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Factors influencing brand loyalty in the petroleum retail industry: A case of service stations in Montclair

Michah Makhosini Mngomezulu

Student number: 21357234

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Supervisor: Dr. Emmanuel Mutambara

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DECLARATION

I, Michah Makhosini Mngomezulu declare that the dissertation hereby submitted to the University of KwaZulu-Natal, for the degree of Masters of Business Management, has not previously been submitted by me for a degree at this or any other university; that it is my work, and that all information in the research has been duly acknowledged

_____   _____

Michah Makhosini Mngomezulu   Date

DEDICATION

This dissertation is dedicated first and foremost to God for His mercy, love, and protection and for giving me strength and courage to complete this work. I give Him all the Glory.

I also like to dedicate this thesis to my beloved wife Busisiwe Mngomezulu and our children: Emihle and Thobeka for their love, understanding and support throughout the study period.

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- Above all I give glory to God for giving me courage and another chance to increase in knowledge.

ABSTRACT

The petroleum retail market in South African consists of several brands for petroleum fuels. These petroleum products are often referred to as the liquid fuels. The major petroleum brands are BP, Caltex, Engen, Sasol, Shell and Total. Consumers are enticed everyday with a number of petroleum product brands to satisfy their fuel requirements. The use of brands therefore assists the consumer in the decision-making process to facilitate a quick purchase-making decision without compromising the quality of the product purchased.

The study was conducted to investigate factors that influence customer brand loyalty in the petroleum retail sector. A semi-structured questionnaire was used as a research tool to investigate the factors that consumers consider crucial when selecting a specific petrol service station to buy petroleum products such as petrol or diesel. Factor analysis was used in the analysis of results. A brand loyalty framework developed by Ramis et al (2014) was used in identifying factors that have an impact on brand loyalty.

The study concluded that the brand of a service station has no significant effect on the loyalty of customers to a particular service station. It was however found that not one factor but a combination of factors are what consumers consider when choosing a particular petrol service station. These factors include among others, ample space for parking, fuel quality, service quality, accessibility to the service station and availability of added amenities such convenience shop, tyre pressure and car wash facilities.

As the petroleum retail industry is regulated in particular the petrol price retailers can enhance their competitiveness by improving on the quality of the type of service offered other than competing on the petrol price. Further it is important to ensure that their staff especially pump attendants attend customer service training to improve service quality. Service stations can conduct customer surveys to help them know exactly what their customers want to be able to apply necessary improvements or adjustments regarding the products and /or service they offer.

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LIST OF ACRONYMS

ATM	Automated teller machine
CTL	Coal-to-liquid
DoE	Department of Energy
GTL	Gas-to-liquid
FRA	Fuel retailers association
GTL	Gas-to-liquid
SBAB	Small Business Advisory Bureau
SAPRA	South African Petroleum Retail Association

CHAPTER ONE

INTRODUCTION

1.1   Introduction

Petrol service stations play an important role in the economy of the country so are service stations in the Montclair area of KwaZulu-Natal which is approximately 12 Km South of the City of Durban. There are five petrol service stations in Montclair, namely Engen service station, Shell service station, Caltex service station, BP service station and Total service station. The survival of a petrol service station depends on several factors but the main one amongst these is having loyal customers. The appearance of service stations has changed significantly in the last few years. Service stations around the country and in particular those that are in Montclair use different strategies to attract and/or keep customers loyal to the service station brand. Some use loyalty programs, convenience shops, car wash facilities, ATMs and other amenities to not only attract but also to keep loyal customers.

This chapter includes a background of the retail petroleum industry and the concept of brand loyalty.

1.2   Background of the Study

Petrol service stations derive their revenue from selling mainly fuel, i.e., petrol and diesel, and at times liquefied petroleum gas (LPG). The retail price of petrol, illuminating paraffin (IP) and LPG is regulated while that of diesel is not regulated at retail level. For a petrol service station to remain sustainable it is important that a lot of fuel volumes on average are sold per month. According to SBAB (as cited in Sartorius, Eitzen and Hart, 2007), a service station in South Africa sells on average around 250 000 liters per month whereas approximately 80% of service stations sell between 150 000 to 300 000 liters of fuel per month. Sartorius, Eitzen and Hart (2007) argued that for a service station to have a chance of success in the petroleum industry it should sell at least 370 000 liters of fuel per month. This average recommended fuel volumes may vary depending on the financial circumstances of individual service stations.

According to Oliver and Rust (1997) a direct link exists between sustainability of a business enterprise and customer loyalty. In the face of increasing pump price of fuel per liter coupled with a decline in disposable income, customers tend to travel less to save on travel costs. As petrol service stations sell less fuel, less revenue is realized thus putting a strain on the economic viability of the petrol service station. This in turn increases competition forcing petrol service station owners and /or managers to try new strategies to keep the business afloat and to sustain its competitive advantage. It therefore becomes even more important for petrol service stations to know how to keep loyal customers. Keeping loyal customers is easier than attracting new customers. It is critical for petrol service station to be familiar with factors influencing brand loyalty. If service stations have this knowledge they can use it as a key to competitive advantage. Brand loyalty is defined as the existence of a bond that a consumer has with the brand even when the features of the product or price of the brand change according to Chahal and Bala (2010).

1.3   Problem Statement

The increasing fuel price coupled with the decline in disposable income puts pressure on fuel margins. As a result of low fuel margins and fierce competition among petrol service stations a number of them close down while other petrol service stations continue to operate. In order for petrol service station owners and/ or managers to avoid petrol service station closure it is therefore important that they develop strategies to attract and keep loyal customers. However it seems other petrol service stations fall behind in this regard. As a result these petrol service stations face sudden closure because of a failure in keeping loyal customers and/or increasing their client base. The purpose of the project is to investigate factors that have an influence on brand loyalty in the petroleum retail sector.

1.4   The Aim of the Study

The research is aimed at investigating the factors that have influence on brand loyalty in the petroleum retail sector in order to share these factors with the managers of petrol service stations. The understanding of these factors will assist petrol service station managers to offer better services to their customers and in turn keep loyal customers while attracting new ones.

1.5   Objectives of the Study

The research objectives are as follows:

- To identify factors having an influence on customer brand loyalty in the petroleum retail industry.
- To establish if there is a relationship between the brand choice and demographic characteristics (age, gender and race).
- To identify the most preferred brand among the petroleum retail companies.
- To determine customer brand loyalty among the petroleum retail industry players.

1.6   Research Questions

The questions that are to be answered through this research are as follows:

- What are the factors that influence customer brand loyalty in the petroleum retail industry?
- What is the relationship between the brand choice and each of the biographical variables (age, gender and race)?
- What is the most preferred brand among the petroleum retail companies?
- What is the level of brand loyalty among the petroleum retail industry players?

1.7   Significance of the Study

It appears that no research has been done on factors influencing brand loyalty in the petroleum retail industry in KwaZulu-Natal particularly in the Montclair area, South of Durban. The research will try to understand factors that influence customer brand loyalty in the petroleum retail sector in Montclair, Durban in the Province of KwaZulu-Natal. This information will assist in providing better understanding of consumer decision-making behaviour as well as motivation of consumers to prefer one petrol service station over another. In addition such information from the study can be valuable for managers and/or owners of petrol service stations in formulating marketing strategies for the success of their petrol service stations.

In depth understanding of the factors that influence brand loyalty will help fuel retailers offer better services to their customers and in the process keep loyal customers. In addition petroleum retail industry associations such as Fuel Retailers Association (FRA) and South African Petroleum Retail Association (SAPRA) would find this study very important as it would add more knowledge in the petroleum retail industry.

A number of studies (Enslin-Payne, 2011, Hart, 2007 and Molefe, 2006) have been conducted on convenience stores attached to a petrol service station in South Africa however studies about factors influencing brand loyalty with regard to petrol service station seem to be lacking particularly in Montclair in Durban, in the province of KwaZulu-Natal. This study would form a basis for future academic research in the petroleum retail industry.

1.8 Research Methodology

For the purpose of this study a descriptive study design based on a structured, self-administered questionnaire was used. Descriptive studies are often designed to collect data that describe the characteristics of persons, events or situations (Sekaran and Bougie, 2013: 29). Further it may involve the collection of quantitative data such as satisfaction ratings or may also entail the collection of qualitative information such as how consumers go through a decision-making process. In this study it was used to collect demographic details as well as quantitative data. A convenience sample was used and according to Sekaran and Bougie (2013:254), it is convenient, less expensive and quick. The study consisted of all customers who came to fill-up at the identified service stations.

1.9 Organization of the Study

1.9.1 Chapter one – Introduction

Chapter one introduces the study by presenting background information to the study problem, objectives of the study, research questions and significance of the study.

1.9.2 Chapter two – Literature review

Chapter two provides an in-depth and critical analysis of the literature relevant to the study. Concepts of brand, brand loyalty, factors influencing brand loyalty, brand awareness, brand positioning, brand equity, brand management, demographic characteristics and brand loyalty, the petroleum industry, trend in the diesel and petrol market and competitive advantage are discussed.

1.9.3   Chapter three – Methodology

Chapter three describes way the study was done. The methodology used for research, sampling approach, collection of data, data collection tools, and method used in the analysis of data are described.

1.9.4   Chapter four – Findings, Discussion and Interpretation of Results.

Chapter four presents the results and analysis of the collected information. Tables, graphs and/or charts are used to present all finding from the study. A comparison between the information from the literature review and the findings is made and discussed.

1.9.5 Chapter five – Conclusion and Recommendations.

Chapter five concludes by drawing from the research and making recommendations that managers can use when developing marketing strategies aimed at keeping loyal customers.

10.0   Conclusion

The chapter has given the problem statement, discussion of the aim and the objectives of the study, and the research questions. The following chapter concentrates on the existing literature related to the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The previous chapter presented the background to the study. This chapter presents literature related to the study. Specifically the chapter focuses on brand loyalty, factors that influence brand loyalty, concepts of branding, brand management, biographic characteristics and brand loyalty, petroleum retail industry, trend in the diesel and petrol market and competitive advantage. In addition the chapter provides a model on brand loyalty. To begin with the key concepts underpinning the study are defined.

2.2 Defining Brand as a Concept

Brand according to American Marketing Association (www.ama.org) is described as "a term, name, symbol, design or sign, or one or more of these descriptions, meant to identify the services or goods of a group of sellers or a single seller and to differentiate them from the services or goods of competing companies". It explains why companies are always trying to present themselves as unique from other companies or at least to be considered as selling unique products or services which are not sold by any other company. Parumasur and Robert-Lombard (2012: 301) argued that branding does not only serve as symbol or sign but that it provides a form of surety that comes with value adding and profitability to the organization. Branding therefore offers a form of comfort for consumers and that when consumers see the symbol or sign associated with the brand of the product or service of their choice they become confident with the product or service to be offered. This sense of security is important for consumers when deciding about buying a product or getting services from a company. Further while specific products meet basic needs brands that are well-positioned fulfil the demands, needs and wishes of consumers (Parumasur and Robert-Lombard, 2012:301).

Brands also make it convenient for consumers to do their shopping as they make it easier for them to identify and recognize certain products from a number of available goods quickly (Parumasur and Robert-Lombard, 2012:303). In addition a brand provides consumers with a sense of that the service or product is reliable. It is always

important for consumers to feel comfortable when buying any product knowing that the product will not only satisfy their needs but that the product will not disappoint them or cause any harm to themselves or to their reputation and image.

In addition companies wishing to increase their profits have to consider branding and re-branding as an integral part of the operation of their business. Such consideration is important for any business operation because even if the company is successful, changes in the market may force the company to do branding again in order to remain competitive. Branding in the context of petroleum retailing is very important as consumers have little time to fully study products and services in great detail that service stations offer. In many instances motorists decide to refuel their vehicles when on their way to their work places or from work to their homes. These sentiments are echoed by Kotler and Keller (2012: 264), when suggesting that as the lives of consumers become more sophisticated, pressured a brand is able to make it easy for consumers to make a decision whether to buy or not to buy a product and eliminate the feeling of uncertainty related to purchasing. Branding of a service station therefore becomes one of the marketing strategies that companies can use to distinguish themselves from others, keep loyal customers and attract new customers as well. Branding is primarily about enriching services and products with the power of a brand (Kotler and Keller, 2012: 265). This strong effect of a brand creates images in the customers' minds and these mental pictures assist consumers to organize their knowledge about services and products in a way that simplifies their decision making and in the process provides value to the petrol service station. It is important to have strategies that make businesses successful and that create the value of a brand but for this to be possible customers must be confident that there are significant unique features among brands in the service or product category (Kotler and Keller, 2012: 265). These unique features in the service or product category are normally associated with attributes or benefits of what the product offers or the product itself. It is these attributes or benefits that consumers consider during the process of decision making whether to buy or not to buy a particular product. It is these attributes that consumers use to distinguish services or goods from competing organisations. According to Aaker (2011: 592) liabilities as well as assets upon which brand equity is founded differs from company to company, however they can be summarized into the following categories:

- Brand loyalty;
- Brand name ;
- Brand awareness;
- Perceived quality; and
- Brand associations

Though the liabilities and assets and on which brand equity is based can be grouped into five categories the study however focused mainly on brand loyalty.

2.3 Defining Brand loyalty

Brand loyalty as a complex construct has therefore a number of definitions that differ from context to context depending on the researcher developing it. Earlier studies on brand loyalty focused on aspect involving consumer behaviour as the important aspect of brand loyalty (Choong, 1998). The definition of brand loyalty associated with behavior is based on repeat purchase behaviour of consumers where consumers buy the same brand of product over time. Parumasur and Roberts-Lombard (2012:195) suggested that it is easier to measure brand loyalty associated with consumer behavior as it is simply the confirmation that customers purchase the same brand repeatedly not whether they like the brand more than other brands. However Esmaeilpour (2015) argued that the aspect of brand loyalty associated with behavior is not able on its own to decently explain the circumstance that lead to consumers buying the same product repeatedly.

The definition of Brand loyalty was widened to include the attitudinal the aspect that is associated with attitude which is considered as important as the aspect that is linked to behaviour (Jacoby, 1971). Attitudinal brand loyalty is the attitude measurement of customers towards the brand as a sign of brand loyalty (Parumasur and Roberts-Lombard, 2012:195). This theory of brand loyalty based on both the behavioural and attitudinal aspects was later supported by other researches (Aaker, 1992). Brand loyalty according to Zeithaml and Bitner (2000) can be defined as the degree to which consumers are committed to buy specific brands of services and goods. This commitment displayed by consumers to specific brands of goods and services can be seen even if the features of the product and the price of the brand change (Chahal and Bala, 2010). However according to Thakur and Kaur (2015), brand loyalty is

shown when customers prefer to buy a particular brand over another brand. This preference to a particular brand is developed when a consumer is convinced that a brand offers the right attributes for the product or offers high quality at the right price to meet consumer expectations. Customers buy the brand in the initial stages as a trial and when satisfied with the brand, become comfortable with the brand and continue buying the same brand (Parumasur and Roberts-Lombard, 2012:191-192). Customers continue buying the brand as it is considered not only familiar but also safe to use. When consumers are familiar with the brand it then becomes possible and easy for customers to distinguish products that are closely related. There are different levels that consumers go through in the process of becoming brand loyal (Kotler and Keller, 2012: 162). These levels include amongst others; brand awareness, brand trial, recent use of the brand (once in the past 3 months), regular use of the brand (at least once every 2 weeks), most often use of brand, and brand loyal as shown in Figure 2.1.

Figure 2-1: Levels of Brand Loyalty

Brand loyal

Often use of brand

Regular use of brand

Recent use of brand

Brand trial

Brand awareness

Source: Adapted from Kotler and Keller (2012: 162)

Brand loyalty assists in simplifying the process of procuring services or buying products through repeated decision making. It also reduces the risks associated with buying particularly when buying a product or procuring services for the first time. Brand loyalty provides a form of surety and certainty for companies, and it makes it difficult

for new or other companies to penetrate the market (Kotler and Keller, 2012: 264). Therefore the company that enjoys significant brand loyalty will be in a better position to be protected from competing companies or new entrants as they will find it difficult and costly to get the market share. Brand loyalty according to Zeithaml and Bitner (2000), is influenced by a number of factors such as cost of changing the brand (switching cost), availability of substitute products, and perceived risk associated with the purchase. These factors are briefly explained below.

2.3.1 Cost of switching

According to Guadagni and Little (1983) the kind of attributes of the products offered lead consumers to switch from one brand to the other. Switching from one brand to the next brand is the means that consumers use to show their dissatisfaction or unhappiness with service or product offered (Parumasur and Roberts-Lombard, 2012:305). In addition consumers avoid the problems linked to the previous brand by switching from one brand to the other brand. However a consumer can only use an alternative product from if the image of the brand is altered (Parumasur and Roberts-Lombard, 2012:305).

Consumers are motivated from time to time to change brands in order to increase its usefulness (Mc Fadden, 1986). Therefore it is critical to consumers that the product offered is useful and functional. However Lancaster (1986) argued that consumers not only consider the functionality aspect of a brand but that social and psychological factors play an important role too. This view was supported in a later study by Rao, Gerald and Andrew (2000), who also advanced the argument that consumers switch from one brand to the other to satisfy social and psychological purposes besides augmenting its usefulness. When a new brand is drastically introduced customers begin to compare the new brand and the other brands they know using social and psychological attributes and usefulness of the newly introduced brand (Lam et al, 2010). It is therefore important for businesses particularly service stations to provide goods with functional benefits that have the biggest impact on consumers and which supports a strong position compared to competing service stations. The service station with this unique functional utility will have competitive advantage over other service stations. This competitive advantage will in turn help keep customers loyal to the service station brand. However it is important to note that functional utility can be easily

copied by other companies. Therefore companies cannot depend on functional utility alone for competitive advantage but should keep trying new marketing strategies to stay on the game if they are to succeed in this competitive environment. Some of possible factors that lead customers to switch from one brand to another brand according to Kotler and Keller (2012: 393) are briefly described below:

- Unfair prices, deceptive prices or high prices;
- Hours that are not convenient or location that is not convenient;
- Billing mistakes, service errors or service catastrophe;
- Not caring, not knowledgeable, not polite or not responsive;
- No reaction to a failing service, negative reaction to poor service, less-enthusiastic reaction to poor service; and
- Competition as a result of available better service found by the customer

2.3.2 Availability of substitutes

According to the Business Dictionary (2017), substitutes is defined as "different goods that can be used to replace one another because they can at least satisfy the same needs of the consumer". For a substitute product to appeal to consumers it must offer the same benefits that the original alternative offers particularly and should be a product of higher quality. If the possible alternative products or services for the original services or product is available then a segment of the original product becomes less attractive (Kotler and Keller, 2012: 254).

In addition these substitute products negatively affect prices and on profits particularly if the substitute products are more affordable than the original desired product. If competition grows this is more likely to drive prices and profits down (Kotler and Keller, 2012: 254). This view was also supported in an earlier research where it was found that substitute products limit the potential of an industry (Porter, 1979). In addition Porter argued that a company needs to improve the quality of the product it produces or be able to differentiate it somehow and if it fails the industry will lose profits and possible growth. It is not only failure to meet customer expectations that cause consumers to buy other products as substitutes but also when the products they want are out of stock or are not available (Stock and Emmelhainz, 1991). Sometimes the products that consumers want are available but not affordable to consumers because

of high prices (Bucklin and Srinivasan, 1991), thus causing them to look for other alternatives to satisfy their desires. It is worth noting that once emotional connection that consumers have with the brand is broken it is not easy to bring it back. It is therefore essential for business enterprises such as fuel service stations to strive to keep loyal customers as it is harder to attract new customers than to keep loyal customers.

2.3.3 Perceived risk associated with the purchase

Perceived risk is "the amount of risk the consumer perceives in the buying decision process as a result of uncertainty about the decision and/or the potential consequences of a poor decision" (Parumasur and Roberts-Lombard, 2012: 256). The level of uncertainty that is, money involved, and the level of consumer confidence in a consumer determine the degree of perceived risk (Kotler and Keller, 2012:193). Studies on consumer behavior (Flanagin, et al., 2014) indicate that consumers are confronted with an uncertainty when they decide to procure a service or buy a product. This uncertainty is as a result of possible consequences of the decision to be taken, for example, consumers might feel not sure if they have chosen the right service or product thus contributing to consumer's perceived risk. However Chiu, Huang and Yen (2010) argued that consumers can easily recognize products, ascertain product quality and as a result mitigate against the perceived risk associated with the products they want to buy. According to Hawkins and Singh (2011) consumers who are in a higher level in uncertainty avoidance are not necessarily interested in brand extension. This is as a result of more reliance on reputation of the brand as an surety for brand choice and brand extension, especially for high risk purchases such as luxury goods. A consumer can avoid or postpone buying a service or product based on one or more of perceived risks (Kotler and Keller, 2012:193). These risks can be categorized into:

- **Functional risk**, it is when the product purchased fails to perform up to expectations;
- **Physical risk**, it is when the product poses a danger to the health of the user or others;
- **Financial risk**, the product is not value for money;

- **Social risk**, the product brings embarrassment to the user or others;

- **Psychological risk**, when the mental health of the person using the product is affected; and

- **Time risk**, loss of opportunity as the product purchased fails to meet expectations.

In addition consumers turn to other methods in order to either eliminate or reduce the risk associated with buying the product, they can delay making a decision, avoid making a decision, using friends as a source of information, and, warranties and selecting.

2.4 Factors Influencing Brand Loyalty

The conceptual framework for this study is based on the literature review on brand loyalty. The model examines possible factors that influence brand loyalty as shown in Figure 2.2.

Figure 2-2: Conceptual model of brand loyalty
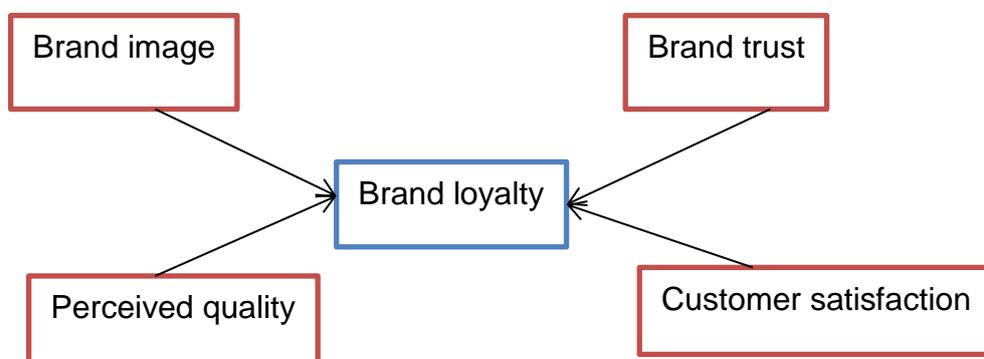
Source: Adapted from Ramis, et al. (2014)

2.4.1 Brand Image

According to De Chernatony and McDonald (1998: 406) brand image is defined as a impressions that consumers have about the characteristics of the brand. Parumasur and Roberts-Lombard (2012:154) considered brand image as the image of the product in the minds of the customers. Further how it is positioned, is possibly more important for the success of the brand than its actual characteristics. The perceptions that customers have about the image of the brand can be measured using the associations that consumers have regarding the brand (De Chernatony and McDonald (1998: 406). This definition is also supported by Kotler and Keller (2012) where brand image is defined as perceptions and beliefs held by consumers as seen in the associations held in the memory of the consumer. Therefore it is crucial for marketers of the brand to be conscious of the type of perceptions they create in the minds of the consumers as this may have negative effects on the brand image and ultimately in the profitability of the company.

According to Business and Management Library (2007), companies usually develop brand image through marketing campaigns or product positioning. Further it can also be established when customers spontaneously respond to a product. In the study about the influence of brand image and company reputation on customer's perceptions of product and service quality, customer value and customer loyalty it was found that brand image plays a significant role on the perceptions that consumers have about product and service quality (Cretu and Brodie, 2007). In addition it was found that the reputation of the company has a bigger influence on perceptions of customer value and customer loyalty. Rita (2007) argued that customers are not only satisfied when the store is neat and pleasant but when they feel that the store understands their needs. In addition understanding the needs of consumers seems to be more important than keeping the store neat or pleasant though necessary. In order to sustain and keep a company competitive it is important to design a unique image while improving product value and improving consumer brand identity (Wa, 2015). It is important to improve the brand identity of the consumer and the value of the product as these have the power to influence the perceptions that the consumer has about the brand image and in turn can positively affect the levels of customer satisfaction. Yea (2013) argued that companies that have brand image advantages are able to eventually have

consumers buying their services or products. According to business and management dictionary (2007), inappropriate advertising or association with somebody or something that has fallen from public favour can negatively affect the image of a brand. While the good image of a brand comes with some advantages also is a tarnished image of a brand with its own disadvantages as experienced by petrol service station owners in the Gulf of Mexico when crude oil flowed into the Gulf of Mexico in 2010 (Rudolf, 2010). The tarnished brand of BP did not only affect BP owned petrol service stations and distributors but protests, boycotts, vandalism and customer unhappiness were felt even by independent petrol service stations that carried the BP brand. Therefore if companies are to keep customers loyal and continue attracting new ones it is important to manage the image of the brand effectively. Brand image can be measured according to De Chernatony and Mc Donald (1998: 406) using projective techniques, qualitative techniques and comparison of brand associations:

- **Projective techniques**, these techniques are used assess consumers that are not willing to express themselves or are not able to express themselves;
- **Qualitative techniques** are used to explore possible associations coupled with further investigation during in-depth interviews or group discussions and;
- **Comparison of brand associations** this happens when brand associations are compared with those of the competitors to identify the relative strength and weakness of the brand.

2.4.2 Brand Trust

Brand trust is defined as having both reliability and intentionality aspects (Ulusci, 2016). The reliability aspect is based on the belief that the brand can fulfil or satisfy the needs of the consumers. The intentionality aspect is based on the emotional security on the part of individuals emphasizing on the assurance that the brand will be responsible. Further the brand will be caring despite problematic situations that may occur in the future associated with the consumption of the product. Brand trust is according to Delgado-Ballester and Munuera-Aleman (2001) defined as a feeling of surety that the brand will meet the expectations of the consumer. As a result of this form of security brand trust significantly affects the commitment of the customer, which in turn affects the price that consumers can tolerate regarding the brand. Brand trust

is as a result of past experience with the brand, and it is also positively associated with brand loyalty (Delgado-Ballester and Munuera-Aleman, 2005). According to Becerra and Badrinarayanan (2013) brand trust has impact on how a consumer will decide on the product to be purchased and is also responsible for positive referrals.

Companies therefore must build brand trust to be able to attract and keep loyal customers and in turn enjoy competitive advantage. Hon-Youl (2005) argued that brand trust is not built on one or two components but that it is established by the interrelationships between complex components. A responsible brand serves to predict brand trust as well as brand loyalty better than an active brand (Molonillo et al, 2017). Chinomona (2014) observed that there is a greater chance for customers to be more loyal to brands with good reputation and image and more likely to trust the brand with good reputation and image. It is therefore important that companies ensure that the trust that customers have on their brand is not compromised for if it happens that it becomes compromised it would be hard to get customers back after losing trust on the brand.

2.4.3 Perceived Quality

Perceived quality according to Keller (2013: 188) is the belief that customers have about the general quality or edge service or product compared to available substitute products. Service quality is defined as a measure of how well the service offered matches the expectations of the customers (Weitz and Wensley (2002). In addition service quality means ensuring that a company consistently offers a service of high quality on a daily basis. Kotler and Keller (2009) argued that quality, a satisfied customer and profitable company cannot be separated. In addition companies providing high level of quality have a better chance of having high levels of customer satisfaction which in turn support higher prices and lower costs. Cant (2013) suggested that customer service, quality, and satisfaction have become the key competitive tools of the early twenty-first century. Further a company will be able to retain its customers if the expectations of customers are met in terms of quality, service and satisfaction levels. For companies to have satisfied customers it is important that they have intimate understanding of the needs of their customers. It is this understanding that will help them in offering goods and services of good quality that the customers need. According to Zeithaml, Bitner and Gremler (2012) customers

have certain expectations levels of the kind of service to be delivered while companies set standards for various aspects of the service to be delivered. Customers normally gauge the performance of a product or the quality of service against a set of criteria similar to those they use when assessing whether or not to buy in the first place (Dowling, 2004: 322).

According to Keller (2013: 190), product quality depends not only whether the product can perform but also involves aspects such as accuracy, speed or product delivery. For a company to be regarded as a quality-oriented company it must that satisfy the needs of its customers most of the time (Kotler and Keller, 2012: 153). As customers like to be associated with a quality company it is therefore important for companies to always try to meet the expectations of its customers. However it is not always possible to keep customers satisfied as performance of the products produced by companies sometimes fall below what customers expect from the company. It is suggested in Kotler and Keller (2009) that quality is ensured to the customer whenever its services or products do not fall below the expectations of the customer. Therefore it is important for companies to continuously monitor their performance and improve their performance when necessary to be able to always meet or possibly exceed customer expectations.

2.4.4 Customer Satisfaction

Customer satisfaction is defined according to Cheng, Huang and Liu (2014) as a positive emotive response to the favourable appraisal of a consumption experience. According to Du Plessis and Jooste (2012) customer satisfaction occurs when a customer positively assesses the performance of a service or product when compared to his or her expectations. These expectations from customers are based on their understanding of the value that they expect to receive from the service or product offered. The expected value that customers expect to receive serves as a reference against which present or future purchases and service encounters will be compared (Du Plessis and Jooste, 2012). Dowling (2004: 322) considered customer satisfaction as how a person feels as a result of a service or product perceived performance when comparing it to the performance that is expected. This view is supported by Kotler and Keller (2012) where it is suggested that customers use many sources of information to form expectations of the kind of service they receive. In addition customers

generally evaluate the service they receive. If the perceived service does not meet expectations then customers become disappointed and unhappy thus losing trust in the service or product offered. Dowling (2004:321) suggested that customer satisfaction is a major factor that assists in the retention of customers and that it enhances repeat-purchase intentions, and positive word of mouth appraisal and evaluation of a brand. However according to Hess et al (2012) it is the characteristics of the product itself that seem to be the main factor responsible for impulse purchase decisions other than the use of marketing strategies such as display products and prices.

It is therefore important for companies to ensure that customers are satisfied with the services or products offered as satisfied customers are less likely to switch to competitors but more likely to remain loyal to the companies they already know. Customer satisfaction is critical in the retention of customers as the cost of getting new customers is more than the cost related to keeping existing customers (Parumasur and Roberts-Lombard, 2013:8). Customer satisfaction that is enhanced help to improve customer loyalty and increase confidence in the company and in the process creates emotional bonds with customers. These emotional bonds provide competitive advantage for the company. This competitive advantage helps the company to stay afloat even during the period of fierce competitions or in the emergency of alternative products.

2.5 Brand awareness

It relates to the strength of a brand that the consumer can easily recall (Keller, 2013:340). This brand strength can be seen when consumers are able to recognise various elements of the brand like the brand symbol, name, character, slogan and packaging under varying conditions. According to Kotler and Keller (2012: 504), brand awareness can be defined as encouraging customers to be able to identify the brand within the product category satisfactorily to decide whether to do a purchase or not. This definition is also supported by De Chernatony and McDonald (1998: 405), who defined brand awareness as impressions that consumers have about the brand and also how it promotes consumers to be able to recognise the brand with a specific product category. In addition brand awareness can be measured using, brand recognition, brand recall, brand dominance and brand knowledge.

2.5.1 Brand Recognition

Brand recognition is defined as the capacity of a consumer to recall experience or previous exposure with the brand (De Chernatony and McDonald, 1998: 405). The recognition of the brand is possible when consumers are able to recognize it even if it is among many brands using one or more of the brand elements (Keller, 2013:340). It is suggested that if one out of two objects is identified and the other cannot be identified consumers often consider the identified object as having a better measurement (Goldstein and Gigerenzer, 2002). In addition customers choose the recognized object over the unrecognized one. A study aimed at investigating if a single syllable or letter as part of a brand name lead to increased levels of brand recognition and hence brand preference found that consumers prefer brand names because of past exposure to the syllables and letter the name consists of (Rubenwolf and Sporrle, 2011). This finding is supported in the study by Thoma and Williams (2013) which found that consumers depend to a large degree on recognizing the brand when choosing consumer products. In the same study it was also found that t that recognition was found in a complimentary way, i.e., the availability of another cure had a significant impact on the number of times the recognized brands were chosen. Brand names that have been acquired earlier are easier to identify (Ellis, 2010). In addition it was easier for older consumers to recognise brands that existed before which are no longer existing. It is therefore important for marketing managers of organizations particularly service stations to consider instilling the good mental images of their brands during the earlier years of their customers as this may prove to be a successful key strategy in the future in attracting and keeping loyal customers.

2.5.2 Brand Recall

According to De Chernatony and McDonald (1998: 405), brand recall refers to the capacity of the consumer to retrieve the brand when given the product category as a cue. Keller (2013: 340) suggested that for any brand recall to be possible consumers must retrieve the actual elements of the brand from memory when given some related probe or cue. A study by Lee and Back (2014) aimed at investigating the effects of the name of the brand and its fluency on recall and a desire to buy found that perceptually more brand fluent names helps facilitate recall of the brand. This finding emphasizes the importance of using a name that is easy to pronounce for their products so that

they can be easily recalled. In the same study it was found that higher conceptual fluency leads to high brand recall for brand names that are perceptually less fluent and in cases where there is low involvement of the consumer high perceptual fluency leads to higher willingness to buy. This means that even for consumers that are not highly motivated to associate with products or service offerings once they have high perceptual fluency it becomes easy for them to decide on buying the product or services offered. In the contrary a study aimed at investigating the effects of word types, processing, and involvement levels found that no significant relationship exists between involvement and brand recall (Msoliahi, Amirghahi and Ghaffari, 2014).

In addition it was found that when there is semantic processing the differences in recall are higher than when there is sensory processing. These findings are supported in the study by Lowrey, Shrum and Dubitsky (2003), where it was found that semantic processing for brands that were not popular were positively associated with brand name memory. Further two linguistic variables (unusual spelling and blending) had a significant effect on brand name memory; however the effect was stronger for brands that were less familiar than they were for more familiar brands. The effect of brand-log familiarity and colour preferences on recall performance found that colour preferences had a significant effect on recall accuracy (Huang, 2014). Therefore it is important that marketing managers choose colours carefully when crafting a marketing strategy for their businesses.

2.5.3 Brand Dominance

Brand dominance can be defined as when a consumer is able to recognize the most important brand in a specific product category (De Chernatony and MacDonald, 1998: 405). However according to Herr, Farquhar and Fazio (1996) brand dominance can be defined as the power of the association between the branded product and parent category. In addition another important factor regarding brand dominance is relatedness of parent category of the brand and the target category of the proposed extension. Separate names for instance the corporate brand name (monolithic) or the two endorsed names together can be used by a corporate company (Berence, van Riel and van Bruggen, 2005). This labelling architecture can be seen in labels such as Philips where its corporate brand is used in most of its products and Nestle uses its

corporate name as an 'endorser' behind many of its products such as Kit Kat and many others.

Corporate ability associations are most effective when organisations use a monolithic branding strategy while corporate social responsibility is most effective when endorsed strategy is used (Berens, van Riel and van Bruggen, 2005). Further the dominance of corporate brand has an influence on the way corporate associations and corporate responsibility are moderated by the fit between the product and the company and by the involvement of the consumer with the product. Sheinin and Gabriel (1999) suggested that when the corporate brand is conspicuously visible corporate social responsibility associations and corporate ability have more influence on product evaluation than when the corporate brand is less conspicuously visible.

2.5.4 Brand Knowledge

Brand knowledge according to De Chernatony and McDonald (1998: 405) is defined as the evaluation of the consumer's interpretation of the values linked to a brand. However according to Cheung and Chan (2008) brand knowledge is defined as representing the information stored in the memory of a consumer about a specific brand within the product category. This finding is supported by Kotler and Keller (2012: 266) where brand knowledge includes all the experiences, feelings, images, beliefs, thoughts and anything else that becomes linked to the brand. Brand knowledge as suggested by Chaung and Chan (2008) can affect the choice of the product. In addition it affects the way a decision is made and encourages purchase intention. According to Keller (1993), brand familiarity plays a very important role in consumer-based brand equity.

Different kinds of information such as benefits, feelings, attitudes, attributes, experience or awareness can broadly be seen as the key dimensions of brand knowledge (Keller, 2003). In addition these dimensions of brand knowledge vary on all kinds of considerations beyond just their content such as valence, abstraction or uniqueness. Keller (2003) further suggested that when the brand is linked to some other thing, place or person it has an impact on brand knowledge as it creates new brand knowledge or by impacting on existing brand knowledge. In an economy that is connected it is important for companies to understand how to combine different entities

from a consumer brand-knowledge perspective to optimally position the brand in the minds of the consumer. The knowledge that customers have about the brand is as a result of the level of awareness and images that they have about the brand (Keller, 1993).This knowledge that consumers have about the brand whether good or bad determines the kind of response that they will have towards the brand. Companies therefore need to ensure that the information that they communicate to the customers does not send confusing signals, for if it does customers will not find it easy to make a decision about buying the product or services the company offers.

2.6 Brand Positioning

Brand positioning according to Kotler and Keller (2012: 297) refers to the process of designing image and what a company offers in such a way that these can prominent in the consumers' minds. It is the belief that a consumer has about a service, product, brand or company in relation to its competitors (Parumasur and Roberts-Lombard, 2012: 238). Once a company has recognized what different consumers need it endeavors to satisfy those specific needs and ensures that its offerings are recognized by the target market those consumers (Kotler and Keller 2012: 298). The main aim of brand positioning is to make the consumer to always think of the brand and to increase any possible profit that may be available to the company. A well-planned positioning while it has to focus on the present it is critical that the brand is innovative and progressive. Brand positioning requires that marketers define and communicate similarities and differences between their brand and the brand of its competitors (Kotler and Keller, 2012: 298).

In addition for brand positioning to be possible the following must be met:

- Establishing a set of criteria to use in order to identify companies competing for the same market;
- Recognizing areas where companies are different and those areas where they are similar , and;
- Brand positioning and its core value through the creation of a brand mantra.

Knowing where the brand compete in the market is important for focused competition analysis to be possible (Kotler and Keller, 2012: 298). Further the decision to target a

specific kind of consumer can be used to define the nature of competition, as other companies may have planned to target that segment in the future or they may have targeted that segment in the past or because consumers in that segment may be already preferring specific products or brands to buy.

Defining is usually useful during brand positioning which is an expression of the essence of the brand (Kotler and Keller, 2012: 306). In addition brand mantras are not long but short, consisting of between three to five words to express the lifeblood of positioning the brand. Companies use them as a map to guide and direct all employees within the company. They are also used by the company to guide all external marketing partners so that they understand the essence of the branding and more importantly consumers must have a bond with the brand (Kotler and Keller, 2012: 306). Brand mantras can provide guidance about what advertisement, where and how to sell the brand and the type of products to produce under the brand. Mantras therefore help in preventing any inappropriate marketing activity that is unsuitable for the company which has a potential to have a negative effect on the impressions that consumers have about the brand.

The position of a brand according to Sengupta (2005: 16) is how the target market perceives it. This position of a brand encapsulates the lifeblood of the brand as viewed in the market by consumers. In that sense the features of the brand are very crucial in brand positioning, sometimes referred to as product positioning. The position of a brand is the perception it brings about in the mind of a targeted market. Consumers have certain beliefs as a result of brand positioning. This belief is an expression of the essence of the brand because of its usefulness and non-usefulness benefits. In addition brand positioning makes the brand to have a place in the consumer's minds for the brand. Competitive brand positioning is not an easy task and many brands fail quickly than they are supposed to, some do not even make it out of the company gate (Sengupta, 2005: 17-18). Some of the pitfalls of brand positioning are briefly described below:

- Building brand awareness before establishing a clear brand position;
- Companies often promote attributes that consumers do not care about;
- Companies investing too heavily in points of difference that can be copied.

- companies become so determined to respond to competition which ultimately make them that leave position they have established; and

- Deciding to reposition a brand that is difficult and sometimes impossible to reposition only to discover this later.

Brand positioning takes different forms according to Sengupta (2005: 76-122), which are briefly described below:

2.6.1 Positioning by corporate identity

Brand positioning by corporate identity is seen most of the time when a tried and tested corporate identity which has become a household name for some products like Phillips for products such as radios and lambs are used to imply the competitive superiority of newer products bearing the name, Phillips electric irons or Phillips refrigerators. This can be considered as a strong positioning element which companies use to market each brand under a different name such as Hindustan lever (surf, Sunlight and wheel detergent powders, Lifebuoy, nonetheless introduce the credential of the corporate company as a byline (Sengupta, 2005: 76) .

2.6.2 Positioning by brand endorsement

According to Sengupta (2005: 77), when a brand has proved to be very successful the marketer can exploit the strength of that name for entering another product category.

2.6.3 Product line positioning by usage

Marketers use different positions for their brands in the same product category to minimize cannibalism (Sengupta 2005: 94). Using differentiation strategy for example battery operated toys, calculators and other sophisticated equipment such as TV remote controls, companies are able to position themselves. In addition a strategy based on positioning-by-usage is used by companies when expanding their brand in the market they by occupying and creating other usage positions. This strategy is often used with mature brands where the existing market has reached near-saturation as can be seen in the Dettol antiseptic liquid, which went on to position itself for the shaving mug and for washing baby's nappies after having dominated the cuts and wounds usage of the household market (Sengupta 2005: 97).

2.6.4 Price-quality positioning

According to Sengupta (2005: 102), consumers are a market that is diverse and as such have quality expectations that are varied. In addition a consumer looks at the products in a category at varied levels of price with offerings of varied standards of quality and decides which price given the quality level is most suitable for a given need.

2.6.5 Positioning by unique attributes

Certain companies such as Nestle and Procter do not market a product unless the product is enriched with some benefit or features that are unique thus making it superior to that of the competitors (Sengupta, 2005: 114). This unique feature becomes the reason for winning support from consumers. This is the relevance of positioning a brand using its attributes giving the brand a different advantage because of some exclusive or unique features that consumers consider benefit to them.

2.7 Brand equity

It is a set of liabilities and assets associated with a brand, reducing or adding value to a service or product of a company and/or its customers (Aaker et al, 2011: 591). Brand equity according to Kotler and Keller (2012: 265) is defined as the added value that services and products are enriched with. In addition it may be a representation of how consumers think or feel and their reaction to the brand. Several approaches are used by marketers and researchers to study brand equity. One of the approaches is customer-based approach in which brand equity is viewed from the consumer perspective (Kotler and Keller, 2012:265). In this approach it is recognized that what consumers read, heard, learned, felt, or thought about the brand in the past determines the extent to which the brand is powerful. In addition brand equity which is positive on customers is possible when there is a favourable response from consumers to a product when the brand has been recognised. However if no positive response from consumers when the brand is marketed in similar conditions the brand therefore conditions has negative customer-based brand equity. Customer-based brand equity has three key components:

- Brand equity because of consumers giving different responses;

- Responses that are not the same are brought about by the knowledge that consumers have about the brand such as the feelings, beliefs, images, and;
- Brand equity is represented by behaviour, choices as well as impressions concerning everything about the marketing of a brand.

Some of the marketing advantages of strong brands as per Kotler and Keller (2012: 266) are:

- Perceptions about how the product performs;
- more loyalty;
- not susceptible to competitive marketing;
- Less susceptibility to marketing crises;
- Larger margins;
- response from consumer more inflexible to price increases;
- response from consumer more inflexible to price decreases, and;
- Higher returns in financial market.

In order for marketing practitioners to create the desired knowledge about the brand it is necessary that they have relevant skills and experiences with marketing programs, services and products. Marketing researchers have recognised a number of brand equity models such as BrandAsset Valuator model, Brand Dynamics Pyramid, and Brand Resonance Model.

The BrandAsset Valuator model as per Kotler and Keller (2012: 267) includes four key components of brand equity as shown in Figure 2.3.

Figure 2-3: The BrandAsset Valuator Model
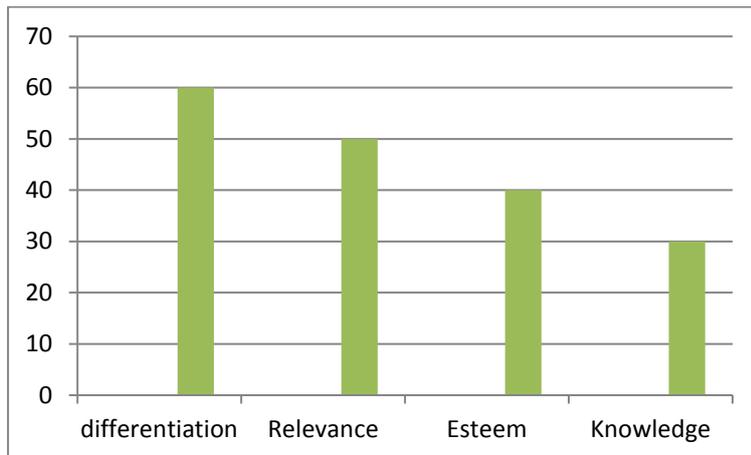
Source: Adopted from Kotler and Keller (2012: 267).

The four key components of brand equity in the BrandAsset Valuator Model as per Kotler and Keller (2012: 267) are explained below:

- **Energised differentiation** is a measure used to distinguish two or more brand and its perceived strength and leading role among different brands.
- **Relevance** is a measure that is used to indicate the fitness and appropriateness of a brand and its attractiveness
- **Esteem** measures the extent to which a brand is favoured, respected and recognised because of its quality.
- **Knowledge** measures the level of information that consumers have about the brand.

Relevance together with energized differentiation assists in the determination of the power of the brand which indicates value and future growth of the brand. Esteem together with knowledge creates the status of the brand based on how it previously performed and how it is likely to perform in the future. (Kotler and Keller, 2012: 267). According to this model consumers concentrate their devotion and purchasing power on increasing specific brands having a dynamic energized differentiation. It is easier for consumers to connect with these special brands and consequently bringing about increased loyalty and the power to raise prices without losing customers to other brands (Kotler and Keller, 2012: 267).

Brand Dynamics Pyramid follows a series of steps per Kotler and Keller (2012: 269) as shown in Figure 2.4.

Figure 2- 4: Brand Dynamics Pyramid
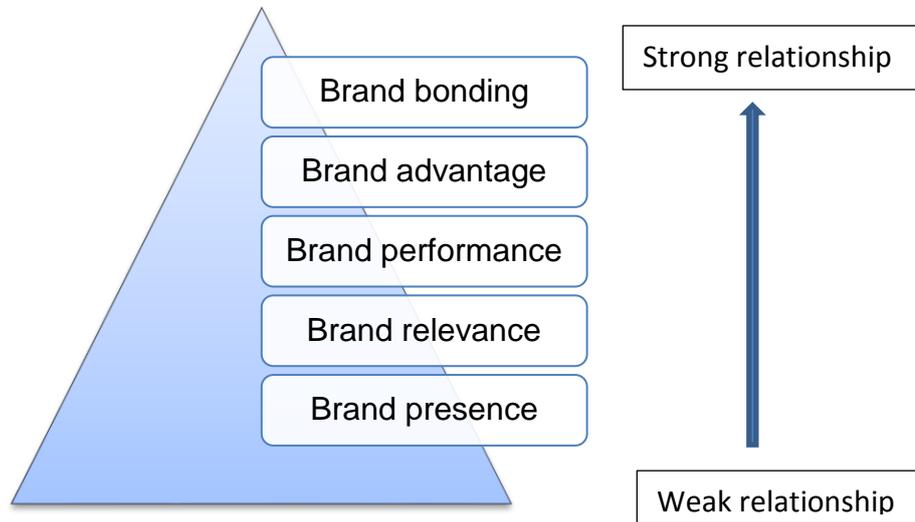
Source: Adopted from Kotler and Keller (2012: 268-269)

Five steps as per Kotler and Keller (2012: 268-269) are explained below:

- **Presence**, active familiarity informed by saliency, having tried the brand or familiarity with benefits and experiences associated with the brand;
- **Relevance**, appropriateness of goods and services made available to consumers and their price range affordability;
- **Performance**, trusting the brand to offer product performance that is accepted and is in the list of the items that the consumer wants to buy;
- **Advantage**, having a brand that is trustworthy because it has psychological advantage over other brands in the same set, and;
- **Bonding**, psychological attachment to a specific brand thus excluding other the majority of other brands in the process.

A strong attachment to the brand has been established for consumers occupying the top of the pyramid and when compared to those on the bottom of the pyramid they spend more on the brand. It is therefore necessary for marketers to assist those consumers on the lower levels to move up the pyramid.

The Brand Resonance Model as per Kotler and Keller (2012: 270-271) includes a number of steps in ascending order of the model from the bottom to the top as shown in Figure 2.5.

Figure 2-5: Brand Resonance Model
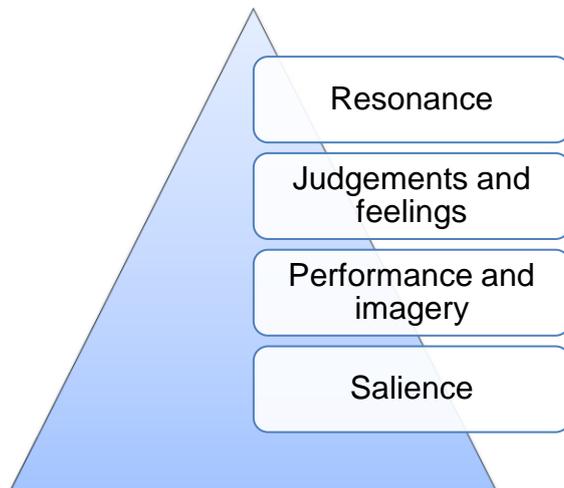
Source: Adopted from Kotler and Keller (2012: 270-271)

Series of steps, according to Kotler and Keller (2012: 271) are explained below:

- **Brand salience** is how visible, familiar and known the brand is and how consumers choose the brand under different conditions.
- **Brand performance** is the measure of how the brand satisfies and meet the needs of the consumers.
- **Brand imagery** gives a description of the features of a brand that is not an integral part of the brand and explains how the brand tries to meet both psychological and social demands of consumers.
- **Brand judgments** is consumers' own evaluation and their impressions about the brand.
- **Brand feelings** refers to how consumers react when exposed to the brand.
- **Brand resonance** refers to the way customers are attached and in harmony with the brand.

2.8 Brand management

A brand is a very important asset to the company and as such needs to be carefully managed to prevent its value from depreciating (Kotler and Keller, 2012:648). When the brand is carefully managed it will live for many decades for instance, brands such as Coalgate, Coca-Cola, and many more. Brands can only live longer only when companies constantly strive to improve their products and/or service offerings and marketing strategies. Kotler and Keller (2012:648) suggested that marketers can reinforce brand equity by constantly conveying the meaning of the brand in terms of:

- Core benefits it supplies, products represented by the brand, and the needs it satisfies, and;
- The manner in which the brand makes the product superior, favourable, stronger, and unique brand associations existing in the mind of the consumer.

Consistent marketing support is an important part in reinforcing brands. However this does not mean that no deviation from a successful position should be made. If warranted it may be necessary to make tactical changes to the brand to maintain the strategic thrust and direction of the brand. It is important that marketers recognize the concessions between activities that fortify the brand and reinforce its meaning as the inability to strengthen the brand results in diminished awareness of the brand and image of the brand that is weakened. As a result loyalty will be reduced and in turn financial benefits will be reduced.

Marketing managers must be ready to manage a brand crisis as it will happen someday as has been the case recently in South Africa and in some parts of the world with Ford kuga vehicles which caught fire. Other companies besides Ford kuga have experienced brand crisis that eroded consumer trust. Consequences of brand crisis according to Kotler and Keller (2012: 648) include:

- Reduced success of marketing of the product;
- Lost sales;
- Consumers becoming more sensitive to marketing action by rival companies, and;
- Minimum effect on marketing activities of the company on competing brands.

The more the company takes longer to act on negative media reporting consumers become more likely to develop negative perceptions about the company which is receiving bad publicity. As a result of bad publicity consumers are more likely to actually discover that they no longer have affection for the brand and hence a reason to switch to other brands. If the company can use public relations to confront the problem and with advertisements if possible, the problem of bad publicity may be resolved. The company needs to make a public acknowledgement of the impact on consumers and also show to be willing to take necessary steps to resolve the problem then customers will be less likely to form negative attributions. Toyota's vehicles have over the years consistently ranked high in quality and reliability. However in 2009 and 2010 that all changed when Toyota experienced a massive recall of its vehicles. Many Toyota brands were affected such as Lexus, Prius, Camry, Corolla and Tundra as a result of a number of problems such as faulty accelerator pedals and problems related to the braking system. If such a crisis happens it is more likely that the image of the company will be tarnished, it is important that management especially brand managers do everything possible to salvage the reputation of the company. According to Kapferer (2012: 121), companies need to recognise that brands are an asset, and always try to reinforce and nurture them through added values and tangible innovations. Further Kapferer (2012: 121), suggested ten key principles of brand management as described below:

- Take advantage of a few strategic brands which all communicate a vision, bigger idea and are aimed at changing the life of the customer;
- Place all variants and sub-brands under these mega-brands to nurture them;
- Be a leader, passionate and determined to increase the standards of the category;
- Maintain the brands through constant innovations in sync with positioning;
- Create relationships with your customers to deepen the attachment to the brand, in particular in markets where the trade pushes its trade brands;
- Deliver personalized services;
- Give rewards to customers and turn them into active promoters of the brand and not simply loyalists but brand ambassadors;
- Use the internet or some other media platforms to encourage communities that share your values;

- Quickly broaden the brand and its products to other parts of the world;
- Make rational decisions as big is not beautiful anymore because consumers have become suspicious about size.

Marketers must pay attention to product offering, and to physical and psychological factors as the combination of these factors at the strategic level can enhance store image, loyalty and patronage (Parumasur and Roberts-Lombard, 2012: 319). In addition it is important for the service station brand manager to consider the following pitfalls (deadly sins) of branding, briefly described below:

- Brand amnesia, when a brand forgets what it should stand for;
- Brand ego, when the ability and importance of a brand and is overestimated;
- Brand megalomania, when the brand wants to extend into every possible product category;
- Brand deception, when the company covers up the reality of the product or brand;
- Brand fatigue, when the brand starts to lack creativity as a result of the company getting bored with the brand;
- Brand paranoia, generally occurs when the brand faces increasing competition; and
- Brand irrelevance, when there are drastic market changes evolves which cause the brand to face the risk of becoming obsolete and irrelevant.

2.9 Demographic Characteristics (Age, gender and race) and Brand Loyalty

Demographic factors such as age, gender and race may have influence on how customers behave towards certain products that they want to buy. A number of studies had found that age as played no role in influencing customer brand loyalty (Molefe, 2006; Helgesen, Havold and Nesset, 2010 and Ramalexmi, 2015). According to Molefe (2006) gender plays a significant role in products purchased at a forecourt convenience shop. In contrast Helgesen, Havold and Nesset (2010) found that gender had no significant positive association with brand loyalty. Molefe (2006) found that race had no influence on customer brand loyalty towards a forecourt convenience shop. It appears that the important factor that influences customer brand loyalty is

gender other than age and race. For maximum brand loyalty benefits service stations can target a specific gender with certain products as gender is found to play a role in products purchased.

2.10 The Petroleum Industry

Crude oil provides most of the energy requirements of the world, i.e., approximately a 33% of global energy comes from crude oil in the form of liquid fuels (BP's statistical review of world energy, 2017). The US EIA (2017) estimates that 95% of the energy responsible for the transport system globally comes from the crude oil. Likewise the transport system in the country depends on the petroleum industry for nearly all of its energy requirements, with over 80% of the liquid fuels consumption consisting of petrol and diesel (DoE, 2017). According to DoE (2017) more than 60% of petroleum products refined in South Africa are produced from imported crude oil as there are small amounts of crude oil reserves in the country. Approximately 36% of the country's energy demand is satisfied by coal-to-liquid (CTL) synthetic fuels, gas-to-liquid (GTL) synthetic fuels and the remainder from local crude oil. The petroleum industry according to SAPIA (2010) contributes 2% to the gross domestic product (GDP) of the country. It provides 18% of the country's primary energy and supports over 300 000 direct and indirect employment. About 4600 petrol service stations are found throughout the country (DoE).

The main players in the South African oil industry are British Petroleum Southern Africa (Pty) Limited (BP), Chevron South Africa (Pty) Limited (Caltex), Engen Petroleum Limited (Engen), PetroSA (Pty) Limited (Petrosa), SASOL Limited (Sasol), Shell Southern Africa (Pty) Limited (Shell), and Total South Africa (Pty) Limited (Total). The retail sector in South Africa is regulated in terms of the Petroleum Products Act (Act 120 of 1977), as amended. The Department of Energy (DoE) licenses manufacturing, wholesaling and retailing of petroleum products through the Petroleum Products Act, Act 120 of 1977, as amended, sets the price of petrol, maximum price for illuminating paraffin (IP) and maximum price for liquefied petroleum gas (LPG). The retail price of diesel is not regulated and as such service stations can set their own price. The owners of the major players in the industry are not permitted to directly sell fuel to consumers. Retailers linked to the major oil companies have exclusive rights to

purchase products from the oil companies and to manage the brand of the oil company through franchise agreements.

2.11 Market Trend of Diesel and Petrol

According to DoE (2016) petrol consumption per province was dominated by Gauteng consuming on average 36% of the total consumption, followed by KwaZulu-Natal and the Western Cape, each consuming 15.7%. Petrol consumption for the rest of the other provinces was below 1 billion litres over the years. In addition petrol consumption in the Northern Cape declined at an annual rate of 6.2% in the last ten years, resulting in the province contributing the least percentage in petrol consumption in the country. The commercial sector was responsible for most of diesel consumption in the country, accounting for 7 billion litres in 2007 to 9 billion litres in 2016 (DoE, 2016). Petrol consumption in the commercial sector increased from 1 billion litres in 2007 to 4.2 billion litres in 2016. From 2007 to 2017 there was a 0.2% decline in the consumption of petrol, however diesel consumption increased by an annual average of 3% in the same period.

2.12 Competitive Advantage

A company has competitive advantage when that company has a service or product that is perceived by its target market as better than that of its competitors (Parumasur and Roberts-Lombard, 2012:240). Competitive advantage that is sustainable is possible when it has products that create value and services that are hard to duplicate or imitate (Parumasur and Roberts-Lombard, 2012:240). Aaker (2011: 590), argued that for companies to survive in the 21 century they must not only provide services and goods to the consumer efficiently, but should also possess lasting competitive advantage. Companies operate in an environment characterized by dynamism and uncertainty and as such must be prepared to change their strategies if warranted (Aaker et al, 2011: 590). According to Aaker et al (Aaker, 2011: 590), companies wanting to have competitive advantage are encouraged to develop distinctive competencies at the lowest possible cost or to achieve differentiation through superior value. Companies have to innovate continuously to remain not only relevant but competitive too (Aaker, 2011: 590). A company has competitive advantage if it has an ability to do better than rival companies as it offers much needed services or products

produced in a sustainable way (George and Jones, 2013). In addition four building blocks of competitive advantage are superior efficiency, quality, innovation and responsiveness to customers as shown in Figure 2.6

Figure 2- 6: Four building blocks of competitive advantage
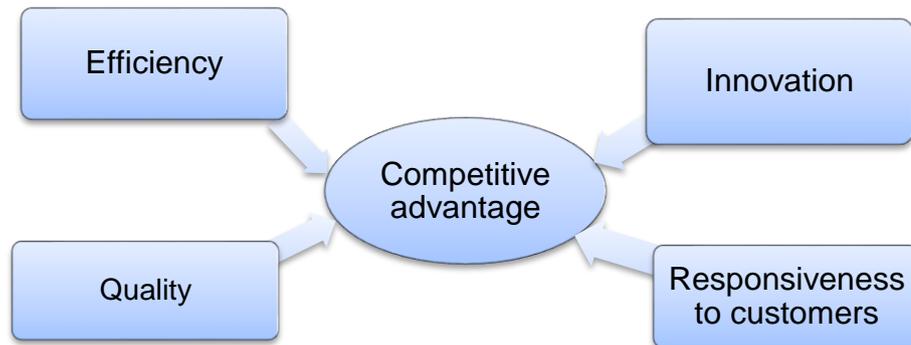
Source: Adopted from George and Jones (2013: 61)

Companies compete for customers using the services and products they offer. Therefore it is important for companies to train employees to be responsive to the needs of the customers in particular service companies. Retail shops like fuel service stations for instance depend entirely on the performance of their employees that result in high quality service at reasonable cost. Through innovation companies create new or improved goods and services (George and Jones, 2013: 61). Further companies increase their efficiency when they reduce the quantity of resources they use to produce goods and services. In these challenging times companies can either win or lose the competitive race depending on how quickly they can bring new products or services to the market and how easily they can change the way they perform their activities in response to changing needs of their customers as well as responding to actions of their competitors.

Daniela (2014) suggested that the competitive advantage of a company lies mainly on its internal factors such as structure, resources, capabilities and competencies of the

organization. Further when companies use internal resources to neutralize potential threats and avoid weaknesses have an opportunity to develop competitive advantage. The petroleum industry in South Africa is vertically integrated with the oil majors such as BP, Sasol, Shell, Caltex, Engen, and Total being involved in exploration, manufacturing, wholesaling and retailing of the petroleum products. In recent years petrol service stations have made changes to their operation and products offering in order to remain competitive (Seng, 2014). These changes include among others offering products such as sandwiches, cold drinks, cigarettes and a variety of other items. The design of convenient stores on the forecourts makes the petrol service stations more attractive and inviting to customers thereby creating a bright atmosphere both inside and outside (Seng 2014). All these efforts are aimed at improving the image of the service station with a view of attracting more customers while keeping loyal customers. Despite such modern changes in forecourt designs and a variety of service or product offerings service stations still face the risk of failure. Singh (2007) argued that 47% of failure rate in the retail sector of fuel service stations could not be attributed to the entrepreneur alone but to a number of factors from both within and outside the control of the fuel service station owner.

The petroleum industry in South Africa is regulated thus leaving little space for service stations to compete on fuel quality or petrol price as these are considered by the customers as the same. It therefore becomes clear that service quality is the key to having competitive advantage in this sector. Todor (2014) argued that as the playing field among competitors in the retail sector become level as a result of new technology retailers will find it difficult to succeed when using product quality as their competitive advantage. It is therefore important for retailers to use other elements of competitive advantage such as superior efficiency, quick response to customer's needs and innovation.

Competitive advantage can be assessed according to Aaker et al (2011: 590), in a number of ways including market based assessment and process based assessment. The change in market share overtime is an important indicator of competitive dynamics, particularly during the growth stage of a product or market. Market share according to Aaker et al (2011:590) is a good indicator whether a company is ahead,

abreast of, or behind the market's total growth rate. Market based assessment can be done through the following:

- **Market share** is measured as a percentage of total industry sales over a specified time period;
- **Recall share** is the percentage of customers who name the brand when they are asked to name the first brand that comes to mind when they consider buying a particular type of product. This indicates the consumer's top-of-mind brand awareness and preference and gives a measure of advantage to that brand over others in the same market;
- **Advertising share** is the percentage of media time or space a brand has of the total media share for that industry, often measured simple as dollars spend on advertising. It is also a measure of the current competition that a company faces, and;
- **Research and development** is a company's research and development expenditure as a percentage of total industry research and development expenditures. This is a long-term predictor of new product development, improvements in quality, cost reductions, and hence market share.

Processed based assessment can be done through the following according to Aaker et al (2011: 591):

- **Marketing skills audit** which refers to skills as the most distinctive description of the organization's way of doing business;
- **Comparison of relative costs**, another measure of advantage is a comparison of the company's costs against those of competitors. The company gains competitive advantage if its costs are lower than its competitors;
- **Comparison of winning against losing companies**, key success factors can be inferred by analyzing difference in performance among competitors, and;
- **Identifying high-leverage phenomenon**, ideally these are causal relationships that describe how controllable variables such production-run length, plant scale and sales force density affect outcomes such as sales costs per unit and manufacturing.

2.10 Conclusion

A theoretical perspective on the concept of brand loyalty has been given. Customer loyalty can only be realized if managers can pay more attention to factors influencing brand loyalty. These factors include good customer service, quality products, sense of security in and around the service station and other added amenities such as car wash facilities, convenience shops, ATMs and easy access to the service station. The literature review supports the view that the brand of a service station has no significant effect on the choice of a service station visited by customers. Customers consider a variety of issues when thinking to purchase fuel such as quality of service, other added amenities, accessibility of the service station and the convenience shop.

The next chapter describes how the study was undertaken. It covers aspects such as the research process, research instrument, reliability and validity, sampling frame and other issues related to the methodology used.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives a description of the research methodology that was used in the study. It gives a detailed description of the research design, target population, sampling design, data collection tools and data analysis techniques used to achieve the objectives of the study. The administration of the questionnaires and data analysis is explained. Reliability and validity, limitations of the study, elimination of bias and ethical considerations are discussed.

3.2 Research Design

As stated by Babbie and Mouton (2005:74), a research design is blueprint or a plan of how you intend to conduct the research. According to Sekaran and Bougie (2013:95) a research design is a blueprint used to measure, collect and analyse data, based on the research questions of the study. There are different forms of research designs as briefly explained below (Sekaran and Bougie, 2013:96-98):

- **Exploratory study** is undertaken to explore an unknown situation, or when information regarding how research issues or similar problems have been solved in the past is not available;
- **Descriptive study** is usually use to collect data to describe the characteristics of events, situations or persons;
- **Causal study** is undertaken to test whether or not one variable causes another to change, the research is aimed to delineate one or more variables that are responsible for the problem;
- **Correlational study** uses the natural environment (supermarket or factory floor) where it is the researcher ensures that the normal flow of events are maintained with minimally interfered; and
- **Experimental study** is done to establish a cause-and-effect relationship, an artificial, controlled environment need to be created for this to be possible in which all the extraneous factors are strictly controlled.

A descriptive research design was used for the study undertaken to discover answers to research questions related to fundamental features that define the research objectives. This research design was used because of its simplicity, easy to implement, affordability and less-time consuming.

3.3 Research Philosophy

According to Smith et al (2002:27), it is critical to consider philosophical issues when considering undertaking a research. In addition any failure to consider philosophical issues can seriously affect the research. Sekaran and Bougie (2013:30) highlighted that it is important to consider the philosophical underpinnings of the research questions, research design, and the research methods as the research findings depend on how well they relate to the methods used, design chosen, questions asked and the research perspective taken. According to Sekaran and Bougie (2013:29), the most important perspectives for contemporary research in business are positivism, constructionism, critical realism, and pragmatism.

3.3.1 Quantitative research (Positivist)

A quantitative perspective according to Sekaran and Bougie (2013: 29) is based on the belief that science and scientific research is the way to get at the truth. For a positivist the world operates according to the laws of cause and effect that is discernable if a scientific approach is used to research. Those that are supporting a quantitative research approach are concerned with vigour and reproducibility of their research, whether or not their findings and observations can be generalized. The key approach of a positivist researcher is the experimentation, which allows them to test cause-and-effect relationships through manipulation and observation. Deductive reasoning is used by a positivist researcher to put forward theories that they can test by means of a fixed, predetermined research design and objective measures.

For this study, quantitative research approach was used because the use of quantitative research methods enables the researcher to quantify the results.

3.3.2 Qualitative Research Constructionism)

Qualitative researchers hold the view that the world is fundamentally mentally constructed and hence constructionists do not search for the objective truth (Sekaran and Bougie, 2013: 29). In addition constructionists aim to understand the rules people use to make sense of the world by investigating what happens in people's minds. Qualitative researchers are more concerned about how people's views of the world result from interactions with others and the context in which they occur as opposed to positivist researchers. Qualitative researchers are more interested in understanding a specific case than the generalization of their findings.

3.3.3 Critical realism

This approach to research is based on the understanding that research in a social environment cannot be objectively studied as is the case with natural sciences (Sekaran and Bougie, 2013:29). In addition observation particularly on phenomenon cannot be observed and measured directly, such as satisfaction, motivation, culture and that these will always be subject to interpretation. The critical realist believes that the goal of research is to progress towards uncovering the truth whereas the positivist believes that the goal of research is uncovering the truth.

3.3.4 Pragmatism

Pragmatists do not take any particular position on what makes good research (Sekaran and Bougie, 2013: 30). Pragmatist researchers feel that research on both objective observable phenomenon and subjective meanings can produce useful knowledge, depending on the research questions of the study. According to pragmatism perspective, research is described as a progress where concepts and meanings are generalization of our past actions and experiences, and interactions with the environment, thus emphasizing the socially constructed nature of research.

3.4 Target Population

According to Babbie and Mouton (2001) a study population can be defined as that aggregation of elements from which a sample is actually selected. However Sekaran and Bougie (2013) define population as the entire group of things, people or events of

interest that the researcher wishes to investigate. For this study the population comprised of customers that patronize service stations in Montclair, South of Durban in KwaZulu-Natal. The respondents included as participants in the study were the relevant customers that came to refuel their vehicles at five service stations in Montclair.

3.4.1 Sampling

Sampling according to Sekaran and Bougie (2013:244), is defined as the process of selecting a sufficient number of the right elements from the population. Further sampling enables the understanding of the characteristics of the population to be generalized. The two major sampling designs are probability sampling and non-probability sampling.

3.4.2 Probability Sampling

In probability sampling the elements in the population have some known, non-zero chance or probability of being selected as sample subjects. The six probability sampling designs according to Sekaran and Bougie (2013:254), are simple, systematic, stratified, cluster, area, and double sampling. The comparative summary of these different designs are shown on table 3.3 below.

Table 3-1: A comparative summary of probability sampling designs.

Sampling design	Description	Advantage	Disadvantage
Simple random	Each member of the study population has an equal chance of being selected as the subject.	Findings can be generalised	With less efficiency when compared to stratified sampling.
Systematic	Every nth member is randomly selected based on the sampling frame.	when sampling frame is available it is easy to use	Possible systematic biases

Stratified	Subjects are drawn from members of the population in proportion to their original number in the population.	It is the best efficient probability design	More time consuming than simple random sampling or systematic sampling.
Cluster	Groups that have heterogeneous members are first identified then some are chosen randomly. All the members in each of the randomly chosen groups are studied.	In geographic clusters, costs of data collection are low	The least reliable and efficient among all probability sampling designs since subsets of clusters are more homogenous than heterogeneous.
Area	Cluster sampling within a particular area.	Cost effective and useful for decisions relating to a particular location	It takes time to collect data from an area.
Double	The same sample of a subset of the sample is studied twice.	Offers more detailed information on the topic of a study	Carry-over of biases if there are there is possible. Subjects may not be happy to respond to questions again.

Source: Sekaran and Bougie (2013: 254)

3.4.3 Non Probability Sampling

In non-probability sampling, the elements do not have a known or predetermined chance of being selected as subjects. The two probability sampling designs according to Sekaran and Bougie (2013:254) are convenience sampling and purposive sampling (judgment and quota sampling).

Table 3-2: The different types of Non Probability Sampling

Sampling design	Description	Advantage	Disadvantage
Convenience	Members easily accessible are chosen as subjects.	Convenient, less expensive and quick.	Results cannot be generalized at all.
Purposive	**Judgmen**t- Expertise in the subject investigated is used to select subjects **Quota**-subjects are conveniently chosen from target groups according to some predetermined number or quota	Sometimes the only meaningful way to investigate. Very useful when minority participation in a study is critical.	Results not generalizable to entire population. Not easy to generalize the results

Source: Sekaran and Bougie (2013: 254).

A non-probability sampling design was used, according to Sekaran and Bougie (2013:245); a non-probability sampling is a design in which the elements in the population do not have a known or predetermined chance of being selected as sample

subjects. In addition for convenience sampling involves getting information or data from members of the population who can be conveniently accessible to the researcher. Data was collected from 150 participants of five service stations in Montclair, 30 participants per site, Roscoe (as cited in Sekaran and Bougie, 2013) argued that a sample size larger than 30 and less than 500 are appropriate for most research. The study consisted of all customers who came to fill-up at the identified service stations. The non-probability sampling design was chosen as it was quick, convenient and less expensive.

3.5 Pilot Study.

The importance of a pilot study according to Welman and Kruger (1999:146) is to detect any shortcomings or defects that may be found in the research tools. Further it is used to help detect items that are not clear or are ambiguous in the questionnaire before the study is conducted. For the purpose of this study the questionnaire was pre-tested on a similar but small group of customers that patronize some of the service stations in Durban. The questionnaire was tested with 10 participants from the Durban area to assess whether the participants will have no problem when answering the questionnaire. During pre-testing there was no misunderstanding of the items in the questionnaire that was identified.

3.6 Data collection

A self-administered and structured questionnaire consisting of closed questions was used. A likert scale was used in the questionnaire. This allowed for responses that are easily quantifiable. The data collected included demographic details of the respondents, questions about frequency of the use of a particular brand and questions about factors influencing them to patronize a particular brand of fuel service station. The questionnaires were in English. The advantages and disadvantages of using a self-administered structured questionnaire according to Sekaran and Bougie (2013) are:

Advantages:

- The researcher can establish rapport and encourage participants

- The researcher can clarify doubts
- It is simple, easy to implement, affordable and less-time consuming
- Response rate of 100% is almost ensured
- Anonymity of respondent is high

Disadvantages:

- Bias through explanation is possible
- It takes time and effort

A descriptive quantitative study design was used. Descriptive studies are often designed to collect data that describe the characteristics of persons, events or situations (Sekaran and Bougie, 2013). Further it may involve the collection of quantitative data such as satisfaction ratings or may also entail the collection of qualitative information such as how consumers go through a decision-making process. In this study it was used to collect demographic details as well as quantitative data.

3.7 Data Analysis

All completed questionnaires were individually checked for completeness and numbered. In quantitative research the first stage of data analysis according to Terblanche, Durrheim and Painter (2006:189) involves coding, entering and cleaning of data. Data was captured into Microsoft Excel spread sheet, and then imported into SPSS Statistics 24 for data analysis. Given the type of data collected, descriptive statistics was used. Regarding discrete and continuous data, counts were calculated; while for categorical data, percentages and proportions were calculated.

3.8 Validity and Reliability

Validity and reliability are key components to be considered in evaluating a particular research instrument.

3.8.1. Validity

Validity is a test of how consistently a measuring instrument measures whatever concept it is intended to measure. Sekaran and Bougie (2013:225) categorizes validity tests under three broad headings:

- **Content validity**, it ensures that the measure includes a sufficient and representative set of items that tap the concept.
- **Criterion-related validity**, It is possible when the measure differentiates individuals on a criterion it is expected to predict.
- **Construct validity**, It refers to how well the results obtained from the use of the measure fit the theories around which the test is designed.

3.8.2 Reliability

Reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure. The scores obtained is one of the major components of reliability. Sekaran and Bougie (2013:229) outlines common approaches to assessing reliability:

- **Stability of measures**, when a measure is able to remain the same over time, despite the state of the respondents themselves or uncontrollable testing conditions.
- **Test-retest reliability**, is the indication of how reliable are the results if the study were to be done again.
- **Parallel-form reliability**, refers to a high correlation between two comparable sets of results
- **Cronbach's coefficient alpha**, used for multipoint-scaled items where the higher the coefficient the better the measuring instrument.

3.9 Limitation of the Study

All research projects according to Marshall and Rossman (2007:42) have limitations and these limitations are as a result of the conceptual framework and design of the study.

The limitations of the study included the following:

- The study was restricted to a specific geographic area.
- The respondents who filled the questionnaires on the day when the survey was conducted may not be a good representation of the general population.
- The respondents may have misunderstood the questions.

3.10 Ethical Considerations

Ethical principles guiding research involving human subjects was followed and adhered to. This study proposal was submitted to UKZN Research Ethics Committee for approval before the study was conducted. Data was collected only after approval had been obtained from UKZN Research Ethics Committee. In addition permission was requested and obtained from the manager in each service station that formed part of the study. Participation was voluntary; a declaration included in the questionnaire gave them an opportunity to consent or not and to withdraw from participation if they felt uncomfortable. No identifiers were recorded to protect the privacy of the respondents.

3.11 Summary

This chapter described the research methodology used in the collection of data. It also delved into how the collected data was analyzed to determine the extent of brand loyalty in the context of retail petroleum industry. The following chapter presents the results, discussions and interpretation of the findings of the study.

CHAPTER FOUR

RESULTS, DISCUSSIONS AND INTERPRETATION OF FINDINGS

4.1 Introduction

In the previous chapter the research design and methodology of the study was described. This chapter gives the findings of the study and discussion of the findings. Interpretation of the findings regarding the literature reviewed is also given.

The chapter begins by providing an insight into analysis of the questionnaires that were returned. Graphical presentation of the findings and discussion in relation to the body of research on brand loyalty and brand management is presented.

4.2 Analysis of Returned Questionnaires

A sample of 150 respondents was conveniently chosen for the study. The questionnaire was administered to 150 randomly selected respondents and all returned administered questionnaires were fully completed. This represents a return of 100%. A response rate of greater than 50% according to Saunders et al. (2007:284) is considered to be moderately high for delivered and collected questionnaires.

4.3 Presentation of Findings

This section presents the findings from different items in the questionnaire. The research data was captured into Microsoft Excel spread sheet, and then transported into SPSS Statistics 24 for data analysis. Descriptive statistics was used; in relation to discrete and continuous data, counts were calculated while for categorical data percentages and proportions were calculated. Findings are presented in the form of graphs, charts and tables.

4.3.1 Sample characteristics

The reliability analysis showed that the data were reliable as the Cronbach's Alpha value was 0.806 (Table 4.1). According to George and Mallery (2011: 231), an alpha ≥ 0.7 is considered normal to indicate a reliable set of items therefore all sections of the questionnaires administered were reliable.

Table 4.1: Reliability analysis output

Reliability Statistics	
Cronbach's Alpha	N of Items
.806	17

4.3.1.1 Age of respondents

Figure 4.1 shows that 4.7% of respondents were younger than 20 years of age, 33.3% were between 21-30 years of age, 23.3% were between 31-40 years of age, 17% were between 41-50 years of age and 21.3% were over the age of 50 years. It can therefore be concluded that most of the respondents (61.3%) were less than or equal to 40 years of age. As the participants were randomly selected it is therefore important to note that there cannot be any deduction made from the results.
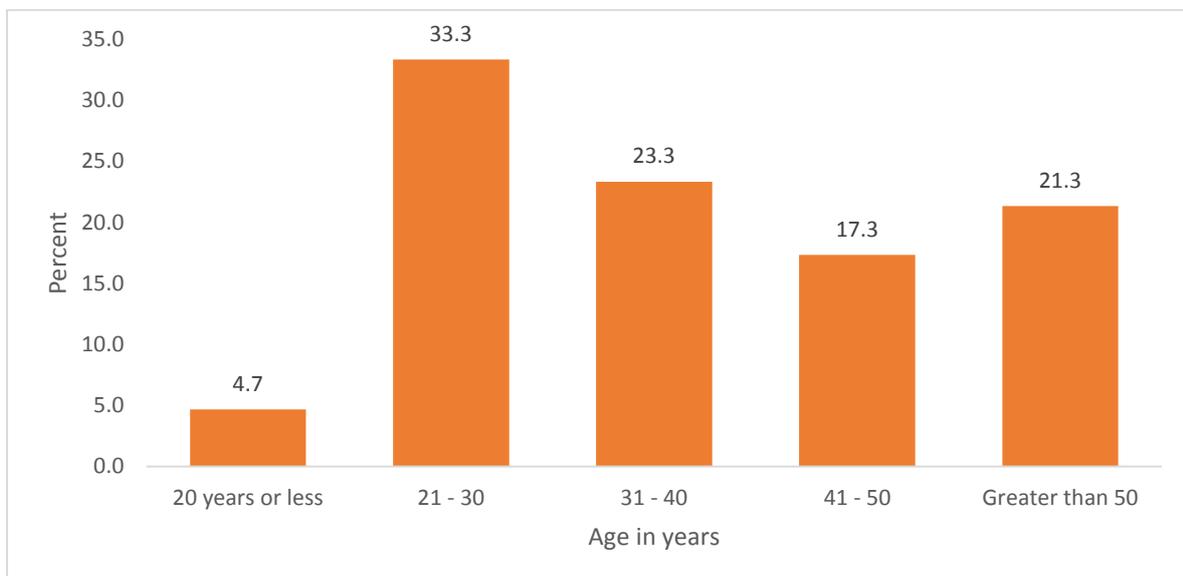
Figure 4.1 Distribution of age of the respondents

4.3.1.2 Gender of respondents

It was found that the majority of the participants (84%) were male and 16% were female (Figure 4.2). As the participants were randomly selected it is therefore important to note that there cannot be any deduction made from the results.
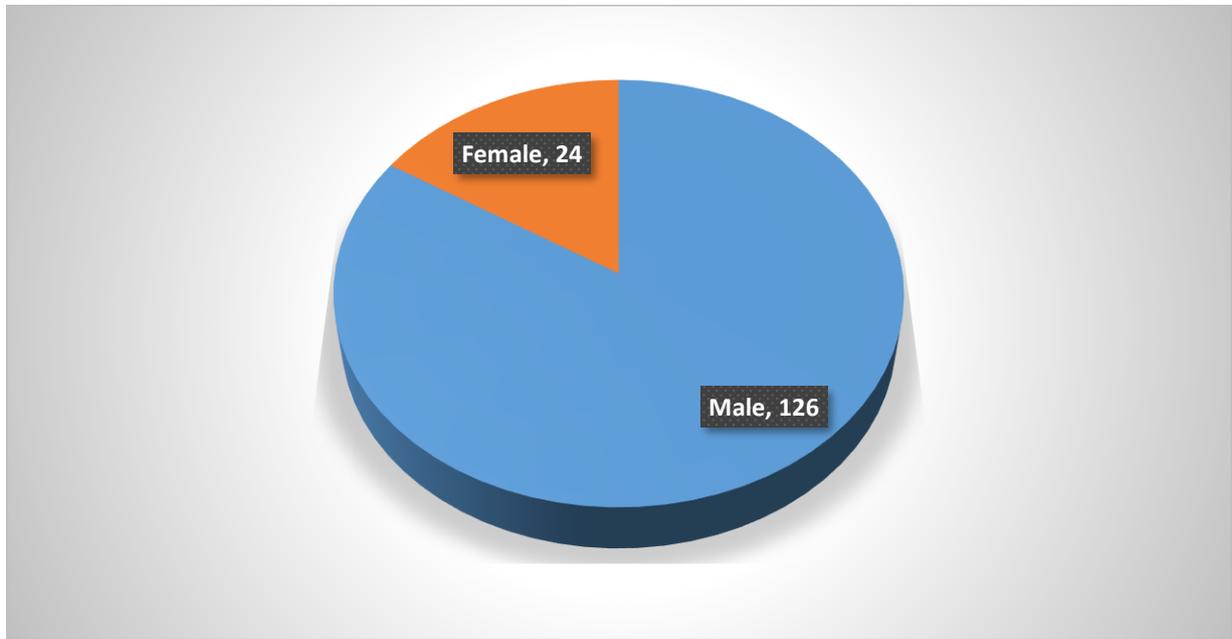
Figure 4.2 Gender distribution

4.3.1.3 Race of respondents

Figure 4.3 shows that the majority of respondents were black (63%), followed by Indians (23%), whites (11%) and colored (3%).
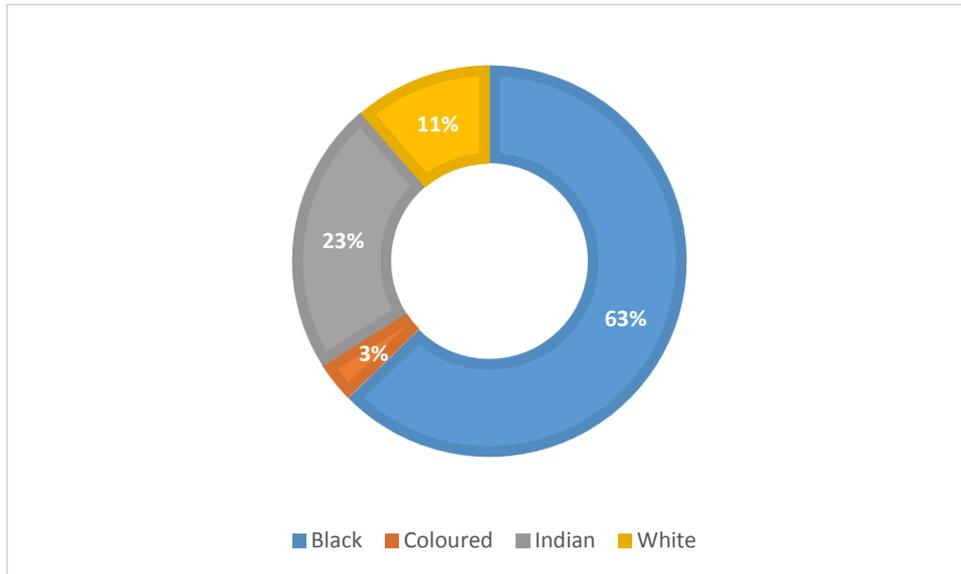
Figure 4.3 Race distribution

4.3.2 Findings about the Brand of Choice

Participants were asked to indicate their brand of choice. It was found that the majority of participants mentioned Caltex (23%) and Engen (23%) as the brand of their choice, Total (20%), BP (19%), Shell (14%) and only one percent in favour of Sasol (Figure 4.4). The question did not ask for the reasons for choosing a particular brand and it may therefore be possible that the results could have been different if for instance the questionnaire was answered on a different day or time of the day.
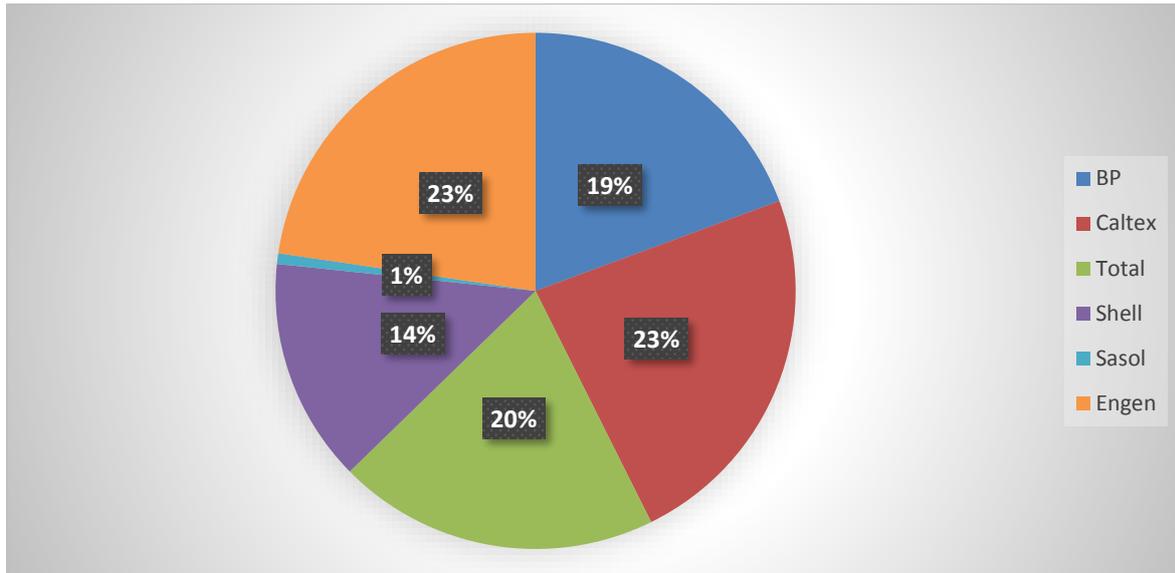
Figure 4.4: Brand of choice by the participants

4.4 Findings regarding location

There were five statements which asked the participants to determine if the location is important for the use of a petrol service station. It was found that the majority of the participants agreed or strongly agreed to all the statements except the statement stating "I buy here because it is closer to work". For example, 73% of the participants positively mentioned that they buy here because it is closer to where they stay, and 75% agreed or strongly agreed that they buy here because it is easy to drive in, 67% of participants agreed or strongly agreed with the statement " I buy here because it is easy to drive out, 53% of participants agreed or strongly agreed with the statement " I buy here because there is enough space for parking, while only 36% agreed or strongly agreed with the statement " I buy here because it is closer to work (Figure 4.5). The finding regarding the importance of location in terms of loyalty is supported by a study conducted in Malaysian petrol stations where it was found that location moderates the relationship between satisfaction and loyalty (Dutsenwai, et al., 2015). The importance of location as an influencing factor in fuel purchase decision making is also highlighted in the study conducted by Mokabiri (2009) where it was found that a majority of participants (76%) purchased from the outlet close to where they lived or worked. This finding suggests that consumers consider convenience more important than brand loyalty probably because the quality of fuel is seen to be the same across all service station brands.

53
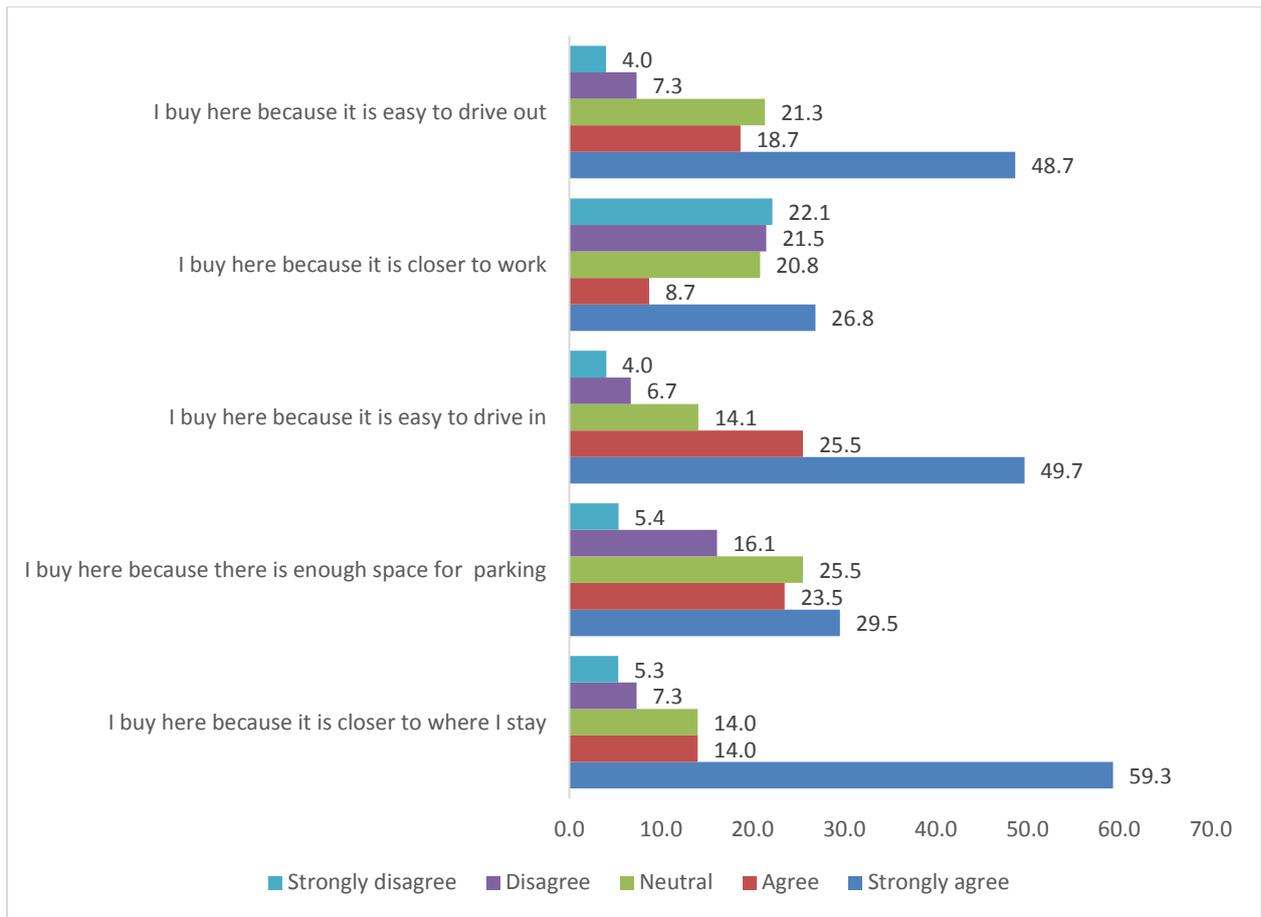
Figure 4.5: Summary of statements regarding location

4.5 Findings regarding factors influencing brand loyalty

A total of eight statements were asked about factors considered to influence customer brand loyalty. The majority of the participants positively responded to most of the statements. For example, 67% of the respondents strongly agreed that the service station provides good customer service, 52% of participants considered availability of car wash facility as important, 67% of participants felt the availability of tyre pressure facility was important, 57% of participants felt that the service station visited sold fuel of good quality, 57% of participants strongly agreed with the statement "I buy here when I fill my car with fuel".

More than half of the participants (59%) strongly agreed that they buy fuel here because it is the brand of their choice. Less than half of participants (48%) strongly agreed or agreed with the statement "I buy fuel here because of a loyalty program" and only 37% of participants strongly agreed or agreed with the statement "All major

brand are the same" (Figure 4.6). The finding about service quality as a factor considered by customers regarding loyalty is supported by Duntenwai et al, 2015 where it was found that service quality is an important predictor of customer loyalty. In addition Ramalexmi (2015) found that good service as well as the availability of tyre pressure facility is an important factor that consumers consider when making a fuel purchase decision
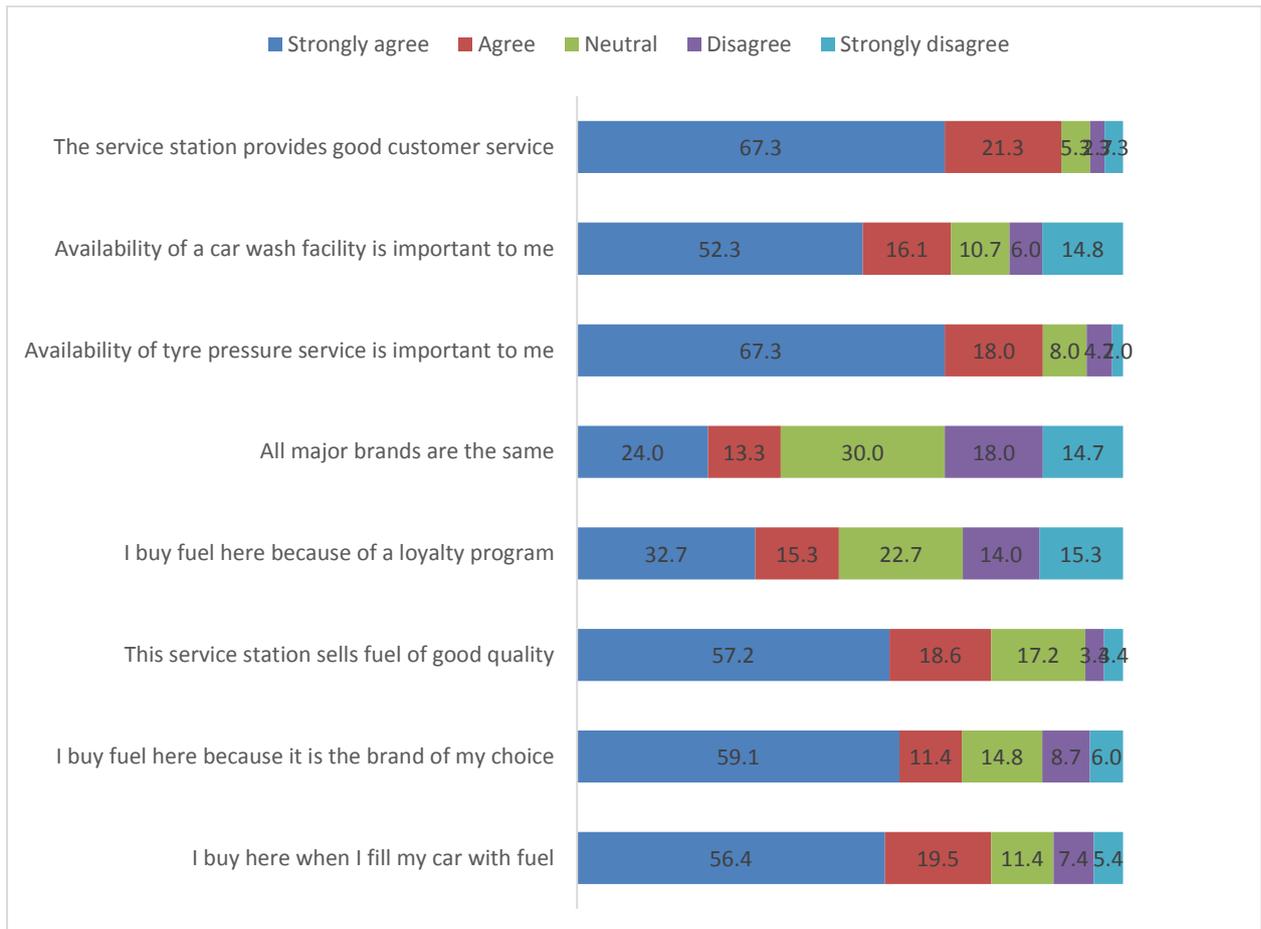
Figure 4.6: Summary of statements regarding branding of service stations

4.6 Findings regarding the use of convenience shop

A total of four statements were asked about the use of the convenience shop. The majority of participants (60%) strongly agreed or agreed with the statement "I come to this garage when I want to buy a few items", 32% of participants strongly agreed or agreed to the statements " I come to this garage when I want to use an ATM", 30% of participants strongly agreed or agreed to the statement " I only come to buy here in an emergency", and 38% of participants strongly agreed or agreed with the statement " I

come here when major stores are closed". This finding about the importance of added facilities such as ATM and other services is supported by Ramalexmi (2015) where the availability of ATM, convenience goods and carwash facility were some of the factors that consumers consider when visiting a service station. These results highlight the role played by added facilities on the forecourt because service station cannot use the fuel price as a differentiation strategy because the fuel price in particular the petrol pump price is regulated in South Africa. The importance of added facilities is also supported by a study that was conducted in Nairobi, Kenya where it was found that availability of tyre pressure service had an influence on customers (Ayub, 2012). Marketing managers therefore can focus on improving service quality and having other amenities available on the forecourt to retain loyal customers while attracting new customers.

(Figure 4.7).
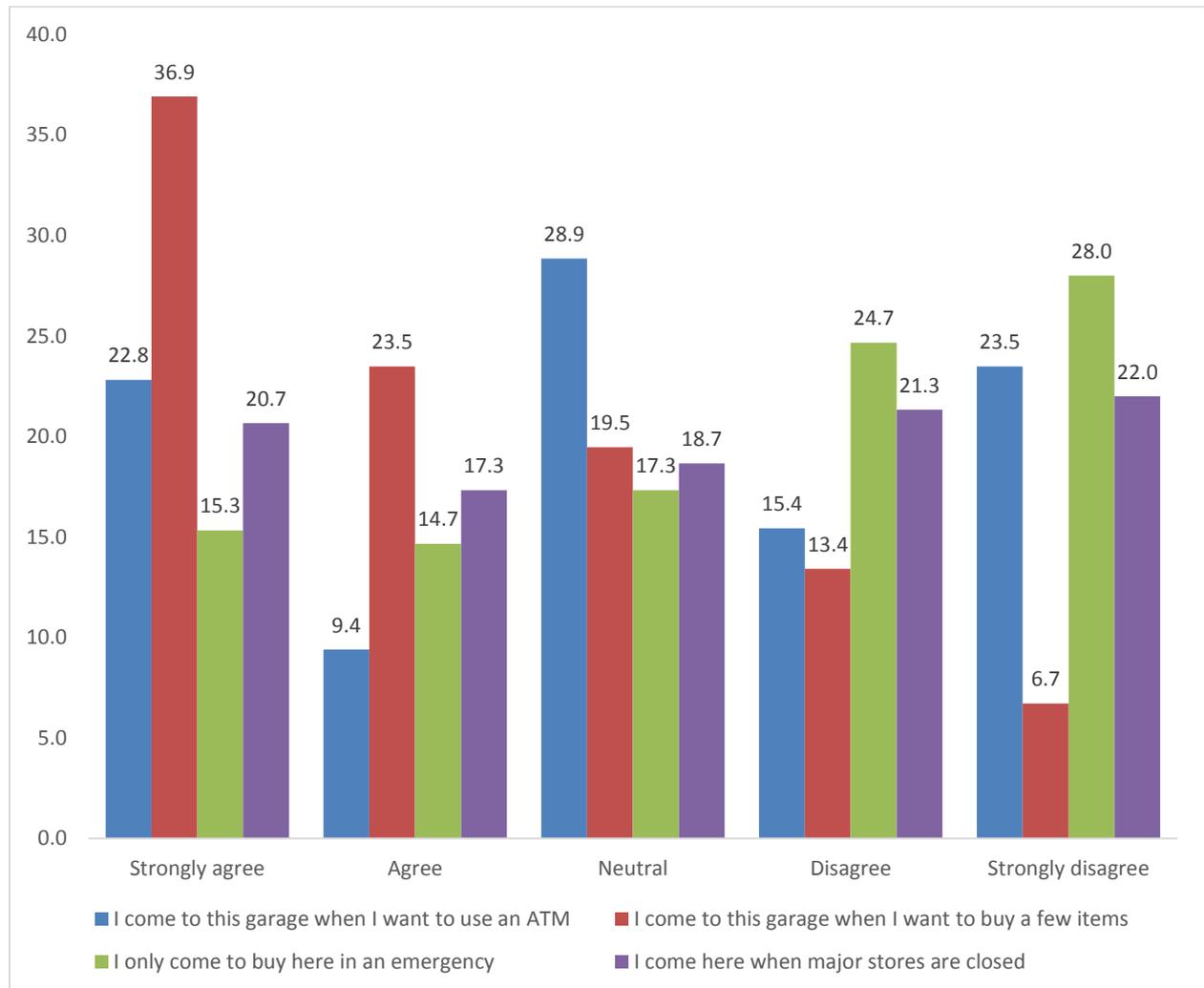
Figure 4.7: Reasons for using shop at the service station

4.7 Findings regarding location and brand loyalty

Participants were asked how often they visited the service station. It was found that 87% of the participants visited the service station once a week or more often whom were regarded as loyal in this study.

All the statements for location and branding were added to calculate the overall scores. The overall score was tested for normality. The normality test showed that the overall scores were not normally distributed (Table 4.2). Therefore, further analysis was done using non-parametric tests.

Table 4.2: Normality test output

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Overall location	.100	140	.001	.946	140	.000
Brand score	.107	140	.001	.937	140	.000
a. Lilliefors Significance Correction						

According to normality test (Table 4.2) data are not normally distributed (both p-values < 0.05), therefore non-parametric methods were used.

Table 4.3: Descriptive statistics of location and brand regarding loyalty

	Loyalty	N	Mean Rank	Sum of Ranks
Overall location	No	52	86.25	4485.00
	Yes	95	67.29	6393.00
Brand score	No	51	78.93	4025.50
	Yes	92	68.16	6270.50

Overall mean scores for location and branding were compared between loyal and non-loyal customers. Descriptive analysis showed that non-loyal participants had higher mean rank for location and branding (Table 4.3).

Table 4.4: Mann-Whitney U output to compare mean rank of location and branding regarding loyalty

Test Statistics[a]		
	Overall location	Brand score
Mann-Whitney U	1833.000	1992.500
Z	-2.592	-1.493
Asymp. Sig. (2-tailed)	.010	.135
a. Grouping Variable: Loyalty		

Man Mann-Whitney U test indicated that the mean rank for location was significantly higher among non-loyal than loyal participants (p=0.010) (Table 4.4). This study supports a study that was conducted in Johannesburg, South Africa where it was found that location influences retail fuel sales volumes (Sartorius, Eitzen, and Hart, 2007). In another study conducted in Malaysia it was found that location had a moderating effect between customer satisfaction and customer loyalty (Duntsenwai, et al, 2015). It is suggested in Mwenda and Oloko (2016) that accessibility of a service station positively influences customer loyalty towards a petrol service station. It appears that non-loyal customers consider convenience more than brand loyalty which is in line with the study conducted in Botswana (Mokabiri 2009). However Attri et al (2012) argued that though location of the service station is important for customers to be loyal sometimes customers visit service stations of the other companies. This presents an opportunity for service stations to always try new ways to keep customers loyal to their brands.

4.8 Findings regarding loyalty and service station brand

Chi-squared test was conducted to determine the association between loyalty with other variables. The study did not find any significant association between loyalty and brand of the service station (p=0.751) (Table 4.5). This finding is collaborated by the finding in the study conducted by Saini and Matinise (2013) where it was found that the brand of a service station is not an important consideration in decision making when customers want to fill-up at a service station as consumers consider petrol brands to be the same across all oil companies. This may be due to the fact that consumers consider the price of petrol, brand and quality of fuel to be the same particularly because the petroleum industry in South Africa is regulated. This is an important factor that owners and/or service station managers need to consider when designing marketing strategies either to keep loyal customers or to attract new customers. In the contrary a study conducted in Kenya found that brand plays a critical role in building customer loyalty towards a petrol service station (Mwenda and Oloko, 2016).

Table 4.5: Association between loyalty and brand of service station

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
BRAND	BP	Count	11	18	2.671	0.751
		% within Loyalty	20.4%	18.8%		
	Caltex	Count	11	24		
		% within Loyalty	20.4%	25.0%		
	Total	Count	10	20		
		% within Loyalty	18.5%	20.8%		
	Shell	Count	9	12		
		% within Loyalty	16.7%	12.5%		
	Sasol	Count	1	0		
		% within Loyalty	1.9%	0.0%		
	Engen	Count	12	22		
		% within Loyalty	22.2%	22.9%		

4.9 Findings regarding loyalty and age

Participants age was not found to be associated with loyalty (p=0.812) (Table 4.6). The result of this study is consistent with previous studies which found that age had no influence on customer loyalty towards a service station (Helgesen, Havold and Nesset, 2010; Molefe, 2006; Ramalexmi, 2015).

Table 4.6: Association between loyalty and age of the participants

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
AGE	Less than 20	Count	3	4		
		% within Loyalty	5.6%	4.2%		
	21 - 30	Count	19	31		
		% within Loyalty	35.2%	32.3%		
	31 - 40	Count	12	23	1.585	0.812
		% within Loyalty	22.2%	24.0%		
	41 - 50	Count	11	15		
		% within Loyalty	20.4%	15.6%		
	Greater than 50	Count	9	23		
		% within Loyalty	16.7%	24.0%		

4.10 Loyalty and gender

Participants gender was significantly associated with loyalty (p=0.043) as more males were loyal than the female participants. The findings of this study is supported by a study carried out by Molefe (2006) which found that gender plays a role in products purchased at a forecourt convenience shop. In contrast in another study it was found that gender had no significant positive association with brand loyalty (Helgesen, Havold and Nesset (2010).

Table 4.7: Association between loyalty and gender of the participants

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
GENDER	Male	Count	41	85		
		% within Loyalty	75.9%	88.5%	4.093	0.043
	Female	Count	13	11		
		% within Loyalty	24.1%	11.5%		

4.11 Loyalty and race

Race of the participants was not associated with the loyalty of the service station (p=0.328). This finding is supported by Molefe (2006) which found that race had no influence on customer loyalty towards a forecourt convenience shop.

Table 4.8: Association between loyalty and race

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
RACE	Black	Count	36	58		
		% within Loyalty	66.7%	60.4%		
	Coloured	Count	2	3		
		% within Loyalty	3.7%	3.1%		
	Indian	Count	8	26	3.447	0.328
		% within Loyalty	14.8%	27.1%		
	White	Count	8	9		
		% within Loyalty	14.8%	9.4%		

4.12 Findings regarding location and loyalty

The statement A1 "I buy here because it is closer to where I stay" was not associated with loyalty (p=0.433) (Table 4.9). This finding is in contrast to the study carried out by Duntsenwai, et al (2015) which found that location had a moderating effect between satisfaction and loyalty. The importance of location as an influencing factor in fuel purchase decision making is also highlighted in the study conducted by Mokabiri (2009) where it was found that a majority of participants (76%) purchased from the outlet close to where they lived or worked. This finding suggests that consumers consider convenience more important than brand loyalty probably because the quality of fuel is seen to be the same across all petroleum brands particularly in a regulated industry such as the petroleum industry in South Africa.

Table 4.9: Association between statement A1 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
A1	Strongly agree	Count	29	60		
		% within Loyalty	53.7%	62.5%		
	Agree	Count	7	14		
		% within Loyalty	13.0%	14.6%		
	Neutral	Count	11	10	3.808	0.433
		% within Loyalty	20.4%	10.4%		
	Disagree	Count	5	6		
		% within Loyalty	9.3%	6.3%		
	Strongly disagree	Count	2	6		
		% within Loyalty	3.7%	6.3%		

According to the table 4.10, there was significant association between statement A2 "I buy here because there is enough space for parking" and loyalty. This meant that more loyal customers strongly agreed to the statements compared to their counterparts (p=0.010). a study by Ramalexmi (2015) found that enough space plays an important role regarding customer loyalty towards a petrol service station.

Table 4.10: Association between statement A2 and Loyalty

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
A2	Strongly agree	Count	8	36		
		% within Loyalty	15.1%	37.5%		
	Agree	Count	16	19		
		% within Loyalty	30.2%	19.8%		
	Neutral	Count	13	25	13.223	0.010
		% within Loyalty	24.5%	26.0%		
	Disagree	Count	14	10		
		% within Loyalty	26.4%	10.4%		
	Strongly disagree	Count	2	6		
		% within Loyalty	3.8%	6.3%		

Statement A3 "I buy here because it is easy to drive in" was not associated with loyalty (p=0.122). In the contrary a study by Mwenda and Oloko (2016) found that accessibility to the service station influences the choice of a petrol service station by motorists.

Table 4.11: Association between statement A3 and Loyalty

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
A3	Strongly agree	Count	23	51		
		% within Loyalty	43.4%	53.1%		
	Agree	Count	13	25		
		% within Loyalty	24.5%	26.0%		
	Neutral	Count	9	12	7.276	0.122
		% within Loyalty	17.0%	12.5%		
	Disagree	Count	7	3		
		% within Loyalty	13.2%	3.1%		
	Strongly disagree	Count	1	5		
		% within Loyalty	1.9%	5.2%		

According to the table 4.12, there was significant association between statement, A4 "I buy here because it is closer to work" and loyalty. This meant that more loyal customers strongly agreed to the statements compared to their counterparts (p=0.009). This finding is consistent with the finding according to Mokabiri (2009) where it was found that a majority of participants (76%) purchased from the outlet close to where they lived or worked

Table 4.12: Association between statement A4 and Loyalty

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
A4	Strongly agree	Count	9	31	13.425	0.009
		% within Loyalty	16.7%	32.6%		
	Agree	Count	6	7		
		% within Loyalty	11.1%	7.4%		
	Neutral	Count	10	21		
		% within Loyalty	18.5%	22.1%		
	Disagree	Count	9	23		
		% within Loyalty	16.7%	24.2%		
	Strongly disagree	Count	20	13		
		% within Loyalty	37.0%	13.7%		

Result showed that statement A5 "I buy here because it is easy to drive out" was not associated with loyalty (p=0.778). This finding supports the study conducted in Kenya by Mwenda and Oloko (2016) which found that accessibility of a service station had an influence on the motorist's choice of a petrol service station.

Table 4.13: Association between statement A5 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
A5	Strongly agree	Count	24	49		
		% within Loyalty	44.4%	51.0%		
	Agree	Count	9	19		
		% within Loyalty	16.7%	19.8%		
	Neutral	Count	14	18	1.769	0.778
		% within Loyalty	25.9%	18.8%		
	Disagree	Count	5	6		
		% within Loyalty	9.3%	6.3%		
	Strongly disagree	Count	2	4		
		% within Loyalty	3.7%	4.2%		

4.13 Brand of service station and loyalty

Statement B6 "I buy here when I fill my car with fuel" was not associated with loyalty (p=0.135). This finding is consistent with Molefe (2006) which found that petrol brands play no role in customer motivation to shop at forecourt convenience shop.

Table 4.14: Association between statement B6 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-	
					Square	
B6	Strongly agree	Count	24	60		
		% within Loyalty	44.4%	63.2%		
	Agree	Count	11	18		
		% within Loyalty	20.4%	18.9%		
	Neutral	Count	8	9	7.017	0.135
		% within Loyalty	14.8%	9.5%		
	Disagree	Count	6	5		
		% within Loyalty	11.1%	5.3%		
	Strongly disagree	Count	5	3		
		% within Loyalty	9.3%	3.2%		

Statement B7 "I buy fuel here because it is the brand of my choice" was not associated with loyalty (p=0.519). It is possible that customers were aware that besides the additives that oil companies add in fuel post refining there is no distinctive difference between fuels from different oil companies.

Table 4.15: Association between statement B7 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
B7	Strongly agree	Count	31	57		
		% within Loyalty	57.4%	60.0%		
	Agree	Count	4	13		
		% within Loyalty	7.4%	13.7%		
	Neutral	Count	8	14	3.234	0.519
		% within Loyalty	14.8%	14.7%		
	Disagree	Count	6	7		
		% within Loyalty	11.1%	7.4%		
	Strongly disagree	Count	5	4		
		% within Loyalty	9.3%	4.2%		

According to the table 4.16, there was significant association between statement B8 "this service station sells fuel of good quality" and loyalty. This meant that more loyal customers strongly agreed to the statements compared to their counterparts (p=0.016). This finding supports an earlier study by Jahanshahi, et al (2011) which found that product quality influences customer satisfaction which in turn influences customer brand loyalty.

Table 4.16: Association between statement B8 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
B8	Strongly agree	Count	23	60		
		% within Loyalty	45.1%	63.8%		
	Agree	Count	10	17		
		% within Loyalty	19.6%	18.1%		
	Neutral	Count	16	9	12.189	0.016
		% within Loyalty	31.4%	9.6%		
	Disagree	Count	1	4		
		% within Loyalty	2.0%	4.3%		
	Strongly disagree	Count	1	4		
		% within Loyalty	2.0%	4.3%		

Statement B9 "I buy fuel here because of a loyalty program" was not associated with loyalty (p=0.305). This finding is in contrast to the research carried out by Helgesen, Havold and Nesset (2010) where it was found that promotion (loyalty card) had a significant positive but small effect on service station loyalty. In addition Mwenda and Oloko (2016) found that promotion had positively influenced the motorist's choice of a petrol service station.

Table 4.17: Association between statement B9 and Loyalty

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
B9	Strongly agree	Count	16	33		
		% within Loyalty	29.6%	34.4%		
	Agree	Count	8	15		
		% within Loyalty	14.8%	15.6%		
	Neutral	Count	11	23	4.833	0.305
		% within Loyalty	20.4%	24.0%		
	Disagree	Count	12	9		
		% within Loyalty	22.2%	9.4%		
	Strongly disagree	Count	7	16		
		% within Loyalty	13.0%	16.7%		

Statement B10 "all major brands are the same" was not associated with loyalty (p=0.731). According to Ayub (2012), customers have no affective or psychological bond with any petrol service station and as such can easily change their loyalties to competitors.

Table 4.18: Association between statement B10 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
B10	Strongly agree	Count	14	22	2.028	0.731
		% within Loyalty	25.9%	22.9%		
	Agree	Count	9	11		
		% within Loyalty	16.7%	11.5%		
	Neutral	Count	16	29		
		% within Loyalty	29.6%	30.2%		
	Disagree	Count	7	20		
		% within Loyalty	13.0%	20.8%		
	Strongly disagree	Count	8	14		
		% within Loyalty	14.8%	14.6%		

Statement B11 "availability of tyre pressure service is important to me" was not associated with loyalty (p=0.122). In the contrary a study that was conducted in Nairobi, Kenya found that the availability of tyre pressure service at a petrol service station had an influence on customer loyalty (Ayub, 2012).

Table 4.19: Association between statement B11 and Loyalty

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
B11	Strongly agree	Count	35	66		
		% within Loyalty	64.8%	68.8%		
	Agree	Count	8	19		
		% within Loyalty	14.8%	19.8%		
	Neutral	Count	8	4	7.284	0.122
		% within Loyalty	14.8%	4.2%		
	Disagree	Count	3	4		
		% within Loyalty	5.6%	4.2%		
	Strongly disagree	Count	0	3		
		% within Loyalty	0.0%	3.1%		

Statement B12 "availability of a car wash facility is important to me" was not associated with loyalty (p=0.054). In contrast a study conducted by Ayub (2012) found that other facilities provided by the service station influenced customers' choice of a service station.

Table 4.20: Association between statement B12 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
B12	Strongly agree	Count	28	50		
		% within Loyalty	51.9%	52.6%		
	Agree	Count	10	14		
		% within Loyalty	18.5%	14.7%		
	Neutral	Count	10	6		
		% within Loyalty	18.5%	6.3%	9.283	0.054
	Disagree	Count	1	8		
		% within Loyalty	1.9%	8.4%		
	Strongly disagree	Count	5	17		
		% within Loyalty	9.3%	17.9%		

Statement B13 "the service station provides good customer service" was not associated with loyalty (p=0.212). Good customer service (service quality) has been associated with customer loyalty in other studies (Ayub, 2012; Duntsenwai, et al, 2015; Jahanshahi, et al, 2011).

Table 4.21: Association between statement B13 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
B13	Strongly agree	Count	35	66		
		% within Loyalty	64.8%	68.8%		
	Agree	Count	13	19		
		% within Loyalty	24.1%	19.8%		
	Neutral	Count	5	3	5.838	0.212
		% within Loyalty	9.3%	3.1%		
	Disagree	Count	1	3		
		% within Loyalty	1.9%	3.1%		
	Strongly disagree	Count	0	5		
		% within Loyalty	0.0%	5.2%		

4.14 Convenience shop and loyalty

Statement B14 "I come to this garage when I want to use an ATM" was not associated with loyalty (p=0.289). According to Molefe (2006) the brand of a convenience shop had no effect on consumer motivation to shop at forecourt convenience shop.

Table 4.22: Association between statement B14 and Loyalty

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
B14	Strongly agree	Count	10	24		
		% within Loyalty	18.9%	25.0%		
	Agree	Count	4	10		
		% within Loyalty	7.5%	10.4%		
	Neutral	Count	19	24	4.985	0.289
		% within Loyalty	35.8%	25.0%		
	Disagree	Count	5	18		
		% within Loyalty	9.4%	18.8%		
	Strongly disagree	Count	15	20		
		% within Loyalty	28.3%	20.8%		

Statement B15 "I come to this garage when I want to buy a few items" was not associated with loyalty (p=0.154). According to Ayub (2012) customers had no affective or psychological bond with any petrol station and can easily change their loyalties to other service stations.

Table 4.23: Association between statement B15 and Loyalty

			Loyalty		Pearson Chi-Square	p-value
			No	Yes		
B15	Strongly agree	Count	17	38		
		% within Loyalty	32.1%	39.6%		
	Agree	Count	10	25		
		% within Loyalty	18.9%	26.0%		
	Neutral	Count	11	18	6.684	0.154
		% within Loyalty	20.8%	18.8%		
	Disagree	Count	8	12		
		% within Loyalty	15.1%	12.5%		
	Strongly disagree	Count	7	3		
		% within Loyalty	13.2%	3.1%		

Statement B16 "I only come to buy here in an emergency" was not associated with loyalty (p=0.220). It could happen that respondents visited service stations because it was closer to them than shops as Molefe (2006) indicated that a walking distance to the service station plays a role in motivating customers to the service station and not because they were loyal to the service station.

Table 4.24: Association between statement B16 and Loyalty

| | | | Loyalty | | Pearson | p-value |
			No	Yes	Chi-Square	
B16	Strongly agree	Count	7	16		
		% within Loyalty	13.0%	16.7%		
	Agree	Count	7	15		
		% within Loyalty	13.0%	15.6%		
	Neutral	Count	13	13		
		% within Loyalty	24.1%	13.5%	5.734	0.220
	Disagree	Count	9	28		
		% within Loyalty	16.7%	29.2%		
	Strongly disagree	Count	18	24		
		% within Loyalty	33.3%	25.0%		

Statement B17 "I come here when major stores are closed" was not associated with loyalty (p=0.884). It would seem that respondents patronized service stations probably because shops were closed and not because of loyalty to any service station.

Table 4.25: Association between statement B17 and Loyalty

			Loyalty		Pearson	p-value
			No	Yes	Chi-Square	
B17	Strongly agree	Count	10	21		
		% within Loyalty	18.5%	21.9%		
	Agree	Count	10	16		
		% within Loyalty	18.5%	16.7%		
	Neutral	Count	10	18		
		% within Loyalty	18.5%	18.8%	1.162	0.884
	Disagree	Count	10	22		
		% within Loyalty	18.5%	22.9%		
	Strongly disagree	Count	14	19		
		% within Loyalty	25.9%	19.8%		

Spearman rho correlation test showed that there was moderate positive relationship between location and branding (r=0.514, p<0.05). In this study though moderate location plays an important role in brand loyalty as the study by Mokabiri (2009) shown location as an influencing factor in fuel purchase decision making.

Table 4.26: Spearman's rho correlation analysis output

Correlations			Overall location	Brand score
Spearman's rho	Overall location	Correlation Coefficient	1.000	.514[**]
		Sig. (2-tailed)	.	.000
		N	147	140
	Brandscore	Correlation Coefficient	.514[**]	1.000
		Sig. (2-tailed)	.000	.
		N	140	143
**. Correlation is significant at the 0.01 level (2-tailed).				

4.15 Conclusion

This chapter presented the results obtained from the study. It was established that the brand of a service station plays no significant role in influencing customers to be loyal to a specific service station. It was however found that not one factor but a combination of factors play a role in influencing customers to patronize a specific service station. The challenge therefore for managers is to identify those factors influencing customer brand loyalty and use them to their advantage.

The next chapter draws conclusion and recommendations in relation to the objectives of the study.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This research was conducted to find out factors that influence consumers to visit a petrol service station, and what makes them loyal to the service station brand. This chapter describes the contribution of this research in understanding factors that influence brand loyalty in the petroleum retail industry with regard to the objectives of this study. Recommendations to improve brand loyalty are also discussed. Scope for further studies to enhance knowledge regarding brand loyalty in the petroleum retail sector are made. In line with the problem statement the objectives of the study were:

- To identify factors that influence customer brand loyalty in the petroleum retail industry.
- To establish whether a relationship exists between the brand choice and demographic variables (age, gender and race).
- To identify the most preferred brand among the petroleum retail companies
- To determine customer brand loyalty among the petroleum retail industry players

5.2 Conclusions

- ➢ Good customer service was found to be an important factor in fuel decision making as 67% of respondents considered a service station that provides good customer service.
- ➢ The location of the service station is very important to customers as 73% of participants in this study mentioned that they buy here because it is close to where they stay.
- ➢ Loyalty programs seemed to have played no role in influencing customers to be loyal to a specific service station it is therefore important for marketing managers to design effective promotion programs.

- It appears that customers do not have an emotional or psychological bond with a specific brand managers need to try other methods to attract and keep loyal customers.

5.3 Recommendations

- As the petroleum sector is regulated in South Africa in particular the petrol pump price, therefore service stations can enhance their competitiveness by improving on the quality of service offered other than competing on price.
- It is important for service station retailers to ensure that their staff especially petrol attendants attend customer service training to improve service quality.
- The availability of other added facilities such as ATMs, convenience shops, parking space, tyre pressure facilities and/or car wash facilities are considered important by customers.
- It is important for service station retailers to know what their customers exactly want in order to be able to apply necessary improvements or adjustments regarding the products and /or services that they offer. Customers can be engaged via surveys for instance in this regard.

5.4 Scope for further research

This study was based on a sample of fuel service station located in Montclair, South of Durban in KwaZulu-Natal.

- It is recommended that a similar study in an urban area in Durban on brand loyalty is conducted.
- It is recommended that a study on brand loyalty on a national scale is conducted to get a national view of factors influencing brand loyalty regarding the retail petroleum sector.
- It is further recommended that research focusing on inferential analysis be undertaken in the future on factors influencing brand loyalty in the retail petroleum sector.

5.5 Limitations of the study

- The study was restricted to a specific geographic area in KwaZulu-Natal.

> The respondents who filled the questionnaires on the day when the survey was conducted may not be a good representation of the general population.
> The respondents may have misunderstood the questions.

5.6 Concluding remarks

In conclusion, the research was conducted in line with the objectives as described in chapter one.

> It is concluded that not just one factor but a combination of factors influence consumers to prefer a particular service station over others, these factors include location of the service station, enough parking space, quality of service, convenience shop, availability of ATMs, air pressure and car wash facilities.
> Both age and race had no influence on brand loyalty of customers towards a service station, however gender was significantly associated with brand loyalty as more males were loyal than females.
> The most preferred brands among the major petroleum retail companies are Caltex and Shell.
> It appears from the finding of this study that brands do not play a significant role in decision making process of consumers to visit a service station when refueling their vehicles.

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Annexure A: Ethical clearance

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08 December 2016

Mr Michah Makhosini Mngomezulu (213572734)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Mngomezulu,

Protocol reference number: HSS/1927/016M
Project title: Factors influencing brand loyalty in the petroleum retail industry: A case of service stations in Montclair

Full Approval – Expedited Application

In response to your application received on 04 November 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Emmanuel Mutambara
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee
Dr Shenuka Singh (Chair)
Westville Campus, Govan Mbeki Building
Postal Address: Private Bag X54001, Durban 4000
Telephone: +27 (0) 31 260 3587/8350/4557 Facsimile: +27 (0) 31 260 4609 Email: ximbap@ukzn.ac.za / snymanm@ukzn.ac.za / mohunp@ukzn.ac.za
Website: www.ukzn.ac.za
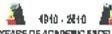
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Annexure B: Questionnaire

Factors influencing brand loyalty in the petroleum retail industry: A case of service stations in Montclair								
General information								
Name of garage								
Brand	BP	1	Total	3	Sasol	5		
	Caltex	2	Shell	4	Engen	6		
Location (street name where the garage is situated)								
Demographic details								
Age	less than 20	1	21 to 30	3	greater than 50	5		
	31 to 40	2	41 to 50	4				
Gender		Male	1	Female	2			
Race	Black	1	Indian	3				
	Coloured	2	White	4				

Section A: Location

1-strongly agree   2-agree   3-neutral   4- disagree 5-strongly disagree

Choose the option which best describes how much you agree with the following:

1	I buy here because it is closer to where I stay	1	2	3	4	5
2	I buy here because there is enough space for parking	1	2	3	4	5
3	I buy here because it is easy to drive in	1	2	3	4	5
4	I buy here because it is closer to work	1	2	3	4	5
5	I buy here because it is easy to drive out	1	2	3	4	5

Section B: Brand

1-strongly agree   2-agree 3-neutral   4- disagree 5-strongly disagree

Choose the option which best describes how much you agree with the following:

6	I buy here when I fill my car with fuel	1	2	3	4	5	
7	I buy fuel here because it is the brand of my choice	1	2	3	4	5	
8	This service station sells fuel of good quality	1	2	3	4	5	
9	I buy fuel here because of a loyalty program	1	2	3	4	5	
10	All major brands are the same	1	2	3	4	5	
11	Availability of tyre pressure service is important to me	1	2	3	4	5	
12	Availability of a car wash facility is important to me	1	2	3	4	5	
13	The service station provides good customer service	1	2	3	4	5	

Choose the option that best describes how much you agree with the following in relation to the shop

14	I come to this garage when I want to use an ATM	1	2	3	4	5	
15	I come to this garage when I want to buy a few items	1	2	3	4	5	
16	I only come to buy here in an emergency	1	2	3	4	5	
17	I come here when major stores are closed	1	2	3	4	5	

How frequently do you fill-up at this service station?   **1-Yes   2-No**

18	Once a week or more often	1	2
19	Two to three times a month	1	2
20	Once a month or less often	1	2