

## **EXTRINSIC PARAMETERS AND CUSTOMER LOYALTY BEHAVIOR OF VERY SMALL CRAFT ENTERPRISES**

**ADANKANHOUNDE THIERRY MAHOUGNON**

ENSET-Lokossa, University of Abomey, Benin

### **ABSTRACT**

The importance of customer loyalty for all kinds of business is well established. It provides enough benefit for companies that fit into this vision. It appears more urgent because of their competitiveness which is subjected to severe tests. Artisanal small businesses are also aware of these advantages and are developing strategies to achieve them. By doing so, we would expect all their customers to be loyal. However, some customers become unfaithful anyway. The aim of this communication is to identify the extrinsic parameters that can negatively influence the loyalty behavior of Very Small Craft Enterprises (VSE) Customers. This research is conducted using a methodology based on a quantitative analysis based on a structured questionnaire based on three-level attitude scale administered to 502 Very Small Craft Enterprises (VSE) Customers.

This study shows that among the variables likely to influence consumer behavior, there is the client's culture, his family network, his religion have no influence on loyalty behavior. On the other hand, the change of social rank of the customer, the rumor on the product and the distance have a negative influence on the behavior of consumer loyalty.

**KEYWORDS:** Loyalty Behavior, Extrinsic Parameters, Customers & Very Small Craft Enterprises

### **INTRODUCTION**

#### **THE CONCEPT OF FIDELITY AND VERY SMALL ENTERPRISES IN THE CRAFT SECTOR**

##### **What is Fidelity?**

Though researchers have been interested in fidelity for many years, the recent interest of companies can be explained by two main reasons (Lacoeuilhe, 2000). Firstly, a stable base of loyal customers guarantees constant sales volumes and profits (Bozzo et al (2003)) Secondly, the loyal customer becomes prescripitor of the product and recommends it to others through a word-to-mouth effect (Noyé, 2003).

Fidelity can be defined as "a bond that leads the consumer to buy always a product or service despite the situational influences or marketing efforts that are likely to change his habits" (Olivier, 1997). But, according to Jacoby and Kyner (1973), the simple observation of purchase deeds does not allow to properly grasp the concept of fidelity. These deeds inform that, for a consumer to be actually faithful, he must not only buy products of the brand repeatedly but also develop positive attitudes towards the brand. The loyal consumer appreciates the brand whose products he buys and develops an emotional bond with this brand. And for this reason alone, he buys items from the said brand on a regular basis and therefore he is faithful to it, according to these researchers. This new attitudinal and emotional involvement of the definition seems to be fairer insofar as the attitudinal dimension refers to a true fidelity, manifested by an emotional bond driving the consumer to remain favorable to the brand despite the critical incidents that occur in the relationship (N'goala,

2003). Then, such a positive attitude leads him to buy again.

In this study, a customer is faithful when he frequently buys the brand or the product, and simultaneously adopts a favorable and emotional attitude towards them. One should note that the customers of small size enterprises of the craft sector do not adopt normative fidelity (Adankanhoude, 2017).

### **Very Small Enterprises in the Beninese Craft Sector**

Defining enterprises in the craft sector is no easy task. It should be approached with great caution. This delicacy is blatant insofar as this category has remained long ignored not only by policymakers but also by researchers (Thevenard-Puthod and Picard, 2010). Picard (2006) proposes to identify very small enterprises from the main activity (the trade) which is, in the view of Le Boterf (2000), a body of knowledge and technical know-how specific to the original community. Then, to define such types of businesses, it is vital to start with the features of the said enterprise and then go down to add the peculiarity of the craft. For the purpose of this paper, a very small enterprise in the craft sector is one with less than 5 employees whose activities are focused on a specific craft.

## **EXTRINSIC PARAMETERS INFLUENCING CUSTOMER FIDELITY BEHAVIOR**

In the African continent in general and in Benin in particular, some variables influence the individual in his decisions and behavior as pointed out by Marchesnay (1997, as quoted in Sogbossi (2009). Among these factors that affect more or less the development of small firms, there are some which influences the behavior of consumers in an environment where culture seems decisive. These are presented below.

### **Perceived Distance**

Des Garets and al (2003), as well as Dufeu and Ferrandi (2011), have examined the influence of proximity (distance) on the fidelity of consumers. They came to the conclusion that customer fidelity is influenced by the proximity of ventures. For them, the distance to get the product/service accounts for the customers' decision. According to Hérault et al. (2010), this proximity field is part of a link economy and can be a factor of fidelization.

### **Family Network**

Dia (1991) explains that the individual acquires mental attitudes toward religion, politics, and economy from his family. And even when he leaves the family nest, the individual is still undergoing a more or less conscious influence of his parents in his purchasing decisions because he tends to remain faithful to observed patterns and habits acquired during childhood and adolescence.

### **Culture**

For Bozzo and al, (2003, quoting Engel and al (1973/78), culture is "the set of beliefs, values, customs and religion that underlie the behavior of members of a particular society". It is the set of beliefs, values, standards and practices common to a given social group (Zhang, 2003, Barmeyer and Mayrhofer, 2002) quoted by Sogbossi (2009). It is strongly determinanted in the assessment of the values of an individual. Then, culture fits into the spirit of individuals because it is shared and crystallized in institutions built by communities such as families, educational systems, religious organizations, forms of government, labor organizations, law, literature, etc. (Dia, 1991). Culture can then be used in reference to judgment in purchasing behavior (Sogbossi, 2009).

## **Rumor**

Following TörökneétSzilágyi (n.d.), rumor can be defined as "information, hearsay, words running by their modern name: urban legends, short stories which are based primarily on various facts [that are either] real or imagined, misinterpreted or misunderstood". The information conveyed is often amazing and unusual. That is why for Michel et al. (2004), rumors have a social influence because they may take their origin in a group or an institution to influence the behaviors, beliefs and opinions not only of an individual but of an entire society.

## **Morality of Business Owner-Manager**

Morality is defined, according to the Grand Larousse Illustré (2014:746) as "a set of standards, rules, and conduct specific to a given society". Bergadaa (2004), quoting Ricoeur (1990), sees morality as a hardcore which clearly shows the individual what is allowed and forbidden and which tells him his personal relationship towards these standards. The owner-director of a company lives in a society and his behavior should not evade what is commonly accepted as a line of conduct and behavior. When his behavior is perceived as different from what is commonly accepted, the consumer may stay away from his product or service for fear of being misjudged.

## **Social Class**

The social class is made up of "a group of people who occupy a [given] position in a society. These people have certain conformity standards, or a community of interest or morals." The influential group is "the one that is used as a reference by individuals to build their own attitudes, judgments, beliefs, behaviors, etc. (DIA, 1991)." Therefore, individuals of the same social class tend to have similar behavior (Bajoit, 2009).

## **METHODOLOGY**

### **Choice of Variables and Hypotheses**

The main variable to explain is the customer's loyalty behavior. It is measured by the simultaneous behavior of repetitive buying and the client's favorable and emotional attitude (Jacoby and Kyner 1973, Adankanhoundé 2014). These types of loyalties are not dissociated as part of this research.

The explanatory variables used for this research are exogenous variables. They are not related to behaviors and actions of consumers or very small craft businesses but related to the environment in which they are located. These variables can influence consumer loyalty behavior and may lead to infidelity. Among these variables identified in the literature, we distinguish variables such as: Perceived distance (Des Garets et al, 2003, Dufeu and Ferrandi, 2011, Herault et al., 2010). The family network (DIA, 1991), culture (Bozzo et al., 2003, Zhang 2003, Barmeyer and Mayrhofer, 2002, DIA, 1991), the rumor (Michel et al, 2004), social class (Bajoit, 2009 DIA, 1991) and the DIA religion (1991) that have an influence on the behavior of the small business consumer.

From these authors, we selected: the client's family network, the client's culture, the client's religion, the change in the client's social rank, rumors about the product, and the geographical distance between the client and the company. Which of these variables have a negative influence on the loyalty behavior of Very Small Craft Enterprises Customers in Benin. From these questions, it is helpful to make the following assumptions:

**H1:** All the extrinsic parameters negatively influence the loyalty behavior of Very Small Craft Enterprises Customers.

## **Procedures**

### **Data Collection**

To conduct our study well, we carried out a collection of secondary information which allowed us to have a theoretical knowledge on the definition of the fidelity and the variables which can influence the behavior of an individual in his environment of an on the other hand, and to define the artisanal on the other hand. The primary data of this study are obtained thanks to a survey carried out on the basis of a questionnaire of the survey of the customers of the Very Small Craft Enterprises (VSE) of the sewing, the hairdressing and the restoration in Benin considering their scale in the bodies (RGE, 2008): textile and clothing units, 29.3%; hair salons and braids 16.6%); restaurants, 10.6%. In addition, the same customer of a VSE of the seam is also a customer of a VSE hairdresser and a customer of a VSE restoration.

The completed questionnaire contains items that are measured with a Likert scale on three levels: "Disagree", "indifferent" and "agree". The use of this scale in the context of this research makes reference to the findings of Sogbossi (2009) who believes that, depending on the generally low level of actors and the illiteracy of the majority of populations in Africa, which allows them not often to differentiate between expressions such as "very good" and "good", "bad" or "mediocre" or "somewhat agree" and "agree", and the generally observed confusion about these expressions that makes inoperative scales at 5 or 7 points. So the use of a reduced scale test in three dimensions namely "agree", "indifferent" and "disagree" is advised.

Our sample is composed of 502 clients to whom we sent a survey; it is distributed in three larger cities than in three rural communes. But 419 survey are valid. These localities are chosen purely for convenience

### **Data Analysis**

We used the EpiDATA 3.1 software in the context of the entry and the completion of our questionnaire. The results were exported in the SPSS 18 software to calculate the KHI-2, the correlations and the P-value.

The treatment of the data with respect to the first hypothesis is made with respect to the significance test. Indeed, to check if each variable is significant, it is preceded to the Pearson chi-square test. When the observed P-value is below the 5% threshold, the test is significant and when the Pearson's Chi-2 is strong, then there is dependence. In the opposite case, there is no dependence and we conclude that the variable concerned does not influence fidelity. But since significance and dependence do not necessarily justify an influence, the variable is subject to an evaluation of Spearman's correlation. If the correlation of Spearman is negative we will say that the exogenous variable strongly influences the behavior of the customers and can pull it towards the infidelity

## **RESULTS**

The objective of this study is to highlight the exogenous variables that influence the customer's loyalty behavior.

### The Customer's Family Network

**Table 1: Chi-2 Tests Associated with the Family Network Variable**

	Value	Ddl	Asymptotic Significance (bilateral)
Pearson Chi-2	,097 <sup>a</sup>	2	,952
Likelihood ratio	,098	2	,952
Linear association by linear	,097	1	,755
Number of valid observations	419		
1 cell (16.7%) has a theoretical size of less than 5. The minimum theoretical strength is 3.00			

Sources: Field data,

The Pearson chi-square is weak (0.097) with a P-value above the 5% threshold (0.952), which explains why there is no dependency between the family network and fidelity. We conclude then that family network has no influence on customer loyalty

### Customer Culture

**Table 2: Chi-2 Tests Associated with the Customer' Culture Variable**

	Value	Ddl	Asymptotic Significance (bilateral)
Pearson chi-2	,0231 <sup>a</sup>	2	,891
Likelihood ratio	,0241	2	,887
Linear association by linear	,113	1	,736
Number of valid observations	419		
1 cell (16.7%) has a theoretical size of less than 5. The minimum theoretical strength is 3.00			

Sources: Field data

Pearson's chi-square is weak (0.231) with a P-value above the 5% threshold (0.891), which explains why there is no dependency between customer culture and loyalty. It can be concluded that the customer's culture has no influence on consumer loyalty.

### The Religion of the Customer

**Table 3: Chi-2 Tests Associated with the Customer's Religion Variable**

	Value	Ddl	Asymptotic Significance (bilateral)
Pearson Chi-2	,667 <sup>a</sup>	2	,716
Likelihood ratio	1,246	2	,536
Linear association by linear	,011	1	,915
Number of valid observations	419		
2 cell (33.3%) has a theoretical size of less than 5. The minimum theoretical strength is,58			

Sources: Field data

Pearson's chi-square is statistically significant (0.667) but with a P-value above the 5% threshold (0.716), which explains why there is no arm's length relationship between practicing a religion other than that of craftsmanship and loyalty. One of the reasons may be that clients may not adopt normative fidelity. The satisfaction being personal and the relative taste, the groups of belonging or the families in the presence cannot impose a behavior to a member without the latter perceiving it normal. Thus, what would influence his behavior, will not be the relationship he has with his neighbors

but his perception of the supporting element.

**The Change of Social Rank of the Customer**

**Table 4: Chi-2 Tests Associated with Change of Social Rank of the Customer Variable**

	Value	Ddl	Asymptotic Significance (bilateral)
Khi-2 de Pearson	6,114 <sup>a</sup>	2	,048
Likelihood ratio	6,845	2	,039
Linear association by linear	,082	1	,824
Number of valid observations	419		
2 cell (33.3%) has a theoretical size of less than 5. The minimum theoretical strength is 3.81			

Source : Field Data

**Table 5: Spearman Correlation test Associated with Social Status Change Variable**

	Value	Asymptotic Standard Error <sup>a</sup>	T approximate <sup>b</sup>	Approximate Meaning
Pearson R	,007	,041	,105	,044 <sup>c</sup>
Spearman Correlation	-,017	,049	-,040	,041 <sup>c</sup>
Number of valid observations	419			
a. The null hypothesis is not considered. b. Using the asymptotic standard error in the null hypothesis c. Based on a normal approximation.				

Pearson's chi-square is strong (6.114) with a P-value below the 5% threshold (0.048), which explains why there is a strong dependence between changes in social rank and loyalty. In addition, Spearman's correlation is negative (-, 017). This is due to the fact that with the status change, tastes and values change, and they change significantly when the change is significant. People of a given rank level do not perceive the values in the same way as those of the lower rank.

**The Rumor About the Product**

**Table 6: Spearman Correlation Test Associated with Social Status Change Variable**

	Value	Ddl	Asymptotic Significance (bilateral)
Pearson Chi-2	6,613 <sup>a</sup>	2	,041
Likelihood ratio	6,913	2	,032
Linear association by linear	,061	1	,830
Number of valid observations	419		

**Table7: Spearman Correlation Test Associated with the Rumor Variable**

	Value	Asymptotic Standard Error <sup>a</sup>	T Approximate <sup>b</sup>	Approximate Meaning
Pearson R	,043	,047	0,754	,030c
Spearman Correlation	-,021	,047	-0,924	,045c
Number of valid observations	419			
a. The null hypothesis is not considered. b. Using the asymptotic standard error in the null hypothesis c. Based on a normal approximation.				

Pearson's Chi-square is strong (6.613) with a P-value below the 5% threshold (0.041). This explains why there is a strong dependency between rumor and fidelity. In addition, Spearman's correlation is negative (-, 021). It can be concluded

that the rumor about VSE has an influence on customer loyalty. This can be because consumers are attached to moral values.

The negative influence of the rumor and the morality of the owner-manager on the product may be due to the fact that consumers are attached to moral values and good behaviors in society. And since they are not willing to be perceived as deviant by others, consumers can decide to shun from their service provider when the latter has evidenced offending behavior, even if such behaviors do not affect directly the service provided.

**The Geographical Distance Between the Customer and the Craft Company**

**Table 8: Chi-2 Tests Associated with the Geographical Distance Between the Customer and the Craft Company**

	Value	Ddl	Asymptotic Significance (bilateral)
Pearson Chi-2	8,124 <sup>a</sup>	2	,017
Likelihood ratio	4,372	2	,112
Linear association by linear	2,242	1	,134
Number of valid observations	419		
(a) cell (50,0%) has a theoretical size of less than 5. The minimum theoretical strength is,13			

Sources : Field data

**Table 9: Spearman Correlation Test Associated with the Geographical Distance Between the Customer and the Craft Company**

	Value	Asymptotic Standard Error <sup>a</sup>	T approximate <sup>b</sup>	Approximate Meaning
Pearson R	,071	,068	1,500	,134 <sup>c</sup>
SpearmanCorrélation	-104	,086	-2,210	,028 <sup>c</sup>
Number of valid observations	419			
a. The null hypothesis is not considered. b. Using the asymptotic standard error in the null hypothesis c. Based on a normal approximation.				

Source : Field data,

Pearson's chi-square is strong (8,124) with a P-value below the 5% threshold (0.017), which explains why there is a strong dependency link between distance and loyalty behavior. In addition, Spearman's correlation is negative (-, 104). It can be concluded that the distance separating the client from his service provider has an influence on his fidelity. Today, with migratory movements (rural exodus, marriages, assignments, studies, etc.), there is a loss of clientele, especially when the distance has to generate additional costs. The client once moved, must look for a company in the new area of residence to get his services. But the fidelity in question here is the behavioral fidelity. However, he can continue to develop positive attitudes towards the VSE by advising his friends who are in the area and who would look for a company for their services.

Based on these analyzes it is concluded that hypothesis 1 is rejected.

**CONCLUSION AND IMPLICATIONS OF THE RESEARCH**

The Very Small Craft Enterprises (VSE) like all organizations must ask themselves questions about the effectiveness of its actions especially when they engage their vitality and seek to control the pockets of threats. They must learn about the constraints of the environment especially in countries where socio-cultural factors have a certain weight (Dia, 1991, Sogbossi, 2009) in consumer purchasing behavior. The problem that this study wants to solve is part of the



following question: are there any exogenous variables that negatively influence the loyalty behavior of the Very Small Craft Enterprises Customers? Through this question, this study aims to answer two specific questions: Does the customer's loyalty behavior change in the presence of certain variables?

The results of this study reveal that depending on the exogenous variables selected, the client's family network, the owner-manager's religion, the culture in which the client lives do not influence his loyalty behavior. However, variables such as changes in the social rank of the client, the rumor about the service offered and the distance influence the customer's loyalty behavior in a negative way. Compared to the results, this study has both theoretical and managerial implications.

On the theoretical side, the study helps to sort the variables that may or may not influence customer loyalty behavior and the chance that the variables selected leads to infidelity in this type of business in Benin. It is of importance because, even though there is a great literature on the concept of loyalty, this area of loyalty application and the search for influence variables on the customer loyalty behavior have been little addressed.

On the managerial level, the exploration of the influence variables will allow the actors who accompany the artisanal structures to make them aware of the professional behaviors and attitudes they must have every day in order to keep the customers when they are already developing a favorable behavior towards them.

However, this study has some limitations that are related to the extent only Benin and the reduction of variables. They are also linked to the simultaneous choice of types of loyalty. It opens the way to new avenues of research; to compare the results with realities from other African countries or to make a study taking into account the dimensions of fidelity and see what type of fidelity is influenced by the variables. Another way is to look, with regard to the importance of customer loyalty for companies, the socio-demographic factors that can explain their volatility?

Finally, we could calculate the probability that the variables that influence negatively lead the consumer towards an absolute infidelity

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