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FACTORS AFFECTING FEMALE GENERATION Y CONSUMER’S SELECTION OF A BANK

by

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MINOR DISSERTATION

Submitted in partial fulfilment of the requirements for the degree MAGISTER COMMERCII

In

BUSINESS MANAGEMENT

in the

FACULTY OF MANAGEMENT

at the

UNIVERSITY OF JOHANNESBURG

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November 2015
DEDICATION

I dedicate this work to the amazing members of my family, who have supported me throughout this journey: my parents, Joseph and Ester de Broize, and my husband, Logan Hayns. You have been my pillars of strength during the difficult periods and my continuous source of encouragement, keeping me motivated, and helping me to successfully complete my research. My success is our success!
ACKNOWLEDGEMENTS

“In everything, give thanks.”
1 Thessalonians 5:18

The completion of this study could not have been successfully achieved without the guidance and support of crucial individuals. I would like to take this opportunity to thank them and highlight the invaluable contributions they have made to the success of this research.

I give all glory to God, as through Him, all things are possible. I thank the Almighty God for walking every step of this journey with me, for giving me the grace to accept setbacks and the courage and perseverance that has kept me committed to the completion of this study.

I thank my wonderful supervisors, Prof. Mornay Roberts-Lombard and Prof. Christine de Meyer-Heydenrych, for their wonderful support. It has not been a smooth journey, but your continued perseverance, patience, and guidance have been humbling to me.

To my brother, Jules de Broize, I say thank you for encouraging me through the example you set by the way you are succeeding in your own studies.

My utmost thanks go to my parents, Joseph and Ester de Broize, for your unconditional love and support. I could never thank you enough for selflessly helping me complete this study.

And lastly, but certainly not least, I thank my amazing husband, Logan Hayns. You have been a source of strength, a shoulder to cry on, and my biggest cheerleader. Your support means the world to me.
ABSTRACT

The South African retail banking industry is a highly competitive environment where major industry players compete for the largest market share of the banked and unbanked consumer market. The consumer segment of focus in this study is the female Generation Y consumer, due to their high disposable incomes, technological savviness, and brand consciousness. Within the retail banking industry in South Africa, the number of formally banked female consumers has increased to 87%, and is noted as being significantly higher than the number of formally banked male consumers, which is 81%. To maintain the largest market share, the major South African retail banks must determine the factors and variables that influence the female Generation Y consumer’s selection of a retail bank, so as to attract consumers from competing retail banks, as well as proactively prevent the attrition of their current consumers. The primary objective of the study was to determine the factors that had an influence of the female Generation Y consumer’s selection of a retail bank using consumers residing in the Gauteng province. The aim of the study was to identify the factor dimensions for purchase intention when selecting a retail bank. These factor dimensions were identified, through a literature review and previous studies, namely price, product selection, innovation, status, and peer referral.

A descriptive research approach was followed and data was gathered, using quantitative research methods. A self-administered questionnaire was administered through convenience sampling to research participants at universities, shopping malls, and banking halls, within the Gauteng province. The target population for this study was limited to research participants between the ages of 18 and 36 years, who held a bank account with one of the five major South African retail banks (ABSA, FNB, Standard Bank, Nedbank, and Capitec Bank). A total of 300 questionnaires were distributed and 274 were retained for data analysis. Pearson product moment correlation analysis and regression analysis were used to test the influence of the relationships between various variables in the study. The peer referral subscale developed as a two-factor solution and was split into recommendation and trustworthiness. The remaining subscales were all considered valid.
The results of the study established that the variables price, product selection, innovation, status, recommendation and trustworthiness, respectively influence the female Generation Y consumers’ selection of a retail bank. However, the regression analysis highlighted that the variable with the greatest influence on the purchase intention of the consumer when selecting a retail bank, is product selection. It is therefore recommended that the five major banks in South Africa place a greater emphasis on the intrinsic features and benefits associated with their banking product and service selection, in their attempts to acquire new female Generation Y consumers. The five major retail banks in South Africa should also differentiate themselves by focusing on the core strength, features, and benefits of their banking products and services, as this was found to be the most critical factor, which is considered by female Generation Y consumers when selecting a specific retail bank as their primary bank.
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CHAPTER 1
INTRODUCTION TO THE RESEARCH PROBLEM

1.1 INTRODUCTION

Over the past decade, the South African financial banking industry has experienced an increase in competitiveness amongst industry players. This aggressive competition for the largest market share of banked and unbanked consumers in the country has resulted in a profound attrition of banking product consumers between retail banks (BusinessTech, 2013). The female Generation Y consumer, one of the most competitive market segments, comprises a large volume of consumers, who only became economically active recently, both locally and globally. The importance of this consumer segment has become evident to the retail industry, especially because these consumers enter the retail industry and demand only products and services that are relevant and engaging (Foscht, Maloles, Schloffer, Chia & Sinha, 2010: 264). Therefore, the financial banking industry in South Africa needs to capitalise on this situation and secure this type of consumers by identifying and understanding the variables that would influence their selection of a retail bank. For purposes of this study, the variables that influence the purchase intention of the female Generation Y consumer, within the financial banking industry in the Gauteng province of South Africa, were examined in order to understand the factors that influence their decision-making processes while selecting a retail bank.

This chapter outlines the research, which was undertaken, and provides a background to the study. The research problem statement, objectives, and hypotheses are defined and supported with a review of current literature on the study. Furthermore, the research design, methodology, limitations and ethical considerations of the study are also discussed. Section 1.2 below discusses the background of the study.

1.2 BACKGROUND TO THE STUDY

The South African banking industry is viewed as one of the best on the continent due to its sophisticated, innovative, and technological nature (Berndt, Saunders & Petzer,
2010: 51). One evidence of this is in the ranking of the South African banking and financial industry among the Top 5 globally (WEF ACR, 2014: 43).

Since 1994, the financial industry has seen phenomenal growth, as foreign and local business confidence in the country has improved. This is evident in the number of registered banks, the numbers of foreign banks, which have a local presence in the country, as well as those who have representative offices in the country; all of which account for R 3.7 billion in financial assets (Botha & Petzer, 2010: 421; SARB Annual Economic Report, 2013). From an economic perspective, the financial industry is one of the biggest contributors to the Gross Domestic Product (GDP) of the country. According to statistics on the economic performance of the country for the second quarter of 2013, the ‘Finance, real estate and business services’ categories were the highest contributing sectors to the GDP, with a noteworthy 21.0%, contributing 21.8% of the total labour force in the country (StatsSA, 2013a: 4; StatsSA, 2013b: 14). The estimated GDP for the second quarter of 2013 was estimated at R 836 billion (StatsSA, 2013a: 4).

Four major banks dominate the South African banking industry, namely Amalgamated Banks of South Africa (ABSA), First National Bank (FNB), Nedbank, and Standard Bank; and account for 84% of the total assets (summation of the total amount of investments held and loans distributed) thereof. For the purpose of this study, a fifth bank, namely Capitec Bank, was included due to the significant rate at which their market share has grown in recent years. These banks contribute to the highly competitive and complex nature of the South African banking industry (Ackermann & van Ravesteyn, 2006: 149). Over time, each one of them has had to evolve in order to meet the needs of the industry and ensure their individual profitability and sustainability, by owning the largest share of the market. The findings of the 2013 Media and Products Survey for the South African banking industry ranked the four major banks, including Capitec Bank, according to their market share holdings between 2012 and 2013 (BusinessTech, 2013) (Figure 1.1).
The result of this highly competitive environment within the banking industry has been both positive and negative. The positive effect has been the significant increase in the innovation and development of technology within this industry, allowing for banking in South Africa to evolve and compete on a global scale. This includes technologies such as cell-phones and Internet banking, as well as other functionalities available whereby consumers are able to either obtain cash from an ATM without using a bank card or to withdraw cash at the cashier’s till when paying for groceries. Banking retailers such as ABSA, FNB and Standard Bank also make it possible for their consumers to have access to the latest technological devices, either by including the purchase of the devices into their bank charges or by providing a discounted rate on the device.

The negative effect of this evolution is evident in the ‘corporate battle’ for the patronage and loyalty of the consumer. This is highlighted by the significant increase in the number of formally banked consumers over a three year period, with 63% in 2011 growing to 75% in 2013, reflecting a total increase of 12% for that period. However, one of the most significant findings is that the female consumer segment is fast overtaking the male consumer segment in terms of banking and banking products, with 87% market penetration overall (FinScope, 2013: 6).
The female consumers have firmly established their place in society as equals to their male counterparts, having globally obtained gender equality through various consciousness movements (Chiang & Yu, 2010:348). They are viewed as capable of successfully performing tasks and duties in previously male-dominated fields, or in exclusively male-oriented sectors (Tyagi & Tyagi, 2010: 672). The current research posits that the role of females in society and in the economically active labour market is growing as a consumer market segment with higher disposable incomes and buying power (North, de Vos & Kotzé, 2003: 41; Rajput, Keshawani & Khanna, 2012: 121). Therefore, retail banks aggressively target this market segment.

Within the attractive female consumer segment, an even more appealing sub-segment exists, namely that of the Generation Y generational cohort. These are those consumers who are between 19-36 years of age (Zakaria, Alhady, Zakaria, Sawal, Ahmad & Noordin, 2011: 35; Noble, Haytko & Phillips, 2008: 617; Kim, Knight & Critsinger, 2009: 548). The importance and appeal of this consumer segment to the banking industry is due to the fact that this segment has significant spending power in the market, in proportion of their disposable incomes, with current research forecasting that the Generation Y segment is likely to become one of the largest consumer spending market segments (Harrington, Ottenbacher, Staggs & Powell, 2011: 2; Zakaria et al., 2011: 36; Noble, Haytko & Phillips, 2008: 617). Additionally, the Generation Y consumer is considered as technologically savvy and highly involved in digital and social media platforms and networks, having grown up with technology (Djamasbi, Siegel & Tullis, 2010: 307).

For the South African banking industry, the Generation Y consumer segment has proven to be a very profitable one, as it represents future profitability and a greater market share for the respective banks (Foscht et al., 2010: 264). By acquiring the female Generation Y consumer at their current life stage, a financial institution has the ability to build a long-term and profitable relationship with this consumer (Foscht, et al., 2010:264). It is important therefore to identify and understand the variables, which influence the female Generation Y consumer’s selection of a retail bank.
1.3 PROBLEM STATEMENT

The Banking Association of South Africa (2011: 16) prescribes that banks must commit to policies and procedures that are easy to understand and interpret, for all personal banking account consumers, who want to change their banks. In addition to the explosion of technologically interfaced banking systems in South Africa, this ruling makes it easier for consumers to switch from one bank to another (Anani 2010: 4). Furthermore, the percentage of female consumers in the banking industry is steadily increasing, with 87% of female consumers being formally banked in South Africa, against 81% only of male counterparts (FinScope, 2010: 6). Therefore, the purpose of this study is to determine why female consumers in the South African financial banking industry select one retail bank over another. This consumer segment is viewed as a lucrative market segment due not only to their high disposable incomes and technological savviness, but also to their brand consciousness. Therefore, for South African banks to survive, build long-term relationships, and increase their profitability in the female Generation Y consumer segment, an understanding of the factors that the female Generation Y consumers consider when selecting a bank would is required.

Studies previously conducted in the field of consumer behaviour and purchase intention have not reflected the behaviour of the female Generation Y consumer in the South African banking industry (with specific reference to how this consumer selects a retail bank). Rajput, Kesharwani and Khanna (2012: 126-128), Modi and Jhulka (2012: 529), and Miremadi and Faghanie (2012: 149) have identified five variables that influence the female Generation Y consumer selection of a bank, namely price, product selection, innovation, status, and peer referral. However, the researcher could not find any studies that focus on the relationship between price, product selection, innovation, status, and peer referral; and the selection of a retail bank in South Africa. This raises the question of how the variables of price, product selection, innovation, status, and peer referral, influence the consumer’s purchase intention when selecting a retail bank. The conceptual framework adopted for this study is depicted in Figure 1.2 below.
Therefore, in order for the major South African banks to acquire and solidify a long-term relationship and increase their profitability by acquiring female Generation Y consumers, the problem statement for this research is that:

“The relationship between price, product selection, innovation, status, and peer referral in the purchase intention to select a retail bank in Gauteng remains unclear and must be further explored”.

1.4 PURPOSE OF THE STUDY

1.4.1 Primary Objective

The primary objective of the study is to investigate the influence that the independent variables, namely price, product selection, innovation, status, and peer referral, have on the purchase intentions of the female Generation Y consumers in the process of selecting a retail banks in the South African context.
1.4.2 Secondary Objectives

Based on the above primary objective, the following secondary objectives have been identified:

- To determine whether price influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To establish whether product selection influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To investigate whether innovation influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To explore whether status influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To investigate whether peer referral influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To determine which of the five independent variables, namely price, product selection, innovation, status, and peer referral, had the greatest influence on the consumer purchase intention when selecting a retail bank.

1.4.3 Research Hypotheses

Based on the objectives of the study, a number of positive hypotheses have been formulated, which may indicate whether an association or relationship exists or not.

1.4.3.1 Investigating the relationship between the five independent variables in the selection of a retail bank

H₁: There is a relationship between price and the purchase intention of female Generation Y consumers when selecting a retail bank.

H₂: There is a relationship between product selection and the purchase intention of female Generation Y consumers when selecting a retail bank.

H₃: There is a relationship between innovation and the purchase intention of female Generation Y consumers when selecting a retail bank.
H₄: There is a relationship between status and the purchase intention of female Generation Y consumers when selecting a retail bank.

H₅: There is a relationship between peer referral and the purchase intention of female Generation Y consumers when selecting a retail bank.

H₆: The variables of price, product selection, innovation, status and peer referral, influence the female Generation Y consumers’ purchase intention when selecting a retail bank.

Figure 1.3 below illustrates the hypotheses of the study, in order to investigate whether a relationship exists between the variables.

**Figure 1.3: Hypotheses for the research study**

Source: Researcher's own construct.

### 1.5 LITERATURE REVIEW

The aim of this study is to determine why a consumer would choose to select one bank over another in the South African financial banking industry, thus the literature review will begin with a discussion of consumer behaviour and the purchase intention variables that a female Generation Y consumer considers in the process of selecting a retail bank as their primary bank. Additionally, the literature review will provide an overview of the concept of female Generation Y consumer, and discuss its evolution in the retail banking industry in South Africa, so as to determine the future profitability of the financial industry as a whole.
1.5.1 Definition of consumer behaviour

The concept of consumer behaviour relates directly to the way in which consumers make decisions and interact with the products and services they purchase, or interact with (Cant, Brink & Brijball, 2010: 5). It centres on the process prior, during and post the purchase activity, and involves the study of how a consumer makes decisions to allocate and utilise the available resources to select, obtain, utilise and dispose of products and services that are desired and required to satisfy a need. It focuses on the indirect factors that motivate and influence the purchase, so as to understand why consumers made the purchase (Parumasur & Roberts-Lombard, 2012: 2; Cant, Brink & Brijball, 2010: 5), and is based on inherent social and cultural values, attitudes and behaviours, as well as previously ‘learned’ retail behaviour (Modi & Jhulka, 2012: 527; Cavalcanti, Oliveira-Castro & Foxall, 2013: 259; Xiao & Nicholson, 2011: 2519).

The consumer’s decision making process is a sequential problem solving process consisting of five steps, namely problem recognition, the search for information, the evaluation of alternatives, the purchase decision to buy the product, and the post buying evaluation of the product (Cant, Brink & Brijball, 2012: 5-6). This study will only focus on the first four steps since it aims to determine why consumers select a specific retail bank. However, literature indicates before the purchase decision is taken to buy the product, an additional step occurs within the aforementioned four steps, namely purchase intention (Kotler & Keller, 2012: 197).

1.5.2 The purchase intention to select a retail bank

The purchase intention comprises the consumer’s objective and conscious intention to willingly exercise effort and apply available resources to select and purchase a product or service (Lu, Chang & Chang, 2014: 260-261). Purchase intention also advocates that a consumer has a higher probability to have a desire for the product after being exposed to advertising or marketing messages related to the brand, product or service (Liu & Shiue, 2014: 127).
During this phase, consumers make a purchase decision and consider numerous factors, which will impact either positively or negatively on the final decision, namely the attitudes of the consumer’s family, friends, and peers, whose opinions and recommendations are trusted and respected, as well as unexpected situational factors, namely their income level or other expenses not planned for (Kotler & Keller, 2012: 197). Because these consumers want the greatest value for their purchase, at the lowest cost, they compare whether the cost justifies the value obtained; whereby a higher perceived value motivates the purchase intention more positively than when the cost is higher than that of the perceived value (Grimmer & Woolley, 2012: 233).

1.5.3 Variables considered in the decision making process for the selection of a retail bank

Five variables have been identified to determine the consumer’s behaviour and purchase intention of the female Generation Y consumer within the banking industry in Gauteng when selecting a retail bank as their primary bank. These variables were identified after a review of existing literature on consumer behaviour, purchase intention and the retail banking industry (Parusamur & Roberts-Lombard, 2012: 28; Alrubaiee, 2012: 22; Liu & Shiue, 2014: 127; Bruner, 2012; Misonzhnik, 2007: 57; Noble, Haytko & Phillips, 2009: 623; Nusair, Parsa & Cobanoglu, 2011: 838; Manickam & Sriram, 2013: 4; De Meyer & Bresler, 2014: 458; Le Coultre, Roberts-Lombard & van Tonder, 2013: 312; Dennis, Morgan, Wright & Jayawardhena, 2010: 153).

The five variables including price, product selection, innovation, status and peer referral, have been selected in line with the purchase intention phase of the decision making process. During this phase, the consumer considers the factors that influence his/ her purchase decision in the selection a retail bank. The literature review confirmed that the five identified variables were indeed important and effective in determining the selection process followed by the consumer. These variables will be briefly discussed in the following section.
1.5.3.1 Price

The variable of ‘Price’ refers to the physical cash or credit amount that the consumer would be willing to spend on an item or brand. The perception of the price of a brand, product or service is part of how the consumer determines and evaluates the worth thereof. There is a direct correlation between this price and the disposable income available to the consumer to make purchases (Liu & Shiue, 2014: 127). The price of a product is an indicator of the quality the consumer can associate with it, as well as the monetary resources required to obtain the product (Parumasur & Roberts-Lombard, 2012: 154; Cant, Brink & Brijball, 2010: 20). However, it is important to note that the price of a product is not only the actual cost of the product. When a consumer starts evaluating the price in relation to the worth of the product, he/she is engaged in a process aiming to determine all that he/she needs to sacrifice in order to acquire the product or service (Cant, Brink & Brijball, 2010: 20).

1.5.3.2 Product selection

The variable of ‘Product selection’ refers to the variety of products and services available from a specific retailer. As an auxiliary to the concept of product selection, product customisation will also be explored. De Meyer and Bresler (2014: 458) describe customisation as the ability of an organisation to personalise its current resources or products according to the request of its consumers, which provides a mutually beneficial agreement between both the consumer and the organisation. This would include the availability of various banking products on offer from a retail bank, namely current accounts, savings accounts, investment accounts, credit products, credit facilities, online share involvement options, insurance products and services, financial advisory services, technological products, and rewards programmes; and how the consumer is able to customise these offerings according to their specific needs (Capitec Bank, 2011).

1.5.3.3 Innovation

The variable of ‘Innovation’ pertains to the various modern banking technologies, which have been created in recent years. The new and updated banking
technologies prevalent in the South African financial banking industry include mobile banking apps, mobile ATM machines, ‘cardless’ ATM functionalities, cell-phone money transfers, and the availability of technological devices for purchase of various solutions from banking retailers (De Meyer & Bresler, 2014: 458). In order to determine the consumer’s process of adoption and utilisation of technological and innovative products and services, the Technology Acceptance Model (TAM) will be used. This model will assist in evaluating the consumer’s perceived ease of use and the perceived usefulness of the available technology (Hu et al., 1999: 93; Mekic & Olsen, 2014: 138; Mai et al., 2013: 233). The investigation will then be extended to new technologies, which are considered to be outside of the banking environment, including the mobile banking apps and the sale of technological devices.

1.5.3.4 Status

The variable ‘Status’ relates to the status value of a particular brand or lifestyle, which the consumer perceives as desirable. As a brand develops an image, personality, and reputation, that information is conveyed to all potential consumers as the identity of the organisation and its brand (North, de Vos & Kotze, 2003: 42; Chiang & Yu, 2010: 348). The female Generation Y consumer with a disposable income ready to make those purchases is extremely brand conscious, (Manickham & Sriram, 2013: 4). Nwankwo, Hamelin and Khaled (2014: 737) state that the purchase of luxury brands is done in order to convey the class and self-image of a consumer, and demonstrate that they are able to afford products, which are of premium value. These consumers also value the opinions of brand influencers and celebrity brand endorsers more than that of the brand itself, as these influencers are deemed credible (Forbes & Vespoli, 2013: 110; Noble, Haytko & Phillips, 2009: 622; Mangold & Faulds, 2009: 360).

1.5.3.5 Peer referral

The variable of ‘Peer referral’ pertains to the credible opinions and consultations with very close family and friends, referred to as ‘word of mouth’ or referral communications, sought in order to make a purchase decision (Roberts-Lombard, 2011: 3085). This form of marketing is very important in driving the consumer’s
purchase behaviour and decision making process (Sudhakar & Rani, 2012: 61; Guthrie & Kim, 2009: 116; Dennis et al., 2010: 156). The consumer relies on the referral and approval of family and friends, as these opinions and past experiences with retailers and brands are considered credible and trustworthy (Forbes & Vespoli, 2013: 109).

1.5.4 The female Generation Y consumer

The impact of the female consumer has created an immense shift in the consumer marketplace, and on those retailers who have now identified these consumers as an extremely profitable segment. This is because these consumers are not merely purchasing products, but rather the brand image and the sense of belonging to a brand community, globally (Rajput, Kesharwani & Khanna, 2012: 123). These modern female consumers are educated, career women, household breadwinners, who have a significant amount of disposable income available to them; thus, the nature of their shopping and buying behaviour has also evolved. Recent research has found that the modern female considers the concept of shopping as a social activity and holds very positive attitudes toward this kind of shopping style (Dennis et al., 2010: 153; Jacobs & de Klerk, 2007: 48; Guthrie & Kim, 2009: 115). Although there has been a significant increase in online shopping, current researchers have found that females will only make use of online shopping if the latter social activity type of shopping is unavailable (Dennis et al., 2010: 152).

A sub-segment within the female consumer market is that of the Generation Y consumer aged between 18 and 36 years of age (Rugimbana, 2007: 7; Zakaria et al., 2011: 35; Noble, Haytko & Phillips, 2008: 617; Kim, Knight & Critsinger, 2009: 548). These consumers have greater disposable incomes, a wider selection of media and technology choices than any of the other generational cohorts, having been born into the technological era and having never experienced life without technology (Nusair, Parsa & Cobanoglu, 2010: 833; Freestone & Mitchell, 2004: 121; Djamasbi, Siegel & Tullis, 2010: 307). These consumers are also more educated with regards to the purchasing decisions they make (Bakewell & Mitchell, 2003:95), meaning that they have emerged as a consumer segment with a much greater purchasing power in comparison to previous generational types. Moreover, these consumers seem
very influential in their families’ purchase behaviours and decision-making processes (Misonzhnik, 2007: 60; Nusair, Parsa & Cobanoglu, 2010: 834). This generational cohort appears to be very materialistic and exhibits a lack of loyalty to any specific brand or retailer.

1.5.5 The South African retail banking industry

The South African retail banking landscape includes ABSA, FNB, Nedbank, and Standard Bank (Ackermann & van Ravesteyn, 2006: 149), Capitec Bank, a new entrant into the market place with significant growth rates, and a significant number of foreign banks, operating or having representation within the borders of South Africa (Petzer & Mostert, 2012: 5). As a result of this dynamic banking landscape, there is increased competitiveness amongst the banking retailers, each of which strives to secure and increase its current banking market shares. In order for retail banks to grow their market shares, each retail bank would need to improve the services and experiences offered to the consumer and ensure that their banking offerings and solutions are driven by technology, enabling the consumer to interact with the bank conveniently and without having to physically visit a branch (Anon Capitec, 2012: 1; Kaur, Sharma & Mahajan, 2012: 282).

The female consumer segment is growing at an exponential rate, where the number of female banked consumers is 7% higher than that of their male counterparts the South African banking industry landscape (FinScope, 2013: 6). Additionally, the Generation Y consumer segment has been identified as a very profitable for retail industries, such as the banking industry, due to the fact this consumer segment lends itself to future profitability and greater market share for the respective banks (Foscht et al., 2010: 264). These consumers are also considered as being technologically savvy and highly engaged with digital and social media platforms. They are therefore the generational cohort that is the most accepting and adopting of banking technologies and innovations (Djamasbi, Siegel & Tullis, 2010: 307; Zakaria et al., 2011: 35; Rugimbana, 2007: 9).
In order for a banking retailer to position itself as the best choice for this growing consumer segment, it needs to possess a firm understanding of the attributes and variables that influence the purchase intention of these female consumers.

1.6 RESEARCH METHODOLOGY

Research methodology is defined as a systematic process of obtaining and discovering new information and knowledge for the purpose of advancement (Andrew, Pedersen & McEvoy, 2011: 6; Thyer, 2010: 9). It also involves the investigation of research variables and their relationship (Babbie, 2012: 13). An in-depth discussion of the research methodology will follow in section 4.2 in Chapter 4, however this section will briefly provide insight into the research design, methods, and processes, which will be adhered to in the data collection and data analysis of this study.

1.6.1 Research Design

The study is based on and supported by the review of existing literature, as described in Section 1.5, in order to investigate the variables, which influence the consumer behaviour of female Generation Y consumers in their selection of a retail bank in Gauteng. To achieve this, an empirical study will be conducted and in order to attain the research objectives, the research objectives, namely exploratory, descriptive, or explanatory will be discussed (Andrew, Pedersen & McEvoy, 2011: 8; Thyer, 2010: 17).

Exploratory research seeks to find new ideas and insights, often related to consumer attitudes, opinions and beliefs, in order to discover if new relationships exist between variables (Kolb, 2008: 26; Mishra, 2008: 68-69). Descriptive research is utilised to find statistical data to prove a fact relating to consumer behaviour, as well as to use the relationship between variables as a prediction tool (Kolb, 2008: 25; Mishra, 2008: 71). Causal research is utilised when the cause-and-effect relationship between the research variables is sought (Mishra, 2008: 75; Bresler, 2013: 91; van Vuuren, 2011: 88). For the purpose of this study, a descriptive research approach was followed. This approach allows for research outcomes, which are descriptive of the attributes
and characteristics of particular consumer segments, and for specific predictions to be made based on the behaviour of these consumer segments (Iacobucci & Churchill, 2010: 84; van Vuuren, 2011: 89).

The study used a quantitative approach to gather data as this approach provides the advantage of numbers over words (Babbie, 2012: 25). This research included the use of a self-administered surveys, the most frequently used research method to obtain quantitative data (Rootman, 2011: 235) and an instrument specially designed to extract data and information, which will could be useful during the data analysis process (Babbie, 2007: 245). The research participants were provided with closed-ended questions where they were requested to select a response based on specific questionnaire options (Babbie, 2007: 246). For this, the format of the questionnaire included the use of five-point unlabelled interval Likert scales (Babbie, 2007: 254).

1.6.2 Data Collection

The empirical study gathered primary data, that is, data gathered directly and originally from the research respondent (Andrew, Pedersen & McEvoy, 2011: 9), by means of self-administered surveys or questionnaires. In order to maintain the integrity of the collected data, the use of moderate sample sizes is recommended, so as to extract purposeful data. The sampling unit is described as female Generation Y consumers between the ages of 18 and 36 years, who hold bank accounts with one of the five banks outlined in Section 1.2, namely: ABSA, FNB, Standard Bank, Nedbank, and Capitec Bank.

Convenience sampling, a non-probability sampling method, was used, whereby participants who qualified as being part of the female Generation Y segment were conveniently selected to partake in the study (Leedy & Ormrod, 2005: 145; Chiang & Yu, 2010: 349). Another advantage of convenience samples is that they are readily available and display a willingness to participate without the need to be remunerated (Salkind, 2010: 197). For this study, a total of 300 questionnaires were distributed.
1.6.3 Data Analysis

Statistical procedures to test the research hypotheses and achieve the primary and secondary objectives of the study included descriptive statistics, variable analysis, analyses of variation and association, correlation analysis, and regression analysis. Of the above procedures, only descriptive statistics, factor analysis, significance testing, variable analysis, correlation analysis, and regression analysis were utilised in this study. The Statistical Consulting Service (STATKON) of the University of Johannesburg assisted with the data analysis and data interpretation. In so doing, meaningful research results and findings assisted the researcher in the formulation of a conclusion and in making recommendations for further research.

1.7 ETHICAL CONSIDERATIONS

As required by Leedy and Ormrod (2013: 109), and Babbie (2013: 63), the following ethical considerations will be observed and followed by the researcher:

- Communicating the purpose of the research study and the benefits thereof to the participants.
- Informing participants that participation in the study is voluntary – refusal to participate will not result in any penalty.
- Communicating to participants that anonymity and confidentiality are guaranteed with regard to the responses provided for this research.
- Assuring the participants that they will not be at risk of any physical or psychological harm whatsoever, nor will they incur any financial costs.
- Obtaining the informed consent of participants.
- Debriefing the participants post the study, in instances where deception is applied to elements of the study.
- Assure participants that the research findings will be handled honestly and openly and that any limitations and failures thereof will be disclosed beforehand.

1.8 DIVISION OF THE STUDY

This section outlines the six chapters contained in this minor dissertation.
1.8.1 Chapter 1: Introduction to the research problem

This chapter encompasses the introduction and background of the research. It formulates and outlines the problem statement, research objectives, and hypotheses and discusses the purpose of this study, before reviewing current literature pertaining to the investigation. In the end, it also provides a brief overview of the research methodology implemented in the study.

1.8.2 Chapter 2: The retail banking industry of South Africa

This chapter provides the background of the study and insight into the current literature on the South African retail banking industry. It provides an overview of the major retail banks currently operating in South Africa, discussing the retail banking market share, the impact of technology, and the future of the retail banking industry in South Africa.

1.8.3 Chapter 3: Variables affecting the consumer’s selection of a retail bank

This chapter discusses the concepts of consumer behaviour and purchase intention, as well as the variables, which affect the consumer in the selection of a retail bank.

1.8.4 Chapter 4: Research methodology

This chapter outlines the research methodology utilised for this research study. The research process, which constitutes the basis of the investigation, is discussed in depth. The nine steps in the research process include: identifying and formulating the research problem, determining the research objectives, specifying the research design, conducting secondary research, selecting the primary research method, developing the research frame, data collection and gathering methods, data analysis method, as well as reporting on the findings and recommendations.
1.8.5 Chapter 5: Data analysis and interpretation

This chapter details the empirical research data analysis. The analysis was conducted by means of various statistical tests, including frequency distribution, factor analysis, and regression analysis. The results and main findings of the research are also presented.

1.8.6 Chapter 6: Research conclusions and recommendations

This chapter summarises the research findings and outlines a few recommendations in line with the findings on the various variables that influence the purchase intention of the Female Generation Y consumers when selecting a retail bank in the South African banking industry. It comprises the final conclusions of the research, that is, the reasons behind the selection of a retail bank and the variables that influenced this selection. The chapter equally presents the limitations of the study and outlines the areas identified for further research.

1.9 CONCLUSION

Chapter 1 consisted in the introduction and the background to the research problem of this study. It presented the research problem and discussed the primary and secondary research objectives. The research hypotheses were equally formulated and presented. A literature review provided a brief overview of the literature that is to be discussed further in the following chapters. The research methodology to be followed for this study, the data collection and analysis methods were summarised. Chapter 2 provides further insight into the South African retail banking industry, through a discussion of the major retail banks operating in South Africa, their market shares, and the future of the retail banking in South Africa.
CHAPTER 2
THE RETAIL BANKING INDUSTRY OF SOUTH AFRICA

2.1 INTRODUCTION

In recent years, the global financial economy has undergone significant challenges and changes, as a result of the global financial crisis of 2008. The financial industry experienced difficulties where both regulatory and institutional frameworks were placed under the spotlight, causing the stability of the global financial industry to be questioned (Boot, 2011:167). The stability of the financial industry of a nation is paramount to its development and progression and has a direct impact on the economic growth of the country (Rootman, 2011:102).

Therefore, this chapter focuses on the evolution of the retail banking industry of South Africa in order to facilitate an understanding of the history of the sector and an investigation of the progress of the financial industry. The Chapter highlights how technology is being incorporated into the retail banking industry to usher in the retail banking industry of the future.

2.2 THE EVOLUTION OF THE SOUTH AFRICAN BANKING INDUSTRY

2.2.1 History of the South African banking industry

The financial and banking industry in South Africa has its roots in the 18th century, in 1973 when the first bank to be established was the Lombaard Bank, a State owned bank based in Cape Town (SARB History, 2014). According to the South African Reserve Bank, this bank was opened due to the necessity to bring more money and currency into circulation. However, there were no bank notes at the time due to the inexistence of printing press. Thus all money and currency was handwritten with a governmental fiscal hand stamp, which indicated the value of the note and the authority date on which the note was issued (SARB Bank Notes, 2014). Lombaard Bank was forced to close in 1883, due to the rise of private banking institutions. The first private bank to open was known as the Cape of Good Hope Bank in 1837 in Cape Town (SARB Bank Notes, 2014).
The oldest private bank currently in existence in South Africa is the First National Bank, which opened in 1838 and has its roots in the Eastern Province Bank, which was based in Grahamstown (First National Bank, 2014; Rootman, 2011: 8). In 1862, the Standard Bank of British South Africa commenced operations in London, and in 1863 entered the South African market in Port Elizabeth. Within five years, 11 branches were opened throughout South Africa (Standard Bank History, 2009: 1-2).

The history of the South African Reserve Bank commenced in the year 1879. The demand for a central bank was acknowledged then although it remained unactioned for 41 years. In 1920, a committee of ten parliamentarians aided in the establishment the first central bank in South Africa. The South African Reserve Bank was officially opened on 30 June 1921 and started centrally issuing banknotes in 1922. This makes it the oldest central bank on the African continent (SARB History, 2014).

As a result of apartheid, economic sanctions were placed on South Africa (SAHistory, 2014), which had a direct impact on the financial and banking industry, and based on which South Africa was excluded from many global markets and industries (Botha & Petzer, 2010: 421). Today, the landscape of the South African banking industry is a dynamic one (Rootman, 2011: 8; Petzer & Mostert, 2012: 5). The South African Reserve Bank recently presented the latest banking trends in terms of the number of banks legally registered in South Africa to date, including the following:

- 17 Registered banks,
- 3 Mutual banks,
- 1 Co-operative bank,
- 14 Local branches of foreign banks, and
- 43 Foreign banks with approved local representative offices (SARB Trends, 2013: 2).

The five major banks dominating and competing for current market share in the South African banking industry are: the Amalgamated Banks of South Africa Group Limited (ABSA), FirstRand Holdings operating as First National Bank (FNB),
Nedbank Group Limited (Nedbank), Standard Bank Investment Corporation Limited (Standard Bank), and Capitec Bank. These banks, which contribute to the highly competitive and complex nature of the South African banking industry (Ackermann & van Ravesteyn, 2006: 149), are discussed in Section 2.3.1. The following section will focus on the level of sophistication of the South African banking industry.

### 2.2.2 Sophistication of the South African banking industry

Berndt, Saunders and Petzer (2010: 51) assert that the South African banking industry is viewed as one of the best on the African continent due to its sophisticated, innovative, and technological nature. This is an assertion that is supported by the World Economic Forum in the Annual Competitiveness Report for 2013-2014. In the report, South Africa has an overall placement of 53rd out of 148 countries that were included in the measurement survey. The country has also improved its rating amongst the BRICS nations (Brazil, Russia, India, China & South Africa), by overtaking Brazil, to now hold second place (WEF ACR, 2014: 43).

The Annual Competitiveness Report is based on a measurement of the participating countries against the 12 Pillars, which the World Economic Forum have established as indices of global competitiveness, including the level of productivity of a country (WEF ACR, 2014: 4-9). The most important finding from the Report is that overall South Africa occupies the third place with regard to the measurement pillar of ‘Financial market development’ (WEF ACR, 2014: 43). This measurement pillar refers to a sound and well-functioning financial sector for all economic activities, which allocates the resources saved by a nation and makes use of those funds productively and efficiently (WEF ACR, 2014: 7).

Since 1994, the financial industry has seen phenomenal growth, as foreign and local business confidence in the country is improving. This growth is evident in the number of registered banks, the numbers of foreign banks that have a local presence in the country, as well as those who have representative offices in the country; all of which account for R 3.7 billion in financial assets (Botha & Petzer, 2010: 421; SARB Annual Economic Report, 2013).
From an economic perspective, the financial industry is one of the biggest contributors to the Gross Domestic Product (GDP) of the country. According to statistics released on the economic performance of the country for the second quarter of 2013, the ‘Finance, real estate and business services’ category was the highest contributor to the GDP, with a noteworthy 21.0%, contributed by 21.8% of the total labour force in the country (StatsSA, 2013a: 4; StatsSA, 2013b: 14). The estimated GDP for the second quarter of 2013 was estimated at R 836 billion (StatsSA, 2013a: 4). The following section will discuss the current South African banking industry, by providing a detailed discussion on each of the major retail banks highlighted in section 2.2.1.

2.3 THE CURRENT SOUTH AFRICAN BANKING INDUSTRY

2.3.1 The major banks within the South African retail banking industry

The Annual Economic Report of the South African Reserve Bank for 2013 (SARB Annual Economic Report, 2013: 56-57) states that within the current South African retail banking industry, there are four major retail banks that dominate the sector, which account for 84% of the total assets (summation of the total amount of investments held and loans distributed) thereof. These retail banks include: the Amalgamated Banks of South Africa Group Limited (ABSA), the FirstRand Holdings operating as First National Bank (FNB), the Nedbank Group Limited (Nedbank), and the Standard Bank Investment Corporation Limited (Standard Bank). The Annual Economic Report also refers to the fact that these retail banks continue to consolidate and grow their market shares in the industry by introducing innovative savings and investment banking products and services and by expanding their corporate footprints into the African continent (SARB Annual Economic Report, 2013: 56-57). The following section provides detailed insight into these major banks including Capitec Bank, due to the rate at which their market shares have grown in recent years.
2.3.1.1 First National Bank (FNB)

FNB is South Africa’s oldest private bank in existence, created in 1838 when it first started operating as the Eastern Province Bank in Grahamstown, in the Eastern Cape Province (First National Bank, 2014; Rootman, 2011: 8). However, the turning point for this financial institution was in 1998, when Anglo American and Rand Merchant Holdings merged their interests to form FirstRand Limited (First National Bank, 2014; Bresler, 2013: 30), with the subsequent result of FNB being delisted from the Johannesburg Stock Exchange to become a wholly-owned subsidiary of FirstRand Limited (First National Bank, 2014; Bresler, 2013: 31). Currently, FNB aims to achieve further growth and an expanded footprint of the brand in the African continent, with subsidiary retail banks within seven sub-Saharan countries, namely Zambia, Namibia, Botswana, Swaziland, Lesotho, Tanzania, and Mozambique (ITWeb, 2013).

As per the Annual Results of the FirstRand Limited Group published on 30 June 2014, FNB’s retail banking segment maintained a steady increase of 13% in their normalised profit year on year from 2013 (FirstRand Investor Centre, 2014a). This also supports an increase in total assets held of R221.9 billion in 2014; a 7% year on year increase from 2013 (FirstRand Investor Centre, 2014b). Positive growth and profitability were also evident in the African subsidiaries, where Namibia and Swaziland noted increases in Net Interest Income of 26% and 22% respectively, and Zambia and Mozambique were noted as just having turned profitable. The 2014 Annual Results also noted that FNB will be placing immense focus on expansion activities into Ghana and Nigeria in the upcoming financial year (FirstRand Investor Centre, 2014a).

2.3.1.2 Standard Bank Investment Corporation Limited (Standard Bank)

The origins of Standard Bank date back to 1863 in Port Elizabeth, when the operations of the imperial bank, The Standard Bank of British South Africa commenced in London in 1862. Their subsequent entry into South Africa led to the opening of yet another 11 branches throughout South Africa between 1863 and 1868 (Standard Bank History, 2009: 1-2). In 1881, the word ‘British’ was removed from the
name of the bank, as it was no longer solely a British bank and to enable it to operate outside geographic locations under British jurisdiction (SBSA Overview, 2009: 5).

During the 1890's, The Standard Bank of South Africa Limited was the first South African bank to begin their expansion into the African continent, starting with their banking presence in Zimbabwe and Zambia (SBSA Overview, 2009: 7). Following this expansion, Standard Bank entered and operates successfully in several other African and overseas countries, including: Kenya, Uganda, Republic of Congo, Zambia, Ghana, Nigeria, Malawi, Mozambique, Angola, Jersey, Isle of Man, Hong Kong, Russia, Brazil, Argentina, and Turkey (SBSA Overview, 2009; Bresler, 2013: 29).

Currently, Standard Bank holds total assets to the value of R603.1 billion, making it the biggest South African bank operating in South Africa and globally (SBSA Half Year Financial Results, 2014). The half-year financial results published in July 2014 show that the retail banking segment has listed headline earnings of R4 193 million. This represents a 9.8% increase year on year from the amount listed for the same period in 2013 (SBSA Half-Year Financial Results, 2014). Standard Bank continues to endeavour for domination of the African continent, as their current business strategy states that they seek to build the brand as “a leading Africa-focused financial services organisation” (SBSA Annual Report, 2013).

2.3.1.3 Nedbank Group Limited (Nedbank)

Although the historic timeline of events for the origins of the financial institution known as Nedcor Limited commences in the 1830’s, the first official bank was founded in 1888, known as the Nederlandsche Bank en Credietvereeniging voor Zuid-Afrika, and subsequently renamed NBZA in 1903 (Bresler, 2013: 31; Nedbank, 2014a). In 1951, NBZA was fully established as a South African banking institution, changing its name to the Netherlands Bank of South Africa (NBSA); followed 20 years later by the name change to Nedbank in 1971 and then to Nedbank Group in 1973, post the merger with Syfrets South Africa, Union Acceptances and Nedbank (Nedbank, 2014a). Due to NBSA having a 100% South African shareholding, the
bank was listed on the Johannesburg Stock Exchange in 1969. In 2005, the financial institution changed its name for the last time to Nedbank Group Limited, which comes as a result of numerous mergers and acquisitions (Nedbank, 2014a).

Nedbank currently holds total assets of R203.1 billion, reflecting an increase of 2.5% year on year from figures listed for the same period in 2012. Their headline earnings also increased by 15.9%, mainly driven by non-interest revenue generated from banking service fees. However a decrease of 0.5% was reported in the headline earnings of the retail banking segment year on year (Nedbank Annual Results, 2013).

The 2013 Annual Results for Nedbank state that their strategic goal is to become the most admired bank in Africa, by driving customer focused innovation and growing their retail transactional banking segment in South Africa, Africa, and the rest of the world. Current African and overseas presence includes: Nambia, Swaziland, Lesotho, Zimbabwe, Malawi, London, Isle of Man, Jersey, Guernsey, and Dubai (Nedbank, 2014b).

2.3.1.4 Amalgamated Banks of South Africa Group Limited (ABSA)

ABSA, as a financial banking brand, has a relatively recent presence in the market, as its establishment occurred in 1991. Its origin came as a result of a merger of four larger and established banks in South Africa, namely Allied Bank, Volkskas, United Bank, and Trust Bank (Bresler, 2013: 30; Brands & Branding, 2008). These four banks continued to operate individually, although under the ABSA Group. However, due to a lack of brand recall and traction in the market for these brands, the banks were consolidated into one and began trading as the Amalgamated Banks of South Africa Limited in 1998. The decision was strategically made in order to focus on one brand and create a unified strategy in developing financial products and services that would create value for money and provide consumers with high quality customer service (ABSA, 2014a; Bresler, 2013:30; Brands & Branding, 2008).

The next phase in the history of ABSA is based on its relationship with Barclays Bank of London. Barclays Bank had a previous presence in the South African
marketplace via its ownership of assets in FNB, but disinvested itself from the country in 1987 due to apartheid. However in 2005, Barclays Bank re-entered the South African marketplace through a 55% shareholding acquisition in the ABSA Group Limited. In 2013, their shareholding within the ABSA Group increased to 62.3% (Financial Mail, 2013).

As per the 2013 Annual Report on the consolidated financial statements for ABSA, the total asset holding for the bank was R518.3 billion, which is a mere 2.8% increase on the year on year amount (ABSA Annual Report, 2013). ABSA holds representations on the African continent, through equity shareholding in various banks in countries such as Mozambique, Botswana, Tanzania, Namibia, and Nigeria (Bresler, 2013: 30).

2.3.1.5 Capitec Bank

Capitec Bank is the newest entrant into the South African banking industry, with its establishment in 2001 and subsequent listing on the Johannesburg Stock Exchange in 2002 (Capitec Bank, 2014a). It is often considered the ‘dark horse’ of the banking industry due to the significant market share that it has gained since its inception, especially when compared to the respective market shares of the four major banks in South Africa. This remarkable market share growth is mainly due to the simplicity of their product offering and the highly competitive pricing thereof (Bresler, 2013: 32).

Capitec Bank entered the market place in the micro-finance business, offering consumers 30-day loans at an interest rate of 30% monthly (Investec, 2012). However, post the listing on the Johannesburg Stock Exchange in 2002; they introduced the Global One account, which is the only product on offer from the bank, enabling the consumer to save, transact and have access to credit facilities. It represents one complete banking solution without the complexities and vast products and services offered by the four other major banks. Their strategy is based on the four pillars of their business, namely simplicity, affordability, accessibility, and personal service. They were also the first bank to offer biometric identification systems, and to extend their business hours daily, including being open on a Sunday (Capitec Bank, 2014a).
The bank’s total asset holding is R46.1 billion, reflecting a significant 20% increase on the total asset holding for the same period in 2013. Although this is the smallest in comparison to the other four major banks, Capitec Bank is the only bank to reflect as significant an increase in their asset holding (Capitec Bank, 2014b).

2.3.1.6 Retail banking market share

Retail banking within each respective bank has evolved over time, so as to meet the needs of the industry and ensure their individual profitability and sustainability by striving to achieve the largest share possible of the market. In 2013, data collected during the all Media and Products Survey for the South African banking industry was released to highlight the positioning of the four major banks, plus Capitec Bank, as per their market share holdings (BusinessTech, 2013).

However, as a result of the examination of the most recent retail banking financial statements in order to ascertain the total asset holding of each bank, Table 2.1 details the listed total asset values, as per the 2013-2014 financial periods for the respective banks, solely focusing on their retail banking segments (FirstRand Investor Centre, 2014b; SBSA Half Year Financial Results, 2014; Nedbank Annual Results, 2013; ABSA Annual Report, 2013; Capitec Bank, 2014b).

Table 2.1: Total asset holding of South African retail banks (2013-2014)

<table>
<thead>
<tr>
<th>Retail Bank</th>
<th>Total Asset Value</th>
<th>Market Share Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>First National Bank</td>
<td>R 221.9 billion</td>
<td>14%</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>R 603.1 billion</td>
<td>37%</td>
</tr>
<tr>
<td>Nedbank</td>
<td>R 203.1 billion</td>
<td>13%</td>
</tr>
<tr>
<td>ABSA</td>
<td>R 518.3 billion</td>
<td>33%</td>
</tr>
<tr>
<td>Capitec Bank</td>
<td>R 46.1 billion</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Adapted from FirstRand Investor Centre, 2014b; SBSA Half Year Financial Results, 2014; Nedbank Annual Results, 2013; ABSA Annual Report, 2013; and Capitec Bank, 2014b.

Figure 2.1 depicts the market share value, as derived from the total asset holding of each of the respective banks from Table 2.1.
This comparison highlights the difference between the market share of a bank in its entirety (total asset holding), including the corporate and auxiliary business segments, and the market share of the retail banking segment (consumer volume).

Based on the information contained in Figure 2.1, it can be noted that the market share percentage differences between the various retail banks’ total asset holding and their retail banking holding is marginal for all, except FNB and Standard Bank. For retail banks like FNB and Standard Bank, this reflects their competitiveness in the retail banking environment and supports the marketing activity in the marketplace to acquire new retail banking consumers (BusinessTech, 2013). The following section will discuss the competitiveness within the South African retail banking industry.

### 2.3.2 The retail banking industry as a highly competitive environment

South Africa is still classified as one of the emerging markets in the world. Botha and Petzer (2010: 422) note that one of the major characteristics of an emerging market is that of having a ‘dual economy’ within its economic structure. This implies a polarisation of the economy with the lower, poorer end of the market on one side and
the higher, more affluent market on the opposite side. The consumers on the lower end of the market are those who are unable to afford the product and service that the higher end of the market can afford (Botha & Petzer, 2010: 422). The key for any organisation to be successful in an emerging market is that product and service offerings are established to cater for both end of the market.

It has been reported that within the retail banking industry the lower end of the market is profitable due to its high volume of consumers and that the higher end of the market is profitable due to the size and trajectories of the consumers’ incomes. Rootman (2011: 12-13) also makes reference to this inequality in the market by noting that the turning point, which triggered the highly competitive environment in which the retail banking industry operates, was in 2008 when the retail banking industry was placed under the spotlight by the Competition Commission regarding the reasons behind their cost or banking fee structures.

In addition to these assertions, the 2013 FinScope Consumer Survey data, which analysed banking behaviour, identified that:

- 87% of individuals living within urbanised areas have access to formal banking;
- 79% of the population is formally served by either formal banking products and services or non-banking products and services, where 75% are formally banked and 51% are banked via informal methods;
- 99% of the population use formal banking for transactional purposes, and this is the biggest driver of the banking sector in South Africa;
- 71% of the population use formal non-banking products, including insurance and credit related products;
- For the year 2013, the South African government set a target of a 70% banked rate for the population, however this was exceeded; as the rate of individuals banked for 2013 is 75% (FinScope, 2013: 1-12).

The upward growth in the financial industry, as per the statistics presented above, is a positive indicator for the industry holistically, although Krisundutt and Parumasur (2004: 41) argue that in an environment as competitive as the banking industry,
individual retail banks need to differentiate themselves by the quality of the service they provide to the consumer. In that way, the consumer is likely to hold a positive perception of the retail bank and potentially share the positive experience about service received with others, thereby spreading positive word of mouth communication about the brand. Kaur, Sharma and Mahajan (2012: 280) concur with this assertion and add that retaining consumers relies on outperforming the competitors in the marketplace and on creating a bond with the consumer through positive brand perception. These authors further argue that the current competitive environment in the retail banking sector is driven by the respective retail banks highlighting the value for money, speed, efficiency, and technological innovation that they are offering consumers, whilst simultaneously subtly highlighting that these are offers that are unique to their bank (Kaur, Sharma & Mahajan, 2012: 280-281).

As much as it is cheaper for an organisation to implement retention strategies for current consumers (Kaur, Sharma & Mahajan, 2012: 282), retail banks in South Africa should realise that the only way to obtain the biggest market share is to invest marketing budgets and strategies into consumer acquisition (Kaur, Sharma & Mahajan, 2012: 294-295). A discussion on the impact of technology and innovation in the banking industry will follow in the next section.

2.3.3 The impact of technology and innovation in revolutionising the banking industry

Competitiveness within the banking industry has influenced innovation within the various banking retailers, as the battle for the competitive advantage and market share continues (Deloitte, 2006: 4). The first notable banking innovation is that of the Automatic Teller Machine (ATM), which enabled consumers to make a cash withdrawal without having to go into their bank branches physically, which in turn aided in the reduction of pressure faced by the ‘over the counter’ or teller services (Marfo-Yiadom & Ansong, 2012: 162). This began the snowball effect in the retail banking industry, as innovations including payment at point of sale (POS), electronic funds transfer (EFT), debit and cheque card banking, Internet banking, cellphone banking, telephone banking, and inter-branch banking were subsequently launched and very well adopted by banking consumers, opening the door to a more
convenient way of banking and to reduced pressure on employees within branches (Marfo-Yiadom & Ansong, 2012: 162; Singh, 2011: 1).

The consumer market also underwent changes whereby the shift of power in the retail environment occurred from the seller or retailer to the consumer. Due to the emergence of the Internet and the resultant social networking platforms, consumers were more knowledgeable about products, prices, brands, and alternative options (Mangold & Faulds, 2009: 357-358; Hoffman & Fodor, 2010: 42; Kaplan & Haenlein, 2009: 60). Consumers, who wanted more value, were price sensitive and extremely brand conscious (Djamasbi, Siegel & Tullis, 2010: 309). From a retail banking perspective, consumers demanded more control over their banking. Banking retailer FNB was the first bank in South Africa to begin the revolution in this regard with the launch of their Mobile Banking App. This was followed by the launch of the smartphone and tablet offers, where consumers could purchase a new device, pay if off over a 24 month period, with the instalment amount included in their monthly banking fee (FNB, 2014). All the other retail banks in the industry, including Capitec Bank, followed suit, introducing their own mobile banking apps, with Standard Bank being the only other bank to offer devices for sale, payable over a 24 month period (Standard Bank, 2014).

Banking can no longer be regarded in its traditional sense, as retail banks have now become extensions of the commercial retail environment, where banking can be done anywhere, anytime, and via other retailers. Other banking innovations currently in the market are ‘cardless’ ATM services, using grocery retailers as ATM services via their till points, money transfers via cellphone numbers, and the discounts or benefits that can be redeemed as per the various retail banking rewards programmes (ABSA, 2014a; FNB, 2014a; Standard Bank, 2014a; Nedbank, 2014a).

2.4 THE FUTURE OF THE RETAIL BANKING INDUSTRY

The face of retail banking has undergone profound changes, both locally and globally, as a result of many factors, including the privatisation in the 19th century, the sanctions experienced during the period of apartheid, the emergence of the Internet and social networking platforms, and the global financial crisis between 2008
and 2009. As a result of the global financial breakdown, the future direction in which all banking and financial institutions could be directed could be predicted according to the Basel Committee of Banking Supervision (BCBS) Regulations (KPMG Report, 2011: 3-4; Banking Association of SA, 2012).

According to the KPMG Report on ‘Basel III’, the BCBS regulations were intended to be a framework to ensure capital adequacy in financial institutions throughout the world, in order to avoid another financial crisis, as experienced in 2008-2009 (KPMG Report, 2011: 3). The BCBS have G20 endorsement on the ‘Basel III’ implementation and view it as an opportunity to fundamentally restructure the financial industries approach to managing risk and the regulations that support it. They state that the new reforms of ‘Basel III’ will “… strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector…” (KPMG Report, 2011: 4).

2.5 CONCLUSION

The financial industry in South Africa, which has undergone several downswings and upswings, has its roots in the 18th century. Currently, the financial industry is the largest contributor to the GDP of the country and based on the World Economic Forum’s Global Competitiveness Report, the financial market development places the country in third place among all 148 countries surveyed. The retail banking industry in South Africa is one of the most dynamic and innovative in the world, with the future of retail banking moving very much into a consumer-centric environment, where the consumer will be able to conduct and manage their entire financial portfolios on their own, from any location in the world. The rise of technological media including social networking platforms is being used by retail banks to cater to the needs of their consumers, as these technologies allow for an almost immediate two-way communication with these consumers. The consumer growth within the banking sector, coupled with the technological advancements in the banking industry have also facilitated increased competitiveness between the major retail banks as they each seek to grow their market shares within the financial industry. In addition to the retail banking overview presented in this chapter, the next chapter, Chapter 3,
focuses on the potential factors that the female Generation Y consumer evaluates in the process of selecting a retail bank.
CHAPTER 3
VARIABLES AFFECTING THE CONSUMER’S SELECTION OF A RETAIL BANK

3.1 INTRODUCTION

This literature review focuses on the variables that affect the consumer’s selection of a retail bank and the subsequent consumer behaviour and purchase intentions exhibited by the consumer. In recent times, two dominant consumer segments have emerged within the worldwide consumer marketplace, notably that of the female consumer and the Generation Y consumer. The literature study begins with a discussion on the consumer behaviour and purchase intention variables that influence the consumers in the selection of a retail bank, and presents an overview of the female Generation Y consumer.

3.2 CONSUMER BEHAVIOUR IN SELECTING A RETAIL BANK

The aim of this study is determine why a consumer would select one bank over another in the South African financial banking industry context. This involves an investigation into the consumer behaviour and into the variables that influence these female Generation Y consumers in this decision-making process.

For the purpose of this study, the literature highlights the variables that a Generation Y consumer considers when in the process of selecting a retail bank as their primary bank. In order to determine these variables, existing information based on consumer behaviour, purchase intention, and the retail banking industry was studied. This review was undertaken as a means of highlighting purchase intention variables, which influence consumer behaviour within a retail banking industry. This information was obtained from studies by Parusamur and Roberts-Lombard (2012: 28), Alrubaiee (2012: 22), Liu and Shiue (2014: 127), Bruner (2012), Misonzhnik (2007: 57), Noble, Haytko and Phillips (2009: 623), Nusair, Parsa and Cobanoglu (2011: 838), Manickam and Sriram (2013: 4), De Meyer and Bresler (2014: 458), Le Coultre, Roberts-Lombard and van Tonder (2013: 312), and Dennis et al. (2010: 153).
It is important for the financial industry to actively target and acquire this market segment, in order to grow their overall market share in the industry amongst competitors, and ensure that the consumer’s needs are met. This will then allow the industry to remain relevant for these consumers and maintain profitable long-term relationships (FinScope, 2013; BusinessTech, 2013; SARB Annual Economic Report, 2013: 56-57).

### 3.2.1 Definition of consumer behaviour

The concept of consumer behaviour relates directly to the way in which consumers make decisions and interact with the products and services they purchase, or interact with (Cant, Brink & Brijball, 2010: 5). It centres on the process prior, during and post the purchase activity, and involves the study of how a consumer makes decisions to allocate and utilise their available resources to select, obtain, utilise and dispose of products and services, which are desired and required to satisfy a need. It also focuses on the indirect factors that motivate and influence the purchase, so as to understand why consumers made the purchase (Parumasur & Roberts-Lombard, 2012: 2; Cant, Brink & Brijball, 2010: 5). In order to fully understand the consumer’s decision-making process, Figure 3.1 depicts the sequential problem-solving process followed by the consumer when making the decision to purchase a product or service.

#### Figure 3.1: The consumer decision making process

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Recognition</td>
<td>Consumer identifies a need that they would like to satisfy.</td>
</tr>
<tr>
<td>Search for Information</td>
<td>Consumer identifies a need that they would like to satisfy.</td>
</tr>
<tr>
<td>Evaluation for Alternatives</td>
<td>Consumer identifies a need that they would like to satisfy.</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Consumer searches for information on alternate solutions in the external environment.</td>
</tr>
<tr>
<td>Buying (Purchase Decision)</td>
<td>Consumer uses the product and determines whether it has satisfied their needs and solved their purchase problem.</td>
</tr>
<tr>
<td>Post-Buying Evaluation</td>
<td>Consumer uses the product and determines whether it has satisfied their needs and solved their purchase problem.</td>
</tr>
</tbody>
</table>

Source: Adapted from Cant, Brink and Brijball (2012)
For the purpose of this study, only the first five steps in the process were examined, as this study focuses on the selection of a retail bank, and not the post-purchase evaluation thereof. The initial five steps in the process foreground the problem recognition by the consumer, the search for information, the evaluation of alternatives, and the purchase intention prior to the actual action of making the decision to buy the product, which will be detailed and discussed in Figure 3.2. The research focuses on the financial retail banking industry in determining how and why female Generation Y consumers select a retail bank as their primary bank.

Problem recognition is the first step in the consumer’s decision-making process. At this step, the consumer has developed and identified a need that s/he would like to satisfy (Cant, Brink & Brijball, 2012: 5-6). For purposes of this study, the identified need is that of a new retail bank. The second step in the consumer’s decision-making process is the search for information. This step involves the investigation and research done by the consumer in order to gain relevant information, which could lead to satisfying the identified need, including alternative solutions and/or recommendations in the external environment and the consumer’s own memories and experiences (Cant, Brink & Brijball, 2012: 5-6). The third step is the evaluation of alternative solutions, where the consumer uses the information that has been gathered in order to assist and direct the decision to make the final purchase (Cant, Brink & Brijball, 2012: 5-6). However, before the final purchase occurs, as per the fourth step in Figure 3.1, an additional step occurs, namely purchase intention.

The purchase intention step forms part of the consumer’s decision making process (as depicted in Figure 3.1) as a process, which occurs between the evaluation of alternatives (Step 3) and the actual buying of the product or service (Step 4), as displayed in Figure 3.2 below:
Figure 3.2: Purchase intention phase between the evaluation for alternatives and buying (purchase decision)

Source: Adapted from Kotler and Keller (2012: 197)

The purchase intention phase, which provides further details on the potential variables considered during the consumer’s decision making process in the selection of a retail bank, is further discussed in the following section.

3.3 THE PURCHASE INTENTION TO SELECT A RETAIL BANK

Purchase intention encompasses the consumer’s objective and conscious intention to willingly exercise effort and apply available resources to select and purchase a product or service (Lu, Chang & Chang, 2014: 260-261). Purchase intention also advocates that a consumer has a higher probability to have a desire for the product after being exposed to advertising or marketing messages related to the brand, product or service (Liu & Shiue, 2014: 127).

During this phase, consumers make a purchase decision and weigh numerous factors, which will impact either positively or negatively on the final decision. This includes the attitudes of the consumer's family, friends, and peers, whose opinions and recommendations are trusted and respected, in addition to unexpected situational factors, namely their income levels or other expenses not planned for (Kotler & Keller, 2012: 197). These consumers seek to obtain the greatest value for their purchase, while assessing the cost thereof. They subsequently make
comparisons whether the cost justifies the value obtained; a higher perceived value motivates the purchase intention more positively than if the cost is higher than that of the perceived value (Grimmer & Woolley, 2012: 233).

Therefore, the various potential factors, which influence and/or motivate the consumer’s intention to purchase when making the decision to select a retail bank are discussed in detail in the following section.

3.3.1 Variables considered in the decision making process for the selection of a retail bank

Five variables have been identified within the banking industry in Gauteng to determine the consumer behaviour and purchase intention of the female Generation Y consumer when selecting a retail bank as their primary bank, as discussed in section 1.5.3 in Chapter 1. The identification of these variables is the result of a review of existing books and research studies based on consumer behaviour, purchase intention and the retail banking industry (Parusamur & Roberts-Lombard, 2012: 28; Alrubaiee, 2012: 22; Liu & Shiue, 2014: 127; Bruner, 2012; Misonznhik, 2007: 57; Noble, Haytko & Phillips, 2009: 623; Nusair, Parsa & Cobanoglu, 2011: 838; Manickam & Sriram, 2013: 4; De Meyer & Bresler, 2014: 458; Le Coultre, Roberts-Lombard & van Tonder, 2013: 312; Dennis et al., 2010: 153).

The five variables include price, product selection, innovation, status and peer referral. These variables have been selected in order to align to the purchase intention phase of the decision-making process (as depicted in Figure 3.2), where the consumer undertakes to consider the factors that will influence their purchase decision, in order to select a retail bank. Through a review of the literature, the five stated variables were those identified as consistent and successful in determining the selection process followed by the consumer. These variables are discussed in detail in the subsequent sections.
3.3.1.1 Price

The variable of 'Price' refers to the physical cash or credit amount that the consumer would be willing to spend on an item or brand. The perception of the price of a brand, product or service, which has a direct correlation with the disposable income available to the consumer to make purchases, is part of how the consumer determines and evaluates the worth thereof (Liu & Shiue, 2014: 127). The price of a product is an indicator of the quality the consumer can associate with it and of the monetary resources required to obtain the product (Parumasur & Roberts-Lombard, 2012: 154; Cant, Brink & Brijball, 2010: 20). However, it is important to note that the price of a product is not only the actual cost of the product. When a consumer is evaluating the price in relation to the worth of the product; s/he is determining all that s/he needs to sacrifice in order to acquire the product or service (Cant, Brink & Brijball, 2010: 20).

However, if this consumer believes that the quality or the brand of interest is worth a higher price, literature supports that the consumer will make the investment. The consumer justifies paying a higher price for the a product or brand they deem of a higher quality, ‘built to last’, and a good investment (Noble, Haytko & Phillips, 2009: 623; Misonzhnik, 2007: 60-61; Forbes & Vespoli, 2013: 109). North, de Vos & Kotze (2003: 43) explain this as the elements of price and quality having differing effects on the consumer’s perceived value of money: “Price and quality have different and differential effects on perceived value for money. Some consumers perceive value when the price is low. Others perceive value when there is a balance between quality and price.” The price of a product or brand will always have an impact on the consumer’s decision to purchase (Manickham & Sriram, 2013: 4).

Most of the literature reviewed concurs that when a consumer is scrutinising and comparing products, services or brands for purchase, s/he is looking for the best deal, which refers to the product that is going to give them the most value for the price they are prepared to pay for the brand (Misonzhnik, 2007: 57; Noble, Haytko & Phillips, 2009: 623; Dennis et al., 2010: 153; Grimmer & Woolley, 2012: 233).
Kaur, Sharma and Mahajan (2012: 282) remark that of the eight factors, which motivate consumers to leave one bank in favour of another, the most significant factor is related to pricing problems. Therefore, with regard to the selection of a retail bank, this variable will aid in the understanding of whether these consumers are price sensitive, resulting in their selection of a retail bank based on the pricing options available, and whether the price is reflective of the value they will be receiving for the amount being paid.

3.3.1.2 Product selection

The variable of ‘Product selection’ refers to the variety of products and services available from the respective retailer, as well as whether the consumer has the ability to customise the product or service in accordance with how they would like it. De Meyer and Bresler (2014: 458) describe customisation as the ability of an organisation to personalise its current resources or products according to the request of its consumers, which still provide a mutually beneficial agreement between both the consumer and the organisation.

The literature reviewed highlights that consumers have become technologically savvy and that they make use of social media and online platforms to discuss potential products and brands, thus proving themselves to be extremely brand conscious, within an environment where the information and choices they are presented with seems never-ending (Misonzhnik, 2007: 60). However when these consumers describe the products, they do so according to the brand, and not specifically according to one particular product (Noble, Haytko & Phillips, 2009: 622). The higher the consumers knowledge of the selection of products and services on offer, the higher the likelihood that the consumer will have a positive attitude and purchase intent for the product or service (Lee et al., 2014: 98).

However, the South African banking industry has been noted as being product centric and complicated. Banking retailers have many products within various categories including current accounts, savings accounts, investment accounts, credit products, credit facilities, online share involvement options, insurance products and services, financial advisory services, technological products, and rewards
programmes (Capitec Bank, 2011). Consumers often view their banking as a ‘grudge’ purchase, something that has to be done, but which is complex and seemingly complicated. The only bank in the South African environment offering the consumer one product is Capitec Bank, where the consumer only has the option of one account from which they are able to function as per a regular current account, including savings and credit facilities (Capitec Bank, 2011).

Although a complex industry, the financial sector has undergone radical changes in striving to keep abreast of technological advancements. The introduction of technological services has made banking user-friendly and has put it within reach of those who previously were unable to engage with a bank and its products. These services include Internet banking, cellphone banking, telephone banking, and mobile ATM machines; which has caused a drive of new competitive behaviour amongst retail banks in acquiring consumers to grow their market share (O’Loughlin, Szmigin & Turnbull, 2004: 525). In recent times, South African banks such as FNB and Standard Bank have fuelled this competitiveness with the introduction of technological devices sold at discounted rates to their consumers. This is deemed a very appealing and attractive offer to consumers as the banking costs and device costs are bundled, creating the perception that even though the costs are higher, the perceived value is also high since the consumer has the ability to add devices to their account profile (FNB, 2014a; Standard Bank, 2014a).

Based on the discussion of the variable of ‘Price’ in section 3.3.1.1, it is clear that the female Generation Y consumer is constantly chasing a good deal at the best price or looking for a discounted alternative (Misonznhik, 2007: 57; Noble, Haytko & Phillips, 2009: 623; Dennis et al., 2010: 153; Grimmer & Woolley, 2012: 233).

Banks in South Africa have noted this trend and have provided a solution, as have many other industries and organisations globally, by means of a loyalty or reward programme. These are programmes attached to the account of the consumer, either for free or at a cost, where the retail bank would make negotiated special deals and discounts available to their customers at a range of varying retailers or stores (Mangold & Faulds, 2009: 362). The access mechanism to benefiting from the value of these special deals and discounts is that one has to either become a consumer of
The retail bank, or if one already is a consumer, s/he has to actively make use of his/her accounts, or acquire more products from the range of banking products available. Once the consumer has done one or all of the above, they have access to the rewards programme and can start the process of earning points or tokens, whereby once they have accumulated the required amount, they are able to start redeeming the benefit thereof (FNB, 2014a; Standard Bank, 2014a; Nedbank, 2014a; ABSA, 2014a).

The aim of this study is to understand how the female Generation Y consumer performs the selection of a retail bank, based on the types of products, services, loyalty programmes, and additional value-added options available to her. This variable will also aid in determining whether the selection made is based on the ease of access, acquisition, and customisation that the consumer feels the products selection offers.

3.3.1.3 Innovation

The new and updated banking technologies available in the South African financial banking industry include mobile banking apps, mobile ATM machines, ‘cardless’ ATM functionalities, cellphone money transfers, and the availability of technological devices for purchase from the banking retailer. The variable of ‘Innovation’ explores the various current banking technologies, which have been created in recent years. The investigation will then broaden out into the new technologies that are considered to be outside of the banking environment, including the mobile banking apps and the sale of technological devices; thus unearthing the impact that the level of innovativeness of a bank has on a female Generation Y consumer in selecting a retail bank.

As discussed in section 3.3.1.2 on the ‘Product selection’ variable, when a consumer is looking for a new retail bank, one of the elements this study investigates, as part of the female Generation Y’s consideration set, is whether the innovativeness and technological products and services on offer aid the consumer is making the final decision to select a particular retail bank. One of the models used to help determine
this is the TAM Model, as developed by Fred Davis in 1989, displayed in Figure 3.3 below.

The TAM Model is the Technology Acceptance Model, which was created by Fred Davis in 1989. He created this model as an attempt to explain the adoption and utilisation of information technology. According to the model, the two key elements in determining the adoption of technology are the ‘perceived usefulness’, which is a measure of how useful the consumer expects their adoption of the technological product on offer in bettering or improving their lives; and the ‘perceived ease of use’, which is how easy or user-friendly the consumer expects the technology on offer to be (Mekic & Olzen, 2014: 138; Gao, Sultan & Rohm, 2010: 575). The complete model includes six elements, namely perceived usefulness, perceived ease of use, external variables, attitude, behavioural intention, and actual behaviour (Mekic & Olzen, 2014: 138).

Figure 3.3: Original TAM Model (Davis, 1989)

Source: Mekic and Olzen (2014: 138)

Hu, Chau, Lui Sheng and Kar (1999: 93) point out that this is an intentions-based model for predicting and explaining how this consumer would go about adopting a particular technology. The TAM model places perceived usefulness and perceived ease of use at the nucleus of the theory, where the perceived ease of use will have a direct influence on the perceived usefulness. However, both these elements have a direct impact on the attitude that the consumer will have toward the new technologies and their attitudes in turn have a subsequent impact on their
behavioural intent to adopt the updated innovations, leading to the actual action of making use of and engaging with the new technology (Mekic & Olzen, 2014: 138).

The literature also notes that this model has been adapted over the years, in order to keep it relevant in the present day. Mai, Tuan and Yoshi (2013: 233) state that since the inception of the original TAM model in 1989, along with the emergence of the Internet, consumer behaviour has undergone drastic shifts, from the traditional consumer behaviours to the broad spectrum of behaviours ranging from traditional to the online shopping and consumption. Therefore this research intends to evaluate how the female Generation Y consumer perceives the usefulness and ease of use of the offered banking innovative technologies and what their behavioural intent is in selecting a particular retail bank based on the desire to engage with the technologies available.

3.3.1.4 Status

The variable ‘Status’ relates to the status of a particular brand or lifestyle that the consumer perceives as desirable. As a brand develops an image, personality, and reputation, that information is conveyed to all potential consumers as the identity of the organisation and its brand (North, de Vos & Kotze, 2003: 42; Chiang & Yu, 2010: 348). As established from the literature review, the female Generation Y consumer appear to be extremely brand conscious, with enough disposable income to make those purchases. Nwankwo, Hamelin and Khaled (2014: 737) state that the purchase of luxury brands is done in order to convey the class and self-image of a consumer, as well as display that they are able to afford products that are priced and perceived as premium. However, the question is whether these consumers view the banking industry in the same way they do other luxury brands, and whether these banking brands are deemed desirable and considered as befitting their own personalities.

Guthrie and Kim (2009: 115) define the brand personality of an organisation by assigning human-like characteristics to the brand in order to make it more relative to the consumer, and to enable the consumer to assess whether the brand personality is aligned with their own character traits. This use of human-like attributes is also the
way in which organisations differentiate themselves from one another. Guthrie and Kim provide an example of these characteristics whereby one brand may have a sophisticated personality, another an adventurous personality, or an innovative personality (Guthrie & Kim, 2009: 118). These perceived personalities significantly impact on a consumer’s brand choice, as the consumer will be drawn to the brand that is most reflective of and aligned with their own personal belief and value system, as reflected in their personality traits. A positive brand perception influences the consumer’s buying behaviour as “consumers tend to buy products/services which would project a positive image among their friends/relatives, creating a positive social image” (Manickam & Sriram, 2013: 4). When the bond between the consumer and ‘their’ brand is so strong, Xiao and Nicholson (2011: 2516) argue that instances of impulse buying occur, where the consumer acts to make the purchase rapidly, without a sense of self-control, regardless of the cost.

The status and perception of a brand is also heavily influenced by those who are using and/or who recommend the brand. Marketers tend to refer to these people as ‘social influencers’ as these are the influential celebrities or well esteemed and trusted individuals admired by either social media or traditional media followers. Forbes and Vespoli (2013: 109) describe them as ‘opinion leaders’ as they are seen as experts, who have the required knowledge within a specific area and share similar traits with their followers. The female Generation Y consumer’s consideration set on what retail bank to select seems highly influenced by the feelings and opinions of their opinion leader or influencer about any particular bank within the retail banking industry. These consumers value their influencer’s opinions more than that of the brand, as they find these opinions more credible (Forbes & Vespoli, 2013: 110; Noble, Haytko & Phillips, 2009: 622; Mangold & Faulds, 2009: 360).

It should also be noted that even if the consumer has not given any attention to banking brands previously, the best way to build brand awareness is to have a consistent presence of a specific brand out in the market, in the relevant contexts, as this will strengthen brand recall and build a share of brand awareness in their minds (Hoffman & Fokor, 2010: 45). Niazi et al. (2012: 114) emphasise that the memory of a brand creates associations within the mind of the consumer with that brand, and these memories are what influence whether the consumer considers the brand and
makes the final selection decision to purchase into the brand. This study therefore aims to determine whether the retail banks in South Africa hold brand equity and awareness within their minds, as well as whether the consumer’s choice to select one of the retail banks will be influenced by the brand perception and status of the brand images or reputations of the respective banks.

3.3.1.5 Peer referral

The variable of ‘Peer referral’ is closely related to the ‘Status’ variable as both variables have an element of referral to either a social community on social media platforms or to ‘opinion leaders’ for guidance as well as a sense of approval in making a selection or a purchase. However, the particularity of the Peer Referral variable is that the investigation is based on the opinions and consultations with very close family and friends, referred to as ‘word of mouth’ or referral communication, in order to make a purchase decision.

Roberts-Lombard (2011: 3085) defines this kind of referral marketing as information that is received from friends and family, who are deemed credible, based on the consumer purchasing experiences and service encounters that they have had with a specific retailer or service provider. The author adds that “The fundamental objective of word-of-mouth marketing is therefore, to motivate people (also referred to as the ‘trusted advisors’) to talk to others about a product or service to ensure that those products or services are more readily purchased or used.”

Prior to the rise of the Internet and other electronic and online platforms, referral marketing would be limited to the few people within an individual’s life. However, these online platforms make it possible to communicate with thousands about a retailer (Mangold & Faulds, 2009: 359). Social media platforms that facilitate referral and word of mouth activities include social networking sites, blogs, websites, chat rooms, and web based forums, to name a few (Lee et al., 2014: 97). These platforms not only allow the consumer to give praise for a good service experience with a retailer or vent and berate a retailer for a negative service or product experience, but also allow the consumer to build a network of a thousand or more consumers with whom they can communicate. Thus these consumers constitute a new circle of
credible and trustworthy sources, which has shown to be one of the most sought after sources of information, especially in the pre-purchase phase when consumers are still deciding on making the purchase or selection (Mangold & Faulds, 2009: 358-359; Nusair, Parsa & Cobanoglu, 2011: 834). This platform presents an opportunity for retailers, who truly want to engage with their consumers, to facilitate a culture of two-way communication. Hoffman and Fodor (2010: 46) suggest that once the organisation or retailer has been actively engaged and that the consumer has either visited the website or engaged with the organisation on one of the social platforms, the consumer will be in a position to communicate his/her opinions about the organisation’s products and services online, not only with the organisation, but with all the other consumers who have also actively engaged with the organisation’s brand. It is at this point that the organisation needs to input strategies whereby they form part of the discussion and communicate immediately with consumers, regardless of whether the experience was positive or negative.

As stated in the ‘Price’ and ‘Status’ variables, the female Generation Y consumer relies heavily on the opinions of those in their social media networks and circles to ensure that they are getting the right brands, which are ‘trending’, but also at the best deal. It should be noted that if they see enough value in the brand, they would be willing to pay more for it. This consumer not only relies on the referral (or seal of approval) from their close family and friends, and their social networks, but also on the endorsement from celebrities, and opinion leaders as they look up to these individuals as credible and trustworthy (Forbes & Vespoli, 2013: 109). Therefore, many organisations make use of such high profile individuals to promote their brands and products, though this does not seem to have the same impact as the spontaneous nature of referral marketing, and because the female Generation Y consumer has been noted to “see right through” staged marketing campaigns (Roberts-Lombard, 2009: 26; Noble, Haytko & Phillips, 2009: 618).

Spontaneity is what characterises word-of-mouth referrals, where the intent and decision to make a purchase is based on the information received and gathered from family, friends, and acquaintances of the consumer (Roberts-Lombard, 2009: 33). Though referral marketing or word-of-mouth is often undervalued by organisations, the literature reviewed for this study showed that this form of marketing is often the
most important as it drives the consumer’s decision and purchase behaviour (Sudhakar & Rani, 2012: 61; Guthrie & Kim, 2009: 116; Dennis et al., 2010: 156). For purposes of this study, it will be imperative to investigate whether peer referral to a retail bank will result in the female Generation Y consumer selecting that particular retail bank as her primary bank, based on the fact that the referral originates from a source they deem trustworthy and creditworthy.

3.4 THE GENERATION Y CONSUMER

Generational theory is the study of various age cohorts or eras, where each of the various existing generational cohorts displays varying characteristics and behaviours (De Meyer and Bresler, 2014: 458). This study focuses on the ‘Generation Y’ consumer as the generational cohort, that is, those born between 1979 and 1997 (Rugimbana, 2007: 7; Zakaria et al., 2011: 35; Noble, Haytko & Phillips, 2008: 617; Kim, Knight & Critsinger, 2009: 548).

The Generation Y consumer has become the focal point of market and industry attention in recent years, as a result of their immense purchasing power, both independently as well as within the household (Noble, Haytko & Phillips, 2008: 617). These consumers have the highest disposable incomes, making this market segment very attractive to potential retailers advertising their products, services, and brands to this market segment (Noble, Haytko & Phillips, 2008: 617). Zakaria et al. (2011: 36) confirms that these consumers spend their money as fast as they acquire it.

The following section aims to provide a detailed overview of these consumers, the behaviours and nuances, which characterise them, together with the impact that this lucrative market segment can have on the retail banking industry. The above is premised on an in-depth understanding of the variables these consumers consider when making the selection of a retail bank as their primary bank.

The generational cohort known as “Generation Y” refers to those individuals, who were born between 1979 and 1997, thus being aged between 18 and 36 years of age at the time of the study (Rugimbana, 2007: 7; Zakaria et al., 2011: 35; Noble,

These consumers are referred to as the ‘virtual generation’, nexters, digital natives, the dot.com generation, instant gratification generation, and the net-generation (Short & Reeves, 2009: 417; De Meyer & Bresler, 2014: 459; Nusair, Parsa & Cobanoglu, 2011: 833). They were born into the technological era, which makes them highly technologically savvy and demanding of the retail world to adapt to their means of communication in order to remain relevant (Djamasbi, Siegel & Tullis, 2010: 307).

Education is of great importance to this consumer segment, as they have been found to be the highest educated generation in history (Noble, Haytko & Phillips, 2008: 618; De Meyer & Bresler, 2014: 459; Hyllegard et al., 2011: 102). They are very hardworking and motivated individuals who have a very strict work ethic, which facilitates their potential of becoming the highest and best performers within their various industries (De Meyer & Bresler, 2014: 459; Kim, Knight & Crutsinger, 2009: 548,550). Noble, Haytko and Phillips (2008: 618) also state that this cohort is the most culturally diverse generation to date, making them individuals who are very open-minded and tolerant toward varying lifestyles, without confining themselves to or following a specific set of social norms. Other characteristics of this generation include their independence, positivity about the prospects for the future and the confidence they have in themselves (De Meyer & Bresler, 2014: 459). Defining themselves as trend setters (Zakaria et al., 2011: 36), they are more affluent, more materialistic, more spontaneous and seek instant gratification in everything they do (Hyllegard et al., 2011: 102; Zakaria et al., 2011: 36).

These consumers rely on the Internet and on their social network peer circles to make brand and product choices, making them exceptionally discerning consumers who are exposed to an ever increasing range of choices in the retail industry (Misonzhnik, 2007: 60). In addition to their impactful purchasing power, this generation has also impacted and influenced the purchase decisions of their parents.
3.5 THE FEMALE CONSUMER

3.5.1 The role of females in society

The role of the female in society has evolved significantly over the course of history. Andreotti, Mingione and Pratschke (2013: 618) and Norton, Gupta, Stephens, Martire and Townsend (2005: 325) state that the societal role of women was traditionally viewed as that of mother, wife, and home-maker. It was not until the end of the Second World War that the entry of females into paid employment significantly transformed the role of the female in society. As a result of their entrance into the labour market, there was an avalanche effect in the global economy, not only that females were not classified as ‘secondary’ income earners in the household, but this also fuelled economic development through their spending and through a higher level of education (Andreotti, Mingione & Pratschke, 2013: 618). Although females were in the labour market, they were still only employed in female-oriented job roles, including nursing or teaching, earning discriminately less than their male counterparts. Elkes (2003: 222) highlights that throughout the female evolution, the media of the time, specifically television’s portrayal of the role of the female, reinforced this discrimination.

‘Fast-forwarding’ to more recent times with specific focus on the South African context, the progress as a nation in terms of gender equality, gender rights and the eradication of female discrimination in the last decade can be summarised by the fact that females are still disadvantaged in comparison to their male counterparts from the viewpoint of access to land, employment and education, as well as the level of control they are able to exercise over these resources. Females are still not seen as authoritative decision-makers in South African communities (Arends, 2009: 1). This is supported by the latest Living Standards Measures (LSM) report, which depicts the current standard of living of South Africa, as per the income and particular possessions South Africans own, as still being a nation that is extremely
male dominated (LSM, 2013). This unequivocally foregrounds the disparities in incomes earned by both males and females.

The modern 21st century female is more independent, has had the opportunity to obtain a secondary and tertiary education, which in turn has allowed greater numbers of female individuals into the workplace. This global evolution of the female has therefore positioned them as a new and profitable consumer market segment. As more and more women are being employed in the labour force, whereby their personal, as well as household disposable incomes increase (North, de Vos, Kotze, 2003: 41; Rajput, Kesharwani & Khanna, 2012: 121; van Tonder, 2003: 2; Chiang & Yu, 2010: 348), resulting in organisations and industries wanting to grow their respective market shares via this consumer segment.

Female consumers have positive attitudes toward shopping in general, especially when accompanied by fellow female consumers (Dennis et al., 2010: 153; Jacobs & de Klerk, 2007: 48; Noble, Haytko & Phillips, 2009: 624; Rajput, Kesharwani & Khanna, 2012: 122; Guthrie & Kim, 2009: 115). This communal activity should also be pleasant and joyful, because when females shop together, they feel part of a community with whom they can share experiences, receive critical feedback regarding good or bad purchase choices, and have each other to socialise and be entertained with (Dennis et al., 2010: 153; Rajput, Kesharwani & Khanna, 2012: 122). The importance of these consumers to retailers, both now and in years to come, does not lie only in the nature and amount of the individual female consumer needs, but also in those of the entire household, as females account for the most household spend (Rajput, Kesharwani & Khanna, 2012: 122; Dennis et al., 2010: 153). Dennis et al. (2010: 152) highlight the misconception that women do most of their shopping online, but also note that due to the social needs of females while shopping; online and social media platforms are used more to research, socialise and gain information about a product or brand.

3.5.2 The female consumer as a profitable economic segment

Based on the population census undertaken in South Africa in 2013, the mid-year population estimates were released by the Statistician General on 14 May 2014.
According to the results, the total South African population was estimated at 52.98 million people, where 51% of that total figure were females (Stats SA, 2014: 3). Table 3.1, extracted from the report, highlights this gender split, the population groupings, and the size of the population they account for. Although there is a mere difference of one million individuals, statistically, there are more females than males in South Africa, which subtly highlights the value of this market segment, as well as the need for organisations and industries, to tap into the female market.

Table 3.1: Mid-year 2013 population estimates for South Africa by population group and gender

<table>
<thead>
<tr>
<th>Population Group</th>
<th>Male</th>
<th>% of male population</th>
<th>Female</th>
<th>% of female population</th>
<th>Total</th>
<th>% of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>20 607 800</td>
<td>79.8</td>
<td>21 676 300</td>
<td>79.8</td>
<td>42 284 100</td>
<td>79.8</td>
</tr>
<tr>
<td>Coloured</td>
<td>2 306 800</td>
<td>8.9</td>
<td>2 459 400</td>
<td>9.1</td>
<td>4 766 200</td>
<td>9.0</td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>669 200</td>
<td>2.6</td>
<td>660 100</td>
<td>2.4</td>
<td>1 329 300</td>
<td>2.5</td>
</tr>
<tr>
<td>White</td>
<td>2 239 500</td>
<td>8.7</td>
<td>2 362 900</td>
<td>8.7</td>
<td>4 602 400</td>
<td>8.7</td>
</tr>
<tr>
<td>Total</td>
<td>25 823 300</td>
<td>100.0</td>
<td>27 158 700</td>
<td>100.0</td>
<td>52 982 000</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Mid-year population estimates, 2013 (Statistical Release P0302)

From a financial industry perspective, although previous research studies indicate a male dominated industry, a research released by FinScope for 2013 confirmed that this female banking segment’s domination of the banking sector is growing exponentially. In fact, the total number of banked females has shown significant growth, with 87% of females being formally banked, while only 81% of males are formally banked (FinScope, 2013: 6). This indicates the strength of this market segment and the potential for growth and opportunities of acquisition for retail banks that become aware of this potential and adjust their marketing strategies accordingly.

### 3.6 THE FEMALE GENERATION Y CONSUMER

The preceding sections 3.4 and 3.5 have respectively discussed the Generation Y consumer and the female consumer through an analysis of their defining characteristics. This section reviews the literature on the consumer behaviour of the females within the Generation Y market segment. As these market segments have proven themselves to be lucrative, highly targeted consumer segments,
understanding the consumer behaviour of the female Generation Y consumer and the variables, which trigger their selection of a product or service, could enable organisations and industries to successfully access and acquire these consumers.

3.6.1 An overview of the Generation Y female consumer

Within the female consumer segment is the sub-segment of the Generation Y generational cohort. For purposes of this research, the inclusion criteria is limited to female Generation Y consumers between the ages of 18-36 years of age (Zakaria et al., 2011: 35; Noble, Haytko & Phillips, 2008: 617; Kim, Knight & Critsinger, 2009: 548). The focus is solely on the female gender grouping. Based on the preceding literature review sections, the female consumer can be characterised as having recently joined the labour market and as a consumer earning a higher disposable income with which she is able to make either physical or online purchases (Rajput, Kesharwani & Khanna, 2012: 121; North, de Vos & Kotze, 2003: 41). The role of the female in the household is also changing as this consumer is evolving into becoming the main, or sole income earner in the household, in addition to being able to perform tasks, which have traditionally been viewed as male-oriented (Tyagi & Tyagi, 2010: 672).

The Generation Y consumer is characterised by the following elements (Hyllegard et al., 2011: 102), “... being more educated, more materialistic, and more spontaneous; giving more emphasis to the ‘immediacy and instant gratification’ involved in the purchasing process; having higher expectations for goods and services; desiring greater ‘connectedness’ with peers and purchase influencers – including retail and service providers; being more technology savvy; using the Internet more for product-information search and purchase; being more sceptical of advertising and media; and being more socially conscious than other consumer cohorts.”

The combination of these defining characteristics results in a consumer, who only recently entered the market and has a disposable income, which they want to spend on retail goods and services to enhance their self-image and self-esteem. They are highly technologically knowledgeable, obtaining as much information as they can about a brand’s identity, products and services, before making the purchase. These
consumers are very social, both online and physically, viewing the shopping experience as enjoyable, whilst relying on their peers (online and physically) for validation and emotional support in building their self-image through the chosen brands.

3.6.2 The profitability of the Generation Y female consumer in the retail banking industry

Dennis et al. (2010: 155) stated that the females in the age bracket of 18-24 years of age are the most dominant and frequent users of the various social media networking websites. However, even though they dominate social media, the social benefits they seek and desire from the various e-retailers are not being met. Though this statement is related to the younger portion of the Generation Y female segment, Kozer (2012: 23) argues that in accounting for those women outside the “20-something” age category, which would be the older portion of the Generation Y segment, these women have feelings of not being adequately serviced in the marketplace, owing to the lack of two-way communication with an e-retailer.

The female Generation Y consumer communicates and networks with their peers and e-retailers online and still enjoys the physical shopping experience with their peers. Harrington et al. (2011: 5) define this socialisation theory as a “processes by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace”. This socialisation occurs when the consumer makes comparisons with her peers between their preferred brands, products and services, in order to determine her competence and self-esteem as a consumer in relation to her peers and favourite brands (Noble, Haytko & Phillips, 2008: 623).

Female Generation Y consumers have very particular motives in their selection of brands to purchase (Rajput, Kesharwani & Khanna, 2012: 121). Thus, in order for the retail banks to fully capitalise on this lucrative consumer segment, their brand strategies should be something that this consumer is able to relate to and feel comfortable with (van Tonder, 2003: 10; Parumasur & Roberts-Lombard, 2012: 17). Since the retail banking industry in South Africa is currently very competitive, the
understanding and knowledge of this consumer’s decision-making process in the selection of a retail bank represents an unparalleled competitive advantage, which the retail bank could use to captivate the minds of this consumer segment and grow its market share. Van Tonder (2003: 10) concurs that because females are very knowledgeable about products and the potential risks associated with investing or selecting a particular bank, the consumer behaviour of the female Generation Y consumer should be comprehensively understood by these retail banks, who should integrate it into their marketing and communication strategies when trying to acquire these consumers.

3.7 CONCLUSION

Two very significant consumer segments have emerged in recent times, namely the female consumer and the Generation Y consumer. In order to determine the factors that affect the female Generation Y consumer’s selection of a retail bank, this chapter examined the consumer behaviour and the consumer’s purchase intentions. Five variables were identified to be used as the constructs to measure this behaviour and purchase intent toward a retail bank. These constructs include: price, product selection, innovation, status, and peer referral.

This chapter also discussed these consumer segments individually, by defining them, highlighting their characteristics and profitability, as per the economic decisions they make in the retail market. However, due to the lack of research in the area of female Generation Y consumers as a combined consumer segment, the purpose of this research is to investigate how this “super segment” makes the decision to select a retail bank in the South African financial market landscape. Therefore, to examine the influence and impact of these variables practically, the research methodology is presented in Chapter Four. The empirical data collection was conducted amongst qualifying female consumers within the Generation Y generational cohort.
CHAPTER 4
RESEARCH METHODOLOGY

4.1 INTRODUCTION

Research methodology is the systematic process of solving a research problem (Kothari, 2011: 8). Research design is the master plan of all scientific methods and procedures utilised in order to acquire information and knowledge required (Mishra, 2008: 27, Nair, 2009a: 34). Therefore determining the most appropriate research design should be aligned to the knowledge sought and the research objectives of the study (Reynolds-De Bruin, 2013: 137). Because research is a time-consuming process, researchers have to be systematic in the data collection approach to gather reliable data, which could be interpreted and understood, in order to make proper decisions to solve the research problem (van Vuuren, 2011: 85).

This chapter provides a detailed description of the various steps taken in the research process, in order to highlight the research design and methodology utilised for this study.

4.2 THE RESEARCH PROCESS

Nair (2009a: 27-29) describes the research process as a series of systematic steps aiding a researcher to find answers to a defined problem or question. The research process commences with the initial steps of identifying the research problem, defining the research objectives and hypotheses, determining the research design and methodology to implemented, and concluding with the findings and recommendations of the study (refer to section 1.6). Numerous authors have suggested varying models of research process, but for purposes of this study, the nine-step model suggested by Iacobucci and Churchill (2010: 31) were followed. This research process detailed in Figure 4.1 is discussed in the following sections.
4.2.1 Step 1: Identify and formulate the research problem

As referred to in Chapter 1, section 1.3, the Banking Association of South Africa (2011: 16) prescribes that banks must commit to policies and procedures, which are easy to understand and interpret, for all personal banking account consumers who want to change their banks. This ruling, in addition to the explosion of technologically interfaced banking systems in South Africa (Anani 2010: 4), makes it easier for consumers to switch from one bank to another. The aim of this study is to determine why consumers in the South African financial banking industry select one retail bank over another, with specific focus on the female Generation Y consumer. These consumers are viewed as a lucrative market segment due to their high disposable incomes, technological savviness, and brand consciousness. Therefore, if banks in South Africa want to survive, build long-term relationships, and increase their profitability in the female Generation Y consumer segment, an understanding of the factors that female Generation Y consumers consider when selecting a bank would be required.
Studies previously conducted in the field of consumer behaviour and purchase intention have not reflected the behaviour of the female Generation Y consumer in the South African banking industry, particularly in terms of how this consumer selects a retail bank. Rajput, Kesharwani and Khanna (2012: 126-128), Modi and Jhulka (2012: 529), and Miremadi and Faghanie (2012: 149) have identified five variables that influence the female Generation Y consumer selection of a bank, namely price, product selection, innovation, status, and peer referral. However, the researcher could not find any studies that focus on the relationship between price, product selection, innovation, status, and peer referral and the selection of a retail bank in South Africa. This raises the question to know how the variables of price, product selection, innovation, status, and peer referral influence the consumer’s purchase intention when selecting a retail bank.

Therefore, in order for the major banks in South Africa to acquire and establish a long term relationship and increase their profitability with a female Generation Y consumer, the variables that influence their purchase intention when selecting a retail bank need to be clearly investigated and understood. Thus, the problem statement for this research study is summarised as follows (refer to Chapter 1, section 1.3):

“The relationship between price, product selection, innovation, status, and peer referral in the purchase intention to select a retail bank in Gauteng remains unclear and must be further explored”.

4.2.2 Step 2: Determine the research objectives

In order for a study to achieve its aim, it must be correctly designed and focused (Kolb, 2008: 23). This is achieved by setting research objectives that encompass the research and operational goals and hypotheses of the study. These objectives could be attained by utilising current information and technology to gather and analyse the data required to answer the research problem (Mishra, 2008: 43). The primary objective, secondary objective, and hypotheses pertinent to this study have been developed from the identified research problem, as discussed in Step 1 (refer to Chapter 1, section1.4).
4.2.2.1 Primary Objective

The primary objective of the study is to investigate the influence that the independent variables, namely price, product selection, innovation, status, and peer referral, have on the purchase intention of female Generation Y consumers when they are in the process of selecting a retail bank in South Africa.

4.2.2.2 Secondary Objectives

Based on the formulated primary objective, the following secondary objectives have been identified:

- To determine whether price influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To establish whether product selection influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To investigate whether innovation influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To explore whether status influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To investigate whether peer referral influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To determine which one of the five independent variables, namely price, product selection, innovation, status, and peer referral, has the greatest influence on the consumer purchase intention when selecting a retail bank.

The following section discusses the hypotheses that have been formulated in line with the secondary objectives mentioned earlier.
4.2.2.3 Research Hypotheses

Based on the objectives of the study, a number of positive hypotheses have been formulated, which are intended to indicate whether an association or relationship exists or not.

4.2.2.3.1 Investigating the relationship between the five independent variables in the selection of a retail bank

H1: There is a relationship between price and the purchase intention of female Generation Y consumers when selecting a retail bank.

H2: There is a relationship between product selection and the purchase intention of female Generation Y consumers when selecting a retail bank.

H3: There is a relationship between innovation and the purchase intention of female Generation Y consumers when selecting a retail bank.

H4: There is a relationship between status and the purchase intention of female Generation Y consumers when selecting a retail bank.

H5: There is a relationship between peer referral and the purchase intention of female Generation Y consumers when selecting a retail bank.

H6: The variables price, product selection, innovation, status and peer referral influence female Generation Y consumers purchase intention when selecting a retail bank.

Figure 4.2 below illustrates the hypotheses of this study, which will determine whether a relationship exists between the variables or not.
The selected research design for this study is discussed in the following section.

### 4.2.3 Step 3: Determine the research design

Research design is the master plan of all scientific methods and procedures utilised to acquire information (Mishra, 2008: 27; Nair, 2009a: 34). The research design is also seen as the bridge between the objectives of the study and the actual implementation of the research methodology (Nair, 2009a: 46). Prior to commencing the research, it is important to determine the research approach that will be implemented based on how appropriate the approach will be in obtaining the desired information (van Vuuren, 2011: 87).

Research design approaches are categorised into three groups, namely: exploratory, descriptive, and causal (Kolb, 2008: 25; Nair, 2009a: 37). Exploratory research seeks to find new ideas and insights, often related to consumer attitudes, opinions and beliefs, in order to discover if new relationships exist between variables (Kolb, 2008: 26; Mishra, 2008: 68-69). Descriptive research is utilised to find statistical data to prove a fact relating to consumer behaviour and to use the relationship between variables as a prediction tool (Kolb, 2008: 25; Mishra, 2008: 71). Causal research is utilised when the cause-and-effect relationship between the research variables is
sought (Mishra, 2008: 75; Bresler, 2013: 91; van Vuuren, 2011: 88). For the purpose of this study, descriptive approach was implemented. This approach allows for research outcomes that are descriptive of the attributes and characteristics of particular consumer segments, while also allowing for certain predictions to be made based on the behaviour of these consumer segments (Iacobucci & Churchill, 2010:84; van Vuuren, 2011: 89).

4.2.3.1 Descriptive research design

Descriptive research design is utilised in determining a relationship between two or more variables, with the aim of conclusively proving or disproving the outlined research hypotheses (Mishra, 2008: 71). The objective of descriptive research is to highlight phenomena in their current existence in order to give an accurate view of aspects within the marketing environment of the targeted consumer segment, namely: demographic data, behavioural data, and specific data predictions and specifications (Rootman, 2011: 237; Du Plessis, 2010: 117-118; van Vuuren, 2011: 88-89). The demographic data was intended to assist in providing a description of the characteristics and attributes of groups within the targeted consumer segment. The behavioural data provided an approximate number of individuals within the targeted consumer segment who behave in a certain way. The data predictions and specifications answer the research questions (what, when, who, where, and why) relating to the targeted consumer segment (Du Plessis, 2010: 117-118; van Vuuren, 2011: 88-89).

Descriptive research is most suited to a quantitative research method (Bresler, 2013: 91; Reynolds-De Bruin, 2013: 143). It often uses surveys and questionnaires to conduct descriptive research, as this allows for large samples to be gathered and subsequently viewed as reflective of the targeted consumer segment (Kolb, 2008: 25). Because this study target a large segment of the retail banking consumer market, quantitative research was utilised, as discussed in the next section.
Quantitative research consists in the collection and gathering of primary data, from groups of consumers that are large enough to be representative of the entire targeted consumer segment (van Vuuren, 2011: 89; Nair, 2009a: 53). Surveys and questionnaires are most frequently used to obtain quantitative research (Rootman, 2011: 235). This data collection approach is preferred because the interpretation of results thereof is considered simple and conclusions are easily made (Du Plessis, 2010: 117).

Quantitative research presents the research with the tool to address the research objectives of the study by means of empirical analysis, mathematical or statistical analysis, in order to prove or disprove the research hypotheses (Zikmund et al., 2010: 134; Kolb, 2008: 28). The emphasis of quantitative research is on obtaining facts and making observances of human behaviour, and involves the use of structured closed-ended questions as well as a predetermined range of responses to those questions (Reynolds-De Bruin, 2013: 143; Rootman, 2011: 235; Kolb, 2008: 28).

For purpose of this study, a descriptive research design was implemented based on the research problem as identified in section 4.2.1. Descriptive research highlights the characteristics of the targeted consumer segment, namely the female Generation Y consumer, with regard to their purchase intention when selecting a retail bank, and assists in determining whether relationships exist between the dependent variable (the consumer’s purchase intention when selecting a retail bank) and the various independent variables (Bresler, 2013: 91; Reynolds-De Bruin, 2013: 143). This study made use of questionnaires to collect data for interpretation and analysis.

4.2.4 Step 4: Conduct the secondary research

Nair (2009a: 93) describes secondary research as data and information that is currently available and has already been gathered and analysed by another researcher. It is not research that is newly gathered, but rather research gathered from sources including books, published journal articles, newspapers, organisational
and governmental statistics, online websites, and academic publications (dissertations and theses).

For the purpose of this study, the secondary data sources included books, journal articles, organisational and governmental statistics, online websites, and academic publications. The preceding chapters, namely Chapters 1 (section 1.5), 2 and 3 also consist of secondary data that sourced for this study, and are used to complement all findings related to this study.

4.2.5 Step 5: Select the primary research method

Primary data is defined as data that has been collected and gathered firsthand by the researcher, in order to investigate the identified research problem (Salkind, 2010: 1095; Mishra, 2008: 93). Primary data is considered to be the purest form of data, as it is free from distortion as original data, which has been gathered for the first time (Salkind, 2010: 1096-1097). It is also data from which meaningful insights can be obtained (Bresler, 2013: 92; Reynolds-De Bruin, 2013: 144). Therefore for the purpose of this research, insights into the consumer behaviour of female Generation Y consumers’ purchase intentions when selecting a retail bank were obtained through the collection of primary data.

The step in the research process included a detailed discussion on the following subsections: the data collection method, the questionnaire design, the selection of research scales for the questionnaire, the validity of the questionnaire, and the reliability of the questionnaire in the collection of the data.

4.2.5.1 Data collection method

The method of data collection is determined by the research objectives of the study (Mishra, 2008: 107). As discussed in section 4.2.3, a descriptive research design and quantitative research techniques were implemented. The most utilised data collection method for quantitative research is the self-administered survey or questionnaire (Rootman, 2011: 235; Kolb, 2008: 28). Similarly, in order to meet the
research objectives for this study, a questionnaire was utilised to collect and gather primary data.

A questionnaire is defined as the research tool utilised in the self-administered process of the respondent reading research statements and recording their responses without the aid of an interviewer (Mishra, 2008: 121). These research statements are often a sequence of predetermined questions, where the questions can be answered by either closed-ended or open-ended responses. Closed-ended questions refer to a list of response options from which the respondent can select, whereas open-ended questions refer to questions that require the respondent to provide an answer in their own words (Kolb, 2008: 29; Salkind, 2010: 1472-1473). Several benefits are associated with the use of a questionnaire, and include the following (Nair, 2009a: 68; Salkind, 2010: 1476; Kolb, 2008: 30; van Vuuren, 2011: 92):

- A questionnaire is an efficient way to capture information from a large volume of respondents in a short period of time;
- A questionnaire provides versatility in the creation of the survey statements, according to the requirements of the research objectives, and the target population;
- A questionnaire is standardised, thus allowing for responses to be tabulated and compared. If a large volume of responses are received, the research outcomes can be said to be reflective of the entire target population;
- A questionnaire reduces research costs as no interviewer is required.

Once the data collection method has been selected, the research instrument must be developed. For the purpose of this study, a self-administered questionnaire has been selected to obtain the desired data from research respondents. The next section discusses the questionnaire design.
4.2.5.2 Questionnaire design

A questionnaire is a data collection tool where the respondents answer questions pertaining to their behaviour, attitudes, or beliefs, related to the core focus that the questionnaire seeks to investigate. These questions focus on the constructs identified and developed in alignment with the research objectives (Salkind, 2010: 1472), as discussed in section 1.5.3 in Chapter 1 and section 3.3.1 in Chapter 3. The aim of the questionnaire design is to increase the respondents’ participation, to facilitate in the collection of complete and accurate data, and to aid collection and analysis of the research data (Salkind, 2010: 1474; Reynolds-De Bruin, 2013: 145).

In this study, the research participants were provided with closed-ended questions where they were requested to select a response based on what is listed in the questionnaire (Babbie, 2007: 246). The questionnaire comprises eight sections, in alignment with the research constructs developed for this study (refer to Figure 4.2).

4.2.5.2.1 Section A – Demographic information

The introductory section in the questionnaire aimed to obtain demographic information about the respondent. This section included questionnaire items to obtain the age, educational level, ethnicity, employment status, and marital status of the respondents.

4.2.5.2.2 Section B – Patronage behaviour

This section of the questionnaire aimed to obtain more information regarding the retail banking behaviour of the respondents. The patronage behaviour scales utilised for this research are based upon the various banking products offered to consumers by retail banks in South Africa, the duration of the retail banking relationship, and the monthly banking fees charged. Table 4.1 illustrates each item and the scale used.
### Table 4.1: Patronage behaviour items and scales

<table>
<thead>
<tr>
<th>Section B</th>
<th>Item</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicate all the accounts you hold with the bank you identified in the screening question.</td>
<td>Savings</td>
<td>Nominal</td>
</tr>
<tr>
<td></td>
<td>Cheque</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credit card</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Home loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vehicle insurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other, please specify</td>
<td></td>
</tr>
<tr>
<td>How long have you been with this bank?</td>
<td>Years</td>
<td>Ordinal</td>
</tr>
<tr>
<td></td>
<td>Months</td>
<td></td>
</tr>
<tr>
<td>What amount do you spend per month (on average) on banking costs at this bank?</td>
<td>Rand amount</td>
<td>Ordinal</td>
</tr>
</tbody>
</table>

#### 4.2.5.2.3 Section C – Behavioural purchase intentions

This section aimed to determine the reasons behind the respondents’ preference for their current retail bank, by including seven items related to their intent to engage willingly with the retail bank. The purchase intention scales used were developed for this research and are based on research constructs obtained from existing literature, as per Table 4.9 in section 4.2.5.3 (Alrubaiee, 2012: 22; Liu & Shiue, 2014: 127; Bruner, 2012). A five-point unlabelled Likert scale was utilised and included response categories of one (1) to five (5), where 1 indicated ‘strongly disagree’ and 5 indicated ‘strongly agree’. Table 4.2 illustrates each item and the scale utilised.
Table 4.2: Behavioural purchase intentions items and scales

<table>
<thead>
<tr>
<th>Section C</th>
<th>Item</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural purchase intentions</td>
<td>I feel good about doing business with this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I have a strong preference for this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I would consider this bank as my primary bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I would be willing to receive messages for this bank, after providing my consent.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I am willing to do future business with this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>This bank was my first choice when selecting the banking products and services I need.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I will make use of any other products and services I need from this bank.</td>
<td>Interval (Likert)</td>
</tr>
</tbody>
</table>

4.2.5.2.4 Section D – Pricing considerations

This section measured the influence of the price of banking products and services on the respondents’ selection of a retail bank. Five items were included. The pricing scales used were developed for this research and are based on research constructs obtained from existing literature and literature reference in Chapter 3, as per Table 4.9 in section 4.2.5.3 (Liu & Shiue, 2014: 127; Misonzhnik, 2007: 57; Noble, Haytko & Phillips, 2009: 623; Bruner, 2012; Dennis et al., 2010: 153; Grimmer & Woolley, 2012: 233). A five-point unlabelled Likert scale was utilised and included response categories of one (1) to five (5), where 1 indicated ‘strongly disagree’ and 5 indicated ‘strongly agree’. Table 4.3 illustrates each item and the scale used.
Table 4.3: Pricing considerations items and scales

<table>
<thead>
<tr>
<th>Section D</th>
<th>Item</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing</td>
<td>I compared the product prices across banks to get the lowest price, before selecting this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>considerations</td>
<td>I considered the banking fees of this bank when making a decision as to which bank to do business with.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>Price was an important factor in my decision before selecting this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>The banking fees asked by this bank are justified for the products and services I receive.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>This bank offered the most competitive interest rates.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected the bank because the bank fees were more affordable than my previous bank.</td>
<td>Interval (Likert)</td>
</tr>
</tbody>
</table>

4.2.5.2.5 Section E – Banking product selection considerations

This section measured the influence of the current range of banking products and services offered on the respondents’ selection of a retail bank. Eight items were included. The product selection scales used were developed for this research and are based on research constructs obtained from existing literature and literature reference in Chapter 3, as per Table 4.9 in section 4.2.5.3 (Bruner, 2012; Le Coultre, Roberts-Lombard & van Tonder, 2013: 312; Roberts-Lombard & du Plessis, 2012: 70; Alrubaje, 2012: 22). A five-point unlabelled Likert scale was used and included response categories of one (1) to five (5), where 1 indicated ‘strongly disagree’ and 5 indicated ‘strongly agree’. Table 4.4 illustrates each item and the scale used.
Table 4.4: Banking product selection considerations items and scales

<table>
<thead>
<tr>
<th>Section E</th>
<th>Item</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking product selection considerations</td>
<td>The variety of products and services offered made me select this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>Banking product selection considerations</td>
<td>The products and services offered by this bank met my needs.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>Banking product selection considerations</td>
<td>This bank provides me with value-added services and products.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>Banking product selection considerations</td>
<td>I selected this bank because it offered me personalised products and services.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>Banking product selection considerations</td>
<td>I have confidence in the products and services offered by this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>Banking product selection considerations</td>
<td>I have selected this bank because of the rewards programme it offered.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>Banking product selection considerations</td>
<td>I selected this bank because it uses the latest technology (ATM’s, mobile banking, Internet banking) to offer quality service.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td>Banking product selection considerations</td>
<td>I selected the products and services of this bank due to a negative experience at my previous bank.</td>
<td>Interval (Likert)</td>
</tr>
</tbody>
</table>

4.2.5.2.6 Section F – Banking innovativeness considerations

This section measured the influence of perceived banking innovativeness on the respondents’ selection of a retail bank. Five items were included. The banking innovativeness scales used were developed for this research and are based on research constructs obtained from existing literature and literature reference in Chapter 3, as per Table 4.9 in section 4.2.5.3 (De Meyer & Bresler, 2014: 458; Bruner, 2012). A five-point unlabelled Likert scale was utilised and included response categories of one (1) to five (5), where 1 indicated ‘strongly disagree’ and 5 indicated ‘strongly agree’. Table 4.5 illustrates each item and the scale used.
Table 4.5: Banking innovativeness considerations items and scales

<table>
<thead>
<tr>
<th>Section F</th>
<th>Item</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking innovativeness considerations</td>
<td>This bank’s website and social media presence was a consideration for me when selecting this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>This bank has easily accessible ATM’s and branches.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>My selection of this bank was dependent on the availability of technological devices (e.g. cellphone, tablet) sold as part of the bank’s package.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because my previous bank did not have the banking technology available (mobile banking app, technological devices and social media presence).</td>
<td>Interval (Likert)</td>
</tr>
</tbody>
</table>

4.2.5.2.7 Section G – Social status considerations

This section measured the influence of the social status associated with the retail bank’s brand image on the respondents’ selection of a retail bank. Five items were included. The social status scales used were developed for this research and are based on research constructs obtained from existing literature and literature reference in Chapter 3, as per Table 4.9 in section 4.2.5.3 (Kim, Knight & Crutsinger, 2009: 553; Alrubaiee, 2012: 22; Guthrie & Kim, 2009: 115-118; Bruner, 2012; Manickam & Sriram, 2013: 4). A five-point unlabelled Likert scale was utilised and included response categories of one (1) to five (5), where 1 indicated ‘strongly disagree’ and 5 indicated ‘strongly agree’. Table 4.6 illustrates each item and the scale used.
Table 4.6: Social status considerations items and scales

<table>
<thead>
<tr>
<th>Social status considerations</th>
<th>Item</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I was willing to pay more for the products and services offered by this bank because of its brand name.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>My selection of this bank was dependent on the prestigious brand image associated with this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because of the celebrities that endorse it.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because I was offered a preferential banking package.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because my previous bank did not offer me preferential treatment.</td>
<td>Interval (Likert)</td>
</tr>
</tbody>
</table>

4.2.5.2.8 Section H – Peer referral considerations

This section measured the influence of referral to the retail bank by a trustworthy individual, on the respondents’ selection of a retail bank. Six items were included. The peer referral scales utilised were developed for this research and are based on research constructs obtained from existing literature and literature reference in Chapter 3, as per Table 4.9 in section 4.2.5.3 (Bruner, 2012; Nusair, Parsa & Cobanoglu, 2011: 838; Alrubaiee, 2012: 22). A five-point unlabelled Likert scale was used and included response categories of one (1) to five (5), where 1 indicated ‘strongly disagree’ and 5 indicated ‘strongly agree’. Table 4.7 illustrates each item and the scale used.
Table 4.7: Peer referral considerations items and scales

<table>
<thead>
<tr>
<th>Section H</th>
<th>Item</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer referral considerations</td>
<td>I selected this bank because a member of my family is a customer with this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because it was recommended to me by a member of my family.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because it was recommended to me by a trusted friend.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because a trustworthy friend received good service from this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because most people I know make use of the products and services of this bank.</td>
<td>Interval (Likert)</td>
</tr>
<tr>
<td></td>
<td>I selected this bank because none of my family or friends recommended the products and services of my previous bank.</td>
<td>Interval (Likert)</td>
</tr>
</tbody>
</table>

4.2.5.2.9 Alignment of the questionnaire items to secondary objectives

In order for this study to achieve its objectives, Table 4.8 outlines how the sectional items within the questionnaire were developed in accordance with the secondary objectives.
### Table 4.8: Alignment of questionnaire items to secondary objectives

<table>
<thead>
<tr>
<th>Hypothesis No.</th>
<th>Secondary Objective</th>
<th>Sectional Items in the Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>There is a relationship between price and the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>Section D Q: D1 – Q: D6</td>
</tr>
<tr>
<td>H₂</td>
<td>There is a relationship between product selection and the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>Section E Q: E1 – Q: E8</td>
</tr>
<tr>
<td>H₃</td>
<td>There is a relationship between innovation and the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>Section F Q: F1 – Q: F5</td>
</tr>
<tr>
<td>H₄</td>
<td>There is a relationship between status and the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>Section G Q: G1 – Q: G5</td>
</tr>
<tr>
<td>H₅</td>
<td>There is a relationship between peer referral and the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>Section H Q: H1 – Q: H6</td>
</tr>
<tr>
<td>H₆</td>
<td>The variables price, product selection, innovation, status and peer referral influences female Generation Y consumers purchase intention when selecting a retail bank.</td>
<td>Section C Q: C1 – Q: C7 Section D Q: D1 – Q: D6 Section E Q: E1 – Q: E8 Section F Q: F1 – Q: F5 Section G Q: G1 – Q: G5</td>
</tr>
</tbody>
</table>
### Table 4.9: Literature used to develop research scales

<table>
<thead>
<tr>
<th>Research Scales</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase intention</td>
<td>Alrubaiee (2012: 22)</td>
</tr>
<tr>
<td></td>
<td>Liu and Shiue (2014: 127)</td>
</tr>
<tr>
<td></td>
<td>Bruner (2012)</td>
</tr>
<tr>
<td>Pricing</td>
<td>Liu and Shiue (2014: 127)</td>
</tr>
<tr>
<td></td>
<td>Misonzhnik (2007: 57)</td>
</tr>
<tr>
<td></td>
<td>Noble, Haytko and Phillips (2009: 623)</td>
</tr>
<tr>
<td></td>
<td>Bruner (2012)</td>
</tr>
<tr>
<td></td>
<td>Dennis et al. (2010: 153)</td>
</tr>
<tr>
<td></td>
<td>Grimmer and Woolley (2012: 233)</td>
</tr>
<tr>
<td>Product selection</td>
<td>Bruner (2012)</td>
</tr>
<tr>
<td></td>
<td>Le Coutilre, Roberts-Lombard and van Tonder (2013: 312)</td>
</tr>
<tr>
<td></td>
<td>Roberts-Lombard and du Plessis (2012: 70)</td>
</tr>
<tr>
<td></td>
<td>Alrubaiee (2012: 22)</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>De Meyer and Bresler (2014: 458)</td>
</tr>
<tr>
<td></td>
<td>Bruner (2012)</td>
</tr>
<tr>
<td>Social status</td>
<td>Kim, Knight and Crutsinger (2009: 553)</td>
</tr>
<tr>
<td></td>
<td>Alrubaiee (2012: 22)</td>
</tr>
<tr>
<td></td>
<td>Guthrie and Kim (2009: 115-118)</td>
</tr>
<tr>
<td></td>
<td>Bruner (2012)</td>
</tr>
<tr>
<td></td>
<td>Manickam and Sriram (2013: 4)</td>
</tr>
<tr>
<td>Peer referral</td>
<td>Bruner (2012)</td>
</tr>
<tr>
<td></td>
<td>Nusair, Parsa and Cobanoglu (2011: 838)</td>
</tr>
<tr>
<td></td>
<td>Alrubaiee (2012: 22)</td>
</tr>
</tbody>
</table>

#### 4.2.5.4 Pretesting of the questionnaire

A pre-test of the questionnaire pertains to a testing the questionnaire with a small number of respondents, administered with the sole aim of determining whether the questionnaire design and statement wording are clear, understandable, in a logical flow, and answerable by each research participant (Zikmund & Babin, 2013: 59; West, 2008: 88-89). By testing the questionnaire prior to administering it to the target population, any flaws, and fundamental design problems in the questionnaire can be rectified and amended. This ensures that a clear and accurate questionnaire is developed and distributed (Zikmund & Babin, 2013: 183).
The questionnaire in this study was pre-tested with a statistician from the University of Johannesburg using retail banking consumers. A self-administered approach was used for the questionnaire. The participants in the pre-test group had a clear understanding of the questionnaire instructions, which required them to rate the extent to which they agreed or disagreed with the items listed in each of the questionnaire sections. During the pre-test, participants reported instances of ambiguity in the wording of statements: it was not clear that these statements related to the consumers purchase intention when they first selected their current retail bank. Therefore, the statements were amended to ensure that the participants had a clear understanding of the statement items.

4.2.5.5 Validity of the questionnaire

The validity of a research refers to whether the outcomes of the study are real and valid and whether the questionnaire measured exactly what the study intended to measure. The research measures need to accurately reflect the concepts being tested, as failure to achieve validity could result in false research outcomes and conclusions (van Vuuren, 2011: 103; Reynolds-De Bruin, 2013: 151; Bresler, 2013: 106). For the purpose of this study, content validity and construct validity were used to test the validity of the questionnaire, as discussed in the following section.

4.2.5.5.1 Content validity

Content validity is the measure of how each one of the research statements fairly reflects the entirety of the concept that the questionnaire seeks to measure and assess the quality of each statement (Salkind, 2010: 238-239). When the research statements are able to convince theorist and professionals that the statement items match their definition, they are said to reflect content validity (Bresler, 2013: 106; Reynolds-De Bruin, 2013: 152). Content validity for this study was determined through the adoption of scales and scale items from previous studies, and by means of researcher developed items based on the literature review, as outlined in Table 4.2 (section 4.2.5.3).
4.2.5.5.2 Construct validity

Construct validity is defined as whether or not the outcome and findings of a research construct have successfully measured what the study intended to measure (Reynolds-De Bruin, 2013: 152; Salkind, 2010: 229; Bresler, 2013: 107). For the development of the questionnaire, the researcher made use of previous studies that have a proven reliability, and defined the remaining items with great caution, to guarantee accuracy, through the aid of credible publications and peer reviewed journal articles.

4.2.5.6 Reliability of the questionnaire

The concept of reliability relates to information pertaining to the replication of observed outcomes from research instruments, thereby indicating the trustworthiness of the research instrument (Salkind, 2010: 1237). Reliability provides the framework for quantifying the consistency of a test. There are three methods to test reliability, namely: stability reliability, alternate-form reliability, and internal consistency reliability. These tests are based on correlations that replicate the concept of parallel testing (Salkind, 2010: 150). For the purpose of this research, internal consistency was utilised due to the fact that only one administration of the research instrument is required. The two approaches within internal consistency include split half and coefficient alpha (Salkind, 2010: 151; Bresler, 2013: 107; Reynolds-De Bruin, 2013: 153).

The split half approach is defined as the test scale items being split into two halves, and the research outcomes of those halves are correlated against each other. High correlations indicate a good internal consistency, whereas low correlations indicate poor internal consistency (Salkind, 2010: 151; Bresler, 2013: 107; Reynolds-De Bruin, 2013: 153). The coefficient alpha, or Cronbach alpha, is defined as the average value obtained from all the potential split half measures that result from the test scale items being split in various ways (van Vuuren, 2011: 101; Bresler, 2013: 107; Reynolds-De Bruin, 2013: 153). It is quantified on a scale of zero (0) to one (1) to measure consistency (also referred to as reliability), where 0 is indicative of no consistency, and 1 is indicative of complete consistency (Salkind, 2010: 1550). For a
measuring instrument to be considered reliable in social sciences, the Cronbach alpha value should fit into the parameters as indicated in Table 4.10 (Reynolds-De Bruin, 2013: 153-154):

Table 4.10: Cronbach Alpha values

<table>
<thead>
<tr>
<th>Cronbach Alpha Value Range</th>
<th>Description of Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8 and higher</td>
<td>High reliability</td>
</tr>
<tr>
<td>0.7 – 0.8</td>
<td>Good reliability</td>
</tr>
<tr>
<td>0.6 – 0.7</td>
<td>Fair reliability</td>
</tr>
<tr>
<td>0.6 and less</td>
<td>Questionable reliability</td>
</tr>
</tbody>
</table>

For this study, the Cronbach alpha approach will be followed for, in order to accurately measure reliability. The reliability of the questionnaire is discussed in Chapter 5 (refer to section 5.6.9, p.102). The next section includes a detailed discussion of the research frame utilised to collect the data.

4.2.6 Step 6: Develop the research frame

The research frame involves the process of selecting the research participants who will be partaking in the study (Zikmund & Babin, 2013: 317; Churchill, Brown & Suter, 2010: 331; Reynolds-De Bruin, 2013: 154; Bresler, 2013: 108). The research frame is also known as the sampling plan and defined as the plan which facilitates the selection of research participants, for data to be weighted in order to be an accurate reflection of the larger target population (Salkind, 2010: 1330; Malhotra, 2010: 373; Churchill et al., 2010: 331; Zikmund & Babin, 2013: 317). Figure 4.3 illustrates the research frame that was followed for this study.
4.2.6.1 Target population

Zikmund, Babin, Carr and Griffin (2010: 69) states that the question, “Who will be sampled?” is the first question to be answered when developing the research frame. Therefore, the target population is to be defined. Iacobucci and Churchill (2010: 283) define a target population as the total number of cases that conform to predetermined characteristics. These individuals share common characteristics, which are aligned with the research objectives of the study (Bresler, 2013: 108; Reynolds-De Bruin, 2013: 154). The target population for this study includes all South African female Generation Y consumers between the ages of 18 and 36 years, who hold a banking account with one of the five local banks (ABSA, FNB, Standard Bank, Nedbank and Capitec Bank) in the Gauteng province of South Africa.
4.2.6.2 Sampling unit

The sampling unit is defined as the target population of individuals who are eligible for selection and who are available to participate in the research sampling process (Bresler, 2013: 109). For the purpose of this study, the sampling unit is described as female Generation Y consumers between the ages of 18 and 36 years, who hold a bank account with one of the five banks outlined in Section 1.2, namely ABSA, FNB, Standard Bank, Nedbank, and Capitec Bank, as these retail banks constitute the majority market share holders in the South African financial industry, as discussed in Chapter 2 (section 2.3.1.6). Another inclusion criterion of the sampling unit is being a South African citizen, residing in the Gauteng province, at the time of the study.

4.2.6.3 Sampling frame

Zikmund et al. (2010: 391) define the sampling frame as being similar in nature to the target population, therefore allowing for a smaller sample to be drawn for the research study, according to the related list of elements characterising the target population. The sampling frame for this study was derived from the sampling unit in universities, shopping malls, banking halls within shopping malls and via electronic mail, in the Gauteng province.

4.2.6.4 Sampling method

The sampling method refers to the selection of respondents that comprise a portion of the larger target population, with the aim of gathering sufficient information that makes it possible for generalisations to be made regarding the larger target population (van Vuuren, 2011: 106). Two sampling methods exist, namely probability and non-probability sampling. Probability sampling is defined as the sampling method which ensures that every individual in the target population has an equal chance of being selected, as they are deemed representative of the entire target population (Nair, 2009a:114; Salkind 2010: 921). Non-probability sampling does not guarantee each individual within the target population a chance of being selected, but it is rather reliant on the judgement of the fieldworker in selecting respondents.
This study made use of non-probability sampling methods.

There are four types of non-probability sampling methods, including: convenience sampling, judgemental sampling, quota sampling, and snowball sampling (Salkind, 2010: 1297; Fink, 2003: 18). Convenience sampling relates to how accessible and readily available the sample group will be to participate in the study. These sample groups are easy to access and the costs involved are minimal (Salkind, 2010: 255; Fink, 2003: 18). Judgemental or purposive sampling is the selection of a sample group based on a predetermined criteria related to the research (van Vuuren, 2011: 107-108; Salkind, 2010: 923). Quota sampling refers to the selection of prospective individuals within the sample group, based on pre-determined quotas (Fink, 2003: 19; Bresler, 2013: 110; van Vuuren, 2011: 108). Snowball sampling is utilised when individuals who are difficult to find need to be identified; whereby the researcher will request that initial respondents identify other members belonging to the target population to participate in the study (Fink, 2003: 18-19; van Vuuren, 2011: 108; Salkind, 2010: 1298).

Convenience sampling was used for this research. Due to the unavailability of a sample frame, a convenience sample was best suited to the study. Further to the outlined definition above, convenience samples are readily available and display a willingness to participate without the need to be remunerated (Salkind, 2010: 197).

4.2.6.5 Geographic survey area

The geographic survey area refers to the geographic reach of the research study, in the data gathering process. For the purpose of this study, the geographic focus is the Gauteng province. Due to the nature of the province being the economic hub of South Africa, the data gathered within Gauteng can be viewed as representative of the greater South African population (Bresler, 2013: 111).
4.2.6.6 Survey duration period

The survey duration period refers to the time period allocated to distribute and gather the research data, by means of completed questionnaires. Research field workers were allocated a two-week period to collect and gather data. This data collection exercise occurred between 4 August and 17 August 2014. There were no significant changes within the retail banking industry which could alter the outcome of the research study, during the survey duration period.

4.2.6.7 Sample size

Salkind (2010: 1299-1300) defines the sample size as the number of subjects or research participants that are to be included in the study. Once the target population has been defined (as per section 4.2.6.1), the number of research participants to be included in the study must be determined so that the sample group is an accurate reflection of the entire target population (Kolb, 2008: 187-188). The sample size is a determinant of the statistical accuracy of the research findings, where larger sample sizes result in more exact research outcomes (van Vuuren, 2011: 108). For the purpose of this study, a total of 300 questionnaires were distributed however, a number of questionnaires were omitted from statistical analysis based on missing values and incomplete questionnaires. 274 questionnaires were retained for data analysis.

4.2.7 Step 7: Data collection and gathering

The concept of data collection and gathering is defined as the process of collecting and gathering data by the researcher. This process can only commence once the research frame has been finalised (Zikmund et al., 2010: 69). The data collection and gathering process for this study commenced on 4 August 2014 and concluded on 17 August 2014, accounting for a two-week duration period. Research questionnaires were distributed across shopping malls (banking courts) and university campuses across the Gauteng region. These questionnaire distribution sites were selected based on the areas that the target population were known to frequent. Data was gathered according to the convenience sampling method. Once
the data collection and gathering is complete, it is necessary to analyse the data. The next section discusses the strategies used for the data analysis.

4.2.8 Step 8: Data analysis

In order for the collected data to be useful in addressing the research problem, it must be analysed and interpreted according to the research design methodology (van Vuuren, 2011: 109; Du Plessis, 2010: 141). The process of data analysis is consists in determining recurring patterns and trends, and subsequently formulating conclusions based on the outcomes and findings of the research (Zikmund et al., 2010: 70). The next section discusses data coding, data capturing, data editing, and the statistical analysis of data.

4.2.8.1 Data coding

Iacobucci and Churchill (2010: 351) define data coding as the process in which raw primary data is transformed into symbols via statistical analysis programmes. The closed-ended questions within the questionnaire were pre-coded prior to the distribution of the questionnaire, in order to facilitate a more efficient data capturing process. The responses to the open-ended questions would need to be captured manually for consolidation (Salkind, 2010: 251).

4.2.8.2 Data capturing

Data capturing involves the entering of data from the completed questionnaires, into a statistical analysis programme like SPSS, in order to obtain research outcomes and insights (Bresler, 2013: 113; Kolb, 2008: 251; Zikmund et al., 2010: 477). The data obtained from this questionnaire was captured and edited by Statkon at the University of Johannesburg, using SPSS 20.

4.2.8.3 Data editing

Data editing is the process of remedying errors and omissions within the questionnaire responses (van Vuuren, 2011: 108-109). This is achieved by setting
rigid standards on the raw data, so as to ensure quality of the data. In order to identify errors and omissions, each questionnaire must be thoroughly inspected and scrutinised by the researcher and fieldworkers (Iacobucci & Churchill, 2010: 350). In the case of this study, questionnaires with more than five missing values were excluded, with the remaining questionnaire data left unaltered. A total of 274 questionnaires were retained for data analysis.

4.2.8.4 Statistical analysis of the data

Statistical procedures to test the research hypotheses and to achieve the primary and secondary objectives of the study consisted in descriptive statistics, namely: means, frequency distribution, standard deviations, skewness, and kurtosis; variable analysis, factor analysis, analysis of variance and association, and regression analysis.

4.2.8.4.1 Means

The mean is a parametric statistic of the arithmetic average that measures the central tendency of the distribution of a random variable (Salkind, 2010: 782; Zikmund et al., 2010: 415).

4.2.8.4.2 Frequency distribution

Frequency distribution is defined as the amount of times a score or outcome occurs within a data set, therefore it is used as a measure of how even the distribution is across the various intervals (Salkind, 2010: 503; Bresler, 2013: 114).

4.2.8.4.3 Standard deviation

The standard deviation provides the measure of the extent of variation of the data (Salkind: 2010: 1421). Plainly stated, this refers to how far away the data is from the mean.
4.2.8.4.4 Skewness and kurtosis

Skewness is defined as an indicator of symmetry in the distribution of data, where positive skewness values are indicated with values clustered to the left of the distribution graph (low values) and negative skewness values are indicated with values clustered to the right of the distribution graph (high values) (Pallant, 2010: 57). Kurtosis refers to the ‘peakedness’ of the distribution, where zero (0) indicates a perfectly normal distribution. Positive kurtosis is reflected in very peaked distribution, clustered in the centre of the distribution graph; however kurtosis values lower than 0 reflect a flat distribution. The parameter range of normal distribution for skewness and kurtosis includes absolute values of less than two (2) for skewness and absolute values less than seven (7) for kurtosis (Pallant, 2010: 57). In order for the data to be considered normally distributed, it must meet the parameters of skewness and kurtosis, as this influences whether parametric or non-parametric tests can be conducted. The data for this research study was normally distributed, making it possible for parametric tests to be conducted.

4.2.8.4.5 Factor analysis

Factor analysis is utilised when a larger amount of scale variables exist. The purpose of factor analysis is that of being a data reduction technique, where it decreases the amount of related scale items into smaller, manageable dimensions, so as to determine the underlying dimensions in the research scales (Pallant, 2010: 123; West, 2008: 163; Bresler, 2013: 115). For the purpose of this study, an exploratory factor analysis, which aided in providing information in order to determine the relationship between a set of variables, was undertaken (Pallant, 2010: 181; Field, 2005: 619). This is further discussed in Chapter 5 (section 5.6).

4.2.8.4.6 Analysis of variance (ANOVA)

Analysis of variance is the comparison of variance between the different groups of independent variables, with the variance within each of the independent variable groupings (Pallant, 2010: 249). In simpler terms, the ANOVA is the technique utilised to compare the differences between the means of two or more populations (Bresler,
In the instance of this study, for example, this would involve a comparison of purchase intent and product selection variables.

### 4.2.8.4.7 Regression analysis

Regression analysis is a form of correlation analysis, where the associations between two or more independent variables and one consistent dependent variable can be analysed (Salkind, 2010: 844). For the purpose of this study, a multiple regression analysis was conducted to determine the influences of price, product selection, innovation, social status, and peer referral on purchase intention. This is further discussed in Chapter 5 (section 5.9).

### 4.2.9 Step 9: Reporting the data findings and recommendations

The final step in the research process includes reporting the data finding and making recommendations based on those research findings. Chapter 5 reports on the research findings, detailing the results of the hypothesis testing. Chapter 6 concludes and makes recommendations to the five major retail banks in South Africa regarding how to attract and retain female Generation Y consumers.

### 4.3 CONCLUSION

Chapter 4 discussed in detail the research methodology for this study. A nine-step research process was followed, highlighting the research design, data collection method, the research frame and the data analysis process. For the purpose of this study, a self-administered questionnaire was selected as the data collection method, and a non-probability convenience sampling method was utilised within the Gauteng province. Once all the data from the questionnaires was gathered, the data was captured, edited, and analysed. The research outcomes and findings from the data analysis process are further discussed in Chapter 5.
CHAPTER 5
DATA ANALYSIS AND INTERPRETATION

5.1 INTRODUCTION

This chapter will detail the findings and interpretation of the statistical analysis for the study, as per the research methodology outlined in Chapter 4. This chapter begins with a discussion of the realisation rate, the distribution of results and the demographic profile of respondents. The research results relating to pricing, product selection, innovativeness, social status, trustworthiness, recommendation, and purchase intention are provided. Hypothesis testing was conducted in order to determine statistical and practical significance, whereby only statistically significant results were presented and discussed. The main findings within each section were obtained through a statistical analysis of the main research results.

5.2 DISCUSSION OF PRIMARY RESEARCH OBJECTIVES AND HYPOTHESES

5.2.1 Primary Objective

As stated in section 1.4.1 in Chapter 1, the primary objective of the study is to investigate the influence that the independent variables, namely price, product selection, innovation, status, and peer referral, have on the purchase intention of female Generation Y consumers in the process of selecting one of the five retail banks in South Africa, as their primary bank. Additionally, the relationship between the five independent variables was be explored. The secondary objectives and hypotheses are as follows:

5.2.2 Secondary Objectives

- To determine whether price influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To establish whether product selection influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To investigate whether innovation influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To explore whether status influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To investigate whether peer referral influences the purchase intention of female Generation Y consumers when selecting a retail bank.
- To determine which one of the five independent variables, namely price, product selection, innovation, status, and peer referral, had the greatest influence on the consumer purchase intention when selecting a retail bank.

5.2.3 Research Hypotheses

Based on the objectives of the study, the following hypotheses were formulated:

5.2.3.1 Investigating the relationship between the five independent variables in the selection of a retail bank

H₁: There is a relationship between price and the purchase intention of female Generation Y consumers when selecting a retail bank.
H₂: There is a relationship between product selection and the purchase intention of female Generation Y consumers when selecting a retail bank.
H₃: There is a relationship between innovation and the purchase intention of female Generation Y consumers when selecting a retail bank.
H₄: There is a relationship between status and the purchase intention of female Generation Y consumers when selecting a retail bank.
H₅: There is a relationship between peer referral and the purchase intention of female Generation Y consumers when selecting a retail bank.
H₆: The variables price, product selection, innovation, status and peer referral influence female Generation Y consumers purchase intention when selecting a retail bank.
As stated in section 1.4.3 in Chapter 1 and section 4.2.2.3 in Chapter 4, the formulated hypotheses were tested. The outcomes thereof are discussed in detail in the sections that follow.

5.3 REALISATION RATE AND DISTRIBUTION OF RESULTS

As per the discussion of the research methodology in Chapter 4, section 4.2.6.7, a total of 300 questionnaires were distributed to fieldworkers within the Gauteng province. From the 300 questionnaires distributed, only 274 were completed in full and deemed suitable for data analysis. The realisation rate of this study was therefore 91.33%.

The data was analysed for skewness and kurtosis in order to determine whether the data was normally distributed. All scale items measured in the questionnaire were within the parameter range for both skewness and kurtosis, with absolute values of less than two (2) for skewness and absolute values less than seven (7) for kurtosis. It can be inferred therefore that the data has a normal distribution (Pallant, 2010: 57). As a result of the normal distribution and the use of a large sample size, parametric testing was undertaken in order to complete the hypothesis testing for this study.

5.4 DEMOGRAPHIC PROFILE

The respondents' demographic profile is depicted in Table 5.1 below, in accordance with the data collected as per Section A in the research questionnaire. This information includes the respondents’ current banking relationship, age, highest level of education, ethnic group, employment status, marital status, account holding with the retail bank, the duration of their banking relationship, and their monthly banking fees. Additionally, the frequency and percentage for each of the demographic profile items are also included in Table 5.1.
Table 5.1: Frequency table of respondents’ demographic profile

<table>
<thead>
<tr>
<th>Demographic Information</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current banking relationship</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABSA</td>
<td>40</td>
<td>14.6</td>
</tr>
<tr>
<td>FNB</td>
<td>78</td>
<td>28.5</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>84</td>
<td>30.7</td>
</tr>
<tr>
<td>Nedbank</td>
<td>23</td>
<td>8.4</td>
</tr>
<tr>
<td>Capitec Bank</td>
<td>44</td>
<td>16.1</td>
</tr>
<tr>
<td>Missing Values</td>
<td>5</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Born between 1953 and 1979</td>
<td>20</td>
<td>7.4</td>
</tr>
<tr>
<td>Born between 1980 and 1989</td>
<td>93</td>
<td>33.9</td>
</tr>
<tr>
<td>Born between 1990 and 1997</td>
<td>160</td>
<td>58.2</td>
</tr>
<tr>
<td>Missing Values</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Highest level of education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some primary school</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Primary school completed</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Some high school</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td>Matric/Grade 12 completed</td>
<td>109</td>
<td>39.8</td>
</tr>
<tr>
<td>Technical college diploma</td>
<td>13</td>
<td>4.7</td>
</tr>
<tr>
<td>University of Technology diploma</td>
<td>9</td>
<td>3.3</td>
</tr>
<tr>
<td>University degree (B-degree/Honours)</td>
<td>124</td>
<td>45.3</td>
</tr>
<tr>
<td>Postgraduate degree (Masters/Doctorate)</td>
<td>17</td>
<td>6.2</td>
</tr>
<tr>
<td>Missing Values</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Ethnic group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>166</td>
<td>60.6</td>
</tr>
<tr>
<td>White</td>
<td>60</td>
<td>21.9</td>
</tr>
<tr>
<td>Coloured</td>
<td>30</td>
<td>10.9</td>
</tr>
<tr>
<td>Indian</td>
<td>18</td>
<td>6.6</td>
</tr>
<tr>
<td>Missing Values</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Employment status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-employed</td>
<td>10</td>
<td>3.6</td>
</tr>
<tr>
<td>Full-time employed by an organisation</td>
<td>89</td>
<td>32.5</td>
</tr>
<tr>
<td>Part-time employed by an organisation</td>
<td>23</td>
<td>8.4</td>
</tr>
<tr>
<td>Full-time student</td>
<td>129</td>
<td>47.1</td>
</tr>
<tr>
<td>Part-time student</td>
<td>4</td>
<td>1.5</td>
</tr>
<tr>
<td>Housewife/Househusband</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retired</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Unemployed</td>
<td>17</td>
<td>6.2</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td>Missing Values</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Table 5.1: Frequency table of respondents’ demographic profile (continued)

<table>
<thead>
<tr>
<th>Demographic Information</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic Information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Living alone)</td>
<td>136</td>
<td>49.6</td>
</tr>
<tr>
<td>Married/Living with a partner</td>
<td>55</td>
<td>20.1</td>
</tr>
<tr>
<td>Living with parents</td>
<td>81</td>
<td>29.6</td>
</tr>
<tr>
<td>Divorced/Separated</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>Missing Values</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>274</td>
<td>100.0</td>
</tr>
<tr>
<td>Bank account holding status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank account holding status (More than one could be selected)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>201</td>
<td>73.4</td>
</tr>
<tr>
<td>Cheque</td>
<td>135</td>
<td>49.3</td>
</tr>
<tr>
<td>Credit card</td>
<td>58</td>
<td>21.2</td>
</tr>
<tr>
<td>Home loan</td>
<td>29</td>
<td>10.6</td>
</tr>
<tr>
<td>Personal loan</td>
<td>12</td>
<td>4.4</td>
</tr>
<tr>
<td>Investment</td>
<td>45</td>
<td>16.4</td>
</tr>
<tr>
<td>Vehicle finance</td>
<td>23</td>
<td>8.4</td>
</tr>
<tr>
<td>Insurance</td>
<td>19</td>
<td>6.9</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>2.6</td>
</tr>
<tr>
<td>Total</td>
<td>274</td>
<td>100.0</td>
</tr>
<tr>
<td>Duration of current banking relationship (Years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 5</td>
<td>147</td>
<td>53.6</td>
</tr>
<tr>
<td>6 – 10</td>
<td>57</td>
<td>20.7</td>
</tr>
<tr>
<td>11 – 15</td>
<td>22</td>
<td>8.1</td>
</tr>
<tr>
<td>16 – 20</td>
<td>14</td>
<td>5.2</td>
</tr>
<tr>
<td>21 +</td>
<td>9</td>
<td>3.5</td>
</tr>
<tr>
<td>Missing Values</td>
<td>25</td>
<td>9.1</td>
</tr>
<tr>
<td>Total</td>
<td>274</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Based on the information contained in Table 5.1, it can be concluded that the majority of respondents (59.2%) have a current banking relationship with FNB (28.5%) and Standard Bank (30.7%), respectively. The majority of respondents (58.2%) were born between the years 1990 and 1997, and are between the ages of 18 and 25. The highest education level completed by the majority of the respondents (85.1%) is a university degree (45.3%), followed by Grade 12 (39.8%). The majority of respondents (60.6%) are black in ethnicity. The employment status of the majority of respondents (79.6%) is that of being a full-time student (47.1%) and being full-time employed (32.5%). Most respondents (49.6%) note their marital status as being single.

Regarding their retail banking behaviour, the vast majority of respondents hold savings accounts (73.4%), and cheque accounts (49.3%) with their retail bank. The majority of respondents (53.6%) have been with their retail banks for between one and five years. The majority of respondents (15%) spend an average of R100 per month on their retail banking fees.
5.5 DESCRIPTIVE RESULTS FOR THE FACTORS INFLUENCING THE SELECTION OF A RETAIL BANK

The following section will discuss the various constructs developed for this study, namely section C – H in the questionnaire, in order to obtain greater clarity of the outlined research objectives. Therefore the research findings related to the secondary research objectives, as stated in section 4.2.2.2 in Chapter 4 are provided and discussed.

5.5.1 Behavioural purchase intentions

Section C of the research questionnaire measured the respondents’ purchase intention during the process of selecting a retail bank to hold their primary banking relationship with. Respondents were presented with seven (7) statements, based on purchase intention dimensions in the literature review, as per section 4.2.5.3 in Chapter 4. Respondents were requested to indicate their level of agreement with the statement on a five-point unlabelled Likert scale, where one (1) indicated ‘strongly disagree’ and five (5) indicated ‘strongly agree’.

Table 5.2 indicates these questionnaire statements, as well as the mean and standard deviation for each of the statement items.

Table 5.2: Respondents’ purchase intention when selecting a retail bank

<table>
<thead>
<tr>
<th>Purchase intention items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel good about doing business with this bank.</td>
<td>3.91</td>
<td>1.003</td>
</tr>
<tr>
<td>I have a strong preference for this bank.</td>
<td>3.91</td>
<td>1.020</td>
</tr>
<tr>
<td>I would consider this bank as my primary bank.</td>
<td>4.09</td>
<td>1.054</td>
</tr>
<tr>
<td>I would be willing to receive messages from this bank, after providing my consent.</td>
<td>3.80</td>
<td>1.213</td>
</tr>
<tr>
<td>I am willing to do future business with this bank.</td>
<td>4.02</td>
<td>1.053</td>
</tr>
<tr>
<td>This bank was my first choice when selecting the banking products and services I need.</td>
<td>3.81</td>
<td>1.266</td>
</tr>
<tr>
<td>I will make use of any other products and services I need from this bank.</td>
<td>3.85</td>
<td>1.066</td>
</tr>
<tr>
<td>Overall purchase intention</td>
<td>3.91</td>
<td>1.096</td>
</tr>
</tbody>
</table>
The mean scores for the purchase intent construct varied between 3.80 and 4.09 (1=strongly disagree and 5=strongly agree). The research findings in determining the respondents' purchase intention and level of purchase intent when selecting their primary retail bank are depicted in Table 5.2, where the overall mean is 3.91, indicating that the majority of respondents agreed with the statements measuring purchase intentions. The statements that respondents most agreed with include: “I would consider this my primary bank” (mean = 4.09 and standard deviation = 1.054), and “I am willing to do future business with this bank” (mean = 4.02 and standard deviation = 1.053). The statement that respondents least agreed with is: “I would be willing to receive messages from this bank, after providing my consent” (mean = 3.80 and standard deviation = 1.213), highlighting a reluctance to receive communication from the retail bank.

- **Main finding 1**: The majority of respondents agreed with the statements measuring purchase intention when selecting their retail bank of choice (mean = 3.91).
- **Main finding 2**: Respondents indicated their highest level of agreement in response to the statement: “I would consider this my primary bank” (mean = 4.09 and standard deviation = 1.054).
- **Main finding 3**: Respondents indicated their lowest level of agreement in response to the statement: “I would be willing to receive messages from this bank, after providing my consent” (mean = 3.80 and standard deviation = 1.213).

### 5.5.2 Pricing considerations

Section D of the research questionnaire measured the respondents’ attitude toward the pricing structure of retail banks, as well as the pricing considerations taken into account during the process of selecting a retail bank. Respondents were presented with six (6) statements, based on pricing dimensions as described in the literature review, as per section 4.2.5.3 in Chapter 4. Respondents were requested to indicate their level of agreement with the statement on a five-point unlabelled Likert scale, where one (1) indicated 'strongly disagree' and five (5) indicated ' strongly agree'.

Table 5.3 outlines these questionnaire statements, as well as the mean and standard deviation for each one of the statement items.

Table 5.3: Respondents’ pricing considerations when selecting a retail bank

<table>
<thead>
<tr>
<th>Pricing items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I compared the product prices across banks to get the lowest price, before selecting this bank.</td>
<td>2.59</td>
<td>1.412</td>
</tr>
<tr>
<td>I considered the banking fees of this bank when making a decision as to which bank to do business with.</td>
<td>2.96</td>
<td>1.450</td>
</tr>
<tr>
<td>Price was an important factor in my decision before selecting this bank.</td>
<td>2.85</td>
<td>1.487</td>
</tr>
<tr>
<td>The banking fees asked by this bank are justified for the products and services I receive.</td>
<td>3.43</td>
<td>1.197</td>
</tr>
<tr>
<td>This bank offered the most competitive interest rates.</td>
<td>3.21</td>
<td>1.169</td>
</tr>
<tr>
<td>I selected this bank because the bank fees were more affordable than my previous bank.</td>
<td>2.94</td>
<td>1.542</td>
</tr>
<tr>
<td>Overall pricing considerations when selecting a retail bank.</td>
<td>2.57</td>
<td>1.180</td>
</tr>
</tbody>
</table>

The mean scores for the pricing construct varied between 2.59 and 3.43 (1=strongly disagree and 5=strongly agree). Table 5.3 indicates an overall mean of 2.57 for the respondents’ consideration of price when selecting their retail bank, thereby highlighting that the respondents tend to disagree that price has an influence on their selection of a retail bank. The statements most agreed with include: “The banking fees asked for by this bank are justified for the products and services I receive” (mean = 3.43 and standard deviation = 1.197), and “The bank offered the most competitive interest rates” (mean = 3.21 and standard deviation = 1.169). The statement least agreed to is: “I compared the product prices across the banks to get the lowest price, before selecting this bank” (mean = 2.59 and standard deviation = 1.412).

- **Main finding 4:** The majority of respondents tended to disagree with the statements measuring pricing considerations when selecting a retail bank (mean = 2.57).
- **Main finding 5:** Respondents indicated their highest level of agreement in response to the statement: “The banking fees asked for by this bank are justified for the products and services I receive” (mean = 3.43 and standard deviation = 1.197).
• **Main finding 6:** Respondents indicated their lowest level of agreement in response to the statement: “I compared the product prices across the banks to get the lowest price, before selecting this bank” (mean = 2.59 and standard deviation = 1.412).

### 5.5.3 Banking product selection considerations

Section E of the research questionnaire measured the respondents’ consideration of the banking products and services offered by retail banks, during the process of selecting a retail bank. Respondents were presented with eight (8) statements, based on product selection dimensions as discussed in the literature review, as per section 4.2.5.3 in Chapter 4. Respondents were requested to indicate their level of agreement with the statement on a five-point unlabelled Likert scale, where one (1) indicated ‘strongly disagree’ and five (5) indicated ‘strongly agree’.

Table 5.4 outlines these questionnaire statements, as well as the mean and standard deviation for each one of the statement items.

**Table 5.4: Respondents’ product selection considerations when selecting a retail bank**

<table>
<thead>
<tr>
<th>Product selection items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The variety of products and services offered made me select this bank.</td>
<td>3.28</td>
<td>1.272</td>
</tr>
<tr>
<td>The products and services offered by this bank met my needs.</td>
<td>3.80</td>
<td>1.002</td>
</tr>
<tr>
<td>This bank provides me with value-added services and products.</td>
<td>3.63</td>
<td>1.059</td>
</tr>
<tr>
<td>I selected this bank because it offered me personalized products and services.</td>
<td>3.29</td>
<td>1.169</td>
</tr>
<tr>
<td>I have confidence in the products and services offered by this bank.</td>
<td>3.79</td>
<td>1.044</td>
</tr>
<tr>
<td>I selected this bank because of the rewards programme it offered.</td>
<td>3.05</td>
<td>1.355</td>
</tr>
<tr>
<td>I selected this because it uses the latest technology (ATM’s, mobile banking, Internet banking) to offer quality service.</td>
<td>3.60</td>
<td>1.281</td>
</tr>
<tr>
<td>I selected the products and services of this bank due to a negative experience at my previous bank.</td>
<td>2.41</td>
<td>1.470</td>
</tr>
<tr>
<td><strong>Overall banking product selection considerations when selecting a retail bank.</strong></td>
<td>3.37</td>
<td>1.207</td>
</tr>
</tbody>
</table>

The mean scores for the product selection construct varied between 2.41 and 3.79 (1=strongly disagree and 5=strongly agree). The overall mean score of 3.37 reflects
respondents’ agreement with statements made on product selection. The statements that most respondents agreed with include: “The products and services offered by this bank met my needs” (mean = 3.80 and standard deviation = 1.002), and “I have confidence in the products and services offered by this bank” (mean = 3.79 and standard deviation = 1.044). The statements that respondents least agreed with include: “I selected the products and services of this bank due to a negative experience at my previous bank” (mean = 2.41 and standard deviation = 1.470), and “I selected this bank because of the rewards programme it offered” (mean = 3.05 and standard deviation = 1.355).

- **Main finding 7:** Majority of the respondents agree with the statements measuring product selection considerations when selecting a retail bank (mean = 3.37).
- **Main finding 8:** Respondents indicated their highest level of agreement in response to the statement: “The products and services offered by this bank met my needs” (mean = 3.80 and standard deviation = 1.002).
- **Main finding 9:** Respondents indicated their lowest level of agreement in response to the statement: “I selected the products and services of this bank due to a negative experience at my previous bank” (mean = 2.41 and standard deviation = 1.470).
- **Main finding 10:** The majority of respondents did not select their retail banks based on the offering of a rewards programme or loyalty system (mean = 3.05).

### 5.5.4 Banking innovativeness

Section F of the research questionnaire measured whether the level of banking innovativeness at a retail bank influenced the respondents’ consideration of that bank during the process of retail bank selection. Respondents were presented with five (5) statements, based on the innovativeness dimensions in the literature review, as per section 4.2.5.3 in Chapter 4. Respondents were requested to indicate their level of agreement with the statement on a five-point unlabelled Likert scale, where one (1) indicated ‘strongly disagree’ and five (5) indicated ‘strongly agree’.
Table 5.5 outlines these questionnaire statements, as well as the mean and standard deviation for each one of the statement items.

**Table 5.5: Respondents’ banking innovativeness considerations when selecting a retail bank**

<table>
<thead>
<tr>
<th>Banking innovativeness items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>This bank’s website and social media presence was a consideration for me when selecting this bank.</td>
<td>2.77</td>
<td>1.343</td>
</tr>
<tr>
<td>This bank has easily accessible ATM’s and branches.</td>
<td>4.09</td>
<td>1.100</td>
</tr>
<tr>
<td>My selection of this bank was dependent on the availability of a mobile banking app.</td>
<td>2.91</td>
<td>1.405</td>
</tr>
<tr>
<td>My selection of this bank was dependent on the availability of technological devices (e.g. cellphone, tablet) sold as part of this banks package.</td>
<td>2.54</td>
<td>1.390</td>
</tr>
<tr>
<td>I selected this bank because my previous bank did not have banking technology available (mobile banking app, technological devices and social media presence).</td>
<td>1.91</td>
<td>1.237</td>
</tr>
<tr>
<td>Overall banking innovativeness consideration when selecting a retail bank.</td>
<td>2.84</td>
<td>1.295</td>
</tr>
</tbody>
</table>

The mean scores for the innovativeness construct varied between 1.91 and 4.09 (1=strongly disagree and 5=strongly agree). The overall mean score of 2.84, as per Table 5.5, reflects that respondents neither agreed nor disagreed with the statements relating to whether banking innovativeness is considered when selecting a bank. The statement with which the majority of respondents agreed with is: “This bank has easily accessible ATM’s and branches” (mean = 4.09 and standard deviation = 1.100). The statement that the majority of respondents disagreed with is: “I selected this bank because my previous bank did not have banking technology available (mobile banking app, technological devices and social media presence)” (mean = 1.91 and standard deviation = 1.237).

- **Main finding 11:** The majority of respondents neither agree nor disagree with the statements measuring banking innovativeness considerations when selecting a retail bank (mean = 2.84).
- **Main finding 12:** Respondents indicated their highest level of agreement in response to the statement: “This bank has easily accessible ATM’s and branches” (mean = 4.09 and standard deviation = 1.100).
Main finding 13: Respondents indicated their lowest level of agreement in response to the statement: “I selected this bank because my previous bank did not have banking technology available (mobile banking app, technological devices and social media presence)” (mean = 1.91 and standard deviation = 1.237).

5.5.5 Social status considerations

Section G of the research questionnaire measured whether the respondents associated social status with the retail banking brand, and whether this influenced their consideration during the process of selecting a retail bank. Respondents were presented with five (5) statements, based on the dimensions of social status in the literature review, as per section 4.2.5.3 in Chapter 4. They were requested to indicate their level of agreement with the statement on a five-point Likert scale, where one (1) indicated ‘strongly disagree’ and five (5) indicated ‘strongly agree’.

Table 5.6 outlines these questionnaire statements, as well as the mean and standard deviation for each one of the statement items.

Table 5.6: Respondents’ social status considerations when selecting a retail bank

<table>
<thead>
<tr>
<th>Social status items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I was willing to pay more for the products and services offered by this bank because of its brand name.</td>
<td>2.20</td>
<td>1.226</td>
</tr>
<tr>
<td>My selection of this bank was dependent on the prestigious brand image associated with this bank.</td>
<td>2.80</td>
<td>1.254</td>
</tr>
<tr>
<td>I selected this bank because of the celebrities that endorse it.</td>
<td>1.54</td>
<td>0.937</td>
</tr>
<tr>
<td>I selected this bank because I was offered a preferential banking package.</td>
<td>2.44</td>
<td>1.411</td>
</tr>
<tr>
<td>I selected this bank because my previous bank did not offer me preferential treatment.</td>
<td>1.94</td>
<td>1.288</td>
</tr>
<tr>
<td>Overall social media considerations when selecting a retail bank.</td>
<td>2.18</td>
<td>1.223</td>
</tr>
</tbody>
</table>

The mean scores for the social status construct varied between 1.54 and 2.80 (1=strongly disagree and 5=strongly agree). Table 5.6 indicates an overall mean score of 2.18, reflecting a disagreement from the majority of respondents that the social status associated with a retail bank is not an important consideration. The
majority of respondents agreed with the statement: “My selection of this bank was dependent on the prestigious brand image associated with this bank” (mean = 2.80 and standard deviation = 1.254). The statement least agreed with is: “I selected this bank because of the celebrities that endorse it” (mean = 1.54 and standard deviation = 0.937).

- **Main finding 14:** The majority of respondents disagreed with the statements measuring social status considerations when selecting a bank (mean = 2.18).
- **Main finding 15:** Respondents indicate their highest level of agreement in response to the statement: “My selection of this bank was dependent on the prestigious brand image associated with this bank” (mean = 2.80 and standard deviation = 1.254).
- **Main finding 16:** Respondents indicate their lowest level of agreement in response to the statement: “I selected this bank because of the celebrities that endorse it” (mean = 1.54 and standard deviation = 0.937).

5.5.6 Peer referral considerations

Section H of the research questionnaire measured the respondents’ behaviour toward peer referral during the process of selecting a retail bank. Respondents were presented with six (6) statements, based on peer referral dimensions as discussed in the literature review, as per section 4.2.5.3 in Chapter 4. Respondents were requested to indicate their level of agreement with the statement on a five-point Likert scale, where one (1) indicated ‘strongly disagree’ and five (5) indicated ‘strongly agree’.

Table 5.7 outlines these questionnaire statements, as well as the mean and standard deviation for each one of the statement items.
Table 5.7 Respondents’ peer referral considerations when selecting a retail bank

<table>
<thead>
<tr>
<th>Peer referral items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I selected this bank because a member of my family is a customer with this bank.</td>
<td>3.54</td>
<td>1.554</td>
</tr>
<tr>
<td>I selected this bank because it was recommended to me by a member of my family.</td>
<td>3.62</td>
<td>1.535</td>
</tr>
<tr>
<td>I selected this bank because it was recommended to me by a trusted friend.</td>
<td>2.71</td>
<td>1.536</td>
</tr>
<tr>
<td>I selected this bank because a trustworthy friend received good service from this bank.</td>
<td>2.75</td>
<td>1.512</td>
</tr>
<tr>
<td>I selected this bank because most people I know make use of the products and services of this bank.</td>
<td>3.01</td>
<td>1.452</td>
</tr>
<tr>
<td>I selected this bank because none of my family or friends recommended the products and services of my previous bank.</td>
<td>2.17</td>
<td>1.400</td>
</tr>
<tr>
<td><strong>Overall peer referral considerations when selecting a retail bank.</strong></td>
<td>2.97</td>
<td>1.498</td>
</tr>
</tbody>
</table>

The mean scores for the peer referral construct varied between 3.62 and 3.62 (1=strongly disagree and 5=strongly agree). Table 5.7 indicates an overall mean score of 2.97, reflecting that respondents neither agreed nor disagreed with the statements relating to whether peer referral is considered in the selection of a retail bank. Drawing from valuable insights obtained from these findings, the researcher intends to make a contribution to the body of knowledge on the topic though this study by splitting the construct of peer referral into two separate constructs, namely trustworthiness and recommendation.

- **Main finding 17**: The majority of respondents neither agreed nor disagreed with the statements measuring peer referral when selecting a retail bank (mean = 2.97).
- **Main finding 18**: The construct was split into trustworthiness and recommendation, in order to obtain insight into these findings.

### 5.6 FACTOR ANALYSIS

As discussed in section 4.2.8.4.5 in Chapter 4, factor analysis was conducted on the data gathered from the research questionnaire in order to reduce the data into smaller, related scale items, in such a manner that the underlying dimensions of the scales could be determined and understood (Pallant, 2010: 123, 181).
For this study, an exploratory factor analysis was conducted on each one of the factors to determine the interrelationship between a set of variables (Pallant, 2010: 181). An exploratory factor analysis aids the researcher in understanding how the factors of each scale are determined, as well as which factors need to be extracted from each scale (Reynolds-De Bruin, 2013: 186).

Prior to the factor analysis, the data is assessed for suitability and factorability. This is achieved by means of Bartlett’s test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. For the factor analysis to be deemed appropriate, Bartlett’s test of sphericity must be significant; where \( p < 0.05 \), and the ranges within the KMO measure should be between 0 and 1; and where 0.6 is the minimum value of a good factor analysis (Pallant, 2010: 183; Bresler, 2013: 132). Table 5.8 provides the results of the KMO and Bartlett’s test of sphericity.

Table 5.8: KMO and Bartlett’s test of sphericity results

<table>
<thead>
<tr>
<th>Dimension</th>
<th>KMO</th>
<th>Bartlett’s Test of sphericity</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase intention (7 items)</td>
<td>0.899</td>
<td>.000</td>
<td>63.39</td>
</tr>
<tr>
<td>Pricing (6 items)</td>
<td>0.883</td>
<td>.000</td>
<td>67.58</td>
</tr>
<tr>
<td>Product selection (5 items)</td>
<td>0.872</td>
<td>.000</td>
<td>52.35</td>
</tr>
<tr>
<td>Banking innovativeness (5 items)</td>
<td>0.749</td>
<td>.000</td>
<td>49.95</td>
</tr>
<tr>
<td>Social status (3 items)</td>
<td>0.699</td>
<td>.000</td>
<td>49.61</td>
</tr>
<tr>
<td>Peer referral (6 items)</td>
<td>0.653</td>
<td>.000</td>
<td>68.97</td>
</tr>
</tbody>
</table>

Based on the results displayed in Table 5.8, the KMO scores varied between 0.653 and 0.899, which indicates a good fit for factor analysis. The data dimensions also met the requirements of the Bartlett’s test for sphericity. The factor analysis of these data dimensions was therefore possible.

5.6.1 Exploratory Factor Analysis

Post the assessment of suitability and factorability of the data, an exploratory factor analysis (EFA) could be conducted. The Eigenvalue Rule was used to determine the factors which were to be retained within each construct as this value explains the amount of the total variance for a factor, thus only factors with an Eigenvalue greater than 1.0 were considered (Pallant, 2005: 175). Table 5.9 describes the results thereof.
Table 5.9: Summary of the unrestricted Eigenvalues, commonality values, factor or pattern matrix, and cumulative percentage statistics

<table>
<thead>
<tr>
<th>Constructs and Items</th>
<th>Commonality</th>
<th>Eigenvalue</th>
<th>Factor or Pattern Matrix***</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>F1: 4.438</td>
<td></td>
</tr>
<tr>
<td>Section C: Purchase intention</td>
<td></td>
<td>0.675</td>
<td>0.832</td>
<td>57.72%</td>
</tr>
<tr>
<td>C1</td>
<td>0.675</td>
<td>0.832</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C2</td>
<td>0.702</td>
<td>0.849</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C3</td>
<td>0.577</td>
<td>0.789</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C4</td>
<td>0.409</td>
<td>0.630</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C5</td>
<td>0.692</td>
<td>0.866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C6</td>
<td>0.297</td>
<td>0.531</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C7</td>
<td>0.585</td>
<td>0.759</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section D: Pricing considerations</td>
<td></td>
<td>0.648</td>
<td>0.839</td>
<td>61.18%</td>
</tr>
<tr>
<td>D1</td>
<td>0.648</td>
<td>0.839</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D2</td>
<td>0.727</td>
<td>0.893</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D3</td>
<td>0.700</td>
<td>0.877</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D4</td>
<td>0.489</td>
<td>0.647</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D5</td>
<td>0.451</td>
<td>0.601</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D6</td>
<td>0.577</td>
<td>0.787</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section E: Product selection considerations</td>
<td></td>
<td>0.491</td>
<td>0.302</td>
<td>46.21%</td>
</tr>
<tr>
<td>E1</td>
<td>0.491</td>
<td>0.302</td>
<td>0.500</td>
<td>54.59%</td>
</tr>
<tr>
<td>E2</td>
<td>0.626</td>
<td>0.993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E3</td>
<td>0.589</td>
<td>0.782</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E4</td>
<td>0.484</td>
<td>0.239</td>
<td>0.543</td>
<td></td>
</tr>
<tr>
<td>E5</td>
<td>0.543</td>
<td>0.726</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E6</td>
<td>0.440</td>
<td>0.729</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E7</td>
<td>0.342</td>
<td>0.589</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E8</td>
<td>0.241</td>
<td>0.651</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section F: Innovativeness considerations</td>
<td></td>
<td>0.282</td>
<td>0.570</td>
<td>40.50%</td>
</tr>
<tr>
<td>F1</td>
<td>0.282</td>
<td>0.570</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F2</td>
<td>0.049</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F3</td>
<td>0.445</td>
<td>0.735</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F4</td>
<td>0.530</td>
<td>0.866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F5</td>
<td>0.334</td>
<td>0.616</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 5.9: Summary of the unrestricted Eigenvalues, commonality values, factor or pattern matrix, and cumulative percentage statistics (continued)

<table>
<thead>
<tr>
<th>Constructs and Items</th>
<th>Commonality</th>
<th>Eigenvalue</th>
<th>Factor or Pattern Matrix***</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>F1</td>
<td>F2</td>
<td>F1</td>
</tr>
<tr>
<td><strong>Section G: Social status considerations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G1</td>
<td>0.364</td>
<td>0.705</td>
<td>0.705</td>
<td>0.705</td>
</tr>
<tr>
<td>G2</td>
<td>0.346</td>
<td>0.534</td>
<td>0.534</td>
<td>0.534</td>
</tr>
<tr>
<td>G3</td>
<td>0.368</td>
<td>0.236</td>
<td>0.236</td>
<td>0.236</td>
</tr>
<tr>
<td>G4</td>
<td>0.344</td>
<td>0.628</td>
<td>0.628</td>
<td>0.628</td>
</tr>
<tr>
<td>G5</td>
<td>0.406</td>
<td>0.912</td>
<td>0.912</td>
<td>0.912</td>
</tr>
<tr>
<td><strong>Section H: Peer referral considerations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1</td>
<td>0.600</td>
<td>0.901</td>
<td>0.901</td>
<td>0.901</td>
</tr>
<tr>
<td>H2</td>
<td>0.611</td>
<td>0.876</td>
<td>0.876</td>
<td>0.876</td>
</tr>
<tr>
<td>H3</td>
<td>0.712</td>
<td>0.869</td>
<td>0.869</td>
<td>0.869</td>
</tr>
<tr>
<td>H4</td>
<td>0.711</td>
<td>0.961</td>
<td>0.961</td>
<td>0.961</td>
</tr>
<tr>
<td>H5</td>
<td>0.368</td>
<td>0.297</td>
<td>0.297</td>
<td>0.297</td>
</tr>
<tr>
<td>H6</td>
<td>0.109</td>
<td>0.227</td>
<td>0.227</td>
<td>0.227</td>
</tr>
</tbody>
</table>

*** For the occurrence of one factor, Factor Matrix statistics were used, and for the occurrence of two or more factors, Pattern Matrix statistics were used.

Regarding the construct of purchase intention, the commonality values ranged between 0.297 and 0.702. The weakest indicator of the purchase intention construct was question C6 (0.297) and the strongest indicator was question C2 (0.702). There was only one Eigenvalue, with an absolute value higher than 1.0, which was identified (4.438), and this value accounted for a variance of 57.72%. Therefore, this scale was deemed one-dimensional, where no additional factor rotation scores were necessary. One factor was retained and labelled as purchase intention. The reliability of this construct could now be tested using the Cronbach Alpha coefficient, enabling the calculation of a single factor score, which was to be used in the regression analysis of this study.

- **Main finding 19:** The purchase intention subscale was considered valid.

Regarding the construct of pricing considerations, the commonality values ranged between 0.451 and 0.727. The weakest indicator of the pricing considerations...
construct was question D5 (0.451) and the strongest indicator was question D2 (0.727). Only one Eigenvalue, with an absolute value higher than 1.0, was identified (4.055), and this value accounted for a variance of 61.18%. This scale was deemed one-dimensional, and no further factor rotation scores were necessary. One factor was retained and labelled as pricing considerations. It was possible therefore to test the reliability of this construct using the Cronbach Alpha coefficient, and thus enabling the calculation of a single factor score that was to be used in the regression analysis of this study.

- **Main finding 20:** The pricing considerations subscale was considered valid.

For the construct of product selection considerations, the commonality values ranged between 0.241 and 0.626. The weakest indicator of the product selection considerations construct was question E8 (0.241) and the strongest indicator was question E2 (0.626). Two Eigenvalues, with an absolute value higher than 1.0, were identified. Factor 1 (4.188) accounted for a variance of 46.21%, and Factor 2 (1.063) accounted for a variance of 54.59%. The results of the Eigenvalues Table (refer to Table 5.9) and the Screeplot indicate that multiple factors exist. This scale was therefore deemed multidimensional.

The Eigenvalue for Factor 2 is noted as being only marginally higher than that of 1.00. However, five items loaded saliently onto this factor, as per the results of the pattern matrix. Thus, the decision was made to delete items E2, E3 and E5, as they were deemed peripheral to the subscale. The remaining items were then forced onto one single factor. No deterioration of the commonality and factor loading values was evident. The scale was therefore deemed one dimensional. One factor was retained and labelled as product selection considerations. The reliability of this construct could now be tested using the Cronbach Alpha coefficient, enabling the calculation of a single factor score, which was to be used in the regression analysis of this study.

- **Main finding 21:** After refinement, the product selection considerations subscale was considered valid.
For the construct of innovativeness considerations, the commonality values ranged between 0.049 and 0.530. The weakest indicator of the innovativeness considerations construct was question F2 (0.049) and the strongest indicator was question F4 (0.530). Only one Eigenvalue, with an absolute value higher than 1.0, was identified (2.498), and this accounted for a variance of 40.50%. This scale was deemed one-dimensional, with no additional factor rotation scores being necessary. One factor was retained and labelled as innovativeness considerations. The reliability of this construct could now be tested using the Cronbach Alpha coefficient, enabling the calculation of a single factor score, which was to be used in the regression analysis of this study.

- **Main finding 22**: The innovativeness considerations subscale was considered valid.

For the construct of social status considerations, the commonality values ranged between 0.344 and 0.406. The weakest indicator of the social status considerations construct was question G4 (0.344) and the strongest indicator was question G5 (0.406). There were two Eigenvalues, with an absolute value higher than 1.0, which were identified. Factor 1 (2.481) accounted for a variance of 40.26%, and Factor 2 (1.124) accounted for a variance of 55.18%. The results displayed in the Eigenvalues Table (refer to Table 5.9) and the Screeplot indicate that multiple factors exist. This scale was therefore deemed multidimensional. Due to the instance of split loadings for items G1 and G2, the researcher decided to delete these items from the subscale. The remaining items were combined into a single factor, and the scale was deemed one-dimensional. One factor was retained and labelled as social status considerations. The reliability of this construct could now be tested using the Cronbach Alpha coefficient, enabling the calculation of a single factor score, which was to be used in the regression analysis of this study.

- **Main finding 23**: After refinement, the social status considerations subscale was considered valid.
Regarding the construct of peer referral considerations, the commonality values ranged between 0.109 and 0.712. The weakest indicator of the peer referral considerations construct was question H6 (0.109) and the strongest indicator was question H3 (0.712). Two Eigenvalues, with an absolute value higher than 1.0, were identified. Factor 1 (2.855) accounted for a variance of 40.45%, and Factor 2 (1.283) accounted for a variance of 60.21%. These results, as per the Eigenvalues Table (refer to Table 5.9) and the Screeplot, are indicative of the existence of multiple factors. This scale was therefore deemed multidimensional. Further to this point, the results of the pattern matrix highlighted that items H1, H2, and H5 were clustered onto one factor, and items H3, H4, and H6 were clustered onto the other factor. The first factor was labelled as recommendation considerations and the other factor labelled as trustworthiness consideration.

- **Main finding 24**: The peer referral considerations subscale developed as a two-factor solution, and was split into two separate factors, labelled as recommendation considerations and trustworthiness considerations. The hypothesis was therefore split into two, namely H₅ₐ (There is a relationship between recommendation and the purchase intention of female Generation Y consumers when selecting a retail bank) and H₅₈ (There is a relationship between trustworthiness and the purchase intention of female Generation Y consumers when selecting a retail bank).

### 5.6.2 Reliability

Although the construct items in the questionnaire were adapted from previous studies as covered in the literature, it remains important to determine the reliability of the measurement scale items of the study, after the exploratory factor analysis was conducted. As per section 4.2.5.6 in Chapter 4, the researcher discussed the use of the Cronbach Alpha to test the reliability of the research questionnaire. The Cronbach alpha values are described in Table 4.10 in Chapter 4, where values higher than 0.8 are regarded as having high reliability, values ranging between 0.7 and 0.8 are regarded as having good reliability, values ranging between 0.6 and 0.7 are regarded as having fair reliability, and values below 0.6 are regarded as having questionable reliability (Pallant, 2013: 309, 313; Reynolds-De Bruin, 2013: 153-154).
The results of the Cronbach alpha test are presented in Table 5.10, according to the revised scale discussed in section 5.5.

### Table 5.10: Cronbach Alpha coefficients

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase intention</td>
<td>0.896</td>
</tr>
<tr>
<td>Pricing</td>
<td>0.903</td>
</tr>
<tr>
<td>Product selection</td>
<td>0.783</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>0.733</td>
</tr>
<tr>
<td>Social status</td>
<td>0.738</td>
</tr>
<tr>
<td>Recommendation</td>
<td>0.792</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>0.677</td>
</tr>
</tbody>
</table>

The Cronbach Alpha test results displayed in Table 5.10 range between 0.677 and 0.903. It could be stated therefore that all the construct scale items tested fell within the parameters of reliability, and were thus deemed reliable (Reynolds-De Bruin, 2013: 153-154).

- **Main finding 25:** All of the constructs included in the research questionnaire were found to be reliable.

### 5.7 HYPOTHESIS TESTING

The following section provides the results pertaining to each hypothesis statement of this study, as discussed in Chapter 1 (section 1.4.3) and Chapter 4 (section 4.2.2.3). The hypotheses aimed to provide the results for the secondary objectives 1–6, set out in section 4.2.2.2 in Chapter 4. For this statistical analysis to be completed, a multiple regression was conducted, as per section 4.2.8.4.7 in Chapter 4.

Based on the results of the EFA, the research hypotheses were refined as:

- **H$_1$:** There is a relationship between price and the purchase intention of female Generation Y consumers when selecting a retail bank.
- **H$_2$:** There is a relationship between product selection and the purchase intention of female Generation Y consumers when selecting a retail bank.
- **H$_3$:** There is a relationship between innovation and the purchase intention of female Generation Y consumers when selecting a retail bank.
H4: There is a relationship between status and the purchase intention of female Generation Y consumers when selecting a retail bank.

H5a: There is a relationship between recommendation and the purchase intention of female Generation Y consumers when selecting a retail bank.

H5b: There is a relationship between trustworthiness and the purchase intention of female Generation Y consumers when selecting a retail bank.

In order to determine which factors a female Generation Y consumer considers when selecting a retail bank as their primary bank, a Pearson product-moment correlation coefficient was utilised to test the hypothesis statements H1, H2, H3, H4, H5a and H5b, and to determine whether the outlined hypotheses were to be accepted or rejected. The Pearson product-moment correlation coefficient determines the strength of a linear association between two variables, ranging between 1 and -1, where 0 (zero) indicates no association between variables. Positive values are indicative of a positive correlation, as the values of both variables increase. Negative values indicate a negative correlation, where there is an increase in the value of one variable and a decrease in the value of the other variable (Pallant, 2005: 114-115; Laerd Statistics, 2015).

This section discusses the statistical results and outcomes obtained for each above mentioned hypothesis statements, and states whether the results were statistically and practically significant. The research study measured the existence of positive influences and correlations between price, product selection, innovation, social status, recommendation, trustworthiness, and purchase intention, including the strength of the influence. The Pearson product-moment correlations are tabulated in Table 5.11 below.
Table 5.11: Pearson product-moment correlations for price, product selection, innovation, social status, recommendation, trustworthiness, and purchase intention

<table>
<thead>
<tr>
<th>Variable 1</th>
<th>Variable 2</th>
<th>Pearson Correlation (r)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase intention</td>
<td>Price</td>
<td>0.332</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Product selection</td>
<td>0.451</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Innovation</td>
<td>0.306</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Social status</td>
<td>0.131</td>
<td>0.016</td>
</tr>
<tr>
<td></td>
<td>Recommendation</td>
<td>0.123</td>
<td>0.022</td>
</tr>
<tr>
<td></td>
<td>Trustworthiness</td>
<td>0.202</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on the results displayed in Table 5.11, the significance of the correlation was determined by the p-value, where values smaller than 0.05 were considered significant. In order to determine the strength of the correlations, the following guidelines were adhered to, with reference to the Pearson Correlation (r) values:

- A small correlation is indicated with r-values ranging 0.10 to 0.29;
- A moderate correlation is indicated with r-values ranging 0.30 to 0.49;
- A large or strong correlation is indicated with r-values ranging 0.50 to 1.00 (Pallant, 205: 126).

5.7.1 $H_1$: There is a relationship between price and the consumer’s purchase intention when selecting a retail bank.

The findings of the Pearson product-moment correlation coefficient indicate a positive relationship, of moderate strength, between the two variables ($r = 0.332$, $p = 0.000$), where increases in the consumer’s pricing considerations correlated with increases in the consumer’s purchase intention when selecting a retail bank. The p-value of 0.000 indicates the statistical significance of the correlation.

- **Main finding 26**: There is a moderate, positive relationship between price and purchase intention when selecting a retail bank ($r = 0.332$, $p = 0.000$). Thus the hypothesis $H_1$ could be accepted.
5.7.2  \textbf{H}_2: There is a relationship between product selection and the consumer's purchase intention when selecting a retail bank.

The findings of the Pearson product-moment correlation coefficient indicate a positive relationship, of moderate strength, between the two variables (r = 0.451, p = 0.000), where increases in the consumer’s banking product selection considerations correlated with increases in the consumer’s purchase intention when selecting a retail bank. The p-value of 0.000 indicates the statistical significance of the correlation.

- **Main finding 27**: There is a moderate, positive relationship between product selection and purchase intention when selecting a retail bank (r = 0.451, p = 0.000). Thus, the hypothesis \( H_2 \) could be accepted.

5.7.3  \textbf{H}_3: There is a relationship between innovation and the consumer’s purchase intention when selecting a retail bank.

The findings of the Pearson product-moment correlation coefficient indicate a positive relationship, of moderate strength, between the two variables (r = 0.306, p = 0.000), where increases in the consumer’s banking innovativeness considerations correlated with increases in the consumer’s purchase intention when selecting a retail bank. The p-value of 0.000 indicates the statistical significance of the correlation.

- **Main finding 28**: There is a moderate, positive relationship between price and purchase intention when selecting a retail bank (r = 0.306, p = 0.000). Thus, the hypothesis \( H_3 \) can be accepted.

5.7.4  \textbf{H}_4: There is a relationship between status and the consumer’s purchase intention when selecting a retail bank.

The findings of the Pearson product-moment correlation coefficient indicate a positive relationship, of small strength, between the two variables (r = 0.131, p = 0.016), where increases in the consumer’s social status considerations correlated
with increases in the consumer’s purchase intention when selecting a retail bank. The p-value of 0.016 is smaller than that of 0.05 and therefore indicates the statistical significance of the correlation.

- **Main finding 29**: There is a small, positive relationship between social status and purchase intention when selecting a retail bank ($r = 0.131, p = 0.016$). The hypothesis $H_4$ could thus be accepted.

5.7.5 $H_{5a}$: There is a relationship between recommendation and the consumer’s purchase intention when selecting a retail bank.

The findings of the Pearson product-moment correlation coefficient indicate a positive relationship, of small strength, between the two variables ($r = 0.123, p = 0.022$), where increases in the consideration of recommendations made to the consumer correlated with increases in the consumer’s purchase intention when selecting a retail bank. The p-value of 0.022 remains smaller than that of 0.05 and thus indicates the statistical significance of the correlation.

- **Main finding 30**: There is a small, positive relationship between recommendations and purchase intention when selecting a retail bank ($r = 0.123, p = 0.022$). The hypothesis $H_{5a}$ could thus be accepted.

5.7.6 $H_{5b}$: There is a relationship between trustworthiness and the consumer’s purchase intention when selecting a retail bank.

The findings of the Pearson product-moment correlation coefficient indicate a positive relationship, of small strength, between the two variables ($r = 0.202, p = 0.000$), where increases in the consumer’s consideration of trustworthy sources correlated with increases in the consumer’s purchase intention when selecting a retail bank. The p-value of 0.000 indicates the statistical significance of the correlation.
Main finding 31: There is a small, positive relationship between trustworthiness and purchase intention when selecting a retail bank \((r = 0.202, p = 0.000)\). The hypothesis \(H_{5b}\) could thus be accepted.

Based on the results displayed in Table 5.11, Hypotheses 1 (\(H_1\)), 2 (\(H_2\)), 3 (\(H_3\)), 4 (\(H_4\)), 5a (\(H_{5a}\)), and 5b (\(H_{5b}\)), were therefore all accepted. In order to statistically determine the findings for Hypothesis 6 (\(H_6\)), standard multiple regression analysis was undertaken. The following section elaborates on this discussion.

5.8 ASSUMPTIONS OF REGRESSION ANALYSIS

Regression analysis is based on a form of correlation analysis, where techniques can be utilised to explore the relationships and associations between a consistent dependent variable and a number of independent variables, in order to obtain information on the research model as a whole (Pallant, 2010: 148; Salkind, 2010: 844). Regression analysis is therefore subject to a number of assumptions in the process of data analysis, namely sample size generalisability, multicollinearity and singularity, data outliers, normality, linearity, homoscedasticity, and independence of residuals (Pallant, 2013: 156-157). In order to derive accurate findings, the assumptions that a standard multiple regression is subject to should not be violated (Pallant, 2013: 156). These assumptions are briefly discussed below.

5.8.1 Sample size generalisability

Sample size generalisability means that the sample size of the data should be large enough for population generalisations to be made from the findings (Pallant, 2013: 156-157). As detailed in section 4.2.6.7 in Chapter 4, in order to ensure a sample size that would be representative of the entire population, a total of 274 respondents were included in this study.

Main finding 32: The assumptions of sample size generalisability were met.
5.8.2 Multicollinearity and singularity

Multicollinearity and singularity refers to the relationship between the independent variables within the study, and should not exist within a multiple regression model. Multicollinearity states that independent variables are highly correlated, and singularity relates to singular independent variables which are combinations of the other independent variables (Pallant, 2013: 156-157). Based on the findings documented in Table 5.11 (section 5.7), no multicollinearity or singularity was noted.

- **Main finding 33:** The assumptions of multicollinearity were met.
- **Main finding 34:** The assumptions of singularity were met.

5.8.3 Data outliers

Data outliers refer to very high or very low data scores. Prior to conducting the multiple regression, these scores should be removed (Pallant, 2013: 156-157). Based on the findings presented in Table 5.11 (section 5.7), all data outliers were removed from the data scores.

- **Main finding 35:** The assumptions of data outliers were met.

5.8.4 Normality

To determine whether the data was normally distributed, it was analysed for skewness and kurtosis (refer to section 5.3). All individual items were within the parameter range for both skewness and kurtosis, with absolute values of less than two (2) for skewness and absolute values less than seven (7) for kurtosis. Thus, the data was considered as having a normal distribution (Pallant, 2010: 57; Bresler, 2013: 117,139).

The absolute values for skewness in respect of purchase intention, price, product selection, innovation, social status, and peer referral, were all less than two (2). Therefore, all constructs indicate a normal distribution. The absolute values for
kurtosis for all the constructs were less than seven (7), indicating a normal distribution. As a result of the skewness and kurtosis scores, all constructs met the assumptions of normality.

- **Main finding 36:** All constructs, namely purchase intention, price, product selection, innovation, social status and peer referral, met the assumptions of normality.

5.8.5 Linearity

Linearity refers to the existence of a straight-line relationship between the dependent and the independent variables of the research. Thus, when data scores are placed in a scatterplot, they are linear (Pallant, 2013: 130). A straight-line relationship was evident between the independent and dependent variables of this study. Thus linearity was confirmed. The results therefore indicated that linear regression could be performed on the constructs of price, product selection, innovation, social status, recommendation, and trustworthiness.

- **Main finding 37:** The assumptions for linearity was met.

5.8.6 Homoscedasticity

Homoscedasticity states that the variance between the predicted and collected data scores for the dependent variable should be the same as the variance for all data scores (Pallant, 2013: 156-157). As there were no residual values smaller than -3 or larger than +3, the data was considered to be random, with no noted structure. Thus, the assumptions of homoscedasticity were met.

- **Main finding 38:** The assumptions for homoscedasticity were met.
5.9 MULTIPLE REGRESSION ANALYSIS

The standard multiple regression investigated the influence of the independent variables simultaneously against the dependent variable of purchase intention. The findings thereof are displayed in Table 5.12 below.

Table 5.12: Regression of variables affecting the selection of a retail bank on the consumer’s purchase intention

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variable</th>
<th>Sig. value</th>
<th>Beta value</th>
<th>R-Square value</th>
<th>Adjusted R-Square value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase intention</td>
<td>Price</td>
<td>0.053</td>
<td>0.128</td>
<td></td>
<td>0.231</td>
</tr>
<tr>
<td></td>
<td>Product selection</td>
<td>0.000</td>
<td>0.390</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Innovativeness</td>
<td>0.695</td>
<td>0.029</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social status</td>
<td>0.102</td>
<td>-0.106</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recommendation</td>
<td>0.213</td>
<td>0.076</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trustworthiness</td>
<td>0.491</td>
<td>0.045</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the data presented in Table 5.12, it is important to note the R-Squared value of 0.231, accounting for 23% of the variance in the dependent variable of purchase intention.

The Beta coefficient and Significance values provide insight into whether the independent variables made significant contributions to the prediction of the dependent variable in the model. The Beta coefficient values are reflective of the contribution made by each independent variable, where the Significance values determine whether the contribution made is unique to the model equation (Pallant, 2005: 153). Significance values less than 0.05 are deemed statistically significant, while values higher than 0.05 are not statistically significant. The model is summarised in Figure 5.1 below.
5.9.1 $H_6$: The variables price, product selection, innovation, status, recommendation, and trustworthiness exert an equal influence on the consumer's purchase intention when selecting a retail bank.

The findings presented in Table 5.12, as well as Figure 5.1, illustrate that only two of the independent variables are statistically significant, namely price ($p = 0.053$) and product selection ($p = 0.000$). This is an indication that the variables of price and product selection made a unique and statistically significant contribution to the prediction of the perceived purchase intention outcome.

Upon investigating the beta coefficient values within Table 5.12 and Figure 5.1, it should be noted that the largest beta coefficient value accounted for pertains to the variable of product selection ($\beta = 0.390$) and the smallest beta coefficient value accounted for pertains to the variable of innovation ($\beta = 0.029$). Thus, the beta
coefficient for product selection indicated that this independent variable makes the biggest contribution to the prediction of the perceived purchase intention outcome.

- **Main finding 39:** The independent variables of price, product selection, innovation, social status, recommendation, and trustworthiness, do not exert an equal influence on the consumer's purchase intention when selecting a retail bank.

- **Main finding 40:** The variable of product selection has the strongest influence on the consumer's purchase intention when selecting a retail bank \( (p = 0.000 \text{ and } \beta = 0.390) \). The hypothesis \( H_6 \) could therefore be rejected.

Based on the results of Table 5.12, Hypothesis 6 \( (H_6) \) was rejected.

### 5.10 CONCLUSION

This chapter provided the main research findings of the study. The chapter discussed the realisation rate, distribution of the results, and the demographic profile of the study. Additionally, the frequency distribution of the respondents’ within the sample could be observed for all constructs. Validity of the measurement tool was achieved by means of an exploratory factor analysis. The reliability of the measurement tool was proven by means of the Cronbach Alpha coefficient. The assumptions relating to regression analysis were also tested and met all the requirements.

The hypotheses \( H_1, H_2, H_3, H_4, H_{5a}, \text{ and } H_{5b} \) were tested through the Pearson product-moment correlation coefficients, and were accepted. Hypothesis \( H_6 \) was tested using the standard multiple regression and was rejected, with the variable of product selection having the strongest influence on the consumer's purchase intention when selecting a retail bank.

Chapter 6 discusses the recommendations emanating from the main findings as presented in Chapter 5, and provides the final conclusion of the study.
CHAPTER 6
RESEARCH CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This Chapter presents an overview of the study, including the recommendations made as per the results and findings of the research in Chapter 5. This chapter will align the research results and findings with the secondary objectives of the study, and make recommendations based on the research findings. The aim of this chapter is to provide evidence that the primary research objective was achieved by determining what the influence of price, product selection, innovation, status, recommendation, and trustworthiness, is on the purchase intention of female Generation Y consumers in the process of selecting one of the five retail banks in South Africa as their primary bank. Additionally, the limitations of the research and recommendations for further research are discussed.

6.2 THE RESEARCH OBJECTIVES

6.2.1 Primary Objective

The primary objective of the study was to investigate the influence that the independent variables, namely price, product selection, innovation, status, and peer referral, had on the purchase intentions of female Generation Y consumers when in the process of selecting a retail bank in South Africa.

6.2.2 Secondary Objectives

Based on the formulated primary objective, the following secondary objectives were identified:

- To determine whether price influences the purchase intention of female Generation Y consumers when selecting a retail bank.
To determine whether product selection influences the purchase intention of female Generation Y consumers when selecting a retail bank.

To determine whether innovation influences the purchase intention of female Generation Y consumers when selecting a retail bank.

To determine whether status influences the purchase intention of female Generation Y consumers when selecting a retail bank.

To determine whether peer referral influences the purchase intention of female Generation Y consumers when selecting a retail bank.

To determine which one of the five independent variables, namely price, product selection, innovation, status, and peer referral, had the greatest influence on the consumer purchase intention when selecting a retail bank.

6.2.3 Research Hypotheses

Based on the exploratory factor analysis conducted in Chapter 5 (refer to section 5.6.1), Hypothesis H5 relating to the construct of peer referral, was split into two separate factors, namely recommendation (H5a) and trustworthiness (H5b), as per main finding 24. Therefore, in order to represent the amended hypotheses accurately, the research hypotheses were refined and restated as follows:

H1: There is a relationship between price and the purchase intention of female Generation Y consumers when selecting a retail bank.

H2: There is a relationship between product selection and the purchase intention of female Generation Y consumers when selecting a retail bank.

H3: There is a relationship between innovation and the purchase intention of female Generation Y consumers when selecting a retail bank.

H4: There is a relationship between status and the purchase intention of female Generation Y consumers when selecting a retail bank.

H5a: There is a relationship between recommendation and the purchase intention of female Generation Y consumers when selecting a retail bank.

H5b: There is a relationship between trustworthiness and the purchase intention of female Generation Y consumers when selecting a retail bank.
6.3 SECONDARY OBJECTIVES AND RECOMMENDATIONS

The following section discusses each secondary objective, along with the main findings and the related hypothesis, which was tested. Each objective also includes the associated research recommendations.

6.3.1 Secondary objective 1: Determine whether price influences the purchase intention of female Generation Y consumers when selecting a retail bank

During the searching and comparison process for products, services or brands for purchase, the consumer usually seeks for the best deal in the form of the product that could give them the most value for the price they are prepared to pay for the brand (Misonzhnik, 2007: 57; Noble, Haytko & Phillips, 2009: 623; Dennis et al., 2010: 153; Grimmer & Woolley, 2012: 233). Literature detailing consumer banking behaviour highlights price as one of the eight motivating factors for the consumer when deciding to leave one bank for another (Kaur, et al., 2012: 282). The findings of this research therefore determined the influence of price on the consumers purchase intention when selecting a retail bank.

Secondary objective 1 relates to Hypothesis 1 (H1). Based on the findings pertaining to Hypothesis 1, a moderate influence exists between the price of banking products and services and the female Generation Y consumers’ selection of a retail bank as their primary bank, where the Pearson product-moment correlation coefficient was 0.332, and the significance (p-value) was 0.000 (Main finding 26). As the p-value was less than 0.05, the result was statistically significant.

- **Recommendation 1:** The price of banking products and services has a moderate influence on the purchase intention of the female Generation Y consumer when selecting a retail bank. Therefore, it is recommended that the five major retail banks in South Africa (ABSA, FNB, Standard Bank, Nedbank, and Capitec Bank) ensure that the pricing structures selected for their banking products and services are competitive in the marketplace and reflective of the quality and value associated with the products and services on offer. Ensuring that prices are appropriate is important in order to entice these consumers to...
select their bank as a primary retail bank. Examples of this include personalised pricing structures for the female Generation Y consumer, in line with their banking package and credit worthiness. Banking products and services should be priced as banking packages, as opposed to individually charged items, where the consumer is entitled to receive a ‘basket’ of banking offerings, as a means to emphasise the value received, for a fixed monthly charge. In this way the consumer is aware of their financial commitment to the retail bank up front, and is able to manage their banking according the parameters of their banking package.

6.3.2 Secondary objective 2: Determine whether product selection influences the purchase intention of female Generation Y consumers when selecting a retail bank

As a result of the increase of the technological savviness of the consumer, platforms such as online and social media are utilised by the consumer in order to discuss and increase their knowledge of brands and products available in the marketplace (Misonzhnik, 2007: 60). The higher the consumer’s knowledge of the selection of products and services on offer, the higher the likelihood that the consumer will have a positive attitude and purchase intent for the product or service (Lee et al., 2014: 98). The findings of this research determined the influence of product selection on the consumers purchase intention when selecting a retail bank.

Secondary objective 2 relates to Hypothesis 2 (H2). Based on the findings pertaining to Hypothesis 2, a moderate influence exists between the product selection of banking products and services and the female Generation Y consumers’ selection of a retail bank as their primary bank, whereby the Pearson product-moment correlation coefficient was 0.451, and the significance (p-value) was 0.000 (Main finding 27). As the p-value was less than 0.05, the result was statistically significant.

- **Recommendation 2:** The product selection of banking products and services has a moderate influence on the purchase intention of the female Generation Y consumer when selecting a retail bank. Therefore, it is recommended that the five major banks in South Africa place a greater emphasis on promoting the core features and benefits of the selection of products and services available to the
female Generation Y consumer, by highlighting those banking products and services, which are most suitable for this consumer’s current life stage. In the case of the female Generation Y consumer, retail banks should highlight the availability of a personalised banking package, a favourable interest rate on credit balances in their current account, savings account options, value-added services relevant to their lifestyle, namely a roadside assistance offer, or taxi service after a night out; as well as rewards programme benefits associated with the personalised banking package. In so doing, these retail banks will create a perception in the marketplace of being able to meet the financial needs of the female Generation Y consumer.

6.3.3 Secondary objective 3: Determine whether innovation influences the purchase intention of female Generation Y consumers when selecting a retail bank

In order to predict how a consumer goes about adopting and accepting technology, the elements of perceived ease of use and perceived usefulness, as per the TAM model, have a direct influence on each other (Hu et al., 1999: 93). Both these elements have a direct impact on the consumer’s attitude toward new technologies. As a result, these have an impact on their behavioural intention to adopt the innovations, leading up to the actual decision to make use of and engage with the new technologies (Mekic & Olzen, 2014: 138). Therefore, the findings of this research determined the influence of innovation on the consumers purchase intention when selecting a retail bank.

Secondary objective 3 relates to Hypothesis 3 (H₃). Based on the findings pertaining to Hypothesis 3, a moderate influence exists between the innovativeness of banking products and services and the female Generation Y consumers’ selection of a retail bank as their primary bank, where the Pearson product-moment correlation coefficient was 0.306, and the significance (p-value) was 0.000 (Main finding 28). As the p-value was less than 0.05, the result was statistically significant.
• **Recommendation 3:** The innovativeness of banking products and services has a moderate influence on the purchase intention of the female Generation Y consumer when selecting a retail bank. Thus, it is recommended that the five major retail banks endeavour to remain technologically relevant and appealing to the female Generation Y consumer, through continuous improvement of their banking technologies, and via innovative additions to their range of products and services available to the consumer. Examples of this include making regular technological software updates available on the respective banking apps, and technological launches of online banking functionalities allowing consumers to further improve their convenience by managing their banking without entering a branch. By embracing a culture of innovative and technological thinking, the major retail banks can entrench themselves as aspirational brands, which would appeal to the consumer’s desire for technologically savvy brands.

### 6.3.4 Secondary objective 4: Determine whether status influences the purchase intention of female Generation Y consumers when selecting a retail bank

The purchase of luxury brands by consumers is done in order to convey a message about the class and self-image of the consumer and display that their ability to afford products, which are priced at a premium (Nwankwo, *et al.*, 2014: 737). The perception of the status associated with a brand is further influenced by the ‘social influencers’, namely celebrities and influential individuals, who are either associated with or make use of the brand. This is because consumers value the influencer’s opinions more than that of the brand, as they find these opinions more credible (Forbes & Vespoli, 2013: 110; Noble, Haytko & Phillips, 2009: 622; Mangold & Faulds, 2009: 360). Therefore, the findings of this research determined the influence of status on the consumers purchase intention when selecting a retail bank.

Secondary objective 4 relates to Hypothesis 4 (H₄). Based on the findings pertaining to Hypothesis 4, a small effect exists between the status of banking products and services and the female Generation Y consumers’ selection of a retail bank as their primary bank, where the Pearson product-moment correlation coefficient was 0.131,
and the significance (p-value) was 0.016 (Main finding 29). As the p-value remained less than 0.05, the result was statistically significant.

- **Recommendation 4:** The status of banking products and services has a small effect on the purchase intention of the female Generation Y consumer when selecting a retail bank. Therefore, it is recommended that the five major banks in South Africa make use of celebrity endorsements and bespoke events as a complementary auxiliary to the holistic banking package on offer to the consumer. Examples of this include inviting consumers as V.I.P. guests to exclusively sponsored events, product launches, and bespoke lifestyle functions, where the opportunity is granted to socialise with celebrities and influential individuals. The bespoke events and celebrity interactions should be recorded and shared via online and social media platforms. In so doing, the perception of banking products and services accompanied with a sophisticated lifestyle is created.

### 6.3.5 Secondary objective 5: Determine whether peer referral influences the purchase intention of female Generation Y consumers when selecting a retail bank

Peer referral, also referred to as ‘word-of-mouth’ communication, relates to the specific opinions and consultations with very close family, friends and acquaintances, in order to make a purchase decision, as these persons are deemed credible based on the consumer’s purchasing experiences and service encounters, which they have had with a respective retailer or service provider (Roberts-Lombard, 2011: 3085). As per main finding 24 (refer to section 5.6.1 in Chapter 5), Hypothesis $H_5$ relating to the construct of peer referral, was split into two separate factors, namely recommendation ($H_{5a}$) and trustworthiness ($H_{5b}$). The findings of this study determined therefore the influence of recommendation, and of trustworthiness, on the consumer’s purchase intention when selecting a retail bank.

Secondary objective 5 relates to Hypothesis 5a ($H_{5a}$) and Hypothesis 5b ($H_{5b}$). Based on the findings pertaining to Hypothesis 5a, a small effect exists between the recommendation of banking products and services and the female Generation Y
consumers’ selection of a retail bank as their primary bank, where the Pearson product-moment correlation coefficient was 0.123, and the significance (p-value) was 0.022 (Main finding 30). As the p-value remained less than 0.05, the result was statistically significant.

As per the findings pertaining to Hypothesis 5b, a small effect exists between the trustworthiness of the source advocating the banking products and services of a retail bank and the female Generation Y consumers’ selection of a retail bank as their primary bank, where the Pearson product-moment correlation coefficient was 0.202, and the significance (p-value) was 0.000 (Main finding 31). As the p-value remained less than 0.05, the result was statistically significant.

- **Recommendation 5:** The recommendation of banking products and services has a small effect on the purchase intention of the female Generation Y consumer when selecting a retail bank. Therefore, it is recommended that the five major banks in South Africa encourage their existing consumers to share the positive experiences related to the banking products and services, with the female Generation Y consumer, and the general public, via online and social media platforms. Examples of this would include positive messages and posts on the social media pages of the consumer, and that of the retail bank, detailing positive experiences, and preferential products and services received by the consumer. In so doing, the retail banks will generate positive word of mouth communication about their respective brands, and thus encourage the targeted female Generation Y consumer to select their retail bank as the primary banking relationship.

- **Recommendation 6:** The trustworthiness of the source advocating the banking products and services of a retail bank has a small influence on the purchase intention of the female Generation Y consumer when selecting a retail bank. Therefore, it is recommended that the five major banks in South Africa consider the utilisation of referral campaigns in the acquisition of new consumers. Existing consumers would be encouraged to actively promote the retail bank to their family and peers. The existing consumer should also be encouraged to provide the retail bank with the relevant details of qualifying female Generation Y
consumers, so as to leverage off the trust the consumer has with the referring consumer. The referring consumer should be offered an incentive, relative to their banking offering, in order to encourage positive referrals. Examples of this would include preferential interest rates on the consumer’s current account, or loyalty points for each successful referral. This information should not be abused by the retail bank, who should use it solely for the purpose of new consumer acquisition, as this will maintain the integrity of the relationship between the retail bank, the referring consumer, and the female Generation Y consumer.

6.3.6 Secondary objective 6: Determine which one of the five independent variables, namely price, product selection, innovation, status, and peer referral, had the greatest influence on the consumer purchase intention when selecting a retail bank

In order to establish which independent variable had the greatest influence on consumer purchase intention, the significance (Sig.) values and the beta coefficient values were determined. These significance values are provided in Table 6.1 below, and are listed from significant values to non-significant values.

Table 6.1: Significance values for purchase intention dimensions (significant to non-significant)

<table>
<thead>
<tr>
<th>Purchase Intention Dimensions</th>
<th>Sig. Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product selection</td>
<td>0.000</td>
</tr>
<tr>
<td>Pricing</td>
<td>0.053</td>
</tr>
<tr>
<td>Social status</td>
<td>0.102</td>
</tr>
<tr>
<td>Recommendation</td>
<td>0.213</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>0.491</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>0.675</td>
</tr>
</tbody>
</table>

Figure 6.1 below summarises the significance values and the beta coefficient values related to each independent variable when determining which variable has the greatest influence on the consumer’s purchase intention when selecting a retail bank.
Based on the information contained in Table 6.1 and Figure 6.1, product selection is the only independent variable with a significant Sig. value (Sig. value = 0.000), as it is smaller than 0.05 and has the largest beta coefficient value ($\beta = 0.390$), indicating that product selection makes the largest contribution to the prediction of the perceived purchase intention outcome (Main finding 40). The remaining five independent variables display non-significant Sig. values, as they are greater than 0.05. Thus, the independent variable with the greatest influence on purchase intention when selecting a retail bank is product selection.

- **Recommendation 7:** As a result of the research findings, it is recommended that the five major banks in South Africa place a greater emphasis on the intrinsic features and benefits associated with their banking product and service selection, to entice the female Generation Y consumer during the process of selecting a retail bank.

- **Recommendation 8:** Currently South African retail banks compete in the marketplace from the viewpoint of pricing and banking innovation technologies.
However, it is advisable that in addition to the emphasis placed on pricing and innovativeness, the five major retail banks in South Africa differentiate themselves by focusing on the core strength, features and benefits of their banking products and services, as this is the most critical factor that is considered by female Generation Y consumers when selecting a primary retail bank.

6.4 LINKING SECONDARY OBJECTIVES, HYPOTHESES, MAIN FINDINGS, QUESTIONNAIRE STATEMENTS AND RECOMMENDATIONS

The linkage between the secondary objectives, the research hypotheses, the main findings, and the statements within the questionnaire is displayed in Table 6.2 below. This table highlights whether or not the hypotheses were accepted or rejected, in order to achieve the primary and secondary research objectives of the study.

Table 6.2: Linking secondary objectives, hypotheses, main findings, questionnaire statements, and recommendations

<table>
<thead>
<tr>
<th>No</th>
<th>Secondary objective</th>
<th>Hypothesis</th>
<th>Questionnaire items</th>
<th>Main finding</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To determine whether price influences the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>H₁</td>
<td>Section D Q: D1 – D6</td>
<td>Main finding: 26 H₁: Accepted</td>
<td>Recommendation: 1</td>
</tr>
<tr>
<td>2</td>
<td>To determine whether product selection influences the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>H₂</td>
<td>Section E Q: E1, E4, E6, E7, E8</td>
<td>Main finding: 27 H₂: Accepted</td>
<td>Recommendation: 2</td>
</tr>
<tr>
<td>3</td>
<td>To determine whether innovation influences the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>H₃</td>
<td>Section F Q: F1 – F5</td>
<td>Main finding: 28 H₃: Accepted</td>
<td>Recommendation: 3</td>
</tr>
</tbody>
</table>
### Table 6.2: Linking secondary objectives, hypotheses, main findings, questionnaire statements, and recommendations (continued)

<table>
<thead>
<tr>
<th>No</th>
<th>Secondary objective</th>
<th>Hypothesis</th>
<th>Questionnaire items</th>
<th>Main finding</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>To determine whether status influences the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>( H_4 )</td>
<td>Section G Q: G3 - G5</td>
<td>Main finding: 29 ( H_4: ) Accepted</td>
<td>Recommendation: 4</td>
</tr>
<tr>
<td>5</td>
<td>To determine whether peer referral influences the purchase intention of female Generation Y consumers when selecting a retail bank.</td>
<td>( H_{5a} )</td>
<td>Section H Q: H1, H2, H5</td>
<td>Main finding: 30 ( H_{5a}: ) Accepted</td>
<td>Recommendation: 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>( H_{5b} )</td>
<td>Section H Q: H3, H4, H6</td>
<td>Main finding: 31 ( H_{5b}: ) Accepted</td>
<td>Recommendation: 6</td>
</tr>
<tr>
<td>6</td>
<td>To determine which of the five independent variables, namely price, product selection, innovation, status, and peer referral, had the greatest influence on the consumer purchase intention when selecting a retail bank.</td>
<td>( H_6 )</td>
<td>N/A</td>
<td>Main finding: 39 – 40 ( H_6: ) Rejected</td>
<td>Recommendation: 7 – 8</td>
</tr>
</tbody>
</table>

### 6.5 LIMITATIONS OF THE STUDY

In conducting the research, the researcher encountered the following limitations:

- There was a lack of available academic and industry related literature on female Generation Y consumers in South Africa.
- There was a lack of available academic and industry related literature on female Generation Y consumers in the banking industry in South Africa.
The literature consulted for this study identified differing constructs for purchase intention, whereby different constructs were utilised in the various literature.

The duration of the study was a two week period. Thus, only a limited number of respondents could complete the questionnaire.

The research was limited to the five major retail banks (ABSA, FNB, Standard Bank, Nedbank, and Capitec Bank). The other banks operating in South Africa were therefore excluded.

6.6 RECOMMENDATIONS FOR FURTHER RESEARCH

After conducting the research and outlining its limitations, the following research recommendations for further research on this topic were made:

- Further research should include female Generation Y consumers from the excluded eight provinces of South Africa in order to further ascertain the purchase intention of this category of female consumers on a nationwide scale.
- Similar and related studies could be conducted with the inclusion of all the retail banks operating within South Africa.
- Further research should expand the data collection to other generational cohorts, so as to determine differences in purchase intention when selecting a retail bank.
- Further research should include both genders, so as to determine differences in purchase intention between males and females when selecting a retail bank.

6.7 CONCLUSION

This chapter discussed the main findings of the research and made recommendations for the five major retail banks in South Africa. It also aligned the main findings with the secondary research objectives, hypotheses and statements within the questionnaire, and concluded with a discussion of the limitations of the research and the recommendations for further research on the topic.

The research study aimed to determine the influence of price, product selection, innovation, status, recommendation, and trustworthiness on the purchase intention
of female Generation Y consumers when selecting their primary retail bank. Research participants completed a questionnaire indicating the extent of their agreement with the statements presented, in order to determine their purchase intention toward a retail bank. It is proven that all variables have a positive influence on purchase intention. However, the consumer’s purchase intention for a retail bank is greatest when based on the available selection of products and services offered to meet the needs of the consumer. In conclusion, this study succeeded in determining the most influential factor considered by female Generation Y consumers when selecting a retail bank, namely product selection, apart from achieving all set secondary objectives.
ANNEXURE 1:  
RESEARCH SURVEY: FULL RESEARCH QUESTIONNAIRE

The factors influencing the South African female Generation Y consumer in the selection of a retail bank.

This questionnaire is designed to obtain feedback regarding your feelings and intentions towards your current bank during the process in which you selected this bank.

Taking part in this survey is completely voluntary and anonymous. The questionnaire should take no more than 15 minutes of your time. Your co-operation is appreciated.

When evaluating a question, please answer the question from your own perspective.

Place an X in the appropriate box where applicable or complete where required.

Should you have any questions, please feel free to contact:

Cezanne de Broize on cezanne.debroize@gmail.com

<table>
<thead>
<tr>
<th>Screening questions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have an account at any South African bank?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>At which South African bank do you currently hold the majority of your accounts?</td>
<td>ABSA</td>
</tr>
<tr>
<td></td>
<td>First National Bank</td>
</tr>
<tr>
<td></td>
<td>Standard Bank</td>
</tr>
<tr>
<td></td>
<td>Nedbank</td>
</tr>
<tr>
<td></td>
<td>Capitec Bank</td>
</tr>
<tr>
<td></td>
<td>Other, please specify:</td>
</tr>
</tbody>
</table>

Please keep the bank you identified in the question above in mind when answering the rest of the questionnaire.

Are you a South African female, between 18 – 36 years of age?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

If your answer is “Yes”, please complete the questionnaire.
If your answer is “No”, you should not complete the questionnaire.
SECTION A – DEMOGRAPHIC INFORMATION

When were you born?

19_____

What is your highest level of education?

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some primary school</td>
<td>1</td>
</tr>
<tr>
<td>Primary school completed</td>
<td>2</td>
</tr>
<tr>
<td>Some high school</td>
<td>3</td>
</tr>
<tr>
<td>Matric / Grade 12 completed</td>
<td>4</td>
</tr>
<tr>
<td>Technical College Diploma</td>
<td>5</td>
</tr>
<tr>
<td>University of Technology diploma</td>
<td>6</td>
</tr>
<tr>
<td>University degree (B-degree or Honours)</td>
<td>7</td>
</tr>
<tr>
<td>Postgraduate degree (Masters or Doctorate)</td>
<td>8</td>
</tr>
</tbody>
</table>

What is your ethnic group?

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>1</td>
</tr>
<tr>
<td>White</td>
<td>2</td>
</tr>
<tr>
<td>Coloured</td>
<td>3</td>
</tr>
<tr>
<td>Indian</td>
<td>4</td>
</tr>
<tr>
<td>Other, please specify:</td>
<td>5</td>
</tr>
</tbody>
</table>

Which ONE of the following options describes your employment status the best?

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed</td>
<td>1</td>
</tr>
<tr>
<td>Full-time employed by an organisation</td>
<td>2</td>
</tr>
<tr>
<td>Part-time employed by an organisation</td>
<td>3</td>
</tr>
<tr>
<td>Full-time student</td>
<td>4</td>
</tr>
<tr>
<td>Part-time student</td>
<td>5</td>
</tr>
<tr>
<td>Housewife or househusband</td>
<td>6</td>
</tr>
<tr>
<td>Retired</td>
<td>7</td>
</tr>
<tr>
<td>Unemployed</td>
<td>8</td>
</tr>
<tr>
<td>Other, please specify:</td>
<td>9</td>
</tr>
</tbody>
</table>

What is your marital status?

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single (living alone)</td>
<td>1</td>
</tr>
<tr>
<td>Married or living with a partner</td>
<td>2</td>
</tr>
<tr>
<td>Living with parents</td>
<td>3</td>
</tr>
<tr>
<td>Divorced or separated</td>
<td>4</td>
</tr>
</tbody>
</table>

SECTION B – PATRONAGE BEHAVIOUR

Indicate all the accounts you hold with the bank you identified in the screening question.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>1</td>
</tr>
<tr>
<td>Cheque</td>
<td>2</td>
</tr>
<tr>
<td>Credit card</td>
<td>3</td>
</tr>
<tr>
<td>Home loan</td>
<td>4</td>
</tr>
<tr>
<td>Personal loan</td>
<td>5</td>
</tr>
<tr>
<td>Investment</td>
<td>6</td>
</tr>
<tr>
<td>Vehicle finance</td>
<td>7</td>
</tr>
<tr>
<td>Insurance</td>
<td>8</td>
</tr>
<tr>
<td>Other, please specify:</td>
<td>9</td>
</tr>
</tbody>
</table>
How long have you been with this bank?

[Blank] Years and [Blank] Months

What amount do you spend per month (on average) on banking costs at this bank?

[Blank]

SECTION C – BEHAVIOURAL PURCHASE INTENTION

Please indicate on a scale of 1 to 5 where 1 is ‘strongly disagree’ and 5 is ‘strongly agree’, the extent to which you agree with each of the following statements.

| Statements | Strongly disagree | | | | | Strongly agree |
|------------|------------------|---|---|---|---|
| I feel good about doing business with this bank. | 1 2 3 4 5 |
| I have a strong preference for this bank. | 1 2 3 4 5 |
| I would consider this bank as my primary bank. | 1 2 3 4 5 |
| I would be willing to receive messages from this bank, after providing my consent. | 1 2 3 4 5 |
| I am willing to do future business with this bank. | 1 2 3 4 5 |
| This bank was my first choice when selecting the banking products and services I need. | 1 2 3 4 5 |
| I will make use of any other products and services I need from this bank. | 1 2 3 4 5 |

SECTION D – PRICING CONSIDERATIONS

Please indicate on a scale of 1 to 5 where 1 is ‘strongly disagree’ and 5 is ‘strongly agree’, the extent to which you agree with each of the following statements when you first selected this bank as a service provider.

| Statements | Strongly disagree | | | | | Strongly agree |
|------------|------------------|---|---|---|---|
| I compared the product prices across banks to get the lowest price, before selecting this bank. | 1 2 3 4 5 |
| I considered the banking fees of this bank when making a decision as to which bank to do business with. | 1 2 3 4 5 |
| Price was an important factor in my decision before selecting this bank. | 1 2 3 4 5 |
| The banking fees asked by this bank are justified for the products and services I receive. | 1 2 3 4 5 |
| This bank offered the most competitive interest rates. | 1 2 3 4 5 |
| I selected this bank because the bank fees were more affordable than my previous bank. | 1 2 3 4 5 |

SECTION E – BANKING PRODUCT SELECTION CONSIDERATIONS

Please indicate on a scale of 1 to 5 where 1 is ‘strongly disagree’ and 5 is ‘strongly agree’, the extent to which you agree with each of the following statements when you first selected this bank as a service provider.

| Statements | Strongly disagree | | | | | Strongly agree |
|------------|------------------|---|---|---|---|
| The variety of products and services offered made me select this bank. | 1 2 3 4 5 |
| The products and services offered by this bank met my needs. | 1 2 3 4 5 |
| This bank provides me with value-added services and products. | 1 2 3 4 5 |
| I selected this bank because it offered me personalized products and services. | 1 2 3 4 5 |
| I have confidence in the products and services offered by this bank. | 1 2 3 4 5 |
| I selected this bank because of the rewards programme it offered. | 1 2 3 4 5 |
| I selected this because it uses the latest technology (ATM’s, mobile banking, Internet banking) to offer quality service. | 1 2 3 4 5 |
| I selected the products and services of this bank due to a negative experience at my previous bank. | 1 2 3 4 5 |
SECTION F – BANKING INNOVATIVENESS

Indicate on a scale of 1 to 5 where 1 is ‘strongly disagree’ and 5 is ‘strongly agree’, the extent to which you agree with each of the following statements when you first selected this bank as a service provider.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>This bank’s website and social media presence was a consideration for me when selecting this bank.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>This bank has easily accessible ATM’s and branches.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>My selection of this bank was dependent on the availability of a mobile banking app.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>My selection of this bank was dependent on the availability of technological devices (e.g. cellphone, tablet) sold as part of this banks package.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because my previous bank did not have banking technology available (mobile banking app, technological devices and social media presence).</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
</tbody>
</table>

SECTION G – SOCIAL STATUS CONSIDERATIONS

Indicate on a scale of 1 to 5 where 1 is ‘strongly disagree’ and 5 is ‘strongly agree’, the extent to which you agree with each of the following statements when you first selected this bank as a service provider.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I was willing to pay more for the products and services offered by this bank because of its brand name.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>My selection of this bank was dependent on the prestigious brand image associated with this bank.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because of the celebrities that endorse it.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because I was offered a preferential banking package.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because my previous bank did not offer me preferential treatment.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
</tbody>
</table>

SECTION H – PEER REFERRAL CONSIDERATIONS

Indicate on a scale of 1 to 5 where 1 is ‘strongly disagree’ and 5 is ‘strongly agree’, the extent to which you agree with each of the following statements when you first selected this bank as a service provider.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I selected this bank because a member of my family is a customer with this bank.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because it was recommended to me by a member of my family.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because it was recommended to me by a trusted friend.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because a trustworthy friend received good service from this bank.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because most people I know make use of the products and services of this bank.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
<tr>
<td>I selected this bank because none of my family or friends recommended the products and services of my previous bank.</td>
<td>1  2  3  4  5</td>
<td></td>
</tr>
</tbody>
</table>

Thank you for taking the time to complete this survey!
ANNEXURE 2:
LETTER FROM THE STATISTICAL CONSULTATION SERVICES (STATKON)

23 November 2015

To whom it may concern

RE: SUPPORT OF STATISTICAL ANALYSIS FOR MS CEZANNE DE BROIZE’S MASTERS RESEARCH

This letter confirms that the University of Johannesburg’s Statistical Consultation Service provided Ms Cezanne De Broize with statistical support for her Masters research.

Dr Jurgen Becker assisted Ms De Broize by providing basic and intermediate analysis, including frequencies, reliability analysis, exploratory factor analysis, computation of factors, and correlation and regression analysis.

Should you require further information please contact me on the telephone number provided below or by email. Thank you for your consideration of this matter.

Yours sincerely,

Dr Richard Devey
Head of Department
Statistical Consultation Service
University of Johannesburg
011 559 4405
rmdevey@uj.ac.za
ANNEXURE 3:
LETTER FROM THE LANGUAGE AND EDITORIAL SERVICES

Sworn Translator/ Interpreter
High Court of Johannesburg - Ref: 07484/2007
Cell: 071 977 3716
Email: kshabanza@yahoo.fr

TO WHOM IT MAY CONCERN

This letter is provided at the request of Ms Cezanne de Broize and Ms Ester de Broize (072 215 7313) from the University of Johannesburg.

I, Kablinga Shabanza, hereby confirm that I edited Ms Cezanne de Broize's Master's thesis, and that I am a duly qualified and experienced editor, having obtained my Honours and MA degrees in English Education.

It should be noted that editing work deals with issues of language and writing as per the requirements of academic literacies/writing, and not with discipline-specific or technical terminology and content; which are the responsibility of the student and his/her supervisor.

As part of the editing work done, corrections were made using the Track-Changes Option in MS Word, Comments were made pointing out concerns to be addressed by the student or alternative ways of writing that could be considered. All changes were clearly indicated and marked for the owner of the document to decide whether to 'Accept' or 'Decline' them.

Please feel free to contact me for any further information, at 071 977 3716 or kshabanza@yahoo.fr between 9:00 and 15:00 on week days.

Sincerely,

Kablinga Shabanza
PhD Candidate, Applied English Language Studies, Wits
ANNEXURE 4:
RESEARCH STATISTICS: COMPACT DISC


