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The role Relationship benefits have on customer equity in the business-to-business environment.

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ABSTRACT

This study aims to extend previous research studies investigating drivers of customer equity in a business-to-business environment. The study also aims to address the role of relationship benefits on customer equity in a business-to-business environment beyond psychological, functional and social benefits. Furthermore the study focuses on the importance of building relationships influencing customer equity in organisations operating in a business-to-business environment.

The study is based on two phases. Phase one consisted of face-to-face interviews with experienced professional individuals from three different industries. These industries covered financial services, utility services and property development within a South African demographic. The data gathered from these interviews was combined with literature to understand the drivers of customer equity and the role that relationship benefits play on customer equity. Data was also gathered from a 146 questionnaires and statistically processed.

Significant findings made in the study reflect the importance of customer equity within business-to-business environments. Further focusing on the importance for organisations to build long-term relationships with their customers. this will finally explain the significant impact that relationship benefits have on customer equity beyond psychological, functional and social benefits for organisations in business-to-business environments. The study recognises that the individual customers and the organisation on its own will both benefit from developed customer equity, highlighting the fact that not one driver of customer equity is exclusive to the next.

Contributions made for academic purposes include hypothesised variable on customer equity, with the main aim on relationships. This study will be beneficial for various departments in organisations that interact with customers and want to improve their customer relations, specifically organisations operating in a business-to-business environment.

Keywords: Customer Equity, Brand Equity, Business-to-Business (B2B), Relationship Benefits

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree of examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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CHAPTER 1

1. INTRODUCTION TO RESEARCH PROBLEM

1.1 Introduction

Various challenges face businesses today in this tough economic environment, to not only be successful, but also to survive as a business. Contributing to the tough economic conditions are unemployment, slow economic growth and high inflation. Focusing on these issues will become part of the daily operations of managers that are continuously faced with implementing marketing strategies and initiatives to have the edge in the competing business environment (Rust, Lemon & Zeithaml, 2004). Businesses will continuously have to reinvent their marketing strategies in order to keep a competitive advantage especially in a business-to-business environment.

According to Kotler, 1967 in Rust, et al., (2004), businesses in the 1960's had a customer-centered view. In the last 40 years marketing strategies of companies had become more customer-focused ((Vavra, 1997) in (Rust, et al., 2004)). Furthermore it has been pointed out that marketing has no longer placed focus on short-term transactions but has rather focused on the long-term relationships with customers (Hakansson, 1982; Storbecka, 1994).

Furthermore, companies are more focused on the short-term goals rather than focusing on customer relations for reaching long-term goals (Bick, 2009).

The literature points out that customer equity is driven by various factors like brand equity, retention equity, customer acquisition and value equity which are some of the most commonly known drivers of customer equity. These factors however do not focus on the relationship benefits of customer equity; they rather just focused on what drives customer equity.

Some literature mentions measurements of customer equity, but does not establish the relationship benefits of achieving customer equity in a business-to-business environment (Kumar & George, 2007).

Considering competitive industries face various obstacles in business today, managers, brand managers, marketing managers and marketing CEO, are all concerned with customer equity (Lemon, Rust & Zeithaml, 2001). Developing a strategy based on the organisation's customers, the organisation can fluctuate between brand equity, customer value, and customer relationship management because of customer equity. The approach of using customer equity as the centre point of the organisation in marketing and organisational strategies it is important to grow the value for the customers. Customer equity for most firms is the main determinant that ensures long term value for the organisation. The organisation's current customer base provides the most valuble information for the organisation which will ensure future value for the organisation. Customer equity should be the main focus point for a marketing strategy. Understanding how to grow a business is key as it may occur that customers seemed to be the answer to long term success. It is more important to manage customer equity as it is far more complex. Growing will create a great competitive advantage for the organisation (Lemon, Rust & Zeithaml, 2001).

Organisations are under continual pressure to outperform their competitors. This stresses the importance of focusing on the customers of the organisation, and not only the products and services offered. The organisations need to move from product centric to becoming more customer centric. The key to gaining the confidence of customers will be to develop relationships with customers. Understanding the needs of the customers will enhance the organisation's ability to better understand its customers. For customers to be satisfied with an organisation they need to receive a benefit beyond the normal service and product offered.

Managers in organisations are continuously under pressure and are expected to create shareholder value (Bick, 2009).

When value is created, relationship benefits exist and add on to the total offering of the organisation beyond the normal products and services. (Sweeney & Webb, 2002).

1.2 Research Possibilities and Objectives

The main objective of the research is to provide a better understanding of the relationship benefits in a business-to-business environment, and to understand what relationship benefits are derived from the drivers of customer equity. There are specific objectives identified for this study:

- To identify the appropriate drivers that drive customer equity in a business-to-business environment.
- To understand the role relationship benefits have on customer equity in organisations relative to these drivers.

Various factors like customer service, customer value, customer satisfaction, brand equity, and brand loyalty drive customer equity and thus drive the research possibilities and objectives in determining what the relationship benefits of customer equity are in business-to-business environments. Researching various possibilities and identifying key objectives will contribute to the research objectives. The research objective and aim is to establish what is necessary to achieve or create customer equity in a business-to-business environment and to focus on the drivers of customer equity.

By identifying the drivers of customer equity a better understanding of the abovementioned objectives will be made possible. Finally, one of the main objectives will be to understand what the benefits are of the various factors as well as the role the relationship benefits will have on customer equity.

1.3 Research Motivation

According to Ambler (2003); Webster, Malter and Ganesan (2003) in Bick (2009), organisations are under continuous pressure to be more responsible regarding investments made as part of marketing strategies to ensure investment returns. Today the competition amongst business is so strong that they have continual pressure on them to not only perform but to stay competitive as well, making sure that they receive returns on the investment they have made. Judging from the literature it is then crucial that organisations make the correct investment to ensure the required return. The fact that marketers in organisations have to focus on building customer equity together with brand equity to ensure a return on the marketing investment for the organisation is of high importance (Bick, 2009).

Customer equity and brand equity as different concepts have been researched extensively, however the relationship benefits of customer equity in specifically business-to-business environments has to be reconciled. Furthermore, new factors that contribute to driving customer equity need to be explored, rather than the traditional drivers such as brand equity, value equity and relationship equity as pointed out by Lemon, Rust & Zeithaml (2001). The possibility of new drivers driving customer equity, for example, customer satisfaction, need to be identified and joined with traditional drivers of customer equity, forming part of any organisation's focus on customer centred strategies. Furthermore, customer equity forms part of strategy in organisations today, contributing to marketing and the corporate strategy, and highlights the importance of customer equity to the organisation (Lemon, Rust & Zeithaml, 2001).

1.4 Report Structure

The structure of the report comprises of seven chapters. Chapter one consists of a short introduction, objectives and motivation of the research project. The remaining six chapters are structured as follows:

Chapter two outlines the literature significant to the study and identifies key areas, customer equity, brand equity, customer equity in business-to-business environments, drivers of customer equity and relationships in business-to-business environments. Further findings and theories are discussed in the closing of chapter two. Chapter three clarifies the objectives of the research supported by the literature review.

Chapter four consists of the research methodology, describing the sample procedure, population studied, construction of the questionnaire, data collection and limitations of the study. Chapter five explains and determines the drivers of customer equity within a business-to-business environment in an exploratory and statistical manner. In chapter six, hypothesis construction and testing, the hypotheses are explained, focusing on accepted or rejected results of the developed hypothesis.

Chapter seven is the concluding chapter of this study and represents recommendations and improvements for organisations to increase customer equity within business-to-business environments. Finally suggestions for future research are discussed.

CHAPTER 2

2. LITERATURE REVIEW

2.1 Introduction

Various drivers, frameworks and definitions are discussed in the literature explaining customer equity within organisations and more importantly customer equity in business-to-business environments. The abovementioned drivers, frameworks and definitions have been researched and discussed. Relationship benefits as a driver of customer equity have, however, not been considered as a potential driver of customer equity.

The approach taken for the literature review is divided into eight sections: what is a customer; what is customer equity; what is brand equity; linking customer equity and brand equity; the business-to-business environment; what does customer equity mean in a Business-to-Business (B2B) environment; relationships; what are the drivers of customer equity.

The first four sections will describe customers, customer equity and brand equity. The fifth section will describe the link between customer equity and brand equity. The business-to-business environment and customer equity in a B2B environment and why it is an important topic for discussion will then be highlighted in sections six and seven. Finally, emphasis will be given to the drivers of customer equity in a B2B environment; focusing on retention, brand equity, value equity, concluding with relationships and the drivers of relationships as they benefit customer equity.

2.2 Defining a Customer

Without customers no goods or services can be sold and therefore no transactions can take place in any operating business. To define the meaning of a customer for any business, the term intangible asset must first be defined. Intangible asset are those assets that are not physical in nature and cannot be identified in transactions (Ghamari, Saeidinia, Hashemi & Aghaei, 2012). Therefore the intangible assets can be viewed as valuable to companies but are non-monetary. Examples of these valuable assets include brands of the company and trademarks or patents that the company may have.

Customers are referred to as intangible assets according to Gupta & Lehmann (2003) in Kumar & George (2007). Therefore customers are a vital part of any business, as they are viewed as assets in the business, meaning that they make a valuable contribution to the business. Kumar & George (2007), describe the value of a customer as an intangible asset, and they further highlight that companies can manage their customer relationships more lucratively through customer specific marketing strategies.

Therefore a customer can be seen as the starting point of a transaction for the organisation, and for the organisation to keep on doing transactions it has to invest in the relationship with its customers to ensure customer equity is achieved and the investment made in customers as assets has generated the expected return.

2.3 Defining Brand Equity

Aaker (1996), defines brand equity in Bick (2009), as a combination of resources and obligations connected to a brand’s name that can be positive or negative towards the worth provided from the organisation's offering and/or from the organisation’s clientele.

Aaker (1996) further explains in Bick (2009) that brand equity creates worth to the customer and influences the customer's ability to make buying decisions, by identifying more value and receiving more satisfaction because created brand awareness is heightened.

Brand equity influences the customers' purchasing decisions by identifying what the brand has to offer and creates a perceived value for the customer.

Organisations that focus on building strong brands that generate high equity for not only their brand but also the organisation, will help create an competitive edge over competitors and ensure that the organisation could set a premium price for their products or services; that they could create a need for their product or service; they could have add on brands to their current brand which will all contribute to better margins, greater trade opportunities and more customer value (Bendixen , Bukasa & Abratt, 2004).

Keller (1998), in (Bendixen , Bukasa & Abratt, 2004) refers to brand equity as a combination of brand awareness and brand image. It is argued that brand equity is derived in the market environment and is part of brand connotations and actions that have been developed towards the brand (Nyadzayo, Matanda & Ewing, 2011).

Bendixen, Bukasa & Abratt (2004), identify four contributing factors that create brand equity; brand association, brand awareness, expected quality and brand loyalty. Furthermore, they explain in their research that brand equity could be what the customer perceives and associates with the totality of a brand. Maintaining the essential values that distinguish it should be of the highest importance to any organisation (Bendixen, et al, 2004).

2.4 Defining Customer Equity

The first introduction of customer equity as a concept was put forth by Blattberg and Deighton (1996) as referred to in Bick (2009).

Before a further understanding of customer equity can be explored, the concept of Customer Lifetime Value (CLTV) first needs to be defined. According to Gupta, Lehmann & Stuart (2004) in Bick (2009), customer lifetime value can be derived out of revenue for the organisation that has been derived from acquiring customers, retaining customers and growth potential for the organisation.

The organisation can thus grow its revenue by creating customer lifetime value, by attracting more customers and by retaining their current customers that will influence the growth potential of the organisation.

Customer equity is referred to as the overall lifetime value that the customer in the ogranisation has, in relation to their existing customers and potential customers ((Blattberg & Deighton, 1996) in (Bick, 2009)). A customer equity model has been formulated that presents the significance of the value of customers to organisations and explores driving factors such as acquisition and retention of the customer base that needs to be utilized for optimal operation ((Blattberg & Deighton, 1996) in (Bick, 2009)). Organisations need to understand the value that customers have for their business and that attracting and retaining customers creates value for the business and the customer. These values can be exploited by driving the variables of customer equity.

According to Hogan, Lemon & Rust (2002) in Kumar & George (2007), customer equity is viewed as an arrangement of an organisation's existing customer assets and the value of the organisation's prospective customer assets. "Customer equity is defined as the total of the discounted lifetime values summed over all of the firms current and potential customers" ((Rust et al., 2004) in (Kumar and George, 2007)).

Customer equity is therefore concerned with pinpointing the worth of a customer to the marketing organisation (Rhichards & Jones, 2006). Therefore customer equity is valuable to the organisation and creates value for the customer as well.

2.5 Customer Equity versus Brand Equity

Customer equity and brand equity share certain characteristics, neither customer equity nor brand equity are equally the same but there are however distinct disparities between the two.

Firstly brand equity was previously defined as an asset, and customer equity was proclaimed to be the financial value of an asset ((Ambler, Bhattacharya, Edell, Keller, Lemon & Mittal, 2002) in (Bick, 2009)). They further argue that brand equity is more applicable for client acquirement, and customer equity is more focused on retaining clients.

The similarity concerning brand equity and customer equity are highlighted as follows: attaining new clients with existing services, existing clientele buying different products across the organisation's offerings, aptitude to control pricing, and lowering marketing expenses. Both brand equity and customer equity influence these benefits for a company. Ambler et al (2002), further argue that the importance of brand equity as a viewpoint is aligned with product functioning concerns, as well as insubstantial considerations such as brand imagery and brand personality. Customer equity as a different focus is aligned with the methods linked to attain customer acquirement, customer preservation and customer dependability (Bick, 2009).

Key differences between brand equity and customer equity are highlighted in Table 1 below (Bick, 2009):

Table 1: Key differences between Brand Equity and Customer Equity (Bick, 2009)

	Brand Equity	**Customer Equity**
Focus	Product-oriented Product performance	Customer-oriented Customer retention
Metrics	Product based	Customer based
Segmentation	Customer characteristics	Behavioural characteristics
Best for	Customer acquisition	Customer retention
Channel	Indirect (non-addressable customers)	Direct (addressable customers)

2.5.1 Customer Equity

In Leone, Roa, Keller, Luo, McAlister & Srivastava (2006), the authors refer to Rust, Zeithamal & Lemon (2004), who argue that there are numerous organisations that have included customer relationship marketing strategies to maximise customer communication. Customer equity as previously defined is viewed as “the sum of lifetime values of all customers” (Rust, Zeithamal & Lemon, 2004). Therefore, as previously mentioned, customer equity needs to be included in marketing strategies as they contribute to not only customer communication but to attracting and retaining customers as well.

Customer equity represents the ideal balance between what an organisation has invested in customer acquiring strategy and what the organisation has invested in customer retaining strategy according to Blattberg & Deighton (1996) in Leone et al. (2006).

2.5.2 Brand Equity

Aaker (1995) in Leone et al. (2006), argues that brand equity is made up of five characteristics that make brand equity associated to the brand as assets and liabilities. The five characteristics of the brand comprises of: (1) brand loyalty, (2) brand awareness, (3) perceived quality, (4) brand association, and (5) other proprietary assets (e.g., patents, trademarks and channel relationships) (Aaker, 1995). These assets create various benefits and values for the organisation.

2.5.3 Linking customer equity and brand equity

Based on the above discussion of customer equity and brand equity, the two concepts are of equal importance to customer loyalty of a brand according to Leone et al. (2006). Therefore both concepts are coherent with the idea that value is created for the organisation by asking as much as possible for products or services purchased by as many customers as possible (Leone et al., 2006).

Furthermore Leone et al. (2006), argue that these two concepts underline different characteristics, but are equally beneficial to the organisation. Organisations need to understand the importance of brand equity and customer equity as two separate concepts. What is important however is for the organisation to combine these two concepts in their strategies so that the expected returns can be achieved.

In the research of Leone et al. (2006), it is observed that brands cannot exist without customers and customers cannot exist without brands. Brands are used to attract customers for which they extract value out of the brands and customers serve as the profit contributors obtained from the brands for the benefit of the organisation.

“The two concepts can have an interactive effect such that marketing actions to improve customer equity can also improve brand equity and vice versa” ((Keiningham, Aksoy, Perkins-Munn & Vavra, 2005: 131) in (Leone et al., 2006)).

Emphasis should be placed on both brand equity and customer equity as both are mutually important ((Ambler et al., 2002) in (Bick, 2009)). Table 2 below summaries the similarities of brand equity and customer equity (Bick, 2009).

Table 2: Similarities of Brand Equity and Customer Equity (Bick, 2009)

Intangible, market-based assets
Not recognised in financial statements if internally generated
Drive the market value of the firm
Difficult to value as current investments give future benefits
Use of Nett Profit Value of future cash flows to value
Both drive cross-selling and improve customer contribution margin (greater revenue or lower costs)
Marketing actions improve customer equity can also improve brand equity and visa versa

2.6 Defining Business-to-Business

The importance of operating in a business-to-business environment today according to Doney, Barry & Abratt, (2009) who argue that businesses foresee continual change in a demanding competing environment between businesses. These businesses today are increasingly becoming aware that they can generate far more profit from their existing client base than to keep on focusing on acquiring new customers.

It has become increasingly difficult for organisations and more specifically single organisations to keep up with the increasingly complexity of knowledge in the continual changing environment of business. Even more difficult for these organisations is to save and use this information to their advantage. This has resulted in firms focusing and using relationships within the organisation to counterpart their knowledge ((Lane, Koka & Pathak, 2006; Grant & Baden-Fuller, 2004; Powell, Koput & Smith-Doerr, 1996) in (Perez, Whitelock & Florin)).

This has shaped an environment of inter-reliant organisations that can effectively and efficiently manage interactions with other organisations and use this as a resource to gain a competitive advantage ((Redondo & Fierro, 2007; Rayport & Jaworski, 2005) in (Perez, Whitelock & Florin)). Organisations that want to gain the competitive advantage need to create superior products, and for them to create these products they need to learn more from their customers, channel members, suppliers and other organisations on a one-to-one basis (Ramani & Kumar, 2008). The benefits of learning from continual interactions over time between organisations in a business-to-business environment create more potential opportunities for creating value and innovation for both firms ((Prahalad & Ramaswamy, 2004) in (Perez, Whitelock & Florin)).

Businesses need other businesses to be profitable (Rauyruen & Miller, 2005). The business-to-business environment is created by a supply and provide environment. Both suppliers and providers of services and/or products must recognise key characteristics of customers in the B2B environments. Furthermore suppliers and providers need to understand these key characteristics of their customers (Rauyruen & Miller, 2005).

It is important to understand and satisfy business customers. Ryssel, Ritter & Gemunden (2004) in Rauyruen & Miller (2005), argue the criticalness of business customers to strategise and manage the needs of their customers. They further argue that their relationship will benefit their business customers.

Business-to-business relates to consumer markets; one organisation can profit from supplying their customers and their customers can become more competitive. Nearly all organisations serve both organisational customers and consumers (Gummesson & Polese, 2009).

2.7 Customer Equity in the Business-to-Business (B2B) environment

Customer loyalty has a significant effect on an organisation's performance and could be considered by many firms to be a significant factor that contributes to having a competitive advantage above other organisations ((Heskett, Sasser & Schlesinger 1997; Rust, Zeithaml & Lemon 2000; Woodruff, 1997) in (Lam, Shankar, Erramilli & Murthy, 2004)).

Doney and Cannon (1997); Ganesan (1994); Morgan & Hunt (1994), argue in their research in Lam, Shankar, Erramilli & Murthy (2004), that focuses on the fact that customer loyalty in business-to-consumer environments, is as important in the business-to-business environments as well.

Therefore created customer equity in the business-to-business environment will assist organisations to compete against their competitors and will allow them to increase their performance levels that could lead to distinguishing one organisation from the next.

Rauyruen & Miller (2005), argue that the suppliers and/or service providers should continuously develop relationships with business clients to secure a devoted clientele and to create customer equity within the organisation that will contribute to increased levels of profit. They also believe that the suppliers in a business-to-business environment should have a better understanding of the type and statuses of their customers, as each customer acts on behalf of an organisation with distinctive characteristics.

Customer Equity plays a vital role in the B2B environment as it dictates the direction and sustainability of the organisation, in terms of customer value, customer acquisition and customer retention. The ongoing success of a business is not only determined by the relationship of the business to the consumer but rather starts with the relationship from the business-to-business point of view.

Eng (2004) in Rauyruen & Miller (2005), establishes the significance of the calculated management of seller and buyer relationships and furthermore believes that customers' needs have to be fulfilled. Suppliers should continually develop "relationships with their business customers" ((Ryssel et al., 2004) in (Rauyruen & Miller, 2005)).

According to Lemon, Rust & Zeithaml (2001), the approach of including customer equity as the centre point of the organisation's marketing strategy will place the customer and the value of the customer closer to the centre of the firm.

2.8 Drivers of Customer Equity

According to Lemon, Rust & Zeithaml (2001), executives in organisations are continuously faced with issues relating to their brand, product or service that they have to offer and the way these brands, products or services need to be managed. They further their argument by pointing out that a strategic way to manage these issues is by formulating a customer equity strategy which will allow the orgainsation to distinguish and use customer value, brand equity and customer relationships to their advantage (Lemon, Rust & Zeithaml, 2001).

Customer equity is driven by customer value, brand equity and customer relationship; these factors however will only be effectively driven in the organisation if they are part of the organisation's strategy.

Each of these drivers of customer equity has to be distinguished and driven on their own, but as part of the organisation's strategy.

Lemon, Rust & Zeithaml (2001), explore in their research the importance of managing customer equity and understanding the way in which to grow customer equity by identifying three drivers of customer equity.

i. *Value Equity.*
ii. *Brand Equity.*
iii. *Relationship Equity (Retention Equity)*.

Lemon, Rust & Zeithaml (2001), further argue that these drivers can work independently or they could work together.

Lemon *et al*. (2001), describe the drivers of customer equity as equally important, and in various situations the one will become more focused on than the other.

Equity does not only aim to achieve transaction-specific satisfaction, it should also contribute to customers' perception of overall satisfaction and drive customer loyalty ((Andreassen & Lervik, 1999; Heide & Miner, 1992) in (Olsen & Johnson, 2003)). Service / Satisfaction Equity should affect loyalty directly; slight consideration has been given to interactions with customers in the business-to-business environment and understanding the intentions of customers to help predict their future behavior.

According to the above research, the researcher proposes Figure 1 below as an indication of the drivers of customer equity (Lemon, Rust & Zeithaml, 2001) (Andreassen & Lervik 1999; Heide & Miner, 1992) in (Olsen and Johnson, 2003)

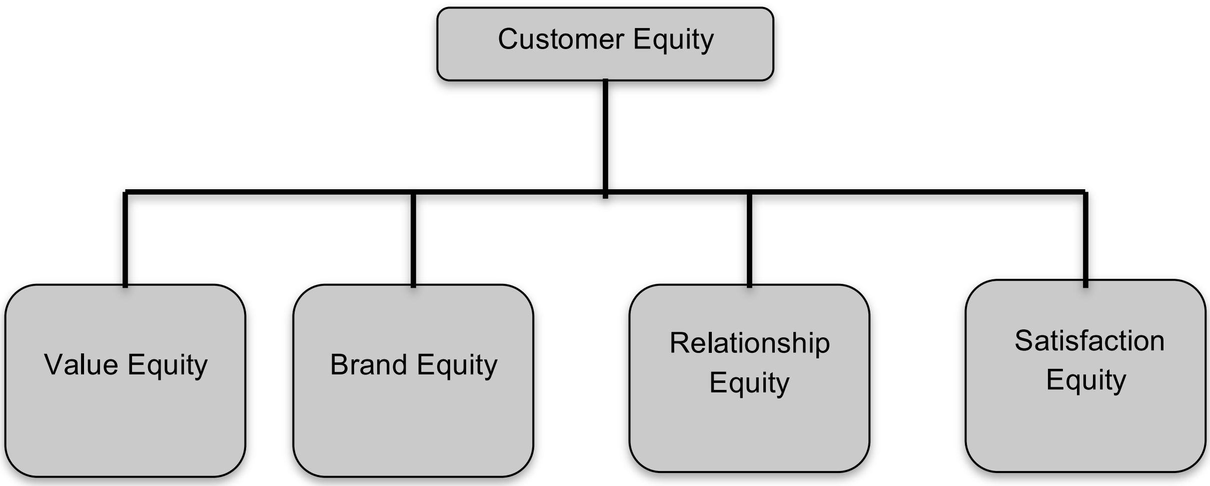


Figure 1: Drivers of customer equity including satisfaction equity.

2.8.1 Value Equity as a driver of customer equity

Value equity refers to the customer's analysis of the usefulness of a brand, established on the opinions of what is foregone versus what is gained (Lemon, Rust & Zeithaml, 2001). Value equity is characterised by three factors; quality, price and convenience, and contributes immensely towards business-to-business purchases, including difficult decision processes (Bick, 2009). Furthermore, it concludes that value equity is put forth by the perceptions and intentions of the organisation's offering (Lemon, Rust & Zeithaml, 2001).

Therefore value equity can be described as the benefits that the customer perceives in making difficult purchasing decisions.

2.8.2 Brand Equity as a driver of customer equity

According to Lemon, Rust & Zeithaml (2001), brand equity is formed out of image and meaning. It is also argued that brand equity contributes to the organisation in three different ways; attraction of customers, reminder to the customer of the organisation's products and services and it serves as an emotional link between the customer and the organisation (Lemon, Rust & Zeithaml, 2001). Brand equity is also characterised by various levers explored by Lemon, Rust & Zeithaml, (2001) as brand awareness, approach towards brand, and corporate ethics, involving low participation more simple decision processes.

2.8.3 Relationship Equity as a driver of customer equity

Relationship Equity could be viewed as the movement of the client to stay connected with a product, regardless of what the unbiased and biased views of the customers are towards the particular brand ((Rust, Zeithaml & Lemon, 2001) in (Bick, 2009)). Retention / Relationship Equity is characterised by "factors such as; loyalty programs, affinity programs, and knowledge-building programs, and is typically more important to organisations that sell a variety of products and services to the same customers" (Lemon, Rust & Zeithaml, 2001).

2.8.4 Satisfaction Equity as a driver of customer equity

Geyskens, Steenkamp & Kumar, (1999) in Lam, Shankar, Erramilli & Murthy (2004), define customer satisfaction, specifically in a business-to-business environment, as a positive affective state resulting from the assessment of all factors contributing to a working relationship of one organisation with another organisation.

A customer's perception of value received according to Heskett *et al.* (1997) in Lam, Shankar, Erramilli & Murthy (2004), is that customer satisfaction is the result of that value received from a transaction.

Customer Satisfaction influences all the abovementioned drivers in terms of attracting new customers, retaining current customers and offering a satisfactory service to customers that will influence the way the customer perceives your brand, specifically in a business-to-business environment. The transactions between organisation to organisations must focus on customer satisfaction to ensure value to not only in the B2B context but in the business-to-consumer context as well (Lam, Shankar, Erramilli & Murthy (2004)).

2.9 Relationships

Relationships between customers and businesses have created more awareness in the business-to-business environments (Berry, 1995; Sheth & Parvatiyar, 1995). Furthermore organisations can gain a competitive advantage by building durable relationships with their customers (McKenna 1991; Reichheld 1993; Vavra, 1992).

Relationships are key to any organisation in that they contribute to the investment made by the organisation into the brand and its customers. Relationships contribute to the growth of the company and influence customer acquisitions and customer retention. Without customer relationships, the organisation will not create loyalty within their customer base and the organisation will not be able to have a constant influx of business.

Customer loyalty as viewed by the organisation has potential benefits derived from the relationships between the organisation and the customer, typically in a business-to-business environment context (Crosby, Evans & Cowles 1990; Peterson, 1995). Creating customer loyalty through building relationships with customers could be beneficial to any organisation.

Customer relationship is a core organisational process that concentrates on establishing, maintaining, and enhancing long term associations with customers. Past studies, by and large, support that customer relationship management leads to greater customer loyalty and business performance (Ching-Fu & Myagmarsuren, 2011)

2.9.1 Relationship Benefits

Honest relationships imply a shared satisfaction and understanding of benefits for both parties (Patterson & Smith, 2001). To ensure a lasting relationship between firms, there must be a definite beneficial gain for both parties to ensure that the organisation and the customer will benefit (Gwinner, Gremler & Bitner, 1998).

Furthermore Gwinner, Gremler & Bitner (1998) argue that relational benefits are represented by various other benefits such as confidence benefits, social benefits and special treatment benefits. Benefits like confident benefits reflect the nervousness and ease that a customer has with an employee. Social benefits affect the individual acknowledgement of customers interacting with employees and are characterised by the created friendships between customers and employees. Special treatment benefits focus on going the extra mile for the customer in making sure that the customer is well looked after, receives fast service, receives special prices and personal attention (Gwinner, Gremler & Bitner, 1998).

Gummersson (1999) in Sweeney & Webb (2002), argues that relationships are continual exchanges between organisations. These exchanges result in accumulated benefits for both the individual employee and opposing organisation.

Customers' choices of doing business are influenced by the benefits that they would receive. Furthermore sustaining a relationship with a service provider and / or employees in a B2B environment is necessary to obtain benefits from the relationship and to satisfy specific desires as result of the benefits from the relationship (Reynolds & Beatty, 1999).

Therefore relationship benefits can be described as the bonus received above and beyond the original service offered by the organisation to the customer (Colgate, Buchanan-Oliver & Elmsly, 2005).

Sweeney & Webb (2007), suggest that relationship benefits in a business-to-business environment are represented by various drivers and consist of functional benefits, social benefits and psychological benefits. They further argue that psychological elements have been recognised as the centre point in a relationship (Sweeney & Webb, 2007).

2.9.1.1 Functional Benefits

There are numerous findings that recognise relationship benefits as an exclusively economic gain to an organisation in a business-to-business environment. The benefits are identified as more competitive advantages, business stability, lower operation cost, operating proficiencies and quality. Sharma & Fisher (1997), describe these economic benefits as being functional benefits. Functional benefits could also be viewed as economic and strategic gains that occur during the development of relationships between organisations. These gains lead to an improvement of the organisation's financial position and competitiveness (Sweeney & Webb, 2007).

It is argued by Gwinner, Gremler & Bitner (1998) that the economic benefits that exist out of lowering prices or price reductions is as a result of the relationship that has been established in the business-to-business environment.

Functional benefits received through interaction with customers, whether it is a financial gain or non-financial gain, is coherent with what scholars have explored in motivating relationships in business ((Peterson 1995; Sheth & Parvatiyar, 1995) in (Gwinner, Gremler & Bitner, 1998)).

2.9.1.2 Social Benefits

Gwinner, *et al.* (1998), argue that customers receive social benefits as a result of having developed a relationship with a particular provider. These social benefits are related to individual attention to employees, customer experience with employees, and the development of a relationship.

Dagger, David, & Ng (2011), refer to social benefits as the benefits gained by the customer as a result of a relationship that has been developed.

Sweeney & Webb (2002), define social benefits as organisational or individual perceptions of affinity, friendship, or a sense of familiarity, homophily (perceptual or demographic similarity) with the contact person and / or other employees in the other organisation.

Social benefits remain a key consideration of relationships between organisations. It is further argued that these social benefits are a result of the connection and preceived value between the customer and employee in a service firm (Reynolds & Beatty, 1999). Social benefits evolve out of social friendships between customers and employees and increase the customer's service experiences (Bitner, 1995).

2.9.1.3 Psychological Benefits

Sweeney & Webb (2002), define psychological benefits as a feeling of assurance and trust that a firm or individual may experience.

The feeling of assurance and trust that the firm and individuals experience is represented by less stress for both parties, a decrease in anxiety and an increase in self-assurance. They further argue that psychological benefits also create confidence in the firm.

This may or may not mean that the confidence is aimed towards the firm, but rather related to the perceptions of the individuals they dealt with (Sweeney & Webb, 2002).

In a business-to-business environment where focus is placed on service and interactions of individuals with organisations, the personal component of these interactions is of great importance. The employees in these scenarios personify the organisation ((Zeithaml & Bitner, 2000) in Sweeney & Webb, 2002)).

Gwinner, Gremler & Bitner (1998) in Sweeney & Webb (2007), identify specific benefits derived from existing relationships as psychological benefits, although like trust, psychological benefits reflect sympathy, support, a mutual understanding between individuals and firms, and a more comprehensive perception of reliability. Furthermore Gwinner *et al.* (1998) found that a decrease in anxiety, and confidence and trust seemed to develop once a relationship between the customer and the organisation had been formed.

2.10 Conclusion

Customer equity that can be monitored is a key marketing driver for organisations operating in a business-to-business environment as it helps develop individual relationships with customers in the B2B environments (Bick, 2009). A broader focus of customer equity is argued by Blattberg, Getz & Thomas (2001) in Bick (2009) and involves customer management decisions.

A further definition of customer equity suggests that the notion of customers and customer equity is much more central to many organisations than believed, although recent management practices and measures do not reflect this.

It is argued that organisations shift from product based thinking and strategising to the need for customer based thinking and strategising (Gale, 1994; Kordupleski, Rust & Zahorik,1993). Rust, Lemon & Zeithaml (2007) state that strategic opportunities might be viewed in terms of the organisation's opportunity to increase development of the drivers of its customer equity.

The actual worth of a customer to an organisation is not measured by the amount of profit that the customer brought to the organisation with each transaction, but rather the total profit the customer contributed over the duration of the relationship with the organisation. The organisations could view these customers as assets although it would be difficult to determine the value of this asset to the organisation ((Gupta & Lehmann, 2003) in (Kumar & George, 2007)). Different values can be assigned to customers by focusing on their needs and preferences as different stages of the relationship between the organisations and customers (Kumar & George 2007).

In the literature Lemon, Rust & Zeithaml (2001) identify various drivers of customer equity that will contribute to the in-depth understanding of how relationships add value to customer equity.

To ensure a long standing relationship with customers and to ensure their future purchase, it is critical to not only sustain the relationship but to also nurture the relationship to create a loyal business-to-business customer base. The relationships with these business customers allow the organisations to establish the needs of their customers, giving them valuable information to understand how to sustain these relationships (Rauyruen & Miller, 2005).

Gwinner, Gremler & Bitner (1998), identify various relational benefits from sustained and continued relationships, that occur at different stages. As presented in the literature, the relational benefits occur on different levels and are represented by social benefits, psychological benefits and functional benefits. The literature reflects these benefits and discusses their contribution in driving customer equity within a business-to-business environment.

In summary, there are various drivers that contribute to customer equity in a business-to-business environment, these drivers need to be aligned in a framework and have yet to be developed taking into account the role relationship benefits have on customer equity in an organisation.

The aim of the research was to better understand drivers of customer equity and the role relationship benefits have on customer equity in organisations that operate in a business-to-business environment.

CHAPTER 3

3. RESEARCH QUESTIONS AND HYPOTHESIS

To understand the role of relationship benefits within B2B service environments, two objectives were identified for the purpose of this study. The objectives are to understand the role relationship benefits play in building customer equity in a B2B services environment and to determine the customer equity drivers within the B2B service environment.

The objective of the research in conjunction with the literature assessed has led to the following research questions:

Research question 1:

Main drivers have been recognised within the B2B environment. Conversely main drivers of customer equity in a B2B service environment and the role relationships play are of great significance for organisations operating in a B2B environment to distinguish themselves from their opposition. Consequently the following research question was proposed.

What are the key drivers of customer equity in a B2B service environment? Is relationship a driver of customer equity?

Research question 2:

Suppliers and customers need to understand the different roles that the different drivers play in building customer equity in a B2B service environment, in order to understand the role relationship benefits play by building customer equity. Consequently the following research question was proposed.

Do the drivers identified in research question 1 contribute to customer equity in a B2B service environment? What contribution do relationship benefits have in driving customer equity?

CHAPTER 4

4. RESEARCH METHODOLOGY

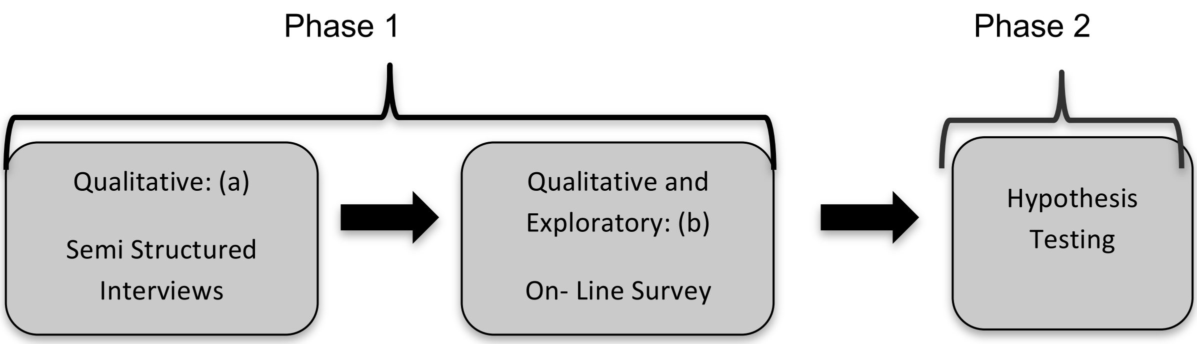
4.1 Introduction

Research methodology includes various methods and techniques to understand scientifically attained knowledge by using objective methods and techniques (Welman & Kruger, 2005).

This study will be a combination of the research strategies and will be applicable to distinct phases within the research study, thus meaning that various approaches are more relative to certain stages in the research than others (Saunders & Lewis, 2012). Therefore the study is divided into two phases; phase one will represent qualitative, exploratory research and phase two will represent quantitative and descriptive research (see Figure 2 below). These research approaches will contribute to the understanding of relationship benefits of customer equity in the business-to-business environment with quantitative, descriptive research being the most important determining contributor.

The quantitative phase of the study will assist in determining the drivers of customer equity and how they influence relationships in a business-to-business environment, and what variables are affected in driving customer equity in a business-to-business environment.

Figure 2: Research Model



4.2 Research Design

The first phase 1 (A) comprised semi-structured interviews with leaders in large organisations that have extensive experience with customers and formulating brands in South Africa. The first phase assisted in the formulation and improvement of the questionnaire before phase 1 (B). The population that has been selected was selected because of their experience in business. Table 3 represents the various experts, industries and positions held by the individuals.

Table 3: List of the titles and industries used in the study

Industry	Position
Property Development	Managing Director
Utility Management	Managing Director
Financial Services	Head of customer relations

The interview will relate to the customer centric design where their experience is most prominent. According to Saunders & Lewis (2012), exploratory study refers to gathering general information about a topic so that the researcher can gain more information around the topic for further study such as in phase two, and provides the researcher with more adequate information that is more reliable in order to formulate and execute phase two of the research report.

The research approach in phase 1 was qualitative and exploratory in nature. The questionnaire used in this phase was a self-administered anonymous questionnaire that was used as a primary data collection tool, and was used on the grounds of work done by Martensen & Gronholdt, (2010); Aaker, (1996); Beidenbach, Bengtsson, & Wincent, (2011); Ching-Fu & Myagmarsuren, (2011). The questionnaire was distributed electronically to all participants and a link to the on-line questionnaire was provided in the email. Reminder emails were send two weeks after the initial communication to all respondents who had not responded.

Exploratory research is useful in the initial stages of gathering data when a researcher has limited knowledge or experience. The exploratory research will ensure that further studies do not have to begin with not understanding this kind of the management problem (Zikmund, 2003).

In phase 2 descriptive and quantitative approaches are taken. Saunders & Lewis (2012) describe descriptive research as research that accurately reflects events, a person and situations. Zikmund (2003) argues that a descriptive research approach is probable if there is some initial understanding of what the research problem entails. He also states that to establish the answers to what, where and how questions descriptive research is important.

Zikmund (2003) further on describes that quantitative research is used to define or conclude the quantity or magnitude of some occurrence expressed in numbers. It is used to describe the types of population understood by the initial understanding of the research problem.

4.2.1 Phase 1 (A)

4.2.1.1 Target Population

The universe is defined as the organisations that operate in a business-to-business environment for the purpose of this research report. The population will be the sellers and buyers of these organisations in the B2B environment and, due to the size of the population, the study will be narrowed down to the management and / or consultants who have close relations with customers and are associated with the transactions between the organisations within the B2B environment. The population was selected because of the experience the abovementioned individuals had with regard to customer and customer interactions.

4.2.1.2 Sampling

Saunders & Lewis (2012) explore the notion of non-probability sampling in which they define non-probability sampling as a assortment of sampling methods for selecting a sample when you do not have a complete list of the population. Therefore a non-probability method will be applied, as it is less complex and more efficient in terms of time. For the purpose of this study the researcher selected three individuals who have experience in customer relations in a business-to-business context and the selections will be based on the relationship that the researcher has with the selected individuals. Furthermore, Saunders & Lewis (2012) describe purposive sampling as a type of non-probability sampling technique where the researcher's judgment is used to select the sample members based on a range of possible reasons and premises, which in the case of this study the researcher is applying.

4.2.1.3 Research instrument

In the preliminary phase of this research study an unstructured interview approach was taken. There was an open discussion about what their perception was of customer equity and what their possible variable was that drove customer equity in a business-to-business environment. The researcher had a clear understanding of the topic and provided little direction to the discussion of the topic and did not make use of predetermined questions in the interview.

4.2.2 Phase 1 (B)

4.2.2.1 Target population

For the purpose of this study, the universe is defined as organisations that operate in a B2B environment.

The population for the purpose of this study will be focused on buyers and sellers from various organisations, specifically limited to buyers and sellers that are not necessarily in only management roles, but also in consulting roles due to the size of the population.

4.2.2.2 Sampling

Saunders & Lewis (2012) explore the notion of non-probability sampling in which they define non-probability sampling as an assortment of sampling methods, for selecting a sample when you do not have a complete list of the population. Therefore a non-probability method will be applied as it is less complex and more efficient in terms of time. For the purpose of this study the researcher selected the sample based on the experience the buyer had used the service of the selling organisation. The sample was not limited to the service industries, but to manufacturing organisations as well. The researcher sampled 146 buyers.

4.2.2.3 Research instrument

For the purpose of this research, the researcher made use of an on-line questionnaire with predetermined questions for the respondents to answer. Saunders & Lewis (2012) refer to the use of questionnaires as a way to collect data or a method where respondents have the opportunity to answer a set of questions. According to Blumberg, Cooper, & Schindler (2008, questionnaires that respondents have to complete themselves have a low response rate, but they argue that this method is a quick way of collecting data and it is also the most economical method for data collection.

A representation of the adapted construct used for the questionnaire is outlined in Appendix 1. The adapted construct was taken from (Blattberg & Deighton 1996); (Lam, Shankar, Erramilli & Murthy, 2004); (Rust, Ziethaml, & Lemon, 2000); (Baumgarth & Brickebanck, 2011); (Olsen & Johnson, 2003) and (Sweeney & Webb, 2007).

Appendix 2 represents the questionnaire that was used in this study and has been designed and adjusted from the adapted construct as a result of the semi-structured interviews of the study. The questionnaire was designed to collect the data of the dependent variable i.e. Customer Equity and the independent variables i.e. customer value, customer satisfaction, customer loyalty, brand equity, and retention/relationship equity.

The questionnaire consisted of the following nine sections:

- Section 1: Customer Equity (CE) (Kumar & George, 2007)
- Section 2: Customer Loyalty (CL) (Lam, Shankar, Erramilli & Murthy, 2004)
- Section 3: Brand Equity (BE)
- Section 4: Brand Loyalty (BL)
- Section 5: Customer Satisfaction (CS) (Lam, Shankar, Erramilli & Murthy, 2004)
- Section 6: Customer Value (CV) (Lam, Shankar, Erramilli & Murthy, 2004)
- Section 7: Customer Service (CS) (Lam, Shankar, Erramilli & Murthy, 2004)
- Section 8: Relationships (Sweeney, Webb, 2007)
- Section 9: Customer culture and Metrics (CCM) (Rust, Moorman & Bhalla, 2009)

4.3 Data analysis

The completed questionnaires were arranged in an electronic data processing and statistical tool. The descriptive research tool that includes the identification of characteristics of a particular occurrence is based on the exploration of these occurrences and the relationships between two or more occurrences (Williams, 2007).

The questionnaire that was used for the study contains nine sections. For each of these sections in the questionnaire the respondents used a Likert scale that consists of a five-point scale ranging from responses of Strongly Disagree (with a numerical value of 1) to Strongly Agree (with a numerical value of 5) (Blumberg, Cooper, & Schindler, 2008).

The data analysis process was combined with descriptive statistical analysis and statistical exploration. The descriptive statistical analysis represented what the data was showing and provided the researcher with an overview of the data looked at. The primary focus of the data analysis was to ensure that the variables used in this study together with the measuring tools are valid and reliable for the purpose of this study.

4.3.1 Descriptive statistics

Descriptive statistics simply describes what the data is showing and provides the researcher with an overview of how the data is presented. Table 4 defines various definitions of descriptive statistics.

Table 4: Descriptive statistics that were used in the analysis.

Descriptive Variable	Description/Definition	Reference
Mean	Calculated by adding the values of a variable for all observations and then dividing by the number of observations. This describes a central tendency of the data.	(Norusis, 2005)
Standard Deviation	Calculated as the square root of the variance. This describes the dispersion of the data. Since standard deviation is a direct form of variance, it will be used in place of the latter when reporting.	(Norusis, 2005)
Median	Is considered another measure of central tendency. It is the middle value when observations are ordered from the smallest to the largest.	(Norusis, 2005)
Skewness	Is a measure of symmetry of a distribution; in most instances the comparison is made to a normal distribution. Variables with a skewness higher than 2 should be avoided.	(Hair, Black, Babin, Anderson & Tatham, 2006)
Kurtosis	Is a measure of the peakedness or flatness of a distribution when compared with the normal distribution. Leptokurtosis is normally associated with low reliabilities and should be avoided at all costs. Indices as high as 7 are rather extreme and signify very low reliabilities.	(Hair, Black, Babin, Anderson & Tatham, 2006)

4.3.2 Reliability and Validity

Hair, Black, Babin, Anderson, & Tatham (2006) state that to determine the reliability and validity of the research instrument, the concepts have to be explained at first and then these concepts have to relate to the research question.

Reliability is reflected as a measurement of the degree of consistency between several measurements of a variable. The concept represents a measurement of consistency combining instrument measures for specific behaviours and / or performances. These reliable measuring instruments will deliver dependable results of a specified individual are measured constantly under consistent conditions. Cronbach's Alpha, which is most extensively used, is the diagnostic measure used for the reliability coefficient necessary to evaluate the consistency of the complete scale. The lower limit for Cronbach's Alpha is normally 0.70, this however could decline to 0.60 in exploratory research (Hair, Black, Babin, Anderson & Tatham, 2006); (Robinson, Shaver & Wrightman, 1991(a)); (Robinson, Shaver & Wrightman, 1991(b)).

Validity on its own is seen as a measurement concept that focuses on the degree to which a measurement instrument truly measures what it intends to measure. Furthermore validity can be portrayed in various forms such as convergent validity, discriminant validity, nomological validity, content validity and construct validity and is defined below (Hair *et al.*, 2006):

- **Convergent validity:** Evaluates the degree to which two measures of the same concept are correlated
- **Discriminant validity:** Is the validity where two distinct concepts are conceptually similar. The researcher is satisfied with the level discriminant validity as argued in the current chapter.
- **Nomological validity:** Reflects the degree of the total value of scales representing each construct in order to make precise predictions of other concepts in a theoretically based model.

- **Content validity:** Subjectively analyses the resemblance between the individual elements and the concept. The key is to confirm that the collection of scale items spreads past the empirical problems, which would include the theoretical and practical considerations (Hair *et al.*, 2006). The researcher is pleased with the level of content validity, and all measurement instruments have been created and tested, based on the above
- **Construct validity:** Is the set of measured variables, which truly represent the theoretical, underlying constructs designed to measure (Hair et al. 2006).

4.4 Potential limitations of the study

A few potential limitations have been identified; these limitations include time constraints and geographic restrictions, with time constraints being one of the most influential limitations for this study. Another limitation that has been identified could be that the population that has been chosen has bias towards organisations they are befriended with and this could have an interesting result on the study conducted. A further exploration into the individual drivers of customer equity would have been done if there had been no time constraints. Finally as the research sample was limited to clients of PEC, it would have been interesting to compare different drivers of customer equity in other industries.

CHAPTER 5

5. PHASE 1: EXPLORATORY RESEARCH
RESEARCH RESULTS AND DISCUSSION

5.1 Introduction

An explanation of the research design, research approach and methodology that have been used was given in the previous chapter. To formulate the design of the research methodology an exploratory and quantitative method was used in the examination of the primary data. The data gathered for the research methodology signified target population, measuring instrument and statistical methods.

This chapter will focus on the outcomes of the research and will apply to phase 1 of the research. The results and meaningful reflections are documented in this chapter. Furthermore, the intention of this chapter is to answer the research questions identified in chapter 3.

PEC Metering Pty (Ltd) has granted permission to use their database of clients for the purpose of this research project. The database consists of their total client base comprising meticulous information pertaining to the respondents and it has therefore been examined for this research paper. A total of one hundred and forty six respondents completed the on-line questionnaire.

5.2 Phase 1 outcome

In phase 1 of this research project, a semi structured interview approach was conducted in the services business sector. Three specialists were identified in different companies all focusing on service delivery.

These sectors included financial organisations, utility management organisations and property development organisations. The abovementioned organisations are all connected to PEC Metering Pty (Ltd) and were therefore selected for the semi structured interviews.

The interviewees identified various themes during the semi-structured interviews. Their responses were recorded as part of the data that was captured to formulate a raw data table for analysis of their varied responses per interviewee. Analysing the data table then provided a platform for the common themes identified by the interviewees. These common themes could then be added to the questionnaire if they were not previously incorporated.

5.3 Descriptive statistics

This section is explained by the use of two tables per theme identified for the purpose of this study. A descriptive table, giving descriptive information from the questionnaire and a frequency table, giving information pertaining to the mean, the median, standard deviation, skewness and kurtosis that were used for the original analysis.

5.3.1 Customer equity

Table 5: Descriptive statistics – Customer Equity

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Customer Equity: It is possible for PEC to learn about you over time to customize interactions with you	Count	17	9	43	67	8	144
	Row N %	12%	6%	30%	47%	6%	100%
Customer Equity: PEC can be a market leader that provides a sense of community	Count	19	14	43	57	12	145
	Row N %	13%	10%	30%	39%	8%	100%
Customer Equity: PEC pays attention to and remembers the information you send them	Count	14	14	38	61	18	145
	Row N %	10%	10%	26%	42%	12%	100%
Customer Equity: PEC staff builds relationships with you	Count	23	23	40	36	24	146
	Row N %	16%	16%	27%	25%	16%	1
Customer Equity: PEC understands how to do business with you	Count	20	14	35	56	20	145
	Row N %	14%	10%	24%	39%	14%	100%

A majority of the respondents agree at 47% that it is possible to learn about a customer over time to customise interactions with a particular customer, although

16% of the respondents strongly disagree that PEC staff actually builds relationships with customers.

When asked if PEC could be a market leader that could provide a sense of community 39% of the respondents agreed, while only 9,7% of the respondents felt that PEC did not understand how to do business with them. Almost half of the respondents agreed that PEC pays attention to and remembers the information sent to them.

Table 6: Frequency Table – Customer Equity

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Customer Equity: It is possible for PEC to learn about you over time to customise interactions with you	3,278	4,000	1,074	-0,885	0,065
Customer Equity: PEC can be a market leader that provides a sense of community	3,200	3,000	1,146	-0,597	-0,449
Customer Equity: PEC pays attention to and remembers the information you send them	3,379	4,000	1,125	-0,674	-0,197
Customer Equity: PEC staff builds relationships with you	3,103	3,000	1,301	-0,174	-1,011
Customer Equity: PEC understands how to do business with you	3,290	4,000	1,230	-0,571	-0,615

It is clear in the frequency table above that all the questions pertaining to the customer equity theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific theme customer equity were answered favorably. It is also evident that most questions were either above or

just below the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree), where the middle of the scale represented a neutral position towards questions from the respondents. All questions were just below the mean and indicate a positive leaning towards paying attention and customising interactions with customers. The values represented by the skewness column, together with the kurtosis column, were shown to be in a satisfactory range.

5.3.2 Customer loyalty

Table 7: Descriptive statistics – Customer Loyalty

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Customer Loyalty: We are committed to the product or service that we use provided by PEC	Count	14	11	38	66	16	145
	Row N %	10%	8%	26%	46%	11%	100%
Customer Loyalty: We have encouraged other companies to do business with PEC	Count	23	18	57	32	13	143
	Row N %	16%	13%	40%	22%	9%	100%
Customer Loyalty: We have positive tings to say about PEC	Count	21	12	28	63	19	143
	Row N %	15%	8%	20%	44%	13%	100%
Customer Loyalty: We have recommended PEC to other customers	Count	26	17	45	41	17	146
	Row N %	18%	12%	31%	28%	12%	100%
Customer Loyalty: We will do more business with PEC in the future	Count	21	9	32	64	20	146
	Row N %	14%	6%	22%	44%	14%	100%

When respondents were asked if they would use PEC in the future, whether they were committed to a product or service from PEC and if they had positive things

to say about PEC, almost half of the respondents agreed. 16,1% and 12,6% of the respondents respectively strongly disagreed and disagreed that they would not encourage other companies to do business with PEC, and a mere 6,2% of the respondents disagreed to doing business with PEC in the future.

Table 8: Frequency table – Customer Loyalty

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Customer Loyalty: We are committed to the product or service that I use provided by PEC	3,407	4,000	1,096	-0,802	0,073
Customer Loyalty: We have encouraged other companies to do business with PEC	2,958	3,000	1,168	-0,186	-0,630
Customer Loyalty: We have positive things to say about PEC	3,329	4,000	1,243	-0,693	-0,556
Customer Loyalty: We have recommended PEC to other customers	3,041	3,000	1,259	-0,268	-0,898
Customer Loyalty: We will do more business with PEC in the future	3,363	4,000	1,225	-0,749	-0,384

It is clear in the frequency table above that all the questions pertaining to the customer loyalty theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific theme customer loyalty were answered favourably. It is also evident that most questions were either above or just below the average mean values.

A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree) where the middle of the scale represented a neutral position towards a questions from the respondents. All questions were just below the mean and indicate a positive leaning towards a commitment to products and services of PEC, saying positive things about PEC and doing business with PEC in the future. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.3 Brand equity

Table 9: Descriptive statistics – Brand Equity

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Brand Equity: Although there is another service provider as good as PEC, I prefer to use PEC	Count	24	20	39	47	16	146
	Row N %	16%	14%	27%	32%	11%	100%
Brand Equity: Even if another service provider has the same features as PEC, I would prefer to use PEC	Count	24	21	38	41	22	146
	Row N %	16%	14%	26%	28%	15%	100%
Brand Equity: Even though another service provider would be as good as PEC, I would feel better using PEC	Count	20	25	45	41	15	146
	Row N %	14%	17%	31%	28%	10%	100%
Brand Equity: If another service provider is not different from PEC, it seems more beneficial to use PEC	Count	18	19	46	48	15	146
	Row N %	12%	13%	32%	33%	10%	100%

Close to 30% of all respondents agreed that it is beneficial to do business with PEC. Furthermore respondents agreed that comparing PEC to other service providers, they would most likely pick PEC above other service providers if the other service providers had the same offering and were just as good a provider as PEC. Notice that almost another 30% of all respondents either strongly disagreed and or disagreed to rather use another service provider above PEC.

Table 10: Frequency table – Brand Equity

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Brand Equity: Although there is another service provider as good as PEC, I prefer to use PEC	3,075	3,000	1,249	-0,317	-0,919
Brand Equity: Even if another service provider has the same features as PEC, I would prefer to use PEC	3,110	3,000	1,298	-0,245	-1,001
Brand Equity: Even though another service provider is as good as PEC, I would feel better using PEC	3,041	3,000	1,191	-0,204	-0,807
Brand Equity: If another service provider is not different from PEC, it seems more beneficial to use PEC	3,158	3,000	1,161	-0,393	-0,604

It is clear in the frequency table above that all the questions pertaining to the brand equity theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific theme brand equity were answered favourably. It is also evident that most questions were either above or just below the average mean values.

A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree), where the middle of the scale represented a neutral position towards questions from the respondents. All questions were just above the mean and indicate a positive leaning towards the brand of PEC. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.4 Brand loyalty

Table 11: Descriptive statistics – Brand Loyalty

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Brand Loyalty: We expect to continue the business relationship for a long time	Count	19	13	32	59	22	145
	Row N %	13%	9%	22%	41%	15%	100%
Brand Loyalty: We intend to stay loyal to PEC as long as possible	Count	20	13	37	53	23	146
	Row N %	14%	9%	25%	36%	16%	100%
Brand Loyalty: We recommend PEC in talks with colleagues	Count	20	20	47	42	16	145
	Row N %	14%	14%	32%	29%	11%	100%
Brand Loyalty: We will be willing to stand reference for PEC	Count	21	17	28	59	21	146
	Row N %	14%	12%	19%	40%	14%	100%
Brand Loyalty: We will purchase from PEC in the future	Count	18	9	42	61	14	144
	Row N %	13%	6%	29%	42%	10%	100%

More than a third of the respondents answered that they were willing to continue in building relationships with PEC at 40,7% of the answers and another 42,4% of the respondents would use or purchase from PEC in the future. Only 6,3% of the respondents indicated that they disagreed about purchasing from PEC in the future, and another 8,9% of the respondents disagreed that they intended to stay loyal to PEC for as long as possible.

Table 12: Frequency table – Brand Loyalty

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Brand Loyalty: We expect to continue the business relationship for a long time	3,359	4,000	1,229	-0,648	-0,513
Brand Loyalty: We intend to stay loyal to PEC as long as possible	3,315	4,000	1,242	-0,555	-0,610
Brand Loyalty: We recommend PEC in talks with colleagues	3,097	3,000	1,192	-0,288	-0,722
Brand Loyalty: We will be willing to stand reference for PEC	3,288	4,000	1,265	-0,559	-0,765
Brand Loyalty: We will purchase from PEC in the future	3,306	4,000	1,136	-0,741	-0,154

It is clear in the frequency table above that all the questions pertaining to the brand loyalty theme showed a slightly negative skewness. A negative skewness indicates that most of the questions in the specific theme brand loyalty were answered favourably. It is also evident that most questions were either above or just below the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree) and where the middle of the scale represented a neutral position towards a question by the respondents. All questions were just below the mean and indicate a positive leaning towards brand loyalty towards PEC. The main focus, however, was placed on expectations to build relationships for a continual long term period. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.5 Customer satisfaction

Table 13: Descriptive statistics – Customer Satisfaction

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Customer Satisfaction: Our organisation is happy with the relationships we have with PEC	Count	22	14	29	60	21	146
	Row N %	15%	10%	20%	41%	14%	100%
Customer Satisfaction: PEC always exceeds our expectations	Count	24	24	45	43	10	146
	Row N %	16%	16%	31%	29%	7%	100%

41% of the respondents agree that their organisations are happy with the relationships that they have with PEC. 24% however strongly disagreed that PEC always exceeds their expectations.

Table 14: Frequency table – Customer Satisfaction

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Customer Satisfaction: Our organisation is happy with the relationships we have with PEC	3,301	4,000	1,267	-0,607	-0,701
Customer Satisfaction: PEC always exceeds our expectations	2,938	3,000	1,182	-0,235	-0,878

It is clear in the frequency table above that all the questions pertaining to the customer satisfaction theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific theme customer satisfaction were answered favourably. It is also evident that the two questions were either above or just below the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree) where the middle of the scale represented a neutral position towards a question from the respondents. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.6 Customer value

Table 15: Descriptive statistics – Customer Value

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Customer Value: PEC displays a high level of customer services	Count	19	15	30	56	25	145
	Row N %	13%	10%	21%	39%	17%	100%
Customer Value: PEC offers quality products	Count	15	14	39	64	13	145
	Row N %	10%	10%	27%	44%	9%	100%
Customer Value: PEC offers quality services	Count	17	14	30	65	20	146
	Row N %	12%	10%	21%	45%	14%	100%
Customer Value: We get the perceived value from PEC	Count	20	18	35	58	14	145
	Row N %	14%	12%	24%	40%	10%	100%

Most of the respondents agreed and strongly agreed that doing business with PEC is valuable for their organisations. A mere 10% of the respondents disagreed that PEC delivers high, quality products and services to them and /or organisations.

Table 16: Frequency table – Customer Value

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Customer Value: PEC displays a high level of customer service	3,366	4,000	1,257	-0,594	-0,644
Customer Value: PEC offers quality products	3,317	4,000	1,104	-0,721	-0,169
Customer Value: PEC offers quality services	3,390	4,000	1,188	-0,723	-0,355
Customer Value: We get the perceived value from PEC	3,193	3,000	1,198	-0,527	-0,696

It is clear in the frequency table above that all the questions pertaining to the customer value theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific theme customer value were answered favorably. It is also evident that the two questions were either above or just below the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree), where the middle of the scale represented a neutral position towards questions from the respondents. All questions were just below the median and indicate a positive leaning towards quality services offered to the respondents' organisations by PEC. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.7 Customer service

Table 17: Descriptive statistics – Customer Service

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Customer Service: PEC service delivery is quicker than we would expect	Count	20	11	49	50	16	146
	Row N %	14%	8%	34%	34%	11%	100%
Customer Service: PEC treats us well	Count	16	14	27	64	23	144
	Row N %	11%	10%	19%	44%	16%	100%
Customer Service: We are always satisfied with the service I receive from PEC	Count	21	22	18	62	23	146
	Row N %	14%	15%	12%	42%	16%	100%

34% of the respondents have a neutral feeling that PEC's service delivery is quicker than they would expect. This however is strengthened by another 34% of the respondents who agree and 11% of the respondents who strongly agree that PEC's service delivery is quicker than they would expect. More than half of the respondents were satisfied with the service that they receive from PEC and again this is supported by the fact that more than half of the respondents agree and strongly agree that they are treated well by PEC.

Table 18: Frequency table – Customer Service

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Customer Service: PEC service delivery is quicker than we would expect	3,212	3,000	1,170	-0,528	-0,431
Customer Service: PEC treats us well	3,444	4,000	1,199	-0,744	-0,332
Customer Service: We are always satisfied with the service I receive from PEC	3,301	4,000	1,304	-0,539	-0,932

It is clear in the frequency table above that all the questions pertaining to the customer service theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific theme customer service were answered favourably. It is also evident that the two questions were either above or just below the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree), where the middle of the scale represented a neutral position towards the questions by the respondents. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.8 Relationship benefits

5.3.8.1 Functional benefits

Table 19: Descriptive statistics – Functional benefits

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Functional Benefit: Building a relationship with PEC enables us to become more competitive in the market	Count	15	19	53	44	13	144
	Row N %	10%	13%	37%	31%	9%	100%
Functional Benefit: Our organisation can capitalise on the value offered by PEC	Count	18	14	45	56	11	144
	Row N %	13%	10%	31%	39%	8%	100%
Functional Benefit: Our relationship with PEC enables us to enhance better financial outcomes	Count	19	14	51	51	10	145
	Row N %	13%	10%	35%	35%	7%	100%
Functional Benefit: Our relationship with PEC enables us to proactively identify opportunities	Count	18	17	62	38	9	144
	Row N %	13%	12%	43%	26%	6%	100%
Functional Benefit: PEC and our organisation complement each other in terms of expertise	Count	15	17	54	50	8	144
	Row N %	10%	12%	38%	35%	6%	100%

31% of the respondents agree that building a relationship with PEC enables them to become more competitive in the market. 9% strongly agree with this statement. 13% of the respondents however strongly disagree that their relationship with PEC enables them to proactively identify opportunities. Almost 40% of the respondents take a neutral stance on whether the expertise of both parties complements the other. This statement however is contradicted by 39% of the respondents who agree that their organisation will capitalise on the value offered by PEC.

Table 20: Frequency table – Functional benefits

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Functional Benefit: Building a relationship with PEC enables us to become more competitive in the market	3,146	3,000	1,097	-0,359	-0,401
Functional Benefit: Our organisation can capitalise on the value offered by PEC	3,194	3,000	1,124	-0,602	-0,381
Functional Benefit: Our relationship with PEC enables us to enhance better financial outcomes	3,131	3,000	1,113	-0,538	-0,398
Functional Benefit: Our relationship with PEC enables us to proactively identify opportunities	3,021	3,000	1,067	-0,357	-0,302
Functional Benefit: PEC and our organisation complement each other in terms of expertise	3,132	3,000	1,046	-0,528	-0,241

It is clear in the frequency table above that all the questions pertaining to the relationship benefits, and, more specifically the functional benefits theme, show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific functional benefits were answered favourably. It is also evident that the two questions were above the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree), and where the middle of the scale represented a neutral position towards questions by the respondents. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.8.2 Psychological benefits

Table 21: Descriptive statistics – Psychological benefits

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Psychological Benefit: There is a sense of understanding between PEC and my organisation	Count	21	14	35	61	13	144
	Row N %	15%	10%	24%	42%	9%	100%
Psychological Benefit: We have peace of mind in dealing with PEC	Count	20	16	22	65	22	145
	Row N %	14%	11%	15%	45%	15%	100%
Psychological Benefit: We know what to expect from PEC	Count	12	8	21	79	25	145
	Row N %	8%	6%	14%	54%	17%	100%
Psychological Benefit: No matter what it is I can count on PEC	Count	18	15	49	53	10	145
	Row N %	12%	10%	34%	37%	7%	100%
Psychological Benefit: We trust PEC	Count	20	13	29	58	25	145
	Row N %	14%	9%	20%	40%	17%	100%

54% of the respondents know what to expect from PEC, and 45% agree that they have peace of mind in dealing with PEC. More than half of the respondents agree and strongly agree that they have a sense of understanding between them and PEC.

This is strongly supported by the fact that 40% agree and 17% strongly agree that they trust PEC. Only 12% of the respondents strongly disagree that they can count on PEC.

Table 22: Frequency table – Psychological benefits

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Psychological Benefit: There is a sense of understanding between PEC and my organisation	3,215	4,000	1,195	-0,624	-0,594
Psychological Benefit: We have peace of mind in dealing with PEC	3,366	4,000	1,263	-0,678	-0,644
Psychological Benefit: We know what to expect from PEC	3,669	4,000	1,087	-1,151	0,851
Psychological Benefit: No matter what it is I can count on PEC	3,152	3,000	1,108	-0,554	-0,387
Psychological Benefit: We trust PEC	3,379	4,000	1,264	-0,644	-0,598

It is clear in the frequency table above that all the questions pertaining to the relationship benefits, and more specifically psychological benefits theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific psychological benefits were answered favourably. It is also evident that the two questions were above the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree) and where the middle of the scale represented a neutral position towards questions by the respondents.

The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.8.3 Social benefits

Table 23: Descriptive statistics – Social benefits

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Social Benefit: Our relationship with PEC enables us to share information	Count	19	19	50	48	10	146
	Row N %	13%	13%	34%	33%	7%	100%
Social Benefit: Our relationship with PEC goes beyond just business	Count	29	39	41	24	11	144
	Row N %	20%	27%	28%	17%	8%	100%
Social Benefit: We have a real friendship with PEC	Count	23	29	37	42	14	145
	Row N %	16%	20%	26%	29%	10%	100%
Social Benefit: We work on things together	Count	18	23	46	44	15	146
	Row N %	12%	16%	32%	30%	10%	100%
Social Benefit: We would call on PEC if we had a problem	Count	16	8	26	71	24	145
	Row N %	11%	6%	18%	49%	17%	100%

27% disagree that their relationship with PEC goes beyond just doing business.

While only 8% strongly agree with this statement. 29% of respondents agree that they have a real friendship with PEC and a further 49% agree that if they had a problem that they could call PEC. A mere 6% disagreed that they could not call PEC if they had a problem. When working on things together 30% agree that this is possible. This is supported by the 33% who agree that their relationship with PEC enables them to share information.

Table 24: Frequency table – Social benefits

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Social Benefit: Our relationship with PEC enables us to share information	3,075	3,000	1,121	-0,418	-0,558
Social Benefit: Our relationship with PEC goes beyond just business	2,646	3,000	1,197	0,269	-0,796
Social Benefit: We have a real friendship with PEC	2,966	3,000	1,233	-0,137	-1,006
Social Benefit: We work on things together	3,103	3,000	1,167	-0,282	-0,703
Social Benefit: We would call on PEC if we had a problem	3,545	4,000	1,167	-0,961	0,180

It is clear in the frequency table above that all the questions pertaining to the relationship benefits, and more specifically social benefits theme, show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific social benefits were answered favourably. It is also evident that the two questions were above the average mean values.

A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree) and where the middle of the scale represented a neutral position towards questions by the respondents. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.3.9 Customer Culture and Metrics

Table 25: Descriptive statistics – Customer culture and Metrics

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Customer Culture and Metrics: Our organisation focuses less on product profitability and more on customer profitability	Count	16	21	64	40	5	146
	Row N %	11%	14%	44%	27%	3%	100%
Customer Culture and Metrics: Our organisation focuses more on the brand as PEC than the service PEC offers	Count	17	51	52	21	5	146
	Row N %	12%	35%	36%	14%	3%	100%
Customer Culture and Metrics: Our organisation pay less attention to sales and more attention to customer lifetime value	Count	10	16	53	46	19	144
	Row N %	7%	11%	37%	32%	13%	100%
Customer Culture and Metrics: Our organisations pay more attention to market share than attention to actual customer base	Count	14	29	76	19	5	143
	Row N %	10%	20%	53%	13%	3%	100%

Only 3,4% strongly agree that their organisation focuses less on product profitability and more on customer profitability together with the statement that their organisation focuses more on brand as PEC than the services offered by PEC. 34,9% however disagree with the abovementioned statement. 20,3% of the respondents disagree that their organisations pay more attention to market share than to their actual customer base.

Table 26: Frequency table – Customer culture and Metrics

	Mean	Median	Standard Deviation	Skewness	Kurtosis
Customer Culture and Metrics: Our organisation focuses less on product profitability and more on customer profitability	2,979	3,000	1,000	-0,420	-0,245
Customer Culture and Metrics: Our organisation focuses more on the brand as PEC than the service PEC offers	2,630	3,000	0,983	0,271	-0,283
Customer Culture and Metrics: Our organisation pays less attention to sales and more attention to customer lifetime value	3,333	3,000	1,064	-0,384	-0,204
Customer Culture and Metrics: Our organisations pay more attention to market share than attention to actual customer base	2,804	3,000	0,914	-0,106	0,265

It is clear in the frequency table above that all the questions pertaining to the customer culture and metrics theme show a slightly negative skewness. A negative skewness indicates that most of the questions in the specific customer culture and metrics were answered favourably.

It is also evident that the two questions were above the average mean values. A Likert scale was used to indicate the responses of the respondents, where the scale was divided into 5 sections (strongly disagree, disagree, neutral, agree and strongly agree) where the middle of the scale represented a neutral position towards questions from the respondents. The values represented by the skewness column together with the kurtosis column were shown to be in a satisfactory range.

5.4 Reliability

As discussed in Chapter 4 of this report, reliability is considered to be an assessment of the degree of consistency between multiple measurements of a variable. A measurement instrument that is reliable will provide consistent results when a given individual is measured repeatedly under near-identical conditions. The diagnostic measure used is the reliability coefficient that assesses the consistency of the entire scale, namely Cronbach's Alpha, which is the most widely used measure. Cronbach's Alpha values will now be provided for all 4 Factors. The limit for Cronbach's Alpha is usually 0.70 however this may decrease to 0.60 in exploratory research (Hair, Black, Babin, Anderson & Tatham, 2006) & (Robinson, Shaver & Wrightman, 1991(b)).

Table 27: Cronbach's Alpha

Cronbach's Alpha		
Factor	**Number of items**	**Reliability**
Relationships	**15**	**0,980**
Brand Loyalty	**5**	**0,961**
Brand Equity	**4**	**0,959**
Customer Loyalty	**5**	**0,953**
Relationships: Social Benefits	**5**	**0,948**
Customer Value	**4**	**0,948**
Relationships: Functional Benefits	**5**	**0,947**
Relationships: Psychological Benefits	**5**	**0,945**
Customer Equity	**5**	**0,929**
Customer Service	**3**	**0,927**
Customer Satisfaction	**2**	**0,899**
Customer Culture and Metrics	**4**	**0,671**

From table 27 it is evident that the Cronbach's Alpha is above 0,70 for all the factors except for one; customer culture and metrics. This according to Hair *et al*. (2006) indicates an acceptable reliability.

5.5 Validity

Convergent validity:

Assesses the degree to which two measures of the same concept are correlated. The measures are represented in table 27. The factors should ideally be 0.7 or higher, which all of them are, except for the factor customer culture and metrics that has little or no significance (Hair, Black, Babin, Anderson & Tatham, 2006).

5.6 Summary of descriptive statistics

Table 28 represents the means, standard deviations, medians, skewness and kurtosis for each of the 12 factors.

Table 28: Summary of descriptive statistics

	N		Mean	Median	Std. Deviation	Skewness	Kurtosis
	Valid	Missing					
Brand Equity	146	0	3,096	3,250	1,1567	-0,305	-0,785
Brand Loyalty	146	0	3,273	3,600	1,1285	-0,698	-0,439
Customer Culture and Metrics	146	0	2,926	3,000	0,7239	-0,492	1,421
Customer Equity	146	0	3,252	3,400	1,0385	-0,667	-0,101
Customer Loyalty	146	0	3,215	3,400	1,1036	-0,678	-0,437
Customer Satisfaction	146	0	3,120	3,500	1,1675	-0,538	-0,707
Customer Service	146	0	3,315	3,667	1,1505	-0,670	-0,372
Customer Value	146	0	3,309	3,750	1,1133	-0,732	-0,391
Relationships: Functional Benefit	146	0	3,112	3,200	0,9961	-0,641	-0,204
Relationships: Psychological Benefit	146	0	3,354	3,600	1,0700	-0,718	-0,325
Relationships: Social Benefit	146	0	3,070	3,200	1,0688	-0,400	-0,552
Relationships	146	0	3,186	3,357	1,0154	-0,614	-0,391

All the sections scored above the average value with the only factor, customer culture and metrics, scoring beneath the average. The skewness results were negative and compare favourably against the normal distribution curve.

5.7 Discussion of results

The following discussion will critically analyse the research findings that were reflected in the previous chapter. The analysis will reflect the research results and will correspond with the literature reviewed in Chapter 2 of this report. The discussion further aims to interpret the research results according to the research questions posed in Chapter 3.

5.7.1 Review of the research objectives

The aim of this research is to develop specific focus points for organisations that operate in a business-to-business environment that will increase customer equity in their organisations, provided by the evidence in this report. Furthermore, the study aims to highlight the relationship benefits of creating customer equity for their organisations.

The following section will highlight the findings and specific factors of the study pertaining to the research question, supplied by evidence that the research questions were answered. *What are the key drivers of customer equity in a B2B service environment? What relationship benefits contribute to driving customer equity?*

5.7.1.1 Customer loyalty

Oliver (1999), in Lam, Shankar, Erramilli, & Murthy (2004), defines customer loyalty as a buyers's total commitment towards products, services, brand or organisations.

Customer loyalty demonstrates various behaviours, the behaviours that are frequently used or mentioned are the ones referring customers to providers on a regular basis. (Dwyer, Schurr & Oh, 1987); ((Fornell, 1992) in (Lam, Shankar, Erramilli, & Murthy, 2004)).

Customer loyalty confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.953. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding customer loyalty as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006,) & (Robinson, Shaver, & Wrightman, 1991(b)).

The concept of customer loyalty can be correlated with relationship promise, which indicates a continual need to be in a valued relationship (Anderson & Weitz, 1992; Moorman, Zaltman & Deshpande, 1992; (Morgan & Hunt, 1994) in (Lam, Shankar, Erramilli, & Murthy, 2004)).

Therefore the researcher can conclude by way of empirical evidence and literature that customer loyalty contributes positively in driving customer equity in a business-to-business environment. The strength of the relationship between Customer Loyalty and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.2 Brand equity

The customers relationships are enriched by the contributions of brand equity and offer value to the customer by their interpretation, self-assurance and processing of information regarding decision making (Bick, 2009). Keller (1998) in Bick (2009), proposes the concept of customer based brand equity, which argues the effect of brand knowledge on a customer and how that will effect the marketing of that brand.

Brand equity confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.959. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research.

Thus regarding brand equity as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

Therefore the researcher can conclude by way of empirical evidence and literature that brand equity contributes positively in driving customer equity in a business-to-business environment. The strength of the relationship between Brand Equity and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.3 Brand loyalty

Brand loyalty confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.961. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research. Thus regarding brand loyalty as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

Therefore the researcher can conclude by way of empirical evidence and literature that brand loyalty contributes positively in driving customer equity in a business-to-business environment. The strength of the relationship between Brand Loyalty and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.4 Customer satisfaction

It is argued that customer satisfaction in a business-to-business environment can frequently be viewed as a positive affecting state, as a result of an organisation's effective relationship with another organisation (Geyskens, Steenkamp & Kumar 1999).

Customer satisfaction confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.899.

Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding customer satisfaction as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

Therefore the researcher can conclude by way of empirical evidence and literature that customer satisfaction contributes positively in driving customer equity in a business-to-business environment. The strength of the relationship between Customer Satisfaction and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.5 Customer value

Customer value can be described as an association of subjective "get" characteristics to "give" characteristics (Heskett *et al*., 1994). Taking price and supplier offerings into account, customer value could be viewed as dual between overall value benefit received and overall benefit sacrifices (Buzzell & Gale, 1987).

Customer value confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.948. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding customer value as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

Therefore the researcher can conclude by way of empirical evidence and literature that customer value contributes positively in driving customer equity in a business-to-business environment. The strength of the relationship between Customer Value and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.6 Customer service

Customer service confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.927. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding customer service as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

Therefore the researcher can conclude by way of empirical evidence and literature that customer service contributes positively in driving customer equity in a business-to-business environment. The strength of the relationship between Customer Service and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.7 Relationships

Morgan & Hunt (1994), indicate that relationship benefits impacts the buyers organisation directly, and also have a direct influence on the customers' commitment to the relationship between them in a customer framework (Hennig-Thurau, Gwinner & Gremler, 2002).

Relationships confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.980. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding relationships as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

Finally customers who are committed to a relationship with an organisation, could receive special treatment and will receive additional benefits that will not normally be available to non-regular customers (Gwinner, Gremler & Bitner, 1998).

Therefore the researcher can conclude by way of empirical evidence and literature that relationships contribute positively in driving customer equity in a business-to-business environment. The strength of the relationship between Relationships and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.7.1 Relationships Functional benefits

According to Sweeney & Webb (2007), functional benefits represent the financial position of an organisation derived from the economic and strategic advantages. As a result of the relationship between the organisations in a business-to-business environment competitiveness will increase.

Relationships, functional benefits confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.947. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research. Thus regarding relationships, functional benefits are suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

With regard to Pearson correlations relationship functional benefits indicated 0.905. McDaniel & Gates (2006), defines correlation examination as the analysis of the degree to which variations in one variable are related to variations in another. The correlation measures the relations among two or more variables. Correlation coefficients are represented by the following values ranging from -1,00 up to +1,00; with -1,00 reflecting a perfect negative correlation; 0,00 reflects a lack of correlation and +1,00 reflects a perfect positive correlation. Thus relationship functional benefits indicate a highly significant relationship to customer equity.

Therefore the researcher can conclude by way of empirical evidence and literature that relationships, functional benefits contribute positively in driving customer equity in a business-to-business environment.

The strength of the relationship between Relationships, functional benefits and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.7.2 Relationships, Psychological benefits

As previously stated in Chapter two of this report Gwinner, Gremler and Bitner (1998) in Sweeney, Webb (2007), highlight specific benefits derived from existing relationships as psychological benefits, although, like trust, psychological benefits reflect sympathy, support, a mutual understanding between individuals and firms, and a more comprehensive perception of reliability.

Relationships, psychological benefits confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.945. Cronbach's alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding Relationships, psychological benefits as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

With regard to Pearson correlations, relationship psychological benefits indicated 0.942. McDaniel & Gates (2006), define correlation examination as the analysis of the degree to which variations in one variable are related with variations in another. The correlation measures the relations among two or more variables. Correlation coefficients are represented by the following values ranging from -1,00 up to +1,00; with -1,00 reflecting a perfect negative correlation; 0,00 reflecting a lack of correlation and +1,00 reflecting a perfect positive correlation. Thus relationship psychological benefits indicate a highly significant relationship to customer equity.

Concluding that in a business-to-business environment, where focus is placed on service and interactions of individuals with organisations, the personal component of these interactions is of great importance ((Zeithaml & Bitner, 2000) in Sweeney & Webb, 2002)).

Therefore the researcher can conclude by way of empirical evidence and literature that relationships, psychological benefits contribute positively in driving customer equity in a business-to-business environment. The strength of the relationship between Relationships, psychological benefits and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.7.3 Relationships, Social benefits

Formulating a relationship with a specific provider results in the customer receiving social benefits ((Barnes, 1994; Berry, 1995; Czepiel, 1990; Goodwin, 1994) in (Gwinner, Gremler & Bitner ,1998)). They further state that these social benefits are evident in situations of high interpersonal contact between customers and employees

Relationships, social benefits confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.948. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding relationships, social benefits as suitable (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

With regard to Pearson correlations relationship social benefits indicated 0.937. McDaniel & Gates (2006) define correlation examination as the analysis of the degree to which variations in one variable are related to variations in another. The correlation measures the relations among two or more variables. Correlation coefficients are represented by the following values ranging from -1,00 up to +1,00; with -1,00 reflecting a perfect negative correlation; 0,00 reflecting a lack of correlation and +1,00 reflecting a perfect positive correlation. Thus relationship social benefits indicate a highly significant relationship to customer equity.

Social benefits emphasis is on the relationship itself and not so much focused on the result of the transaction. Thus social benefits are certainly linked to the customer's commitment to the relationship ((Goodwin, 1997; Goodwin & Gremler, 1996) in (Hennig-Thurau, Gwinner & Gremler, 2002)).

Therefore the researcher can conclude, by way of empirical evidence and literature, that relationships, social benefits contribute positively in driving customer equity in a business-to-business environment. The strength of the relationship between Relationships, social benefits and Customer Equity will be tested and discussed in Chapter 6.

5.7.1.8 Customer culture and Metrics

Customer culture and metrics confirmed that it indicated acceptable reliability as presented in table 27, confirming a Cronbach's Alpha of 0.671. Cronbach's Alpha is generally limited to 0,70 which could decrease to 0,60 in exploratory research, thus regarding customer culture and metrics as suitable, being between 0.7 and 0.6 (Hair, Black, Babin, Anderson, & Tatham, 2006) & (Robinson, Shaver, & Wrightman, 1991(b)).

Therefore the researcher can conclude by way of empirical evidence and literature that customer culture and metrics contributes less positively in driving customer equity in a business-to-business environment. The strength of the relationship between Customer Culture and Metrics and Customer Equity will be tested and discussed in Chapter 6.

5.8 Conclusion of discussion

The aim of this section was to answer the abovementioned research questions. *What are the key drivers of customer equity in a B2B service environment? What relationship benefits contribute to driving customer equity?*

From reverting back to the entire section from 5.8.1 up to 5.8.1.8, it can be confirmed that the following drivers; Customer Loyalty, Brand Equity, Brand Loyalty, Customer Satisfaction, Customer Value, Customer Service, Relationships, Relationships Functional benefits, Relationships Psychological benefits, Relationships Social benefits and Customer culture and Metrics are all significant and suitable drivers of customer equity.

In order to establish the primary objective of this research from evidence presented to effectively determine Customer Equity in a business-to-business context, the second research questions are to be discussed. *Do the drivers identified in research question 1 contribute to customer equity in a B2B service environment? What contribution does relationship benefits have in driving customer equity?*

To answer the research question the following hypotheses have been tested:

Hypothesis 1: *There is a positive relationship between customer loyalty (CL) and customer equity (CE) in the B2B environment.*

The null hypothesis states that customer loyalty (CL) does not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that customer loyalty (CL) impacts the customer equity (CE) of an organisation in the B2B environment.

Hypothesis 2: *There is a positive relationship between brand equity (BE) and customer equity (CE) in the B2B environment.*

The null hypothesis states that brand equity (BE) does not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that brand equity (BE) impacts the customer equity (CE) of an organisation in the B2B environment.

Hypothesis 3: *There is a positive relationship between brand loyalty (BL) and customer equity (CE) in the B2B environment.*

The null hypothesis states that brand loyalty (BL) does not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that brand loyalty (BL) impacts the customer equity (CE) of an organisation in the B2B environment.

Hypothesis 4: *There is a positive relationship between customer satisfaction (CSat) and customer equity (CE) in the B2B environment.*

The null hypothesis states that customer satisfaction (CSat) does not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that customer satisfaction (CSat) impacts the customer equity (CE) of an organisation in the B2B environment.

Hypothesis 5: *There is a positive relationship between customer value (CV) and customer equity (CE) in the B2B environment.*

The null hypothesis states that customer value (CV) does not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that customer value (CV) impacts the customer equity (CE) of an organisation in the B2B environment.

Hypothesis 6: *There is a positive relationship between customer service (CSer) and customer equity (CE) in the B2B environment.*

The null hypothesis states that customer service (CSer) does not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that customer service (CSer) impacts the customer equity (CE) of an organisation in the B2B environment.

Hypothesis 7: *There is a positive relationship between relationship benefits (RB) and customer equity (CE) in the B2B environment.*

The null hypothesis states that relationship benefits (RB) do not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that relationship benefits (RB) impact the customer equity (CE) of an organisation in the B2B environment.

Hypothesis 8: *There is a positive relationship between customer culture (CC) and customer equity (CE) in the B2B environment.*

The null hypothesis states that customer culture (CC) does not affect the customer equity (CE) of an organisation in the B2B environment. The alternative hypothesis states that customer culture (CC) impacts the customer equity (CE) of an organisation in the B2B environment.

The analysis implemented in order to test the abovementioned hypotheses will be addressed in Chapter 6.

CHAPTER 6

PHASE 2: HYPOTHESIS TESTING
RESEARCH RESULTS AND DISCUSSION

6.1 Introduction

An explanation of the descriptive statistics and analysis results has been given in the previous chapter as part of phase 1 of the research study.

This chapter conveys the results of hypothesis testing and answering research questions stated in chapter 3. The results of the different methods and most noteworthy observations will be reviewed in this chapter.

6.2 Data analysis

McDaniel & Gates (2006) define correlation examination as the analysis of the degree to which variations in one variable are related to variations in another. The correlation measures the relations among two or more variables. Correlation coefficients are represented by the following values ranging from -1,00 up to +1,00; with -1,00 reflecting a perfect negative correlation; 0,00 reflecting a lack of correlation and +1,00 reflecting a perfect positive correlation. Primarily correlations will be used to establish the zero-order correlation between variables for example; job satisfaction, firms commitment and turnover intentions. The interpretation of the correlation coefficients is illustrated in Table 29 below.

Table 29: Interpretation of Correlation Coefficients

Correlation Coefficient	Interpretation
-1.0 to -0.8	High
-0.8 to -0.6	Substantial
-0.6 to -0.4	Medium
-0.4 to -0.2	Low
-0.2 to 0.2	Very Low
0.2 to 0.4	Low
0.4 to 0.6	Medium
0.6 to 0.8	Substantial
0.8 to 1.0	High

For the purpose of this study, the most frequently used measurement is the Pearson product-moment correlation, which represents the measure of linear association between two variables. The Sig (2-tailed) value represented in the table below generally needs to be < 0.05 for a statistically significant relationship to be present. In the case of this study all the metrics have a significant relationship with customer equity. The N value merely represents the number of respondents used per each relationship test.

When analysing and construing correlation coefficients it is extremely important to take note that correlation coefficients do not give an indication of the direction of causality. This causality is based on the following:

- The third variable problem: Meaning that in any bivariate correlation, the causality between two variables cannot be assumed because there may be other measured or unmeasured variables affecting the results; and

- The direction of causality: Meaning that correlation coefficients suggest nothing about which variable causes the other to change.

Hypothesis testing was accomplished by using the Pearson correlation coefficients to determine if the contribution of each of the identified drivers was statistically significant.

6.3 Results

6.3.1 Correlations

Table 29 in this report represents the interpretation correlation coefficients as previously discussed and Table 30 shows the Pearson correlation coefficients representing the driving factors used for hypothesis testing. The results for the independent variable are displayed in Table 30 below.

Table 30: Pearson Correlation coefficients

Factor	Sig. (2-tailed)	N	Customer Equity
Relationship	,000	146	0,956
Relationships: Psychological benefits	,000	146	0,942
Brand loyalty	,000	146	0.939
Customer satisfaction	,000	146	0,938
Relationships: Social benefits	,000	146	0,937
Customer loyalty	,000	146	0,934
Customer value	,000	146	0,929
Customer service	,000	146	0,927
Brand equity	,000	146	0,919
Relationships: Functional benefits	,000	146	0,905
Customer culture and Metrics	,000	146	0,645

The abovementioned correlations were used to reflect the perfect negative or perfect positive correlation to determine the significance level that the independent variables may have towards the dependent variable, customer equity. It was found that all the attained variables showed significant levels of association. The table is ranked accordingly where the strongest most significant factor is at the top of the table; down to the weakest significant factor that will appear at the bottom of the table.

6.3.2 Hypothesis testing

The Pearson correlation results represented in Table 30 were used as a measure for hypothesis testing along with the interpretations of correlation coefficients represented by Table 29 above. The aim was to determine whether or not the hypothesis established in chapter 5 was supported by the research findings.

Table 31: Hypothesis testing

Research Hypothesis	Findings (-1 to 1)(correlation coefficient)
H 1: There is a positive relationship between customer loyalty (CL) and customer equity (CE) in the B2B environment.	,934 Highly Significant Supported
H 2: There is a positive relationship between brand equity (BE) and customer equity (CE) in the B2B environment.	,919 Highly Significant Supported
H 3: There is a positive relationship between brand loyalty (BL) and customer equity (CE) in the B2B environment.	,939 Highly Significant Supported
H 4: There is a positive relationship between customer satisfaction (CSat) and customer equity (CE) in the B2B environment.	,938 Highly Significant Supported
H 5: There is a positive relationship between customer value (CV) and customer equity (CE) in the B2B environment.	,929 Highly Significant Supported
H 6: There is a positive relationship between customer service (CSer) and customer equity (CE) in the B2B environment.	,927 Highly Significant Supported
H 7: There is a positive relationship between relationship benefits (RB) and customer equity (CE) in the B2B environment.	,956 Highly Significant Supported
H 8: There is a positive relationship between customer culture (CC) and customer equity (CE) in the B2B environment.	,645 Significant Substantial

6.4 Discussion of results

The aim of discussing the results was to critically evaluate the research findings that were presented in the previous sections mentioned above. The research results will be evaluated in accordance with the literature review in Chapter 2. The interpretation of the research results will aim to answer the research questions posed in Chapter 3.

6.4.1 Review of research objectives

The main aim of the research is to establish, from the presented evidence, the strongest drivers of customer equity. This will assist executives to accurately formulate strategies tailored for specific customers by creating the necessary customer equity needed to operate in a business-to-business environment.

For the primary objective to be achieved, the secondary objective had to be determined. These were how the suitable factors presented could contribute to driving customer equity, which was achieved in the previous chapter.

The following section will provide a better understanding in terms of the research question. '*Is there a high correlation between the drivers identified in research question 1 and Customer Equity?'* with evidence that the research question could be answered.

6.4.1.1 Hypothesis one

Hypothesis one, which stated that, "there is a positive relationship between customer loyalty and customer equity in the B2B environment" was supported. The correlation between customer loyalty and customer equity was deemed to be highly significant (refer to Table 31).

This was confirmed by the correlation analysis represented in Table 30, indicating that there is a highly significant relationship between Customer Loyalty and Customer Equity.

Customer loyalty is crucial for organisations operating in a business-to-business environment. In loyal buyer-seller relationships, both parties are more likely to focus on long gains than disloyal buyer-seller relationships. This will enhance competitiveness of both partners and reduce transaction costs (Doney & Cannon, 1997; Ganesan, 1994; Morgan & Hunt, 1994) in (Lam, Shankar, Erramilli, 2004).

Customer loyalty further reflects the buyer's complete attachment to another organisation in terms of brand, service and product (Oliver, 1999) in (Lam, Shankar & Erramilli, 2004)). Therefore the findings are supported by Lam, Shankar & Erramilli (2004) who suggest that customer loyalty can be viewed as sufficient as the contribution is supported.

6.4.1.2 Hypothesis two

Hypothesis two, which stated that, "there is a positive relationship between brand equity and customer equity in the B2B environment" was supported. The correlation between brand equity and customer equity was deemed highly significant (refer to Table 31). This was confirmed by the correlation analysis represented in Table 30, indicating that there is a highly significant relationship between Brand Equity and Customer Equity.

Brand equity offers value to the consumer by improving the consumer's understanding of what the necessities are of making a sound purchasing decision, and using information with satisfaction for these decisions (Bick, 2009). Keller (1998) further proposes that there is a notion of customer-based brand equity, he explains this concept further by stating that the customer's response is influenced by the differential effect of brand knowledge in Bick (2009).

Rust *et al.* (2000) & Rust *et al*. (2005) propose another view on brand equity and describe brand equity as the customer's personal valuation of the brand, despite the perceived value, thus allowing Brand Equity to be included as a driver of Customer Equity (Rust *et al.,* 2005). Therefore the findings that are supported by Rust *et al.* (2005), suggest that brand equity can be viewed as sufficient and the contribution is supported.

6.4.1.3 Hypothesis three

Hypothesis three, which stated that, "there is a positive relationship between brand loyalty and customer equity in the B2B environment" was supported. The correlation between brand loyalty and customer equity was deemed highly significant (refer to Table 31). This was confirmed by the correlation analysis represented by Table 30, indicating that there is a highly significant relationship between Brand Loyalty and Customer Equity.

Brand equity and customer equity share common characteristics as previously stated in chapter 2. Thus both stress the importance of customer loyalty to a brand and therefore highlight the importance of brand loyalty towards a brand (Leone, Rao, Keller, Luo, McAlister & Srivastava, 2006). Therefore the findings are supported by Leone et al. (2006) who suggest that brand loyalty can be viewed as sufficient, as the contribution is supported.

6.4.1.4 Hypothesis four

Hypothesis four, which stated that, "there is a positive relationship between customer satisfaction and customer equity in the B2B environment" was supported. The correlation between customer satisfaction and customer equity was deemed highly significant (refer to Table 31).

This was confirmed by the correlation analysis represented by Table 30, indicating that there is a highly significant relationship between Customer Satisfaction and Customer Equity.

Geyskens, Steenkamp & Kumar (1999) confirm that customer satisfaction contributes to a long-term relationship between organisations and / or buyer and supplier. Therefore the findings are supported by Geyskens, Steenkamp & Kumar (1999), and suggest that customer satisfaction can be viewed a sufficient and supported contributor to customer equity.

6.4.1.5 Hypothesis five

Hypothesis five, which stated that, "there is a positive relationship between customer value and customer equity in the B2B environment" was supported. The correlation between customer value and customer equity was deemed highly significant (refer to Table 31). This was confirmed by the correlation analysis represented in Table 30, indicating that there is a highly significant relationship between Customer Value and Customer Equity.

Customers receive a certain value from an organisation, these values reflect on benefits that improve the customer offer (Levitt, 1969) & (Lovelock, 1995). The benefits that form part of the customer offer can be combined in the form of value proposition. The propositions will clarify the relationship of product performance, satisfying the needs of customers, and establishing the total customer value that contributes to the customer relationship (Lanning & Michaels 1988) & ((Lanning & Phillips (1991) in Payne & Frow (2005)). Therefore the findings are supported by Lanning & Michaels (1988) & Lanning and Phillips (1991) in Payne & Frow, (2005), suggesting that customer value can be viewed a sufficient and supported contributor to customer equity.

6.4.1.6 Hypothesis six

Hypothesis six, which stated that, “there is a positive relationship between customer service and customer equity in the B2B environment” was supported. The correlation between customer service and customer equity was deemed highly significant (refer to Table 31). This was confirmed by the correlation analysis represented by Table 30, indicating that there is a highly significant relationship between Customer Service and Customer Equity.

Oliver & Swan (1989a, 1989b) in Ruyter & Wetzels, (2000), state that customers gain more equity when they receive higher service thus increasing their benefits. Therefore the findings are supported by Oliver & Swan, (1989a, 1989b) in (Ruyter & Wetzels, 2000) suggesting that customer value can be viewed a sufficient and supported contributor to customer equity.

6.4.1.7 Hypothesis seven

Hypothesis seven, which stated that, “there is a positive relationship between relationship and customer equity in the B2B environment” was supported. The correlation between relationship and customer equity was deemed highly significant (refer to Table 31). This was confirmed by the correlation analysis represented in Table 30, indicating that there is a highly significant relationship between Relationship and Customer Equity.

Even though having a long-term relationship for organisations is of a positive nature, the determining fact is that both parties must benefit from the relationship. (Gwinner, Gremler & Bitner, 1998). Customers that have a strong relationship with organisations generally have the freedom of making decisions.

Confirming that when a customer is committed to the relationship, the notion of if it should be continued; or should you look for alternative possibilities and how much you can get out of the relationship is no longer an issue and will save time and energy to complete other tasks ((Rosenblatt, 1997) in (Gwinner, Gremler & Bitner, 1998)). Therefore referring to the above and findings, it is suggested that relationships can be viewed as a sufficient contributor of driving customer equity.

6.4.1.8 Hypothesis eight

Hypothesis eight, which stated that, "there is a positive relationship between customer culture and customer equity in the B2B environment" was supported. The correlation between customer culture and metrics and customer equity was deemed highly significant (refer to Table 31). This was confirmed by the correlation analysis represented in Table 30, indicating that there is a highly significant relationship between Customer Culture and Metrics and Customer Equity.

There was little or no evidence apart from the abovementioned findings that customer culture is in fact a lesser contributor towards driving customer equity.

6.4.2 Conclusion of discussion

The main objective of this section was to answer the research question:
Is there a high correlation between the drivers identified in research question 1 and Customer Equity?

Considering the discussion in section 6.4, I can conclude that, based on the evidence presented and on the research conducted, there is confirmation that there is a positive relationship between Customer Equity and the identified drivers, Customer Loyalty, Brand Equity, Brand Loyalty, Customer Satisfaction, Customer Value, Customer Service, Relationship Benefits and Customer Culture and Metrics.

Based on the outcomes of the study the initial drivers were seen as each one contributing to customer equity on its own. With further investigation it became clear that the respondents were not able to distinguish between customer value and customer satisfaction. It is clear that the identified themes have significant relationships with customer equity throughout the research as identified in the literature review in Chapter 2. Therefore it is proposed that the abovementioned factors are used when creating customer equity as set out in Chapter 7.

Finally, it has been statistically proven that Relationship Benefits is a valuable seer of customer equity for organisations operating in business-to-business environments. The implications of these findings will be discussed in Chapter 7. According to the researcher’s understanding this has not been tested in previous studies.

CHAPTER 7

7. Conclusion

7.1 Introduction

The primary objective of this chapter will be to combine the outcomes and findings discussed in the previous chapter. This chapter will also include future suggestions and recommendations derived from the research findings to important stakeholders in organisations.

In chapter one the business environment was identified and emphasis was placed on the competitive environments businesses had to compete in. Contributing to these competitive environments were unemployment, slow economic growth and high inflation. Organisations are focusing on short term goals rather than long term goals. It was important for organisations to understand the value of their customer base. This meant that they had to use the information they had available regarding their customers to ensure retention and acquisition of customers, thus the importance of creating customer equity within their organisations (Blattberg & Deighton ,1996).

The literature points out that customer equity is driven by various factors like brand equity, retention equity, customer acquisition and value equity, some of the most commonly known drivers of customer equity. These factors however do not focus on the relationship benefits of customer equity; they rather just focused on what drives customer equity. Some literature mentions measurements of customer equity, but does not establish the relationship benefits of achieving customer equity in a business-to-business environment (Kumar & George, 2007).

The literature reviewed in chapter two revealed that there were various drivers of customer equity within a business-to-business environment. In the business-to-business environments organisations needed to understand the nature and circumstances of their customers (Rauyruen & Miller, 2006).

Therefore the literature confirms that customer equity is a critical market driver for organisations (Bick, 2009).

Interviews were conducted with three executive experts in various industries, all operating in a business-to-business context. Their contribution resulted in the analyses of the identified variables, customer loyalty, brand equity, brand loyalty, customer satisfaction, customer value, customer service, relationships and customer culture, using correlations to present the results (McDaniel & Gates, 2006). The correlation of variables presented a better understanding between the variables and which variables contributed to driving customer equity the most.

Finally, creating Customer Equity plays a vital role in the B2B environment as it dictates the direction and sustainability of the organisation, in terms of customer value, customer acquisition and customer retention. The ongoing success of a business is not only determined by the relationship of the business to the consumer but rather starts with the relationship from the business-to-business point of view. Lemon, Rust & Zeithaml (2001), confirm that the customer is the centre point of the organisation's marketing strategy, and great value is placed on the customer. Establishing lasting business relationships results in mutual benefits for customers and organisations and therefore the relationship benefit that the consumer receives from the organisation must add value (Zineldin, 2006).

7.2 Key Findings

The importance of creating customer equity within business-to-business environments was supported by the literature discussed in chapter 2. The various drivers identified were tested and the correlation outcomes gave direction to which drivers organisations needed to focus on more in order to create customer equity tailored for their customers and other organisations.

The Pearson correlation results suggest that relationships were the most highly significant variable tested, followed by relationship's psychological benefits, brand loyalty, customer satisfaction, relationship social benefits, customer loyalty, customer value, customer service, brand equity, relationship's functional benefits and customer culture. Confirming that building long term relationships with customers increases organisations' profits but also increases the amount of transactions for the organisations during the relationship ((Gupta & Lehmann 2003) in (Kumar & George 2007)).

The results of the hypothesis testing indicated that all eight independent variables selected were acceptable and found to be positively supported, thus strengthening the correlation results. It can therefore be assumed that customers in a business-to-business environment are driven by their needs to conform to a standing relationship with an organisation as it influences their purchasing decisions. When organisations refer to customer experience, it not only reflects on the interaction, but reflects the benefits received with the interaction. Specifically as previously mentioned, chapters five and six show the relationship benefits associated with functional, social and psychological aspects associated with the interaction caused by the relationship between the customer and organisation. The high scores in the Pearson correlations represented in Table 30 substantiate this.

The most noteworthy finding of the study was identifying relationship benefits as a driver of customer equity in a business-to-business environment was supported by the results of this study. These findings are significant for any organisation and, more importantly, specific organisations that operate in a business-to-business environment. It is not previously known, as far as the researcher is concerned, that relationship benefits have been identified as a driver of customer equity thus it is important for organisations to take these relationship benefits into consideration when creating customer equity within their business-to-business operations.

7.3 Recommendations

The findings in this study lead to making important suggestions to organisations doing business in a B2B environment. It is crucial for any organisation to regard their customers as highly important assets of their business. The identified drivers in this study will help organisations create and customise their customer equity strategy. As empirical evidence in this study suggests the strong relationship of the drivers with customer equity and the benefits involved in driving customer equity using the mentioned drivers are evident.

Focusing on the results of the hypotheses, there is an overwhelming significance that relationship benefits have on customer equity in a business-to-business environment. The benefits of building a relationship with your customers far more outweighs the benefits of not building a relationship with your customers. Customer relationships are a fundamental organisational process that concentrates on establishing, maintaining, and enhancing long term associations with customers.

A strategy for customer equity is extremely important in the services industry as well as other industries that interact with customers to promote beneficial business outcomes. There is a growing demand for customers' needs to be satisfied that is far more complex than just a normal transaction between an organisation and a customer. To ensure that your organisation is competitive you need to apply all the identified drivers to create the perfect customer experience, ensuring that long term relationships will develop out of the transaction and both parties gain from the initial interaction. Organisations need to tailor their customer strategy and this could be achieved by focusing on the findings of this research study. It is therefore the responsibility of the organisation and the customer to build a relationship.

It is common that organisations talk past their customers, due to the fact that the relationship is not built and the organisation does not have a clear understanding of what the customer's needs are.

Organisations need to understand each of the drivers of customer equity as identified in this study to completely understand the impact that each of these drivers will have on their customers and their approach to building a more profitable business.

Finally, the most important driver of customer equity for an organisation is, to understand the role that relationship benefits will have on its customer equity by increasing numerous benefits for the organisation. It is because of the drivers of customer equity that relationship benefits all contribute to customer equity whether they are on a functional, psychological or social level. They also contribute to the following benefits for the organisation and customer:

- **Customer retention**: Organisations that focus on the various identified drivers in this study will be able to customise their customer retention strategy because of their better understanding of their customers needs. This will ensure that the customer benefits more from the business-to-business relationship and that the organisation will gain more from recurring interactions, making sure that they focus on their current customer portfolio, and utilise them as much as they are being utilised. They should make sure that the organisation becomes more customer centric and insure that they retain their customers.

- **Increasing profits**: The highest identified driver of customer equity in this study is relationships. Relationship with a customer will mean that the customer will purchase from the organisation on a regular basis, increasing profit for the organisation. Profit could be directly related to the kind of relationship that the organisation has with the customer and will determine the total amount of profit the organisation could make.

Decreasing anxiety: creating a long-standing relationship with the customers, creates a cense of self-confidence in the customer towards the organisation. This leads to customers trusting organisations because of their relationships, furthermore indicating that they could ask the organisation anything without the fear of a particular request not being done.

- **Increasing commitment and long standing relationships with customers:** As previously mentioned the key of utilising relationship benefits for the organisation would be to build long lasting relationships with their customers. but in order to build these long lasting relationship, both the supplier / buyer; organisation / customer must have commitment to build the relationship, and this will be made possible if both parties know what they are gaining out of the relationship.

- **Custom benefits:** Because of the standing relationship, organisations could tend to give special attention or do favours for their customers, which are not part of the normal expected service.

Finally it is important to understand that the customer and the organisation have to benefit for them to build a relationship and to make a positive contribution towards customer equity.

7.4 Recommendations for future research

This section will provide guidelines and recommendations for future study. It will include suggestions, supplementary matters for further development relating to this specific research of the concept of relational benefits and customer equity.

- The study was done on the views of a limited population. The focus was on business-to-business environments in the service industry and could well be expanded to various other industries. This would ensure a better understanding of the drivers and specifically the role relationship benefits have on driving customer equity within business-to-business environments. The researcher is of opinion that having focused on the relationship benefits received by a developed relationship between organisations within a business-to-business environment it will be equally beneficial for both parties whether financially, or personally.

- Further research should be conducted on customer culture in an organisation and how customer culture could drive customer equity within a business-to-business environment.

- Further research could also be conducted on testing the relationship between brand loyalty and customer loyalty and their relationship to acquiring and retaining customers in business-to-business environments as well as business-to-consumer environments.

- Further research should be focused on creating a framework for customer equity and testing if customer equity should be in a framework or be tailored specifically to an organisation. Will customer equity be different from one organisation to the next?

7.5 Conclusion

The research report has presented an across-the-board view of customer equity literature. Supported by the data collected, the research report has identified various drivers of customer equity within business-to-business environments. Driving customer equity is critical for any organisation and therefore it is imperative that the organisation understand the complexity of the customer and how to overturn the customer complexity into customer equity for the organisation. Supported by using the identified drivers that have been explained and tested individually to fully extract the benefits presented by the relationships to the organisation's advantage.

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APPENDICES

Appendix 1: Construct and Scale Items

Constructs	Variables	Scale Items	Scale adapted from
Customer Equity (CE)	Dependent	1 It is possible for PEC to learn about you over time to customize interactions with you.	(Lemon, Rust & Zeithaml, 2001)
		2. PEC can be a market leader that provides a sense of community	
		3.PEC pays attention to and remembers the information you send them	
		4.PEC staff builds relationships with you	
		5.PEC understands how to do business with you	
Customer Loyalty (CL)	Independent	6. We are committed to the product or service that I use provided by PEC	(Lam, Shankar, Erramilli & Murthy, 2004)
		7. We have positive things to say about PEC	
		8. We have recommended PEC to other customers.	
		9. We have encouraged other companies to do business with PEC	
		10. We will do more business with PEC in the future.	
Brand Equity (BE)	Independent	11. Although there is another service provider as good as PEC, I prefer to use PEC	(Kim & Hyun, 2011)
		12. Even if another service provider has the same features as PEC. I would prefer to use PEC.	
		13. Even though another service provider would be as good as PEC, I would feel better using PEC	
		14. If another service provider is not different from PEC, it seems more beneficial to use PEC	

Constructs	Variables	Scale Items	Scale adapted from
Brand Loyalty (BL)	Independent	15. We expect to continue the business relationship for a long time	(Baumgart & Binckebanck, 2011)
		16. We intend to stay loyal to PEC as long as possible	
		17. We recommend PEC in talks with colleges	
		18. We will be willing to stand reference for PEC	
		19. We will purchase from PEC in the future	
Customer Satisfaction (CSat)	Independent	20. Our organisation is happy with the relationships we have with PEC	(Olsen & Johnson, 2003)
		21. PEC always exceeds our expectations	
Customer Value (CV)	Independent	22. PEC displays a high level of customer services	(Lam, Shankar, Erramilli & Murthy, 2004)
		23. PEC offers quality products	
		24. PEC offers quality services	
		25. We get the perceived value from PEC	
Customer Service (CSer)	Independent	26. PEC service delivery is quicker than we would expect	(Olsen & Johnson, 2003)
		27. PEC treats us well	
		28. We are always satisfied with the service I receive from PEC	

Constructs	Variables	Scale Items	Scale adapted from
Relationships Functional Benefits (RF)	Independent	29. Building a relationship with PEC enables us to become more competitive in the market	(Sweeney & Webb, 2007)
		30. Our organisation can capitalise on the value offered by PEC	
		31. Our relationship with PEC enables us to enhance better financial outcomes.	
		32.Our relationship with PEC enables us to proactively identify opportunities	
		33. PEC and our organisation complement each other in terms of expertise	
Relationships Social Benefits (RS)	Independent	34. Our relationship with PEC enables us to share information	(Sweeney & Webb, 2007)
		35. Our relationship with PEC goes beyond just business	
		36. We have a real friendship with PEC	
		37. We work on things together	
		38. We would call on PEC if we had a problem	
Relationships Psychological Benefits (RP)	Independent	39. There is a sense of understanding between PEC and my organisation	(Sweeney & Webb, 2007)
		40. We have peace of mind in dealing with PEC	
		41. We know what to expect from PEC	
		42. No matter what it is I can count on PEC	
		43. We trust PEC	
Customer Culture and Metrics (CCM)	Independent	44. Our organisation focuses less on product profitability and more on customer profitability	(Rust, Moorman & Bhalla, 2009)
		45. Our organisation focuses more on the brand as PEC than the service PEC offers	
		46. Our organisation pays less attention to sales and more attention to customer lifetime value	
		47. Our organisations pay more attention to market share than attention to the actual customer base	

Appendix 2

Questionnaire

Section 1: Customer Equity – (CE) (Lemon, Rust & Zeithaml, 2001)

1. PEC understands how to do business with you
2. PEC staff builds relationships with you
3. PEC pays attention to and remembers the information you send them
4. PEC can be a market leader that provides a sense of community
5. It is possible for PEC to learn about you over time to customise interactions with you

Section 2: Customer Loyalty – (CL) (Lam, Shankar, Erramilli & Murthy, 2004)

6. We are committed to the product or service that I use provided by PEC
7. We have positive things to say about PEC
8. We have recommended PEC to other customers
9. We have encouraged other companies to do business with PEC
10. We will do more business with PEC in the future

Section 3: Brand Equity – (BE) (Kim & Hyun, 2011)

11. Even if another service provider has the same features as PEC, I would prefer to use PEC.
12. If another service provider is not different from PEC, it seems more beneficial to use PEC.
13. Although there is another service provider as good as PEC, I prefer to use PEC.
14. Even though another service provider would be as good as PEC, I would feel better using PEC.

Section 4: Brand Loyalty – (BL) (Baumgarth & Binckebanck, 2011)

15. We intend to stay loyal to PEC as long as possible
16. We recommend PEC in talks with colleges
17. We will be willing to stand reference for PEC
18. We will purchase from PEC in the future
19. We expect to continue the business relationship for a long time

Section 5: Customer Satisfaction – (CSat) (Olsen & Johnson, 2003)

20. Our organisation is happy with the relationships we have with PEC
21. PEC always exceeds our expectations

Section 6: Customer Value – (CV) (Lam, Shankar, Erramilli & Murthy, 2004)

22. PEC offers quality products
23. PEC offers quality services
24. PEC displays a high level of customer services
25. We get the perceived value from PEC

Section 7: Customer Service – (CSer) (Olsen & Johnson, 2003)

26. We are always satisfied with the service I receive from PEC
27. PEC treats us well
28. PEC's service delivery is quicker than we would expect

Section 8: Relationships – (R) (Sweeney & Webb, 2007)

Psychological benefit

29. We have peace of mind in dealing with PEC
30. We trust PEC
31. We know what to expect from PEC
32. We know that I can count on PEC, no matter what it is, it will be done
33. There is a sense of understanding between PEC and my organisation

Functional benefit

34. Building a relationship with PEC enables us to become more competitive in the market
35. Our organisation can capitalise on the value offered by PEC
36. Our relationship with PEC enables us to enhance better financial outcomes
37. PEC and our organisation complement each other in terms of expertise
38. Our relationship with PEC enables us to proactively identify opportunities

Social benefits

39. Our relationship with PEC goes beyond just business
40. We have a real friendship with PEC
41. We work on things together
42. Our relationship with PEC enables us to share information
43. We would call on PEC if we had a problem

Section 9: Customer Culture and Metrics – (CCM) (Rust, Moorman & Bhalla, 2009) – adapted from interviews

44. Our organisation focuses less on product profitability and more on customer profitability
45. Our organisation pay less attention to sales and more attention to customer lifetime value
46. Our organisation focuses more on the brand as PEC than the service PEC offers
47. Our organisations pay more attention to market share than attention to actual customer base