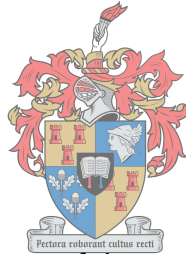# An analysis of trust amongst customers of independent community pharmacies

by

Almèri Pelser

Thesis presented in fulfilment of the requirements for the degree of
Master of Commerce in the Faculty of
Economic and Management Sciences at Stellenbosch University

Supervisor: Prof. Edwin Theron

Date: March 2018

DECLARATION REGARDING PLAGIARISM

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Dear Sir/Madam,

Declaration of language editing

I,___Leigh Mather___, hereby declare that I have personally read through the treatise
of,___Almèri Pelser___, and have highlighted language errors.

Yours sincerely

_____   ____08 September 2017
Signature   Date

ABSTRACT

"Trust is the glue of life. It's the foundational principle that holds all relationships."
– Stephen Covey

Healthcare involves an element of uncertainty and risk for the vulnerable individual who is reliant on the competence and intentions of the healthcare provider. Therefore, trust in community pharmacies is particularly important since customers may easily question whether a pharmacy's intention is to grab their money or to enhance their health and well-being.

This study analysed trust amongst customers of independent community pharmacies by investigating the influence of five employee-related dimensions on three types of customer trust. Based on a comprehensive review of the literature, the five identified employee-related dimensions include; perceived expertise, likeability, familiarity, communication skills and customer-orientation. Also, customer trust was conceptualised as encompassing three different types, namely, affective trust, cognitive trust and contractual trust.

Three models were evaluated in the context of independent community pharmacies through findings from a survey which was personally administered to 299 respondents. Structural Equations Modelling (SEM) with Partial Least Squares (PLS) analysis was conducted to examine the quantitative data collected specifically amongst customers of Essential Health Pharmacy Group across eight pharmacies in both rural and urban areas.

The five employee-related dimensions differently impact the respective types of trust. However, the key findings indicate that customers' perception of employees' expertise and communication skills most significantly influence overall customer trust. An interesting finding indicated that familiarity does not have a significant impact on cognitive trust.

Overall, employee-related factors play a significant role in affecting customer trust. Moreover, specific factors can be managed to such an extent that it will contribute to overall customer trust. Finally, this study contributes to marketing literature,

specifically in the fields of relationship and services marketing, through the theoretical and managerial implications of these findings.

Keywords: affective trust, cognitive trust, contractual trust**,** employee-related factors, relationship marketing, services marketing

Word count: 288

OPSOMMING

"Trust is the glue of life. It's the foundational principle that holds all relationships."
– Stephen Covey

Gesondheidsdienste behels 'n element van onsekerheid en risiko vir die kwesbare individu wie staatmaak op die deskundigheid en voorneme van die gesondheidsdienste-verskaffer. Dus, is vertroue in gemeenskapsapteke in die besonder belangrik, aangesien verbruikers maklik kan bevraagteken of 'n apteek se voorneme hoofsaaklik gefokus is op die bevordering van verkope, of op die bevordering van die verbruiker se gesondheid en welsyn.

Hierdie studie het vertroue onder verbruikers van onafhanklike gemeenskapsapteke analiseer deur die invloed van vyf personeel-verwante dimensies op drie tipes vertroue te ondersoek. Vanuit 'n omvattende literatuurstudie, sluit die vyf personeel-verwante dimensies die volgende waargenome veranderlikes in: deskundigheid, aangenaamheid, bekendheid, kommunikasievaardighede, en verbruiker-oriëntasie. Verder, was vertroue gekonseptualiseer as 'n multi-dimensionele konstruk wat drie verskillende tipes vertroue behels, naamlik, affektiewe, kognitiewe en kontraktuele vertroue.

Drie modelle is geëvalueer in die konteks van onafhanklike gemeenskapsapteke deur die bevindinge van 'n opname onder 299 respondente. *Structural Equations Modelling (SEM)* tesame met *Partial Least Squares (PLS)* analise is uitgevoer om die kwantitatiewe data wat ingevorder is onder verbruikers van die *Essential Health Apteekgroep* regoor agt apteke in beide stedelike en plattelandse gebiede, te ondersoek.

Die vyf geïdentifiseerde personeel-verwante dimensies affekteer die verskeie tipes vertroue op verskillende wyses. Alhoewel, die kern bevindinge dui daarop dat waargenome deskundigheid en kommunikasievaardighede die sterkste invloed op algehele vertoue het. 'n Interessante bevinding het daarop gedui dat waargenome bekendheid nie 'n kenmerkende impak op kognitiewe vertroue het nie.

In geheel speel personeel-verwante dimensies 'n kenmerkende rol daarin om verbruikers se vertroue te beïnvloed. Verder, spesifieke dimensies kan bestuur word

in so 'n mate dat dit tot algehele vertroue kan bydra. Uiteindelik bied hierdie studie 'n bespreking van die teoretiese en praktiese implikasies van hierdie bevindinge vir verhoudingsbemarking strategieë.

Kernwoorde: affektiewe vertroue, kognitiewe vertroue, kontraktuele vertroue, personeel-verwante dimensies, verhoudingsbemarking, dienstebemarking.

Aantal woorde: 290

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

It is widely acknowledged that interactions between employees and customers can have a significant impact on important relational outcomes for a firm (Trainor, Andzulis, Rapp & Agnihotri, 2014; Guenzi & Georges, 2010). These interactions, which serve as the basis for establishing customer-firm relationships, often differ across industries and are posited as being especially relevant within the service industry (Iacobucci & Ostrom, 1996).

Research on the influence of front-line employees' characteristics, attitudes and behaviour on widely researched constructs such as customers' perceived quality, satisfaction, commitment and loyalty have somewhat neglected to incorporate the concept of customer trust. According to Berry (1996), trust may be the single most powerful relationship marketing tool to any service-driven company.

Relationship marketing literature emphasises the importance of customer trust in the so-called "relational era" (Guenzi, 2002:749) which is characterised by the changing roles and activities that employees are expected to fulfil. Especially, in the context of the healthcare industry, service delivery is characterised by a high level of people focus and contact time between customers and employees. Moreover, due to some uncertainty existing regarding future outcomes in healthcare services, trust is argued to be central to customer-firm relationships (Kowalski, Nitzsche, Scheibler, Steffen, Albert & Pfaff, 2009).

1.2 BACKGROUND

Relationship marketing is focused on building, developing, and maintaining positive relational exchanges (Morgan & Hunt, 1994). Therefore, implying that the focus has shifted from short-term, transactional exchange relationships to long-term, interpersonal relationships between firms and its customers (Lin, Weng & Hsieh, 2003). A firm's ability to develop interpersonal relationships has become an important source of competitive advantage (Eisenhardt & Martin, 2000), where trust

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is most likely one of the most common and essential success factors of such relations (Seppänen, Blomqvist & Sundqvist, 2007; Blomqvist, 2002; Sako, 1998). Initially, Morgan and Hunt (1994) pointed out that customers will desire to commit themselves to relationships which are characterised by trust.

Trust plays an increasingly relevant role in customer-firm exchanges in the service industry due to growing competition among firms. As a business priority, service firms are trying to retain current customers rather than attracting new ones (Kumar, 2010). Gaining customer trust is essential to achieving such a worthwhile business goal (Swan & Nolan, 1985) and for determining the intensity of the relational exchange (Sun & Lin, 2010).

1.2.1 Trust as a relationship marketing priority

Trust is regarded as a valuable component of any successful marketing relationship (Hosseini & Behaboudi, 2017; Wu, Chen & Chung, 2010; Gounaris & Venetis, 2002). Some of the supposed benefits of establishing a certain amount of trust have been reported as an increase in open communication, information sharing and conflict management (Seppänen *et al.,* 2007; Blomqvist, 2002).

Existing research indicates that trust may be positively related to frequently researched constructs such as purchase intention (Sichtmann, 2007), positive word-of-mouth behaviour (Gremler, Gwinner & Brown, 2001), relationship commitment (Kassim & Abdullah, 2010), and customer loyalty (Aydin & Özer, 2005).

Over an extensive period of time different researchers have offered varying definitions of the concept of trust. Although trust is conceptualised differently across the literature there is, however, consensus that trust serves as an instrument to develop and maintain profitable relationships for the mutual purposes of those involved (Kantsperger & Kunz, 2010; Palmatier, Dant, Grewal & Evans, 2006).

Schiffman, Thelen and Sherman (2010), describe trust as an individual's expectation that the word, promise, verbal or written statement of another individual is reliable. Leonidou, Kvasova, Leonidou and Chari (2013) define trust as the belief – or confidence – that a party's word or promise is reliable and that a party will fulfil its obligations in an exchange relationship. Along the same lines, in the seminal work of

Trust exists when one party has confidence in an exchange partner's reliability and integrity (Sarmento, Simões & Farhangmehr, 2015). A later definition, focused on trust at the individual and company level in the context of services, explains trust as an expectation held by the customer that a service provider is dependable and can be relied on to deliver its promises (Sajtos, Brodie & Whittome, 2010).

The above definitions emphasise the significance of confidence and reliability in their understanding of trust. In other words, whether a party's confidence is in the honesty and integrity of another party such as an employee or they hold certain beliefs in another's expertise or reliability, generally, trust is viewed as a prerequisite for successful relationship marketing management (Park & Lee, 2014).

1.2.2 The nature of trust

Based on different theoretical approaches and conceptualisations, trust is regarded as a complex, multi-dimensional construct (Seppänen *et al.,* 2007). Most studies are in agreement on the multi-dimensionality of trust, however, its particular dimensions and number thereof often varies (PytlikZillig, Hamm, Shockley, Herian, Neal, Kimbrough, Tomkins & Bornstein, 2016; Heyns & Rothmann, 2015; Stern & Coleman, 2015). Consequently, this situation has also led to researchers operationalising and measuring trust differently (Kantsperger & Kunz, 2010).

A significant number of studies propose various components of trust of which some of the most frequently featured include: credibility, competence, fulfilment, service quality, confidence, reliability, honesty, benevolence, integrity, dependability, reciprocity, likability, openness, predictability, responsibility, and fairness (Seppänen *et al.,* 2007; Coote, Forrest & Tam, 2003; Sirdeshmukh, Singh & Sabol, 2002; Garbarino & Johnson, 1999; Doney & Cannon, 1997; Moorman, Deshpande & Zaltman, 1993).

Many of the abovementioned components overlap in meaning, making it more challenging for researchers to agree upon specific components comprising the phenomenon of trust (Seppänen *et al.,* 2007). For example, service quality (which is defined as customers' perceived level of service performance compared to their expectations), is generally measured using the SERVQUAL scale (Parasuraman,

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Zeithaml & Berry, 1985) which comprises of five dimensions including reliability which is also regarded as a distinct component of trust (Lien & Cao, 2014).

Relying on economic, sociological and psychological theories, Sako and Helper (1998) operationalise trust as a three-dimensional construct encompassing goodwill trust, contractual trust and competence trust. Based on relational aspects of alliances Norman (2002) also argues that trust comprises of goodwill trust and competence trust.

Goodwill trust, which has been defined as perceptions of a partner's intention to act in accordance with those agreements made between two partners (Nooteboom, 1996), is associated with integrity, responsibility and dependability (Langfield-Smith & Smith, 2003; Das & Teng, 2001).

According to Sako (1992), contractual trust is founded on the moral standard of honesty and relies on the assumption that the other party will deliver on the agreement whether or not the agreement is in writing (van der Meer-Kooistra & Vosselman, 2000). In other words, the higher the level of contractual trust between two parties, the less need there is to try and prevent opportunistic behaviour (Malhotra & Lumineau, 2011).

With regard to competence trust, perceptions of ability and expertise are the focal points of interest. Competence trust is defined as the expectation of technically competent role fulfilment (Langfield-Smith & Smith, 2003).

Some researchers specifically emphasise the cognitive, affective and behavioural dimensions of trust in order to depict the nature of overall trust (Blomqvist, 2002; Möllering, 2002). Likewise, in the context of services, two major types of trust frequently mentioned are affective- and cognitive-based trust (Terres, dos Santos & Basso, 2015; Guenzi, 2002; Swan, Bowers & Richardson, 1999).

When trust has a cognitive foundation, trust in a party is developed due to more rational reasons such as that party's ability to fulfil their role satisfactory or deliver on their promise (Erdem & Ozen, 2003). Affective-based trust stems from an intensive relationship between two parties which is characterised by a mutual and emotional investment in the relationship while showing concern and benevolence for each

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other (Erdem & Ozen, 2003). In addition, it has been suggested that when a relationship stems from perceived cognitive trust, it may be transformed into affective trust based on experience (McAllister, 1995).

From the above explanations of different types of trust, it becomes apparent that goodwill trust, shares some similarity with the description of affective trust, while competence trust seems to correspond highly with the description of cognitive trust provided by Erdem and Ozen (2003). Contractual trust, however, is different from the aforementioned types of trust as it is based on moral standards inculcated in individuals through socialisation and education (Van der Meer-Kooistra & Vosselman, 2000) and therefore being more normative in nature.

Other objects of trust include inter-organisational trust (Seppänen *et al.,* 2007; Sako & Helper, 1998), interpersonal trust (Zaheer, McEvily & Perrone, 1998), salesperson trust, company trust and product trust (Plank, Reid & Pullins, 1999; Chow & Holden, 1997) which are measured independently at different levels with distinct groups serving as key informants.

The type of trust central to a study depends on the context in which it occurs, whereas the importance of trust is influenced by the degree of risk or expected consequences associated with the service delivery (Terres *et al.,* 2015). For example, services characterised by high consequence decisions are likely to cause stress and emotional arousal. On the other hand, when the severity of the consequences of the delivered service is low, individuals' decision-making processes are influenced differently (Botti, Orfali & Iyengar, 2009; Kahn & Luce, 2003).

1.2.3 Trust in healthcare services

Generally, healthcare services are characterised with uncertainty, risk and interdependence seeing as customers are not able to assess a tangible product prior to purchase (Hosseini & Behaboudi, 2017). Hence, the importance of trust in service industries and, especially, healthcare industries can be argued.

A unique industry forming part of healthcare practices is the pharmaceutical industry. It is argued that pharmacies are quite unique business enterprises and consequently require exceptional attention (Athavale, Banahan III, Bentley & West-Strum, 2015).

The uniqueness of the pharmaceutical industry has been emphasised by Kolassa (1997) who pointed out that pharmaceuticals are negative goods intended to decrease the negative effects of an existing, abnormal state of health.

In other words, pharmacies provide credence services due to the nature of goods sold by these firms. Pharmacies deliver important healthcare services and generally strive towards providing the best healthcare possible (Perepelkin & Zhang, 2011). Community pharmacies are regarded as a unique category within the broader retail pharmacy industry which is rapidly consolidating into corporate chains and mass merchandisers and also is merging with supermarkets (Schmidt & Pioch, 2005). The concept of pharmacy is a retailing activity in which medication is sold to patients. Corporate chains refer to large retail pharmacy chains under corporate ownership where all pharmacists are either employees or managers whereas, a community pharmacy is privately owned by a pharmacist who also acts as an employer (The Helen Suzman Foundation, 2007).

Pharmacies are looking for ways to differentiate themselves in the increasingly competitive market and strategies relating to location, product, price and promotion no longer guarantee customer retention (Perepelkin & Zhang, 2011). For example, it has been found that customers are willing to travel further to support retailers which they perceive to be better than their closer competitors (Hodgson & Jacobsen, 2009). Moreover, customers' perception of a pharmacy is more likely to be influenced by its employees rather than the actual products dispensed by them (Perepelkin & Zhang, 2011).

According to a study by Statistics South Africa (2011), common reasons provided by customers justifying why they do not use the healthcare facilities closest to them include; long waiting times, drugs needed not being available, the facility not being on their medical aid list, staff rudeness, too expensive, opening times not convenient, facility not clean and incorrect diagnosis.

Visiting a pharmacy has been described as a highly personal, emotional and even stressful situation for some due to the possibility of incurring financial or emotional loss (Kunreuther, Meyer, Zeckhauser, Slovic, Schwartz, Schade, Luce, Lippman, Krantz, Kahn & Hogarth, 2002) as a consequence of an irreversible decision (i.e.

high-consequence decision). Thus, gaining competitive advantage by means of traditional marketing strategies may prove difficult without customers' trust in a pharmacy.

Trust is built through a central route of information processing which coincides with customers' high level of involvement when visiting a pharmacy (Perepelkin & Zhang, 2011). It is said that customers tend to think a lot and thoroughly consider the consequences of their decisions in a medical context where decisions can vary in valence and importance of the outcome.

For example, the valence of outcomes may range from desirable to undesirable, and the importance thereof from mundane to highly consequential. To elaborate, someone with a common cold will perceive their decision as low-consequence as opposed to a cancer patient who will experience increased levels of anxiety during their decision-making process (Terres *et al.,* 2015).

Therefore, firms which have a direct impact on customers' health regard trust-building as a very important objective (Meijboom, Visak & Brom, 2006) as it is expected to lead to favourable outcomes such as customer loyalty, repurchase intentions (Sichtmann, 2007), customer satisfaction (Kantsperger & Kunz, 2010) and other relational outcomes.

1.2.4 The influence of employees on relational outcomes

Employees and salespeople act as relationship managers as they possess the ability to build strong bonds with customers (Swan & Nolan, 1985). Employees act as representatives of a firm and the manner in which they fulfil their roles becomes of particular importance in the context of services due to the complex nature thereof. Yadav and Dabhade's (2013) definition of a service as any act or performance that one party can offer to another that is essentially intangible, lends support to the importance of employees' responsibility to represent their firm in such a way as to create positive perceptions in the minds of its customers.

According to Price and Arnould (1999), a firm's relational intent and ability are conveyed and exemplified to a large extent by its employees, who have a significant impact on the relational outcomes stemming from customer-firm interactions

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(Guenzi, 2002). Employees can be regarded as the major source of communication linking customers to firms and, consequently, influencing customers' intention to maintain relations with the particular firm. (Guenzi, 2002; Sharma, Tzokaos, Saren & Kyziridis, 1999).

It is maintained that effective employee-customer interactions enable satisfactory exchanges, reinforce positive exchanges and improve relationship quality over time (Miyamoto & Rexha, 2004; Hákansson, 1982). Front-line employees are responsible for the outcome quality which is assessed by customers after service delivery. Consequently, front-line employees are also responsible for achieving a certain level of accomplishment (Gounaris & Venetis, 2002).

It has been suggested that employers have the ability to drive customer trust by means of training front-line employees thereby enhancing their communication skills, knowledge and capabilities (Chow & Holden, 1997). Henceforth, employees are often encouraged to interact with customers during service delivery (Gremler *et al.,* 2001) in order to encourage them to invest in a relationship with the service provider (Gounaris & Venetis, 2002).

Finally, the importance of employee-related qualities and actions in gaining competitive advantage and building customer relationships, especially in terms of establishing customer trust, ought to be emphasised as an important area of marketing research (Swan *et al.,* 1999).

1.2.5 Employee-related antecedents of trust

Customer trust can be strongly dependent on the behaviour of employees, who act as part-time marketers (Hur, Ahn & Kim, 2011) or relationship managers (Rigby & Bilodeau, 2011). Trust in a firm is especially relevant where the service is performed by different service personnel and entails face-to-face service encounters (Lovelock & Patterson, 2015).

An extensive amount of research has been conducted documenting the importance of trust in maintaining mutually rewarding service firm-customer relationships (Lin & Wu, 2011). Central in many of these studies have been the identification of employee characteristics with a possible effect on trust (Coulter & Coulter, 2002).

A number of characteristics of trust which have gained academic interest are: competence, customisation, responsiveness, reliability, empathy, politeness and similarity (Coulter & Coulter, 2002). Although the contribution of these characteristics to building customer trust has been explored (Guenzi, 2002), more attention should be paid to the key role played by employees in the realisation of relationship marketing.

It has been suggested that customer trust may serve as an indication of employee success whereas employees' relational selling behaviours have shown to be directly related to the quality of the customer-employee relationship which then encompasses customer trust (Crosby, Evans & Cowles, 1990). Several employee-related characteristics (including qualities and behaviours) have been identified and grouped as influencing dimensions of customer trust by a number of researchers.

Naoui and Zaiem (2010) identified interpersonal communication, relational contact (comprised of the duration of the relationship and frequency of contact), employee expertise, conflict resolution, and client-oriented behaviour as antecedents of relationship quality which includes trust as a dimension.

Guenzi (2002) grouped items pertaining to customer trust in employees into six dimensions, namely; employee honesty, competence, characteristics (age, gender, etc.), selling techniques and skills, interpersonal skills, and experience with the employee (i.e. length of relationship). Broadening previous research, Guenzi and Georges (2010) incorporated three possible drivers of customer trust, specifically, the employee's customer-oriented selling, expertise, and likability.

Customer-oriented selling has been suggested to serve as a proxy for employee benevolence while the dimensions identified and labelled as employee expertise and likability respectively share semantic meaning with employee competence and similarity (Guenzi & Georges, 2010). Along the same lines, Selnes (1998) addressed employee-related dimensions such as competence, communication, commitment, and conflict handling as possible drivers of trust.

In Coulter and Coulter's (2003) literary review, the authors investigated employee-related characteristics which have received ongoing attention. Relating to employee performance or ability to deliver the service, the authors identified competence,

customisation, reliability, and promptness as possible drivers of trust (Doney & Cannon, 1997; Morgan & Hunt, 1994; Moorman *et al.,* 1993). Empathy, similarity, and politeness were identified as characteristics related to employees' personal attributes - or way of delivering the service (Kotler, 1997) - potentially affecting the development of trust.

In highly competitive markets where products cannot be easily differentiated from competing offers (e.g. pharmaceuticals), customers demand competence in terms of delivering a basic service both timely and dependably (Grönroos, 1990; Parasuraman *et al.,* 1985). Therefore, customisation, reliability, and promptness are argued to become especially important employee-related characteristics in this industry (Coulter & Coulter, 2003).

Within the marketing literature, findings have varied in terms of the importance and direction of the above mentioned characteristics' relationship with trust (Coulter & Coulter, 2002). Even though different authors have offered different results, it is suggested that a different set of employee-related characteristics may produce different outcomes on different types of trust.

1.3 PROBLEM STATEMENT

Trust is a critical factor in facilitating exchange relationships and is consequently regarded as a valuable asset for a company (Sichtmann, 2007) while the need for trust surfaces in any exchange situation characterised by some degree of risk, uncertainty or unfamiliarity (Coulter & Coulter, 2003). Palmatier *et al.* (2006) have argued that trust especially acts as a key mediating variable in service relationships.

Within the services industry, the urgency of building long-term customer-firm relationships increases as the type of service is characterised by a high level of people focus, customer contact time per interaction, degree of customisation and discretion, and process focus (Guenzi & Georges, 2010). Most professional services are described by means of the aforementioned characteristics, for example, healthcare services.

More specifically, the pharmaceutical profession is committed to a high standard of competence, professionalism and co-operation in order to serve the interests of the

patient and the community. Furthermore, the pharmaceutical industry is a dynamic, information driven, patient-oriented profession whereby the pharmacist and other employees, through their competence and skills, are committed to meeting the healthcare needs of society (South African Pharmacy Council, 2016).

The pharmaceutical retail industry has been criticised for struggling to address service quality (Borowski & Gordon, 2005) as it is suffering under immense pressure to control costs and provide high-quality care simultaneously (Perepelkin & Zhang, 2011). However, it may be argued that service quality alone may not be enough to engage customers in trusting relationships.

Trust is one of the key features of customer satisfaction in healthcare services (Kowalski *et al.,* 2009). According to San Martin, Gutierrez and Camarero (2004), customers who trust their service providers are more likely to develop a long-term commitment towards them.

Several researchers have indicated the significance of employees' roles in exchange relations (Naoui & Zaiem, 2010; Ozdemir & Hewett, 2010). More specifically, a great deal of research has studied the influence of employee characteristics on developing and building trust in order to maintain satisfactory customer-firm relationships (Coulter & Coulter, 2003; Doney & Cannon, 1997; Morgan & Hunt, 1994). Numerous studies refer to the mult-idimensionality of trust and consequently, explore different types of trust (Terres & dos Santos, 2013; Tohidinia & Haghighi, 2011; Şengün, 2010).

However, academic research appears to be limited in terms of empirically assessing the specific employee-related dimensions that develop and influence trust in customer-firm relationships in healthcare services, specifically in the pharmaceutical retail industry. Furthermore, a limited amount of literature exists which distinguishes between the different types of customer trust and whether, as well as the extent to which the development of each distinct type of trust is influenced by individual employee-related dimensions.

For the purpose of this study, three types of trust – affective trust, cognitive trust and contractual trust – have been selected to represent the multi-dimensional construct focal to this study: customer trust in the independent community pharmacy industry.

The five employee-related dimensions which have been selected as possible antecedents explaining the formation of trust in such an environment include customers' perceptions of employees', are expertise, likeability, customer-orientation, familiarity, and communication skills.

Trust can be measured as the performance outcome of a pharmacy based on research indicating trust as an important sub-process for repurchase intent, long-term commitment, customer loyalty and recommendation behaviour (Perepelkin & Zhang, 2011; Cho & Hu, 2009). Therefore, by developing a thorough understanding of the nature and procedure of trust in the unique context of the pharmaceutical retail industry provides potential for discovering valuable findings. Such findings may address the question as to whether different types of customer trust are related to employee-related dimensions.

In light of the above, the following research question to be addressed is; is there a relationship between employee-related dimensions and customer trust within the context of community pharmacies?

1.4 RESEARCH OBJECTIVES

The primary research objective of this study is to investigate the relationship between employee-related dimensions and customer trust in independent community pharmacies.

1.4.1 Secondary research objectives

To address the primary objective, the following secondary objectives were formulated:

1. To define the concept of customer trust in terms of the three identified types of trust (affective, cognitive and contractual trust).

2. To identify relevant employee-related dimensions, which may potentially act as antecedents of trust, through a comprehensive review of the literature.

3. To assess the relationships between each of the identified employee-related dimensions and customer trust and to assess the direction and strength of any significant relationship found between the key variables of this study.

4. To provide practical implications and recommendations regarding the management of employee-related dimensions and enhancement of customer trust within independent community pharmacies.

1.4.2 Hypotheses

In order to address the objectives of this study, fifteen hypotheses have been formulated to assess all of the theorised relationships.

The following hypotheses relate to affective trust:

H_{1a} There is a positive relationship between customers' perception of employees' expertise and affective trust.

H_{2a} There is a positive relationship between customers' perception of employees' familiarity and affective trust.

H_{3a} There is a positive relationship between customers' perception of employees' communication skills and affective trust.

H_{4a} There is a positive relationship between customers' perception of employees' likeability and affective trust.

H_{5a} There is a positive relationship between customers' perception of employees' customer-orientation and affective trust.

The following hypotheses relate to cognitive trust:

H_{1b} There is a positive relationship between customers' perception of employees' expertise and cognitive trust.

H_{2b} There is a positive relationship between customers' perception of employees' familiarity and cognitive trust.

H$_{3b}$ There is a positive relationship between customers' perception of employees' communication skills and cognitive trust.

H$_{4b}$ There is a positive relationship between customers' perception of employees' likeability and cognitive trust.

H$_{5b}$ There is a positive relationship between customers' perception of employees' customer-orientation and cognitive trust.

The following hypotheses relate to contractual trust:

H$_{1c}$ There is a positive relationship between customers' perception of employees' expertise and contractual trust.

H$_{2c}$ There is a positive relationship between customers' perception of employees' familiarity and contractual trust.

H$_{3c}$ There is a positive relationship between customers' perception of employees' communication skills and contractual trust.

H$_{4c}$ There is a positive relationship between customers' perception of employees' likeability and contractual trust.

H$_{5c}$ There is a positive relationship between customers' perception of employees' customer-orientation and contractual trust.

Figure 1.1 provides an illustration of the conceptual model based on the above hypotheses.

Figure 1.1 Conceptual framework
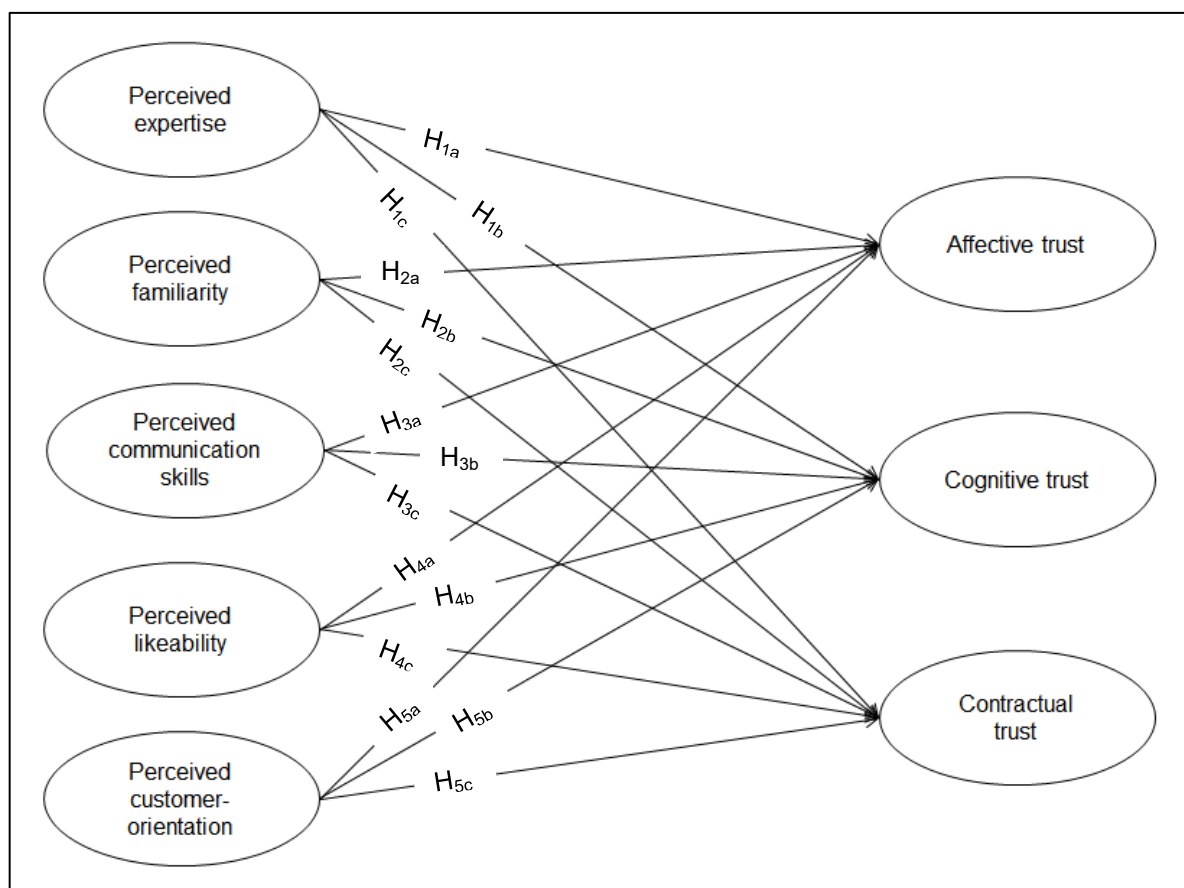
1.5 METHODOLOGY

The methodology of this study is comprised of three sections. These sections offer information on the sources from where secondary research was obtained as well as the appropriate primary research technique which was followed. Also, the selected measurement instrument, sampling plan and method of data analysis is discussed in this section.

1.5.1 Secondary research

Exploratory research was conducted through the acquisition of secondary data and existing literature from a variety of both reliable and valid sources. Initially, Metalib searches were executed in order to obtain a general understanding of the key constructs and to collect a database of more specific references. Stellenbosch University offers access to electronic databases such as Business Source Premier EBSCOhost, Science Direct and Emerald Insight.

Literature was reviewed comprehensively in order to offer an extensive delineation of the concept of customer trust and also to identify the most relevant and empirically supported employee-related dimensions as possible antecedents of customer trust.

1.5.2 Primary research

The objective of the secondary research process was to provide valuable insights and thoroughly conceptualise customer trust. The objective of the primary research section was to identify whether and which employee-related dimensions are significantly related to the three selected types of customer trust. The conceptual model was empirically assessed in a selected South African independent community pharmacy industry.

1.5.2.1 Primary research method

This was a cross-sectional study wherein data was collected at a single point in time from a sample within a carefully specified target population. The investigation of the proposed research problem required that both descriptive as well as decisive research were obtained in order to assess the hypotheses and provide information on the valuable marketing concepts, employee-related dimensions and trust. Self-administered surveys was implemented as a reliable quantitative research technique to collect this type of data.

1.5.2.2 Measurement

The survey technique was executed by designing a questionnaire (serving as the measure instrument) in order to collect sufficient data on customers' trust in independent community pharmacies and the drivers thereof. This questionnaire was administered by the researcher during a physical intercept in each of the selected locations. The questionnaire contained 40 items in the form of 7-point Likert scale statements ranging from strongly disagree (1) to strongly agree (7). Seven response categories were chosen based on research findings of maximised reliability in the case of seven-point scales (Preston & Colman, 2000; Nunnally, 1967). Studies also support the notion that validity is higher with a greater number of scale points (Preston & Colman, 2000). Self-generated questionnaire items were avoided as existing scales with confirmed reliability measures were rather utilised.

The above mentioned measure instrument was selected to avoid any bias errors in terms of influence from the researcher on the respondent's truthfulness and also to ensure that respondents were fully engaged in the answering process.

1.5.2.3 Sampling

The sampling process entailed the identification of the target population, choosing the suitable sampling technique, determining the appropriate size for the sample and finally selecting the sample from an available and accessible group of respondents.

Empirical research was conducted in a selected South African independent community pharmacy industry. In comparison to the global pharmaceutical industry, South Africa's pharmaceutical industry may be regarded as well-developed and highly competitive (Fatti, 2013). Different types of pharmaceutical enterprises exist which generally are divided into corporate chains (e.g. Dis-Chem), community pharmacies (e.g. Essential Health), and mass merchandisers (e.g. Clicks Pharmacy).

The selected target population for this study was consumers with a need for and purchasing power of healthcare services and related products. In order to address the objectives of this study, empirical research focused on a single pharmaceutical group – Essential Health Pharmacy Group – comprised of a number of independent community pharmacies across the Western Cape region specifically in Brackenfell, Bredasdorp, Claremont, Kuilsriver, Protea-Heights, Somerset-West, Strand and Wellington.

This study did not make use of a sampling frame, since there was no access to a list of every customer of the selected pharmaceutical group. Still, it was a realistic and attractive sampling option and, consequently, justified the selection of a non-probability sample. This sampling option was realistic and attractive based on the pharmaceutical group's consent given to the researcher to physically approach all customers visiting an Essential Health branch during its trading hours, making those customers an available and accessible sample.

This choice of sampling technique implied that each person within the population did not have an equal chance of being selected to participate in the study. The sample

was drawn based on the researchers' convenience by distributing the questionnaire to customers waiting in the dispensary queue of all Essential Health branches. This group of respondents predominantly included South African males and females who have the necessary purchasing power to buy pharmaceutical products from a retail pharmacy.

In total, approximately 350 respondents were approached initially across all eight Essential Health branches. The total realised sample consists of 299 respondents who were physically approached by the researcher and agreed to complete the survey. The researcher attempted to administer equal quantities of questionnaires amongst the eight pharmacies. Respondents were presented with a self-administered questionnaire during the month of September 2016 after the necessary procedures for ethical clearance and consent were followed. Respondents returned their completed questionnaire to the researcher by hand.

The University's ethics policy, which manages the ethical risks associated with a study, was adhered to by submitting an ethics application to the Departmental Ethics Screening Committee (DESC). In addition, institutional permission from the Research Ethics Committee (REC) had been received after provision of a permission letter from each Essential Health Pharmacy branch manager to DESC/REC.

The researcher presented respondents with a brief explanation regarding the reason for the study, ensuring respondents of their anonymity and that there are no correct or incorrect answers to any of the stated questions. Thereafter, the survey was handed to respondents so they could complete the questionnaire while waiting in the queue without interference from the researcher. After completion of each questionnaire the researcher personally collected it from the respondent in order to urge respondents to answer every question and prevent respondents from leaving incomplete questionnaires in a box.

The estimated time to complete the questionnaire was also clearly stipulated and voluntary participation was emphasised. Furthermore, the tone of the researcher was professional and courteous and the researcher concluded the survey by thanking respondents for their participation and contribution to the study.

1.5.3 Data preparation and analysis

Microsoft Excel software was used to capture the collected data and was then converted into a format compatible with the statistical software package, Statistica, which was then further prepared for necessary data analysis. Data preparation included labelling items and variables, replacing missing values and conducting reliability statistics. Missing values were handled using the mean value replacement option.

To analyse the demographic data which was recorded, descriptive statistics such as frequency tables and cross-tabulation were used. This allowed the researcher to draw some conclusions on the larger population which, in turn, provided some general demographic insights before addressing the specific research problem.

Each hypothesis was assessed after the measurement of each variable within the larger construct. Since there were fifteen hypotheses in this study predicting a positive relationship between single independent and dependent variables, Structural Equation Modelling (SEM) with Partial Least Squares (PLS) was conducted during data analysis since PLS avoids parameters estimation biases common in regression analysis. Statistica was used to analyse the captured data effectively and efficiently. The reliability and validity of the measurement instrument was assessed in accordance with Cronbach's alpha coefficient and by assessing the outer model of each conceptualised model.

1.6 CONTRIBUTION OF THE STUDY

There is wide recognition of the principles of service-dominant logic (Vargo & Lusch, 2004) stating that services are the application of specialised competences through deeds, processes, and performances (mainly exercised by front-line employees) for the benefit of another entity or the entity itself.

Given the current state of heightened competition among healthcare service providers, this study aims to contribute to the marketing literature by investigating employee-related antecedents of different types of trust in the pharmaceutical retail industry.

Managing long-term customer-firm relationships may be rewarding in a healthcare services context when those dimensions affecting customer trust – which serves as a significant indication of relationship quality – can be determined and enhanced in order to improve levels of trust in the firm and through gaining such a competitive advantage ensuring the firm's survival over the long run.

Practically, healthcare providers, especially independent community pharmacies may find the results of this study beneficial in terms of the development and enhancement of successful customer relationship management practices. Pharmacy managers will be enabled to address employee-related issues pro-actively and implement the appropriate policies, codes of conduct and job requirements to ensure that the correct characteristics are present as to ensure customers trust in the firm.

Researchers and scholars may also benefit from this study by building on previous research related to the concepts central to this study. As far as information was ascertained by means of a comprehensive review of the literature, no similar study has been conducted in South Africa.

1.7 ORIENTATION OF THE STUDY

Chapter 1: Introduction

The purpose of this chapter is to introduce the reader to the topic of the research study by providing an overview of why the research was conducted and how the entire research process was executed.

Chapter 2: Marketing management – then and now

The first chapter of the literature review provides an introduction to marketing while emphasising services marketing in particular and how it evolved into the relationship marketing paradigm. A great deal of this review has been drawn from earlier unpublished work produced by the researcher of this study.

This chapter provides a broad overview of the importance of relationship marketing constructs with the emphasis placed on trust as a central component in establishing successful relationships.

Chapter 3: The role of trust in relationship marketing

Trust is broadly defined in this chapter which then transitions into an in-depth review of this complex construct. Herein, trust is explained based on the conceptualisations of many authors especially from those who have written seminal work such as Morgan and Hunt (1994). The way in which trust was operationalised for the purpose of this study is discussed and, by implication, the importance of trust in services, particularly pertaining to the retail pharmacy industry.

Moreover, the final chapter of the literature review discusses the potential employee-related antecedents of trust while providing justification for why the selected dimensions have been included in this study and specific service setting. Prior findings indicating that employees do have the ability to influence relational outcomes between a customer and a service firm are presented in this chapter in order to lend support to the argument which is made in this study.

Chapter 4: Methodology

The methodology is comprised of three sections. These sections propose the appropriate secondary and primary research techniques as well as the selected method of analysing the collected data.

Chapter 5: Empirical results

The discussions within this chapter include both descriptive as well as inferential statistics wherein findings were analysed, ultimately leading to the conclusion of which hypotheses are supported and not.

Chapter 6: Conclusions and recommendations

The most significant findings are highlighted in this chapter while justification for the various outcomes are provided. Conclusions were made and managerial implications - which may prove to be useful for practical application in the context of this study - were recommended.

CHAPTER 2

MARKETING MANAGEMENT: THEN AND NOW

2.1 INTRODUCTION

Marketing originated from the support of sales force activities such as acquiring promotional materials, conducting marketing research for the purposes of sales forecasting and sales planning, and inventing strong brands in order to achieve the overall sales strategy (Webster, 2005). An early definition of marketing, based on economic principles, describes marketing as the process of determining consumers' needs and wants and finally being able to satisfy consumers by providing them with the products to best address these needs, at a profit (Vargo & Lusch, 2004).

Along the same lines, marketing has been defined as all those activities associated with delivering products to consumers within their demand, whilst mainly being focused on closing the gap between sellers (manufacturers) and buyers (businesses and individual consumers) in the market. Initially, marketing seemed to be more product-oriented, where marketers were persistently trying to discover what consumers wanted to purchase and then simply selling it to them (Grönroos, 1990). From this point-of-view, Grönroos (1994a) concluded that marketing practices originated from the firm instead of from the market.

Based on years of research in various areas of marketing, Grönroos (1990) proposed a more market-oriented definition of marketing. After taking the various aspects of industrial marketing, services marketing as well as the promise concept of marketing into consideration, Grönroos' (1990:57) more encompassing definition of marketing explains this phenomenon as follows; "… to establish, develop and commercialise long-term customer relationships, so that the objectives of the parties involved are met. This is done by mutual exchange and keeping of promises".

It is important to note that this chapter to a certain degree relies on previous work by the author (Pelser, 2015), since some of the theoretical principles of this study correlates with the previous study.

2.2 THE PRINCIPLES OF MARKETING

The concept of marketing has been depicted as a "management philosophy", guiding a firm's overall business functions and strategies (Grönroos, 1994a). With the concept of marketing, principles of marketing such as the 'marketing concept' and the 'marketing mix' surfaced. These fundamental concepts have significantly contributed to marketing as a business function and the evolution thereof (Pelser, 2015).

2.2.1 The marketing concept

The marketing concept resulted from the basic philosophy held by economic and marketing theorists that the purpose of production is to serve consumption and provide customer satisfaction (Tadajewski & Jones, 2012). At the end of the 1940's, efficient production was regarded as the key to prosperous business performance, however, researchers later argued that customers' needs and wants should be taken into greater consideration by marketers (Svensson, 2001). Hence, the marketing concept maintains that any marketing process should be launched from a customer's perspective.

The marketing concept is known as one of the most significant concepts in marketing and refers to the fundamental marketing approach of paying attention to customers' needs and wants in order to establish successful business relationships (Svensson, 2001). The marketing concept focuses on three principles, namely, customer orientation, integration of marketing activities, and profit direction (Tadajewski & Jones, 2012).

Firstly, customer orientation entails the development of products based on knowledge of customer needs, wants and actions. Secondly, the integration of marketing activities has been argued to be central in achieving long-term business profits through the integration and coordination of all marketing activities with all other business functions (Sanuri Mohd Mokhtar, 2013). Finally, profit direction refers to a focus on customer satisfaction as means to an end in achieving profitability as opposed to sales volume.

Even though the marketing concept is used widely throughout marketing thought and practice, it has been criticised in the past, mainly because of its weak implementation (Homburg, Jozić & Kuehnl, 2017). Consequently, the concept was broadened to such an extent as to include organisational activities in order for the concept to become more practical in terms of business management and improve organisations' market-orientation (Day, 1994).

Another frequently mentioned concept related to the marketing concept has been termed marketing myopia. This concept describes how some marketers may neglect to handle changes in the market place due to a favourable current situation wherein they do not realise the importance of responding appropriately to shifts in the market (Levitt, 2004; Svensson, 2001).

From with the review of the marketing concept, the following section provides further context to the evolution of marketing by discussing the origin and the importance of the marketing mix.

2.2.2 The marketing mix

A significant contribution in the development and conceptualisation of marketing as a key business function was the introduction of the "marketing mix" by Neil Borden in 1964 (Singh, 2012). Borden was provoked to develop the marketing mix concept based on a statement made by James Culliton when he described marketing as a "… mixture of elements in pursuing a certain market response" (Van Waterschoot & Van den Bulte, 1992:84).

The elements which have been identified to make up the so-called marketing mix are namely, product, place, price and promotion (Singh, 2012). Later, as the concept became more recognised, an alternative term to that of the marketing mix surfaced and has been found as still being referred to as the four Ps of marketing throughout literature today (Singh, 2012).

The four Ps provided firms with a framework, grouping several business functions together to facilitate easier decision-making in terms of product development, pricing strategies, packaging solutions, promotions and other marketing activities (Pelser,

2015). Just about any marketing tactic could be categorised as a sub-element of either one of the four Ps within the marketing mix (Khan, 2014).

The following sub-elements form part of the product category within the marketing mix: product-line width, breadth and assortment; packaging; new product development; product branding (e.g. logos and trademarks); product quality and guarantees. Next, in terms of place - also recognised as the distribution element – sub-elements include distribution-related activities such as channel selection and concentration, forward vertical integration, direct marketing, personal selling, inventory and warehousing as well as customer services from order-processing to delivery (Khan, 2014).

With regard to price as the following P, price level changes and different types of pricing and discount strategies are commonly used tactics implemented by marketers as part of the overall marketing strategy (Pelser, 2015). Lastly, in elaboration of promotion as the fourth P of the marketing mix, communicative sub-elements such as brand positioning, marketing campaigns (including selected media channels as well as schedules), email marketing, public relations and other sales promotions (e.g. coupons, pamphlets and competitions) lie within this category (Khan, 2014).

It is necessary to bear in mind that the framework provided by the four Ps, is mainly essential in the development of strategic marketing plans in product-based firms (Magrath, 1986) as opposed to service firms which is discussed in greater detail later in this chapter. Still, it is important to note that the original marketing mix offers limited opportunities for application in the field of services marketing. Similarly, Grönroos (1989) also argued the marketing mix to be more of a production-oriented definition of marketing rather than market-oriented or customer-oriented since the area of services marketing only surfaced as the concept of marketing progressed.

2.3 THE EVOLUTION OF MARKETING

Changes in the marketing environment forced marketers to adapt their perspectives of marketing over time. Marketing evolution has been outlined as a series of six sequential eras namely, the production era, the product era, the sales era, the

societal marketing era, the relationship marketing era and the holistic marketing era (Lamb, Hair & McDaniel, 2012).

Firstly, the production era had the main objective of introducing reasonably priced, high quality products into the market, with the assumption that consumers would reap them instantaneously (Pelser, 2015). Without the existence of interaction between firms and consumers, firms did not consider enquiring from consumers which products they longed to have produced and delivered to satisfy their needs and desires (Keith, 1960).

Lamb *et al.* (2012) validated this argument by depicting this particular era as a philosophy, centred on the internal abilities of the firm rather than the demands of the marketplace. The concept of marketing during these times was focused on finding new customers and markets in order to move manufactured goods from the producer to the buyer for the benefit of the seller (Kotler, 1972). In other words, production efficiencies were necessary in order to maintain thriving business activity.

Secondly, following the production era, the product era focused on offering products demonstrating high quality features and performance to consumers. Still, little attention was paid to what consumers truly required, but firms rather focused on continuously introducing new and innovative products to the market (Lamb *et al.,* 2012). From the firms' point-of-view, doing what they did best was the major concern during this era.

Branding can also be dated back to the product era where manufacturers tried to differentiate their products from other manufacturers' and sellers' using brand names (McCarthy, 1964). The practice of branding enabled sellers to form judgments regarding the quality and performance of manufactured products in the minds of consumers (Bastos & Levy, 2012).

The sales era was the third stage in the evolution of marketing (Pelser, 2015). Proving to be an extension to the product era, this era shaped many marketing strategies which are still implemented today (Grayson, 1971). For example, advertising and personal selling are both key marketing activities which are still frequently employed by firms today. However, then the main desired outcome of these aggressive marketing strategies was to increase immediate sales and profits,

without bearing in mind who buyers were or what is was that they were buying (Sheth & Parvatiyar, 1995).

The sales era may be ascribed to the trend towards mass production as well as mass distribution at the time (Gummesson, 2002a). A surplus in goods on the part of most manufacturers, created a situation ruled by mass production which showed to be economical in a seemingly substantial market. However, in order to uphold the realisation of economies of scale, excess goods had to be sold in new markets. Consequently, in order to discover these new markets, aggressive selling techniques emerged (Sheth & Parvatiyar, 1995).

Thereafter, the fourth era - societal marketing – emerged and was characterised as an attempt to coordinate consumers and the larger society's objectives with those of the firm. Not only were firms concerned with increasing profits, but also with satisfying consumer-specific wants and needs while taking the interests of the general public into consideration (Theron, 2008). At this point in time, the focus on customers was regarded as a significant shift in business management thinking.

Suddenly, firms began to acknowledge that products as well as the methods of manufacturing them had to become more environmentally sustainable (Pelser, 2015). Particularly, products were designed to be more durable, recyclable and less harmful to consumers' health as well as the physical environment. During this era, the role and function of marketing led to marketing being regarded as a system of social and economic processes, and without a managerial focus but rather with an institutional and functional focus (Theron, 2008). This particular shift led to the function of marketing focusing on aspects such as problem solving, planning, implementation, and control in increasingly competitive markets.

However, marketers realised that due to the growing intensity of competition, uncertainty about future markets and expected profits started to exist (Sheth & Parvatiyar, 1995). Soon after, the value of customer retention and repeat purchases became clear leading to the development of marketing planning tools such as segmentation and targeting in order to increase the effectiveness of marketing (Sheth & Parvatiyar, 1995).

The fifth stage of marketing evolution, better recognised as the relationship marketing era, is still known as the era of gaining and retaining profitable customers in the long run (Srinivasan & Moorman, 2005; Guenzi, 2002). Today, firms are committed to the development of long-term relationships with their existing customers (Wilson, Zeithaml, Bitner & Gremler, 2012) as many have confirmed that it is considerably more cost efficient to retain repeat customers rather than continuously trying to attract new ones (Tronvoll, 2012).

A fundamental aspect of relationship marketing is based on the so-called "promise concept" where Calonius (1988) emphasised that making promises to consumers and realising those promises are critical for achieving objectives such as customer satisfaction, retention and long-term profitability (Grönroos, 1994a).

Presently, it is suggested that the sixth era of marketing evolution has been entered where holistic marketing is viewed as the future form of business thinking (Pristyazhnyuk, 2013). From a holistic marketing perspective, satisfaction value is only achieved when a firm's products and efforts have reached the approval of the ultimate consumer and in turn adds to the value of the marketing channel (Svensson, 2001). Therefore, the concept of holistic marketing extends the marketing concept as it is carefully comprised of all its antecedents, encompassing internal marketing, performance marketing, integrated marketing as well as relationship marketing (Pristyazhnyuk, 2013).

The areas of industrial and services marketing have played a major role in the origination of relationship marketing (Grönroos, 1994a) which, today, is a vital part of the holistic marketing approach. The first three marketing evolution eras' (production, product and sales) focal difference sits within its transactional exchange nature, as opposed to the later eras' nature of relational exchange (Pelser, 2015).

Vargo and Lusch (2004) also acknowledged that the initial approach to marketing was grounded on tangible resources, embedded value and transactions, whereas new perspectives have moved towards intangible resources, the co-creation of value, and relationships. Consequently, the sections to follow provide further discussions on the individual aspects within the revised logic of marketing specifically, services and relationship marketing.

2.4 THE ROLE OF SERVICES MARKETING

Services is an essential part of today's economy and includes a series of economic activities such as: deeds, processes and performances which produce outcomes that have been defined as intangible, heterogeneous, inseparable and perishable in nature (Wilson *et al.,* 2012).

A number of traditional definitions support the above mentioned characteristics of the concept of services and also add that services are more involved with marketing intangible activities rather than tangible products (Zeithaml & Bitner, 2000; Grönroos, 2000; Lovelock, 1991). Later, Vargo and Lusch (2004:2) suggested a somewhat more inclusive definition, claiming services to be, "… the application of specialized competences (knowledge and skill) through deeds, processes, and performances for the benefit of another entity or the entity itself".

Parasuraman and Berry (1993) mentioned two officers of The Marketing Science Institute (MSI), Stephen Greyser and Alden Clayton, who highlighted the need for research specific to services as a distinct field of marketing. Their case, claiming that product-oriented marketing practices did not suffice for the complexity of services, was justified by the lack of direct transferability between the marketing of packaged products and service performances (Pelser, 2015).

In agreement with this statement, the evaluation of services is regarded as much more complex than that of products while also exposing consumers to far greater risks (Schumann, Stringfellow, Yang, Blazevic, Praxmarer, Shainesh, Komor, Shannon & Jiménez, 2010). Within the services marketing literature, a service output has been explained as not being a tangible product which can be perceived through basic human senses including sight, smell or touch, but rather as an intangible form of added value that is produced and consumed simultaneously (Quinn, Baruch & Paquette, 1987).

When designing services, it is important to understand that service is a process and not a single use situation or task. The customer journey is one of the concepts applied in service design to emphasise and define the process. It aims to describe the process of experiencing service through different touch points from the customer's point of view (Kankainen, Vaajakallio, Kantola & Mattelmäki, 2012).

According to Moeller (2010), understanding how services are delivered does hold certain concerns. The method of service delivery proposes a challenge in terms of the nature of the interaction between the customer and service firm, for example, whether the customer has to be physically present in order to receive the service as opposed to the customer being able to receive it remotely. Another issue pertaining to the distribution of services entails the availability of outlets, for example, whether a service firm has either a single outlet or multiple outlets where service delivery occurs.

Services are a process of performing a series of activities without an established production guideline as in the case of product manufacturing which involves both specific and measurable outcome standards (Parasuraman *et al.,* 1985). Services may differ from the one encounter to the following, especially in service industries that are labour intensive. The challenge in achieving uniform service delivery may be accounted for by the differences between service employees. The influence of different situational factors (date, time, weather, etc.) as well as personal factors (personality, emotional state, mood, levels of energy, etc.) on each individual service employee provides good reason for variations in service delivery (Booms & Bitner, 1981).

However, employees alone do not determine the outcome of a service, but as Lehtinen and Lehtinen (1982) argued, the input and participation of customers is just as essential as they have the ability to affect the final output heavily. An appropriate example of situations wherein the consumers' role can possibly decrease managerial control, mentioned in the work of Zeithaml *et al.* (1985), are those of hair and doctor appointments. Without the necessary cooperation from customers by either describing their desired haircut or the symptoms of an experienced illness, front-line employees will not be able to deliver the service in a reliable manner (Pelser, 2015).

The earlier mentioned traits of services result in clear implications for service marketers, necessitating a different approach to managing the service delivery process as opposed to that of tangible products. Since the 1970's, academics have reaffirmed the theoretical application of service traits known as the IHIP (intangibility, heterogeneity, inseparability and perishability) framework (Gummesson, 2002b;

Grönroos, 2000) which originated from early economic literature (Gummesson & Lovelock, 2004).

Due to the nature of services, some of the sequential implications may be perceived as either a threat or an opportunity by service managers (Zeithaml, Parasuraman & Berry, 1985). Awareness of these implications permits a better understanding of the complexity of the services industry as well as their effect on the marketing activities of individual service firms.

Some widely recognised effects of the unique nature of services as summarised by Parasuraman *et al.* (1985) include: (1) difficulty with pricing, matching supply to demand, and mass production; (2) it cannot be inventoried, easily displayed and communicated or returned; (3) great dependency on both customers and employee actions to ensure satisfactory service delivery; (4) various external factors have the ability to influence the quality of service output (Pelser, 2015).

Based on the preceding discussion, it has been agreed upon that the traditional marketing mix – price, promotion, place and product - does not suffice for successfully communicating services to customers (Magrath, 1986). To elaborate, based on agreement that services are both intangible in nature and produced and consumed at the same time (Zeithaml *et al.,* 1985), continuous emphasis has been placed on the importance of interaction between service employees (those who come into direct contact with the customer, i.e. front-line employees), the physical environment of service delivery and the customer, in the optimisation of marketing and other working activities (Bitner, 1990).

From there, three additional elements surfaced which led to the development of the expanded marketing mix for services. In addition to the four traditional Ps of marketing, the elements of process, people and physical evidence have been acknowledged as significant functions of the service production process and have consequently shaped the expanded mix for services (Epetimehin, 2011).

2.4.1 Services marketing mix

Process refers to the actual service delivery and all operational activities enabling customers to review their service experiences. A significant amount of time and effort

is dedicated to planning efficient process management to ensure the delivery of dependable, highly consistent services (Magrath, 1986). Matching service demand and supply is a famous challenge to the service industry (Wilson *et al.,* 2012). Therefore, optimal process execution is greatly dependent on the diligence of planning tasks and activities, organising employees and installing reliable operating systems.

All participating individuals in the process of service delivery, form part of the 'people' element of the expanded marketing mix where the firm's employees, the customer and other customers are all able to influence the service outcome. Magrath (1986) established a number of employee-specific attributes which may heavily affect the image of the service firm such as friendliness, promptness, dexterity, initiative, calmness and proper language. Personal factors such as individual hygiene and appearance, courteousness, enthusiasm, appropriate use of language and good posture are only some of the many believed influences, service employees may have on customer perceptions (Wilson *et al.,* 2012).

Furthermore, employees of a service firm are the actors who either perform tangible or intangible actions directed at peoples' bodies or minds (Wilson *et al.,* 2012). Employee actions can also be directed at goods, tangible possessions or intangible assets (Lovelock, 1983).

Individual customers have the ability to affect final service outcomes (Zeithaml *et al.,* 1985). For example, customers who do not provide the service provider with sufficient information in a timely manner or do not adhere to procedure-specific rules, risk negatively influencing their own satisfaction with the received service (Zeithaml *et al.,* 1985). Customers are also capable of influencing each other significantly within a shared service environment, either enhancing or lessening their experiences, by means of their actions (Tombs & McColl-Kennedy, 2003).

Finally, physical evidence points to all tangible interpretations of the service experience along with the specific environment wherein the firm-customer interaction occurs (Pelser, 2015). Visible assets within the physical service environment, act as perceptual cues contributing to the establishment of the service firm's personality (Magrath, 1986). Customers heavily rely on different kinds of environmental cues

during a service encounter, since they are unable to physically examine the actual service as opposed to being able to physically examining a product. In other words, these environmental cues act as surrogate indicators of expected quality (Bitner, 1990).

In light of the above, four areas of services marketing have become some of the most frequently researched topics within the field of services marketing. These include service quality, service design and customer retention, relationship marketing and service encounters (Brown, Fisk & Bitner, 1994).

Shostack (1977) incorporated the added elements of the expanded marketing mix for services – process, people and physical evidence, and defined the term "service encounter" as the period of time wherein direct interaction between a consumer and the service firm occurs. Bitner (1990) adopted this definition and consequently, developed a model of service encounter evaluation with the main objective of the model as understanding service encounter satisfaction in terms of the building blocks and results thereof (Pelser, 2015).

2.4.2 Evaluation of service encounter

The broad model of service encounter evaluation is primarily based on Oliver's (1980) research on the inputs and outcomes of service encounters, specifically, with several influences from the fields of consumer behaviour and psychology (Bitner, 1990). In the same study, service encounter satisfaction is theorised as an indirect result of all the elements in the expanded marketing mix for services. More specifically, it has been said that customers' satisfaction with service encounters will be influenced by their interactions with service employees, the nature of the physical facility of service delivery, and also possibly by the customers' personal traits (Lovelock, 1983).

A well-known development in the services marketing theory was the Gaps Model of service delivery introduced by Parasuraman *et al.* (1985) in order to evaluate service encounters. Service quality became a focal topic for services marketing by identifying five major gaps originating from perceptions of service quality and those tasks associated with service delivery to consumers.

According to the integrated hierarchical model of Brady and Cronin (2001), consumers' overall perception of service quality can be assessed based on an evaluation of the three dimensions of service encounters which include interaction quality, physical environment quality, and outcome quality (Lien, Wu, Chen & Wang, 2014).

Firstly, interaction quality refers to the functional quality related to customer-employee interaction (Lien *et al.,* 2014). Secondly, physical environment quality focuses on the important role the service-scape plays in order to influence customer perceptions of the service experience (Bitner, 1992). Finally, outcome quality is the technical quality, which consumers evaluate after the service delivery occurred (Brady & Cronin, 2001).

It is important to note that due to the unique characteristics of services, such encounters are evaluated differently, have specific problems stemming from them and consequently need to be resolved accordingly. Also, such differences do not only exist between goods versus service firms, but between different types of service firms as well (Zeithaml *et al.,* 1985).

Zeithaml *et al.* (1985) identified some of the perceived problem areas related to service encounters mentioned by customers of different types of service firms as:

- Services cannot be stored.
- Services cannot be transported.
- The quality of services is difficult to control.
- Services cannot be mass-produced.
- Services cannot be protected by patents.
- Calculating the costs of providing services is challenging.
- Customers themselves are involved during the production and delivery of services.
- The demand for services fluctuates.

2.4.3 Inputs to service encounter satisfaction

In order to gain a better understanding of the complete impact of the services marketing mix, those variables directly influenced by its added elements are

identified as expectations, perceived service performance and attributions (Bitner, 1990).

2.4.3.1 Expectations

Oliver (1980) described consumers' expectations as a result of their pre-attitude towards the expected service. A particular element within the expanded marketing mix namely, physical evidence, has been argued to greatly influence consumers' expectations from a service through the perception of specific environmental cues (Booms & Bitner, 1982; Shostack, 1977). Front-line employees, also described as the individuals directly forming part of the service interaction experience, also serve as indicators of the anticipated service (Bitner, 1990) through communicating various visual and non-verbal signals (e.g. attire and body language) to consumers.

Other traditional marketing mix elements which influence consumers' expectations of a service encounter include pricing strategies, advertising, personal selling and word-of-mouth (Zeithaml *et al.,* 1985).

2.4.3.2 Perceived service performance

Consumers' perceptions of an actual service encounter are also greatly affected by service employees in terms of what they deliver to the consumer and how they deliver it to them (Lehtinen, 1986). In addition, the way in which other consumers perceive the service also contributes to the actual service performance an individual consumer perceives.

The physical facility of a service firm, including its exterior and interior design, may affect how consumers evaluate their service encounter (Wilson *et al.,* 2012; Bitner, 1990). To elaborate, the institutional image conveyed through the design of facilities and employee attire plays a key role in creating a positive perception of the service delivery in the mind of the consumer (Pelser, 2015).

2.4.3.3 Attributions

Several academics within the field of consumer behaviour and psychology, have suggested that attributions mediate consumers' service encounter satisfaction (Oliver & DeSarbo, 1988; Folkes, Koletsky & Graham, 1987; McFarland & Ross,

1982) which Bitner (1990) then confirmed in an experimental study assessing a section of the service encounter evaluation model in the context of service failures. Initial findings suggested the order of variables (Folkes, 1984; Krishnan & Valle, 1979; Valle & Wallendorf, 1977) namely, affect-attribution-action as opposed to the contrasting more recent accepted order of attribution-affect-action (Bitner, 1990).

Attribution theory, originally proposed by Weiner (1980), holds that service outcomes are either processed as a success or failure, based on internal and external factors (Oliver & DeSarbo, 1988). Research suggests that consumers may tend to perceive a service encounter as favourable if a service firm manages to apply its knowledge of consumers' attribution processes, in the development of managerial operations (Bitner, Booms & Tetreault, 1990).

More specifically, managing elements of the expanded marketing mix is an essential part of controlling each unique service encounter in order to enhance consumers' perceptions of service quality which in turn may lead to elevated levels of satisfaction (Bitner, 1990).

2.4.4 Consequences of service encounter satisfaction

The service encounter evaluation model illustrates service encounter satisfaction as the direct input to perceived service quality (Pelser, 2015). Within the Nordic School of Services, Grönroos (1982) proposed technical quality (of the actual received service) and functional quality (of the way in which service is delivered) as two elements of consumers' perceived quality.

Lehtinen and Lehtinen (1982) identified three dimensions of service quality, similar to the two mentioned above, shaped by service marketing mix elements, including physical quality (derived from physical evidence), corporate quality (derived from process, people and physical evidence aspects) and interactive quality (derived from direct interpersonal experiences between service employees and a customer or between a customer and other present customers). Service quality reflects consumers' perception of the overall excellence of the actual received service (Akter, D'Ambra & Ray, 2013).

In order for customers to perceive a firm as delivering excellent quality service, it implies that expectations have to be exceeded which is a very problematic marketing objective (Crosby, 2002). Furthermore, customer perceived value suggests that there is a level of quality customers seek in relation to the price they are expected to pay for the service. Thus, it has been argued that quality and value seem to indicate the possible growth opportunities of a firm rather than customer satisfaction.

Earlier research suggests satisfaction, in general, to be an affective construct grounded on feelings and emotions of the total purchase and consumption experience with a good or service over a specified period (Agrawal, Malhotra & Bolton, 2010). To elaborate, satisfaction is emotionally oriented and has been identified as an influence on consumers' behavioural intent, mediating the attitude-behaviour relation (Cronin, Brady & Hult, 2000; Zeithaml, Berry & Parasuraman, 1996).

Supplementary influential factors such as service encounter satisfaction with competing services, perceptions of industry quality standards, past experiences, word-of-mouth, advertising and personal needs have all been acknowledged as determining factors in support of consumers' assessment of service quality (Parasuraman *et al.,* 1985). Perceived service quality, also considered as an attitudinal construct, and subsequent actions towards the service firm (Oliver, 1980) has been a topic of interest due to findings which suggest that its immediate outcomes include relational concepts such as word-of-mouth, switching intentions and service loyalty (Bitner, 1990).

Therefore, by taking from the service encounter evaluation model, service marketing mix elements have shown to have an evident marketing impact (Bitner, 1990). Strategies for managing these elements consistently across the several operations within a service firm have shown to affect service encounter satisfaction which expects behavioural responses such as service loyalty (Pelser, 2015). Loyalty, as a type of behavioural response may consequently add to the development of long-term relationships between customers and service providers (Grönroos, 1994b).

Likewise, focal changes in managerial perspectives of services, validated certain shifts in the field of marketing from product-oriented functionality to customer and

relationship-oriented functionality; transactional to relational exchange; and technical quality to total quality management as perceived by consumers in long-term relationships (Grönroos, 1990).

According to Terblanche (2001), the quality movement of the 1980's served as a driving force towards the development of the concept of client value. Client value holds the potential of gaining a competitive advantage by means of establishing long-term customer relationships through the achievement of total quality.

2.5 THE RELATIONSHIP MARKETING PARADIGM

The concept of relationship marketing emerged as a popular phenomenon within the field of services marketing as well as industrial marketing (Sheth & Parvatiyar, 1995; Grönroos, 1994a). During the post-industrial era, marketers realised that a more customer-oriented approach was needed to complement current transaction-oriented activities which ultimately led to what is better recognised today as direct marketing between consumers and suppliers (Pelser, 2015).

This type of interaction between consumers and suppliers provides firms with the opportunity to establish emotional bonds with consumers that are essential for improving the lifetime value of its customer base. Furthermore, Sheth and Parvatiyar (1995) pointed out that without even the earliest of technological progressions, interaction and cooperation between the firm and its consumers would be very limited, meaning that the magnitude as well as the scope of the impact of relational exchange would not nearly be as meaningful as it is today.

In addition, the rapid pace in which information technology is developing has given rise to a few relationship marketing activities, including direct marketing (Crosby, 2002), customer relationship management (CRM) (Park & Kim, 2003), database marketing (Schoenbachler, Gordon, Foley & Spellman, 1997), and self-service technologies (Meuter, Ostrom, Roundtree & Bitner, 2000). It can also be argued that globalisation and the extreme increase in the rate of competition contributed to the shift from transactional to relationship marketing as trends such as the aforementioned prompted the development of the managerial approach to marketing (Theron, 2008).

More specifically, environmental factors which have added to the emergence of relationship marketing include the trend towards firms in advanced economies becoming services-oriented, adopting information technologies, competing globally, and becoming increasingly information-oriented (Hunt, Arnett & Madhavaram, 2006; Mulki & Stock, 2003).

The managerial focus on marketing involves the integration of marketing activities including sales, advertising, market research, distribution, promotion, customer service, as well as the management of employees and the prices of those goods and services offered by them. Hence, there has been a gradual movement in the direction of firms becoming more flexible in terms of its organisational form, implying that greater emphasis is being placed on relationship management instead of single market transactions (Webster, 1992).

The following section provides a summary of the conceptual foundations of relationship marketing. These comprehensive foundations are continuously developing since the paradigm of relationship marketing is ever evolving and encompasses a wide variety of themes and perspectives still to be explored.

2.5.1 The nature of relationship marketing

The relationship marketing paradigm is based on the idea that over and above the value of the product or service that is exchanged, the formation of a relationship between the firm and its key customers, creates added value for both parties (Grönroos, 2004; Grönroos, 2000). For example, a stable relationship may provide the customer with a certain degree of security, a feeling of control, a sense of trust, and even reduce their perception of risks associated with purchasing a product or service offering from the particular firm (Grönroos, 2004).

In order to better comprehend contemporary marketing, exchange relationships should be examined from a relational and enduring perspective (Möller & Halinen, 2000). Although social exchange theory has its origins in the context of interpersonal relationships and social psychology, it can also be applied to organisational studies (Eiriz & Wilson, 2006). However, when an organisation or a firm is the unit of analysis the explanatory variables of social exchange theory (e.g. individual characteristics) have to be adapted to the object of study (Eiriz & Wilson, 2006).

Drawing on social exchange theory, Bagozzi (1975) pointed out that marketing might be conceptualised as involving different "types of exchanges" and associated "meanings" in the exchange process. Relationship marketing has been explained as the close interactive relationships, comprised of close economic, emotional and structural bonds, between a firm and its customers, suppliers and other partners (McKenna, 1991).

Similarly, another definition of relationship marketing affirms that it is a paradigm shift within marketing with the reason of establishing, maintaining and enhancing relationships with customers and other partners while ensuring that objectives of all those involved are achieved by means of mutual exchange and promise fulfilment (Grönroos, 1994a). Morgan and Hunt (1994:22) conceptualised relationship marketing as "…all marketing activities directed toward establishing, developing, and maintaining successful relational exchange".

Blomqvist, Dahl and Haeger (1993) postulated relationship marketing activities – as an effort to increase profitability through customer retention - to be predominantly focused on a firms' existing customer base where each customer is considered to be an individual unit for potential interaction. Specifically, relationship marketing is a strategic business orientation aimed at customer retention and relationship building (Wilson *et al.,* 2012). This is as opposed to the strategy of continuously trying to attract new customers which is up to 5 times more expensive a strategy according to Azila and NoorNeeraj (2011). In other words, relationship marketing focuses on retaining customers instead of attracting new ones (Christopher, Payne & Ballantyne, 1994). Based on the intense competition in the marketplace, firms are determined to retain their most valuable customers in order to survive (Tohidinia & Haghighi, 2011).

2.5.2 Relationship marketing in the context of consumer markets and services

The four roots encompassing relationship marketing are known as business marketing, marketing channels, services marketing, and database and direct marketing (Möller & Halinen, 2000). These four traditions have added mostly to the progression from marketing exchanges being perceived as transactional to being perceived as ongoing relationships instead. Thus, the traditional marketing mix

encompassing the four Ps no longer is sufficient and relationship marketing emerged as a different paradigm based on building and maintaining relationships (Eiriz & Wilson, 2006; Grönroos, 1994a; 1994b).

In the context of services marketing, the intangibility and inseparability among the processes of production, selling and consumption leads to continuous interactions during many services (Eiriz & Wilson, 2006). An important aspect of services marketing is that the consumption of a service is process consumption rather than outcome consumption (Grönroos, 2004). To elaborate, the consumer experiences that the production of the service is a process forming part of the service consumption instead of only being the outcome of a process – as in the case of traditional products.

Furthermore, service providers nearly always come into direct contact with their customers making the development of ongoing relationships between them easier, especially when both production and consumption processes are evaluated as positive service experiences. The quality of a relationship and service quality are related to the efforts of both the service provider as well as the customer since the customer is a co-producer of the service (Eiriz & Wilson, 2006).

Understanding relationship marketing entails distinguishing between discrete exchange, which has a short duration, and relational exchange which is characterised as being an ongoing process and longer in duration (Hunt *et al.,* 2006). The long-term exchange between firms and ultimate customers is one form of relationship marketing especially recommended in the services area, as implemented through marketing efforts such as customer relationship management (CRM) programs, affinity programs and loyalty programs (Morgan & Hunt, 1994).

Today, not even continuous product development and pricing strategies guarantee sustainable competitive advantage. Thus, only services remain for creating such an advantage through the development of long-term customer relationships, forming the basis of business profitability and longevity (Grönroos, 2004). Also, as an outcome of market saturation and global competitive trends, customer relationship marketing has become an extremely important strategy for many firms (Xu, Yen, Lin & Chou, 2002). Customers are not only searching for products and services, they seek a

more holistic offering delivered to them in a manner that reflects excellent service quality (Grönroos, 2004).

Eiriz and Wilson (2006) mention that when a firm combines marketing with customer service and quality well, the firm develops an ability to build long-term relationships through customer satisfaction making it possible to attract and retain customers. The degree of relationship appropriateness in order to fulfil customer needs has been termed relationship quality (Tohidinia & Haghighi, 2011; Hennig-Thurau & Klee, 1997).

2.5.3 Process of relationship formation

Marketing relationships have been examined for a considerably long time and are probably as old as any trade relationship (Möller & Halinen, 2000). Relationship marketing is regarded as a process wherein all marketing activities need to be focused towards managing this process of relationship formation (Grönroos, 2004). This process moves from identifying potential customers to establishing a relationship with them. Then, the relationship needs to be maintained and enhanced in order for the firm to reap the generated benefits of the continued relationship.

In the seminal work of Morgan and Hunt (1994), the authors conceptualised relationship marketing and established that successful relationship marketing requires relationship commitment and trust. The commitment-trust theory maintains that relationships characterised by relationship commitment and trust stimulate cooperation, acquiescence, and reduced uncertainty (Morgan & Hunt, 1994).

Hunt *et al.* (2006) claim that relationship marketing theory can potentially increase many aspects of business strategy based on the many directions which relationship marketing is able to take on. Relationship marketing theory posits that relationship marketing success is positively associated with a number of relational factors (Hunt *et al.,* 2006). A number of the most cited factors influencing relational exchange include trust, commitment, cooperation, keeping promises, shared values and communication (Agariya & Singh, 2011).

Integrated marketing communications (the trend towards the integration of communication elements such as advertising, sales promotion, direct marketing and

public relations) has been dramatically influenced by the relationship perspective and is now regarded as an important part of the relationship marketing strategy even though it is important to note that they are two distinct concepts (Grönroos, 2004). In a relationship marketing context, marketing communication is an attempt to create two-way communication between the firm and the customer leading to a response that maintains and enhances the relationship (Grönroos, 2004).

Managing interactions between the firm and customer has become the focal point of relationship marketing (Grönroos, 2004). Interaction processes may be prompted by marketing communication, but in order to develop a rewarding relationship, interactions entailing dialogue between the customer and firm need to follow. When the interaction process is supported by effective communication before and during contact, customer perceived value is created (Grönroos, 2004).

Customer perceived value is defined as customers' overall assessment of the utility of a product based on a perception of what is received and what is given (Zeithaml, 1988). Value is regarded as a focal part of relationship marketing and providing superior value to customers is considered to be one of the best strategies (Ravald & Grönroos, 1996). In a relationship, customer perceived value is developed and perceived over time where various types of contacts between the firm and the customer occurs as part of the interaction process (Grönroos, 2004).

In summary, the argument is that in relationship marketing the wanted outcome is the relationship itself and how its functions leads to value creation and need satisfaction for the customer. Successful relationship formation necessitates that communication, interaction and value processes are integrated for an ongoing relationship to develop between the customer and firm. Positive value processes along with planned interaction and communication processes ought to deem relationship formation efforts successful.

Frequently reported relational outcomes related to the effectiveness of relationship marketing and captured by customers' perceptions of their relational ties to a business include: commitment (Ndubisi, Khoo-Lattimore, Yang & Capel, 2011; Jap & Ganesan, 2000), trust (Alrubaiee & Al-Nazer, 2010; Sirdeshmukh *et al.,* 2002;

Hibbard, Brunel, Dant & Iacobucci, 2001), relationship satisfaction (Alrubaiee & Al-Nazer, 2010) and relationship quality (Agariya & Singh, 2011).

However, the question as to what motivates firms and customers to engage in relational exchange is an important aspect regarding the exploration of relationship marketing (Hunt *et al.,* 2006). In other words, it is critical to not only examine how relationships are formed, but also, why they are formed between these two parties. In order to discover the motivations of firms and customers underlying why they enter in relationships with each other, the benefits and costs associated with such relational exchanges from the perspective of each respective party, ought to be considered.

2.6 BENEFITS OF RELATIONSHIP MARKETING

Firms, operating within the services industry, have shown to gain greater benefits from implementing a relationship marketing strategy (Kemp, Jillapalli & Becerra, 2014; Grönroos, 1994a; 1994b). However, it is not the service firm alone that gains from customer-firm relationships, but customers also experience specific relational benefits (Wilson *et al.,* 2012). Thus, firms as well as consumers benefit from attention to conditions that foster relational bonds which may then lead to repeat business exchange (Dwyer, Schurr & Oh, 1987).

Service firms with strong customer relationships are in the position to obtain valuable information directly from their customers regarding their particular needs and desires and consequently, the firm can use this information to amend its marketing plan accordingly (Ndubisi, 2007). As a result, the firm may prevent its customers from switching to competitors by providing them with a service experience as close as to their expectations possible (Pelser, 2015). In short, due to the nature of relationship marketing being more oriented towards value creation rather than value distribution (Sheth & Parvatiyar, 1995), the goal of customer-firm relationship development is to deliver mutual rewards for both counterparts (Rapp & Collins, 1990).

2.6.1 Customer benefits and costs

Customer specific rewards drawn from the work of Gwinner, Gremler and Bitner (1998), include confidence benefits, social benefits and special treatment benefits.

These benefits are likely the motivation for customers remaining loyal to a service firm and staying in a relationship with the specific firm (Wilson *et al.,* 2012).

The central responsibility of service firms, however, is to take advantage of customer relationships by building on current marketing intelligence that will enable firms to address the needs of individual customers more effectively through the delivery of greater value than competing service firms (Pelser, 2015). Nonetheless, relational benefits go beyond core service performance and consequently a brief discussion of potential advantages of long-term relationships from the customer's point-of-view is presented below.

Consumers are busier, have less time and, consequently, are not as eager to shop as they might have been before, increasing their desire for functionality (Meyer, 1990). Thus, customers can benefit from relationship marketing by making it possible for firms to provide them with functional benefits which satisfies their need to save time and experience convenience during service delivery (Beatty, Mayer, Coleman, Reynolds & Lee, 1996; Meyer, 1990).

Customers of a service firm are generally faced with more potential risks due to the intangible and heterogeneous nature of services (Pelser, 2015). Therefore, confidence benefits are better described as risk-reducing benefits of a service. Firms that are capable of instilling trust and providing assurance to customers, foster relationships that are more likely to evoke customer loyalty. When customers sense reduced anxiety, they are less inclined to switch to another service provider because of the reduced psychological and time-related costs (Wilson *et al.,* 2012).

An "added but unsought bonus" put forward Goodwin (1994) refers to the social benefit to customers, as another potential benefit of long-term associations with service firms. Customers often undergo feelings of familiarity, recognition, rapport and social support through their interactions with either the service provider or other customers (Gwinner *et al.,* 1998). Friendships easily stem from customer-to-customer or provider-customer interactions (Zeithaml *et al.,* 1996), especially in contexts such as hair and beauty salons, restaurants, health clubs and healthcare services (Wilson *et al.,* 2012).

The simplest way of explaining the third customer relational benefit, the special treatment benefit, is as simple as receiving the benefit of the doubt. Although it has been accepted as the least important of the three types of benefits (Gwinner *et al.,* 1998), in certain industries it may majorly contribute to customer loyalty. An example thereof may include, when customers are offered certain deals (e.g. price breaks) or are treated with preference based on their history with the firm (Pelser, 2015).

It is reasonable to assume that when customers perceive that the benefits of engaging in relational exchange with a specific firm exceeds the costs thereof, customers are likely to develop a relationship with that firm. According to Hunt *et al.* (2006), some of the customer perceived costs derived from relational exchanges with firms include: (1) early exclusion from other firms' market offerings that might potentially be superior, (2) monetary and time costs of co-production, (3) decreased prices that might result from accepting standardised market offerings, and (4) increased potential vulnerability of the customer to the firm's opportunistic behaviour.

2.6.2 Firm benefits

Marketers deem long-term relationships to be very important due to its advantageous implications which include gaining access to markets, generating repeat purchases, creating exit and switching barriers, and benefitting all parties involved (Kantsperger & Kunz, 2010). Hence, as Kotler (1992) insisted, more and more firms have refocused their goals from merely short-term transactional exchanges to the formation of long-term customer relationships (Pelser, 2015).

Apart from the seeming economic benefits firms experience by retaining and developing customer relationships, other benefits such as customer behaviour benefits as well as human resource management benefits, form part of the list of advantages of firms' successful relationship marketing (Wilson *et al.,* 2012).

Gremler and Brown (1999) supported the observation that, most frequently firms' primary intentions in retaining customers, are based on the immediate value customers hold for the firm. Previous findings have found customers who exhibit loyal behaviour towards a firm, are more inclined to make repeat purchases over time (Azila & NoorNeeraj, 2011) leading to increased revenues and greater financial performance, in terms of sales and profitability, over the long-run (Söderlund, 2006).

Similarly, firms generate more profit from existing customers, due to the reduced requirement to invest in promotional and operational activities such as advertising and time-consuming administrative tasks, since familiar customers have already learned the service and have fewer enquiries (Wilson *et al.,* 2012).

When concentrating on benefits other than the economic value of retained customers, certain behaviours may be induced within these customers, which could prove to be valuable for service firms. More specifically, among these customer behaviours are: word-of-mouth communication (Gremler & Brown, 1999), voluntary performance (Bettencourt, 1997) as well as mentorship (Zeithaml & Bitner, 1996).

Positive word-of-mouth communication from loyal customers is believed to be a reliable source of advice to potential service customers, especially when the purchase involves a high level of complexity or risk (Wilson *et al.,* 2012). Word-of-mouth refers to informal communication among customers about their evaluation of a firm's goods or services and is recognized as a valuable promotional tool (Tohidinia & Haghighi, 2011; Gremler *et al.,* 2001). Thus, loyal customers have the ability to attract new customers (Reichheld & Sasser, 1990) and again lower the advertising costs which would have been absorbed by the service firm to persuade those same customers (Pelser, 2015).

Customer voluntary performance refers to the display of positive behaviours by loyal customers which contribute to the production process of service delivery (Yi & Gong, 2013). Through the use of their knowledge and past experiences with the service provider, frequent customers are able to support service delivery (Lengnick-Hall, 1996) which may contribute to operating cost reductions.

Social benefits, offered by service loyal customers, are not only enjoyed by other customers, but by employees as well (Price, Arnould & Hausman, 1996). Others may benefit from dedicated customers in the form of friendship (Grove & Fisk, 1997), support and encouragement (Gremler & Brown, 1999) or even mentorship (Zeithaml & Bitner, 1996) based on loyal customers' experience with the service firm as well as their understanding of the rules of conduct which can be easily shared with new customers (Grove & Fisk, 1997).

Employee retention is a specific human resource management benefit from successfully managing customer relationships (Wilson *et al.,* 2012). By serving loyal and satisfied customers, employees are more likely to be happier in their work and experience a greater sense of fulfilment by building relationships with repeat customers. Because employees are satisfied in their jobs, they are less inclined to resign their jobs and are consistently motivated to ensure loyal customers are always pleased to return (Pelser, 2015).

Finally, firms are motivated to enter into relationships with their customers when such relationships are able to contribute to the competitiveness of the firm. In other words, when relationships hold relational resources which effectively adds to the firm's ability to develop market offerings that are customised to the needs and desires of individual customers and hold value for them (Hunt *et al.,* 2006).

The goal of relationship marketing is achieving satisfactory, long-term relationships. In other words, to achieve relationship quality (Coulter & Coulter, 2003; Crosby *et al.,* 1990). Customer satisfaction has been popular in the context of service relationship discussions (Hennig-Thurau & Hansen, 2000). It has been said that positive past interactions may result in customer satisfaction and that those customers are more inclined to decide and act upon certain behavioural intentions (Maklan & Klaus, 2011). Furthermore, according to Roos, Gustafsson and Edvardson (2006), firms which develop and maintain relationships with their customers are more likely to achieve customer satisfaction.

Customers' positive feedback is described as their communication with the provider in expressing overall satisfaction with the service or product they received and also offering valuable suggestions for future improvement (Tohidinia & Haghighi, 2011; Söderlund, 1998). Customer feedback is valuable in the sense that it indicates which performance areas need attention (Fundin & Bergman, 2003). Service recovery procedures in the case of service failures may also be altered and facilitated by means of customer feedback (Smith, Bolton & Wagner, 1999).

By focusing on customer value beyond the direct economic benefits they propose, firms are realising that carefully developed and well-sustained customer relationships may serve as strategic assets to the firm (Hogan, Lemon & Rust, 2002). Successful

relationship marketing strategies have demonstarted to elevate customer loyalty and increase firm profitability through strong relational bonds (Palmatier *et al.,* 2006), based on the assumption that "…all relationships should eventually lead to long-term commitment" (Hogan *et al.,* 2002).

Most marketers are motivated to identify what factors are necessary to build strong relationships with key customers. In other words, relationships that are mutually beneficial for both parties (Tohidinia & Haghighi, 2011; Wray, Palmer & Bejou, 1994).

2.7 CONCLUSION

Services marketing could be regarded as a reason for the re-emergence of relationship marketing since the relationship approach is as old as the history of trade and commerce (Grönroos, 2004). It appears that services represent the fastest growing sector of the world economy (Agrawal *et al.,* 2010) and managing service elements in customer relationships has been recognised as a crucial task in realising firm goals such as, sustainable competitive advantage and perceived service quality.

Within services marketing, activities are more customer-oriented and market-driven, implying that customers' contributions allow firms to address their unique and ever-changing needs better (Pelser, 2015). Planning and controlling the expanded marketing elements (e.g. service staff, other customers and physical environment) are important aspects of service firms' strategy to enhance service encounter satisfaction. In turn, this may result in positive attitudes and relational behaviour towards firms.

In conclusion, successful relationship marketing efforts have been found to be rewarding in various aspects to customer-oriented service firms. Outcomes such as customer loyalty, positive word-of-mouth, cooperation, long-term profitability, and customer and employee retention, have been recognised as the achievement of strong service provider-customer relational bonds (Palmatier *et al.,* 2006). Therefore, a review of the relational concepts - mediating the aforementioned outcomes – deepens the understanding of the significance of relationship marketing in services. Research suggests that relationship marketing practices will continue to evolve and therefore, adds to the importance of discovering the antecedents of mutually beneficial relationships between customers and firms.

The following section discusses the significance of trust as part of relationship marketing, particularly in the context of services, while the market is continually being characterised by intense competition and demanding consumers. Also, the antecedents and consequences of successful relationship marketing are highlighted with the focus on trust. Three types of trust are identified and, in the context of independent community pharmacies, possible employee-related antecedents of these types have been hypothesised.

CHAPTER 3

THE ROLE OF TRUST IN RELATIONSHIP MARKETING

3.1 INTRODUCTION

Examining key relationship constructs is crucial in an attempt to explain relationship processes as well as the expected outcomes of relationships (Eiriz & Wilson, 2006; Walter, Müller, Helfert & Ritter, 2003). Some of the most frequently researched relationship constructs include trust, commitment, adaptation, uncertainty, dependence and reciprocity (Ashley, Noble, Donthu & Lemon, 2011; Brennan & Turnbull, 1999; Cannon & Perreault, 1999; Wilson, 1995). While trust has been offered to be one of the key drivers of cooperative relationships (Hosseini & Behaboudi, 2017; Kemp *et al.,* 2014; Morgan & Hunt, 1994).

Incentives for establishing customer relationships, apart from retaining the most profitable customers, include customer loyalty, cash flow management, as well as business development and growth over time (Harwood & Garry, 2006). However, in order to establish such beneficial relationships, value ought to be added throughout the process of exchange (Harwood & Garry, 2006).

Creating and adding value in exchange relationships is the essence of the theory of relationship marketing and can be delivered through tangible components (the core product) and intangible components such as commitment, trust, customer orientation, empathy, experience, satisfaction, flexibility and responsiveness of parties towards one another (Harwood & Garry, 2006; Conway & Swift, 2000).

A great deal of services marketing research suggests the importance of trust in maintaining satisfactory customer-firm relationships (Kemp *et al.,* 2014; Doney & Cannon, 1997; Crosby *et al.,* 1990). However, a primary issue pertaining to this research remains, namely, the effect of individual service employee-related dimensions on the establishment of trust (Coulter & Coulter, 2002).

3.2 MANAGING RELATIONSHIPS

Marketing is primarily about exchange relationships between firms and customers wherein quality and customer service serve as critical aspects in such relationships

(Tohidinia & Haghighi, 2011; Christopher *et al.,* 1994). There are several dimensions of customer-firm relationships that are still as relevant today as they were in the past. Among these dimensions indicating the occurrence of relationship marketing between the customer and firm, are high levels of trust, high levels of commitment, length of relationship, open communication, genuine customer concern, commitment to quality, and the attempt to retain customers (Pressey & Mathews, 2000).

Relationship quality is reflected in a combination of relational mediators offering the best assessment of relationship strength and insight into relational exchange performance (De Wulf *et al.,* 2001). There is little consensus about the exact antecedents of relationship quality and often, there is no general agreement on some of the above mentioned dimensions of relationship quality (Roberts, Varki & Brodie, 2003). Relationship satisfaction specifically refers to customers' level of satisfaction within the relationship and moreover, it reveals the strength of the more inclusive mediator; relationship quality (Palmatier *et al.,* 2006).

A number of seller-focused, customer-focused and dyadic antecedents of relationship quality which have been recorded in literature include: relationship benefits (Reynolds & Beatty, 1999), dependence on seller (Morgan & Hunt, 1994), relationship investment (De Wulf *et al.,* 2001), seller expertise (Crosby *et al.,* 1990), communication (Anderson & Weitz, 1992), similarity (Doney & Cannon, 1997), relationship duration (Doney & Cannon, 1997), interaction frequency (Crosby *et al.,* 1990), and conflict (Anderson & Weitz, 1992).

Conflict is an unavoidable aspect of most relationships and is conceptualised as an interactive process revealed by incompatibility, disagreement, or dissonance among or between involved parties (Rahim, 2002). Conflict provides firms with the opportunity to demonstrate its engagement towards the customer through its attempt to resolve conflict and willingness to communicate the reasons for and possible solutions to the conflict situation (Naoui & Zaiem, 2010).

Handling conflict is a necessary managerial skill and implies that the common interest of all involved parties need to be gained in order to reach a solution which is acceptable to all parties (Song, Xie & Dyer, 2000). Functional conflict is conflict which prevents stagnation, increases interest and curiosity and may also increase

productivity in relationship marketing (Morgan & Hunt, 1994). Thus, satisfactory conflict handling can improve relationship quality which is why it is critical for firms to understand the reasons for conflict and the processes for managing encounters of conflict effectively (Tohidinia & Haghighi, 2011).

Additionally, many customers consider the level of a service provider's physical and technological competence as the most important factors. However, in highly competitive markets, competence may not be enough to build long-term service relationships (Coulter & Coulter, 2003) and consequently other factors related to service delivery may become more crucial to develop committed customer-firm relationships.

Commitment is more than a simple, positive evaluation of one party, but rather refers to the confidence in the solidity of a relationship (Anderson & Weitz, 1992). Commitment has shown to influence relationship quality as it plays a central role in the stability of customer-firm relationships (Ndubisi & Wah, 2005).

According to Morgan and Hunt (1994), customer commitment is a strong indicator of customer loyalty and repeat purchases. Likewise, firms that serve customers with integrity by reliably fulfilling promises made by them may anticipate positive outcomes such as customer satisfaction, customer retention and long-term profitability (Reichheld & Sasser, 1990).

Gundlach, Achrol and Mentzer (1995) have postulated that commitment is the key mediating construct in achieving rewarding long-term relationships. The more value customers perceive from an existing relationship with a service provider, the more committed they are towards the firm (Mowday, Porter & Steers, 1979). The former observation indicates a correlation between high levels of customer commitment and the amount of effort committed customers are willing to reinvest in the firm (Ndubisi, 2007).

Morgan and Hunt (1994) emphasised the dimensions of trust and commitment as the fundamental and most frequently studied underpinnings of successful two-way relationships (Pressey & Mathews, 2000). All relationships necessitate trust in order for them to continue developing (Pressey & Mathews, 2000; Spekman, Isabella & MacAvoy, 2000; Wilson, 1995; Dwyer *et al.,* 1987). Relationships tend to change

over time with parties developing greater trust and dependence as the relationship progresses (Beatty *et al.,* 1996).

Trust is defined as the readiness of one party to depend on another reliable party (Moorman, Zaltman & Deshpandé, 1992). Numerous studies indicate that a significant relationship exists between trust and relationship quality (Tohidinia & Haghighi, 2011; Ndubisi & Wah, 2005; Morgan & Hunt, 1994), suggesting trust serves as an important relational construct.

3.3 TRUST AS A CENTRAL RELATIONAL CONSTRUCT

According to Guenzi and Georges (2010), trust is perhaps the single most powerful relationship marketing tool available to a firm. A firm's ability to establish customer-firm relationships has become a critical source of competitiveness and trust is possibly one of the most common critical success factors in establishing such relationships (Seppänen *et al.,* 2007). Within services, trust has been somewhat understated, however, encouraging customers to trust the firm is a primary goal among many other service firms (Harris & Goode, 2004).

Trust has been defined as one's confidence in another that the other behaves or responds in a predictable and mutually acceptable manner (Paliszkiewicz & Klepacki, 2013). It is believed that trust increases efficiency and strengthens relationships leading to long-term goals (Gassenheimer & Manolis, 2001). Thus, trust is a future-oriented concept, making it important to understand this complex concept for planning in long-term relationships (Miyamoto & Rexha, 2004).

A similar definition of trust claims that trust entails the adoption of a belief without having complete information to corroborate the particular belief (Tomkins, 2001). Most definitions of trust emphasise individuals exposing themselves to vulnerability in risky situations (Langfield-Smith & Smith, 2003). For example, consumers are often faced with situations where they do not know what to expect of a service until they have experienced it (Coulter & Coulter, 2003).

Trust stems from learning and adaptation processes (Van der Meer-Kooistra & Vosselman, 2000). These processes are necessary since they (1) enhance the mutual dependency of both parties, (2) make the relation more durable by teaching

them to solve conflicts, (3) suggest that there is potential for change in the relation, and (4) motivate interaction between parties in order to exchange knowledge about one another and encourage them to consider one another's interests (Langfield-Smith & Smith, 2003).

Another definition of trust explains the complexity of this construct as it encompasses the integrity, honesty and confidence that one party places in another party (Moorman *et al.,* 1993). Hassan, Toylan, Semerciöz, and Aksel (2012) describe trust as one party's willingness to be vulnerable to another party based on the belief that the latter party is competent, open, concerned and reliable.

Trust is particularly important in situations characterised by uncertainty and strong dependencies between co-operating parties (Van der Meer-Kooistra & Vosselman, 2000). Trust acts as an information surrogate if no information about the quality of a product or service is available (Sichtmann, 2007). Credence services such as healthcare services imply risk, uncertainty and vulnerability. Hence, credence services are an appropriate context for executing trust-building processes (Guenzi & Georges, 2010).

The presence of trust and commitment between parties has been found to be crucial components for achieving relationship success (Chenet, Dagger & O'Sullivan, 2010). There are many dimensions that trust has been suggested to encompass and among these are credibility, confidence, reliability, benevolence (Sirdeshmukh *et al.,* 2002), likeability, competence, reputation, customer orientation, honesty, risk-taking, and dependability (Harwood & Garry, 2006).

For the purpose of this study the most appropriate definition of trust as offered by Sirdeshmukh *et al.* (2002) and explains the construct as the expectation held by the customer that the service provider is dependable and reliable in delivering promises; as well as by Brodie, Whittome and Brush (2009) who describe trust as being experience-based and reflecting customers' interactions with the firm and employees in delivering the service experience. Thus, this study focuses on trust developed in a relationship between individuals, specifically between front-line employees and customers.

3.4 MULTIPLE DIMENSIONS OF TRUST

Trust is conceptualised differently across literature with different dimensions and measurements, but nonetheless, there is consensus that customers are more inclined to invest in relationships with parties whom they deem to be reliable, in other words, whom they trust (Tohidinia & Haghighi, 2011).

According to Van der Meer-Kooistra and Vosselman (2000), trust may stem from previous contractual relationships between parties or it may develop during a certain transactional relationship. Trust evolves through one's developing knowledge and understanding of others, specifically through direct experiences (Miyamoto & Rexha, 2004; Dwyer *et al.,* 1987). It may also be that trust surfaces due to parties in the relationship being able to display a common set of values and norms or due to an existing friendship between them (Van der Meer-Kooistra & Vosselman, 2000).

As previously mentioned, trust is a complex, multi-dimensional concept (Seppänen *et al.,* 2007). Şengün (2010) identifies three different types of trust, namely, (1) goodwill trust (will the other party make an open-ended commitment to make decisions for mutual benefit while refraining from taking unfair advantage?), (2) competence trust (is the other party capable of doing what they promised to do?), and (3) contractual trust (will the other party carry out their contractual agreements?). These types of trust may be present early in a relationship to some extent, but they can also evolve further over time (Langfield-Smith & Smith, 2003).

Goodwill trust refers to one's confidence in another party's open commitment to supporting and continuing an important exchange relationship (Miyamoto & Rexha, 2004) where open commitment refers to the readiness of one party to do more than is expected of them (Van der Meer-Kooistra & Vosselman, 2000).

Goodwill trust is related to integrity, responsibility and dependability (Das & Teng, 2001) and can be described as perceptions of a party's intention to act in accordance with agreements (Nooteboom, 1996). Indicators of goodwill trust include that one party can rely on the other party to help them in a way not required under their agreement, and that one party can depend on the other party to always treat them fairly (Sako & Helper, 1998).

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Competence trust deals with one's confidence in the other party's competence, professional standard or execution of specific tasks (Miyamoto & Rexha, 2004). In order for repeat transactions to become viable, competence trust is a prerequisite (Sako, 1992).

Moreover, competence trust focuses on perceptions of ability and expertise to perform according to a specified agreement or contract (Nooteboom, 1996). For example, a firm providing helpful advice related to their product or service offering serves as an indicator of competence influencing customers' perception of a firm's level of expertise (Sako & Helper, 1998).

Competence trust suggests that not all parties can or should be trusted to the same extent (Gassenheimer & Manolis, 2001). According to Morgan and Hunt (1994), the likeliness of opportunistic behaviour increases as parties feel threatened by their own vulnerability in a situation, making them less willing to trust. The remaining trust serves as a test for the relationship as it adds to the anticipation of whether or not the relationship will continue in future.

A few mechanisms which have been identified as competence building factors include pro-active information collection (Das & Teng, 2001), a strong reputation, technical competence, high credibility and status (Langfield-Smith & Smith, 2003).

Contractual trust is underpinned by transactions and this type of trust may emerge prior to exchange, usually in less than perfect markets (Neu, 1991). According to Sako (1992), contractual trust is based on moral standards – induced in individuals through socialisation and education – of honesty and trustworthiness.

In other words, contractual trust is centred around one's expectations that the other party will keep their promise (Miyamoto & Rexha, 2004). Contractual trust is grounded on the idea that one party will completely honour an agreement whether verbal or in writing (Van der Meer-Kooistra & Vosselman, 2000).

Also, contractual trust is characterised by the preference of relevant parties to carefully stipulate everything regarding the agreement in a contract (Sako & Helper, 1998). Ultimately, the more contractual trust, the less information the selling party

desires to obtain for the purpose of avoiding opportunistic behaviour (Van der Meer-Kooistra & Vosselman, 2000).

In addition to Sako's (1992) identification of three types of trust, trust has also been conceptualised as having affective, cognitive and behavioural dimensions with behavioural trust being the consequence of affective and cognitive trust (Schaubroeck, Lam & Peng, 2011). In other words, trust can be differentiated according to whether it is grounded in rationality or emotion. Furthermore, customer trust in service employees has been suggested to have unique affective and cognitive dimensions with varying antecedents and these different dimensions can change the quality and outcomes of a relationship (Erdem & Ozen, 2003).

Affective trust is defined as the confidence one places in another on the basis of feelings generated by the level of care and concern the other party demonstrates (Johnson & Grayson, 2005). This type of trust is characterised by feelings of security and perceived strength of the relationship and is confined to more personal experiences with the exchange partner as opposed to cognitive trust (Terres & dos Santos, 2013).

Affective trust is grounded on emotions and as emotional connections deepen, trust may go beyond what is justified by available knowledge (Johnson & Grayson, 2005). Along the same lines, when the interaction between two parties is intensive, affective trust deepens and the parties make a mutual, emotional commitment to the relationship (Erdem & Ozen, 2003). Therefore, the presence of affective trust may suggest that the relevant parties treat each other well, trust each other to make decisions which are mutually beneficial, and make a continuous effort to maintain their good working relationship (Möllering, 2002; Norman, 2002).

Affective trust is likely to be salient in customer service relationships in the context of credence services since they inhibit customers' ability to make objective assessments of service quality (Johnson & Grayson, 2005). Customers may rely on affective signals from the service firm as an indication of service quality. For example, a customer may regard the friendliness of a service provider as an indicator of the provider's ability to deliver the service successfully.

Cognitive trust is defined as a customer's confidence or willingness to rely on a service provider's competence and reliability (Schaubroeck *et al.,* 2011). Customers' accumulated knowledge allows them to make inferences with a certain level of confidence that the service provider will obey their obligations. In other words, how predictable and reliable the exchange partner is known to be (Johnson & Grayson, 2005).

Cognitive-based trust implies that individuals look for rational reasons to trust another party (Erdem & Ozen, 2003). For example, factors such as good reputation, reliable quality control, competence and fairness may be considered rational reasons for trusting another party (Johnson & Grayson, 2005; Möllering, 2002). High-consequence exchanges are generally complex situations which force customers to make an extra cognitive effort to evaluate their decisions and alternatives carefully (Terres *et al.,* 2015).

Another basis for this type of trust may be the congruency between a party's behaviour and their words in the hope that the party will fulfil their role adequately. Cognitive trust is knowledge-driven, however, when there is a need to trust it must be pointed out that there is some lack of knowledge, otherwise the act of trust would be unnecessary (Johnson & Grayson, 2005).

To address the objectives of this study, three types of trust namely, affective, cognitive and contractual trust, have been selected as dependent variables. Affective and goodwill trust along with cognitive and competence trust appears to overlap in meaning to a certain extent. Specifically, affective and goodwill trust do not require justifiable reasons to trust, but are rather grounded on commitment and integrity (Erdem & Ozen, 2003; Das & Teng, 2001). On the other hand, both cognitive and competence trust require rational reasons to trust such as competence and knowledge of another party (Miyamoto & Rexha, 2004). In other words, if all of the abovementioned types of trust were to be included in the study, discriminate validity would be jeopardised.

3.5 THE IMPORTANCE OF TRUST IN THE CONTEXT OF HEALTHCARE SERVICES

Healthcare markets are complex as they are riddled with imperfect information (Halse, Moeketsi, Mtombeni, Robb, Vilakazi & Wen, 2012). In many instances, customers (patients) are not price sensitive due to the service (medical treatment) being paid for by a medical aid scheme or the government. In such instances, quality becomes a significantly more relevant competitive factor than price.

In South Africa, people have free choice when selecting the services of a healthcare provider (Halse *et al.,* 2012). People want to receive the best medical treatment, but have limited medical knowledge. People receive differentiated treatments according to their individual needs. Mainly, people are uncertain about the service they are purchasing and consequently they rely heavily on the advice of their selected healthcare provider (Halse *et al.,* 2012).

Pharmacies play an integral part in the delivery of healthcare services (Gebauer, 2008) and this industry is known to have a significant effect on quality of life of consumers (Clark, Vorhies & Bentley, 2011). Community pharmacies are mainly distributors and retailers of mass-produced pharmaceuticals and other related services (Perepelkin & Zhang, 2014). The community pharmacy sector has experienced greater competition with lower prices due to the onset of legislation giving corporates such as Dischem and Clicks the right to own pharmacies (Halse *et al.,* 2012). The pharmaceutical industry is not highly concentrated due to the vast amount of manufacturers, wholesalers and retailers as well as imports in the market.

Research in relationship and services marketing specifically in the context of the community pharmacy industry is relatively limited (Perepelkin & Zhang, 2014). The majority of research pertaining to marketing in the pharmaceutical industry is conceptual in nature with few empirical studies available to confirm some of these theorised concepts (Clark *et al.,* 2011).

Customers in established service relationships generally appreciate the informal nature of their interactions with employees, as well as employees' ability to offer more personal interactions with them (Ligas, 2004). Research suggests that the more personal the service, the greater the chances are of more communication

occurring between the involved parties (Pressey & Mathews, 2000). Personal involvement is regarded crucial in services marketing and relationship marketing as it allows interaction between the customer and firm to take place as the service is delivered (Wilson, 1995). Personal services also facilitate customer retention, therefore emphasising the critical role front-line employees play in establishing relationships with customers.

Additionally, customers are more inclined to value encounters with a firm which customises each interaction depending on the context of the service (Coelho & Henseler, 2012). In order for customers to appreciate service firms' personal involvement and reciprocate in a way to further develop the encounter, the customer has to trust the service firm (Ligas, 2004), making the need for trust particularly important in service industries (Coulter & Coulter, 2003).

Trust has been claimed to encompass concepts such as reliability and integrity (Wang, Law, Hung & Guillet, 2014). Moreover, some of the most frequently reported characteristics of trust include honesty, reliability, fulfilment, competence, quality, credibility and benevolence (Kantsperger & Kunz, 2010). Trust has also been known to reduce customers' perceived risk associated with interaction (Lu, Yang, Chau & Cao, 2011).

The healthcare service industry is conceptualised as a sector which fosters trust, commitment and loyalty towards the service provider (Pressey & Mathews, 2000). According to Berry and Bendapundi (2007), healthcare is very reliant on trust as the patient (customer) surrenders completely to the healthcare provider (seller) in order for them to solve their problem and address their needs. From the firm's perspective, trust serves as a tool to reduce transaction costs in the form of search, information and bargaining costs, in the process of relational exchange between the customer and the employee (Kantsperger & Kunz, 2010). Therefore, firms operating in this sector have the opportunity to implement relationship marketing strategies and potentially reap the benefits thereof.

Pharmacies are an appropriate example within the healthcare services context which are unique and deserving of special attention due to the selling of negative goods (Athavale *et al.,* 2015). Pharmacies in particular, are likely to contain high

involvement and high anxiety situations for customers. Situations as such this trigger a lot of thinking processes in the mind of the customer (Perepelkin & Zhang, 2011). Furthermore, healthcare services are characterised by high levels of performance ambiguity and interdependence where customers may face decisions which could have significant consequences for them (Terres *et al.,* 2015).

Independent community pharmacy is becoming an increasingly competitive industry and shopping at such retail pharmacies is considered to be more than a simple commercial transaction, but more of a personal experience (Perepelkin & Zhang, 2014). Visiting a pharmacy is a very personal and emotional matter and it has been argued that customers' trust of the pharmacy has more to do with their perceptions of the pharmacy's employees than the actual products sold by them (Perepelkin & Zhang, 2014).

In healthcare services, Human Care Theory focuses on elements related to affective trust where care in a relationship creates a bond between individuals characterised by genuine concern and grounded on mutual respect (Terres & dos Santos, 2013). However, there is still a gap in the literature pertaining to affective, cognitive and contractual trust in healthcare services, particularly in the community pharmacy sector. Furthermore, despite the literature, the antecedents of different types of trust have been somewhat neglected and this presents an opportunity to explore this gap in the context of community pharmacies.

3.6 EMPLOYEE-RELATED ANTECEDENTS OF TRUST

Due to the selling of services being quite challenging, employees ought to implement unique strategies. Customers perceive greater risk and uncertainty when purchasing services and the behaviour of front-line employees could dramatically influence customers' perceptions of quality in a service context (Sharma *et al.,* 1999).

Service and service quality have been emphasised as critical aspects of relationship marketing and its elements (Pressey & Mathews, 2000; Christopher, Payne & Ballantyne, 1991). In order for a relationship to be successfully maintained the customer ought to be the focal point thereof by having the customer's best interest at heart.

Literature suggests that characteristics related to the individual service representative (i.e. employee) can affect the ongoing viability of a service relationship by contributing toward the establishment of trust (Coulter & Coulter, 2002). Thus, emphasising that the front-line employee plays an important role in the development of long-term relationships with customers.

Building trust between customers and front-line employees has been found to be one of the most cited activities in establishing long-term customer-firm relationships (Claycomb & Martin, 2002). According to Morgan and Hunt (1994), trust – as the confidence in an employee's reliability and integrity – is a key dimension of the employee-customer relationship (Gremler *et al.,* 2001).

Employees' behavioural elements and their effect on relationship quality have been researched considering how critical relationship marketing is for maintaining a sustainable competitive advantage (Sharma *et al.,* 1999). Employees' behaviour serve as cues in order for customers to evaluate a service and these cues are particularly important when customers want to reduce their perceived risk, are unable to evaluate quality, and have a need for information (Sharma *et al.,* 1999).

Service dominant logic is focused on the interaction between the customer and firm (Lusch, Vargo & Wessels, 2008). As Hákansson (1982) explained, interactions are the building blocks of relationships. In the context of retailing, interpersonal relationships emerge between customers and front-line employees (Sun & Lin, 2010). When employees implement the relationship-specific skills they possess, interactions with customers will likely be effective and facilitate satisfactory exchanges, consequently, reinforcing a positive focal exchange repeatedly which may enhance the quality of the relationship over time. Furthermore, research shows that performance-related as well as personality-related factors of the individual employee can influence the sustainability of a service relationship through its contribution towards establishing trust (Coulter & Coulter, 2003).

In light of the above, interpersonal relationships between employees and customers can lead to favourable relational outcomes (Gremler *et al.,* 2001) and employees possess valuable knowledge relating to the sales process which translates into their behaviours. Therefore, this study provides an analysis of employee-related

dimensions which may act as possible antecedents of different types of customer trust in the context of independent community pharmacies.

3.6.1 Expertise

Employee expertise refers to the knowledge, experience and general competencies of an employee (Crosby *et al.,* 1990). Competency refers to employees' performance and the way in which they handle their tasks as well as the tactics they execute to fulfil customers' needs (Tohidinia & Haghighi, 2011; Anderson & Weitz, 1992). Moreover, competence refers to the extent to which customers perceive that the employee owns the necessary skills and knowledge to deliver the service in an acceptable manner (Grönroos, 1990; Parasuraman *et al.,* 1985).

Competence is defined as having essential skills and knowledge in service delivery and is regarded as a strong influential factor of relationship quality (Parasuraman *et al.,* 1985). Competence has also been described as the customer's belief that the other party possesses the necessary abilities to perform the job effectively and efficiently (Sirdeshmukh *et al.,* 2002) which is closely related to the customer's confidence in the quality of the outcome. It seems apparent that in order for trust to develop, the delivering party should be able to provide the product or service at the expected quality (Sichtmann, 2007).

Customers' feelings of uncertainty and risk perception during service delivery may be reduced through employees' knowledge, technical competence and ability to answer specific questions (Guenzi & Georges, 2010). Services are defined as the application of specialised competencies for the benefit of another party (Lusch *et al.,* 2008). Thus, employees whom customers perceive as possessing a high level of expertise provide customers with added value which may lead to stronger and longer lasting relational ties between them (Liu & Leach, 2001).

Hennig-Thurau (2004) found that the technical capabilities of employees are what drives other relational outcomes such as commitment, customer satisfaction and retention. Also, literature suggests that individuals' perceived expertise enhances their source credibility and consequently their trustworthiness (Johnson & Grayson, 2005). Therefore, perceived expertise has been hypothesised to be positively related to customer trust.

H$_{1a}$ There is a positive relationship between customers' perception of employees' expertise and affective trust.

H$_{1b}$ There is a positive relationship between customers' perception of employees' expertise and cognitive trust.

H$_{1c}$ There is a positive relationship between customers' perception of employees' expertise and contractual trust.

3.6.2 Familiarity

Familiarity is defined as the customer's perception that an employee recognises the customer and knows what the customer's specific service needs are (Gremler *et al.,* 2001). Employees play a pivotal role in determining the quality of exchange relationships (Naoui & Zaiem, 2010). Pressey and Mathews (2000) argue that the level of contact between the customer and employee is central to establishing mutually committed relationships. The depth of the relationship as well as frequency of interaction between a customer and particular employee serve as measures of customers' experience with a firm's employees and act as drivers of familiarity (Gremler *et al.,* 2001).

Initially, service encounters have a certain degree of risk due to the intangible nature of the service. When a customer is familiar with the nature of the industry, uncertainty and risk is reduced, making the customer more knowledgeable about what to expect in terms of performance from a specific employee (Coulter & Coulter, 2003).

When interactions between customers and employees occur on a regular basis, those customers will gain more knowledge about those employees than customers who do not frequently visit that service provider (Gremler *et al.,* 2001). Moreover, Gremler *et al.* (2001) argue that a customer's trust is more likely to develop when an employee and customer are well-known to each other based on repeated encounters. It has also been postulated that overall satisfaction in previous encounters fosters trust between exchange partners (Miyamoto & Rexha, 2004).

Doney and Cannon (1997) propose that trust is comprised of two dimensions, which are perceived credibility and benevolence of the target of trust. Repeat interactions between customers and employees assist customers in the process of assessing the employee's credibility and benevolence (Kantsperger & Kunz, 2010; Lin *et al.,* 2003), thus, making it justifiable to predict that trust may emerge through customer experience with employees of a firm.

Garbarino and Johnson (1999) have demonstrated that familiarity is positively related to trust among "strong relationships" customers in the theatrical context. Therefore, it is expected that a customer's perceived familiarity with an employee will influence the development of different types of trust.

H_{2a} There is a positive relationship between customers' perception of familiarity with employees and affective trust.

H_{2b} There is a positive relationship between customers' perception of familiarity with employees and cognitive trust.

H_{2c} There is a positive relationship between customers' perception of familiarity with employees and contractual trust.

3.6.3 Communication skills

Communication is defined as the formal as well as informal information sharing of meaningful and timely information between relevant parties (Theron & Terblanche, 2010). Firms and customers are parties who are involved in dynamic social interactions entailing two-way information exchange (Jap, Manolis & Weitz, 1999). Pertaining to relationship marketing, communication is described as providing customers with sufficient information as well as listening to customers when they communicate (Parasuraman *et al.,* 1985).

In the context of services, both the buyer and seller are actively involved in the exchange process (Morgan & Hunt, 1994). For example, both parties require the exchange of information and consequently, the amount, frequency and quality of the information shared between these parties have shown to be able to build stronger

relationships by contributing to the alignment of goals, resolving conflict and discovering new opportunities of value creation (Morgan & Hunt, 1994).

Employees act as the primary source of communication, especially in retail market situations (Sharma *et al.,* 1999). Communication is also defined as customers' perception of the extent to which a retailer interacts with its frequent customers in a warm and personal manner (De Wulf *et al.,* 2001). Frequent information exchange has been observed to be an important building block of trust and commitment in the case of developing long-term relationships between customers and firms (Pressey & Mathews, 2000; Coviello, Brodie & Grönroos, 1998).

A connection between the firm and the customer through effective communication enables the formation of trust, common meaning and shared field of knowledge (Schein, 1994). Customers are more likely to invest in establishing such a connection with the communicating firm if they feel that the firm shows a true interest in them as well as their needs.

Communication does not only refer to verbal communication, but attitudes and feelings can also be shared between parties. The benefits of mutual communication include easier conflict resolution, coordination of activities and programs, and increased confidence in relationships (Tohidinia & Haghighi, 2011; Anderson & Weitz, 1992).

Communication, particularly relevant, timely and reliable communication has been argued to foster trust and has even been described as the glue which holds a distribution channel together (Morgan & Hunt, 1994; Moorman *et al.,* 1993). Along the same lines, communication has shown to influence relational results (Beatty *et al.,* 1996), create value and strengthen bonds (Morgan & Hunt, 1994). Therefore, customers' perception of clear, open, responsive, proactive and effective communication between employees and customers throughout the firm is posited to be positively related to trust.

H$_{3a}$ There is a positive relationship between customers' perception of employees' communication skills and affective trust.

H[3b] There is a positive relationship between customers' perception of employees' communication skills and cognitive trust.

H[3c] There is a positive relationship between customers' perception of employees' communication skills and contractual trust.

3.6.4 Likeability

Likeability is described as the extent to which an employee is perceived to be friendly, courteous and pleasant (Guenzi & Georges, 2010). Perceived likeability deals with personality-related factors such as the degree to which the employee has an empathetic attitude, behaves politely and shares similar tastes, preferences, values and beliefs, status, appearance, lifestyle and personality characteristics with the customer (Coulter & Coulter, 2003; Crosby *et al.,* 1990).

Rotter (1980) claimed that employee characteristics and behaviour play an important role in the development of trust and contributes to how customers perceive a firm (Swan & Nolan, 1985). Along the same lines, general findings in the context of services indicate that interpersonal skills may influence relational constructs such as customer satisfaction, commitment and retention (Hennig-Thurau, 2004). More specifically, interpersonal liking has been postulated to be a driver of customer trust (Nicholson, Compeanu & Sethi, 2001).

Coulter and Coulter (2002) also postulated that similarity between a customer and employee allows a customer to identify with an employee on a personal level, contributing towards a feeling of confidence and consequently, trust. Therefore, perceived likeability of employees could be expected to be a driver of the following different types of trust.

H[4a] There is a positive relationship between customers' perception of employees' likeability and affective trust.

H[4b] There is a positive relationship between customers' perception of employees' likeability and cognitive trust.

H[4c] There is a positive relationship between customers' perception of employees' likeability and contractual trust.

3.6.5 Customer-orientation

According to Kemp *et al.* (2014), it is crucial for a service firm's employees to demonstrate customer-oriented behaviour as it contributes to defining meaning and building trust. Brady and Cronin (2001) hold that customer-orientation is a set of beliefs that puts the customer's interest first.

Customer-orientation suggests that employees understand customers' needs and expectations. It also suggests that employees alter and customise services to suit their specific needs (Coulter & Coulter, 2003; Smith & Barclay, 1997). Customers are not stagnant and as their needs change over time, employees who are customer-oriented continuously monitor customers' evolving needs and adapt the service offering accordingly (Sharma *et al.,* 1999).

Furthermore, employees who display customer-oriented attitudes have been described as having the desire to assist customers in making satisfactory purchase decisions; helping customers to assess their needs; offering products that will satisfy customers' specific needs; explaining products and services adequately; avoiding misleading or manipulative tactics; and avoiding aggressive selling techniques (Guenzi & Georges, 2010).

Some researchers have observed that when employees have a customer-orientated attitude, it positively contributes to the relationship quality (Dorsch, Swanson & Kelley, 1998; Williams & Attaway, 1996). Brady and Cronin (2001) found results in support of the aforementioned, also revealing that customer-orientated behaviour positively influences the development of buyer-seller relationships.

Research provides evidence linking customer-orientation to other relational outcomes such as customer satisfaction and relationship quality (Guenzi & Georges, 2010). However, the impact of customer-orientation on different types of customer trust lacks empirical investigation. Trust is a central relational construct and since customer-orientation has been found to influence other relational constructs, the opportunity to discover similar connections with different types of trust should be pursued. Therefore, it is postulated that customer trust is positively related to employees' customer-orientation.

H$_{5a}$ There is a positive relationship between customers' perception of employees' customer-orientation and affective trust.

H$_{5b}$ There is a positive relationship between customers' perception of employees' customer-orientation and cognitive trust.

H$_{5c}$ There is a positive relationship between customers' perception of employees' customer-orientation and contractual trust.

From here on throughout the study, are the perceived employee-related dimensions simply referred to as expertise, familiarity, communication skills, likeability and customer-orientation and has the conceptual model been adjusted accordingly.

Figure 3.1 Conceptual model
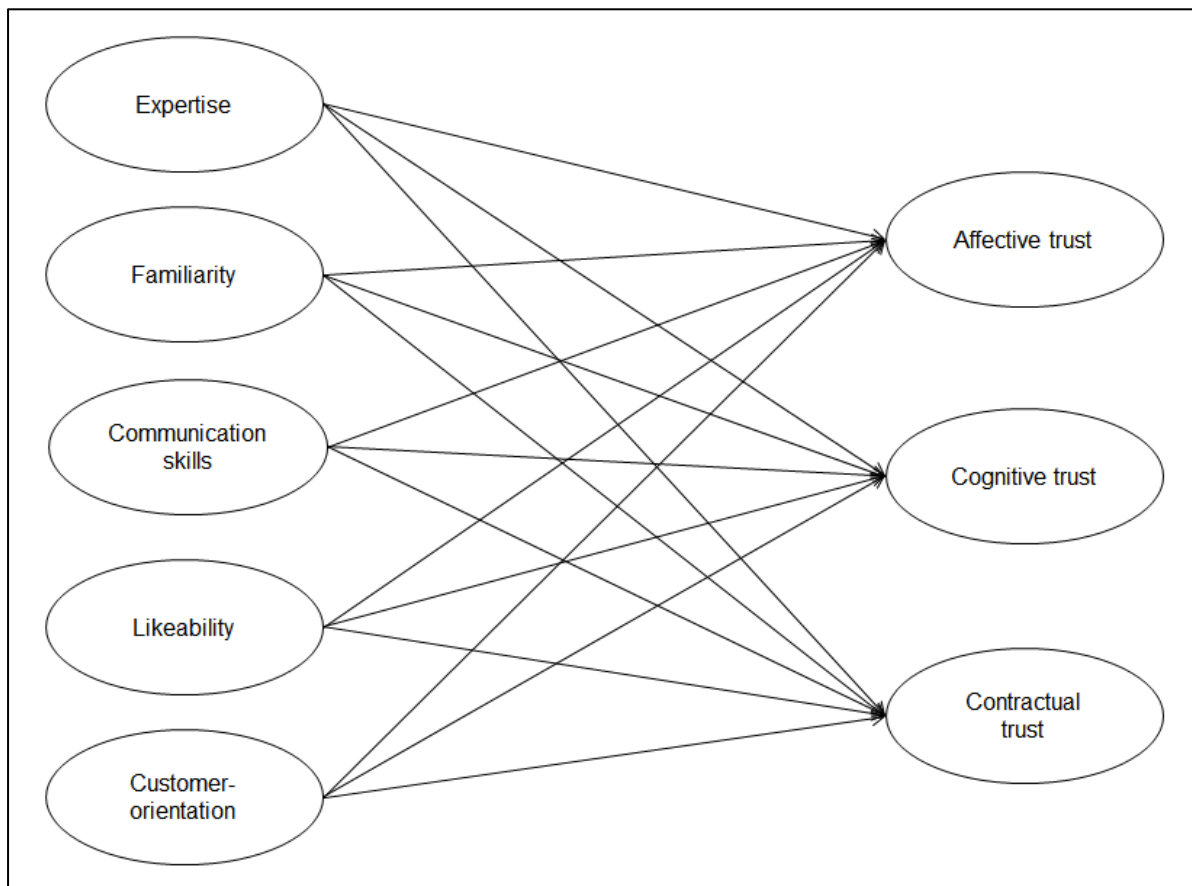
Figure 3.1 offers a graphic illustration of the conceptual model portraying the hypothesised relationships between five identified employee-related dimensions and three types of trust among customers.

3.7 CONCLUSION

According to Garbarino and Johnson (1999), consumers' decision-making and, subsequently, their actions are believed to be guided by high order mental constructs such as customer satisfaction, perceived service quality, perceived value, commitment and trust. Trust is regarded as an essential ingredient for successful relationship marketing.

Many customers maintain that they desire to have ongoing, close relationships with their service providers but have difficulty establishing such relationships. Relationship marketing promotes a close relationship between employees and their customers. Relationship selling encompasses continuous customer-employee relationships and consequently suits the service industry better than other industries.

Trust is especially important in the context of services and for relationship marketing, employees are urged to engage in trust-building activities with customers (Sharma *et al.,* 1999). The importance of the service provider has been well-established in the services marketing literature wherein front-line employees are regarded as the actors or part-time marketers on whose performance the customers are focused during the process of relationship formation.

Considering the increased recognition of the importance of customer satisfaction, customer retention and relationship marketing to firms' business performance, long-term relationship development between firms and customers have become a crucial business strategy.

Research is limited in terms of empirically documenting and distinguishing the factors that precede the development of trust and influence it in exchange relationships. Therefore, this study analyses the service firm on how to develop different types of trust with customers when focusing on non-functional attributes, in other words, through establishing personal connections with customers through employee-related dimensions.

The following chapter provides a detailed explanation of the research method and consists of three sections. These sections propose the appropriate secondary and primary research techniques as well as the method of analysing the collected data.

CHAPTER 4

RESEARCH METHODS

4.1 INTRODUCTION

To reduce the uncertainty associated with a lack of knowledge regarding a service industry, customers search for physical cues serving as evidence of service. These inferences are frequently drawn from the service setting, products and price, but also, from its *people,* in other words, the employees.

It has been widely suggested that problems caused by the intangibility of services should be addressed by means of implementing and executing relationship marketing strategies (Shamdasani & Balakrishnan, 2000). This chapter discusses the methodology applied to assess such strategies in the context of independent community pharmacies by explaining how a number of employee-related dimensions' influence on three different types of customer trust are to be measured.

4.1.1 PROBLEM DEFINITION

Trust is acknowledged as an antecedent of successful relationship formation. Generally, it is argued that establishing trust in a relationship enhances the probability of building long-term relationships characterised by consequences including customer commitment and intention to stay. Trust is a complex construct and has been suggested to be influenced by several dimensions while often being conceptualised as encompassing different types of trust due to its multi-dimensional nature (affective, cognitive and contractual).

Risk, anxiety and uncertainty necessitate customer trust in service relationships, especially in the healthcare industry. It is expected that employee-related dimensions may alleviate perceptions of risk and positively influence customers' trust in their healthcare provider on different levels. Specifically, some of the employee-related dimensions expected to influence customer trust include customers' perception of employees' expertise (Johnson & Grayson, 2005), likeability (Nicholson *et al.,* 2001), communication skills (Morgan & Hunt, 1994; Moorman *et al.,* 1993), customer-

orientation (Guenzi & Georges, 2010), and their familiarity with each other (Pressey & Mathews, 2000).

Hence, there is reason to suspect that employee-related dimensions may be related to different types of customer trust towards a firm, permitting an empirical investigation of the relationship between the aforementioned concepts in an attempt to address the following research problem.

Therefore, the purpose of this study is to assess the relationship between employee-related dimensions and different types of customer trust.

4.1.2 RESEARCH OBJECTIVES

The following primary and secondary objectives are formulated, based on the problem statement above:

4.1.2.1 Primary objective

The primary research objective of this study is to investigate the relationship between employee-related dimensions and different types of customer trust in independent community pharmacies.

4.1.2.2 Secondary research objectives

To address the primary objective, the following four secondary objectives were formulated:

Firstly, to define the concept of customer trust in terms of the three identified types of trust (affective, cognitive and contractual trust).

Secondly, to identify relevant employee-related dimensions, which may potentially act as antecedents of trust, through a review of the literature.

Thirdly, to assess the relationships between each of the identified employee-related dimensions and customer trust and to assess the direction and strength of any significant relationship found between the key variables of this study.

Finally, to provide practical implications and recommendations regarding the management of employee-related dimensions and enhancement of customer trust within the pharmaceutical retail industry.

4.1.3 HYPOTHESES

In order to address the objectives of this study, fifteen hypotheses have been formulated to assess all of the theorised relationships.

The following hypotheses relate to affective trust:

H_{1a} There is a positive relationship between customers' perception of employees' expertise and affective trust.

H_{2a} There is a positive relationship between customers' perception of familiarity with employees and affective trust.

H_{3a} There is a positive relationship between customers' perception of employees' communication skills and affective trust.

H_{4a} There is a positive relationship between customers' perception of employees' likeability and affective trust.

H_{5a} There is a positive relationship between customers' perception of employees' customer-orientation and affective trust.

The following hypotheses relate to cognitive trust:

H_{1b} There is a positive relationship between customers' perception of employees' expertise and cognitive trust.

H_{2b} There is a positive relationship between customers' perception of familiarity with employees and cognitive trust.

H_{3b} There is a positive relationship between customers' perception of employees' communication skills and cognitive trust.

H_{4b} There is a positive relationship between customers' perception of employees' likeability and cognitive trust.

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H_{5b} There is a positive relationship between customers' perception of employees' customer-orientation and cognitive trust.

The following hypotheses relate to contractual trust:

H_{1c} There is a positive relationship between customers' perception of employees' expertise and contractual trust.

H_{2c} There is a positive relationship between customers' perception of familiarity with employees and contractual trust.

H_{3c} There is a positive relationship between customers' perception of employees' communication skills and contractual trust.

H_{4c} There is a positive relationship between customers' perception of employees' likeability and contractual trust.

H_{5c} There is a positive relationship between customers' perception of employees' customer-orientation and contractual trust.

4.2 RESEARCH DESIGN

This study seeks to analyse the relationship between employee-related dimensions and trust amongst customers of independent community pharmacies. This context is appropriate due to the variability which the proposed constructs demonstrate. For example, independent community pharmacies employ several individuals with varying levels of knowledge, skills, and experience who also have unique personal traits. In other words, these pharmacies have an employee base which is elaborate in complexity.

Additionally, these types of pharmacies include a large base of employees who are involved in continuous social interaction with customers. Bitner (1992) describes this type of firm as interpersonal, implying that both the customer and employees perform important actions during service delivery. Therefore, it may be assumed that customers may develop and display different types of trust towards their particular independent community pharmacy.

Specifically, this study uses data gathered from a survey technique executed among customers of a specific group of independent community pharmacies, namely, Essential Health Pharmacy Group. However, in order to have developed the reliable measures used during data collection, secondary research was important in the specification of the domain and conceptualisation of those concepts and variables to be empirically tested.

4.2.1 SECONDARY RESEARCH

Obtaining research from secondary sources served as a valuable method of exploratory research. Exploratory research was conducted through the acquisition of secondary data and existing literature from a variety of both reliable and valid sources. Firstly, Metalib searches were executed in order to obtain a general understanding of the key constructs and to collect a database of more specific references. Stellenbosch University offers access to a variety of electronic databases such as Business Source Premier EBSCOhost, Science Direct and Emerald Insight.

Within these databases, word searches were computed in search of relevant articles published in academic journals. Word searches pertaining to employee-related dimensions in the context of services, and particularly healthcare services, including any terms relating to salespeople attributes, service quality, sales force activities, salesperson trust, etc. Trust-related word searches ranged from terms such as customer relationship, relationship marketing, commitment, relationship quality, etc.

The gathered literature was comprehensively reviewed in order to offer an extensive delineation of the concept of customer trust and also to identify the most relevant employee-related dimensions as possible antecedents of customer trust.

The literature review was finally based on papers which were predominantly found in academic journals related to services marketing, industrial marketing, healthcare marketing, retailing, strategic management, and personal selling, particularly in the pharmaceutical industry. Seminal work used to compile the literature review specifically included Morgan and Hunt's (1994) commitment-trust theory.

In order to assess the proposed hypotheses, the available literature is not sufficient for solving this study's particular research problem. Consequently, the following

section demonstrates how variables were utilised in order to conduct primary research as part of investigating the several hypothesised relationships.

4.2.2 PRIMARY RESEARCH

It was decided to conduct a cross-sectional study by means of conducting quantitative research by means of a survey distributed at a certain point in time. The survey technique was implemented by designing a questionnaire in order to collect sufficient data regarding trust in the pharmaceutical retail industry and the potential drivers thereof.

The reason for selecting a self-administered questionnaire as measurement instrument was to avoid any bias errors in terms of influence from the researcher on the respondent's truthfulness and also to ensure that respondents were fully engaged in the answering process. These questionnaires were distributed to customers at different branches of Essential Health Pharmacy Group by the researcher who then also acted as the fieldworker. This specific pharmacy group has approximately 203,000 customer profiles on its system.

4.2.2.1 Measurement instrument

This questionnaire was designed by the researcher using existing, reliable items found in a variety of studies pertaining to the relevant field of research. During questionnaire development, scale items from a number of previous studies were selected to measure the independent variables, (five employee-related dimensions) and the dependent variables (three types of trust) relevant to this study. Self-generated questionnaire items were avoided as existing scales with confirmed reliability measurements were rather utilised.

4.2.2.1.1 Number of items

Initially, the questionnaire comprised of 48 items in the form of 7-point Likert scale statements ranging from Strongly Disagree (1) to Strongly Agree (7). After conducting a pilot study among 25 respondents within the target population, respondent fatigue was identified as a potential problem for final data collection. Therefore, one item per variable was eliminated in order to shorten the questionnaire

and counter respondent fatigue. The removal of these items did not diminish the overall reliability of the measurement instrument since the reliability analysis proved to be as satisfactory after eliminating these items and is justified in the following chapter. Thus, the remainder of the questionnaire was comprised of 40 items with each variable being measured by five reliable items instead of six.

4.2.2.1.2 Origin of items

Churchill (1979) stressed the importance of establishing construct validity of developed measures. Construct validity is much more reliant on the degree of correlation between measures and whether these measures behave as expected. Therefore, only items - which have been verified as reliable and internally consistent - measuring those variables which have been thoroughly conceptualised in this study were selected to form part of the questionnaire. According to Peter (1981), high internal consistency provides support for construct validity of a unidimensional construct or separate measures of a multi-dimensional construct.

Trust has been treated as a multi-dimensional construct for the purpose of this study. Hence, the final measure instrument was inclusive of multiple items to collect data on each of the variables making up customer trust and may also be found in the previously stated hypotheses. Each of the five identified employee-related dimensions were also measured by using multiple items in order to enhance the reliability and validity of the selected scales.

Pre-designed, pre-tested items with high Cronbach alpha coefficients (>0.7) were used in the measurement instrument. The already developed scale items, which were used to develop the final questionnaire, were found in existing literature. Tables 4.1 and 4.2 illustrate the source of the original items which were selected, accompanied by the adapted version thereof to address the purpose of this study. To a limited extent, the wording of the selected measurement items was adapted in accordance with the context of independent community pharmacies. But it was done in such a manner that the original meaning of the items were not affected.

Table 4.1 Measurement scales for employee-related dimensions

Code	Citation	Original item	Item (adapted)
		Expertise	
EXP 1	Coulter & Coulter (2003)	My service provider is an expert in his/her field.	The employees of this pharmacy are experts in their field.
EXP 2	Guenzi & Georges (2010)	This salesperson is very knowledgeable.	This pharmacy's employees are very knowledgeable.
EXP 3	Guezi & Georges (2010)	This salesperson knows his/her product line/services very well.	This pharmacy's employees know their products very well.
EXP 4	Terres, dos Santos & Basso (2015)	The doctor demonstrates competence when diagnosing and treating my problems.	The employees of this pharmacy demonstrate competence.
EXP 5	Johnson & Grayson (2005)	Given my financial adviser's track record, I have no reservations about acting on his or her advice.	I am willing to act on the advice of the employees of this pharmacy.
		Familiarity	
FAM 1	Garbarino & Johnson (1999)	Feel I know the actors.	I am familiar with the employees of this pharmacy.
FAM 2	Guenzi (2002)	Length of the relationship with the salesperson.	I have a long-during relationship with the employees of this pharmacy.
FAM 3	Guenzi (2002)	Satisfaction in past interactions with the company.	Based on previous interactions, I prefer to deal with the employees of this pharmacy.
FAM 4	Naoui & Zaiem (2010)	I have had numerous interactions with the sales representative.	I am in regular contact with the employees of this pharmacy.

FAM 5	Gremler, Gwinner & Brown (2001)	Employees have knowledge about me gathered through repeated encounters with them.	The employees of this pharmacy know me because I come here regularly.

		Likeability	

LIK 1	Coulter & Coulter (2003)	My service provider is polite/courteous.	The employees of this pharmacy are polite.
LIK 2	Coulter & Coulter (2003)	My service provider is caring/warm/friendly.	The employees of this pharmacy are friendly.
LIK 3	Coulter & Coulter (2003)	My service provider treats me with respect.	The employees of this pharmacy treat me with respect.
LIK 4	Guenzi & Georges (2010)	This salesperson is always nice to me.	This pharmacy's employees are always nice to me.
LIK 5	Guenzi & Georges (2010)	This salesperson is someone I like to have around.	I like to be around the employees of this pharmacy.

		Communication skills	

COM 1	Theron, Terblanche & Boshoff (2008)	My FSP keeps me well informed.	The employees of this pharmacy keep me well informed.
COM 2	Theron, Terblanche & Boshoff (2008)	My FSP provides timely information.	The employees of this pharmacy provide timely information.
COM 3	Theron, Terblanche & Boshoff (2008)	My FSP provides accurate information.	The employees of this pharmacy provide accurate information.

COM 4	Tohidinia & Haghighi (2011)	In case of any problem, the bank provides me with enough information.	The employees of this pharmacy provide me with sufficient information.
COM 5	Tohidinia & Haghighi (2011)	The bank exchanges enough information about the service itself.	The employees of this pharmacy communicate well.
		Customer-orientation	
CUS 1	Coulter & Coulter (2003)	My service provider provides me with well-though-out alternatives suited to my unique needs.	The employees of this pharmacy will always suggest the best alternative to suit my unique needs.
CUS 2	Coulter & Coulter (2003)	My service provider works with me to define my particular needs.	The employees of this pharmacy help me to define my particular needs.
CUS 3	Guenzi & Georges (2010)	The salesperson has my best interest in mind.	This pharmacy's employees have my best interest in mind.
CUS 4	Guenzi & Georges (2010)	Takes a problem-solving approach in selling products or services to me.	This pharmacy's employees help me to solve my problems.
CUS 5	Guenzi & Georges (2010)	Tries to find out which kinds of products or services would be most helpful to me.	This pharmacy's employees try to find products that would help me.

Table 4.2 Measurement scales for types of trust

Code	Citation	Original item	Item (adapted)
		Affective trust	
AFF 1	Johnson & Grayson (2005)	If I share my problems with my financial adviser, I feel he or she would respond caringly.	This pharmacy is caring.

AFF 2	Johnson & Grayson (2005)	My financial adviser displays a warm and caring attitude towards me.	This pharmacy has a warm attitude towards me.
AFF 3	Terres, dos Santos & Basso (2015)	The doctor comforts me and reassures me, making me feel cared.	This pharmacy comforts me.
AFF 4	Webber (2008)	We can openly share our ideas and feelings.	This pharmacy is compassionate.
AFF 5	Webber (2008)	We can talk freely to each other and know that each other will listen.	This pharmacy is sincere.
		Cognitive trust	
COG 1	Möllering (2002)	This supplier has a good reputation.	This pharmacy has a good reputation.
COG 2	Johnson & Grayson (2005)	I cannot confidently depend on my financial adviser since he/she may complicate my affairs by careless work (reversed).	I have confidence in this pharmacy.
COG 3	Webber (2008)	The members of my team approach the project with professionalism and dedication.	This pharmacy operates in a professional manner.
COG 4	Webber (2008)	The members of my team approach the project with professionalism and dedication.	This pharmacy shows dedication.
COG 5	Davenport, Davies & Grimes (1999)	Clear understanding of each partner's tasks and responsibilities.	This pharmacy acts in a responsible manner.
		Contractual trust	
CON 1	Miyamoto & Rexha (2004)	Promises made by this supplier are reliable.	This pharmacy is reliable.

CON 2	Coulter & Coulter (2003)	My service provider is trustworthy.	This pharmacy is trustworthy.
CON 3	Coulter & Coulter (2003)	My service provider is honest.	This pharmacy is honest.
CON 4	Coulter & Coulter (2003)	My service provider has a great deal of integrity.	This pharmacy has a great deal of integrity.
CON 5	Davenport, Davies & Grimes (1999)	Common goals with no hidden agendas.	This pharmacy keeps it promises.

4.2.2.1.3 Structure of measurement instrument

A total of 41 items were incorporated into the final questionnaire. Overall, trust was measured with 15 items and each employee-related dimension with 5 items. All scales were measured using a seven-point Likert scale (1=strongly disagree and 7=strongly agree). To measure each employee-related dimension, six items per dimension were initially employed during the pre-test which have previously been used by several different researchers. Thereafter, it was decided to reduce the number of items used to measure employee-related dimensions to five items per dimension in order to prevent respondent fatigue. Three types of trust were also measured by using various researchers' previously employed items, where five items, instead of the initial six, were preferred for measuring each type to ensure scale reliability based on the results of the pre-test.

The first questionnaire item was the only demographic question used in the measurement instrument asking the respondent to indicate their gender. Respondents were presented with a fixed scale question where they were simply asked to select their gender group. The reason as to why the aforementioned demographic question was asked was solely to determine the gender distribution of respondents.

All other Likert scale questions, measuring the five employee-related dimensions and three types of trust, were jumbled to ensure that respondents would stay involved throughout the completion of the entire questionnaire. At the start of the

questionnaire respondents were required to provide their verbal consent in order to allow the researcher to use the data they provided through answering the questionnaire. No questions regarding respondents' personal information was included in the questionnaire, leaving respondents assured of their anonymity and the confidentiality of their provided answers.

4.2.2.1.4 Ethical clearance

Moreover, the final questionnaire was also submitted for ethical clearance before being distributed to the selected respondents (Essential Health Pharmacy Group customers). An application form was completed and submitted to Stellenbosch University's Departmental Ethics Screening Committee (DESC) accompanied by other required documents such as the formal research proposal, the final questionnaire as well as a consent form. DESC declared the ethical risk of the application to be low and given the nature of the research, the application was referred to the Research Ethics Committee (REC) for ratification.

In order to adhere to REC requirements, each Essential Health branch manager provided the researcher with a letter of consent, allowing the researcher to collect the necessary data from the selected sample for the purpose of this study. Thereafter, ethical clearance granted the researcher the necessary authorisation to distribute the questionnaires to the selected sample of respondents as discussed more thoroughly in the following section.

4.2.2.2 Sampling

The target population for this study can be broadly described as all customers of the healthcare industry. There is no particular age limit with regards to the selected target population based on the knowledge that the only prerequisite for an individual to purchase healthcare services is that they should have a need for the product or service and they should have sufficient purchasing power or medical aid coverage to make the purchase.

For the purpose of this study, independent community pharmacies were selected as the sample unit. The most accessible respondents who were able to participate in this survey, with the necessary ethical clearance, were customers of Essential

Health Pharmacy Group. These respondents included South African males and females residing in the Western Cape. All customers of Essential Health Pharmacy Group were included in the study, irrespective of whether they are members of any medical aid scheme or not.

In order to address the objectives of this study, empirical research focused on this single pharmaceutical group which is comprised of eight independent community pharmacies across the Western Cape region specifically in Brackenfell, Bredasdorp, Claremont, Kuilsriver, Protea-Heights, Somerset-West, Strand and Wellington.

Since there are eight Essential Health pharmacies, it was decided to collect data from approximately fifty respondents at each pharmacy. However, with the exception of the Bredasdorp and Claremont branches as these two branches have a considerably smaller turnover and customer base than the other branches. These two pharmacies have the smallest amount of active customer profiles, specifically the Bredasdorp branch has approximately 8,000 and the Claremont branch 10,000 in comparison to the Brackenfell branch which has 41,000 active profiles. Thus, it was decided in order to prevent skewness of data to distribute 50% less questionnaires at these two pharmacies.

This sample size is regarded as an acceptable representation of the target population and greatly reduced the possibility of sampling errors. Since this study did not make use of a sampling frame, a non-probability sampling technique was selected. By implication, each person within the broader population did not have an equal chance of being selected to participate in the study. Potential respondents were approached based on the researcher's convenience as the researcher was also responsible for conducting the fieldwork.

4.2.2.3 Data collection

The researcher collected the data over the course of four weeks by visiting a different Essential Health pharmacy every day for four to six hours and distributing questionnaires to customers who were waiting in the queue for a pharmacist's assistance at the dispensary counter. Customers waiting in the dispensary queue generally have a high level of involvement and expect to receive professional service from a qualified individual. Therefore, these specific customers were specifically

targeted to act as respondents as opposed to approaching every customer entering the pharmacy. Often, customers only visit a pharmacy to purchase low involvement products such as toiletries and may not in a position to answer the questionnaire as reliably as a customer who experiences a higher degree of risk or uncertainty when visiting the pharmacy in order to get medication from the dispensary with the assistance of a qualified pharmacist or pharmaceutical intern.

Additionally, the dispensary section is located at the back of each Essential Health branch. Thus implying that each customer visiting the pharmacy to get medication from the dispensary comes into contact with at least two pharmacy floor assistants before getting to the dispensary counter, where after the customer then needs to pay at a cashier before leaving the pharmacy. Therefore, it may be justified why customers waiting in the dispensary queue were targeted as respondents, since they ultimately experience or are exposed to each pharmacy's service delivery more holistically.

The potential respondents were greeted and presented with a brief introduction explaining the purpose of the study, ensuring them of their anonymity as well as about the fact that no correct or incorrect answers to any of the stated questions exist. Respondents were given an estimation of the time to complete the questionnaire and it was emphasised that participation was completely voluntary.

The respondents were addressed professionally by the researcher who also concluded the completion by thanking all respondents for their participation and contribution to the study. Respondents were also asked to provide their consent to participate in the study. The researcher was present during the completion of all the questionnaires in order to address any queries regarding the study or the questionnaire itself. Once the questionnaires were completed, the researcher collected them, expressed sincere gratitude towards the pharmacy manager and left the pharmacy.

4.3 DATA ANALYSIS

The statistical software package, Statistica, was used to test the proposed hypotheses in this study by means of conducting several statistical tests. The data analysis process entailed analysing both descriptive as well as inferential statistics.

4.3.1 DESCRIPTIVE STATISTICS

When analysing demographic data, descriptive statistics including frequency tables and cross-tabulation served as effective, graphic illustrations of the demographic distribution of respondents. Meaningful conclusions with respect to the larger population could be drawn, providing some additional insight to the postulated research problem.

Basic descriptive statistics are used to add numerical value to categorical data in order to make the interpretation of the data easier. Specifically, useful statistics such as, proportions and frequencies, have summarised data collected from the actual respondents which were drawn from the selected non-probability sample.

4.3.2 INFERENTIAL STATISTICS

Reliability tests were executed after both the pilot study as well as the final stage of data collection had been conducted. The reliability of the measuring instrument was tested by calculating the Cronbach alpha coefficients for each variable's set of items.

Furthermore, Structural Equations Modelling (SEM) with Partial Least Squares (PLS) was conducted in order to test both the measurement model as well as the structural model. PLS path models are formally defined by two sets of linear equations: the inner model (structural) and the outer (measurement) model. The inner model specifies the relationships between unobserved or latent variables, whereas the outer model specifies the relationships between a latent variable and its observed or manifest variables (Henseler, Ringle & Sinkovics, 2009).

Reflective indicators are seen as functions of the latent variable, and changes in the latent variable are reflected in changes in the indicator (manifest) variables. Reflective indicators are represented as single-headed arrows pointing from the latent variable outward to the indicator variables; the associated coefficients for these relationships are called *outer loadings* in PLS‑SEM (Hair, Ringle & Sarstedt, 2011).

In contrast, formative indicators are assumed to cause a latent construct, and changes in the indicators determine changes in the value of the latent construct (Hair

et al., 2011). SEM allows researchers to build and test a theory represented by a series of regression equations, each involving multiple item measures that are solved simultaneously.

A number of arguments regarding the disadvantages of PLS path modelling include: PLS path modelling does not have less stringent assumptions about the representativeness of the sample and since PLS determines measurement models as well as structural models by means of multiple regressions, PLS estimates can be subject to multicollinearity problems, too (Henseler *et al.,* 2009).

The measurement model, also known as the outer model, indicates composite reliability of the items used to measure each latent variable as well as the average variance extracted. On the other hand, the structural model, also known as the inner model, is used to calculate the R^2 values for each of the endogenous variables which measures how much variance is captured by a specific number of factors (Hair, Ringle & Sarstedt, 2013; Zikmund, Babin, Carr & Griffin, 2013).

Partial Least Squares (PLS) analysis was conducted to examine the quantitative data collected among customers of Essential Health Pharmacy Group. PLS is one way to do multivariate regression analyses as it aims to maximise the covariance between dependent and independent variables. PLS is regarded as a useful tool to provide statistical results with a smaller amount of data which is not subject to being normally distributed (Henseler *et al.,* 2009). It is a more robust statistical test than a correlation analysis since it combines a factor analytic and regression approach to provide path estimates to a proposed model. With respect to this study, the output of the analysis indicates the path estimates between multiple item constructs, specifically employee-related dimensions and different types of trust.

In other words, the PLS test revealed how well the group of employee-related dimensions (e.g. perceived familiarity, perceived expertise, etc.) together explain the different types of trust (e.g. contractual trust) in the context of independent community pharmacies (Hair *et al.,* 2013; Zikmund *et al.,* 2013).

4.4 CONCLUSION

Diligently testing the conceptualised model relies heavily on a meticulously planned research method. The entire research design process is important from the point of secondary research up until the point of data analysis and testing of hypotheses. The primary research method entailed the use of a survey technique by means of distributing self-administered questionnaires to the identified sample of respondents. Quantitative data collection was conducted by incorporating a set of Likert scale items measuring five independent variables regarding employee-related dimensions and three dependent variables regarding customer trust.

The selected sample, being customers of Essential Health Pharmacy Group, has been successfully linked to the developed measurement instrument. To test the hypotheses, PLS analysis was selected as a more robust statistical test of interdependence to establish which of the proposed relationships emerge as statistically significant relationships as well as the relative importance of the variables' association with each other.

The next chapter will focus on the empirical results with the emphasis on descriptive and inferential statistics. After applying the relevant statistics in order to assess the drawn conceptual framework, the results may be summarised for final interpretation as to which hypotheses were or were not rejected. From these results, final conclusions may be drawn with regards to which independent and dependent variables ultimately are related to each other.

CHAPTER 5

EMPIRICAL RESULTS

5.1 INTRODUCTION

To examine the relationships between three different types of trust and employee-related dimensions, this chapter provides both descriptive and inferential statistics in order to allow the interpretation of the collected data. The statistical methods which were applied in order to analyse these results, and ultimately assess the proposed hypotheses, were provided by the statistical software package, Statistica, and presented the researcher with the following findings.

With an expected sample size of 400 respondents, 299 valid responses were collected. The collected data was assessed for reliability and validity before inferential statistics were conducted. Thereafter, a series of structural equation models were assessed and specifically, partial least squares (PLS), a structural equation modelling (SEM) technique was selected to analyse the various proposed relationships.

5.2 REALISED SAMPLE

The realised sample consists of 299 respondents (n=299), indicating that data was collected from approximately 0.15% of the sample unit. The respondents were both male and female customers of the Essential Health Pharmacy Group.

The Essential Health Pharmacy Group is a chain of independent community pharmacies across the Western Cape with approximately 200,000 customers with diverse demographic profiles, based on the number of active profiles created for customers who have purchased products from the dispensary. However, what these customers do have in common is their need for and purchasing power of pharmaceutical products.

Table 5.1 Number of respondents

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	119	39.80
	Female	180	60.20
Total		**299**	**100**
Branch	Protea-Heights	49	16.39
	Kuilsriver	46	15.38
	Strand	49	16.39
	Somerset-West	45	15.05
	Wellington	45	15.05
	Brackenfell	45	15.05
	Claremont	7	2.34
	Bredasdorp	13	4.35
Total		**299**	**100**

In terms of the demographic distribution of respondents, Table 5.1 indicates that more than half of the respondents were female (60.2%). A possible explanation for this could be that females are generally known to fulfil the role of primary caretaker in more traditional households, implying that they are the ones to visit the pharmacy when a family member needs medication.

Table 5.1 further indicates that the majority of responses were collected from customers at the Protea-Heights and Strand pharmacies (16.39%), but essentially the geographic distribution pertaining to at which branches respondents completed the questionnaire was quite similar. It is evident that the Claremont and Bredasdorp pharmacies accounted for a much smaller portion of the total responses, specifically 2.34% and 4.35%, as shown in Table 5.1. The reason being that these two pharmacies are quite different than the rest of the Essential Health pharmacies.

Firstly, Bredasdorp is a small town ($25.2km^2$) - situated 164km from the nearest urban area - mostly surrounded by farmland, mainly grain, sheep and cattle, as it predominantly boasts agricultural activities and with a population of only 15 524 (Statistics South Africa, 2011).

The community is mainly comprised of farmers, farm workers, retired senior citizens, small business owners and their employees. More than 50% of the community have no more than some secondary education (Statistics South Africa, 2011). Thus, these

less educated individuals are likely to work on surrounding farms where they earn minimum wages.

Evidently, they have limited disposable income forcing them to reside in rural housing with few amenities as most of their income is spent towards food and clothing for themselves and their families. Therefore, these individuals who represent the majority of the town's population do not visit a pharmacy on a regular basis as pharmaceuticals are often regarded as an unaffordable luxury product.

Although the Bredasdorp branch has approximately 8,000 customer profiles, another reason for the low response rate could be that many of the more senior citizens only visit the pharmacy once a month to collect their chronic prescribed medication. Furthermore, many of the customers who were approached to answer the questionnaire could not read or comprehend the questions and consequently chose not to act as respondents. Merely 4.3% of the population are English-speaking and many of the Afrikaans-speaking customers refused to answer an English questionnaire due to their lack of confidence in comprehending the language.

Secondly, Claremont is a small suburb of Cape Town ($5.2km^2$), but in contrast to Bredasdorp it is an important commercial and residential area with several supermarkets, a hospital and other well-known retailers. Claremont has a population of 17198 (Statistics South Africa, 2011). In addition, the majority of residents speak English (83.4%). This puts into question why such a small amount of respondents could be approached.

The Claremont pharmacy is currently undergoing major construction in order to expand the pharmacy and make it look aesthetically similar to the other Essential Health pharmacies. Therefore, customers could have been avoiding the construction and preferred to have their prescriptions delivered meaning that the number of customers entering the pharmacy on a normal day were significantly less than all other pharmacies.

In addition, the Claremont pharmacy is the latest addition to the Essential Health Pharmacy Group with the second least number of customer profiles, and currently has the smallest monthly turnover which could further justify the small number of respondents.

Table 5.2 Descriptive cross-tabulation

Variable		Gender		Total
		Male	Female	
Branch	Protea-Heights	10	39	49
	Kuilsriver	16	30	46
	Strand	25	24	49
	Wellington	17	28	45
	Somerset-West	26	19	45
	Brackenfell	22	23	45
	Claremont	3	4	7
	Bredasdorp	1	12	13
Total		**120**	**179**	**299**

Table 5.2 indicates the combined distribution of respondents' gender along with the pharmacy branch where these respondents were approached to complete the questionnaire. The cross-tabulation frequently indicates an unequal number of male and female respondents answered the questionnaire at the same pharmacies.

However, at half of the pharmacy branches nearly twice as many female respondents completed a questionnaire than male respondents, with the exception of the Somerset-West area where significantly more male respondents participated in the survey than female respondents.

5.3 RELIABILITY ANALYSIS

The questionnaire contained multiple items relating to each of the constructs in the conceptual model and measurement items which had demonstrated good reliability in previous studies had been used. The internal reliability of the measurement items were assessed in order to confirm that the items were related to the given constructs.

The first reliability analysis was conducted with data collected during the pilot study which was conducted among customers of the Essential Health Pharmacy Group, in order to achieve results from a smaller sample that was representative of the selected sample unit.

Table 5.3 Internal reliability statistics: Pilot study

Variable	Cronbach's Alpha (α)	Cronbach's Alpha Based on Standardised Items	No. of Items
Affective trust	.965	.963	6
Cognitive trust	.976	.976	6
Contractual trust	.978	.978	6
Expertise	.975	.975	6
Customer-orientation	.986	.986	6
Familiarity	.897	.901	6
Likeability	.978	.979	6
Communication skills	.944	.944	6

The questionnaire distributed during the pilot study comprised of six items per variable. The results of the first reliability test produced satisfactory alpha coefficients, all exceeding the threshold of 0.70 (Nunnally, 1978). However, it was decided to eliminate one item per variable to reduce the risk of respondent fatigue since pharmacy customers are likely to be elderly individuals or those in a lesser state of health who are not necessarily willing and who should not be expected to answer unnecessarily long questionnaires. The elimination of these items did not significantly affect the reliability of the final measurement instrument as can be seen in Table 5.4.

Table 5.4 Internal reliability statistics

Variable	Cronbach's Alpha (α)	Cronbach's Alpha Based on Standardised Items	No. of Items
Affective trust	.941	.942	5
Cognitive trust	.968	.968	5
Contractual trust	.960	.960	5
Expertise	.965	.965	5
Customer-orientation	.948	.948	5
Familiarity	.930	.929	5
Likeability	.948	.950	5
Communication skills	.959	.959	5

Table 5.4 indicates that all the variables produced a Cronbach alpha coefficient greater than 0.70, indicating that the variables are comprised of independent, but comparable measures of the same construct. Therefore, the internal consistency of

the multi-item scales used to measure these variables, indicate that they are related to the same construct, thus providing support for construct validity.

Assessing the reliability and validity of the collected data goes beyond establishing face or content validity. According to Churchill (1979), a measure is valid when differences in observed scores reflect true differences on the characteristic one is attempting to measure and nothing else. Further, a measure is reliable to the extent that independent, but comparable measures of the same attribute or construct of a given object agree. In other words, in the absence of random sources of error, a measure is perfectly reliable. However, reliability does not indicate validity.

5.4 INFERENTIAL STATISTICS

The following section provides inferential statistics obtained from employing PLS-SEM allowing for the assessment of the measurement (outer) and structural (inner) models of the proposed framework.

Figure 5.1 Conceptual model: Model A
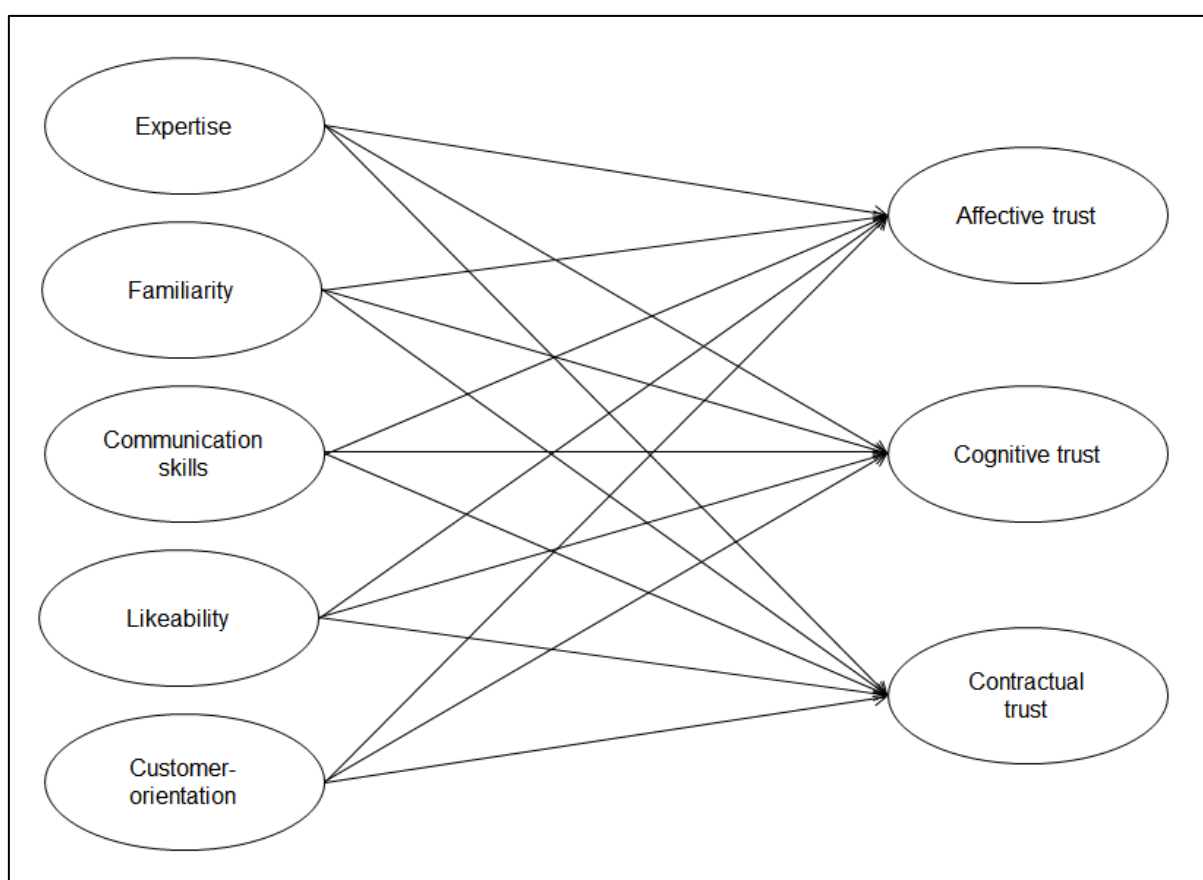
Ultimately, not only was the initial full conceptual model tested, but three more models, with certain of the independent variables excluded, were also tested. Multicollinearity posed to be a problem after testing the initial full conceptual model. Consequently, different combinations with some excluded independent variables were tested using the same statistics in order to achieve valid and more robust results. The initial full model was assessed first and termed model A (Figure 5.1), three other combinations followed and have been alphabetically numbered model B, C and D. The latter models are presented in Figures 5.2-5.5 and are discussed in the structural model assessment to follow after the measurement model assessment.

5.4.1 MEASUREMENT MODEL ASSESSMENT

Reflective measurement models should be assessed with regard to their reliability and validity. Reliability and validity tests were executed by employing partial least squares (PLS) in order to test the measurement model. Firstly, four outer models were assessed by evaluating the internal consistency. Thereafter, the convergent and discriminant validity of these frameworks were also evaluated.

5.4.1.1 Internal consistency

Before evaluating the measurement model for convergent validity, the internal consistency had to be determined. According to Hair Jr, Hult, Ringle and Sarstedt (2017), composite reliability is more relevant than Cronbach's alpha as it assumes that all indicators are equally reliable.

Internal consistency signals that measures behave as expected, which proves that they are related to the same construct. Composite reliability values of 0.60 to 0.70 in exploratory research and values from 0.70 to 0.90 in more advanced stages of research are regarded as satisfactory (Hair *et al.,* 2011). Table 5.5 indicates the calculated composite reliability for each variable. These values indicate high levels of reliability as they all exceed the 0.70 threshold. According to Peter (1981:136), high internal consistency provides support for construct validity of a unidimensional construct or separate measures of a multi-dimensional construct.

Table 5.5 Assessment of measurement model: Model A

Item	Variable	Composite reliability	AVE	Outer loading
AFF1	Affective Trust	.956	.813	.882
AFF2				.928
AFF3				.850
AFF4				.919
AFF5				.928
COG1	Cognitive Trust	.976	.889	.900
COG2				.966
COG3				.956
COG4				.945
COG5				.946
CON1	Contractual Trust	.970	.865	.929
CON2				.928
CON3				.939
CON4				.927
CON5				.926
EXP1	Expertise	.973	.877	.919
EXP2				.957
EXP3				.942
EXP4				.943
EXP5				.922
CUS1	Customer-Orientation	.960	.828	.926
CUS2				.894
CUS3				.896
CUS4				.919
CUS5				.913
FAM1	Familiarity	.947	.781	.912
FAM2				.883
FAM3				.823
FAM4				.884
FAM5				.914
LIK1	Likeability	.962	.837	.946
LIK2				.939
LIK3				.912
LIK4				.934
LIK5				.839
COM1	Communication Skills	.968	.860	.928
COM2				.938
COM3				.943
COM4				.906
COM5				.922

For the purpose of this study, customer trust has been conceptualised as a multi-dimensional construct comprised of three different types of trust (affective trust, cognitive trust and contractual trust). In other words, the high composite reliability values presented in Table 5.5 indicates that the used measures are related to the same construct in the assessed model.

It is however possible that these high values may also indicate that some respondents perceived the various questions used to measure different constructs to be quite similar. On the other hand, it should be noted that composite reliability tends to overestimate the internal consistency reliability and therefore Cronbach's alpha was also reported earlier in this chapter. According to Nel (2017), true reliability usually lies between Cronbach's alpha and the composite reliability.

Ultimately, high internal consistency does not provide sufficient implication of construct validity by itself. Depending on the correlation between scale items within stable factors, support may or may not be provided for convergent and discriminant validity.

5.4.1.2 Convergent validity

Establishing construct validity is much more reliant on the degree of correlation between measures and whether these measures behave as expected (Churchill, 1979:70). The types of validity accountable for such characteristics are convergent validity and discriminant validity.

Specifically, convergent validity is the extent to which two or more different measures deliver similar results when measuring the same construct (Jacoby, 1978:92). Referring to Table 5.5, the average variances extracted (AVE) for each construct all exceed the 0.50 threshold (Hair Jr *et al.,* 2017). Thus, the AVE values indicate convergent validity, implying that the used measures positively correlate with the alternative measures of the same constructs.

Furthermore, to assess convergent validity, the outer loadings should be significant. Table 5.5 indicates that each outer loading is greater than 0.70 which represents significant indicator reliability (Hair Jr *et al.,* 2017). The AVE values and outer loadings for models A to D changed only marginally after each model was assessed

individually. Therefore, it was decided not to report each one of these values, but only the reliability statistics for the initial full model, model A. By achieving convergent validity the final results of this study may likely be generalisable to service-related industries other than independent community pharmacies.

5.4.1.3 Discriminant validity

Discriminant validity is a type of predictive validity which indicates whether a measure is indeed expressive of the variable. In order to assess discriminant validity the Heterotrait-Monotrait (HTMT) ratio of correlations was used. Hensler, Ringle and Sarstedt (2015) demonstrated the superior performance of this approach compared to the Fornell-Larcker criterion and the evaluation of cross-loadings. Because of these superior results Henseler, Ringle and Sarstedt (2015) strongly recommend to use the HTMT criteria for the discriminant validity assessment.

If the HTMT value is below 0.90, discriminant validity has been established between two reflective constructs. The HTMT-based criteria assume reflectively measured constructs. The HTMT was calculated using a confidence interval (CI) of 97.5% where the upper confidence interval limit should be below one.

Table 5.6 Heterotrait-Monotrait ratio: Model A

	Original Sample	Lower limit 2.5%	Upper limit 97.5%	Discriminant validity
COG→AFF	.990	.975	**1.002**	**No**
CON→AFF	.992	.974	**1.009**	**No**
CON→COG	.996	.983	**1.008**	**No**
CUS→AFF	.972	.939	.999	Yes
CUS→COG	.930	.855	.981	Yes
CUS→CON	.931	.865	.981	Yes
LIK→AFF	.975	.944	.995	Yes
LIK→COG	.982	.956	.996	Yes
LIK→CON	.977	.949	.994	Yes
LIK→CUS	.932	.859	.976	Yes
COM→AFF	.981	.954	.998	Yes
COM→COG	.944	.901	.971	Yes
COM→CON	.947	.905	.977	Yes
COM→CUS	.978	.951	**1.00**	**No**
COM→LIK	.952	.910	.980	Yes
EXP→AFF	.983	.963	.997	Yes

EXP→COG	.984	.961	.997	Yes
EXP→CON	.986	.966	.999	Yes
EXP→CUS	.956	.897	.996	Yes
EXP→LIK	.974	.945	.992	Yes
EXP→COM	.971	.951	.987	Yes
FAM→AFF	.809	.740	.868	Yes
FAM→COG	.753	.677	.821	Yes
FAM→CON	.777	.707	.838	Yes
FAM→CUS	.757	.672	.829	Yes
FAM→LIK	.777	.692	.844	Yes
FAM→COM	.809	.743	.868	Yes
FAM→EXP	.760	.678	.827	Yes

The HTMT ratio confirmed the discriminant validity of the majority of the reflective constructs as most of these ratios were below one as shown in Table 5.6. However, in all four models the dependent variables (affective trust, cognitive trust and contractual trust) correlated too highly with each other's scales, implying that these constructs are not completely distinct from each other by empirical standards. Thus, it appears that respondents did not properly distinguish between the three different types of trust, but rather perceived these three constructs as a single construct which could possibly be regarded as overall trust.

The same correlation occurred between communication skills and customer-orientation for model A as shown in Table 5.6, indicating that these two constructs captured some phenomena represented by both. By excluding either one or both communication skills and customer-orientation, discriminant validity for all independent variables were established with an HTMT ratio below one.

5.4.2 STRUCTURAL MODEL ASSESSMENT

PLS was used to assess the structural model of models A to D which shows the relationships (paths) between the latent constructs. PLS‑SEM only permits recursive relationships in the structural model (Hair *et al.,* 2011). Therefore, the structural paths between the latent constructs can only head in a single direction. For this study, the structural model is used to predict the relationship between different employee-related dimensions and types of customer trust.

First, the structural model is assessed for collinearity concerns. Second, the level of R-square (R^2) is assessed in order to judge the predictive power of each model. Finally, the significance and relevance of the structural model relationships are assessed.

5.4.2.1 Assessment of collinearity

Multicollinearity is when there is correlation between independent variables in a model. In order to prohibit collinearity issues, the variance inflation factor (VIF) should be below five (Hair Jr *et al.*, 2017). Table 5.7 shows the collinearity statistics of four separate models due to collinearity issues which surfaced after assessing the initial full model (model A). This threat of multicollinearity then justified the assessment of three additional models in order to explore whether different combinations of independent variables produced lower VIF values in order to report valid results.

Table 5.7 Collinearity statistics (VIF): Model A

Model A

	AFF	COG	CON	CUS	LIK	COM	EXP	FAM
AFF								
COG								
CON								
CUS	8.84	8.84	8.84					
LIK	8.69	8.69	8.69					
COM	13.15	13.15	13.15					
EXP	12.45	12.45	12.45					
FAM	2.55	2.55	2.55					

Notes: AFF = Affective trust, COG = Cognitive trust, CON = Contractual trust, CUS = Customer-orientation, LIK = Likeability, COM = Communication skills, EXP = Expertise, FAM = Familiarity.

As indicated by Table 5.7, every VIF value pertaining to model A exceeded the generally accepted level of five with the exception of familiarity. Therefore, it may be inferred that there is correlation between the remaining variables. This makes it difficult to then later determine which of the independent variables are responsible for the change in the dependent variables, since they all change.

Familiarity delivered satisfactory results in terms of reliability and discriminant validity. In comparison to all other variables, it appears as though familiarity had

easily been distinguished as a distinct concept by respondents, whereas the remaining variables could have been perceived as more ambiguous by some respondents resulting in high VIF values.

Table 5.8 Collinearity statistics (VIF): Models B, C and D

Model B

	AFF	COG	CON	CUS	LIK	COM	EXP	FAM
AFF								
COG								
CON								
CUS	4.889	4.889	4.889					
LIK	**5.137**	**5.137**	**5.137**					
FAM	2.321	2.321	2.321					

Model C

	AFF	COG	CON
AFF			
COG			
CON			
COM	2.501	2.501	2.501
FAM	2.501	2.501	2.501

Model D

	AFF	COG	CON
AFF			
COG			
CON			
EXP	2.168	2.168	2.168
FAM	2.168	2.168	2.168

Notes: AFF = Affective trust, COG = Cognitive trust, CON = Contractual trust, CUS = Customer-orientation, LIK = Likeability, FAM = Familiarity, COM = Communication skills, EXP = Expertise.

Model B was created by excluding the variables which proved to have the highest VIF values, namely communication skills and expertise. As a result, the VIF values decreased significantly. Although likeability still produced a VIF value greater than five, it is only marginally so. Therefore, since likeability is only moderately correlated with the remaining variables there is little cause for concern (Hair Jr *et al.,* 2017).

Consequently, likeability and customer-orientation were excluded from the next model (model C) which was assessed. However, communication skills was re-

introduced into the model and, ultimately, the two remaining independent variables produced satisfactory VIF values as seen in Table 5.8.

In addition, model D was also created in order to assess the collinearity of the model if expertise were also to be re-introduced, but replace communication skills in model C. The outcome also proved to be satisfactory since the two remaining independent variables showed to produce the lowest VIF values in comparison with the other three models.

In short, model C and model D proved to have no major multicollinearity problems. These two models exclude the independent variables, likeability and customer-orientation, yet both include familiarity. The only difference between the two being that model C includes communication skills whereas model D substitutes that variable with expertise.

Consequently, models B, C and D served as the conceptual models used to discuss the R-square results and assess the proposed hypotheses as provided in the following two sections.

5.4.2.2 Assessment of coefficient of determination (R^2)

An important measure for the assessment of the structural model is the coefficient of determination (R^2) (Henseler *et al.,* 2009) as it indicates the percentage of variance that is explained by the independent variables of the conceptual model (Lowry & Gaskin, 2014). In general, the higher the R^2, the better the model fits your data. R^2 values of 0.67, 0.33, and 0.19 in PLS path models are regarded as substantial, moderate, and weak, respectively (Henseler *et al.,* 2009).

Below, Table 5.9 indicates high R^2 values for all three constructs in each separate model. Only models B, C and D were assessed for further results since model A presented multicollinearity issues, which is problematic as it can increase the variance of the regression coefficients, making them unstable and difficult to interpret.

Table 5.9 Coefficients of determination (R^2)

Variable	Model B (R^2)	Model C (R^2)	Model D (R^2)
Affective trust	0.908	0.878	0.894
Cognitive trust	0.906	0.834	0.907
Contractual trust	0.894	0.835	0.907

Table 5.9 indicates that a substantial amount of variance is explained for affective trust, cognitive trust and contractual trust in all three models. Furthermore, it is apparent that the difference between these various models' R^2 values is not considerably large. Thus, models B, C and D do not exhibit a significant difference in how well they fit the data.

In general, the higher the R-square the better the model fits the data. Table 5.9 indicates that the data for models B, C and D are close to the fitted regression line. More specifically, 91% and 89% of variation in affective trust and contractual trust is explained by all three employee-related dimensions included in model B. For cognitive trust, 91% of variation for this variable is explained by two of the three employee-related dimensions included in model B.

In terms of model C, 88% and 83% of variation in affective trust and contractual trust is explained by both employee-related dimensions, namely, communication skills and familiarity. Familiarity did however not contribute to the 83% of variation explained in cognitive trust for model C, which could then only be ascribed to communication skills.

Lastly, model D presented similar findings to those mentioned above. As shown in Table 5.9, 89% and 91% of variation in affective trust and contractual trust is explained by both employee-related dimensions, namely, expertise and familiarity. However, familiarity once again was not responsible for the 91% of variation in cognitive trust, implying that expertise is solely responsible for this percentage of variance explained.

5.4.2.3 Assessment of path coefficients

In order to assess the various paths between the different constructs in the conceptual models, the standardised regression weights of these models were examined. The hypotheses were tested on models B, C and D only, due to multicollinearity issues with model A as discussed in the previous section.

Table 5.10 below presents the path coefficient statistics for each model indicating which proposed paths are significant as well as the strength of those relevant paths. The relative impact of the predictive relevance can be assessed by means of the measure values (path coefficients) of 0.02, 0.15, and 0.35 reveal a small, medium, or large predictive relevance of a certain latent variable, thus explaining the endogenous latent variable under evaluation (Henseler *et al.,* 2009). Furthermore, the hypotheses test results are presented for each respective model.

Table 5.10 Path coefficient statistics
Model B

Path	Path coefficient	p-value	Significant
CUS->AFF	0.435	<0.01	Yes
CUS->COG	0.253	0.01	Yes
CUS->CON	0.264	0.01	Yes
LIK->AFF	0.443	<0.01	Yes
LIK->COG	0.696	<0.01	Yes
LIK->CON	0.639	<0.01	Yes
FAM->AFF	0.128	<0.01	Yes
FAM->COG	0.032	0.46	No
FAM->CON	0.084	0.04	Yes

Model C

Path	Path coefficient	p-value	Significant
COM->AFF	0.843	<0.01	Yes
COM->COG	0.868	<0.01	Yes
COM->CON	0.830	<0.01	Yes

FAM->AFF	0.117	0.02	Yes
FAM->COG	0.058	0.34	No
FAM->CON	0.105	0.05	Yes

Model D

EXP->AFF	0.807	<0.01	Yes
EXP->COG	0.901	<0.01	Yes
EXP->CON	0.869	<0.01	Yes
FAM->AFF	0.178	<0.01	Yes
FAM->COG	0.068	0.10	No
FAM->CON	0.110	0.01	Yes

Notes: Significant at the $p < 0.05$ level, AFF = Affective trust, COG = Cognitive trust, CON = Contractual trust, CUS = Customer-orientation, LIK = Likeability, FAM = Familiarity, COM = Communication skills, EXP = Expertise.

The results for model B indicate that all three employee-related dimensions are positively related to the first dependent variable, affective trust. All three independent variables produced p-values below the significant level of 0.05, implying that these three dimensions (likeability, customer-orientation and familiarity) are positively and significantly related to affective trust. Likeability was also identified as the variable with the greatest effect on affective trust with a path coefficient of 0.443.

In terms of cognitive trust, it was found that customer-orientation and likeability are positively and significantly related to the dependent variable where likeability again proved to have the greatest effect size. Familiarity, however, with a p-value of 0.46 ($p > 0.05$) indicated that it was not significantly related to cognitive trust.

Finally, contractual trust showed to be positively and significantly related to all three employee-related dimensions included in model B with p values below 0.05. Moreover, likeability was again found to be the dimension with the greatest effect size with a path coefficient of 0.639. Figure 5.2 graphically illustrates the structural model assessment for model B based on the statistics provided in Table 5.9 and 5.10.
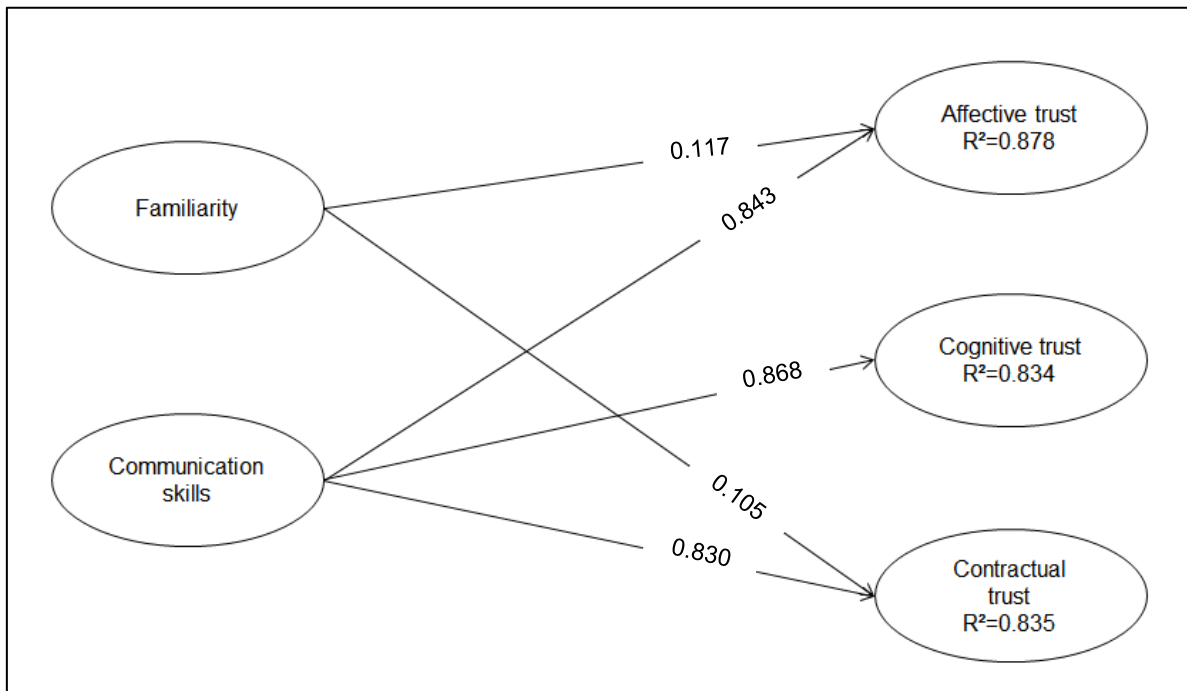
Figure 5.2 Structural model: Model B
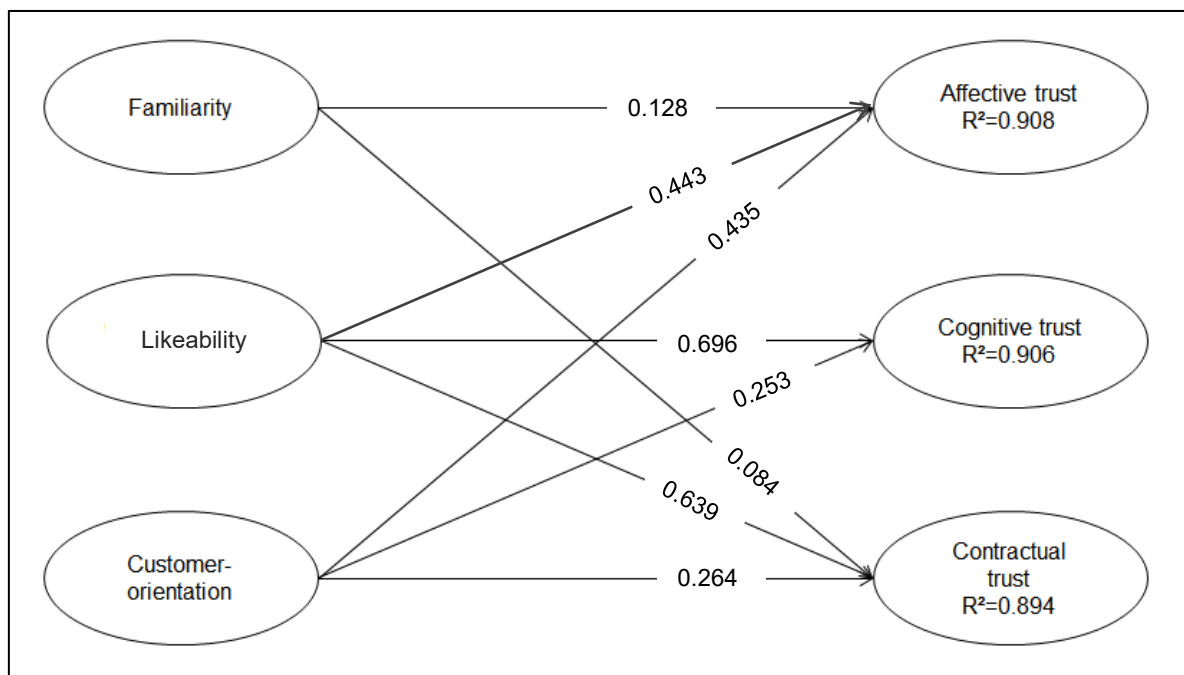
The results for model C indicate that both employee-related dimensions, familiarity and communication skills, are positively and significantly related to affective trust ($p < 0.05$). Communication skills showed to have the greatest influence on affective trust with a path coefficient of 0.843.

Similar to the results of model B, familiarity was also not found to be significantly related to cognitive trust with a p-value of 0.34 ($p > 0.05$). Communication skills, however, produced a p-value below 0.01 ($p < 0.05$) which indicates a positive and significant relationship to cognitive trust.
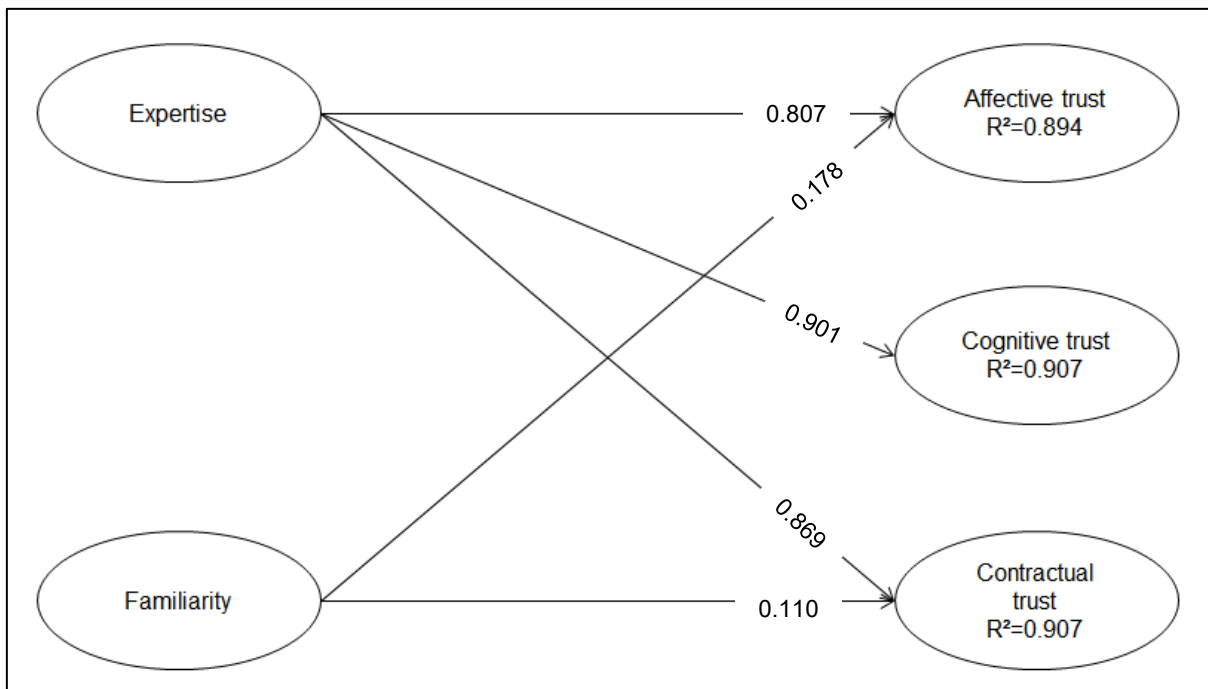
Contractual trust was also found to be positively and significantly influenced by both of the employee-related dimensions included in model C ($p < 0.05$). Again, communication skills showed to have the greatest effect on the dependent variable with a path coefficient of 0.83 compared to the effect size of familiarity as presented in Table 5.10. Below, Figure 5.3 provides a graphic illustration of the assessment of the structural model for model C.

Figure 5.3 Structural model: Model C

The structural model of model D, as graphically illustrated in Figure 5.4, shows that expertise as well as familiarity positively and significantly influence affective trust (p < 0.01). Based on the path coefficient of 0.807 produced by expertise, the effect of this employee-related dimension on affective trust is quite significant in comparison to the effect size of familiarity as shown in Table 5.10.

Figure 5.4 Structural model: Model D

Cognitive trust, featured in model D, once again demonstrated to not have a significant relationship with familiarity (p = 0.1, p > 0.05). However, expertise was found to be positively and significantly related to cognitive trust (p < 0.01) with a great effect size also established between the two variables as indicated by a path coefficient of 0.901.

Finally, contractual trust also showed to be positively and significantly influenced by both of the employee-related dimensions, expertise and familiarity (p < 0.05). Expertise demonstrated to have the greatest effect on contractual trust with a path coefficient of 0.869 as opposed to that of familiarity which produced a coefficient of 0.11.

5.4.3 HYPOTHESES TEST RESULTS

The following section provides the overall results of the tested hypotheses by order of each type of trust.

H_{1a} There is a positive relationship between customers' perception of employees' expertise and affective trust.

Based on findings after the assessment of model D, the result of the effect of the expertise of an employee show to be in agreement with previous research and confirms having a significant and positive influence on customers' affections. As suggested in the above hypothesis, affective trust in an independent community pharmacy is directly influenced by customers' perceptions of employees' expertise, ultimately lending support to this hypothesis.

It is important to note that due to avoiding multicollinearity, perceived expertise was only included in model D where it was only combined with perceived familiarity to assess the structural model.

H_{2a} There is a positive relationship between customers' perception of familiarity with employees and affective trust.

When an employee is well-known to customers based on repeat interactions, it has been found to significantly influence customers' affective trust in a service provider. Thus, results support that customers' perception of employees' familiarity instil

strong affect within customers towards the provider. Ultimately, based on the findings of model B, C and D, hypothesis H_{2a} is supported, indicating that there is a positive and significant relationship between customers' perception of employees' familiarity and affective trust.

H_{3a} There is a positive relationship between customers' perception of employees' communication skills and affective trust.

Hypothesis H_{3a} is supported which suggests that customers' perception of relevant, timely and reliable communication skills from employees, generates favourable emotional responses. Thus, there is a positive relationship between perceived communication skills and affective trust. Similar to H_{1a}, communication skills has also only been included in model C in combination with perceived familiarity in order to avoid multicollinearity. Therefore, this hypothesis test result is based on the findings of the structural model assessment of model C only.

H_{4a} There is a positive relationship between customers' perception of employees' likeability and affective trust.

Customers' perception of employees' likeability which, amongst other characteristics, encompasses employees' friendliness has been found to significantly influence affective trust. Likeability was only included in model B in combination with customer-orientation and familiarity after multicollinearity was identified in model A. Therefore, support for hypothesis H_{4a} is based on the structural assessment of model B only, and indicates that there is a significant positive relationship between perceived likeability and affective trust.

H_{5a} There is a positive relationship between customers' perception of employees' customer-orientation and affective trust.

Based on the assessment of model B's structural model, which is the only model where customer-orientation was included, hypothesis H_{5a} has not been rejected. Thus, customers' perception of employees' understanding of their needs and expectations significantly affects affective trust in the provider. In other words, there is a positive relationship between customer-orientation and affective trust.

H_{1b} There is a positive relationship between customers' perception of employees' expertise and cognitive trust.

Customers' perception of employees' knowledge, experience and competency has been found to significantly affect their cognitive trust in the provider. Based on the assessment of model D, support for hypothesis H_{1b} has been established and implies that there is a positive relationship between expertise and cognitive-based trust.

H_{2b} There is a positive relationship between customers' perception of familiarity with employees and cognitive trust.

Familiarity was included in all three structural models as it did not contribute to multicollinearity. In all three assessments of these models it has been found that customers' perception of familiarity with employees is not significantly related to cognitive trust. Thus, there is no support for hypothesis H_{2b}.

H_{3b} There is a positive relationship between customers' perception of employees' communication skills and cognitive trust.

Based on the assessment of model C, warm and personal interactions between employees and customers have been found to be positively related to rational reasons for trusting a provider. Hence, this finding lends its support to hypothesis H_{3b} implying that customers' perception of employees' communication skills significantly affects cognitive trust.

H_{4b} There is a positive relationship between customers' perception of employees' likeability and cognitive trust.

Customers' perception of employees' likeability was found to be positively associated with cognitive trust, implying that employee attributes such as politeness and empathy play a significant role in customers' rational reasons for trusting a provider. Thus, based on the results of model B, support for hypothesis H_{4b}, postulating a positive relationship between these two variables, has been established.

H_{5b} There is a positive relationship between customers' perception of employees' customer-orientation and cognitive trust.

After the structural assessment of model B, hypothesis H_{5b} has been accepted, where it was found that customers' perception of employees' customer-orientation acts as a predictor of cognitive trust. It may be inferred that employees who are able to customise service offerings to suit specific customer needs significantly and positively contribute to this thought-based type of trust.

H_{1c} There is a positive relationship between customers' perception of employees' expertise and contractual trust.

Perceived expertise was found to significantly influence contractual trust, therefore, lending support for hypothesis H_{1c}. In other words, when customers perceive employees to have a high level of expertise, they are likely to develop trust toward the provider which is based on moral standards of honesty and trustworthiness. Thus, the findings of model D's structural assessment agrees with previous research suggesting that these two variables are positively related.

H_{2c} There is a positive relationship between customers' perception of familiarity with employees and contractual trust.

Hypothesis H_{2c} is supported based on the assessment of models B, C and D. It has been established that there is a positive relationship between familiarity and contractual trust. Frequency of interactions and length of relationships between customers and employees have been identified to significantly influence this particular type of trust.

H_{3c} There is a positive relationship between customers' perception of employees' communication skills and contractual trust.

A positive relationship was found between communication skills and contractual trust upon the assessment of model C. Thus, hypothesis H_{3c} has been accepted which suggests that employees' skills to openly communicate with employees significantly affects contractual trust formation towards the provider.

H_{4c} There is a positive relationship between customers' perception of employees' likeability and contractual trust.

Contractual trust was found to be significantly influenced by likeability as an independent variable included in model B. Support for hypothesis H_{4c} has been established which implies that the postulated relationship agrees with findings of previous research suggesting that interpersonal liking is a driver of trust.

H_{5c} There is a positive relationship between customers' perception of employees' customer-orientation and contractual trust.

Lastly, has hypothesis H_{5c} also been accepted based on the structural model assessment of model B. In combination with likeability and familiarity as independent variables, customer-orientation has been found to positively and significantly influence contractual trust in a provider. In other words, helping customers address their needs has shown to have a recognisable impact on this type of trust.

The results of this study can be summarised as follows in order of models B to D: Firstly, customers' perception of employees' likeability, customer-orientation and familiarity has been found to be significantly related to affective and contractual trust, while only the first two dimensions were found to be positively related to cognitive trust. Secondly, customers' perception of employees' familiarity and communication skills has been found to significantly influence affective trust and contractual trust, while only the latter was found to be positively related to cognitive trust. Lastly, customers' perception of employees' familiarity and expertise has been found to significantly influence affective and contractual trust, while only the latter was found to be positively related to cognitive trust.

5.5 CONCLUSION

The significant paths which were ultimately found between three types of trust and five employee-related dimensions, suggest that the majority of the perceived variables are positively related to the three different types of trust. However, perceived familiarity did not prove to be a significant contributor to cognitive trust in either of the models it was included in, in combination with varying employee-related dimensions. Furthermore, in model C and D respectively, communication skills and expertise were identified as the employee-related dimensions with the most significant and positive influence on all three types of trust.

It is important to note that the significant paths which were identified are based on three different models comprised of different combinations of employee-related dimensions and yet contained all three types of trust within each model. The following chapter draws industry-specific conclusions from this analysis of trust amongst customers of independent community pharmacies.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The results and discussion in the previous chapter have demonstrated that employee-related dimensions may have a significant influence on customer trust, at least in the context of independent community pharmacies forming part of the Essential Health Pharmacy Group. Hence, researchers and managers seeking to manage customer trust should focus on particular employee-related dimensions, specifically, expertise, communication skills, likeability, customer-orientation and familiarity.

6.2 SUMMARY OF RESULTS

Empirical results revealed that customer trust is influenced by customers' perceptions of specific employee-related dimensions.

Figure 6.1 Summary of supported hypotheses: Model B
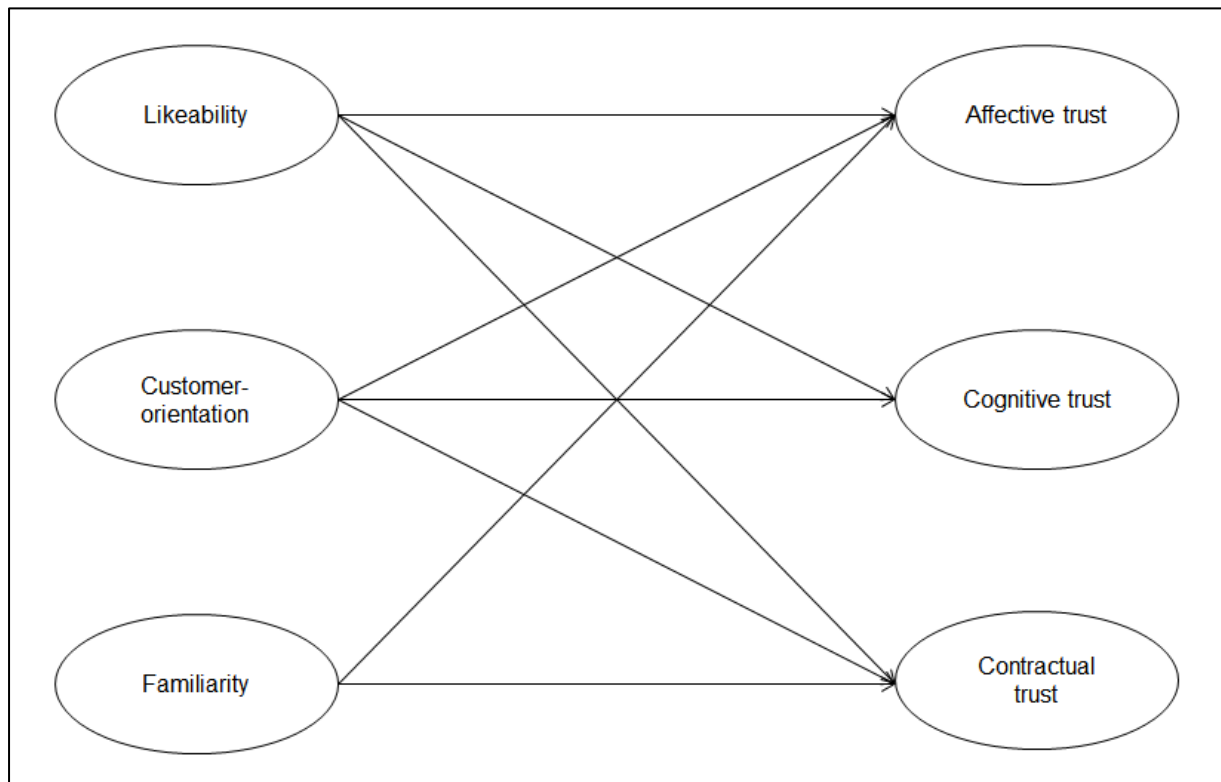
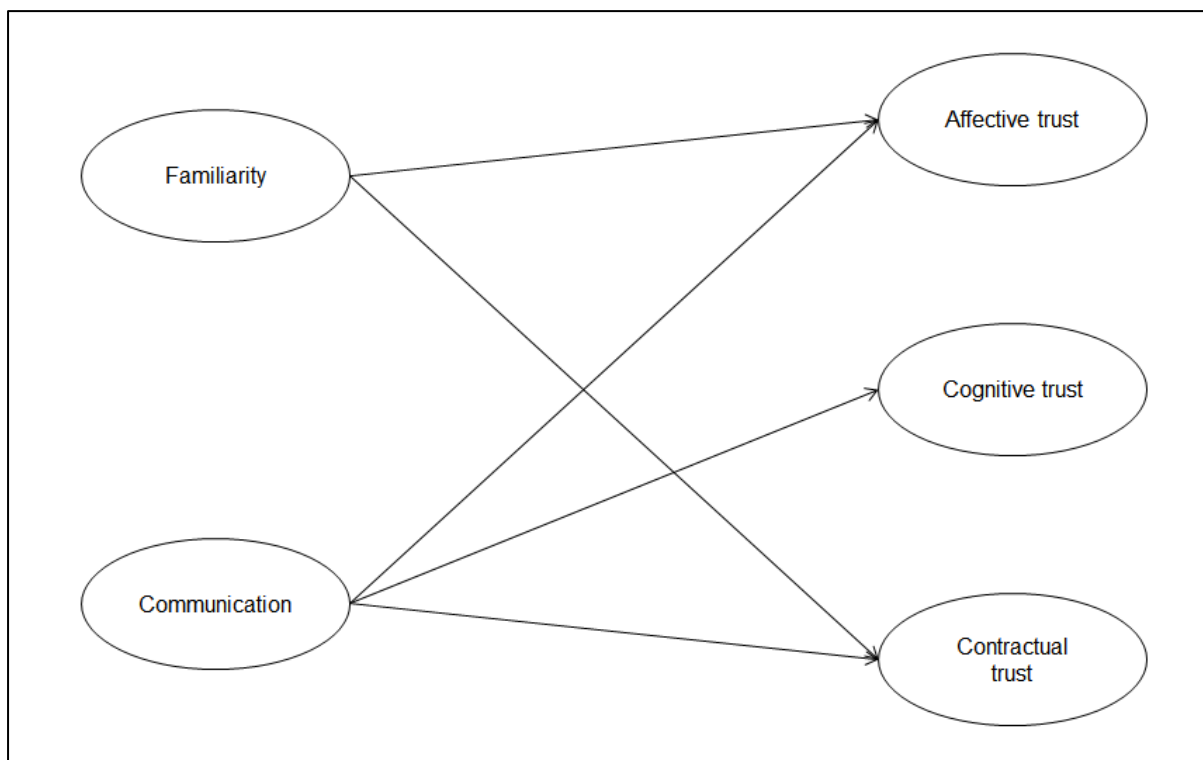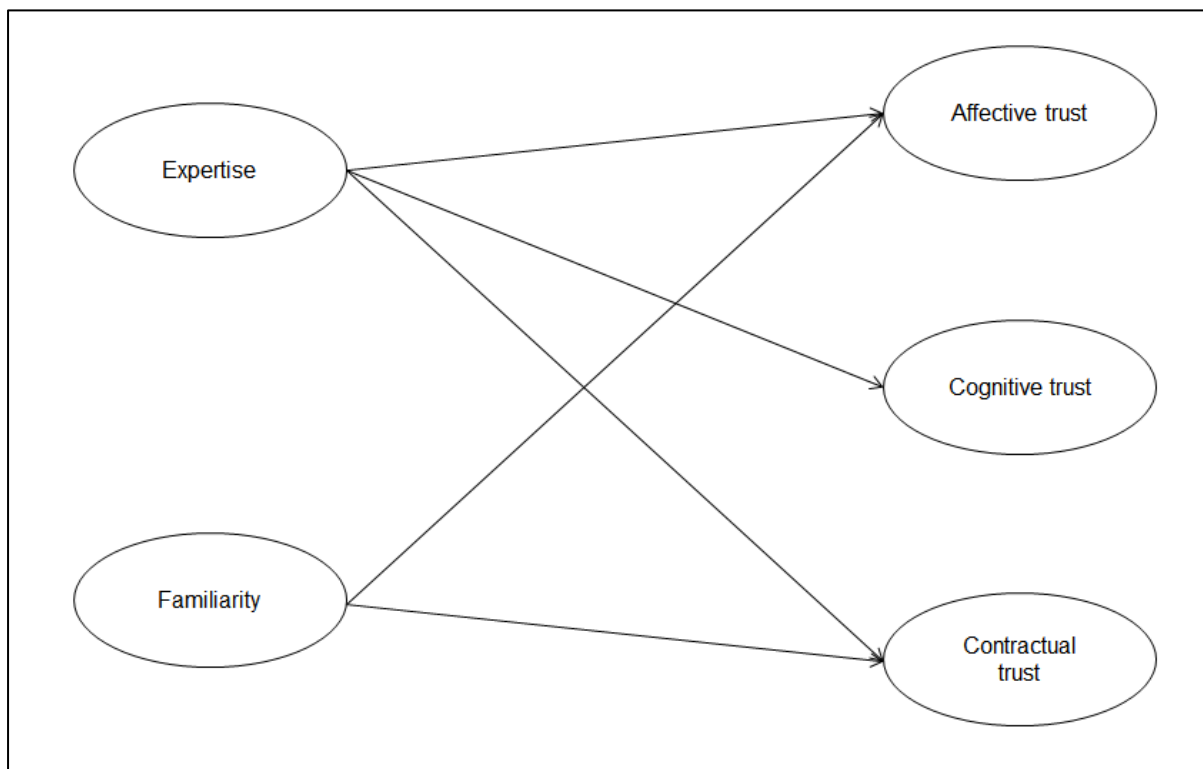**Figure 6.2 Summary of supported hypotheses: Model C**

Figure 6.3 Summary of supported hypotheses: Model D

The discussed results are based on the acceptance of 14 hypotheses postulating that certain employee-related dimensions are positively related to the three different

types of customer trust as illustrated in Figures 6.1 to 6.3. Thus, one hypothesis was not accepted, proving that one employee-related dimension does not significantly contribute to a particular type of trust in either one of the three assessed models.

Figures 6.1 to 6.3 summarises those hypotheses which have been supported in models B, C and D. This summary indicates that five employee-related dimensions of an independent community pharmacy positively influence affective and contractual trust, while only four of these dimensions influence cognitive trust. In summary of the key findings of this study, the effect of those dimensions with a significant impact on each type of trust is discussed per dependent variable.

First, the results indicate that five employee-related dimensions significantly and positively influence affective trust. Specifically, likeability, expertise, customer-orientation, familiarity, and communication skills were observed as significant contributors to customers' favourable emotional response to Essential Health pharmacies.

Second, the data reveals only likeability, expertise, customer-orientation, and communication skills to be positively related to cognitive trust. To elaborate, these dimensions significantly affect customers in such a way by providing rational reasons to trust; meaning, that in the context of this study, the four variables have the ability to induce such a thought-based form of trust within customers toward Essential Health pharmacies.

Third, the results of PLS-SEM analyses illustrated how all five employee-related dimensions influence contractual trust. In other words, the relevant aspects of these dimensions will lead to customers developing trust based on moral standards of honesty in their particular independent community pharmacy.

Finally, beyond these three main contributions, some additional findings surfaced. Specifically, familiarity did not significantly influence cognitive trust in an independent community pharmacy in any one of the structural models which were assessed. Thus, it may be inferred that customers' overall trust in Essential Health pharmacies is not influenced by what constitutes familiarity. In addition, the dimensions of communication skills and expertise, have been found to be the strongest predictors of all three types of trust, followed by likeability and customer-orientation.

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6.3 RELEVANCE TO THEORY

Providing support for prior research, the findings of this study are mainly consistent with existing literature. The role of employees is critical in a service setting as this research has identified how customers' perceptions of certain employee-related dimensions affect trust in customer-firm relationships. In order to determine the relevance to theory of those hypotheses which have and have not been supported, they are compared to findings of previous research as provided in the literature.

6.3.1 Relevance of supported hypotheses

Consistent with the finding of Liu and Leach (2001) when customers perceive employees as possessing a high level of expertise this leads to stronger relational ties between the customer and the employees. The employee-related dimension, expertise, was found to be significantly and positively related to affective, cognitive and contractual trust based on the assessment of model D. The results confirm that the technical capabilities of employees drive relational outcomes (Hennig-Thurau, 2004) and enhances their credibility and trustworthiness (Johnson & Grayson, 2005).

Thus, when customers perceive that an employee owns the necessary skills and knowledge to deliver an acceptable service, it serves as an affective signal instilling trust based on emotion. Likewise, expertise significantly influences customer's confidence or willingness to rely on a service provider's reliability and honourability based on this dimension's positive relationship with cognitive and contractual trust.

Along the lines of perceived familiarity, this dimension demonstrated to have a positive relationship with affective and contractual trust. Thus, the results indicate and confirm that customers are more likely to develop trust when an employee and customer are well-known to each other based on repeated encounters (Gremler *et al.*, 2001). Furthermore, the results agree that repeat interactions between customers and employees assist customers in assessing credibility and benevolence (Kantsperger & Kunz, 2010; Lin *et al.,* 2003). Thus, this finding agrees that familiarity contributes to a customer's belief that the service provider will keep their promise and honour an agreement with them.

The positive effects of communication skills on customer trust is also corroborated in this study. The exchange of information shared between parties has shown to be able to build stronger relationships as put forward by Morgan and Hunt (1994). In agreement with Pressey and Mathews (2000), who found frequent information exchange to be an important building block of trust in the development of long-term relationships between customers and firms. It appears that effective communication encourages the formation of affective, cognitive and contractual trust based on the assessment of model C. Similarly, this finding agrees with previous research claiming that mutual communication leads to increased confidence in relationships (Tohidinia & Haghighi, 2011). Thus, customers' confidence and willingness to trust a service provider seem to develop when employees communicate in a warm and personal manner.

Likeability was found to be positively associated with affective, cognitive and contractual trust, implying that an employee's personality-related factors and other characteristics contributes toward a feeling of confidence and consequently, trust, as suggested by Coulter and Coulter (2002). Furthermore, the results confirm the expectation that interpersonal liking drives different types of trust which was based on earlier research arguing that interpersonal skills may influence other relational constructs such as commitment and retention (Hennig-Thurau, 2004). Ultimately, this finding implies that when customers are able to identify with employees on a personal level based on shared similarities, it induces rational, emotional and moral connections to the service provider.

Prior reporting showing that customer-orientation positively contributes to relationship quality (Dorsch *et al.,* 1998; Williams & Attaway, 1996) is consistent with this study. Findings of this study supported the hypotheses in which customers' perception of employees' customer-orientation was found to be positively related to affective, cognitive and contractual trust. Thus, understanding customers' needs and expectations and customising services to suit those specific needs, significantly influences customers' expectations that the other party will keep their promise (Miyamoto & Rexha, 2004). In addition, perceived customer-orientation contributes toward customers experiencing feelings of security and genuine concern from the

service provider. Finally, employees who display customer-oriented attitudes and behaviour, proves to be a rational reason to also trust a service provider.

6.3.2 Relevance of hypotheses not supported

This study revealed a particularly interesting finding which may not be inconsistent with the findings or suggestions of other researchers. The rejected hypothesis proposed customers' perception of familiarity with employees to be positively related to cognitive trust.

Existing literature demonstrates that familiarity is positively related to trust among "strong relationship" customers in the theatrical context (Garbarino & Johnson, 1999). Additionally, according to Coulter and Coulter (2003), customers who are familiar with the nature of an industry, perceive reduced uncertainty and risk, making them more knowledgeable about what to expect in terms of performance from a specific employee. Such gained knowledge is grounded in rationality which is also the basis of cognitive trust. However, the results of this study do not support the proposed argument which has been based on existing literature.

6.4 MANAGERIAL IMPLICATIONS

The results of this study have identified five controllable employee-related dimensions to influence customer trust toward an independent community pharmacy. Specifically, both affective and contractual trust, were found to be significantly influenced by expertise, communication skills, customer-orientation, likeability, and familiarity. Furthermore, contractual trust was found to be only significantly influenced by expertise, communication skills, customer-orientation, and likeability. These results highlight the importance of employee-related dimensions in developing customer trust, especially in the context of this study.

Leading pharmacy groups such as Dis-Chem and MediRite respectively have more than a hundred stores in South Africa. These chain pharmacies pay a great deal of attention to offering an extremely wide range of products in addition to pharmaceutical products and services, ranging from dry groceries to household and other ancillary products. However, independent community pharmacies do not possess similar resources or capacity as these leading groups. Therefore,

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independent community pharmacies mainly rely on differentiating themselves based on the quality of their staff and service delivery. Essential Health Pharmacy Group employs approximately 250 individuals and to date management continuously attempt to invest a great deal in the recruitment and orientation of their employees.

Customers' perception of employees' expertise was indicated as influencing customers' affective, cognitive and contractual trust towards the pharmacy, which refers to feelings of a deep emotional, rational and moral connection with the service provider. Therefore, it is advisable that aspects pertaining to the enhancement of employees' skills and knowledge be managed to such an extent that employees are able to deliver service confidently due to their level of competence.

Practically, the Essential Health Pharmacy Group may find it useful to encourage more knowledge sharing amongst their employees using practical examples of encounters with customers during weekly meetings on Monday mornings in order to learn from both good and bad experiences. Pharmacy managers should facilitate this form of knowledge sharing and provide employees with a summary of lessons learnt from each described situation. Managers should continuously emphasise the importance of delivering quality customer service in order for employees to comprehend the key role they play in contributing to business growth, which should motivate them to continue developing their level of expertise.

Also, every month a different product category could be focused on in terms of educating employees about the different brands stocked within that category, directions for use, suggested alternatives, etc. For example, in January the focus could be on baby products where employees can learn about the different brands of nappies, formula, medication, and more. Not only will this equip employees with more detailed information to share with customers, but it will also improve efficiency and morale when they are empowered to assist customers independently and fulfil their tasks in an acceptable manner.

Pharmaceutical representatives could also provide training sessions with employees from time to time as new products are added to current stock. To gain full cooperation and retain attention during these sessions, employees could be offered

an incentive such as a small prize for the employee who can answer the most questions correctly afterwards regarding the new product.

Research supports the notion that employees' communication skills influence customer trust ranging across affective, cognitive and contractual types of trust. Therefore, it may be rewarding to develop the communicative abilities of pharmacy employees. Firstly, management needs to ensure that employees are aware of proper language use and which type of language is inappropriate to use when interacting with a customer. For example, the use of slang should be prohibited and any form of strong language in front of a customer should be subject to a written warning.

Pharmacy managers and assistant managers should set an example for the rest of the employees in terms of communicating in a warm and personal manner while assisting customers. The same goes for non-verbal communication, where employees' attitudes and body language play an equally important role in conveying a genuine interest in customers and their needs.

Open, clear and timely communication entails that employees do not keep any valuable information from customers but rather provide customers with accurate answers and be completely honest with them. In the case where an employee is unsure how to address a particular customer request, he/she should know exactly which superior to turn to for assistance in order to prevent wasting the customer's time and deliver efficient service.

Another avenue for achieving communication goals could be proactively contacting customers to notify them of chronic prescriptions that are about to expire in order to remind them to be renewed. Furthermore, offering to deliver repeat prescriptions at the beginning or end of every month until a prescription needs to be renewed is another potential strategy for developing customer trust by means of communication skills.

With regard to customer-orientation, being attentive to customers' needs and expectations could prove to be valuable in instilling trust in the community pharmacy. Employees ought to be able to understand the customers they are dealing with in order to customise their service delivery accordingly. For example, an elderly

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customer relying only on their pension for income should not be targeted with aggressive selling techniques. Rather, employees should inform such a customer of all available products and substitutes to address their specific need in order for them to make an informed decision at a price which they can afford.

Employees need to continuously monitor their customers evolving needs. Employees can use this gathered knowledge to anticipate what customers' future needs may be and act quickly in order to ensure that customers' needs are met by them instead of risking losing these customers to competing pharmacies. As an example, if a pregnant customer were to visit the pharmacy to purchase special vitamins, the assisting employee should already anticipate what the customer's needs over the next nine months would be and inform the customer that those particular products are or will be available at the pharmacy.

In addition, suggestion boxes could be strategically placed in each aisle between existing products posing the question to customers of what other products they would like to see in that particular aisle. This would provide customers with the opportunity to inform the pharmacy of more ways in which their needs could be met.

Customers' perception of employees' likeability positively contributes to all three types of trust. It is crucial that management set the tone in terms of likeability. When customers perceive managers to be likeable, they may already have a positive disposition toward the rest of the employees. If pharmacy managers are able to set an appropriate example of behaving courteously towards customers, and emphasise the importance thereof to employees, employees should have no reason not to uphold similar standards.

Employee likeability should become a key criterion forming part of employees' periodical performance appraisal. This criterion could be sub-divided into friendliness, politeness, neatness, and empathy. If employees are to be rated by their superiors, peers and customers based on these factors, it could serve as extrinsic motivation to increase their likeability.

Another avenue for developing employees' likeability is by recognising customers' life events and showing empathy towards them. For example, in the case of a customer or a close relative of theirs being diagnosed with a serious illness,

employees should practice treating these customers in an especially warm manner and attempt to exceed their expectations by possibly doing small favours for them such as providing them with a seat and making up their package while they wait comfortably for it.

Employees should not participate or instigate any negative conversations about competing pharmacies or display any other form of unprofessional behaviour in front of customers. Along the same lines, the professional appearance of employees is equally important in achieving likeability and should be a priority. Management should create a special module clearly stipulating uniform requirements and provide employees with guidelines for personal hygiene and grooming standards. Visual examples pertaining to what kind of shoes, hairstyles and jewellery are both acceptable and unacceptable could be included in this module in order to eliminate unnecessary disciplinary conflicts.

Familiarity was found to have a positive and significant effect on affective and contractual trust. This finding implies that a high frequency of interaction between a customer and an employee fosters the development of trust that is not based on cognitive processing.

It is advisable to enhance customers' perception of familiarity with employees by maintaining a high employee retention rate. In other words, by minimising the rate of employee turnover. One possible way to reduce employee turnover could be by providing employees with the option to contribute to a pension fund, which Essential Health do not currently offer as part of their remuneration packages. Another avenue for exploration could be the implementation of a standardised bonus scheme. For example, offering an annual or bi-annual bonus as an incentive when certain key performance objectives are achieved may increase the sense of mutual commitment between the employee and the employing company.

Finally, to increase familiarity, customer retention strategies such as rewards programs may be worth implementing. This could be executed by asking frequent customers whether they'd like to sign up to become a member of the 'Valued Customer' program and consequently be provided with a valued customer card. Members may receive rewards such as cash back or special discounts and delivery

terms. Additionally, they could be first to be informed about new products and special offers through the use of newsletters and other direct marketing techniques.

Personal promotions could also be investigated as a potential strategy to retain customers through personalised discount vouchers based on their shopping history. Moreover, providing a small promotional gift to any customer who spends more than a certain amount based on average basket figures could be an incentive to reduce opportunistic behaviour and prevent customers from easily switching between pharmacies.

6.5 LIMITATIONS

This study is subject to a number of limitations. Some of the dimensions were somewhat correlated which led to the issue of multicollinearity. After assessing the structural model, multicollinearity posed to be a problem amongst the independent variables namely, expertise and communication skills. These two dimensions were removed from the model and subsequently were assessed in two separate structural models only including familiarity as an additional independent variable.

Due to the relatively small sample size (n=299), a larger sample size may have produced different findings. However, due to time constraints and situational factors outside of the researcher's control, limited respondents could be approached at each Essential Health branch.

Based on assessment of the measurement model, it was found that the three types of trust weren't completely discriminant from each other. The assumption has been made that due to South Africa's political history and cultural differences, different results for discriminant validity may have been concluded if this study were to be executed in another geographical context. Also, literature pertaining to these three different types of trust was found to be relatively limited. Additionally, this study and its results are only relevant to independent community pharmacies.

6.6 FUTURE RESEARCH

This study analysed trust amongst customers of independent community pharmacies and provided new perspectives on dimensions which influence trust. However, this study also suggests several directions for future research.

More descriptive statistics can be conducted by including more demographic questions in a similar study. For example, a comparison of the percentage distribution of trust as a construct, and for the three types of trust, between various demographic variables could be presented to build on this study.

It could prove interesting to build on this study by including an outcome variable in the conceptual model. Trust is the focus of this study, but as mentioned in the literature review, trust leads to some relational outcomes – which could be conceptually argued and added to this model for further investigation.

It could also be valuable to examine the behavioural effects of each employee-related dimension. An example of this would be to establish the effect of communication skills and expertise on other relational constructs as these two dimensions proved to be the most significant contributors in this study. The results of such additional research may assist practitioners in gaining a better understanding of other effects associated with several employee-related dimensions.

Future studies should investigate whether the findings of this study hold for industries other than the pharmaceutical industry in order to determine whether results are generalisable across different contexts. In other words, it cannot be assumed that the findings of this study established in the context of Essential Health Pharmacy Group will be the same for other independent community pharmacies. Specifically, expectations regarding the similarities or differences between results across different independent community pharmacies require further investigation.

The National Health Insurance (NHI) is expected to be fully operational by 2025 and it is deemed to be mandatory for all South African citizens to be on the NHI once the law has passed (Mitchley, 2017). The impact of the NHI could be worth investigating in order to examine the importance of price compared to employee-related dimensions for customers of independent community pharmacies.

The prominence of employee-related dimensions in the context of healthcare services raises the question whether results could be applied to other cultural groups. Since South Africa is a country renowned for being multi-cultural and rich in diversity, it may be valuable to execute a similar study among different cultural groups in order to determine whether different employee-related dimensions prove to have significantly different impacts on the development of trust among different cultures.

6.7 RECONCILIATION OF OBJECTIVES

The primary research objective of this study was to investigate the relationship between employee-related dimensions and customer trust in independent community pharmacies. This objective was assessed based on the addressing of those secondary objectives derived from the primary purpose of this study. Overall, it may be concluded that there is a relationship between employee-related factors and customer trust.

The primary objective has been supported by the following secondary objectives addressed as follows:

Firstly, to define the concept of customer trust in terms of the three identified types of trust (affective, cognitive and contractual trust).

A comprehensive literature review provided distinct definitions of each type of trust. In summary, affective trust is the confidence one places in another based on feelings of care and concern (Johnson & Grayson, 2005) whereas cognitive trust is the confidence to rely on a service provider based on competence and reliability (Moorman *et al.,* 1992) and lastly, contractual trust is based on moral standards of honesty and trustworthiness (Sako, 1992).

Secondly, to identify relevant employee-related dimensions, which may potentially act as antecedents of trust, through a review of the literature.

After a thorough review of relationship and services marketing literature, five employee-related dimensions were identified as factors of which customers' perception could influence trust. Specifically, likeability, customer-orientation,

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familiarity, expertise, and communication skills were chosen to be assessed as possible predictors of the prior mentioned types of trust.

Thirdly, to assess the relationships between each of the identified employee-related dimensions and customer trust and to assess the direction and strength of any significant relationship found between the key variables of this study.

The suggested hypotheses were assessed based on a commitment to empirical research. PLS-SEM analyses were executed in order to establish the significance and influence of five employee-related dimensions on three types of trust. Ultimately, 15 hypotheses were put forward, postulating positive relationships between each employee-related dimension and type of trust.

Only one out of these 15 hypotheses was not supported after concluding the empirical investigation, indicating that perceived familiarity and cognitive trust are not positively related. Those hypotheses which have been supported, determined significant and positive relationships between the relevant employee-related dimensions and specific types of trust.

Finally, to provide practical implications and recommendations regarding the management of employee-related dimensions and enhancement of customer trust within the pharmaceutical retail industry.

A number of implications and recommendations were provided for marketers, managers, scholars and other practitioners sharing an interest in research and to manage the analysis of trust in independent community pharmacies. These managerial implications strongly focus on how to manage those employee-related dimensions found to have a significant impact on customer trust in order to achieve business objectives. Recommendations were provided specifically for Essential Health Pharmacy Group and independent community pharmacies operating within the pharmaceutical retail industry.

6.8 CONCLUSION

This study presented an empirical perspective on the potential of managing employee-related dimensions as a rewarding strategy in developing customer trust in

community pharmacies in the Western Cape. The findings have added theoretical and managerial significance related to relationship marketing. Management is advised to further explore the possible effects of implementing new or different guidelines of employee-related dimensions in order to reap the optimal benefits thereof in terms of customer trust.

Overall, the findings provide significant support to the argument that employee-related dimensions motivate affective, cognitive and contractual forms of customer trust in the context of independent community pharmacies. Simply put, both affective and contractual trust was found to be positively related to all employee-related dimensions. However, cognitive trust was found to be significantly affected by all employee-related dimensions except for perceived familiarity. Expertise and communication skills emerged as the most influential employee-related dimensions on the three types of trust.

By implication, individuals in management within the Essential Health Pharmacy Group are now in a position to expand their knowledge pertaining to managing customer relationships effectively. Consequently, management may be better equipped to strategise which valuable inputs are necessary to achieve the desired outcomes of exchange transactions with their customers. Despite the findings of this study, it is also suggested that further research regarding this topic be pursued as these findings have yet to be confirmed across different industries. Thus, it will be beneficial to develop a deepened understanding of customer trust, as this marketing phenomenon will remain relevant due to increased competition, changing environments, and developments in technology.

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ADDENDUM A: QUESTIONNAIRE

CUSTOMER TRUST SURVEY

The following survey is conducted in order to measure customer trust in independent community pharmacies. Please answer the questions as honestly as possible. All information is STRICTLY CONFIDENTIAL, and will only be used for academic purposes.

NOTE: Participation in this questionnaire is completely VOLUNTARY.   DURATION: 10 Minutes

D1	GENDER	Male		Female	

	Please indicate to what extent you agree with the following:	1 Strongly Disagree	2 Disagree	3 Somewhat Disagree	4 Neutral	5 Somewhat Agree	6 Agree	7 Strongly Agree
	EXAMPLE: I am happy				X			
AFF1	This pharmacy is caring							
COG1	This pharmacy has a good reputation							
CON1	This pharmacy is reliable							
EXP1	The employees of this pharmacy are experts in their field							
CUS2	The employees of this pharmacy help me to define my particular needs							
FAM4	I am in regular contact with the employees of this pharmacy							
AFF4	This pharmacy is compassionate							
CON2	This pharmacy is trustworthy							
EXP4	The employees of this pharmacy demonstrate competence							
CUS1	The employees of this pharmacy will always suggest the best alternative to suit my unique needs							
FAM2	I have a long-during relationship with the employees of this pharmacy							
COM4	The employees of this pharmacy provide me with sufficient information							
LIK3	The employees of this pharmacy treat me with respect							
CUS5	This pharmacy's employees try to find products that would help me							
AFF3	This pharmacy comforts me							
COG4	This pharmacy shows dedication							
CON5	This pharmacy keeps its promises							
EXP3	This pharmacy's employees know their products very well							
LIK4	This pharmacy's employees are always nice to me							

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	Please indicate to what extent you agree with the following:	1 Strongly Disagree	2 Disagree	3 Somewhat Disagree	4 Neutral	5 Somewhat Agree	6 Agree	7 Strongly Agree
FAM1	I am familiar with the employees of this pharmacy							
COM3	The employees of this pharmacy provide accurate information							
AFF2	This pharmacy has a warm attitude towards me							
COG5	This pharmacy acts in a responsible manner							
CON3	This pharmacy is honest							
LIK1	The employees of this pharmacy are polite							
CUS3	This pharmacy's employees have my best interest in mind							
FAM3	Based on previous interactions, I prefer to deal with the employees of this pharmacy							
COM5	The employees of this pharmacy communicate well							
COG2	I have confidence in this pharmacy							
LIK2	The employees of this pharmacy are friendly							
FAM5	The employees of this pharmacy know me because I come here regularly							
CON4	This pharmacy has a great deal of integrity							
EXP2	This pharmacy's employees are very knowledgeable							
AFF5	This pharmacy is sincere							
COG3	This pharmacy operates in a professional manner							
LIK5	I like to be around the employees of this pharmacy							
CUS4	This pharmacy's employees help me to solve my problems							
COM1	The employees of this pharmacy keep me well informed							
COM2	The employees of this pharmacy provide timely information							
EXP5	I am willing to act on the advice of the employees of this pharmacy							

END OF SURVEY. THANK YOU FOR YOUR TIME.