CUSTOMER SATISFACTION AS A MEDIATOR BETWEEN CAUSES (TRUST AND COMMUNICATION) AND THE OUTCOME (CUSTOMER LOYALTY) IN BUSINESS-TO-BUSINESS RELATIONSHIP MARKETING IN THE SOUTH AFRICAN CEMENT MANUFACTURING INDUSTRY

Phineas Mbango*, M.A. Phiri**

Abstract

Customer loyalty has become more relevant in the cement industry since the unbundling of the cartel system in 1994, the entrance of new competitors into the market and the effect of globalization. This study's literature review reveals that there is limited published research in the Cement Industry, particularly in South Africa, which deals with customer loyalty management. The major objective of the study was to test satisfaction as a mediator between causes and outcome, the causes being trust and communication and the outcome being customer loyalty. The methodological approach followed was a survey and quantitative in nature. Data were collected from 362 major business-to-business cement customers throughout South Africa's nine provinces using the face-to-face interview technique with self-administered questionnaires. The data collected in the empirical study were analysed using the structural equations modelling (SEM). The results show that in order to maintain customer loyalty, a cement supplier has to focus on strategies to build relationships on the basis of creating customer satisfaction and/or exceeding customer needs and wants. They also need to invest in enhancing customer trust and communication. Another important finding is that trust and communication have no direct effect on loyalty. Customer satisfaction is therefore the most important mediator as it leads to customer loyalty. Customer loyalty is crucial for business success in terms of repeat purchase, referrals (word-of-mouth marketing), retention and long-term profitability. There exists evidence from literature of an outcry for a need for future studies to examine causes and outcomes of satisfaction to specific industries. This study contributes to theory and practice by closing that gap, by providing a framework of causes and outcomes of satisfaction specifically aimed at the cement industry. Another contribution of this study is its examination of the sequential logic of causes and outcomes of satisfaction in business-to-business relationships in the cement industry. This study hopes to make a practical contribution in helping marketing managers of cement companies to come up with marketing strategies of ensuring customer loyalty.

Key Words: South African Cement Industry, Relationship Marketing, Customer loyalty, Communication, Trust, Satisfaction, Business-to-Business

* Department of Marketing Management, University of Johannesburg, South Africa
** University of KwaZulu Natal, South Africa

1. Introduction

According to (Snyman, 2010) “the cement industry is a major employment generator and contributes significantly to the South African economy”. Before the unbundling of the cartel, cement companies were production-orientated and used to produce cement which was sent to a central distribution point where it was then sold to customers. There was no marketing taking place, and cement was regarded as an undifferentiated commodity. Since the unbundling, however, cement companies have started to be marketing-orientated. Even though these companies have established marketing departments and are currently involved in marketing activities such as advertising, sales promotions, personal selling and sponsorships, the challenge is for them to move a step further by engaging in strategies to enhance customer loyalty. Since 1994, a lot of competitors have entered the market, and customers now have different cement supplier options. Changes in government regulations since 1994 meant that cement companies could not continue conducting business in the manner they were accustomed to. Something has had to change, and by embracing strategies to enhance customer loyalty and knowing the factors that influence it, cement companies will be in a position to professionally and sustainably achieve their goals and retain customers.
profitably. (Vuuren et al., 2012:82-83). Hence customer loyalty has become a very important issue in the cement industry and it has become evident that research has to be undertaken to determine what promotes customer loyalty in this industry.

2. Literature Review

Gounaris, (2005:126), states that in “most business-to-business (B2B) exchanges, achieving a sale is not the fulfilment of an effort but rather an event in a broader endeavour to build and sustain a long-term relationship with the customer and ensures that sales keep coming, thus the major issue is to examine what influences the customer’s willingness to remain with the existing supplier (customer loyalty). Product quality has been traditionally considered a major prerequisite for gaining this kind of behavioural response from the customer but as technology in many industries becomes a commodity, the importance of quality alone in deriving loyalty diminishes rapidly”.

Vargo and Lusch (2004:1) see the problem of marketing as “an inherited model of exchange from economics, which had a dominant logic based on the exchange of goods, which usually are manufactured output. The dominant logic focused on tangible resources, embedded value, and transactions”. They state further that “over the past several decades, new perspectives have emerged that have a revised logic focused on intangible resources, the co-creation of value, and relationships”. Marketing has shifted from the dominant logic of exchange of tangible goods and services to a more relationship-encapsuring approach, taking into consideration the need for long-term relationships.

Researchers have developed many conceptual frameworks on business-to-business customer loyalty frameworks, but none have focused on specific industries such as the cement manufacturing industry in South Africa. “Established models on customer loyalty relationship marketing might insufficiently address the cement industry in South Africa”, according to Ulaga and Eggert (2004:312). There are no published studies on business-to-business customer loyalty relationship marketing in the cement industry in South Africa.

Athanassopoulou, (2009:586), goes further to state that, “most studies on Business-to-Business relationships are based on samples drawn from the developed countries including the United States (one third of all studies), Europe (mainly The Netherlands, United Kingdom and Germany). They noted that this makes it difficult to generalise results across countries as the characteristics of relationships may differ widely between countries”.

Grönroos (1996:11), asserts that, “relationship marketing serves to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, and that this is done by a mutual exchange and fulfilment of promise”. He emphasizes that the key characteristics of relationship marketing is that, “every customer is considered as an individual person or unit, and activities of the firm are predominantly directed towards existing customers; it is based on interactions and dialogues and the firm will be trying to achieve profitability through the decrease of customer turnover and the strengthening of existing customer relationships. It is through implementing relationship marketing strategies that customer loyalty can be achieved” (1996:14).

As part of the literature review, satisfaction as a mediator, the causes (trust and communication) and the outcome (loyalty) will be discussed in this section and the hypotheses of the study outlined.

2.1 Trust

Morgan and Hunt (1994:23), argue that “one of the critical constructs in facilitating exchange relationships between partners, and therefore pivotal for understanding of business relationships, is trust”. This is supported by Rauyuen and Miller (2007:3) and Wilson (1995:337), who contend that the nature and understanding of trust and its importance have a major impact on how B2B relationships are developed and managed. They describe trust that develops between companies as a fundamental relationship building block and a critical economic exchange.

Therefore one accepts the conclusion given by Svensson et al., (2010:3), who write “as the manufacturer evaluates the various aspects of a business relationship, various components of trust will most likely be used in the evaluation including the trust components of credibility, fairness and honesty, therefore suggesting that trust is a precursor to satisfaction”.

Therefore, the first and second hypotheses can be developed as follows:

$H_1$: Trust has a positive influence on customer satisfaction

$H_2$: Trust has a positive influence on customer loyalty/continuity

2.2 Communication

“Communication”, according to Anderson and Narus (1990:44), “can be defined broadly as the formal as well as informal sharing of meaningful and timely information between firms”. This definition is supported by the one given by Gilaninia et al., (2011:795), who contend that “communication refers to the ability to provide timely and trustworthy information”. This is the definition that will be adopted for this study.

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

Therefore, it is the view in this study that a partner’s perception that past, present and future communications from another partner have been and will be frequent and of high quality – that is, relevant, timely and reliable, will result in greater satisfaction thus resulting in customer loyalty. This leads to the third and fourth hypotheses as follows:

H3: Communication has a positive influence on customer satisfaction

H4: Communication has a positive influence on customer loyalty

2.3 Satisfaction and Continuity/or Loyalty

Wilson (1995:338) argues that “because we are discussing business relationships, performance satisfaction is a critical variable. Partners, especially sellers, must deliver high-level satisfaction on the basic elements of the business transaction. Buyers need to satisfy their partner’s business needs or they risk becoming marginalised”. This line of argument is supported by Davis (2008:313), as he stated that “in order to be successful in a business relationship, it is necessary for organisations to analyse clients’ needs, and determine satisfaction”. This supports (Ulaga’s & Eggert’s, 2004:316) observation that “customer satisfaction is widely accepted among researchers as a strong predictor for behavioural variables such as repurchase intentions, word-of-mouth, or loyalty”. Kotler (1994:20), in turn, stresses that “the key to customer retention and loyalty is customer satisfaction”.

Wilson (1995:338) defines performance satisfaction as “the degree to which the business transaction meets the business performance expectations of the partner”. He states further that it “includes both product specific performance and non-product attributes”. Geyskens et al., (1999:223) define a purchasing manager’s satisfaction with a supplier “as an affective state of mind resulting from the appraisal of all relevant aspects of the business relationship”. For the purposes of this study, the definition given by Roberts-Lombard (2009:73) has proven useful. He defines customer satisfaction as “the degree to which a business’s product or service performance matches up to the expectation of the customer. If the performance matches or exceeds the expectations, then the customer is satisfied, if the performance is below par then the customer is dissatisfied”. Van Vuuren et al. (2012:25) importantly state that “customer satisfaction is influenced by expectations, perceived service and perceived quality. Expectations influence total satisfaction when the customer evaluates a product or service. Satisfaction is a customer’s emotional response when evaluating the discrepancy between expectations regarding the service and the perception of actual performance. Perceived quality is measured through recent service experiences that consist of two components, namely perceived product quality and perceived service quality” (2012:84). Davis (2008:313) states that customer satisfaction falls into different categories, including “a demonstrated understanding of their problems, needs or interests; an interactive and communicative relationship; consistency in time and budget (additional costs providing value); meeting expectations and matching previous favourable experience, together with process predictability”. It can be argued that as a result, “satisfaction clearly arises from a cognitive process of comparing perceived performance against some comparison standards and the feeling of satisfaction essentially represents an affective state of mind” Ulaga & Eggert (2004:316).

Gilaninia et al. (2011:796) view loyalty as “a deeply held commitment to re-buy or re-patronise a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour”. Van Vuuren et al. (2012:84) concede that the concept of customer loyalty has been defined in a number of ways, however, “there are two key characteristics: Firstly, loyalty encompasses attitude and behaviour or behavioural intention, and secondly, loyalty is assessed and created over time”. Consequently, for the purpose of this study, customer loyalty refers to businesses that have had a business relationship with each other for one year and more.

Ulaga and Eggert (2004:316) found that “satisfaction is the strongest predictor (compared to trust and commitment) of a firm’s decision not to leave a relationship”. Similarly, Rauyruen and Miller (2007) find that only satisfaction influences behavioural loyalty (purchase intentions) compared to the effects of trust and commitment. Consequently, in agreement with the findings of Palmatier, Dant, Grewel and Evans (2006), this study positions...
satisfaction as a precursor to continuity/loyalty. Therefore, in this study loyalty/or continuity reflects expectations for the relationship duration.

H5: Customer satisfaction has a positive influence on customer loyalty/continuity

Therefore, it is vital for cement companies, like any other businesses, to aim to provide value to their customers in order to retain, satisfy and pursue long-term relationships with them so as to sustainably contribute to future profitability and be in a position to compete. In order to add value, cement manufacturers must be aware of what constitutes customer loyalty and what effects satisfaction has on causes and outcomes of it. However, there is limited published research in the cement industry, particularly in South Africa, which deals with these issues of satisfaction as a mediator between trust and communication and the outcome being customer loyalty.

**Figure 1.** Proposed Structural Model of Customer Satisfaction as a Mediator between causes and outcome in the South African Cement Manufacturing Industry

3. **Objectives**

The following objectives can be formulated:
- To determine whether satisfaction is a mediator between causes and outcomes. The causes are trust and communication. The outcome is continuity/loyalty.
- To determine if trust can predict customer loyalty
- To determine if communication can predict customer loyalty

4. **Research Method**

This article adopted a survey research design in order to determine the causes and outcomes of customer satisfaction in the South African Cement manufacturing industry. "The survey research method requires that individuals answer the same predetermined set of questions and that responses are selected from a set of possible answers to be recorded in a structured, precise manner", Joseph et al., (2009:235). Saunders et al., (2007:177) state that "surveys are usually conducted using questionnaires which allow for the collection of standardised data from a sizeable population in a highly economical way and the survey strategy is perceived as authoritative by people in general and is both comparatively easy to explain and to understand". Therefore, they continue, “the survey strategy allows you to collect quantitative data which you can analyse quantitatively using descriptive and inferential statistics and data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships” (177). The personal survey method (interview administered survey) was chosen for this study to obtain information from decision makers in the cement industry. As indicated by Wilson (2012:131), “personal-interviewing methods involve meeting the respondent face-to-face and interviewing them using a paper based questionnaire, a lap-top computer or an electronic notepad”. The personal-interviewing was chosen because it is more suitable for “business-to-business or organisational research which requires interviews with business executives” Burns & Bush (2010:280).

Non-probability sampling in the form of judgemental sampling was used. Judgemental sampling was chosen because it is the most suitable sampling technique for business-to-business markets, according to Wilson (2012:192). Also of particularly importance is the fact that “a carefully chosen judgemental sample may be better able to represent the mix of potential respondents in a population than even a probability sample as you can balance your sample to be in keeping with known market characteristics” Wilson, (2012:192).
The sample elements/respondents were major customers of the three main cement manufacturing firms in South Africa. A total of 362 respondents (in all the nine Provinces) were targeted, making it a large enough sample to be in a position to generalise the results to the entire population. The judgemental sampling method was chosen because, to reiterate, the research was conducted with the major customers of cement suppliers. A judgemental sampling design is “used where the collection of specialised informed inputs on the topic area researched is vital, and the use of any other sampling design would not offer opportunities to obtain the specialised information” Sekaran and Bougie, (2013:259).

5. Data Collection Method

Research assistants were used to collect data using structured, self-administered questionnaires. The research assistants were set to appointments and sit with the respondents while the respondents completed the questionnaire. This was done in order to improve the response rate. Questionnaires were placed in envelopes and after completing them the respondents would then place them back in the envelopes provided and seal them. Another reason research assistants were used is because of the nature of the sample design and the characteristics of the respondents, who are senior business people who are difficult to get hold of and who have little free time or are unlikely to complete questionnaires when left alone to do it.

The assistants were trained on issues relating to data collection, including how to approach respondents and ethics in data collection. This approach is supported by Sekaran and Bougie (2013:120), who state that “interviewers have to be thoroughly briefed about the research and trained in how to start an interview, how to proceed with the questions, how to motivate respondents to answer, what to look for in the answers and how to close an interview”. The training also helped the assistants to familiarise themselves with the contents of the questionnaire. Respondents were approached in their places of work/offices.

Face-to-face interview technique with self-administered questionnaires was chosen because, according to Sekaran and Bougie (2013:124), this tactic has the advantage that “the researcher can clarify doubts, ensure that questions are properly understood, they have the ability to rephrase the questions, can establish and motivate respondents and this approach usually yields high response rate. The disadvantages may be that it takes time, costs more when a wide geographical region is covered, respondents may be concerned about confidentiality of information given, interviewers need to be trained and can introduce interviewer bias”. Despite these disadvantages, the face-to-face interview was chosen as it provides a higher response rate than other methods of interviewing.

6. Findings and Discussion

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

The majority of the respondents were male (71%), and females constituted 29% of the sample. This shows us that the cement industry customers are male dominated, the majority (47.2%) of the sample is white, followed by Black African (25.4%), Coloured (16.6%) and Asian/Indian (10.8%). This shows that white people control about half of the industry, despite the fact that only 8% of the total population are white and 80% of the population of South Africa is black (Stats SA, 2015).

The majority of the respondents were buyers (30.9%), followed by managing directors (23.2%) and thirdly marketing managers (7.5%). The smallest categories included logistics manager, foreman, personal assistant, credit controller, factory manager and supervisors. The research was clearly taken very seriously as indicated by the majority of senior decision makers who completed the survey. This makes the research results of this study very credible as the cooperation of such respondents is generally difficult to obtain. Most of the sample respondents were from Gauteng (20.50%), followed by the Western Cape (17.1%) and the Eastern Cape (15%). This is so because Gauteng is the economic hub of South Africa and most businesses have their head offices in Gauteng. Western Cape is the second largest economic hub in South Africa.

6.1 Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.864</td>
<td>.865</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 2. Scale: Communication with a cement supplier

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized Items</th>
<th>N of Items</th>
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</thead>
<tbody>
<tr>
<td>.882</td>
<td>.882</td>
<td>3</td>
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</table>

Table 3. Scale: Satisfaction with a cement supplier

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.909</td>
<td>.911</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 4. Scale: Continuity/or Loyalty with a cement supplier

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.895</td>
<td>.901</td>
<td>3</td>
</tr>
</tbody>
</table>

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

Table 5. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean of the computed constructs</th>
<th>Std. Deviation (computed)</th>
<th>Mean on a scale of 7</th>
<th>Std Deviation on a scale of 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust_factor</td>
<td>356</td>
<td>19.43</td>
<td>2.467</td>
<td>6.48</td>
<td>0.82</td>
</tr>
<tr>
<td>Communication_factor</td>
<td>355</td>
<td>19.13</td>
<td>2.531</td>
<td>6.38</td>
<td>0.84</td>
</tr>
<tr>
<td>Satisfaction_factor</td>
<td>354</td>
<td>25.33</td>
<td>3.222</td>
<td>6.33</td>
<td>0.81</td>
</tr>
<tr>
<td>Loyalty factor</td>
<td>353</td>
<td>18.71</td>
<td>3.222</td>
<td>6.24</td>
<td>0.89</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>331</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Table 6. Standardized Regression Weights: (Group number 1 - Default model)

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction_factor</td>
<td>Trust_factor</td>
</tr>
<tr>
<td>Satisfaction_factor</td>
<td>Communication_factor</td>
</tr>
<tr>
<td>Loyalty factor</td>
<td>Satisfaction_factor</td>
</tr>
</tbody>
</table>

The above table provides the exact values of the regression coefficients indicated in the structural model. According to the above table satisfaction has the highest coefficients (.862).

Summary of findings on regressions using the structural model

The regression coefficient between trust and satisfaction is equal to .36, which means that if there is a trust increase of one standard deviation (2.467), it will lead to a satisfaction increase of 36% of standard deviation (3.222).

The regression coefficient between communication and satisfaction is equal to .39, which means that if there is a communication increase of one standard deviation (2.531), it will lead to a satisfaction increase of 39% of standard deviation (3.222).

The regression coefficient between satisfaction and loyalty is equal to .86, which means that if there is a satisfaction increase of one standard deviation (3.222), it will lead to a loyalty increase of 86% of standard deviation (3.222).

Based on the regression and correlation analyses using the structural model, in the South African cement industry it can be said that satisfaction has the strongest predictive effect on loyalty (.86). Communication has the strongest predictive effect on...
satisfaction (.39) and trust has the second predictive effect on satisfaction (.36).

7. Mediation Analyses

Paths Analysis is “a general approach that employs simple bivariate correlations to estimate relationship in a SEM model. It seeks to determine the strength of the paths shown in paths diagrams” Hair et al., (2009:710).

The Path analysis was used to analyse the effect of mediation of satisfaction as the primary objective of this study was to test satisfaction as a mediator between causes and outcomes. The causes are trust and communication. The outcome is continuity/loyalty.

A. Path Trust—Satisfaction—Continuity/Loyalty

Table 7. Total, Direct, and Indirect Effects

<table>
<thead>
<tr>
<th>Outcome: 1</th>
<th>Y = Loyalty factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>X = Trust factor</td>
<td></td>
</tr>
<tr>
<td>M = Satisfaction factor</td>
<td></td>
</tr>
</tbody>
</table>

Sample size  362

Total effect of X on Y

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>.8084</td>
<td>.0776</td>
<td>14.0403</td>
<td>.0000</td>
<td>.6951</td>
<td>.9216</td>
</tr>
</tbody>
</table>

Direct effect of X on Y

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>.4216</td>
<td>.0679</td>
<td>6.2073</td>
<td>.0000</td>
<td>.2880</td>
<td>.5551</td>
</tr>
</tbody>
</table>

Indirect effect of X on Y

<table>
<thead>
<tr>
<th>Effect</th>
<th>Boot SE</th>
<th>BootLLCI</th>
<th>BootULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfac</td>
<td>.3868</td>
<td>.2565</td>
<td>-.0075</td>
</tr>
</tbody>
</table>

According to outcome 1, Satisfaction does not mediate the effect of Trust on Loyalty, because the bootstrap interval [-.0075; .8715] does contain 0.

B. Path Communication—Satisfaction—Continuity/Loyalty

<table>
<thead>
<tr>
<th>Outcome: 2</th>
<th>Y = Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>X = Communication</td>
<td></td>
</tr>
<tr>
<td>M = Satisfaction</td>
<td></td>
</tr>
</tbody>
</table>

Sample size  362

Total effect of X on Y

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>.6826</td>
<td>.0552</td>
<td>12.3558</td>
<td>.0000</td>
<td>.5740</td>
<td>.7913</td>
</tr>
</tbody>
</table>

Direct effect of X on Y

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>.2523</td>
<td>.0676</td>
<td>3.7322</td>
<td>.0002</td>
<td>.1194</td>
<td>.3852</td>
</tr>
</tbody>
</table>

Indirect effect of X on Y

<table>
<thead>
<tr>
<th>Effect</th>
<th>Boot SE</th>
<th>BootLLCI</th>
<th>BootULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfac</td>
<td>.4303</td>
<td>.2503</td>
<td>-.0187</td>
</tr>
</tbody>
</table>

According to outcome 2, satisfaction does not mediate the effect of communication on loyalty, because the bootstrap interval [-.0187; .8460] does contain 0.

Therefore, satisfaction is not a mediator between the causes (communication and trust) on loyalty but it has a direct and positive influence on loyalty. This result shows that communication and trust have no direct influence on loyalty.
Hypotheses testing

A number of hypotheses were developed in order to achieve the objectives of the study. Having looked at the results of correlations among constructs, regressions among variables and having done the analysis of the variable using the Structural Equation Model and Path Analysis, one is now in a position to summarise the results of the study in relation to the specific hypotheses that were investigated.

H1: Trust has a positive influence on customer satisfaction: Accepted

H2: Trust has a positive influence on customer loyalty: Rejected

H3: Communication has a positive influence on customer satisfaction: Accepted

H4: Communication has a positive influence on customer loyalty: Rejected

H5: Customer satisfaction has a positive influence on customer loyalty: Accepted

Therefore the Structural Model of Customer Satisfaction as a Mediator between causes and outcome in the South African Cement Manufacturing Industry after the study is shown in figure 2 below.

Figure 2. Structural Model of Customer Satisfaction as a Mediator between causes and outcome in the South African Cement Manufacturing Industry

Causes

Mediating Variable

Outcome

Trust

Customer Satisfaction

Continuity/Loyalty

Communication

Note: Dotted lines represent insignificant relationships.

Conclusions/Recommendation/Managerial Implications

The outcome of this study indicates that satisfaction plays a central role in customer loyalty building in the South African cement industry. Customer satisfaction has the strongest influence on customer loyalty. Therefore, a manufacturer of cement products must predominantly develop strategies and procedures that ensure that products or services offered match or exceed customer expectations. It means a cement manufacturer has to invest a lot of resources into satisfying customer needs in order to meet organisational goals and objectives. Satisfaction leads to loyalty, and loyalty is important for a supplier to have a competitive advantage. Loyal customers are more profitable and are likely to stay with the supplier. These loyal customers spread the good reputation of the organisation by word-of-mouth. Satisfaction leads to long-term relationships, commitment and decreased propensity to terminate relationships. “Thus it is fundamental that cement manufacturers must deliver a quality service at all times to their customers, stressing not just the core service but also the peripheral ones, and striving to cover aspects related not only to the technical quality but also to the functional quality” Álvarez, Casíelles and Martín, (2010:27).

Trust and communication have a significance influence on satisfaction in the South African cement industry. Therefore a cement manufacturer has to invest in strategies of achieving trust and effective communication.

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

To make themselves more effective, satisfactory and trustworthy, cement manufacturers must be able to offer more individualized service to their customers as well as exchanging information with them on a personalized bases.
Communication has been identified as one of the most important causes of satisfaction in the South African cement industry. It has a positive influence on satisfaction and influences loyalty. Effective communication leads to greater customer satisfaction which in turns leads to increased loyalty. In addition, effective communication leads to commitment which in turn leads to trust and trust leads to satisfaction.

Therefore, it is my view based on the discussion and results presented here that a partner’s perception that past, present and future communications from another partner have been and will be frequent and of high quality – that is, relevant, timely and reliable, will result in greater satisfaction.

Although there are numerous studies which examine the relationships between trust, communication, satisfaction and continuity/loyalty, there is no available literature on an integrated model of the relationships between these constructs as far as they relate to the cement industry. There exists evidence from literature of a need for future studies to focus on causes and outcomes of satisfaction to specific industries. This study contributes to theory and practice by closing that gap.

Another contribution of this study is its examination of the sequential logic of causes and outcomes of satisfaction constructs in business-to-business relations in the cement industry. As a result, this study makes both a theoretical and practical contribution in the field of relationship marketing. For example, marketing managers would benefit from the knowledge that satisfaction is a key factor between trust and communication and important outcomes of the relationship (loyalty).

This study also lays a foundation for further studies to be carried out in similar industries operating under similar environments. Further studies can expand the causes and outcomes of satisfaction.

This study hopes to make a practical contribution in helping marketing managers of cement companies to come up with marketing strategies to secure customer loyalty rather than depending on the cartel system as this has proven to be a failure.

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

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

References