

THE EFFECT OF AGE AND CULTURE ON BRAND LOYALTY IN THE SOUTH AFRICAN MOTOR INDUSTRY

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Abstract

It has become imperative for companies in the motor industry to study and understand the notion of brand loyalty due to the many inherent advantages that it offers. Although existing literature provides extensive information on brand loyalty, the concept of brand loyalty is not constant across all industries. Factors such as age and culture also alter the effects of brand loyalty and the degree of brand loyalty generated within a consumer. Taking these variables into account, this study sets out to establish if age and culture have an effect on brand loyalty in the South African motor industry. The method in which motor companies emit marketing signals are also explored to establish if the emitted marketing signals are able to assist in the generation of brand loyalty.

A South African real estate agent group agreed to participate in the research and became the sample population for the study. 190 successfully completed questionnaires were obtained in the data collection process and data with a Cronbach Alpha Coefficient (α) of 0.7662 proved that the data had satisfactory reliability. The data was processed and analysed in the statistical analysis program Stata. The study discovered that marketing signals don't assist in the generation of brand loyalty in the South African motor industry. It is suggested that it is more plausible that marketing signals can assist to maintain brand loyalty, rather than to generate brand loyalty. The study also discovered that culture does not have an effect on brand loyalty in the South African motor industry. However, after considering that the cultural distribution of the sample was significantly skewed, the sample is regarded as an unreliable test of the effect of culture on brand loyalty. The study also discovered that age doesn't have an effect brand loyalty in the South African motor industry. The researcher noted that the previously cognitively strenuous process of obtaining information has become more simplified by the internet and could potentially have reduced the generating of brand loyalty among older consumers. A final test was conducted to ascertain if relationships exist between the four stages of loyalty. The study suggested that all four loyalty stages are connected which confirms that brand loyalty is generated by both attitudinal and behavioural dimensions.

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1 Introduction

1.1 Introduction

It has become imperative for companies in the motor industry to study and understand the notion of brand loyalty due to the many inherent advantages that it offers. This study sets out to research brand loyalty in the South African motor industry and will examine whether the buyer's age or culture has any effect in the generating of brand loyalty. The method in which motor companies emit marketing signals will also be explored in an attempt to establish if the emitted marketing signals are able to assist in the generation of brand loyalty. The following chapter will provide further context to the research, will define the problem statement and goals of the research and will also provide an overview of how the study will unfold.

1.2 Context of Research

Motor vehicles are products in which extensive consideration is required from the potential buyers before a decision is made to purchase. Oliver (1999) discovered that 85 - 95% of customers in the automotive industry reported that they were satisfied with their vehicle brand. However, only 30 - 40% of those customers returned to purchase the exact brand at a later stage. It can be stated that even though the customers were brand satisfied, they were not brand loyal, therefore, resulting in the decline of customer retention. Customer retention is vital in ensuring the success of a company and is regarded as the 'Holy grail' of businesses (Coyles & Gokey, 2005). In order to ensure customer retention and to build a customer base, it is, therefore, imperative for marketers in the South African motor industry to recognise how brand loyalty is formed between their customers, the outcome of marketing signals and what affects brand loyalty.

A marketing signal is the positive information that is deliberately communicated by a company to outsiders in an effort to convey positive organisational qualities and attributes (Connelly, Certo, Ireland & Reutzel, 2011). The signalling theory suggests that customers consider a company's reputation and brand as a superficial information signal to form an initial attitude and judgement of the quality of the firm

(Walsh, Beatty & Shiu, 2009). These signals not only play a vital role as drivers in generating the initial attitude of the customer towards the firm, they also drive customer behaviour and attitudes through information asymmetry. The information asymmetry principle outlines that transacting parties possess partial and dissimilar information about the transaction (Kirmani & Rao, 2000). According to Akdeniz and Talay (2013) information asymmetry has a negative effect, creating a disparity of knowledge between buyers and sellers resulting in problems such as: moral hazard, adverse selection, information monopoly and ultimately market failure. Spence (1973) believes that the main focus of signalling theory is to ensure that a signal conveys credible information and that information asymmetry between transacting parties is reduced. Marketing is, thus, considered to be a pivotal tool in transferring adequate information (or signals) which are intended to reduce the customer's uncertainty and to facilitate their decision-making process (Rao, Qu & Ruekert, 1999). Motor industry firms emit marketing signals in the form of advertising to inform customers of their service commitment, the quality of their products and new product launches. For instance, Hyundai, in a bid to eliminate their reputation of producing low quality vehicles, emitted marketing signals of their research, development and product design to improve the perception that consumers had of their brand (BusinessWeek, 2007). Hyundai emitted these marketing signals by adopting an aggressive advertising campaign that aired during both the Academy Awards and the Super Bowl (BusinessWeek, 2007). An exceptional warranty was also standardised by Hyundai. As a result of Hyundai's' advertising, the brand grew in the US from 1.4% market share in 2000 to 5.1% market share in 2011 (Akdeniz & Talay, 2013).

The effect that culture has on brand loyalty will be considered in this study. McCort and Malhotra (1993) believe that culture is difficult to be defined as it has a broad influence on many factors of human behaviour.

The effect that age has on brand loyalty will also be considered in this study. Various academic scholars have observed that customers of different ages usually possess different buying behaviours and attitudes towards various products and services which are technologically advanced (Cardoso, Costa & Novais, 2010). Following this line of thought, Homburg and Giering (2001) discovered that older customers were

usually more limited in their ability to process information compared to younger customers, which, thus, resulted in crucial differences in their loyalty and affective responses.

Brand loyalty in customers offers firms in the South African motor industry various economic benefits. Academic scholars have observed that customer loyalty plays a pivotal role in improving a company's competitive and economic position (Kuo, Hu, & Yang, 2013). Loyal customers add significant value to the client base of a company, due to the fact that they can induce improved revenues (Reichheld, 1996), assist in creating predictable profit streams and sales (Aaker, 1992), and loyal customers are generally more prone to purchase additional services and/or goods (Clark & Payne, 1994). Loyal customers can also often assist companies to generate additional sales by promoting the company by word-of-mouth and by making recommendations to other potential customers (Reichheld, 1996).

With the advantages that loyal customers offer companies, it is vital that companies investigate how loyalty is formed and preserved. Oliver (1999) observed that loyalty develops over time and is associated with customer encounters. Fazio; Powell & Williams (1989) state that, as a customer encounters and makes use of a particular offering, the customers' experience will start to grow over time, their feelings will become stronger towards the brand and they will become more resistant to change, which will ultimately guide their intentions and behaviour. At this point, the loyalty has evolved into 'action loyalty' and these customers are the ones who repurchase a brand, they consider only that particular brand and show no interest in other related brands (Newman & Werbel, 1973).

1.3 The Problem with Brand Loyalty

Although existing literature provides extensive information on brand loyalty, the concept of brand loyalty is not constant across all industries. Factors such as age (Cardoso, Costa & Novais, 2010) and culture (De Mooij and Hofstede, 2010) also alter the effects of brand loyalty and the degree of brand loyalty generated within a consumer. Taking these variables into account, this study sets out to establish if age and culture have an effect on brand loyalty in the South African motor industry.

1.4 The Goals of the Research

The purpose of the research is to:

1. Empirically test various marketing signals and assess how they assist in generating brand loyalty in the South African motor industry.
2. Assess the effect of consumer age and culture on brand loyalty in the South African motor industry and conduct statistical tests to discover if relationships exist between age and brand loyalty, as well as culture and brand loyalty.

1.5 Overview of Research Study

A study of the existing literature will be conducted to provide relevant research theories, the various factors of brand loyalty and the effects that age and culture have on brand loyalty. The research methodology will then discuss the research procedure, which considers the research method and instrument, data collection and analysis procedures, and the required research ethics. The results of the study will then be analysed and statistical tests used to prove or rejected the research hypotheses, after which the results will be discussed and finally conclusions will be drawn on the research findings.

1.6 Summary

Brand loyalty offers organisations with significant benefits and it is imperative for companies within the South African motor industry to understand how various factors influence brand loyalty. This study, therefore, sets out to establish if the consumer's age and culture have an effect on brand loyalty in the South African motor industry. By conducting theoretical research as well as empirical research, this study aims to contribute to existing literature by investigating the varying effects which marketing signals have on brand loyalty, whilst also considering how age and culture effects brand loyalty. The next chapter will consider the theoretical frameworks which are prevalent in the existing literature. In addition, the chapter will expand on key concepts outlined in the context of the research on the South African motor industry.

2 Literature Review

2.1 Introduction

To understand brand loyalty, it is vital to recognise how the concept of brand loyalty has evolved over time and what essentially drives brand loyalty in consumers. The following chapter will consider existing literature to provide an overview of brand loyalty, the building blocks of brand loyalty and the various stages of loyalty. The chapter will also elaborate on various research theories which were considered for this study, more specifically Signalling Theory. Age and culture, and their effects on brand loyalty, will also be discussed and finally a conceptual model of brand loyalty will be developed to illustrate the rationale of the study.

2.2 What is Brand Loyalty

As stated by Kabiraj and Shanmugan (2011), the field of marketing took an interest in the concept of 'Brand Loyalty' after Copeland published an academic piece in 1923, accepting that brand loyalty was a behavioural level construct (Kabiraj & Shanmugan, 2011). At this point in time, brand loyalty was considered by evaluating factors such as purchase probability, percentage of purchases and purchase sequence (Kumar & Advani, 2005). This view created a focus on functionality, quality and price when products were marketed, creating an expectation that customers would eventually develop a pattern of repeat purchasing, if these factors were to meet the customer's criteria (Vishwas, Lodorfos & Jacobsen, 2014). However, during the 1950's, researchers, such as Jacoby (1971), Day (1969) and Cunningham (1967), began to explore another level of brand loyalty. These researchers discovered that attitudinal factors of brand loyalty were as significant as the previously mentioned behavioural factors. It became apparent that brands were regarded by their functionality, however, an emotional component also existed, thus, marketing strategies were realigned to focus on value creation and relationships (Iglesias, Singh & Batista-Foguet, 2011). Agustin and Singh (2005) found that developing and maintaining customer loyalty is a more imperative goal compared to attaining customer satisfaction.

Loyalty is a complex construct and it is, therefore, complicated to define holistically. The American Marketing Association has defined loyalty in an over simplified definition, which describes loyalty as the situation where a consumer tends to purchase the same service or product repeatedly over time instead of purchasing similar products from other suppliers within the same category (Moiescu & Vű, 2011). Jacoby (1971) defines brand loyalty as “*an effective buying behaviour of a particular brand, repeated over time, and reinforced with a strong commitment to that brand*”.

Aaker (1991) identified five levels of brand loyalty among customer groups by considering loyalty measurements. Listed from least to most loyal, Aaker (1991) described the levels as follows: i) Non-loyal buyers - These are the consumers who are completely uninterested in the different brands and consider the brands to be adequate if the price is acceptable; ii) Satisfied buyers - These are the consumers who are not dissatisfied enough with a brand to warrant their switching to another brand, especially if the change would require effort; iii) Satisfied buyers with perceived switching costs - These are the consumers who are satisfied with the brand and believe that switching brands would lead to a loss in money and time; iv) Likers of the brand - These are the consumers who have an emotional connection with the brand, based on attachments such as past experiences and perceived high quality; v) Committed customers - These are the consumers to who regard the brand as an expression of their personality and regard highly the functionality of the brand. The significant value of these consumers is the positive recommendations they make to others regarding the brand.

Researchers generally concur that brand loyalty in consumers can be either spurious or true (Kumar & Advani, 2005). Researchers found that spurious loyalty in consumers is prompted by situational circumstances, for example, convenience and/or price (Iglesias et al., 2011), whereas true brand loyalty is generated when consumers have previous affective and psychological attachment to a brand (Lin, 2010).

Oliver (1999) found that loyalty considers the commitment that customers have to consistently re-patronise or repurchase a preferred service or product in the future,

which leads to purchasing same organisation or same brand, regardless of the marketing efforts and influences made by competitors in their attempt to cause brand switching. Loyalty is, therefore, regarded as a means of increasing or maintaining customers' patronage, which will increase the value of the customer in the long term. Oliver (1999) also insists that a consumer who is truly loyal must be both behaviourally and attitudinally loyal. A form of measuring this level of loyalty can be achieved by using a multi-dimensional model which considers cognitive, affective, conative and action loyalty (Manzuma-Ndaaba et al., 2016), such as Oliver's (1999) Four-Stage Loyalty Model, which will be discussed further in this chapter.

Bradley (2017) discovered that brand loyalty is the result of a consumer's favourable regard of a brands' personality characteristic and at this stage some consumers regard the brand as an extension of their own personality. At this point, the brand becomes part of the consumers' identity and self, which will ultimately be the driving force that will prompt the consumer to repeatedly purchase the brand (Bradley, 2017). True brand loyalty generally indicates some level of previous affective or psychological attachment to the brand (Lin, 2010).

A repetitive purchasing behaviour over a period of time produces a signal that loyalty is being generated within a consumer (Brown, 1952). Several alternative consumer behaviours have been documented as indicators to assess brand loyalty within consumers, namely: the quantity of products purchased within a product group (Cunningham, 1956), purchase sequence, (Tucker, 1964), brand purchase incidences (Uncles et al., 1994) and purchase likelihood (Maffei, 1960).

Brand satisfaction and brand commitment are two of the primary factors in generating brand loyalty. A central theoretical differentiation between commitment and customer satisfaction elements is that commitment elements are more 'forward looking', whereas satisfaction elements are 'backward looking' (Gustafsson, Johnson & Roos, 2005).

2.2.1 Brand Satisfaction

Brand satisfaction is one of numerous factors which influence brand loyalty (Bennett & Bove, 2001) and as a result, a satisfied customer will be willing to use the product or brand again in the future. Invoking customer satisfaction, therefore, assists in generating customer loyalty (Youl & Joby, 2010), but it is not solely able to ensure that customers do not switch brands.

Ganiyu, Uche and Elizabeth (2012) note that satisfaction is a passive consumer behaviour, whereas loyalty is an active relationship. Highly satisfied consumer's exhibit stronger indications of loyalty through their attitude and behaviour (Merrin, Hoffmann & Pennings, 2013) and although this is a positive factor which assists organisational growth, Jones (1996) speculates that independently, commitment is not sufficient to ensure that consumers will not defect to other brands.

Satisfaction is a frequently considered variable of consumer behaviour and existing literature has discovered that satisfied consumers tend to exhibit favourable purchasing behaviour that often extends to product and/ or service loyalty (Smith & Wright, 2004).

2.2.2 Brand Commitment

Brand commitment has gained an increasing amount of interest in the field of marketing during the last few decades and has been recognised by researchers as a central factor in the connection between consumer behaviour and relationship marketing (Morgan and Hunt, 1994). Robertson (1976) defined commitment as a consumer's willingness to sustain a loyal relationship with a brand. Kim, Morris & Swait (2008) consider brand loyalty to be the key element that differentiates true brand loyalty from spurious loyalty.

Brand commitment is primarily an attitudinal concept. Furthermore, Bozzo, Merunka & Moulins (2003) discovered that committed consumers would in many cases make sacrifices to make relationships work with the organizations to which they are committed, which further proves the significance and effect of dedicated brand commitment. Brand commitment can, thus, be fittingly defined as "*an enduring desire to maintain a valued relationship*" (Berry & Parasuraman, 1991, p. 316). Achrol

(1991) suggests that it is imperative to generate commitment among customers to ensure successful and positive long-term relationships. An established group of committed consumers can assist a company to achieve greater than before business and improved growth (Kemp, Jillapalli & Becerra, 2014).

In studies conducted by Fullerton (2003), it was discovered that commitment was fundamental in the generation of brand loyalty due to the impact it has on factors such as perceived quality and trust. Brakus, Schmitt & Zarantonello (2009) later added to the findings of Fullerton (2003) and noted that brand experience was another driver of brand loyalty and that it had an indirect influence on brand loyalty through brand personality. Verhoef (2003) found that commitment had a positive effect on customer retention. Furthermore, Verhoef (2003) stated that several other studies noted the positive relationship between customer loyalty and commitment.

Brand commitment is made up of several components. Allen and Meyer (1990) established in their research of organisational psychology that the most recognised components of commitment in marketing are continuance and affective commitment. Since brand commitment contains both continuance and affective commitment, it still remains unclear which of these characteristics of commitment have the greatest effect on brand loyalty (Fullerton, 2003). Johnson et al. (2001) found that both affective and continuance commitments tend to mediate the outcome of customer satisfaction on consumer loyalty.

2.2.2.1 Affective Commitment

Amine (1998) describes affective commitment as the degree to which a consumer is willing to maintain their relationship with a brand, based on the emotional attachment that the consumer has with the brand. This phenomenon relates to the extent to which a consumer is able to identify with the brand and is fundamental to the brand-consumer relationship (Louis & Lombart, 2010). Bansal, Irving and Taylor (2004) further adds to the sentiment by explaining that affective commitment considers the consumers emotional attachment and identification with the brand, as well as a consumer's involvement with the brand. Affective commitment can therefore be distinguished as a desire-based connection which a consumer has with a

brand and ultimately means that the consumer is loyal to a brand because they choose to be loyal to the brand (Evanschitzky et al, 2006).

Richard and Zhang (2012) state that affective commitment is generally non-influential and is primarily motivated by a general sense of positive attachment to and judgment for a particular brand resulting in a desire to continue the relationship with the brand. Affective commitment can, therefore, be considered as an emotional barrier to switching from one brand to another and will effectively keep consumers loyal to a brand.

Evanschitzky et al. (2006) also note that with the extensive range of available products and suppliers who are willing to offer alternative products at competitive prices reducing switching costs, consumers who are affectively committed provide organisations with a significant advantage since the consumers are less inclined to switch, leading to brand loyalty.

2.2.2.2 Continuance Commitment

Researchers have found that continuance commitment ensues when consumers find that the costs of leaving a relationship are trumped by the benefits of staying in the relationship (Bansal et al., 2004). While affective commitment considers a consumer's emotions, continuance commitment considers the rationale which consumers use when assessing brands and their relationships with those brands (Meyer & Herscovitch, 2001). Fullerton (2003) explains that continuance commitment is created when actions which force relationships, such as service agreements, contracts, investments, etc., are entered into. These relationships are known to generate feelings of dependence or entrapment, which are both central factors in the continuance commitment concept. Johnson et al. (2001) furthermore state that continuance commitment is generally influential and primarily motivated by a rational thought process, which places more consideration on the economic and practical aspects of the relationship with the brand. Continuance commitment can, therefore, be considered as a process of decision making which is based on calculated costs and benefits, and separates the decision making from any emotional ties or relationships with the brand.

Current literature is limited in relation to the information gathered regarding continuance commitment and researchers, therefore, do not fully agree whether continuance commitment can reduce or enhance brand loyalty.

Evanschitzky, et al. (2006) argue that since consumers have access to numerous alternatives, coupled with relatively low switching costs between the alternative products, affective commitment normally has more of an influence on brand loyalty compared to continuance commitment. Dwyer, Schurr, and Oh (1987) add that when buyers anticipate the possibility of high switching costs associated with changing suppliers or service providers, the buyers will be prone to maintain and develop a quality relationship with their current supplier and/or service provider. Gustafsson et al. (2005) note affective and continuance commitment assist in strengthening the relationship between consumer and organisation and this results in the attained commitment to progress forward.

2.2.3 Benefits of Brand Loyalty

Brand loyalty provides organizations with a wide range of benefits, such as positive word of mouth (Sutikno, 2011), reduced marketing costs (Chaudhuri & Holbrook, 2001), increased market share (Gounaris & Stathakopoulos, 2004), competitive advantage (Iglesias et al., 2011) and ultimately business profitability (Kabiraj & Shanmugan, 2011). Brand loyalty also provides organizations with the advantage of developing customers who will continue to support and purchase products and services from the organization (Shuv-Ami, 2012). Organizations that have developed brand loyalty among their customers enjoy a degree of resistance from price-based competitors as well as potential brand switching from customers (Dowling & Uncles, 1997). These benefits reveal the advantages and positive influence that brand loyalty can have on an organisation. Aaker (1991) also outlined the fundamental role of brand loyalty in process of building brand equity and noted several of the marketing advantages which are created, such as an extended customer base, improved trade leverage and reduced marketing costs.

Existing literature acknowledges that the more loyal a consumer becomes towards an organisation, the higher the attained profitability by the organisation (Yuen & Chan, 2010). Reichheld and Teal (2001) noted that a study conducted by Bain &

Co. illustrated that an increase of 5% in customer loyalty could increase the profitability of an organization by between 40 and 95%, and that increasing customer loyalty by 1% could equate to the equivalent of a 10% cost reduction.

Customer and brand loyalty should, therefore, be regarded as imperative in the business strategy of any organisation. Keiningham, et al. (2007) note that increasing customer and brand loyalty has become a notable topic among consultants, academic scholars and managers, and this is mainly due to the fact that it leads to the regular purchasing of services and goods by customers. This opinion is validated by Anderson and Narus (2004) who found that it is more profitable and strategically effective for an organisation to retain existing customers than to replace lost customers or attract new ones. Aksu (2006) also notes that organisations which were successful at attaining customer loyalty had a competitive advantage. Furthermore, as customer loyalty increases, their motivation to pay a premium price for their preferred brand will also increase (Palmatier, Scheer & Steenkamp, 2007).

2.2.4 Oliver's Four-Stage Loyalty Model

Oliver's (1999) Four-Stage Loyalty Model is an appropriate model for this study to measure the loyalty of organisation's consumers. Various academic researchers have considered the characteristics and dimensions of consumer loyalty and the Four-Stage Loyalty Model developed by Oliver (1999) has gained substantial acceptance from the academic community who have in turn respectfully used the model in marketing studies (Hinson, et al., 2016). Oliver (1999) created the Four-Stage Loyalty Model to indicate how loyalty is developed in consumers and the effect that the different stages of loyalty have on the behavioural and attitudinal dimensions of a consumers purchasing behaviour. Oliver's (1999) Four-Stage Loyalty Model has been applied and verified in various different research contexts and has been accepted by many as the basis model to define loyalty (Back & Parks, 2003).

Oliver's (1999) Four-Stage Loyalty Model is a brand loyalty framework presenting a configuration of attitudes, which includes emotion, intentions and cognition. The model suggests that consumers initially develop cognitive loyalty, which is then followed by affectively loyalty, after which conative loyalty is achieved and finally consumers will start to exhibit action or behavioural loyalty. The three stages of

loyalty, namely cognitive, affective and conative loyalty are fundamentally related to the internal mental process of consumers, which, thus, makes them implicit, while action or behavioural loyalty is more outwardly demonstrated action of loyalty, which, thus, makes it explicit (Hinson et al., 2016).

Cognitive variables include value, service quality and price; while affective variables include commitment, trust and satisfaction and lastly conative variables include 'word of mouth' and attachment (Manzuma-Ndaaba, Harada & Romle, 2016).

2.2.4.1 Cognitive Loyalty

Cognitive loyalty is the basis of loyalty and is, thus, the weakest form of loyalty. When cognitive loyalty is developed, consumers consider the offering of the brand by taking into consideration factors such as quality, price and serviceability, but all these factors are founded on the benefits that the brand offers the consumer and not the brand itself (Blut, Evanschitzky, Vogel & Ahlert, 2007). Consumers are, therefore, likely to switch to alternative brands if they perceive that the substitute brand provides a better offering (Kalyanaram & Little, 1994). Cognitive loyalty is, hence, dependant on the evaluation process of the consumer and the perceived value placed on the brand by the consumer.

The cognitive dimension considers the conscious decision-making processes which consumers perform before a purchase is made when evaluating alternative brands (Caruana, 2002). Oliver (1997) extended on the research of Gremler and Brown (1996), emphasising the fact that the value aspect (time, price, energy, loss, gain and benefits) of the purchase decision is based on the cognitive dimension. As a result, consumers are loyal to the extent of their cognitive evaluation of their purchase decision.

2.2.4.2 Affective Loyalty

Affective loyalty relates to a positive attitude towards the brand (Blut et al., 2007). Previous satisfaction with a brand can influence the development of affective loyalty, with satisfaction being generated by expectancy confirmation (Bitner 1990). The affective dimension considers the emotional attachment,

which results in consumers behaving irrationally (Manzuma-Ndaaba et al., 2016).

Affective loyalty can, however, deteriorate when competitive offerings become increasingly attractive and when an increased fondness for competitive brands develops (Sambandam & Lord 1995). Oliver (1999) discovered that deterioration of affective loyalty can occur when competitors are able to convey better marketing signals.

2.2.4.3 Conative Loyalty

Conative loyalty considers loyalty which has progressed into a state in which consumers have an attitudinal loyalty, which is accompanied by a desire on behalf of the consumer to act (Blut et al., 2007). Conative loyalty is, therefore, the state of loyalty which will drive the consumer to repurchase a brand. However, conative loyalty is also vulnerable to deterioration and Blut et al. (2007) discovered that repeated failures of a product or service could diminish the strength of conative loyalty in a consumer and can eventually drive the consumer to seek and purchase an alternative brand. Oliver (1999) adds to this notion by confirming that consumers, who are conatively loyal to a brand, have not developed the determination to evade the consideration of an alternative offering. Oliver (1999) found that in order to detect conative loyalty, marketing specialist's need to evaluate those factors that structure conventional consumers' attitudes, such as feelings, intentions and beliefs.

2.2.4.4 Action Loyalty

Action loyalty, which is the ultimate level of loyalty, is the level of loyalty where the consumer usually transforms their intentions into actions (Blut et al., 2007). As noted in the previous levels of loyalty, as the consumer progresses through the levels of loyalty, the behavioural and attitudinal dimensions evolve towards a brand and a readiness to act on a desire systematically develops. At the action loyalty stage, this readiness to act is accompanied by the consumer's enthusiasm to purchase their desired brand (Blut et al., 2007). Once a level of action loyalty is achieved, consumers have generated a focused desire to repurchase a selected brand and only that brand, and it

would require insuperable unavailability to drive the consumer to seek another brand (Marshall, 2010). Blut et al. (2007) point out that at the action loyalty stage, consumers rarely consider alternative offerings, even if the alternative provides better value. Oliver (1997) discovered that action loyalty was not only developed and sustained by factors such as positive past experiences and satisfaction, but sunk costs into certain brands also assisted in sustaining the action loyalty of consumers.

Cognitive loyalty, when based on the level of performance of an organization, whether cost based, aesthetic or functional, is subject to deterioration when consumers believe that the expected performance is not achieved (Marshall, 2010). For example, Keaveney (1995) discovered that by failing to provide adequate service delivery, customers would be more inclined to switch to an alternative brand. Keaveney (1995) also continues to note that upon further dissatisfaction of customers, that affective loyalty could also deteriorate, which could ultimately result in attitudinal shifts in the customers. Affective loyalty is, therefore, first affected by a decline of the cognitive base that then continues to negatively impact the strength of the attitude towards a brand and consequently on affective loyalty.

Oliver (1999) suggests that consumer loyalty is developed progressively, as well as in an identifiable order of sequential stages following the arrangement of cognitive, affective, conative and then action loyalty. This order implies that loyalty amongst consumers initially starts as attitudinal loyalty and gradually develops into behavioural loyalty. Blut et al. (2007) disagree with Oliver's (1999) sentiment and argue that, although considerable empirical testing has been conducted in an attempt to link the various levels of loyalty, no research has yet provided any clear evidence to suggest that links exist between the various loyalty stages.

A major limitation of employing a sequential loyalty model as proposed in Oliver's (1999) Four-Stage Loyalty Model is that the framework follows a restrictive and sequential logic, which requires a linear relationship within the loyalty formation process and this does not authentically portray the intricacy of consumer loyalty behaviour (Hinson et al., 2016). Incidentally, Oliver (1999) argues that the various stages of loyalty emerge successively rather than concurrently.

In summary, cognitive loyalty highlights the characteristics which are perceived by the consumer, affective loyalty affirms that the consumer has developed a likeability towards the brand, conative loyalty is displayed when the consumer has the desire to repurchase a brand and action loyalty is the sincere commitment by a consumer to act on the desire to repurchase a brand (Oliver, 1999).

2.2.5 Drivers of Brand Loyalty

2.2.5.1 Customer Satisfaction

Customer satisfaction is developed in customers when their product expectation and experience after a purchase is improved and the customer perceives that the product expectation and experience outweighs the cost incurred during the purchase (Serkan & Gökhan, 2005). The customer's expectation is an indication of the anticipated performance which the customer expects. The anticipated performance, thus, considers how a product is able to perform its operation or intended purpose (Gilbert & Surprenant, 1982) and it is usually influenced by the expectations of the customer. The customer will consider their past experience of the brands' performance as a baseline for their expectation of future use. Gilbert and Surprenant (1982) note disconfirmation to be the variance between the actual performance and the prior expectation of the customer. Customers are, thus, able to experience either positive or negative disconfirmation. Positive disconfirmation indicates that the performance of the product or brand exceeded their expectation, whereas negative disconfirmation did not. Yi (1990) notes that consumer satisfaction or dissatisfaction needs to be continually evaluated by comparing the consumer's expected and perceived performance of a product or service.

Schultz and Bailey (2000) argue that customer satisfaction offers an organisation with a means to develop and measure customer loyalty, since satisfied customers generally tend to remain loyal to a product or brand compared to a customer that is unsatisfied. Oliver (1999) discovered that

affective loyalty could be developed if a consumer is to repetitively experience satisfactory use of a product or service over time.

Mittal and Kamakura (2001) conducted a large-scale study on the consumer behaviour within the automotive industry and discovered the strong effect of customer satisfaction based on repurchase behaviour. Mittal and Kamakura (2001) also discovered significant variations in the relationship between satisfaction and retention when considering customer characteristics, which could also be driven by culture.

Oliver and Swan (1989) discovered in their studies of the automotive industry that if consumers were satisfied with the salesperson, their behavioural intentions improved.

2.2.5.2 Perceived Brand Quality

The perception of the quality of the brand is determined by each individual customer (Cole & Flynn, 2009). Bruks, Zeithmal and Naylar (2000) found that a standard method of assessing the quality of a product or brand is by establishing quality dimensions, which can be compared to the product or brand. These quality parameters are: durability, performance, prestige and serviceability:

- Durability refers to how robust a product is and how long it can function without the need for repairs (Bruks et al., 2000).
- Performance refers to how well a product is able to conduct its intended purpose (Bruks et al., 2000).
- Prestige refers to the way in which products are able to communicate their relevance and superiority to a social group (Bruks et al., 2000).
- Serviceability refers to the access that customers have to servicing provided by the manufacturers (Bruks et al., 2000).

Gurbuz (2008) found that perceived quality is the core driver of generating brand loyalty in consumers and that a high regard of the quality of a product or brand will develop or maintain positive behavioural intentions in customers. Zeithaml, Berry, and Parasuraman (1996) found that by providing consumers

with customer satisfaction and/or perceived value that loyalty intentions, as well as retention, could be improved.

2.2.5.3 Brand Experience

Marketing specialists and academics have acknowledged the importance of managing a customer's experience so that value creation can be achieved (Berry, Carbone & Haeckel, 2002; Iglesias et al., 2011). As a result, marketing focus has shifted from quality to experience (Klaus & Maklan, 2013), and consequently it is becoming imperative for marketers to define and develop methods to enhance brand experience, enabling organisations to work towards gaining a competitive edge in their respective markets (Ismail et al., 2011).

Brand experience refers to an internal and subjective response, in addition to a behavioural response, that a consumer is subjected to after their encounter with a product, the shopping or consumption thereof (Brakus et al., 2009). Kerin, Jain and Howard (1992) argue that brand experience is, thus, the total pleasantness or unpleasantness that consumers encounter when dealing with a brand, which then affects their behavioural and attitudinal response and ultimately influences patronage. Academic research has established that brand experience has developed into a concept which spans across numerous experience categories, such as product experience, service experience, customer experience, etc. (Zarantonello & Schmitt, 2010).

Brakus et al. (2009) determined in their study that affective, sensorial, intellectual and behavioural dimensions were the primary facets of brand experience. Brakus et al. (2009) analysed their brand experience dimensions with more than 30 brands in several industries including the automotive industry and found their dimensions to be valid and reliable.

Sahin, Zehir and Kitapci (2002) go on to argue that brand experience is a holistic response of cognitive, affective and behavioural elements, and define brand experience as "*the conceptualization of sensations, feelings, cognition, and behavioural responses evoked by brand-related stimuli that is part of a*

brand's design and identity, packaging, communications, and environments" (Sahin et al., 2002, p.11191) . Sahin, Zehir and Kitapci (2002) additionally maintain that a consequence of positive brand experience is that it generates brand loyalty.

Brand experience consequently has a relationship with brand loyalty and plays a significant role in the brand building progression. According to Iglesias et al. (2010), consumers who have a pleasant and positive experience are likely to repurchase the same brand continually and will become loyal to the brand. Fazio, Powell, and Williams (1989) discovered in their research that when a consumers' experience with a brand develops over time, their attitudes and relationships towards a brand strengthens, they become more resistant to change and are more likely to be guided by their intentions. A brand that is able to create value or provide an extraordinary experience for customers will eventually become a 'loyalty enabling brand' (Yoo & Bai, 2013).

Rosenbaum-Elliot, Percy and Pervan (2011) acknowledge that brand involvement and experience play a crucial role in achieving sales in the automotive industry and consumers are, therefore, exposed to high levels of brand involvement in an attempt to positively influence their purchase decisions.

2.2.5.4 Brand Image

Lee H, Lee C and Wu (2009) define brand image as "*perceptions about a brand as reflected by the brand association held in consumer memory*" (Lee et al., 2009, p. 1093). They allege that brand image furthermore considers the consumers' belief, information and knowledge of the brand. By instilling a positive image of a brand on consumers, customers develop a connection with the brand and become loyal to the brand. Hyun and Kim (2011) concur with this sentiment and state that a favourable brand image can positively influence consumer behaviour towards a brand and increase loyalty, generate positive word of mouth and can, in addition, allow marketers to command a price premium.

Brand image for that reason plays a pivotal role when consumers evaluate products and services and has the ability to be a driving force in the generating of brand loyalty (Chen & Myagmarsuren, 2001). Chen and Myagmarsuren (2001) furthermore note that brand image can influence behavioural and attitudinal responses of consumers toward a company, product or brand.

2.2.6 Brand Switching

Brand switching is the act of loyal customers switching to an alternative brand (Keaveney, 1995). Marketing literature has highlighted numerous reasons as to why consumers switch product brands or services, and some of the most common noted reasons are as follows (Keaveney, 1995):

1. Inconvenient Location or Working Hours:
Consumers switch to alternative brands if the location of the store is inaccessible and/or the operating hours of the store is inconvenient.
2. Price:
Price is noted to be one of the primary reasons as to why many consumers choose to switch to an alternative brand. Consumers have been found to switch brands when their internal reference prices are exceeded.
3. Competition:
Consumers can be persuaded to switch brands if competitors are able to offer better products or service.
4. Product or Service Failure:
Continual product failure or poor service can cause consumers to switch brands.
5. Ethical Problems:
Unethical behaviour such as intimidation, dishonesty, unhealthy and unsafe practices have been noted as causes by consumers for switching to alternative brands.
6. Sales Promotions:
Numerous studies have been conducted to study the consequence of sales promotions. Van Heerde et al. (2003) discovered that 74% of sales promotion elasticity is credited to brand switching and that the remaining 24% of sales promotion elasticity is credited to quantity increases and timing acceleration.

2.3 Research Theory

Three research theories were considered to provide the basis theory for the study. These three theories are: Agency Theory, Resource-Based View Theory and Signalling Theory.

2.3.1 Agency Theory

As maintained by Zogning (2017) the 'Agency Theory' was introduced in information economics literature and was established to offer a theoretical framework for the relationship between two parties, the principle and the agent, and how work is delegated between the parties (Zogning, 2017). Agency Theory sets out to explain the behaviour of the organisation and emphasises the relationship between the company and its shareholders (Zogning, 2017). Eisenhardt (1989) states that 'Agency Theory' originated from economics and for that reason views organisations from an economic perspective and suggests that the members of an organisation seek the rewards which are in their best interests, even if the rewards are not in the organisations' best interest (Eisenhardt, 1989).

It has been stated that Agency Theory has been adopted by various disciplines, such as accounting (Baiman, 1990), economics (Ross, 1973), political science (Mitnick, 1993), finance (Jensen & Meckling, 1976) and law (Banfield, 1965).

Agency Theory offers an analysis of the behaviour of an organisation and this study aims to concentrate on the behaviour of the consumer. As such, Agency Theory is not a suitable theory for this study.

2.3.2 Resource-Based View Theory

The Resource-Based View Theory sets out to clarify the sustained competitive advantage, or SCA, which is created by internal sources (Kraaijenbrink, Spender & Groen, 2010). Resource-Based View Theory proposes that in order for a firm to achieve SCA, the firm needs to attain and control rare, valuable, non-substitutable and unique capabilities and resources (Kraaijenbrink et al., 2010). Furthermore, the firm must be organized in such a manner as to fully utilise and apply those capabilities and resources (Barney, 2002).

Bain (1968) and Porter (1979) are two of the main advocates of Resource-Based View Theory and developed the theory as an accompaniment to the Industrial Organization Theory. The Industrial Organization Theory is based on the principles of the conduct-performance-structure paradigm and considers the determinants of the performance of the firm to be related to the industry and factors external to the firm (Kraaijenbrink et al., 2010). Resource-Based View Theory, on the other hand, explicitly considers the internal factors of the firm which affect performance and the theory aspires to explain why firms in the same industry differ in performance (Kraaijenbrink et al., 2010). Thus, Resource-Based View Theory takes an 'inside-out' perspective of firms in order to ascertain why firms fail or succeed (Dicksen, 1996).

The Resource-Based View Theory regards the resources within the firm which are rare, valuable, non-substitutable and inimitable as the features which allow the firm to maintain or develop a competitive advantage(s). The theory also seeks ways to utilise these competitive advantage(s) and resource(s) to create superior performance (Collis & Montgomery, 1995). These abovementioned resources also consider market-based assets, which generally fall into two categories: relational and intellectual (Srivastava et al., 2001).

1. Relational market-based assets are defined as the relationships which firms have with their customers and networks (Srivastava et al., 2001).
2. Intellectual market-based assets are defined as the form of knowledge that firms possess about their competitive environment (Srivastava et al., 2001).

Priem and Butler (2001) argue that marketers have not implemented The Resource-Based View enthusiastically due to the unsatisfactory classification and general description of resources and marketing capabilities thereof. However, according to Barney, Ketchen and Wright (2011) Resource-Based View Theory is acknowledged as being a prominent theory for explaining, predicting and describing organisational relationships (Barney, Ketchen & Wright, 2011).

It is maintained by Srivastava et al. (2001) that Resource-based View Theory is directed at considering the value of resources within a firm and how these resources are utilised. Srivastava et al. (2001) furthermore state that the premises and assertions of Resource-based View Theory to date have avoided the direct

interaction with the intent, prerequisites and concept of marketing (Srivastava, Fahey & Christensen, 2001). As such, Resource-based View Theory is not an applicable theory in the analysis of this study.

2.3.3 Signalling Theory

Signalling Theory is primarily based on the concept of reducing the information asymmetry which exists between two parties (Spence, 2002). A consumer's decision-making process is affected by the information which they possess, be it information which is freely available to the public or private information which only certain consumers have (Connelly et al., 2011). Stiglitz (2002) explains that information asymmetry occurs when people have differing information, which is usually caused by some people having private information that may assist them to make better informed decisions.

Stiglitz (2000) emphasises two types of information in which asymmetry are important: information about intent and information about quality. With regards to information about intent, information asymmetry is considered essential when one group is concerned about another group's intentions (Elitzur & Gavious, 2003). Whereas considering information about quality, information asymmetry is essential when one group is not fully informed of the attributes of another group (Stiglitz, 2000).

The insight of Signalling Theory lies in assigning costs to the information acquirement processes that resolve information asymmetries in a range of social and economic phenomena (Connelly et al., 2011). In order for signalling to occur, the conveyed signal needs to have some strategic effect and be beneficial for the organisation emitting the signal (Connelly et al., 2011).

The majority of signalling models consider quality to be a distinguishing characteristic, with quality being referred to as the unobservable, underlying capability of the signaller to accomplish the needs and/or demands of the signal observer (Connelly et al., 2011). The concept of Signalling Theory requires a signaller, a signal, a receiver and feedback (Connelly et al., 2011).

2.3.3.1 Signaller

Signalling Theory stipulates that the signaller is an insider who acquires information about individuals (Spence, 1973), products (Kirmani & Rao, 2000) or organisations (Ross, 1977) and that this information is usually not available to outsiders (Connelly et al., 2011). Insiders are also able to acquire information about various other facets of the organisation and the obtaining of this private information places the insider in a privileged position regarding their perspective on the quality of the organisation (Connelly et al., 2011).

2.3.3.2 Signal

The signal is the positive information which insiders deliberately communicate to outsiders in an effort to convey positive organisational qualities and attributes (Connelly et al., 2011). Signalling Theory focuses on this deliberate communication of positive information and sets out to discover the effects thereof (Connelly et al., 2011).

Connelly et al. (2011) note that the two principal characteristics of effective signals are signal observability and signal cost. Signal observability considers how noticeable a signal is to outsiders, whereas sign cost considers the costs associated with conveying the signal to the market, be it via advertising, etc.

Scholars have noted that signals have associated signal strengths and have suggested that signals can either be 'weak' or 'strong' (Gulati & Higgins, 2003). Ramaswami, et al. (2010) explain signal strength as the prominence that a signal has and the way in which a given consumer buys into a conveyed signal. Janney and Folta (2003) discovered that signal effectiveness can be improved if stronger signals are conveyed to a given target market, with the number of signals being known as the signal frequency. To reduce information asymmetry, signallers signal repetitively (Park & Mezas, 2005). Balboa and Marti (2007) found that repetitive signalling may enhance the effectiveness of the signals if the organisation makes use of different signals in order to communicate identical messages. Fischer and Reuber (2007) also noted the effect of conveying repetitive

signals with identical information, however, they found that conflicting signals generally confuse consumers and lead to a decline in signal effectiveness.

2.3.3.3 Receiver

The receiver is the consumer or any outsider to the organisation to whom signals have been emitted. The receiver would like to receive information that they are lacking about the organisation (Connelly et al., 2011). The value of a signal to a receiver is dependent on the degree to which the signal information aligns with the requirements of the receiver and the quality (Connelly et al., 2011). Connelly et al. (2011) describe receiver attention and receiver interpretation as two primary factors to successfully receive and translate a signal. Receiver attention is defined as the receivers' ability to attentively scan the market for signals, whereas receiver interpretation is defined as the procedure of interpreting signals into their perceived meaning. Cohen and Dean (2005) discovered that receivers who had acknowledged a signal and who had successfully been informed by the signal would be likely to focus on similar signals in the future.

2.3.3.4 Feedback

In an attempt by signallers to improve their signalling effectiveness, signallers request feedback from consumers. Connelly et al. (2011) note that the advantage of receiving feedback is that it further assists in reducing information asymmetry, since information asymmetry works in both directions. By constructively making use of feedback, signallers can adapt the information conveyed in future signals, thereby improving signal reliability and effectiveness (Gulati & Higgins, 2003).

Emitting marketing signals in the motor industry provides organisations with the means to convey positive messages to prospective customers and reduces information asymmetry. As noted by Rao et al. (1999), by successfully emitting signals and conveying positive information about products, marketing signals can facilitate the decision-making process of consumers. Marketing signals, therefore, have a vital role as drivers in generating the initial attitude of the customer towards the organisation and have the ability to drive customer behaviour and attitudes.

Marketing signals also assist in the generating of brand loyalty. As such, Signalling Theory is a suitable theory to consider how brand loyalty is generated in the motor industry and will be adopted as the basis theory for this study.

It has become essential for marketers in the South African motor industry to understand the effects of emitting marketing signals and whether the adopted signalling strategies offer any assistance in the generation of brand loyalty. The first hypothesis is, therefore, stated as:

- H₁₀ There is no relationship between marketing signals and the generation of brand loyalty in the South African motor industry
- H_{1a} There is a relationship between marketing signals and the generation of brand loyalty in the South African motor industry

2.4 Culture's Effect on Brand Loyalty

2.4.1 What is Culture

All cultures display different characteristics and traits and the combination of these characteristics and traits define culture. Culture consists of numerous characteristics and features, such as values, morals, customs, religions, beliefs and opinions among the people who belong to a certain society (Dodor & Rana, 2007). The cultural characteristics and traits of different societies are developed and shaped in schools, the family and organisations. Kluckhohn (1951) acknowledged that culture consists of structured ways of reacting, feeling and thinking and is acquired and conveyed primarily through symbols, which constitute distinctive achievements of human groups. Furthermore, Kluckhohn (1951) concluded that the core of culture is essentially comprised of traditional ideas and their attached values. Hofstede was also a prolific researcher in the field of culture and went on to define culture as "*the collective programming of the mind which distinguishes the members of one human group from another*" (Hofstede, 1980, p.25).

Hofstede (2010) notes that culture is comprised of systems of values and those values are the fundamental building blocks of culture. Hofstede (2010) also regards culture as the interactive collection of common characteristics, which influence the

response that human groups have to their environments. Culture is also comprised of the collective deposit of experience, knowledge, beliefs, meanings, values, religions, attitudes, concept of self, spatial relations, expectations and roles, which are acquired by an extended group as a means to adapt to their environment (Markel, 2009).

Ogbor (1980) noted the following four features of culture: i) Culture is shared - Culture focuses on the characteristics that a group has in common, rather than the characteristics of the individual. ii) Culture is learned - Culture is not inherent and it is, therefore, possible for people to move from one culture to another and learn the characteristics of a new culture. iii) Culture provides orientations - People of a particular culture generally react in a similar way to a given stimulus. Therefore, by understanding culture, an understanding can be developed as to how people might react in certain situations. iv) Culture is compelling - Culture lets people behave in certain ways without the individuals being aware of the influence that their culture has on them. As such, it is possible to understand and anticipate behaviour if the culture is known.

Differences in culture are influenced by the factors which motivate people to accomplish different goals (Robert, 2004). Cultures which aggressively pursue the success of their goals tend to value material possessions, assertiveness and money, whereas cultures with a more passive approach to accomplishing their goals tend to value quality of life, welfare of others and social relevance (Anedo, 2012).

2.4.2 Culture's Effect on Consumers and Marketing

Fulford (2001) reasoned that culture has an influence on the effectiveness of producing an efficient marketing strategy in a cross-cultural context. Fulford (2001) furthermore notes that, marketing managers need to develop an understanding of how different cultures and their traits impact the effectiveness of exchange and communication. De Mooij (2003) found that organisations that ignored the impact of culture and maintained their centralised method of marketing and operations had declined in profitability.

Cultural norms and values provide a guideline to how individuals should behave and communicate, and they also affect individual's decision-making (Varey, 2002). Marketers, therefore, need to consider the cultural and media differences when communicating with different cultures and need to ensure that they align their marketing strategies with local cultures and norms. Douglas and Craig (2009) found that language has a significant impact on the effectiveness of marketing and advertising. In order to develop an effective promotional message, the details and language used in the message need to correspond with the local culture and the norms which are considered acceptable and appropriate.

De Mooij and Hofstede (2010) found that marketing managers have an increased interest on the impact and consequences that different cultures have and used their findings to create improved advertising and marketing strategies on the global market. Sojka and Tansuhaj (1995) concluded in their analysis of cross-cultural consumer research, that marketers have pursued three primary approaches to functionalise culture, namely: material artefacts; a beliefs and values system; and language. Material artefacts provide a means to visually symbolise evidence of cultural meaning (Sojka & Tansuhaj, 1995). A beliefs and value system provides a core set of traits or characteristics which are instrumental when cultural consumer behaviour is to be understood (Sojka & Tansuhaj, 1995). Lastly, language provides a sort of interpretive code which is used by cultures to present and organise their worlds (Sojka & Tansuhaj, 1995). However, language cannot be used as a suitable indicator of ethnicity and cannot be used to independently explain culture or consumer behaviour (Soares, Farhangmehr & Shoham, 2007).

Nakata (2009) found in her studies that the internet had played an immense role in distributing information about service and product offerings, cultural image and lifestyle and that consumers from all over the globe are more familiar with global brands than ever before. Nakata (2009) further notes that the global advertising mechanism has forced researchers and practitioners of global marketing to explore alternative paradigms of culture. Thus, assisting them to more accurately direct their marketing goals upon the dynamic environment of consumers, organisations and markets from around the globe. The research conducted by Hofstede regarding the adaptation of marketing and branding strategies that consider the consumers culture,

lead to the development of the Cultural Model, which is widely known and used as a mechanism to appreciate cultural differences (De Mooij and Hofstede, 2010). Belch and Belch (2003) maintain that culture is the external force which has the greatest impact on consumer behaviour.

South Africa has been named the 'Rainbow Nation' due to the diverse range of cultures, with 11 official and 8 additional recognised languages (ShowMe South Africa, 2008). Culture in South Africa was diversified by the migration of Bantu cultures from the North and the introduction of the various European and Asian cultures during colonialization (ShowMe South Africa, 2008). Due to urbanisation, a fusion of culture has developed within the South African population, which makes it difficult to differentiate between the different cultures (ShowMe South Africa, 2008). Therefore, for the context of this study, South African cultures will be considered in the following cultural groups, namely; Asian, Black African, Coloured, Indian, Non-Dominant and White.

By considering the role of culture in consumer behaviour, the second hypothesis sets out to discover if culture has any effect on brand loyalty and, therefore, if a relationship exists between culture and brand loyalty. The second hypothesis is stated as:

H_{2o} Culture has no relationship with brand loyalty in the South African motor industry

H_{2a} Culture has a relationship with brand loyalty in the South African motor industry

2.5 Age's Effect on Brand Loyalty

It has been found that the information search process is generally a cognitively strenuous one and older consumers in general spend less time engaging and searching for alternatives during their decision-making processes (Carpenter & Yoon, 2012). Furthermore, Johnson (1990) discovered that older consumers spent less time searching for alternative brands and that this construct reduces consideration sets. These reduced consideration sets are a phenomenon known as

the 'shrinkage effect', which is induced when older consumers spend an insufficient amount of time searching for information, leading to an insufficient amount of information obtained, thus, fewer options can be considered (Lambert-Pandraud & Laurent, 2010).

One of the primary consequences of the reduced consideration sets is the increased likelihood of repeat purchasing among older consumers since they repurchase from the limited sets of brands that they have become comfortable with (Lambert-Pandraud, Laurent & Lapersonne, 2005). This act of repeatedly choosing the same brand leads to brand preference and loyalty. A second consequence of reduced consideration sets is that if older consumers are presented with negative information regarding any of the brands in their consideration sets, they will eliminate the brand from the set and as a possible alternative, thereby focusing their brand preference on even fewer options (Riggle & Johnson, 1996).

Sorce (1995) proposes that studies in the field of cognitive psychology have demonstrated the decline of cognitive capacities with age, such as working memory, and suggests that this is a plausible explanation for the increased brand loyalty among older consumers. Williams and Drolet (2005) state that older consumers are more affectively focused on certain brands that they have previously owned due to past experiences and personal values (Labouvie-Vief & Blanchard-Fields, 1982); a decline in the capacity of their working memory (Hasher & Zacks, 1988); and having developed a complex emotional bond, which they are able to integrate with their cognitions and emotions as they mature (Labouvie-Vief, 1998). Sorce (1995) also suggests that information which is highly practiced and/or well learned assists in creating stronger tendencies of brand loyalty among older consumers. Yoon (1997) conducted research into the 'Information Processing Theory' and found that the theory affirms that older consumers are less likely to engage with and search for new information, often resorting to heuristic methods of processing information. Additionally, Gilly and Zeithaml (1985) also discovered in their studies that the ability to process information deteriorates with age.

Dickinson (2013) discovered a peculiar relationship between satisfaction and happiness among older consumers where levels of satisfaction increased, while

levels of happiness decreased. This was an indication that consumers may be affectively satisfied, or happy, without any cognitive satisfaction. Older consumers demonstrate a resistance to change, even if they are dissatisfied with their current circumstances. Botwinick (1966) noted two hypotheses to explain the resistance to change. Firstly, he noted that intellectual decline results in older consumers wanting to make fewer decisions and preferably avoid making any decisions. Secondly, older consumers try to avoid the risks, especially financial risks, associated with poor decision making. The brand loyalty of older consumers could, therefore, be as a result of a resistance to change or change aversion and this generates a purchase behaviour which simply opposes the switching of brands

Homburg and Giering (2001) found that the purchase behaviour of younger consumers is strongly influenced by satisfaction and found that age is an influential moderator of the relationship between loyalty and satisfaction, where younger consumers are less inclined to be loyal. Homburg and Giering (2001) found that older consumers are usually more loyal than younger consumers since they are able to consider their previous experiences with products and brands, which then ultimately drives their purchasing decisions.

Lambert-Pandraud et al. (2005) discovered in their research of repeat purchasing practices in the automotive sector that consumers who were 60 years or older considered fewer dealers, brands and models of vehicles and tended to repurchase the brands that they had previously owned. Since vehicles are high value products and have long life cycles, it has been discovered that consumers from the age of 40 or older are more likely to develop loyalty and preferences towards certain brands of vehicles due to the fact that they had owned several vehicles in the past and had past experiences with the brands (Maheshwari et al., 2014).

By considering the role of age in consumer behaviour, the third hypothesis sets out to discover if age has any effect on brand loyalty and if a relationship exists between age and brand loyalty. The third hypothesis is, therefore, stated as:

- H3o Age has no relationship with brand loyalty in the South African motor industry
- H3a Age has a relationship with brand loyalty in the South African motor industry

2.6 Conceptual Model

Figure 1 graphically illustrates the conceptual model that has been generated for this study.

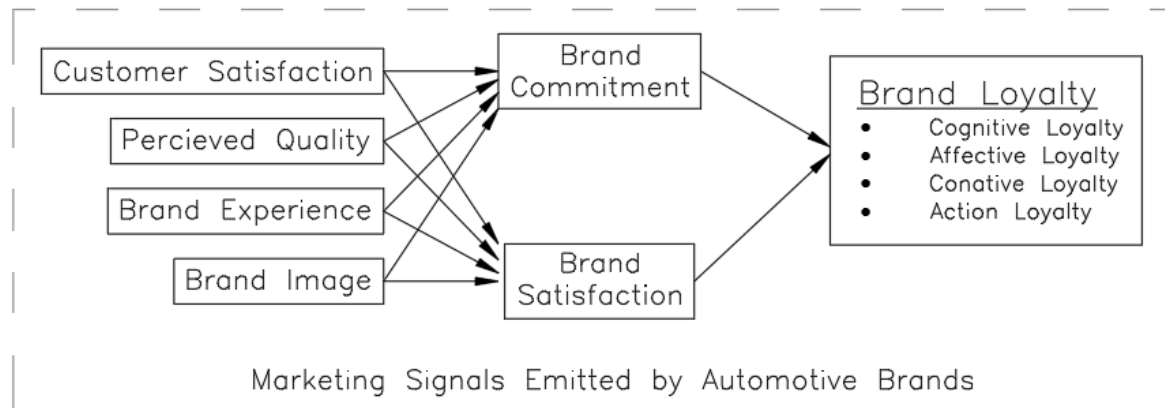


Figure 1: Conceptual Model

The conceptual model indicates that the four drivers of brand loyalty, namely: customer satisfaction, perceived quality, brand experience and brand image lead to either brand commitment or brand satisfaction. Brand commitment and/or brand satisfaction then lead to brand loyalty. Although a consumer is brand loyal, they can be at any of the four stages of brand loyalty. During the entire process of generating brand loyalty in a consumer, marketers continually emit marketing signals in an attempt to reduce information asymmetry. When the effect of age and culture are tested, the model will remain the same, but it is assumed that the effect on the process of attaining brand loyalty will differ.

2.7 Summary

Brand loyalty consists of attitudinal and behavioural aspects and encompasses brand satisfaction, as well as brand commitment. Oliver's (1999) Four-Stage Loyalty Model provides a useful model to test the stages of loyalty and various drivers of brand loyalty were noted, such as customer satisfaction, perceived brand quality, brand experience and brand image. Signalling Theory provides a suitable research theory to assess the influence of marketing and advertising in the development of brand loyalty in the South African motor industry. Literature suggests that culture and

age will potentially have an effect on brand loyalty and, therefore, that a relationship exists between culture and brand loyalty, as well as age and brand loyalty.

3 Research Methodology

3.1 Introduction

The following chapter will discuss the research paradigm, goals and objectives of the research study and will provide details of the research method and instrument used. The development of the questionnaire will be discussed, and details will be provided regarding the data capture and data analysis procedures. The consideration of research ethics during the study will also be noted.

3.2 Research Paradigm

The research paradigm that has been adopted for this research study is postpositivism (Guba and Lincoln, 1994). The research used a quantitative approach and a field survey was conducted to gather data from a sample of the South African motor industry consumer population. Quantitative statistical techniques were employed to interpret the data and to accept or reject the derived hypotheses (Guba and Lincoln, 1994). Lans and Van der Voordt (2002) describe descriptive research as an objective study to determine factual evidence about predetermined variables within a certain context. This study can therefore be described as a descriptive research since it sets out to ascertain if age and culture will have an effect on the generating of Brand Loyalty in the South African motor industry.

3.3 Research Goals and Objectives

The study sets out to establish if age and culture have an effect on brand loyalty in the South African motor industry.

The purpose of the research is to:

1. Empirically test various marketing signals and assess how they assist in generating brand loyalty in the South African motor industry.
2. Assess the effect of age and culture on brand loyalty in the South African motor industry and conduct statistical tests to discover if relationships exist between age and brand loyalty, as well as culture and brand loyalty.

By statistically analysing the data captured in this research study, it is the objective to conduct hypothesis testing on the following hypotheses which were generated for this study:

Hypothesis H1

H_{1o} There is no relationship between marketing signals and the generation of brand loyalty in the South African motor industry

H_{1a} There is a relationship between marketing signals and the generation of brand loyalty in the South African motor industry

Hypothesis H2

H_{2o} Culture has no relationship with brand loyalty in the South African motor industry

H_{2a} Culture has a relationship with brand loyalty in the South African motor industry

Hypothesis H3

H_{3o} Age has no relationship with brand loyalty in the South African motor industry

H_{3a} Age has a relationship with brand loyalty in the South African motor industry

3.4 Research Method

In order to achieve the research objectives and goals, the researcher utilised a quantitative technique to gather data. A quantitative data gathering technique produces quantifiable data that can be used in statistical testing to test the strength of relationships between different variables (Couchman & Dawson, 1995). As such, a quantitative data gathering technique is appropriate to investigate trends and phenomena that require precise quantifiable measurements (Polit & Beck, 2004). A quantitative data gathering technique is generally well structured, which will further assist to improve objectivity. Cormack (1996) notes that a quantitative data gathering technique allows a researcher to obtain numerical data that can be interpreted with the use of statistical techniques and the interpretations can then be used to reach conclusions. The above noted features, therefore, verify that the use of a quantitative data gathering technique is in accordance with the research paradigm.

3.5 Research Instrument

Quantitative data was collected with the use of an online questionnaire, which was generated from the findings in the literature review. The questions were structured in a Likert-type scale and considered a series of statements to which one responds using a scale of possible answers: Strongly disagree (1), disagree (2), Neutral (3), agree (4) and strongly agree (5).

To evaluate and analyse Hypothesis H1, the statements, as tabulated in Table 1, were created through the consideration of Signalling Theory as noted in the Literature Review Chapter.

Table 1: Hypothesis H₁ and Research Questions

H1 Marketing signals assist in the generation of brand loyalty in the South African motor industry	I was attracted to the vehicle brand by the advertising
	The adverts of the brand of vehicle that I own offer a true reflection of the vehicle
	When purchasing a vehicle, the adverts provide adequate information that I require to make my decision.

The statements in Table 1 aim to ascertain the effect of marketing signals through the use of advertising in the motor industry.

A weighted average will be calculated for the answers that the participants provide to the 3 statements in Table 1. This calculated average will transform the ordinal variables obtained in the Likert-scale questions to a continuous variable, which will then be used as a representative value for the effect that marketing signals had on each participant.

To evaluate and analyse Hypothesis H2 and H3, the statements, as tabulated in Tables 2 and 3, were created to test whether customers were brand loyal and at what stage of brand loyalty the customers were.

Table 2: Brand Loyalty Questions

Brand Satisfaction	I am satisfied with the brand of vehicle I that own
	The vehicle brand has met all my expectations
Perceived Value	I feel that the vehicle brand offers a reliable product
Brand Commitment	I would likely switch brands if an alternative vehicle brand was sold in a more convenient location
	I would likely switch brands if an alternative vehicle brand was cheaper
	I would likely switch brands if an alternative brand offers a vehicle at a similar price with more of the features that I am looking for

The statements in Table 2 aim to establish whether customers are brand loyal by considering their brand satisfaction, perceived value and brand commitment. The statements were created through the consideration of Brand Loyalty as noted in the Literature Review Chapter.

A weighted average was calculated for the answers that the participants provided to the 6 statements in Table 2. This calculated average transformed the ordinal variables obtained in the Likert-scale questions to a continuous variable, which was then used as a representative value of Brand Loyalty for each participant.

Table 3: Loyalty Stage Questions

Cognitive Loyalty	I purchased the brand of vehicle because it offered good value for money
	I purchased the brand of vehicle because I regarded it as the best vehicle in the price range
	I purchased the brand of vehicle because of the after-sale service offered
	I purchased the brand of vehicle because it offers a good potential resale value
	I would likely switch brands if an alternative vehicle brand was sold in a more convenient location
	I would likely switch brands if an alternative vehicle brand was cheaper
	I would likely switch brands if an alternative brand offers a vehicle at a similar price with more of the features that I am looking for
Affective Loyalty	I bought this brand of vehicle because I really like it
	I feel more attached to this brand of vehicle than to other brands
Conative Loyalty	I prefer to make use of vehicles of this brand
	I intend to remain a customer of the brand
	I will recommend the brand I have chosen to persons I know
Action Loyalty	I will purchase the same vehicle brand instead of other brands
	I consider this brand of vehicle as my first choice
	Even if the vehicle brand does not offer the best value for money, I will still purchase it
	I consider the vehicle brand as 'Tried and Trusted'

The statements in Table 3 aimed to establish at what loyalty stage (Cognitive, Affective, Conative, Action Loyalty) customers were. The statements were created through the consideration of Oliver's (1999) Four-Stage Loyalty Model as noted in the Literature Review Chapter. Consideration was also given to the findings of Bobalca, Gatej and Ciobanu (2012) in their research study to develop an appropriate scale to measure customer loyalty.

A weighted average was calculated for each of the four loyalty stages. The weighted average was calculated by averaging provided answers to the statements associated with each stage of loyalty, as illustrated in in Table 3. Two of the survey questions requested that the participants select their appropriate Age Range and Culture. This data was used to compare the results of different age groups and cultures and assisted in the testing of Hypotheses H2 and H3. An example of the questionnaire is available in Appendix A.

SurveyMonkey was used as the questionnaire engine and once the questionnaire was constructed and published on SurveyMonkey, a link to the questionnaire was available. The data of all the completed questionnaires was registered, collated and prepared for data analysis by SurveyMonkey.

3.6 Data Collection and Sample

The researcher contacted and secured the participation from a South African real estate agent group for the data collection process. The researcher provided the real estate agent group with a link to the online questionnaire and the real estate agent group agreed to distribute the questionnaire to all employees via their internal mailing list. The selected South African real estate agent group provides an acceptable sample population for the study due to the fact that all their estate agents own their own private vehicles and because the employees provide an adequate representation of age and culture.

The response rate achieved during the data collection process was 190 questionnaires completed of 223 questionnaires administered. The data collected from the 190 fully completed questionnaires was used in the data analysis.

3.7 Data Analysis

3.7.1 Reliability Testing

Reliability considers the likelihood of attaining identical results when the same variables are retested in the same test environment (Brink, 1993). Reliability is relatable to the measurement precision of the instrument used during data collection. The data collection instrument can be considered as reliable if its measurement

precision is able to reflect the true scores of the characteristic under investigation (Polit & Beck, 2004).

The captured data was submitted to a reliability test after the completion of the data collection process. The mean scores of marketing signals, brand loyalty, cognitive loyalty, affective loyalty, conative loyalty and action loyalty for each of the 190 participants was considered in the Cronbach Alpha test. The following Cronbach's alpha score was calculated for the data set obtained by the questionnaire:

Cronbach Alpha Coefficient (α) : 0.7662

With the Cronbach coefficient being greater than 0.7, it is concluded that the questionnaire has satisfactory reliability (McKinley, et al., 1997).

3.7.2 Data Analysis

Polit and Hungler (1999) define data analysis as the methodical organisation and collating of research data followed by the utilisation of the data to test the research hypothesis. The acquired data was descriptive and as such descriptive statistics were employed to conduct the data analysis. Polit and Beck (2004) note that descriptive statistics offer researchers an appropriate means to review and describe quantitative data that has been acquired from empirical studies.

The researcher performed the following descriptive statistical analyses:

1. Pearson product-moment correlation to test to the strength and direction of association of Hypothesis H1.
2. One-way ANOVA to test the statistical significance of the relationships of culture and age with brand loyalty as hypothesized in H2 and H3.
3. A correlation matrix was generated to assess if any correlation exists between the Four Stages of Loyalty.

The statistical program used to analyse the data was Stata.

3.8 Research Ethics

Bryman and Bell (2007) note various ethical considerations which need to be taken into account in the event of conducting research. As part of this research study, the following ethical considerations and guidelines from Bryman and Bell (2007) will be taken into account and employed by the researcher:

1. Prior to the study, full consent from the participants was obtained.
2. The privacy of all research participants.
3. The anonymity of all research participants.
4. An affiliation or possible conflict of interest by any research participant needed to be declared.
5. The interpretation and representation of findings are made in an unbiased manner.

An Institution Participation Letter was prepared by the researcher and submitted to the real estate agent group to obtain ethical approval for the participation of their employees. A sample copy of the Institution Participation Letter is available in Appendix B.

An Individual Participation Letter was also prepared by the researcher and once a participant selected the link to the online questionnaire, the Individual Participation Letter was displayed, and the participant was required to consent to the terms of the Individual Participation Letter by selecting an 'I Consent' tick box. The process was structured to only allow the participant to access the questionnaire once the tick box had been selected, otherwise the questionnaire would terminate. A copy of the Individual Participation Letter is available in Appendix C.

All participants agreed to be involved in the data collection process voluntarily and anonymously and no discriminatory or offensive phrases or language were used. Any works or ideas used from other authors in the research were acknowledged and referenced. The researcher ensured respondents that there are no serious risks in answering the questions.

3.9 Variables

The dependant variable for the study was brand loyalty and the independent variables were Signalling Theory, cognitive loyalty, affective loyalty, conative loyalty and action loyalty. The study considered how Brand Loyalty as the dependent variable was affected by the independent variables of Signalling Theory, cognitive loyalty, affective loyalty, conative loyalty and action loyalty and how the effects were influenced by age and culture.

3.10 Summary

The Research Methodology chapter outlined the research paradigm, goals and objectives, method and instrument, as well as the data collection procedure. 190 successfully completed questionnaires were obtained in the data collection process and data with a Cronbach Alpha Coefficient (α) of 0.7662 proved that the data had satisfactory reliability. The research ethics employed in the research study was also provided. The data analysis procedure was discussed and will be implemented in the following chapter.

4 Results and Data Analysis

4.1 Introduction

The following chapter will analyse the data which was captured in the field research. Descriptive statistical methods will be used to evaluate and analyse the data and hypothesis testing will be conducted to prove or disprove the hypotheses which were developed in Chapter 1. Table 4 represents an overview of the data which was captured.

Table 4: Descriptive Statistics of Sample

	Mean	Median	Mode	Standard Deviation
Signalling Theory	3.22	3.33	3.67	0.628
Brand Loyalty	3.61	3.67	3.83	0.426
Cognitive Loyalty	3.48	3.57	3.57	0.447
Affective Loyalty	3.84	4.00	4.00	0.839
Conative Loyalty	3.75	3.67	4.00	0.814
Action Loyalty	3.40	3.50	3.75	0.798

The values indicated in Table 4 are reflective of the answers provided by the 190 participants. Table 4 illustrates that all means fall within the range of 3 and 4, which indicates the average sentiment towards the various concepts was in the Neutral to Agree range. Due to the fact that the mean, median and mode is different for each of the concepts, the data of each of concepts are skewed. For Signalling Theory, Brand Loyalty, Cognitive Loyalty, Affective Loyalty and Action Loyalty the median and mode is larger than the mean, which indicates the data is negatively skewed. Conative Loyalty presents the anomaly of having a median that is smaller than the mean, but a mode that is larger than the mean. This anomaly is most likely caused by outliers, but the resultant skewness of the data is also negative. The standard deviation indicates a calculated estimate for dispersion and notes that 68% of all scores will fall within 1 standard deviation of the calculated means.

4.2 Hypothesis H1

The objective of Hypothesis H1 is to discover if a relationship exists between Signalling Theory and brand loyalty in the South African motor industry. As hypothesised in Chapter 2, Hypothesis H1 was stated as:

H₁₀ There is no relationship between marketing signals and the generation of brand loyalty in the South African motor industry

H_{1a} There is a relationship between marketing signals and the generation of brand loyalty in the South African motor industry

Stata was used to generate a scatter plot to illustrate the relationship between brand loyalty and Signalling Theory, as provided by the responses of the data collection questionnaires.

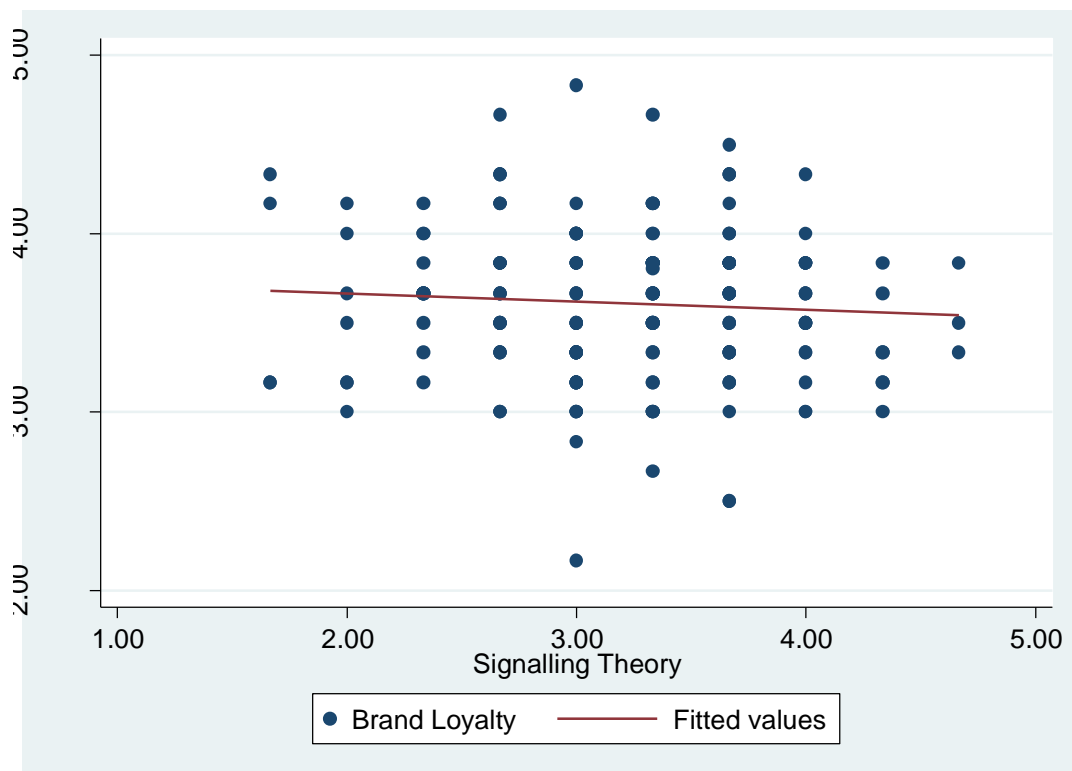


Figure 2: Brand Loyalty vs. Signalling Theory Scatter Plot

Figure 2 indicates a weak negative correlation between brand loyalty and Signalling Theory.

Stata was then used to conduct a Pearson's product moment correlation to assess the relationship between brand loyalty and Signalling Theory for all 190 participants. The result of the test is presented in Figure 3.

	Signal~y BrandL~y	
Signal~y	1.0000	
	190	
BrandLoyalty	-0.0682	1.0000
	0.3501	
	190	190

Figure 3: Stata Result for the Pearson Correlation Test

A Pearson Correlation coefficient of = -0.0682 was calculated at a statistical significance of $P = 0.3501$.

The level of statistical significance considered in the research study is $P = 0.05$ and since the calculated P-Value is 0.3501 is greater than $P = 0.05$, a conclusion can be made that no statistically significant relationship exists between brand loyalty and Signalling Theory. The null hypothesis, H_{10} , is therefore accepted.

4.3 Hypothesis H2

The objective of Hypothesis H2 is to discover if there is a relationship between culture and brand loyalty in the South African motor industry. As hypothesised in Chapter 2, Hypothesis H2 is stated as:

H2o Culture has no relationship with brand loyalty in the South African motor industry

H2a Culture has a relationship with brand loyalty in the South African motor industry

Figure 4 illustrates the cultural distribution of the 190 participants of the research study.

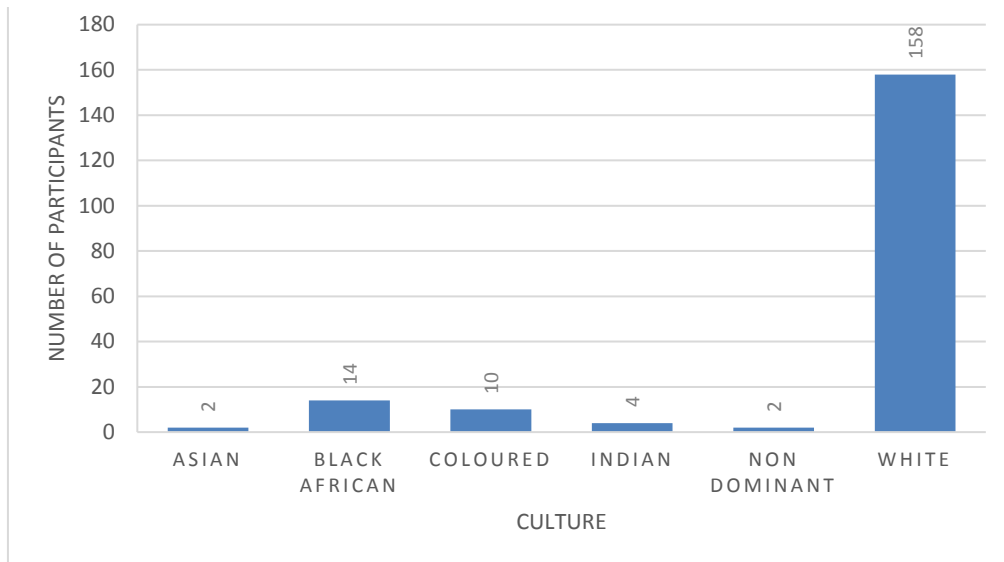


Figure 4: Cultural Distribution of Sample

Figure 5 illustrates the average brand loyalty figure that was calculated for each of the cultures.

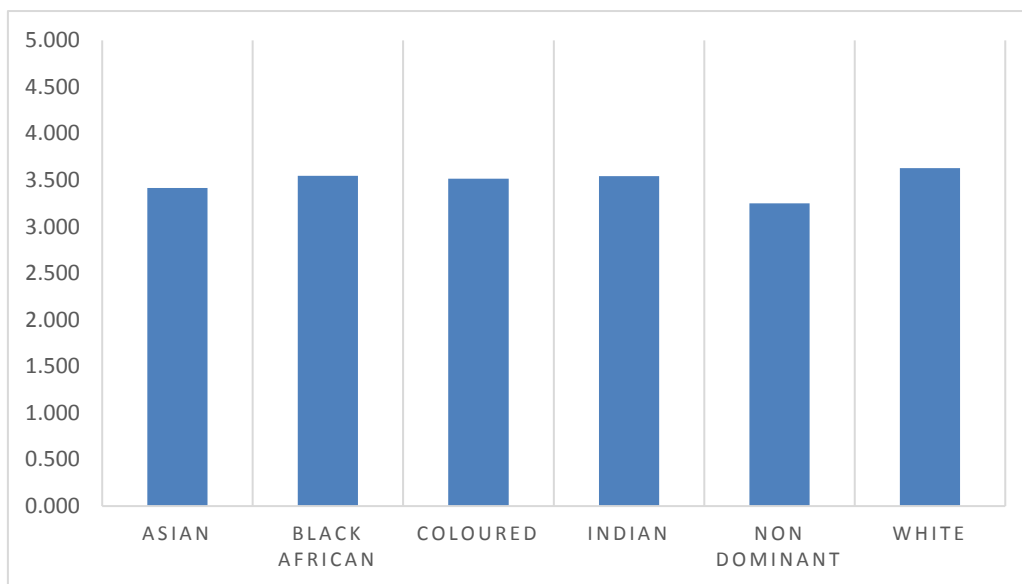


Figure 5 : Brand Loyalty by Culture

Figure 5 indicates that the average brand loyalty for each culture was in the range of 3.4 to 3.6, which indicates a consistent level of brand loyalty among the different cultures.

Stata was then used to conduct a one-way ANOVA to assess the relationship brand loyalty and culture for all 190 participants. The result of the test is presented in Figure 6.

Culture	Summary of Brand Loyalty				
	Mean	Std. Dev.	Freq.		
Asian	3.42	0.12	2		
Black Afri..	3.55	0.37	14		
Coloured	3.52	0.40	10		
Indian	3.54	0.25	4		
Non Dominant	3.25	0.35	2		
White	3.63	0.44	158		
Total	3.61	0.43	190		

Source	Analysis of Variance			F	Prob > F
	SS	df	MS		
Between groups	.547814097	5	.109562819	0.60	0.7012
Within groups	33.6903672	184	.183099822		
Total	34.2381813	189	.181154398		

Figure 6: One-Way ANOVA Test of Brand Loyalty and Culture

A one-way ANOVA was conducted to determine if levels of brand loyalty are affected by different cultures. The participants were classified as Asian, Black African, Coloured, Indian, Non-Dominant or White.

The level of statistical significance considered in the research study is $P = 0.05$ and since the calculated P-Value is 0.7012, which is greater than $P = 0.05$, a conclusion can be made that no statistically significant difference exists in brand loyalty between the different cultures. The null hypothesis, H_{20} , is, therefore, accepted.

4.4 Hypothesis H3

The objective of Hypothesis H3 is to discover whether there is a relationship between age and brand loyalty in the South African motor industry. As hypothesised in Chapter 2, Hypothesis H3 is stated as:

H₃₀ Age has no relationship with brand loyalty in the South African motor industry

H_{3a} Age has a relationship with brand loyalty in the South African motor industry

Figure 7 illustrates the age range distribution of the 190 participants of the research study.

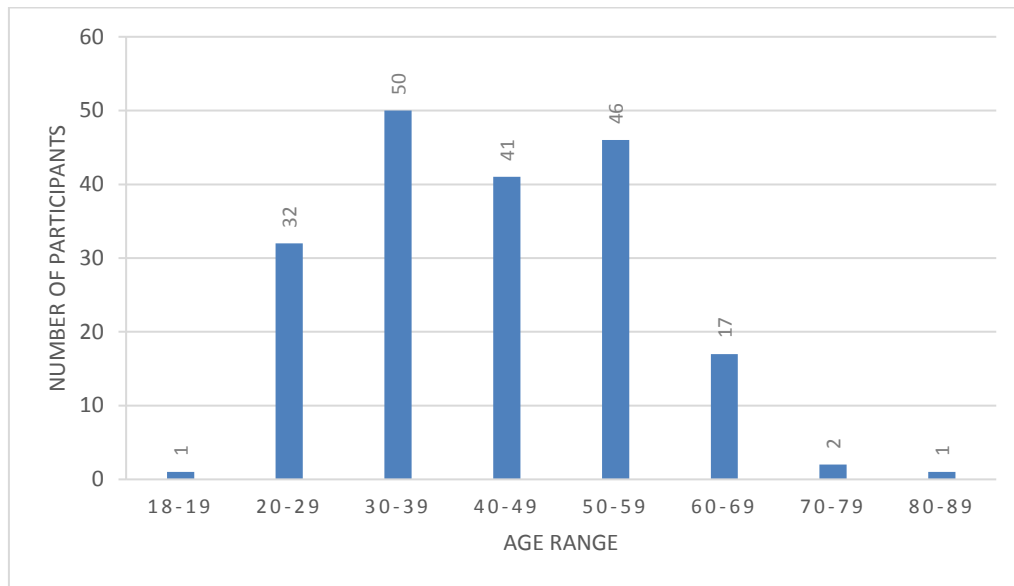


Figure 7 : Age Distribution of Sample

Figure 8 illustrates the average brand loyalty figure that was calculated for each of the age ranges.

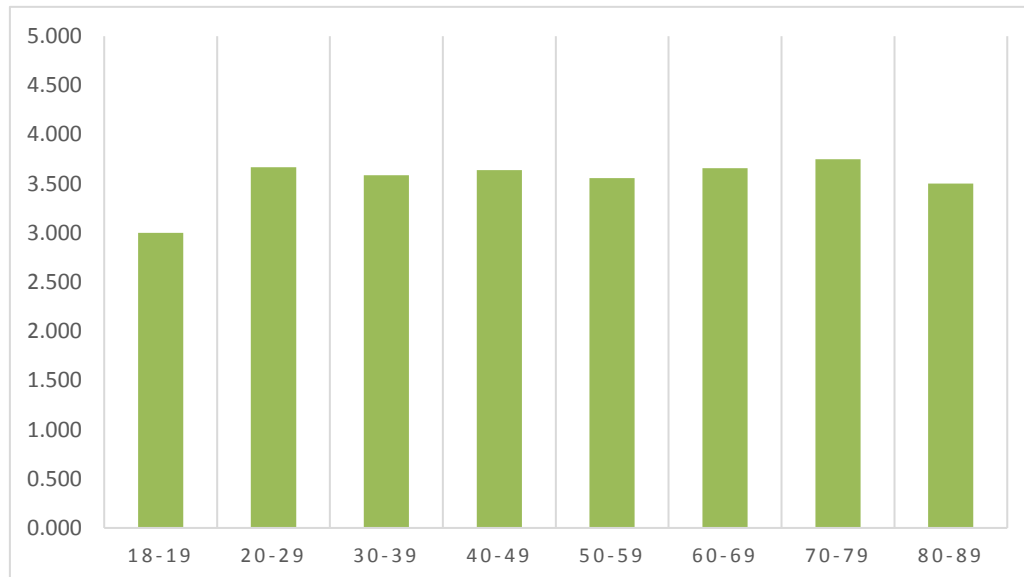


Figure 8 : Brand Loyalty by Age Group

Figure 8 indicates that the average brand loyalty for each age range was in the range of 3.0 to 3.7, which indicates a less consistent level of brand loyalty among the different age ranges as compared to the different cultures.

Stata was then used to conduct a one-way ANOVA to assess the relationship brand loyalty and age for all 190 participants. The result of the test is presented in Figure 9.

Age Range	Summary of Brand Loyalty				
	Mean	Std. Dev.	Freq.		
18-19	3.00	0.00	1		
20-29	3.67	0.42	32		
30-39	3.59	0.42	50		
40-49	3.64	0.43	41		
50-59	3.56	0.49	46		
60-69	3.66	0.24	17		
70-79	3.75	0.59	2		
80-89	3.50	0.00	1		
Total	3.61	0.43	190		

Source	Analysis of Variance			F	Prob > F
	SS	df	MS		
Between groups	.75098412	7	.107283446	0.58	0.7692
Within groups	33.4871972	182	.183995589		
Total	34.2381813	189	.181154398		

Figure 9: One-Way ANOVA Test of Brand Loyalty and Age

A one-way ANOVA was conducted to determine if levels of Brand loyalty are affected by different age ranges. The participants were classified in the age ranges of 18-19, 20-29, 30-39, 40-49, 50-59, 60-69, 70-79 and 80-89.

The level of statistical significance considered in the research study is $P = 0.05$ and since the calculated P-Value is 0.7692, which is greater than $P = 0.05$, a conclusion can be made that no statistically significant difference exists in brand loyalty between the age ranges. The null hypothesis, H_{30} , is therefore accepted.

4.5 Test of the Four Stages of Loyalty

The research study also set about structuring the questionnaire to provide insight on the stage of loyalty of each participant. Figure 10 illustrates the mean values of each loyalty stage for all 190 participants.

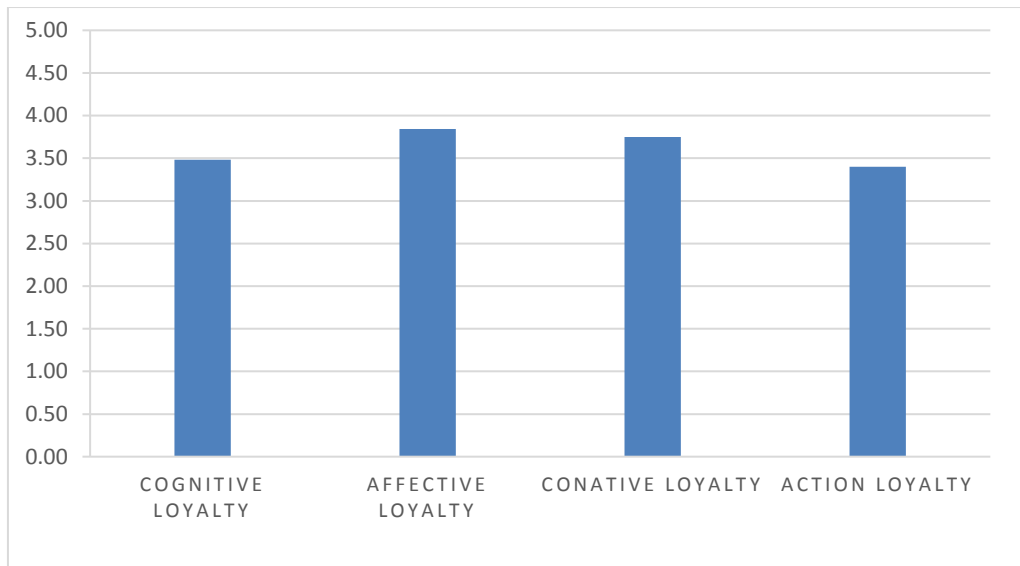


Figure 10: Comparison of the Sample Loyalty Stage Mean Values

Figure 10 shows that the mean values were generally similar for each loyalty stage, all being within in the range of 3.4 and 3.9. The graph indicates that the mean value increased from Cognitive Loyalty to Affective Loyalty and that the mean values then decreased to Conative Loyalty and further decreased to Action Loyalty.

A correlation matrix of the four stages of loyalty was then generated with the use of Stata and is illustrated in Figure 10.

	Cognit~y	Affect~y	Conati~y	Action~y
CognitiveL~y	1.0000			
AffectiveL~y	-0.1492*	1.0000		
	0.0399			
ConativeLo~y	-0.1454*	0.8022*	1.0000	
	0.0453	0.0000		
ActionLoya~y	-0.1931*	0.7743*	0.8586*	1.0000
	0.0076	0.0000	0.0000	

Figure 11: Correlation Matrix of Four Stages of Loyalty

The level of statistical significance considered in the research study is $P = 0.05$. By considering the correlation matrix as presented in Figure 11, one finds that the calculated P value is less than 0.05 for the relationships between all four of the

different stages. A conclusion can, therefore, be made that statistically significant relationships exists between all four stages of loyalty.

4.6 Summary

Based on the data which was collected within the Estate Agent population, the null Hypotheses of H1, H2 and H3 were all accepted with the use of statistical analysis. A statistical test was also conducted to establish whether a relationship exists between the four stages of loyalty and the test confirmed that a relationship did exist between the four stages of loyalty for this study. The following chapter will consider and discuss the outcome of the obtained results.

5 Discussion

5.1 Introduction

The following chapter sets out to compare and discuss the results of the study with the findings of the literature as noted in Chapter 2. Any variations between literature and results will be noted and the researcher will attempt to provide explanations for the differences between literature and results.

5.2 Signalling Theory's Effect on Brand Loyalty

The results as outlined in Chapter 4 indicate that the null Hypothesis, H₁₀ was accepted, which leads to the conclusion that marketing signals don't assist in the generation of brand loyalty in the South African motor industry.

As noted in Chapter 2, brand loyalty literature exposed that attitudinal factors of brand loyalty were as significant as behavioural factors, and this was further recognised by Iglesias et al. (2011) who noted that an emotional component existed in brand loyalty. However, literature defines Signalling Theory as a method of reducing information asymmetry which exists between two parties (Spence, 2002). Signalling Theory is an informative system that provides consumers with information which they may require. The inability of marketing signals to generate brand loyalty in this research study could have occurred due to the marketing signals which are being emitted in the South African motor industry not being able to engage with consumers on an emotional level.

The literature noted four drivers of brand loyalty, which were namely customer satisfaction, perceived quality, brand experience and brand image. Customer satisfaction and brand experience considers the behavioural response which consumers have after they have encountered a brand in practice and these are, therefore, not drivers which marketing signals can stimulate. As such, it seems more plausible that marketing signals can assist to maintain brand loyalty, rather than to assist to generate brand loyalty.

5.3 Culture's Effect on Brand Loyalty

The results as outlined in Chapter 4 indicate that the null hypothesis, H₂₀, was accepted which leads to the conclusion that culture does not have an effect on brand loyalty in the South African motor industry.

As noted in Chapter 2, the literature indicated that cultural norms and values provide a guideline as to how individuals behave and communicate, and they affect their decision-making (Varey, 2002). Belch and Belch (2003) also noted that culture is the external force which has the greatest impact on consumer behaviour. These aspects led to the expectation that culture would have an effect on brand loyalty. However, the results disproved this expectation when Hypothesis H₂₀ was accepted. By considering Figure 4, it is, however, evident that the cultural distribution of the sample was significantly skewed since 158 of the 190 participants, or 83.2% of the sample were of the 'White' group. The sample with the obtained cultural distribution can, therefore, not be regarded as a reliable test of the effect of culture on Brand loyalty.

5.4 Age's Effect on Brand Loyalty

The results as outlined in Chapter 4 indicate that the null hypothesis, H₃₀, was accepted, which leads to the conclusion that age doesn't have an effect on brand loyalty in the South African motor industry.

As noted in Chapter 2, various authors suggested that age has an effect on brand loyalty. Carpenter and Yoon (2012) noted that a key reason for this increased brand loyalty in older consumers is that the information search process is generally a cognitively strenuous process and older consumers spend less time engaging and searching for alternatives. Older consumers, therefore, tend to become loyal to their 'tried and trusted' brands. Contrary to the findings of the literature, the results of this study indicate a relatively consistent level of brand loyalty among all age ranges, as indicated in Figure 8. The researcher notes that a possible explanation for the consistent level of brand loyalty might be the role of the internet and the ease of information searching that it provides older users. As noted by Nakata (2009), the

internet plays an immense role in distributing information about service and products offerings. With the internet providing more access to information and simplified methods of obtaining the information, the previously cognitively strenuous process has become more simplified and could, potentially, have reduced the generating of brand loyalty among older consumers.

5.5 Four Stages of Loyalty

The results as outlined in Chapter 4 indicate that relationships exist between all four stages of loyalty.

As noted in Chapter 2, Oliver (1999) created the Four-Stage loyalty model to indicate how loyalty is developed in consumers and the effect that the different stages of loyalty have on the behavioural and attitudinal dimensions of a consumer's purchasing behaviour. The research study looked at the level of each stage of loyalty as they holistically form part of brand loyalty. And from research study results, it is suggested that all four loyalty stages are connected, which confirms that brand loyalty is generated by both attitudinal and behavioural dimensions.

5.6 Summary

The results were compared to the literature and discussions were presented to examine why Hypothesis H10, H20 and H30 were accepted. For Hypothesis H1, it was suggested that it is more plausible that marketing signals can assist to maintain brand loyalty, rather than to assist to generate brand loyalty. For Hypothesis H2, it was noted that the sample with the obtained cultural distribution could not be regarded as a reliable test of the effect of culture on brand loyalty. For Hypothesis H3, it was suggested that with the internet providing more access to information and simplified methods of obtaining information, the previously cognitively strenuous process has become more simplified and could potentially have reduced the generating of brand loyalty among older consumers. Considering the initial problem statement for the study, the study established that age and culture do not have effect on brand loyalty in the South African motor industry.

6 Conclusions

6.1 Introduction

The following chapter will discuss the limitations of the study as well as recommendations for further research. The conclusion of the chapter will also provide a conclusion for the study.

6.2 Limitations of Study

Culture was equated to cultural groups rather than by individual South African cultures. If the individual cultures were considered, Hofstede's (1991) culture dimensions namely: uncertainty avoidance, individualism/collectivism, femininity/masculinity, power distance and long-term orientation could have been considered for each culture. This would have provided a more in-depth analysis and understanding of each culture. In a study conducted by Lam (2007), it was observed that uncertainty avoidance and collectivism had noteworthy correlations with brand loyalty. This observation was consistent with existing literature as customers with a higher degree of uncertainty avoidance are less likely to adopt a different or new brand as they want the security associated with their known brand. The two cultural dimensions of power distance and individualism are interrelated with materialistic traits and, therefore, all materialistic related cases usually correlate with these dimensions, which could include materialistic purchasing of vehicles (Hofstede, 2011). By considering the findings of Lam (2007) and Hofstede (2011), power distance, individualism or collectivism and uncertainty avoidance could be considered specifically to further assess the effect of culture in the development of brand loyalty in the South African motor industry.

A wider variety of statements which relate to brand loyalty could have been added to the research questionnaire. The consistency of the level of brand loyalty among the participants could have been due to an insufficient amount of questions regarding brand loyalty.

The captured data sample was not representative of the South African population, age groups and demographics. A larger and more representative study would provide a better representation of the South African population.

Brand loyalty is also generated by an emotional aspect and a qualitative study could have provided more insight into the reasons why some participants did or did not develop brand loyalty towards a vehicle brand. The quantitative study could, therefore, have placed consumers in certain categories due to the restrictive questionnaire statements and the holistic perception of the consumer was not revealed.

6.3 Recommendations for Further Research

A recommendation for further research would be to conduct a mixed methods study and add a qualitative aspect to the quantitative aspect of this study. Provision should be made for participants to provide opinions, which will also give the study a qualitative dimension. This will also provide a better context of what has led to the generation of brand loyalty and issues which detracted from the brand. The cultures should also be more accurately defined so that each South African culture is made available for the participants to choose from.

6.4 Summary

The initial aims of the research study were to:

1. Empirically test various marketing signals and assess how they assist in generating brand loyalty in the South African motor industry.
2. Assess the effect of age and culture on brand loyalty in the South African motor industry and conduct statistical tests to discover if relationships exist between age and brand loyalty as well as culture and brand loyalty.

These aims originated from the consideration of the hypotheses which were generated in the literature review, which were as follows:

Hypothesis H1

H₁₀ There is no relationship between marketing signals and the generation of brand loyalty in the South African motor industry

H1a There is a relationship between marketing signals and the generation of brand loyalty in the South African motor industry

Hypothesis H2

H2o Culture has no relationship with brand loyalty in the South African motor industry

H2a Culture has a relationship with brand loyalty in the South African motor industry

Hypothesis H3

H3o Age has no relationship with brand loyalty in the South African motor industry

H3a Age has a relationship with brand loyalty in the South African motor industry

The literature review provided an in-depth analysis of existing literature and covered relevant topics such as Signaling Theory, brand loyalty, and the effect of culture and age on brand loyalty. After close consideration of the existing literature, a questionnaire with Likert-scale questions was developed to test the level of brand loyalty in consumers, with a focus on Oliver's (1999) Four-Stage Loyalty Model.

A South African the real estate agent group agreed to participate in the research and became the sample population for the study. A link to the online questionnaire was circulated to the real estate agent group and 190 successfully completed questionnaires were obtained in the data collection process and data with a Cronbach Alpha Coefficient (α) of 0.7662 proved that the data had satisfactory reliability.

The data was processed and analysed in the statistical analysis program Stata. A Pearson's product moment correlation was used to assess Hypothesis H1 and after a Pearson Correlation coefficient of $= -0.0682$ was calculated at a statistical significance of $P = 0.3501$, Hypothesis H1o was accepted. With the accepting of Hypothesis H1o, a conclusion is made that marketing signals don't assist in the generation of brand loyalty in the South African motor industry. After a comparison of the literature and the results, it is discussed that brand loyalty is generated after a behavioural response and that marketing signals are not able to stimulate the drivers

that generate brand loyalty. It, therefore, seems more plausible that marketing signals can assist to maintain brand loyalty, rather than to generate brand loyalty. A one-way ANOVA was used to assess Hypothesis H2 and after a P-Value of 0.7012 was obtained for the statistical test, Hypothesis H2o was accepted. With the accepting of Hypothesis H2o, a conclusion is made that culture does not have an effect on brand loyalty in the South African motor industry. However, after taking into account that the cultural distribution of the sample was significantly skewed since 158 of the 190 participants, or 83.2% of the sample were of the 'White' group, the sample is regarded as an unreliable test of the effect of culture on brand loyalty. A one-way ANOVA was also used to assess Hypothesis H3 and after a P-Value of 0.7692 was obtained for the statistical test, Hypothesis H3o was accepted. With the accepting of Hypothesis H3o, a conclusion is made that age doesn't have an effect brand loyalty in the South African motor industry. Although the literature provided strong evidence to suggest that age would have an effect on brand loyalty, the results of the study indicated a relatively consistent level of brand loyalty among all age ranges. The researcher suggested that the role of the internet and the ease of information search that it provides older users provides an explanation for this variance. The researcher noted that the previously cognitively strenuous process of obtaining information has become more simplified and could potentially have reduced the generating of brand loyalty among older consumers.

Lastly, an additional test was conducted to ascertain if relationships exist between the four stages of loyalty. A correlation matrix of the four stages of loyalty was generated and after calculated P values were all found to be less than 0.05, a conclusion was made that relationships exists between all four stages of loyalty. And from this research study, it is suggested by the results that all four loyalty stages are connected which confirms that brand loyalty is generated by both attitudinal and behavioural dimensions.

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Appendix A Questionnaire



The effect of age and culture on brand loyalty in the South African Motor Industry

Participation Letter

DEPARTMENT OF RHODES BUSINESS SCHOOL

Tel: [+27] 046 603 8617

Fax: [+27] 046 603 8613

E-mail: g09h0319@ru.ac.za

29 August 2018

Re: Invitation to participate in research study

You are invited to participate as a in a research study entitled
The effect of age and culture on brand loyalty in the South African
motor industry.

The aim of this research is to firstly empirically test various
marketing signals and assess how they assist in generating brand
loyalty in the South African Motor Industry. And then to assess if age
and culture has an effect on the generation of brand loyalty in the
South African Motor Industry. Your participation and cooperation is
important so that the results of the research are accurately
portrayed.

The research will be undertaken as an online questionnaire and the
data to be collected from this research will be analysed and
interpreted to conclude if any trends exist. Your identity and that of
your institution will be treated with complete confidentiality. The
collection of this data will require about 5 minutes of your time to
complete.

We will provide you with all the necessary information to assist you
to understand the study and explain what would be expected of you
(the participant). These guidelines would include the risks, benefits,
and your rights as a study subject. Furthermore, it is important that
you are aware that this study has been approved by a Research
Ethics Committee of the university.

Participation in this research is completely voluntary and this letter of invitation does not obligate you to take part in this research study. To participate, you will be required to provide written consent that will include your signature, date and initials to verify that you understand and agree to the conditions. Please note that you have the right to withdraw at any given time during the study without penalty.

Thank you for your time and I hope that you will find our request favourable.

Yours sincerely,

Martin Hempel

Research Student

Prof. Deon Nel

Supervisor

OK

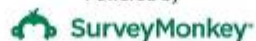
* 1. I hereby consent to participate in the survey

☐ Yes

☐ No

NEXT

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Questionnaire

Dear Participant

In order to contribute to this study, it is important that you own a vehicle.

All questions are based on the perception that you have towards the brand of vehicle that you own.

Your participation in this survey is completely voluntary and all of your responses are anonymous. None of the responses will be connected to identifying information.

Thank-you for your time!

OK

2. Age Range

- | | |
|-----------------------------|-----------------------------|
| <input type="radio"/> 18-19 | <input type="radio"/> 50-59 |
| <input type="radio"/> 20-29 | <input type="radio"/> 60-69 |
| <input type="radio"/> 30-39 | <input type="radio"/> 70-79 |
| <input type="radio"/> 40-49 | <input type="radio"/> 80-89 |

3. Culture

- | | |
|-------------------------------------|------------------------------------|
| <input type="radio"/> Black African | <input type="radio"/> Asian |
| <input type="radio"/> Coloured | <input type="radio"/> White |
| <input type="radio"/> Indian | <input type="radio"/> Non Dominant |

4. I am satisfied with the brand of vehicle that I own

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. I was attracted to the vehicle brand by the advertising

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. The adverts of the brand of vehicle that I own offer a true reflection of the vehicle

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. When purchasing a vehicle, the adverts provide adequate information that I require to make my decision.

Strongly Disagree Disagree Neutral Agree Strongly Agree

☐ ☐ ☐ ☐ ☐

8. The vehicle brand has met all my expectations

Strongly Disagree Disagree Neutral Agree Strongly Agree

☐ ☐ ☐ ☐ ☐

9. I feel that the vehicle brand offers a reliable product

Strongly Disagree Disagree Neutral Agree Strongly Agree

☐ ☐ ☐ ☐ ☐

10. I purchased the brand of vehicle because it offered good value for money

Strongly Disagree Disagree Neutral Agree Strongly Agree

☐ ☐ ☐ ☐ ☐

11. I purchased the brand of vehicle because I regarded it as the best vehicle in the price range

Strongly Disagree Disagree Neutral Agree Strongly Agree

☐ ☐ ☐ ☐ ☐

12. I purchased the brand of vehicle
because of the after sale service offered

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. I purchased the brand of vehicle
because it offers a good potential resale
value

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. I would likely switch brands if an
alternative vehicle brand was sold in a more
convenient location

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. I would likely switch brands if an
alternative vehicle brand was cheaper

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. I would likely switch brands if an

similar price with more of the features that I am looking for

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. I bought this brand of vehicle because I really like it

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. I feel more attached to this brand of vehicle than to other brands

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. I prefer to make use of vehicles of this brand

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. I intend to remain a customer of the brand

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. I will recommend the brand I have
chosen to persons I know

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22. I will purchase the same vehicle brand
instead of other brands

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. I consider this brand of vehicle as my
first choice

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24. Even if the vehicle brand does not offer
the best value for money, I will still
purchase it

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

25. I consider the vehicle brand as 'Tried and Trusted'

Strongly
Disagree

☐

Disagree

☐

Neutral

☐

Agree

☐

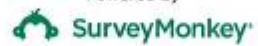
Strongly
Agree

☐

PREV

DONE

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Appendix B Institution Participation Letter



RHODES UNIVERSITY

Grahamstown • 6140 • South Africa

DEPARTMENT OF RHODES BUSINESS SCHOOL
Tel: [+27] 046 603 8617
Fax: [+27] 046 603 8613
E-mail: g09h0319@ru.ac.za

29 August 2018



Re: Invitation to conduct research at your institution

Martin Johan Hempel (under the supervision of Professor Deon Nel is a Rhodes Business School postgraduate student completing a Master of Business Administration at Rhodes University carrying out research on **The effect of age and culture on brand loyalty in the South African motor industry**. The aim of this research is to firstly empirically test various marketing signals and assess how they assist in generating brand loyalty in the South African Motor Industry. And then to assess how age and culture moderate the effect of marketing signals in the generation of brand loyalty in the South African Motor Industry. Your participation and cooperation is important so that the results of the research are accurately portrayed.

The research will be undertaken as an online questionnaire and the data to be collected from this research will be analysed and interpreted to conclude if any trends exist. Your identity and that of your institution will be treated with complete confidentiality. The collection of this data will require about 5 minutes of your time to complete.

We look to you for guidance and assistance in providing the means to distribute a link for the questionnaire on the employee mailing list of [REDACTED].

Attached for your information is a copy of the participant's Informed Consent Form. If you have questions or wish to verify the research, please feel free to contact us.

If you would like your institution to participate in this research, please complete and return the attached form.

Thank you for your time and I hope that you will find our request favourable.

Yours sincerely,

Martin Hempel
Research Student

Prof. Deon Nel
Supervisor

Notes to researcher:


- Any involvement of students in general, if this is not part of their subject, requires the approval of the Dean of Students
- If the research is carried out in the public areas of the university, the permission of the Registrar is required, and if staff is involved the approval of the Registrar or the Director: Human Resources is required.

The effect of age and culture on brand loyalty in the South African motor industry

Institution Consent Form

Participation Consent
I consent for you to approach the employees of the [REDACTED] to participate in the questionnaire of the project titled: Age and culture as moderators of brand loyalty in the South African motor industry
I acknowledge and understand:
<ul style="list-style-type: none">• The role of the institution is voluntary.• I may decide to withdraw the institution's participation at any time without penalty.• Employees of the [REDACTED] will be invited to participate and that permission will be sought from them too.• Only users who consent will participate in the project.• All information obtained will be treated in strictest confidence.• The user's names will not be used and individual users will not be identifiable in any written reports about the study.• The institution will not be identifiable in any written reports about the study.• Participants may withdraw from the study at any time without penalty.• A report of the findings will be made available to the institution.• I may seek further information on the project from [REDACTED] or g09h0319@ru.ac.za.

Full Name:	
Position:	
Signature:	
Date:	

Please return to:	
--------------------------	---

Appendix C Individual Participation Letter



RHODES UNIVERSITY
Grahamstown, 6140, South Africa

DEPARTMENT OF RHODES BUSINESS SCHOOL
Tel: [+27] 046 603 8617
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E-mail: g09h0319@ru.ac.za

29 August 2018

Re: Invitation to participate in research study

██████████ is invited to participate as a in a research study entitled **The effect of age and culture on brand loyalty in the South African motor industry.**

The aim of this research is to firstly empirically test various marketing signals and assess how they assist in generating brand loyalty in the South African Motor Industry. And then to assess how age and culture moderate the effect of marketing signals in the generation of brand loyalty in the South African Motor Industry. Your participation and cooperation is important so that the results of the research are accurately portrayed.

The research will be undertaken as an online questionnaire and the data to be collected from this research will be analysed and interpreted to conclude if any trends exist. Your identity and that of your institution will be treated with complete confidentiality. The collection of this data will require about 10 minutes of your time to complete.

We will provide you with all the necessary information to assist you to understand the study and explain what would be expected of you (the participant). These guidelines would include the risks, benefits, and your rights as a study subject. Furthermore, it is important that you are aware that this study has been approved by a Research Ethics Committee of the university.

Participation in this research is completely voluntary and this letter of invitation does not obligate you to take part in this research study. To participate, you will be required to provide written consent that will include your signature, date and initials to verify that you understand and agree to the conditions. Please note that you have the right to withdraw at any given time during the study without penalty.

Thank you for your time and I hope that you will find our request favourable.

Yours sincerely,

Martin Hempel
Research Student

Prof. Deon Nel
Supervisor