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Building Customer Loyalty among SMEs in Uganda: The Role of Customer Satisfaction, Trust, and Commitment

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ABSTRACT

In the marketing arena, the last two decades have been characterised by increased attention towards the subject of Relationship Marketing (RM). Both academics and practitioners today increasingly recognize RM as one of the main marketing strategies that is necessary to keep companies visible and competitive in the eyes of their customers. However, what we observe is that inspite of increased interest in the subject, we know quite little, from an empirical perspective, about the manner in which Small and Medium Enterprises (SMEs), especially those in developing countries, use RM to build and enhance long-term relationships with their customers and thus remain competitive.

The purpose of this article is to examine the role of customer satisfaction, trust and commitment in the formation and enhancement of long-term customer relationships among SMEs in the service sector in Uganda and to suggest practical tools that policy makers in developing countries can use to enhance SME competitiveness.

We obtained the required data for the study from SME owner-managers, customers, and frontline employees of SMEs operating in two service sectors in Uganda, namely the restaurant sector and the travel-agency sector. Our findings indicate that customer satisfaction, trust and commitment all play a significant role in the building and enhancement of long-term customer relationships among SMEs in Uganda. However, their role varies between different SME sectors. The findings also show that in general, those SMEs whose RM practices customers were more satisfied with had higher levels of customer loyalty compared to those SMEs whose RM practices customers were less satisfied with. This study has increased our awareness about the processes that SMEs in developing countries go through to build customer loyalty and thus long-term competitiveness. In this way, the study has helped to narrow the gap in current literature about the RM practices of SMEs in developing countries.

Key Words: Relationship Marketing, SMEs, Customer Satisfaction, Trust, Commitment, Customer Loyalty

1. INTRODUCTION

This part of our research paper consists of three sections. In Section 1.1, we explain the research context. In Section 1.2, we introduce the research questions that guided our research and in Section 1.3, we discuss the significance of this study.

1.1. Research Context

The world has witnessed dramatic changes over the last two decades. Competition has increased tremendously and consumers have become more demanding and less forgiving to companies that do not take into account their specific needs. The recent economic recession in Europe and America has also left its mark in the business field. Companies therefore seem to be left with no option but to be on a continuous lookout for new and innovative ways to satisfy the customer.

Because of these changes, marketing has taken on a new role. New concepts have been debated in marketing literature to help keep the customer at the heart of every company. However, the concept of Relationship Marketing (RM) has received the most significant attention among today's scholars and practitioners. In fact, many companies today are endeavouring to employ RM strategies in their marketing operations to keep customers knocking at their doors again and again.

We would like to remark that despite the wide publicity that has been accorded to RM (Gronroos, 1994; Berry, 1995; Peng and Wang, 2006), quite little is known about the RM practices of SMEs especially those in the developing world (Hultman and Shaw, 2003; Harwood and Garry, 2006; Simpson et al., 2006). And yet, one would expect these practices to differ from those of the western world because of cultural differences. Cultural expectations may influence the way SME owners in developing countries build and maintain relationships with their customers. For instance, in Uganda, business relationships with a close relative may not be easily terminated because of the general cultural expectation that a successful relative (in this case, the SME owner) should be able to assist other relatives to climb up the social ladder. Given this background, we feel that it is of vital importance to address the knowledge gap in SME marketing in developing countries. Moreover, SMEs are recognized as influential drivers of a country's economy (e.g., Hultman and Shaw, 2003; Walsh and Lipinski, 2009). They contribute significantly to a country's economic growth and employment generation. In Uganda, SMEs employ about 80% of the total workforce in the country and are therefore important agents of poverty reduction and income enhancement (Small and Medium Enterprises {SME} Business Guide, 2008).

In this paper, we seek to investigate the RM efforts undertaken by SMEs in a developing country like Uganda to keep customers in a long-term relationship and thus remain competitive. We focus our study on the processes that satisfied customers go through to become loyal to an SME – the desired outcome of all RM practices. More specifically, we explore the role of customer satisfaction, trust and commitment in the formation of long-term customer relationships among SMEs in the service sector in Uganda. Our overall intention is to provide new insights into the RM practices of SMEs in developing countries and thus contribute to narrowing the current knowledge gap in SME marketing in developing countries.

1.2. Research Questions

Our focus in this paper is on the processes that satisfied customers go through to become loyal to the services of Ugandan SMEs. In other words, we want to examine the behavior of customers once they become satisfied with the services provided by an SME. To achieve this goal, we formulated the following four research questions (RQs) which we used as our guide throughout the entire study.

- RQ1: How is customer satisfaction related to trust, commitment, and customer loyalty among SMEs in the service sector in Uganda?
- RQ2: How is trust related to commitment and customer loyalty among SMEs in the service sector in Uganda?
- RQ3: What is the relationship between commitment and customer loyalty among Ugandan SMEs?
- RQ4: Are there possible differences in the way SMEs operating in different service sectors in Uganda achieve customer loyalty?

1.3. Significance of the Study

This study is expected to fulfil the following four goals:

- (1) To enable practitioners to understand what motivates satisfied customers to enter into long-term relationships;
- (2) To offer practitioners better tools for keeping satisfied customers in long-term relationships with SMEs;
- (3) To enable decision makers to integrate the RM concept into the activities of all institutions that offer various kinds of support to SMEs at the national level, e.g., universities and other tertiary institutions which support the training activities of SMEs;
- (4) To contribute to the body of knowledge on the relationship-building processes of SMEs in developing countries and thus narrow the current knowledge gap in SME marketing.

2. LITERATURE REVIEW

The concept of Relationship Marketing (RM) has come into the limelight because of increased competition on the global scene and more demanding customers over the last two decades. In fact, today's marketing scholars and practitioners consider RM to be one of the main marketing strategies that firms can implement to retain their customers in a long-term relationship (Berry, 1995; Parvatiyar and Sheth, 1999). A company that successfully implements RM in its operations performs marketing tasks that lead to customer retention and therefore long-term customer profitability (Reichheld and Sasser, 1990, Haahiti, 2003).

Various scholars have attempted to define RM. However, we would like to remark here that despite the available inventory of definitions, RM still has no universally accepted definition (Harwood and Garry, 2006). Berry (1983, p.25) as cited in Berry (1995) was the first to make an attempt to define RM. He defined the concept as "attracting, maintaining and, in multi service organisations, enhancing customer relationships". Later scholars, e.g., Morgan and Hunt (1994), Healy et al. (2001) and Peng and Wang (2006, p.26), further defined the concept. Though several definitions have been advanced over time, there seems to be an agreement among the scholars that RM consists of the following three cardinal elements: (1) relationships are built between a company and its customers, (2) they are long-term in nature, and (3) all parties involved should benefit from the relationship.

To ensure the success of any RM strategy, a company's RM philosophy should be built on certain elements which are critical for the development and maintenance of long-term customer relationships. In this regard, a variety of elements have been suggested by several authors, for example, customer satisfaction (Oliver, 1999; Yu et al., 2006); trust (Gundlach and Murphy, 1993; Morgan and Hunt, 1994; De Wulf et al., 2001); commitment (Dwyer et al., 1987; Morgan and Hunt, 1999; De Wulf et al., 2001) and mutual benefit (Gronroos, 1994). For this study, we considered only three elements of RM, namely customer satisfaction, commitment and trust because of their importance in services marketing literature as important building blocks for customer loyalty which is the ultimate goal of RM. In the subsequent

paragraphs, we discuss each of these elements. We also discuss customer loyalty which is the final outcome of the relationship development process.

Customer satisfaction is at the core of RM because if customers are not satisfied, it will be difficult for a company to develop long-term relationships with them. The concept has been defined in several ways by different authors. Kotler (2003, p.61), for example, defines satisfaction as those feelings of pleasure or disappointment, which a person experiences after “comparing a product’s perceived performance (or outcome) in relation to his¹ expectations”. In a similar way, De Wulf et al. (2003) defined it in their study as that affective state which a consumer achieves as a result of appraising his relationship with the retailer. According to Bowen and Shoemaker (2003), customer satisfaction measures how well each transaction in a given company meets a customer’s expectations. The concept is viewed as a perception that can vary from high satisfaction to low satisfaction. If customers believe that the service provider has met their expectations, they experience high satisfaction but if on the other hand, they believe that there are service quality problems, they experience low satisfaction ([http://www.praxiom.com/iso-definition.htm#Customer satisfaction](http://www.praxiom.com/iso-definition.htm#Customer%20satisfaction) –website accessed on 20th November 2013).

RM is built on the foundation of trust (Ganesan, 1994; Morgan and Hunt, 1994 and Zontanos and Anderson, 2004). Gronroos (1989) further suggests that trust is an important ingredient of RM because there are several parties involved whose objectives have to be met. Berry (1995) argues that in services marketing, trust is very critical in the formation of relationships because of the intangible and heterogeneous nature of services. Zontanos and Anderson (2004) empirically confirm this observation in their case study on one rural small firm in Greece using participant observation. Anderson and Narus (1990) cited in Morgan and Hunt (1994, p.23) define trust as “the firm’s belief that another company will perform actions that will result in positive outcomes for the firm as well as not take unexpected actions that result in negative outcomes”. Similarly, Crosby et al. (1990, p.70) defined it as “a confident belief that the salesperson can be relied upon to behave in such a manner that the long-term interest of the customer will be served”. Other scholars (e.g., Morgan and Hunt, 1994; Yau et al, 2000; De Wulf et al., 2003) have also advanced similar definitions. Much as there is no universal agreement about the meaning and role of trust (Cowles 1997, p.273), there is agreement among several scholars (e.g., Morgan and Hunt, 1994; De Wulf et al., 2003) that for trust to exist, there has got to be confidence in the exchange partner. According to Liljander and Roos (2001), confidence is a result of offering consistent and competent service, treating customers in a fair and honest way and behaving in a responsible manner. Services marketing literature conceptualizes trust as a multidimensional construct consisting of such dimensions as credibility (e.g., Ganesan, 1994), benevolence (e.g., Ganesan, 1994), honesty (e.g., Morgan and Hunt, 1994) and dependability (e.g., Morgan and Hunt, 1994).

Literature highlights the importance of commitment in the creation of successful long-term relationships with a company’s various stakeholders. For example, in the marketing channels literature, relationship commitment has been identified as a critical ingredient for channel survival (Anderson and Weitz, 1992; Morgan and Hunt, 1994). In a similar way, Liljander and Roos (2001) observe that customer commitment signifies success in RM. Dwyer et al. (1987, p.19) define commitment as “an implicit or explicit pledge of relational continuity between exchange partners”. Morgan and Hunt (1994, p.23) define the concept as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it”. Morgan and Hunt (1994)’s definition is similar to that of Dwyer et al. (1987) in the sense that all the authors stress the willingness of both parties to the relationship to maintain it as they consider it to be so important to them. More recent scholars (e.g., Bowen and Shoemaker, 2003; De Wulf et al. 2003) have also defined commitment in a similar manner. We can infer from these definitions that for commitment to exist, both parties to the relationship should be willing to continue with

¹ For brevity, we use ‘he’ and ‘his’ whenever ‘he or she’ and ‘his or her’ are meant.

the relationship and capable of undertaking some extra effort to maintain it. In services marketing literature, commitment is conceptualized as a multidimensional construct consisting of such dimensions as input (Gundlach, 1995), temporal (Gundlach, 1995), affective (e.g., Gundlach, 1995; Mattila, 2006) and calculative (e.g., Geyskens et al., 1996; Mattila, 2006). However, the dimensions of “affective commitment and calculative commitment appear most frequently” in marketing literature (Mathieu and Zajac, 1990) cited in Geyskens et al. (1996, p.304).

Several scholars have emphasized the importance of customer loyalty in business success and profitability. For example, Reichheld and Sasser (1990) argue that it costs the company much more resources to acquire a new customer than to keep an already existing one. Building on the previous argument, Reichheld (1994, p.14) empirically demonstrated that “a decrease in defection rates of five percentage points can increase profits by 25% - 100%”. It therefore seems fair to say that companies should undertake every effort to keep customers loyal to their service as it handsomely pays off to do so. Just like the previous concepts that have already been discussed, customer loyalty has also been defined in several ways by different authors. McAlexander et al. (2003) define the term as the extent to which a customer repeatedly buys from the firm and his/her desire to continue having an ongoing relationship with the service provider. In a related way, Bowen and Shoemaker (2003, p.33) note in their study that “customer loyalty measures how likely a customer is to return” and how willing that person is to engage in partner-like activities for the company, e.g., making recommendations to friends. One can infer from these definitions that repeat purchases and positive customer feelings or attitudes are important indicators of customer loyalty.

3. CONCEPTUAL FRAMEWORK AND DEVELOPMENT OF PROPOSITIONS

We developed a conceptual framework which we used as a guide to formulate possible relationships between the constructs we wanted to study and to come up with propositions. To develop the framework, we used insights from earlier authors (e.g., De Wulf et al., 2001; Caruana, 2002 and Mattila, 2006), our personal experiences and feedback that we had obtained from the preliminary interview. We shall present our proposed conceptual model later on in Section 3.5.

3.1. Customer Satisfaction

Existing literature has shown that satisfaction with the service is related to trust in the service provider (e.g., Choi et al., 2010) and that it can affect commitment to the service provider (e.g., Oliver, 1999). Research also shows that satisfaction with the service can lead to customer loyalty (e.g., Oliver, 1999; Yu et al., 2006) though it does not always guarantee loyalty (e.g., Oliver, 1999; Leverin and Liljander, 2006). Despite the minor differences in opinion, it is well acknowledged in the literature that customer satisfaction is a major building block for customer loyalty.

It is essential for SMEs to create satisfaction for their customers in order to attract new customers and to build strong relationships with existing ones. This can reduce on the intensive competition they face among themselves and also from large firms within the industry. Customers who are satisfied with an SME's services are likely to gain confidence in the SME. Such customers are also likely to become committed and loyal to the SME in the long run. Following the above discussion, we arrived at the following propositions:

P1: Customer satisfaction is positively related to trust among SMEs in Uganda.

P2: Customer satisfaction is positively related to commitment among SMEs in Uganda.

P3: Customer satisfaction is positively related to customer loyalty among SMEs in Uganda.

3.2. Trust

Morgan and Hunt (1994) argue that trust is a key construct in encouraging client retention and building successful relationships. Ganesan's (1994) study on the determinants of long-term orientation in buyer seller relationships further provides evidence that suggests that trust is indeed a critical component for the building of long-term relationships between both parties to the exchange process. Peppers and Rogers (2006) claim that when customers trust the company to act in their best interests, they will want to deal more with that company and therefore become more loyal to the company. Trust also affects commitment (Beatty et al., 1996) since when there is trust in the relationship, both parties have a desire to maintain the relationship because of the confidence they have developed in each other (Dwyer et al., 1987). De Wulf and Odekerken-Schröder's (2003) study also reveals a significant relationship between trust and relationship commitment in a consumer setting. Other empirical studies that have been done, for example, Geyskens et al.'s (1996) study on channel relationships, have also reported a positive effect of trust on relationship commitment.

Following the above discussion, we proposed the following:

P4: Trust is positively related to commitment among SMEs in Uganda.

P5: Trust is positively related to customer loyalty among SMEs in Uganda.

3.3. Commitment

Berry and Parasuraman (1991) as cited in Morgan and Hunt (1994, p.23) observe that "relationships are built on the foundation of mutual commitment". This implies that when there is commitment, consumers are likely to become loyal because they are in a relationship which they are willing to continue with owing to the confidence and trust they have developed in the exchange partner. Dwyer et al. (1987) reinforce Berry and Parasuraman's observation by asserting that where there is commitment in an exchange relationship, customer loyalty is achieved. Sheth and Parvatiyar (1995) also emphasize that as consumers become increasingly committed to the relationship, they become less likely to spend their money elsewhere other than at the firm with whom they have entered a relationship. This implies that they become more loyal to the company. Following this discussion, we arrived at the following proposition:

P6: Commitment is positively related to customer loyalty among SMEs in Uganda.

3.4. Customer Loyalty

Customer loyalty has received a lot of attention today than ever before because of increasing global competition. The concept is important in services marketing literature because according to authors like Reichheld (1994), it can enable firms to build and maintain long-term relationships with their customers. Thus, customer loyalty is an important outcome of successful RM practices.

3.5 The Conceptual Model

Our proposed conceptual model consists of four constructs, namely: (1) customer satisfaction which is the starting point in forging relationships with customers, (2) trust, and (3) commitment which are both influencers of the relationship building process, and (4) customer loyalty which is the desired outcome of any RM strategy. Figure 1 below illustrates the proposed relationships between these constructs.

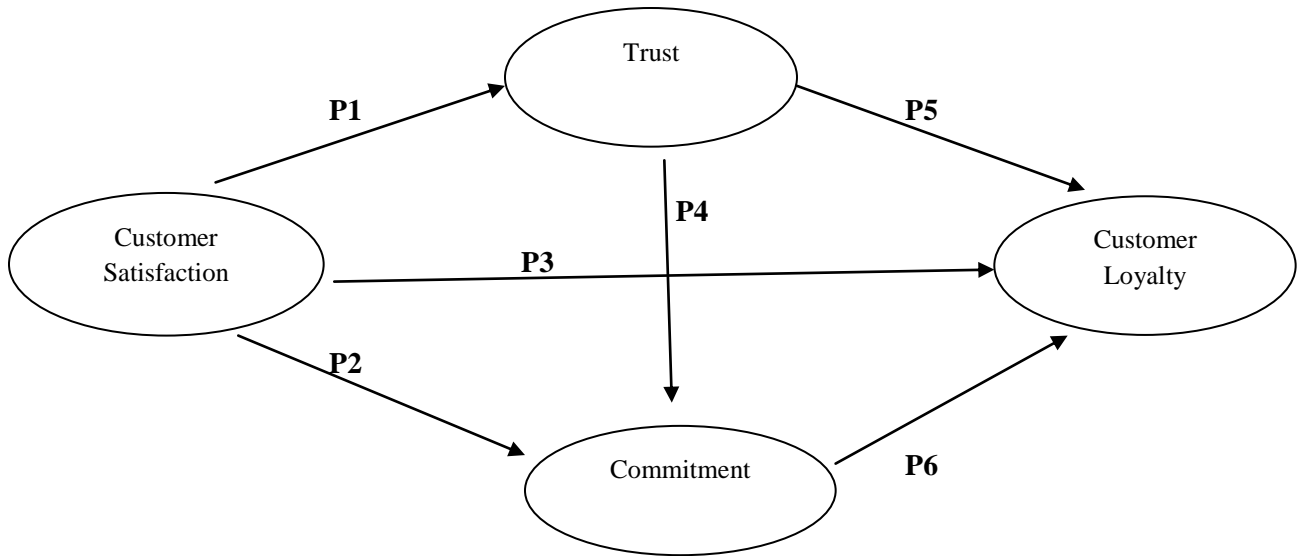


Figure 1: Proposed Conceptual Model for Building Long-term Customer Relationships among SMEs in Uganda

4. METHODOLOGY

Since our objective was to explore the role of customer satisfaction, trust and commitment in the development of long-term customer relationships among SMEs in Uganda, we adopted a mixed research strategy as it would address our research needs in a more practical way. This strategy has the advantage of enabling the triangulation of results (Saunders et al., 2009). Moreover, the approach is also recommended for marketing research in SMEs (Hill, 2001).

We collected the required data for the study from SMEs operating in two service sectors in Uganda, namely the restaurant sector and the travel-agency sector. We specifically chose to focus on the service sector because according to scholars such as Gronroos (1995) and Palmatier et al. (2006), service firms make suitable candidates for implementing RM strategies. Data was collected from five restaurants and two travel agencies, all of which were operating in Kampala².

Both case-study data and survey data were collected for the study. Our main goal of collecting case study data was to gain a more detailed understanding about the operations of the selected SMEs in their natural environment and also to achieve triangulation (Yin, 2009).

In order to collect the survey data, we designed a structured questionnaire which consisted of a four-point Likert scale. We divided the questionnaire into five sections. The first section required respondents to indicate the extent to which they were satisfied with the relationship marketing practices employed by SMEs in Uganda. The second section focused on customer trust in the SMEs. The third section focused on customer commitment towards the SMEs. The fourth section sought to measure customer loyalty

² Kampala is the capital city of Uganda.

towards the SMEs. The final section focused on respondents' bio-data such as age, sex, academic qualifications, profession, employment background and net income. We omitted the option of "undecided" in all the scales in order to eliminate social desirability from the responses (Saunders et al., 2003).

Our key informants were SME owner-managers, the regular customers and the frontline employees of the selected SMEs. The questionnaire was administered to our key informants after checking its content validity with four lecturers in the area of marketing. Thereafter, it was administered to a small group of respondents in both sectors to improve construct validity. Participants who took part in the study were selected purposively in order to ensure that the responses we obtain to our research questions are meaningful (Saunders et al., 2009). We distributed 500 questionnaires to the regular customers of restaurants. Out of these, 312 were returned in a usable condition. Out of the 133 questionnaires that we distributed to the regular customers of travel agencies, 102 were returned. Data from the SME owner-managers and the frontline employees of the selected SMEs was mainly collected through semi-structured interviews and observation.

In order to analyze the data from the questionnaires, we employed both descriptive statistics, e.g., frequencies, and inferential statistics, e.g., correlations, regressions, exploratory factor analysis, T-tests and ANOVA tests. Exploratory factor analysis was conducted in order to determine whether the data from the questionnaires could be condensed into a smaller set of factors. Data from the interviews and observation was analyzed using pattern matching.

In order to increase the reliability of our study, we employed two techniques as follows: (1) we stored qualitative data in a case study database with the help of a qualitative data software program called NVivo and (2) we tested quantitative data for reliability using Cronbach's coefficient alpha (Sekaran, 1992).

5. FINDINGS FROM RESTAURANTS

In this section of the paper, we present our findings from the restaurants. The findings are based on the 312 questionnaires that we received back from the regular customers out of the 500 that were administered. We present factor analysis solutions for our variables of interest as displayed in our conceptual model and analyze the effect of customer satisfaction on the study variables. We conclude the section by focusing on the differences among the restaurants that were studied.

5.1. Profile of the Respondents

Out of the 312 respondents that responded to our questionnaires, 62.8% were male while 37.2% were female. The majority of respondents were in the 20-30 age group and 66% had obtained a degree. 71.5% of the respondents were employed in an organization while 44.6% of respondents obtained a monthly income of 1,000,000 Uganda Shillings and above (As at 10th October 2013, 1 Euro = 3,400 Uganda Shillings).

5.2. Factor Analysis

An exploratory factor analysis was conducted for all the variables studied with principal component analysis as the extraction method and varimax with Kaiser Normalization as the rotation method. Only factors with eigenvalues greater than 1 were extracted as these were considered significant (Hair et al., 2006). We also considered only those variables that had factor loadings either higher than or equal to 0.35. Hair et al. (2006) suggest that the significant factor loadings for a sample size of 300 should be 0.35 and above.

5.2.1. Factor Solution for Customer Satisfaction

Factor analysis for customer satisfaction yielded six factors which we interpreted as restaurant brand, professionalism of restaurant employees, convenience, price, comfort and employee orientation to customer needs. Details of the factor analysis results are shown in Table 1. However, because the reliability coefficient for Factor 6 which we interpreted as employee orientation to customer needs was low, it was excluded from further analysis. The five factors that were retained in the solution show good internal consistency with Cronbach's alpha values ranging from 0.621 to 0.884. The Kayser-Meyer-Olkin (KMO) measure of sampling adequacy (KMO = 0.889) and Bartlett's test of sphericity ($p < 0.001$) confirm that factor analysis was appropriate for customer satisfaction.

Table 1: Factor Analysis Results for Customer Satisfaction among the Restaurants (N = 312)

Variable	Restaurant Brand	Professionalism of Employees	Convenience	Price	Comfort	Employee Orientation to Customer Needs
Based on all my experience, I am satisfied with this restaurant.	0.815					
In general, I am happy with this restaurant	0.804					
This restaurant meets my expectations	0.734					
The last time I visited this restaurant, I was happy with the service provided to me	0.726					
Compared to similar restaurants I have been to, I am more satisfied with this restaurant.	0.724					
Employees are knowledgeable about their work	0.477					
Employees interact with me more frequently		0.677				
I know whom to contact when I have a complaint		0.653				
Employees are more friendly		0.562				
Employees are more helpful		0.560				
The restaurant has more convenient opening hours			0.743			
The restaurant serves more tasty meals			0.732			
The restaurant offers me a wider food variety			0.595			
The restaurant charges lower prices in comparison to similar restaurants				0.787		
I feel I m paying a fair price for the service provided to me.				0.680		
The kind of service provided is more than I expected				0.574		
The restaurant location is more convenient					0.869	

Variable	Restaurant Brand	Professionalism of Employees	Convenience	Price	Comfort	Employee Orientation to Customer Needs
The restaurant is more comfortable than similar restaurants					0.768	
Employees don't make mistakes with my order					0.431	
Employees are polite and patient♦						0.748
Employees are fast in handling customer complaints♦						0.644
Employees clearly understand customer needs						0.467
Percentage of variance explained	32.709	8.203	6.875	5.500	5.249	4.685
Cumulative percentage of variance explained	32.709	40.911	47.787	53.287	58.536	63.220
Cronbach's alpha	0.884	0.706	0.649	0.621	0.701	0.496

Notes: KMO measure of sampling adequacy = 0.889; Bartlett's Test of Sphericity, $p < 0.001$; ♦ reversed scale

5.2.2. Factor Solution for Trust

Factor analysis for trust yielded a two factor solution. We interpreted the factors as credibility and honesty respectively as shown in Table 2. The two factors show good internal consistency. The KMO measure of sampling adequacy (KMO = 0.851) and Bartlett's test of sphericity ($p < 0.001$) confirm that factor analysis was appropriate for trust.

Table 2: Factor Solution for Trust among the Restaurants

Variable	Credibility	Honesty
I believe that this restaurant will continue to offer me a good service	0.852	
I have faith in this restaurant	0.839	
I believe that the owner-manager of this restaurant is not out to cheat me	0.685	
I know that if I get a problem with this restaurant, it will be solved immediately	0.610	
I have confidence in this restaurant	0.553	
Employees of this restaurant are honest		0.889
Employees keep the promises they make		0.718
I believe that employees tell the truth about the service		0.664
Percentage of variance explained	49.608	13.260
Cumulative percentage of variance explained	49.608	62.868
Cronbach's alpha	0.822	0.735

Notes: KMO measure of sampling adequacy = 0.851; Bartlett's Test of Sphericity, $p < 0.001$

5.2.3. Factor Solution for Commitment

The initial factor analysis procedure for commitment yielded a three factor solution as shown in Table 3. Each variable has one significant loading on one factor which simplified interpreting the meaning of each factor. However, the variable "I think that I cannot become easily attached to another restaurant as I am to this one" constituted a separate factor (Factor 3) and was therefore removed from further analysis. After removing this variable, a revised factor solution was generated (Table 4). Again, each variable had one significant loading. Two factors were extracted which we interpreted as emotional commitment and rational commitment. The factors show good internal consistency. The KMO measure of sampling

adequacy (KMO = 0.803) and Bartlett's test of sphericity ($p < 0.001$) confirm that factor analysis was appropriate for commitment.

Table 3: Initial Factor Solution for Commitment among the Restaurants

Variable	Factor 1	Factor 2	Factor 3
I feel a strong attachment to this restaurant	0.826		
I prefer this restaurant it to others	0.791		
I feel emotionally attached to this restaurant	0.764		
I prefer to buy from this restaurant in comparison to other similar restaurants	0.763		
I feel good about this restaurant	0.699		
Even if this restaurant increased its price, I would still prefer to buy from it.	0.604		
I have no option but to continue coming to this restaurant		0.799	
I just have to continue coming to this restaurant because I have no option		0.784	
I would go through a lot of inconveniences if I decided to stop having my meals from this restaurant		0.732	
I continue to have my meals from this restaurant because I may not find another restaurant offering the same service in the neighborhood		0.690	
I think that I cannot easily become attached to another restaurant as I am to this one ♦			0.927
Percentage of variance explained	35.717	17.750	9.667
Cumulative percentage of variance explained	35.717	53.467	63.134

Notes: ♦ Reversed scale KMO measure of sampling adequacy = 0.803; Bartlett's Test of Sphericity, $p < 0.001$

Table 4: Revised Factor Solution for Commitment among the Restaurants

Variable	Emotional Commitment	Rational Commitment
I feel a strong attachment to this restaurant	0.825	
I prefer this restaurant to others	0.792	
I feel emotionally attached to this restaurant	0.763	
I prefer to buy from this restaurant in comparison to other similar restaurants	0.762	
I feel good about this restaurant	0.697	
Even if this restaurant increased its price, I would still prefer to buy from it.	0.604	
I have no option but to continue coming to this restaurant		0.789
I have few options to choose from if I do not come to this restaurant		0.787
I would go through a lot of inconveniences if I decided to stop having my meals from this restaurant		0.756
I continue to have my meals from this restaurant because I may not find another restaurant offering the same service in the neighborhood		0.679
Percentage of variance explained	39.201	19.320
Cumulative percentage of variance explained	39.201	58.521
Cronbach's alpha	0.843	0.762

Notes: KMO measure of sampling adequacy = 0.803; Bartlett's Test of Sphericity, $p < 0.001$

5.2.4. Factor Solution for Customer Loyalty

Factor analysis for customer loyalty yielded a two factor solution. We interpreted the factors as attitudinal loyalty and behavioral loyalty respectively as shown in Table 5. The two factors show good internal consistency. The KMO measure of sampling adequacy (KMO = 0.887) and the Bartlett's test of sphericity ($p < 0.001$) confirm that customer loyalty was factorable.

Table 5: Factor Solution for Customer Loyalty among the Restaurants

Variable	Attitudinal Loyalty	Behavioral Loyalty
I would encourage my friends and relatives to have their meals from this restaurant	0.836	
I would definitely recommend this restaurant to my friends and relatives	0.810	
I usually talk positively about this restaurant to other people.	0.776	
I do not have any regrets that I have my meals from this restaurant	0.723	
It is likely that I will continue buying meals from this restaurant in the future	0.696	
I regard this restaurant as one of the best in the city	0.638	
I do not intend to start having my meals from another restaurant♦	0.606	
Every time I need a meal, I come to this restaurant		0.885
When I need to have a meal, this restaurant is my first choice.		0.808
It is rare that I consider having my meals from another restaurant		0.797
I really like having my meals from this restaurant.		0.568
I am not likely to go to another restaurant even if this restaurant increased its price		0.528
Percentage of variance explained	43.925	15.652
Cumulative percentage of variance explained	43.925	59.577
Cronbach's alpha	0.867	0.805

Notes: KMO measure of sampling adequacy = 0.887; Bartlett's Test of Sphericity, $p < 0.001$; ♦Reversed scale

5.3 Descriptive Statistics and Correlation Matrix for the Study Variables

Table 6 shows descriptive statistics for the variables in our conceptual model in relation to the restaurants studied. The table also shows correlations between the study variables.

Table 6: Descriptive Statistics and Correlation Matrix between the Variables in the Model for the Restaurants Studied; N = 312

Variable	Mean	Standard Deviation	Customer Satisfaction	Trust	Commitment	Customer Loyalty
Customer Satisfaction	2.68	0.38	(0.885)			
Trust	2.84	0.40	0.802**	(0.853)		
Commitment	2.47	0.41	0.394**	0.444**	(0.795)	
Customer Loyalty	2.64	0.43	0.634**	0.667**	0.692**	(0.875)

Note:

- ** Pearson's Correlation test (r) is statistically significant at the 0.01 level (2 tailed).
- The reliability coefficient (Cronbach's alpha) for each variable is shown along the diagonal in brackets and **bold** print.

5.4. Customer Satisfaction among the Restaurants

Descriptive statistics for customer satisfaction are given in Table 7. The statistics show some variations between the scale items on the customer satisfaction scale. Respondents were mostly satisfied with the convenient location of the restaurant, polite and patient employees and the comfort of the restaurant. In

contrast, they were least satisfied with the prices charged by the restaurant in comparison to similar restaurants. The majority of respondents (68.3%) disagreed that the kind of service provided by the restaurant was more than what they expected. Furthermore, the majority of the respondents (64.1%) agreed that based on all their experiences, they were satisfied with the restaurant they regularly went to.

Table 7: Customer Satisfaction among the Restaurants (N = 312)

Scale Item	Mean	Standard Deviation	Strongly Disagree	Disagree	Agree	Strongly Agree
I know whom to contact when I have a complaint*	2.59	0.89	40 (12.8%)	92 (29.5%)	135 (43.3%)	44 (14.1%)
Employees are knowledgeable about their work*	2.76	0.63	9 (2.9%)	81 (26%)	196 (62.8%)	25 (8%)
Employees clearly understand customer needs**	2.66	0.64	11 (3.5%)	99 (31.7%)	183 (58.7%)	17 (5.4%)
Employees are fast in handling customer complaints*****	2.59	0.72	12 (3.8%)	130 (41.7%)	133 (42.6%)	30 (9.6%)
Employees are polite and patient	3.16	0.63	6 (1.9%)	23 (7.4%)	197 (63.1%)	86 (27.6%)
I feel am paying a fair price for the service provided to me**	2.65	0.73	25 (8%)	80 (25.6%)	184 (59%)	21 (6.7%)
The kind of service provided is more than I expected****	2.17	0.61	26 (8.3%)	213 (68.3%)	59 (18.9%)	10 (3.2%)
This restaurant meets my expectations***	2.74	0.66	11 (3.5%)	84 (26.9%)	188 (60.3%)	26 (8.3%)
The last time I visited this restaurant, I was happy with the service provided to me	2.97	0.61	8 (2.6%)	38 (12.2%)	220 (70.5%)	46 (14.7%)
Compared to similar restaurants I have been to, I am more satisfied with this restaurant.	2.67	0.70	11 (3.5%)	113 (26.2%)	157 (50.3%)	31 (9.9%)
In general, am happy with this restaurant	2.98	0.61	9 (2.9%)	34 (10.9%)	224 (71.8%)	45 (14.4%)
Based on all my experience, I am satisfied with this restaurant	2.89	0.65	8 (2.6%)	61 (19.6%)	200 (64.1%)	43 (13.8%)
The restaurant charges lower prices in comparison to similar restaurants**	1.91	0.72	90 (28.8%)	164 (52.6%)	51 (16.3%)	5 (1.6%)
Employees don't make mistakes with my order**	2.66	0.68	19 (16.1%)	85 (27.2%)	189 (60.6%)	17 (5.4%)
The restaurant offers me a wider food variety***	2.52	0.69	19 (6.1%)	126 (40.4%)	148 (47.4%)	16 (5.1%)
The restaurant offers me more tasty meals***	2.77	0.59	5 (1.6%)	83 (26.6%)	199 (63.8%)	22 (7.1%)
The restaurant has more convenient opening hours*	2.89	0.62	10 (3.2%)	48 (15.4%)	219 (70.2%)	34 (10.9%)
Employees are more friendly**	2.59	0.70	20 (6.4%)	104 (33.3%)	168 (53.8%)	18 (5.8%)
Employees are more helpful***	2.64	0.66	18 (5.8%)	87 (27.9%)	191 (61.2%)	13 (4.2%)
Employees interact with me more frequently**	2.04	0.88	90 (28.8%)	164 (52.6%)	51 (16.3%)	5 (1.6%)
The location of the restaurant is more convenient*	3.26	0.76	10 (3.2%)	29 (9.3%)	141 (45.2%)	131 (42%)
The restaurant is more comfortable than similar restaurants*	2.96	0.72	12 (3.8%)	52 (16.7%)	185 (59.3%)	62 (19.9%)

Note: * Missing one response
 ** Missing two responses
 *** Missing three responses
 **** Missing four responses
 ***** Missing seven responses

5.5. The Effect of Customer Satisfaction on Trust

Customer satisfaction was positively, significantly and strongly related to trust among Ugandan restaurants (Table 6). Thus, **P1** is strongly supported. Our results further demonstrate that customer satisfaction was a significant predictor for trust as shown in Table 8. Customer satisfaction with the restaurant brand (Beta = 0.383; $p < 0.001$), customer satisfaction with the professionalism of employees (Beta = 0.369; $p < 0.001$) and customer satisfaction with comfort (Beta = 0.246; $p = 0.001$) are the underlying factors under customer satisfaction which contributed most to explaining the variance in trust. Customer satisfaction with the brand explained the highest variance in trust. Customer satisfaction with convenience and customer satisfaction with price were not significant predictors.

Table 8: The Effect of Customer Satisfaction on Trust among the Restaurants

Variable	Beta	t Value	P Value
Customer satisfaction	0.802	22.469	0.000***

*** $p < 0.001$

5.6. The Effect of Customer Satisfaction on Commitment

There was a positive, significant but moderately weak relationship between customer satisfaction and commitment among restaurants in Uganda (Table 6). Thus, **P2** is weakly supported. Regression results in Table 9 show that customer satisfaction was a significant predictor for commitment. Customer satisfaction with comfort (Beta = 0.425; $p < 0.001$) and customer satisfaction with the brand (Beta = 0.182; $p = 0.001$) are the underlying factors under customer satisfaction which contributed most to explaining the variance in customer commitment. Customer satisfaction with the professionalism of employees, customer satisfaction with convenience and customer satisfaction with price were not significant predictors.

Customer satisfaction with the comfort of the restaurant explained most of the variation in commitment to Ugandan restaurants. Infact, 53.8% of the respondents who filled in the questionnaire said that they would continue to have their meals from the restaurants they often go to because of the comfort of the restaurant. Based on the interviews we had with regular customers, restaurant comfort mainly comprised of a quiet atmosphere which enabled customers to have private and/or business discussions and central location which increased the accessibility of the restaurant and made it a convenient meeting place.

Both customer satisfaction with comfort (Beta = 0.372; $p < 0.001$) and customer satisfaction with the brand (Beta = 0.372; $p = 0.001$) significantly predicted emotional commitment. However, customer satisfaction with comfort explained more variance (24%) than customer satisfaction with the brand (12.4%). In addition, customer satisfaction with comfort (Beta = 0.268; $p < 0.001$) significantly predicted rational commitment. However, customer satisfaction with the brand was not a significant predictor.

Table 9: The Effect of Customer Satisfaction on Commitment among the Restaurants

Variable	Beta	t Value	P Value
Customer satisfaction	0.394	7.181	0.000***

*** $p < 0.001$

5.7. The Effect of Customer Satisfaction on Customer Loyalty

There was a positive, significant and strong relationship between customer satisfaction and customer loyalty among restaurants in Uganda (Table 6). Thus, **P3** is strongly supported. Regression results in Table 10 further show that customer satisfaction was a significant predictor of customer loyalty in Ugandan restaurants.

Table 10: The Effect of Customer Satisfaction on Customer Loyalty among the Restaurants

Variable	Beta	t Value	P Value
Customer satisfaction	0.634	13.569	0.000***

*** p < 0.001

Four out of the five factors under customer satisfaction significantly explained the variance in customer loyalty. These are restaurant brand which explained the highest variation (Beta = 0.292; p < 0.001) followed by comfort of the restaurant (Beta = 0.376; p < 0.001), then professionalism of employees (Beta = 0.133; p = 0.022) and lastly price (Beta = 0.117; p = 0.025). Convenience was not a significant predictor.

The results from the interviews indicate that restaurant comfort is one of the key drivers of customer loyalty among restaurants in Uganda. The following quote from one of the respondents illustrates this:

“Currently, what largely influences my choice to go there is their good ambience. The food they have is available in other restaurants but their ambience is good. They have expanded the restaurant and created different segments for different customers. However, the customer care is not good especially if you are a new customer”.

We further investigated the contribution of each of the satisfaction dimensions in explaining the variance in both dimensions of customer loyalty namely attitudinal loyalty and behavioral loyalty. Our findings show that restaurant brand (Beta = 0.514; p < 0.001), comfort of the restaurant (Beta = 0.290; p < 0.001) and price (Beta = 0.104; p = 0.032) significantly predicted attitudinal loyalty. Professionalism of employees and convenience were not significant predictors. In contrast, comfort of the restaurant (Beta = 0.376; p < 0.001) and professionalism of employees (Beta = 0.204; p < 0.001) significantly predicted behavioral loyalty. Restaurant brand, convenience and price were not significant predictors.

5.8. The Effect of Trust on Commitment

There was a positive, significant and moderate relationship between trust and commitment among restaurants in Uganda (Table 6). Thus, **P4** is moderately supported. Regression results in Table 11 also show that trust is a significant predictor of commitment. Both dimensions of trust significantly predicted a variance in trust. However, the credibility dimension (Beta = 0.278; p < 0.001) predicted a higher variance than the honesty dimension (Beta = 0.222; p = 0.001).

Table 11: The Effect of Trust on Commitment among the Restaurants

Variable	Beta	t Value	P Value
Trust	0.444	8.443	0.000***

*** p < 0.001

5.9. The Effect of Trust on Customer Loyalty

The relationship between trust and customer loyalty among restaurants in Uganda was found to be positive, significant and strong (Table 6). Thus, **P5** is strongly supported. Regression results in Table 12 show that trust was a significant predictor of customer loyalty in Ugandan restaurants. Both factors under trust significantly predicted the variance in customer loyalty. However, credibility (Beta = 0.473; p < 0.001) explained a higher variation than honesty (Beta = 0.266; p < 0.001). Both factors significantly predicted attitudinal loyalty. However, credibility (Beta = 0.571; p < 0.001) explained a higher variance in attitudinal loyalty than honesty (Beta = 0.216; p < 0.001). Similarly, both factors significantly predicted behavioral loyalty. However, credibility (Beta = 0.250; p < 0.001) explained a higher variance in behavioral loyalty than honesty (Beta = 0.222; p = 0.001).

Table 12: The Effect of Trust on Customer Loyalty among the Restaurants

Variable	Beta	t Value	P Value
Trust	0.667	15.021	0.000***

*** p < 0.001

5.10. The Effect of Commitment on Customer Loyalty

There was a positive, significant and strong relationship between commitment and customer loyalty among restaurants in Uganda (Table 6). Thus, **P6** is strongly supported. Regression results in Table 13 further show that commitment was a significant predictor of customer loyalty in Ugandan restaurants. Both factors under commitment significantly predicted the variance in customer loyalty. However, emotional commitment (Beta = 0.689; p < 0.001) explained a higher variation than rational commitment (Beta = 0.141; p = 0.001). Emotional commitment was the only significant predictor of attitudinal loyalty (Beta = 0.652; p < 0.001). Both emotional commitment and rational commitment were significant predictors of behavioral loyalty. However, emotional commitment (Beta = 0.519; p < 0.001) explained a higher variation than rational commitment (Beta = 0.335; p < 0.001).

Table 13: The Effect of Commitment on Customer Loyalty among the Restaurants

Variable	Beta	t Value	P Value
Commitment	0.692	16.143	0.000***

*** p < 0.001

5.11. Differences among the Restaurants Studied

ANOVA tests show that there were significant differences in customer satisfaction (p < 0.001), trust (p < 0.001), commitment (p = 0.032) and customer loyalty (p = 0.014) among the restaurants studied. Post Hoc multiple comparisons using Tukey tests show that in general, those restaurants whose RM practices customers were more satisfied with had higher levels of customer loyalty compared to those restaurants of which the RM practices customers were less satisfied with.

6. RESULTS FROM TRAVEL AGENCIES

This section of our paper focuses on the findings from the two travel agencies that we studied. The findings are a result of the responses that we obtained from 102 questionnaires out of the 133 that we distributed to the regular customers of the travel agencies. We begin by presenting the demographic characteristics of the respondents (Section 6.1). Then we discuss the factor analysis results of the variables in our conceptual model (Section 6.2) and the descriptive statistics and correlation matrix for the variables (Section 6.3). Later in the section, we focus on descriptive statistics for customer satisfaction which is one of the variables in our model (Section 6.4). Moreover, we analyze the relationship between customer satisfaction and the rest of our study variables (Sections 6.5, 6.6, 6.7, 6.8, 6.9, and 6.10). To conclude the section, we highlight the differences between the two travel agencies that we studied (Section 6.11).

6.1. Respondent Profile

The majority of respondents (55.9%) were female. The majority (48%) were in the 41-50 age group. 42.2% of respondents had obtained a degree and another 42.2% a Diploma. 53.9% were self employed. The majority of respondents (40.2%) had a monthly income of 2,000,000 Uganda Shillings and above (As at 10th October 2013, 1 Euro = 3,400 Uganda Shillings).

6.2. Factor Analysis

We conducted an exploratory factor analysis for all our variables of interest using principal component analysis as the extraction method and varimax with Kaiser Normalization as the rotation method. We extracted only factors which had eigenvalues greater than 1 as we considered these to be significant (Hair et al., 2006). We also considered only those variables that had factor loadings either higher than or equal to 0.55. Hair et al. (2006) suggest that the significant factor loadings for a sample size of 100 should be 0.55 and above.

6.2.1. Factor Solution for Customer Satisfaction

The initial factor analysis procedure for customer satisfaction yielded a six factor solution as shown in Table 14. However, the variables “Employees clearly understand my needs” and “Employees are more accurate with my ticket bookings” did not load onto any of the six factors. Both variables were therefore excluded from further analysis. After removing these variables, a revised factor solution was generated (Table 15). Five factors were extracted which we interpreted as Price, Flexibility, Agency Brand, Dependability and Employee Orientation to Customer Needs. However, because the reliability coefficients for dependability and employee orientation to customer needs were low, we excluded both factors from further analysis. The retained factors show good internal consistency. The KMO measure of sampling adequacy (KMO = 0.763) and Bartlett’s test of sphericity ($p < 0.001$) confirm that factor analysis was appropriate for customer satisfaction.

Table 14: Initial Factor Solution for Customer Satisfaction among the Travel Agencies; Note: ♦ Reversed scale

Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
The travel agency gives more price discounts	0.853					
The travel agency has more convenient opening hours	0.757					
Employees communicate new information about available ticket options	0.746					
The travel agency charges lower prices in comparison to similar travel agencies	0.680					
Employees communicate in a more timely manner	0.593					
The last time I bought a ticket from this travel agency, I was happy with the service provided to me		0.811				
In general, am happy with this travel agency		0.788				
Based on all my experience, I am satisfied with this travel agency		0.768				
This travel agency meets my expectations		0.594				
Employees are knowledgeable about their work		0.553				
Employees clearly understand my needs						
Employees are more flexible if I want to make any changes in the booking I have made			0.789			
Employees regularly communicate to me any changes in the bookings			0.672			
Employees are more helpful			0.662			
Employees are more friendly			0.650			
The kind of service provided is more than I expected				0.821		
I know whom to contact when I have a complaint				0.607		
The travel agency offers a wide variety of ticket options					0.759	
Compared to similar travel agencies I buy tickets from, I am more satisfied with this one					0.621	
Employees are more accurate with my ticket bookings						
Employees are polite and impatient♦						0.814
Employees are fast in handling my complaints♦						0.709
Percentage of variance explained	30.764	15.541	8.341	7.434	4.730	4.620
Cumulative percentage of variance explained	30.764	46.305	54.646	62.080	66.809	71.429

Table 15: Revised Factor Solution for Customer Satisfaction among the Travel Agencies

Variable	Price	Flexibility	Agency Brand	Dependability	Employee Orientation to Customer Needs
The travel agency gives more price discounts	0.859				
Employees communicate new information about available ticket options	0.770				
The travel agency has more convenient opening hours	0.712				
The travel agency charges lower prices in comparison to similar travel agencies	0.658				
Employees communicate in a more timely manner	0.654				
The travel agency offers a wide variety of ticket options		0.760			
Employees are more flexible if I want to make any changes in the booking I have made		0.751			
Compared to similar travel agencies I buy tickets from, I am more satisfied with this one		0.734			
Employees are more friendly		0.656			
Employees are more helpful		0.585			
Employees regularly communicate to me any changes in the bookings		0.578			
The last time I bought a ticket from this travel agency, I was happy with the service provided to me			0.806		
Based on all my experience, I am satisfied with this travel agency			0.788		
In general, am happy with this travel agency			0.778		
This travel agency meets my expectations			0.609		
The kind of service provided is more than I expected				0.806	
I know whom to contact when I have a complaint				0.649	
Employees are polite and patient♦					0.798
Employees are fast in handling my complaints♦					0.756
Percentage of variance explained	30.734	15.890	8.283	7.959	5.227
Cumulative percentage of variance explained	30.734	46.624	54.906	62.865	68.092
Cronbach's alpha	0.785	0.858	0.837	0.437	0.492

Notes: KMO measure of sampling adequacy = 0.763; Bartlett's Test of Sphericity, $p < 0.001$; ♦Reversed scale

6.2.2. Factor Solution for Trust

When the factor analysis procedure for trust was computed, only one factor was extracted. This factor explained 63.1% of the variance in trust. However, the solution could not be rotated. There was good internal consistency with a Cronbach's alpha value of 0.896.

6.2.3. Factor Solution for Commitment

Factor analysis for commitment yielded a two factor solution. We interpreted the factors as rational commitment and emotional commitment respectively as shown in Table 16. The two factors show good internal consistency. The KMO measure of sampling adequacy ($KMO = 0.806$) and Bartlett's test of sphericity ($p < 0.001$) confirm that factor analysis was appropriate for commitment.

Table 16: Factor Solution for Commitment among the Travel Agencies

Variable	Rational Commitment	Emotional Commitment
I would go through a lot of inconveniences if I decided to stop buying tickets from this travel agency	0.882	
I have few options to choose from if I do not buy tickets from this travel agency	0.801	
Even if this travel agency increased its price, I would still prefer to buy my tickets from it.	0.767	
I think that I cannot easily become attached to another travel agency as I am to this one♦	0.687	
I prefer to continue to buy tickets from this travel agency because I may not find a similar travel agency offering the same service	0.677	
I prefer this travel agency to others		0.876
I feel a strong attachment to this travel agency		0.802
I feel good about this travel agency		0.671
I feel emotionally attached to this travel agency		0.564
Percentage of variance explained	51.584	13.941
Cumulative percentage of variance explained	51.584	65.525
Cronbach's alpha	0.855	0.780

Notes: KMO measure of sampling adequacy = 0.806; Bartlett's Test of Sphericity, $p < 0.001$; ♦Reversed scale

6.2.4. Factor Solution for Customer Loyalty

Factor analysis for customer loyalty yielded a two factor solution. We interpreted the factors as behavioral loyalty and attitudinal loyalty respectively as shown in Table 17. The two factors show good internal consistency. The KMO measure of sampling adequacy (KMO = 0.874) and Bartlett's test of sphericity ($p < 0.001$) confirm that factor analysis was appropriate for customer loyalty.

Table 17: Factor Solution for Customer Loyalty among the Travel Agencies

Variable	Behavioral Loyalty	Attitudinal Loyalty
Every time I need to buy a ticket, I buy it from this travel agency.	0.920	
It is likely that I will continue to buy tickets from this travel agency in the future	0.795	
I really prefer that I continue to buy tickets from this travel agency	0.785	
Whenever I need to travel, I make this travel agency my first choice to buy a ticket	0.771	
It is rare that I wish to buy tickets from another travel agency.	0.746	
I usually talk positively about this travel agency to other people		0.924
I would definitely recommend this travel agency to my friends and relatives.		0.897
I would encourage my friends and relatives to buy their tickets from this travel agency		0.848
I do not have any regrets that I buy from this travel agency		0.670
Percentage of variance explained	61.844	13.932
Cumulative percentage of variance explained	61.844	75.776
Cronbach's alpha	0.892	0.911

Notes: KMO measure of sampling adequacy = 0.874; Bartlett's Test of Sphericity, $p < 0.001$

6.3. Descriptive Statistics and Correlation Matrix for the Study Variables

Table 18 shows descriptive statistics for the variables in our conceptual model in relation to the travel agencies studied. The table also shows correlations between the study variables.

Table 18: Descriptive Statistics and Correlation Matrix between the Variables in the Model for the Travel Agencies; N = 102

Variable	Mean	Standard Deviation	Customer Satisfaction	Trust	Commitment	Customer Loyalty
Customer Satisfaction	3.01	0.25	(0.861)			
Trust	3.09	0.30	0.725**	(0.896)		
Commitment	2.88	0.47	0.395**	0.064	(0.874)	
Customer Loyalty	3.08	0.34	0.722**	0.644**	0.380**	(0.926)

Note:

1. ** Pearson's correlation test (r) is statistically significant at the 0.01 level (2 tailed).
2. The reliability coefficient (Cronbach's alpha) for each variable is shown along the diagonal in brackets and **bold** print.

6.4. Customer Satisfaction among the Travel Agencies

Descriptive statistics for customer satisfaction among travel agencies in Uganda are given in Table 19. The statistics show some variations between the scale items on the customer satisfaction scale. Respondents were mostly satisfied with the politeness and patience of employees and the speed with which employees handle their complaints. In contrast, respondents were least satisfied with the prices charged by the travel agency in comparison to similar travel agencies. The majority of respondents (38.2%) disagreed that the kind of service provided by the travel agencies was more than expected. Furthermore, the majority of respondents (79.4%) agreed that based on all their experiences, they were satisfied with the travel agency they regularly dealt with.

Table 19: Customer Satisfaction among the Travel Agencies (N = 102)

Scale Item	Mean	Standard Deviation	Strongly Disagree	Disagree	Agree	Strongly Agree
I know whom to contact when I have a complaint	3.06	0.59	3 (2.9%)	6 (5.9%)	75 (73.5%)	18 (17.6%)
Employees are knowledgeable about their work	3.17	0.37	-	-	85 (83.3%)	17 (16.7%)
Employees clearly understand my needs*	3.07	0.51	1 (1%)	7 (6.9%)	77 (75.5%)	16 (15.7%)
Employees are fast in handling my complaints	3.84	0.46	1 (1%)	1 (1%)	11 (10.8%)	89 (87.3%)
Employees are polite and patient	3.93	0.29	-	1 (1%)	5 (4.9%)	96 (94.1%)
The kind of service provided is more than I expected**	1.89	0.82	37 (36.3%)	39 (38.2%)	22 (21.6%)	2 (2%)
This travel agency meets my expectations	2.97	0.46	-	12 (11.8%)	81 (79.4%)	9 (8.8%)
The last time I bought a ticket from this travel agency, I was happy with the service provided to me	3.16	0.42	-	2(2%)	82 (80.4%)	18 (17.6%)
Compared to similar travel agencies I buy tickets from, I am more satisfied with this one***	3.03	0.44	1 (%)	5 (4.9%)	83 (81.4%)	10 (9.8%)
In general, am happy with this travel agency	3.15	0.41	-	2 (2%)	83 (81.4%)	17 (16.7%)
Based on all my experience, I am satisfied with this travel agency*	3.16	0.42	-	2 (2%)	81 (79.4%)	18 (17.6%)
The travel agency charges lower prices in comparison to similar travel agencies**	2.13	0.77	21 (20.6%)	46 (45.1%)	32 (31.4%)	1 (1%)
The travel agency gives more price discounts**	2.72	0.68	9 (8.8%)	14 (13.7%)	73 (71.6%)	4 (3.9%)
Employees are more accurate with my ticket bookings*	3.02	0.42	1 (1%)	5 (4.9%)	86 (84.3%)	9 (8.8%)
The travel agency offers a wide variety of ticket options**	2.99	0.48	2 (2%)	6 (5.9%)	83 (81.4%)	9 (8.8%)
Employees are more flexible if I want to make any changes in the booking I have made**	3.08	0.46	1 (1%)	4 (3.9%)	81 (79.4%)	14 (13.7%)
Employees regularly communicate to me any changes in the bookings**	3.01	0.46	-	10 (9.8%)	79 (77.5%)	11 (10.8%)
Employees communicate new information about available ticket options**	2.72	0.65	6 (5.9%)	21 (20.6%)	68 (66.7%)	5 (4.9%)
Employees communicate in a more timely manner**	2.93	0.48	1 (1%)	12 (11.8%)	80 (78.4%)	7 (6.9%)
The travel agency has more convenient opening hours**	2.92	0.53	4 (3.9%)	6 (5.9%)	84 (82.4%)	6 (5.9%)
Employees are more friendly**	3.12	0.46	1 (1%)	2 (2%)	81 (79.4%)	16 (15.7%)
Employees are more helpful*	3.14	0.47	1 (1%)	2 (2%)	80 (78.4%)	18 (17.6%)

Note: * Missing one response
 ** Missing two responses
 *** Missing three responses

6.5. The Effect of Customer Satisfaction on Trust

There was a strong, significant and positive relationship between customer satisfaction and trust among travel agencies in Uganda (Table 18). Thus, **P1** is strongly supported. Regression results further demonstrate that customer satisfaction was a significant predictor for trust as shown in Table 20. Customer satisfaction with the travel agency brand (Beta = 0.602; $p < 0.001$) and customer satisfaction with flexibility (Beta = 0.370; $p < 0.001$) are the underlying factors under customer satisfaction which contributed most to explaining the variance in trust. Customer satisfaction with the agency brand explained a higher variance in trust than customer satisfaction with flexibility. Customer satisfaction with price was not a significant predictor. Based on the interviews we conducted, customers branded the travel agencies on the basis of having a good track record, consistency in solving customer problems and efficiency in making flight bookings.

Table 20: The Effect of Customer Satisfaction on Trust among the Travel Agencies

Variable	Beta	t value	P Value
Customer satisfaction	0.725	10.207	0.000***

*** p < 0.001

6.6. The Effect of Customer Satisfaction on Commitment

There was a positive, significant but moderately weak relationship between customer satisfaction and commitment among the travel agencies studied (Table 18). Thus, **P2** is weakly supported. Regression results in Table 21 show that customer satisfaction was a significant predictor for commitment. Customer satisfaction with price (Beta = 0.547; p < 0.001), customer satisfaction with the brand (Beta = -0.393; p < 0.001) and customer satisfaction with flexibility (Beta = 0.384; p < 0.001) all significantly contributed to explaining the variance in customer commitment. However, customer satisfaction with price explained the highest variance while customer satisfaction with flexibility explained the least variance.

Table 21: The Effect of Customer Satisfaction on Commitment among the Travel Agencies

Variable	Beta	t Value	P Value
Customer satisfaction	0.395	4.140	0.000***

*** p < 0.001

6.7. The Effect of Customer Satisfaction on Customer Loyalty

There was a positive, significant and strong relationship between customer satisfaction and customer loyalty among the travel agencies studied (Table 18). Thus, **P3** is strongly supported. Regression results in Table 22 further show that customer satisfaction was a significant predictor of customer loyalty among travel agencies in Uganda.

Flexibility was the only factor under customer satisfaction that significantly explained a variance in customer loyalty (Beta = 0.828; p < 0.001). Flexibility significantly predicted a higher variance in behavioral loyalty (Beta = 0.794; p < 0.001) than in attitudinal loyalty (Beta = 0.749; p < 0.001). Customer satisfaction with the agency brand and customer satisfaction with price were both not significant predictors of customer loyalty.

79.4% of the respondents who filled in the questionnaire said they would continue to buy tickets from the travel agency they regularly dealt with because of the flexible payment terms. Interview results show that customers of travel agencies in Uganda categorise a travel agency's flexibility in the following ways: being able to change clients' travel bookings without excessive additional charges, being able to make last minute bookings for clients and allowing clients to buy travel tickets on credit, e.g., allowing a customer to pay for the ticket after he has returned from his trip.

Table 22: The Effect of Customer Satisfaction on Customer Loyalty among the Travel Agencies

Variable	Beta	t Value	P Value
Customer satisfaction	0.722	10.114	0.000***

*** p < 0.001

6.8. The Effect of Trust on Commitment

Though the relationship between trust and commitment among the travel agencies studied was positive, it was not significant (Table 18). Thus **P4** is not supported.

6.9. The Effect of Trust on Customer Loyalty

The relationship between trust and customer loyalty was found to be positive, significant and strong (Table 18). Thus, **P5** is strongly supported. Regression results in Table 23 show that trust was a significant predictor of customer loyalty among travel agencies in Uganda. Trust significantly predicted a higher variance in attitudinal loyalty (Beta = 0.678; $p < 0.001$) than in behavioral loyalty (Beta = 0.520; $p < 0.001$). Interview results show that SME owner-managers of travel agencies in Uganda regard trust as important in building customer loyalty. The following quote from one of the SME owner-managers when she was asked why clients kept coming back to the travel agency further illustrates this point:

“We are trustworthy, e.g., when a customer cancels his ticket, we refund him without any problem after removing our charges”.

Table 23: The Effect of Trust on Customer Loyalty among the Travel Agencies

Variable	Beta	t Value	P Value
Trust	0.644	8.330	0.000***

*** $p < 0.001$

6.10. The Effect of Commitment on Customer Loyalty

There was a positive, significant but weak relationship between commitment and customer loyalty (Table 18). Thus, **P6** gets weak support. Regression results in Table 24 further show that commitment was a significant predictor of customer loyalty among travel agencies in Uganda. Emotional commitment was the only factor under commitment that significantly explained the variance in customer loyalty (Beta = 0.494; $p < 0.001$). Rational commitment was not a significant predictor. Emotional commitment significantly predicted both attitudinal loyalty (Beta = 0.315; $p = 0.001$) and behavioral loyalty (Beta = 0.595; $p < 0.001$). However, its contribution to explaining the variance was higher in behavioral loyalty than attitudinal loyalty.

From the interviews, we were able to establish that emotional commitment among customers of travel agencies was mainly driven by the following factors: good working relationship with the travel-agency employees, consistency in service delivery and being recognized as regular customers.

Table 24: The Effect of Commitment on Customer Loyalty among the Travel Agencies

Variable	Beta	t Value	P Value
Commitment	0.380	4.047	0.000***

*** $p < 0.001$ ***

6.11. Differences between the Travel Agencies Studied

T tests show that there were no significant differences in terms of customer satisfaction ($p = 0.469$), trust ($p = 0.216$) and customer loyalty ($p = 0.337$) between the two travel agencies. However, there were significant differences in commitment ($p = 0.014$) between the travel agencies. There was no evidence to suggest that the travel agency whose RM practices customers were more satisfied with had higher levels of customer loyalty.

7. DISCUSSION OF THE FINDINGS

Our results indicate a positive, significant relationship between customer satisfaction and trust in both SME sectors. These findings are similar to those of Choi et al. (2010) who found a positive, significant relationship between customer satisfaction and trust among online shopping customers. In both sectors, customer satisfaction had a positive, significant impact on trust. Furthermore, in both sectors, customer satisfaction with the SME brand had the highest impact on trust. Ganesan's (1994, p.9) study provides empirical evidence that suggests that "reputation for fairness" can increase trust in a long-term relationship. In this sense, a reputation for fairness can be paralleled to branding. Zontanos and Anderson's (2004) study also further confirms the findings from Ganesan's (1994) study. Customer satisfaction with flexibility is also a significant predictor of trust in travel agencies because by being flexible with a client's bookings and communicating to a client any changes concerning his travel bookings, a travel agency opens up lines of communication with the client. This signals openness and honesty in travel dealings. Communication is a critical ingredient for the development of trust (cf. Morgan and Hunt, 1994; Zontanos and Anderson, 2004). Our results indicate that in both sectors, customer satisfaction with the price is not a significant predictor of customer trust though Hogarth-Scott et al. (1996) and Obigbemi (2010) observed that it is an important issue for small businesses. One possible explanation could be that because most SMEs offer similar prices owing to the intensive competition they face in the sectors in which they operate, customers attach less value to price as they can obtain the same service elsewhere for a similar price.

The study also shows a positive link between customer satisfaction and commitment in both sectors and therefore supports the work of previous scholars (e.g., Oliver, 1999; Zulganef, 2006). In the restaurant sector, customer satisfaction with comfort and customer satisfaction with the restaurant brand contributed most to explaining the variance in commitment. The high contribution of comfort in explaining the variance in commitment could be attributed to the desire by Ugandan customers to stay longer in restaurants especially in the evenings and over the weekends. People tend to stay longer in a restaurant that is more comfortable than one which is not. Against this background, it is not surprising that customer satisfaction with comfort is critical in influencing customer commitment to the restaurant. Customer satisfaction with the brand also played a significant role in explaining commitment among restaurants in Uganda probably because of the poor service prevalent in many developing countries unlike in the western world where all SMEs usually meet the minimum acceptable standards. Customers in Uganda therefore feel "safer" to deal with a recognized brand than one which is not. In the travel-agency sector, all the identified factors under customer satisfaction namely price, agency brand, and flexibility significantly predicted commitment. However, customer satisfaction with price explained most of the variance in customer commitment. It is reasonable to expect clients to be more emotionally attached to a travel agency that offers them the best travel deals at the cheapest price in comparison to competitors.

We found that customer satisfaction has a positive, significant impact on customer loyalty among both SME sectors in Uganda thus empirically supporting the findings by De Wulf et al. (2001) and Prasad and Aryasri (2008). In the restaurant sector, restaurant brand, restaurant comfort, professionalism of employees, and price were the factors under customer satisfaction which significantly predicted customer loyalty, with the restaurant brand explaining the highest variation. The restaurant brand had the highest variance in customer loyalty because once customers are satisfied with the reputation of the restaurant, they wish to visit it again which may eventually lead to customer loyalty. In the travel-agency sector, flexibility was the only dimension of customer satisfaction that significantly explained the variance in customer loyalty. Clients of travel agencies are usually concerned about obtaining the best deal out of the available ticket options and this requires flexibility on the part of the travel agency. Thus, it should not be surprising that a travel agency that is considered to be flexible will attract customers back.

This study suggests a positive, significant relationship between trust and commitment among restaurants in Uganda. These findings are consistent with those of an old study by Geyskens et al. (1996) who found a positive association between trust and relationship commitment among channel partners. In this sector, trust had a significant impact on emotional commitment but not on rational commitment. This finding is quite similar to that by Geyskens et al. (1996) who in their study showed that trust has a stronger effect on affective commitment than calculative commitment. (In our study, emotional commitment was parallel to affective commitment and rational commitment was parallel to calculative commitment.) In the travel-agency sector, however, the relationship between trust and commitment was not significant. Though the finding is similar to that of Zulganef (2006) who also observed no significant support for this relationship on his study among credit card holders and supermarket cardholders, it is contrary to what we expected and contradicts many previous studies (e.g., Morgan and Hunt, 1994; Bowen and Shoemaker, 2003; De Wulf and Odekerken-Schröder, 2003) all of which established a strong relationship between trust and commitment. A possible explanation for this scenario could be that customers in this sector highly value integrity and will therefore readily become loyal to a travel agency they can trust without first having to become committed to its services.

We found trust to have a positive, significant impact on customer loyalty in both SME sectors in Uganda. This finding supports the work by Beatty et al. (1996) who found that customer loyalty emerged whenever customers perceived that there was trust in their relationship with the service provider. The finding is also similar to the work of Prasad and Aryasri (2008) who found trust to have a major influence on customer loyalty in the food and grocery sector in India.

We also found that in both sectors, trust significantly predicted a higher variance in attitudinal loyalty than behavioral loyalty. In the restaurant sector, both credibility and honesty significantly predicted attitudinal loyalty and behavioral loyalty. However, credibility explained a higher variation in both dimensions of loyalty than honesty. It was interesting to find that trust had a higher influence on customer loyalty in the travel-agency sector than in the restaurant sector. This could be because unlike in the restaurant sector, travelling involves a fortune and therefore honesty and reliability of the travel agency become critical in determining customer loyalty. Berry (1995) argues that when customers develop trust in the service provider based on previous experiences, they are likely to become loyal as this reduces their uncertainty and vulnerability.

We also found that commitment had a significant, positive impact on customer loyalty in both SME sectors. Thus our findings support the work of previous researchers (e.g., De Wulf et al., 2001; Bowen and Shoemaker, 2003; De Wulf and Odekerken-Schröder, 2003 and Prasad and Aryasri, 2008). The impact was higher in the restaurant sector than in the travel-agency sector. In the restaurant sector, emotional commitment explained a higher variation in customer loyalty than rational commitment. Consistent with the findings by Verhoef et al. (2002) and Mattila (2006), only emotional commitment significantly predicted a variance in attitudinal loyalty. Rational commitment did not significantly predict attitudinal loyalty probably because when customers are committed to a restaurant because of high switching costs, they do not feel obliged to recommend its services to their friends, relatives, colleagues, etc. Both dimensions of commitment significantly predicted a variance in behavioral loyalty in this sector. In the travel-agency sector, emotional commitment was the only factor under commitment that significantly predicted customer loyalty. Mattila's (2006) study highlighted the importance of affective commitment in securing consumer loyalty. Rational commitment was not a significant predictor of customer loyalty in this sector probably because customers in this sector do not face high switching costs. Emotional commitment significantly predicted a higher variance in behavioral loyalty than in attitudinal loyalty. We expect customers to continue dealing with a travel agency to which they feel emotionally attached. However, because of the intensive competition in this sector, we do not expect rational customers to continue dealing with a travel agency for lack of an alternative choice.

We found that in both sectors, customer loyalty could be achieved, not only through customer satisfaction, but also through trust and commitment. Yet, the pattern of customer loyalty for both sectors was different. In the restaurant sector, commitment explained the highest variance in customer loyalty followed by trust and then customer satisfaction. In the travel-agency sector, customer satisfaction explained the highest variance in customer loyalty followed by trust and then commitment.

8. CONCLUSIONS

In this research, we primarily sought to find out how SMEs in Uganda build and enhance long-term relationships with their clients. To achieve this goal, we examined whether relationships exist between customer satisfaction, trust, commitment and customer loyalty among SMEs operating in two service sectors in Uganda, namely the restaurant and travel-agency sectors. Moreover, we established whether there were significant differences in the way customer loyalty was achieved among SMEs operating in these sectors. In this section, we discuss both the theoretical and practical implications from this research (Sections 8.1 and 8.2 respectively), limitations of this research (Section 8.3), and future research (Section 8.4).

8.1 Theoretical Implications

The study has the following theoretical implications.

- 1) The study has identified those factors that are crucial to the development and sustainability of long-term relationships among SMEs in the service sector in Uganda. Thus, this research has contributed to available literature on the antecedents of customer loyalty among SMEs in the developing world.
- 2) Additionally, although several studies have been performed on RM, most of the studies have been executed on RM in the western world. Only a few studies have focused on RM in a non-western context (Yau et al., 2000). There are also few studies on the RM practices of small firms in developing countries (Hultman and Shaw, 2003; Harwood and Garry, 2006). Therefore, this research has contributed to academic literature that focuses on the RM practices of SMEs in a developing country with special attention to how the concepts of customer satisfaction, trust, and commitment interact with each other to create customer loyalty. This has helped to bridge the knowledge gap in this area and to provide a platform that future researchers can use to carry out related research in developing countries. It has also widened the academic debate on the suitability of using western RM models to plan for the RM practices of SMEs in the developing world.

8.2 Practical Implications

The study has the following practical implications.

- 1) Restaurant owner-managers should increase commitment for their services by increasing restaurant comfort, maintaining a good reputation for their services and carrying out refresher training courses in customer care to ensure that service staff have up-to-date knowledge about customer needs and that they take personal interest in customers' unique needs. According to Amato-McCoy (2008), employees who are poorly trained without adequate product knowledge are one of the major causes of negative customer experiences. Our findings suggest that most frontline employees did not have proper training in customer care. When employees are trained, they can perform simple acts like calling a regular customer by name or recognizing a regular customer, all of which can go a long way in creating a loyal customer.
- 2) Owner-managers of travel agencies should increase customer satisfaction and trust in their services by increasing flexibility with travel bookings, organising refresher training courses in

customer care for their staff, and maintaining a good reputation for their services by paying attention to the images they send out to their customers.

- 3) SME policy makers should recognize the differences that exist in the relationship-building processes of SMEs in the service sector and design suitable policies that can enable SME owner-managers operating in these sectors to achieve their objectives, for example, designing training programs that emphasize the role of trust and customer satisfaction in building customer loyalty in the case of the travel-agency sector and customer commitment in the case of the restaurant sector. This will increase the effectiveness of SME policy interventions and boost SME competitiveness.

8.3 Limitations of this research

Readers should bear in mind several limitations of this research. We mention three of them. Firstly, the study was limited to only SMEs operating in two sectors. Therefore, the results from the study may not be easily generalized to SMEs in other sectors. Any attempt to apply them to other service sectors other than the ones studied should therefore be done with caution. Secondly, only five restaurants and two travel agencies were studied. Thus care should be taken when generalising the results to other restaurants and travel agencies operating in Uganda. Thirdly, the nature of the sample in the travel-agency sector limits the generalizability of results in this sector. Because of the difficulty of reaching other types of respondents in this sector, the final sample mainly consisted of respondents who were self employed and therefore mainly travelled for business reasons. This means that the results from the study may not be easily generalised to customers who travel for other reasons, e.g., leisure, official and medical reasons.

8.4 Future research

Future research is needed to examine the relationship-building processes of SMEs operating in different service sectors other than the ones studied. This will help to validate the research model and possibly to identify new factors that can impact on the development and maintenance of long-term relationships among SMEs in Uganda. Furthermore, it would be useful to examine the constructs proposed in the research model from a longitudinal perspective in order to determine their influence on customer loyalty at different points in time. This will lead to further insights into the way SMEs in the service sector in Uganda build and enhance customer relationships. Further investigation is also required into the influence that RM practices can have on the behavior of different customer groups within the travel-agency sector. This will help to clarify those factors that are critical for each group to enter into a long-term relationship.

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