A CUSTOMER RETENTION FRAMEWORK FOR THE PORT OF NGQURA CONTAINER COMMODITY

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PORT ELIZABETH
DECLARATION

I, Chuma Myoli, hereby declare that:

- This work has not been previously submitted in full or partial fulfilment of the requirement or candidature of any degree;

- This treatise is being submitted in partial fulfilment of the requirements for the degree of Masters in Business Administration;

- This treatise is the result of my independent work and investigation, except where otherwise stated. All the sources used is documented in the attached reference list and duly acknowledged; and

- I hereby give consent for my treatise, if accepted, to be available as a library material and for interlibrary loan.

Chuma Myoli
December 2016
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ABSTRACT

The maritime sector plays an important role in economies across the globe. Ports in particular are the backbone of the economy of countries endowed with shorelines as they facilitate foreign trade through the importation and exportation of goods to and from their domestic markets. South Africa’s latest addition to its complimentary ports system, the Port of Ngqura, is positioned as a container transshipment hub and a gateway port to Africa with its world-class infrastructure and deep-water container berths at 18 metres, the deepest on the African continent.

Ports, whose main mandate is the container commodity, struggle to retain customers as the container industry is a fickle one. As a result, the retention of transshipment container cargo customers remain a challenge for ports. In recent years, ports have to compete more aggressively for their participation in major logistics networks and these days, the ports of the same region are increasingly competing with each other. There are clusters of ports with the same type of supply located within a region competing with other clusters of ports in other regions.

The main objective of this study was to propose a customer retention framework for the Port of Ngqura to be used as part of the marketing strategy to possibly retain customers, grow market share and to increase profits. The study focused on the effect of components such as value proposition, customer service quality, customer satisfaction, customer relationship management and customer loyalty on customer retention.

After the exercise of testing statistical reliability, the researcher established that the measuring instrument for the component of value proposition was deemed unreliable and therefore, does not necessarily lead to customer retention for the Port of Ngqura. Nunnally (1978) recommends that instruments used in basic research have reliability of 0.70 or higher. The Cronbach Alpha score for the value proposition measuring scale was 0.41, which is below the recommended 0.70. The measuring instruments of the remaining four components of customer service quality, customer satisfaction, customer relationship management and customer loyalty as influencers of customer
retention proved to be reliable due to the Cronbach Alpha score being above the recommended 0.70 for all four measuring instruments.

In conclusion, this study showed the importance of customer retention and more importantly, how the mentioned reliable four components affect customer retention at the Port of Ngqura. Recommendations were presented by the author on how to integrate the components of customer retention into a retention framework that can contribute to the profitability of the port.

The findings of this study led to the recommendation of the need for the Port of Ngqura to firstly, incorporate customer retention into overall marketing strategy and to thus be aggressive as customer relationship building is crucial in retaining customers and growing market share in today’s competitive port environment. Secondly, the port needs to segment its target customers, it is recommended that the target market be well defined, understood and segmented based on industry (shipping line, clearing and forwarding agency, fruit, automotive or wool) and amount of volumes and revenue brought to the Port of Ngqura. Thirdly, leadership involvement as at the strategic level of Transnet Group and Transnet National Ports Authority, executive leaders need to be involved in the implementation of customer retention for marketing of the port as they are the ones that have a high delegation of authority when it comes to decision making. It is also recommended that the measurement of success be clearly defined and linked to the objectives for the implementation of customer retention. The marketers and the Port of Ngqura, using customer relationship strategies, should devise ways of measuring loyalty to the port and the brand, the reputation of the port, service quality and customer satisfaction. Employee training is the most critical recommendation as they must be well trained and equipped to execute their duties, they must be knowledgeable about the maritime industry as well as the business of their customers, fully understand their customers’ needs and have customer empathy. Ports can also improve service quality by focusing on port and terminal efficiency by conducting benchmark studies with high ranked ports like the Port of Singapore as they are known for high levels of efficiency in the market. By improving service quality,
the port will improve customer satisfaction and achieve customer loyalty and ultimately, retention.

**Keywords:** Ports, Container Commodity, Customer Retention, Value Proposition, Customer Relationship Management, Customer Loyalty, Customer Satisfaction, Service Quality, Marketing Strategies.
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CHAPTER ONE
INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

In the 21st Century, globalisation has brought about increased levels of competition across most industries and the port industry is no exception (Song, 2013). In a competitive port environment, ports and policy makers need to understand the key factors influencing port users’ port choice and their decision-making process to stay ahead of the competition (Tongzo, 2002). It becomes crucial for ports to understand their customers’ needs, wants and expectations in order to develop and implement customer centric marketing strategies and customer retention activities.

Previous studies of marketing have pointed out the relationship between customer retention and growth of profits (Khatibi et al., 2002; Landrum and Prybutok, 2004; Wang et al., 2004). Within the marketing strategies deployed by businesses in their bid to gain market share and grow profits, there are various strategies that address customer retention, in the form of meeting customers’ needs through the provision of value propositions that are aligned to the needs of the customers. In service industries, businesses aim for high levels of service quality which is used to meet customers’ expectations as they seek to achieve customer satisfaction. Once customer satisfaction is achieved, customer relationship building strategies are implemented in order to achieve customer loyalty. Once customer retention is achieved, businesses can leverage off their competitive advantage in the market in order to grow market share and ultimately grow profits (Khatibi et al., 2002; Landrum and Prybutok, 2004; Wang et al., 2004). With regard to the maritime sector, coastal cities need harbours and container ports in order to facilitate trade and allow for the movement of final goods required for sales or components that will be used by the manufacturing industry in the production of final goods for consumers. Ports are thus key catalysts for the growth of a cities’ Gross Domestic Product (GDP). Focusing on South Africa, there are seven ports in total. Three of the seven ports are predominantly container ports with the Port of Ngqura (PoN) positioned as a world-class gateway port in order to be the preferred
container transshipment hub on the African continent and is marketed as such (Du Plessis, 2016).

The role played by marketing in influencing customer choices, in the form of cargo owners and shipping lines, is a critical one in today’s competitive container port environment. It requires ports to develop and implement holistic marketing strategies by not only focusing on attracting clients, but retaining them in the pursuit of gaining and maintaining a competitive advantage and achieving market share growth in the container industry (Isfahani, 2014).

This treatise is borne from the challenges experienced by the Port of Ngqura in retaining container customers in an increasingly competitive industry. The purpose of this treatise is to propose the development of a customer retention framework for the port to enhance its marketing strategy with an enabling tool for the port to retain its customers. This retention is critical for the South African complimentary port system and for the growth of the national economy.

Chapter 1 provides an overview of the problem identified by this treatise and further identifies the important questions that are expected to provide a solution to the main problem. Furthermore, it highlights the objectives of this study, its delimitation of the study and the significance of this study. The later part provides a brief description of how this study will be conducted, together with the assumptions made, followed by the outline of the study and concluding remarks. Figure 1.1 below provides a pictorial overview of the layout of the treatise and figure 1.2 depicts the layout of Chapter 1.

Figure 1.1: Layout of Treatise
For the purpose of this study, the researcher focuses on selected independent marketing components such as the value proposition, service quality, customer satisfaction, customer loyalty, customer relationship management that will form part of a customer retention framework that container ports should implement as a strategy to retain customers and grow volumes.
1.2 MAIN RESEARCH PROBLEM

The concept of relationship marketing is defined as the practice of attracting, maintaining and enhancing customer relationships (Battor, 2010). This study is built on theoretical contributions and academic literature of marketing scholars that suggest organisations that develop and effectively implement customer retention strategies are expected to produce outputs that match customer needs as they seek to build stronger relationships by customising products or services using their superior customer knowledge (Jayachandrun and Satish, 2009). Customer retention strategies are imperative as they offer organisations strategic benefits such as increased customer satisfaction and loyalty, better word-of-mouth marketing and higher market share and profits.

Developing a superior customer relationship management capability is expected to be one of the most important sources of superior performance in today’s competitive business environment and ports are not exempted (Battor, 2010). Whilst there is a considerable amount of literature on marketing theories and customer relationship management, there are research gaps that are identified in the area of the study of customer retention in ports. This study seeks to probe further into the research that analyses the ideal customer retention framework required to provide container ports with a competitive advantage and to probe further into literature addressing the factors determining the choice of container customers preferred port of call.

Since the operationalisation of the Port of Ngqura (PoN) in 2009, the Transnet Group has been able to attract the world’s top container customers for the Port of Ngqura, however, for the past two Transnet National Ports Authority (TNPA) financial years, the port has not been able to retain its container clients and as such, has experienced a declining growth rate with the TNPA 2014/2015 financial year producing a negative growth rate of -1.6% (Mkhontwana, 2015).

The PoN Marketing Strategy is aligned to the Transnet Corporate Plan, the TNPA National Corporate Plan and the Market Demand Strategy (MDS). The marketing function of attracting customers is largely the responsibility of the TNPA executives in the form of General Managers and Chief Executive (CE) and at a higher level, the
Transnet Group Executive Managers and the Transnet Group Chief Executive Officer (GCE). At port level, the marketing function of customer retention is performed, thus the topic of this treatise being “A Customer Retention Framework for the Container Commodity in the Port of Ngqura”.

Recent results from the TNPA Customer Satisfaction Index (CSI), service measurement scores are indicative of the negative growth rate and reveal that the Port of Ngqura has scored below the minimum accepted level of 6.53 (out of a highest mark of 10) on all five key drivers of overall operations and service delivery which are namely, Overall Operations and Service Delivery, Overall Infrastructure and Capacity, Overall Customer Relations and Communications, Overall Strategic Business Alignment and Planning and lastly, Overall Knowledge, Skills and Innovation (Kearns, 2016). The ideal score as identified by Transnet Group is a score of 8.29 per port per key driver for operations and service delivery.

For the marketing of container ports, the ideal situation would be for the port to achieve its vision of being a customer centric organisation by developing and implementing an effective customer retention framework that ensures an aligned value proposition with customer needs, high customer satisfaction levels, a CRM solution that achieves customer loyalty and growth of market share (Coetzee, 2015). It is important to have a framework of a container customer retention strategy because of the requirement of a strategic approach in the implementation of marketing strategy for the container port of Ngqura. This poses the main research problem for the study stated below:

Main research problem: The Port of Ngqura has struggled to retain container customers and as a result, has experienced a declining growth rate for the past two years (2014 and 2015).

1.3 RESEARCH QUESTIONS

Based on the main research problem, this study will develop a framework for the development of customer relationship strategies as part of the port’s marketing
strategy for the retention of customers and business growth. It will provide guidance to the Port of Ngqura in the effective development of a customer retention framework within its delegation of authority (DOA) so as to reverse the negative growth rate and declining volumes to a positive growth rate. This introduces the main research question of this study:

Main research question: **What components should a customer retention framework for the retention of container customers contain for the marketing strategy of the Port of Ngqura?**

In an attempt to answer the main research question, the following six secondary research questions have been identified and will be investigated:

1. Research Question one: What is the value proposition expected by the PoN customers?
2. Research Question two: What is service quality?
3. Research Question three: What is customer satisfaction?
4. Research Question four: What is customer loyalty?
5. Research Question five: How can ports use customer loyalty for effective customer retention in ports?
6. Research Question six: What are the components of a customer retention framework for container ports?

**1.4 RESEARCH OBJECTIVES**

The research objectives of this study are divided into the primary research objective and the secondary research objectives.

Primary research objective: **To develop customer retention framework for a marketing strategy to improve methods of retaining customers in the Port of Ngqura.**
To achieve the primary objective, the following six secondary research objectives have been identified:

- Research objective one: To understand how to align the PoN value proposition to customers’ expectations;
- Research objective two: To understand how the role played by service quality as a tool to achieve customer satisfaction;
- Research Objective three: To investigate and understand the role played by customer satisfaction on customer loyalty;
- Research Objective four: To understand the role played by customer loyalty on customer retention;
- Research objective five: To identify the methods of customer relationship management necessary for customer retention in container ports; and
- Research objective six: To develop a framework for the implementation of a customer retention strategy for the marketing of the Port of Ngqura.

Table 1.1 presents a consistency matrix that provides a link between the research questions, research objectives, chapter outline and deliverable for each chapter.

Table 1.1: Consistency Matrix

| Research Title: A Customer Retention Framework for the Container Commodity in the Port of Ngqura |
| Research objective: To identify the components that are needed for a customer retention framework for the retention of container customers for the marketing strategy of the Port of Ngqura. |

<table>
<thead>
<tr>
<th>Secondary research questions</th>
<th>Research objective</th>
<th>Chapter</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ</td>
<td>Question</td>
<td>Objective</td>
<td>Chapter(s)</td>
</tr>
<tr>
<td>----</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>RQ₁</td>
<td>What is the value proposition expected by the PoN customers?</td>
<td>To understand how to align the PoN value proposition to customers’ expectations.</td>
<td>Chapter 2: Literature Review and Chapter 4: Research Results.</td>
</tr>
<tr>
<td>RQ₂</td>
<td>What is service quality?</td>
<td>To understand how the role played by service quality as a tool to achieve customer satisfaction.</td>
<td>Chapter 2: Literature Review and Chapter 4: Research Results.</td>
</tr>
<tr>
<td>RQ₃</td>
<td>What is customer satisfaction?</td>
<td>To investigate and understand the role played by customer satisfaction on customer loyalty.</td>
<td>Chapter 2: Literature Review and Chapter 4: Research Results.</td>
</tr>
<tr>
<td>RQ₄</td>
<td>What is customer loyalty?</td>
<td>To understand the role played by customer loyalty on customer retention.</td>
<td>Chapter 2: Literature Review and Chapter 4: Research Results.</td>
</tr>
<tr>
<td>RQ₅</td>
<td>What components are needed for customer loyalty for the container customers at PoN?</td>
<td>To identify the components of customer relationship management necessary for customer retention in container ports through an empirical study.</td>
<td>Chapter 3: Research Methodology.</td>
</tr>
<tr>
<td>RQ₆</td>
<td>What are the components of a customer</td>
<td>To develop a conceptual framework for the</td>
<td>Chapter 2: Literature Review.</td>
</tr>
</tbody>
</table>
1.5 DELIMITATION OF THE RESEARCH

The scope of this study will be limited to the Port of Ngqura in Nelson Mandela Bay. With an estimated total cost of construction and operationalisation amounting to R12 billion to date and at a depth of 18 metres, the Port of Ngqura is the latest addition to South Africa’s complimentary port system with the purpose of positioning PoN as the premier container transshipment hub in the southern hemisphere.

The research will be limited to the Port of Ngqura’s customers. This indicates the empirical study that will be used to evaluate the conceptual framework will be based on respondents that are in the container commodity sector.

1.6 SIGNIFICANCE OF THE RESEARCH

This research aims to provide insight into the use of customer relationship building and customer retention strategies at container ports. Developing and implementing a superior customer retention strategy that creates and manages close customer relationships is expected to be one of the most important sources of superior performance and key differentiator between products or services in today’s highly competitive business environment (Battor, 2010).

Ports, whose main mandate is the container commodity, struggle to retain customers as the container industry is a fickle one. In recent years, ports have to compete more aggressively for their participation in major logistics networks and these days, the ports of the same region are increasingly competing with each other, there are clusters of
ports with the same type of supply and located within a region competing with other clusters of ports in other regions (Beizadea, 2010).

As much as South Africa offers a complimentary port system, in the Eastern Cape alone, there are three ports, all of which offer services for containers amongst other commodities. There is thus a possible threat of cannibalisation of PoN by the Port of Port Elizabeth (PoPE) and the Port of East London. There is also a threat of financial losses for PoN which could negatively affect the marketing mix element of “product” as it would retard and slow down port expansion and infrastructure plans as there will not be enough funding for capital expenditure. This will affect the marketing mix element of “Price” as existing customers would have to pay a higher tariff for services rendered. The element of “Promotion” would be negatively affected as there would not be enough funds for aggressive communication, which is vital for PoN as the port is at the growth stage of its product life cycle. Furthermore, the marketing mix element of “People” will also be adversely affected as loss of customers at PoN would mean that employees would not receive incentives performance bonuses, which will lead to a demotivated workforce and job losses (Maqhetuka, 2015). At the end of the day, the commercial success of the Port of Ngqura is vital in ensuring that the port remains a key contributor to the growth of the economy of Nelson Mandela Bay. Continued failure to retain customers in the fickle container industry will not only have a negative effect of the Eastern Cape, but that of the country in its entirety. There are benefits to be derived from the development and implementation of a sound and effective customer relationship strategy and this paper seeks to propose the study of such a framework.

This study is therefore significant and useful to the following stakeholders:

- Marketing personnel in container ports and the South African maritime industry alike;
- The attraction of customers is mostly within the higher level structures of TNPA and Transnet Group, with the port focussing on customer retention. If PoN were to satisfy its container customers and achieve client loyalty, it could possibly lead to word-of-mouth marketing as a tool for the port to attract its own clients;
- The port is a crucial player in logistic chain of auto manufacturers and a thriving healthy port will enable an efficient and auto manufacturing sector; and
- As a basis for the development of a marketing framework for the retention of customers for other industries, where applicable.

1.7 RESEARCH METHODOLOGY

A conceptual customer retention framework will be developed and proposed for the development of a marketing strategy for the Port of Ngqura by this study. This will be based on a review of the literature on ports in the 21st century, the South African complimentary ports system, the value proposition, the importance of a high level of service quality, customer satisfaction, customer loyalty, customer relationship management and the components of a customer retention strategy framework required to retain container customers at the Port of Ngqura. Thereafter, Chapter 3 will provide the research methodology and data collection methods will be discussed which will further elaborate on the research philosophy, design, approach and strategy of this study, the conceptual framework will also be tested in Chapter 3. Chapter 4 will provide for the discussion of the research results and Chapter 5 will include the recommendations and the conclusion of this study.

The method of data collection to be used will be that of quantitative research and a sample size of 70 people, out of a population of 203 people, will be used. A questionnaire will be developed and presented to a qualified statistician to ensure correct structuring of questions. The measuring self-constructed instruments addressed by the questionnaire include the following:

- Demographics;
- The value proposition required by the container industry customers;
- The levels of service quality;
- The levels of customer satisfaction;
- The levels of customer loyalty; and
- Relationship building initiatives and strategies to be used by container ports.
The questionnaire will be printed and hand delivered to the various customers that form part of the sample. The data will be captured by the researcher and descriptive and inferential statistical techniques will be used to analyse the collected data. Based on the results, recommendations will be made and the proposed framework will be provided.

1.8 ASSUMPTIONS

It is assumed that there is sufficient literature on port marketing to conduct a study on the development of customer retention strategies for container ports. Furthermore, it is also assumed that the TNPA executive marketing personnel know how to attract customers but may not know which strategies to deploy in order to retain them. Assumptions were also made that a framework can be developed based on the study of the literature on container port marketing and relevant case study. It is also assumed that the outcome of this study can be used by container ports for effective development and implementation of a marketing strategy for customer retention.

1.9 OUTLINE OF THE STUDY

The study will be divided into five chapters.

- Chapter 1: outlines the scope of the study, problem statement, research objectives, the research methodology and the measuring instruments and assumptions;
- Chapter 2: compromises a literature review on the role of ports in the 21st century, a comparison with a leading container port in the industry, value propositions, service quality, customer satisfaction, customer loyalty, customer relationship management and a customer retention framework;
- Chapter 3: The research methodology and data collection will be discussed;
- Chapter 4: The empirical results of the study will be interpreted, discussed and summarised; their implications will be provided; and
- Chapter 5: The researcher’s conclusions and recommendation forthcoming from the study will be discussed.
1.10 SUMMARY

In this chapter, the researcher provides an overview of this study, the questions that this study seeks to answer and the objectives that it seeks to achieve. It highlights the challenges that are faced by the container port of Ngqura in particular on retaining its customers. A brief description of the research methodology to be used is discussed in this chapter and finally, it provides the significance and delamination of this study.

In the following chapter, an overview of the related literature will be discussed. It will focus on the role of ports in today’s business environment, the use of the value proposition, service quality, customer satisfaction, customer loyalty, customer relationship management and the components of a customer retention strategy framework for container ports.
CHAPTER TWO
AN OVERVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

An overview of this study in its entirety is provided in chapter one. It takes the form of a highlight of the research problem, research questions, research objectives, delimitation of the research, significance of the research, research methodology and assumptions, together with the outline of the study and the summary which is at the end the chapter.

Globalisation, innovation and technological developments in the maritime transport sector have repercussions for ports all over the world. The latest surge of innovations has especially increased the level of competition in container ports (Pando, 2006). Increases in competition in the 21st century combined with growth in private initiatives, highlight the critical need for marketing tools. Excellent service quality, value propositions that meet customer requirements and maintaining a competitive advantage through effective customer retention strategies are crucial for businesses to grow market share and profits (Mathews, 2006).

The objective of this chapter is to provide a literature review for this study by examining related marketing theory and literature that is necessary for the development of a customer retention framework for container customers in order to improve and grow the profits and market share for the Port of Ngqura. To achieve this, chapter two will be divided into six main sections. The first section will provide an overview of ports in the 21st century, the role played by Port Authorities which will be followed by a discussion on the national and domestic port system. This context will give the reader a full understanding of the competitive environment faced by container ports globally and locally alike. Section two will provide insight into the marketing of ports and will conclude with a focus on the requirements for the Port of Ngqura in achieving a competitive advantage in the container sector. This is followed by section three and four which will discuss customer satisfaction and customer loyalty respectively. Section five reviews customer retention strategies in the form of Customer
Relationship Management. Section six addresses the proposed customer retention framework for the Port of Ngqura with the chapter ending with concluding remarks. Figure 2.1 provides a layout of the treatise and figure 2.2 provides a layout of Chapter 2 with the flow and connection between the topics of this chapter.

Figure 2.1: Layout of Treatise

Figure 2.2: Layout of Chapter Two

2.1 INTRODUCTION

2.2 PORTS IN THE 21ST CENTURY

2.3 MARKETING of PORTS

2.4 CUSTOMER SATISFACTION

2.5 CUSTOMER LOYALTY

2.6 CUSTOMER RELATIONSHIP MANAGEMENT

2.6 CUSTOMER RETENTION IN CONTAINER PORTS

2.8 CUSTOMER RETENTION FRAMEWORK

2.9 SUMMARY
2.2 PORTS IN THE 21ST CENTURY

Ports and port services exist because raw materials and finished goods need to be transported to reach their final markets. The port product and services are used as interim stages within a supply chain that delivers what is actually wanted by the end consumer (De Martino et al., 2013). These chains constitute a network of organisations engaged in mutual activities which produce value adding services directed to the benefit of the end-consumer. Therefore, ports are not terminal destinations, but rather nodes in a value chain that unite the various stages of the transportation procedure. For ports to be successful, there must be robust interaction among key market players such as shipping lines, cargo owners, port terminal operators, port authorities and governing organisations which all have different roles and interests (Mkhontwana, 2015).

In the 21st century, the modern port environment is characterised by the impressive development of logistics chains, horizontal and vertical integration among key market players and a constant struggle for sustainable competitive advantage (De Martino et al., 2013). It is the interaction among these players that will finally set the tune for the operation of port enterprises and formulate the overall perception of a port’s image to its customers (Pando, 2006). The competitive climate of ports has been dramatically intensified by containerisation with larger ports struggling to keep their main-port status.

The growing competition between ports along with institutional pressures add to the tendency of Port Authorities to pursue more ambitious objectives and strategies. Scholars observe a renaissance of port authorities (Verhoeven, 2010; 2015) that go beyond the landlord functions, marketing is part of these beyond the landlord functions.

The following sub-sections will investigate the role of the port authority and the South African port system, after which the focus will be on the Port of Ngqura. This section will conclude with the requirements for marketing in the competitive container ports industry.
2.2.1 Role of the Port Authority

Ports have a significant role in today’s business network environment as they are regarded as hubs that are part of various logistics systems (Hoffmann, 2001). Port authorities and port management objectives are significantly economic. The current market dynamics force port management to re-assess their role and related governance structures. According to Baird (2002), the main roles that are played by port authorities should be as follows:

- Creation of infrastructure;
- Enhance trade facilitation;
- Finance terminals;
- Landlord;
- Monitoring efficiency;
- Planning and marketing;
- Provision of fair competition/pricing;
- Reflect a regional as opposed to local viewpoint; and
- Regulation and safety.

Traditionally and historically, ports were commonly run as fully public owned entities. However, in recent years, the world has witnessed more ports being privatised. The main motivation of the privatisation of ports is to increase efficiency and consequently lower port costs, expand trade, to obtain management expertise, increase the speed of developing terminals, increase port revenue and reduce the cost of investment to the public sector (Stevens and Goss, 2001). As much as there are benefits to privatisation, ports also need to consider the following disadvantages as mentioned by Baird (2002):

- Decreased income for the state;
- Difficulties in operator selection;
- Lengthy process for securing concessions;
- Loss of control for the state; and
- Political and commercial ambiguity.
The popular methods of privatisation are by way of terminal concessions and leasehold arrangements which are the most commonly used by ports (Blanco and Labajos, 2004). Port Authorities and governments are faced with having to make the important decision of whether or not to nationalise port authorities and privatise ports through terminal concessions (which is what top ranked ports such as the port of Rotterdam, Antwerp and ports in China are doing) in order to be flexible, agile, respond to market requests timeously and remain competitive.

2.2.2 The South African Port System

In South Africa, the National Ports Authority (TPNA) is responsible for the safe, effective and efficient economic functioning of the national port system, which it manages in a landlord capacity. It provides port infrastructure and marine services at the eight commercial seaports in South Africa (De Plessis, 2016).

TNPA’s services are mainly targeted at port users (which include terminal operators, shipping lines, ship agents, cargo owners and clearing and forwarding agents). As such, it manages the eight commercial seaports along South Africa’s 2,954 km coastline. These ports are namely Ports of Cape Town, Durban, East London, Mossel Bay, Ngqura, Port Elizabeth, Richards Bay and Saldanha (Zwane, 2002). TNPA’s service offering is mainly divided in two categories, firstly the provision of port infrastructure and secondly, the provision of maritime services. Port infrastructure is provided in the five commodity sectors of containers, dry bulk, liquid bulk, break bulk and the automotive sector. Maritime services include dredging, aids to navigation, ship repairs and marine operations. (Mkhontwana, 2015). Figure 2.3 below depicts a map of South Africa’s complimentary port system.
South Africa has a competitive container ports industry and in the S.A port system, out of the five container ports of Durban, Cape Town, Ngqura, Port Elizabeth and East London, the statistics show that the Port of Durban is the port most used by shipping lines. Table 2.1 below depicts South African Ports top five container ports.

Table 2.1: South Africa’s Top Five Container Ports

<table>
<thead>
<tr>
<th>RANK</th>
<th>PORT</th>
<th>VOLUME (Thousand TEU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Durban</td>
<td>2757474</td>
</tr>
<tr>
<td>2</td>
<td>Cape Town</td>
<td>911124</td>
</tr>
<tr>
<td>3</td>
<td>Ngqura</td>
<td>699928</td>
</tr>
<tr>
<td>4</td>
<td>Port Elizabeth</td>
<td>265271</td>
</tr>
<tr>
<td>5</td>
<td>East London</td>
<td>52002</td>
</tr>
</tbody>
</table>

Source: www.transnet.net (2016)

2.2.3 The Port of Ngqura

The construction of the first phase of the Port of Ngqura, a green-fields project, started in September 2002. The Port of Ngqura is a deep-water transshipment hub offering an integrated port service for containers on transit to global market and within the Sub-Saharan Africa region (Du Plessis, 2016). With an estimated total cost of R12 billion
to date and at a depth of 18 metres, the Port of Ngqura is the latest addition to the complimentary port system and forms part of the Coega Industrial Development Zone but is under the jurisdiction of Transnet National Ports Authority. PoN also services the industrial bulk commodity requirements of the regional and national hinterland. Containers handled include imports and exports from across the globe as well as trans-shipment cargoes serving primarily East and West coast traffic as well as inter-line traffic from South America to Asia (Mkhontwana, 2015).

The Port of Ngqura has a total land area of 1 254 hectares and was designed to initially offer a seven-berth model - four for containers, and three for dry, liquid and break – bulk. The Container Terminal has a current capacity design capacity of 2.8 million Twenty-Foot Equivalent Units (TEU’s) for four berths. The container terminal has been designed for the operation of heavy container handling equipment, such as tuber-tyre gantries (RTGs) and reach stackers. Since becoming operational in 2009, the port has surpassed many expectations and it is through its milestones that it was profiled as the fastest growing port in the country, Africa and in the world as reported by the Drewry consultants in the 2012/13 annual report (Mkhontwana, 2015).

With regard to the port’s main customers, the PoN comprises 203 customers, with the top 24 customers contributing to 80% of the port’s total revenue (Coetzee, 2016). Figure 2.4 below depicts the industries the ports clients represent and their share in the port’s total revenue.
Since the operationalisation of PoN in 2009, Transnet Group has been able to attract the world’s top container customers for the Port of Ngqura, however, for the past two TNPA financial years (2013/2014 and 2015/2016), the port has not been able to retain its container clients and as such, has experienced a declining growth rate with the TNPA 2014/2015 financial year producing a negative growth rate of -1.6% (Coetzee, 2016). This is depicted in Figure 2.4 below.

Source: TNPA Annual Financial Statistics (2016)

Figure 2.4: Port of Ngqura Revenue Percentage Contribution per Industry

Source: Coetzee (2016)
The PoN Marketing Strategy is aligned to the Transnet Corporate Plan, the TNPA National Corporate Plan and the Market Demand Strategy (MDS). The marketing function of the attraction of customers is largely the responsibility of the TNPA Executives in the form of General Managers and the CEO and at a higher level, the Transnet Group Executives and CEO. The marketing function of customer retention is performed at port level. The port, with the existence of a port marketing strategy, currently finds itself in a situation whereby it is struggling to retain its clients (Coetzee, 2016).

For the marketing of container ports, the ideal situation would be for the port to achieve its vision of being a customer centric organisation by developing and implementing an effective customer retention strategy. The section below will focus on the practice of marketing in ports.

2.3 MARKETING IN PORTS

Over the years, there have been numerous definitions of marketing. The spirit of marketing, then, tends to centre foremost on finding and fulfilling consumer and other constituent needs through suitable service or product offerings and the development of mutually beneficial exchange relationships between the offering organisation and its individual or organisational clientele (Hermann and Heitmann, 2003). Marketing relationships can be said to exist between sponsors and members of friendship and family circles, clubs, associations, churches and between government and citizens, or between corporations and their suppliers and customers. Marketing functions thus drive all other organisational, administrative and managerial functions including the development of policies and plans, organisational structures, funding and budgeting, human and technological resource development, the formulation of managerial strategies and tactics, monitoring and control, public social and environmental accountability. Through a focus on constituency needs and mutually beneficial exchange relations, marketing provides the context and rationale for an organisation’s existence and its modus operandi (Harmon and Heitmann, 2003). It is critical for all Industries and businesses that are active in today’s competitive market place to make
use of marketing strategies in order to survive and thrive. Ports are no exception (Coetzee, 2016).

Contrary to the wealth of studies and publications in most industries and markets, there are relatively few cases where port marketing is actually defined or examined in line with the developments of marketing theory in other fields of economic activity.

The expansion of the role of the private sector in port activities has forced ports to become more market-oriented, more innovative and more responsive to the needs of all actors involved in the trades which pass through the port. Seaport managing bodies have to play an active role in the marketing sense (in encouraging shipping lines and cargo owners to use the port), in contributing to efficient supply chains and in enabling trade and regional development (Min Ju Bae et al., 2013).

Despite the gradually advancing interest in port marketing over the last decade, developments in marketing thinking are not well articulated in the port marketing literature. Approaches to port marketing are fragmented and do not offer a comprehensive and holistic approach to the importance of marketing strategies and policies within the context of the modern port market (Pando, 2006).

Although academic research has somehow been left behind in the area of port marketing, the industry is moving ahead, employing text-book marketing strategies previously developed in other disciplines. Port enterprises need to adopt the kind of competitive strategies that will support or ideally secure their position within the competing transport chain networks (Pando, 2006). Marketing is recognised as a core function of seaport management and scholars have emphasised its positive impact on Port Authorities cash flow, profits, production levels, market share and overall image (Cahoon and Hecker, 2005; Pando et al., 2006; Cahoon and Nootboom, 2008).

The following sub sections discuss the competition in international container ports and the relevance of the marketing mix in retaining clients in container ports in the 21st century. This will be followed by a section on the value proposition in container ports, the literature about the dependant variables of customer satisfaction, customer loyalty,
customer relationship building strategies and the independent variable of customer retention, after which the customer retention framework for the Port of Ngqura will be suggested at the end of this chapter.

### 2.3.1 Competition in the International Container Ports Industry

The global market place, with powerful and relatively footloose players, extensive business networks and complex logistics systems, has a dramatic impact on ports. Port Authorities and port management teams whose objectives are significantly economic, are forced to re-assess their role and specify competencies that should lead to competitive advantage and should position the port for growth (Notteboom, 2007).

In order to respond to the requirements of trade and international supply chains, ports need to accommodate and handle more and larger ships and hinterland transport modes faster (De Martino et al., 2013). Service expectation of customers is moving towards a push for higher flexibility, reliability and precision (Notteboom, 2007). There is a growing demand from the customer for make-to-order or customised products, delivered at maximum speed, with supreme delivery reliability, at the lowest possible costs. The focus for ports is on supply chain excellence, with superior customer service and lowest cost to serve (De Martino, et al., 2013). In the old port model, neighbouring ports of comparable size competed for cargo to and from shared hinterland. However, changes in shipping liner service networks and larger ships have forced previously non-competing ports into head-to-head competition (Notteboom, 2007).

Against this background, port competition has become a complex and multifaceted concept. The competitive position of a port is thus dependent on its administrative structure, the commercial attitude and mentality of employees amongst other things. Port economics has indeed become more a matter of management style. Major port clients concentrate their service packages not on the port’s sea-to land interface, but on the quality and reliability of the entire logistics chain. Capturing and keeping important footloose clients on a sustainable basis requires integrated services
characterised by a high level of reliability and flexibility and short time-to-market (Notteboom, 2007).

A review of the top container performers in terms of market share, reveals that none of the South African ports feature in the world’s top 20 container ports. After Asia, Europe features the second most important container port system in the world in throughput terms. Close to 50 European container ports have regular intercontinental services to the rest of the world, while another 80 to 90 (smaller) container ports play a more regional intra-European role (Mkhontwana, 2015). Table 2.2 below depicts the world’s top 20 container ports.

Table 2.2: A Table of the World’s Top 20 Container Ports

<table>
<thead>
<tr>
<th>RANK</th>
<th>PORT</th>
<th>VOLUME (MILLION TEU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shanghai, China</td>
<td>33.62</td>
</tr>
<tr>
<td>2</td>
<td>Singapore</td>
<td>32.6</td>
</tr>
<tr>
<td>3</td>
<td>Shenzhen, China</td>
<td>23.28</td>
</tr>
<tr>
<td>4</td>
<td>Hong Kong, China</td>
<td>22.35</td>
</tr>
<tr>
<td>5</td>
<td>Busan, South Korea</td>
<td>17.69</td>
</tr>
<tr>
<td>6</td>
<td>Ningbo, China</td>
<td>17.33</td>
</tr>
<tr>
<td>7</td>
<td>Qingdao, China</td>
<td>15.52</td>
</tr>
<tr>
<td>8</td>
<td>Guangzhou, China</td>
<td>15.31</td>
</tr>
<tr>
<td>9</td>
<td>Jebel Ali, Dubai</td>
<td>13.64</td>
</tr>
<tr>
<td>10</td>
<td>Tianjin, China</td>
<td>13.01</td>
</tr>
<tr>
<td>11</td>
<td>Rotterdam</td>
<td>11.62</td>
</tr>
<tr>
<td>12</td>
<td>Dalian, China</td>
<td>10.86</td>
</tr>
<tr>
<td>13</td>
<td>Kelang, Malaysia</td>
<td>10.35</td>
</tr>
<tr>
<td>14</td>
<td>Kaohsiung, Taiwan</td>
<td>9.94</td>
</tr>
<tr>
<td>15</td>
<td>Hamburg, Germany</td>
<td>9.3</td>
</tr>
<tr>
<td>16</td>
<td>Antwerp, Belgium</td>
<td>8.59</td>
</tr>
<tr>
<td>17</td>
<td>Keihin ports, Japan</td>
<td>8.37</td>
</tr>
<tr>
<td>18</td>
<td>Xiamen, China</td>
<td>8.01</td>
</tr>
<tr>
<td>19</td>
<td>Los Angeles, U.S.A</td>
<td>7.87</td>
</tr>
<tr>
<td>20</td>
<td>Tanjung, Malaysia</td>
<td>7.63</td>
</tr>
</tbody>
</table>


As depicted in table 2.2 above, the world’s top 20 container ports are dominated by ports in Asia, specifically China, followed by European ports. The competition between
the top 20 container ports is hotly contested with the ports’ container volumes figures being close to each other.

Notteboom and Winkelmans (2001) say that the overall transport service, competitiveness (port operations and commercial activities such as price), climatic conditions, geographic location and the range of port facilities available to shippers and carriers, the value proposition and high service quality are important factors determining the port of choice by customers. Essentially, this makes the elements of the marketing mix, customer relationship management and customer retention strategies crucial to lock container customers to a specific port over long periods of time (Mkhontwana, 2015).

2.3.2 Comparison between the Port of Salalah and the Port of Ngqura

A high level desk top comparison was completed between the Port of Ngqura and the container sector of the Port of Salalah (PoS). The Port of Salalah, situated in Oman, is the port most similar to PoN in terms of governance, commodities going through the port, services, assets, infrastructure and geographic location. The container terminal of Salalah is currently outperforming South Africa’s biggest container terminals of Durban and that of Ngqura as it appears in position number 41 in the Lloyd’s shipping report of the top 50 container ports in the world. Their success is attributed to many things including the quality of service, container terminal efficiencies’ and facilities such as the Salalah Free Trade Zone.

Looking at the afore mentioned factors that determine port of choice for shipping lines, the strategic and favourable geographic location of the PoS plays a major role in its success and better container volume throughput than PoN.

Below is a list of value added services that PoS has that the PoN does not offer the market:

- 24 hours Container Freight Stuffing activities;
- Container maintenance and repair;
Free Zone benefits;
Part ownership and management by APM Terminals or any other private sector company, thus rendering PoN a fully public enterprise missing out on the benefits of privitisation discussed earlier in this chapter;
Permanent bunkering facilities;
Professional workforce delivering high productivity; and
US Free Trade Agreement (FTA).

If PoN were to include some of these added benefits to extra value added benefits and services that PoS has, there would be a possibility of retaining some of their container clients (Mkhontwana, 2015).

2.3.3 Use of Value Proposition

There is a growing interest in value-based/value focussed strategies in recent years. This interest is triggered by the belief that managing organisations from this perspective will increase the likelihood of success (Salem, 2004) Over the past 20 years, the term value proposition has been increasingly used in both academic and practitioner settings (Ballantyne et al., 2011). It has been clear for some time that the historical emphasis on a goods dominant logic, associated with the managerial marketing mix, limits the potential for creating loyalty and understanding the lifetime relationship value of a customer (Ballantyne et al., 2011). In todays’ competitive environment, understanding customers businesses and requirements and the creation of a value proposition by companies becomes critical in attracting and retaining customers. Customer value proposition has become one of the most widely used terms in business markets in recent years.

The competitive advantage of successful businesses is often explained with a logic wherein service quality contributes to customer value, resulting in increased satisfaction and behavioural intentions, eventually creating loyalty that manifests itself in enhanced profitability (Kuusela, et al., 2007). Of these concepts, customer value is by definition customer centric, but it also can be formulated as a proposition capturing the essentials of the company’s offering. From the customers perspective, customer
value can be seen as a more personal and holistic view on quality: it is a subjective assessment of both positive and negative consequences of using a product or a service, the ultimate reason that people buy what they buy. From the company’s perspective, these buying motives should be captured in a customer value proposition, making it a strategic priority issue in areas such as segmentation, service development and marketing communications. Hence, customer value links the customer rand and the company in a way that makes the concept especially appealing in the context of understanding the success of best practice companies (Kuusela et al., 2007). Much of customer value results from well-designed customer experiences and the best companies are able to orchestrate customer experiences that provide customer value complementing their core offering (Lush and Vargo, 2008).

In order to create a competitive advantage, a port’s customer value proposition should increase the benefits and/or decrease the sacrifices that customer perceives as relevant, build on competencies and resources that the port is able to use more effectively than its competitors and be recognisably different from competition (Mkhontwana, 2016). By adopting a market-driven approach, port authorities have to provide various marketing solutions for each stakeholder in the port community. Port marketing can be considered as the process of defining, developing, and delivering a superior value to stakeholders. Port authorities marketing actions are related to the following marketing processes:

- To define the value (e.g. identifying the needs and positioning the offers);
- To provide the value (e.g. products/services development, defining the price, selecting and chose the distribution channels); and
- To communicate the value.

According to marketing literature (Lush, 2008 and Payne and Frow, 2011), the stakeholder value proposition is considered as the offering platforms defined by port authorities to create value-and/or co-create value with the internal and external customers-within the port community systems. Port Authorities’ marketing managers define their value proposition to create superior experiences for their targets and to manage sustainable marketing relationships. Marketing efforts may be devoted to
several actions to achieve competitive advantage and superior performance. Port Authorities offering includes several technical, economic and/or social benefits that provide value to the port stakeholders, based on competitive elements.

The next section of this chapter will focus on customer satisfaction, customer loyalty and customer relationship management as strategies for customer retention.

2.4 CUSTOMER SATISFACTION

At the end of the day, satisfaction appears to mean different things to different people. It can be viewed as an outcome of a consumption activity or experience. Product satisfaction is an overall customer attitude towards a product or an emotional reaction to the difference between what customers anticipate and what they receive regarding the fulfilment of some need, goal, or desire (Puth and Shirin, 2011).

For the past three decades, customer satisfaction has been the subject of considerable research and is fundamental to marketers and organisations alike in today’s competitive business environment (Mathews, 2006), with the number of consumer satisfaction articles having increased rapidly in this decade alone. In today’s global and highly competitive economy it is fatal for businesses to be non-customer orientated. To survive, organisations need to produce products and services of very good quality that result in highly satisfied and loyal customers (Fecikova, 2004; Dimitriades, 2006). For many years, customer satisfaction has been a major goal of businesses, since it has been deemed to affect customer retention and companies’ market share (Hansemann and Albinsson, 2004).

Without a question, quality and customer satisfaction are key drivers of financial performance. It is argued that satisfaction leads to increased loyalty, reduced price elasticity, increased cross-buying and positive word of mouth (Matzler et al., 2004). The consumer satisfaction category lies in the core of marketing concept. Thus, it is the main position in marketing theory and it is based on the premise that the profit is made through the process of satisfaction of consumers’ demands (Dubrovoski, 2003).
Having noted this, it is however important to highlight that there are research findings that contradict this belief, as some marketing scholars have a view that a satisfied customer is not the same thing as a loyal customer, and it does not necessarily lead to customer retention. As such, it should not be the only goal of an organisations’ marketing strategy (Thiele et al., 2004). These theorists warn that as much as customer satisfaction plays a role in retaining customers, it is not the only factor that leads to customer retention. Effective marketing focuses on a holistic approach to customer retention such as competitive advantage achieved through superior service quality, customer loyalty programmes and customer relationship management strategies (Thiele et al., 2004).

In order to achieve customer satisfaction, businesses need to know what the factors affecting customer satisfaction are. Furthermore, how they can measure customer satisfaction and ultimately, the benefits of customer satisfaction in their bid to retain customers and increase profitability. The following sections discuss these afore mentioned topics.

2.4.1 Factors Affecting Customer Satisfaction

In order to satisfy their customers, businesses must know and understand the factors that make customer satisfaction possible. Of these factors, the quality of service is a critical antecedent to customer satisfaction. Service quality has been the subject of considerable interest by both practitioners and researchers in recent years (Henderson et al., 2013). It is a multi-faceted concept and the full dimensions of which only started to be understood in the early 2000s.

Customer satisfaction is influenced by service quality (Akhter and Uddin, 2012) and as such, premium service quality is a key to please customers and to gain a competitive advantage in services industries. The satisfaction level of customers is dependent on their perception of service quality and the trust in service provider. In order for the perception of the service quality of the customer to be positive and yield customer satisfaction, marketers must identify and know the customer value and use it in the organisation’s value proposition as its service offering. Ignoring the customer value may cause lowered customer satisfaction and reduced repeat purchases. By
providing better quality services to customers, a firm revives the perception of customers about quality of services (Fasih et al., 2014).

Service quality is not the only antecedent for customer satisfaction. Other factors that affect customer satisfaction are identified as price reasonability in price elastic customers and intangible factors such as the reliability of the business and its brand image (Matzler et al., 2004). The issue of customer orientation of service employees also plays an important role in the ability of a service company to be able to satisfy customers. As a result of the intangible and interactive nature of services, customers often rely on the behaviour (responsiveness, social skills, empathy, technical skills and assurance) of service employees when deciding whether or not they are satisfied (Henning, 2004).

Once organisations are aware of the antecedents of customer satisfaction such as the factors mentioned above (customer value, service quality, tangible and intangible antecedents), they need to include these factors in their marketing strategies and promote a customer centric organisational culture. It does not stop at the implementation stage. The next step for companies to take is that of measuring their customer satisfaction levels so as to identify areas of improvement and to evaluate their customer satisfaction strategies (Mattila, 2004; Fullerton, 2005; Henning, 2004).

2.4.2 Measuring Customer Satisfaction

A plethora of research agencies claim their model or approach for measuring customer satisfaction will provide an organisation with a competitive edge or some other business benefit (Szwarc, 2005).

Kotler (2003) presents four methods for tracking and measuring customer satisfaction which companies can carry out to find out the customer satisfaction level of their company. Customers might have different reasons to be satisfied and every improvement does not necessarily satisfy the customer or increase the company’s profit. Methods for measuring customer satisfaction surveys are listed below:
• Complaint and suggestion systems;
• Customer satisfaction surveys;
• Ghost shopping; and
• Lost customer analysis (Kotler, 2003).

Of the measuring methods mentioned above, customer satisfaction surveys are the most commonly used by businesses and have been over many years because a survey is easy way to target many people. They are also effective tools for generating quality improvements (Fullerton, 2005).

However, there are also negative shortcomings when using surveys. This is because in some studies, there are quite large non-response rates, because consumers receive many of them during their life, forcing researchers to send more surveys to get enough answers. Secondly, quite often there is a small amount of effort put on them financially and even with pointless examinations. Therefore, the results might suffer from reliability (Susskind et al., 2003).

Once organisations’ understand what customer satisfaction is, together with the factors that lead to it, they can develop and implement customer satisfaction strategies, after which, they need to measure those strategies to evaluate areas for development. Once organisations’ have been successful in achieving customer satisfaction, there are a number of advantages that they can derive that will ultimately lead to profitability. Those advantages are discussed in the subsection below.

2.4.3 Advantages of Customer Satisfaction

Customer satisfaction in the service industry has been important for many years. There are various advantages and benefits to be derived from customer satisfaction. One very important advantage is that of customer loyalty as satisfaction alone is not sufficient on its own to automatically lead to repeat purchases or brand loyalty. There is a difference between a happy customer and a loyal one. Customer satisfaction is a prerequisite of customer loyalty is satisfaction (Olorunniwo, 2006). A dissatisfied
customer is more likely to search for information on alternatives and more likely to yield to competitor overtures than a satisfied customer (Anderson, 2003).

Satisfied customers that stay with a company for a long period of time tend to ultimately impact the profitability of the company as their repeat purchases generate income for the company. Furthermore, because of the expenditure involved in advertising, promotion and start–up activities, acquiring new customers can cost much more than retaining existing customers (Davis and Khazanchi, 2008; Okazaki and Hirose, 2009; Tsao and Hsieh, 2012). Another benefit of achieving customer service is that of positive word of mouth from clients which in turn assists in building brand image and attracting new customers.

As previously stated, customer satisfaction and customer loyalty are not the same thing. The following sub section of this paper seeks to define customer loyalty and to discuss the antecedence and the benefits of customer loyalty.

2.5 CUSTOMER LOYALTY

The ultimate goal for any corporate initiative is profitability. Customer loyalty is one of the means to achieve that. The best customers are the loyal ones. They cost less to service, they are usually willing to pay more than other customers and they often act as word-of-mouth marketers for companies (Kumar and Reinartz, 2002). Customer loyalty is a psychological character formed by sustained satisfaction of the customer coupled with emotional attachment formed with the service provider that leads to a state of willingly and consistently being in the relationship with preference, patronage and premium (Ringle, 2011). Customer loyalty is not the same thing as customer satisfaction. One is a requirement to do business and the other is the basis for sustained profitability and growth. A satisfied customer will stay until there is a better alternative offered to them - even if their expectations are exceeded (Christensen et al., 2006). Customer loyalty is used as a strategy to retain customers. As part of their customer loyalty strategy, companies make use of customer loyalty programmes which result in businesses rewarding loyal customers with discounts on purchase prices, free products or services and other tangible incentives. The popularity of customer loyalty programmes has attracted a considerable amount of attention from
marketing scholars in recent years (Kivetz and Simonson, 2002; Nunes and Dreze, 2006; Roehm et al., 2002; Uncles et al., 2003). The advantage of sustained competitive advantage is highlighted by some marketing scholars as it leads to host of other significant benefits such as cross buying intentions, exclusive and priority based preference to the company and its products/services, which provide a competitive edge to the company (Ringle, 2011). Loyalty is acknowledged as the most important driver of the long-term success of a service organisation (Herrmann et al., 2007). Thus, customer loyalty is the central thrust of marketing efforts globally.

While there are an abundance of companies investing marketing spend on customer loyalty programmes, critics of loyalty programmes argue that businesses should strive to be customer centric and as such, should endeavour to enhance the value proposition for every customer (Sneath and Lacey, 2006). They warn that the nature of customer loyalty programmes is as such that they discriminate against customers that are not frequent purchasers but do however, bring in a considerable amount of profit to the business upon purchase. To retain customers and to get strong returns on loyalty programmes, companies must understand the link between loyalty programmes and profits (Uncles and Dowling, 2009).

Before businesses can achieve customer loyalty, there are antecedents that they need to have in place as part of their loyalty strategies. A loyal customer is a customer whose expectations are met or exceeded and they proactively refer the supplier. Companies are interested in a systematic and well-assisted development of loyalty behaviours among their customers (Boshoff and Terblanche, 2006). Comprehending the antecedent of loyalty is a requisite if one wants to attain the maximum benefits of loyalty (Medha, 2013). The antecedents of customer loyalty are listed below:

- Competitive attractiveness, technological changes and perceived value are also critical antecedents to customer loyalty (Pan et al., 2012);
- Corporate image (Pan et al., 2012);
- Customer satisfaction as a key antecedent to loyalty and repurchase behaviour (Soch and Kaur, 2012);
• Overall product or service satisfaction, relationship quality and satisfaction (Yieh et al., 2010);
• Switching costs as they are often recognised as a means of keeping customers in relationships. Customers may remain loyal when switching costs are high; and
• Trust as a consumer who trusts in a product is more likely to develop favourable attitudes toward it and remain loyal to it (Lewis, 2004; Chauduri and Holbrook, 2001; Anderson and Mittal, 2000).

In the age of cut-throat competition and heightened customer expectations, giving customers what they want through the value proposition and building bonds of long lasting loyalty with the customers seem to be the only means of sustained profitability and growth (Mehda and Rai, 2012). A number of authors also advise marketers to segment loyal customers as it can assist in developing and understanding of the nature of loyalty orientation and can inform appropriate marketing action (Rowley, 2005). Segmentation could be based on the four C’s of customer loyalty which state that loyal customers must be Captive, Convenience Seekers, Content or Committed and each of these segments requires differentiated loyalty programmes in order to achieve retention.

Customer satisfaction and customer loyalty assist companies in their CRM initiatives which in turn play a role in achieving customer retention and ultimately, profitability. The concept of CRM is discussed in the following section of this literature review.

2.6 CUSTOMER RELATIONSHIP MANAGEMENT

Today’s businesses are facing fierce and aggressive competition while operating in both a domestic and a global market (Zineldin, 2005). New forms of competition and structural modifications of exchange processes have led to the emergence of the relationship paradigm for creating long–term relationships among customers and suppliers. This is partly due to the globalisation of business, internationalisation, deregulation, information technology advances, shorter product life cycles and the evolving recognition of the relationship between customer retention and profitability.
(Zineldin and Jonsson, 2000; Chandra and Kumar, 2000; Sahay, 2003; Stefanou et al., 2003). The key to success in a competitive business environment lies with concentrating on, and retaining existing customers (Ghaun, 2004). In the 1980’s transaction marketing placed the emphasis on the individual sale and in the 1990’s and 2000’s, emphasis is placed on long-term relationships between customer and company. Continuity is the key element of relationship exchange, which does not necessarily mean that customer purchases are frequent or repeated, but that relationship exists and is maintained (Sheth, 2002).

CRM is defined as the development and maintenance of mutually beneficial long-term relationships with strategically significant markets (Buttle, 2016). The purpose of CRM is to efficiently and effectively increase the acquisition and retention of profitable customers by selectively initiating, building and maintaining appropriate relationships with them (Frow and Payne, 2011).

CRM is rooted in the stakeholder management theory. The key assumption of the stakeholder theory is that the purpose of the firm is to create and distribute value to a plurality of stakeholders and that the achievement of this purpose depends on the co-operation and support of the stakeholders themselves. Value creation for stakeholders is the key driver of a firm’s long-term survival and is its key responsibility (Harrison, 2015).

Stakeholder theory promotes a practical, efficient, effective and ethical way to manage organisations in a highly complex and turbulent environment (Freeman et al., 2007). It is efficient because stakeholders that are treated well tend to reciprocate with positive attitudes and behaviours towards the organisation, such as sharing valuable information (all stakeholders), buying more products or services (customers), providing tax breaks or other incentives (communities), providing better financial terms (financiers), buying more stock (shareholders), or working hard and remaining loyal to the organisation, even during difficult times (employees). It is effective because it harnesses the energy of stakeholders towards the fulfilment of the organisation’s goals (Harrison, 2015).
In order for organisations to achieve customer retention, they need to ensure customer satisfaction and customer loyalty. Customer loyalty programmes need to be developed and used as part of the CRM strategy is a retention tool. There are various antecedents that make it possible to develop and implement CRM strategies from which companies can gain a number of benefits, including customer retention and profitability. The section below discusses these antecedents and advantages of CRM which is followed by literature that discusses CRM strategies for service businesses such as ports.

2.6.1 Antecedents of Customer Relationship Management

In order for organisations to develop successful CRM strategies, a number of antecedents must be identified. Marketing scholars identify a crucial antecedent of relationship commitment as a determinant of the long-term retention of customers. Relationship commitment is defined as a partner’s intentional continuation of a business relationship (Ghauri, 2004). Even though it has been shown that service quality contributes to the start of a relationship, marketers are warned that quality alone does not guarantee customer retention (Harris et al., 2003).

Organisations are also advised of the antecedent of social bonds as a tool in their CRM strategies. Social bonds are defined as the ties that are created between the interacting individuals of the two partner organisations. In service relationships, there is ample opportunity to establish social bonds, and in some cases, the professional is the organisation in the eyes of the customer (Sideshmukh et al., 2002).

In the marketing literature, special attention is also paid to the role of trust in the CRM, only if the partner is considered trustworthy will a party be willing to invest in and become committed in the relationship (Harris et al., 2003).

Another important antecedent of CRM is that of service quality as the perceived service quality of a company will influence a client’s relationship commitment positively (Sideshmukh et al., 2002). Marketers are thus encouraged to ensure service quality and are warned of the practice of “locking” customers in by increasing barriers to switch as if long-term relationships and profitability are the goal of CRM, then tying customers for reasons other than excellence of service might actually diminish the
chance that customers develop an affective commitment to the company. Once they can find a way to un-lock themselves from the company and use substitute services from competitors, they will (Ghauri, 2004).

Organisations can reap the benefit of increasing sales from CRM strategies through better market segmentation, customising products and services, obtaining higher quality products, gaining access to information and employee satisfaction and above all, ensuring long-lasting customer-retention and loyalty (Rashid and Mohammed, 2012).

### 2.6.2 Advantages of Customer Relationship Management

Chen and Chen (2004) suggest that a firm can reach a tangible benefit from the successful implementation of CRM strategies such as increased revenues and profitability and an intangible benefit such as word of mouth marketing from satisfied customers, improved customer service and increased customer satisfaction from CRM. Commonly, customers are important for business survival and the customer orientation approach is a critical factor of business success and it guides business to focus on the customers (Bhatnagar and Ranjin, 2008).

Successful CRM strategies drive improvement for three types of customer loyalty:

- Likelihood to recommend to a friend or colleague;
- Likelihood to switch business to a competitor; and
- Willingness to consider another purchase.

Customer loyalty and loyalty programmes are in turn used by companies in their CRM strategies.

CRM can be used to analyse and distinguish individual customers and groups of customers and, therefore, it can assist an organisation in building a complete customer database for accurately targeting markets (Chou et al., 2002). In addition, it helps
organisations to gather data swiftly, identify its most valuable customers and increase customer loyalty by providing customised products and service (Zeng et al., 2003).

This literature review has discussed the variables of customer satisfaction as an antecedent of customer loyalty, which is in turn used as a tool in CRM strategies in the bid by organisations to retain customers and increase profits. The section below reviews the relationship between these variables and whether or not they are successful achieving higher profits for organisations.

Focusing on stakeholder and customer relationship management in ports, Coetzee (2016) states that what apparently distinguished one major port from another, given natural or developed geographical and infrastructural advantages, was often the ability and/or willingness to involve the port stakeholders and/or the initiatives taken by the stakeholders themselves. Potential stakeholders extended far beyond a view of the port as only a link in the physical distribution chain. The heartbeat to the growth of every major seaport ultimately involved the public.

The role of relationship marketing and stakeholder management cannot be overstated as the port continues to expand and integrate its stakeholders in its product/service design and development and manufacturing and production processes. Stakeholders engage in constructing scenarios, i.e., realistic and contingency-based visualisations of the future.

The following section will discuss the use of CRM strategies as a tool of customer retention and growth of profits by container port authorities.

2.7 Customer Retention in Container Ports

Within the context of competing supply chains, terminals operators and port authorities should strive to develop market oriented strategies, in order to support or even impose their inclusion to transport corridors used by global logistic service providers. The essence of market orientation is to motivate the port enterprise in engaging a holistic review of its internal processes and the external environment requirements (Mkhontwana, 2016).
Achieving market orientation necessitates the development of the proper business culture and inter-organisational procedures and behaviours, together with the proper support (operational and financial) from management. Developing the proper means of monitoring market developments and reorganising to confront departmentalisation requires resources, commitment and flexibility. This can prove to be costly in matters of time and resources and could raise conflicts and a re-examination of corporate policy (McLachlan, 2016).

The competitive market environment is of crucial importance for the case of the port industry. Market-environment moderators refer to the competition intensity among market players, the negotiating power of customers and suppliers, barriers to market entry and exit, together with the overall rate of market growth in the recent past and the expected growth rate for the near future. The greater the intensity of competition in a market, the greater the pressure to carefully address customer needs (Mkhontwana, 2016).

In addition to relations with customers, ports must consider their relations with other ports, other means of transport and different organisations, mainly with local administrations because of their influence in the provision of infrastructures, accesses and logistical development zones (Pando, 2006).

In order to be responsive to the market, container ports in the 21st century are encouraged to retain customers through sustainable customer satisfaction, which is achieved by superior service quality (McLachlan, 2016). Thus the ship turnaround time, ship working hour and berth productivity levels are critical. Customer loyalty is advised by means of providing a good value proposition that matches the customers’ needs and requirements.

Loyalty programmes in the form of discounts and rewards are also advised in the competitive container port sector as customers are price sensitive.

In addition to customer satisfaction and customer loyalty, container port customers must be segmented according to industry (shipping line companies, clearing and
forwarding agents, OEM companies and fruit exporting companies) as these industries have different requirements. Customers also need to be segmented by their frequency of use of the port and profit generated as this will inform the amount of resources that must be invested in the relationship building strategy (Mkhontwana, 2016).

2.8 CONCEPTUAL FRAMEWORK

The literature review in this chapter stressed that the marketing of ports is different to most businesses and that ports seeking to achieve customer retention will need to implement the right marketing mix to provide a value proposition for customers. In addition, customer retention strategies through stakeholder management and customer relationship management need to be made use of if ports are to maintain and grow market share in today’s competitive port environment. Once all of this is in place, customers will be satisfied and thus loyal which will ultimately lead to customer retention.

The Port of Ngqura is positioned as a world class Transhipment hub. In the coming years, the young port stands a good chance of achieving its mandate as the young and vibrant port management team grows and develops experience with the port, as the port grows its reputation in the maritime sector and as the port provides infrastructure ahead of demand through the Transnet Market Demand Strategy. The port will become a force to be reckoned with (Mkhontwana, 2015).

Despite the fact that opportunities exist for the port to grow volumes and increase its market share, it is struggling to retain its existing volumes. Its value proposition, marketing and communication strategies will determine its position in the coming years (Coetzee, 2016).

Based on this fact and the literature that has been reviewed, this study will propose the implementation of customer retention marketing strategy. In communicating with clients through the ports customer relationship management strategies, it is proposed that the implementation of the customer retention strategy identifies the different customer segment’s customer base. This will enable the port to communicate marketing messages according to the needs of each customer segment. Figure 2.6
shows a proposed conceptual framework for the implementation of customer retention marketing strategy for the container sector in Port of Ngqura.

Not only will the conceptual framework attempt to give the port customer loyalty that results in repeat purchases and word of mouth marketing, it is expected to increase the level of stakeholder relations for critical stakeholders and partners of the port other than its customers and the level of service excellence in the port in general.

It is important that the port capacitates its management team and marketing employees by training the business unit managers and the employees dealing with clients adequately and have a measurement of success that aligns with the objectives.
Figure 2.6: Proposed Conceptual Customer Retention Framework

Source: Authors Construction
2.9 SUMMARY

The objective of this chapter was to identify the purpose of port authorities, to identify marketing elements required for customer loyalty, which will ultimately lead to customer retention. Customer retention allows businesses to maintain their position in the market and to grow their market share through repeat purchases, increased purchases and word of mouth marketing, which attracts new customers.

The marketing scope of port authorities goes beyond the use of traditional marketing strategies, such as the use of marketing mix to ensure loyal customers. It involves the need to form and maintain good customer relations management with clients and other stakeholders alike as the container shipping industry has become very competitive. The container transshipment business especially has become fickle as it is easy for shipping lines to change decisions on which port to call due to amount of container hubs that have been developed in each continent and in various countries.

The following chapter elucidates the methodology used for the research.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The review of literature in Chapter 2 suggests that ports cannot only rely on traditional marketing methods such as the marketing mix. The increased profits and market share of businesses and ports alike will be derived when the marketing mix is used together with customer retention strategies once customer satisfaction and loyalty are achieved. A framework for the implementation of customer retention for the Port of Ngqura was proposed at the end of the chapter.

The aim of this chapter is to describe the research process and methodology that will be used to examine the findings in the literature review. It will provide a theoretical background to the research methodology. A theoretical background on the research process will give the researcher a background on how to tackle the empirical investigation, based on sound practices that are proven to work in the research field.

The chapter includes topics on the research design; the research methodology used which include quantitative research, the sample population, the validity and reliability, followed by the ethical considerations and the concluding remarks.

Similarly to figure 1.1 in Chapter 1 and figure 2.1 in Chapter 2, figure 3.1 provides a layout of the treatise and figure 3.2 provides a layout of Chapter 3 that shows the flow and connection between the topics of this chapter.

Figure 3.1: Layout of Treatise
3.2 RESEARCH DESIGN

Research design is the science and art of planning procedures for conducting studies to get the most valid findings (Collis & Hussey, 2009). According to Leedy and Ormrod (2010), research studies are categorised into two broad categories, quantitative and qualitative research.

Qualitative studies base their accounts on qualitative information that is, words, sentences and narratives and can be used to further investigate findings emerging from a quantitative survey (Blumberg, Cooper & Schindler 2008). Qualitative research provides the researcher with more flexibility and allows the researcher to change
direction or try other techniques to elicit data, in ways that could not easily be matched in a qualitative research survey, where the focus has to be on maintaining a degree of consistency approach (Szwarc, 2005). Cooper and Schindler (2001:140) state that four methods can be used when conducting qualitative research, these are secondary data analysis, focus groups, experience surveys and two-stage designs.

Quantitative research refers to the amount and seeks to answer the question of how much. It involves obtaining data from relatively large numbers of respondents who have been sampled in a rigorous manner. The wording of questions in a quantitative survey are usually asked in a fixed order (Szwarc, 2005). The five main methods researchers can use are mail surveys, face-to face interviewing, telephone, internet and customer comment cards.

For the purposes of this study, the quantitative research method is used. The study will be carried out among a selected sample with the aim of generalising the findings about the proposed framework on the implementation of customer retention strategies for the Port of Ngqura.

**3.3 RESEARCH DATA**

The ultimate objective of research is new knowledge and understanding. In the quest to acquire this knowledge and understanding, researchers need to carefully consider the type of data required.

There are two types of data, primary data which are often most valid, most illuminating and most truth manifesting and secondary data which are derived not from the truth itself, but from the primary data instead.

Leedy and Ormrod (2010:89) continue by saying that researchers need to recognise that even the most carefully collected data may have an elusive quality about them and that, at a later point in time they may have no counterpart in reality whatsoever. Data are volatile and they evaporate quickly and not all data that come to the researcher’s attention are acceptable for use in a research project.
Leedy and Omrod (2005) warn that data from a research project which are obtained in a qualitative survey are particularly susceptible to distortion as a result of bias in the research design. It therefore is important to assure that data are free of bias.

3.4 DATA COLLECTION

According to Leedy and Ormrod (2005:143), researchers can use observations, interviews, objects, written documents, audio-visual materials, electronic documents, and anything else that can help them answer their research questions. The most common type of data collection methods are interviews, questionnaires and written documents. Leedy and Ormrod (2005:144) further say that the potential sources of data are limited only by the researcher’s open mindedness and creativity.

The methods used in this study are written documents (literature) and questionnaires. According to Saunders, Lewis and Thornhill (2000:278), a questionnaire is a technique of data collection in which people are asked to respond to the same set of questions in a predetermined order. Questionnaires often make use of checklist and rating scales.

Two types of questionnaires are identified (Saunders et al., 2000), which are namely the Interviewer administered questionnaires which include telephone and structured interviews. A sample of people is normally interviewed. Secondly, the self-administered questionnaires which include online and postal questionnaires. Here questionnaires are mailed, faxed or emailed and a return mechanism is included.

Questionnaires have their drawbacks as well, in that the majority of people receiving them do not return them and hence a low return rate may occur. There are no interviewer interventions available for probing and explaining (Leedy and Omrod, 2005:185).

In this research, a comprehensive questionnaire is developed and emailed together with a covering letter to a sample of relevant respondents. The primary purpose of the cover letter is to give a brief reason for the study and also to induce the respondent to complete the questionnaire. The cover letter and questionnaire used in this study are
attached as annexure A and B respectively. The questionnaire was printed and hand delivered to the respondents and collected by the researcher after one week.

3.5 QUESTIONNAIRE DESIGN

A questionnaire is a list of carefully structured questions, chosen after considerable testing, with a view to eliciting reliable responses from a chosen sample. The aim is to find out what a selected group of participants do, think or feel (Collis and Hussey, 2009:173). Questionnaires are a popular method for collecting data. They are cheap and less time consuming than conducting interviews and very large samples can be taken (Collis and Hussey, 2009).

Most questionnaires are highly structured, consisting predominantly of closed-ended questions. The reason for this is that many respondents do not bother responding to open-ended questions. The first few questions should be general, easy to answer and directly related to the research purpose that was stated in the cover letter. Below are twelve guidelines outlined by Leedy and Ormrod (2010:98), for developing a questionnaire that encourages people to be co-operative and yields responses that can be used and interpreted:

- Check for consistency;
- Check for unwarranted assumptions implicit in the questions;
- Conduct a pilot test;
- Determine in advance on how to code the responses;
- Give a rationale for any items whose purpose may be unclear;
- Keep it short;
- Keep the respondent’s task simple;
- Make the questionnaire attractive and professional looking;
- Provide clear instructions;
- Scrutinise the almost –final product carefully to make sure it addresses the research problem;
- Use simple, clear, unambiguous language; and
- Word the questions in ways that do not give clues about preferred or more desirable responses.

The more specific questions result in better responses and questions should also be relevant to the aim of the research study. In this study, the questionnaire used to collect data mostly contains rating type of questions. The scale used was a five-point Likert type scale, ranging from strongly disagree to strongly agree. The research questionnaire is divided into five sections, which are briefly discussed below:

- Section A covers the demographic details of the respondents;
- Section B covers the service quality levels of the Port of Ngqura. Here the aim is to determine what measures need to be taken to improve service quality levels in the ports;
- Section C determines whether the port serves the requirements of the port community, thus providing a relevant Value Proposition to the market;
- Section D covers the customer satisfaction and customer loyalty to determine what the current customer requirements and needs are.

### 3.6 SAMPLE POPULATION

When conducting research, selecting a sample is an important element. A sample is made up of some of the members of the population under study. A sample is made up of some of the members of a population (Collis and Hussey, 2009:155). Blumberg, Cooper and Schindler (2008:228) emphasise that the basic idea of sampling is that by selecting some of the elements in a population, conclusions may be drawn about the entire population.

A method of sampling that provides the best representation of the population is selected based on the unit of analysis. This can be either a probability or non-probability sampling method. While the non-probability sampling method is generally subjective, the probability sampling methods provide a more precise estimation of the population parameters because it is based on a random selection and every item in the population has a chance of being selected (Blumberg et al., 2005).
This study focusses on the customer satisfaction, customer loyalty and customer relationship management and their ability to thus increase customer retention for the Port of Ngqura. The researcher will thus conduct a study on a sample of container port users from the Port of Durban and the Port of Ngqura. The sample must be large enough for the researcher to be sure that the smallest effect or relationship between the independent variables will be statistically detected. The sample size is made up of 70 of the port customers out of a population size of 203 of the port customers who will be selected by means of convenience sampling. Thus non-probability sampling is used.

The questionnaires were emailed to respondents and the purpose of the study was explained in the cover letter. In this study, the aim was to achieve a response rate of over 60 per cent.

3.7 VALIDITY AND RELIABILITY

Validity represents the level to which a question, variable or data point accurately measures the underlying concept. It is the extent to which the measuring instrument measures what it is supposed to measure (Collis and Hussey, 2009; Treiman, 2009).

This is particularly important because using the wrong measuring instrument or an instrument that does not effectively measure the underlying concept would effectively jeopardise the integrity of the research. Treiman (2009) suggests that validity can be tested by looking for the degree of relationship between the measuring instrument and other variables.

After the measuring instruments have been used to gather data, especially those that measure behavioural, attitudinal and opinion related data, it is important to ensure consistency (Treiman, 2009). This is achieved by the measurement of reliability of the resulting variables. Reliability indicates that the research will produce the same result if it is carried out more than once (Collis and Hussey, 2009). It also indicates that the finding about an underlying concept will remain the same if the same measurement is repeated over time (Treiman, 2009). The reliability of the responses received to
questions in a questionnaire can be assessed using the Test re-test method, Alternate-forms method and the Internal-consistency method:

3.8 ETHICAL CONSIDERATIONS

It is important that researchers make ethical considerations in executing their chosen research design and methodologies. While there is no definite rule that must be followed for ethical considerations in research, Blumberg et al. (2005) suggest that the researchers should consider morality, the right behaviour and carry out their work in a responsible manner.

This study has been carried out with consideration of ethical issues mentioned in the literature as described above. The management team of the Port of Ngqura were duly informed about the purpose of the study. Also, participation in the survey was completely voluntary and no name or any form of identification was collected to ensure confidentiality as indicated on the cover letter attached to the questionnaire (Annexure A). The research has also been carried out according to the ethical policy of NMMU research committee, the non-requirement of special ethical clearance is attached as Annexure C.

3.9 SUMMARY

Chapter three reviewed theories of research design and methodology. It explained the research methodology that will be used to carry out this study that can be used for future reproduction. This study is based on positivism research paradigm; it aims to validate the elements of the proposed conceptual framework that was based on the literature. The adopted research approach used the literature review and quantitative survey as research strategy to develop the conceptual framework. The empirical study evaluates the proposed framework before making final recommendations. Chapter four will discuss the analysis and findings of the study.
CHAPTER FOUR

THE RESEARCH ANALYSIS AND FINDINGS

4.1 INTRODUCTION

The literature review in Chapter 2 described the important factors for the use of customer retention as a strategic marketing tool for the Port of Ngqura. On the basis of the literature review, the later part of Chapter 2 included a conceptual framework that the Port of Ngqura could make use of in order to enjoy the benefits of customer retention. In order to validate the conceptual framework, an empirical research was conducted. Chapter 3 discussed the research design and methodology that was used to carry out this study.

This chapter displays and discusses the results of the empirical study. It describes the data collected, the response rate and the main research items on the questionnaire and their reliability. Furthermore, it presents the descriptive and inferential analysis of the data collected and the interpretation thereof.

Similarly to figure 1.1 in Chapter 1, figure 2.1 in Chapter 2 and figure 3.1 in Chapter 3, figure 4.1 provides a layout of the treatise and figure 4.2 provides a layout of Chapter 4 that shows a flow and connection between the topics of this chapter.

Figure 4.1: Layout of Treatise
4.2 THE QUESTIONNAIRE

The questionnaire (Appendix B) used for this study was designed to collect data on the following:

- Demographics;
- Value proposition;
- Service quality;
- Customer Service;
- Customer loyalty.

The demographic data were collected to understand the distribution and the representation of the respondents. Based on the literature review and the objectives on this study, customer retention is the dependent variable and the value proposition, service quality, customer service and customer loyalty are the independent variables.
Statistically, it is expected that the variation in the dependent variable can be explained using one or more independent variables. It is also expected that the influence of the independent variables on the dependent variable can be measured using statistical tools (Collis and Hussey, 2009).

4.3 RELIABILITY TEST

For the purpose of this study, the researcher used face validity, content validity and the internal consistency method. Face validity (used for the Value Proposition variable) refers to the extent to which an instrument/scale “looks” valid (Leedy & Ormrod, 2005:92). Thus the question that it seeks to answer is, does the instrument/scale appear to measure what it is supposed to measure? This type of validity cannot be quantified or tested, but any instrument/scale should be scrutinised by experts in the field to ensure a high degree of face validity. Face validity also refers to the first impression of a questionnaire, the related covering letter and other materials that will determine whether the respondents will complete the questionnaire.

Content validity refers to the extent to which the instrument/scale covers the complete content of the particular construct that it is intended to measure (Leedy & Ormrod, 2005:92). For example, if an instrument/scale is developed to measure intelligence, there should be items that cover all the different aspects of intelligence, such as verbal reasoning, analytical ability, and so on. To ensure the content validity of an instrument/scale, the researcher usually presents a provisional version to experts in the field for their comments before finalising the instrument/scale. For the purposes of this study, the researcher presented a provisional version of the instrument for section B of the questionnaire which asks the respondents the following questions listed in table 4.1 below:
Table 4.1: Section B of the Questionnaire

<table>
<thead>
<tr>
<th>Scale</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Proposition</td>
<td>Would you like the terminal operator to allow for stuffing and de-stuffing of containers?</td>
</tr>
<tr>
<td></td>
<td>Would you like the Port of Ngqura to have a customs free zone outside the port terminal but still within the port boundary?</td>
</tr>
<tr>
<td></td>
<td>Do you believe the Port of Ngqura should provide warehousing facilities outside the terminal boundary but within in the port boundary or outside of the port boundary?</td>
</tr>
<tr>
<td></td>
<td>Do you believe the Port of Ngqura should provide distribution facilities outside the terminal boundary but within the port boundary?</td>
</tr>
<tr>
<td></td>
<td>In your view, do you think the Port of Ngqura should provide for Ship Repair facilities at the port?</td>
</tr>
<tr>
<td></td>
<td>Where do you think the container weighbridge should be located? Please indicate by selecting “yes” or “no”</td>
</tr>
<tr>
<td></td>
<td>Within the port boundary?</td>
</tr>
<tr>
<td></td>
<td>In the industrial area outside of the port boundary?</td>
</tr>
<tr>
<td></td>
<td>Do you think the port should provide container repair and maintenance facility within the port?</td>
</tr>
</tbody>
</table>

Content validity can be confirmed through data analysis such as factor analysis or structural equation modelling. A measurement instrument/scale has high content validity if its items or questions reflect the various parts of the content domain in appropriate proportions and if it requires the particular behaviours and skills that are central to that domain (Leedy & Ormrod, 2005:92).

In order to ensure the integrity of the survey, the questions used to measure the dependent and the independent variables in this study were further subjected to a reliability test. These questions covered the independent variables of customer service quality, satisfaction and customer loyalty. This is to ensure that responses received will remain the same if another survey is carried out at a different time (Collis and Hussey, 2009).

The internal consistency method was adopted using the Cronbach alpha coefficient as a measurement of reliability of the measuring instruments used for each of the scales in the survey. Nunnally (1978) recommends that instruments used in basic
research have reliability of about 0.70 or higher. As a result, this study ignored questions within each of the scales that reduce that Cronbach alpha coefficient for each scale. Table 4.2 below shows the final results of reliability tests for each of the scales after the desired coefficient has been achieved. Therefore, only the questions contained therein are considered for statistical measurement of each scale. The value proposition scale was omitted as the Cronbach score was 0.41, below the 0.7 that is prescribed by Nunnally. The questions for the value proposition scale with their Cronbach alpha score are provided below:

- Would you like the terminal operator to allow for stuffing and de-stuffing of containers? The Cronbach alpha score for this question was 0.23, which is below the recommended 0.7, therefore it is unreliable;
- Would you like PoN to have a customer’s free zone outside the port terminal but still within the port boundary? The Cronbach alpha score for this question was 0.25, which is below the recommended 0.7, therefore it is unreliable;
- Do you believe PoN should provide warehousing facilities outside the terminal boundary but within the port boundary? The Cronbach alpha score for this question was 0.36, which is below the recommended 0.7, therefore it is unreliable;
- Do you believe PoN should provide distribution facilities outside the terminal boundary but within the port boundary? The Cronbach alpha score for this question was 0.49, which is below the recommended 0.7, therefore it is unreliable; and
- Do you think PoN should provide for ship repair facilities at the port? The Cronbach alpha for this question was 0.39, which is below the recommended 0.7, therefore it is unreliable.

Table 4.2: The Result of Reliability Test

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach’s Alpha</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>0.92</td>
<td>The Ship Working Hour level at the Port of Ngqura is at an international level and meets my expectations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Ship Turnaround time at the Port of Ngqura is at an international level and meets my expectations</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>The Berth Productivity at the Port of Ngqura is at an international level and meets my expectations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The TNPA marine docking and undocking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Port of Ngqura is safe for my vessels/cargo in the case of bad weather</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The terminal operator consistently complies with the CTOC agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The overall port facilities are sufficient for the Port of Ngqura to be positioned as a Transhipment hub in Africa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees generally have an ability to get things done</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees are flexible when I have special requests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees display good knowledge of the service they provide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would like the relevant representatives of the Port of Ngqura to visit me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees understand my business needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees have the authority to make executive decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees respond to my complaints promptly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am willing to pay more for better service and quicker service delivery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The service I receive from the port is good value for money</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Loyalty</th>
<th>0.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’ve accumulated perks and incentives for using the Port of Ngqura</td>
<td></td>
</tr>
<tr>
<td>I am generally satisfied with the efficiency of the Ngqura container terminal</td>
<td></td>
</tr>
<tr>
<td>I trust that the port has my best interests at heart</td>
<td></td>
</tr>
<tr>
<td>The marketing personnel have a good relationship with me</td>
<td></td>
</tr>
<tr>
<td>Preserving my company’s reputation and satisfying customers are important to the port</td>
<td></td>
</tr>
<tr>
<td>I see all Transnet divisions (TPT/TNPA/TFR) as one Transnet</td>
<td></td>
</tr>
<tr>
<td>I feel a sense of loyalty towards the Port of Ngqura</td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Response</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>I would recommend the Port of Ngqura to potential customers in the container industry</td>
<td>If there was another port in Port Elizabeth that had a container draft of 16 metres and was privatized, I would still choose to use the Port of Ngqura</td>
</tr>
<tr>
<td>In terms of customer visits by TNPA representatives, please indicate the frequency you prefer to have meetings/engagements by ticking the relevant box below</td>
<td></td>
</tr>
</tbody>
</table>

### 4.4 RESEARCH RESPONSE

The questionnaires were administered by the researcher to the customers of the Port of Ngqura. The response rate is a critical factor in determining if the conclusions from a survey are representative of the population and in a bid to ensure that the population is properly represented, the survey targeted a sample of 100 out of the population size of the 203 customers of the PoN. A total of 70 responses were received after 1 month, signifying a 70% response rate.

### 4.5 ANALYSIS OF RESULTS

The results were analysed using descriptive statistical methods to assist in presenting the data in a summarised format so that the underlying information contained in the data can be easily identified (Collis and Hussey, 2009). This was done by emphasizing trends and presenting the data in a pictorial format that shows relevant frequencies of occurrence in a tabular form or by using graphs and charts.

The following sub-sections discuss the descriptive statistics that are contained in the data collected about the demographic distribution of the respondent, the perceived value proposition offered by the Port of Ngqura, the perceived service quality levels at the port and terminal in Ngqura, together with the customer satisfaction and loyalty levels of the Ngqura customers.
4.5.1 Presentation and Analysis of Biographical Data

The questionnaires were sent to the members of the Port of Ngqura customer group which are namely, the container shipping lines, the fruit industry, the automotive industry and the clearing and forwarding agents. The demographic distribution of the respondents is provided in Table 4.3.

The table shows that a majority of 73% (n= 51) of the respondents are 40 years and older, while 27% (n=19) of the respondents are older than 20 years old but younger than 40 years old which reveals that the customers are mostly mature. Figure 4.3 below provides a graph which displays the age of the respondents.

Figure 4.3: Data on the Respondents’ Age

Table 4.1 also shows that the PoN customers are mostly made up of males as the male respondents amounted to 58% (n = 39) and the female respondents amounted to a total of 42% (n = 21). Figure 4.4 below depicts a graph with the data on the respondents’ gender.
Figure 4.4: Data on the Respondents’ Gender

n = 70

Table 4.3 below also shows that the customers at PoN are mostly made up of the white population group as they represent a total of 60% (n = 42). This reveals that the maritime sector in Port Elizabeth and that of containers is still mostly dominated by the white population groups. Figure 4.5 below depicts the data on the respondents’ population group.

Figure 4.5: Data on the respondents’ population group

n = 70

Table 4.5 also shows that more of the respondents are well educated, with the data revealing that 73% (n = 51) of the respondents have obtained a diploma or higher. A lesser amount of respondents obtained academic qualifications of grade 12 or below
with the data collected revealing a total of 27% (n = 19). Figure 4.6 below depicts the data on the respondents’ education level.

Figure 4.6: Data on the Respondents’ Education Level

![Pie chart showing education levels for respondents: 43% Below Grade 12, 26% Grade 12, 26% Diploma, 4% Degree, 1% Post Grad Degree.]

n = 70

The majority of the customers are representative of the container shipping lines with the data revealing a fairly high figure of 67% (n = 47), this is indicative of PoN’s status as a container transshipment hub port. The figure of 6% (n = 4) is representative of the fruit industry in the Eastern Cape. The figure of 17% is representative of the Automotive sector and is also indicative of the economy of the Eastern Cape being driven by the automotive sector with manufacturers such as Volkswagen South Africa, General Motors South Africa and Ford Motor Company. Figure 4.7 depicts the data on the respondents’ industry.
Table 4.3 below also revealed that all of the respondents were from the Eastern Cape with 100% (n = 70) of the data collected confirming that. The majority of the respondents have a wealth of experience in the shipping industry with data revealing a total of 54% (n = 44) PoN customers have experience of 15 years or more in the industry. Figure 4.8 below depicts the data on the respondents’ experience in the maritime industry.
Table 4.3: Section A of the Questionnaire - Demographic Data

<table>
<thead>
<tr>
<th>Variable</th>
<th>Distribution</th>
<th>Response Rate %</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>20 – 29</td>
<td>7%</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>30 – 39</td>
<td>20%</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>40 – 49</td>
<td>50%</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>50 – 59</td>
<td>20%</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>&gt;59</td>
<td>3%</td>
<td>2</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>56%</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>44%</td>
<td>31</td>
</tr>
<tr>
<td>Population Group</td>
<td>Black</td>
<td>4%</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Coloured</td>
<td>19%</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>13%</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Asian</td>
<td>4%</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>White</td>
<td>60%</td>
<td>42</td>
</tr>
<tr>
<td>Education Level</td>
<td>Below Grade 12</td>
<td>1%</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Grade 12</td>
<td>26%</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>43%</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Degree</td>
<td>26%</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Post Grad Degree</td>
<td>4%</td>
<td>3</td>
</tr>
<tr>
<td>Industry</td>
<td>Container Shipping</td>
<td>67%</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>17%</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Fruit Industry</td>
<td>6%</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp;</td>
<td>10%</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Forwarding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Province</td>
<td>Eastern Cape</td>
<td>100%</td>
<td>70</td>
</tr>
<tr>
<td>Years of experience</td>
<td>&gt;5 Years</td>
<td>9%</td>
<td>6</td>
</tr>
<tr>
<td>in the maritime sector</td>
<td>&gt;10 Years</td>
<td>33%</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>&gt;15 Years</td>
<td>21%</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>&gt; 20 Years</td>
<td>23%</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>&gt;30 Years</td>
<td>14%</td>
<td>10</td>
</tr>
</tbody>
</table>

n= 70

4.5.2 Presentation and Analysis of Value Proposition

Section B of the questionnaire sought to examine the required value proposition by the PoN customers. The literature review of this paper revealed that a value proposition aligned to the needs of the customer assists organisations in their effort to
achieve customer satisfaction. As a new port, the Port of Ngqura still has space to provide facilities that are relevant to what the market needs (Mkhontwana, 2015).

The respondents were asked about how important it would be if the terminal operator would allow for stuffing and de-stuffing of containers, if they deemed it important for PoN to have a customs free zone and if they believed the Port of Ngqura should provide warehousing facilities. They were also asked if they believed the Port of Ngqura should provide distribution facilities and how important for them it is for PoN to provide for Ship Repair facilities at the port. Furthermore, they were asked where if they think the container weighbridge should be located within the port boundary or in the industrial area outside of the port boundary. Lastly in ascertaining the value propositions that the respondents need from PoN, they were asked if the TNPA should provide container repair and maintenance facility within the port.

The respondents were asked to rate the importance of the seven value proposition requirements above on a scale of 1 (least important) to 5 (most important). Table 4.4 below illustrates the results of the evaluation exercise.

Table 4.4: Results of the Value Proposition Requirements

<table>
<thead>
<tr>
<th>Value Proposition Requirements</th>
<th>Percentages</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Would you like the terminal operator to allow for stuffing and de-stuffing of containers?</td>
<td>4%</td>
<td>16%</td>
<td>29%</td>
</tr>
<tr>
<td>Would you like the Port of Ngqura to have a customs free zone outside the port terminal but still within the port boundary?</td>
<td>3%</td>
<td>7%</td>
<td>27%</td>
</tr>
<tr>
<td>Do you believe the Port of Ngqura should provide warehousing facilities outside the terminal boundary but within in the port boundary?</td>
<td>3%</td>
<td>11%</td>
<td>33%</td>
</tr>
</tbody>
</table>
Do you believe the Port of Ngqura should provide distribution facilities outside the terminal boundary but within the port boundary?

<table>
<thead>
<tr>
<th></th>
<th>9%</th>
<th>21%</th>
<th>41%</th>
<th>23%</th>
<th>6%</th>
<th>2.96</th>
<th>1.01</th>
</tr>
</thead>
</table>

In your view, do you think the Port of Ngqura should provide for Ship Repair facilities at the port?

<table>
<thead>
<tr>
<th></th>
<th>3%</th>
<th>6%</th>
<th>19%</th>
<th>33%</th>
<th>40%</th>
<th>4.01</th>
<th>1.04</th>
</tr>
</thead>
</table>

Do you think the port should provide container repair and maintenance facility within the port?

<table>
<thead>
<tr>
<th></th>
<th>3%</th>
<th>17%</th>
<th>20%</th>
<th>23%</th>
<th>37%</th>
<th>3.66</th>
<th>1.03</th>
</tr>
</thead>
</table>

For the question of whether or not the respondents think the container weigh bridge should be located inside the port boundary or outside the port boundary, 53% felt that yes it should be located inside the port boundary. A total of 47% were indifferent or felt that it should be located outside the port boundary.

The results presented in table 4.4 above indicate that the most important proposition requirements from the customers is the provision of ship repair facilities at the port. This question scored a mean of 4.01 with 73% of the respondents viewing this as important, the remaining 27% felt indifferent about it or did not view it as important. Table 4.4 above also reveals that 63% of the respondents think that the Port of Ngqura should provide for a customs free zone outside the port terminal but still within the port boundary as this question scored a mean of 3.77. The remaining 37% felt indifferent about it or did not view it as an important value proposition. Furthermore, the respondents also viewed the provision of container repair and maintenance facility within the port as important as this scored a mean of 3.66 with 60% of the respondents viewing it as very important. The remaining 40% felt indifferent about it or did not view it as an important value proposition. Figure 4.9 below provides a graphic illustration of the value proposition results.
In order to have a better understanding of the respondents’ views per industry and to assist with customer segmentation, table 4.5 below provides descriptive statistics for the respondents’ views per industry. Out of the 70 respondents, only 4 represented the fruit industry, this amount of respondents is a nominal figure, thus it has not been included in the views per industry description.

Table 4.5: Data on the Respondents’ Required Value Proposition per Industry

<table>
<thead>
<tr>
<th>Value Proposition Question 1</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Would you like the terminal operator to allow for stuffing and de-stuffing of containers?</td>
<td>Container Shipping Line</td>
<td>3.60</td>
<td>1.22</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.27</td>
<td>1.19</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.86</td>
<td>1.21</td>
</tr>
<tr>
<td>Value Proposition Question 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Would you like the Port of Ngqura to have a customs free zone outside the port terminal but still within the port boundary?</td>
<td>Container Shipping Line</td>
<td>3.74</td>
<td>1.05</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.45</td>
<td>1.29</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.71</td>
<td>0.76</td>
</tr>
<tr>
<td>Value Proposition Question 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you believe the Port of Ngqura should provide warehousing facilities outside the terminal boundary but within in the port boundary?</td>
<td>Container Shipping Line</td>
<td>3.65</td>
<td>0.97</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.18</td>
<td>0.98</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.57</td>
<td>1.13</td>
</tr>
</tbody>
</table>

Figure 4.9: Value Proposition Findings
As discussed in table 4.4, the respondents' top three value propositions are that of the following:

- The provision of a port repair facility by PoN which 73% of the respondents viewed as important, 19% felt indifferent and 9% did not view it as important;
- The provision of a customs free zone by PoN of which 63% of the respondents viewed as important, 27% felt indifferent and 10% did not view it as important; and
- The provision of a container repair and maintenance facility at PoN of which 60% of the respondents viewed as important, 20% felt indifferent and 20% did not view it as important.

It is clear from table 4.5 above, that for the value proposition of a ship repair facility, the container shipping lines see that as most important as they produced the highest mean score of 4.12 with the clearing and forwarding agents not too far behind at 3.43 and the automotive sector with the lowest mean of 2.18. Figure 4.10 below provides a graphic representation of the respondents' views.

### Table 4.4: Respondents' Views on Value Propositions

<table>
<thead>
<tr>
<th>Question</th>
<th>Container Shipping Line</th>
<th>Automotive Sector</th>
<th>Clearing &amp; Forwarding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you believe the Port of Ngqura should provide distribution facilities outside the terminal boundary but within the port boundary?</td>
<td>3.14 0.86</td>
<td>3.18 0.98</td>
<td>3.14 0.69</td>
</tr>
<tr>
<td>Value Proposition Question 5 In your view, do you think the Port of Ngqura should provide for Ship Repair facilities at the port?</td>
<td>4.12 0.98</td>
<td>2.18 1.17</td>
<td>3.43 1.13</td>
</tr>
<tr>
<td>Value Proposition Question 6 Do you think the port should provide container repair and maintenance facility within the port?</td>
<td>3.93 1.06</td>
<td>3.09 1.58</td>
<td>4.29 0.95</td>
</tr>
</tbody>
</table>
A further revelation from table 4.4 was the value proposition which was viewed as the second most important by the respondents. Table 4.5 revealed that for the value proposition of the provision of a customs free trade zone, the clearing and forwarding agents produced the highest mean score of 3.71, the container shipping line customer segment produced a close second highest mean score of 3.74 and the automotive sector following closely behind with a mean of 3.45. Figure 4.11 below provides a graphic representation of the respondents' views.

Table 4.5 also revealed that for the value proposition for the provision of container repair facilities was also viewed as important as it scored the third highest most important value proposition for the customers. The clearing and forwarding agents produced the highest mean score of 4.29, with the container shipping line customer
segment close at a mean score of 3.93, closely followed by the automotive sector 3.09. Figure 4.12 below provides a graphic representation of the respondents’ views.

Figure 4.12: Mean Scores for a Container Repair Facilities

![Bar chart showing mean scores for different sectors](image)

The results presented in table 4.4 and table 4.5 provide an answer for RQ1 which asks “what is the value proposition expected by the PoN customers?” and the RO1 which seeks to understand how to align the PoN value proposition to customers’ expectations. The managerial implication of the value proposition scores for the Port of Ngqura is that in order for the port to position itself as a container transshipment hub and in order for it to compete with ports like the Port of Salalah, PoN needs to provide ship and container repair facilities. It also needs to work collaboratively with the South African customs department in order to provide a customs free zone. Table 4.4 also reveals that the value proposition that the respondents view as important is aligned to what was revealed in the literature review. In order to create a competitive advantage, a port’s customer value proposition should increase the benefits and/or decrease the sacrifices that customer perceives as relevant, build on competencies and resources that the port is able to use more effectively than its competitors and be recognisably different from competition (Mkhontwana, 2016). The literature review also provided the results of a comparison between PoS and PoN, which revealed that PoS offers the market the value proposition of the provision of a customs free zone.
4.5.3 Presentation and Analysis of Service Quality

Section C of the questionnaire sought to examine the service quality perceived by the PoN customers. Parasuraman (2005) defines service quality as a company’s ability to meet the service needs and expectations of its customers. This service quality is a perceived aspect of a customer’s experience. Hernon and Altman (2010) highlight the importance of being in tune with the customer’s expectations. They point this out as being the first and most important step in improving service quality. This section will look at behaviour of the respondents with regard to service quality as a variable of customer retention.

The respondents were asked about how important it would be if the terminal operator could allow for stuffing and de-stuffing of containers, if they deemed it important for PoN to have a customs free zone and if they believed the Port of Ngqura should provide warehousing facilities. They were also asked if they believed the Port of Ngqura should provide distribution facilities and how important for them it is for PoN to provide for Ship Repair facilities at the port. Furthermore, they were asked where, if they think the container weighbridge should be located within the port boundary or in the industrial area outside of the port boundary. Lastly in ascertaining the value propositions that the respondents need from PoN, they were asked if the TNPA should provide container repair and maintenance facility within the port.

The respondents were asked to state whether they fully agree (rating of 5), agree to a greater extent (rating of 4), agree (rating of 3), disagree to a lesser extent (rating of 2) or not agree (rating of 1) about statements posed to them about the Port of Ngqura service quality. Table 4.6 below illustrates the results of the evaluation exercise.
Table 4.6: Results of the Service Quality Perceptions

<table>
<thead>
<tr>
<th>Service Quality Perceptions</th>
<th>Fully Agree</th>
<th>Percentages</th>
<th>Do not Agree</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ship Working Hour level at the Port of Ngqura is at an international level and meets my expectations</td>
<td>9%</td>
<td>34%</td>
<td>26%</td>
<td>30%</td>
<td>1%</td>
</tr>
<tr>
<td>The Ship Turnaround time at the Port of Ngqura is at an international level and meets my expectations</td>
<td>6%</td>
<td>44%</td>
<td>14%</td>
<td>33%</td>
<td>3%</td>
</tr>
<tr>
<td>The Berth Productivity at the Port of Ngqura is at an international level and meets my expectations</td>
<td>13%</td>
<td>29%</td>
<td>33%</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>The TNPA marine docking and undocking is efficient</td>
<td>21%</td>
<td>30%</td>
<td>37%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>The Port of Ngqura is safe for my vessels/cargo in the case of bad weather</td>
<td>13%</td>
<td>27%</td>
<td>21%</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td>The terminal operator consistently complies with the CTOC agreement</td>
<td>9%</td>
<td>23%</td>
<td>46%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>The overall terminal equipment are sufficient for the Port of Ngqura to be positioned as a Transshipment hub in Africa</td>
<td>19%</td>
<td>29%</td>
<td>34%</td>
<td>16%</td>
<td>3%</td>
</tr>
</tbody>
</table>

The results presented in table 4.6 above indicate that the port’s customers view the service quality provided by the port authority to be low with regard to safety of vessels/cargo in the case of bad weather as this received a mean score of 2.93 with a total of 40% of the respondents feeling strongly about it. The remaining 60% felt indifferently about it or disagreed. The respondents’ view the port authority service of marine docking and undocking as highly efficient as this question scored the highest mean of 3.56 with 51% of the respondents agreeing with the statement. The remaining 49% felt neutral about it and the rest disagreed. The respondents also viewed the overall terminal equipment to be sufficient for the Port of Ngqura to be positioned as a Transshipment hub in Africa as this scored the second highest mean of 3.44 with a total of 48% of the respondents agreeing with the statement posed. The remaining
52% felt indifferently about it and disagreed. Furthermore, the respondents were happy with the service quality provided by the container terminal operator for the container berth which is at an international level and meets customers’ expectations as this statement scored a mean of 3.24 with 42% of the respondents agreeing with the statement. Figure 4.13 below provides a graphic illustration of the customer perceptions on service quality.

Figure 4.13: Customer Perceptions on Service Quality

In order to have a better understanding of the respondents’ views per industry and to assist with customer segmentation, table 4.6 below provides descriptive statistics for the respondents’ views per industry. Out of the 70 respondents, only 4 represented the fruit industry, this amount of respondents is a nominal figure, thus it has not been included in the views per industry description.
Table 4.7: Data on the Respondents’ Perceived Service Quality at PoN

<table>
<thead>
<tr>
<th>Service Quality Question 1</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ship Working Hour level at the Port of Ngqura is at an international level and meets my expectations</td>
<td>Container Shipping Line</td>
<td>3.02</td>
<td>0.96</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.73</td>
<td>0.90</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>4.00</td>
<td>1.15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Quality Question 2</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ship Turnaround time at the Port of Ngqura is at an international level and meets my expectations</td>
<td>Container Shipping Line</td>
<td>3.00</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.00</td>
<td>1.26</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.71</td>
<td>1.25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Quality Question 3</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Berth Productivity at the Port of Ngqura is at an international level and meets my expectations</td>
<td>Container Shipping Line</td>
<td>3.12</td>
<td>0.93</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.91</td>
<td>1.45</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.57</td>
<td>1.27</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Quality Question 4</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The TNPA marine docking and undocking is efficient</td>
<td>Container Shipping Line</td>
<td>3.56</td>
<td>0.98</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.09</td>
<td>1.51</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.86</td>
<td>0.90</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Quality Question 5</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Port of Ngqura is safe for my vessels/cargo in the case of bad weather</td>
<td>Container Shipping Line</td>
<td>2.88</td>
<td>1.35</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.18</td>
<td>1.25</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.29</td>
<td>1.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Quality Question 6</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The terminal operator consistently complies with the CTOC agreement</td>
<td>Container Shipping Line</td>
<td>3.14</td>
<td>0.91</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.64</td>
<td>1.29</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.29</td>
<td>1.38</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Quality Question 7</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall terminal equipment are sufficient for the Port of Ngqura to be positioned as a Transshipment hub in Africa</td>
<td>Container Shipping Line</td>
<td>3.33</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.73</td>
<td>1.35</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>4.14</td>
<td>1.07</td>
</tr>
</tbody>
</table>

As discussed in table 4.6, the respondents top three high scoring services provided to the customers by Ngqura are those of the following:

- TNPA’s marine and docking and undocking services which a majority of 51% of the customers viewed as good service quality, 37% felt indifferent and 12% did not agree;
• The overall container terminal equipment which 48% of the customers viewed as sufficient for PoN to be positioned as a container transhipment hub and received a good service quality rating, 34% felt indifferent and 19% did not agree; and

• The berth productivity efficiencies at PoN of which 42% of the customers felt that they received good service quality, 33% felt indifferent and 25% did not agree.

It is clear from table 4.7 above, that for the service quality received from the TNPA marine docking and undocking services, the clearing and forwarding customer segment group provided the highest mean score of 3.86 with the container shipping line segment at a close second highest mean of 3.56. The automotive sector followed closely behind with the lowest mean of 3.09. Figure 4.14 below provides a graphic representation of the respondents’ views.

Figure 4.14: Mean Scores for Service Quality for TNPA Marine Services

Table 4.7 also revealed that for the service quality received from the container terminal equipment such as rubber tyre gantries and ship to shore cranes, the clearing and forwarding customer segment group provided the highest mean score of 4.12 with the container shipping line segment at a close second highest mean of 3.33. The automotive sector followed with the lowest mean of 2.73. Figure 4.15 below provides a graphic representation of the respondents’ views.
Table 4.7 further revealed that for the service quality received from the container terminal and TNPA marine services affecting berth productivity, the clearing and forwarding customer segment group provided the highest mean score of 3.57 with the container shipping line segment at a close second highest mean of 3.12. The automotive sector followed with the lowest mean of 2.91. Figure 4.16 below provides a graphic representation of the respondents’ views.

The results presented in table 4.6 and table 4.7 provide an answer for RQ₂ which asks “what is service quality?” and the RO₂ which seeks to understand how the role
played by service quality as a tool to achieve customer satisfaction. The managerial implication of the service quality scores for the Port of Ngqura is that in order for the port to achieve customer retention, the independent variable of a standard of service quality must be achieved and maintained. The literature review in chapter 2 revealed that in order for businesses to achieve a competitive advantage in the service industry, they must seek to achieve customer satisfaction through the use of good service quality for its customers. Table 4.6 revealed that the respondents are satisfied with the service quality offered by the port authority for marine services. It did however reveal that the efficiencies such as ship working hour and ship turnaround time for the services offered by the container terminal operator were not of an international standard and respondents were thus unhappy with the low service quality. In order for the port authority to be able to retain its clients and reverse this situation, a collaborative approach must be taken between both stakeholders (the port authority and the terminal operator alike) to improve the terminal efficiencies. This can be achieved through training of employees and benchmark studies with world-class container ports like PoS and forming of partnerships for information sharing and skills development for employees where possible with PoS. The issue of safety of vessels needs to be addressed by the port authority as the geographic location of PoN makes it susceptible to operational hindrances caused by wind and underwater currents. PoN needs to consider investing in equipment like windbreakers or a roll out of the installation of the automotive moore-master system, which has already been successfully implemented in one of the four Ngqura container berths. When reviewing the mean scores per industry, it seems the customer segment of clearing and forwarding agents produced the highest mean scores when compared to the automotive sector (which is the least happy) and the container sector. This is an area of concern for PoN as the port is intended to attract container shipping line clients as its largest revenue contributors.

4.5.4 Presentation and Analysis of Customer Satisfaction

The first part of section D of the questionnaire sought to examine the customer satisfaction levels of the PoN customers. As covered in the literature review, delivering superior value to customers has become a continuous concern for companies in
numerous business markets. Knowing where value is situated from the customer perspective has undoubtedly become crucial for service providers. A customer’s satisfaction with a product is positively related to their repurchase intention, actual repurchase, market share, and could lead to customer loyalty.

The respondents were asked to state weather they fully agree (rating of 5), agree to a greater extent (rating of 4), agree (rating of 3), disagree to a lesser extent (rating of 2) or not agree (rating of 1) about statements posed to them about satisfaction with the Port of Ngqura. Table 4.8 below illustrates the results of the evaluation exercise.

Table 4.8: Results of the Customer Satisfaction Analysis

<table>
<thead>
<tr>
<th>Customer Satisfaction Experience</th>
<th>Fully Agree</th>
<th>Percentages</th>
<th>Do not Agree</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>The employees generally have an ability to get things done</td>
<td>4%</td>
<td>34%</td>
<td>44%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>The employees are flexible when I have special requests</td>
<td>11%</td>
<td>21%</td>
<td>47%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>The employees display good knowledge of the service they provide</td>
<td>4%</td>
<td>34%</td>
<td>44%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>I would like the relevant representatives of the Port of Ngqura to visit me</td>
<td>11%</td>
<td>21%</td>
<td>47%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>The employees understand my business needs</td>
<td>4%</td>
<td>34%</td>
<td>49%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>The employees have the authority to make executive decisions</td>
<td>6%</td>
<td>19%</td>
<td>44%</td>
<td>29%</td>
<td>3%</td>
</tr>
<tr>
<td>The employees respond to my complaints promptly</td>
<td>6%</td>
<td>16%</td>
<td>40%</td>
<td>31%</td>
<td>6%</td>
</tr>
<tr>
<td>I am willing to pay more for better service and quicker service delivery</td>
<td>4%</td>
<td>16%</td>
<td>29%</td>
<td>36%</td>
<td>16%</td>
</tr>
<tr>
<td>The service I receive from the port is good value for money</td>
<td>4%</td>
<td>21%</td>
<td>27%</td>
<td>37%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Table 4.8 above reveals that customers are overall and in general not satisfied with the port as a majority of 47% of the respondents are not satisfied with the service they receive from the port and they believe that it is not good value for money, 53% are neutral and the rest disagree. As a result, this statement received the second lowest mean of 2.73, furthermore, table 4.8 also reveals that a total of 52% of the respondents are not willing to pay more for better service and quicker service delivery, the remaining 48% felt indifferent about it or disagreed. This statement scored the lowest mean of 2.73. Table 4.8 also revealed that they are satisfied with the flexibility of employees when customers have special requests as this scored the highest mean of 3.40 with a majority of 42% agreeing with the statement. The results also revealed that 45% of the respondents agree that the employees understand their business needs, this statement also scored the third highest mean score of 3.33. Furthermore, the respondents are satisfied with the competence of the employees that they are in contact with as they felt that they display good knowledge of the service they provide with a majority of 38% agreeing with the statement and 55% feeling neutral about it. This statement scored the second highest mean of 3.29. Figure 4.17 below provides a graphic representation of the respondents’ levels of customer satisfaction.

Figure 4.17: Mean Scores on the Customer Satisfaction Results

In order to have a better understanding of the respondents’ views per industry and to assist with customer segmentation, table 4.9 below provides descriptive statistics for
the respondents' views per industry. Out of the 70 respondents, only four represented the fruit industry, this amount of respondents is a nominal figure, thus it has not been included in the views per industry description.

Table 4.9: Data on the Respondents’ Customer Satisfaction

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 1</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees generally have an ability to get things done</td>
<td>Container Shipping Line</td>
<td>3.09</td>
<td>0.81</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.18</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.43</td>
<td>1.13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 2</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees are flexible when I have special requests</td>
<td>Container Shipping Line</td>
<td>3.35</td>
<td>0.90</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.09</td>
<td>0.70</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.43</td>
<td>0.98</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 3</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees display good knowledge of the service they provide</td>
<td>Container Shipping Line</td>
<td>3.23</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.00</td>
<td>0.77</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.43</td>
<td>0.79</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 4</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees understand my business needs</td>
<td>Container Shipping Line</td>
<td>3.40</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.09</td>
<td>1.14</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.86</td>
<td>1.07</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 5</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees have the authority to make executive decisions</td>
<td>Container Shipping Line</td>
<td>3.37</td>
<td>0.82</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.09</td>
<td>0.94</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.86</td>
<td>0.69</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 6</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees have the authority to make executive decisions</td>
<td>Container Shipping Line</td>
<td>2.88</td>
<td>0.85</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.82</td>
<td>1.17</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.14</td>
<td>0.69</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 7</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees respond to my complaints promptly</td>
<td>Container Shipping Line</td>
<td>2.79</td>
<td>1.04</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.64</td>
<td>0.81</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.86</td>
<td>0.69</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 8</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am willing to pay more for better service and quicker service delivery</td>
<td>Container Shipping Line</td>
<td>2.70</td>
<td>1.08</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>1.82</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.86</td>
<td>0.69</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Question 9</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
</table>
As discussed and depicted in table 4.8, the respondents top three high scoring customer satisfaction constructs for the PoN customers are those of the following:

- The flexibility of the employees which a majority of 42% of the customers are satisfied with, 44% felt indifferent and 21% did not agree;
- The employees’ ability to understand their customers’ business needs of which 45% of the customers are satisfied with, 36% felt indifferent and 17% did not agree; and
- The employees’ knowledge and professional capability of which 38% of the customers are satisfied with, 55% felt indifferent and 12% did not agree.

It is clear from table 4.9 above, that for the customer satisfaction experienced by customers from the flexibility of the PoN employees, the clearing and forwarding customer segment group provided the highest mean score of 3.43 with the container shipping line segment at a close second highest mean of 3.35. The automotive sector followed closely behind with the lowest mean of 3.09. Figure 4.18 below provides a graphic representation of the respondents’ views.

Figure 4.18: Mean Scores for Customer Satisfaction from Flexibility of PoN Employees
Table 4.9 also revealed that for the customer satisfaction experienced by customers from the PoN employees’ ability to understand the business of their customers, the container shipping line customer segment group provided the highest mean score of 3.37, with the automotive sector segment at a close second highest mean of 3.09. The clearing and forwarding segment followed with the lowest mean of 2.86. Figure 4.19 below provides a graphic representation of the respondents’ views.

**Figure 4.19: Mean Scores for Customer Satisfaction for PoN employees’ understanding of customers’ business**

![Bar chart showing mean scores for customer satisfaction by customer segment. Container Shipping Line: 3.4, Automotive Sector: 3.09, Clearing & Forwarding: 2.86.]

Table 4.9 further revealed that for the respondents felt that the PoN employees are capable at their jobs, the clearing and forwarding customer segment group provided the highest mean score of 3.43, with the container shipping line customer segment at a close second highest mean of 3.23. The automotive customer segment followed with the lowest mean of 3.00. Figure 4.20 below provides a graphic representation of the respondents’ views.
The results presented in table 4.8 and table 4.9 provide an answer for RQ3 which asks “what is customer satisfaction” and the RO3 which seeks to investigate and understand the role played by customer satisfaction on customer loyalty. The managerial implication of the customer satisfaction scores for the Port of Ngqura is that in order for the port to achieve customer loyalty, the independent variable of a customer satisfaction must be achieved and maintained. The literature review in chapter 2 revealed that in order for businesses to achieve a competitive advantage in the service industry, they must seek to achieve customer satisfaction. The antecedents for customer satisfaction include a value proposition that is aligned to customers’ needs, a high level of service quality and employees that have an ability to do their jobs, together with empathy and apathy for customers. Table 4.7 revealed that there are facilities like ship repair and free trade zones that customers view as important which PoN currently does not have in its value proposition. Furthermore, Table 4.4 revealed that customers agree that the service quality offered by the port authority is of a high level but the efficiency’s like ship turnaround time offered by the container terminal operator are not of a world class and international standard, thus scoring low on service quality levels. Table 4.7 however revealed that the respondents are satisfied with the employees’ level of flexibility, understanding of their business and competence levels which tells one that the port employees have
empathy and apathy for customers and the port has adopted a customer centric culture towards employees. The respondents did however indicate that they do not believe that the service they receive is at a good value for money and they are not willing pay more for better service. This once again boils down to the need for the port to address the issue of service quality as it does affect overall customer satisfaction. Table 4.9 revealed that the clearing and forwarding customer segment is the segment that is mostly satisfied with PoN with the container sector and automotive industry showing lower levels of satisfaction. This is an area of concern for the port as PoN receives its revenue from predominantly the container shipping line customer segment group.

4.5.5 Presentation and Analysis of Customer Loyalty

The second part of Section D of the questionnaire sought to examine the loyalty levels of the PoN customers. In the age of cut-throat competition and heightened customer expectations, giving customers what they want through the value proposition and building bonds of long lasting loyalty with the customers seem to be the only means of sustained profitability and growth (Mehda and Rai, 2012). A number of authors also advise marketers to segment loyal customers as it can assist in developing and understanding of the nature of loyalty orientation and can inform appropriate marketing action (Rowley, 2005). Segmentation could be based on the four C’s of customer loyalty which state that loyal customers must be Captive, Convenience Seekers, Content or Committed and each of these segments requires differentiated loyalty programmes in order to achieve retention. Customer satisfaction and customer loyalty assist companies in their CRM initiatives, which in turn play a role in achieving customer retention and ultimately, profitability.

The respondents were asked to state whether they fully agree (rating of 5), agree to a greater extent (rating of 4), agree (rating of 3), disagree to a lesser extent (rating of 2) or not agree (rating of 1) about statements posed to them about satisfaction with the Port of Ngqura. Table 4.10 below illustrates the results of the evaluation exercise.
Table 4.10: Results of the Customer Loyalty Analysis

<table>
<thead>
<tr>
<th>Customer Loyalty</th>
<th>Fully Agree</th>
<th>Percentages</th>
<th>Do not Agree</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>I’ve accumulated perks and incentives for using the Port of Ngqura</td>
<td>3%</td>
<td>4%</td>
<td>16%</td>
<td>41%</td>
<td>36%</td>
</tr>
<tr>
<td>I am generally satisfied with the efficiency of the Ngqura container terminal</td>
<td>8%</td>
<td>19%</td>
<td>31%</td>
<td>31%</td>
<td>10%</td>
</tr>
<tr>
<td>I trust that the port has my best interests at heart</td>
<td>10%</td>
<td>23%</td>
<td>34%</td>
<td>27%</td>
<td>6%</td>
</tr>
<tr>
<td>The marketing personnel have a good relationship with me</td>
<td>16%</td>
<td>21%</td>
<td>29%</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Preserving my company’s reputation and satisfying customers are important to the port</td>
<td>11%</td>
<td>26%</td>
<td>37%</td>
<td>19%</td>
<td>6%</td>
</tr>
<tr>
<td>I see all Transnet divisions (TPT/TNPA/TFR) as one Transnet</td>
<td>24%</td>
<td>24%</td>
<td>19%</td>
<td>26%</td>
<td>7%</td>
</tr>
<tr>
<td>I do not feel a sense of loyalty towards the Port of Ngqura</td>
<td>19%</td>
<td>21%</td>
<td>36%</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>I would recommend the Port of Ngqura to potential customers in the container industry</td>
<td>14%</td>
<td>24%</td>
<td>30%</td>
<td>26%</td>
<td>4%</td>
</tr>
<tr>
<td>If there was another port in Port Elizabeth that had a container draft of 16metres and was privatised, I would still choose to use the Port of Ngqura</td>
<td>11%</td>
<td>21%</td>
<td>31%</td>
<td>33%</td>
<td>3%</td>
</tr>
</tbody>
</table>

For the customer relationship methods, the respondents were also asked to indicate the frequency of customer visits by TNPA representatives that they prefer and as such, they were asked to choose between the following options:

- Weekly;
- Monthly;
- Bi-monthly;
- Quarterly;
- Bi-annually; or
- Annually.

The results show that majority of 40% (n = 28) of the respondents indicated that they prefer to be visited monthly, 26% (n = 18) prefer to be visited bi-monthly, 24% (n = 17) prefer to be visited quarterly with the rest of the customer (a nominal percentage of 10%) prefer to be visited weekly, bi-annually and annually. Figure 4.21 below shows the customer visitation preferences.

Figure 4.21: Customer Visitation Preferences

n = 70

Table 4.10 revealed that the customers would like to be visited by the relevant representatives of the Port of Ngqura that are in a position of authority as this scored a mean of 3.34 with a majority of 38% agreeing with the statement. This ties in with the issue of the frequency of visits above. It is important to note that as much as the respondents would like to be visited monthly, the customer visits must also be meaningful. The port can ensure this by ensuring that firstly, the Port Manager is present at the customer visits and secondly, it works closely with its national TNPA office and send the right delegation to customer visits so that customers can communicate with people in positions of authority.
Table 4.10 above revealed that in general, the customers are not loyal to the port of Ngqura as only 32% would continue using the Port of Ngqura if there was another port in Port Elizabeth that had a container draft of 16metres and was privitised, this statement scored a mean of 3.06. Furthermore, only 38% of the respondents revealed that they would recommend the Port of Ngqura to potential customers in the container industry, this statement scored a mean of 3.19. A total of 48% of the respondents revealed that they see all Transnet operating divisions (TPT/TNPA/TFR) as one Transnet with the highest mean score of 3.33. This reveals that it is imperative for TNPA to have a collaborative approach and practice stakeholder management when working with all Transnet OD’s as if customers are satisfied with the port authority and dissatisfied with the service quality of any other operating division like the container terminal operator at Ngqura, the customers will not be loyal to PoN. Table 4.10 also revealed that the second highest mean score was 3.26 whereby a total of 40% of the respondents do not feel a sense of loyalty towards PoN with 36% being neutral. The lowest mean score of 1.97 whereby a total of only 7% of the customers revealing that they have accumulated perks and incentives for using the Port of Ngqura. This gives an indication that the port has minimal customer loyalty programmes to retain customers this could be because of the highly regulated South African maritime industry that the port operates in which requires ports to make applications to the tariff regulator before incentivising customers. Figure 4.22 below provides a graphic illustration of the customer loyalty mean scores.

Figure 4.22: Customer Loyalty Mean Scores
In order to have a better understanding of the respondents' views per industry and to assist with customer segmentation, table 4.11 below provides descriptive statistics for the respondents' views per industry. Out of the 70 respondents, only 4 represented the fruit industry, this amount of respondents is a nominal figure, thus it has not been included in the views per industry description.

<table>
<thead>
<tr>
<th>Customer Loyalty Question 1</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’ve accumulated perks and incentives for using the Port of Ngqura</td>
<td>Container Shipping Line</td>
<td>2.09</td>
<td>0.95</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>1.55</td>
<td>0.52</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.43</td>
<td>1.40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Loyalty Question 2</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am generally satisfied with the efficiency of the Ngqura container terminal</td>
<td>Container Shipping Line</td>
<td>2.72</td>
<td>0.98</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.00</td>
<td>1.29</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.18</td>
<td>1.08</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Loyalty Question 3</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I trust that the port has my best interests at heart</td>
<td>Container Shipping Line</td>
<td>3.12</td>
<td>0.96</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.73</td>
<td>1.35</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.29</td>
<td>1.38</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Loyalty Question 4</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The marketing personnel have a good relationship with me</td>
<td>Container Shipping Line</td>
<td>2.98</td>
<td>1.22</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.55</td>
<td>1.04</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>2.86</td>
<td>1.35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Loyalty Question 5</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preserving my company’s reputation and satisfying customers are important to the port</td>
<td>Container Shipping Line</td>
<td>3.14</td>
<td>0.99</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.82</td>
<td>1.54</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.57</td>
<td>1.13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Loyalty Question 6</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I do not feel a sense of loyalty towards the Port of Ngqura</td>
<td>Container Shipping Line</td>
<td>3.43</td>
<td>1.27</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>2.73</td>
<td>1.62</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.21</td>
<td>1.25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Loyalty Question 7</th>
<th>Industry</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would recommend the Port of Ngqura to potential customers in the container industry</td>
<td>Container Shipping Line</td>
<td>3.57</td>
<td>1.27</td>
</tr>
<tr>
<td></td>
<td>Automotive Sector</td>
<td>3.00</td>
<td>1.34</td>
</tr>
<tr>
<td></td>
<td>Clearing &amp; Forwarding</td>
<td>3.19</td>
<td>1.05</td>
</tr>
</tbody>
</table>
If there was another port in Port Elizabeth that had a container draft of 16 metres and was privitised, I would still choose to use the Port of Ngqura

<table>
<thead>
<tr>
<th>Segment</th>
<th>Mean Score</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Container Shipping Line</td>
<td>3.71</td>
<td>1.11</td>
</tr>
<tr>
<td>Automotive Sector</td>
<td>2.64</td>
<td>1.21</td>
</tr>
<tr>
<td>Clearing &amp; Forwarding</td>
<td>3.07</td>
<td>1.08</td>
</tr>
</tbody>
</table>

As discussed and depicted in table 4.11, the respondents generally did not feel a sense of loyalty to the port with the top three high scoring customer loyalty constructs for the PoN customers are those of the following:

- The respondents do not feel a sense of loyalty to the port as 40% of the customer agreed, 36% were neutral and 25% of the customers disagreed;
- The respondents would not provide word of mouth marketing for the port as 44% agreed, 30% are neutral and 38% disagreed;
- The respondents would use another port if they had a choice between two ports in Port Elizabeth, provided that the second port had a berth draft of 16 – 18 metres and the container terminal was privatised. Of the respondents, 51% agreed, 31% were neutral and 32% disagreed.

It is clear from table 4.11 above, that for the customer loyalty displayed by customers on the issues of a general sense of loyalty to PoN, the container shipping line customer segment group provided the highest mean score of 3.43 with the clearing and forwarding segment at a close second highest mean of 3.21. The automotive sector followed with the lowest mean of 2.73. Figure 4.23 below provides a graphic representation of the respondents’ views.

Figure 4.23: Mean Scores for Loyalty towards PoN
Table 4.11 also revealed that for the respondents would not provide word of mouth marketing by recommending the port to potential clients. The container shipping line customer segment group provided the highest mean score of 3.57 with the clearing and forwarding segment at a close second highest mean of 3.19 and the automotive sector followed with the lowest mean of 3.00. Figure 4.24 below provides a graphic representation of the respondents’ views.

Figure 4.24: Word-of-Mouth Marketing by PoN Customers

Table 4.11 further revealed that the respondents would not use PoN if they had a choice to use another container port in Port Elizabeth with a berth draft of 16 – 18 metres and had a privatised container terminal operator. The container shipping line customer segment group provided the highest mean score of 3.71 with the clearing and forwarding segment at a close second highest mean of 3.07 and the automotive sector followed with the lowest mean of 2.64. Figure 4.25 below provides a graphic representation of the respondents’ views.
The results presented in table 4.10 and table 4.11 provide an answer for RQ5 which asks “what is customer loyalty?” and the RO5 which seeks to investigate and understand the role played by customer loyalty on customer loyalty. The managerial implication of the customer loyalty scores for the Port of Ngqura is that in order for the port to achieve customer retention, the independent variable of a customer loyalty must be achieved and maintained. The literature review in chapter 2 revealed that in order for businesses to achieve a competitive advantage in the service industry, they must seek to achieve customer loyalty and thus retention. It revealed a positive relationship between service quality, customer satisfaction, customer loyalty, customer retention and increased profits. The antecedents for customer loyalty include customer satisfaction, trust and competitive attractiveness. Table 4.10 revealed that in general, customers do not have a sense of loyalty towards PoN, as a result, they would not provide word of mouth marketing for the port and if they could, they would rather make use of a privatised port if P.E offered one with the same deep berth draft of 16 - 18metres.

The port management team at Ngqura need to focus on issues like service quality improvements on efficiencies and offer the market the value proposition that is aligned to customer needs. It also needs to make use of loyalty programmes to retain customers, these programmes would have to be approved by the tariff
regulator in order to ensure fairness towards customers. Of the customer segments, the automotive sector was most loyal when compared to the container shipping line industry and clearing and forwarding agents. The container shipping lines were least loyal to PoN.

The problem statement in chapter 1 revealed that PoN is struggling to retain its customers. The literature review in chapter 2 revealed that in order to achieve customer retention, businesses need to provide the market with a value proposition aligned to the needs of the customer. It also revealed that companies must provide the market with good service quality in order to achieve customer satisfaction, once customer satisfaction is achieved, they must implement CRM strategies like loyalty programmes, customer communication and stakeholder management in order to retain customers and grow market share. The results from the questionnaire has revealed PoN has scored low on customer satisfaction and loyalty.

4.6 SUMMARY

This chapter began by reviewing the responses obtained during the data collection process. A collation of the biographical and demographical data was done before the chapter moved to the analysis and interpretation of the data collected in the empirical study.

The following chapter will detail the conclusions that can be derived from the study. Following this, the author will make some recommendations. The limitations of and assumptions made by the study will be detailed before the author concludes by highlighting potential areas for future research.
CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The review of literature in Chapters 2 revealed that the competitive business environment today has altered the role of ports in the 21st century which has evolved to include aggressive marketing in order for ports to retain customers and grow market share (Pando, 2006). The literature review discussed the use of service quality and value propositions aligned to the needs of the customers in the container industry in order to achieve customer satisfaction. It showed that the use of customer satisfaction, together with trust and customer relationship management then leads to customer loyalty, which could be used by ports to achieve customer retention. It further discussed the use of customer retention can be used a marketing tool that could be advantageous to container ports in their endeavour to grow profits and market share.

Based on the literature study, the later part of Chapter 2 displayed and discussed a conceptual framework for customer retention for container port marketing. Thereafter, Chapter 3 described the research methodology adopted by this study and Chapter 4 presented and interpreted the results and finding from the empirical study that was conducted.

This final chapter will summarise this study by discussing the empirical findings of the study in terms of the overall objectives of addressing the main problem and sub-problems which were identified in Chapter 1. Furthermore, based on the findings of the empirical study in Chapter 4, the conceptual framework that was proposed in Chapter 2 will also be evaluated in this Chapter. Thereafter, an improved conceptual framework for the implementation of customer retention strategies for container port marketing will be present in this chapter.

Finally, this chapter will discuss the limitations of this study and the opportunities for future research that has been identified in the course of this research. Similarly to Figure 1.1 in Chapter 1, Figure 2.1 in Chapter 2, Figure 3.1 in Chapter 3 and Figure
4.1 in Chapter 4, in Figure 5.1 describes the layout of this study and Figure 5.2 describes the layout of Chapter 5.

Figure 5.1: Layout of Treatise

Figure 5.2: Layout of Chapter Five

5.2 SUMMARY OF THE STUDY

Chapter 1 identified the challenge that is faced by the Port of Ngqura in retaining customers which has led to the port experiencing a declining growth rate for the past two years (2014 and 2015). The main research question of this study is “What components should a customer retention framework for the retention of container customers contain for the marketing strategy of the Port of Ngqura?” In order to provide a solution to the main research problem, the main research objective is “To develop
customer retention framework for a marketing strategy to improve methods of retaining customers in the Port of Ngqura”, this was broken into secondary objectives. The following sub-sections of this paper describe the secondary questions that were discussed and investigated and the identified answers. The sub-sections also describe the secondary objectives and summarises how the objectives have been addressed by this study.

5.2.1 Research Question RQ\textsubscript{1} and Research Objective RO\textsubscript{1}

The first research question that this study asked was “what is the value proposition expected by the PoN customers?” The research objective RO\textsubscript{1} was “to understand how to align the PoN value proposition to customers’ expectations” in order to provide answers for research question RQ\textsubscript{1}. This was addressed by the literature review in Chapter 2 as the review revealed that businesses were becoming more customer orientated in the 21\textsuperscript{st} century due to a competitive business environment. This led to a growing interest in value-based/value focussed strategies in recent years and it is believed that managing organisations from this perspective will increase the likelihood of success.

This has led to a need for a paradigm shift from the historical emphasis on a goods dominant logic, associated with the managerial marketing mix, which limits the potential for creating satisfaction and understanding the lifetime relationship value of a customer (Ballantyne et al., 2011), to a more transaction form of marketing that ensures customer needs are met and exceeded.

Customer value is by definition customer centric, but it can also be formulated as a proposition capturing the essentials of the company’s offering. It links the customer rand and the company in a way that makes the concept especially appealing in the context of understanding the success of best practice companies (Kuusela, 2007). Much of customer value results from well-designed customer experiences and the best companies are able to orchestrate customer experiences that provide customer value complementing their core offering (Ballantyne et al., 2011).
The literature review also revealed that ports are not immune to today’s competitive environment. In order to create a competitive advantage, a port’s customer value proposition should increase the benefits and/or decrease the sacrifices that customer perceives as relevant, build on competencies and resources that the port is able to use more effectively than its competitors and be recognisably different from competition (Mkhontwana, 2016). By adopting a market-driven approach, port authorities have to provide various marketing solutions for each stakeholder in the port community.

In a comparison of offered value added services between PoN and its competitor, a leading container port known as the Port of Salalah, it was identified that the PoN should investigate the possibilities of offering additional value adding services. These services include 24 hour container freight stuffing activities, container maintenance and repair facilities, permanent bunkering facilities and free trade zone benefits in its bid to increase its offered value proposition to the market.

The results of the questionnaire discussed in Chapter 4 revealed that for the component of value proposition, the measuring instrument was unreliable as it provided an overall Cronbach Alpha score of 0.41, which is significantly lower than the recommended 0.70. However, the opinions of the respondents’ with regard to value propositions that are important to them, Chapter 4 reported that the majority of the customers (73%) view the provision of ship repair facilities by the port as an important value proposition. The data analysis also revealed that a total of 60% of the respondents viewed the provision of a container repair facility as important, whilst 63% viewed a provision of a customs free trade zone as an important value proposition. A good value proposition would assist the port in satisfying its customers, which together with customer loyalty will lead to customer retention. PoN thus needs to consider expanding its value proposition to provide the market with the above mentioned facilities and services in order to ensure that their offered value proposition is aligned to the needs of its customers.
5.2.2 Research Question RQ$_2$ and Research Objective RO$_2$

The second research question RQ$_2$ was "what is service quality?" and the RO$_2$ which seeks to understand "how the role played by service quality as a tool to achieve customer satisfaction" in order to provide answers for research question RQ$_2$. In answering this question, the literature review in Chapter 2 identified the role played by service quality in customer satisfaction in the service industry.

Service quality has been the subject of considerable interest by both practitioners and researchers in recent years (Henderson et al., 2013). It is a multi-faceted concept and the full dimensions of which only started to be understood in the early 2000’s.

Customer satisfaction is influenced by service quality (Akhter and Uddin, 2012) and as such, premium service quality is a key to please customers and to gain a competitive advantage in services industries. The satisfaction level of customers is dependent on their perception of service quality and the trust in service provider. In order for the perception of the service quality of the customer to be positive and yield customer satisfaction, marketers must identify and know the customer value and use it in the organisation’s value proposition as its service offering. Ignoring the customer value may cause lowered customer satisfaction and reduced repeat purchases. By providing better quality services to customers, a firm revives the perception of customers about quality of services (Fasih et al., 2014). Port enterprises need to adopt the kind of competitive strategies that will support or ideally secure their position within the competing transport chain networks and service quality is one of those tools that can be used by ports when seeking customer satisfaction and competitive advantage (Pando, 2006).

The analysis of the results from the questionnaire discussed in chapter 4 revealed that the respondents are most satisfied with the service quality provided by the port authority for marine docking and undocking of vessels with a majority of 51% of the ports customers agreeing. This is an indication that container shipping lines are most concerned with prompt attention to the vessels arriving as it costs them more money the longer they occupy the container berths. This is also indicative of the price sensitive industry the container sector is in. The analysis also revealed that the respondents are
mostly satisfied with the service quality they receive from the port authority, however not with the service received from the container terminal operator. It further revealed that a total of 48% of the respondents see the different operating divisions in Transnet (the landlord, the terminal operator and rail as one). It is therefore important for the port authority in Ngqura to ensure stakeholder management between the various OD’s and ensure that collaborative efforts take place to address the issue of service quality as a whole. The analysis revealed that shipping lines are not satisfied with the terminal efficiency’s such as ship turn-around time and ship working hour. Thus the terminal operator, with the assistance of the landlord, needs to investigate the possibilities of collaboration with top ports like PoS in order to complete benchmark studies and information sharing and best practices on efficiency issues.

5.2.3 Research Question RQ3 and Research Objective RO3

The third research question RQ3 was “what is customer satisfaction?” The research objective RO3 set at the beginning of this study was “to investigate and understand the role played by customer satisfaction in customer loyalty” in order to provide answers for research question RQ3. In answering this question, the literature review in Chapter 2 identified and established the positive relationship between customer satisfaction and customer retention (Matzler et al., 2004). For many years, customer satisfaction has been a major goal of businesses since it has been deemed to affect customer retention and companies’ market share (Hansemann and Albinsson, 2004). It was identified that the consumer satisfaction category lies in the core of marketing concept. Thus, it is the main position in marketing theory and it is based on the premise that the profit is made through the process of satisfaction of consumers’ demands (Dubrovoski, 2003).

It was also identified that there are research findings that contradict this belief, as some marketing scholars have a view that a satisfied customer is not the same thing as a loyal customer, and it does not necessarily lead to customer retention. As such, it was identified that customer satisfaction alone should not be the only goal of an organisation’s marketing strategy (Thiele, 2004). Effective marketing focuses on a holistic approach to customer retention such as competitive advantage achieved
through superior service quality, customer loyalty programmes and customer relationship management strategies (Thiele, 2004) should also be used in customer retention strategies. The antecedence that lead to customer satisfaction such as a value proposition that is aligned to customer needs, service quality, the customer orientation of employees and price reasonability were identified. The measurement of customer satisfaction levels were also deemed as important when assessing the usefulness of a business’s customer satisfaction strategies. The analysis discussed in Chapter 4 revealed that the respondents are satisfied with the port when it comes to employee issues. They felt that the employees displayed a sense of empathy and apathy and are competent at their jobs. The respondents however revealed that they are not satisfied with the service quality with regard to terminal efficiencies. The literature review discussed service quality as an antecedent for customer satisfaction, it is evident from the analysis of the respondents that they are not generally satisfied with the port due to service quality thus port struggles with customer loyalty and retention.

5.2.4 Research Question RQ4 and Research Objective RO4

The fourth research question RQ4 was “how does customer loyalty impact customer retention?” The research objective RO4 set at the beginning of this study was “to investigate and understand the role played by customer loyalty in retaining customers” in order to provide answers for research question RQ4. In answering this question, the literature review in Chapter 2 identified that there is a positive relationship between customer satisfaction, customer loyalty and customer retention (Ringle, 2011).

While there are an abundance of companies investing marketing spend on customer loyalty programmes, critics of loyalty programmes argue that businesses should strive to be customer centric and as such, should endeavour to enhance the value proposition for every customer (Sneath, 2006). The literature review identified the dangers of loyalty programmes to discriminate against customers that are not frequent purchasers but do however, bring in a considerable amount of profit to the business upon purchase and also identified customers fatigue as loyalty programmes have been overdone. The advantages of customer loyalty however far outweigh the costs
of achieving customer loyalty. Businesses are encouraged to ensure that the antecedents of competitive attractiveness, a good corporate image, customer satisfaction, and trust are important when trying to achieve customer loyalty. Customer satisfaction and customer loyalty assist companies in their CRM initiatives which in turn play a role in achieving customer retention and ultimately, profitability.

The results of the analysis completed in Chapter 4 show a correlation between what the literature review discussed about customer loyalty and what the respondents feel about loyalty towards the port. The analysis revealed that only 38% of the customers would recommend PoN to potential customers in the container industry. Furthermore, only 32% would continue using PoN if they had the option of using a privatised container terminal in Port Elizabeth that offered a container berth depth of 16 – 18 metres. This is mainly due to the fact that the customers are generally not satisfied with the service quality that they receive from the port and due to the value proposition that is offered by PoN to the market that is not entirely aligned to the needs of the customers.

5.2.5 Research Question RQ5 and Research Objective RO5

The fifth research question RQ5 was “what initiatives can ports take in developing effective CRM for customer retention in ports?” The research objective RO5 set at the beginning of this study was “to identify the methods of customer relationship management necessary for customer retention container ports” in order to provide answers for research question RQ5. In answering this question, the literature review in Chapter 2 advised that the key to success in a competitive business environment lies with concentrating on, and retaining existing customers (Ghaun, 2004). In the 1980's transaction marketing placed the emphasis on the individual sale and in the 1990's and 2000's, emphasis is placed on long – term relationships between customer and company. Continuity is the key element of relationship exchange, which does not necessarily mean that customer purchases are frequent or repeated, but that relationship exists and is maintained (Sheth, 2002).

In order for firms to achieve customer retention, they need to ensure customer satisfaction and customer loyalty. Customer loyalty programmes need to be developed
and used as part of the CRM strategy is a retention tool. There are various antecedents that make it possible to develop and implement CRM strategies from which companies can gain a number of benefits, including customer retention and profitability.

In endeavouring CRM, container ports are advised to segment customers according to industry (shipping line companies, clearing and forwarding agents, OEM companies and fruit exporting companies) as these industries have different requirements. Customers also need to be segmented by their frequency of use of the port and profit generated as this will inform the amount of resources that must be invested in the relationship building strategy (Mkhontwana, 2016). Loyalty strategies such as price discounts must be implemented as part of the port CRM strategy. The Pareto 80/20 rule must be applied in maintaining relations with key customers. The analysis Chapter 4 provided the industry representation pie chart below on figure 5.3

Figure 5.3: Data on the Respondents' Industry

n = 70

Figure 5.1 above displays that the ports customer base is mostly dominated by the container shipping lines. Thus CRM efforts and attention must be mostly direct and the container shipping line customer segment. This completed in chapter 4 revealed
that a majority 40% of the customers would like to be visited on a monthly basis by employees that are in a position of authority and can take decisions. Thus when PoN implements its CRM strategy, these preferences need to be taken into consideration by the port.

5.2.6 Research Question RQ₆ and Research Objective RO₆

The sixth research question RQ₆ was “What are the components of a customer retention framework for marketing container ports?” The research objective RO₆ set at the beginning of this study was “to develop a conceptual framework for the implementation of a customer retention strategy for the marketing of the Port of Ngqura” in order to provide answers for research question RQ₆. In answering this question, the literature review in Chapter 2 affirmed the need for a structured approach in the implementation of customer retention for port marketing in the bid to maintain and grow market share. A framework for the implementation of customer retention for the PoN was proposed at the later part of Chapter 2.

The proposed framework in figure 2.5 highlighted a step by step approach and the important factors that should be considered in implementing customer retention for port marketing as discovered in Chapter 2. Some of the critical points within the framework include a clear marketing policy, development of internal marketing skills and training, buy in and commitment of leadership and a clear measurement of success. The proposed framework suggested the knowledge and segmentation of the target market and the need to constantly evaluate the retention strategy once implemented.

Based on the result of the data analysis, the framework proposed in Chapter 2 was re-evaluated and the following improvements were made to the conceptual framework as shown in figure 5.4:

- **Segment Target Customers**: It is recommended that the target market be well defined, understood and segmented based on industry (shipping line, clearing and forwarding agency, fruit, automotive or wool) and amount of volumes and revenue brought to the Port of Ngqura. This will assist the port in creating the
right value proposition that are relevant for the various customer segments. This will also determine how to keep the communication relevant to each of the segmented customer groups and how much resources to spend in each group if one is to use the 80/20 pareto principal.

• **Measure Success:** It is recommended that the measurement of success be clearly defined and linked to the objectives for the implementation of customer retention. The benefits of customer retention can be tangible or intangible. Customer retention provides tangible measurements like the number of customers, number of container volumes and ships that make use of the Port of Ngqura and the amount of revenue each customer contributes to the port. Intangible measurements are in the form of word-of-mouth marketing from satisfied and loyal customers. For the purpose of customer retention, it is recommended that marketers and the Port of Ngqura using CRM strategies should devise ways of regularly measuring loyalty to the port and the brand, level of customer engagement, reputation of PoN, service quality, customer satisfaction and customer loyalty. Measuring the success will not only provide an indication of the return on investments, it will also help PoN to learn and improve.

• **Value Proposition:** Initially, the value proposition was included in the conceptual framework. In the improved framework however, this was removed as the researcher established that the component of the value proposition was deemed unreliable and therefore, does not necessarily lead to customer retention for the Port of Ngqura. Nunnally (1978) recommends that instruments used in basic research have reliability of 0.70 or higher. The Cronbach Alpha score for the value proposition measuring scale was 0.41, which is below the recommended 0.70.

• **Improve Service Quality:** The results of the questionnaire revealed that the majority of the customers felt that the ship turnaround time at the Port of Ngqura is not at an international level and does not meet their expectations. This questions scored one of the lowest means at an average mean score of 3.17 with the automotive sector providing the lowest mean of 2.73. This is attributed
to the pressures faced by automotive makers such as Volkswagen (VW) South Africa competing with other VW manufacturing plants globally. This adds pressure to keep the production, logistics and transportation costs low in order to be able to keep the final selling price of the car low. PoN must therefore include the improvement of the ship turnaround time of vessels in its framework. Further to this, a majority of 41% of the customers were not satisfied with the service quality they are currently receiving from the port whilst 31% were indifferent. Due to the ports service quality and other factors such as employees not fully understanding the business of their clients, only 30% of the respondents would provide word-of-mouth marketing for the port. A total of 36% of the respondents would not use the port if they had a choice to use a different port in Port Elizabeth whilst 31% were indifferent. This makes it critical for the port to focus on achieving customer satisfaction through achieving a high level of service quality. What works in the maritime sector is high levels of service quality and well trained employees as opposed to the “fluffy” components of customer retention such as loyalty programmes. This is emphasised by the questionnaire results that reveal customers are not interested in meeting for the sake of relationship building. They want to meet with people in positions of authority in order for decisions to be taken fast and their operational concerns with the container terminal are addressed and solved.

- **Customer Satisfaction:** PoN should ensure that customers are satisfied by investing in their employees and send them to training in order for them to be efficient and to understand the TNPA business and maritime industry. This is due to the low average score of 3.29 expressed in the results of the questionnaire. Furthermore, in order to improve customer satisfaction, for CRM building initiatives, customers do not only want to see TNPA representatives for the sake of meetings. The questionnaire results revealed that a 40% of the customers would like to see TNPA employees at a frequency of monthly visits, however, it must be the right employees that have delegation of authority and can make decisions. A mean score of 2.96 was awarded by the respondents’ for the statement of the port employees have the authority to make decisions. This also ties in to the next recommendation of leadership involvement.
**Involvement of leadership:** The executive leadership of TNPA from the national headquarters office needs to be involved in the customer satisfaction and CRM process in trying to achieve customer loyalty. The respondents awarded a high mean number of 3.34 to the statement of wanting the relevant representatives of the port to visit them. This will also address the challenge of the port employees not having a high delegation of authority when it comes to making decisions during customer visits. Figure 5.4 below provides a depiction of the improved conceptual customer retention framework for PoN.
Figure 5.4: Improved Conceptual Customer Retention Framework for PoN

**CUSTOMER RETENTION**

**CUSTOMER SEGMENTATION**

**CUSTOMER SATISFACTION**

*IMPROVE SERVICE QUALITY LEVELS TO ACHIEVE CUSTOMER SATISFACTION:*

- Terminal Operator Efficiency
- Prompt attention to vessels arriving
- Ship Turnaround Time
- Berth Productivity
- Marine Services Efficiency
- Vessel Safety
- Overall port and terminal equipment
- Employees capabilities
- Employee apathy & empathy
- Knowledgeable employees

**INVolVEMENT OF EXECUTIVE TNPA LEADERSHIP**

*A CULTURAL CHANGE IS NEEDED TO PROVIDE AN ENVIRONMENT WHEREBY:*

- Overall customer orientation culture exists in the port
- Cooperation between all Transnet Operating Divisions as customers see TNPA/TPT/TFR as one Transnet.
- Customers prefer to meet with top TNPA executives for decisions to be made timeously

**CUSTOMER LOYALTY**

- Customer retention
- Loyalty to the port and brand
- Repeat usage of the port & word of mouth marketing

**REGULARLY MEASURE SUCCESS**

Source: Authors Construction
5.3 RECOMMENDATIONS

The literature review and the results of this study support the fact that the use of customer retention as part of a port’s marketing strategy provides a platform for engaging with and building relations with customers in a bid to achieve customer loyalty, repeat purchases, market share retention and growth. The need for careful planning and a strategic approach in the implementation of customer retention as a marketing strategy in the maritime industry is very important. Moreover, in order to craft a winning strategy for the implementation of customer retention, previous studies suggested the use of a framework to guide the process and the eventual execution of the strategy (Young, 2006).

Therefore, based on the findings of this study, the use of a structured approach for the implementation of customer retention in container ports is pivotal for effectiveness and it is highly recommended. This is fundamental to answering the main research question RQm - What components should a customer retention framework for the retention of container customers contain for the marketing strategy of the Port of Ngqura? The conceptual framework in this study highlighted some success factors. Based on the findings of this study, the following are recommendations and the critical success factors on how to implement customer retention effectively for port marketing based on the findings of this study:

- **Leadership Involvement:** It is recommended that the leadership at the strategic level of Transnet Group and Transnet National Ports Authority be involved in the implementation of customer retention for marketing the port as they are the ones that have a high delegation of authority when it comes to decision making in order to keep customers satisfied. The involvement and buy-in of the leadership should go beyond the approval of budgets for customer retention. It is recommended that the leadership should acquire training where necessary and get directly involved in engaging with the customers through various customer engagement platforms. Buy in from top leadership will also assist in entrenching a culture of customer orientation within the Transnet organisation as they could implement employee rewards and incentives for
outstanding customer service and innovation in dealing with customer challenges.

- **Incorporate Customer Retention into Overall Marketing Strategy:** It is recommended that the Port of Ngqura should see customer retention as part of its overall marketing strategy. Transactional marketing requires marketers to focus on the marketing mix elements of the “4P’s” when developing marketing strategies. However, in today’s competitive port environment and with the changing role of the port authority that requires marketers to be aggressive, customer relationship building is crucial in retaining customers and growing market share.

- **Improve Service Quality:** This study highlighted the importance of good service quality. All the clients surveyed agreed that service quality is crucial to their decision to stay with the port. There are numerous ways which a container port can improve its service quality levels. Employee training is the most critical recommendation as they must be well trained and equipped to execute their duties, they must be polite, fully understand their customers and have customer empathy. Ports can also improve service quality by focusing on port and terminal efficiency by conducting benchmark studies with ports like the PoS and the Port of Singapore as they are known for high levels of efficiency in the market.

- **Ensure Customer Satisfaction:** The relationship between a customer and a supplier involves a product or a service. In this case, the product is the port and the service is port services such as pilotage, mooring of vessels and cargo handling. In order for the relationship between the customer and supplier to continue and grow towards customer loyalty, the customer must be satisfied with the services offered by the port. The port can achieve this by including the customer in the port development and design framework for expansion projects on port infrastructure. This will assist the port in ensuring that its value proposition offered to the market is aligned with customer needs. According to Sriram et al. (2012). Product design evolution is all about involving the customer in the product design process as this is the best way in ensuring the product
meets the customers’ needs. The researcher also recommends that the port reviews the affordability of its services as part of its marketing mix as customers must feel that the Port of Ngqura’s services represents good value for money. Costs such as marine and cargo dues charges must be perceived fair and affordable by customers.

5.4 LIMITATIONS OF THE STUDY

The following limitations were identified during this study:

- The use of the likert scale in the questionnaire as it has a central tendency bias. The majority of the respondents appeared to avoid extreme response categories such as “strongly agree” and “strongly disagree”;
- The size of the sample used is not representative because of the poor response rate. As a result, the sample size was not enough to perform detailed inferential statistical tests of associations;
- The samples were drawn from customers with offices based Port Elizabeth only as opposed to customers with offices in Durban and Cape Town due to the challenge of time; and
- This research had to rely on some resources outside the academia for several aspects of port customer retention methods as not enough academic research has been carried out in the area of port marketing.

5.5 FUTURE RESEARCH

The use of customer retention as a marketing tool for container ports is evolving with enormous opportunity for more academic research. During this study, there are opportunities that were identified for the use of customer retention as a strategic marketing tool. These areas include the following:

- Future research can be carried out from the academia perspective to either develop or test the validity of the existing models for the implementation of customer retention as a strategic marketing tool in container ports;
• Further research can also be carried out to evaluate the framework proposed in this study across different ports in the African continent used for different cargo other than containers. This can be done by using this framework for different ports and cargo type with varying objectives and the result can be measured;

• More research can be carried out to determine how to segment the target audience of a container port into customer groups so that they can be effectively micro-targeted using customer retention; and

• A study may also be conducted to determine the return on investment obtained by the use of customer retention marketing strategies in container ports;

• Future research can also be carried out to include more port customer in the national and international arena.

5.6 CONCLUDING REMARKS

The main research objective of this research was to develop a framework for customer retention strategies for the marketing of the Port of Ngqura. The studied literature suggested that the concept of customer retention can be linked to the stakeholder management theories. The literature also revealed a positive relationship between the independent variables of value proposition, service quality, customer satisfaction, customer loyalty and CRM and the dependent variable of customer retention. It also revealed that customer retention leads to intangible benefits such as positive word-of-mouth from loyal customers and tangible results such as increased profits and market share growth.

The study thus revealed the importance of customer retention and how issues such as port efficiency, service quality, value proposition, customer satisfaction, customer loyalty and CRM affect customer retention at the Port of Ngqura.

This study also revealed evidence that customer retention efforts in today’s competitive port environment should be used in conjunction with the traditional customer retention strategy efforts that relied heavily on a good mix between the marketing mix elements of product, price, place and promotion.
Based on the finding from the literature review by this study, a framework was proposed and a quantitative study was carried out to evaluate the opportunity that exists and the applicability of the proposed framework for a customer retention strategy for the marketing of the Port of Ngqura. Recommendations were made on some critical success factors for a customer retention strategy for the marketing of the Port of Ngqura and opportunities for further research on this subject were outlined.
REFERENCE


Trieman, D.J. 2009. Quantitative data analysis: Doing social research to test ideas. San Francisco: John Wiley and Sons.


LIST OF ANNEXURES

Annexure A: Cover Letter

This serves to confirm that C Myoli (St No: 204020336) is currently registered for the Masters in Business Administration (MBA) and is conducting research toward the treatise component of the degree.

Dear Respondent

My Name is Chuma Myoli, I am employed by Transnet National Ports Authority (TNPA) as a Key Accounts Manager for the Port of Ngqura and a part time MDA degree student at the Nelson Mandela Metropolitan University (NMMU). I am conducting research under the supervision of Professor Margaret Cullen. My topic is “A Customer Retention Framework for the Container Commodity in the Port of Ngqura”. This research will provide the Port of Ngqura with a structured approach, a guide on how to implement strategies to satisfy customers, build customer loyalty and customer relations and thus retain customers to grow market share.

You are part of our selected sample of respondents whose views we seek on the abovementioned matter. We would therefore appreciate it if you could answer a few questions. It should not take more than fifteen minutes of your time and we would want to thank you in advance for your co-operation.

The results of this research will be submitted to the NMMU in partial fulfilment of a Master’s degree in Business Administration. The outcomes of this study will be made available to the public by the university at a given time.

This survey is strictly confidential and the respondents will remain anonymous. Please answer all the questions in the questionnaire as accurately as possible by ticking the appropriate box. It will be appreciated if this questionnaire could be completed within 5 business days of receipt thereof. Should you require further information, please contact me on chuma.myoli@transnet.net.

The you for your participation!

Port of Ngqura Key Accounts Manager & NMMU MBA Student: Chuma Myoli

Researcher Supervisor: Prof Margaret Cullen [margaret.cullen@nmmu.ac.za]
Annexure B: Questionnaire

SECTION A: Demographic Details

To be completed by all respondents please.

Please supply the following information:

1. Age

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2. Gender

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<td>Female</td>
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4. Education level

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<td>Degree</td>
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<td>Post Graduate</td>
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5. Your company is a member of which industry?

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<td>Fruit Industry</td>
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<td>Automotive Industry</td>
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<tr>
<td>Clearing &amp; Forwarding</td>
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<td>Other (Please state)</td>
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6. Province

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<td>Gauteng</td>
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<tr>
<td>KwaZulu - Natal</td>
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<tr>
<td>Western Cape</td>
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7. Please indicate your experience in the maritime sector

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<th>&gt;5 years</th>
<th>&gt;10 years</th>
<th>&gt;15 years</th>
<th>&gt;20 years</th>
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<tr>
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</table>

SECTION B: Port of Ngqura Services

Please choose in order of importance (5 being most important and 1 being least important).

What type of value added services would you like for the Port of Ngqura to have for the commodity of containers?

1. Would you like the terminal operator to allow for stuffing and de-stuffing of containers?

| 5 | 4 | 3 | 2 | 1 |

2. Would you like the Port of Ngqura to have a customs free zone outside the port terminal but still within the port boundary?

| 5 | 4 | 3 | 2 | 1 |

3. Do you believe the Port of Ngqura should provide warehousing facilities outside the terminal boundary but within in the port boundary?

| 5 | 4 | 3 | 2 | 1 |

4. Do you believe the Port of Ngqura should provide distribution facilities outside the terminal boundary but within the port boundary?

| 5 | 4 | 3 | 2 | 1 |

5. In your view, do you think the Port of Ngqura should provide for Ship Repair facilities at the port?

| 5 | 4 | 3 | 2 | 1 |
6. Where do you think the container weighbridge should be located? Please indicate by selecting "yes" or "no".

**Within the port boundary**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
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<td>1</td>
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<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
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<tr>
<td>1</td>
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</table>

**In the industrial area outside of the port boundary**

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<th>Yes</th>
<th>No</th>
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<th>Yes</th>
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8. Do you think the port should provide container repair and maintenance facility within the port?

<p>| | | | |</p>
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<tr>
<td>5</td>
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</table>

**SECTION C: Service Quality/Port & Terminal Efficiencies**

Please mark your answer with a tick

<table>
<thead>
<tr>
<th></th>
<th>I fully agree</th>
<th>I agree to a greater extent</th>
<th>Neutral</th>
<th>I Disagree to a lesser extent</th>
<th>I do not agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Ship Working Hour level at the Port of Ngqura is at an international level and meets my expectations</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2. The Ship Turnaround time at the Port of Ngqura is at an international level and meets my expectations</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. The Berth Productivity at the Port of Ngqura is at an international level and meets my expectations</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4. The TNPA marine docking and undocking service is efficient</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5. The Port of Ngqura is safe for my vessels/cargo in the case of bad weather</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6. The terminal operator consistently complies with the CTOC agreement</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7. The overall port facilities are sufficient for the Port of Ngqura to be positioned as a Transhipment hub in Africa</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
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## SECTION D: Customer Satisfaction & Loyalty

<table>
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<tr>
<th></th>
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<th>I agree to a greater extent</th>
<th>Neutral</th>
<th>I Disagree to a lesser extent</th>
<th>I do not agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The employees generally have an ability to get things done</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2. The employees are flexible when I have special requests</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. The employees display good knowledge of the service they provide</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4. I would like the relevant representatives of the Port of Ngqura to visit me</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5. The employees understand my business needs</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6. The employees have the authority to make executive decisions</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7. The employees respond to my complaints promptly</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8. I am willing to pay more for better service and quicker service delivery</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>9. The service I receive from the port is good value for money</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>10. I've accumulated perks and incentives for using the Port of Ngqura</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>11. I am generally satisfied with the efficiency of the Ngqura container terminal</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>12. I trust that the port has my best interests at heart</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>13. The marketing personnel have a good relationship with me</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>14. Preserving my company's reputation and satisfying customers are important to the port</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>15. I see all Transnet divisions (TPT/TNPA/TFR) as one Transnet</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>16. I feel a sense of loyalty towards the Port of Ngqura</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>17. I would recommend the Port of Ngqura to potential customers in the container industry</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>18. If there was another port in Port Elizabeth that had a container draft of 16metres and was privatised, I would still choose to use the Port of Ngqura</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
19. In terms of customer visits by TNPA representatives, please indicate the frequency you prefer to have meetings/engagements by ticking the relevant box below:

<table>
<thead>
<tr>
<th>Weekly</th>
<th>Monthly</th>
<th>Bi-monthly</th>
<th>Quarterly</th>
<th>Bi-Annually</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

[ENDS]
Annexure C: Ethical Clearance

**ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THeses**

*Please type or complete in black ink*

**FACULTY:** Business and Economic Science

**SCHOOL/DEPARTMENT:** Business School

I, (surname and initials of supervisor)

the supervisor for (surname and initials of candidate) C. Myoli

(student number) 204020324

a candidate for the degree of Masters in Business Administration


A Customer Retention Framework for the Container Commodities of the Port of Ngoroa

considered the following ethics criteria (please tick the appropriate block):

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>2. Is the study based on a research population defined as ‘vulnerable’ in terms of age, physical characteristics and/or disease status?</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
| 2.1 Are subjects/participants/respondents of your study:  
   (a) Children under the age of 18?  
   (b) NMMU staff?  
   (c) NMMU students?  
   (d) The elderly/persons over the age of 60?  
   (e) A sample from an institution (e.g. hospital/school)?  
   (f) Handicapped (e.g. mentally or physically)? |  | ✓ |
3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)

3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?

4. Will the participant’s privacy, anonymity or confidentiality be compromised?

4.1 Are you administering a questionnaire/survey that:
(a) Collects sensitive/identifiable data from participants?
(b) Does not guarantee the anonymity of the participant?
(c) Does not guarantee the confidentiality of the participant and the data?
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?
(e) Will create doubt whether sample control measures are in place?
(f) Will be distributed electronically via email (and requesting an email response)?

Note:
- If your questionnaire DOES NOT request respondents’ identification, is distributed electronically and you request respondents to return it manually (print out and deliver/mail); AND respondent anonymity can be guaranteed, your answer will be NO.
- If your questionnaire DOES NOT request respondents’ identification, is distributed via an email link and works through a web response system (e.g. the university survey system); AND respondent anonymity can be guaranteed, your answer will be NO.

Please note that if ANY of the questions above have been answered in the affirmative (YES) the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

SUPERVISOR(S) ___________________________ DATE 30/11/17

HEAD OF DEPARTMENT ___________________________ DATE

STUDENT(S) ___________________________ DATE 26/07/2016

Please ensure that the research methodology section from the proposal is attached to this form.

Please note that by following this Proforma ethics route, the study will NOT be allocated an ethics clearance number.
Annexure D: Turnitin Report

Turnitin Originality Report
Chuma Myoli Treatise Turnitin by Chuma Myoli
From MBA Treatise - Part 1 (Moodle 32663503) (T711TR0: Treatise (Moodle 9623824))

- Processed on 26-Jan-2017 19:29 SAST
- ID: 654714537
- Word Count: 27769

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