the conceptual model, which have not been used previously by integrating all these constructs into one single model. By understanding the context and location of this study, the inclusion of bond and the use of loyalty and retention, as an independent variable in the model in which loyalty is seen as an attitudinal and retention as a behavioural construct (Ennew and Binks, 1996) rather than as the same phenomenon (Zeithaml et al, 1996) provide a clearer and better understanding of the relationship building process among various parties involved in the relationships. Most of the time, literature has used customer loyalty as synonymous with customer retention, while these two are different as stated above. Therefore, this model gives a holistic view of customer retention strategy.

The methodologies applied to test this model are discussed in the next chapter, which explains the methods; techniques were used to collect the data, sampling size and its justification, questionnaires development and pre-test methods were applied, also data collection methods and methods of interpretation.

CHAPTER-4 RESEARCH METHODOLOGY

4.1 Introduction

This chapter discusses the research approaches, techniques and instruments employed for this thesis. It details the research paradigm and approaches adopted to examine the conceptual framework and various constructs in relation to relationship marketing and tests the various hypotheses discussed in chapter 3. It also addresses the research questions discussed in chapter 1. This chapter is divided into several segments. After the introduction, the second segment gives an overview of the research methodology used in this thesis (section 4.2), a synopsis of the research paradigm from ontological and epistemological perspectives, are discussed in section 4.3. The next section (4.4) discusses the rationale and justification for using quantitative research and a questionnaire survey. It also details the use of self-administered questionnaires and procedures, questionnaires development, and pre test mechanism including, an expert panel, a focus group and in-depth interviews. The next section (section 4.5) explains the methods and procedures for the scale and instruments development. It also discusses the original academic sources of various items that are used for each construct. Section 4.6 looks at the final survey procedures. It details the sampling framework and rationale for the sample location and final data collection procedures. Section 4.7 discusses the data analysis methods and variable measurement followed by the next section (4.8) which discusses the reliability and validity analysis. The methods of conducting audio and video evidence and the ethical issues for conducting the final survey were discussed in section 4.9 and 4.10. The final section focuses on the chapter summary.

4.2 Overview of Research Methodology

According to, Saunders et al (2007), research involves an investigation leading to discovering and increasing knowledge in a systematic way. To respond to the various research questions and test various hypotheses established in this thesis and to find out the relationship between variables, the researcher has adopted a research methodology, which is most appropriate for the purpose of this thesis. There are two main approaches of research, which can be used in any research investigation: deductive and inductive approaches. Saunders et al (2007) pointed out that a deductive approach should be used as a suitable method when developing a research strategy to test hypotheses, while for the development of theory an inductive approach should be used. To give a clear explanation on how to design deductive research strategy, Robson (2002) suggested five distinctive stages: (i) based on the theory hypotheses should be developed; (ii) Operational terms should be used to express the hypothesis (es), and relationships between constructs that are

offered; (iii) hypotheses are tested empirically; (iv) investigate the individual outcomes of the enquiry; (v) where required, adjusting the theory. Therefore, a deductive approach was found to be the most suitable for this study.

In this thesis, various constructs were identified based on the literature and hypotheses which were generated. To identify the relationship between variables and test the hypotheses a deductive approach is the most appropriate and justifiable method. Saunders et al (2007) clearly stated that in a deductive study, it is important to establish a causal connection between various constructs and operational terms. This approach should be used for all constructs so that they can be measured numerically/quantitatively.

This study has used four (4) leading organised grocery superstores in Bangladesh. They are: Agora, Meenabazar, Nandan and Shapna. The criteria used to select these stores were: sales volume, market share of the store, status of ownership and period of operation. The study investigated customer demographic characteristics, practices and implementation of CRM, relationships between CRM and customer retention and the level of customer loyalty. Oliver's (1997) four (4) stages of loyalty framework were used to investigate the intensity of food consumers loyalty.

A positivist research paradigm and quantitative survey methodology has been adopted. To collect field data in relation to the various constructs used in the theoretical framework of customer retention strategy discussed in the preceding chapter (chapter-3), self-administered questionnaires were used. A total of six constructs were used and these are: service quality, bonds, satisfaction, trust, commitment, customer loyalty and retention. To understand the behavioural patterns of the consumers, the quantitative approach is the most frequently used method (Saunders et al, 2007). Many scholars agree that an appropriate and suitable data generation instrument is structured questionnaires (Chisnall, 1997; Saunders et al, 1997). To operationalise various constructs a 5 (Five) point Likert-type scale was used and various items were selected from previously tested scales to measure various constructs (see section 4.4). Many previous studies adopted this type of instrument and widely used it as the most effective research instrument in the study of consumer behaviour (e.g. Bloemer, Ruyter and Wetzel, 1999; Wong and Sohel, 2003; Leng and Botelho, 2011, Yeng and Matt, 2013).

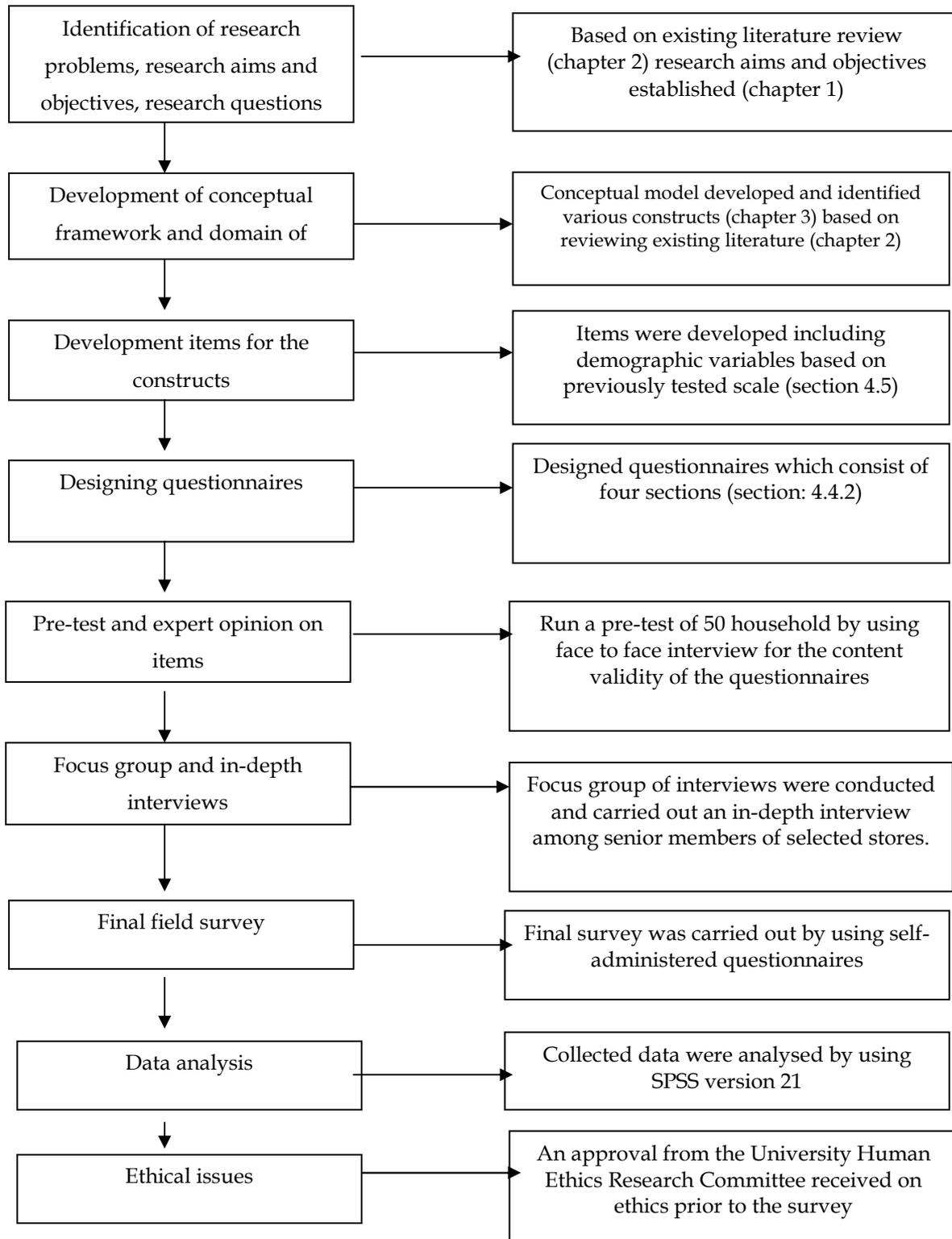
To understand the content validity of the questionnaires and gain an insight into whether subjects will be able to answer the questions adequately, a pilot study (pre-test) was conducted among 50 households in Dhaka, Bangladesh. Each household received the questionnaire with a stamped address envelope for the return of the

completed questionnaire. The researcher at the doors collected household names and addresses and at the car parks of the selected stores in Dhaka and special permission was obtained from the senior management of that superstore beforehand, so that there would not be any problems in talking to the shoppers and collecting their details. Twenty-one households (58 per cent) of this sample returned the questionnaire within the three weeks specified. Overall, the results were regarded as satisfactory, with no more than the anticipated number of omissions. Before conducting the pilot study/pre-test, to define and curb the study topics, and gain an adequate insight about the sector and consumers attitude towards organised stores, a focus group interview was carried out among a group of retail shoppers. Mail questionnaires were used to collect the final field data, previously delivered to the subjects including a stamped address envelop so that they could send the completed questionnaires without incurring any financial costs. In-depth interviews were also conducted to gain an insight about CRM practices and realities in Bangladesh, among the senior management of selected superstores during the pre-test.

The final survey was conducted during November-December 2011. An English version of the questionnaires was used to collect the data from the respondents. The pre-test reveals that the shoppers are more comfortable with the English version of questionnaires than the Bengali one (see section 4.4.3).

The collected field data was analysed by using the SPSS version 21. SPSS is an extensively used system of computer programs for data management and statistical analysis. In addition, ethical issues were taken seriously, in order to fulfil the University Human Ethics Committee requirements. The following table shows diagrammatically the methodological aspects of this thesis.

Diagram-4.1: Overview of Research Methodology



Source: Developed for this thesis

SECTION-A: PHILOSOPHICAL ASPECTS OF RESEARCH METHODOLOGY

4.3: Research Paradigms and its relevance for this study

When undertaking research in social sciences it is imperative to understand the various research paradigms and the subjects of ontology and epistemology as they may greatly influence the way actual research enquiry is investigated (Flowers, 2009), These various concepts describe assumption, beliefs, truth and reality, knowledge and knowing and hence, it is essential to have an adequate understanding of the philosophical basis of these concepts, so that appropriate methodological approaches can be adopted and those methodological approaches become congruent to the research aims and objectives (Flowers, 2009). Consistent with this position, Blaikie (2000) strongly argued that social science researchers must consider these research paradigms as part of a series of theories, otherwise, use of any research methodology will be incompatible with the investigation and final research outcome will have a lack of coherence. Blaikie (2000) further asserts that in social science research, "free will" aspects of humanistic components add more complexity and hence an understanding and application of these philosophical concepts are becoming more relevant in conducting research.

According to, Hatch and Cunliffe (2006), a varied and different knowledge can be acquired from different philosophical perspectives, by observing the same phenomenon in different ways. Tuli (1999) acknowledged that social science researchers argue that relative preferences and relevance of each research methodology depend on underlying philosophical issues related to the concept of ontology and epistemology. Therefore, this section of the chapter discusses in detail the concept of ontology, epistemology and various research paradigms (only positivism and interpretivism) in order to justify the research methods and approaches that were used for the purpose of this thesis.

4.3.1. Ontology

Ontology is the metaphysical study of the nature of reality which has been traditionally seen as part of the concept of "metaphysics" a major branch of philosophy. The concept describes our view on the nature of reality to understand specifically objective reality (i.e. reality exists) or subjective reality (i.e. reality created in our minds) (Flowers, 2009) which Blakie (2000) describes as the "study of being". Researchers, who take the view that the main objective of science is to develop and employ the most appropriate and objective methods to get the best outcome of reality (Ontology), generally explain how different variables interact, form and shape events and cause outcomes in quantitative terms with empirical examination. Hence, statistical predictions the most important contribution of this research (Tuli,

1999). There are a number of ontological assumptions we all have to make and these will affect our understanding on reality. Further questions may arise and they are, "How is the reality measured?" and, "What constitutes knowledge in this reality"? Ontological understanding will lead us to the doctrine of epistemology.

4.3.2. Epistemology

A branch of philosophy concerned with the nature and scope of knowledge and referred to as "theory of knowledge" (Flowers, 2009). According to, Eriksson and Kovalainen (2008), epistemology focuses on understanding, "what is knowledge" and "what are the sources and limits of knowledge", while Easterby-Smith et al (2008), consider this as the most effective and appropriate method of enquiring into the nature of the world and a theory of the science of the method and according to Hatch and Cunliffe (2006), epistemology as "knowing how you can know". The views of this concept can also be objective and subjective. Eriksson and Kovalainen (2008) posit that the objective view of epistemology suggests that the world exists and is external, while the subjective view does not recognise the existence of the outer world that is beyond our own interpretation and observations. Nonetheless, Saunders et al (2007) recognised that some scholars consider data collected from objects are an extraneous reality and is less likely to bias and hence, be more objective in nature. It is also important to acknowledge that statistical presentation of data is required to study social phenomenon, rather than in descriptive or narrative form, in order to establish any authority (Saunders et al, 2007). The above discussion leads us to discuss the next section on "research Paradigm" (Blaikie, 2000) or Research Philosophy (Saunders et al, 2007).

4.3.3. Research paradigms

Only two main research paradigms are discussed briefly; to distinguish the key components and basic sets of guiding principles and beliefs. The reasons for this choice are twofold: (i) Their prevalence in business and management research; (ii) they are used extensively as main research paradigms and other paradigms are developed and derived from them (Flowers, 2009).

a) Positivism

Positivism is based upon values of reason, truth and validity that focuses on gathering information and facts through personal experience and observation, and data that is tested empirically (Saunders et al, 2007). In positivism, research hypotheses are developed from the current theories and testing hypotheses empirically and hence, it is deductive in nature; this concept is associated with the quantitative approaches of research. Positivist researchers, believe that all social observations and phenomenon must be considered as entities in same way as

physical scientists consider physical phenomenon (Tuli, 2010). Positivists always consider that principles of cause and effects are most important to govern empirical facts and these facts are not determined by personal thoughts and ideas (Neuman, 2003).

On the contrary, interpretivist contended that reality is subjective, multiple and socially composed, explained, and experienced by its participants in their interaction with each other and an external social system (Maxwell, 2006).

b) Interpretivism/constructivism

This philosophical concept is associated with qualitative approaches of research, (Eriksson and Kovalainen, 2008) and self-reflection is important. Hatch and Cunliffe (2006), described this as anti-positivism while it was described as post-positivism by Blaikie (2000). It is contended that there are fundamental differences between natural science and social sciences. In social sciences individuals and groups make sense of a situation based on their own observation, experiences and expectations which leads to multiple constructions and reconstructions of meaning, resulting in many different interpretations (Flowers, 2009) and hence, multiple realities are considered by interpretations (Denzin and Lincoln, 2003). In this context interpretivists aim to create their own knowledge and understanding, realities are interpreted differently to understand their points of view in the context of a researchers own academic and research experiences (Hatch and Cunliffe, 2006). Therefore, interpretivism is based on theory building and inductive in nature. Easterby-Smith et al (2008), argued that the prime goal of researchers is to understand the meaning and interpretation of social actors, hence, interpretation of their world is based on their own point of view and is therefore highly contextualised and cannot be generalised.

Research paradigm for this study

This study applied a positivist position due to the nature of investigation. Extensive literature has been used to inform the study and develop various research hypotheses, and the study does set out to test these hypotheses empirically. The study is deductive rather than inductive. Therefore, there is a greater scope to generalise.

SECTION-B: USE OF RESEARCH METHODOLOGY AND JUSTIFICATION

4.4 Quantitative Research Using a Questionnaire survey

This section provides the justification of using the quantitative research approach and adopting a survey method by employing self-administered questionnaires for the purpose of collecting data from the subjects.

Quantitative research is deductive in nature and uses a positivistic doctrine. It uses scientific and an objective approach to fact findings. There are various stages of analysis approach that include determining the research problems, model development, data acquiring, establishing a solution and testing the solution, data collection, analysing the data and interpretation of the findings (Easterby-Smith et al, 2008). Quantitative research is working with numbers. Newman (1997), explained quantitative research methods as “an organised method for combining deductive logic with precise empirical observations of individual behaviour, in order to discover and confirm a set of probabilistic casual laws, that can be used to predict general patterns of human activity”, while Cohen (1980) defined it as “social research that employs empirical methods and empirical statements” which support Saunders et al (2007,) who stated that quantitative data are measured numerically as quantities. Newman (1997) defined quantitative research methods as “an organised method for combining deductive logic with precise empirical observations of individual behaviour in order to discover and confirm a set of probabilistic casual laws, that can be used to predict general patterns of human activity”, while Cohen (1980) defined it as “social research that employs empirical methods and empirical statements”, which supports Saunders et al (2007), who stated quantitative data are measured numerically as quantities.

Furthermore, Creswell and Oaks (2003), proposed a comprehensive and succinct definition of quantitative research method. According to Creswell and oaks (2003), quantitative research is used to analyse or describe social phenomena by gathering quantitative data that are analysed using numerical based methods.

In this thesis, the conceptual framework was used based on various variables found from the literature and established several hypotheses and research questions. According to Creswell and oaks (2003), in quantitative studies, research hypotheses and questions are employed to shape and focus the direction of the study. Although, questions are interrogative, statements on hypotheses are based on prediction about the relationships among variables. To test the hypotheses statistical methods are used (Saunders et al, 2007).

Furthermore, many previous studies have used this methodology extensively and successfully (such as Sivadas and Baker-Prewitt, 2000; Hennig-Thurau et al, 2002; Wang and Sohal, 2002; Lin et al, 2003; Alrubaiee and Al Nazer, 2010). Therefore, this method was found to be very suitable for the purpose of this thesis. As discussed above in a previous section, this thesis employed a deductive study, hence, a quantitative research was found to be the most suitable and appropriate method (Saunders et al, 2007).

4.4.1 Survey methodology by using a self-administered questionnaire

In this thesis, a self-administered form of survey method was used. Self-administered is defined as “data collection technique in which each respondent reads and answers the same set of questions, in a predetermined order, without an interviewer being present” (Saunders et al, 2007). This type of survey method is creating a radical shift in the 21st century from other types of methods and presents a challenge Esterby-Smith et al, (2008). According to the same author, the self-administered survey method is the dominant method of surveying which leaves interviewers out of the data collection process entirely. Esterby-Smith et al (2008), believes that the dominant forces behind the popularity and reliability of self-administered questionnaires are technological, social, economic and cultural changes. There are various advantages to using self-administered survey methods and some of these are:

- (i) **Cost effectiveness**-it allows for the collection of a larger data, in a cost effective way from a sizeable population (Saunders et al, 2007) and extensive training is not required to administer the survey (Esterby-Smith et al, 2008)
- (ii) **Reduction in biasing error**- various studies suggest that respondents answer differently in a personal interview, as compared to self-administered questions and there is no control over behavioural patterns of respondents (Yin, 1994). Therefore, it seems to give a better measure of the true feelings of respondents than other personal interviews.
- (iii) **Greater anonymity**- interviewers are not involved in the process of data collection, it provides greater anonymity (Dillman, 1998) and a high degree of privacy and convenience, as respondents are able to complete the questionnaires in the privacy of their home and at a time which is convenient for them (Yin, 1994)
- (iv) **High degree of efficiency**-it is quick and efficient and can be distributed in large numbers and involve less administrative time (Zikmund, 2003). This method is also very flexible and makes it

possible to ask many questions on a given topic and flexible in the analysis of the responses.

- (v) It is also easy to suggest possible reasons for, particular relationships between constructs when data were collected, by using these methods (Saunders et al, 2007). This thesis also used various constructs to generate hypothesis and identify the interrelationships between variables.

As there are many advantages of using these types of survey methods, there are some **disadvantages** too. (i) **Respondents errors**-as there is no opportunity for the interviewers to be involved in the process of collecting data, respondents may have misunderstood questions and so there is no opportunity for clarification; (ii) **Incomplete survey**-there are high degrees of incomplete and incorrectly filled out surveys and they always have lower response rates, more than other types (Sunders et al (2007). (iii) These types of methods require simple, and easy to understand questions, as there is no method for probing (Zikmund, 2003_, and (IV) **High response bias** due to lack of literacy, writing and reading difficulties, and interview recipients are less likely to respond. (Robson, 2002), (v) Moreover, for face to face interviews, refusal rate is found to be lower than postal questionnaires.

By understanding the various pros and cons of self-administered forms of survey methodology, this thesis adopted the methods it found to be more reliable, authentic, cost effective and the most efficient form of survey methods. Furthermore, various previous studies in Customer Relationship literature used this method extensively (for example, Morgan and Hunt, 1994; Liang and Wang, 2004; Wang et al, 2006).

4.4.2 Questionnaire development

Questionnaires are the most regularly used data gathering method (Saunders et al, 2007) as it is a highly effective way in gathering empirical data from large samples This method is widely used in relationship marketing literature (see Sivadas and Baker-Prewitt, 2000; Hennig-Thurau et al, 2002; Kim and Cha, 2002; Wang et al, 2006, Kumar and Vishvas, 2010). Therefore, in this thesis the questionnaires were used. Most of the items in the questionnaires were developed and selected from previously tested instruments. Initially 110 items were developed in relation to the key variables, such as service quality, commitment, trust, customer bonding, satisfaction, communication, loyalty and customer retention.

The questionnaires used in this thesis were divided into four sections. (See appendix). The **first section** focuses on the demographic characteristics of shoppers. Initially 12 items were developed and finally eight items were selected from those

which were very relevant and suitable to the subject. **Second to fourth** sections focus on the items which are based on the various constructs identified for this thesis. The **second part** of the questionnaires (Section A) which identified 18 items, were based on customer service provision, while the **next part (section B)** constitutes a total of 41 items focused on major variables. The **final part (section C)** has 10 items. Some items were open-ended.

Although, various literature suggest that questionnaires should start with the most important items and finish with the most sensitive questions like demographic variables (Sunders et al, 1997), this thesis by understanding the geo-social context of the respondents, the researcher decided to start the questionnaires with demographic information as it is self-administered.

During the questionnaires design stage, it was decided to take precautions and hence, the researcher placed substantial effort in relation to selecting the language, wording and phrasing of the sentences. This is to avoid any specialised terminology that can create problems for the subjects to understand and sometimes may confuse respondents. To improve the external validity of the questionnaires, much focus has been given to the content of the items. Hence, all items were reviewed thoroughly mainly to see whether they are fit for purpose and respondents can answer without countering any problems and confusion. Furthermore, to minimise respondents fatigue the questionnaire's length was kept as short as possible. Zikmund (2003), clearly stated that the length of the questionnaires should not exceed six pages. Another important aspect is that sometimes respondent's errors occur due to a respondent's unwillingness to provide the right or truthful answers. In such situations, the use of simple, carefully thought out language can help to minimise ambiguity and emotionally loaded statements. By considering all of the above facts, the researcher used simple, easy to understand, direct and non-technical language to minimise the effect of such errors.

Nevertheless, the pre-test (Focus group & pilot study) affirmed that it could be difficult for the subjects, if questionnaires were developed in Bengali and it would create difficulty for the respondents in understanding the questions and answering them appropriately. Although it is surprising, this is the reality for certain groups of people in Bangladesh. Despite Bengali being the mother tongue, many words used in this research to construct the items are known and are familiar in English rather than Bengali. Based on the feedback received from the pre-test, adjustments were made to the questionnaires, to reflect the respondent's recommendations. Therefore, the data collection that was used from the field, was the English version of

questionnaires. Notably, it worked very well and there was no indication of complexities or difficulties in responding to the questions by the respondents.

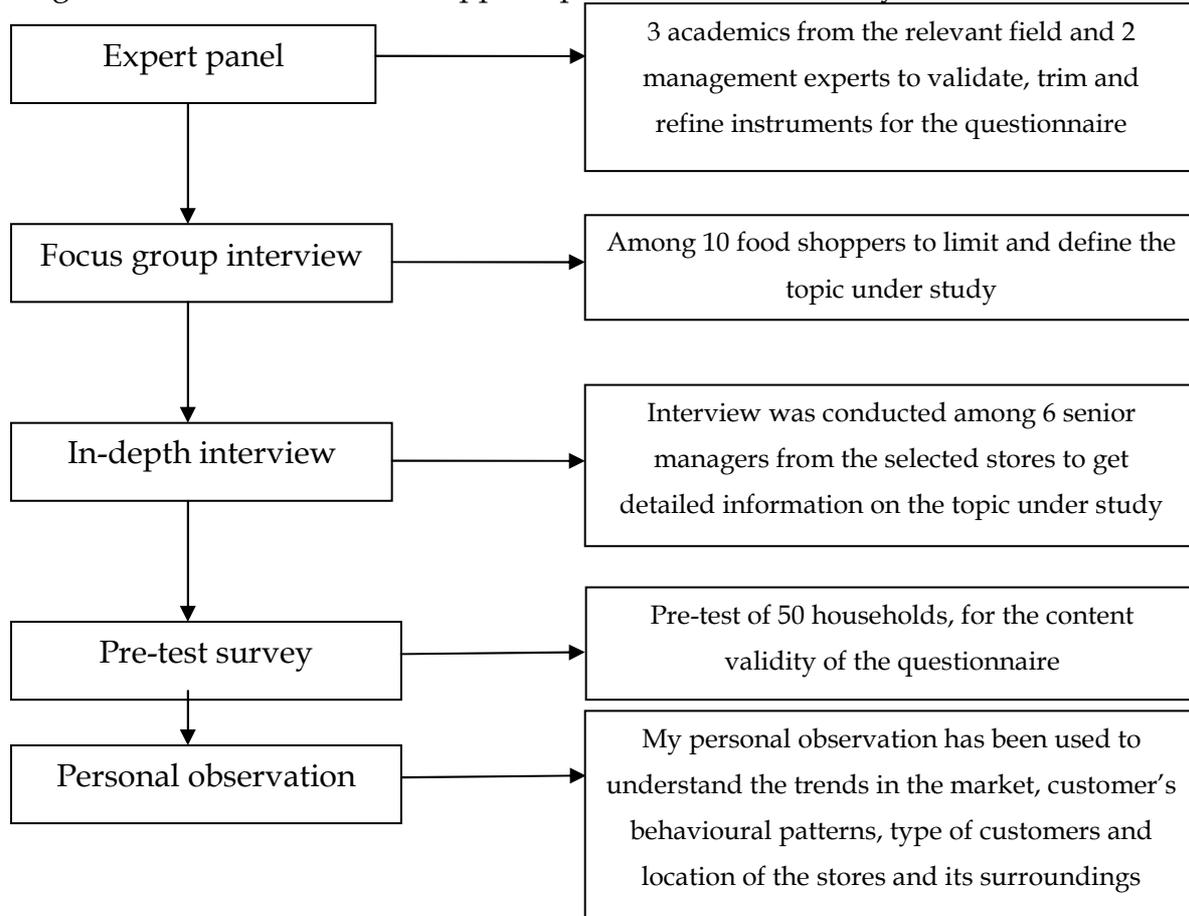
After getting the experts feedback and advice and adopting the principles of selection method total 66 items were selected based on the key variables and another 10 items were selected for the demographic characteristics of shoppers for further scrutiny by the research supervisors. Both supervisors looked at the questionnaires and analysed each item carefully to establish the content validity and feasibility of the items. After thorough examination of these items, finally 70 items were selected, including eight items for demographic characteristics. Some items were modified slightly on wording.

4.4.3. Pilot study: Justifications and procedures

A pilot study is generally carried out to enhance the content of the questionnaires. During the pilot study a respondent has the opportunity to evaluate the structure of the questionnaires, wording, by determining any difficulties or confusion in answering questions or any ambiguity, and to assess the length of time necessary to complete the questionnaires.

Saunders et al, (1997) asserted that the concept of a pilot study should be considered as a mini version of a full-scale study. The main aim of the pilot study is to reshape, refine and simplify the questionnaires, so that respondents can answer the questions without any problems and also it may be easier in recording the data. It is essential to carry out a pilot study before conducting any final study, as it can give advance warning about whether the proposed methodology or instruments are inappropriate or too complicated (Van Teijlingen and Vanora, 2001).

Diagram-4.2: Pre-test methods applied prior to the final survey



Source: Developed for this thesis

To make sure that respondents would answer the questions in the questionnaires correctly under actual field conditions it was decided to run a pre-test. To avoid any shortcomings of using one single method it was decided to use different combinations of approaches. As a result, an expert panel, focus group interview among a group of shoppers, in-depth interviews among senior management of selected stores and planned field survey methods were employed. My personal observation was also used as part of this method.

4.4.3.1. Expert panel opinion

This method was used to ensure the content validity of the items used in the questionnaires. A total of five members were part of the expert panel, which included three experienced academics from the relevant field, and two corporate experts with over 15 years of management experience in the respected field. Based on their opinion and consensus all questionnaire items were selected which was then scrutinised by the research supervisor for the final selection of the items.

4.4.3.2. Focus group interview

According to, Carson et al (2001), a focus group is a “group interview that focuses clearly upon a particular issue, product, service or topic and encompasses the need for an interactive discussion among participants”. The rationale for having the focus group prior to the final survey is to have a good understanding about the topic under investigation and also to see whether instruments are correct or need further modification in the questionnaires. Esterby-Smith et al (2008) stated that group dynamics are vital as they help to focus on the relevant issues and empower participants, who are able to make comments on their own. A focus group is important and can be used as a precursor to the development of structured instruments.

Therefore, a focus group interview was conducted among a group of food shoppers (mainly women homemakers) to limit and define the topic under study. The questionnaires were highly structured and contained straightforward questions. The respondents were informed that their food shopping behaviours were being studied, but they were not notified that they would be grouped according to their choice of supermarkets. The focus group interview was 45 minutes long and was grouped based on homogeneous characteristics that related to the topic being discussed (Saunders et al, 2007). The main advantage of having a homogeneous group is to have a good communication flow and also promotes an exchange of ideas and experience (Esterby-Smith et al (2008)). The focus group was conducted in Bengali, but all of the participants were advised by the moderator that the final survey should be conducted in English, otherwise some respondents may find difficulties in answering the questions, as the majority of the superstore goers are from a high middle or affluent class of the population cluster.

The whole focus group interview was moderated by the researcher and recorded by using audio tapping as recommended by (Robinson, 1999) and written notes were made.

4.4.3.3. In-depth interviews

The third method was used, as part of the pre-test prior to the final survey and was an in-depth interview among the senior management of the selected stores. The researcher conducted all in-depth interviews during October 2011. Dates of appointments were fixed with the top management in early October 2011, in order to avoid any last minute cancellation. All in-depth interviews were audio-recorded which according to Saunders; et al. (2007) will ensure that data is not lost. By taking this dual approach the moderator was able to assess various non-verbal reactions of the respondent.

There are altogether six (6) in-depth interviews conducted. Four of them were the Managing Directors while the other two were the Marketing Manager of the company and a Store Manager. Each interview lasted for a minimum of 30 minutes to one hour. All interviews were conducted at the office of the respondents. According to Saunders et al (2007), location should be convenient to the participants, where they will feel comfortable and where the interview can be without any disturbances. There were three types of questions asked to all participants. Initially all respondents were asked some background questions which included the background and history of the company, present situation of the company, customer segments-who buys, motivation of customers-what and why they buy? The second part of the interview was based on asking some general questions in relation to the understanding of CRM and CRM practices within the organisation.

Finally, the interviewer used 12 structured statements by using a 5 points scale from one (=strongly agree) to five (strongly disagree). An in-depth interview provides detailed information more than what is available through other data collection methods (Saunders et al, 2007). An in-depth interview was conducted for the purpose of this thesis to ensure that the final questionnaires for the final survey were accurate and appropriate.

4.4.3.4: Pre-test (Pilot study)

A planned pre-test (Pilot study) was carried out as part of the pre-test among 50 household in Dhaka, Bangladesh. Each respondent was selected based on the criteria that they shop at selected superstores and are responsible for household shopping. Each household received the questionnaires with a stamped address envelope for the return of the completed questionnaire. The researcher collected the household names and addresses at their house door and in the car parks of the selected stores in Dhaka. During the time of interaction with the subject, the researcher explained to them the aim and objective of this pre-test and how this information will be used. They were also assured that all information will be kept in confidence and will not be disclosed to third parties. Special permission was taken from the senior management of that superstore beforehand, so that there were no problems with talking to the shoppers and collecting their details. Twenty-one households (58 per cent) of this sample returned the questionnaire within the three weeks specified. Overall, the results were regarded as satisfactory, with no more than the anticipated number of omissions.

4.4.3.5. Personal observation

Successive visits to Bangladesh, especially to retail outlets in Dhaka has enabled me to observe trends and shopping habits. Whilst supermarkets are in a nascent stage in Bangladesh, they have already attracted a following amongst young professionals. Many of these young professionals are women who are seeking a more conducive environment in which to shop. The retail space is less crowded and free from casual footfall. Those who frequently visit such stores live in the more affluent areas and certainly appear, to all intents and purposes, reasonably comfortably off. The stores themselves would appear to have been deliberately situated in locations where there is likely to be a higher percentage of professionals, people who have their own transport and from my observation their own drivers. As a consequence the stores must endeavour to cater for their particular needs and wants.

4.4.3.6 The influence of the findings of the pre-test on the final questionnaires design

To understand the content validity of the questionnaires and gain an insight to whether subjects will be able to answer the questions adequately, and also to reshape, refine and simplify the questionnaire, it was decided to use combination of pre-test approaches that included an expert panel, focus group interview, in-depth interviews and pilot study. The findings of the pre-test has profound influence on final questionnaires design. The results from the various pre-tests helped substantially to redesign the final survey questionnaires in the following ways:

1. **Findings from focus group:** The focus group discussion affirmed that it will be difficult for the subject to respond to questions in Bengali. Therefore, the final questionnaires was in English when seeking opinion from the participants of the focus group about the questionnaires, almost all agreed that the Bengali version would be difficult for many respondents to answer, especially as certain Bengali terminology is often deemed recondite in nature. For example, one of the participants started to laugh and when asked for the reason for laughing, she replied:

"It is embarrassing Sir, some Bengali words are not understandable, although Bengali is our mother tongue".

Another stated:

Shelly: more than 25% words I did not understand. For me, it will be easy to use English version questionnaires.

While another participants made the following direct suggestion:

Monika: My opinion Sir, it will be easy for the respondents if they have English questionnaires. many people will not answer as they will feel irritated to read and understand few words in Bengali

When Moderator asked the group whether they recommend to use the Bengali questionnaires, all of them suggested yes

Similarly, recommendations were made by the participants to remove some questionnaires that were deemed sensitive in the context of Bangladesh. An example of this is as follows:

"Locally people are decidedly uncomfortable about responding with candour to questions about actual age, income and whether they live together with someone, the latter questionnaire would be deemed offensive in its implications".

Thus the focus group played an important role in helping mitigate the risk of alienating respondents. Based on the focus group discussion, It has been decided to use the questionnaires in English and also rather than asking direct question on age and income it has been decided to ask to chose the age and income group from a multiple groups.

- 2. Modification of demographic items:** The results from pilot study indicate that most of the respondents did not state their exact age and income. Age and income is a very sensitive issue in Bangladesh and people do not want to disclose this information to others. Therefore, in the final survey, asking straightforward questions on age and income were avoided. Most of the subjects did not answer the question

"would you mention whether you live with your-----".

As family in general is extended it has been decided to ask this question differently (i.e, please tell us the number of people in your household). This findings are also supported by the focus group discussion. The pilot study also had a great influence on the wording, on the order of the items, use of language, avoid any technical jargons etc.

- 3. Income:** Income is another sensitive issue in Bangladesh. People normally do not want to disclose their actual income, due to the high degree of corruption. Two questions were asked in pre-test. Most of the respondents did not answer the first option which was a straightforward-"your monthly income". Therefore, it was removed from the final survey. The focus group also

revealed that people will not respond to this direct question on income. In a focus group discussion one of the respondents made the following statement:

Munni: "Shadhinvhabe Bosobas" (living together), we do not use these.

Sheuli: "Munni is right Sir, our society is different, people will not respond some questions such as "Age", "income" and even use of "living together" is not acceptable".

Therefore, in final questionnaires, only one indirect question asked in relation to income. The respondent had option to chose the income group from a selection of groups

4. **Influence of In-depth Interviews:** In-depth interviews also influenced greatly on designing final survey questionnaires. Some of the items were chosen specifically due to the insights from in-depth interviews. For examples, items for convenience shopping (i.e service provisions) such as: car parking, convenient location, value for money, background music, quality branded & imported products etc. The following comments made by the interviewee proves this:

"CEO of MeenaBazar: When I say convenient this all types of convenient. For someone who drives he would like to see there is parking facilities, someone who does not go too far for their shopping and would like to have local organised store or someone who look for quality and price, we are there. We are convenience in all aspects. Price, quality, professional service and best service provisions are important".

Managing Director of Shapna explained the concept of neighbourhood superstore:

"WE have initiated the concept of "neighbourhood shop", therefore we have many shops in several wards and county Thana in Dhaka so that people do not need to travel too far. This neighbourhood shops to ensure that we reach to customer doorstep. Basic strategy was small shops but many rather than few shops but larger. Our products are available by 8am in the morning".

Same also echoed by the Managing Director of Meenabazar when he said:

"We are actually neighbourhood store. In Bangladesh especially Dhaka we do not expect travel far for your shopping. people buys their kacha bazar means fresh vegetables, fish, meat items and other grocery products from nearest open market. There is a big traffic problem in Dhaka. This is why we try to have more shops to cover most important areas in Dhaka. We try to serve only local people".

5. An expert panel helped to validate, trim and refine instruments for the questionnaires

4.5 Scale and Instrument Development

This section explains the selection of various items for the questionnaires. When choosing and selecting the items, they are very relevant to the subject of the thesis, the following considerations were placed:

- As the subject focuses on business to customer context of food retailing sector, the main emphasis was to identify the items which were relevant to only business and to customer markets, not business to business
- Items are relevant to the constructs that were identified in the literature and used in a conceptual model and also relevant to Oliver's four stages of loyalty model. Therefore, some items are not directly linked to the constructs used in the model but are useful as CRM attributes.
- Items were used previously by other researchers in similar setting so that content validity of the items is high.
- Selected only those items where there was consensus by the expert panellist, as discussed above, which was further scrutinised by the research supervisors.

The questionnaires construction consists as follows:

The first segment of the questionnaires was based on collecting respondent's demographic information. To obtain a major demographic profile, respondents were asked questions in relation to the following variables:

- Respondents age
- Educational background
- Employment status
- Gender
- Type of accommodation
- Level of income

The substantial body of literature indicates that the major demographic factors that directly influence customer shopping behaviour are: gender, age cluster, level of income, marital status, and status of employment, educational background and accommodation type. For the purpose of this research, a total of eight (8) statements were employed in relation to demographic characteristics. Due to the cultural sensitivity, age and level of income were found to be very sensitive to Bangladeshi consumers, as they would not be happy to disclose such information to any third parties. Therefore, asking straightforward questions was avoided.

Table-4.1: The questionnaire construction of statements for collecting the demographic variable

Demographic variables	Categories
Age	16-24, 25-34, 35-44, 45-54, 55+
Gender	Male, Female
Marital status	Single, married, Divorced, Widowed, Living together
Monthly Income	10,000-20,000TK; 20,001-30,000TK, 30,001-40,000TK, 40,001+TK
Educational qualification	Postgraduate level, graduate level, `A` level equivalent, `O` level equivalent, primary level
Number of people in household	1(one), 2(two), 3(three), 4(four), 5(Five), 6(six)+
Occupation	Full time student, full time employed, self-employed, housewife, retired, unemployed
Number of rooms available to your family	Single room, 2 rooms, 3 rooms, 4 rooms, 5 rooms 6+ rooms

The second part of the questionnaires design was centred on the key variables employed in the theoretical framework, to develop various research hypotheses and other important variables found in the literature. Variables were measured by using Likert -type point scale from one to five (1-5). The questionnaire's construction of 59 statements for measurement of key variables and the measurement of Bangladeshi consumers' store loyalty. The other three items were chosen to understand the number of years the shoppers have been residing in the city and number of stores they have been shopping at since they started to reside there. The shoppers considered further questions that were asked, to assess the number of good stores.

Table-4.2: Level of loyalty and number of statements

Level of loyalty	Factors	No. of statements
Cognitive loyalty	Price & quality consciousness	4(61, 62, 63, 64)
Affective loyalty	Customer satisfaction and other key variables (9 variables)	51
	1. Customer service provision	20(9-28)
	2. Trust	3(29, 30, 31)
	3. Commitment	2(32 & 33)
	4. Personalisation	2(34, 35)
	5. Bonding	5(36-40)
	6. Status consciousness	3(41, 42, 43)
	7. Customer satisfaction	2(44, 45)
	8. Loyalty & shoppers patronage behaviour	9(46, 47, 48, 49, 50, 52, 58, 59, 60)
	9. Retail image dimensions	5(53, 54, 55, 56,

		57)
Co-native loyalty	Recommendation to others and repurchase intentions.	2(51, 67)
Action Loyalty	Shopping frequencies.	2(65 & 66)

As discussed in preceding chapters, to measure Bangladeshi food consumer's level of loyalty, Oliver's (1997) four (4) stages of loyalty framework was used. The main purpose of employing such a framework was that it was developed in developed economies, to see whether the same framework is fit for purpose in the context of Bangladesh and if consumers follow the same behavioural patterns in relation to their loyalty compared to their western counterparts.

Table-4.3: Various constructs and number of items used in the questionnaires and their main sources.

Key constructs	Number of items	Sources
Service quality	20 items	Kumar and Vishvas (2010), Grace and O`Cass (2005), Sivadas and Baker-Prewitt (2000),
Bonds	5 items	Sivadas and Baker-Prewitt (2000), Alrubaiee and Al Nazer (2010)
Relationships quality <ul style="list-style-type: none"> • Trust • Commitment • Satisfaction 	Total 7 items 3 items 2 items 2 items	Sivadas and Baker-Prewitt (2000) Grace and O`Cass (2005) Odekerken-Schroder et al (2000) Grace and O`Cass (2005),
Loyalty	7 items	Grace and O`Cass (2005), Zeithaml, Berry and Parasuraman (1996), Kumar and Vishvas (2010),
Personalisation	2 items	Odekerken-Schroder et al (2000)
Status consciousness	3 items	Bishnoi et al (2009)
Retail image dimensions	5 items	Kumar and Vishvas (2010)
Price & Quality	4 items	Zeithaml, Berry and Parasuraman (1996)
Customer retention and others	7 items	(Sivadas and Baker-Prewitt (2000), Zeithaml, Berry and Parasuraman (1996)
Rest	2 items	Developed

Source: Developed for this thesis

Various constructs were operationalised by using the 5 point Likert scale, ranging from one (=very dissatisfied) to five (=very satisfied) for the first 10 items (items 9-18) while for items 19 to 60 strongly disagree (=1) and strongly agree (=5). For the statement of price and quality consciousness there were four items and scales were ranging from one (=definitely would not) to five (=definitely would). According to Chisnal (1997), the structured questionnaires are the widely used and suitable data collection technique for the main stage of the research. Therefore, the most important

constructs found in the literature and used in the conceptual framework were fed into the structured questionnaires

Sivadas et al, (2010) examined the relationship between service quality, customer satisfaction, and store loyalty within the retailer department store context; the Likert-point scale was used to measure the overall satisfaction with the department store (four-points of Likert-type scale were: very satisfied, somewhat satisfied, somewhat dissatisfied and very dissatisfied). To measure the service quality, they used the seven-point Likert type scale (from one = strongly disagree to seven = strongly agree). Kim, J.O. and Jin, B. (2001) have conducted research on the topic of shopping behaviour. The sample in their study were asked to respond to questions about their shopping motives and personal values by using a seven-point Likert-type scale (one =strongly disagree; seven =strongly agree). The Likert scale is very simple; takes less time and is easy to answer (Churchill, 1995).

The next section discusses the various items used for various constructs and sources of items

4.5.1 Service quality

Service quality is one of the core variables of the conceptual framework. There are 20 items that were chosen for this construct. The first 10 items are to test how satisfied the customers are with the level of service provided by the chosen store. The 5 point Likert scale was used ranging from one (=very dissatisfied) to five (=very satisfied). The other 10 items were based on a pre-selected statement to see whether customers agree or disagree with those statements. Again, the 5 point Likert scale was used ranging from one (=strongly disagree) to five (=strongly agree). The first 11 items were taken from Kumar and Vishvas (2010). Some of the items were modified from the original statements to make it more appealing to the customer. Some of the items were developed solely for this thesis which the researcher found was very essential in a Bangladeshi context. Such as "The store has a good refreshment area that encourages me to come here", and "the store has good prayer facilities". Three (3) items were chosen from Sivadas and Baker-Prewitt (2000) with a slight modification, while the last three statements were taken directly from Grace and O`Cass (2005). The table below has given the full sources of the various statements used for the customer service construct.

Table-4.4: Main sources of items used for service quality construct.

Various items of the questionnaires	Main sources (Academic literature)
Car parking facilities	Kumar and Vishvas (2010)
Convenient location	Kumar and Vishvas (2010)
Background music	Kumar and Vishvas (2010)
Visual display of products	Kumar and Vishvas (2010)
Facilities for children	Grace and O`Cass (2005)
Value for money	Grace and O`Cass (2005)
Cleanliness of the store	Kumar and Vishvas (2010)
The choice of items	Kumar and Vishvas (2010)
A variety of branded items	Kumar and Vishvas (2010)
Quality of imported products	Kumar and Vishvas (2010)
The store accepts credit card payment	Kumar and Vishvas (2010)
The store has a good refreshment area that encourages me to come here	Developed
The store has a good security system that makes us shop without fear	Sivadas and Baker-Prewitt (2000)
The store has good prayer facilities	Developed for this thesis
I shop at the superstore because of good air-conditioning	Developed for this thesis
Has an Exterior that is visually appealing	Sivadas and Baker-Prewitt (2000)
Convenient to move around in store	Sivadas and Baker-Prewitt (2000)
Store keeps its shelves well stocked	Grace and O`Cass (2005),
Self-selection at this store is easy and well guided	Grace and O`Cass (2005),
Has sales personnel who appear presentable and neat	Grace and O`Cass (2005),

4.5.2 Bond

Consistent with the previous relationship marketing literature (i.e Dwyer et al, 1987; Johanson and Mattesson, 1987; Liljander and Strandvik, 1995 Grace and O`Cass, 2005; Wang et al, 2006) the concept of bond has been conceptualised in this thesis as a three-dimensional construct based on financial, social and structural bonds. The Literature suggests, as discussed in chapter 2, that there are various types of bonds that tie parties together for a long-term relational exchange. 5 items were used to measure this construct and they were chosen from Grace and O`Cass`s (2005) scale which has shown to be reliable as they developed their scale items based on a well-

established range of previous studies including Crosby et al (1990); Berry (1995) and Bendapoudi and Berry (1997). These scale items are consistent with the concept of relational bonds used in this thesis.

Table-4.5: Main sources of items used for relational bond.

Employees show respect to customers	Alrubaiee and Al Nazer (2010)
Responds promptly after complaints	Sivadas and Baker-Prewitt (2000)
Has sales personnel who are willing to help customers at all time	Sivadas and Baker-Prewitt (2000)
Has sales personnel who are courteous with customers	Sivadas and Baker-Prewitt (2000)
Has sales personnel who give customer individual attention	Sivadas and Baker-Prewitt (2000)

4.5.3 Relationship Quality (Trust, Commitment and satisfaction)

As discussed in chapter 2, relationship quality is an important component of relationship marketing and has been considered as a central construct (Bejou et al, 1996) and used as a main variable, in the conceptual model used in this thesis (see chapter 3). This thesis used relationship quality comprising of three dimensions-trust, commitment and satisfaction. There are many dimensions of relationship quality found in the literature and there is no common consensus on which dimensions are important enough to be used by service providers for securing customer's loyalty. However, a substantial body of literature has identified trust, commitment and satisfaction as the key components of relationship quality (Crosby et al, 1990; Hennig-Thurau et al, 2002; Wang et al, 2006) and they are treated as interrelated.

To measure trust, commitment and satisfaction, seven items were chosen. Three items were selected for the trust component and two items were taken from Grace and O`Cass (2005) and one (1) item from Sivadas and Baker-Prewitt (2000). For commitment and satisfaction there is a total of four items and all the items were taken from Grace and O`Cass (2005). All items were found to be valid and justifiable as they had been tested previously.

Table-4.6: Main sources of items used for relational quality

Has sales personnel that are trustworthy	Grace and O`Cass (2005),
Employee of this store are polite	Grace and O`Cass (2005),
Has sales staffs who are knowledgeable about the products	Sivadas and Baker-Prewitt (2000)

This store is concerned with customer needs	Odekerken-Schroder et al (2000)
This store often informs regular customers through mailings	Odekerken-Schroder et al (2000)
This store makes a lot of effort in satisfying my needs	Grace and O`Cass (2005), modified
I believe that using this store is usually a very satisfying experience	Grace and O`Cass (2005),

4.5.4 Loyalty and patronage

This thesis uses the concept of customer loyalty as a two-dimensional construct: behavioural and attitudinal. To measure a construct seven items were adopted from Grace and O`CAS (2005), Zeithaml et al (1996) and Kumar and Vishvas (2010). The items were found to capture the main aspect of customer loyalty as used in this thesis.

Table-4.7: Main sources of items used for loyalty.

I always buy from this shop because I enjoy my relationship with them	Grace and O`Cass(2005)
I feel emotionally attached with this store	Grace nd O`Cass(2005)
I am committed to this store	Grace and O`Cass(2005)
I expect to shop with this shop regularly in the future	Zeithaml, Berry and Parasuraman (1996)
I have never seriously considered changing this store	Zeithaml, Berry and Parasuraman (1996)
I will recommend this store to my friends and relatives	Zeithaml, Berry and Parasuraman (1996)
I will switch to a competitor that offers more attractive benefits	Kumar and Visas (2010), modified

SECTION-C: FINAL SURVEY PROCEDURES-DATA COLLECTION & ANALYSIS

After completing the pilot study, which also includes, an expert panel, a focus group interview and an in-depth interview, the final survey was administered with 70 items in the field, among shoppers from four selected store locations of superstore chains (Agora, Meenabazar, Nandan and Shapna). Thus, this section details the sampling framework adopted for this thesis in relation to the final survey followed by detailed descriptions of the data collection procedures.

4.6. Sampling framework

Data were collected through mail questionnaires, personally handed to the respondent at the doors and car parks of four large supermarkets in Bangladesh.

Four of the shopping areas were located in Dhaka (the capital city,) in four different locations. Dhaka has been chosen as a sample location for this thesis, because:

- (i) Dhaka is the capital city of Bangladesh with more than 16 million people
- (ii) These are the prime areas with high socio-economic groups. These areas are Mainly residential areas with multiple shopping malls
- (iii) 95% of the superstores are located in Dhaka
- (iv) The Researcher has easy access to management for in depth interviews and also four stores were selected based on sales and market share plus ownership status, there is no superstore outside Dhaka which has joint ownership with foreign firms.

The final questionnaires were given out to 1400 households and only 38% responded to the questionnaires, which gave a sample size of 532. However, only 202 (38%) of them was useable. It is logical that the larger the size of the sample, the greater is the precision or reliability when research is replicated (Saunders et al., 2007). The sample size was found to be representative for the store population. A study conducted by Bloemer and Ruyter (1998) in a major Swiss city, in the German-speaking part of Switzerland used only 153.

4.6.1 Final Data collection procedures

The final survey was conducted by the researcher over an 8 week period of time, during November-December 2011. The following procedures were employed:

1. Questionnaires were designed in English and were handed to the respondents at the front of the selected superstores and car park areas. Respondents were informed about the confidentiality of the information provided by them. Each respondent received a cover letter highlighting the importance of the survey and aims and objectives of the study, including a stamped addressed envelope for them to post the completed questionnaires within the specific time. The Researcher also asked all respondents to remain anonymous so they could be more relaxed and confident.
2. Questionnaires were handed to the respondents at different times of the day from Monday to Sunday (morning-mid day and afternoon) by using a stratifying technique to minimise possible shopping pattern biases (Odekerken-Schroder et al, 2001). In Bangladesh Friday is the official weakly holiday due to the Muslim population and because Islam is the state religion. Therefore, an extra caution was taken on Friday and in the evening on other days, as people normally tend to shop more during this time and therefore, it is quite busy.

The personal distribution of the questionnaire to the respondents had several drawbacks:

1. Only a small section of the shopping population was reached
2. Only supermarket shoppers were given the questionnaire
3. Any shoppers who did not shop at the location at the time when the researcher was present, was not given the questionnaire

The rationale behind the use of this method is based on identifying the `key` people and the `correct` people to answer the questions. The sample was deemed representative because all participants were randomly selected, and only those people who regularly shop for food in Dhaka and its surrounding areas were selected and requested to complete the questionnaires. The sample was predominantly female. The results may have been different if an equal number of men and women were considered.

4.7 Data analysis methods

A Statistical Package for Social Sciences (SPSS) version 21 was employed to analyse the data. The collected data were first edited, coded, and checked to see whether there was any missing data. For analysing the quantitative data, SPSS is a widely used technique for managing data adequately and analysis appropriately. Various statistical techniques were used to analyse various data to address various questions and achieve research objectives. Details on data editing and coding procedures including various techniques were used to analyse survey data, as explained in the next chapter, with appropriate justification.

4.8. Reliability and validity

It is very important that before testing research hypotheses in the conceptual model, the reliability and validity of the constructs was analysed. According to Bollen (1989), both reliability and validity are closely connected, although they are separate. Holmes-Smith et al (2006) stated that it is possible that a measure is reliable (consistent) but not necessarily valid (accurate), on the other hand a measure can be valid (accurate), but not reliable (consistent). Therefore, it is essential that both analyses were performed to make sure constructs are valid and reliable so that the quality of findings and conclusions can be achieved. To measure reliability, Cronbach's Coefficient Alpha was used, while content validity was examined, to assess constructs validity those of which are discussed below:

4.8.1: Reliability analysis

To understand the internal consistency of the variables it is important to test the scale of reliability. Reliability test ensures that constructs are reliable (internal consistency) and refers to the degree to which measures are free from random error

(Zikmund, 2003) and if repeated measurements are made on constructs then a scale produces consistent results (Malhotra, 2003). Errors and reliability are closely associated, the larger the constructs reliability, the smaller the errors. Therefore, the main objective of reliability test is to minimise bias and errors (Yin, 1994). To assess reliability there are two main dimension can be used: (i) Internal consistency (ii) Repeatability. However, for this thesis it was decided to use the second dimensions of reliability "Internal consistency" by using Cronbach's Alpha.

Cronbach's Alpha is used to test this as it is the most basic and frequently used measure of internal reliability. This test is most suitable when multiple Likert scales are used in a survey. The same scale is used to measure Alpha as a Pearson (r) correlation coefficient and the scale is in between zero and one. Internal consistency is higher when Alpha is closer to one. However, to accept that variable (s) as reliable, a scale of 0.7-0.8 is generally an acceptable value for Cronbach's Alpha (Field, 2005). He further asserts that values lower than this indicate that the scale is unreliable.

4.8.2: Validity analysis

To understand whether an instrument is adequate, an application of a reliability test alone is not sufficient (Hair et al, 1995). Hence, a validity analysis is important to validate (accuracy) the instruments or constructs (Zikmund, 2003). Validity, according to Zikmund (2003), is "the ability of a scale to measure what was intended to be measured". For this thesis, content validity analysis has been used to ensure that all constructs are valid, well represented, relevant and well related to other relevant constructs.

Content validity

Content validity is a systematic assessment of a scale and is subjective in nature (Malhotra, 2003) and measurement and is based on face validity (Zikmund, 2003). To ensure a high degree of content validity of various constructs/instruments, the study has adopted the process recommended by Cooper & Schindler (1998) which is based on identifying scales/instruments from the current literature and then screening out through an expert panel opinion. Expert panels should include academics and industry professionals from a relevant field of expertise. These expert panel interviews were conducted as part of a pre-test method and is discussed in chapter 4 (research methodology).

The purpose of this research is to ensure the content validity of various items, this thesis has adopted this method. Initially items were submitted to a panel of experts comprising of three academics from the relevant fields and two-management experts, who specialise in CRM in retail marketing context and averaging with approximately 15 years of management experience in their respected field. This is a

standard mechanism to validate, trim and refine the items of questionnaires so a similar process can be applied by other researchers (such as Sin et al, 2005) in their respective questionnaire development exercises.

All the experts were informed about the nature, aims and objectives of the research, which introduced the key concepts of CRM. In addition, it was indicated that some of the items were overlapping and might be repetitive and differed only by a shade. It was decided that only those statements on which there is a complete consensus amongst the experts would be retained (see Sin et al, 2005). In the final stage of the questionnaire development all the items were again scrutinised by the research supervisors.

4.9 Audio and visual evidence

In order to give additional depth and authenticity to this study research was undertaken to gather various evidence of an audio and visual nature. All in depth interviews were audio- recorded, that helped to furnish with the actual responses to interviews and questions and help bring a human dimension to what is after all a very human activity. This brings colour, a sense of place, as well as a reflection of the diversity of age and gender of those individuals (interviewees).

Some photographs were taken inside and outside of the selected stores during the fieldwork. Various photographs were captured of the layout of the superstores, merchandise display in modern retail outlets, frontage of the stores, and various promotional materials. Photographic evidence provides a visual record of the retail mix, of dominant styles, display methods and signage. The iconography of the retail landscape is extremely important as it can shape perceptions of the products and services sold. The visual record is one, which seeks to concentrate on fixtures and fittings, display and retail methods, and interior and exterior views. Such views are best seen in their natural state and so all images submitted will be devoid of staff and shoppers. Imagery of this nature afforded an opportunity to gain an insight into trends and styles currently employed.

4.10: Ethical Consideration

In accordance with the requirements of the University of Hertfordshire all research projects involving human subjects must have approval from the University Human Research Committee before conducting any fieldwork. In order to get the Research Committee's approval various considerations were taken, to make sure the appropriate ethical approach was in place. These considerations were: (i) In the ethics application form it was clearly stated that the aims and objectives of the research and procedures involved in the research were to ensure that there is no risk

associated with the field work, (ii) Letter to all selected store's management explaining the purpose of the research and the kind of in-depth interview and field work to be carried out and getting the permission from them for the field work, (iii) letter to each participant informing about how to fill in the questionnaire, the aim and purpose of the research and a confidentiality statement stressing that all information provided by the respondents will only be used for academic purposes, the information will be treated highly confidential and will not be passed to any third parties for commercial uses. Respondents were also informed that all data would be used only for academic and scientific purposes,

4.11 Summary

This methodological chapter discusses and justifies the research methods used to address the various questions, achieve research objectives and test research hypotheses. The chapter first looked at the philosophical issues of research and justifies the philosophical stream which was employed. The second section mainly focuses on the research methodology employed and their justification, which also includes questionnaires development, sampling framework for final and pre-test survey, scale and instruments development and the administration of the final survey. The final section focuses on data collection and analysis procedures.

The next chapter will provide detail and procedures of data analysis and interpretation.

CHAPTER FIVE

DATA ANALYSIS AND INTERPRETATIONS

5.1 Introduction

The methodological aspects of this thesis and their justification to test various hypotheses of the theoretical model were discussed in the previous chapter (Chapter-4). The main purpose of this chapter is to present outcomes of data analysis and to test hypotheses. This chapter provides demographic and descriptive statistics, and presents the results of customers' responses to the survey questions.

5.2 Data analysis procedures

The following is a systematic process for data analysis, which explains various steps and appropriate analytical tools which were considered to analyse collected data. The **first stage** of the data analysis procedures was focusing on Survey response and characteristics of the study sample.

The second stage of the data analysis focused on (i) data editing and coding, after which screening for missing data, outliers and normality tests were undertaken. (ii) The reasons for not using the SEM application and the use of non-parametric tests; (iii) Testing various hypotheses to establish the relationship between constructs used in the conceptual model; (iv) demographic and research variables to assess whether demographic factors differentiates the results of the dimensions; (v) Customer preferences in relation to the stores and the research variables; (vi) Testing conceptual models to evaluate variables' relationships, (vii) Customer Loyalty: understanding level and intensity

5.3 Survey response and sample characteristics

As discussed in chapter-4, the final questionnaires were handed to respondents with a stamped address envelop for them to return the completed questionnaires. A total of 1400 questionnaires were distributed over an eight week period in November-December 2011. After the cut-off period a total of 538 (38%) completed questionnaires were received. However, after the screening procedures, only 202 out of these returned questionnaires were deemed useable for the entire analysis, which represents 37.58% of the total sample. The rest were poorly answered, missing responses or only filled halfway.

In addition to the standard demographic characteristics, 70 questions were asked of each respondent with instructions on how to answer them. Such as: Please circle the number in the column which best describes your behaviour when buying food products. Circle '5' if your behaviour 'strongly agrees' on the attribute; '1' if you

'strongly disagree' with the statement; or somewhere in between depending on whether you agree or disagree in response to the statement. The personal distribution of questionnaires to the respondents had several drawbacks: (i) only a small section of the shopping population was reached; (ii) only supermarket shoppers were given the questionnaire; and (iii) any shopper who did not shop at the location and at the time when the researcher was present, was not given the questionnaires. So why use the method? The rationale behind the use of this method is based on identifying the 'key' people and the 'correct' people to answer the questions. Since one of the research objectives was to identify the personal characteristics of those who shop in the supermarkets, it was considered necessary to centre the investigation on the people that matter (i.e. those who are more likely to shop for food and where food is made available to them). The sample was deemed representative because all participants were randomly selected, and only those people who regularly shop for food in Dhaka and its surrounding areas were selected and requested to complete the questionnaire.

5.3.1 Possible use of partially completed questionnaires and reasons for low response rates

When conducting a survey of any kind there is a high probability that a sizeable percentage of questionnaires will be incomplete. Whilst some might be of an opinion that such questionnaires have little or no use, it would be an abject folly to dismiss them out of hand. Firstly, it behoves those conducting the research to see what lessons can be learnt from the exercise itself. Are there questions that need to be asked of the format, length, means of delivery and collection and the time of year when the survey was undertaken, relevant? Data, even that which is only partially completed has the potential to yield insights that by themselves might well add to the overall findings or provide leads for future research. Data mining, requires data, and whilst there are inherent dangers in processing incomplete data, any additional data that supplements the existing compliment of information, might well help validate conclusions, or give pause for thought.

Rather than dismissing partially completed data out of hand, maybe there is scope to glean some further intelligence. We could well gather further insight in respect of demographics and gender, as well as individual responses and reactions. It is important that we endeavour to empathise with those attempting to complete the questionnaire, and appreciate that even when incomplete, we can gain new understanding. It is important to note that questionnaires of this nature are a rare phenomenon in Bangladesh, and thus maybe future research might need to consider the pros and cons of providing incentives to return such questionnaires. Suffice to

say, that whilst it is always desirable to have a very high response rate, the demands and preoccupations of modern life mean that we must be accepting of what we have, and endeavour to make the most of the data already accrued.

Possible reasons for low response rate

With regards to this specific research it is important to explore some of the possible reasons why some individuals either chose not to complete the questionnaires or only partially completed them. Traditionally, in academic research, there is a general consensus that questionnaires that require completion and returning by post tend to yield lower returns. In Bangladesh when a person is approached and given a form or questionnaire the cultural norms demand that they receive what is proffered with courtesy. Whilst intentions may be good, there is every likelihood that some recipients did not fully understand the purpose of what they were being asked to do. For others, it is a question of time and convenience, as well as the seriously logistical challenges of accessing the General Post Office in Dhaka, in order to return the aforementioned questionnaire. Whilst in some countries post boxes and post offices are easily accessible, in Dhaka they are few and what is more the city suffers from near legendary traffic jams, so this means a further disincentive for returning any completed or partially completed questionnaires.

For some individuals, there is a natural reticence, even suspicion about official looking documents. Citizens are often fearful of officialdom and because they are unfamiliar with such surveys, may well be anxious as to the purpose behind them. For others, there is the degree of comprehension and herein lies a limitation and scope for reflection, for even only partially completed questionnaires might well yield some valuable insights into which questions appeared troublesome and thus off-putting to certain participants.

The timing of the year might easily have a bearing on the degree of effectiveness. This particular survey was distributed at the time as the Hindu Festival of Durga Puja, and whilst Hindus are a minority in Bangladesh, they are a significant minority and this could well be a factor. Had the questionnaire been distributed during Ramadan or one of the Eid Festivals, then there is every likelihood that the completion and collection rate would have been significantly diminished.

5.3.2. Characteristics of study sample

The study included $N = 202$ subjects, with a statistically equal [Chi^2 (one, $N = 199$) = .41; $p = .523$] gender distribution: 104 males (percentage = 52.3) and 95 females (percentage = 47.7). 25-34 was the largest age group ($N = 98$ = 48.5), age group 35-44 was lower ($N = 52$ = 25.7) and the smallest groups were 16-24 ($N = 33$ = 16.3),

45 -54 (N = 16% = 7.9), and 55 and over (N = 3% = 1.5). Most of the respondents were married, employed, postgraduate or undergraduate; lived in a four-person household, with three or four rooms. To simplify the description of the sample and for convenience detailed data is summarized in the below table:

Table 5.1: Demographic Profile of Sampled Respondents

Measure	Items	Frequency	Percentage (%)
Gender	Male	104	51.0
	Female	95	46.6
	Total	199	97.6
Age Group	16 - 24	33	16.2
	25 - 34	98	48.0
	35 - 44	52	25.5
	45 -54	16	7.8
	55 +	3	1.5
	Total	202	99.0
Marital Status	Single	72	35.3
	Married	105	51.5
	Divorced	12	5.9
	Widowed	4	2.0
	Co-habiting	4	2.0
	Total	197	96.6
Income	10,000 - 20,000	22	10.8
	20,000 - 30,000	37	18.1
	30,000 - 40,000	64	31.4
	40,000 - +	70	34.3
	Total	193	94.6
Education	Post-graduate	75	36.8
	Undergraduate	91	44.6
	Higher secondary level	31	15.2
	Secondary level	3	1.5
	Primary level	2	1.0
	No education	0	0.0
	Total	202	99.0
Number of People in a	1	9	4.4
	2	23	11.3
	3	34	16.7

Household	4	74	36.3
	5	48	23.5
	6	6	2.9
	7-7+	8	3.9
	Total	202	99.0
Occupation	Student	53	26.0
	Employed	72	35.3
	Self-employed	35	17.2
	Housewife	36	17.6
	Retired	3	1.5
	Unemployed	2	1.0
	Total	201	98.5
Number of rooms available	Single room	9	4.4
	2 rooms	29	14.2
	3 rooms	71	34.8
	4 rooms	57	29.9
	5 rooms	24	11.8
	6+ rooms	11	5.4
	Total	201	98.5

5.3.3 Descriptive statistics

The table below (5.2) indicates the descriptive information for the items used to measure variables (i.e quality, bonds, trust, commitment, satisfaction, loyalty and retention) in the conceptual model. There are four columns in the table. The first two columns measure the central tendency of the data (i.e mean) and standard deviation (SD) to understand how individual responses vary to a question. The other two columns indicate whether there are any deviation from normality. To understand this, Skewness and Kurtosis were used.

In relation to **mean** score, the table indicates that `Trust` has the highest mean score of 3.88 while with the mean score of 3.20 `Commitment` found to be the lowest in the rank. These mean scores suggest that "Trust" is the most important factor that retailers should focus on, in their efforts to build a long-lasting relationship with customers. The second most important variable is `bonds` with the mean score of 3.77 followed by `Satisfaction` with the mean score of 3.74. In respect to **standard deviation**, the table indicates that customer's responses are varied to various questions and variables on relationship marketing in food retailing context. For example, `commitment` has obtained the highest score (SD=1.17) while with a score

of 1.08 loyalty has the lowest score. This indicate that customer responses are varied in relation to commitment while on loyalty they all have similar responses.

In relation to data normality, the table 5.2 further indicates that data has no-normality. For normal distribution, absolute value for Kurtosis should be `3` and for Skewness `0` (Tabachnick and Fidell, 2001)

Table-5.2: Descriptive statistics for measuring various constructs

Items	Mean	SD	Skewness	Kurtosis
Quality (Customer service provision)				
Car parking facilities	2.91	1.344	-.125	-1.220
Convenient location	3.99	.977	-.949	.556
Background music	3.89	1.105	-.898	.186
Visual display of products	3.90	1.156	-.809	-.346
Facilities for children	2.84	1.377	.115	-1.135
Value for money	3.89	1.038	-.822	.187
Cleanliness of the store	3.85	1.155	-.772	-.35
The choice of items	3.92	1.169	-.966	.075
A variety of branded items	3.97	1.081	-.886	-.030
Quality of imported products	3.88	1.166	-.851	-.199
The store accepts credit card payment	3.84	1.315	-.901	-.422
The store has good refreshment area that encourages me to come here	2.98	1.279	-.198	-1.078
The store has good security system that make us shop without fear	3.77	1.193	-.872	-.097
The store has good prayer facilities	2.70	1.259	.149	-.881
I shop at the superstore because of good air conditioning facilities	3.69	1.253	-.664	-.636
Has an Exterior that is visually appealing	3.79	1.077	-.734	-.194
Convenient to move around in store	3.94	1.111	-.883	-.178
Store keeps its shelves well stocked	3.86	1.117	-1.032	.429
Self-selection at this store is easy and well guided	3.82	1.158	-.714	-.358
Has sales personnel who appear presentable and neat	3.94	1.091	-.856	-.129
Total	3.66	1.16	-.680	-.280
Trust				
Has sales personnel that are trustworthy	3.91	1.149	.928	.004
Employee of this store are polite	3.92	1.094	-.877	.058
Has sales staffs who are knowledgeable about the products	3.81	1.105	-.839	.047
Total	3.88	1.11	-0.262	0.036
Commitment				
This store is concerned with customer needs	3.71	1.204	-.605	-.545
This store often informs regular customers through mailings	2.92	1.287	.022	-1.024

This store takes the time to personally get to know regular customers	3.21	1.204	-.166	-.800
I feel emotionally attached with this store	3.29	1.097	-.078	-.661
I am committed to this store	3.23	1.096	-.051	-.502
Total	3.20	1.17	-0.174	-0.705

Bonds

Employees show respect to customers	3.70	1.143	-.583	-.439
Response promptly after complaints	3.69	1.178	-.858	-.013
Has sales personnel who are willing to help customers at all time	3.85	1.084	-.897	.279
Has sales personnel who are courteous with customers	3.88	1.191	-.999	.185
Has sales personnel who give customer individual attention	3.77	1.245	-.731	-.577
Total	3.77	1.16	-.808	-.112

Satisfaction

This store makes a lot of effort in satisfying my needs	3.77	1.110	-.973	.441
I believe that using this store is usually a very satisfying experience	3.72	1.158	-.750	-.116
Total	3.74	1.13	-.86	-.275

Loyalty

I always buy from this shop because I enjoy my relationship with them	3.32	1.142	-.313	-.557
I feel emotionally attached with this store	3.29	1.097	-.076	-.661
I am committed to this store	3.23	1.096	-.051	-.502
I expect to shop with this shop regularly in the future	3.59	1.057	-.556	-.249
I have never seriously consider changing this store	3.58	1.058	-.376	-.523
I will recommend this store to my friends and relatives	3.85	1.008	-.776	.166
I will switch to a competitor that offers more attractive benefits	3.71	1.163	-.581	-.499
Total	3.51	1.086	-.386	-.40

Retention

I receive greeting cards or gifts on special days/festivals	3.56	1.171	-.447	-.605
Informing through pamphlets about new arrival & stock clearance	3.49	1.160	-.401	-.516
This store always has loyalty scheme & discount scheme	3.69	1.139	-.536	-.647
Total	3.58	1.15	-.456	-.583

Note: Valid N (list wise) =202 and all items were measured by using Likert 5 point scale

5.4 Data editing and coding procedures

After completing the data collection process, the actual process of data editing and coding was undertaken to ensure consistency and completeness of the collected data.

Data editing is an important part of the data analysis stage (Zikmund, 2003) as it helps to minimise errors and enhance the quality of data. The responses to the individual questions in the questionnaire were first coded and converted into a data set. Coding is a systematic process for converting verbal data into variables by using numbers so that data can be entered into the computer system for analysis. Coding can be done either before collecting data (pre-coding) or after collecting data (post-coding). However, according to Bourque (2004), for questionnaires based on a survey it is important to finalise the codes as the questionnaires are completed. Hence, this thesis used a pre-coding method.

The next stage of the data analysis process, screening for missing data, outliers and normality was undertaken. According to Coakes (2006), screening data is important to ensure that data have been entered correctly and normality of the distribution of variables is present. Identifying missing, miscoded and messy data will help to improve the performance of the statistical analysis. The study included all the respondents in the analysis who had answered more than 75% questions from the questionnaires, while others were excluded from the analysis this is within the line of recommendations as made by Sekaran (2000).

5.4.1 Missing data, Outliers and Normality

According to, Hair et al (1995), it is not always possible to have all the required data set without some missing data. There are various reasons for missing data and these occur when respondents fail to answer any questions from the questionnaires, or forget to answer any questions, or data may not be entered correctly into the system. However, it is important to evaluate these missing data. According to Tabachnick and Fidell (2012), research results are greatly influenced by the missing data patterns and missing data mechanisms, more than the proportion of missing data. The impact can be serious on quantitative research as it can increase standard errors while decreasing statistical power. Therefore, missing data should be treated carefully. Tabachnick and Fidell (2013), stated that missing data could be evaluated in two ways: Evaluate the amount of missing data and the type of data (data pattern). Assessing and evaluating the type (pattern) of missing data is more important than the amount of data, as it helps to understand the randomness of missing data or whether the data is related to specific questions (items). Tabachnick and Fidell (2013) further asserts that missing data may lead to biased results if the pattern of missing data were not distributed randomly among the questionnaires.

There are various ways that missing data problems can be overcome. The easiest and most common method is to exclude those cases from the analysis with incomplete information (Pigott, 2001). This study accepted all the items in the questionnaires

with less than 5% missing data, which is commonly used, and acceptable (Churchill, 1995). Nevertheless, analysis of missing data looks excellent as the respondents and only three (3) questions answered most of the questions were above the 5% threshold. (Appendix-E)

5.4.2.: Assessing Outliers and Normality

An outlier is described as a single data point that does not follow the usual patterns and such observation differs substantially from other normal observations (Hawkins, 1980) which lead to suspicions. It is very important for researchers to identify such outliers as these may indicate bad or suspicious data, which may have a negative effect on various tests, as it can reduce the validity of the results. Outliers also increase error variance. There are many reasons why outliers can occur such as data entry errors, intentional misreporting and sampling errors among others. The distribution of the data has a direct effect on outliers. If the assumption of the data normality is not valid then it can be considered that an outlier exists. Therefore, it is recommended that a normality test should be considered before identifying outliers. By using Box & whisker the steam and leaf plots outliers were checked in order to diagnose the distribution of the variable.

It is important to assess the normality of distribution, as some statistical analysis requires variables to be distributed normally, such as factor analysis and Structural Equation Modelling (SEM) (Hair et al, 1995). In scientific literature, it is common to have statistical errors. According to, Curran-Everett and Benos (2004), more than 50% of the articles published in the American Psychological Society (APS) have at least one error. They have further stated that most of the statistical analysis is based on the assumption that the data will have normal distribution. However, violation of this assumption of normality for a larger sample size (>40) should not cause any problems (Pallant, 2005). To test the data normality both Box-Whisker and Shapiro-Wilk were used.

Table -5.3: Box-Whisker test for data normality

Constructs	Mean	Std. Deviation	Skewness		Z-score	Kurtosis		Z-score
			Statistic	Std. Error		Statistic	Std. Error	
Quality	43.84	7.406	-.299	.171	-1.74	-.103	.341	-0.303
Bonds	18.89	4.075	-.363	.171	-2.12	-.584	.341	-1.712
Trust	11.63	2.552	-.619	.171	-3.61	-.258	.341	-0.756
Commitment	15.96	3.879	-.083	.171	-0.48	-.432	.341	-1.266
Satisfaction	7.50	1.971	-.810	.171	-4.73	-.079	.341	-0.231
Loyalty	14.35	2.724	-.272	.171	-1.59	.254	.341	-0.744
Retention	10.75	2.755	-.244	.171	-1.42	-.482	.341	-1.413

In the Box-Whisker test, Skewness and Kurtosis values and their standard errors were used to determine how the data differs and whether there is a normal distribution of data or not. To do these first Z-scores were estimated for Skewness & Kurtosis by dividing by their respective standard errors. The outcome suggests that Z-score is outside the boundaries of the statistical significant level of .01, which means data is not normally distributed. In addition, the Shapiro-Wilk test was conducted to test the data normality. In order to violate the assumption of data normality the value of significance in the test should be less than .05 (i.e. $P < .05$), otherwise the value of significance should be greater than .05 ($P \geq .05$). The results reject the null hypothesis; that data is normally distributed. Means data is not normally distributed.

Table-5.4: Shapiro-Wilk Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Quality	.088	202	.001	.982	202	.011
Bonds	.087	202	.001	.965	202	.000
Trust	.131	202	.000	.936	202	.000
Commitment	.074	202	.009	.987	202	.070
Satisfaction	.205	202	.000	.906	202	.000
Loyalty	.098	202	.000	.977	202	.002
Retention	.107	202	.000	.961	202	.000
AVG	0.224	202	.001	.959	202	.002

a. Lilliefors Significance Correction

The Shapiro-Wilko test shows that the value of significance for an individual construct and for average is less than .05 ($P < .05$). Both tests indicate that data does not comply with the normality standard. The normality test is also very important as it will suggest that the most important and suitable analytical tools can be used for analysis. Based on the data-no-normality it is found to be more suitable than non-parametric test to be used.

5.4.3: Reason for not using Structural Equation modelling to test the hypothesised model

"Because the research factors in the survey were based on several separate theories and questionnaires, before performing further analysis their consistency and compliance of practical (subjects) responses with theoretical concept was checked. Considered in this work research tool is a questionnaire comprising of 62 o items that make up the 13 theoretical areas (scales). Their consistency may be submitted in several ways, such as confirmatory factor analysis or exploratory factor analysis.

According to Pallant (2005), Principal Component Analysis (PCA), is developed as a statistical tool to analyse exploratory data at the early stages of instruments, development, and has wider applications for analysing survey data. PCA is effective

to produce a reduced number of linear combinations from original variables, which can be achieved in a number of ways, such as by transforming the original variables into a smaller set of linear combinations that share the same variances (Pallant, 2005). Unfortunately, the general idea of exploratory factor analysis is the lack of the expected structure factors. Exploratory factor analysis may therefore result in combining into the groups' items of research dimensions, which are separable in theoretical models. Since this work assumes a specific structure, an exploratory approach was abandoned in favour of a confirmatory approach. The prime goal of the factor analysis is to see whether the data fitted into a hypothesised measurement model (Pillant, 2005). As the test for data normality indicates that the distribution of data is not normal and this is the main reason in addition to the theoretical reasons for not carrying out Structural Equation Modelling (SEM) it was decided to use non-parametric tests.

Furthermore, SEM techniques required multi-dimensional normal distribution of data. According to Bollen (1989), this is not a result of the normal distribution for the individual variables but for all variables in a model. Although, the normality of distribution of individual variables allowed the use of simple techniques such as regression analysis, in this case, due to the multi-dimensional distribution of variables that condition is just not met. Although SEM is a group of techniques that allows performing the analysis when data is not compatible with multidimensional normal distribution, a very large sample is required (Boomsma and Hoogland, 2001).

Therefore, due to the multi-dimensional data distribution disturbance and a small attempt as for non-parametric SEM, the SEM analysis which would properly reflect the relationship between the variables could not be carried out. For these reasons a confirmatory approach using structural modelling was rejected. Hence, various non-parametric tests were used to test various hypotheses and the relationships between variables in the model.

5.5. Research factors evaluation-factor analysis

A preliminary attempt to assess the practical vs. theoretical constructs in the survey was estimated by using the Principal Component Analysis (PCA, Factor). Exploratory factor analysis using principal components (PCA) is a data reduction method that aims to select-and-show a practical structure from multiple items of the same questionnaire, and to check that there are strong enough relationships between them to be able to talk about content consistency of the constructs. PCA was performed on 52 items of the questionnaire to see if respondents answered to the survey questions in a consistent way within content-constructs, and to assess how likely structures were and how well they were consistent with the research theory.

In the first step of the analysis Bartlett's test of sphericity [$\chi^2 (1326) = 5423.86, p < .001$], and KMO measure of sampling adequacy has been estimated to find out if there are significant relationships between items in the questionnaire: result was equal to .88 which is a satisfying result (Field, 2009) and allows to perform next analysis steps - both indicators pointed out that the correlation between the positions was high enough to use PCA.

Then results of eigenvalues and scree plot of factors (mathematical and semantically consistent research constructs obtained in a practical manner) were then used to specify how many separate structures can be composed from research tool used. With eigenvalues of factors more than 1 (simple Kaiser criterion suggested by Field, 2009) explaining (together) 66.15% of all variance in the questionnaire may be obtained division of survey items into 13 factors (with eigenvalues > 1), but it did not seem to be reasonable from the point of view of theory, nor because of the observed variance explained further factors (it is also clearly visible on scree plot below).

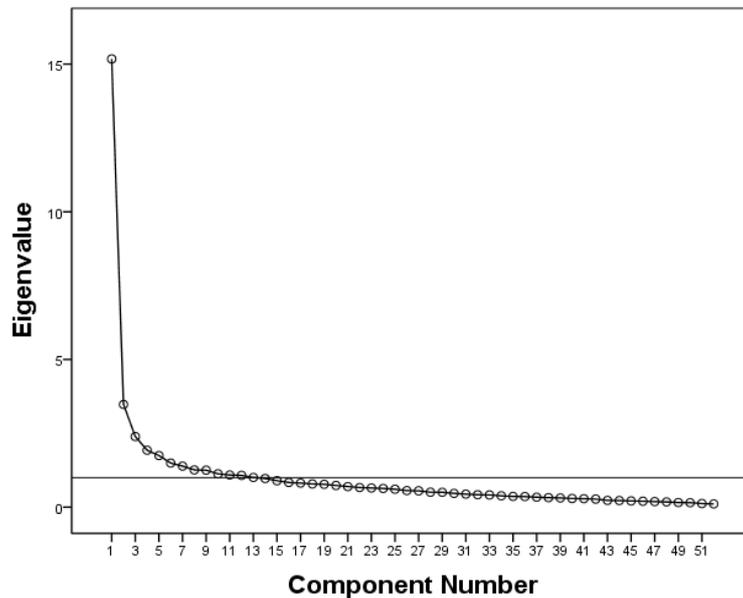


Diagram 5.1 Scree plot for PCA of research questionnaire

The first factor in relation to other factors, explained practically the whole variance of used survey, the next one explained about 6%, and remaining merely 2%. This means that the structure of used tool can be one-factor-only and the other factors - as can be seen clearly in the plot of the site where one factor has a very large "length" in relation to the rest - can only be accidental noise or contamination.

For this reason, to test whether this is a research noise or a result of a more complex structure - the rotation method was used. The rotation method is recommended for

example where one factor strongly explains variance of entire tool / questionnaire - whereby interpretation of affiliation to individual tool constructs using, for example, the value of the factor loadings, is not possible or very difficult (Field, 2009). The factors after rotation may, with high values of the factor loadings, indicate a more diverse structure. According to Field (2009) recommendations, oblique rotation was chosen because it was assumed that factors are correlated. Rotation (oblique) has not produced a satisfying result / solution because variables were not consistent with dimensions considered from the point of view of the theory (table 5.3) - it was verified that high factor loads lay in a coherent structure as shown in the table below. In order to facilitate evaluation factors item loadings greater than 0.65 were bolded. As shown in Table 5.7.1.a, there is no coherence in the aggregated factors - larger factors loadings do not fit into any meaningful thirteen-factor structure. Therefore were taken various actions to improve the results of this analysis.

Table 5.5.1.a First (free) PCA result with oblique rotation

Item	1	2	3	4	5	6	7	8	9	10	11	12	13
Q9	-.12	.71	.11	.27	-.26	-.07	-.01	.03	-.07	-.11	.12	-.12	.15
Q10	.43	-.15	.18	.12	-.37	.32	.16	-.30	.14	.36	-.54	.43	-.46
Q11	.35	-.17	.20	.07	-.04	.44	.12	-.41	.31	.33	-.24	.63	-.45
Q12	.40	-.20	.05	.00	-.31	.79	.10	-.24	.21	.44	-.26	.37	-.27
Q13	-.03	.75	-.03	.04	-.18	.15	.02	.03	-.25	-.08	-.14	-.08	.21
Q14	.14	-.09	-.02	-.05	-.16	.48	.28	-.42	.04	.29	-.60	.45	-.15
Q15	.49	-.24	.28	.16	-.27	.40	.21	-.47	.05	.38	.03	.39	-.20
Q16	.62	-.17	.21	-.06	-.30	.27	.41	-.22	.04	.50	-.35	.37	-.32
Q17	.76	-.13	.25	-.07	-.19	.26	.31	-.39	.26	.28	-.25	.36	-.22
Q18	.81	-.15	.18	.04	-.21	.41	.23	-.34	.30	.28	-.17	.30	-.23
Q19	.57	-.05	.13	-.17	-.20	.53	.28	-.26	.37	.30	-.20	.35	-.52
Q20	-.02	.81	.07	.11	.06	-.10	.09	.07	-.13	-.11	-.01	-.04	-.05
Q21	.27	-.18	.13	-.01	-.15	.41	.23	-.38	.18	.37	-.18	.29	-.70
Q22	-.18	.68	.15	.05	-.07	-.23	.05	.22	-.08	.15	.09	-.24	-.07
Q23	.39	-.12	.15	.06	-.08	.38	.31	-.31	.36	.61	-.39	.09	-.48
Q24	.24	.00	.21	.12	.14	.41	.34	-.29	.26	.52	-.34	.39	-.45
Q25	.35	-.07	.12	.05	-.22	.68	.40	-.46	.15	.40	-.37	.12	-.42
Q26	.16	.00	.27	-.04	-.03	.80	.26	-.13	.22	.22	-.25	.17	-.25
Q27	.38	-.14	.13	-.23	-.12	.62	.32	-.33	.15	.37	-.28	.46	-.20
Q28	.48	-.18	.05	-.11	-.37	.34	.42	-.19	.27	.37	-.13	.54	-.40
Q29	.43	-.09	.20	.03	-.15	.37	.26	-.34	.32	.29	-.41	.72	-.23
Q30	.43	-.15	.18	-.02	-.35	.41	.35	-.11	.27	.44	-.35	.54	-.34
Q31	.13	-.12	.38	-.24	-.33	.31	.02	-.06	.41	.35	-.15	.21	-.42
Q32	.41	-.16	.31	.16	-.08	.36	-.10	-.08	.33	.57	-.19	.16	-.34
Q33	-.18	.10	.02	.83	-.10	-.09	.01	.09	.07	-.04	.07	.00	.04
Q34	.23	.20	.15	.73	-.20	.03	.19	-.09	.07	.09	-.16	-.13	-.04
Q35	.16	.29	.06	.40	-.31	.12	.60	-.13	.23	.11	-.15	-.10	.01
Q36	.34	.01	.15	.05	-.08	.22	.72	-.11	.11	.18	-.26	.22	-.22
Q37	.12	-.09	.17	.07	-.29	.38	.67	-.21	.20	.34	-.22	.24	-.27
Q38	.37	-.17	.15	-.15	-.13	.36	.52	-.12	.26	.42	-.22	.56	-.33

Q39	.36	-.09	.13	-.12	-.35	.13	.42	-.36	.26	.45	-.10	.55	-.33
Q40	.44	-.05	.36	-.05	-.22	.30	.11	-.30	.33	.55	-.01	.40	-.17
Q41	.51	-.14	.31	-.03	-.10	.36	.04	-.43	.33	.37	-.23	.36	-.26
Q42	.26	-.07	.28	-.05	-.13	.16	.05	-.83	.20	.20	-.08	.18	-.11
Q43	.47	-.14	-.10	-.03	.03	.33	.28	-.54	.31	.28	-.41	.27	-.48
Q44	.59	.00	-.07	.10	-.06	.16	.34	-.31	.35	.29	-.53	.25	-.52
Q45	.30	.15	.01	.04	-.21	.29	.31	-.07	.21	.26	-.49	.22	-.65
Q46	.21	.18	.02	.08	-.72	.23	.28	.00	.13	.37	-.13	.14	-.19
Q47	.12	.09	.21	.22	-.81	.11	.18	-.20	.14	.05	.02	.11	-.08
Q48	.23	.08	.39	.25	-.57	.03	.08	-.30	.28	.19	-.12	-.02	.21
Q49	.43	.06	.65	.07	-.26	.22	.08	-.22	.24	.18	-.04	.30	-.03
Q50	.13	.09	.79	.09	-.12	.20	.22	-.26	.04	.05	-.14	.06	-.08
Q51	.19	.05	.39	.08	.05	.30	.21	-.14	.21	.19	-.66	.18	-.21
Q52	.30	-.20	-.01	-.27	-.02	.37	.38	-.23	.23	.43	-.67	.13	-.21
Q53	.28	.01	.00	-.19	-.19	.37	.37	-.34	.33	.66	-.37	.34	-.11
Q54	.21	-.17	-.03	.00	-.25	.35	.28	-.30	.17	.76	-.24	.28	-.31
Q55	.34	-.19	.09	.27	-.22	.36	.20	-.13	.02	.63	-.31	.46	-.29
Q56	.31	-.12	-.01	.24	-.26	.35	.19	-.19	.18	.35	-.53	.27	-.37
Q57	.46	-.17	.14	.09	-.14	.41	.25	-.21	.54	.31	-.39	.20	-.26
Q58	.26	-.32	-.05	.14	-.23	.23	.21	-.46	.67	.09	-.32	.13	-.25
Q59	.28	-.29	.14	.06	-.16	.22	.16	-.21	.76	.30	-.05	.40	-.14
Q60	.16	-.45	.24	.01	-.29	.34	.37	-.24	.44	.25	-.06	.06	-.36
Eigenvalues	15.17	3.48	2.39	1.93	1.75	1.49	1.39	1.26	1.25	1.13	1.09	1.07	1.00
% of variance	29.18	6.69	4.59	3.71	3.36	2.87	2.67	2.42	2.41	2.17	2.09	2.07	1.93

Do not result in improvement in solution: removal of less correlated items (items with lowest correlation coefficients with other items were removed from analysis to clear the analysis results from distortions), items with low variance (similarly, items with very low internal variation were removed in a similar way to improve the results of the solution), or items with the lowest individual measures of KMO (this is an individual item statistic measure that is part of the factor analysis and recommended by Field (2009) to select items that disrupters purity of factor results and remove them). It also failed to bring better solutions (both in terms of theoretical and better explained variance), solutions with factors from 1 to 13 (none of them). They were generated as part of the estimation assuming that factors could be less than 13 and each of them was tested - whether the quality of the research tool's description improved, and whether there were better and more coherent research areas. Still, both the scree plot and large differences in disputed variances suggest basically one or maximally two factors. Presumably this may be due to a very strong correlation between theoretical constructs (and hence items in questionnaires, see chapter 5.5), or lack of coherence theory with the results obtained. The following table (cleaned from low scores) may confirm the thesis that research questionnaires, in spite of the developed theoretical apparatus measures are essentially only two

phenomena, or other factors for subjects may simply be roughly the same construct. These two phenomena are probably technical issues vs. emotional issues in relation to store purchase (respectively). Table shows the assignment to one of these two constructs. From the point of view of the practical integration of items into coherent constructs mathematically consistent - this is the best possible solution, but incompatible with the assumed theory.

Table 5.5.1.b Second (two scales extraction) PCA result with oblique rotation

Item	1	2
9. Car parking facilities		.70
10. convenient location	.67	
11. Background music	.66	
12 Visual display of products	.67	
13. Facilities for children		.62
14. Value for money	.56	
15. Cleanliness of the store	.58	
16. The choice of items	.68	
17. A variety of branded items	.65	
18. Quality of imported products	.66	
19. The store accept credit card payment	.69	
20. The store has good refreshment area that encourages me to come here		.61
21. The store has good security system that make us shop without fear	.61	
22. The store has good prayer facilities		.56
23. I shop at the superstore because of good air conditioning facilities	.66	
24. Has an Exterior that is visually appealing	.62	
25. Convenient to move around in store	.68	
26. Store keeps its shelves well stocked	.50	
27. Self- selection at this store is easy and well guided	.65	
28. Has sales personnel who appear presentable and neat	.67	
29. Has sales personnel that are trustworthy	.68	
30. Employee of this store are polite	.70	
31. Has sales staffs who are knowledgeable about the products	.47	
32. This store is concerned with customer needs	.52	
33. This store often informs regular customers through mailings		.39
34. This store takes the time to personally get to know regular customers		.55
35. This store often enquires about the personal welfare of regular customers		.58
36. Employees show respect to customers	.47	
37. Response promptly after complaints	.54	
38. Has sales personnel who are willing to help customers at all time	.65	
39. Has sales personnel who are courteous with customers	.62	
40. Has sales personnel who give customer individual attention	.58	
41. I believe "high price means high quality"	.61	
42. I feel shopping at stores is a status symbol these days	.42	
43. Shopping at store is hassle free as prices are fixed	.63	
44. This store makes a lot of effort in satisfying my needs	.63	
45. I believe that using this store is usually a very satisfying experience	.54	
46. I always buy from this shop because I enjoy my relationship with them		.47
47. I feel emotionally attached with this store		.49
48. I am committed to this store		.44
49. I expect to shop with this shop regularly in the future	.42	

50. I have never seriously consider changing this store	.34
51. I will recommend this store to my friends and relatives	.44
52. I will switch to a competitor that offers more attractive benefits	.58
53. The store has a pleasant atmosphere	.63
54. The store has a attractive layout	.60
55. The outlet has a well spread merchandising	.60
56. The store signage is very good	.56
57. The store has well- known local & imported brands	.61
58. I receive greeting cards or gifts on special days/festivals	.51
59. Informing through pamphlets about new arrival & stock clearance	.52
60. This store always has a loyalty scheme & discount scheme	.51
Eigenvalues	15.17 3.48
% of variance	29.18 6.69

It is difficult to assess whether the lack of consistency of PCA results for research survey with theory results from facts, that subjects responded similarly to all the questions (and therefore to the fact that studied phenomena are indivisible), or too much of substantive constructs within a single research tool, or even from form of data where items should be removed progressively, even all constructs. In any case, it was decided to measure the reliability and consistency within the different theoretical constructs (not clear and full-items PCA), because the treatment of them in a general way was conducted to chaos in measurement of data (it is also possible that problem may be the large amount of items used in analysis, which does not allow for an accurate discrimination of possible erroneous coefficients and their precise elimination). Hence, the PCA analysis should be treated as a general supplement to next analyses; while target evaluation in research constructs were made independently by individually studied phenomenon

5.5.1. Research factors evaluation - another way

Because the research factors in the survey were based on several separate theories and questionnaires, before performing any further analysis their consistency and compliance of practical (subjects) responses was checked with the theoretical concept. This was done with **three-stage complex analysis**. **Firstly**, it has been rated correlations between items forming scales. **Then**, in order to determine the level of reliability of the questionnaire (understood as a feature of the reliability measurement accuracy), Cronbach's alpha statistics for a single construct was calculated. **Finally**, a series of factor analyses were used, which measures of variance explained and KMO coefficient was allowed to assess the quality of a single scale in the sense of a single theoretical construct (therefore was tested whether, within a single theoretical construct, occurs consistency of collected data expressed by the amount of extractable items by sub-PCA). All analyses showed that between those selected to specific scales items of the questionnaire are those that do not fit into the

theoretical concept. This showed low values of correlation coefficients, low values of anti-image correlations and Cronbach's alpha sub-indices (exclusion indices). These items factor analysis were also indicated as separate concepts in the eyes of the respondents (more factors numbers). The results of these preliminary analyzes are shown in the tables below, where for each scale the number of initial items is given, a list of items from the survey used, reliability, KMO coefficient and a received number of factors after single PCA analysis for construct. The first table shows coefficients for the original (assumed) constructs, in the second table are coefficients for factors cleaned.

Table 5.6: Pre-factors description (before clearing data/items)

Scale	Item numb	Items	Alpha	KMO	Factor numb
Quality	20	9-28	.755	.865	4
Trust	3	29-31	.639	.622	1
Commitment	6	32-34, 47-48	.643	.681	2
Bonds	5	36-40	.737	.765	1
Satisfaction	2	44-45	.678	.500	1
Loyalty	7	46, 49-52	.648	.636	3
Retention	3	58-60	.707	.668	1

In a series of combined analysis that were excluded are indicated in the following table items that distort the measured values of factors, making it possible to consider them as particularly strong, so we can talk about their correctness: factors have been "purified" from external "disturbances", and are already single metrics with meaningful properties. Additional information about cleared factors is the fact that the correlation coefficients improved and we can even talk about improving the overall (theoretical) factors with practical data. The table also noted that items have been finally removed from the research factors.

Table 5.7: Post-factors description (after clearing data/items)

Scale	Item numb	Items	Deleted	Alpha	KMO	Factor numb
Quality	12	9-28	9, 10, 13, 17, 19, 20, 22, 26	.890	.901	1
Trust	3	29-31	-	.639	.622	1
Commitment	6	32-34, 47-48	32	.679	.705	1
Bonds	5	36-40	-	.737	.765	1
Satisfaction	2	44-45	-	.678	.500	1
Loyalty	7	46, 49-52	52	.515	.602	1
Retention	3	58-60	-	.707	.668	1

Therefore, prepared factors may have to be assessed in the context of research hypotheses and intergroup analysis. Descriptive statistics for the test factors were collected in the table below. They illustrate the central tendency and dispersion data.

Table 5.8: Descriptive Statistics for research factors

Factor	N	Min	Max	M	SD	Var	Skew	Kurt	D (K-S)	D (p)
Quality	202	24	60	46.27	9.21	84.84	-.11	-.99	.09	.000
Trust	202	4	15	11.63	2.55	6.51	-.62	-.26	.13	.000
Commitment	202	5	25	15.96	3.88	15.05	-.08	-.43	.07	.009
Bonds	202	8	25	18.89	4.08	16.61	-.36	-.58	.09	.001
Satisfaction	202	2	10	7.50	1.97	3.88	-.81	-.08	.21	.000
Loyalty	202	6	20	14.35	2.72	7.42	-.27	.25	.10	.000
Retention	202	3	15	1.75	2.76	7.59	-.24	-.48	.11	.000

As pointed out above, included in the Kolmogorov-Smirnov D test, with the level of statistical significance - the factors do not have a normal distribution. Of course, these minor deviations (considering the skewness and Kurtosis values) are not a measurement error because the trial is specific. However, where possible, will be used nonparametric statistics that may better reflect the correct values of test for hypothesis verification.

5.6 Verification of research hypotheses & conceptual model

The aim of this thesis is to examine the impact of CRM on customer retention in the context of grocery food retailing in Bangladesh. To achieve this aim there were four research objectives which were established and some interrelated questions were identified. The purpose of this section is to perform various analyses in line with the research objectives. The previous section focused on survey response and sample characteristics, data editing and coding procedures, data normality, the reasons for not using SEM to test hypotheses and reliability and validity analysis. Therefore, this section focuses on the verification of research hypotheses and relationships between research constructs, relationships between demographic and research variables, customer preferences in relation to the shops and the research variables, testing conceptual model & evaluating the relationships of variables and finally, the testing degree of customer loyalty.

5.6.1 Dimensions relationship and hypotheses verification

To verify hypotheses, the correlation analysis was performed. Was used nonparametric **Spearman's rho** correlation test based on ranks, whose properties allow for a good estimate of the correlation coefficients for the variables with small distributions disturbed (see: table 5.10). The Spearman's rank order correlation measures the strengths and direction of the relationship between variables. This method is always suitable to use in SPSS and part of the process involved is to test the suitability of the data. There are three basic assumptions to be met by the data before Spemann's correlation test can be performed and these are:

1. There should be at least two variables

2. Variables represent paired observations
3. There should be a monotonic relationship between variables

This analysis is fit for purpose as data meets all the assumptions. To determine whether there is any monatomic relationship between variables, Scatter plot procedure was used, to determine that there is a monatomic relationship between variables, so this will conclude that Spearman's correlation coefficient test can be used to understand the relationship between variables and test the hypotheses.

Table-5.9: Spearman's rho Correlations to test relationship between variables and hypotheses

		Quality	Bonds	Trust	Commit.	Satisf.	Loyalty	Retention	
Spearman's rho	Quality	Correlation Coefficient	1.000	.756**	.775**	.162*	.631**	.494**	.529**
		Sig. (2-tailed)	.	.000	.000	.021	.000	.000	.000
		N	202	202	202	202	202	202	202
	Bonds	Correlation Coefficient	.756**	1.000	.690**	.209**	.553**	.511**	.510**
		Sig. (2-tailed)	.000	.	.000	.003	.000	.000	.000
		N	202	202	202	202	202	202	202
	Trust	Correlation Coefficient	.775**	.690**	1.000	.136	.567**	.502**	.515**
		Sig. (2-tailed)	.000	.000	.	.054	.000	.000	.000
		N	202	202	202	202	202	202	202
	Commitment	Correlation Coefficient	.162*	.209**	.136	1.000	.151*	.420**	.225**
		Sig. (2-tailed)	.021	.003	.054	.	.032	.000	.001
		N	202	202	202	202	202	202	202
	Satisfaction	Correlation Coefficient	.631**	.553**	.567**	.151*	1.000	.393**	.376**
		Sig. (2-tailed)	.000	.000	.000	.032	.	.000	.000
		N	202	202	202	202	202	202	202
	Loyalty	Correlation Coefficient	.494**	.511**	.502**	.420**	.393**	1.000	.309**
		Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000
		N	202	202	202	202	202	202	202
	Retention	Correlation Coefficient	.529**	.510**	.515**	.225**	.376**	.309**	1.000
		Sig. (2-tailed)	.000	.000	.000	.001	.000	.000	.
		N	202	202	202	202	202	202	202

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The above correlation table has the following information in each row:

Spearman's rank-order Correlation coefficient; level of significant (2-tailed) and total number of paired observation.

From the below table, we can see the correlation coefficient for all variables. When a correlation coefficient is close to one (one), it means there is a positive correlation

between variables and any increase of one variable will have an effect on the second variable. When correlation coefficients are close to one (one) it means there is a negative relationship between variables and with an increase in one of the variables it will lead to an increase in a second variable. In order to test the hypotheses, it is important to determine the statistical significance at the 0.01 and 0.05 level ($p \leq 0.05$; $p \leq 0.01$).

Table 5.10: Spearman's rho correlations

factor	Quality	Trust	Commitment	Bonds	Satisfaction	Loyalty	Retention
Quality							
Trust	.77**						
Commitment	.14*	.14*					
Bonds	.76**	.69**	.21**				
Satisfaction	.63**	.57**	.15*	.55**			
Loyalty	.49**	.50**	.42**	.51**	.39**		
Retention	.53**	.52**	.23**	.51**	.38**	.31**	

* $P < 0, 05$; * $p < 0, 01$

As seen above, all the coefficients correlate significantly. Although *Commitment* as a dimension indicates the least strength of the correlation coefficient, but again, the correlations are statistically significant. Other correlations can be considered as moderate or strong. What is important is that all coefficients are positive, what this indicates is that the higher the results for one of the dimensions at the same time remaining increase of all others. All eleven hypotheses talk about positive relationships between the dimensions of the questionnaire, and because all of the dimensions of the questionnaire are positive correlated significantly, there can be no doubt, that at this stage, we can confirm all eleven hypotheses.

Table-5.11: Various hypotheses and their status

No	Hypothesis	Rs	Strengths of relationship	Status
H1	As bonds trajectory rises in relationship, customer trust rises simultaneously	.690	Strong positive correlation	Confirmed
H2	As bonds trajectory rises in relationship, customer commitment rises simultaneously	.209	Positive correlation with least strengths	Confirmed
H3	As bonds trajectory rises in relationship, customer satisfaction rises simultaneously	.553	Strong positive correlation	Confirmed
H4	As service quality trajectory rises, customer trust rises simultaneously	.775	Strong positive correlation	Confirmed
H5	As service quality trajectory rises, customer satisfaction rises simultaneously	.631	Strong positive correlation	Confirmed
H6	As trust trajectory rises, customer commitment rises simultaneously	.136	Weak relationship	Confirmed
H7	As customer satisfaction trajectory rises, customer commitment towards the store rises simultaneously	.151	Weak relationship	Confirmed

H8	As trust trajectory rises, customer loyalty rises simultaneously	.502	Strong positive correlation	Confirmed
H9	As customer commitment trajectory rises, customer loyalty rises simultaneously	.420	Positive correlation with least strengths	Confirmed
H10	As customer satisfaction trajectory rises, customer loyalty rises simultaneously	.393	Positive correlation with least strengths	Confirmed
H11	As customer loyalty trajectory rises, customer retention rises simultaneously	.309	Positive correlation with least strengths	Confirmed

Although test results have confirmed all the hypotheses as coefficients correlated significantly, not all correlations are the same. Relations between variables are differing significantly. For example: H1, H3, H4, H5 and H8 all indicate a strong positive correlation while H6, H7 exhibit a weak relationship. The relationships between customer commitment and customer loyalty (H9), and customer satisfaction and customer loyalty (H10) suggest the least strengths in the relationships.

5.7 Demographics and research variables

To assess whether the Gender (independent grouping variable) differentiates the results of the dimensions: Quality, Trust, Commitment, Bonds, Satisfaction, Loyalty, and Retention (dependent variables), a series of inter-group comparisons using the Mann-Whitney's U test for independent groups was conducted. Mann -Whitney's U test is a non-parametric test and used to determine whether there are any differences between groups and is also referred to as the Wilcoxon-Mann-Whitney test. This test is used as an alternative to the independent t-test. As data was not normally distributed, this test was performed as fit for purpose. The following assumptions were taken into consideration before deciding whether this test is suitable for identifying groups' differences:

- i) There should be at least one dependent variable, which is measured at the continuous or ordinal level. This study uses ordinal variables by employing the 5-point Likert scale
- ii) There should be at least one independent variable with two categorical, independent groups. However, whether the test is suitable is fully dependent on whether the distribution in the score of these groups of independent variables have the same shape or a different shape

If different shape exists than this test is used to determine whether there are differences in distribution. If same shape exists than the test is used to determine whether there are differences in the medians of the group.

The analysis showed that gender does not affect the test results. Tests results are grouped in the table below.

Table 5. 12: Differences between dimensions grouped by gender

Dimension	Male (N = 104)			Female (N = 95)			Difference	
	M	SD	Mdn	M	SD	Mdn	U	p
Quality	45.51	9.10	45.50	47.09	9.45	47.00	4451.00	.228
Trust	11.57	2.38	12.00	11.72	2.77	12.00	4604.50	.404
Commitment	16.00	3.53	16.00	15.89	4.27	16.00	4919.00	.959
Bonds	18.99	3.83	19.00	18.73	4.39	19.00	4882.00	.886
Satisfaction	7.44	1.99	8.00	7.55	1.99	8.00	4792.50	.712
Loyalty	14.11	2.81	14.00	14.57	2.63	15.00	4482.00	.255
Retention	10.65	2.67	10.50	10.88	2.88	11.00	4677.00	.514

* $P < 0, 05$; ** $p < 0, 01$

In order to verify relationship, between the researched dimensions and demographic variables in form ordinal scales (*Age group, Monthly income group, Educational qualification, Number of people in household* and *Number of rooms available*) correlation analysis was performed. Nonparametric Kendall's Tau-b test was used, whose properties work well for ordinal data and scales with small ranges.

The coefficients indicate that with an increasing of *Age* there is observed weak growth of *Trust* ($b = .15$; $p = .011$), *Satisfaction* ($b = .15$; $p = .010$), *Quality* ($b = .13$; $p = .022$), and *Bonds* ($b = .12$; $p = .027$), With the increase of the *Number of people* demonstrates weak growth of *Loyalty* ($b = .15$; $p = .007$), *Commitment* ($b = .13$; $p = .013$), *Satisfaction* ($b = .13$; $p = .019$), and *Bonds* ($b = .12$; $p = .025$). With the *Number of rooms available* increases *Bonds* ($b = .17$; $p = .001$), *Satisfaction* ($b = .14$; $p = .013$), *Quality* ($b = .13$; $p = .014$), and *Trust* ($b = .13$; $p = .024$). These results are in Table 7.

Table 5. 13: Kendall's tau-b correlation coefficients

	Age group	Monthly income group	Educational Qualification	Number of people in household	Number of rooms available
Quality	.13*	-.03	.05	.10	.13*
Trust	.15*	-.00	-.03	.10	.13*
Commitment	.08	.06	-.03	.13*	.02
Bonds	.12*	-.05	.01	.12*	.17**
Satisfaction	.15*	-.01	.04	.13*	.14*
Loyalty	.01	.04	-.02	.15**	.04
Retention	.08	-.06	-.03	.09	.06

* $P < 0, 05$; ** $p < 0, 01$

Assessment of the differences due to the *Marital status* was carried out only for single and married respondents, because only these groups have sufficient size to allow comparisons. To assess whether *Marital status* differentiates the results of questionnaire dimensions; another series of inter-group comparisons using the Mann-Whitney's U was conducted.

Table 5.14
Differences between dimensions grouped by marital status

Dimension	Single (N = 72)			Married (N = 105)			Difference	
	M	SD	Mdn	M	SD	Mdn	U	p
Quality	43.78	8.66	43.00	49.05	9.11	50.00	2509.00	.000**
Trust	10.86	2.34	11.00	12.48	2.32	13.00	2266.50	.000**
Commitment	15.61	3.52	15.00	16.06	4.08	16.00	3535.00	.463
Bonds	17.82	3.67	18.00	19.93	4.22	21.00	2540.50	.000**
Satisfaction	6.74	2.07	7.00	8.18	1.52	8.00	2252.50	.000**
Loyalty	13.49	2.73	14.00	14.88	2.70	15.00	2826.00	.004**
Retention	9.97	3.07	9.50	11.41	2.42	12.00	2710.50	.001**

* $P < 0, 05$; * $p < 0, 01$

The analysis showed that respondents in all dimensions (with the exception of Commitment) obtained higher scores as married than as single. This result was, of course, in each case statistically significant.

Finally, however, we can conclude that Occupation did not affect survey result, which confirms the intergroup comparison test carried out using the Kruskal-Wallis H (see: table 5.16).

Table-5.15: Differences between dimensions grouped by occupation

		Quality	Trust	Commitment	Bonds	Satisfaction	Loyalty	Retention
Full time student	M	43,36	10,66	15,3	18,19	6,66	13,79	10,43
	Mdn	43	11	15	18	7	14	10
	SD	8,77	2,54	3,62	3,62	2,17	2,96	2,72
Employed	M	47,43	12,11	16,33	19,18	7,97	14,71	11,21
	Mdn	48,5	12	16	20	8	14	11,5
	SD	8,4	2,48	4,18	4,26	1,62	2,48	2,71
Self employed	M	47,54	12,11	16,23	19,37	7,63	14,51	10,34
	Mdn	47	13	16	20	8	14	11
	SD	9,1	2,35	3,97	4,25	2,18	2,45	2,46
Unemployed	M	47,5	12	15,5	14	6	9,5	11
	Mdn	47,5	12	15,5	14	6	9,5	11
	SD	12,02	2,83	6,36	1,41	2,83	2,12	5,66
	H	7,62	12,68	2,83	3,32	11,79	2,36	3,94
	df	3	3	3	3	3	3	3
	p	0,122	0,352	0,243	0,19	0,072	0,307	0,139

5.8 Customer preferences in relation to the shops and the research variables

The subjects responded to a question about the best store consider as good for shopping. In sample (N = 202) most people indicated shop Agora (N = 93; percentage = 46.0), a smaller group pointed Meenabazar (N = 54; percentage =

26.7), much smaller groups showed Nandan ($N = 29$; percentage = 14.4), or Shapna ($N = 26$, percentage = 12.9). Here we can see that the size of the subgroups is significantly different [$\text{Chi}^2 (3, N = 202) = 57.05; p < .001$], which clearly demonstrates the preferences in favour of the store Agora. However, from the perspective of this work an important issue is to see whether between these consumers groups are differences in preferences through measurable characteristics: research factors. Since the subgroups are not equinumerous comparable, and thus distributions and variances in subgroups do not allow using parametric tests, comparison was carried out using Kruskal-Wallis H test (table 5.18).

Table-5.16: Differences between research dimensions grouped by preferred shop

	Agora			Meenabaza			Nandan			Shapna			H	p
	M	Mdn	SD	r	M	Mdn	M	Mdn	SD	M	Mdn	SD		
Quality	44.53	43	9.43	48.30	49	8.53	45.21	47	9.56	49.46	49	8.14	9.39	.025*
Trust	11.34	12	2.68	11.93	12	2.35	11.66	12	2.65	12.04	13	2.41	2.28	.517
Commitment	15.41	15	3.88	16.91	17	3.80	15.86	16	3.88	16.04	16	3.87	4.67	.197
Bonds	18.42	18	4.26	19.50	20	3.54	18.90	20	4.28	19.31	19	4.21	2.43	.489
Satisfaction	7.39	8	2.03	7.44	8	1.97	7.52	8	1.90	7.96	9	1.89	1.82	.611
Loyalty	13.78	14	2.77	14.74	15	2.35	15.03	15	2.87	14.77	15	2.86	8.75	.033*

* $P < .05$; ** $p < .01$

The test indicated that the subgroups differ in intensity of only two measured characteristics: *Quality* and *Loyalty*. For other dimensions, there were no differences between groups, therefore, the subjects perceived in same way, for example, *Trust*, regardless of which shop they prefer. Multiple comparisons (post-hoc tests) showed that respondents consider Quality to be less important if they prefer to shop in Agora than in Meenabazar ($p = .015$) or Shapna ($p = .019$); but there were no other differences between groups.

What is interesting - Loyalty is also lower for potential customers of Agora than Meenabazar ($p = .017$) and Shapna ($p = .026$) clients, and again, there were no other between-group differences. In each case, differences are not large, but certainly significant.

5.9 Testing conceptual model: Evaluation of variables relationships

Apart from the hypothetical relationships between variables in the form of correlations defined by mentioned hypotheses, theoretical model

assumes that between research dimensions cause and effect relationships occur. For this reason, in order to assess the impact direction (cause and effect) of research variables model was analysed with using a series of regression analyses. Standardized regression coefficients that allow the assessment of the strength of the mutual influence of the variables in the model, together with statistical significance were collected in the figure below.

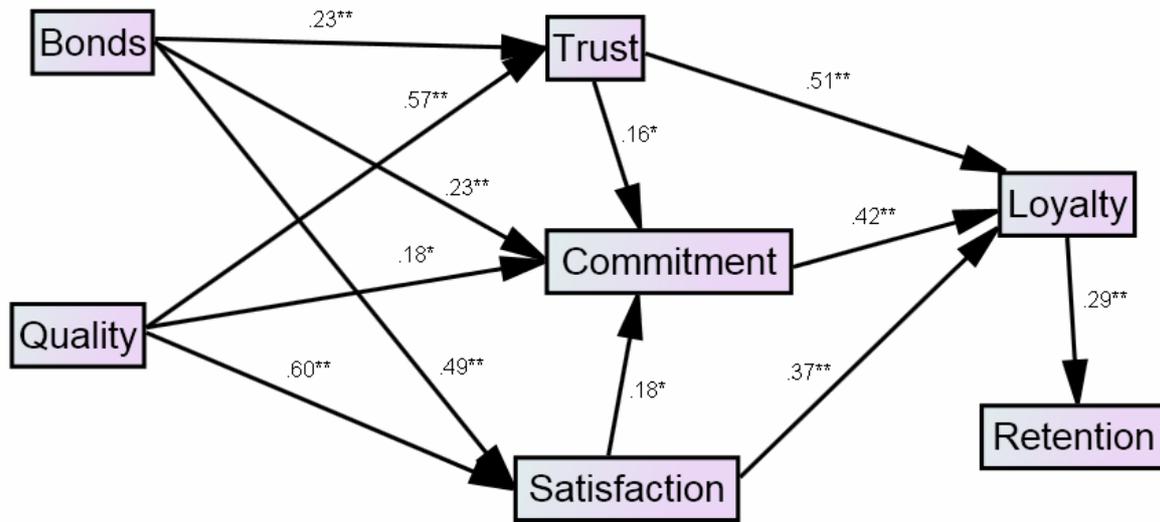


Figure 5.1. Customer retention strategy (CRS) model verification * $p < .05$; ** $p < .01$

In each case, the path impact of variables are confirmed if we consider standardized regression coefficients (statistically significant). This is not surprising, since these dimensions previously showed strength correlations, but at this stage, we can quantify the impact of individual variables on the other in the context of a research model.

The outcome of the analysis indicates that the various constructs in the model and their paths are statistically significant and thus validate the model. However, it is worth noting that not all “paths” have the same “power of influence”. We can clearly note that Bonds stronger influence Satisfaction, than Trust or Commitment. Satisfaction and Trust are more affected by Quality than Commitment. Trust and Satisfaction are weakly related to the Commitment, although all three dimensions in a similar way comprise the Loyalty. Although the relationship between Loyalty and retention is highly statistically significant, impact strength can be considered as at best moderate.

5.10 Loyalty as psychological structure variables

Further theoretical considerations apply in the present study few levels of loyalty. According to this theoretical division of context, we can distinguish the following types of loyalty: cognitive, affective, co-native, and action loyalty. Assignment to the category of items is showed in the table below.

Table-5.17: Category and number of items for assessing Loyalty levels

Level of loyalty	Factors	No. of statements
Cognitive loyalty	Price & quality consciousness	4(61, 62, 63, 64)
Affective loyalty	Customer satisfaction and other key variables (9 variables)	51
	1. Customer service provision	20(9-28)
	2. Trust	3(29, 30, 31)
	3. Commitment	2(32 & 33)
	4. Personalisation	2(34, 35)
	5. Bonding	5(36-40)
	6. Status consciousness	3(41, 42, 43)
	7. Customer satisfaction	2(44, 45)
	8. Loyalty & shoppers patronage behaviour	9(46, 47, 48, 49, 50, 52, 58, 59, 60)
9. Retail image dimensions	5(53, 54, 55, 56, 57)	
Co native loyalty	Recommendation to others and repurchase intentions.	2(51, 67)
Action Loyalty	Shopping frequencies.	2(65 & 66)

Since all scales were in the form of ordinal scales with the same span, it was possible to create factors based on averages, which themselves allow for comparison of the intensity between each other.

Table-5.18: Descriptive statistics for loyalty items as structure variables

	N	Min	Max	M	SD	SK	Kurt	D (S-K)	D (p)
Cognitive loyalty	202	2	5	4.05	.87	-.54	-.73	.16	.000
Affective loyalty	202	2	5	3.66	.57	-.20	-.69	.06	.049
Co-native loyalty	202	1	5	3.76	.84	.62	-.10	.20	.000
Action loyalty	202	2	5	3.50	.94	-.18	-.90	.14	.000

Nonparametric Spearman's **rho** correlation test was performed based on ranks, in order to verify the relationships between various constructs, whose properties allow for a good estimate of the correlation coefficients for the variables with distributions disturbed.

Table-5.19: Spearman's correlation coefficients

	Cognitive loyalty	Affective loyalty	Co-native loyalty	Action loyalty
Cognitive loyalty				
Affective loyalty	.60**			
Co-native loyalty	.32**	.53**		
Action loyalty	-.12	.01	.22**	

* $P < .05$; ** $p < .01$

Although these dimensions have consistent relationships - we can see that the Cognitive and Affective loyalty have no relationship with Action loyalty. In any other case, we can talk about significant and positive correlations between dimensions.

Assessment of the differences in intensity between dimensions was performed using a mixed line model, where was compared intensity of four types of loyalty (cognitive, affective, conative, and action) as a within-subject factor, and additional between-subject factors was *gender* and *favourite store*. Box homogeneity of variance test was not statistically significant: $F(70) = .62$; $p = .995$; so used is Wilks' Lambda statistic. Loyalty variable main effect was statistically significant: $F(3, 189) = 15.55$; $p < .001$; $\eta^2 = .198$. Cognitive loyalty intensity was higher ($p < .001$) than Affective loyalty, Conative loyalty ($p = .008$), or Action Loyalty ($p < .001$). Conative loyalty was also significantly higher than Action Loyalty ($p = .002$).

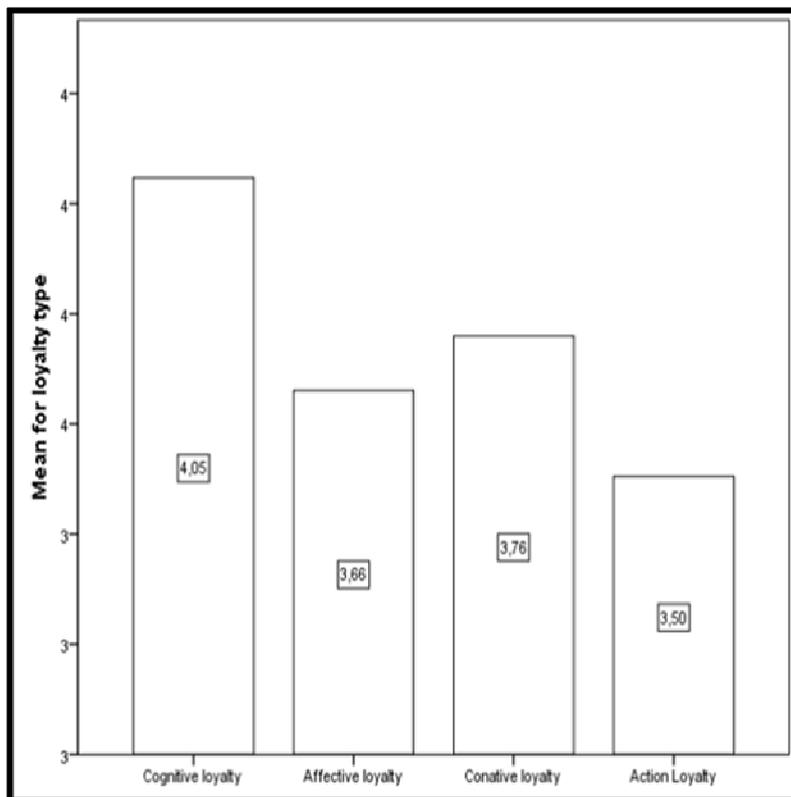


Figure 5. 2. Loyalty types intensity

Considering all four types of Loyalty - they were not differentiated by favourite store [$F(9, 460) = .78; p = .639; \eta^2 = .012$], gender [$F(3, 189) = .89; p = .450; \eta^2 = .014$] or interaction of these two factors favourite store * gender [$F(9, 460) = .82; p = .595; \eta^2 = .013$]. Also marital status [$F(2, 330) = 2.25; p = .105; \eta^2 = .019$] did not affect the results.

In order to verify relationship between loyalty dimensions and demographic variables in form ordinal scales (Age group, Monthly income group Educational qualification, Number of people in household and Number of rooms available) another correlation analysis was performed with Kendall's Tau-b.

The coefficients indicated that increasing cognitive loyalty grows poorly with Number of rooms available ($b = .17; p = .002$), and age ($b = .12; p = .036$). Affective loyalty demonstrates weak growth with Number of people in household ($b = .15; p = .003$), Number of rooms available ($b = .15; p = .003$), and age ($b = .14; p = .013$). There were no other correlations with research variables.

Table-5.20: Kendall's tau-b correlation coefficient

	Cognitive loyalty	Affective loyalty	Co-native loyalty	Action loyalty
Age group	.12*	.14*	.07	-.06
Monthly income group	-.05	-.03	.00	.01
Educational qualification	.04	.01	.01	-.10
Number of people in household	.03	.15**	.07	.01
Number of rooms available	.17**	.15**	.04	-.06

* $p < .05$; ** $p < .01$

5.11 Findings of the focus group discussion

Part of the pre-test, focus group interview was conducted among ten food shoppers to limit and define the topic under study. The main objectives of this focus group were to understand their personal understanding on organised superstore concept and the differences between these organised and traditional forms of *kancha bazaar*, also to have an understanding about the customer groups of this superstore. Finally, to have a clear idea about their understanding of the questionnaires. Whether various items of the questionnaires are adequate and comprehensible.

Through the discussion with the various participants, the researcher, was able to identify the various key issues and it really helped to finalise the questionnaires. During the focus group discussions, a total of three specific questions were asked to

elicit insight. The concept of an organised superstore is new to many Bangladeshi shoppers; when asked to explain about their understanding of organised superstores, most of them related organised superstore to mean convenience, has good service facilities such as flexible payment options, car parking facilities, varieties of branded imported products, professional staff those are helpful, good inside signposting, clean lavatories and speedy checkouts. Some stated that these stores are hygienic and are in wealthy areas. However, although many of them mentioned positive developments by these stores, there was also a view that these superstores have removed many of the emotional attachments that have been built up over years of close interaction and social ties. People normally have the opportunity to bargain in traditional stores, a social skill which is not possible in organised superstores where prices are fixed. An example of this is as follows:

***For responded Shapna:** My knowledge tells me that an organised superstore has packaged food, debit/credit payment options and also is very hygienic"*

"Shelly: They definitely value customer satisfaction and make real efforts to deal with customers that have been put at inconvenience by a product or experience with the business in a positive way".

"Sheuli: in my opinion an organised superstore as parking facilities, lavatory and lifts/escalator; luxuries that you simply cannot find at the local store".

When asked to differentiate between organised superstores from traditional stores, it sounded as if they all have a clear idea of the differences between these two. In their understanding, traditional shops are unclean, unhygienic, most of the time disorganised, crowded, take little notice of general safety measures and little or no sense of customer service. Furthermore, products are not packaged and sealed, and there is a sense that many retailers are untrustworthy and that there is high chance of cheating. Some even stated that these open markets or *kancha bazaar* are poorly lit, neglected and often surrounded by human, animal and vegetable waste. An example of this is as follows::

Shelly-"Roadside shops can often be very untrustworthy. You are never sure if what they are selling you is genuine and has not been tampered with. You will find many foreigners become ill from buying foods from these smaller stores".

However for **Shupti**

"Traditional shops definitely have no sense of customer service however, due to lack of standardisation these stores suit the needs of working class people as they are able to bargain and negotiate a price that best suits them".

Another objective of this focus group was to understand the customer group before conducting the final survey. Most of them agreed that the main customer groups are: upper class, middle class and some from lower upper class. However, many of the

third groups customers are status oriented customers who often like to showboat their wealth or status in the society. . One of the responded clearly identifies the customer groups for this superstore:

Shupti: "Upper class people and a few middle class people are mainly customers".

Interestingly, another responded brought different aspects of these customer groups:

Monika: "People often like to showboat their status and wealth. These kinds of stores are not very common and it's not always down to affordability. People have the desire to go to these stores and almost live the luxury life even if they can't afford it **LAUGHS**"

Another responded believes that this superstore may not target the less fortunate customers in less wealthy areas in near future:

Shelly, "do you think that superstores will be able to broaden their target market and create affordable products for the less fortunate? Unfortunately no, the whole feel of the supermarket is very high class and for now it is simply not made for W/C. W/C customers in these stores would almost ruin the effect and not attract much wealthier customers that are willing to spend more money".

Finally, when seeking their opinion about the questionnaires, almost all agreed that the Bengali version would be difficult for many respondents to answer, especially as certain Bengali terminology is often deemed recondite in nature. In the light of this important and highly pertinent feedback it was decided to issue the questionnaire in English. Similarly, recommendations were made by the participants to remove some questionnaires that were deemed sensitive in the context of Bangladesh. Locally, people are decidedly uncomfortable about responding with candour to questions about actual age, income and whether they live together with someone, the latter questionnaire would be deemed offensive in its implications. Therefore, the focus group played an important role in helping mitigate the risk of alienating respondents. An example of this is as follows::

Nandita: It is embarrassing Sir, some Bengali words are not understandable, although Bengali is our mother tongue. Such as "Orthonatic Mullayan" (Value for money), it sounds odd, even many people will not understand. another one is "Sanjiboni" (refreshment), I never used this terminology in Bengali, I know the refreshments

Monika: "Bhazzik Sojjya" means "Exterior", My God! Such a difficult word; "Anugotya Sheva" means Loyalty? No Sir, it is too complex. I am sorry Sir, this is our own language, but many words we are using, basically English. many words in Bengali in this questionnaires are unknown to me. If you give me this questionnaires, I will not be able to answer clearly

5.12 Findings of the In-depth interviews

A total of six in-depth interviews were carried out as part of the pre-test among top management of the four selected superstore chains. The main purpose of these interviews was to gain an insight about the sector and the use of CRM as a strategic tool to enhance customer loyalty and retention.

From in-depth interviews, it was clear that Agora was the first organised superstore opened in Bangladesh in early 2001. The sector is very new and currently over thirty companies are operating with over 200 stores, mainly in Dhaka and other large cities. Most of the superstore chains are part of the larger groups, those are well reputed, have extensive business experience and yet started as a small family business. Some of the major themes which were identified from these in-depth interviews are:

1. **Bangladeshi consumers are swimming dancers:** Bangladeshi consumers are trends' oriented and they jump to new western trends very quickly with new excitement. It is a new turn of phrase that has been developed in recent years used by Bangladeshis to describe the way that local shoppers readily embrace new retail trends, especially from abroad. Most of the shoppers at organised superstores are from the upper class and middle class social strata. The middle class is expanding rapidly due to various social and economic reasons such as more women's employment opportunities, better access to education, and the development of new export led sectors. They are financially sound. They are convenience and status seekers. The CEO of Rahim Afrooz coined this term and explained as:

"From the beginning we organised and designed our store such a way that it is not only for the people in upper class strata who has the most financial ability, but also expanded middle class. This is our target market. We sometime call them "swimming dancer". People in Europe will not understand this. We use this because people are jumping to new trends so quickly and with excitement. Middle class family has now also financial soundness due to many reasons. many people are now working in private and professional sectors with many foreign companies".

2. **Neighbourhood store:** It was found that all the chain stores, are located in very convenient location. This is probably due to the fact that the capital city and other prominent cities suffer from near legendary traffic jams. Hence, it is difficult for the people to travel far to do their daily or weekly shopping. Managing Director of Shapna explained the reasons for being close to the customers as:

"In Dhaka it is so difficult for the people to travel from one place to another place. Road infrastructure is very poor, inner city communication is bad, therefore, it is difficult for us to offer something on time. It is nightmare to bring and offer products on time. It is possible in Europe where communication, transport and distribution system is well developed. So what we did. WE have initiated the concept of "neighbourhood shop", therefore we have many shops in several wards and county Thana in Dhaka so that people

do not need to travel too far. This neighbourhood shops to ensure that we reach to customer doorstep".

3. The most important factors for enhancing customer loyalty: Some of the most important factors are: Offering high quality services, strong emotional bonds, affordability and comfort, building customer trust, professional staff, and customer focused approach and convenience.

4. Shift of shopping culture: Nowadays ladies (Bangladesh remains largely a patriarchal society and women make up the lion's share of those responsible for homemaking, childrearing, shopping, and food preparation) go out for shopping after dropping their children off at school in the morning. In the evening time the family go shopping as a shared social activity. This is again explained by one of the interviewer as:

"Now a days ladies are going out for shopping. Traditionally this task was done by father or someone else, but not women's. They take their children's to school and do their shopping. This is why we are always busy during 8-11 and in the evening again during 6-9pm. Another trends is that people when they finish their work they come for shopping".

5. Major challenges: In-depth interviews identified the following major challenges being faced by the sector:

- a) Poor supply chain management
- b) Lack of critical mass
- c) Lack of store space in Dhaka
- d) Fear of unfairness and cheating
- e) Poorly sectoral organisation

6. Practice of CRM: It has been found from the interviews that the concept of CRM is vital for the sector's sustainability and those in leadership roles appear to understand it well. The concept is well entrenched in marketing practices of most supermarkets and has become part and parcel of their strategic planning process. However, full scale implementation of the management part of customer relationship management (i.e. comprehensive data base management) and some process aspects of CRM are still in their infancy. Various discussions identified the following areas of practice that promote long term relationships with customers:

- a) Staff training
- b) Customer satisfaction survey
- c) Customer helpline
- d) Sponsoring or organising various events, introducing loyalty schemes, discounts etc.
- e) Effective communication between the retailers and customers
- f) Understanding customers' cultural sensitivity

7. Based on structured questionnaires the following results were identified:

No	Statement	Strongly agree
1	Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company	66.66%
2	We strive to constantly surprise and delight our key customers	83.33%
3	We strengthen the emotional bonds with our key customers by wishing them on important occasions	83.33%
4	We commit time and resources in managing customer relationships	66.66%
5	Our employee training programmes are designed to develop the skills required for acquiring and deepening CR	83.33%
6	Our frontline employees are encouraged and empowered to exceed customer expectations	100%
7	We take customer feedback seriously and reply to them	100%
8	We have a loyalty program to enhance the Lifetime Value of our Customers	100%
9	We welcome complaints from customers	100%
10	We broadcast to the employees the feedback given by our customers	83.33%
11	Our employees are willing to help customers in a responsive manner	100%
12	We have effective customer recovery strategies including guarantees for service failure	83.33%

5.13. Conclusions

This chapter presented the results of data collected from Bangladeshi consumers on their shopping behaviour in relation to their relationship with supermarkets. The study examines the relationship between CRM and customer retention. The first section of this chapter focused on the data editing and coding of items, missing data, outliers and normality were assessed. To understand the internal consistency of the scale Cronbach's Alpha test was carried out and results indicate that the variables are reliable, response rate and sample characteristics also were discussed in this section. To understand the normality of data distribution both Box-Whisker & Shapiro-wilk tests were conducted and tests results indicate that data distribution is not normal. Due to this method, SEM method was rejected (see section: 5.2.2.2) and used non-parametric tests to test various hypotheses and hypothesised research models.

The second part of the analysis focused on understanding the rate of response, sample characteristics, testing various hypotheses, research models and the intensity of customer loyalty along with others. By using Spearman's rho correlation test various hypotheses were tested to understand the relationships between variables. Results indicate that all the coefficients correlate significantly, although commitment shows the least strengths of the correlation coefficient, but all hypotheses were accepted. Furthermore, to assess whether major demographic factors differentiate the results of the dimensions: quality, bonds, trust, commitment, satisfaction, loyalty

and retention, a series of inter-group comparison analysis were carried out by using Mann-Whitney's U test, Kendall's Tau-b test and Kruskal-Wallis H test.

The final section of the chapter focused on customer preferences in relation to the shops, testing the conceptual research model to understand the relationships between dimension and strengths of customer loyalty.

CHAPTER SIX

DISCUSSION OF THE FINDINGS

6.1 Introduction

This chapter aims to discuss the findings reported in the previous chapter (Chapt-5). The chapter is structured as follows: The first section starts with analyzing demographic characteristics, followed by the key drivers of store choice and were evaluated and addresses the very first question of this thesis. The next section focuses on the consequences of service quality and bonds which is aimed at addressing the second research question, discussion on relationship quality and customer loyalty is included in section 6.7. The linkages between customer loyalty and customer retention are discussed in the next section followed by an outline of the national culture and consumer behaviour in Section 6.9. The final research question on relationship marketing practices is discussed in the next section. The next few sections focus on the assessment of degree of customer loyalty, the influence of culture on research findings and the strategic implications of the findings. The penultimate section summarizes the findings, before the conclusions.

6.2 Demographic Characteristics

A study of this nature always generates certain results that could have reasonably been predicted. When it comes to demographics and the degree to which various age groups are active in regards to shopping. According to Dibb et al. (1994) population statistics are very important for a marketer to understand and thereby keep track of the changing age profile. Various studies indicate that certain age groups have more impact on buying behaviour than others. Mintel's (2003) report shows that the age band between 25 and 34 is the most important and active group in the UK, East et al. (1995) also found that most loyal shoppers are less than 45 years. A study conducted by Rajayogon and Muthumani (2015) in the Indian retail context have found that age is directly associated with shopping intentions and the age group between 26 and 35 are the most active shoppers. The same study found that there is a significant difference between monthly income, occupation and employment status. Income groups between £300 -£500 are the most active in shopping and are mainly employed (Rajayogon and Muthumani, 2015)

Table 5.1 (Chap-5) provides compelling evidence that people aged 25 - 44 were by far the most active, which supports the previous findings. Making up 73.5 percent of the respondents sampled, it is perfectly reasonable to state that these people are more likely to be in the early stages of their respective careers and thus both more economically confident and secure. Modern retail outlets afford opportunities for such an age group to not only expand their income, but also sit comfortably with

their aspirations and expectations of what constitutes success and progress. In comparison the numbers for the age range 45-54 and 55+ with frequency percentages of 7.8 and 1.5, respectively raise questions about the nature of the experience and their own values in regards to monetary responsibility in later life. Whilst a case could be made for younger professionals frequenting outlets out of necessity, there is also the social dimension and the fact that many shoppers in that demographic feel alienated by traditional retail outlets that they may well be perceived as inferior, due to limitations in choice, poor hygiene and a less conducive environment. Higher disposal income and the influence of the media and their peers is likely to have contributed to a desire to experience a different retail experience, one that connotes a certain dynamism, as well as a contemporary shopping experience. On the other hand, the older age demographic could be said to have different priorities, their visits are considerably less frequent, more purposeful and framed by key financial considerations.

Table: 6.1: Demographic Profile of grocery consumers in Bangladesh

Characteristics	Main profile
Age Group	25-44
Marital status	Married
Income	30,000 - 40,000 +
Education	Undergraduate & Postgraduate
Number of People	3 -4
Occupation	Employed
Number of rooms available	3-4 rooms

With Bangladesh not having a social security system, many people are understandably preoccupied with their savings and making sufficient provision for health emergencies and old age. Shopping thus, becomes an activity that is influenced by the need for that which is cost effective, trustworthy and value for money. The experience of shopping might well be less important, as a more frugal mind-set tends to take over in some respects. At the opposite end of the scale the youngest shoppers, who comprised some 16.2 per cent of those included in the sample, have limitations of their own about income, transportation and restrictions placed upon them by study commitments and parental control. Bangladesh being a predominantly Muslim country is conservative in some respects and therefore young women, in particular, especially those who are not married would be less likely to venture forth into such retail outlets. Cultural norms, taboos and expectations are major drivers in human activity and interaction and businesses ignore such factors at their peril.

One of the most telling findings in regards to demographics is about Education. The fact that a staggering 81.4 per cent of respondents were either under-graduates or post-graduates is not only a remarkable testament to the progress made by Bangladesh in recent years, but affords us with a fascinating insight into the type of clientele that stores need to cater for. Whilst this research provides only a snapshot, it does provide some evidence that simply cannot be ignored by those eager to tap into and retain customers. Certain assumptions can be reasonably made, about levels of literacy and numeracy, as well as access to and exposure to important advertising platforms. Such a demographic is far more likely to be active when it comes to mobile, tablet and computer technology and as a consequence stores have new and exciting ways to cultivate the customer relationship. Retail outlets must also be mindful of the need to retain such customers, who have ready access to the service and offerings being proffered by competitor stores.

It is important to note that stores of this nature are by their very nature self-selective in respects of their location, perceptions about price and even the fact that they employ security guards to discourage footfall from those who come from lower social backgrounds. The demographic findings would appear to confirm this as only 2.5 per cent of respondents who had an education of only a secondary and primary level and not a single respondent was without any education at all.

The issue of disposal of the income is one of paramount importance, as retail stores are not merely concerned with attracting customers, but forging a relationship with those who have the wherewithal to spend on a repeat basis. In countries such as the UK there is increasing anecdotal evidence and a limited, but growing body of research evidence that shoppers, especially when it comes to food shopping have become more economically promiscuous, a fact that has become markedly more apparent since the financial crisis of 2008. In the UK, retailers such as Aldi and Lidl have deliberately repositioned themselves along with their product offering in such a manner, that they have begun to attract increased numbers of Middle-Class shoppers with higher disposable incomes. Highly effective campaigns have been used, and these afford some interesting examples that could well have relevance to Bangladesh's nascent, yet rapidly expanding retail sector. Within the confines of these additional research categories, especially regarding higher incomes, it might well be found to have given a clearer indication as to the primary income bracket of those choosing to shop at such stores.

The findings in Table 5.1 (Ch-5) concerning the size of households conforming to a traditional Bell curve, appears perfectly reasonable for such a study, that said, stores would do well to take cognisance of the fact that in the common additional

categories, especially in regard to higher incomes they might well have given a clearer indication as to the primary income bracket of customers shopping at such stores.

6.2.1: Demographic and research variables

The results also indicate that gender does not affect the dimensions of the model (Quality, bonds, trust, commitment, satisfaction, loyalty and retention). There is a weak growth of all dimensions with increasing age. Findings indicate that increasing age is observed as weak growth of trust, quality, satisfaction & bonds. In relation to marital status except commitment of all dimensions a higher score as married than as single. With the number of people who demonstrate a weak growth of loyalty, commitment, satisfaction and bonds. With the number of rooms available there were increases in bonds, satisfaction, quality and trust.

6.3. Key drivers of store choice

Research questions-1: *What are the key drivers of store choice amongst food shoppers and how can supermarkets build strong and lasting loyalty amongst their customers, which will lead to customer retention?*

Retailers and supermarkets exist to provide services to their customers, and since serving customers better is the ultimate competitive goal of retailing, it is necessary to identify service attributes that are most important to customers. The researcher employed service attributes derived from Banning and Weber (1994), Omar (1999), Min (2010), previously adapted, and used by Sawmong and Datta (2003) in testing supermarket customer loyalty. While many other factors could have been used in the research 10 (ten) were identified as the most important service provisions that are important for shoppers when they shop at particular shops.

The findings here manage to provide further fascinating insights into the expectations and psyche of supermarket shoppers in Dhaka. Whilst these findings are in themselves telling, it is important to remember that we cannot automatically assume that such attitudes and responses would be replicated in other metropolitan areas of Bangladesh, let alone in the whole country. The very nature of the retail outlets themselves means that they attract and appeal to a certain clientele, and these target shoppers are individuals, who are deemed affluent or relatively affluent when compared with their fellow compatriots and women.

As summarised in the table below, the characteristics considered most essential in developing a perception of supermarket service offering customer loyalty is a convenient location, and the second most important aspect is value for money. The

next four most important attributes were 'has an exterior that is visually appealing', a variety of branded products, has sales personnel who appear presentable and neat and background music. Other important service attributes are: convenient to move around in the store, well-stocked products, cleanliness of the store and the visual display of products. These findings are consistent with those of other previous studies such as Crawley (1993), Miranda et al. (2005), Pan and Zinkhan (2006); Huang (2009); Urban (2010); Raza et al (2012), Beneke et al (2012) and Al Otaibi and Yasmeen (2014). Similarly, Dijsterhuis et al. (2005) asserted that subtle environmental cues such as cleanliness of the store might unconsciously influence the customer's shopping behaviour, however, this is also true for many customers and acts as a conscious evaluation tool. Competitive price is also considered a most important factor for influencing customer satisfaction and loyalty.

Table-6.2: 10 important attributes for supermarket choice on service provision

No.	Attributes	Degree of importance		
		Mean	St. Dev	Ranks
1	Convenient location	3.99	0.977	1
2	Value for money	3.89	1.038	2
3	Has an exterior that is visually appealing	3.79	1.077	3
4	A variety of branded products	3.97	1.081	4
5	Has sales personnel who appear presentable and neat	3.94	1.091	5
6	Background music	3.89	1.105	6
7	Convenient to move around in store	3.94	1.111	7
8	Store keeps its shelves well stocked	3.86	1.117	8
9	Cleanliness of the store	3.85	1.155	9
10	Visual display of products	3.90	1.156	10

Measurement scale: 1 = very dissatisfied; 2 = mildly dissatisfied; 3 = neither dissatisfied nor satisfied; 4 = mildly satisfied; 5 = very satisfied

The shoppers' priorities help elucidate something of the desires of customers, but also reveal something about their underlying fears or anxieties. As we can see from the above table, in first place comes: **Convenient location**, something that should come as little surprise, especially as shoppers are reluctant to travel far in Dhaka, in view of its frequent traffic paralysis. The siting of stores within or adjacent to well to do neighbourhoods ensures that supermarkets become a place of convenience, somewhere local enough to visit in person or to dispatch domestic helpers to, without incurring additional transport costs or the risk of being stuck in traffic jams. The sheer convenience of a store has the potential to increase the regularity with which customers choose to shop, thus making it not only a retail space, but also a 'knowledge hub' where information is exchanged between staff and shoppers and shoppers and their fellow shoppers. A supermarket's location helps cement it within

its local community, and this overtime, enables the establishment of the bonds of trust. In addition, traditionally Bangladeshis are eager to shop on a regular basis, whether this is for food, for themselves or hospitality, for items that help them mark family occasions or religious celebrations and thus having a place that meets their particular needs is something that is clearly of considerable importance. The concept of convenient is also revealed by the focus group and in-depth interviews, as people tend to shop within their localities.

As a rule, most retail outlets are keen to make their customers aware that they desire to be seen as places that offer **value for money**. Cost is always a significant driver and thus comes of little surprise that the majority of shoppers deems it to be so. Bangladeshis are used to shopping around and thus expect a retail outlet to offer competitive prices. This is equally true of more affluent shoppers as it is those who are in the lowest income brackets within society. No customer wishes to feel that he or she has in some way been ripped off; we all appreciate a bargain and certainly expect retailers to make every effort to demonstrate a desire to keep costs down.

The fact that the third highest priority is to do with a store having **an exterior that is visually appealing** is itself very revealing. Buildings and the way in which they are maintained connote status, core values and are an indicator of what may well lie within. Clean, bright facades are an indication of a business that takes pride in what it is offering; they also add to the collective values of a neighbourhood rather than detracting from them. Many traditional markets in Dhaka and other parts of Bangladesh are to be found in structures that are tired, dilapidated and in desperate need of repair. Such buildings are often a portent of what is to be found within. Modern supermarkets are expected to differentiate themselves from the bazaars of old and the findings indicate that first impressions are deemed important.

Those that actively choose to shop at supermarkets do so in the expectation that they will offer **a wider range of products**, especially those of a branded nature. Exposure to TV, radio advertising, as well as advertorials in newspapers and magazines ensures a heightened awareness of products available. It is also a fact that those with high disposable incomes are more likely to travel for work and leisure and to have access to education outside the country, these factors influence shopping choices. In the same way **sales personnel are expected to be presentable and neat**. Such standards are reassuring, especially when it comes to hygiene and general conduct. Much of this is about forging bonds of trust at various levels, and it is interesting to see that **background music** scores so highly. Creating a homely ambiance with the playing of traditional songs and melodies can prove extremely evocative and

cements a sense of well-being. Music is an integral part of the Bangladeshi identity and thus the mood it creates in a retail outlet is very different from the discordant sounds, chaos and detritus that is all too familiar in some of the more traditional retail spaces, especially partially covered markets. The music adds to the shopping experience and helps reinforce positive values. From the supermarkets point of view the shoppers are more likely to browse at leisure and thus may well end up spending more as the relaxed and positive vibe often has the effect of loosening purse strings. Equally the **store lay out** enables a far less frenetic and stressful shopping experience. If there are wider aisles, **well-stocked shelves** in a bright **clean store** where products are displayed artfully and with care then all these factors have a bearing on the overall experience and the likelihood of discerning shoppers to feel at home and develop a sense of loyalty towards a store.

Findings also indicate that **mailings from the store, in store prayer room facilities, facilities for children and credit card facilities** are least important to Bangladeshi organised food retail shoppers. Bangladeshi customers appear to set little store by whether a retail outlet or supermarket is concerned with customer needs. This may appear to be an anomaly, yet on reflection, there is almost certainly a very good explanation as to why this should be the case. As there has not been, a long established tradition of store engagement with customers, shoppers have developed their way of appraising and assessing whether or not a store delivers what it claims. Families, friends and neighbours provide a powerful antenna that appears to act as a mechanism for gathering opinions as well as disseminating them. Thus, shoppers are remarkably independent in their approach and appear indifferent to more scientific retail theories and practices that place considerable emphasis on cultivating a rapport with customers. Naturally, such attitudes are often deeply ingrained, especially in a culture that has rich traditions anchored within family, faith and community. Therefore, it should come of little surprise that mailings from the store seem to have limited impact. Supermarkets and the like are expected to focus on their core products and services and so whilst **prayer facilities, play areas**, or a crèche for children might appear laudable extras in fact are optional extras that, rarely enter the thinking of the average shopper. Bangladeshis, whilst being a deeply religious people do not associate supermarkets or shopping malls with acts of devotion. Those who are especially devout will order their day around the required prayer times and will often refrain from engaging in activities that might in some way detract from their devotions. Places of worship are deeply personal and are full of familial and community associations. The strong bond of loyalty that exists about certain mosques cannot be underestimated, especially as these were invariably places of spiritual instruction from a very early age. The sense of belonging is

extremely comforting and something that takes many years to establish, hence, it is little wonder that shoppers do not view in store prayer rooms as a priority.

Shopping in larger market malls and supermarkets can often be an experience in itself, one that has a purpose given added impact by associations such as **in-store music** (often of traditional songs and melodies). As a rule, if a family goes on masse they wish to savour the experience together and they see little need to divest themselves of their young and entrust them to strangers in a crèche or designated play area. For some, better to do shoppers, there is the added consideration of safety, especially the fear of kidnap, so it should come as little surprise that children are kept close, often indulged and expected to share with the retail activities of their parents and or their extended family.

Whilst retail outlets may wish to connote modernity and radiate modernity, some offerings appear to meet with limited enthusiasm from adult customers. In Bangladesh, cash remains king and to date the take- up of credit cards is decidedly patchy. Customers appreciate simplicity, and there is a general perception that cash transactions are straight forward, free from the potential fraud or bureaucracy of credit and debit cards and affording the shopper the potential to bargain in certain circumstances. Shoppers want what suits and what might work in London or New York may not always be deemed desirable in Dhaka or other Bangladeshi cities. Such apparent reluctance to embrace new means of payment must not be misinterpreted, for Bangladeshis are extremely canny shoppers. Put quite simply, cash transactions are straightforward and are free from the involvement of external parties or institutions.

The findings of the important drivers of store choice for the Bangladeshi shoppers are also supported by the previous research. Such as Huddleston et al (2004) who has identified a number of factors that are essential to drive the shopper's motive, which are: store location, store layout, range of products, product availability, visually appealing exterior, store cleanliness and presentable and friendly staff. While the same study found that music in store is one of the negative attributes. However, a study conducted by Mandila and Gerogiannis (2012) found that various types of music have a direct influence on customer behaviour. In a South African Context Beneke et al (2012) also found that a store's exterior design, cleanliness, staff friendliness, location, range of products, affordability and product availability are important, to increase customer satisfaction. Other previous research in both Asian and western countries support the findings (Odekerken-Schroder et al, 2001; Kim and Jin, 2001; Ivanauskiene and Volungenaite, 2014)

6.4 The consequences of Relational Bonds and Service quality

To identify the relationships between Service quality, bonds and relationships quality (Trust, commitment and satisfaction), five (5) hypotheses were developed, in which three hypotheses have linkages between bonds and relationships quality (H1, H2 & H3) while H4 and H5 to indicate the relationships between service quality and relationships quality (Only trust and satisfaction). These hypothesized linkages are aimed to address the following research questions:

Research question-2: *Are service quality and bonds important in determining relationships quality in a food retailing context in Bangladesh?*

6.4.1 Service quality and relationships quality

Service quality is one of the most important antecedents of relationships quality. Hypotheses H4 and H5 were developed to establish the relationships between service quality and relationships quality (trust and satisfaction). The findings indicate that service quality is strongly correlated with satisfaction and trust although they do not have the same power of influence ($p < 0.57$ for trust and $p < 0.60$ for satisfaction). Results indicate that service quality is strongly associated with trust and satisfaction while weakly associated with customer commitment. This is consistent with various previous studies such as Beneke et al (2012); Al Otaibi and Yasmeen (2014). The results are in line with those of previous studies. Literature review identified the direct correlation between service quality and trust (Wong & Sohal, 2006; Adoyo et al, 2012), service quality and satisfaction (Doney and Cannon, 1997; Sivadas & Baker-Prewitt, 2000; Chiou and Droge, 2006; Mosahab et al, 2010)

6.4.2 Relational bonds and relationships quality

The hypothesized model identifies the linkages between bonds and relationships quality (H1-H3) and indicates that relationships quality (trust, commitment and satisfaction) greatly influenced by relational bonds. The findings suggest that bonds have unequal relationships with various constructs of relationships quality, but positively correlate. A very strong relationship is found between bonds and satisfaction ($p < 0.49$) and a weaker influence on trust ($p < 0.23$) and commitment ($p < 0.23$). However, the relationships suggest that bond is one of the most important precursors for maximizing customer satisfaction. The findings support the many previous studies. Such as bonds and customer satisfaction (Rao and Perry, 2002; Chen and Chiu, 2009), bonds and relationship quality (Sheth and Parvatiyar, 2000; Wang et al, 2006; Huang et al, 2014), Social bonding and trust (Cater, 2008)

6.5. Trust and commitment

Claycomb and Martin (2002) argue that in the service sector, because customers buy promises and not tangible goods, they must trust service providers to ensure a sustained relationship. In such instances, trust helps to build confidence, fosters cooperation, and facilitates service recovery when things go wrong in the service delivery process. Within the supermarket industry, one could argue that building a trustful relationship requires delivering core products and services efficiently and effectively in addition to ensuring honesty, reliability and integrity in dealing with customers. In contrast, transactional relationships in Bangladesh are mostly fraught with opportunistic behaviour of either the customer or the retailer and thus precluding partners' commitment. Like trust, one of the most important and central concepts for understanding the customer relationship strengths, is commitment, and it is a useful construct to measure customer loyalty and in predicting customer repeat purchase behaviour. Various recent studies indicate that trust and commitment is positively associated and trust is a strong predictor for commitment (Sharma et al, 2006; Cater and Zabkar, 2008; Alrubaiee, 2012).

The results indicate that trust is weakly related to commitment ($p < 0.16$) which in contrast does not support previous research such as Carter and Zabkar (2008) and Alrubaiee (2012). They have found that all three dimensions of trust (i.e integrity, competence and benevolence) positively influence commitment. Other studies also confirmed positive relationships between trust and commitment in service literature (Morgan and Hunt, 1994, Sirdeshmukh et al, 2002).

6.5.1 Possible reasons for a weaker relationship between trust and commitment

The characteristics of any given culture frame is the nature of relationships, this is as true of the retail arena as it is of other areas of human endeavour. Over hundreds, sometimes thousands of years, societies and the communities that they are comprised of, have developed various levels of interaction and self-reliance. Bangladeshis, whether they be of the dominant religion locally (Islam) or not tend to manifest the characteristics of self-reliance, a point that the likes of the Dutch social psychologist Geert Hofstede have observed. There are various historical reasons for such behaviour, something that sociologists and anthropologists are well placed to comment upon. What is particularly pertinent in regards to this study is the fact that whilst extant literature has identified a link between trust and commitment (H6), this link appears to be weak in the case of this particular research. This finding isomer interesting as it is germane to the point made about self-reliance.

City dwelling and the trappings of an urban existence is a relatively recent phenomenon in Bangladesh. Ties to a rural existence and the interaction associated therein continue to resonate. At Eid time and during other major festivals, a large number of the population of Dhaka (and other major Bangladeshi cities) leave the capital city to renew their spiritual connection with their home village, a similar phenomenon takes place in China at the time of the Chinese New Year. Bangladesh people are traditionally trust oriented, and in the retail relationship bond and good quality services are the foundation of that trust. H1 (bond vs trust) and H2 (bond vs commitment) firmly echo such an outlook. Such are the bonds that have often been established over successive generations; that the issue of honour is one of the strands of the bond relationship, thus to deliver an inferior service is in some way to dishonour those bonds. Bangladeshis are very conscious of how they and their families are perceived as this can impact upon familial well-being and social standing.

These observations do not in any way negate the importance of commitment, commitment is vital. Traditionally there is an acceptance that H2 (bond vs, commitment) is to be expected, although this study reveals evidence that these two elements (Trust & Commitment) do not rise necessarily in tandem, and as such are not totally concomitant in this particular Bangladeshi context. The prevailing academic orthodoxy informs us that commitment is vital, but that the bedrock of commitment is to be found in bond, with all commitment, trust and satisfaction being positively influenced by loyalty.

6.6. Satisfaction and commitment

According to Heskett (2002) commitment is greatly influenced by customer satisfaction, as satisfied customers are more committed towards the store. This is in agreement with Henning -Thurau *et al* (2002) who found that a high level of customer satisfaction increases customer repeat purchase intention and has a positive impact on customer commitment. Other studies also found similar results such as Caceres and Paparoidfamis (2007), Boora and Singh (2011). These findings are not supported by the results of this study as it reveals that satisfaction is weakly related to commitment ($p < 0.37$). This may be due to the cultural norms. Bangladesh being a collectivistic society, with high power distance, masculine and long term oriented culture, people see that cooperation, inter-connectedness and long term inter-relationship are most important and commitment is influenced by these factors primarily. Not because of a high level of customer satisfaction.

6.7. Consequences of relationship quality and customer loyalty

This thesis used relationship quality as an important determinant of customer loyalty and is core to building long lasting relationships. To establish the linkages between relationship quality and customer loyalty, three hypotheses were developed to address the following research questions:

Research question-3: *How relationships quality (RQ) influences customer loyalty (CL) and in turn customer retention in a food retailing context in Bangladesh?*

6.7.1. Relationships quality (Trust, commitment and satisfaction) and customer loyalty

Results suggest that in the context of Bangladeshi food retailing, relationship quality has a positive influence on customer loyalty although with a different degree of impact on loyalty by three constructs (Trust: $p < 0.51$, Commitment: $p < 0.42$ and customer satisfaction being $p < 0.37$). These findings support previous findings of Huang (2012) that customer loyalty is positively influenced by relationship quality. The result indicates that although all three relationships, quality constructs positively influence customer loyalty, but commitment correlates with the least strengths of correlation coefficients. Trust has a very strong positive correlation while satisfaction has the least positive correlation.

The findings are consistent with the previous studies. For example, Caceres and Paparoidamis (2007) identified trust; commitment and satisfaction as the three main constructs of relationship quality and have empirically verified their positive effect on customer loyalty. Sshamdasani and Balakrishnan (2000) also found that customer loyalty is influenced by trust. However, a study conducted by Hennig-Thurau et al (2001) found that satisfaction and commitment have a significant and strong impact on customer loyalty, which contradicts the current findings of the least positive strengths with loyalty. Other studies also support the premise that customer loyalty is strongly influenced by customer satisfaction (Sivdas and Baker-Prewit, 2000; Bloemer et al, 1998, Anderson et al, 1994, Sharma et al (2006); Huang (2009); Yang et al (2011) and Beneke et al (2012).

6.8. Customer loyalty vs. retention

The concept of loyalty and retention has been used synonymously to describe the same phenomenon (Zeithmal et al, 1996; Gustafsson et al, 2005), but recent literature has identified loyalty as an attitudinal construct (Ennew and Binks, 1996) and retention as a behavioural construct (Hennig-Thurau and Klee, 1997). Customer retention has been conceptualized as multi-dimensional constructs, consisting of both behavioural and attitudinal dimensions (Ranaweera and Prabhu, 2003), but in

this study customer retention has been conceptualized as behavioural dimension, which has no attitudinal aspect while customer loyalty is seen as being an attitudinal dimension.

Findings suggest that although the relationship between loyalty and customer retention is statistically significant, impact strength is considered as, at best moderate ($p < 0.29$). The findings are consistent with other empirical studies such as Dick and Basu (1994) loyal customers always stay longer; Ennew and Binks (1996) found that loyalty is an important antecedent of customer retention; Oliver (1997) at the action loyalty stage, customers are more prone to stay with the same organization and have a high shopping frequency behaviour.

6.9. National culture and consumer shopping behaviour

Research question-4: *How national culture influences consumer shopping behaviour and customer relationship marketing?*

Food and its preparation are central to Bangladeshi culture both at home and abroad. A considerable amount of time and resources is used on accessing the right and appropriate food items, it is true to say that food, and its consumption is in many respects a unifying factor. By having had a complex and multi-layered history various elements feed into Bangladesh's rich culinary identity and thus a strong case could be made for developing this research further, to examine the elements that have shaped national culture, particularly in regard to food shopping. A wealth of traditions shared with India, the legacy of colonialism and the dominance of the Islamic Faith and its dietary strictures ensure that habits have been forged in such a fashion that a distinctive Bangladeshi retail context has developed, especially in relation to food. The media, new technology, modern travel and the extraordinary global spread, connectivity and home commercial engagement of the Bangladeshi Diaspora all play their part in the current dynamic.

Whilst there are clear limitations within this research, as to just how far these factors could be examined and, where possible measured, it is clear that culturally they have a significant bearing. The deep insight that those in Dhaka's large-scale grocery retail outlets have into local habits and expectations gives them an invaluable commercial edge in regards to CRM that foreign players eyeing the lucrative Bangladeshi market are unlikely to have. It is important to note that national culture is invariably in a state of flux, and it must not be seen as monolithic in nature. In a Bangladeshi context, Dhaka sets the pace, but historically urban, peri-urban and rural factors have all played their part to a lesser or greater degree. Since Independence from Pakistan the people of Bangladesh have experienced a range of internal and external

pressures, a fact that has shaped the nation, the way it sees itself and its aspirations, along with the way bonds are forged and maintained and trust is cultivated and sustained. National Culture in relation to consumer shopping behaviour and customer relationship marketing potential, offers a rich seam for further study. The real intrinsic value of this research lies in some of the insight provided by its limitations and the pointers that these provide for future studies.

Some of these issues were highlighted by the CEO of Agora superstore on cultural shift; *"...here in the past males did much of the shopping, now a typical woman shopping at the store drops off her children at school then calls in at the store to buy her groceries. The store works to ensure all products are available by 8.00am. With reference to their stores he speaks about working to ensure that; "Everything is under one roof." and that the pressures of contemporary living have meant that; "People do not have time" and thus Agora is; "meeting a need. Dhaka, as the capital city is at the epicentre of commercial operations. Like much of the rest of the country its' "infrastructure is not as developed as in Western countries..."and is especially challenging when it comes to the timely supply of goods. Nationally store expansion has been somewhat impeded by the lack of national infrastructure and the delays often featured. Dhaka's sheer size and the traffic paralysis that is such a regular feature of daily life means that Agora has deliberately sited its stores in predominantly Middle Class districts in different parts of the city. In its' CEO's words; "The company has sought to reach people in their neighbourhood in Dhaka, thus being a Neighbourhood grocery store." The retail experience is such that it feels a world away from that found in poorer districts and other cities. The shopping space is bright, well lit, and hygienic and a freshly stocked haggling free zone, an approach that was borne out of; "...going around the world we found that people do not want to go to the old types of market, traditional markets..."*

6.10. Relationship Marketing: Practices to promote relationships

Relationship marketing has become an important component of food retailers' strategic plans because of the tremendous benefits for both retailers and consumers. However, its practices have not been properly delineated in the retail industry in Bangladesh. This section discusses the relationship marketing practices of food retailers (supermarkets) in Bangladesh and their impact on customer retention. One of the findings of this study was that relationship marketing practices such as service quality provisions, creating bonds, building trust, commitment, relationship quality and social connections account for a significant variation in the satisfaction level of the supermarket customers in Bangladesh.

Over the past two decades, relationship marketing has emerged as a new marketing philosophy that aims at building closer relationships with customers to understand their needs and to design appropriate value propositions to satisfy them. Relationship marketing has even been touted as a new paradigm shift in marketing theory and practice by marketing experts (Grönroos, 1994; Sharma et al, 2006; Urban 2010; Hanley and Leahy, 2008)), because it shifts focus from the discrete transactional marketing, to building a long-term relationship with its customers. Relationship marketing has attracted a wide academic and practitioner interest since its emergence in the early eighties and throughout the nineties, prompting Mowen and Minor (1998) to postulate that it is the most popular marketing topic of interest in recent years.

The supermarket sector is a fertile area for the adoption of relationship marketing strategy because most retail services are classified as high-risk and long-term purchase requires relationship participation for effective service delivery. Furthermore, food consumption and the needs of customers tend to persist throughout their lives; therefore, food shopping decisions are both short and long-term. Generally, most customers prefer to stay with their service providers over a period of time. Other reasons necessitating the adoption of relationship marketing in the supermarket sector are high competition, mature markets in supermarket retailing and little growth in primary demand, which calls for protecting existing customers, as well as attracting new ones.

Even though relationship marketing has been accepted within the supermarket sector in Bangladesh, there is a debate about the applicability of relationship marketing strategies to all retail customers. This may be because some customers may want nothing but a timely exchange of the product or service with the minimum of hassle. It is probable that few relationships in retailing move beyond the “stranger” or “acquaintance” level. Thus, the implication is, that relationship marketing should be practiced within the supermarket, using a segmented approach to target profitable or high net-worth customers. This section aims to address the following research question:

Research question-5: *What practices promote relationship building with customers?*

Several benefits of relationship marketing could be identified for supermarket retailing in Bangladesh, including **consumer delight** or **better satisfied customers**; **customer loyalty**; stronger profitability or business performance; **help to overcome service failures**; and **relational benefits**. These benefits are not guaranteed to all supermarkets, unless they determine and adopt practices that promote relationship

building with customers. The findings of this study suggest only the market leader and the challenger tend to promote a relationship with customers. Many other supermarkets in Bangladesh do not seem to see the benefit of adopting customer relationship marketing because they believe that the cost outweighs the benefits.

In theory, the concept of relationship marketing appears to be well entrenched in the marketing practices of most supermarkets. Leading retailers, who have been interviewed for this study have argued that relationship marketing is now part and parcel of their strategic planning process; and their human resources policies are formulated to help employees build and maintain relationship with key customers. Meanwhile, only one out of four interviewed argued for a new organizational structure and a change in top management attitude should be required for the implementation of a successful relationship marketing strategy. The issue that has been satisfactorily addressed in this current study, which was not previously tackled by researchers, is the need for the identification of organizational practices that promote relationship building with customers. This study provides a blue print for supermarket managers to learn about customer relationship marketing practices in Bangladesh. When interviewing the CEO of Agora about current practices aimed at improving customer satisfaction he replied:

"We provide training for our staff and have a customer helpline." He went on to emphasise the importance of communication between the store and the customer. The store; *"Conducts customer satisfaction surveys on a regular basis."* He stressed the importance of being in touch with customers; *"Yes we want to make profit, but the business is for them"*. To stay attuned to the customers' needs the company is; *"Using data to understand how the customers are behaving. Agora regularly organises shopping festivals and targeted price reductions and aims to cater for customers' cultural sensitivities e.g. Halal products. "If they feel comfortable (in our stores) I feel confident that they will come back again."*

In general, customer relationship marketing has emerged as a big new idea for many companies throughout the world. Building relationships is the current norm in many countries including Bangladesh as opposed to transaction exchange between buyers and sellers. However, it has to be acknowledged that an exchange method, which has worked well in Bangladesh, may fail in a culture with different values (say the United Kingdom) or vice versa. While foreign companies in Bangladesh may adapt/alter their product and marketing strategies to suit the Bangladeshi market, failure to adapt methods of exchange or building cultural relationship as well as taking the consumer shopping behaviour into consideration may bring about a marketing failure. As Grönroos (1994) asked, "are we justified in seeking to develop

a general theory of universal applicability or should we recognize that what counts for a relationship is very much conditioned by the cultural context in which it takes place?" This is a serious question that demands an answer, but developing just the theory may not solve the whole relational problems in the industry. Any theory developed must be accompanied by a successful practical element, to enable implementation by the managers.

6.11. Degree of customer loyalty

One of the research objectives for this thesis was to examine the store loyalty level of customers in Bangladesh. The results indicate that Bangladeshi food consumers are variety-seeking consumers (Cognitive loyalty with a mean score of 4.05) and influenced by various marketing variables such as price and quality. At this stage, they show weak loyalty to supermarkets and are likely to switch to others if they get a better price and quality offerings from others. At an affective loyalty stage, they are more specific about liking some aspects of the superstore and conscious of satisfaction with the mean score of 3.66. The study indicates that highly satisfied customers are very committed to the store and are likely to recommend their primary store to their family and friends (Co-native Loyalty). This is the stage where consumers are more committed to shopping and have the intention to visit the shop more frequently. With the mean score of 3.76 shoppers are more prone to purchase and recommend to their friends and relatives. The last stage is loyalty in which shoppers are highly committed and with the mean score of 3.50 have the strongest commitment to buy. Hence, the action loyalists are the most loyal shoppers in the supermarkets.

In relation to customer loyalty, the findings suggest that consumers are very conscious about cost and benefits (cognitive loyalty). This stage is very important for the retailers as this is the foundation to create a positive attitude towards the store. Therefore, it is essential that organisations provide product, service and store related attributes to consumers adequately, to maximise their satisfaction. This indicates that customers are conscious about their satisfaction level (affective loyalty). Satisfied customers are always committed to a specific store if there is no viable alternatives and tend to use word of mouth communication with their family and friends and where necessary they strongly recommend their favourable store to others (Co-native loyalty). A satisfied and committed customer tends to have a high repurchase intention (Action loyalty). The findings support the previous studies found in the literature (Oliver, 1999; Evanschitzky and Wunderlich, 2006).

6.12: Main research findings and the influence of culture

To adapt an old American saying; 'You can take a Bangladeshi out of Bangladesh, but you can't take Bangladesh out of a Bangladeshi'. Culture, along with cultural attitudes and norms play a prominent role, so much so that they not only shape leadership and management attitudes, but frame the behaviour of existing and potential customers. Both foreign and local businesses need to be mindful of local attitudes, and for all the appetite in certain quarters for new ways of doing things, offerings need to be adapted to take cognizance of local expectations and sensitivities. Whilst the average Bangladeshi may not yet be active on Twitter, they have embraced the likes of Facebook with gusto and have long deployed the power of Word of Mouth (WOM) as a means of endorsing or expressing their satisfaction.

Bangladesh remains essentially a traditional collectivist society, in which attainment of in-groups' goals are the main priority, more than individual goals and people are more focused on group harmony, safety and security and traditional values and beliefs, although this study would appear to confirm that in certain quarters, primarily amongst the more affluent professional classes certain outlooks and ties are beginning to change, and even be eroded. Such change, whilst often subtle in nature affords opportunities, but also has ramifications for those operating in the retail sector. There is a need to endeavour to anticipate a process of change that by itself, could well accelerate in the coming years.

A burgeoning Middle Class could well hold out the prospect for supermarket expansion, yet whilst some appetite may exist there are still many shoppers who hold fast to the traditional manner of purchasing victuals. Some might ask whether something culturally intrinsic is lost when the move is made from traditionally bustling, noisy and malodorous markets to the serried ranks of packaged products and shopping trolleys. The price of land and the nightmarish logistical challenges presented by Dhaka's traffic problems are certain to play their part in inhibiting expansion. Stores need to be mindful of gender and its role in decision making, especially as the lion's share of those purchasing foodstuffs tend to be women in their capacity as wives, mothers, carers and homemakers. Even the aspirational professionals are unlikely to want to fly in the face of convention. Religious observance is near uniform and hospitality and food are central to such activity. The location and proximity of stores means that the entire business model of each store is predicated on a local community's adherence to local traditions and customers. Bangladeshis expect to shop often for certain staples, and thus the degree of interaction with a retailer is considerable.

Status is an additional dimension that has been confirmed from this research. The stores themselves have consciously been located in the affluent section of Dhaka. Hofstede classifies Bangladesh as a collectivist, masculine society, with high power distance and long term orientation in such societies the need for social recognition is high and thus kudos accrued by shopping at certain retail outlets is important. Social bonds are cherished and assiduously cultivated. Shoppers of a certain social standing will benchmark themselves against their peers, and the retail stores that are part of this study are acutely conscious of how their rivals are packing, pitching and promoting their brand with a view to brand enhancement, increased footfall and sales and a deepening of the all-important relationship with the customers. That said, it is important to acknowledge that these are early days for this style of retail experience in Bangladesh, and there is every likelihood that further innovation will follow, especially as the Bangladeshi entrepreneurial community and the country's Diaspora are exposed to the wealth of commercial experiences across Southern Asia and further afield.

Findings confirmed all the research hypotheses as coefficients correlated significantly, although not all coefficients are the same. In relation to service quality and bonds it can be said that Bangladesh being a collectivistic, high power distance and long term oriented culture, customers would tolerate service failure from the service provider, however, the role of trust, social bonds and building strong long lasting relationships are viewed to be more important. In High power distance culture, customers have lower service quality perceptions from a stronger service provider, while high service quality expectation from a weaker service provider (Mattila, 1999). Service provider ability and reliability, benevolence, predictability and integrity are the most important antecedents of trust. Collectivistic, masculine and high power distance culture ability and benevolence are not regarded as most important while predictability is vital. Therefore, as Bangladesh is a country with high power distance, collectivistic, masculinity, high uncertainty avoidance, customers seek a high quality service provision that increases their trust and satisfaction. This supports the findings of a high correlation between bond and trust and satisfaction; and service quality and trust and satisfaction. Although, they have a weaker link with their commitment. This is again due to the cultural norms. Collectivistic culture in which cooperation, inter-connectedness and inter-relationships are important, relationships commitment has a high influence on cooperation. This is not because of a high level of trust or customer satisfaction. Therefore, trust and satisfaction has a weaker link to commitment; rather it can be said that the effect or relationship termination cost is high on commitment.

Another most important cultural dimension is masculinity-femininity (Hofstede, 1980). In masculine culture men play a more dominant and assertive role while in a feminine culture, women are viewed as more service oriented and caring. In a male dominant society like Bangladesh, customers expect that store personnel should be more professional, reliable and responsive. This is also true in long term oriented culture. As a status symbol they like more tangibles cues. In a high power distance culture people seek differential prestige, socio economic power and wealth. At the same time, being a high uncertainty avoidance culture, customers in Bangladesh expect a better service quality provision, to avoid or reduce uncertainty in various buying situations. Bonds and trust are vital in a collectivistic culture. Bonding is considered as a precursor for creating a high level of trust. People are more value oriented in collectivistic societies than performance. The literature indicates that social bonding and service provisions are very important for building long term relationships and increase customer loyalty in collectivistic, high power distance and high uncertainty avoidance culture.

6.13 Implications: Theoretical & Practical

This thesis focused on investigating the relationship between CRM and customer retention in the food-retailing context of Bangladesh. As previously mentioned in chapter 2 very little research has been conducted so far and this research is one of the few studies to examine the Bangladesh superstore-retailing context, in which organised retailing is a new phenomenon and has added new ways of the shopping experience for middle class, financially sound urban consumers. Consequently, the outcomes of this research have strong theoretical and practical implications practice to advance the potency of relationships marketing practices in Bangladesh and elsewhere with similar patterns of the retailing environment.

A) Theoretical implication

A study of customer relationship marketing (CRM) and its impact on customer retention in Bangladesh food retailing context is very important despite the sector being relatively small at present, for a number of reasons which includes: (i) the sector is new and young. There is a dearth of data availability and where such data or research are available, they focus on large organisations. It is of paramount importance for the organisations to have a thorough understanding about customer shopping behaviour, their expectations and what drives them to shop at a particular shop; (ii) it is also important for food retailers to know and understand the attributes that appeal to their customers in order to satisfy them. Therefore, any such empirical studies will be both enlightening and useful; (iii) the findings of this study will help retailers to develop and implement more coherent corporate and marketing strategies aimed at attracting and retaining customers.

Therefore, the findings of this study contribute to the body of theoretical knowledge in the following ways:

1. **Hypothesised conceptual model:** Attracting new customers is costlier than retaining existing satisfied and loyal customers. However, it is becoming an increasingly difficult task for the retailers to develop and sustain customer loyalty (Liang and Wang, 2005). Hence, this thesis proposed a hypothesised conceptual model of retention strategy with 11 hypotheses to understand the linkages between variables. The model was statistically significant, and all the hypotheses were confirmed and accepted. The model integrates the concept of bonds, service quality and components of relational quality (Trust, Commitment and Satisfaction) into one relationship model to demonstrate the relationship between these five constructs and customer loyalty and finally the independent variable of customer retention. Hence, the theoretical implication of this model as it contributes to the body of knowledge, this model can prove beneficial to the retailers and policymakers in developing the appropriate strategies to increase customer loyalty and customer retention in a specific food retailing context or in general (ref. Chapter-3 conceptual model and Chapter-5 findings). Furthermore, the linkages between various constructs in the model are fully supported by previous studies (For example: Sivadas and Baker-Prewit, 2000; Gruen et al, 2000; Wang et al, 2006; Chiou and Droge, 2006; Dash et al, 2007; Carter, 2008; Mosahab et el, 2010; Boora and Singh, 2011; Sohail Sadiq, 2012;Adoyo et al, 2012)
2. **Important relationship quality constructs and their consequences:** The findings suggest that by employing adequate service quality provisions and bonds it is possible to achieve relationship quality between service providers and customers. Although, many previous studies established the relationship between bonds (Social, Financial and structural) and relational quality, findings of this study are new in the Bangladesh food retailing context and therefore, are contributing to the body of knowledge (see Ch-5). The findings are also supported by previous studies (i.e Wang et al, 2006; Caceres and Paparoidamis, 2007; Carter, 2008, Mosahab et al, 2010).
3. **Inclusion of CRM constructs in the conceptual model:** One of the most important theoretical contribution is made by this thesis is the inclusion of selected and relevant constructs in the conceptual model. The findings suggest that quality of relationship is the main priority to be considered for the retail managers, not just the quality of products and services (Ref. Chapter-3 conceptual model). In a Bangladesh context, the most important RM constructs are: Service quality, bonds, satisfaction, trust, commitment,

loyalty and customer retention, although commitment is included in the model, it has a weaker association with loyalty. The various associations in the model is fully supported by previous research (i.e Gruen et al, 2000; Hsieh et al, 2005; Wang & Sohal, 2006; Carter, 2008; Boora and Singh, 2011, Sohail Sadiq, 2012).

4. **The intensity of customer loyalty** in the context of Bangladesh has wider theoretical implications. Although loyalty dimensions have a consistent relationship, the current study indicates that cognitive and affective loyalty has no relationship with action loyalty. The degree of loyalty is higher at a cognitive stage than affective and co-native loyalty or action loyalty. The study also suggests that co-native loyalty was significantly higher than action loyalty. In relation to loyalty, dimensions and demographic variables, the results indicate that increasing cognitive loyalty grows poorly with the number of rooms available and age. While affective loyalty shows weak growth with the number of people in households, number of rooms and age. These findings contribute equally to the body of knowledge, as the context of the study is different to most of the current studies on customer loyalty. (Ref. Chapter 5-findings). Oliver's (1997) four stages loyalty model was used to understand the intensity level, the findings suggest that Oliver's model is valid in the Bangladesh retail context and consumer's loyalty level is high at every level, but there is no linear relationship between various levels of loyalty. However, these findings contradict previous research which suggests that consumer's attitudinal loyalty has a direct effect on behavioural loyalty (Oliver, 1997; Koo, 2003; Chang and Tu, 2005). This may be due to the wealthy middle classes, who have had unaccounted financial freedom and the will to simply gain the prestige of purchasing a product from the newly emerging supermarkets and of course to avoid shopping from non-sophisticated, less hygienic, smaller shops.

B) Managerial implications: The results presented in the previous chapter (chapter-5) provide a framework for the managerial implications. This section includes the following managerial implications:

- i) The managerial implications for selected superstore customers.
- iii) The managerial implications of major findings of this study are discussed in-depth.
 1. Most importantly, the study **empirically validated all the hypotheses** and found a strong relationship between CRM and customer retention in the retail environment context of Bangladesh. This is in line with other studies (Morgan and Hunt, 1994; Hakansson and Snehota, 1995; Cann and Sumrall, 1997; Gruen et al, 2000; Hennig-Thurau, 2002; Hsieh et al, 2004; Wang et al,

2006; Wong and Sohal, 2006; Sohail Sadiq, 2012)-and indicates that customer retention is influenced by service quality, strong social and financial bonds and relationship quality (namely trust and satisfaction as commitment has a weaker association). Therefore, it is of paramount importance for the retailers who are hoping to retain their customers for long- term sustainability that they should unreservedly focus on sustainable customer retention strategies by incorporating important CRM constructs such as service quality, bonds, customer satisfaction, trust and loyalty.

2. **The most important service quality dimensions:** This indicates that retailers should focus on these areas as a means of managing and improving the customer shopping experience and satisfaction in order to enhance customer retention. In today's competitive market environment service quality provisions have become the most important retail marketing effort for major retailers. Hence, retailers' relationships with its customers becomes extremely important when maintaining customer retention. Therefore, it is important for the retailers in Bangladesh to understand and appreciate various retail service quality aspects especially those which are most appealing to their customers.
3. **Managerial implications for selected stores:** Agora is considered the best-practice supermarket (i.e. leading) due to its superior customer rating based on their satisfaction level in most categories, Meenabazar is rated the second best, while Nandan and Shapra is third and fourth respectively. Results suggest that generally customer is favourably disposed towards Agora and thus more likely to shop at Agora stores. The findings also indicate that consumer's preferences which exists between various subgroups in relation to measurable characteristics, only for two measured characteristics namely quality and loyalty do the subgroups differ in intensity. For other dimensions, there were no differences between groups and hence the subjects were perceived in same way. Furthermore, the results indicate that consumers consider quality less important if they prefer to shop in Agora than in Meenabazar and Nandan or Shapna. Loyalty is also deemed less important for potential customers of Agora than other stores. Therefore, it is of paramount importance for Shapna and Nandan to focus on most of the service quality attributes, to increase customer satisfaction and loyalty, while Agora should keep their service quality provision at current levels, so that customers do not encounter any negative shopping experiences that might result in a diminution of trust and thus damage to the standing Agora currently enjoys.
4. **Demographics patterns:** The findings suggest that although males are a key segment for retailers, females are also very important, as the ratio of males

and females is not so wide. In Bangladesh women play a significant role as homemakers, especially in the domain of cooking and hospitality and therefore it is important that there is a cognizance of this fact. Various demographic factors reveal important aspects regarding the customer segments and a consequence must be factored into the thinking and planning of retail stores.

5. **Social connection:** Another variable that appeared significant is social connections. In Bangladeshi society, people tend to relate to each other everywhere via the extended family. This implies that social relations are sometimes intertwined with business relationships. Thus, customer relationship managers, who identify the social activities of their customers such as funerals, birthdays, weddings and key religious festivals among others and participate in them will win their trust and will help consolidate satisfaction and loyalty. One customer relationship manager who was interviewed reinforced this position when he argued that medical care he had arranged for the son of one of his customers, in his absence, brought him closer to the family and won more business for his supermarket.
6. **Managing customer satisfaction through employee training and development:** For supermarket managers who want to achieve customer satisfaction, the way they build and manage relationships with customers will be crucial in attaining this objective. An investment in relationship marketing skills is likely to provide the supermarket with a reasonable return on its investment. On the specifics of what skills to build, this study also provides useful guidelines. Firstly, the supermarket would be wise to invest in the knowledge and skills of its employees since that is the nearest to a guarantee it can have for providing consistent quality service to customers. Secondly, the supermarket must also design effective service recovery schemes so that when things go wrong, the situation can be remedied with a sense of urgency and appropriate professionalism. Empowering front-line employees to be able to handle customer complaints on the spot could improve supermarket-customer relationships and helps protect brand image and trust. Finally, the supermarket should strive to encourage the employees to creatively build social bonds with the customers whilst being mindful of social norms and the need to maintain a professional distance. Going the "extra mile" through the creative participation in customers' social events is a sure way of building bonds, gaining trust and enhancing customer satisfaction with the supermarkets' services.
7. **Effective communication:** The role of effective communication in retail marketing has been explained and demonstrated over the years (Schiffman

and Kanuk, 2007). To be effective, supermarkets should work to integrate all their communication tools to provide consistent, persuasive and timely information to the customers. Communication between the supermarket and shoppers in Bangladesh is usually conducted in a face-to-face exchange and often supplemented by store displays or more generally visual displays. The social dimension of interaction is important to Bangladeshis as this establishes and cements bonds that form the foundation of trust and loyalty. Shopping, especially for comestibles is an important ritual within Bangladeshi society for food, its purchasing, preparation and serving is rich with significance and symbolism. Food is not about mere survival, but is redolent with associations to do with culture and custom, family and faith, as well as social standing and hospitality.

8. **Intensity of customer loyalty:** The findings suggest that different stages of loyalty have a different impact on customer patronage behaviour. If price and quality are the main determinants for the customers to shop at a particular store, then they are less likely to be loyal to one superstore. At a cognitive stage, customers are less loyal as they can move to other stores if they have available alternatives. While the next stages of loyalty (affective loyalty) indicate that customers are more committed if they are satisfied. Action loyalists are highly committed and likely to remain with their favourite store. As Agora is the market leader and tends to have the best quality of customer service provisions compared to their competitors, customers with a deep commitment (co-native stage) are likely to stay and continue to purchase with their primary store (action stage). Therefore, it is very important for the retailers to understand the level of customer loyalty and implement the appropriate strategies to enhance their loyalty, which leads to customer retention.
9. **Critical success factors:** The current market dynamic means that change is a constant and this means that stores would do well to remain alert to the expectations of customers. Whilst as a rule Bangladeshi shoppers might be deemed to be conservative in outlook and approach, when compared with those in other countries the metropolitan elite in Dhaka are increasingly well travelled and aware of offerings elsewhere and therefore are both more discerning and more demanding. By gleaning valuable data and feedback retail stores are better able to tweak their existing offerings to anticipate and meet needs. There is also substantial scope to explore the factors that are integral to success in a Bangladeshi context by ensuring greater authenticity and a clearer reading of that which potential enables a store to differentiate its offering from that of its competitors.

C) Implications for other stakeholders: The findings of this research will have direct implications for various stakeholder groups such as government, Bangladesh Superstores Owners' Association (BSOA), customers and Financial Institutions (i.e Banks). These are discussed below:

- a) **Implications for Government:** As the sector is new it is not yet structured in an organised way. Therefore, currently there is a lack of Government attention. The findings of this study will help Government to take adequate steps to make this sector more dynamic and vibrant. A regulatory body can be set up to monitor and assist the sector to grow. Make the sector more attractive to the foreign and domestic investor through flexible tax and VAT regimes and liberalisation.
- b) **Implications for Bangladesh Superstores Owners 'Association (BSOA):** This is the only association in Bangladesh and acts as the only unified voice for the superstores' retailers. However, currently this organisation is not actively involved in facilitating and creating the right environment for the retailers due to the lack of research and resources. The findings of this study will help the organisation to understand the superstores' retail dynamics in Bangladesh. They can take various steps and work with various stakeholders to create the appropriate environment for the growth of a newly developed modern retail industry in Bangladesh. They will be able to support, facilitate and adopt the best practices and modernise the sector.
- c) **Implications for Financial Institutions such as Retail Banks:** Financial Institutions will have better understanding about the volume and prospect of this sector. They can assist the sector by providing investment loans or facilitate through projects funding.
- d) **Implications for customers:** Customers will also benefit. They will be better off having the various choices in relation to their shopping. Customers can create a more competitive and excellent shopping environment through continuous engagement. Through frequent feedback, constructive comments, and timely complaints and by providing suggestions customers will be able to facilitate retailers to become more customer centric and bring better customer delight.

6.14. Summary of the results

This thesis has developed a conceptual model of customer retention strategy by incorporating the core concepts of customer relationships marketing and identified various constructs that are vital to creating customer loyalty that leads to customer retention within the food retailing context in Bangladesh. In order to achieve various research objectives and answer research questions the model examined the

relationships between service quality and three relational quality constructs (Trust, commitment and satisfaction). It also examines the relationship between relational quality and customer loyalty and finally the influence of customer loyalty on customer retention. The various constructs were used to conceptualize the conceptual model that was drawn from the current literature (Chapt-2), and valid and reliable measures were used to measure these constructs.

A total of eleven hypotheses were developed to understand the underpinning relationships between various constructs. The results support these hypothesized relationships built on the model. Correlation analysis indicates that all the coefficient correlate significantly, except commitment that shows the least strengths of the correlation coefficient. Nevertheless, correlations were statistically significant. Therefore, all eleven hypotheses are confirmed. It has been found that service quality, trust, bond and customer satisfactions are vital to creating positive customer loyalty which in turn advocates customer retention.

The findings also indicate that research dimensions are not influenced by demographic variables (gender, age, income, educational qualifications, number of rooms available and number of people in household). For example, the results indicate that with increasing age is observed weak growth trust, quality, satisfaction and bonds. Customer preferences with regards to shops and research variables, offer test results which suggest that Agora is the best choice for shopping followed by Meena Bazaar, Nandan and Shapna. Results also indicate that subgroups differ in intensity of quality and loyalty characteristics. For other dimensions, there were no differences between subgroups. Trust is the most important aspect for the choice of their shops. Quality was found to be less important when they preferred to shop in Agora sooner than in other shops.

In regards to the intensity of the four types of loyalty (Cognitive, affective, co-native and action) results indicate that the intensity of cognitive loyalty was higher than affective loyalty, co-native and action loyalty. Co-native loyalty was also higher than action loyalty. In regards to loyalty dimensions and demographic variables the coefficients indicate that increasing cognitive loyalty grows poorly with age and number of rooms available. Affective loyalty demonstrates a weak relation with age, number of rooms available and number of people in households.

6.15: Conclusion

This chapter discussed the findings reported in chapter 5. To make the discussion consistent and robust the chapter was divided into various sections and subsections. The discussion started with the demographic characteristics, which includes the

relationships between demographic and research variables used in the conceptual framework. The key drivers of store choices were discussed in the next section (6.3). In section 6.4, the consequences of service quality and relationship quality were discussed. The next two sections focused on trust and commitment and satisfaction and commitment. The relationships between relationship quality and customer loyalty were discussed in the next section followed by customer loyalty vs. customer retention, which was looked at in section 6.8. The next few sections discussed national culture and consumer shopping behaviour; relationship marketing practices; and degree of customer loyalty. The section 6.13 focused on the theoretical and managerial implications of the findings, while the penultimate section focused on a summary of the results reported in previous chapters. The final section drew the chapter's conclusion.

The next chapter discusses the conclusions, recommendations and direction for future studies (Chapter-7)

CHAPTER-7

CONCLUSIONS, RECOMMENDATIONS & DIRECTION FOR FURTHER STUDIES

7.1. Introduction

The final chapter of this thesis concludes the research reported in this study; identifies the areas of research limitation and proposes the direction for future research. The concluding chapter begins with a brief summary of the thesis followed by the main findings of this study. Based on the findings several recommendations are made and limitations of this study are identified from the indications of further studies.

7.2: Thesis Summary

The study focused on the concept of CRM and its relationship with customer retention. It is clear from the current literature that there are various causes and consequences of relational quality and customer retention is influenced by the relational quality (trust, commitment and satisfaction), its determinants (such as service quality and bonds) and its outcome (such as loyalty).

The thesis proposed a conceptual framework of customer retention strategy, which incorporates the concept of bonds, service quality and relational quality (trust, commitment & satisfaction) into one holistic relationship model to show the relationship between these constructs, and customer loyalty and then the customer retention construct as a dependant variable. To understand the relationship between various relationship constructs and customer retention, the conceptual model proposed eleven hypotheses (chap-3). The context of this study is the Bangladesh grocery food retailing sector and four supermarkets were selected as a sample population. The concept of relational bond has been used in this thesis as composite measures comprising social bonds, financial bonds and structural bonds, while relational quality (trust, commitment and satisfaction) was considered not as a composite measure rather treated as an individual element. Service quality and bonds, have been seen as exogenous constructs as these are the first step for a service provider to create relational quality among customers but on the other hand, customers are using these as a precursor to evaluate the service provision. Three components of relational quality plus loyalty and retention are treated as endogenous constructs.

The study explored the role of demographic variables on consumers' shopping behaviour in the context of Bangladesh in the grocery food retailing sector and their effects on various CRM constructs incorporated in the conceptual model. The

intensity of customer loyalty was also measured by applying Oliver's 4 stages of loyalty model.

The thesis starts with the background and rationale of the study that discusses the emergence by the modern form of the food retail industry. The chapter also includes a brief overview of Bangladesh about the growth of organised food retailing, reasons for sector selection, problem statements, research aims and objectives, and the significance of this thesis. (Ch-1). A review of previous works that have been conducted in the field of the study is discussed in chapter-2. It reviews the various literature related to the conceptual model. Chapter-3 focused on the conceptual model of this thesis while Chapter-4 discussed the research methodology employed for this thesis. It details the research paradigm and methodology used to examine empirically the conceptual model and various constructs in relation to relationship marketing and tests the various hypotheses discussed in chapter 3. Chapter-5 focused on the findings of the analysis and a discussion of the findings was discussed in the next chapter (chapter-6)

7.3: Main findings of this study

Research objectives	Research outcome
Investigate the impact of relationships quality on customer retention in the grocery food retaining sector in Bangladesh	To understand relationships marketing and its relationships with customer retention the study developed a conceptual model by incorporating seven (7) constructs (service quality, bonds, customer satisfaction, trust, commitment, loyalty and customer retention). A total of eleven hypotheses were developed in relation to these constructs and their interrelationships. To verify these hypotheses the correlation analysis was performed by using non-parametric Spearman's rho correlation test which allows measurement of the strengths of the relationships between variables. The results confirmed all the hypotheses as the entire coefficient significantly correlate. Although degree of strengths of these relationships are not same in all cases. For example, there is a weak relationship between trust and commitment; weak relationship between bond and customer commitment; satisfaction and customer commitment. On the other hand, there are less strengths between customer satisfaction and customer loyalty and between customer loyalty and customer retention while strong positive

	<p>correlation between service quality and customer retention; and bonds and customer trust. However, all eleven hypotheses were confirmed and accepted. In addition, there were total of six hypotheses developed to measure the relationships between relationship quality (Trust, commitment and satisfaction) and customer retention. For all hypotheses coefficients correlate significantly and results indicate the following relationship intensity:</p> <p>H6: Weak positive correlation with least strengths (trust and commitment)</p> <p>H7: Weak relationship between satisfaction and commitment</p> <p>H8: Strong positive relationship between trust and customer loyalty</p> <p>H9: Positive correlation with least strengths between customer commitment and customer loyalty</p> <p>H10: Positive correlation with least strengths between customer satisfaction and customer loyalty</p> <p>H11: Positive correlation with least strengths between loyalty and customer retention</p>
<p>Investigate the level of store loyalty of Bangladeshi food consumers</p>	<p>To compare the intensity of four types of loyalty Box homogeneity of variance and Wilks Lambada test. The test results indicate that the main effect of all four-loyalty variables was statistically significant. However, the degree of cognitive loyalty was higher than affective loyalty, co-native and action loyalty. Co-native loyalty was also found to be significantly higher than action loyalty.</p> <p>Results further indicate that cognitive loyalist is variety-seeking consumers those are influenced by price and quality. At this level, they are unlikely to switch unless they get better offer. At affective stage consumer are more specific to liking specific aspect of superstore while co-native stage shoppers are more committed to the store and more frequently visits the supermarket. An action loyalist has strong commitment to repurchase.</p>
<p>Fill the gap by</p>	<p>To understand the relationships between bonds and</p>

<p>investigating the role of bonds as an antecedent of relational quality and ultimately customer loyalty and retention in the development of relationships</p>	<p>relationships quality (Trust, commitment and satisfaction) total 3 hypotheses were developed and outcome of the test clearly indicated confirmed relationships. Hence, hypotheses were accepted. Bond is important to create strong relationships quality, which in turn develops strong customer loyalty.</p>
<p>Identify the various antecedents of customer relationship marketing in the context of customer retention and examine empirically their interrelationships in food retailing context in Bangladesh</p>	<p>The literature review which has been conducted for this thesis identified service quality and bonds are the main causes of relationships quality (trust, commitment and satisfaction) and customer loyalty and retention are the main consequences of relationship quality. Hence, service quality, bonds, trust, commitment, satisfaction and customer loyalty are the main antecedents of customer relationship marketing and these are most important variables to create strong customer retention. Correlation tests indicate that coefficient between various constructs correlate significantly.</p>
<p>Research questions</p>	<p>Reference to Research outcomes</p>
<p>What are the key drivers of store choice amongst food shoppers and how can supermarkets build strong and lasting loyalty amongst their customers, which will lead to customer retention?</p>	<p>There are many factors of store choice by customers, but the 10 most important service provisions are identified by the customer that are vital for the choice of their store and reasons for shopping at a particular store and these are: Convenient location; value for money; visually appealing exterior; variety of branded products; presentable and neat sales personnel; background music; convenient to move around; well stocked shelves; cleanliness of the store and visual display of the products.</p>
<p>Are relationship quality and bond important in determining customer loyalty and retention in Food retailing context in Bangladesh?</p>	<p>Literature review identified bond as one of the most important attributes of relationship quality. To understand the relationship between bonds and relationships quality a total of 3 hypotheses were developed (H1; H2 & H3). Test results indicate that three components of relationships quality are greatly influenced by relational bonds and for all three hypotheses coefficient correlate significantly although relationships between bonds and commitment is weak.</p>

	<p>H1: Strong positive correlation</p> <p>H2: Positive correlation with least strengths</p> <p>H3: Strong positive correlation</p>
<p>What practices promote relationship building with customers?</p>	<p>Most of the retailers have argued that the concept of CRM is now part and parcel of their long term strategic planning process, the study identified the following important areas of practices that could facilitate and promote relationship building with customers:</p> <ul style="list-style-type: none"> • New Organizational structure • Change in top management attitude • Training for staff • Having a customer helpline • Adequate and appropriate communication between the store and the customers • Conduct customer satisfaction surveys on a regular basis • Organizing shopping festivals and targeted price reductions • Cater for customer cultural sensitivity

Table-7.1: Main findings of this study in relation to objectives and research questions

Source: Developed for this thesis

7.4: Main recommendations

The concept of the supermarket as it is known in a European and North American context is relatively very new for customers in Bangladesh. However, over the past several years, there has been a substantial increase in the number of organized supermarkets, especially in metropolitan cities such as Dhaka (Capital City). In Bangladesh, supermarkets sell, not only luxury items but also various types of imported, branded products and fresh produce. Therefore, there is a high degree of customer choice with different prices and quality options, competition is also getting intense. The external design of these stores and inside display designs are more or less the same and it is difficult sometimes for the customers to make appropriate choices in buying products that meet their individual requirements. These large retail chains have therefore started giving more preference to designing their places and displaying their products. The concept of relationship marketing in the context of modern superstore retailing has emerged with a new form and shape. Service quality, bonds, trust, commitment, customer satisfaction and customer loyalty have become buzz words among retailers. One of the prime objectives and thrust for the retailers is how to create customer loyalty which leads to customer retention. Based

on the findings of this study and by understanding the nature of the modern grocery food retailing context in Bangladesh the following recommendations are suggested, which will assist the management and policy makers of the sector and relevant superstores that were chosen as part of this study:

1. **Focus on sustainable customer retention strategies:** Although the superstore retailing sector is new and is developing continuously, it is of paramount importance for the retailers to develop and adopt a holistic customer retention strategic model, which can incorporate the most important relationship marketing attributes such as service quality, bonds, trust, commitment, satisfaction and customer loyalty. These simple business strategies will help these developing superstores to enter a new era of development. Offering customers finer goods and upgraded levels of service will help achieve higher levels of customer satisfaction, which in less economically developed countries is much easier to achieve, due to a barrier which has been set low. Repeat customers and a clear hierarchy in the organisational structure will push the superstore-retailing sector into having a smoother line of goods sources and suppliers, due to the level of quality they must adhere to.
2. **Better service quality provisions:** For managing and improving the customer shopping experience and maintaining organisational competitive positioning, retailers should implement the most important service quality dimensions. This may include giving employees sufficient training on how to approach and deal with customer inquiries and provide service that is up to standard, further causing the business to invest and reap the rewards in the long term.
3. **Segmented target audience:** Food retailers should segment their target market more effectively by understanding their expectations, so that their expectations can be met. A better understanding of consumer's demographics will enable retailers to target these groups more precisely. Customers that are identified into different groups can be accommodated differently and in addition to their wants and needs the business will have a more valuable insight into the motives of a customer and what will sell in each and every demographic.
4. **Branding to restore individual store identity:** With the development of supermarket retailing, food retailers are able to achieve financial benefits in food retailing and, through price and quality advantage, they can easily encroach on the conventional markets of mom and dad, smaller and less effective retailers. Establishing relationships based on knowledge and liking through face to face contact is becoming more complex and difficult in a supermarket setting. As many supermarkets continue to expand consumers shift their liking from the personal characteristics of the supermarket to the

abstract branding concept. Branding becomes an essential part of strategic decision for the organization and an important means for the consumers which provide an assurance of consistent quality and trust. In effect, a brand became a substitute for a personal relationship.

5. **Training and development for developing relationship marketing skills:** The supermarket must invest in the knowledge and skills of its employees, since that is the guarantee for providing consistent quality service to customers. Investment in the correct employees will result in long-term benefits. Businesses must also establish the motives of theory x employees and address them correctly. Rewarding theory y workers to keep them further motivated can result in higher productivity and motivation toward their working environment.
6. **Effective communication:** In addition, the supermarket must also communicate constantly with its customers. In this age of information technology, the supermarket must blend direct communication tools such as telephones, emails, and direct mails to communicate with customers and inform them about developments in the supermarket. A professional and friendly approach, following the customer's first rule will keep emerging supermarkets ahead of the game. Accommodating customers correctly, whether by phone, e-mail or person is key to the reputation and brand image of the business. Poor communication can cause a business to be less reputable and less favourable by customers.
7. **Building social connection:** The supermarket must encourage the employees to creatively build social bonds with its customers. Going the "extra mile" through the creative participation in customers' social events is a sure way of building bonds, gaining trust and enhancing customer satisfaction with the supermarket services.

7.5. Limitations of the Research

It is one of the strengths for any research to be able to stand back and recognise its limitations (Dolen et al, 2004). While this study contributes to a body of knowledge, especially in regards to relationships marketing literature, it is not without its weaknesses and has several limitations that need to be included so that a direction for future strategies can be established. The major limitations of the research are as follows:

1. The concept of superstore retailing in Bangladesh is a new phenomenon. Therefore, data availability is very limited. Therefore, review of literatures has been conducted solely based on those published outside Bangladesh. Very

few articles were identified that were relevant to the context and South Asian perspectives.

2. **Sampling:** Most of the superstores are located in, the Capital City. Therefore, the study was limited due to a narrow sample size, techniques and instruments

The sample of the survey was restricted to Bangladesh grocery food retailing sector. Therefore, the findings of this study are limited to the consumers of Bangladesh. Any generalisation should be made with adequate caution.

3. **Cultural context:** Consumers behave differently in different cultures. Various shopping behavioural patterns are greatly influenced by people's attitude, habits, routine, personality, beliefs, values, religion, national identity and other cultural factors (Mooij & Hofstede, 2011). Despite better homogenisation of the world market due to globalisation, people across nations hold their distinctive habits (Leng and Botelho, 2010) and view relationships differently in different contexts (Sheth and Parvatiyar, 1995). Therefore, it is important to avoid generalisation or take precautions when making any form of generalisation, as the context of this study reflects the grocery food retailing sector in Bangladesh
4. Another limitation was the **length of the questionnaires**. The questionnaires contained 70 items, a fact that could well have proved onerous for some participants and thus resulted in them losing concentration when answering the later questions.
5. **Analytical techniques used in this thesis.** To test the hypothesised model the author initially planned to perform a confirmatory technique by using structural equation modelling. However, there were problems with the usage of structural modelling. SEM in most techniques required multi-dimensional normal distribution of data. This is not a result of the normal distribution for the individual variables but for all variables in the system of grouped variables in the model (Bollen, 1989). SEM is a group of techniques that allows performing the analysis when data is not compatible with multi-dimensional normal distribution, but then required a very large sample. Due to the multi-dimensional data distribution disturbance and small attempts for non-parametric SEM, the SEM analysis that would properly reflect the relationship between the variables could not be carried out. For these reasons a confirmatory approach using SEM was rejected
6. **Field data collection:** As the target market is in Bangladesh, it was one of the greatest challenges for the researcher. Data were collected at the end of 2011. Over the past few years, there have been some major developments in

consumer choices and retailing dimensions. Therefore, new developments were not considered.

7.6: Direction for future research

Based on the present study several suggestions can be drawn regarding further research as follows:

1. **Cultural consideration:** The literature review on culture suggested that consumer shopping behaviour is greatly influenced by national culture. However, this study did not incorporate cultural dimensions in the questionnaires to understand its effect. Therefore, a cross-cultural investigation in future will be considered. Cultural considerations are important, with regards to both societal norms, but also whether the retail sector is gradually developing a Bangladeshi retail dynamic. Issues such as brand nationalism are important as is an understanding of what respondents feel are the forces that have the greatest influence on their choices and attitudes.
2. **Use of SEM:** Structural modelling in most techniques requires multi-dimensional normal distribution of data. Therefore, although the normality of distributions (for single variables) allowed performing simple techniques such as regression analysis, in the case of multi-dimensional distribution of the variables that condition is not met. Although SEM is, a group of techniques that allows performing the analysis when data is not compatible with multidimensional normal distribution, but then a very large sample is required. To sum up, due to the multi-dimensional data distribution disturbance and a small attempt as for non-parametric SEM, the SEM analysis that would properly reflect the relationship between the variables could not be carried out. For this reasons a confirmatory approach using structural modelling was rejected. Further study should be considered using SEM with a large sample size to validate the hypothesised model
3. **Comparative study:** As this is the first such study on customer retention from the Bangladesh perspective, a comparative study can be more useful to understand the statistical significance of the conceptual models and various hypotheses
4. An application of current conceptual model can be tested by other service industries
5. The possibility of comparing findings between stores in different locations e.g. Dhaka and Chittagong. This would enable, to not only compare different brands, but also to compare findings from the same brand but in different locations, to see to what extent uniformity exists within the company culture

and ethos and could also find out whether attitudes and expectations vary outside the capital.

6. **Staff attitudes and participation:** It is important to ensure that the research is tightly focussed on one element that possibly warrants greater input into that of the store staff. Management interviews are all very well, but the people who are the primary brand ambassadors of a retail store are the staff. They are key stakeholders, who have a wealth of knowledge drawn from their extensive dealings and interaction with both customers and those in management and leadership roles. Providing some form of mechanism that garners evidence, insight and suggestions could well enable a clear appreciation of what is practicable and realistic, and even elicit ideas as to how company policies can be executed with greater efficiency and thus more efficacious.
 7. The role of gender in the household has a significant part to play on shopping behaviour and attitudes and thus is worthy of greater consideration, either in regards to the overview of the Bangladeshi context or in the tweaking of questions, to elicit answers that reflect the societal and domestic dynamic.
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APPENDIX-A
SURVEY QUESTIONNAIRE

Dear Sir/Madam

I am presently undertaking research on “study of Relationship Marketing and Customer Retention in Bangladesh’s Food Retailing Sector”. The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food-retailing context in Bangladesh by understanding the degree of grocery store loyalty. I would appreciate it if you could kindly spare a few minutes to answer the following questions. I would like to assure you that all information collected would be kept in the strictest confidence and will not be disclosed to a third party. This data will be used solely for academy and scientific purposes. Thank you

DEMOGRAPHIC INFORMATION

Please can you tell us what age group you belongs?

1. 16-24 25-34 35-44 45-54 55+

2. Gender 1. Male two. Female

3. What is your marital status?

1. Single 2. Married 3. Divorced 4. Widowed 5. Living together

4. Please select the box that reflect your monthly income group

£50-£99 £100-£199 00-£299 £300-£399 £400+

5. Please chose the appropriate number that reflects level of your educational qualification

1. Postgraduate level
2. Graduate level
3. `A` level equivalent
4. `O` level equivalent
5. Primary level

6. Please tell us the number of people in your household

1. 1(one)
2. 2(two)
3. 3(three)
4. 4(four)
5. 5(five)
6. 6(six)+

7. Could you tell us your occupation?

1. Full time student
2. Full time Employed
3. Self employed
4. Housewife
5. Retired
6. Unemployed

8. Please tell us the number of rooms available to your family

1. Single room
2. 2 rooms
3. 3 rooms
4. 4 rooms
5. 5 rooms
6. 6+ rooms

Section-A

How satisfied are you with the level of service provided by this store. Please select the most suitable that applies to you.

1 = Very dissatisfied 2 = mildly dissatisfied 3 = neither satisfied or dissatisfied, 4 = mildly satisfied, 5 = very satisfied

Statement	Very dissatisfied	Mildly dissatisfied	Neither satisfied	Mildly satisfied	Very satisfied
Customer service provision					
9. Car parking facilities	1	2	3	4	5
10. convenient location	1	2	3	4	5
11. Background music	1	2	3	4	5
12. Visual display of products	1	2	3	4	5
13. Facilities for children	1	2	3	4	5
14. Value for money	1	2	3	4	5
15. Cleanliness of the store	1	2	3	4	5
16. The choice of items	1	2	3	4	5
17. A variety of branded items	1	2	3	4	5
18. Quality of imported products	1	2	3	4	5

Section-B

How do you agree with the following statement? Please select the most suitable statement that applies to you.

1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree, 4 = mildly agree, 5 =strongly agree

Statement	Strongly Mildly disagree	Neither agree or Mildly	Strongly agree		
19. The store accept credit card payment	1	2	3	4	5
20. The store has good refreshment area that encourages me to come here	1	2	3	4	5
21. The store has good security system that make us shop without fear	1	2	3	4	5
22. The store has good prayer facilities	1	2	3	4	5
23. I shop at the superstore because of good air-conditioning facilities	1	2	3	4	5
24. Has an Exterior that is visually appealing	1	2	3	4	5
25. Convenient to move around in store	1	2	3	4	5
26. Store keeps its shelves well stocked					
27. Self selection at this store is easy and well guided	1	2	3	4	5
28. Has sales personnel who appear presentable and neat	1	2	3	4	5
29. Has sales personnel that are trustworthy	1	2	3	4	5
30. Employee of this store are polite	1	2	3	4	5
31. Has sales staffs who are knowledgeable about the products	1	2	3	4	5
32. This store is concerned with customer needs	1	2	3	4	5
33. This store often informs regular customers through mailings	1	2	3	4	5

34. This store takes the time to personally get to know regular customers	1	2	3	4	5
35. This store often inquires about the personal welfare of regular customers	1	2	3	4	5
36. Employees show respect to customers	1	2	3	4	5
37. Response promptly after complaints	1	2	3	4	5
38. Has sales personnel who are willing to help customers at all time	1	2	3	4	5
39. Has sales personnel who are courteous with customers	1	2	3	4	5
40. Has sales personnel who give customer individual attention	1	2	3	4	5
41. I believe "high price means high quality"	1	2	3	4	5
42. I feel shopping at stores is a status symbol these days	1	2	3	4	5
43. Shopping at store is hassle free as prices are fixed	1	2	3	4	5
44. This store makes a lot of effort in satisfying my needs	1	2	3	4	5
45. I believe that using this store is usually a very satisfying experience	1	2	3	4	5

46. I always buy from this shop because I enjoy my relationship with them	1	2	3	4	5
47. I feel emotionally attached with this store	1	2	3	4	5
48. I am committed to this store	1	2	3	4	5
49. I expect to shop with this shop regularly in the future	1	2	3	4	5
50. I have never seriously consider changing this store	1	2	3	4	5
51. I will recommend this store to my friends and relatives	1	2	3	4	5
52. I will switch to a competitor that offers more attractive benefits	1	2	3	4	5
53. The store has a pleasant atmosphere	1	2	3	4	5
54. The store has a attractive layout	1	2	3	4	5
55. The outlet has a well spread merchandising	1	2	3	4	5
56. The store signage is very good	1	2	3	4	5
57. The store has well known local & imported brands	1	2	3	4	5
58. I receive greeting cards or gifts on special days/festivals	1	2	3	4	5
59. Informing through pamphlets about new arrival & stock clearance	1	2	3	4	5
60. This store always has loyalty scheme & discount scheme	1	2	3	4	5

C) How do you agree with the following statement? Please chose the most suitable statement for you.

1. Definitely would not, 2. Probably would not, 3 = Might or might not,
 4. Probably would, 5. Definitely would

Statement	Definitely would not	Probably would not	Might or might not	Probably would	Definitely would
61. My friends and family know that I appreciate value for money items					
62. People who know me know that I will go to another store if the store offer better quality					
63. When shopping for groceries, I always concerned about					

price & quality					
64. When shopping for groceries, I always concerned with staff friendliness with customers					

65. How often do you purchase food products at this store?

1. First time, 2. Once a week, 3. More than once a week
4. Once a month, 5. More than once a month

66. How often do you purchase merchandise at superstores

1. Once a week
2. More than once a week
3. Once a month
4. More than once a month
5. Never

67. How likely would you be to shop at this store again?

1. Very likely
2. Likely
3. Not sure
4. Very unlikely
5. Unlikely

68. For how long have you been a resident of this city?

1. Less than 1 year
2. Less than 5 year but more than 1 year
3. Less than 10 year but more than 5 years
4. More than 10 years

69. How many grocery stores have you done shopping in since you live here? _____

70. How many stores are there that you would consider good for your shopping? -----

-

Thank you for your time and assistance

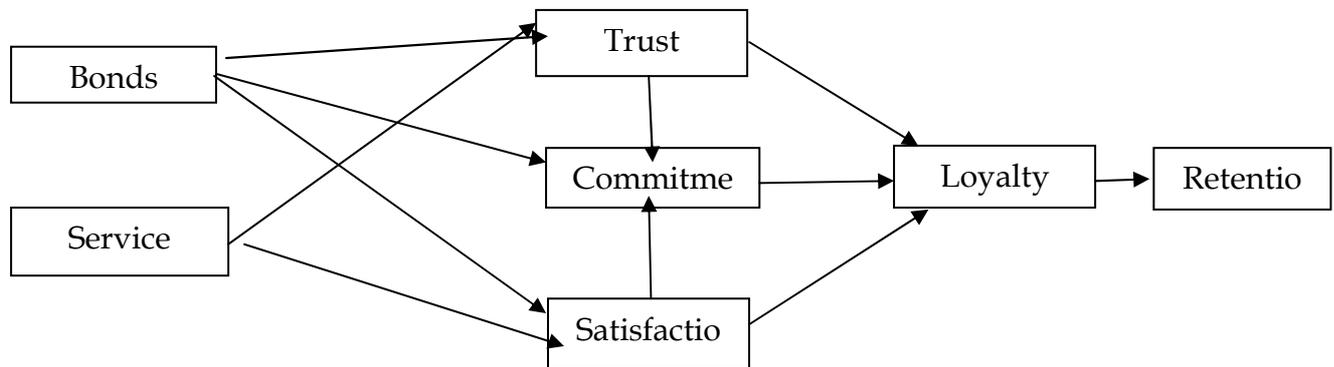
APPENDIX-B

Various items of the questionnaires and their main sources

Various items of the questionnaires	Main sources (Academic literature)
1. Car parking facilities	Kumar & Vishvas (2010),
2. convenient location	Kumar & Vishvas (2010),
3. Background music	Kumar & Vishvas (2010),
4. Visual display of products	Kumar & Vishvas (2010),
5. Facilities for children	Grace and O`Cass (2005),
6. Value for money	Grace and O`Cass (2005), modified
7. Cleanliness of the store	Kumar & Vishvas (2010),
8. The choice of items	Kumar & Vishvas (2010),
9. A variety of branded items	Kumar & Vishvas (2010),
10. Quality of imported products	Kumar & Vishvas (2010),
11. The store accept credit card payment	Kumar & Vishvas (2010)
12. The store has good refreshment area that encourages me to come here	developed
13. The store has good security system that make us shop without fear	Sivadas and Baker-Prewitt (2000)
14. The store has good prayer facilities	Developed for this thesis
15. I shop at the superstore because of good air-conditioning facilities	Developed for this thesis
16. Has an Exterior that is visually appealing	Sivadas and Baker-Prewitt (2000)
17. Convenient to move around in store	Sivadas and Baker-Prewitt (2000)
18. Store keeps its shelves well stocked	Grace and O`Cass (2005),
19. Self selection at this store is easy and well guided	Grace and O`Cass (2005),
20. Has sales personnel who appear presentable and neat	Grace and O`Cass (2005),
21. Has sales personnel that are trustworthy	Grace and O`Cass (2005),
22. Employee of this store are polite	Grace and O`Cass (2005),
23. Has sales staffs who are knowledgeable about the products	Sivadas and Baker-Prewitt (2000)
24. This store is concerned with customer needs	Odekerken-Schroder et al (2000)
25. This store often informs regular customers through mailings	Odekerken-Schroder et al (2000)
26. This store takes the time to personally get to know regular customers	Odekerken-Schroder et al (2000)
27. This store often inquires about the personal welfare of regular customers	Odekerken-Schroder et al (2000)
28. Employees show respect to customers	Alrubaiee & Al Nazer (2010)
29. Response promptly after complaints	Sivadas and Baker-Prewitt (2000)
30. Has sales personnel who are willing to help customers at all time	Sivadas and Baker-Prewitt (2000)
31. Has sales personnel who are courteous with customers	Sivadas and Baker-Prewitt (2000)
32. Has sales personnel who give customer individual attention	Sivadas and Baker-Prewitt (2000)
33. I believe "high price means high quality"	Bishnoi et al (2009)
34. I feel shopping at stores is a status symbol these days	Bishnoi et al (2009)
35. Shopping at store is hassle free as prices are fixed	Bishnoi et al (2009)

36. This store makes a lot of effort in satisfying my needs	Grace and O`Cass (2005),modified
37. I believe that using this store is usually a very satisfying experience	Grace and O`Cass (2005),
38. I always buy from this shop because I enjoy my relationship with them	Grace & O`Cass(2005)
39. I feel emotionally attached with this store	Grace & O`Cass(2005)
40. I am committed to this store	Grace & O`Cass(2005)
41. I expect to shop with this shop regularly in the future	Zeithaml, Berry & Parasuraman (1996)
42. I have never seriously consider changing this store	Zeithaml, Berry & Parasuraman (1996)
43. I will recommend this store to my friends and relatives	Zeithaml, Berry & Parasuraman (1996)
44. I will switch to a competitor that offers more attractive benefits	Kumar & Vishvas (2010), modified
45. The store has a pleasant atmosphere	Kumar & Vishvas (2010)
46. The store has a attractive layout	Kumar & Vishvas (2010)
47. The outlet has a well spread merchandising	Kumar & Vishvas (2010)
48. The store signage is very good	Kumar & Vishvas (2010)
49. The store has well known local & imported brands	Kumar & Vishvas (2010)
50. I receive greeting cards or gifts on special days/festivals	Pramaik et al (2010)
51. Informing through pamphlets about new arrival & stock clearance	Pramaik et al (2010)
52. This store always has loyalty scheme & discount scheme	Cooper et al (2005)
53. My friends and family know that I appreciate value for money items	Zeithaml, Berry & Parasuraman (1996)
54. People who know me know that I will go to another store if the store offer better quality	Zeithaml, Berry & Parasuraman (1996), modified
55. When shopping for groceries, I always concerned about price & quality	Zeithaml, Berry & Parasuraman (1996)
56. When shopping for groceries, I always concerned with staff friendliness with customers	Zeithaml, Berry & Parasuraman (1996)
57. How often do you purchase food products at this store?	Sivadas and Baker-Prewitt (2000)
58. How often do you purchase merchandise at superstores?	Sivadas and Baker-Prewitt (2000)
59. How likely would you be to shop at this store again?	Sivadas and Baker-Prewitt (2000)
60. For how long have you been a resident of this city?	Developed for this thesis
61. How many grocery stores have you done shopping in since you live here?	Developed for this thesis
62. How many stores are there that you would consider good for your shopping?	Developed for this thesis

APPENDIX-C
CONCEPTUAL FRAMEWORK OF CUSTOMER RETENTION STRATEGY (CRS)



Hypotheses	Description	Relationship and sources
H1	As bonds trajectory rises in relationship, customer trust rises simultaneously	<ul style="list-style-type: none"> Bond is considered as composite measures of financial, social and structural bonds as independent variables. Social bonds are important antecedents of trust in service encounter (Morgan & Hunt, 1994) Bonds related to Trust (Hakansson & Snehota, 1995) Social bonds influence positively trust & tested empirically (Carter, 2008) Relational bonds can increase customer trust (Gruen et al, 2000)
H2	As bonds trajectory rises in relationship, customer commitment rises simultaneously	<ul style="list-style-type: none"> Smith (1998)-Bonds provide a foundation for relational quality (trust, commitment and satisfaction) and empirical results suggest that bond has positive relationship with RQ Hsieh et al (2005)- bonds positively influence commitment and Satisfaction Wang et al (2006) financial and social bonds positively influence trust, commitment and satisfaction but structural bond has no association
H3	As bonds trajectory rises in relationship, customer satisfaction rises simultaneously	<ul style="list-style-type: none"> Cann and Sumrall (1997)-Bonds are associated positively with customer satisfaction, higher the level of social bonding, higher the level of customer satisfaction Smith (1998)-Bonds provide a foundation for relational quality (trust, commitment and satisfaction) and empirical results suggest that bond has positive relationship with RQ Hsieh et al (2005)- bonds positively influence commitment and Satisfaction Wang et al (2006) financial and social bonds positively influence trust, commitment and satisfaction but structural bond has no association

		association
H4	As service quality trajectory rises, customer trust rises simultaneously	<ul style="list-style-type: none"> • Cann and Sumrall (1997)-Organisation can increase customer trust by increasing quality of service • Wong and Sohal (2006)-Service quality is positively associated with trust • Chiou and Droge (2006)-Service quality is directly associated with trust
H5	As service quality trajectory rises, customer satisfaction rises simultaneously	<ul style="list-style-type: none"> • Chiou and Droge (2006)-Service quality as predictable factor of customer overall satisfaction and directly associated with trust • Sivadas and baker-Prewit (2000)-There is a positive relationship between SQ and customer satisfaction and tested empirically. • Cann and Sumrall (1997)-Organisation can increase customer satisfaction by increasing quality of service • Baker and Sivadas (2000)-SQ is an antecedent of customer satisfaction, Service quality influences relative attitude and satisfaction
H6	As trust trajectory rises, customer commitment rises simultaneously	<ul style="list-style-type: none"> • Ruyeter (2006)-Trust positively influence commitment • Morgan and Hunt (1994)-Commitment -Trust model • Arjun Chowdhury (2003)- Trust vs commitment and empirically tested • Caceres and Paparoidamis (2007) -Trust as a precursor of commitment
H7	As customer satisfaction trajectory rises, customer commitment towards the store rises simultaneously	<ul style="list-style-type: none"> • Ruyter (2006)-satisfaction has positive influence on customer commitment • Heskett (2002)-satisfied customers are always committed • Hennig-Thurau et al (2002)-customer satisfaction positively influence customer commitment.
H8	As trust trajectory rises, customer loyalty rises simultaneously	<ul style="list-style-type: none"> • Shamadasani and Balakrishnan (2000)-Trust influence customer loyalty • Hennig-Thurau (2002)-trust is positively associated with customer loyalty • Bitner (1995)-Trust can increase customer loyalty
H9	As customer commitment trajectory rises, customer loyalty rises simultaneously	<ul style="list-style-type: none"> • Hennig-Thurau et al (2002)-Commitment has a significant and strong direct impact on customer loyalty • Caseres and Pararoidamis (2007)-commitment has a positive association with loyalty
H10	As customer satisfaction	<ul style="list-style-type: none"> • Hennig-Thurau et al (2002)-Satisfaction has a

	<p>trajectory rises, customer loyalty rises simultaneously</p>	<p>significant and strong direct impact on customer loyalty</p> <ul style="list-style-type: none"> • Bitner (1990)-satisfaction is an antecedent of customer loyalty • Anderson and Fornel(1996)-Customer loyalty is determined by customer satisfaction • Rust and Zahorik (1993)-satisfaction is the central to customer loyalty
<p>H11</p>	<p>As customer loyalty trajectory rises, customer retention rises simultaneously</p>	<ul style="list-style-type: none"> • Ennew and Binks (1996)-Loyalty has been seen as core antecedent of customer retention and customer retention has been conceptualised as multidimensional constructs based on attitudinal and behavioural. • Dick and Basu (1994)-Loyal customer are always stay longer • Huddleston et al (2003)-Positive association between loyalty and retention

APPENDIX-D

INDEPTH INTERVIEW WITH SENIOR MANAGEMENT

Dear Sir/Madam

I am presently undertaking research on "study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector". The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty. I would appreciate it if you could kindly spare a few minutes to answer the following questions. I would like to assure you that all information collected will be kept in the strictest confidence and will not be disclosed to a third party. This data will be used solely for academic and scientific purposes. Thank you

How do you agree with the following statement? Please tick the most suitable statement for you.

**1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree,
4 = mildly agree, 5 = strongly agree**

Statement	1	2	3	4	5
1. Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company					
2. We strive to constantly surprise and delight our key customers					
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions					
4. We commits time and resources in managing customer relationships					
5. Our employee training programmes are designed to develop the skills required for acquiring and deepening CR					
6. Our frontline employees are encouraged and empowered to exceed customer expectations					
7. We take customer feedback seriously and reply to them					
8. We have a loyalty program to enhance the Lifetime Value of our Customers					
9. We welcome complaints from customers					
10. We broadcast to the employees the feedback given by our customers					
11. Our employees are willing to help customers in responsive manner					
12. We have effective customer recovery strategies including guarantees for service failure					

Background questions

- Background and history of the company
- Present situation of the company
- Customer segments-who buys
- Motivation of customers-what and why they buy?
- Future plan

General question

- Understanding about CRM
- Do you use the concept of CRM?
- Do you encourage to retain your customer or you happy to attract only new customers?
- Do you use the concept of CRM to retain your customers? If yes how?
- Did you face any problems to implement it?

- What were the benefits achieved from implementing CRM systems?
- How do you evaluate your success of CRM program?
- What do you do to retain existing customers and acquire new customers?
- Is senior management actively involved in the CRM program?
- How can you describe the culture of your organisation?
- How do you know if your customers are satisfied?
- Do you provide training programmes for employees to build relationship skills?
What types?

Appendix-E

Number of missing data

	N	Mean	Std. Deviation	Missing	
				Count	Percent
Q1	199	2.26	.829	3	1.5
Q2	199	1.48	.501	3	1.5
Q3	177	1.59	.493	25	12.4
Q4	193	2.94	1.006	9	4.5
Q5	202	1.84	.807	0	.0
Q6	202	3.89	1.317	0	.0
Q7	196	2.28	1.055	6	3.0
Q8	201	3.45	1.174	1	.5
Q9	202	2.91	1.344	0	.0
Q10	202	3.99	.977	0	.0
Q11	202	3.89	1.105	0	.0
Q12	202	3.90	1.156	0	.0
Q13	202	2.84	1.377	0	.0
Q14	202	3.89	1.038	0	.0
Q15	202	3.85	1.155	0	.0
Q16	202	3.92	1.169	0	.0
Q17	202	3.97	1.081	0	.0
Q18	202	3.88	1.166	0	.0
Q19	202	3.84	1.315	0	.0
Q20	202	2.98	1.279	0	.0
Q21	202	3.77	1.193	0	.0
Q22	202	2.70	1.259	0	.0
Q23	202	3.69	1.253	0	.0
Q24	202	3.79	1.077	0	.0
Q25	202	3.94	1.111	0	.0
Q26	202	3.86	1.117	0	.0
Q27	202	3.82	1.158	0	.0
Q28	202	3.94	1.091	0	.0
Q29	202	3.91	1.149	0	.0
Q30	202	3.92	1.094	0	.0
Q31	202	3.81	1.105	0	.0
Q32	202	3.71	1.204	0	.0
Q33	202	2.92	1.287	0	.0
Q34	202	3.21	1.204	0	.0
Q35	202	3.31	1.170	0	.0
Q36	202	3.70	1.134	0	.0
Q37	202	3.69	1.178	0	.0
Q38	202	3.85	1.084	0	.0
Q39	202	3.88	1.191	0	.0
Q40	202	3.77	1.245	0	.0
Q41	202	3.77	1.233	0	.0
Q42	202	3.64	1.235	0	.0
Q43	202	3.94	1.037	0	.0
Q44	202	3.77	1.110	0	.0
Q45	202	3.72	1.156	0	.0
Q46	202	3.32	1.142	0	.0

Q47	202	3.29	1.097	0	.0
Q48	202	3.23	1.096	0	.0
Q49	202	3.59	1.057	0	.0
Q50	202	3.58	1.058	0	.0
Q51	202	3.85	1.008	0	.0
Q52	202	3.71	1.163	0	.0
Q53	202	3.93	1.126	0	.0
Q54	202	3.88	1.127	0	.0
Q55	202	3.90	1.130	0	.0
Q56	202	3.87	1.076	0	.0
Q57	202	3.78	1.211	0	.0
Q58	202	3.56	1.171	0	.0
Q59	202	3.49	1.160	0	.0
Q60	202	3.69	1.139	0	.0
Q61	202	3.98	1.215	0	.0
Q62	202	4.03	1.117	0	.0
Q63	202	4.15	1.011	0	.0
Q64	202	4.03	1.069	0	.0
Q65	202	3.64	1.262	0	.0
Q66	202	3.37	1.215	0	.0
Q67	202	3.67	1.239	0	.0
Q68	202	2.36	1.103	0	.0
Q69	202	2.81	1.211	0	.0
Q70	202	1.94	1.059	0	.0

Appendix-F
Descriptive statistics for demographic profile

	Mean	Std. Deviation	Skewness	Kurtosis
Age group	2.30	.887	.588	.278
Gender	1.50	.558	.863	1.755
Marital status	1.80	.808	1.560	3.993
Monthly income group	2.99	1.070	-.477	-.555
Educational qualification	1.84	.807	.927	1.275
Number of people @home	3.89	1.317	-.065	.167
Occupation	2.35	1.153	.620	-.275
Number of rooms available	3.45	1.174	.161	-.164
Valid N (listwise)				

APPENDIX-G
The leading operators in Bangladesh in 2013

Name of the Operator	Start of Operation	Number of Outlets	Ownership	Planned no of outlets within next 5 years	Market share
1. Agora	2000	6	Local (Rahimafrooz)	80	21%
2. Meenabazar	2002	10	local(Gemcon Group)	60	18%
3.Nandan	2002	6	Joint (India Bangaldesh – Nandan Group)	15	12%
4. Price Quality Service (PQS)	2000	5	Local	10	10%
5.Shapno	2008	36	Local (ACI)	500	9%
Others	Vary	App. 90	local		30%

APPENDIX-H

Transcript of the Focus Group discussion

Total time required for participants: 1 hour

Length of time for focus group discussion: 45 minutes

Number of participants: 10 (all female)

Age group: 20-50 (3 subjects: 20-26; 3 subjects: 27-35; 2 subjects: 36-45 years; 2 subjects: 46+)

Medium of discussion: Bengali, but some instances English also used

Location: Hotel facilities in Dhaka, Bangladesh

Moderator: Researcher

Assistant: to record and take notes of discussion

1. Introduction (3 minutes):

Good morning everyone and welcome to the discussion. My Name is Palto Datta and as discussed previously, I am presently undertaking research on "study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector". The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty.

Please feel free to discuss and express your impartial opinion and views clearly, but one person at a time and please do not interrupt others. We are all here today to share our opinions and experience on the subject to get a well rounded understanding. Your feedback and opinion will help me finalise the questionnaires and give me some ideas that will help me in developing the thesis. There is no right or wrong answer. Just express what you feel reasonable based on your experience.

The whole session is being recorded by audio tape and notes will be taken by my assistant. My request to you all, please switch off your mobile devices or put them on silent and do not leave the room until the session is closed if possible.

I would like to assure you that all information collected will be kept confidential and will not be disclosed to a third party. This data will be used solely for academic and scientific purposes.

2. Melting the ice session (5 minutes)

Moderator: Would you please introduce yourself by stating your first name, your occupation and where do you shop at out of four organised superstores chain (please let me tell you the names of the superstore chains: Agora, Meenabazar, Nandan and Shapna)

- A) Hi, I am Shelly, I am a student and I normally go to Agora as it is nearby from us
- B) My name is Papia and I work at an International Bank in Dhaka, I shop from Agora
- C) Hello, Monira is my name and I am a postgraduate final year student. I always go to Agora
- D) My name is Shapna and I am a Housewife. I also work part time at our family business. We always buy from Meenabazar. Sometime I personally also go to Agora and Shapna. It depends what I am buying. Some products are good at Shapna and they have many branches than others
- E) Good morning. I work as a Teacher at a private American School in Gulshan. My name is Salma Begum. I normally shop for special vegetables and fresh produce at Agora and also sometimes from Nandan. There is a Nandan store just few minutes walking distance from my place.

Moderator: Please next. Please carry on

F) I am Munni. I am a Final year Master student. Sometimes I shop at Agora, and some time at Nandan. But I found Agora's products are better quality

Moderator: Please do not explain your reasons why you go to specific shop. Just say which shop you use for your shopping.

G) My name is Sheuli. I work at a Travel agency. I shop at Meenabazar

H) Hello, Salamalaikum, My name is Shupti. I am a Housewife. I shop at Agora

I) Good morning. My name is Nandita. I am a Lecturer. I shop at Agora

J) Hello Sir. My name is Monika and I am a Banker. I shop at Meenabazar

Moderator: Now, as we know each other it will be easy for us to interact. Sometimes I will call you by your name. I hope this will be fine. I have in total four (4) specific questions to you. First three questions about the superstores, your understanding on organised superstore, differences between newly developed these organised superstores and traditional wet market or kancha bazaar, type of customers goes to these stores, and of course the type of services provided by these store which you think most important. The fifth question is to make comments on the questionnaires. I have developed two questionnaires: one in Bengali and One in English. Once I finish the main discussions I will let you all have these questions. I hope the format is understandable?

All Subjects: Yes

Moderator: I will now ask you the first question

Question-1: What do you understand by organised Superstores? (8 minutes)

Shapna: My knowledge tells me that an organised superstore has packaged food, debit/credit payment options and also is very hygienic.

Shelly: Not only that Shapna, they have a fantastic attitude towards customers and actually have a customer service concept.

Moderator: Shelly, what do you mean by a customer service concept? What exactly do they offer that is different from other stores.

Shelly: They definitely value customer satisfaction and make real efforts to deal with customers that have been put at inconvenience by a product or experience with the business in a positive way.

Moderator: Monika, what are your thoughts?

Monika: All organised superstores are located in wealthy areas with good infrastructure. They all have clear set out signposts for navigating yourself around, with clean and hygienic stands and quite a sophisticated feel. But do you know i feel sometimes bad in that sense that we are losing our emotion and bond. Here you become isolated, as there is no close interaction

Moderator: Why do you think there is lack of interaction?

Monika: You see, here you go, look around and pick up your items, where as in traditional market you bargain, negotiate and talk to the person. You normally go to same shop and may be the same person, over time you build a strong relationships.

Sheuli: In my opinion an organised superstore as parking facilities, lavatory and lifts/escalator; luxuries that you simply cannot find at the local store.

Shupti: It comes down to the clients, all of which derive from wealthy backgrounds. The stores are specifically designed to target them.

Salma: The client may be wealthy, however many of the clients chose to make their workers go to the store instead of going themselves. An organised superstore is able to offer a speedy checkout service so they workers are able to get home in ample time.

Moderator: Nandita, what do you think about organised superstores being user friendly?

Nandita: As a Lecturer I have attended conferences abroad and I have noticed many countries are adapting self-checkout. Bangladesh had a very limited checkout service, however, in more renowned upper-class stores such as Agora, checkout is very quick and efficient as they have many tills and are definitely not understaffed.

Moderator/Question-2: How they differ from traditional shops such as Kancha Bazar, shops at open bazar, roadside shops and Municipals shops etc. (8 minutes)

Monika: Let me start this one off. As a student I do tend to visit traditional shops every so often and I find that there is definitely no hygiene and the layout of the store is very disorganised which leads to massive crowds and lack of safety.

Shupti: Adding on to your point Monira they definitely have no sense of customer service however, due to lack of standardisation these stores suit the needs of working class people as they are able to bargain and negotiate a price that best suits them.

Munni: I feel that bargaining can only go so far, the food is very contaminated and will never be cleaned, packaged and sealed.

Moderator: Munni, do you think these local stores will soon evolve into mirroring more hygienic and organised stores?

Munni: Although it can be said that Bangladesh is progressing in the superstore industry, it is safe to say that due to our infrastructure and the huge percentage divide between rich and poor these smaller local stores will remain similar to as they are due to the fact that they are still in high demand and meeting the working class needs.

Shelly: Roadside shops can often be very untrustworthy. You are never sure if what they are selling you is genuine and has not been tampered with. You will find many foreigners become ill from buying foods from these smaller stores.

Sheuli: I dislike the fact that they are often dirty and surrounded by sewage.

Moderator: Papia, you have been very quiet, what are your thoughts?

Papia: I have very rarely been to traditional stores in the last few years. Due to the fact it is not very secure and you do not get the same facilities that you would find in a store such as Agora.

Moderator/Question-3: Who are the main customers of these superstores? Can you describe them? (8 minutes)

Shupti: Upper class people and a few middle class people are mainly customers.

Papia: It's a lot of tourists and wealthy families not forgetting that most of which send their housewife's of servants to the store to collect the necessary items.

Monika: People often like to showboat their status and wealth. These kinds of stores are not very common and it's not always down to affordability. People have the desire to go to these stores and almost live the luxury life even if they can't afford it ****LAUGHS****

Sheuli: Big superstores are located in very rich and wealthy areas. People that are lucky enough to live in these areas have much better accessibility and also are more likely to be upper/middle class.

Shelly, do you think that superstores will be able to broaden their target market and create affordable products for the less fortunate?

Shelly: Unfortunately no, the whole feel of the supermarket is very high class and for now it is simply not made for W/C. W/C customers in these stores would almost ruin the effect and not attract much wealthier customers that are willing to spend more money.

Moderator: Thank you for your discussion. I can see you all are active and participated with enthusiasm. Now, I will give out two questionnaires which I have developed (draft version)

to carry out the final survey. One is Bengali and another one is in English. I will give 5 minutes to go through the both questions and I will ask you opinion about the questionnaires. You can suggest whether the questions are understandable, or right for the purpose of the study.

Discussion on questionnaires (6 minutes)

Moderator: let us start. Now please tell me what you think about the questionnaires:

Subjects: started to laugh

Moderator: What happens?

Nandita: It is embarrassing Sir, some Bengali words are not understandable, although Bengali is our mother tongue

Moderator: Which words?

Nandita: "Orthonatic Mullayan" (Value for money), it sounds odd, even many people will not understand

Nandita: another one is "Sanjiboni" (refreshment), I never used this terminology in Bengali, and I know the refreshments

Monika: "Bhazzik Sojjya" means "Exterior", My God! Such a difficult word; "Anugotya Sheva" means Loyalty? No Sir, it is too complex. I am sorry Sir, this is our own language, but many words we are using, basically English. Many words in Bengali in this questionnaires are unknown to me. If you give me this questionnaires, I will not be able to answer clearly

Moderator: What do you think Shelly?

Shelly: more than 25% words I did not understand. For me, it will be easy to use English version questionnaires.

Shupti: Sir, if they do not understand many words in Bengali, then other, who are not well educated, how they will understand? Not possible (laugh)

Shapna: What is your opinion?

Shapna: Same sir, I do not think it is good to ask in Bengali, unless you can explain them clearly.

Monika: My opinion Sir, it will be easy for the respondents if they have English questionnaires. Many people will not answer as they will feel irritated to read and understand few words in Bengali

Moderator: Why you are laughing Munni and Sheuli?

Subjects: Sorry Sir

Moderator: You did not say anything so far. What do you think Munni?

Munni: I found it very problematic Sir, they way items are translated in Bengali, I find it hard to understand many words, and sometimes I am confused?

Moderator: What is confusing?

Munni: For example, "Shikhahin" (No Education), "Shadhinvhabe Bosobas" (living together), we do not use these.

Sheuli: Munni is right Sir, our society is different, people will not respond some questions such as "Age", "income" and even use of "living together" is not acceptable

Moderator: Could you please now tell me, or may be raise your hand, how many of you recommend to use the Bengali questionnaires?

No response

Moderator: Why you do not say something? Which version of the questionnaires you think is difficult

Subjects: Bengali sir!

Moderator: It means, you all think, English will be the best, Am I right?

All subjects: Yes, Sir

Closing (2 minutes)

Thank you for your support. I am really pleased to see your enthusiasm and willingness to come here, even though there is huge traffic in Dhaka. Your participation and feedback is highly appreciated. This will help me enormously in my analysis. You have given me a fantastic feedback also on questionnaires.

Subjects: Thank you Sirs, Khoda Hafez.

ANALYSING FOCUS GROUP DATA

To analyse the qualitative data of the focus group, the researcher did not use any software. As it was a very small focus group consisting of only 10 people, the researcher has identified the key responses for key issues by taking notes and listening tapes. Therefore, it was not necessary to have any in-depth code to analyse qualitative information.

Tools used for the focus group interview

1. Digital Voice recorder
2. 10 soft drinks
3. Biscuits and chirps
4. 10 pencil
5. A4 size papers for additional use
6. 10 questionnaires (Bengali version)
7. 10 questionnaires (English version)

Sampling frame of the focus group

1. Gender: All female
2. Number: 10
3. **Age group:** 20-50 (3 subjects: 20-26; 3 subjects: 27-35; 2 subjects: 36-45 years; 2 subjects: 46+)
4. Employment status: 3 full time students; 2-housewives; 5-in full time employment

APPENDIX-I

Transcript of In-depth Interviews

Interviewer: P.R, Datta

Interviewee: A. Rahim, CEO-AGORA

Place: Head office of Rahim Afrooz Group

Date and time: 13/10/2011 at 16.25

Length of the Interview: 50 minutes

Code: Practitioner-1

Interviewer: Good afternoon Mr Rahim. Thank you for your time and accepting my invitation and allowing me to take this interview. My Name is Palto Datta and as discussed previously, I am presently undertaking research on "study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector". The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty.

This is very important for me to understand the dynamics of the sector and as a leader in this sector your opinion and understanding about the sector as a whole. The whole interview will take no more than 50 minutes and it is divided into three segments. First, I would like to know about your company, its current situation, types of customers you have and why they come to you and I also would like to know your future plan; in the second segment I will ask you some relevant questions in relation to the subject of studies and finally I will read 12 statements and if you can just rate them from 1 to five (1 being the strongly disagree, 2-mildly disagree, 3-neither agree or disagree, 4-mildly agree and 5-strongly agree)

The whole session is being recorded by audio tape and same time notes were taken by my assistant. My request to you all, please switch off your mobile devices or put on silence.

I would like to assure you that all information collected will be kept confidential and will not be disclosed to a third party. This data will be used solely for academic and scientific purposes.

Interviewer: I will ask you some questions those are related to your company. Could you please explain briefly the background and history of Agora, company's current situation, who buys from your store, and why they buy (motivation of the customers) and what is your future plan? I am sorry, it is rather too many questions at a same time. But you can explain one by one.

Interviewee: Ha-Ha-Ha. Thank you. Well as you know Agora is part of Rahim Afrooz Group which is one of the oldest companies in Bangladesh. We are in many industries from Energy to Gastech. We are well known in Bangladesh as a reputable and respected organisation. Agora is the first ever superstore in Bangladesh opened by Rahim Afrooz Group in 2001. Agora superstore promises a valuable shopping experience and wish to provide high quality affordable fresh products that is good value for money

As I am from a business minded family, we always look for new opportunities. Virtue of my family connection I had the opportunity to travel widely abroad, especially Europe. We always found that shopping is a great experience and fun too. In my family we thought if shopping is a fun why can we not make this fun for everyone. This gives us motivation to start something in retailing. After further observations I found that there is a gap in supply chain in Bangladesh. Hence, we have decided to go for superstore. That how we have

started and first store we opened in 2001. You can say we are the first to start the organised superstore concept in Bangladesh. Currently there are at least over 25 companies opened over 150 superstores. This is a revolutionary development and progress. Means, it has higher appeal to the consumers.

Initially, profits were a myth for us. People normally buys from street bazars we call it Kacha bazar or open shops those are unhygienic and you always have to bargain. There are no guarantees that you will get good quality products and there is a high chance of cheating because, they use manual machines to weight the products, if you buy 1kg equivalent you may end up getting only 900gm. This is just an example. Therefore, it is not easy to attract people suddenly to these store who is mainly hygienic, clean, branded, high quality, with professional service, post sale service and many benefits. People are always suspicious. So what we did, we offered good quality products at affordable price. Therefore, we started to attract people to our shop and that continued. First couple of year's we did not make any profits rather a loss. But our focus on quality-after sales service helped us to start gaining the ground and market including profits after some years. We gradually started to manoeuvre profit. Our initial focus was "price-quality-service" now we are in position to offer "quality-price-Service".

You asked me who buys. Who are our customers and why they come to us? From the beginning we organised and designed our store in such a way that it is not only for the people in upper class strata who has the most financial ability, but also expanded middle class. This is our target market. We sometime call them "swimming dancer".

Interviewer: Swimming dancer?

Interviewee: Ha-ha-ha. It is only understood by us. People in Europe will not understand this. We use this because people are jumping to new trends so quickly and with excitement. Middle class families now also have financial soundness due to many reasons. Many people are now working in private and professional sectors with many foreign companies. We are now planning to expand our store in Dhaka and other major metropolitan cities. The demand is very high within this segment. In Europe and developed countries superstores are the main point for everyday's or weekly shopping and they are available throughout the country. They are most convenient to all types of people. But here of course low income family cannot afford to have that experience. But as there are handful number of stores but demand is high for example, Bangladesh is famously known for flooding. Flooding is very common in our country. Water become most precious during flooding. We actually do not have clean water, most of our water is contaminated with chemicals such as arsenic. We sell bottle water, people buy them.

But I still say we do not have critical mass to dictate the market. However, as I said people come to us because of our quality, pricing policy and very importantly service. You have professional, knowledgeable employees, you have ranges of branded and quality products, hygienic, floor is well cleaned, spacious, and these is something new for our customers.

You see, the sector is very new in Bangladesh. It is less than 10 years old, but you can see the growth opportunity is huge. But we found one of the biggest problems we are facing is weak supply chain. In Europe people can offer just in time product because of best strong supply chain management. From the beginning we realised that if we cannot make our supply chain work for us, we will not be sustaining. Therefore, we brought our own supply chain for meat, fish, dairy products and vegetables. One of our future plans will be to focus on supply chain and of course retaining our customers who will be happy and satisfied with us. We must create efficiency in delivering our products and service to our customers, only then we can be the leader.

Interviewer: Thank you for your elaboration. It was quite interesting. Now I will turn into the second section. I will ask you a few open ended questions in relation to the subject of superstores and customer relationship marketing. The concept of an organised superstore is new in Bangladesh. Could you explain briefly how do you define this in the context of this country? What you do to retain your customers? And also how do you know if your customers are satisfied?

Interviewee: There are few things you have asked me. No problem, let me try one by one.

Of course, we classify our store as a superstore in Bangladeshi context. One of the main reasons for this that you can get many thousands items under one roof. As you know Bangladesh is a densely populated country, only in Dhaka we have more than 15million people but this is as reported, we may have more than that. What we call superpose in Europe and North America in terms of size and facilities, it is not possible to have one in here due to the lack of property and also space is very expensive in Dhaka. Our first store was in Gulshan, an area which is very upper-class and price for even a small piece of land is very high, even you do not get any suitable properties in the first place. Therefore the size of the store is normally 3000-40000 sq feet. As we have many items and ranges of products under one roof we call it a superstore in Bangladeshi terms. We sell over 1000 items and 11-12000 lines of merchandise, of course it is nothing compared to our European counterparts. In Europe they have critical mass, market share and many more facilities. In Bangladesh organised superstore has only less than 2% market share in retailing. So you understand how small the market is.

To sustain our business in such an environment, one of the most important strategic choices for us to retain our customers and of course at the same time attract new customers to our stores. As I have already stated that when we have started our venture we focused on price-quality-service. It changed over the years. We now focus on quality-price-service. This transition took five years. Customer satisfaction and loyalty is vital for our store success. If you ask how we get customer loyalty. My answer is that we employ honesty throughout the business process. Honesty is the core commodity for us. People come to us for our honesty and we are always simple with our dealings with them. Here, people do not trust organisations because of many reasons. I can give you many examples. For example, in one of our stores we identified that one of our cashiers did a big mistake when took the payment from a very respected and well known customer. He was overcharged by 1000TK. We immediately call the customer. As he was known to us and very respected in our country we could easily get his number. We apologised and returned the money immediately. Next he came to our store and asked for Manager. He told the manager, your cashier did a mistake but it was human error, please do not take action against the person, but please do not repeat the same mistake next time. Now you can see how loyal our customer is?

We try to be highly professional and customer oriented with our dealings with customers.

Privilege card: We have introduced a privilege card. If a customer spends a certain amount of money every month they get a 5% discount for the next purchase and that helps our customer to stay with us. 45-50 of our customer are regular customers.

You also asked whether we implement the CRM process. You see this is our main strategic weapon for retaining customers. From the quality product offerings to professional service, service quality provisions and after sales service are the main offering to our customers. We have initiated database management to make sure when customer buys, immediately we create their profile. We maintain a customer database and types of products they buy. This is the hard part of CRM. Soft part of CRM is our process. Although the concept is very new in Banglaeshi context and we never developed this culture here but started to implement it

slowly. The competition is increasing day by day so that we must respond to the various challenges.

Here in the past males did much of the shopping now a typical woman shopping at the store drops off her children at school then calls in at the store to buy her groceries. The store works to ensure all products are available by 8.00am. As people are getting busy and they have less time we are at Agora try to meet their needs. Infrastructure not as developed as in Western countries but the company has sought to reach people in their neighbourhood in Dhaka, thus being a Neighbourhood grocery store.

To maintain our professionalism and better service to our customers we provide training for our staff and have a customer helpline, conducting customer satisfaction surveys on a regular basis. Using data to understand how the customers are behaving, if they feel comfortable (in our stores) I feel confident that they will come back again.

Interviewer: Thank you Mr Rahim. We have already taken up maximum time from you. I am now at the final stage. I will now read out or even you can just look at the 12 statements. If you can answer them.

Interviewee: You can read them out

Interviewer: For each statement there are five options you have based on the scale from 1-5.

How do you agree with the following statement?

1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree, 4 = mildly agree, 5 =strongly agree

Statement	1	2	3	4	5
13. Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company				X	
14. We strive to constantly surprise and delight our key customers					X
15. We strengthen the emotional bonds with our key customers by wishing them on important occasions					X
16. We commits time and resources in managing customer relationships					X
17. Our employee training programmes are designed to develop the skills required for acquiring and deepening CR					X
18. Our frontline employees are encouraged and empowered to exceed customer expectations					X
19. We take customer feedback seriously and reply to them					X
20. We have a loyalty program to enhance the Lifetime Value of our Customers					X
21. We welcome complaints from customers					X
22. We broadcast to the employees the feedback given by our customers				X	
23. Our employees are willing to help customers in responsive manner					X
24. We have effective customer recovery strategies including guarantees for service failure					X

Interviewer: Thank you for your time and responding to my questions.

Interviewee: Thank you to you too. It is my pleasure to meet with you

Interviewer: P.R, Datta

Interviewee: Managing Director, Shapna

Place: Novo Tower, Tejgaon, Dhaka

Date and time: 14/10/2011 at 11.05

Length of the Interview: 41 minutes

Code: Practitioner-2

Interviewer: Good Morning. Thank you for your time and accepting my invitation and allowing me to take this interview. My Name is Palto Datta and as discussed previously

when I made the appointment, I am presently undertaking research on “study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector”. The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty.

The whole interview will take no more than 50 minutes and it is divided into three segments. First, I would like to know from you about your company, its current situation, types of customers you have and why they come to you and also would like to know your future plan; in the second segment I will ask you some relevant questions in relation to the subject of studies and finally I will read 12 statements and if you can just rate them from 1 to five. I will explain this later.

The whole session is being recorded by audio tape and same time notes were taken by my assistant. My request to you all, please switch off your mobile devices or put on silence. I would like to assure you that all information collected will be kept confidential and will not be disclosed to a third party. This data will be used solely for academic and scientific purposes.

Interviewer: My first few questions are based on a few areas of your business, just to understand the dynamics of your business in retailing. Could you please explain briefly the background and history of your company, company's current situation, who buys from your store, and why they buy (motivation of the customers) and what is your future plan?

Interviewee: To start with, going around the world we found that people in Europe and America do not go to traditional small shops, rather they are more prone to buy from big superstores. People do their shopping from big stores even though they travel from far distance for their weekly shopping. In Bangladesh people normally buys from millions of small stores, road side stores and kacha bazar and open markets. Over the past 15 years there are many changes we have been experiencing here such as employment opportunities, increased level of education, high GDP growth, open up private sector specially garments sector hence, people are now more financially sound, they become more busy and do not have time to do shopping like before, sometime, especially in Dhaka, both husband and wife works. So we thought there is an opportunity. Just to let you know that ACI logistic is one of the largest groups in Bangladesh and are a highly regarded company. As we have huge presence in Bangladesh in many sectors we thought that will be an opportunity to start something in retailing specially food retailing. Thus we have started to open our first store in Dhaka. Although other superstore chain such as Agora, Meenabazar, nandan they are older than us at least 7-8 years, we have just started in 2 years back and already we have 40 stores in Dhaka, Chittagong and Sylhet. Being a part of large organisation we have good critical mass which other companies lacks. Within this time we have managed to open large amount of store as we wanted to have our presence in major metropolitan cities as we have better supply chain management system

Our vision is to be the best in superstore retailing in Bangladesh and offer our services to all. We should have over 100 store in next 5 years, although it is challenging in the context of Bangladesh due to many reasons such as we have problems with traffic. In Dhaka it is so difficult for the people to travel from one place to another place. Road infrastructure is very poor, inner city communication is bad, and therefore, it is difficult for us to offer something on time. It is nightmare to bring and offer products on time. It is possible in Europe where communication, transport and distribution system is well developed.

So what we did. Ww have initiated the concept of "neighbourhood shop", therefore we have many shops in several wards and county Thana in Dhaka so that people do not need to

travel too far. This neighbourhood shops to ensure that we reach to customer doorstep. Basic strategy was small shops but many rather than few shops but larger. Our products are available by 8am in the morning. The shopping culture here has been changed dramatically. Even 20 years back we could not imagine what is happening now. Now, ladies are going out for shopping. Traditionally this task was done by father or someone else, but not women's. They take their children's to school and do their shopping. This is why we are always busy during 8-11 and in the evening again during 6-9pm. Another trends is that people when they finish their work they come for shopping.

Interviewer: Who is your customer group?

Interviewee: Yes, I am coming to this point. As I said, our main intention to reach to our people. Therefore, we focus on price and affordability. Our main target groups are-Middle class and upper class. Even some poor upper-class also come to our shop as price difference is not so high than traditional shops, sometime here people feel also status symbol when they buy from organised store and mega stores.

Interviewee: In west the sector is very competitive and profit is very less. But here the sector is very new and you do not have too much competition. But still you have to find ways to retain your customers. One of the strategic choice for many organisations to implement what we call customer relationships marketing which helps organisation to retain their customers through customer loyalty. What do you understand by CRM? Do you use the concept of CRM? How do you retain your customers or you happy to attract only new customers? Do you use the concept of CRM? If so how? I am sorry, this rather many questions at a go.

Interviewee: No, it's absolutely fine. Just remind me if I miss something during the course of my response. As I have said our main focus is to become neighbourhood retailers. Our price is very competitive, even at least 15-20% less than other retailers especially for fresh produce items. My understanding about CRM is very clear. I divide the concept into two segments: CRM management aspect and CRM marketing aspect. The concept is very important which helps us use all the tools and processes to satisfy customers which leads to customer loyalty. Once we can gain customer loyalty means customer intention to stay at the same store will increase, hence customer retention. What we have done here, In relation to CRM management we have initiated very comprehensive customer management database which helps us to manage our customers, profiling our customers, we can analyse basket size, basket amount even customer behavioural patterns, such as impulse buying behaviour. Secondly, as part of CRM marketing we have mixture of tools by which we try to maximise customer satisfaction. Such as we have initiated loyalty programme. If customer buys certain amount they get 5% discounts. We also run special promotional discounts especially during EID or Pujā. These helps us to retail many of our customers. There are many factors which we believe are most important to increase customer loyalty such as:

- commitment: We have very strong commitment to our customers and once we are committed we try to keep that commitment even sometimes we do loss
- Second most important factor is value for money. We try to make our customer happy by offering many service provisions such as car parking facilities, flexible payment methods, ambience, professionalism etc.
- Third is comfortable. Customer must feel comfortable to come to our shops. They must feel secured and should have high trust. As you may know in traditional shops there are many challenges, people are always have fear of unfairness, cheating or other unknown events. You may not get the right products or right weights or even they can give you the products which is expired. Traditional shops do not have any expiry dates so when they come to us they do have that fear. They feel much comfortable. Here is hygienic environment, products are quality, excellent service,

professional advice, even if there is any problems they can complaints or ask for refunds.

Interviewer: What do you do to ensure your staff is well prepared and know their job well?

Interviewee: We do many things. We offer structured and informal training to our employees. We conduct induction programme for all new employees and then every six months we have special training programme for front line employees and for management staff. Such as customer service, communication, handling customer complaints. These are done by our internal management staff or sometimes we hire specialist trainer from outside.

We also have help line for employees-They can call if they have any problems and they need advice. We also have separate helpline for customers. They can call any time for any help or to make complaints, suggestions or any comments. Although we have separate complaints centre. Time to time we also conduct survey. Some are internally managed and some are managed by outside professional organisations.

We always try to keep our touch with customers. We always encourage our customers to complaints or give feedback.

Interviewer: What is your future plan?

Interviewee: Our future plan is to reach to our customers doors throughout Bangladesh. We would like to expand our stores to district level, upa zilla level even Union level. We would like to have at least 500 stores in next five years

Interviewer: We are now at our final stage. I will be now reading out 12 statements

How do you agree with the following statement?

1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree,
4 = mildly agree, 5 =strongly agree

Statement	1	2	3	4	5
1. Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company					X
2. We strive to constantly surprise and delight our key customers				X	
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions					X
4. We commits time and resources in managing customer relationships					X
5. Our employee training programmes are designed to develop the skills required for acquiring and deepening CR					X
6. Our frontline employees are encouraged and empowered to exceed customer expectations					X
7. We take customer feedback seriously and reply to them					X
8. We have a loyalty program to enhance the Lifetime Value of our Customers					X
9. We welcome complaints from customers					X
10. We broadcast to the employees the feedback given by our customers					X
11. Our employees are willing to help customers in responsive manner					X
12. We have effective customer recovery strategies including guarantees for service failure					X

Interviewer: Thank you for your time and responding to my questions.

Interviewee: Thank you to you too. It is my pleasure to meet with you

Interviewer: P.R, Datta
Interviewee: Store Manager, Shapna
Place: Green Road, Dhanmondi
Date and time: 14/10/2011 at 12.45pm
Length of the Interview: 32 minutes
Code: Practitioner-3

Good afternoon. First of all thank you for sparing sometimes for me from your busy schedule, I can see the store is very busy. I am from London and my name is Palto Datta. As explained over the phone I am presently undertaking research on "study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector". The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty.

Interviewee: Sorry for interruption. Are you from Bangladesh, if you do not mind?

Interviewer: Yes, I am from Comilla. My study focuses on Bangladesh

Interviewee: Wonderful. By the way I am not from here. I am from Sri Lanka

Interviewer: I was bit surprised when you mentioned your name.

Interviewee: Ha-ha-ha-ha. I have been working in Bangladesh now almost over two years. Yes, carry on-----

Interviewer: I wanted to say that the whole interview will take no more than 40 minutes and it is divided into two segments. I have just finished interviewing your Managing Director and we have a very comprehensive discussion. He already explained the background and history of this organisation, current situation; Therefore, I will skip this segment and I will ask you some general questions after which I will read 12 statements and if you can just rate them from 1 to five. Therefore, it should not take more than 40 minutes. As procedures I have to mention that

The whole session is being recorded by audio tape and same time notes were taken by my assistant. I will request you to switch off your mobile. Same time just to confirm that all the information provided by you will be confidential and in no circumstances will be disclosed to third party. The information is vital for the purpose of scientific research

Interviewer: As you are responsible for this store, could you please explain how you try to retain your customers.

Interviewee: You see, although I am responsible for this store, but I also have to help to the marketing department in relation to developing forward plan and promotional campaign. Therefore, I also have to go to other shops frequently to monitor. We are one of the largest chain in terms of number of stores. Also in terms of size our stores are larger than other chains. One of our main strategic aim that is to keep large number of our existing customers. Currently, over 60% of our customer are permanent customers. They always buy from us. They come every week, even sometime few times a week. We have loyalty scheme. Now in west you have many types of schemes to keep their existing customers as they are more concerned about their money. But consumers mind set in Bangladesh is different. Here, it is now always the case of money. People come because of trust. Secondly, they also know the company as it is famous in Bangladesh. The owner is widely respected and also they spend huge money for the social causes. People shop here by name. Once the name is known to people, they always come, even you charge sometimes higher than normal price. Of course at the end of the day price and quality do matter. We must make sure our service facilities are better than others.

Interviewer: Will you be able to tell me whether you are familiar with the concept of CRM, if so do you use it in Bangladesh to entice your customer. How difficult it is to implement here?

Interviewee: Of course. This is one of the most important tools we have been using for the past several month. I am sure you know that Shapna is not an old chain. We are even less than two years. However, ACI which is the parent company of this chain store is very well know and highly respected. It has the capacity and resources too. This is why you can see we already have many stores in Dhaka and planning to open many more store in coming years. Before, I joined with then I worked over 20 years in Sri Lanka within the same sector. Therefore, I am well aware about the fact that to survive and prosper in this sector you need to have a good relationship with your customers. Even though, you do not have too much competition here. But you can see, just within 10 years there are many stores are operating by many companies and sector is growing tremendously. It has a huge prospect because of the new trends in Bangladesh.

Interviewer: What do you mean by this new trends?

Interviewee: I am sure you know better than me. There are many people now in employment in private sector, working as professional, increased women employment due to garments industry, you have many financial institutions, people are more busier than before, I have seen sometimes both husband and wife are working. I heard that now a days it is difficult to get a maid servant which was not the case before. In a way this is a new trends as people looking for convenient ways of shopping, people are more financially sound and hence they like to go to better stores where they buy everyday's products from one place. They are more sophisticated and they do not want to go to the places that are unhygienic, unclean, overcrowded, no parking facilities and most importantly there is a chances of cheating.

Interviewer: Thank you. Please carry on as you were explaining---

Interviewee: Yes. As I was saying, it is necessary for the organisation like us to build long lasting relationships with the customers. Therefore, you need to apply some tools. We have taken CRM concept very seriously. As part of it from the beginning of this store we have implemented customer relationship management software to maintain customer information, and monitor their shopping behaviour. When some of the other chains doing manual merchandising we have implemented scanning system. It becomes very useful for us, it helps not only to understand what types of products are brought every day, or amount of money they spend, we also collect customer data as part of our loyalty schemes. To get the loyalty point they fill in a form or they can do it online too. We frequently send information to the customers during special events or occasion. It was not difficult for us to implement as we are part of ACI logistics. Secondly, part of this scheme it is also vital that all our staff are trained and informed. Hence, we have induction for all new staff and 2-3 specialist in house training programme. We have annual survey which is conducted by external research company. Other than this we also conduct in house survey

Interviewer: Thank you for your comprehensive answer. I think you have covered few things which I wanted to ask. Therefore, may I ask, how can you describe the culture of your organisation?

Interviewee: Very inclusive and a very friendly atmosphere. Once we finish the interview I will take you to the store. Just observe.

Interviewer: Of course, also I may take some pictures if you allow me.

Interviewee: No problem at all. We always focus on our customers. Therefore, all our staff are well aware about the customer orientation concept. We focus on training seriously. We always encourage our staff to help to our customers, deal promptly with customer complaints. Sometimes we also use the mystery shoppers to see whether there is any problems with the shop.

Interviewer: I think you have already explained most of the points which I wanted to ask. We are now at final stage. I will now readout 12 statements. Please respond accordingly. You have to rate them 1-5 scale system

How do you agree with the following statement?

1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree, 4 = mildly agree, 5 =strongly agree

Statement	1	2	3	4	5
1. Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company					X
2. We strive to constantly surprise and delight our key customers					X
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions					X
4. We commits time and resources in managing customer relationships					X
5. Our employee training programmes are designed to develop the skills required for acquiring and deepening CR				X	
6. Our frontline employees are encouraged and empowered to exceed customer expectations					X
7. We take customer feedback seriously and reply to them					X
8. We have a loyalty program to enhance the Lifetime Value of our Customers					X
9. We welcome complaints from customers					X
10. We broadcast to the employees the feedback given by our customers					X
11. Our employees are willing to help customers in responsive manner					X
12. We have effective customer recovery strategies including guarantees for service failure				X	

Interviewer: Thank you for your time and responding to my questions.

Interviewee: Thank you to you too. Let's go, I will take you to the floor so that you can see.

Interviewer: P.R, Datta

Interviewee: Shaheen Khan, Managing Director, Meenabazar

Place: Head office

Date and time: 16/10/2011 at 9.30

Length of the Interview: 40 minutes

Code: Practitioner-4

Good Morning. Thank you for your time and accepting my invitation and allowing me to take this interview. My Name is Palto Datta and as discussed previously when I made the appointment, I am presently undertaking research on "study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector". The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty.

The whole interview will take no more than 50 minutes and it is divided into three segments. First, I would like to know from you about your company, its current situation, types of customers you have and why they come to you and also would like to know your future plan; second segments I will ask you some relevant questions in relation to the subject

of studies and finally I will read 12 statements and if you can just rate them from 1 to five. I will explain this later.

The whole session is being recorded by audio tape and same time notes were taken by my assistant. My request to you all, please switch off your mobile devices or put on silence. I would like to assure you that all information collected will be kept confidential and will not be disclosed to a third party. This data will be used solely for academy and scientific purposes.

Interviewer: My first questions is based on few areas of your business, just to understand the dynamics of your business in retailing. Could you please explain briefly background and history of your company?

Interviewee: Thank you. We are the first supermarket store in Bangladesh with online shopping facilities and of course with international standard. Our stores are located in Dhaka, Chittagong and Khulna and first store opened in 2002. Every store has over 7000-8000 products. Meena Bazar as you is a subsidiary of Gemcon Group. From the opening of first store, this was our interest to offer most convenient shopping experience, along with many service facilities such as parking, friendly customer service, and varieties on best quality imported and local products. Convenience is our main mantra and hence we also recently started home delivery as long as they spent more than certain amount. We also provide the value for money option to the customer as all our products coming directly from farmers, as there is no middleman our prices are therefore much lesser. We always make sure that our shelves are not empty and has the product availability. Therefore, our chain is known to the customer as one of the most trustworthy food suppliers in Bangladesh

Interviewer: Who s your customers and why they shop at your store?

Interviewee: There are three types of customers we have and these are: upper class, middle class and upcoming middle class, we call them lower middle class. The lower middle class used to shop at open market such as Kancha Bazar and they are not used to shop at mega store, or large mall or even large departmental store. They always think the prices for the products are high and of course most of the time this is the case. There are many reasons why our customers come to us. As I said that our main focus is convenience. This is the main reason why people come to us. When I say convenient this all types of convenient. For someone who drives he would like to see there is parking facilities, someone who does not go too far for their shopping and would like to have local organised store or someone who look for quality and price, we are there. We are convenience in all aspects. Price, quality, professional service and best service provisions are important.

Interviewer: What are the most important critical success factors in this business do you think?

Interviewee: You know that this organised food sector, I mean superstore business in Bangladesh is a very new addition. Only 10-12 years old. However, the sector developed rapidly. Based on my own experience I feel, providing best service, provisions, quality imported and branded products, qualified and polite staff who ready to assist customers, quality and price, convenient location are the most important success factors.

Interviewer; what you do to attract your customers and to retain your customers?

Interviewee: You know, here business and consumer behaviour are not like as any western countries. Over their they have many facilities and market is with many companies. Here, our competition is so far less, but consumers have new test. They always like to see something new. And the concept is new to them. Our middle class is expanded and they have money. They want to have fresh foods and want to buy without any problems. To retain or attract new customers we have mixture f various strategies. We do promotion

through main stream media, focus on service options, customer opinion survey, staff survey, discount options. Our prices are also not so high. Sometimes people think it is better to come to us as it is affordable and feel more safe and security. When you buy from local shops mean open market there are many problems and fear. First place is very unclean, smelly, dirty, unhygienic, crowded, you may not get the right product. They weigh products manually and it is easy to cheat customers. But here, they get the consistence service guarantee, high quality products with affordable prices, convenient and if you look at our country people are more concerned about the food safety. Here they get the best and safe products. Trust also another most important factor. Because we are large establishment and has the reputation they trust us.

Interviewer: What is important to create trust?

Interviewee: You see, trust is most important for your business. if your customer do not trust you whatever you do they will not come to you. Quality, price and service quality are most important. We always focus on them. There is no superstore chain who can beat us with price. We always have the best quality products. All our products are well packaged. For grocery items we Cleary indicate weight, price and other most important heal related information that also help the customer

Interviewer: Do you consider your shop is a neighbourhood shop?

Interviewee: Not only consider, we are actually a neighbourhood store. In Bangladesh especially Dhaka we do not expect travel far for your shopping. People buys their kacha bazar means fresh vegetables, fish, meat items and other grocery products from nearest open market. There is a big traffic problem in Dhaka. This is why we try to have more shops to cover most important areas in Dhaka. We try to serve only local people. But as we have now online shopping facilities we deliver throughout Dhaka. This online shopping has given us better opportunities.

How do you agree with the following statement?

1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree,
4 = mildly agree, 5 =strongly agree

Statement	1	2	3	4	5
1. Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company			X		
2. We strive to constantly surprise and delight our key customers					X
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions				X	
4. We commits time and resources in managing customer relationships				X	
5. Our employee training programmes are designed to develop the skills required for acquiring and deepening CR					X
6. Our frontline employees are encouraged and empowered to exceed customer expectations					X
7. We take customer feedback seriously and reply to them					X
8. We have a loyalty program to enhance the Lifetime Value of our Customers					X
9. We welcome complaints from customers					X
10. We broadcast to the employees the feedback given by our customers					X
11. Our employees are willing to help customers in responsive manner					X
12. We have effective customer recovery strategies including guarantees for service failure					X

Interviewer: I am so grateful for your time and responding my questions.

Interviewee: Thank you. It is an opportunity for me to share our experience with you

Interviewer: P.R, Datta
Interviewee: Marketing Manager, Agora
Place: Head office of Rahim Afrooz Group
Date and time: 16/10/2011 at 12.30
Length of the Interview: 32 minutes
Code: Practitioner-5

Hello Sir. Good afternoon. I hope you are keeping well. Thank you very much for sparing sometime with me and accepting my invitation to give an interview.

Interviewee: It's Ok. It is my pleasure to be part of this interview. My managing Director, you already met with him, alerted me beforehand.

Interviewer: Thank you. I am Palto Datta and I live in UK. I am presently undertaking research on "study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector". The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty.

I already had a very pleasant discussion with Mr Rahim, your Managing Director on another day. He explained me about the organisation, its current situation and given me very constructive information on various aspect of the business. Therefore, I will not ask you to explain the first segment of the interview which is all about your organisation. The information I need from you will help me to reflect on my study. The length of time will not cross more than 35-40 minutes, may be less than that. The whole interview is divided into two segments: In first part I will ask some general questions in relation to customers, markets, customer loyalty etc. while second part is based on 12 statements. These will be read out to you once we finish the first part. I will explain this latter.

Just to inform you that the whole session is being recorded by audio tape and same time notes were taken by my assistant. I hope you will be able to switch off your mobile or at least in silence mode so that there is no disturbances. I would like to assure you that the information that will be given by you today will not be disclosed to any third parties and will not be used for any commercial purposes. It will be highly confidential and will be used only for the academic purposes.

Interviewer: Please could you explain whether your organisation use any software to capture customer data as part of CRM? If so was it difficult to implement?

Interviewee: Initially we have started to establish a CRM system in our group, but we found that the basic foundation for CRM was not in place. Like we need a software to capture customer data. Our company is quite large with various units. We need a system which can capture a customer data such as way as single customer even though the same customer may be coming into Agora or to other subsidiary to buy different products. How do we will bring all different data into a single system?

Ok, Say for example, Mr Datta is a name of our customer. He buy different products from our various subsidiaries. He must be identified as Mr Datta right through our system, whether is goes to Agora for his grocery shopping, whether he goes to solar energy for household energy products or he goes to by other product from other unit of the company. He should be treated as one single customer. That's why what we did was, we wanted to collate the data together. So se are in the process now. The CRM is our main priority and is in the agenda. May be. I do not know when we can do it, may be this year or may be next year but it will come.

Interviewer: Thank you. I think that was my simple assumption that CRM practices are not implemented adequately. Could you please explain your target market, who they are, why they come?

Interviewee: I am sure he had a tour on other day in one of our store. I hope you have some good observations about the people. When we have established we said we will have ABC group of our target. In Bangladesh we categorise different way when we talk about social group such as upper class, upper middle class, middle class, lower middle class etc. We thought that this group should be exposed because this group of people travel outside of the country and has experience to see the facilities and experience of shopping in advanced countries. Therefore, they have greater expectation. So if we can offer them something unique which is available here under a one roof. If we can convert the Kancha bazaar to a very sophisticated, most hygienic and cleaner environment shopping experience this will work better. Also we need lower middle class. This class is most expanded in Bangladesh and they do not have travelling abroad experience. We need both groups support to sustain in this business. This will be a new experience for the later group and they are happy to spend extra money for the sake of better facilities.

I must say that the moment we first launched our store in Dhaka, our assumption was very correct. It was that section who come to our shop and since then we have been targeting this group of people and it was going very well gradually. However, last 10 years we did not grow they way we should be growing. This is because of supply chain problem. This is totally an erratic here, it is not at all organised. 60% of our products are imported while 40% are locally made. So the local products which we are bring from local farmers or suppliers are not coming systematically. It is very poor system, lots of damage in transportation, people who are importing also inconsistent because they will not bring new lot or second lot until the first lot is exhausted. So for the last 10 years we did able to study the behaviour of the people who support us. Now we are saying that 10 years is a long time and we need to scale up. So we hope we will see the improvements from next year and onwards. Many companies are now in business. Day by day we can see the increased nature of competition, more challenges. But it is also true that we are now better off to understand the business, we now know who are the actors, how the market is moving, various regulations, problems and challenges, we also now know what or how to respond to the problems. Just we need time to build a strong and reliable supply chain. We would like to see that our products are from farmers to our shelves. We will now be able to develop our own supplier's networks.

Interviewer: You have mentioned that supply chain is one of the biggest problems most of the retailers are facing here in Bangladesh. In Europe as you know that most of the retailers such as Tesco has their own supply chain network. What about your organisation? Do you have any plan to have your own network?

Interviewee: Yes, we have. Actually last 10 years we have managed to identify the key farmers who can support us, the key suppliers who can support us and we are literally going to invest substantial of our resources for the development of these suppliers and farmers network. We will train them so that they can coup up with our growth.

Interviewer: Do you have any policy to attract new customers and retain existing customers?

Interviewee: of course. This should be the main priority for any businesses to attract and retain customers for their own survival. We always finds the ways to get new customers. But you know that in Bangladesh we are very well known. Agora means good products, Agora means trustworthy. Therefore, we do not need to spend too much on promotional activities. But of course we have various tools and instruments to retain our existing customers such as

loyalty discounts, sending greeting cards, and birthday wish or sponsor an event or special occasions. Also there is another problems. Problems with the volume availability. We do not have many stores. But we are happy with the number of customers coming to the stores. Until we expand our volumes we won't be able to attract many more people. We always put our customers first. Building customer relationships is our priority as it s most important for long term sustainability.

Interviewer: You have mention, CRM is most important for your business. Why?

Interviewee: When CRM is in place we will be able to know where to focus our resources, when to give what promotion, who to attract at what level. Ok--. We can be more focused on getting a specific segment of people to our stores.

Interviewer: In Bangladeshi context what is your understanding of CRM? How do you see it?

Interviewee: In Bangladeshi context when we see CRM, we see it as total customer relationship management. How we build this into our business and operation system. From customer data management to the whole process of making customer happy and satisfied. Not everybody is practicing the concept is Bangladesh. First this is very new concept, second cost involvement. We hope we will be the first to have comprehensive CRM system in place soon.

When a customer comes to our store we must ensure he or she served well, the customer greeted well, our staff should be able to know by the customer name when he walk in. All our staff are well trained, they know how to smile, how to talk, how to communicate and how to treat each and every customer who ever they are. This is the way we try to bring our staff to closer to the customers. Being more focused to meet customer needs that what's we are looking at. If you walk in store, you will see our staff is standing at the gate just to greet people. He will greet with Slamalaikum.

Interviewer: I have taken already much of your time. This will be my final questions before we go to final segment. In Western culture we usually find that rational or contractual obligations is important in many business dealing. You pay and you get the products. But from what I have observed during my visit at your store and other stores and also from your discussion, I realised that trust and emotion play a greater role and equally are important. Could you please explain?

Interviewee: Wonderful. I think you have observed very well and this is correct. We are Asians and of course then Bengali. We have different social and cultural background. All South East Asians are generally emotional. You will see that here in Bangladesh. Sometimes, we see some of our customers do not enough money to pay the bill, we take the money later on or next time they come to our store and pay the money. It is not possible in England or any Western cultures. You know even now many shops at villages, peri-urban areas even in Capital city, local shops are like that they sell many products on credit. People buy and pay later. Sometimes they pay every week or even every month. How the relationships are built here. But of course we do not sell on credit and customers do not expect that to be happened here. Still, I must say we are more trust oriented than contractual.

Interviewer. Thank you sir. I am so pleased to have your great insight on this issues. Now I will ask some 12 statement just to rate them as it applies to you.

How do you agree with the following statement?

1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree,
4 = mildly agree, 5 =strongly agree

Statement	1	2	3	4	5
1. Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company					X
2. We strive to constantly surprise and delight our key customers					X
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions					X
4. We commits time and resources in managing customer relationships				X	
5. Our employee training programmes are designed to develop the skills required for acquiring and deepening CR					X
6. Our frontline employees are encouraged and empowered to exceed customer expectations					X
7. We take customer feedback seriously and reply to them					X
8. We have a loyalty program to enhance the Lifetime Value of our Customers					X
9. We welcome complaints from customers					X
10. We broadcast to the employees the feedback given by our customers					X
11. Our employees are willing to help customers in responsive manner					X
12. We have effective customer recovery strategies including guarantees for service failure					X

Interviewer: Thank you

Interviewer: P.R, Datta

Interviewee: Managing Director, Nandan Group

Place: Hosna Tower, 106 Gulshan Avenue, Mirpur, Dhaka

Date and time: 17/10/2011 at 11.30

Length of the Interview: 39 minutes

Code: Practitioner-6

Good afternoon. I would like to thank you for accepting my invitation to give this interview. I am sorry for the late as traffic was solid.

Interviewee: Do not worry. We are used to it. Lateness is our daily life

Interviewer: let me introduce and why I am here. My name is Palto Datta. I am of course from Bangladesh but live and work in UK. Currently, I am undertaking research on "study of Relationship Marketing and Customer Retention in Bangladesh's Food Retailing Sector". The major aim of the study is to examine the impact of customer relationship marketing (CRM) and relational outcomes for customer retention in a food retailing context in Bangladesh by understanding the degree of grocery store loyalty. I know that this is completely a new sector in Bangladeshi context. I have chosen 4 leading grocery chain and Nandan is one of them. This is very important for me to understand the dynamics of organised food retail sector. As Nandan is a joint venture with one of the leading Indian groups, it is important to understand the different approaches when it comes to local and International experience.

The whole interview will take no more than 40- 50 minutes and it is divided into three segments. First, I would like to know from you about your company, its current situation, types of customers you have and why they come to you and also would like to know your future plan; second segments I will ask you some relevant questions in relation to the subject of studies and finally I will read out 12 statements. I will explain this at the end of our interview on how to rate them.

The whole session is being recorded by audio tape and same time notes were taken by my assistant. May I request you to switch off your mobile or at least in silence mode? If you need to go out for few minutes during our interview please alert me. I would like to assure you that all information collected will be kept in the strictest confidence and will not be disclosed to a third party. This data will be used solely for academy and scientific purposes.

Interviewer: I will ask you some questions those are related to your company. Could you please explain briefly about your company, customer base and the reasons for customers to shop at your stores while they have other alternatives?

Interviewee: Thank you. As you know we are a joint venture with one of the large organisation in India. However, our parent group has many business units in different sector and also we are one of the leading companies in Bangladesh. We have opened our first store in Dhaka in 2002 and currently we have 6 stores in various neighbourhood areas in Dhaka, particularly in areas such as Mirpur, Dhanmondi where large concentration of people from upper middle class or upper class. We are planning to have another 15-20 stores in next five years. That is our plan. Currently we have 12% market share which is 3rd among other companies. I hope we will be able to increase that share of market within couple of years. One of the greatest advantage we have as being a joint venture is the technical knowhow. As you know India is the leading actor in South East Asia in food retailing business or organised superstore sector. Our joint venture is 51% vs. 49%. One of the biggest challenges we are facing in Bangladesh is to have good supply chain. We are not developed in relation to road and transport system. Therefore, it is bit difficult for us to have the product availability in our stores. We must have adequate plan for that. However, being part of Joint venture we are better of in that sense we have better supply management system. We have already have better network with our local farmers and we do not use any syndicate or middleman. Through our joint expertise we also were able to develop our key suppliers for imported products. More than 50% of our products are imported.

Secondly, to address your second point on customer base, I must say that most of the superstores or so called organised store such as ours are mainly focused on three upper classes mainly group belongs to ABC. These are upper class, higher middle class and middle class. Although we also see that there is a trends that many lower middleclass also buys from these types of store as they do not feel to go to wet market or kancha bazaar. I am sure you have some experience in Dhaka. The concept of superstore in Bangladesh is very young. Sector is not well known to many. But many people have experience in shopping abroad. They are looking for convenient ways of shopping. We are here to sell convenience. Our products are high quality with best prices which is affordable to these groups of people, convenient in terms of location, have car parking facilities. Many of these people come by car and parking is most difficult task in Dhaka. We have very young and professional staff which is missing in any open market where they do not talk sometimes in decent languages. Here, they will smile at you and help as most professional way. You feel comfort when you come here and people know that whatever you will get here is most appropriate means, no cheating. We frequently take customer feedback and take complaints seriously. This is an inclusive platform where people can buy everything for their daily shopping. These are the main reason why they come to us.

Interviewer: Thank you. I think this is quite extensive what you have said so far. Many things you have already said. I will not ask many questions as you have touched on already. May I ask whether you are familiar with the concept of CRM? If so how do you use this to enhance customer loyalty?

Interviewee: Thank you. It is very important for us to have a very good relationship with the customers. This is not new in Bangladeshi context. We always have been good with our

customer. We always say that customers are like our God, we must treat them well, and we must serve them well. You will see this is the pattern in Bangladeshi culture to offer something when they shop such as tea or soft drinks. This is not the culture in your country. In that sense CRM is always here. Only, the way the West is using this concept in their business model, you can this is new phenomenon. I understand CRM as a tool and also a process to make sure customers are satisfied and they become loyal to the organisation. How to do it. First to have a good database system which will allow us to record customer data and behavioural patterns, means what they buy, when they buy and types of products they buy. Although we did not yet started this system but will do so soon. This is very important for us. However, to make sure our customers are happy we do use various means such as loyalty discounts, they can become our member automatically once they spend 5000TK per month they get 5% commission, or 3000 taka to get 3% commission. But they do not get the money rather the amount is deducted from the next shopping. We do at least two customer survey to get their feedback, different occasions we send greeting cards such as the time of Eid and Durga puja or Boro Din (Christmas day). Most of our customers are loyal as they come again and again

Interviewer: What are the most important service facilities you thing most important? Do you think trust is vital to increase repeat purchase?

Interviewee: You see, we are dealing with customers. Of course there are differences between our customers and customers for example in your country, UK. Here we focus on more relationship building and this is not always based on monetary value. We are more concerned about our feelings, respect and they way we are behaving with the customers. Here people are happy to pay extra money if they see they are respected when they are in store. Therefore, trust and emotion are important. We must deal with this. Secondly, in terms of service it is vital that they get better service and convenience is the most important. Most of our customers are professionals, businessman and highly educated. They always travel abroad and they see the facilities over there. They are tired of kancha bazaar or open shop. They see here different things. Thousand of products under one roof, they get best reputed brands, imported products, varieties, clean store, professional staff who are ready to help at any time, we take their feedback and they feel important and valued. Once people walk in to a store they always come here because of their experience with us. We offer a complete satisfaction package you can say that. People here like the atmosphere of the store such as visual layout in and outside store. All our salespeople or frontline staff are very young and professional. People like it. They feel trustworthy when they come to the store

Interviewer: Thank you sir. I am so pleased to have your insight. Now I will read out some statements, if you can just rate them based on 1-5 scale.

How do you agree with the following statement?

1 = strongly disagree, 2 = mildly disagree, 3 = neither agree or disagree,
4 = mildly agree, 5 =strongly agree

Statement	1	2	3	4	5
1. Our top management accepts and provides leadership for building and maintaining CR as a major goal of the company					X
2. We strive to constantly surprise and delight our key customers					X
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions					X
4. We commits time and resources in managing customer relationships					X
5. Our employee training programmes are designed to develop the skills required for acquiring and deepening CR					X
6. Our frontline employees are encouraged and empowered to exceed customer					X

expectations					
7. We take customer feedback seriously and reply to them					X
8. We have a loyalty program to enhance the Lifetime Value of our Customers					X
9. We welcome complaints from customers					X
10. We broadcast to the employees the feedback given by our customers					X
11. Our employees are willing to help customers in responsive manner					X
12. We have effective customer recovery strategies including guarantees for service failure					X

Interviewer: Thank you

Interviewee: Thank you Mr Datta. It was my pleasure to share my experience with you.

METHOD OF ANALYSING IN-DEPTH INTERVIEW

In-depth interviews were carried out as part of pre-test process to gain an understanding about CRM practices at four selected chain stores, management attitudes towards CRM and customer retention, and they way sector is evolving including current market situation of food retailing in Bangladesh. It is important that all interviews were analysed appropriately so that key themes and issues were identified, compare and contrast. The total number of interviews were 6 and these were not long interviews. There were three types were asked to all six participants. All respondents were asked some background questions which includes company history, current situation, customer types and customer motivation etc. The second part of the interviews were based on some general questions on CRM, CRM practices, staff training issues, customer retention etc. and all respondents were asked more or less similar questions. The final part of the interview was based on asking 12 specific statements to all respondents. Therefore, by understanding the boundaries of the interviews, the researchers decided not to use any software programme rather analysis was done without software, i.e manually. The steps involved in analysing data were:

1. As all the interviews were tape recorded and same time notes were taken, it was easier for the researcher to transcribe the whole text word for word. Analysis was then carried out based on the text data.
2. Only transcribed text data was used for the purpose of analysis. Notes were not considered.
3. Read and review few times of the text carefully to understand the key issues and themes
4. By using highlighter the researcher identified the basic themes of the general questions and in some cases from the first part of the interview to understand the key customer groups and their motivational factors

APPENDIX-J

Modern superstore in Dhaka, Bangladesh: Review of context

The small country of Bangladesh, which is densely populated, remains predominantly a Muslim country maintaining a conservative approach to politics. Bangladesh has an undoubted depth of poverty, but has been seen as one of the Next-Eleven tier of developing economies keeping industrial development as priority. Modern 'superstores' are the next developing industry in the industrialisation on Bangladeshi cities. Although Bangladesh consists of agriculture being its main source of income for citizens, Superstores are a new source of income, and profit for the working-class, business owners and the state, pushing the development of the state further.



Picture-1.1: Agora superstore in Dhaka

Contemporary architectural store designs make for a striking additional to the local landscape in areas of Dhaka. Such retail outlets radiate modernity, something that appears in marked contrast to the traditional forms of transport visible in this picture, notably the pedal rickshaw. It is worth noting that Dhaka is known as the Rickshaw Capital of the World, with both pedal and auto rickshaws being a popular means of transport. The dynamics of a Bangladeshi superstore remain undermined by developed countries. A relevant comparison could be argued that London's average Tesco express, can be on close quarters with what Bangladesh considers a 'superstore', only a rare few will be of a respectable comparison. Moral being, development of the superstore industry has many years of development until considered standard with a comparison of international countries.

The vast majority of shoppers in Bangladesh food retail outlets are women, due to the role allocation created by society. The ability to access a broad range of fruit and vegetables is of paramount importance as customers expect to be able to see precisely what they are purchasing. Whilst in the West fruit and vegetables are often pre-packed, in Bangladesh shoppers expect to be able to touch and smell what they are thinking of buying in order to check for quality and ripeness. This creates a more organic and natural feel to a superstore, being able to pick which is considered the best by nature. Due to the density of Bangladesh and aspects of tradition, the atmosphere consists of a far closer feel and sense of great community and socialisation between the vast populations.



Picture 1.2 & 1.3

Inside Nandan and Meenabazar superstore in Dhaka, women shoppers are more visible

Although, society is male dominated, but in modern urban society like Bangladesh educated women are more liberal, easy going and believe in shared responsibilities both in home and out who has more financial freedom than their predecessors do. These women shoppers like to browse well-packed shelves in aisles; something that is a refreshing contrast to the hit and miss experience that is an all too common aspect of food shopping in traditional retail outlets in Dhaka and across Bangladesh. However, most may not be able to afford the luxury of packed and sealed goods that are guaranteed with freshness and are convenient as a shopper, and have to confront the crowds and marketing of traditional retail outlets.

A particular local pre-occupation (especially of the metropolitan elite) in Bangladesh is with regard to contaminated produce. Arsenic in groundwater and the existence of heavy metals such as cadmium, chromium, lead, mercury, vanadium and zinc in cauliflower, spinach and tomatoes grown in industrially polluted soils of Dhaka such as Gazipur and Keraniganj are a matter of very real concern. Chemicals such as Calcium carbide and Ethylene oxide are often used to ripen locally grown fruits such as bananas and papayas. Higher end food retail outlets are well aware of such concerns and thus place particular emphasis on freshness, organic and natural in their food marketing. Modern superstores are heavy on assuring quality of the product and try to avoid contaminated produce, as their target market will be of middle-upper class customers, adding a potential USP to raise the price of superstore products.

Bangladesh as a country has developed to great extremes with the creation of superstores, which gives civilians the insight to the convenience of industrialisation, bringing fresh insights and a new source of income to boost the growth of its current economy. In the coming years, Bangladesh should not be undermined as economists see it as having a paramount amount of potential for foreign-investment led growth. Not only will supermarkets create a bigger, better economy, visual civilians will be able to capitalise and grow on this idea with business opportunities, competition and a constant growth toward complete quality and control.

APPENDIX-K

CRM: Bangladesh and Developed Economies-Distinguishing factors

Due to the intense competition with increased customer choices and demand, many organisations in Bangladesh started to introduce customer relationship marketing approach as part of their strategic decision to their existing customers. However, it has been the private sector that has been at the forefront of CRM. Private investors have seen an opportunity and have begun catering for it. Whilst it is at an early stage and largely combined to Dhaka and Chittagong there is every likelihood that new retail outlets will be built elsewhere and deploy CRM as an integral part of their business plan. Although the theoretical aspects of the concept is same throughout the world but sometimes, its application in the context is different. Especially the practices of CRM is somewhat differ from other developed countries where the concept is at maturity stage. Some of these differences are discussed below:

1. **A new experience:** Bangladeshis avidly watch Indian television programmes and the advertisements that accompany them and thus there is an immense market waiting for a new experience. The experience locally is not one that incorporates self-service check-outs, rather one is more likely to find narrower aisles than one might find in Europe, Australasia or North America, but mindful of local expectations and of course cheap local labour there is a wealth of floor assistants to help customers. Such staff almost universally male as in a predominantly Muslim country societal norms would frown on women being put in a situation where they would be approached by and interact with strangers.
2. **Attracting impulse buyers:** I have observed that stores are already well aware of the sort of clientele that they are likely to expect and thus in the area adjacent to the tills one can observe inexpensive bangles, hair accessories and various beauty products. Stores are themselves smaller than those one might observe elsewhere, partly of course because land in Dhaka is at a premium. Local context is a key driver in CRM in Bangladesh and whilst these are early days, it is important not to under estimate how sophisticated this is. Entrepreneurs appreciate that they can benefit from what goes on elsewhere, but have the good sense not to merely parachute in a European or American CRM model and expect it to triumph.
3. **Less brand loyal customers:** Bangladeshi customers are less brand loyal. Therefore, it is important for the organisation to apply CRM approaches and tools to create strong brand loyalty. This is not the same as most advanced economies where customers are highly brand conscious.
4. **Tools of creating bonds:** Bonds is one of the most important constructs of CRM and Bangladeshi organisations are applying various tools and approaches to create bonds. For example, Agora started to develop customer databases so that they can send e-cards during special religious occasions, organises various iftar parties during Ramadan, send greeting cards on different national and religious days to customers, organises joint promotion with other organisations. Although these practices are sporadic and not at higher rate but trends are growing and these tools and practices are different in developed countries where such parties to create social bonds virtually not exists.
5. **Educated and financially sounds customers:** In Bangladesh, superstore customers are mainly from rich and upper middleclass families and educated. Therefore, organisations must apply effective CRM practices to fulfil these customer needs. This is not the normal scenario in other developed economies where anyone can afford to shop at superstores and do not see this as prestige. However, organisation must have effective CRM in place due to intense competition and increase customer retention.

6. **Cooperation Vs competition:** The culture of Bangladesh and many other Asian countries is primarily based on cooperation rather than competition and relationships are based on social interaction and in such interaction, honesty and integrity are vital (Tong & Yong, 1998). In such an environment, contractual relationship is less important, rather personal guarantee is essential (Low, 2001). This is not the same in most developed countries where contractual obligation is first. Most of the Asian countries cultural values and thus nature of relationship is greatly influenced by Confucian philosophy. Due to the cultural heritage, when people deals with other in Bangladesh and most Asian counterparts, trust and familiarity become important which is not necessary precondition in western culture.

When people deal with other people in a Chinese context, due to its cultural heritage, trust and familiarity become more important (Xu, 1999). However, it is not necessary precondition in Western culture.