AN EXPLORATION OF THE IMPACT OF DISCLAIMER CLAUSES ON MANAGING CUSTOMER LOYALTY AND RETENTION. A CASE OF CHINESE RETAIL SHOPS IN HARARE CITY CENTRE

BY

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DECLARATION

I, Gibson Zuze, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university. ______________
____________ Student signature Date
DEDICATION

I dedicate my dissertation to my beloved wife Hazvineyi Enziria, my mother Jeni and my late father Sitefano Zuze. Your support and encouragement from the beginning to the end will always be greatly appreciated and cherished.
ACKNOWLEDGEMENTS

First and foremost, I am eternally thankful and grateful to my God the Almighty, for the strength and courage throughout the tough, trying and victorious times during this MBA programme

1. Special thanks to staff and management of Chinese retail shops

2. To my wife Hazvineyi and children, thank you for making a tremendous sacrifice over the last few years. Thank you for being patient, cooperative and encouraging. I am highly indebted to you.

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4. Special thanks to the entire team at GSM

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ABSTRACT

This study sought to investigate the effects that disclaimer clauses have on customer retention and the buying behaviour of customers of Chinese retail shops in the Harare Central Business District. A review of the literature review shows that generally disclaimer clauses have a negative effect on the buying behaviour of consumers. It was also shown in the literature review that the disclaimers are usually used to protect the interests of the retailers and in most cases; customers have a lot to lose where the purchased product proved to be defective.

Questionnaires and interviews were used as the main tools for data collection in this study. Major findings of the study show that most people who became aware of the disclaimer clauses in Chinese retail shops were not prepared to do repeat business with the Chinese retail shops. It was further found that disclaimer clauses negatively impacted the purchase behaviour of customers. Customers were not happy about the use of disclaimer clauses. The majority of the customers felt the clauses were unfair. The disclaimer clauses distort customer care and as a result customers are not satisfied.

The study concluded that most Chinese retail shop owners use disclaimer clauses in order to protect their own interests against poor quality of their products and was therefore using cheap pricing models to attract customers. The study also concluded that where customers were aware of the existence of the disclaimer clauses in these shops, they mainly bought the products from these shops for reselling at a bargain.

The research recommends that the Consumer Council of Zimbabwe be more conspicuous in educating the generality of the consumers as this will go a long way in achieving a well informed consumer base. The Standards Association of Zimbabwe should also assist the Zimbabwe Revenue Authority to curb the influx of inferior products from abroad. The study further recommends that Chinese retailers formulate and implement customer retention strategies. This may likely lead to them having satisfied customers who will build a confident relationship that will increase the business volumes of goods traded.
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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

It is agreed that a disclaimer is generally any statement with the intention to specify or delimit the rights and obligations that may be exercised and enforced by parties in a legally binding relationship (Singer, 2015). Contrarily to other terms for legally operative language, situations that involve some level of uncertainty, waiver, or risk are implied by the term disclaimer. Singer (2015) goes on to say that this word signifies to abandon, renounce, and also the act by which the renunciation is made, for example, a disclaimer is the act by which a patentee renounces a part of his title of invention.

A disclaimer is a clause or a condition in a contract which limits the obligation of one part (Ncube, 2011). A disclaimer is a note attached to a publicly distributed document with the aim of limiting the originator’s liability for its accuracy, content or quality, for example, the information contained in this dissertation has been obtained from sources which the researcher consider reliable. Cheshire and Fittoot (1996) states that disclaimer clauses are clauses or terms in a contract excluding or limiting a party’s liability in certain consequences.

This research seeks to explore the impact of disclaimer clauses on customer loyalty in Chinese retail shops. The Chapter provides the background of the study, the problem statement, research objectives, and research questions, significance of the study, the conceptual framework, the methodology and the outline of dissertation.

1.2 BACKGROUND OF THE STUDY

Zimbabwe’s economy has been characterised by economic meltdown over the past decade, up to 2008. The macroeconomic environment has not been stable. Economically the flea markets that occupied almost every free space on the outskirts of the city 12 years ago have now moved into the city. There now also exist cell shops and street vendors right in the centre of the city. Foreigners mainly from China and Nigeria who seem to have easy access to
capital have taken Harare by storm and changed the face of Harare as space that looked either unusable or provided fresh air to the city is now occupied with a cell shop.

The shops have brought competition, products and services are abundant. Customers have a luxury of making a choice. And who can blame them after the experiences of 2008 when the political front joined hands to form the GNU. These shops are flooded with foreign and very affordable products. To encourage competition and growth in this sector the government reduced and in some cases scrapped import duty on ICT equipment.

The pace at which new players are entering the market has been received with pomp and fanfare. However, there are worrying developments. Increasingly there are disclaimer clauses. It is very common to see the following phrases in a Chinese shop;

- No returns
- No refunds
- No exchange
- Do not touch
- If you break you pay
- Repair is done at owners’ risk

The questions are asked on why there is an upsurge in these statements? What risks are businesses running away from? Are they selling sub-standard products which they know customers will return? Are they running from any legal litigation? Are the businesses aware of the effects of such actions?

Generally it is known that the way customers are treated enhance loyalty by encouraging repeat business (Kotler: 2010).

1.2.1 PESTLE ANALYSIS

The (political, economic, social, technological, legal and environment) PESTLE Analysis below gave a view of the various operational elements that are:

2
1.2.1.1 POLITICAL FACTORS

Zimbabwe’s political landscape has stabilised and there is nothing like confiscation, which is the seizing of a company’s assets without payment, but with the current act on empowerment, Government is advocating for 51% ownership to be in the hands of local people. The Chinese and Nigerians have not been spared and are using different ways and means to bypass the law.

1.2.1.2 DOMESTICATION

Domestication occurs when a host country causes transfer of foreign investment to national control through a series of government decrees by mandating local ownership and greater national involvement in a company’s management.

1.2.1.3 ECONOMIC FACTORS

Due to the economic hardships where there is a high cost of living on few dollars, the purchase pattern has been affected. It is difficult for people to raise a dollar. The general population’s income is below the poverty datum line and on average employees earn $150 – 250 per month leaving them with low disposable income (CSO: 2010). The low disposable income therefore means customers cannot purchase genuine quality products from established vendors or make hire purchases arrangements as they will be unable to meet their obligations.

1.2.1.4 SOCIAL FACTORS

According to Etzel, Walker, and Stanton (1997) the way consumers behave, think, believe and act are determined by social forces such as reference groups, family, social role and status. They further argued that each group in society develops its own standards of behaviour that then serves as guides or frames of reference for its members, for example, families and a circle of friends. Members share values and are expected to conform to the group’s behavioural patterns. As the majority of the population is leaving on the philosophy of “You eat what you catch”, it has become apparent that they always refer to the Chinese retailers as the place of affordable products.
1.2.1.5 TECHNOLOGY

The developments in the telecommunications industry and technology in general through ICT government policy have created new opportunities for retailers. Telecommunications service providers have unlocked a new wave through the introduction of 3G, Vista and other communication systems. Demand for ICT products to cover the gap that has been created by the innovation was welcomed by Chinese retailers as they are now on the forefront of providing electronic gadgets that are in demand from the general public. Examples are cell phones, ipads, laptops and others. This is one area where one finds the disclaimers clauses in effective use.

1.2.1.6 ENVIRONMENTAL FACTORS.

The disposal of waste has posed challenges to retail industry as most products sold are not biodegradable in the event of them becoming redundant. With environmental laws coming into play from Environmental Management Authority EMA (Government gazette) 2010 it is now illegal for businesses to distribute non-degradable plastic packaging bags. This has seen customers being charged for other forms of packaging thereby increasing the cost of goods purchased and removal of customer service component which was coming through offering of free plastic bags. Also the local authority is not playing its part in ensuring that refuse is collected timeously, and the Chinese retailers in particular pose high risks of infectious diseases. Ablution facilities are only accessible to shop owners and their employees posing great danger to the shopping population.

1.3 PROBLEM STATEMENT

A buy in a Chinese shop must be carefully done especially on sizes, checking defaults before leaving the shop otherwise there is no value that a customer will obtain from the product. Sales have reduced despite the affordable prices charged for the goods. Products are staying for long on shelves. It is the researchers concern on what these Chinese business people are avoiding and whether they really have a picture of the impact of these disclaimer clauses to repeat business. Do they really care about the customer? The voice of the Consumer council of Zimbabwe has never been heard on monitoring how the disclaimer clauses are a dump of
poor products to customers. This study therefore seeks to explore the impact of disclaimer clauses in managing relationships with customers.

1.4 RESEARCH OBJECTIVES

The objectives of the study are to establish the following:

a. To establish the reason behind the use of disclaimer clauses
b. To examine the importance of customer retention in Chinese retail business
c. To examine the effect of disclaimer clauses in attaining customer loyalty
d. To determine the quality of service delivery in Chinese retail shops
e. Recommend on the best ways of service delivery that encourages repeat business.

1.5 RESEARCH QUESTIONS

a. What are the reasons behind the use of disclaimer clauses?
b. How important is customer retention in Chinese retail shops?
c. What are the effects of disclaimer clauses in attaining customer loyalty?
d. Do the Chinese retailers deliver quality services to the customer?

1.6 PROPOSITION OF THE STUDY

The study proposes that disclaimer clauses have a negative impact on customer retention as customers tend to feel cheated when they discover that the purchased products do not meet the expected standard.

1.7 SCOPE OF THE STUDY

This study focuses on the impact of disclaimer clauses on customer loyalty and retention. A survey will be carried out in Chinese retail shops in Harare town. Questionnaires will be distributed to the employees, customers and the shop owners of the retail shops and the interviews will be held with the Consumer council of Zimbabwe.
1.8 SIGNIFICANCE OF THE STUDY

The research will benefit Chinese retail shop owners to find better ways of customer retention, government policy makers to come up with policies that will be a win-win to both the cash strapped customers and retailers of Chinese products, academia and other small to medium enterprises. The benefits will be derived from the recommendations made from the research. The research will also add value to the researcher to further understand and comprehend customer loyalty and customer retention from both a theoretical and practical perspective.

1.9 ORGANISATION OF THE DISSERTATION

Chapter one provides the introduction and background information to the study.

Chapter two appraises and presents empirical evidence and literature relating to the research topic.

Chapter three describes and justifies the research methods employed in the research

Chapter four presents the research findings and analysis.

Chapter five draws conclusions and recommendations from the research findings and proposes an area of further study.

1.10 CHAPTER SUMMARY

The chapter has provided the introduction of the research study, the background information, and research objectives, and research questions, justification of the study and the structure of the dissertation. The next chapter presents the literature review on the effects of disclaimer clauses on customer loyalty and retention
CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The chapter presents literature review on the impact of disclaimer clauses to customer retention and loyalty. Disclaimer clauses target to put liability on the customer. Customers may react to the effects of the disclaimer clauses. The literature focuses on the reason behind the use of disclaimer clauses, the effect disclaimer clauses in attaining customer loyalty, importance of customer retention and quality service delivery.

2.2 DISCLAIMER CLAUSES

According to the Oxford dictionary, 2010, a disclaimer is generally any statement with the intention to specify or delimit the rights and obligations that may be exercised and enforced by parties in a legally binding relationship. Contrary to other terms for the language that is accepted in legal circles, situations that involve some level of uncertainty, waiver, or risk are implied by the term disclaimer (Oxford dictionary, 2010). Ncube (2011) pointed out that the word signifies to abandon, renounce, and also the act by which the renunciation is made, for example, a disclaimer is the act by which a patentee renounces a part of his title of invention. A disclaimer is a clause or a condition in a contract which limits the obligation of one party. The clause serves as a note attached to a publicly distributed document with the aim of limiting the originator’s liability for its accuracy, content or quality. Cheshire and Fittout (1996) state that disclaimer clauses are clauses or terms in a contract excluding or limiting a party’s liability in certain consequences.

On the other hand Mitchell, Agle and Wood (1997) state that it may be found in a disclaimer that specific mutually-agreed and privately-arranged terms and conditions as part of a contract exist these may include warnings or expectations to the general public (or some other class of persons). This is done to prevent fulfilling a duty of care owed to prevent unreasonable risk of harm or injury.
It is no doubt that there are some disclaimers that are meant to limit exposure to damages even after harm or injury has already been suffered (Dyche, 2002). In some cases disclaimers are a voluntary waiver of an obligation or right that may be due to the disclaimant.

On the other hand Balcazar (2001) defines a disclaimer as a clause or statement in a document that tries to prevent creation of a warranty or contract. Balcazar (2001) adds that it can also be denial or disavowal of a claim or renunciation of interest in or title to a property.

The disclaimer law definition states that a disclaimer clause is a clause in a contract or other writing, stating that the producer or seller of product, device, or process makes no promises about its quality or performance and will not be responsible for harm resulting therefrom, (Kaj, 2001). A disclaimer clause usually has no specific wording and depends upon the terms of the contract. The use is to transfer responsibility from oneself, to another party, for example, if one is a middleman/agent selling some software product, then may include a disclaimer clause stating that, “The supplier is only an intermediary in the supply chain and not the original writer of the software, and hence shall not be responsible for the performance of the software”.

Brown (2000) argues that the importance of this clause must be evident from the above discussion. In absence of such a clause, the agent may be held responsible for something which is beyond his control. The United Kingdom Unfair Contract terms Guidance, (2008) states that terms where the consumer did not have prior knowledge of before committing oneself to a contract may be deemed to be not binding. It further says that terms may be unfair if they result in affecting the rights of a consumer due to a degree of non performance of the retailer.

In their article, Follini and Martineau, (n.d.) describe how the clauses limiting or excluding a manufacturer or seller’s liability are valid and how they can be applied. Under the Civil Code of Quebec, (1994), exclusion clauses or disclaimers are valid since they reflect freedom of contract on the parties. However, there are some exceptions to this as is provided in section 1475 of the Civil Code of Quebec, (1994) which states that:

1475. A notice, whether posted or not, stipulating the exclusion or limitation of the obligation to make reparation for injury resulting from the nonperformance of
a contractual obligation has effect, in respect of the creditor, only if the party who invokes the notice proves that the other party was aware of its existence at the time the contract was formed.

The Civil Code of Quebec, (1994) also ensures that the seller has a duty to disclose any defects in the goods that consumer is intending to purchase. The code actually clearly sets up a distinction between the ordinary buyer and a professional buyer.

2.3 CASES RELEVANT TO THE STUDY

A disclaimer is any statement made to protect the writer from legal or financial repercussions. Some examples of international cases are given below.

In the English Case of Chapelton V Barry UDC 1940 1 KB 532, A Plaintiff wished to hire two clerk chairs from a pile kept by the Defendant Council on their beach. The chairs were staked near a notice which read “Hire chairs 2d per session of 3 hours”, and which requested the public to obtain tickets from the chair attendant and retain them for inspection. The Plaintiff took chairs and obtained two tickets from the attendant which he put in the pocket without reading. When he sat on one of the chairs, it collapsed and he was injured. He sued the Council, who relied on the provision printed on the tickets exclusion liability for any damage arising from the hire of a chair. The Court of Appeal held the Defendant liable. No reasonable man would assure that the ticket was anything but a receipt for the money.

If there is no express reference to negligence in the exemption the court must consider whether the words are wide enough in their ordinary meaning, to cover negligence on the part of the Defendant or his servants, and if they are, whether the claim for damages may be based on some action other than negligence.

Any ambiguity as to the meaning and scope of the exemption must be resolved against the party who inserted it and the latter must prove the words used clearly and aptly embraced the contingency that has arisen.

In the English case of Olley V Marlborough Court Ltd 1949 KB 53, a husband and wife arrived at the hotel as guests and paid for a week of board and residence. They went up to the bedroom allocated to them and on one of its walls was a notice that the proprietors would not
be held liable for any loss of articles stolen unless handed to the manager for safe keeping. The parties went out of their rooms and left the keys hanging by the reception. In their absence the key was wrongfully taken by a third party who opened the door and stole articles. The Court held that the contract was completed before the guest went up to their room and that no subsequent notice could affect their rights.

A Court may presume notice of the exemption from previous dealings between the parties. In the case of Spurling v Bracshall 1956 ACL ER 121. The party had lived for many years with the Plaintiff who was a warehouseman. They delivered to them eight barrels of orange juice. A few days later he received two documents acknowledging the receipt of the barrels and referring on its face to a clause printed on its back. One such clause exempted Plaintiff “from any loss or damage caused by negligence, wrongful act or default” of themselves or their servants. When ultimately the Defendant came to collect the barrels, they were found to be empty. The Defendant refused to pay for storage charges and the Plaintiff sued him. He counter claimed for negligence and in the answer to the counter claim the Plaintiff pledged the exemption clause. The Defendant sought to argue that as the document containing the clause was sent to him only after the conclusion of the contract, it was too late to affect his rights. But he admitted that in the previous dealings he received a similar document though he had never bothered reading it, and he was now held to be bound by it.

A Party cannot exempt himself from liability from wilful misconduct or criminal activity, of himself, his servants or agent or perhaps even from the loss or damages to the mex resulting from gross negligence on his or their party. On this basis the Courts have had no difficult in prohibiting exemption from liability for fraud. In the words of Innes CJ n Wells v SA Allumete Company 1927 AD 69 72, “On the grounds of public policy the law will not recognise an undertaking by which one of the contracting parties to bind himself to condone and submit to the fraudulent conduct of the other. The courts will not lend themselves to the enforcement of such stipulation, for to do so, would be to protect and encourage fraud.” The facts of the case indicated that the Appellate division drew no distinction between the parties on fraud and that of his servants or agents. Therefore he cannot exempt himself from liabilities for any fraud for which he would be liable under common law.
In another United Kingdom case of L’Estrange v Graucob (1934) 2 KB 394, the plaintiff bought a cigarette machine for her cafe from the defendants. She signed an agreement of sale which was written in very small print and she did not read it. It said “any express or implied conditions, statement or warranty... is hereby excluded”. The machine failed to work properly. In an action of breach of warranty, the defendants were held to be protected by the clause. Scrutton LJ found that in the absence of fraud or misrepresentation, the party signing an agreement is bound by it whether he has read it or not.

2.4 CONSUMER LAW: BUYING GOODS

2.4.1 THE LAW

When a consumer is buying goods, the Consumer Protection Bill, (2014) states that the goods must meet certain criteria, that is, they must be:

(a) OF Satisfactory QUALITY

They must meet the standard that a reasonable person would regard as acceptable bearing in mind the way they were described, what they cost and any other relevant circumstances. This covers, for instance, the appearance and finish of the goods, their safety, and their durability. Goods must be free from defects, even minor ones, except when they have been brought to the consumers’ attention by the seller for example, if the goods are said to be shop-soiled.

(b) FIT FOR THEIR PURPOSES

Including any particular purpose mentioned by the consumer to the seller, for example, if consumer is buying a computer game and explains that they want one which can be played on a particular machine, the seller must not give the consumer one that cannot.

(c) AS DESCRIBED

On the package or a display sign, or by the seller. If consumer is told the shirt is 100% cotton, then it should turn out to be cotton and not polyester. Described above are consumer statutory rights. All goods bought or hired from a trader – whether from shops, street markets, mail
order catalogues or door-to-door sellers are covered by these rights. This includes goods bought at sales.

When consumers decide to complain they should bear in mind how the item was described. A new item must look new and unspoiled as well as work properly, but if the goods are second hand, or seconds then consumers cannot expect perfect quality.

Many traders have goodwill policies which will go beyond consumer statutory right. For example, some stores will allow consumers to exchange goods which are not faulty, such as clothes which are the wrong size. (Adopted from http:www.hegarty.co.uk/consumerlaw_goods.htm).

2.5 IMPORTANCE OF CUSTOMER RETENTION

2.5.1 Increase profitability

Reinartz and Kumar (2003) alluded that the importance of customer retention stems mainly from its close connection to a firm’s bottom line. Rust, Lemon and Zeithaml (2004) view retention as a mediator in the satisfaction profitability link. Villanueva and Hanssens (2007) argued that there is a debate as to the precise mechanisms of the relationship between retention and profit. However, researchers such as Lemon, and Verhoef (2004); Gupta et al. (2006) coincide on the importance of retention as a key driver of a firm’s profitability, and it is repeatedly treated as a critical component in customer profitability models. This perspective is reflected in the considerable attention that firms devote towards building predictive models of customer chain (Neslin et al. 2006).

2.5.2 Maintaining customer relationships

According to Porter (2001), the retention of customers has continued to become a crucial management issue, more so in light of a saturated market which has witnessed a lower growth rate of the number of new customers. It is generally agreed that it costs less to retain than to acquire new customers. Unfortunately, there is a general abundance of theories which are supposed to apply universally which tend to overlook the distinctive impact of conceptualized business conditions on effective customer retention strategies. Ahmad and Butle, (2006) point
out that both theoreticians and managers should consider “business context” in developing and implementing customer retention strategies”.

According to The economist (2008), businesses have once again realized the importance of maintaining sound long term relationships with customers. Large conglomerates and the leading specialists in mass marketing are now restructuring their marketing departments and appointing specialist managers to advance their progress in giving attention to existing customers. Large conglomerates and marketing specialists have also restructured their management systems to focus their attention to existing customers. They have now appointed development managers responsible for maintaining relations with their customers across their brands, (Shostack, 2001, p.56).

Researches by Potter (2001), confirm that given the ever increasing cost of losing customers daily, organisations have embarked on seeking new ways to get more customers, retain them and thus increase their business. The growth of service whose role in customer care is very crucial now than before should be guarded jealously by organisations. Customers whether internal or external consider products and service a collective organisational responsibility rather than a functional or departmental one. As the relationships customers have with companies continue to widen, anyone who interacts with a customer is in a position either to jeopardize or to enhance that relationship. To ensure quality service, every person who interacts with customers in any way must have the appropriate skills to respond, efficiently and effectively to customer needs, (Gee, Coates and Nicholson, 2008). Many organizations have not broadened the role of service or eliminated the barriers that exist between the sales and service departments and other support functions. A salesperson over promises on a delivery date yet does not check to see if they hold enough inventories to supply the order. The salesperson also fails to communicate with the customer service representative who in turn must handle an angry delivery department and an angry customer (Porter, 2001).

From the literature, retention is important because the customer and the service provider will have a long term relationship. More so, maintaining existing customers is cost less than acquiring new customers. It was also pointed out by the Economist (2008) that customer retention is effective, especially in the saturated markets or where there is lower growth of the number of new customers.
2.5.4 Customers receive the best service

Terblanche and Boshoff, (2010) state that organisations must teach employees that they are all service providers and emphasize their vital role in customer retention. Service providers are key to hearing the voice of the customer. According to Gee, Coates and Nicholson (2008) customers receive the best service through retention under two conditions: when service providers are empowered to act on behalf of customers in a timely manner and when the organisation has a system in place to listen and respond to customer information gathered by those closest to the customer- the service providers. Shostack (2001) argues that it is also true that customers still do not take topflight service for granted. Organisations can clearly differentiate themselves on the basis of the level of service they provide to customers. Buyers are very much aware of the value sellers add by making a product work for them from the start along with delivering the type of long-term service that voices to define what exceptional service means to them.

2.6 CUSTOMER RETENTION MEASUREMENT

According to Fayerman (2002), for an organisation to improve customer loyalty and its profitability, it should initially measure the rate of retention for its current customers. This involves taking into account the double function of computing the customer retention rates and also the profitability computation according to the segment. The task looks into a number of detailed angles of the organisation. Such angles to be looked include analyzing the customer retention rates over a period of time in terms of the market segment and also according to the service or product offered. Lanning and Michaels (1988) further strengthen this by saying that where customers buy from several suppliers, the share of purchasing power should also be worked out to result in a clear definition of customer retention rate and will help give a forecast of future profits for each market segment.

2.6.1 Reasons why customers defect suppliers

In this section, it is important to study why customers defect from one supplier and settle with another. Kambil et al. (1996), says that customers do not abandon one supplier to settle for another one as some may believe. Responses from some studies may give misleading information because in most cases questionnaires could be badly designed and will not
concentrate on the key issue to be studied. Such questionnaires force people to respond to predetermined answers and do not give room to responses in between. Reichheld and Sasser (1990) advocate for a thorough identification of the most likely root cases that causes customers to abandon some suppliers since it is only after appreciating them that an organisation can embark on a successful programme to retain current customers.

### 2.6.2 Action necessary to improve customer retention

The last position required in the programme to improve customer retention for an organisation requires some corrective action to be taken. According to Reichheld and Sasser (1990), at this stage, the actions to take become specific to the company because the resultant actions required will be related to the given context state that at this point. Fayerman, (2002) reciprocates this by saying that top management has to buy in into the plans and the employees are motivated to build a long lasting relationship with the customers of the organisation thus developing a plan to implement a customer retention strategy.

According to Reichheld and Sasser (1990) most companies now realize the importance of customer retention through customer satisfaction. This also leads to increased profit levels. As a result, these companies are now having a second look at their strategies for customer service in order to boost the rates of customer retention. Reichheld and Sasser (1990) also add that usually calls for a major shift in the business strategy from that of acquiring new customers to that of maintaining the current customers.

It has become notable that sophisticated technology is assisting some organisations to gain a competitive advantage over others. According to Barnes, (2002) by automating the business process, many companies have obtained immeasurable efficiency which has delivered value to the customers of the organisations (including suppliers and employees). It must be noted that this does not however remove the onus of the crucial role played by employees according to Chen and Popovich, (2003) who add that excellent customer care remains key in winning and keeping customers as it works for Customer Relationship Management.
2.7 CUSTOMER LOYALTY

Segey (1995) defines customer loyalty as the extent to which a company has secured future purchases of its products from a customer who has purchased the same product in the past. He says loyalty can be measured by the probability that a customer buying the brand now will choose it in the future even in the presence of competitor products. He further notes that some customers become loyal to a store and some to a brand. Oliver (1999) says that practitioners and academics agree that customer loyalty and satisfaction are inter-linked inextricably and that the relation is asymmetric. He argues that although loyal customers are mostly satisfied, satisfaction does not always translate to loyalty but says satisfaction is a necessary step to loyalty. Besides mere satisfaction, according to Oliver (1999), loyalty is also a function of personal determination and social bonding at both the institutional and personal level.

Neal (2002) in his paper, Satisfaction be Damned, Value drives Loyalty; argues that customer satisfaction measurement and tracking are fine methods for tracking process and product performance and for providing quantitative feedback loop for process improvement. He however reports that studies carried out by Jones and Sasser (1995) and by Reichheld (1996) showed little relation between satisfaction and loyalty. In his article, “The Loyalty Effect”, Reichheld (1996), demonstrated that satisfaction was not enough to bring loyalty. Neal (2002) reported that one had to transmit from customer satisfaction, to customer value and loyalty so as to improve customer retention, indicating loyalty as a stage after satisfaction. He notes that customer loyalty is only a behaviour showing how many times a customer chooses to buy one’s products or other competing ones in the market, where as customer satisfaction is the attribute resulting from what customers think should happen interacting with what customers think did happen (performance perceptions). He then argues that customer satisfaction (an attitude) has been measured to predict loyal behaviour and concludes that it won’t give the best prediction.

Traditionally businesses have focused more on an increase in market share as the basis of profitability. However new measures in the service industry have established that customer loyalty is a more important determinant of profitability. Reichfield and Sasser have established that a 5% increase in customer loyalty leads to profit increase of between 25% to 85%.
Oliver (1999) defines customer loyalty as a commitment to re-buy or re-patronise a preferred product/service consistently in the future. The consistency in these repurchase intention is long-term and therefore has a positive impact to the business as there is consistent financial spending from the loyal customer to the business. From this basis stems the concept of the “Life time value of a customer.”

It is critical for the business to follow customer loyalty enhancement strategy as this is expected to increase financial revenues, lower customer serving costs and eventually generate greater profitability Reichheld (1993).

Petterson and Smith (2003) states that customer retention is a component of customer loyalty since when a customer is retained there is repeat business thereby benefiting the organisation. Higher customer retention means a base of customers who buy more frequently, in greater volumes, and are more prone to try other offerings by the firms thus increasing revenues while lowering the cost of marketing and sales by engaging in positive word of mouth Reichfield and Sasser (1990). Therefore customer retention has a direct impact on the bottom line.

In his findings Helgesen (2006) in an article focusing on providing evidence for the satisfaction profit chain he concluded that there was a positive relationship between customer satisfaction and customer loyalty and there was also a positive relationship between customer loyalty and customer profitability.

Similarly Heskett et al (2008) describe how customers often become more profitable over time. Furthermore loyal customers account for a high proportion of sales and profit growth of successful service businesses.

According to Reichheld (1996) a new model has been developed that recognises that it is not profit but rather the creation of value for the customer that lies at the centre of every successful business. The elements of this model are customers, employees and investors and these have been termed “forces of loyalty” It has also been established that the linkages between loyalty, value and profits can be quantified and expressed in revenue or actual cash flow terms. There are critical economic impacts that these elements have on the business and are given by Reichheld (1996) as there is revenue and market share growth when the best
customers are incorporated into the organisation’s business through repeat business and referrals received from these clients. Sustainable growth is further achieved by the organisation focusing on those customers that are potentially “loyal”

Through sustainable growth the best employees are attracted or retained in the organisation. Employee loyalty is achieved by the provision of superior value to customers which in turn has a positive influence on the employees pride and satisfaction in their work hence making them loyal. As relationships are built employees develop the ability to deliver greater value which further re-enforces customer and employee loyalty

Higher productivity is achieved as loyal employees learn cost reduction techniques and ways of enhancing quality which improves value for the customer. The organisation can invest excess funds created in training and development of staff which again impacts on employee productivity, compensation growth and loyalty

Cost advantage that gives competitive edge is achieved through the increased productivity and increased efficiencies in dealing with loyal customers. Loyal customers enhance the organisation’s profitability which makes it retain and become more attractive to investors. Loyal investors then invest more in the business and value creation of the organisation is significantly increased.

Reichfield and Sasser (1990) came up with a new marketing paradigm adding the three R’s to the traditional marketing mix of the four P’s and these are Retention, Related sales and Referrals. These were concluding from their body of work which had established that customer service was as crucial as the sales in marketing

Meanwhile Heskett et al (1997) contend that retention is the continuing active relationship with a customer that results in a stream of revenue from the sale of the initial product or service. To add on to this, they agree that this stream becomes the more profitable as existing customers become easier to serve with less need to spend. Based on this it is clear to see the benefits and attractiveness of retaining a customer. Similarly in marketing terms, it requires less spending to get acquainted with these kinds of customers. In marketing research it was also established that the cost of attracting a new customer was five times more than the cost of retaining an existing one.
Related sales of new products and services are based on the premise that it costs a lot less to sell a new product and service to an existing customer rather than to a new customer. Heskett et al. (1997). Such costs can range from things like, credit checks, marketing introduction, time and relationship building.

Referrals are achieved by satisfied customers who give positive feedback to potential customers and encourage them to purchase a product or service. This is the most important influence customer retention has on profitability.

Based on the positive impact the three R’s have on an organisation, it is therefore critical for the business to ensure that customer loyalty is maintained, monitored and rewarded to ensure there are no defections.

2.8 MANAGING SERVICE QUALITY

Cronin, Brady, and Hult, (2000) argue that customer satisfaction is affected by the service quality or customer interaction of the organisation. Storbacka et al. (1994) assume quality of service is directly proportional to customer satisfaction. By delivering the service or product that is expected by the customer an organisation would have achieved a valuable component of service quality. The relationship between service quality on satisfaction and satisfaction on customer retention as well as customer retention on the organisation’s profitability was addressed by Rust and Zahorik (1993) and Storbacka et al. (1994). Ennew and Binks (1996) allude to the fact that service quality dominates customer relationships. Throughout service quality research it is assumed that service quality has a positive correlation with satisfaction, and this in turn leads to an increase in customer retention (Storbacka et al. 1994). Berry and Parasuraman (1991) affirm that to improve customer retention rates, the organisation can achieve this through the improvement of customer service quality and also satisfaction. Service quality can help customers to make a learned purchase decision, whilst if a supplier delivers a product that has been packed in an unwanted colour can also be interpreted as poor service quality by the customer.

According to Oakland (2004), service providers are challenged to provide a superior service than their competitors. This works well for the customer as it means that the customer will receive a service that may exceed expectations. The potential of losing existing customers in
the service industry is ever present as customers sometimes believe that they would have received a service inferior to what could have been offered. The process of totally embedding quality awareness in an organisation is defined as Total Quality Management (TQM) by Oakland (2004). It is no doubt that quality assurance remains important for any organisation. Doing things right the first time is what TQM aims for. This will prevent the need to fix problems after they would have surfaced. For TQM to be effective, it should operate within quality circles, which encourage consensus of the workforce to increase productivity.

2.8.1 Buyers participation

According to Johns (1998), marketing services and products differentiate themselves from each other because service processes require some participation of the buyer. The customer involvement starts even before production of the service. The buyer’s needs should be well understood and assumed before the process to produce the product is begun. The needs will assist in coming up with the responses to the questions of when, where and how the service or product will be delivered to the buyer. Customer participation may further be defined according to the level of participation. For example, a self service facility at a garage calls for the active participation of the customer whereas passive participation of a customer is evident for a patient being operated on by a surgeon as this service requires the customer to be physically present but will not do much in participation.

Very often people believe that the customer is in a better position to influence what he receives in terms of quality. This should result in a challenge to the service provider to increase customer participation for him to efficiently and effectively as was observed by Zeithaml and Bitner (1996). It is further suggested that the service provider is availed with the opportunity to understand both the current and future needs and expectations, *ibid.*

It is important for the service provider to fully know and understand the customer for him to satisfy the customer fully. The service provider should therefore encourage customers to be open with suggestions so that the provider can use this information for the betterment of customer care.
2.8.2 The buyer’s expectations

Drucker (2001) suggests that beliefs about what is likely to happen in future versus what is currently or actually being experienced is called expectations. It does not matter at which level one is as a customer, one has certain expectations as to the service one is going to receive from a supplier thus determining the amount of satisfaction the buyer is going to receive from the supplier. When the gap between the expected and the received is narrowed, it is assumed the customer will receive better satisfaction. The relationship between the expected and the actual service received is directly proportional to each other and this translates into a service gap that a service provider can use to the benefit of the organisation. In a service encounter there are scenarios that exist as was observed by Drucker (2001) such as when expectations are not met, this will lead to customer dissatisfaction; when expectations are met, it leads to customer satisfaction; and, when expectations are exceeded, it leads to customer delight.

2.8.3 Customer satisfaction

According to Oliver (1999) long term consumer behaviour has been traditionally determined by customer satisfaction. The link between customer satisfaction and customer retention is widely covered in literature. (Kotler, 2000) has summed it up that there are several definitions of customer satisfaction. These include the pleasure or disappointment which a customer may experience after comparing the assumed quality as well as performance of the product or service to the customer’s expectations. He concluded that customer satisfaction remains a key component in customers' defection decisions.

According to Oliver (1999) customer satisfaction has been considered as a measure that evolves over time and has evaluated satisfaction either on the basis of customers' self-reports or by making inferences from customer behavior. Datta, et al (2007) observed that where the relative quality of a product that is expected does not reach the expected levels, the customer will become dissatisfied; where expectations are exceeded, the result will be a highly satisfied customer. Wilson, Soni, and O’Keffe (1995) argue that brand loyalty and repeat purchases can result from customer satisfaction which will also result in decreased costs of attracting new customers as was observed by Fornell (1992). It was also noted that lower costs of
handling returns and complaints could result from customer satisfaction, (Crosby, 1979; Garvin, 1988). Bolton, 1998; Bolton, et al (2000) also noted that numerous studies have shown that customer satisfaction is strongly related to customer retention. Datta et al., (2007) concluded that loyal customers to an organisation satisfied customers who are positive towards the company. A satisfied customer in most cases will develop a good relationship with the company, resulting into relationship longevity (Storbacka, et al, 2004).

Storbacka et al. (2004) indicated that if dissatisfied customers defect; the relationship ends. This may be an oversimplification of the matter according to some studies which believe that there is a region of tolerance for customers to be able to separate between the adequate and the service level needed. This is in line with Kennedy and Thirkell (1988)’s belief that customers can tolerate incidents that are unfavourable to a certain extent.

2.9 CHAPTER CONCLUSION

The Chapter has discussed the various disclaimer clauses that are used by retailers. These disclaimer clauses pose a disadvantage to the consumer who is given liabilities in defaulted or defected products. The literature reviewed on customer retention, looking at its importance. Chinese retail shops have to retain their customers for it is important for the growth and sustainability of their businesses. Customer loyalty and service quality were also important variables in the literature review. In the literature, disclaimer clauses impact on customer loyalty. Some disclaimer clauses are imposed as an escape to poor service quality. The next chapter presents the methodology used by the research.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter provides the methodology used for this research. It provides the research design, population and sampling, research instruments, data types; data collection procedures the validation of the data and data presentation

3.2 RESEARCH DESIGN

According to the definition of research by Saunders et al. (2003:3), it is the undertaking by people who use a systematic way to find things so that they increase their knowledge, while the sticking agent to hold together the research project is the research design. On the other hand, Creswell (2003) says that research design is that framework that is provided and adopted to provide guidance about all the requirements of the research on hand. This guidance assesses the general philosophical ideas behind the enquiry up to the procedures for data collection and analysis. A design is used to structure the research, to show how all of the major parts of the research project which include the samples or groups, measures, treatments or programmes and methods of assignment work together to try to address the central research questions. A research design therefore constitutes the blueprint for the collection, measurement and analysis of data, Cooper and Schindler (2001)

Saunders et al, (2010) say that there are two main research designs which are quantitative and qualitative. The research adopted both designs. Quantitative methods involve the use of numerical measurements and statistical analysis of measurements to examine social phenomena (Saunders et al, 2010). In terms of this approach, questionnaires were designed and a sample of the employees was requested to complete them in order to assist in ascertaining their perceptions of the impact of disclaimer clauses on customer retention in Chinese retail shops.
Quantitative research is based on attempts to apply the methods of natural science to the human sciences. Its strengths are that it provides data that is easily quantifiable and based on reasonably objective evidence that lends itself to rigorous analysis.

### 3.2.1 The Deductive

According to Quinton and Smallbone (2006), there are some dominant traditions in research which have caused management to be biased towards testing theories using quantitative data collection derived in most cases from getting responses from fellow managers and others, questions in surveys. These results are then put under extensive statistical testing by management. The description for this approach is deductive (the theory testing) and positivist (the data collection method). The approach that works from the more general to the more specific is called deductive reasoning as was agreed by Burney (2008). In this case, the conclusions would be logically deduced from available facts.

### 3.2.2 Explanatory/exploratory

Cooper and Schindler (2010) defined explanatory research as the relationship among variables and to identify the connectedness among components of a phenomenon. The primary objective is to closely study the problem and it often entails the use of statistical methods to explain the relationship among variables. The research is explanatory nature in order to provide an explanatory of relationships which might exist between variables.

Exploratory research is primarily concerned with finding out what is happening and discovering new insights about a phenomenon (Dooley, 2004). An in-depth search of literature on managing customer retention and loyalty was carried out with a view to evaluate the impact of disclaimer clauses on managing retention and loyalty in Chinese retail shops.

### 3.3 RESEARCH STRATEGY

According to Ferguson (2005), a plan that gives direction to efforts is called a research design. This enables one to be more systematic in conducting research instead of in a disorganised way. Generally, in order to fully cover the logic of research design, data collection methods and approaches to data analysis in order to answer the research problem,
a research design was used. The research designs are also used to as ways to collect data and they include case studies, case studies ethnography, experiments, operational research and modeling. A survey research strategy was used for this study.

3.3.1 Survey

Wong Toon Quee (2000) defined survey research methods as a systematic gathering of primary data through the use of structured questionnaires and communication in a reasonably large number and highly representative sample of respondents. Robson (2003) reiterated that a survey involves the collection of information in standardised form from groups of people. He added that typical features of a survey include selection of samples of individuals from known populations; collection of relatively small amount of data in standardised form from each individual. Surveys usually employ questionnaires or structured interviews. This strategy is applicable to this research because of its simplicity and objectivity. A survey was also used in the study as there was due to time constraints and limited costs associated with a survey. A survey was carried out in Chinese retail shops in the Harare Central Business District. Sets of questionnaires were designed to capture data from employees of the Chinese retail shops and customers. Interviews were also held with the retail shop owners and members of the Consumer council of Zimbabwe

3.4 POPULATION AND SAMPLING

3.4.1 Population

The population is defined as the group of interest to the researcher. It is upon this group that the researcher would generalize the results of the study (Fraenkel and Wallen, 1996). The population for this study will therefore be all individuals from whom the researcher will gather information and make inferences. According to Fraenkel and Wallen (1996), the two distinctive segments that make up the population are the target and the accessible populations. The researcher normally prefers to generalise from the target population available because economical in terms of finances and time to consider it in a research.

The target population for this study was the employees of Chinese retail shops, shop owners and customers visiting the shops during questionnaire administration. At the time of the
study these were approximately over 20 Chinese retail shops in the study area and over 150 customers. The members of the Consumer Council of Zimbabwe were also part of the population of the study.

3.4.2 Sampling

Sampling is a way of coming up with a small part of the whole population designed to show the style, quality and nature of the whole. There are two ways of sampling which are probability and non-probability sampling. Saunders et al. (2010) report that probability sampling ensures that the probability of each case being selected from the population is known and is usually equal for all cases. Probability sampling methods include simple random sampling, systematic and stratified sampling. On the other hand, non-probability sampling methods include quota sampling, convenience sampling, purposive sampling and snow ball sampling. This study adopted both probability sampling and non-probability sampling, particularly simple random and convenience sampling.

3.4.2.1 Probability sampling

Probability sampling involves identifying a suitable sampling frame based on research questions and objectives and then deciding on the suitable sample size. According to Saunders et al. (2010), it is not advisable to use probability sampling for populations of less than fifty cases as the influence of a single extreme case on subsequent statistical analysis is more pronounced than for larger samples. The following are the most used probability sampling methods

3.4.2.2 Simple Random Sampling

Simple random sampling is the easiest method of sampling and it is the most commonly used. In a simple random sample of a given size, all such subsets of the frame are given an equal probability. Each item in a population has an equal chance of inclusion in the sample (Keogh, 1999). The study adopted simple random on both retailers and customers of Chinese retail shops. Customers were selected on the basis of the purchases made and those who had not made purchases randomly.
3.4.2.3 Stratified Sampling

Where the population embraces a number of distinct categories, the frame can be organised by these categories into separate strata. A sample is then drawn from within these strata using any one of the different sampling methods for each stratum and the sampling method can vary from one stratum to another, Gay (1996). Some examples of strata commonly used are states, age, sex, religion, academic ability or marital status. The two main reasons for using a stratified sampling design are;

- to ensure that particular groups within a population are adequately represented in the sample, and
- to improve efficiency by gaining greater control on the composition of the sample. In the second case, major gains in efficiency can be achieved by varying the sampling fraction from stratum to stratum. The sample size is usually proportional to the relative size of the strata.

3.4.2.4 Cluster Sampling

Cluster sampling divides the population into groups, or clusters, Krishnaswamy et al (2006). A number of clusters are selected randomly to represent the population, and then all units within selected clusters are included in the sample. No units from non-selected clusters are included in the sample. They are represented by those from selected clusters. This differs from stratified sampling, where some units are selected from each group. Sometimes it is cheaper to 'cluster' the sample in some way e.g. by selecting respondents from certain areas only, or certain time-periods only. Cluster sampling is an example of 'multistage sampling': in the first stage a sample of areas is chosen; in the second stage a sample of respondents within those areas is selected. The population of this study was divided into Chinese retailers, customers and CCZ.

3.4.3 Non-probability sampling

The probability of each case being selected is not known when using Non probability sampling techniques, (Deville, 1991). The main non-probability sampling procedures are judgmental, quota sampling and convenience sampling.
Convenience sample-is selected on the basis of convenience of the researcher. Sample elements are either self-selected or selected because they are easily available, and so it may be unclear what actual population the sample is drawn from, or how representative the sample is of the population. This sampling technique was adopted in the study. The researcher went at CCZ headquarters and asked the operation managers who have the scope of work on customer needs.

3.4.3.1 Quota Sample- seeks to replicate in the sample the distribution of the population, on the basis of defined control characteristics such as age, gender, social class, and income according to Deville (1991).

This study adopted a convenient and judgmental sampling technique to select the management of those who were available during the days of carrying out the interviews and was also selected at CCZ. The researcher also judged the ability of the respondent to provide the most relevant information. Those who were in the marketing department were most preferred.

3.5 DATA COLLECTION

The focus of data collection is on the sources of data and data collection instruments.

3.5.1 Secondary Sources of Data

Data that is collected by another person other than the user is called secondary data. The data is gathered from many different sources, Krishnawasmy et al. (2006). The data can be obtained from the internal and external sources of an organisation. Some of the common sources of secondary data are company bulletins, company reports, financial statements, in-house journals and newspapers among others. Analysing secondary data saves time. The time saved could be otherwise used for the collection of more valuable data, which would provide a larger and higher-quality database. Information from journals was used in this study.

3.5.2 Primary Sources of Data

On the other hand, in primary data collection, it is the researcher or the designated agent who conducting the study who collect the data, Krishnawasmy et al. (2006). The data that is
collected may be classified as qualitative or quantitative. There are some common tools that are used in the collection of primary data which are largely experiments, surveys, field studies, case studies, observation, interviews, and questionnaires. The main primary data collection technique used for this study was in the form of questionnaires and interviews. Interviews were held with the shop owners while questionnaires were distributed to employees of the retail shops and customers.

3.5.3 Data collection instruments

A wide variety of possible data collection methods are available under the case study approach. The possibility of using more than one method was suggested by Gillham (2000) who stated that case study is a main method and within it different sub methods are used and these include interviews, observations, document and record analysis and so on.

3.5.3.1 Questionnaires

This research used questionnaires to collect data from the employees and customers of owners of Chinese retail shops. Questionnaires are data collection instruments that enable the researcher to pose questions to subjects in his/her research in order to obtain answers to the research questions. Saunders et al. (2003:280) maintain that it is generally good practice not to rely solely on questionnaire data but to use the questionnaire in conjunction with at least one other data collection instrument. Gupta (2003) argues that even though questionnaires are popular as a tool in data collection, they are difficult to design. In most cases they require several attempts before an appropriate one is achieved. It is best to use them as a foundation to interviews, telephone survey or they can be used in their own right. According to Patten (2008), questionnaires contain either open ended or close ended questions or both in order to measure facts. Distribution of questionnaires may be by means of posting, emailing or even by faxing and they can be distributed to wide number of people or companies, Gay (2008). In comparison to other data collection tools, questionnaires are cheap and can be used without making prior arrangements. Since they can be answered in private anonymously, they are useful in avoiding embarrassment to the respondent. Unfortunately questionnaires have a low response rate although some incentives may be induced to the respondents to boost the response rate. Another character of questionnaires is the time delay experienced whilst
waiting for responses to be returned. Even in cases where deadlines are set for the return of the questionnaires, it may be necessary to send out several reminders to the respondents. In this study, questionnaires were used to gather data from customers and employees of Chinese retail shops mainly due to the reasons observed by Gay, (2008).

3.5.3.2 Interviews

According to Wegner (2005) a great way to learn detailed information from an individual or small number of individuals is to use the interview. Its usefulness is marked when one wants to gain expert opinions on the subject. It is also very useful during a talk with someone very knowledgeable on the issues under discussion. Arguably, interviews are used as a method to get information on behaviour, attitudes, needs and characteristics of people. This is so because they provide indepth information as was noted by Krishnawasmy et al (2006). Since there are several types of interviews, it is always best to choose a method based situated for the purpose as well as the resources available.

In the study, unstructured interview questions were designed in line with the research objectives and complimenting the questions designed in the questionnaires for the employees of Chinese retail shops and customers. Face to face interviews were done with the consumer council of Zimbabwe.

3.6 DATA ANALYSIS AND PRESENTATION TECHNIQUES

Data analysis involves summarizing the data collected and presenting the results in a way that communicates the most important features of the research which is the impact of disclaimer clauses in customer retention and loyalty in Chinese retail shops. Data are raw materials of statistical analysis. The quality data is influenced by the type, source and methods of data collection (Wegner, 2005). The researcher checked for accuracy and completeness of the questionnaires. Raw data was edited to detect errors and omissions, and correcting them where possible. The editing process ensures accuracy, consistency, uniformity and completeness to allow for easy coding and tabulation of research findings (Diamantopoulos and Schlegelmilch, 2000). Data was computerized using Epi-Info and analysed using Statistical Packages for Social Scientists (SPSS)
3.7 RESEARCH LIMITATIONS

The study was limited to the Chinese retail shops in the Harare Central Business District only. This was due to the limitation of financial resources as well as time resources which prevented a larger area to be covered. Some Chinese shop owners were not very forthcoming with giving information and appeared to treat the researcher with suspicion. Some even went to the extent of threatening their employees not to divulge any sensitive information. This was overcome by the researcher giving strong assurances that all the information given was going to be strictly treated for academical purposes only. A lot of patience was also required with some customers who were buying products as their focus was mostly on making a good bargain before rushing off to resell the product in order to maximize on time. This was due to the stiff competition in the buying and selling business that some of these customers embark on.

3.8 RESEARCH ETHICS

Wegner (2003) defined ethics as a term that refers to the appropriateness of a researcher’s behaviour in relation to the rights of those who are being researched or are affected in any way. It is a code of behaviour appropriate to academics and the conduct of research. The research maintained strict ethical standards to protect the rights and welfare of participants throughout the period of this study. The ethical considerations taken were; approval of conducting the research, informed consent, confidentiality and anonymity, honest and accountability

3.9 CHAPTER SUMMARY

This study was both quantitative and qualitative in nature. Questionnaire and interviews were used as a data collection instruments. Simple random sampling and convenience sampling were used to choose participants for this study. A pilot study of 10 questionnaires was done with the employees of Chinese retail shops. The research ethics were observed. A statistical package for the social Scientists (SPSS) was used to analyse the data. The next chapter focuses on the presentation of the findings of the study.
CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND DISCUSSIONS

4.1 INTRODUCTION

The present chapter presents the results, analysis and discussions of the research project. The findings were centered on the reason behind the use of disclaimer clauses, importance of customer retention in Chinese retail business, the effect of disclaimer clauses in attaining customer loyalty and determine the quality of service delivery in Chinese retail shops. The findings are discussed by drawing parallels with the review of literature (chapter two of the research project). The questionnaires and interview were the research instruments utilised to gather the original data from participants meant to answer the research objectives. The responses form the basis upon which analysis will be done. The conclusions and recommendations will be derived from this chapter.

4.2 RESPONSE RATE

Questionnaires were used to collect data. A total of 120 questionnaires were sent out to respondents by email and hand delivery. A total of 80 questionnaires were sent to the customers while 40 questionnaires were sent to retailers. Seventy customers successfully completed the questionnaires and 30 retailers successfully completed. This represented a response rate of above 70% percent. These figures are high enough to make them valid and reliable for the research findings. An interview was carried out with one operating officer of Consumer Council of Zimbabwe (CCZ).

Table 4.1: Response rate

<table>
<thead>
<tr>
<th></th>
<th>Questionnaires sent</th>
<th>Questionnaires</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers</td>
<td>40</td>
<td>30</td>
<td>75%</td>
</tr>
<tr>
<td>Customers</td>
<td>80</td>
<td>70</td>
<td>88%</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
<td>82%</td>
</tr>
</tbody>
</table>
4.3 BACKGROUND DATA

4.3.1 Position of Retailers

The positions of the retailers that participated in the research who work in Chinese retail shops are summarized in the figure below.

![Chart showing the distribution of positions among retail participants.]

**Figure 4.1: Position of Retailers**

Figure 1 above shows that 16% of the research participants are owners of Chinese retail shops and being Chinese nationals. About 26% are senior managers working in the Chinese retail shops. Moreover 38%, being the majority respondents highlighted that they are general staff. 20% responded that they are General Managers.

This shows that the major positions found in Chinese retail shops were that of general staff. No other positions were indicated by the respondents.
4.3.2 Period of work in Chinese retail shops

The amount of time that the respondents spent working in Chinese retail shops is presented in the figure below.

Figure 4.2: Period of work in Chinese retail shops

Figure 4.2 above shows that 5% respondents have worked in Chinese retail shops for less than a year, 32% majority indicated 1-3 years, 18% argued they have worked for 4-6 years and 26% staff and management of Chinese retail shops added that they have 7-9 years. Moreover the findings of the research reveal that 16% survey participants have 10-12 years’ experience working in Chinese retail shops and 3% added they have above 15 years work experience working in Chinese retail shops.

The findings in figure 4.2 above show that the respondents have valuable experience to bring valuable responses to the survey.
4.3.3 Ages of customers

The ages of the customers of Chinese retail shops are presented in the pie chart below after a research through a questionnaire.

Figure 4.3: Ages of customers

The pie chart figure 4.3 above illustrates that seven percent of the customer respondents that are below 18 years of age, 24% were aged between 18-30 years and 44% stated that they were aged between 31 and 40 years. Moreover, the research also found out that 12% of the customer survey participants and 13% were aged above 50 years. This shows that the respondents have fairly considerable shopping experience.

4.3.4 Occupation of customers

Figure 4.4 below shows the occupation of the customers who participated in the research. The pie chart clearly shows the distribution of the occupations.
The majority of the research customer participants as marked by 58% indicated they are not employed. On the other hand 21% customer respondents stated that they are employed and also another 21% research participants highlighted they are self employed in line with the indigenous policy.

**4.4 USE OF DISCLAIMER CLAUSES**

This section analyses the use of the disclaimers used in line with the objectives of the study. The main emphasis was on Chinese retail shops that constituted the sample size to give views of the whole industry.

**4.4.1 Motive behind disclaimer clauses in shops**

The research sought to find out qualitatively the reasons why there are disclaimer clauses in Chinese retail shops. The staff and management of Chinese retail shops were asked by the researcher to highlight the reasons why those disclaimer clauses are put up in their shops.
Respondents indicated that disclaimer clauses are used in retail shops because the organisation would want to limit their liability for its accuracy and prevent losses and also due to lack of trust in the durability of the products being sold. Moreover other respondents added that disclaimer clauses act as a contract between the organisation and the customer and others said they serve to transfer responsibility from Chinese retail shops to the customer.

4.4.2 Customer awareness of the common disclaimer clauses in Chinese shops

The research sought to make inquiries as to the level of awareness that the customers of Chinese retail shops have on common disclaimer clauses.

![Bar chart showing customer awareness of common disclaimer clauses](image)

**Figure 4.5: Customer awareness of the common disclaimer clauses in Chinese shops**

The findings in the figure above indicate that 55% survey participants indicated that they are aware of disclaimer clauses and on the contrary 32% customers disagreed to their awareness of disclaimer clauses. On the other hand 13% of the research participants indicated that they were not sure if there were disclaimer clauses in Chinese shops. Disclaimers vary in terms of
their uniformity. Some may vary depending on the specific context and parties involved, while other types of disclaimers may strictly adhere to a uniform and established set of formalities that are rarely or never modified, except under official authority. Some of these formal disclaimers are required pursuant to industry regulation, qualification for protection under a safe harbour, and other situations where the exact wording of a particular clause or document may be dispositive in the event of a legal dispute (McLaughlin, 2001).

4.5 IMPORTANCE OF CUSTOMER RETENTION

4.5.1 Critical factors for customer retention in Chinese retail shops

The research investigated the critical and important factors for customer retention in Chinese retail shops. The findings from the research are tabulated in the table below basing on the views of the owners and management of Chinese retail shops.

Table 4.2: Factors for customer retention in Chinese retail shops

<table>
<thead>
<tr>
<th>Factors</th>
<th>Critical</th>
<th>Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retaining Customers</td>
<td>89%</td>
<td>11%</td>
</tr>
<tr>
<td>Acquiring more customers</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Increase customer satisfaction level</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Sell more products and services to existing customers</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Create new product or service offering</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>Creating a strong relationship with its customers</td>
<td>28%</td>
<td>72%</td>
</tr>
</tbody>
</table>
According to 89% owners and management of Chinese retail shops they said retaining customers is critical and 11% added it is important. Forty four percent of the survey participants said acquiring more customers is critical while 56% majority argued it is important. Increasing customer contentment level is a critical factor for customer retention according to 58% of the staff and management and 42% highlighted it is important.

The study findings in Table 4.2 above reveal that 49% respondents stated that selling more products and services to existing customers is critical for customer retention and 51% said it is important. Moreover 39% responses indicated that creating a new product or service offering is a critical factor for customer retention in Chinese retail shops and 61% said it is important. Also the research findings in the table above show that 28% respondents stated that creating a strong relationship with customers is a critical factor for customer retention in Chinese retail shops and 72% majority added that it is an important factor in retaining customers. The research findings lead to the implication that the critical factors for customer retention in Chinese retail shops are retaining customers and escalating customer satisfaction levels. Also it is implied that the important factors for customer retention in Chinese retail shops are acquiring more customers, selling more products and services to existing customers, creating new product or service offering and creating a strong relationship with customers.

To further add to the research findings, customer retention is a component of customer loyalty. When a customer is retained there is repeat business thereby benefiting the organisation. Higher customer retention means a base of customers who buy more frequently, in greater volumes, and are more prone to try other offerings by the firms thus increasing revenues while lowering the cost of marketing and sales by engaging in positive word of mouth Reichfield and Sasser (1990). Therefore customer retention has a direct impact on the bottom line.

Furthermore in his findings Helgesen (2006) in an article focusing on providing evidence for the satisfaction profit chain he concluded that there was a positive relationship between customer satisfaction and customer loyalty and there was also a positive relationship between customer loyalty and customer profitability.
4.5.2 The extent of purchases in Chinese Shops by customers

The research sought to find out how often customers make purchases in Chinese retail shops displaying disclaimer clauses. The results are shown in figure 4.6.

![Figure 4.6: The extent of purchases in Chinese Shops by customers](image)

The majority of the customers of Chinese retail shops as presented by 43% said they do not make purchases very often and on the other hand 36% stated that they often make purchases. Moreover 21% of the research participants argued that they make purchases very often in Chinese retail shops. This shows that consumers do not often prefer making purchases in shops where disclaimer clauses are displayed. Bergeron, (2002) suggested it is very expensive to get a new customer on board than to retain an existing customer. Unfortunately even in the face of such evidence many companies continue to focus on acquiring new customers and do little for the current customers. This could be as a result that rewards are offered to those who introduce new customers to an organisation and yet very little is done
for those who retain old customers and in some cases it is due to a lack of understanding of why customer retention can be such a bonus the profitability of the organisation.

### 4.5.4 Factors that lead to repeated purchase in Chinese shops

The survey investigated the factors that have led to repeated purchases by customers to shops that sell Chinese products and have disclaimer clauses within. The findings from the survey research are analysed and presented in Figure 4.7 below.

![Figure 4.7: Factors that lead to repeated purchase in Chinese shops](image)

The majority of the research participants, 56%, stated that prices of products is the pull factor for them to make repeated purchases in Chinese shops and 14% indicated that the quality of the product mainly affects their repeated purchases. Also the figure 4.8 above shows that 18% customers of Chinese retail shops stated that good customer care is the factor that has led to their repeated purchases. The research findings therefore lead to the implication that price is the major factor that leads to repeated purchase in Chinese shops. Other factors implied in the
research include good customer care, quality of the product and advertisements. This shows that other factors are not considered in order to achieve repeat business. Ennew and Binks (2006) reiterate the study findings by saying that in developing economies price is the major pull factor to non-durable products. Drucker, (2001) adds that there is a positive relationship between price, customer care, durability and quality of the product to customer satisfaction and customer loyalty and there was also a positive relationship between customer loyalty and firm profitability.

4.6 EFFECTS OF DISCLAIMER CLAUSES IN ATTAINING CUSTOMER LOYALTY

4.6.1 Disclaimer clauses are explained well to the concerned customers

The study sought to find the extent to which disclaimer clauses are explained to the concerned customers in retail shops that sell Chinese goods. The findings from the staff and management are presented in the figure below.

![Figure 4.8: Disclaimer clauses are explained well to the concerned customers](image)

> Figure 4.8: Disclaimer clauses are explained well to the concerned customers
According to 10% respondents they disagreed strongly that disclaimer clauses are explained well to the concerned customers and a significant 43% disagreed to the same factor. Also research results indicate that 14% respondents were not sure if disclaimer clauses are explained well to the concerned customers. On the other hand 21% respondents agreed that disclaimer clauses are explained well to the concerned customers and 12% strongly agreed. Through the results of the study it is implied that disclaimer clauses are not well explained to customers. Contrary to the study findings, Chen and Popovich, (2003) add that what works for Customer Relationship Management is keeping old customers and winning new customers through excellent customer care. They further suggest that disclaimers if not thoroughly explained to customers, they have an effect of building a negative attitude towards the supplier in the customers’ minds.

4.6.2 Customers understand the effect of disclaimer clauses to their purchases

Research investigated if the general customers of Chinese retail shops understand the effect of disclaimer clauses to their purchases. The views of the respondents are presented below.

![Bar Chart]

**Figure 4.9: Customers understand the effect of disclaimer clauses to their purchases**

Twelve percent of the study respondents strongly agree that general customers of Chinese retail shops understand the effect of disclaimer clauses to their purchases and 13% agree. However 8% respondents were not sure if customers understand the effect of disclaimer clauses to their purchases and 29% disagreed. A significant 38% strongly disagreed.
clauses to their purchases. Moreover 29% study responses disagreed to the fact that customers understand the effect of disclaimer clauses to their purchases and 38% strongly disagreed. Customers just buy and would feel the effect they have made when they return a defected product. The Operating officer of CCZ coincides with the findings and reiterated that customers do not see the importance of disclaimer clauses. Customers were encouraged to read the disclaimer clauses and the research literature adds to the research findings in that the cascade effect of disclaimer clauses on such issues as service quality, customer satisfaction and on customer retention has been addressed by Rust and Zahorik (1993) and Storbacka et al. (2004). Customers would want a disclaimer clause or a condition in a contract which limits the obligation of not only their part but also the part of the retailer to give a fair balance on the product, (Ennew and Binks, 2006).

4.6.3 Attendance to customers who would have returned defective products against the disclaimer clauses

![Pie Chart]

Figure 4.10: Customer attention after returning defective products
Figure 4.10 above shows that 59% respondents disagreed to the statement that customers who return defected products are well attended to and 8% strongly disagreed. On the other hand 18% respondents agreed, 10% strongly agreed while 5% were not sure. From the results, customers who return defected products would have violated the disclaimer clauses. Chinese retail shops do not have a sense of satisfying customers, while their products are not up to standard. The disclaimers are therefore mechanisms to maximize their profits without care on the customers. Payne and Frow (1999), state that sometimes the organisation needs to be in a position to satisfy and anticipate the requirements of its current customers as well as those of future customers. To do so, the company needs to be able to target a specific group which it can offer a unique package.

4.6.4 Customers are loyal to the products offered

An investigation was carried out to determine the extent to which customers are loyal to the products offered by Chinese retail shops.

Figure 4.11: Customers are loyal to the products offered
The majority of the research respondents as evidenced by 48% disagreed to the fact that customers are loyal to the products offered and 26% strongly agreed. On the other hand 21% of the management and staff of Chinese retail shops agreed that customers are loyal to the products offered, moreover 5% research participants strongly agreed. The survey implies that customers of Chinese retail shops are not loyal to the products offered by Chinese retailers. Customers can just go and buy in any shop because prices are the same. There is a lot of competition in the market. Chinese shops are scattered everywhere. Customers are attracted by availability of the product and flexibility of a retailer to create a room for negotiating on the price. This can satisfy customers. This is what Oliver (1999) says that practitioners and academics agree that customer loyalty and satisfaction are inter-linked inextricably and that the relation is asymmetric. He argues that although loyal customers are mostly satisfied, satisfaction does not always translate to loyalty but says satisfaction is a necessary step to loyalty. Besides mere satisfaction, according to Oliver (1999), loyalty is also a function of personal determination and social bonding at both the institutional and personal level.

4.6.5 How important is maintaining customer loyalty in Chinese shops

The staff and management of Chinese retail shops were asked by the researcher the value of maintaining customer loyalty in Chinese shops. The findings from the research are presented in the figure below.

In summary, about 13% of the staff and management of Chinese retail shops indicated that maintaining customer loyalty in Chinese shops is highly important and on the contrary 23% respondents argued that maintaining customer loyalty in Chinese shops is lowly important. The majority of the survey participants as shown by 52% indicated that maintaining customer loyalty in Chinese shops is moderately important and on the other hand 12% said it is not important. Customer loyalty is import for sustainability of any organisation. Retail business continuity can be enhanced by loyal customers.

Due to this reason customer loyalty is important for Chinese retail shops. The research implication is further explained by Oliver (1999) who defines customer loyalty as a commitment to re-buy or re-patronize a preferred product/service consistently in the future. The consistency in these repurchase intention is long-term and therefore has a positive impact
to the business as there is consistent financial spending from the loyal customer to the business. From this basis stems the concept of the “Life time value of a customer.” It is critical for the business to follow customer loyalty enhancement strategy as this is expected to increase financial revenues, lower customer serving costs and eventually generate greater profitability Reichheld (1993).

Figure 4.12: How important is maintaining customer loyalty in Chinese shops

4.6.6 The level of impact that disclaimer clauses have on purchase behavior of customers

The levels of impact of disclaimer clauses on the purchase behavior of customers are presented in the figure below. In the figure below, 62% staff and management of Chinese retail shops indicated that disclaimer clauses have decreased purchases of customers. However 20% respondents argued that they increased purchases while 18% of the staff and
management of Chinese retail shops stated that disclaimer clauses have no impact on purchases.

Figure 4.13: The impact of disclaimer clauses on purchase behavior of customers

The findings show that disclaimer clauses negatively impact on the buying behaviour of customers. In this way, the Chinese retail shops are failing to retain customers but are instead losing them to other players. Contrary to the study findings, a customer feels that he has received satisfaction from a product or service when he can derive total benefit from it.

As pointed out by Reichheld, and Sasser, (1990) the competition that exists between organisations is not only as a result of the company’s products but also of the cosmetics that the company adds onto the product once it leaves the organisation. These include the packaging, customer service, prompt deliveries as well as the issue of disclaimer clauses among others.

Those who understand this will know that they will be able to identify the reason that prompted the customer to make the purchase. Indeed Lanning and Michaels (1988) further suggest that this value can be calculated using the value proposition concept and undertaking a value assessment - importantly, working from a customer perspective.
4.6.8 Fairness of disclaimer clauses in Chinese retail shops to customers

An investigation was undertaken to determine the fairness of disclaimer clauses in Chinese retail shops to customers. The finds are presented in the figure below.

Figure 4.14: Fairness of disclaimer clauses in Chinese retail shops to customers

Figure 4.14 indicates that 12% of the participants indicated that disclaimer clauses are very fair to customers, 10% said they are fair. About 52% of the participants held that disclaimer clauses are unfair while 26% maintained that they are very unfair. The study therefore implies that disclaimer clauses in Chinese retail shops are fair to customers. Customers are not happy about the use of disclaimer clauses in retail shops. The majority of the respondents felt that the disclaimer clauses usually have no specific wording and depend upon the terms of the contract. The use is to transfer responsibility from oneself, maybe onto another party. So responsibility lies on the customer only. According to findings by Kaj, (2001) the disclaimer law by definition states that a disclaimer clause is a clause in a contract or other writing, stating that the producer or seller of product, device, or process makes no promises about its quality or performance and will not be responsible for harm resulting there from, this to some extent supports the activities of suppliers than consumers.
The Consumer council of Zimbabwe was also asked on the fairness of the use of Disclaimer clauses in Chinese retail shops. The Operations officer who was interviewed suggested that the excessive use of disclaimers in Chinese shops are disadvantaging the customer. They are very unfair sometimes. He suggested that customers should seek to understand the disclaimer clauses before they make a purchase so that they buy decisively. This response indicates that the Consumer council of Zimbabwe is aware of the unfair use of disclaimer clauses by Chinese retail shops.

4.7 SERVICE DELIVERY

4.7.1 Chinese retail shops’ products have guarantees

![Bar chart showing percentage distribution of responses to the question of whether Chinese retail shops’ products have guarantees.](chart)

**Figure 4.15: Chinese retail shops’ products have guarantees**

The majority of the survey participants 64% disagreed to the fact that the products sold in Chinese retail have guarantees and 13% strongly disagreed to the same fact. On the other hand 4% minority respondents agreed that the products sold in Chinese retail have guarantees and 8% also agreed. Moreover 11% respondents were not sure if the products sold in Chinese
retail shops have guarantees. Contrary to the study findings, Agle and D. J. Wood (1997) state that a disclaimer may specify mutually-agreed and privately-arranged terms and conditions as part of a contract; or may specify warnings or expectations to the general public (or some other class of persons) in order to fulfill a duty of care owed to prevent unreasonable risk of harm or injury. He adds that it is necessary to give confidence to the use if the product by specifying a guarantee over a specified time were the consumer can ascertain the full uses and benefits of the product. Some disclaimers are intended to limit exposure to damages after a harm or injury has already been suffered, (Dyche, 2002). Additionally, some kinds of disclaimers may represent a voluntary waiver of a right or obligation that may be owed to the disclaimant.

### 4.7.2 After-sales services

The study researched on the existence of after sales services in Chinese retail shops. The findings from the research participants on the subject matter are presented below.

![Figure 4.16: After-sales services](image)

**Figure 4.16: After-sales services**
Findings in the figure above reveal that 20% strongly agree that after-sales services are available in Chinese retail shops and 22% also agreed. Also 13% respondents were not sure if after-sales services are available in Chinese retail shops. Moreover 26% respondents disagreed and stated that there are no after-sales services while 19% strongly disagreed. The findings therefore lead to the implication that Chinese retail shops do not offer after-sales services. Contrary to the study findings researches by Potter (2001), confirm that since there is a daily increase in the cost losing customers, businesses continue to seek new ways to combat the loss by coming up with innovative ways to obtain and retain customers thus increase business. Not surprisingly, companies have realized the importance of after sales service to boost their customer service. Customers whether internal or external consider products and service a collective organisational responsibility rather than a functional or departmental one.

### 4.7.3 Products

The table below tabulates information on the products of Chinese retail shops.

**Table 4.3: Products**

<table>
<thead>
<tr>
<th>Products</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products are affordable</td>
<td>34%</td>
<td>43%</td>
<td>0%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Products are durable</td>
<td>10%</td>
<td>20%</td>
<td>46%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Products are always available</td>
<td>11%</td>
<td>10%</td>
<td>34%</td>
<td>24%</td>
<td>21%</td>
</tr>
</tbody>
</table>

The table above shows that 34% strongly agreed that products in Chinese retail shops are affordable and 43% also agreed that products sold in Chinese retail shops are affordable. Also 12% respondents disagreed to the fact that products are affordable and 11% strongly disagreed. Table 4.3 above also shows that 10% research participants strongly agreed and 20% agreed that the products sold in Chinese retail shops are durable. Forty six percent
majority respondents were not sure if products sold in Chinese retail shops are durable. On the other hand 13% respondents disagreed to the fact that products sold in Chinese retail shops are durable and 11% strongly disagreed.

Research findings also show that 11% customers of Chinese retail shops strongly agreed and 10% agreed that the products sold in Chinese retail shops are always available. Moreover 34% respondents were not sure, 24% on the contrary disagreed and 21% strongly disagreed.

4.7.4 Chinese shops give prompt services

An investigation was carried out to determine the extent to which Chinese retail shops give prompt services to their customers. The findings are presented in the figure below.

![Figure 4.17: Chinese shops give prompt services](image)

The findings in the figure above show that 12% research participants strongly agree that Chinese retail shops give prompt services and 15% agree to the assertion. However 22% survey participants were not sure if Chinese retail shops give prompt services to their
customers. Moreover on the other hand 30% majority respondents disagreed and 21% strongly disagreed to the fact that Chinese retail shops give prompt services. The study implies that Chinese retailers do not give prompt services. Contrary to the study findings, according to Reichheld and Sasser (1990) increasingly, most companies are discovering that for them to retain customers, they have to tirelessly work on customer satisfaction as this will reward them with better profitability levels and good retention levels. As stated by Reichheld and Sasser (1990) this calls for a substantial movement in the manner the organisations do their business in the acquiring of new customers as it calls for the emphasis to be on retaining current customers. A strong commitment from the top level of management will go a log way in achieving the benefits of long-term customer relationships through understanding and serving the needs of customers.

4.8 CHAPTER CONCLUSION

The chapter dealt with the analysis, interpretation and presentation of the data collected by the researcher. The results of the findings where compared to the notions suggested by other authors in the literature review in order to find the basis of conclusion and recommendations covered in chapter five.
CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter contains conclusions, recommendations and suggest an area of further study for this research. This chapter is a presentation of the conclusions drawn from the study, both through the literature review and through the research participants. The study provides an understanding of the disclaimer clauses, customer loyalty, service delivery and customer retention.

5.2 CONCLUSIONS

5.2.1 Use of disclaimer clauses

The study concluded that although customers are aware of the common disclaimer clauses in Chinese shops they continue to patronise the shops because of the low prices that are offered by these retailers. The research concludes that disclaimer clauses are used in retail shops because the firms would want to limit their liability for their accuracy and prevent losses. Also disclaimer clauses are put up in Chinese retail shops because of lack of trust in the durability of the products being sold. It is concluded that disclaimer clauses act as a contract between the organisation and the customer. Moreover it is concluded in this study that disclaimer clauses are meant to transfer responsibility from Chinese retail shops to the customer. Thus it is also concluded that Chinese retail shops deliberately fail to display disclaimer clauses in conspicuous places so that they can get away with misrepresentation. It is further concluded that those customers who frequent the Chinese retail shops because of the low prices fail to understand that at the end of the day, they are actually paying more for the cheap products through repeat sales.

5.2.2 Importance of customer retention

The critical factors for customer retention in Chinese retail shops are retaining customers and escalating customer satisfaction levels. Also it is concluded in this study that the important
factors for customer retention in Chinese retail shops are acquiring more customers, selling more products and services to existing customers, creating new product or service offering and creating a strong relationship with customers.

The study found out and concluded that consumers do not often make purchases at Chinese retail shops when they have understood the meaning of the disclaimer clause. It is concluded in this study that disclaimer clauses affect repeated purchases of customers in Chinese retail shops. There is a relationship between disclaimer clauses and repeat business. The development of loyalty involves building and sustaining a relationship with a customer and this therefore leads to the repeated purchase of products or services over a given period of time. Research concludes that price is the major factor that leads to repeated purchase in Chinese retail shops.

5.2.3 Effects of disclaimer clauses in attaining customer loyalty

The survey concludes that disclaimer clauses are not well explained to customers to outline and ascertain their implications to the customer after making a purchase. Customers of Chinese retailers do not clearly understand the meaning of disclaimer clauses to their purchases.

Customers normally do not bother to read the disclaimer clauses displayed but they would feel the impact when they try to return defected products. It is also concluded that customers who return defected products are not welcomed. They do not get refunds, neither is the product exchanged for a better one, rather they are given another product of the same value. Chinese retail shops are not concerned with customer satisfaction but profiteering.

Customers of Chinese retail shops showed that they are disloyal customers. Customers buy in Chinese shops because they offer cheaper products. The majority of Zimbabwe is now into reselling business and Chinese shops have become a hub for the poor Zimbabweans. Price was found to be the most important factor for customers. Although Chinese retailers feel that customer loyalty is important for them, they have no clear strategies of retaining customers. Due to competition, customers can easily buy in any Chinese shop as long as the product is available and if there is a room for negotiating on price.
The disclaimer clauses negatively impacted the purchase behaviour of customers. Customers were not happy about the use of disclaimer clauses. The majority of the customers felt the clauses were unfair. The disclaimer clauses distort customer care and as a result customers are not satisfied.

5.2.4 Service delivery

Chinese retail shops do not have products with guarantees on sale. Moreover the research concludes that Chinese retail shops do not offer after-sales services. Research concludes that the products sold in Chinese retail shops are affordable but not durable and not always available. The study found that Chinese retailers do not give prompt services to their customers. In simple terms service delivery is poor in Chinese retail shops.

5.3 PROPOSITION VALIDATION

The study has accepted the proposition that disclaimer clauses have a negative impact on customer retention. It was evident from the respondents in the study that customers who became aware of the disclaimer clauses in Chinese retail shops do not often do repeat business with the Chinese retailers. Those who repurchase products in Chinese shops are mainly attracted by cheap prices that are offered by these retailers.

5.4 RECOMMENDATIONS

The survey makes the following recommendations based on the research subject and objectives.

The study recommends that Chinese retailers should go down the production line and select suppliers with sound total quality management principles in their production processes. This gives the retailers assurance that the product produced will meet the customer expectations and industry standards. This also gives room for offering guarantees and after-sales services. Trust between the organisation and customer is improved and disclaimer clause use on extending damages will be limited.

The researcher recommends that regulatory bodies that include the Standard Association of Zimbabwe and the Consumer Council of Zimbabwe should cooperate with authorities such as
Ministry of finance and economic development, ZIMRA to control the influx of cheap inferior products which are overpriced because they are counterfeits with no customer guarantee thereby depriving the consumer of their hard earned income.

Chinese retail organisations are recommended in this research to train their employees that they are all service providers and emphasize their vital role in customer retention.

Price competition is no longer enough to attract customers. Therefore, this study recommends Chinese retail shops to focus on non-price attributes to distinguish them. This means adapting certain store attributes more closely to the specific needs of certain groups of customers. This includes the use of private labelling to differentiate their products and to gain competitive advantage. The competitive strategy results in increased profits and market share.

The survey recommends Chinese retailers to formulate and implement customer retention strategies. This is because once customers become confident with the service that they will receive from the retail shops, they are bound to give the retail shops a significant amount of their business.

Chinese retailers are recommended to carry out surveys and market researches to determine the underlying causes of customers’ satisfaction or dissatisfaction. It is important as it will give the organisation an idea of the factors that are causing customer loyalty and dissatisfaction and the organisation can act accordingly to improve its profit base.

The research also recommends the Consumer Council of Zimbabwe to take action where customers are abused. The council should protect customers against unfair disclaimer clauses.

5.5 ARENA OF FURTHER STUDY

There is also need to investigate the existing import system by foreign retailers and their implications to protect indigenous infant SMEs in the retail business and consumer protection.
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APPENDICES

APPENDIX A: QUESTIONNAIRE FOR CUSTOMERS

QUESTIONNAIRE FOR CUSTOMERS

Age
Below 18 [ ]
18-30 years [ ]
31-40 years [ ]
41-50 years [ ]
Above 50 years [ ]

Occupation
Employed [ ]
Self-employed [ ]
Not employed [ ]

Gender
Male [ ]
Female [ ]

NB: Disclaimer clauses are provisions by a seller or supplier of goods and services to exclude or limit his liability in the event that the product is being defective or fails to perform.
1. How often do you make purchases in Chinese Shops?

<p>| | | | | |</p>
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<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Very often</td>
<td>[ ]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Often</td>
<td>[ ]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not so often</td>
<td>[ ]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Are you aware of the common disclaimer clauses in Chinese shops

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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[ ]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>[ ]</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Am aware of the disclaimer clauses in Chinese shops

<table>
<thead>
<tr>
<th>Am aware of the disclaimer clauses in Chinese shops</th>
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<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
</table>

4. I read the disclaimer clauses when buying

<table>
<thead>
<tr>
<th>I read the disclaimer clauses when buying</th>
<th>SA</th>
<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
</table>

5. I make a purchase in Chinese shops

<table>
<thead>
<tr>
<th>Am adequately informed about the disclaimer clauses before I make a purchase in Chinese shops</th>
<th>SA</th>
<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
</table>

6. Products in the Chinese shops have guarantees

<table>
<thead>
<tr>
<th>Products in the Chinese shops have guarantees</th>
<th>SA</th>
<th>A</th>
<th>NS</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
</table>
7. Guarantees are honored in Chinese shops

8. The disclaimer clauses in Chinese shops are very visible

7. The disclaimer clauses affect my purchase in Chinese shops

9. Chinese shops have good customer care

10. Chinese shops attend to customer complaints

11. Chinese shops are concerned about their customers

12. The Consumer council of Zimbabwe protects customers on the unfair disclaimer clauses
13. Have you ever returned a defect product and you did not get a replacement?

Yes [ ]

No [ ]

14. If you buy a defective product and fail to get replacement because of the disclaimer clauses would you like to buy again in that shop?

Yes [ ]

No [ ]

15. How did you feel as a customer?

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16. Can you make any comment concerning the disclaimer clauses in the Chinese Shops?

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17. Which of the following factors keep you making repeat purchases in Chinese shops?

Price [ ]

Good customer care [ ]

Quality of the product [ ]

Advertisements [ ]

Other, specify ---------------------------------------------------------------------------------------------------------
18. To what extent have disclaimer clauses affected your buying behaviour?

Increased purchases [  ]

Reduced purchases [  ]

No change [  ]

19. From your own point of view are disclaimer clauses in Chinese retail shops fair to customers?

Very fair [  ]

Fair [  ]

Unfair [  ]

Very unfair [  ]

END OF QUESTIONNAIRE THANK YOU FOR YOUR TIME
APPENDIX B: QUESTIONNAIRE FOR RETAILERS

QUESTIONNAIRE FOR RETAILERS

Please note the following guidelines for answering the sections below

a. To answer mark the appropriate column with an X

b. May you please answer all questions.

c. Note the scale used;

1 = strongly disagree

2 = disagree

3 = unsure

4 = agree

5 = strongly agree

Section A: General

1. Work Position

   Owner [ ]

   Senior manager [ ]

   Middle manager [ ]

   Lower manager [ ]
2. Period of work in Chinese retail shops

Below 1 year [ ]
1-3 years [ ]
4-6 years [ ]
7-9 years [ ]
10-12 years [ ]
13-15 years [ ]
Above 15 years [ ]

3. Race

Black [ ]
White [ ]

Section B: Importance of customer retention

3. Which of the following are critical for Chinese retail shops? (*Circle your preference* 1 = critical; 2 = important)

Retaining Customers 1 2
Acquiring more customers 1 2
Increase satisfaction level 1 2
Sell more products and services to existing customers 1 2
Create new product or service offering 1 2
Creating a strong relationship with its customers 1 2
Section C: Effects disclaimer clauses in attaining customer loyalty

4. Disclaimer clauses are visible to customers
   1  2  3  4  5

5. Customers pay attention to disclaimer clauses in Chinese shops
   1  2  3  4  5

6. Disclaimer clauses are explained well to the concerned customers?
   1  2  3  4  5

7. Customers understand the effect of disclaimer clauses to their purchases
   1  2  3  4  5

8. Customer who violates the disclaimer clauses are well attended to
   1  2  3  4  5

9. Customers are loyal to the products we offer
   1  2  3  4  5

10. How important is maintaining customer loyalty in Chinese shops
    Highly important [ ] moderately important [ ] lowly important [ ] not important [ ]

11. What is the level of impact do disclaimer have on purchase behavior of customers
    High [ ] Moderate [ ] Low [ ] No impact [ ]

12. How has the impact of disclaimer clauses to customers affected their buying behaviour?
    Increased purchases [ ] Reduced purchases [ ] No change [ ]
13. Are the disclaimer clauses in Chinese retail shops fair to customers?

Very fair [ ]      Fair [ ]   Unfair [ ]      Very unfair [ ]

Section D: Service delivery

14. Our products have guarantees

1 2 3 4 5

15. We offer after sales services

1 2 3 4 5

16. Our products are affordable

1 2 3 4 5

17. Our products are durable

1 2 3 4 5

18. Our products are always available

1 2 3 4 5

19. Chinese shops give prompt services

1 2 3 4 5

20. Employees are always willing to help customers

1 2 3 4 5

21. Chinese retailers have customers at heart

1 2 3 4 5
22. Customers’ complaints are well handled

1 2 3 4 5

23. Products are accurate

1 2 3 4 5

24. In your own view, what improvements are necessary to be done by Chinese shops in order to retain customers?

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Thank you for providing me with information
APPENDIX C: INTERVIEW GUIDE FOR CONSUMER COUNCIL OF ZIMBABWE

INTERVIEW GUIDE FOR CONSUMER COUNCIL OF ZIMBABWE

Why are there disclaimer clauses in shops?

What protections are available to the customers against these disclaimer clauses?

How do you protect customers against the unfair use of disclaimer clauses?

What is your comment concerning the disclaimer clauses in Chinese shops?

What are the laws that protect customers against unfair use of disclaimer clauses?

Do customers have rights in connection with disclaimer clauses? Can you mention the rights?