TRUST AND COMMUNICATION AS PREDICTORS OF CUSTOMER SATISFACTION IN BUSINESS-TO-BUSINESS RELATIONSHIP MARKETING IN THE SOUTH AFRICAN CEMENT MANUFACTURING INDUSTRY

Phineas Mbango, M.A. Phiri***

Abstract

Customer satisfaction has become relevant in the South African cement industry as it leads to customer loyalty and cooperation. In the current climate, to ensure long-term profitability, cement suppliers need to adopt strategies to ensure customer satisfaction. This study's literature search has revealed that there is limited published research, particularly in South Africa, which deals with customer satisfaction determinants in the cement industry. The major objective of the study was to test if trust and communication influence customer satisfaction in the context of business-to-business relationship marketing in the South African cement manufacturing industry. The methodology involved a survey and was quantitative in nature. Data were collected from 362 major business-to-business cement customers throughout South Africa's nine provinces using the face-to-face interview technique using a seven-point Likert scale structured self-administered questionnaires. The data collected in the empirical study were analysed using descriptive, correlation and regression analysis.
The empirical results of this study suggest that, in order to maintain customer satisfaction, a cement supplier has to invest in ways of enhancing customer trust and communication. As a result this study makes both theoretical and practical contribution in the field of relationship marketing.

Keywords: South African Cement Industry, Relationship Marketing, Communication, Trust, Satisfaction, Business-to-Business

* Department of Marketing Management, University of Johannesburg, Auckland Park Campus, South Africa
** University of KwaZulu Natal, Pietermarizburg Campus, South Africa

1. Introduction

The cement industry in South Africa is a major employment generator and contributes significantly to the economy (Snyman, 2010). Before the unbundling of the cartel, cement companies were production-orientated and used to produce cement which was sent to a central distribution point where it was then sold to customers. There was no marketing taking place and cement was regarded as an undifferentiated commodity. Since the unbundling however, these companies have started to be marketing-orientated. Even though cement companies have established marketing departments and are currently involved in activities such as advertising, sales promotions, personal selling and sponsorships, in order for them to move a step further they need to generate strategies to enhance customer satisfaction. Since 1994, a lot of competitors have entered the market. As a result, customers are exposed to different cement supplier options and changes in government regulations have meant that cement companies cannot continue behaving in the same manner as before (Lombard *et* al., 2012:82-83). Hence, customer satisfaction has become a very important issue in the cement industry and it has become evident that research has to be undertaken to determine what influences customer satisfaction in the cement industry.

2. Literature Review

Grönroos (1996:11) states that relationship marketing involves identifying, establishing, maintaining, and enhancing relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, and that this is achieved by way of a mutual exchange and fulfilment of promise. Lombard (2009:76), on the other hand, emphasizes that the key characteristics of relationship marketing are that every customer is considered as an individual person or unit, that activities of the firm are predominantly directed towards existing customers, that it is based on interactions and dialogues and that the firm will be trying to achieve profitability through the decrease of customer turnover and the strengthening of customer relationships. Either way, implementing relationship marketing strategies are a way to achieve customer satisfaction.

Cooke (1986:16), defines industrial marketing as "marketing to the organisational buyer as contrasted to consumer marketing, which is marketing to the ultimate consumer". Cooke (1986:10-12) gives six significant differences between industrial marketing and consumer marketing, and these are briefly discussed below:

- He states that "derived demand is an important and unique aspect of the difference between industrial markets and consumer markets" (1986:10). No industrial purchase will take place without consumer demand. He continues, "all industrial sales are made to companies or institutions that sell to other companies or institutions who will, somewhere down the line, provide a product or service to ultimate consumers". This applies to the cement industry, where the supplier sells to the customer (industrial) and they in turn transform the product to produce other products or they use the product to perform certain functions like road construction and civil engineering.

- Consumer markets are more concentrated and more numerous than industrial markets, which are fewer in number but can be concentrated geographically on a particular area.

- Factors that influence an industrial purchase are, in general, more rational than those affecting consumer purchases.

- Reciprocal buying is more common in industrial markets than consumer markets. Reciprocity describes the practice of buying goods and services from those who buy from you.

- Industrial markets tend to establish long term-relationships, unlike consumer markets. Once these relationships are established, they are difficult to break.

- There are more buying influencers in industrial purchases than in consumer buying.

Trust and communication and their influence on customer satisfaction will be discussed in this section and the objectives and hypotheses of the study outlined:

2.1 Trust

According to Morgan and Hunt (1994:23), "one of the critical constructs in facilitating exchange relationships between partners, and therefore pivotal for understanding of business relationships, is trust". This is supported by Rauyruen and Miller (2007:3) and Wilson (1995:337), who contend that the nature of trust and its importance have a major impact on how business-to-business relationships are developed and managed. They urge that the degree of trust that develops between companies is a fundamental relationship building block and a critical economic exchange. Therefore, one accepts the assertion of Svensson et al. (2010:3) that "as the manufacturer evaluates the various aspects of a business relationship, various components of trust will most

likely be used in the evaluation including the trust components' of credibility, fairness and honesty, therefore suggesting that trust is a precursor to satisfaction".

Therefore, the first hypothesis of this study is as follows: *H1*: Trust has a positive influence on customer satisfaction.

2.2 Communication

Anderson and Narus (1990:44) define communication as, "the formal as well as informal sharing of meaningful and timely information between firms". This definition is supported by that of Gilaninia et al. (2011:795), who state that, "Communication refers to the ability to provide timely and trustworthy information". This is the definition that will be adopted for this study.

Gilaninia et al. further argue that communication is an interactive dialogue between the company and its customers. They assert that "communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs." They contend further that "it is the communicator's task in the early stages to build awareness, develop consumer preference (by promoting value, performance and other features), convince interested buyers, and encourage them to make the purchase decision. Communications also tell dissatisfied customers what the organisation is doing to rectify the cause of the dissatisfaction" (2011:795). Thus one can conclude that communication which is effected timeously and with relevant information will lead to customers being satisfied and loyal to the service provider. Timely communication also assists in solving disputes and aligning perceptions and expectations. It can be deduced that communication leads to a strong relationship satisfying both parties and that it should be proactive rather than reactive.

This leads to the second hypothesis as follows: *H2:* Communication has a positive influence on customer satisfaction.
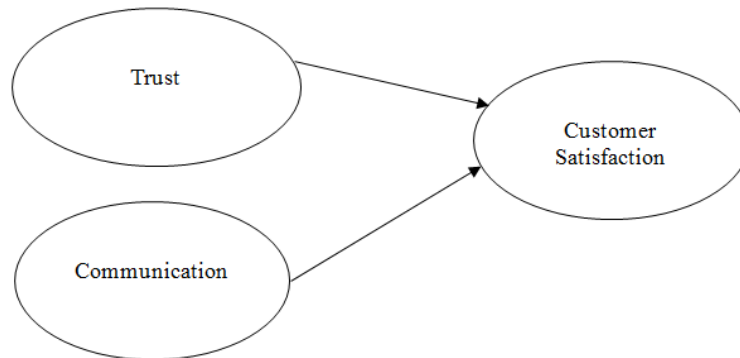
2.3 Satisfaction

Wilson (1995:338) argues that "because we are discussing business relationships, performance satisfaction is a critical variable. Partners, especially sellers, must deliver high-level satisfaction on the basic elements of the business transaction. Buyers need to satisfy their partner's business needs or they risk becoming marginalised". This line of argument is supported by Davis (2008:313) who states that "in order to be successful in a business relationship, it is necessary for organisations to analyse clients' needs, and determine satisfaction". Therefore, "customer satisfaction is widely accepted among researchers as

a strong predictor for behavioural variables such as repurchase intentions, word-of-mouth, or loyalty" (Ulaga & Eggert, 2004:316). Kotler (1994:20) stresses that "the key to customer retention and loyalty is customer satisfaction".

This leads to the third hypothesis: *H3:* Trust and communication predict customer satisfaction.

Figure 1. Structural Model of Trust and Communication as Predictors of Customer Satisfaction in Business-to-Business in Relationship Marketing in the South African Cement Manufacturing Industry

3. Objectives

The following objectives can be formulated:
- To determine whether trust and communication influence customer satisfaction within the South African cement manufacturing industry.
- To determine which of the two independent variables has the largest influence on customer satisfaction within the South African cement manufacturing industry.

4. Research Method

Non-probability sampling in the form of judgemental sampling was used. Judgemental sampling was chosen because it is the most suitable sampling technique for business-to-business markets according to Wilson (2012:192). Of further significance is Wilson's statement that "a carefully chosen judgemental sample may be better able to represent the mix of potential respondents in a population than even a probability sample as you can balance your sample to be in keeping with known market characteristics" (2012:192).

The sample elements/respondents were major customers of the three main cement manufacturing firms in South Africa. A total of 362 respondents (in all nine Provinces of South Africa) were targeted, making it a large enough sample to generalise the results to the entire population. The judgemental sampling method was chosen because the research was conducted with the major customers of cement suppliers, and such sampling design is "used where the collection of specialised informed inputs on the topic area researched is vital, and the use of any other sampling design would not offer opportunities to obtain the specialised information" (Sekaran & Bougie 2003:259).

5. Data Collection Method

Research assistants were used to collect data using structured, self-administered questionnaires. The research assistants set appointments and sat with the respondents while they complete the questionnaire. This was done in order to improve the response rate. Questionnaires were placed in envelopes and after completing them the respondents would then place them back in the envelopes provided and seal them. Another reason research assistants were used was because of the nature of the sample design and the characteristics of the respondents, in that they are senior business people who have little free time and are unlikely to complete questionnaires when asked to do so independently. Aaker et al. have rightly observed that research assistants "are the most probably the most effective way of enlisting cooperation" (2011:233).

6. Findings and Discussion

In order to achieve the aforementioned objectives and to answer this study's research questions, 362 questionnaires were distributed using the In-Office Personal Interviewing Method. A total of 362 completed questionnaires were returned, representing a 100% response rate. Of utmost importance to the success of the study was the accuracy of the respondent's details and a positive and forthright relationship between the respondents and the salespersons. Also the majority of the respondents constituted people with the right experience and knowledge of the industry.

6.1 Reliability Statistics

6.1.1 Scale: Trust in a cement supplier

Table 1. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.864	.865	3

6.1.2 Scale: Communication with a cement supplier

Table 2. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.882	.882	3

6.1.3 Scale: Satisfaction with a cement supplier

Table 3. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.909	.911	4

6.1.4 Conclusion of this section on Reliabilities of Scales

All the Cronbach's Alpha of the scales considered in this study indicates a good reliability (> .7). Since all the scales in this study have a good reliability, it is confirmed that the measurement set that was used was reliable.

Table 4. Descriptive Statistics

Descriptive Statistics	N	Mean of the computed constructs	Std. Deviation (computed)	Mean on a scale of 7	Std Deviation on a scale of 7
Trust_factor	356	19.43	2.467	6.48	0.82
Communication_factor	355	19.13	2.531	6.38	0.84
Satisfaction_factor	354	25.33	3.222	6.33	0.81
Valid N (listwise)	331				

All the means on Table 4 are around 6, meaning that in general the sample agrees with all the items of various construct involved in the study. All the standard deviations which are less than 1 indicate that the opinions about the items of the various constructs are not significantly different across the sample.

Table 5. Correlation among constructs

		Trust factor	Communication factor	Satisfaction factor
Trust factor	Pearson Correlation	1	.751[**]	.640[**]
	Sig. (2-tailed)		.000	.000
	N	362	362	362
	Sig. (2-tailed)	.000	.000	.000
Communication factor	Pearson Correlation	.751	1	.680
	Sig. (2- tailed)	.000	.000	.000
	N	362	362	362
Satisfaction factor	Pearson Correlation	.640[**]	.680[**]	1
	Sig. (2-tailed)	.000	.000	
	N	362	362	362

Note: According to Hair et al. (2006:171), the correlations coefficient (r) indicates the strength of association between any two metric variables. The sign (+ or -) indicates the direction of the relationship. The value range from +1 to -1, with +1 indicating a perfect positive relationship, 0 indicating no relationship, and -1 indicating a perfect negative or reverse relationship (as one variable grows larger, the other variable grows smaller)".

All the variables in the model are correlated. Trust and communication are strongly correlated (.751), followed by communication and satisfaction (.680) and thirdly trust and satisfaction (.640).

7. Multiple Regression Analysis

Hair et al. state that "multiple regression analysis is a statistical technique that can be used to analyse the relationship between a matric dependent variable (in this study: satisfaction) and several independent variables (in this study: trust and communication)" (2006:176). They continue, "the objective of multiple regression analysis is to use the independent variables whose values are known to predict the single dependent value selected by the researcher. The weights denote the relative contribution of the independent variables to the overall prediction and facilitate interpretation of the influence of each variable in making the predictions" (176). Therefore, multiple regression analysis was used in this study to predict what happens to the dependent variable as a result of the changes in the independent variables and to find out which of the independent variables has the strongest effect on the dependent variable.

Table 6. Standardised Regression Weights

			Estimate
Satisfaction_factor	<---	Trust_factor	.356
Satisfaction_factor	<---	Communication_factor	.394

Table 3 provides the exact values of the regression coefficients indicated in the structural model. According to Table 6, communication has the highest coefficients (.394).

Based on the regression and correlation analyses, in the South African cement industry it can be said that communication has the strongest predictive effect on customer satisfaction (.394). Trust has the second strongest predictive effect on customer satisfaction (.356).

Based on the above findings, it can be concluded that all the formulated hypotheses should be accepted. The results show that there is a relationship between the variables of trust, communication and customer satisfaction in business-to-business relationship marketing in the South African Cement Manufacturing Industry. Both Trust and communication have a predictive effect on customer satisfaction, which provides for the first research objective of this study. Communication has the strongest predictive effect on satisfaction and this is followed by trust, thus answering the second research objective.

8. Conclusions / Recommendation / Managerial Implications

The outcome of this study indicates that trust and communication play a central role in the building of customer satisfaction in the South African cement industry. Communication has the strongest influence on customer satisfaction. Therefore, a manufacturer of cement products must predominantly develop strategies and procedures that ensure that the products or services offered match or exceed customer expectations. It means a cement manufacturer has to invest a lot of resources in satisfying customer needs in order to meet organisational goals and objectives. Satisfaction leads to loyalty, which is important for a supplier to have a competitive advantage. Loyal customers make a manufacturer more profitable. They improve an organisation's good standing and reputation by way of word of mouth. Customer satisfaction leads to long-term relationships and decreased propensity to terminate relationships.

Hence, for a cement manufacturer to be able to consolidate its position in the market, retain customers and become more profitable, it must be able to generate trust, have effective communication strategies and must satisfy its customers. By doing this, a cement manufacturer will be in a position to gain loyal customers. These customers will be willing to cooperate, to remain in a relationship for a long time and to spread positive word of mouth, thus helping to improve the firm's reputation in the market.

To make themselves appear to be more effective, satisfactory and trustworthy, cement manufacturers must be able to offer more individualized service to their customers.

A significant contribution this study makes to literature in the field is its examination of the sequential logic of trust and communication as predictors of customer satisfaction in a business-to-business context in the South African cement industry. This study makes both a theoretical and a practical contribution in the field of relationship marketing. For example, marketing managers would benefit from the knowledge that satisfaction is a key outcome of trust and communication in the cement industry.

This study also lays a foundation for further studies to be carried out in similar industries operating within similar environments. These studies can be carried out to expand the understanding of the predictors of customer satisfaction.

One of the limitations of the study is that a judgemental sample was used and the results may be interpreted to only represent the population of respondents. This limits the generalisation of the results, particularly its applicability to other South African industries. For this reason, it is recommended that this study be replicated in other industries in South Africa.

The research was aimed at those organisations that contribute 80% to the organisational profitability, since relationship marketing is undertaken with key customers. This leads to another limitation in that, the study was undertaken in South Africa with major cement customers. This limits the ability to generalise the findings to other industries in other countries or cultures.

Another limitation is that the sample does not cover all business-to-business relationships; it only tested the relationship between cement suppliers and its customers. This presents an opportunity to conduct future studies on other business-to-business relationships in different countries and cultures. A further study into smaller organisations may differ from this one, but it nevertheless lays a foundation for further studies.

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