

**DELIVERING SERVICE QUALITY AT
MEDITERRANEAN SHIPPING COMPANY**

by

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DECLARATION

The author hereby declares that this dissertation, unless specifically indicated to the contrary, is a product of her own work.

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Lalitha Vandayar (Lynette)

January 2005

DEDICATION

To my father

*Like falling leaves the years slip by
But the memories of you will never die*

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ABSTRACT

This study was conducted among clients of Mediterranean Shipping Company with three principal aims in mind. Firstly, adopt the appropriate measuring instrument to measure customer satisfaction levels within MSC, using the five SERVQUAL dimensions namely Tangibles, Reliability, Responsiveness, Assurance and Empathy. The second is to measure the levels of customer satisfaction within MSC and lastly to make recommendations towards improving the levels of service quality and ultimately begin implementing a customer orientated quality assurance programme within MSC. The results show that there are significant differences between the respondents' expectation and their perceptions. All five dimensions showed that customers' expectations exceeded their perceptions, with Tangibles having the smallest gap and Reliability having the largest gap. It has been the talk of many customers that MSC provides very good service to their customers. On the contrary, this study reveals that there is still some level of dissatisfaction among the customers. Therefore, it is hoped that this study would contribute to MSC's understanding of their clients' perception of service quality and develop a marketing strategy that will increase their customers' level of satisfaction and improve their relationship with MSC.

TABLE OF CONTENTS

	PAGE
CHAPTER 1 –INTRODUCTION	
1.1 Introduction	1
1.2 Background	1
1.3 Motivation And Importance	4
1.4 The Problem Statement	5
1.5 The Objectives Of The Study	5
1.6 Delimitations	6
1.7 Assumptions	6
1.8 Structure Of The Research	6
1.9 Summary	8
CHAPTER 2 - LITERATURE REVIEW	
2.0 Introduction	9
2.1 What Is A Service?	10
2.2 Goods And Services Differentiation	10
2.3 What Is Service Quality?	13
2.3.1 Quality As Attitude	13
2.3.2 Quality Versus Satisfaction.	13
2.3.3 Expectations Compared To Perceptions.	14
2.4 Why Research Service Quality?	16
2.5 The Concept Of Service Quality And Its Dimensions	17
2.5.1 Service Quality Dimensions	18
2.5.1.1 Reliability: Delivering On Promises	19
2.5.1.2 Responsiveness: Being Willing To Help	19
2.5.1.3 Assurance: Inspiring Trust And Confidence	19
2.5.1.4 Empathy: Treating Customers As Individuals	19
2.5.1.5 Tangibles: Representing The Service Physically	20

2.6 Customer Expectations Of Service Quality	20
2.6.1 Sources Of Desired Service Expectation In MSC	21
2.6.1.1 Enduring Service Intensifiers	21
2.6.1.2 Personal Needs	22
2.6.2 Sources Of Adequate Service Expectation In MSC	22
2.6.2.1 Transitory Service Intensifiers	22
2.6.2.2 Perceived Service Alternatives	22
2.6.3 How To Influence Factors Affecting Clients' Service Expectations?	22
2.7 How Does A Company Exceed Customers' Service Expectations?	24
2.8 Customer Satisfaction	25
2.8.1 Satisfaction, Delight, And Loyalty.	26
2.8.2 Loyalty	27
2.8.3 Relationships	27
2.9 The Various Types Of Services Marketing	27
2.9.1 Return On Quality	27
2.9.2 Building A Quality Information System	28
2.10 The Various Types Of Market Research In Service Quality	28
2.10.1 Mystery Customers	29
2.10.2 Transaction Analysis	31
2.10.3 Regular Customer Surveys	32
2.10.4 Customer Panels	32
2.10.5 Perception Surveys	33
2.10.6 Employee Research	34
2.10.7 Similar Industry Studies	34
2.10.8 Analysis Of Complaints	34
2.11 SERVQUAL	35
2.11.1 Service Quality Gap	37
2.11.2 The Relationship Between Service Quality And Customer Satisfaction	40
2.11.3 The Evolution Of SERVQUAL	41
2.11.4 Critiques of SERVQUAL	42

2.11.5 The SERVQUAL Instrument: Problems Identified In The Literature	44
2.11.5.1 Problems With The Use Of Difference Or “Gap” Scores	44
2.11.5.2 Reliability Problems With Gap Scores	44
2.11.5.3 Validity Issues	45
2.11.5.4 Ambiguity Of The “Expectations” Construct	45
2.11.5.6 Unstable Dimensionality Of The SERVQUAL Instrument	46
2.11.6 An Overview Of SERVQUAL Applications	46
2.11.6.1 Example Of Literature On Service Quality In Ocean Freight Shipping Companies in Singapore Using SERVQUAL	47
2.12 Conclusion	49

CHAPTER 3 – RESEARCH METHODOLOGY

3.0 Introduction	50
3.1 The Problem Statement	50
3.2 The Objectives Of The Study	50
3.2.1 Objective 1	50
3.2.2 Objective 2	50
3.2.3 Objective 3	50
3.3 Delimitations	51
3.4 Assumptions	51
3.5 The Research Design And Methodology	51
3.6 The Data Design And Collection	52
3.7 Sample Size And Sampling Technique	53
3.8 Statistical Analysis	54
3.9 Conclusion	55

CHAPTER 4 – EVALUATION OF DATA ANALYSIS AND FINDINGS

4.1 Introduction	56
4.2 Data Collection	56
4.2.1 Sample Size	56
4.2.2 Sampling Technique	56
4.3 Statement Of Results	57
4.4 Highlight Of Remarkable Results	63
4.5 Internal Consistency Method	76
4.6 Conclusion	77

CHAPTER 5 – RESEARCH CONCLUSION AND RECOMMENDATIONS

5.0 Introduction	78
5.1 Recommendations	78
5.2 Effective Communications	83
5.2.1 Pro-Action Vs Reaction	83
5.2.2 Internal Communication	84
5.2.3 External Communication	85
5.2.3.1 Telephone Technique (Incoming)	85
5.3 Attitude Towards The Client	86
5.3.1 The Client Does Not Depend On Us, We Depend On Him	87
5.3.2 The Client Is Not An Interruption Of Our Work, He Is The Reason For It	87
5.3.3 The Client Is Not There To Argue Or Match Wits With	87
5.3.4 The Client Is Part Of Our Business, Not An Outsider	87
5.3.5 The Client Is The Person Who Pays Our Salaries	87
5.3.6 The Client Is The Lifeblood Of The Company Without Him There Is No Company	88

5.4. Attitude	88
5.5 Suggestions for further research	90
5.6 Conclusion	90

BIBLIOGRAPHY

APPENDICES

Appendix A

Appendix B

LIST OF TABLES

TABLE		PAGE
Table 2.1	Differentiating Goods and Services	12
Table 2.2	Controllable and Less Controllable Factors Affecting Service Expectations	23
Table 2.3	Elements in an effective Service Marketing Research Programme	30
Table 4.1	Paired Samples T-Tests (Expectations vs Perceptions) overall across all dimensions	63
Table 4.2	Paired Sample T-Tests (Expectations vs Perceptions) Across each dimensions.	64
Table 4.3	Summary of Expectations minus Perceptions across all dimensions.	64-65
Table 4.4	Descriptive Statistics – Overall rating of MSC.	68
Table 4.5	Descriptive Statistics – Departments rating within MSC.	69
Table 4.6	Paired Sample T-Tests across various Industry Types.	70
Table 4.7	Paired Sample T-Tests across various Volumes (TEU).	72

Table 4.8	Paired Sample T-Tests across various Shipping Sectors.	73
Table 4.9	Paired Sample T-Tests across Client Record (Years).	75
Table 4.10	CronBach Alpha Reliability Testing	76

LIST OF FIGURES

FIGURES		PAGE
Figure 2.1	Four Types of Service Quality as applied to a Opticians practice	16
Figure 2.2	Dimensions of Service Quality	17
Figure 2.3	Factors Affecting Service Expectations	21
Figure 2.4	Kentucky Fried Chicken Customer Survey	33
Figure 2.5	Conceptual Model of Service Quality	36
Figure 2.6	Seven Quality Gaps Leading to Customer Dissatisfaction	39
Figure 4.1	Sample segmentation of category	57
Figure 4.2	Sample segmentation by region	58
Figure 4.3	Sample segmentation by gender	58
Figure 4.4	Sample segmentation by race	59
Figure 4.5	Sample segmentation by age	59
Figure 4.6	Sample segmentation by company profile	60
Figure 4.7	Sample segmentation by industry type	60

Figure 4.8	Sample segmentation by shipping volumes	61
Figure 4.9	Sample segmentation by shipping sector	61
Figure 4.10	Sample segmentation by work category	62
Figure 4.11	Sample segmentation by client record (in years)	62

CHAPTER 1 - INTRODUCTION

1.1 INTRODUCTION

Since 1994, post our democratic elections, South Africa is fast becoming an active participant in the world markets. Globalization and integration of world markets have brought about an active growth of business both locally and internationally. This globalization process in our local companies is expanding into new markets and regions and requires South African companies to follow internationally acceptable policies. Sound shipping management, equivalent to best practices worldwide, needs to be adopted. Mediterranean Shipping Company (MSC) South Africa therefore understands that in order to compete worldwide, it is imperative that service levels are kept at or even better world standards. This is the benchmark that MSC South Africa has set itself. In order to achieve this it is important to begin a process of measuring and monitoring service quality at MSC South Africa. This is the void which this study attempts to address and begin rectifying. In order to see this study in context it is important to understand a little background of the MSC Group and the South African arm of the operation. This is highlighted in the sections that follow.

1.2 BACKGROUND

The Mediterranean Shipping Company (MSC) is an international company based in Geneva, Switzerland, and is the second largest container carrier in the world. MSC has its origins on the Peninsula of Sorrento across from the Bay of Naples. It is fully owned by Mr and Mrs G. Aponte. Most of the company's captains, engineers, officers and crew were born there, including the founder Mr Gianluigi Aponte. The seafaring tradition and prowess of the people of this region dates back many centuries and includes a navel academy founded in Sorrento in 1631, which was for about 350 years the only high school on the peninsula. Perhaps it is no wonder that so many seafarers hail from these parts.

Captain Salvatore Sarno, MSC South Africa's chairman was transferred from MSC Geneva, Switzerland to South Africa in 1987 to head the company here. The growth since then can be seen in several ways, not only in the number and variety of shipping services to all parts of the globe, but also with the investment in this country, by way of people (the company employs more than 900 people locally), office buildings and container depots with an asset value worth hundreds of millions of rands. This diversification of services makes it even more important to measure the levels of service quality as perceived by the customers.

From the magnificent head office in Durban, overlooking the port on Victoria Embankment to the stylish offices in Johannesburg and the recently completed standout building on the foreshore in Cape Town, MSC has sunk its roots deep in the South African economy. In Port Elizabeth a historic building near the city is receiving the love and care it deserves before becoming MSC's Eastern Cape base.

MSC has opened six container depots around the country, two each at Durban and City Deep, and one each near Pretoria and in Cape Town. Once a customs bond licence is granted, a second, full container depot in Cape Town will open later in the year. Port Elizabeth remains "on the horizon" at this moment.

MSC's South African operation is run from their offices in Winder Street, overlooking the harbour, where MSC vessels are a familiar sight loading and unloading cargo and containers. A record 13 vessels have been berthed in the port on one day!

Globally, MSC has 173 ships calling at 176 ports on all five continents. Around 95 % of its ships are fully cellular vessels with 5 % used for multipurpose tonnage, offering 142 direct weekly services.

Six brand new vessels, each with a capacity of over 4 000TEU (Twenty foot equivalent units) entered into service in 2000, and the first of 12 maxi-class vessels, each with a capacity of 6750 TEU, was delivered in August 2001 with the remainder following at

monthly intervals. During the last five years, as a result of new constructions and the brand new purchases, almost 50 % of MSC's fleet has been renewed with tonnages of less than 10 years old – a very proud achievement.

As a multi-trader carrier, MSC provides comprehensive global coverage, linking South Africa directly with the markets of North America, South America, Europe, the United Kingdom, Asia, the Middle and Far East and Australasia, as well as key ports on Africa's west and east coasts, Indian Ocean Islands, Madagascar and Mozambique, where MSC is currently building its own offices in Beira.

A highly skilled technical team is employed in Durban to carry out routine repairs and maintenance to vessels. Also within the company, MSC logistics staff is nationally dedicated haulage specialists responsible for the safe and efficient movement of containers throughout the sub-continent.

In addition to its commercial fleet, South Africans have enjoyed the presence of Mediterranean Shipping Cruise Liners, the most recent being the Rhapsody, which returned to South Africa in November 2004, and will carry a total of more than 15 000 passengers to various destinations, allowing local and overseas tour operators to tap into the country's vast local and overseas tourism market during the summer cruise season.

It is clearly evident from the very in-depth background information portrayed above that MSC has not only diversified its service range but it has also expanded significantly in the South African region over the last few years. These factors make it extremely important that a method of monitoring service quality be introduced. The larger a company gets and the more diversified its service portfolio becomes, the more the senior management tend to lose contact with the most important person, the customer at all levels. Hence the reason for this tool which will allow MSC to pay much heed to this aspect of its business. This forms the basis of the motivation and importance of this study and further points are discussed and highlighted.

1.3 MOTIVATION AND IMPORTANCE

MSC led the way with new developments that most people take for granted today and has always been innovative, with pioneering ideas that forced others to follow. Among these was becoming the first shipping line to have its own container depots, again for the reason of providing greater focus and hands-on attention to customer requirements.

“We were the first shipping line to have its own container depots, for the reason of providing our clients with the best possible service. We weren’t looking for a financial return; it was necessary to provide the best services,” says Captain Sarno.

MSC was also the first to introduce named day calls at ports, something which its competitors again scoffed at and said would never work. Today most other shipping lines throughout the world offer named day services.

“We did not do this as a necessary challenge for ourselves. But it was our customers who wanted this service and it was up to us to provide it. At the same time it was not bad for a crazy idea that was supposed to be wrong,” says Captain Sarno.

Looking ahead at growth opportunities, Captain Sarno believes that South Africa still has a major role to play as the natural supplier to the rest of Africa and the Indian Ocean Islands. The feeder services between South African ports and the islands has remained important since the early days and MSC still carries more than 100 000 tons of break bulk cargo in addition to containerized cargo to the islands.

“I have a dream about South Africa: I’m very optimistic about this country and believe we should be showing the world how technologically advanced we are. My dream sees South Africa placed among the economically rich countries and holding its own. And of course we in South Africa have a leading role to play in shipping to and from Africa. The country is situated exactly between the pendulum route from the Far East and South East Asia and to South America. And then there is the West African connection. A few years

ago there was the language barrier but already things are changing with the growth in trade between South Africa and West Africa,” says Captain Sarno.

On the 1st June 2004 in commemorating the 10th anniversary of democracy in South Africa, MSC decided to show, once again, its full commitment to, and participation in the development of South Africa. To this end Black Economic Empowerment, Orlyfunt Holdings, acquired a 25.1% stake in MSC and the former Transnet CEO, Mafika Mkwanazi, became a non-executive director of MSC. “As usual MSC leads the industry in being the first important shipping organisation to follow the government’s vision to expand the wealth of the country,” says Captain Sarno.

This level of innovativeness is a deep vein in the MSC arsenal of approaching business, a vision of staying ahead of the competitors and always attempting to keep the customers happy with top quality service. It is with this attitude that this study has been undertaken.

Of personal interest to the writer is the level of service provided by MSC. This research dissertation is aimed at identifying the key factors that impact on the levels of service and an attempt at evaluating the effects of the service levels to determine what actions are necessary to improve the levels of service at MSC based on the outcomes of the research, recommendations will be made for further investigation or actions.

1.4 THE PROBLEM STATEMENT

What are customer satisfaction levels within MSC?

1.5 THE OBJECTIVES OF THE STUDY

To adopt the appropriate measurement scale to measure customer satisfaction within MSC

To measure the levels of customer satisfaction within MSC.

To make recommendations towards improving the levels of service and ultimately begin implementing a quality assurance programme within MSC.

1.6 DELIMITATIONS

The study is delimited to South Africa.

1.7 ASSUMPTIONS

We need to assume that the measuring instrument is valid and reliable, that the interviewer is well trained, and that the respondents respond truthfully. The former assumption is not difficult to make as the measuring instrument used in this study is an adapted form of a well-known measuring instrument namely SERVQUAL. This particular measuring instrument has proven via the original authors (which are quoted in Chapter 2) to be both valid and reliable on many occasions. The adapted form of the measuring instrument which was only slightly modified is assumed to be both valid and reliable based on the original validity and reliability and that the input re: the new questions are derived from senior persons in the marketing arena. Also as this is not a doctoral study it was felt that it was not necessary to conduct a factor analysis for validity and Cronbach Coefficient Alpha tests for reliability tests. This approach would have proven too expensive and not within the budget of this study.

1.8 STRUCTURE OF THE RESEARCH

The study will be presented in the following chapters:

Chapter Two – Review of the Related Literature

This chapter will comprise the review of literature on measuring service quality. Most of these studies are based on the notion that quality is perceived through a comparison between expectations and experiences over a number of quality attributes. The increasing importance of quality service as a means of gaining competitive advantage has seen the emergence of comprehensive programmes to research customer's expectations and perception of service quality. The most widely adopted approach thus far has been that suggested by Parasuraman, Zeithaml and Berry (1985) who have developed the Service Quality SERVQUAL methodology. The SERVQUAL is a multi-item scale for measuring consumer perceptions of service quality.

Today numerous applied research companies use the SERVQUAL instrument as an adapted measuring instrument to measure customer satisfaction within their industry. Although there are other measures of this abstract construct (Customer Satisfaction), the SERVQUAL instrument is generally the most popular used instrument worldwide.

Chapter Three – The Research Design and Methodology

The type of research design is a cross sectional analytical survey method. A more dominant quantitative approach to our analysis has been chosen for this study, as in this type of research we can identify cause and effect relationships more easily and the research is more structured and more controlled.

Chapter Four – The Data Design and Collection

The population of users will be identified and a stratified random sample of the players will be undertaken within each region.

The questionnaire will consist of an introductory letter, a demographic section which will consist mostly of categorical variables, some measured on a nominal scale and some

measured on an ordinal scale. The body of the questionnaire will consist of two parts. The first part will measure expectations and the second will measure perceptions of service. Both sections will ask questions in a similar fashion. As per the literature search customer satisfaction will be broken down into five sub areas to be measured, namely, tangibles, responsiveness, reliability empathy and assurance. Each of these sub areas will compose of approximately five to six questions interspersed throughout the questionnaire. All questions will be worded using the correct methodologies. Most questions will be measured using the Likert scale but we will also use dichotomous variables (Yes, No answers) and we will also ask a few qualitative open-ended questions. The benefit of this approach is that it ensures good balance in the questionnaire design.

Chapter Five- Recommendations and Conclusions

This chapter will detail recommendations and conclusions based on the findings of the study.

1.9 SUMMARY

The introductory chapter has covered the main objectives of the research, which are primarily based at identifying and evaluating the key factors that impact on the levels of service at MSC. Based on the outcomes of the research, recommendations will be made for further investigations or actions. This chapter also lists the delimitations and assumptions and covers the motivation and importance of doing this research and the background of the problem with special emphasis on MSC as a shipping company. Following on in the next Chapter is the background on the theory of Service Quality and more specifically customer satisfaction as well as any similar studies that have been carried out in this area.

CHAPTER 2 - LITERATURE REVIEW

2.0 INTRODUCTION

Prior to 1985, only a handful of researchers have focused on service quality despite the phenomenal growth of the service sector. Few academic researchers have attempted to define and model quality because of the difficulties involved in delimiting and measuring the construct (Parasuraman *et al.*, 1985). Nevertheless, service quality is now increasingly recognized as being of key strategic value by organizations in both the manufacturing and service sectors (Lewis *et al.*, 1994).

Several authors like Crosby (1991) and Reichfeld and Sasser (1990) and Edvardsson and Gustavsson (1991) highlighted the costs and benefits to be derived from successful service quality. As cited by Lewis *et al.* (1994), the major benefits may be summarized as relating to:

- Satisfied and retained customers and employees;
- Opportunities for cross-selling;
- The attraction of new customers;
- Development of customer relationships;
- Increased sales and market shares;
- Enhanced corporate image;
- Reduced costs and increased profit margins and business performance.

This chapter discusses the various characteristics of service, measurement of service quality, expectations and perceptions of service as applied to MSC.

2.1 WHAT IS A SERVICE?

Defining services, Lovelock (2001), utilizes two approaches. They are:

- “A service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production.”
- “Services are economic activities that create value and provide benefits for customers at specific times and places as a result of bringing about a desired change in-or on behalf of – the recipient of the service.”

According to Zeithaml & Bitner, (2000), “services are intangible, heterogeneous, perishable, simultaneously produced and consumed”.

2.2 GOODS AND SERVICES DIFFERENTIATION

While the literature on quality has been predominantly goods-oriented, a few contributions have focused on service quality. From these writings emerge the following themes:

- Service quality is more difficult for customers to evaluate than goods quality. Therefore, the criteria customers use to evaluate service quality may be more difficult for the marketer to comprehend. How customers evaluate investment services offered by a stockbroker is more complicated and varied than how they evaluate shipping services. Customers’ assessments of the quality of shipping services is more complex and difficult than the assessment of the quality of tangible items.

- Customers do not evaluate service quality solely on the outcome of a service (for example, how a customer's hair looks after a haircut); they also consider the process of service delivery (for example, how involved, responsive and friendly the hairstylist is during the haircut).
- The only criteria that count in evaluating service quality is defined by customers. Only customers judge quality; all other judgements are generally irrelevant. Specifically, service quality perceptions stem from how well a provider performs vis-a-vis customer's expectations about how the provider should perform.

There is general agreement that inherent differences between goods and services exist and that they result in unique, or at least different, management challenges for services businesses and for manufacturers that sell services as a core offering. These differences and associated marketing implications are shown in Table 2.1.

The most basic and universally cited difference between goods and services is *intangibility*. Because services are performances or actions rather than objects, they cannot be seen, felt, tasted, or touched in the same manner that we can sense tangible merchandise.

Table 2.1 Differentiating Goods and Services

<u>GOOD</u>	<u>SERVICES</u>	<u>RESULTING IMPLICATIONS</u>
Tangible	Intangible	<p>Services cannot be inventoried</p> <p>Services cannot be patented</p> <p>Services cannot be readily displayed or communicated.</p> <p>Pricing is difficult</p>
Standardized	Hetrogeneous	<p>Service delivery and customer satisfaction depend on employee actions.</p> <p>Service quality depends on many uncontrollable factors.</p> <p>There is no sure knowledge that the service delivered matches what was planned and promoted.</p>
Production separate from consumption	Simultaneous production and consumption	<p>Customers participate in and affect the transaction.</p> <p>Customers affect each other.</p> <p>Employees affect the service outcome.</p> <p>Decentralization may be essential.</p> <p>Mass production is difficult.</p>
Non-perishable	Perishable	<p>It is difficult to synchronize supply and demand with services.</p> <p>Services cannot be returned or resold.</p>

Source: Parasuraman, *et al*, (1985)

2.3 WHAT IS SERVICE QUALITY?

It is difficult to define service quality as opposed to quality of goods. Quality has been termed “an elusive and indistinct construct” (Parasuraman *et al.*, 1985). However the numerous works they have today regarding this issue have provided us a better insight into the definition of service quality.

2.3.1 Quality as Attitude

Olshavsky (1985) views quality as a form of overall evaluation of a product, similar in many ways to attitude. Holbrook (1985) concurs, suggesting that quality acts as a relative global value judgment. Exploratory research conducted by Parasuraman, Zeithaml, and Berry (1985) supports the notion that service quality is an overall evaluation similar to attitude. The researchers conducted a total of twelve focus group interviews with current or recent consumers of four different services - retail banking, credit card, securities brokerage, and product repair and maintenance. The discussions centered on issues such as the meaning of quality in the context of the service in question, the characteristics the service and its provider should possess in order to project a high-quality image, and the criteria customers use in evaluating service quality. Comparison of the findings from the focus groups revealed that, regardless of the type of service, customers used basically the same general criteria in arriving at an evaluative judgement about service quality.

2.3.2 Quality Versus Satisfaction.

Oliver (1981) summarizes satisfaction in the following definition: “(satisfaction is a) summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer’s prior feelings about the consumption experience”. Oliver (1981) summarizes the transaction-specific nature of satisfaction, and differentiates it from attitude, as follows:

“Attitude is the consumer’s relative enduring affective orientation for a product, store, or process (e.g., customer service) while satisfaction is the emotional reaction following a disconfirmation experience which acts on

the base attitude level and is consumption-specific. Attitude is therefore measured in terms more general to product or store and is less situationally oriented.”

Consistent with the distinction between attitude and satisfaction, is a distinction between service quality and satisfaction: perceived service quality is a global judgement, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction. Indeed, in the twelve focus group interviews included in the exploratory research conducted by Parasurama, Zeithaml, and Berry (1985), respondents gave several illustrations of instances when they were satisfied with a specific service but did not feel the service firm was of high quality. In this way, the two constructs are related, in that incidents of satisfaction over time result in perceptions of service quality. In Oliver’s (1981) words, “satisfaction soon decays into one’s overall attitude toward purchasing products.”

2.3.3 Expectations Compared to Perceptions.

The writings of Sasser, Olsen, and Wyckoff (1978); Gronroos (1982); and Lehtinen and Lehtinen (1982), and the extensive focus group interviews conducted by Parasuraman, Zeithaml, and Berry (1985), unambiguously support the notion that service quality, as perceived by consumers, stems from a comparison of what they feel service firms should offer (i.e., from their expectations) with their perceptions of the performance of firms providing the services. Perceived service quality is therefore viewed as the degree and direction of discrepancy between consumers’ perceptions and expectations.

Service quality has been variously defined as focusing on meeting needs and requirements, and how well the service delivered matches customers’ expectations. Perceived service quality is a global judgement or attitude, relating to service and results from comparisons by consumers of expectations of service with their perceptions of actual service performance. If there is a shortfall, then a service quality gap exists which providers would wish to close (Lewis *et al.*, 1994). Customers assessment of overall service quality depends on the gap between expectations and perceptions of actual performance levels (Zeithaml *et al.*, 1993). Thus, service quality is a measure of how well the service level delivered matches customers’ expectations (Lewis, 1989).

A measurement of the above-mentioned service quality gaps had been developed by Parasuraman, Zeithaml and Berry (1988). They presented the SERVQUAL concept using this equation :-

$$Q = P - E \quad \text{or}$$

$$\text{SERVQUAL Score} = \text{Perception Score} - \text{Expectation Score}$$

According to the equation, more positive scores reflects higher perceived service quality and vice-versa.

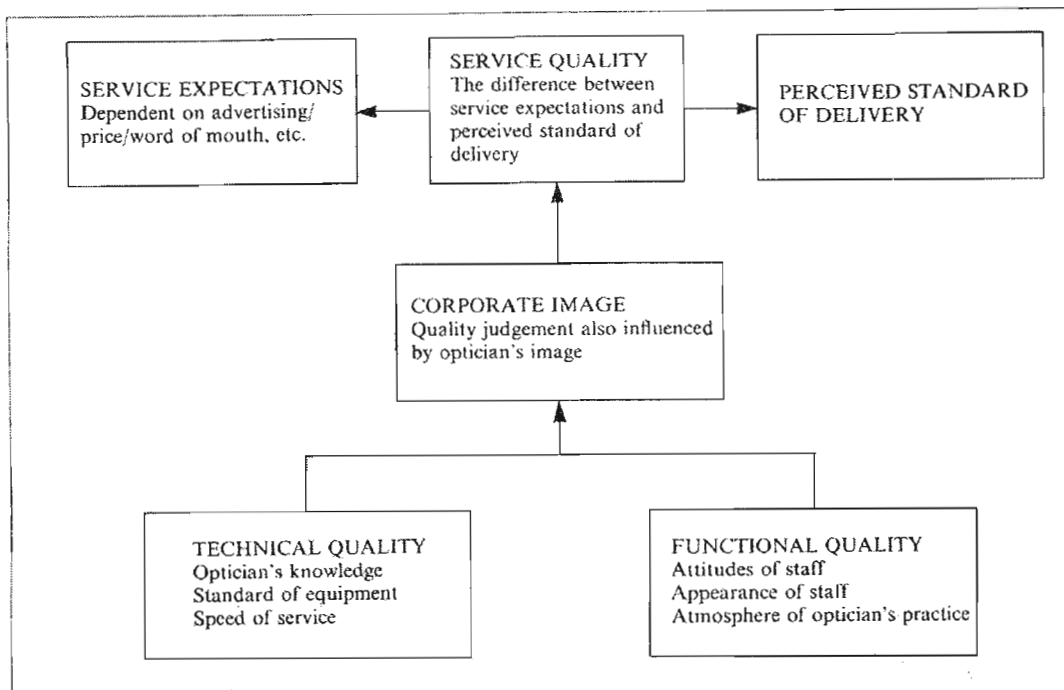
Some researchers disagreed with the concept presented by Parasuraman *et al.* (1985). Cronin & Taylor (1992) concluded that it is not necessary to measure customer expectations as it is sufficient to measure only customer perceptions. Nevertheless, Parasuraman *et al.* (1985) argued that incorporation of customer expectations into service quality measurements provide richer information than those that focus on perceptions only and information generated by this approach has greater diagnostic value.

Gronroos (1990) somewhat agrees with Parasuraman *et al.* (1985) by stating that good perceived quality is obtained when the experienced quality meets the expectations of the customer, that is, the expected quality. However, Gronroos (1990) postulated that there are four types of service quality which are outlined in Figure 2.1, namely:

- technical quality; which refers to what the customer is actually receiving from the service,
- functional quality; which is the manner in which the service is rendered, and
- physical quality; which refers to the physical aspects of the service and
- corporate quality, that involves the company's image or profile in reference to its ability to deliver superior service quality.

Note this is simply an example as applied to the optician industry but it can be used as an illustration for other types of service industries namely the shipping industry in the case of this study.

Figure 2.1 Four Types of Service Quality as applied to an Opticians practice



Source: Gronroos (1990)

2.4 WHY RESEARCH SERVICE QUALITY?

Service quality is a central issue in America today. In a recent Gallup survey, executives ranked the improvement of service and tangible product quality as the single most critical challenge facing U.S. business. One reason service quality has become such an important issue is that America's economy has become a service economy. A second factor behind service quality's rising prominence is that superior quality is proving to be a winning competitive strategy. In every nook and cranny of the service economy, the leading companies are obsessed with service excellence. They use service to be different; they use service to increase productivity; they use service to earn customer's loyalty; they use service to fan positive word-of-mouth advertising; they use service to seek some shelter from price competition. Excellent service pays off because it creates true customers – customers who are glad they selected a firm after the service experience, customers who will use the firm again and sing the firm's praises to others.

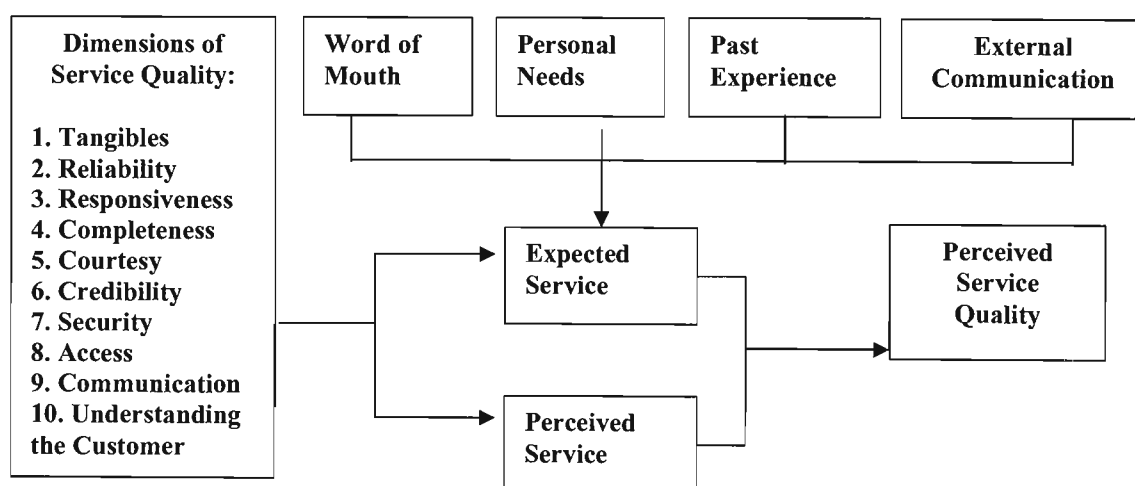
True customers are like annuities – they keep pumping revenue into the firm’s coffers. Stew Leonard as cited in Parasuraman *et al.* (1985), the much-heralded retailer whose Norwalk, Connecticut store annually does \$3,000 in business per square foot, understands the annuity analogy as well as anyone:

“We should never let a customer leave the store unhappy because we look at each customer as a potential \$ 50,000 asset. An average customer spends \$100 a week on food shopping. That’s more than \$ 5,000 a year, and more than \$50,000 over ten years. Customer service is big business when you look at the long-term picture.”

2.5 THE CONCEPT OF SERVICE QUALITY AND ITS DIMENSIONS

From our exploratory study we were able to (1) define service quality as the discrepancy between customers’ expectations and perceptions; (2) suggest key factors – word-of-mouth communications, personal needs, past experience, and external communications – that influence customers’ expectations; and (3) identify ten general dimensions that represent the evaluative criteria customers use to assess service quality. Figure 2.2 provides a pictorial summary of these findings.

Figure 2.2 Dimensions of Service Quality



Source: Parasuraman *et al.*, 1985

2.5.1 Service Quality Dimensions

Service quality is a complex, multidimensional concept. Nevertheless, through the focus group interviews and later empirical investigation done by Parasuraman et al. (1985; 1988), the researchers found consumers used ten determinants in their evaluation of the service quality process (Allred & Addams, 2000). The ten service quality determinants are listed below:-

- | | |
|-------------------|--|
| 1. Access | 2. Communication |
| 3. Competence | 4. Courtesy |
| 5. Credibility | 6. Reliability |
| 7. Responsiveness | 8. Security; |
| 9. Tangibles | 10. Understanding/knowing the customer |

The last two dimensions (assurance and empathy) contain items representing seven original dimensions- communication, credibility, security, competence, courtesy, understanding/ knowing customers, and access - that did not remain distinct after the two stages of scale purification.

Therefore, while SERVQUAL has only five dimensions, they capture facets of all ten originally conceptualized dimensions. The five dimensions defined here are criteria by which interaction, physical environment, and outcome quality may be judged.

- Reliability: ability to perform the promised service dependably and accurately.
- Responsiveness: willingness to help customers and provide prompt service.
- Assurance: employees' knowledge and courtesy and their ability to inspire trust and confidence.
- Empathy: caring individualized attention given to customers.
- Tangibles: appearance of physical facilities, equipment, personnel, and written materials.

These dimensions represents how consumers organize information about service quality in their minds.

2.5.1.1 Reliability: Delivering on Promises - Of the five dimensions, reliability has been consistently shown to be the most important determinant of perceptions of service quality among U.S. customers. Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadcast sense, reliability means that the company delivers on its promises – promises about delivery, service provision, problem resolution, and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes.

2.5.1.2 Responsiveness: Being Willing to Help - Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer request, questions, complaints, and problems. Responsiveness is communicated to customers by the length of time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs.

2.5.1.3 Assurance: Inspiring Trust and Confidence - Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes – for example, banking, insurance, brokerage, medical, and legal service.

2.5.1.4 Empathy: Treating Customers as Individuals - Empathy is defined as caring, individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service, that customers are unique and special. Customers want to feel understood by and important to firms that provide services to them. Personnel at small service firms often know customers by name and

build relationships that reflect their personal knowledge of customer requirements and preferences. When such small firm competes with larger firms, the ability to be empathetic may give the small firm a clear advantage.

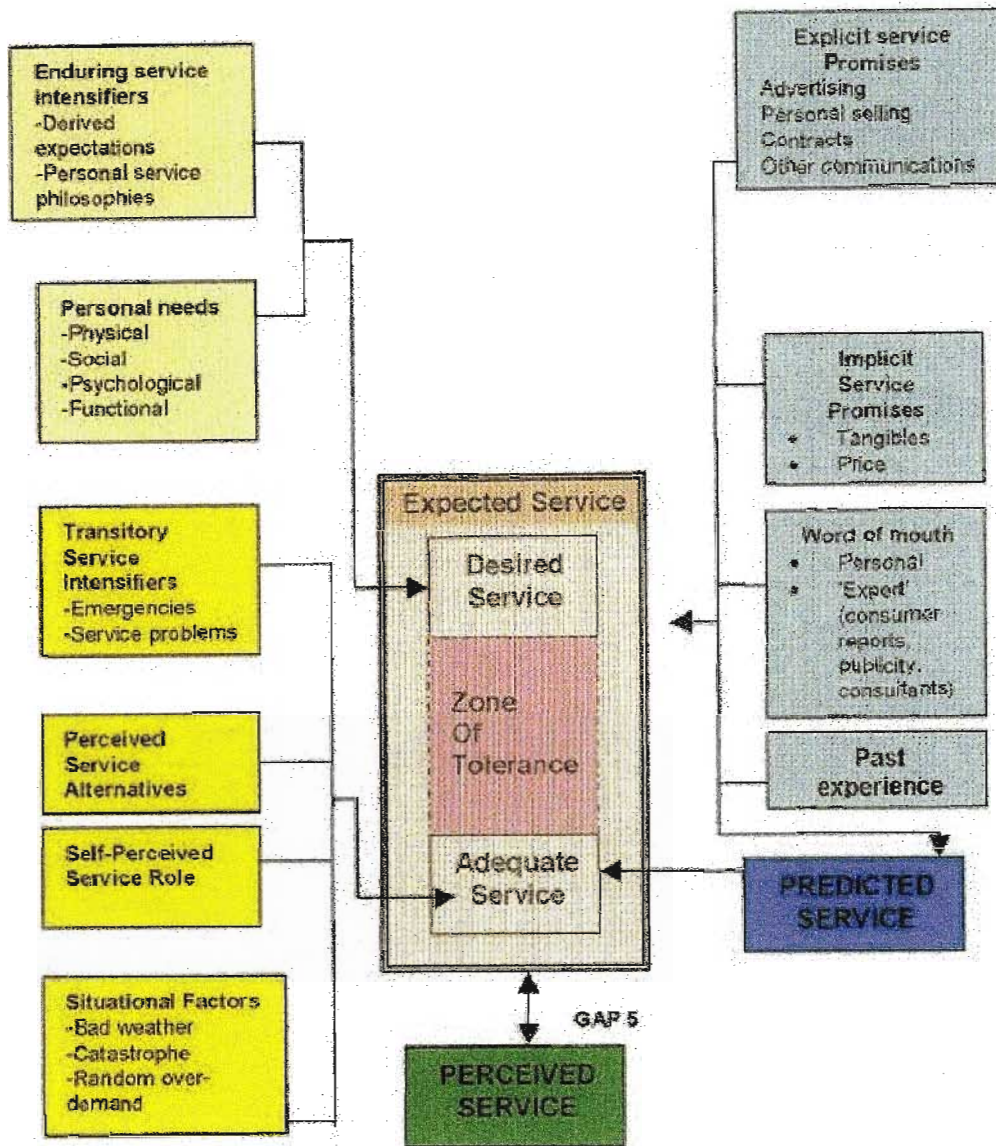
2.5.1.5 Tangibles: Representing the Service Physically - Tangibles are defined as the appearance of physical facilities, equipment, personnel and communication materials. All of these provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality. Service industries that emphasize tangibles in their strategies include hospitality services where the customer visits the establishment to receive the service, such as restaurants and hotels, retail stores, and entertainment companies.

2.6 CUSTOMER EXPECTATIONS OF SERVICE QUALITY

Customer expectations are beliefs about service delivery that function as standards or reference points against which performance is judged. Because customers compare their perceptions of performance with these reference points when evaluating service quality, thorough knowledge about customer expectations is critical to services marketers. Knowing what the customer expects is the first and possibly most critical step in delivering quality service. Being wrong about what customers want can mean losing a customer's business when another company hits the target exactly. Being wrong can also mean expending money, time, and other resources on things that don't count to the customer. Being wrong can even mean not surviving in a fiercely competitive market.

To say that expectations are reference points against which service delivery is compared is only a beginning. The level of expectation can vary widely depending on the reference point the customer holds. Although most has an intuitive sense of what expectations are, service marketers need a far more thorough and clear definition of expectations in order to comprehend, measure and manage them as depicted in Figure 2.3.

Figure 2.3 Factors Affecting Service Expectations



Source: Zeithaml *et al.*, (1993).

2.6.1 Sources of Desired Service Expectation in MSC.

2.6.1.1 Enduring Service Intensifiers – These are individual, stable factors that lead the client to a heightened sensitivity to service. MSC by using market research to determine sources of derived service expectations and their requirements can use this information in designing and delivering quality service.

2.6.1.2 Personal Needs – Those states or conditions essential to the physical or psychological well being of the customer, are pivotal factors that shape the level of desired service.

2.6.2 Sources of Adequate Service Expectation in MSC – These influences are short term in nature and tend to fluctuate more than somewhat stable factors that influence desired service.

2.6.2.1 Transitory Service Intensifiers – These are temporary, usually short-term, individual factors that make a client more aware of the need for service. Personal emergency situations in which service is urgently needed, raise the level of adequate service expectation, particularly the level of responsiveness required and considered acceptable. Performing a service right the first time is very important, because customers value service reliability above all other dimensions. If service fails in the recovery phase, fixing it right the second time is even more critical than the first. In these and other situations where transitory service intensifiers are present, the level of adequate service will increase and the zone of tolerance will narrow.

2.6.2.2 Perceived Service Alternatives – Are there other providers that the clients can obtain service. If clients have multiple service providers to chose from, their levels of adequate service are higher that those of customers who believe it is not possible to get better service elsewhere. The client’s perception that service alternatives exist raises the level of adequate service and narrows the zone of tolerance.

2.6.3 How to influence factors affecting Client’s Service Expectations.

Listed in Table 2.2 are the controllable and less controllable factors affecting client’s service expectations and possible influence strategies.

Table 2.2 Controllable and Less Controllable Factors Affecting Service Expectations

<u>Controllable Factors</u>	<u>Possible Influence Strategies</u>
Explicit service promise	<ul style="list-style-type: none"> • Make realistic and accurate promises that reflect the services actually delivered rather than an idealized version of the service • Ask contact people for feedback on the accuracy of promises made in advertising and personal selling.
Implicit service promises	<ul style="list-style-type: none"> • Ensure that service tangibles accurately reflect the type and level of service provided. • Ensure that price premiums can be justified by higher levels of performance by the company on important customer attributes.
<u>Less Controllable Factors</u>	<u>Possible Influence Strategies</u>
Enduring service intensifiers	<ul style="list-style-type: none"> • Use market research to determine sources of derived service expectations and their requirements. • Use market research to profile personal service philosophies of clients and use this information in designing and delivering services
Personal needs	<ul style="list-style-type: none"> • Educating the clients on ways the services addresses their needs.
Transitory service intensifiers	<ul style="list-style-type: none"> • Increase service delivery during peak periods or in an emergency.
Perceived service alternatives	<ul style="list-style-type: none"> • To know the role of alternate options and their availability.
Self-perceived service role	<ul style="list-style-type: none"> • Educate clients to understand their roles, responsibilities and to perform them better.

Word-of-mouth communication	<ul style="list-style-type: none"> • Stimulate word-of-mouth in advertising.
Past experience	<ul style="list-style-type: none"> • Use marketing research to profile customers' previous experiences with similar services.
Situational factors	<ul style="list-style-type: none"> • In times of catastrophes and emergencies, provision for additional staff should be made available on a regular basis
Predicted service	<ul style="list-style-type: none"> • Tell clients when service provision is higher than what can normally be expected so that predictions of future service encounters will not be inflated.

Source: Zeithaml, *et al*, (1993)

2.7 HOW DOES A COMPANY EXCEED CUSTOMER SERVICE EXPECTATIONS?

Many companies today talk about exceeding customer expectations – delighting and surprising them by giving more than they expect. This philosophy raises the question - Should a service provider try to simply meet customer expectations or to exceed them?

First, it is essential to recognise that exceeding customer expectations of the basics is virtually impossible. Honouring promises – having reserved the room available, meeting deadlines, showing up for meetings, delivering the core service – is what the company supposed to do. Companies are supposed to be accurate and dependable and provide the service they promised to provide.

Despite a genuine interest in meeting customer expectations, many companies miss the mark by thinking inside out – they believe they know what customers should want and deliver that, rather than finding out what they do want. When this happens, companies provide services that do not match customer expectations: important features are left out,

and the levels of performance on features that are provided are inadequate. Because services have few clearly defined and tangible cues, this difficulty may be considerable larger than it is in manufacturing firms. A far better approach involves thinking outside in – determining customer expectations and then delivering to them. Thinking outside involves using marketing research to understand customers and their requirements fully.

2.8 CUSTOMER SATISFACTION

After making a purchase, customers compare the service they expected to get with what they actually receive. They decide how satisfied they are with service delivery and outcomes, and they also make judgments about quality. Although service quality and customer satisfaction are related concepts, they are not exactly the same thing. Many researchers believe that customers' perceptions about quality are based on long-term, cognitive evaluations of a firm's service delivery, whereas customer satisfaction is a short-term emotion reaction to a specific service experience.

Following a service encounter, customers may evaluate their levels of satisfaction or dissatisfaction and may use this information to update their perceptions of service quality. They must, of course, experience a service before they can be satisfied or dissatisfied with the outcome. But beliefs about quality don't necessarily reflect personal experience. People often make quality judgements about services they have never consumed, basing these evaluations on comments by acquaintances or on advertising messages. Managing a business to optimise customer satisfaction is a strategic imperative at many firms, since the cost of a mediocre service quality may be as high as 40 percent of revenues in some service industries. Most companies realize that by improving performance on service attributes, customer satisfaction should increase. This should, in turn, lead to greater customer retention and improved profitability. For example, the relative similarity of the products offered by different banks has led to an increased emphasis on service quality in the highly competitive retail-banking sector. A large telephone survey of bank customers identified poor customer service quality as the most frequent reason for account closures. Analysis of the study results and bank branch profits indicated that customer service quality was a major determinant of how well individual branches performed.

Customers experience various levels of satisfaction or dissatisfaction after each service experience according to the extent to which their expectations were met or exceeded. Because satisfaction is an emotional state, their post purchase reaction can involve anger, dissatisfaction, irritation, neutrality, pleasure, or delight.

2.8.1 Satisfaction, delight, and loyalty.

Obviously, angry or dissatisfied customers are troublesome because they may switch to another company and spread negative word of mouth. But it is sufficient just to satisfy a customer? After all, a firm might reason that products and services are rarely perfect and people are hard to please. Companies that take this approach may be asking for trouble because there is a lot of evidence that merely satisfying customers is not enough.

Marginally satisfied or neutral customers can be lured away by competitors. A delighted customer, however, is more likely to remain loyal in spite of attractive competitive offerings. Customer satisfaction plays an especially critical role in highly competitive industries, where there is a tremendous difference between the loyalty of merely satisfied and completely satisfied – or delighted - customers. For example, a study of retail banking customers showed that completely satisfied customers were nearly 42 percent more likely to be loyal than merely satisfied customers.

To improve its satisfaction levels, a company must first find out how satisfied or dissatisfied its current customers actually are. One common way of measuring satisfaction is to ask customers first to identify what factors are important in satisfying them and then to evaluate the performance of a service provider and its competitors on these factors. Many firms use a five-point scale to measure customer satisfaction, with the following format:

- 1 = very dissatisfied
- 2 = somewhat dissatisfied
- 3 = neutral
- 4 = somewhat satisfied
- 5 = very satisfied

The results of these satisfaction surveys can be used to estimate the number of loyal customers a firm has, as well as how many are at risk of defecting.

2.8.2 Loyalty

Loyalty is an old-fashioned word, traditionally used to describe fidelity and enthusiastic devotion to a country, cause, or individual. More recently, in a business context, it has been used to describe a customer's willingness to continue patronizing a firm over the long term, purchasing and using its goods and services on a repeated and preferably exclusive basis, and voluntarily recommending it to friends and associates.

2.8.3 Relationships

One category of surveys could appropriately be named relationship surveys because they pose questions about all elements in the customer's relationship with the company (including service, product, and price). This comprehensive approach can help a company diagnose relationship strengths and weaknesses. These surveys typically monitor and track service performance annually with an initial survey providing a baseline. Relationship surveys are also effective in comparing company performance with that of competitor's performance, often focusing on the best competitor's performance as a benchmark. When used for this purpose, the sponsor of the survey is often not identified and questions are asked about both the focal company and one or more competitors.

2.9 THE VARIOUS TYPES OF SERVICES MARKETING

2.9.1 Return on quality

Many strategies to improve customer satisfaction are costly to design and implement. Thoughtful managers ask: Which quality improvement efforts will provide the greatest financial return? This investment-oriented approach is called **return on quality (ROQ)**.

2.9.2 Building a Quality Information System

Organizations that are known for providing excellent service quality are good at listening to both their customers and their front-line employees. To do this effectively, companies need to create an ongoing service research process that provides managers with useful, timely data. Information from service quality surveys - including how a firm compares with its competitors - can help managers understand the effects of changes in service quality and/or price on the firm's market share. As Leonard Berry (1991) says in *Marketing Services: Competing through Quality*, "Companies need to build a **service quality information system**, not just do a study. Conducting a service quality study is analogous to taking a snapshot. Deeper insight and an understanding of the pattern of change come from an ongoing series of snapshots taken of various subject matter from many angles."

Berry (1991) recommends that ongoing research should be conducted through a portfolio of research techniques that make up a firm's service quality information system. Possible approaches include:

- Post-transaction surveys
- Total market surveys
- Mystery shopping
- New, declining, and former customer surveys
- Focus groups
- Employee field reporting

2.10 THE VARIOUS TYPES OF MARKET RESEARCH IN SERVICE QUALITY

When it comes to studying service quality and then trying to measure it, it is important to realize that there are numerous ways of measuring service quality and each of them has their shortfalls as a comprehensive measure of Service Quality. Although they all serve their purpose on a specific area of measuring Service Quality they all fall short as a "complete" measure of Service Quality. Therefore it is important to understand what each

of these measures can do together with their pitfalls and how SERVQUAL solves a lot of these problems.

A good services marketing research programme includes multiple types of research studies. The composite of studies and types of research will differ by company because the range of uses for service quality research – from employee performance assessment to advertising campaign development to strategic planning – requires a rich, multifaceted flow of information. The particular portfolio for any company will match company resources and address the key areas needed to understand the customers of the business; as per different examples listed in Table 2.3

2.10.1 Mystery Customers

The use of mystery shoppers is widespread and used particularly in the monitoring of staff in terms of the extent to which service standards are or are not being met. This technique is helpful in industries where it is felt staff are unable or simply unwilling to conduct their work to preset specifications. This monitoring is done by trained personnel working in collaboration with company staff to ensure a constructive template approach. According to Palmer (1998)

In particular, if the techniques are applied correctly, they can allow management to know what is really happening at the sharp end of their business. To be effective, mystery shopping surveys need to be undertaken independently, should be objective and must be consistent. The training of assessors is critical to the effective use of this research method and should include, for example training in observation techniques which allow them to distinguish between a greeting and an acknowledgement.

Table 2.3 Elements in an effective Service Marketing Research Program

TYPE OF RESEARCH	PRIMARY RESEARCH OBJECTIVES
Complaint solicitation	To identify/ attend to dissatisfied customer To identify common service failure points
Critical incident studies	To identify “best practices” at transaction level To identify customer requirements as input for quantitative studies To identify systemic strengths and weaknesses in customer-contact services
Requirements research	To identify customer requirements as input for quantitative research
Relationship surveys and SERVQUAL surveys	To monitor and track service performance. To assess company performance compared with that of competition To determine links between satisfaction and behavioral intentions To assess gaps between customer expectations and perceptions
Trailer calls	To obtain immediate feedback on performance of service transactions To measure effectiveness of changes in service delivery To assess service performance of individuals and teams To use as input for process improvements To identify common service failure point
Service expectation meetings and reviews	To create dialogue with important customers To identify what large customers expect and then to assure that it is delivered To close the loop with important customers

Process checkpoint evaluations	To determine customer perceptions of long-term professional services during service provision To identify service problems and solve them early in the service relationship
Market – oriented ethnography	To research customers in natural settings To study customers form cultures other than America in and unbiased way
Mystery shopping	To measure individual employee performance for evaluation, recognition, and rewards To identify systemic strengths and weaknesses in customer-contact services
Customer panels	To monitor changing customer expectations To provide a forum for customers to suggest and evaluate new service ideas
Lost customer research	To identify reasons for customer defection
Future expectations research	To forecast future expectations of customers To develop and test new service ideas
Database marketing research	To identify the individual requirements if customers using information technology and data base information

Source: Palmer (1998)

2.10.2 Transaction Analysis

This type of research allows companies to judge their own performance based on recent transactions. In particular it allows a company to judge the customers satisfaction with the contact personal with whom the transaction was conducted and the overall satisfaction with the company. This type of research is done by means of a mail out survey which is sent post the transaction and then analyzed. This also has an advantage in that it allows for a rewards system to be implemented back to the contact personal.

2.10.3 Customer Panels

This form of research is used extensively by companies who bring together frequent users of their product who employ personnel during the launch of a new or improved product. This form of research is used extensively amongst retailers to do exactly this and also to monitor levels of service. This form of research assists organizations to anticipate problems early on and to react when the problem is still at an embryonic phase.


The biggest drawback of this form of research is the representativeness of the panel as a whole. The sample of panel conveners may be bias with respect to various dimensions such as social, economic, demographic, frequency of use and this may affect the validity of the entire research.

2.10.4 Regular Customer Surveys

The importance of service quality has seen a dramatic jump forward in the last few years and many companies have jumped onto this “quality train”. People who not only pay for services but also have a large choice to choose from feel that they have a right to be consulted and to express an opinion with the service that they have been provided by the service provider who they feel have been “loyal” to by simply being their client.

A few examples of such surveys include a questionnaire one fills out in an aeroplane, surveys conducted in hospitals and restaurants so on. Although a few of these bear fruit (as in a recent local hospital survey where patients complained of noise from, in particular, the nurses and as a result, rubber soled shoes for the nurses have been introduced and new wheels on the trolley systems which do not squeak were also launched), the majority of such surveys smack of lip service and customers complaints are hardly acted on.

Example Kentucky Fried Chicken Customer Survey (see Figure 2.4):



Customers Comments

KFC is committed to serve
great tasting complete meals
at affordable everyday prices

Tell us what you think!

Pleasing our customers is the most important service we offer.
You can help us maintain this service by taking a minute
to answer the questions below.

Please tick appropriate block:

C. Was the restaurant clean ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
H. Did you receive excellent hospitality ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
A. Was your order accurate ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
M. Was the restaurant well maintained ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
P. Was the product consistent with other KFC's ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
S. Were you served speedily ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Date of visit : _____ Time of visit ? _____

Server Name : _____

How can we serve you better ? _____

What would make you return more frequently ? _____

Please write any comments or suggestions you may have (especially if you feel strongly about any of the above) _____

Please tick :

Male Female Age group: Under 12 12-15 16-25 26-45 46+

Name : _____

Address : _____

Post Code : _____ Telephone : () _____

24 HOUR CUSTOMER CARE LINE 0860 100 222

Please feel free to discuss any aspect of our food, service or restaurant with
the Store Manager who will deal with any problems immediately

Figure 2.4 Kentucky Fried Chicken Customer Survey

2.10.5 Perception Surveys

Palmer (1998) makes the following observations: These investigations use a combination of qualitative and quantitative research methods. Many professional services organizations have employed such studies in order to develop future marketing strategies. Their aim is to achieve a better understanding of how customers view an organization, in

other words, to help the firm see itself as clients see it. The initial qualitative stages of a study involve researchers in identifying the attitudes of clients (past, present and future) towards the firm as well as how the firm is perceived by the community at large (this may involve eliciting information from journalists, intermediaries and even competitors). Group discussions and/or in-depth interviews are the vehicles used for assessing the perceptions of people at this stage. In the quantitative phase of a survey, clients are asked to judge the company's performance using a battery of attitude statements. Perception studies often include an analysis of the perceptions of a firm's employees.

2.10.6 Employee Research

This is used on an ongoing basis within companies via staff development seminars, training programs, reporting systems, quality circle workshops and suggestion boxes. The constructive proposals offered up by employees can assist the company in providing its services more efficiently and more effectively.

2.10.7 Similar Industry Studies

It is possible to learn from research conducted in a similar industry to learn from it and adapt it to your research. For example research into service quality in the hotel and catering industry which has been ongoing for some time can be used and adapted to the hospital industry which over the last few years has been privatized and modernized and been forced into using best practices. The term benchmarking is frequently used to describe the process by which companies set standards for themselves, based on a study of best practice elsewhere. Best practice could be defined in terms of firms within the same sector, or completely different sectors which share similar processes.

2.10.8 Analysis of Complaints

Dissatisfaction of customers is most clearly voiced through the complaints that they make about service provision. In truly market-orientated organizations, complaints analysis forms a useful guide to where the process of service delivery is breaking down. (Palmer 1998)

2.11 SERVQUAL

Quality is clearly a complex concept, which cannot be satisfactorily measured by a series of ad – hoc studies. This, and the increasing importance of quality as a means of gaining competitive advantage has seen the emergence of comprehensive programmes to research customers expectations and perceptions of service quality. The most widely adopted approach thus far has been that suggested by Parasuraman, Zeithaml and Berry (1985). They have developed the Service Quality, SERVQUAL methodology from 1983 onwards and have developed their first SERVQUAL measuring instrument in 1985 and subsequently refined it. They postulate that the only factors that are important are those that the customers perceive as relevant to them.

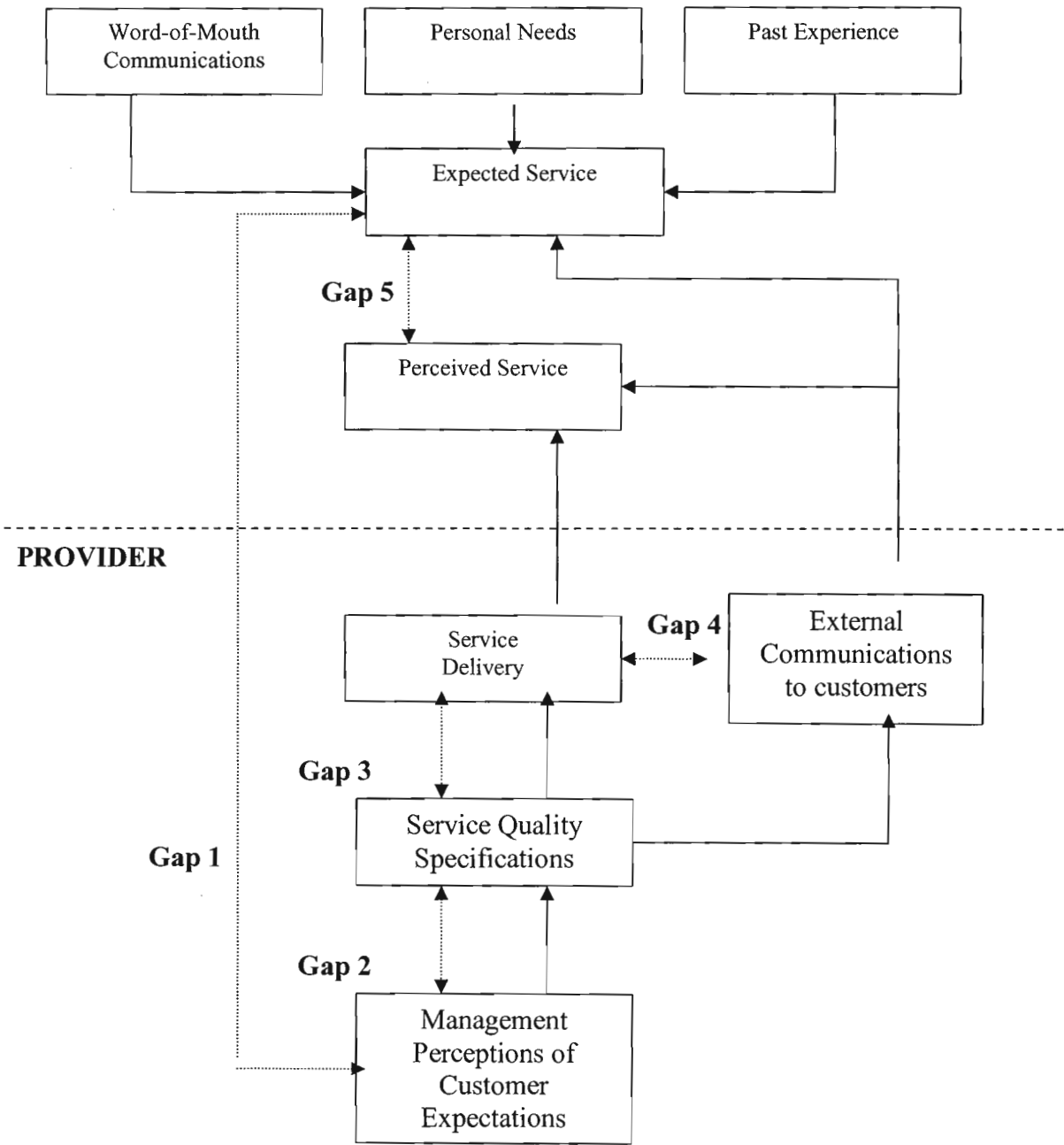
SERVQUAL is a multi-item scale for measuring consumer perceptions of service quality. Today numerous applied research companies use the SERVQUAL instrument as an adapted measuring instrument to measure Customer Satisfaction within their industry. Although there are other measures of this abstract construct (Customer Satisfaction), the SERVQUAL instrument is generally the most popular used instrument worldwide.

The SERVQUAL instrument measures service quality within the areas of customer satisfaction. The measuring instrument breaks down the construct of Customer Satisfaction into five distinct areas namely:

- Tangibles (appearance of physical elements)
- Reliability (dependability, accurate performance)
- Responsiveness (promptness and helpfulness)
- Assurance (competence, courtesy, credibility, and security)
- Empathy (caring and individualized attention the firm provides for its customers)

(Parasuraman *et al.*, 1985)

Figure 2.5 Conceptual Model of Service Quality



Source: Parasuraman *et al.*, (1985)

2.11.1 Service Quality Gap

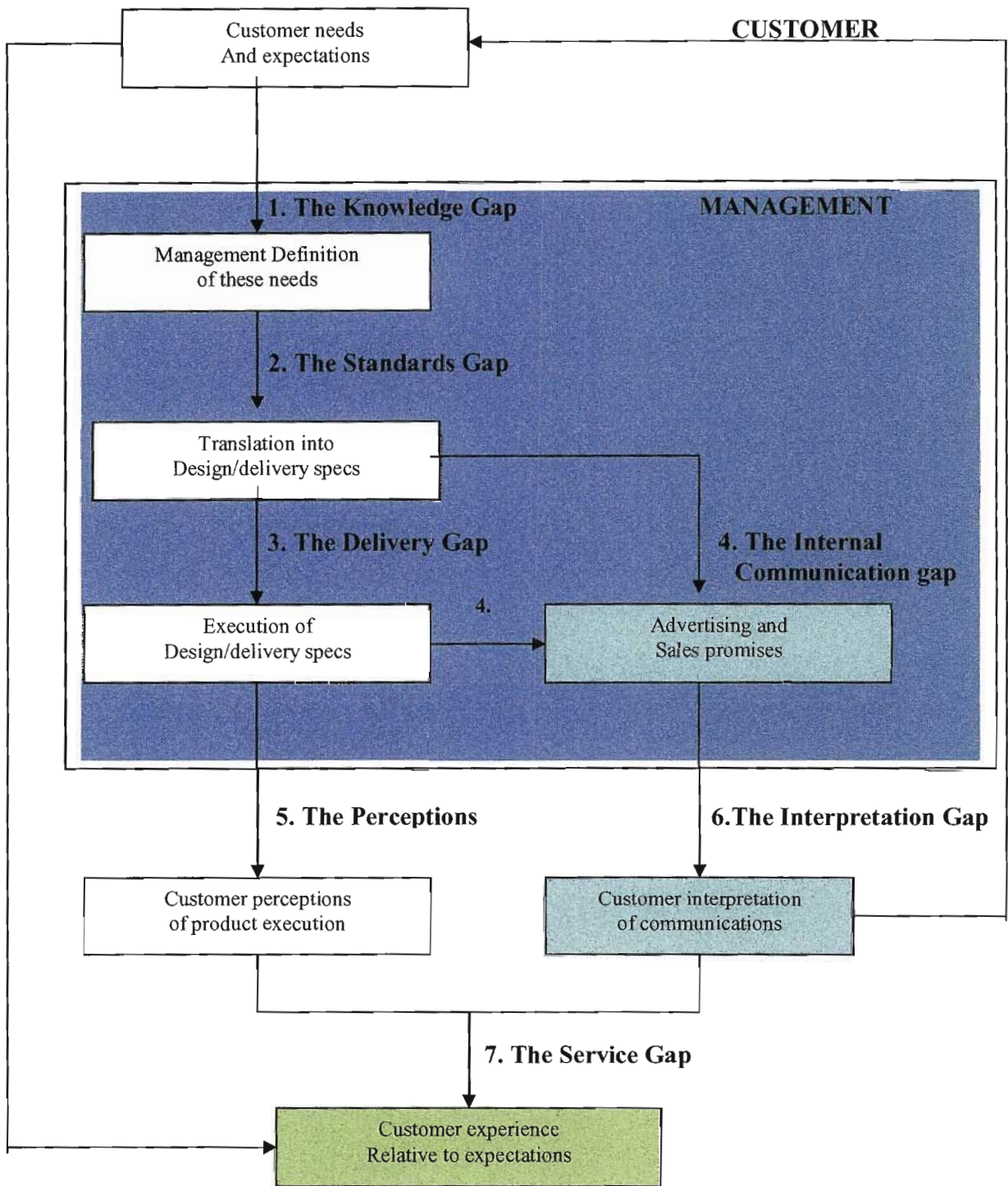
Service quality is based on a comparison between what the customer feels should be offered and what is provided (Parasuraman *et al.*, 1985). The difference between expected and perceived service is termed Gap 5 (Zeithaml *et al.*, 1990). This customer-perceived service quality shortcoming, Gap 5, is the result of four service provider shortfalls (Gaps 1 through 4). These gaps which were identified by Berry and his colleagues (Parasuraman *et al.*, 1985; Zeithaml *et al.*, 1988) through their Gaps Model of Service Quality are as follows:-

- Gap 1: Customers' expectations-management perceptions gap, which is the discrepancy between customers' expectations of service quality and management perceptions of those expectations.
- Gap 2: Management's perception-service quality specifications gap, which is the discrepancy between management's perceptions of customers' expectations and the firm's service quality specifications.
- Gap 3: Service quality specifications-service delivery gap, which is the discrepancy between service quality specifications and actual service quality.
- Gap 4: Service delivery-external communications gap, which is the discrepancy between actual service delivery and external communications to customers about service delivery.
- Gap 5: Expected service-perceived service gap, which is the discrepancy between expected service and perceived service.

The conceptual model of service quality was modified to include seven quality gaps leading to customer dissatisfaction as shown in Figure 2.6, however for the purposes of this study we will focus on the 5 Gaps Model by Parasuraman *et al.*, 1985. The seven potential gaps in service quality are:

1. **The knowledge gap** – the difference between what service providers believe customers expect and customers' actual needs and expectations.
2. **The standards gap** – the difference between management's perceptions of customer expectations and the quality standards established for service delivery.
3. **The delivery gap** – the difference between specified delivery standards and the service provider's actual performance.
4. **The internal communications gap** – the difference between what the company's advertising and sales personnel think are the product's features, performance, and service quality level and what the company is actually able to deliver.
5. **The perceptions gap** – the difference between what is actually delivered and what customers perceive they have received (because they are unable to accurately evaluate service quality).
6. **The interpretation gap** – the difference what a service provider's communications efforts actually promise and what a customer thinks was promised by these communications.
7. **The service gap** – the difference between what customers expect to receive and their perceptions of the service that is actually delivered.

Figure 2.6 Seven Quality Gaps Leading to Customer Dissatisfaction



Source: Lovelock, 1994

For any service organization, the existence of one or more of the above gaps will adversely affect service quality. An organization must identify any existing gaps, and develop strategies to narrow and close them. The potential for customer dissatisfaction will then be minimized (Han & Leong, 1996). This will be a hard task for organizations today because as stated by Lewis et al. (1994), generally, consumer expectations are increasing and customers are becoming more critical of the service quality they receive.

2.11.2 The relationship between service quality and customer satisfaction

Satisfaction is a post consumption evaluation of perceived quality relative to expected quality (Rust & Oliver, 1994). Satisfaction and dissatisfaction often are viewed as opposite ends of a continuum, with disposition being determined as a result of comparison between expectations and outcome (Oliver, 1979).

As stated by Brown and Swartz (1989), satisfaction occurs when outcome meets or exceeds the client's expectations while dissatisfaction occurs when a negative discrepancy is present between the client's anticipated outcome and the actual outcome.

Based on the SERVQUAL model, the larger the gap between expectations and perceptions, the lower the perceived service quality and the more dissatisfied customers will be (Zeithaml, 1993).

The distinction and association between service quality and customer satisfaction remains at the forefront of many academics and practitioner-oriented research endeavors (Lassar *et al.*, 2000). At one point, the relationship between service quality and customer satisfaction had been much debated by researchers, arguing that the two concepts are determined by different antecedents.

However, Oliver (1993) and Lassar *et al.* (2000) established a basis for the present contention that service quality influences, among other things, levels of customer satisfaction. There exist numerous empirical works to support the quality/satisfaction causal order. Two recent and highly relevant studies were conducted by Cronin and Taylor (1992) and Spreng and Mackoy (1996). Cronin and Taylor tested the causal

relationship between service quality and customer satisfaction by adding empirical justification to their work. The authors report ultimately that, according to their analyses, perceived service quality leads to satisfaction – as opposed to the reverse (Lassar *et al.*, 2000).

In the second study, Spreng and Mackoy (1996) tested a model developed by Oliver (1993). Oliver's model integrates the two constructs and suggests, among other things, that perceived service quality is an antecedent to satisfaction. Spreng and Mackoy's results indicate that, as predicted service quality leads to satisfaction.

2.11.3 The Evolution of SERVQUAL

Perhaps the most comprehensive and most referenced investigation into service quality was conducted by Parasuraman *et al.* (1985). They explained that the continuum of perceived service quality is formed by the multiplicative effects of customers' pre-purchase expectations, perceived process quality, and perceived output quality. To judge its ability to provide a quality service, the service firm must first understand how its service system impacts on customer expectations and satisfaction. Defining service quality as the gap between expectations of service and the perception of the service experience, they provided a list of the most important aspects of a quality service as seen by the service customer. A service provider scoring high marks in each of these categories was viewed as high quality.

While it may be relatively simple to identify service aspects that are valuable to the customer, it is not so easy to quantify a firm's ability to provide each customer with the required amount of courtesy, security and credibility. To date, the most significant research into assessing customers' perceptions of service quality was also conducted by Parasuraman *et al.* (1988) who developed the SERVQUAL multiple-item survey instrument. To measure a customer's appraisal of the excellence of an individual service experience, they developed a reliable 22-item survey instrument based on their previously defined categorization of service quality. Further research into the identification of latent service-quality constructs (using factor analysis) led to the identification of five service-

quality dimensions. These dimensions, hypothesized to have emerged from the 22-item SERVQUAL instrument, were thought to be generalizable to a wide range of service industries (Parasuraman *et al.*, 1988). More recently, the SERVQUAL scale has been reassessed and refined (Parasuraman *et al.*, 1991).

SERVQUAL is a concise multiple-item scale with good reliability and validity that retailers can use to better understand the service expectations and perceptions of consumers and, as a result, improve service. The instrument has been designed to be applicable across a broad spectrum of services. As such, it provides a basic skeleton through its expectations/perceptions format encompassing statements for each of the five service-quality dimensions. The skeleton, when necessary, can be adapted or supplemented to fit the characteristics or specific research needs of a particular organization.

2.11.4 Critiques of SERVQUAL

SERVQUAL has become the quality measurement standard for service industries. Not only has it seen extensive use by practitioners (Babakus and Mangold, 1992; Crompton and Mackay, 1989; Cronin and Taylor, 1992; Fick and Ritchie, 1991; Reidenbach and Sandifer-Smallwood, 1990; Saleh and Ryan, 1991; Woodside *et al.*, 1989) but it has also been the subject of several academic studies. Criticisms of SERVQUAL have centered on the underlying structure of SERVQUAL, multicollinearity problems, and the questions used in the instrument.

Much criticism of the five-dimensional structure of service quality has appeared in the literature. Using the SERVQUAL instrument for three commonly purchased professional services and three nonprofessional services, researchers determined that the level of consumers' expectations regarding the quality of professional services tends to depend heavily on the demographic characteristics of the individual (Webster, 1989). Another study identified six factors influencing employee perceptions of customer service on retail store sales. These factors were different from those found in SERVQUAL (Weitzel *et al.*, 1989). A modified version of SERVQUAL, used in four service firms, identified

that as many as nine distinct dimensions of service quality may exist (Carman, 1990). A study of the hospitality industry found that five dimensions of service quality did in fact exist, but that they were significantly different from the original five dimensions identified by the SERVQUAL authors (Saleh and Ryan, 1991). Other researchers have criticized the structure developed by the SERVQUAL authors, noting that the factor loadings they advocated accounted for less than 50 percent of the item variances in most cases (Babakus and Boller, 1992).

The authors of SERVQUAL themselves noted problems inherent in measuring complex perceptual constructs (Parasuraman *et al.*, 1985). They observed that:

- consumers' perceptions of service quality result from a comparison of their expectations before they receive service to their actual service experience;
- quality perceptions are derived from the service process as well as from the service outcome; and
- service quality is of two types, normal and exceptional.

Given this complexity in defining the underlying structure of SERVQUAL, its authors were unable to assume that the five service-quality dimensions were uncorrelated. To factor analyze the data adequately, the authors employed an oblique factor rotation. This rotation procedure assumes the existence of some level of shared variance between the dimensions. Other researchers have used modified versions of SERVQUAL and have employed orthogonal factor rotation as a transformation technique to reduce multicollinearity problems (Reidenbach and Sandifer-Smallwood, 1990).

Critiques of SERVQUAL strongly suggest that the dimensionality of customer service forces any measure of service to be multivariate. Consequently, any collection of service measures will demonstrate considerable multicollinearity due to the strong effects of various customers' attitudes. This suggests the need for well-conceived statistical measurement tools for extracting meaningful information from such measures.

The majority of criticism of SERVQUAL stems from the construction of quality dimensions. However, it is also important to note that a few studies, using difference

scores as a measure of quality, have suggested conceptual and operational problems as well (Teas, 1993, 1994). At this point, the issue has not been settled. Further, the procedure we propose here is applicable to any instrument that gathers multivariate perceptual information. Since the research has not identified a widely agreed on best instrument, we propose that for the purposes of this article, SERVQUAL provides an adequate, widely recognized tool. Nevertheless, perceptions of service quality have a complex composition, their analysis is not straightforward, and it appears that quality constructs differ from industry to industry. Thus, we suggest that SERVQUAL provides only an initial instrument used to gather vital service quality information, and that additional analysis is required.

2.11.5 The SERVQUAL instrument: Problems Identified in the Literature

The difficulties associated with the SERVQUAL measure that are identified in the literature can be grouped in four main categories: (1) The use of difference or gap scores, (2) poor predictive and convergent validity, (3) the ambiguous definition of the “expectations” construct, and (4) unstable dimensionality.

2.11.5.1 Problems with the Use of Difference or “Gap” Scores

A difference score is created by subtracting one measure from another in an attempt to create a third measure of a distinct construct. For example, in scoring the SERVQUAL instrument the expectations score is subtracted from the perceptions score to create such a “gap” measure of service quality. Several problems with the use of difference scores make them a poor choice as measures of psychological constructs. The described difficulties related to the use of difference measures include low reliability, poor discriminant validity, spurious correlations, and variance restrictions.

2.11.5.2 Reliability Problems With Gap Scores

Many studies demonstrate that Cronbach’s (1951) alpha, a widely used method of estimating reliability, is inappropriate for difference scores (e.g., Lord, 1958; Wall

& Payne, 1973; Johns, 1981; Prakash & Loundsbury, 1983; Peter, Churchill, & Brown, 1993). This is because the reliability of a difference score is dependent on the reliability of the component scores and the correlation between them. As the correlation of the component scores increases, the reliability of the difference scores is decreased. Therefore, Cronbach's alpha tends to overestimate the reliabilities of the difference scores when the component scores are highly correlated. Such is the case of the SERVQUAL instrument (Peter *et al.*).

2.11.5.3 Validity Issues

Another problem with the SERVQUAL instrument concerns the poor predictive and convergent validities of the measure. Babakus and Boller (1992) reported that perceptions-only SERVQUAL scores had higher correlations with an overall service quality measure and with complaint resolution scores than did the perception-minus-expectation scores typically used by SERVQUAL. The perception component of the perception-minus-expectation scores performs better as a predictor of perceived overall quality than the difference score itself (Parasuraman *et al.*, 1988; Cronin & Taylor, 1992, 1994; Babakus & Boller, 1992; Boulding, Kalra, Staelin, & Zeithaml, 1993).

2.11.5.4 Ambiguity of the “Expectations” Construct

Teas (1994) noted that SERVQUAL expectations have been variously defined as desires, wants, what a service provider should possess, normative expectations, ideal standards, desired service, and the level of service a customer hopes to receive (e.g., Parasuraman, Zeithaml, & Berry, 1988, 1991, 1994b; Zeithaml, Berry, & Parasuraman, 1993). These multiple definitions and corresponding operationalizations of “expectations” in the SERVQUAL literature result in a concept that is loosely defined and open to multiple interpretations (Teas, 1994). Different interpretations of “expectations” include a forecast or prediction, a measure of attribute importance, classic ideal point, and vector attribute (Teas, 1993; Parasuraman *et al.*, 1994b). These various interpretations can result in potentially serious measurement validity problems. For example, the classic ideal point interpretation results in an

inverse of the relationship between SERVQUAL calculated as perceptions minus expectations ($P - E$) and perceived SERVQUAL (P only), for all values when perception scores are greater than expectation scores (i.e., $P > E$).

2.11.5.6 Unstable Dimensionality of the SERVQUAL Instrument

The results of several studies have demonstrated that the five dimensions claimed for the SERVQUAL instrument are unstable. The unstable dimensionality of SERVQUAL demonstrated in many domains including information services, is not just a statistical curiosity. The scoring procedure for SERVQUAL calls for averaging the $P - E$ gap scores within each dimension (Parasuraman et al., 1988). Thus, a high expectation coupled with a low perception for one item would be cancelled by a low expectation and high perception for another item within the same dimension. This scoring method is only appropriate if all of the items in that dimension are interchangeable. However, given the unstable number and pattern of the factor structures, averaging groups of items to calculate separate scores for each dimension cannot be justified.

2.11.6 An overview of SERVQUAL applications

SERVQUAL has been adapted to measure service quality in a variety of settings. Health care applications are numerous (Babakus and Mangold, 1992; Bebeko and Garg, 1995; Bowers *et al.*, 1994; Clow *et al.*, 1995; Headley and Miller, 1993; Licata *et al.*, 1995; Lytle and Mokwa, 1992; O'Connor *et al.*, 1994; Reidenbach and Sandifer-Smallwood, 1990; Woodside *et al.*, 1989). Other settings include a dental school patient clinic, a business school placement center, a tire store, and acute care hospital (Carman, 1990); independent dental offices (McAlexander *et al.*, 1994); at AIDS service agencies (Fusilier and Simpson, 1995); with physicians (Brown and Swartz, 1989; Walbridge and Delene, 1993); in large retail chains (such as kMart, WalMart, and Target) (Teas, 1993); and banking, pest control, dry cleaning, and fast-food restaurants (Cronin and Taylor, 1992).

2.11.6.1 Example of literature on service quality in ocean freight shipping companies in Singapore using SERVQUAL.

This research (Srinivas, *et al*, 1999) is about the understanding of the applicability and robustness of the SERVQUAL scale to business-to-business services. If firms wish to develop viable relationships, it is imperative that they understand the perceptions of their services in a business-to-business context. To achieve their objective they collected data from ocean freight shipping companies in Singapore to assess the psychometric properties of the SERVQUAL scale. Although the findings of this study focus on one industrial area, the results are applicable to other business-to-business services.

Other measures were also employed for SERVQUAL validation purposes. For example, overall evaluation of the shipping line's service was measured on a scale, 1 = extremely poor, 7 = excellent. Next, shipping lines often divide their organizations into a number of specialized departments, with each department having an interface with the customers. As such, customers' perceptions of the shipping lines' service quality is shaped by their experiences with the interfacing departments. In this study, four such interfacing departments:

- 1 booking services,
- 2 documentation,
- 3 operations, and
- 4 claims

and three supporting activities:

- 1 marketing/sales department,
- 2 telephone services, and
- 3 service rendered during personal visits

were identified. Respondents were asked to rate these interfacing departments and activities on multi-item seven-point rating scales. Composite indices of these scales all exhibited high coefficient alpha reliabilities exceeding 0.9.

Analysis overview

The major objective of their study was to assess the psychometric properties of SERVQUAL when applied to ocean freight services. Given this objective and consistent with previous studies in this area (Babakus and Boller, 1992), the data were analyzed using covariance structure analysis via Lisrel VII (Joreskog and Sorbom, 1989). Analyses were performed on both SERVQUAL perception scores and gap scores. The results were used to answer the following questions:

1. Does the SERVQUAL scale exhibit the same five-dimensional factor structure (representing the dimensions of tangibles, reliability, responsiveness, assurance, and empathy) in a business-to-business context as found in consumer marketing?
2. Is the SERVQUAL measure internally consistent? Do the items of each SERVQUAL dimension provide a reliable measure of that dimension?
3. Do the five dimensions of the SERVQUAL measure exhibit convergent validity?
4. Are the five SERVQUAL dimensions indeed distinct from each other and do they exhibit discriminant validity?
5. Are the SERVQUAL dimensions related to other types of service quality measures? Hence, does the SERVQUAL measure have nomological validity?
6. Does the SERVQUAL measure predict overall customer satisfaction with the service provider? Which measure of service quality, perceptions or the gap scores, has the better predictive ability?, and
7. Is the perceptions component of the SERVQUAL measure indeed distinct from the gap scores?

2.12 CONCLUSION

In this chapter the researcher has defined services, described the characteristics of service, how services marketing is different from non-service industries, described the tangibility spectrum amongst others and defined a measuring instrument for service quality namely SERVQUAL. This tool developed by Parasuraman and colleagues was discussed in detail, dimensions of service quality were developed and discussed, the zones of tolerance and factors that influence customer expectations of service were discussed. The controversies around the SERVQUAL instrument were also discussed and the researcher came to a conclusion that the SERVQUAL could be used as a management tool to benchmark service quality at MSC. Also discussed were other studies of a similar nature that were carried out across the world over the last few years. All this information in Chapter 2 was used to develop the recipe that was used for this research. This recipe as applied to this study is outlined in Chapter 3 which follows.

CHAPTER 3 – RESEARCH METHODOLOGY

3.0 INTRODUCTION

Having described in Chapter 2 a background of research in the area of service quality in theory and in practice, the study now applies all this knowledge in Chapter 3. This Chapter is dedicated to the recipe which is applied to conduct the research. The problem statement and objectives are revisited, the research methodology together with the measuring instrument used in the project are discussed in detail. Emphasis on the logistics of the research and the statistical techniques used is given.

3.1 THE PROBLEM STATEMENT

What are customer satisfaction levels within the client base of MSC.

We analyze this by conducting a survey in order to implement a quality assurance programme towards improving the levels of service to the MSC clients.

3.2 THE OBJECTIVES OF THE STUDY

3.2.1 Objective 1

To adopt the appropriate measurement scale to measure customer satisfaction levels within MSC.

3.2.2 Objective 2

To measure the levels of customer satisfaction within MSC.

3.2.3 Objective 3

To make recommendations towards improving the levels of service and ultimately begin implementing a customer orientated quality assurance programme within MSC.

3.3 DELIMITATIONS

The study is delimited to the borders of the Republic of South Africa (RSA).

3.4 ASSUMPTIONS

We need to assume that the population statistics provided by MSC are correct. We also need to assume that Measuring instrument is valid, that the interviewer is well trained, and that the respondents respond truthfully.

3.5 THE RESEARCH DESIGN AND METHODOLOGY

The type of research Design is a cross sectional analytical survey method. This type of research would ideally involve a longitudinal study involving the present survey, a treatment post the survey attempting to improve the levels of customer satisfaction and then a follow up survey in possibly eighteen months time to see if the general attitude to customer satisfaction has improved (Ghauri, *et al*, 2002). For the purposes of this thesis, however, we will focus on the information obtained from the present survey.

We have chosen a more dominant quantitative approach to our analysis as in this type of research we can identify cause and effect relationships more easily and the research is more structured and more controlled. Internal validity will be checked a few ways. Firstly against the review of the related literature (i.e: the accuracy of the measurement scale, namely the SERVQUAL instrument which has been chosen), secondly we will also check for face validity using the feedback obtained from a few corporate executives. Convergent validity will be tested using the results from the CronBach coefficient alphas. Choosing a very representative, non-bias sample of the population will ensure external validity (Ghauri, *et al*, 2002).

To ensure reliability within this process we will ensure that the questionnaire is well designed and that the interviewer is well trained. We will also use CronBach Coefficient

Alpha correlations to test for reliability. The CronBach coefficient measures the mean of all split - half coefficients.

In terms of the questionnaire design we need to ensure various factors. A few of these points are covered within the questionnaire itself. Other remaining points include that we will accommodate for possible pitfalls of question design namely:

- a) Questions will not be leading.
- b) Questions will not be vague.
- c) Questions will only ask one thing at a time.
- d) Questions will be clear and simple and understandable to the respondent.
- e) The questionnaire will not be long.

The above points constitute a few of the guidelines one needs to be aware of when creating a questionnaire. Fortunately for us the questionnaire we use as our measuring instrument namely SERVQUAL has undergone rigorous tests across many angles (including numerous tests on validity and reliability) and in terms of question wording has provided a thoroughly tested template of which we are able to develop and adapt to MSC.

3.6 THE DATA DESIGN AND COLLECTION

The population of MSC clients consists of clients within the geographical areas of Durban, Johannesburg, Cape Town, Port Elizabeth, Pretoria and East London. In the six representative areas we chose a convenience sample of 108 respondents from all six areas. Instead of this non-probability approach to sampling which could introduce bias and create a non representative sample, ideally we would have preferred a probability sampling technique such as stratified random or cluster sampling, but this unfortunately is impractical due to cost and time constraints.

The questionnaire (Appendix A) consists of an introductory letter, a demographic section which consists mostly of categorical variables some measured on a nominal scale and

some measured on an ordinal scale. The body of the questionnaire will consist of two parts. The first part will measure expectations of the MSC clients. The second part will measure perceptions of the MSC clients. Both sections will ask questions in a similar fashion. As per the literature search Customer Satisfaction will be broken down into five sub areas to be measured namely: tangibles, responsiveness, reliability, assurance and empathy. Each of these sub areas will compose of four / five questions interspersed throughout the questionnaire. All questions will be worded using the correct methodologies. Most questions will be measured using the Likert scale but we will also use dichotomous variables (Yes, No answers) and we will also ask a few qualitative open-ended questions. The benefit of this approach is that it ensures good balance in the questionnaire design.

Our data, therefore will be all primary data and the authenticity of such data will be assured through using a well trained interviewer and also obtaining “by in” from the respondents by highlighting the fact that truthful answers may benefit the respondents in the long term.

3.7 SAMPLE SIZE AND SAMPLING TECHNIQUE

The sampling technique used will be convenience sampling. Ideally we would have liked to divide the population into various sectors in which we create homogeneous strata and then apply random sampling to each group, hence the technique of stratified random sampling, but as mentioned earlier this is not possible, although it could be a suggested technique for further research.

The population size (after our delimitations have been applied) is approximately 540. We will choose a sample size of 25% after allowing for non-response. This should give the researcher approximately 20% of the original population size. We feel this sample size is manageable, and as such, will improve the accuracy of our various population size parameters that we may estimate.

135 questionnaires were sent out and allowing for non-response, the researcher received 110 responses.

Various modifications have been made to the original SERVQUAL questionnaire which has now been adapted to be used at MSC. The various adaptations included were extra questions to measure the dimension of tangibility. It was felt that these questions represented an important dimension of the image of the ships themselves as they entered and left the harbours of the world and as such was necessary. Extra questions regarding the element of security which the researcher and various management executives felt was an important category was added to the measuring instrument. It was felt that in any transport industry the concept of security of goods etc. being transported was very important to the client and as such were added. This addition was vindicated when customers were asked to rate the expectation levels of service within these items, the results of which are reflected in chapter 4. All results revealed that the elements of security were extremely important to customers.

3.8 STATISTICAL ANALYSIS

Service Quality is clearly a complex study, which cannot be satisfactorily measured by a series of ad-hoc studies. This, and the increasing importance of quality as a means of gaining competitive advantage has seen the emergence of comprehensive programmes to research customers *expectations* and *perceptions* of service quality. The most widely adopted approach thus far has been suggested by Parasuraman, Zietmaml and Berry (1985) who have developed the Service Quality “SERVQUAL” methodology. The SERVQUAL is a multi-item scale for measuring consumer perceptions of service quality.

For our analysis we will run various descriptive statistics on our demographic data such as frequency tables and we will also draft the appropriate graphical illustrations where necessary such as pie charts. Arithmetic means will also be calculated where appropriate.

To measure the levels of customer satisfaction for a service, the results for perceptions and expectations need to be calculated for each customer. The gaps between both expectations and perceptions need to be calculated and analyzed overall and by each

demographic. We will also run various reliability and validity tests using the Cronbach coefficient alpha. The gaps as isolated are extremely helpful to management for decision making purposes.

The SERVQUAL methodology highlights the difficulties in ensuring high quality of service for all customers in all situations. More specifically, it identifies five gaps where there may be a shortfall between expectation of service level and perception of actual service delivery. For the purposes of this study we will focus on Gap 5 as highlighted below.

Gap 5: Gap between perceived service and expected service. This gap occurs as a result of one or more of the previous gaps.

We will use an inferential testing technique known as hypothesis testing (namely in this case the Paired T-Test) which will be analyzed using a significance level of 5%.

All statistical data will be conducted using the SPSS (version 11.5) software suite.

This Statistical software program is manufactured by SPSS Inc, 444N. Michigan Avenue, Chicago, Illinois, USA.

3.9 CONCLUSION

Having covered the research recipe, which included the research methodology and details with regards to the measuring instrument namely “SERVQUAL” (which is a tried and tested tool used and adapted to numerous industries) the following Chapter moves on to the results of the research. The next section outlines the results using various statistical and graphical techniques.

CHAPTER 4 – EVALUATION OF DATA ANALYSIS AND FINDINGS

4.1 INTRODUCTION

This Chapter outlines the findings of the research project. These results will be presented using both graphical illustrations and statistical tables and values. Also it is important to note that one sample was drawn from the defined target population. This population consisted of six areas namely Durban, Johannesburg, Cape Town, Port Elizabeth, Pretoria and East London and the data presented below are in the context of this one sample.

4.2 DATA COLLECTION

4.2.1 Sample Size.

A total of 135 respondents was chosen. This constituted a sample size of 25% and with non-response yielded a final sample of 108 which made up 20% of the original defined population.

4.2.2 Sampling Technique

Convenience sampling was used within each region. Although this technique was a non-probability sampling technique and ideally we would have liked to have chosen a probability sampling technique free from bias, we were limited by time and budget.

Nonetheless for the purposes of this thesis we assumed the sample to be representative of the population group and drew inferences accordingly.

4.3 STATEMENT OF RESULTS

Initially we describe the various **descriptive demographic statistics** that make up our sample group. As we can see from the Frequency distribution tables below the majority of our companies are export companies (78%), mostly from Durban (52%), Johannesburg (20%) and Cape Town (19%). Most were White respondents (72%) and Asian (18%). The age of the respondents is evenly spread. Company profile mostly consisted of private companies (68%) and public companies (18%). Industry type was spread across shipping (34%), transport (14%), food product (13%), and paper (10%) made up the larger groups in this category and shipping volumes were spread across “0-49TEU”(31%), “50-200TEU”(41%) and “over 200TEU”(28%). The type of shipping sector was dominated by shipper (48%) and clearing/forwarding (37.5%) and finally the majority of clients in terms of client records were with the company over 12 years (45%).

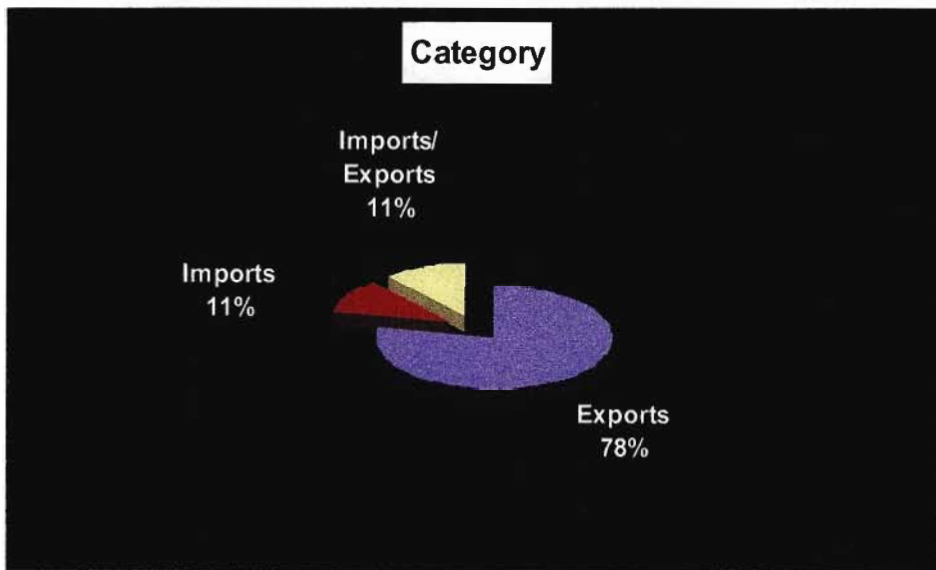


Figure 4.1 Sample segmentation of category

(Frequency Statistics: Exports = 81, Imports = 11, Imports/Exports = 12)

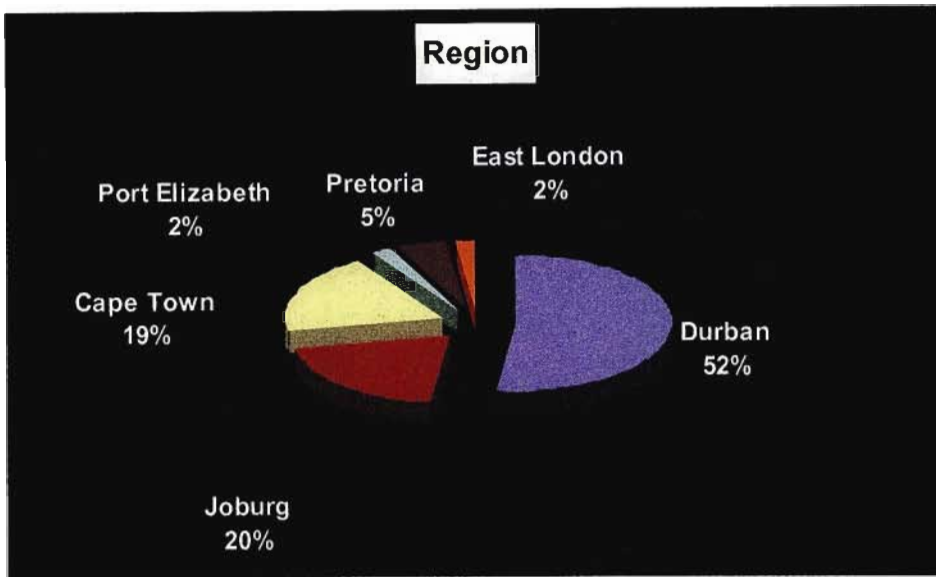


Figure 4.2 Sample segmentation by region

(Frequency Statistics: Durban = 54, Johannesburg = 21, Cape Town = 20, Port Elizabeth = 2, Pretoria = 5 and East London = 2)

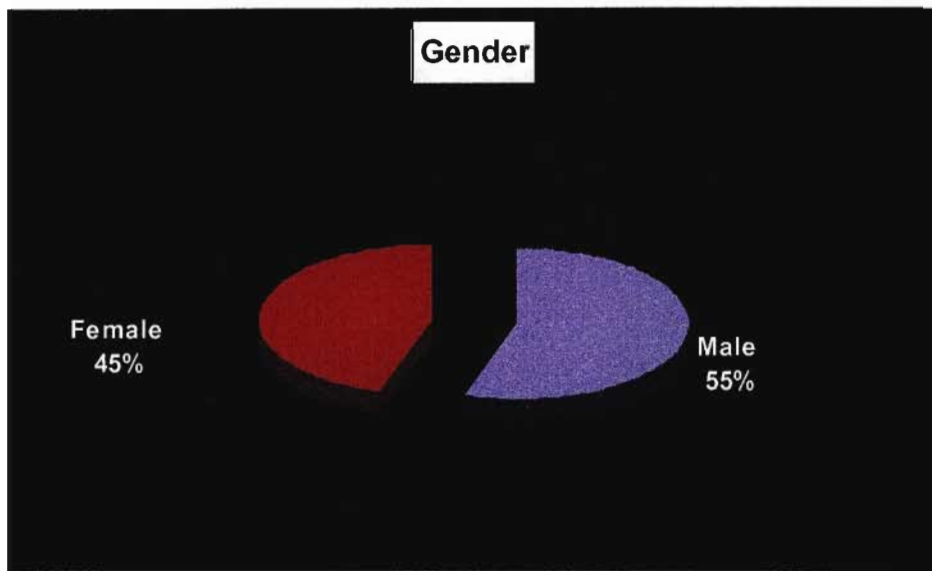


Figure 4.3 Sample segmentation by gender

(Frequency Statistics: Male = 57, Female = 46 and Missing = 1)

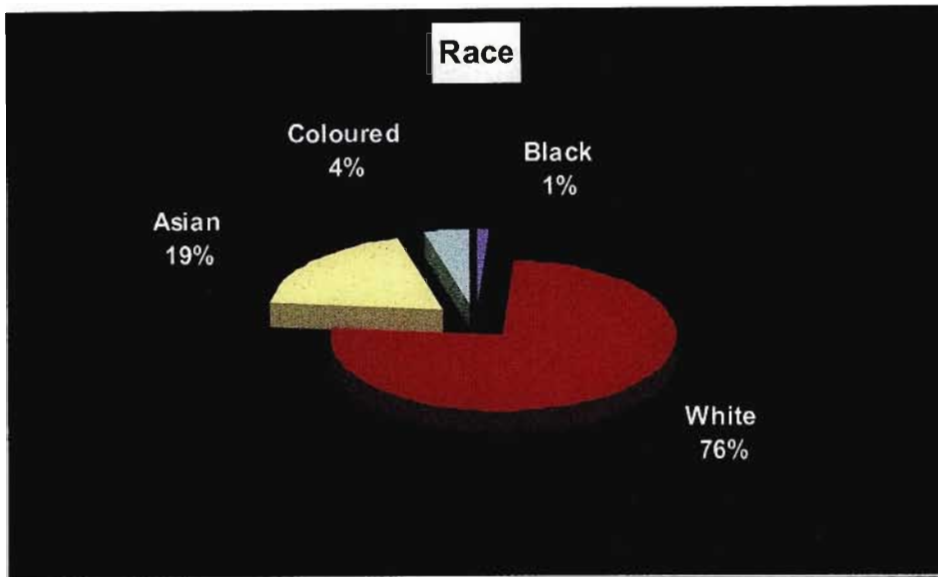


Figure 4.4 Sample segmentation by race

(Frequency Statistics: Black = 1, White = 75, Asian = 19, Coloured = 4 and Missing = 5)

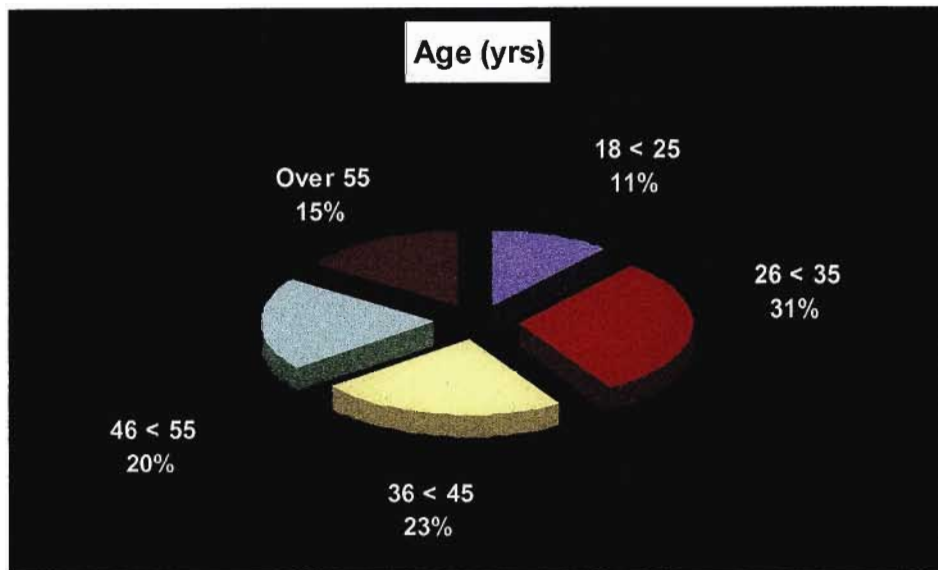


Figure 4.5 Sample segmentation by age

(Frequency Statistics: 18 < 25 = 11, 26 < 35 = 31, 36 < 45 = 24, 46 < 55 = 21 Over 55 = 16 and Missing = 1)

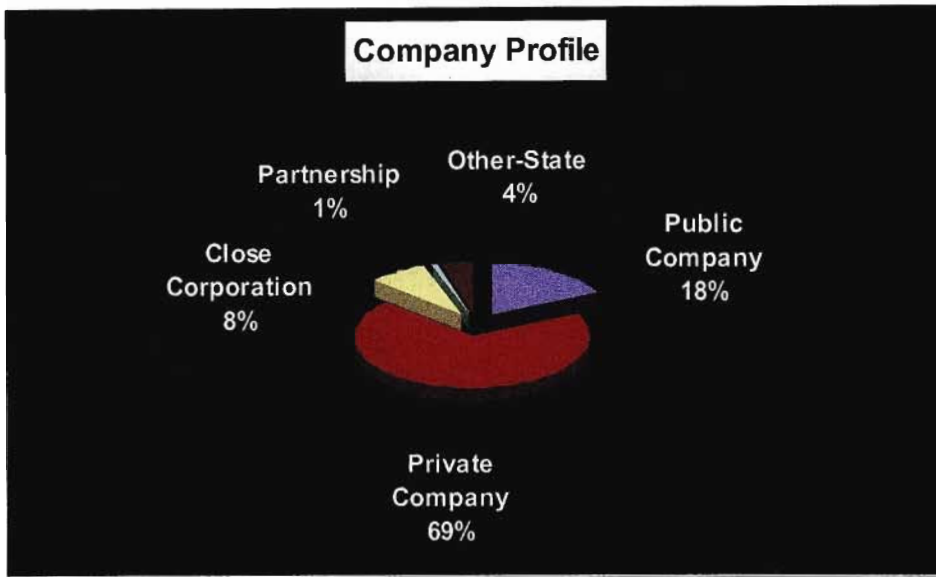


Figure 4.6 Sample segmentation by company profile

(Frequency Statistics: Public Company = 19, Private Company = 71, Close Corporation 8, Partnership = 1, Other/State = 4 and Missing = 1)

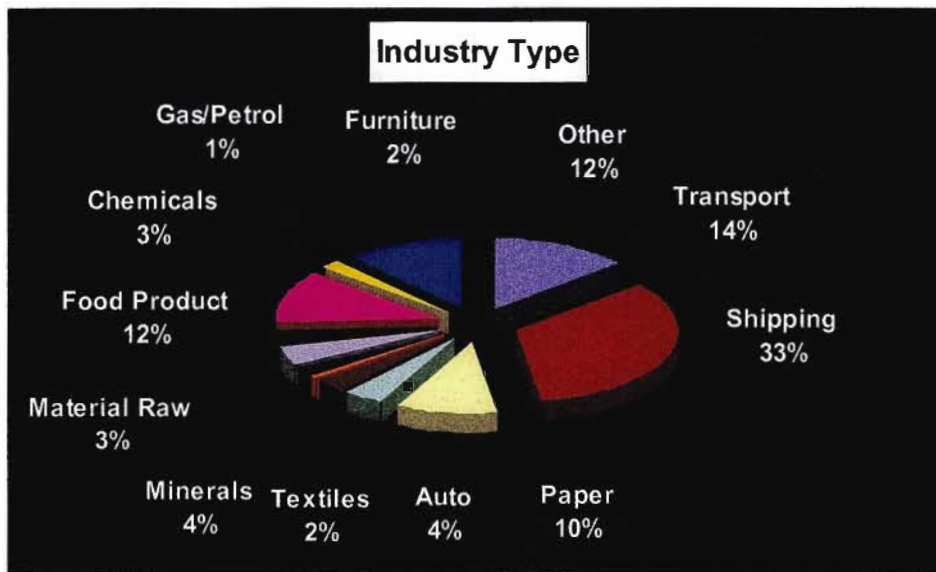


Figure 4.7 Sample segmentation by industry type

(Frequency Statistics: Transport = 14, Shipping = 35, Paper = 10, Auto = 4, Chemicals = 3, Gas/Petrol = 1, Textiles = 2, Minerals = 4, Material Raw = 3, Food Product = 13, Furniture = 2 and Other = 13)

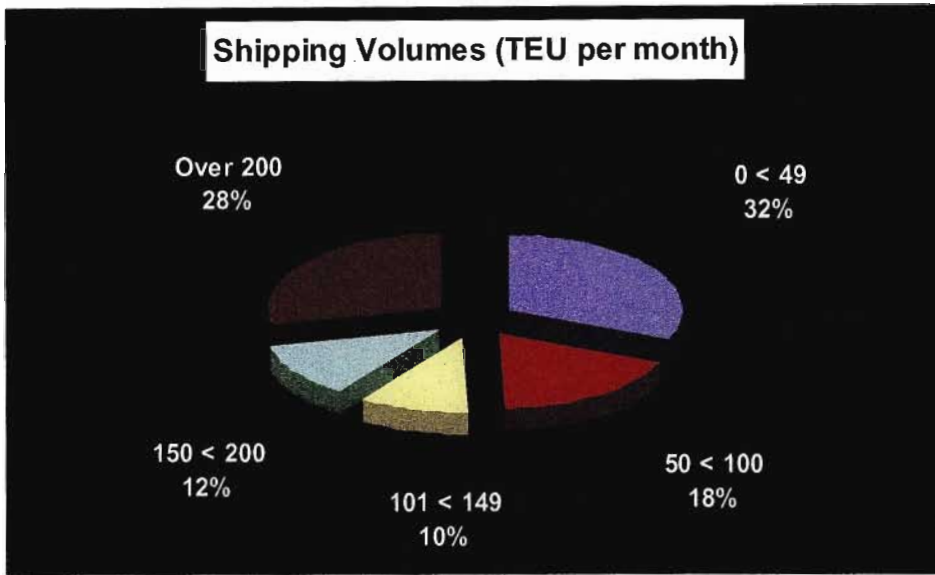


Figure 4.8 Sample segmentation by shipping volumes

(Frequency Statistics: 0 - 49 = 32, 50 - 100 = 19, 101 - 149 = 10, 150 - 200 = 13 and Over 200 = 29)

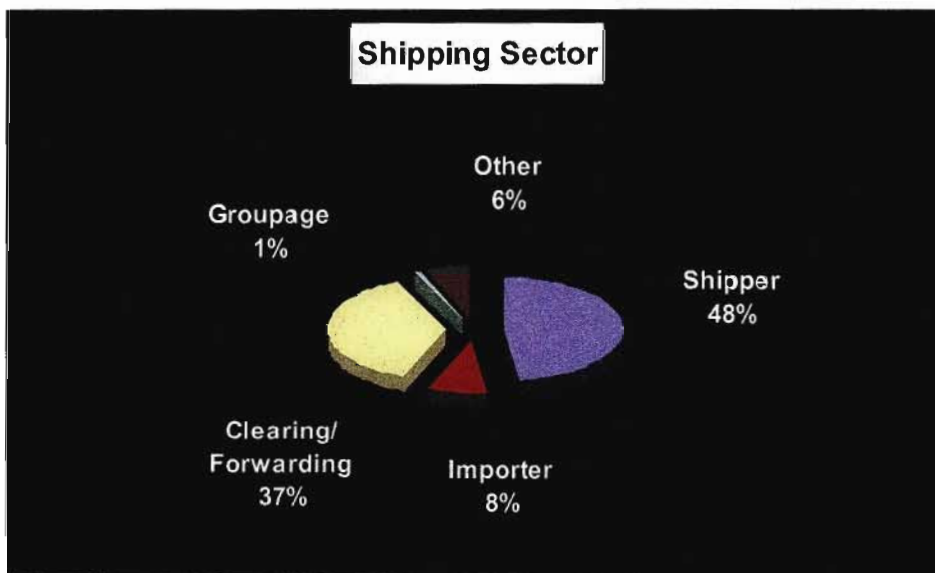


Figure 4.9 Sample segmentation by shipping sector

(Frequency Statistics: Shipper = 50, Importer = 8, Clearing/Forwarding = 39, Groupage = 1 and Other = 6)

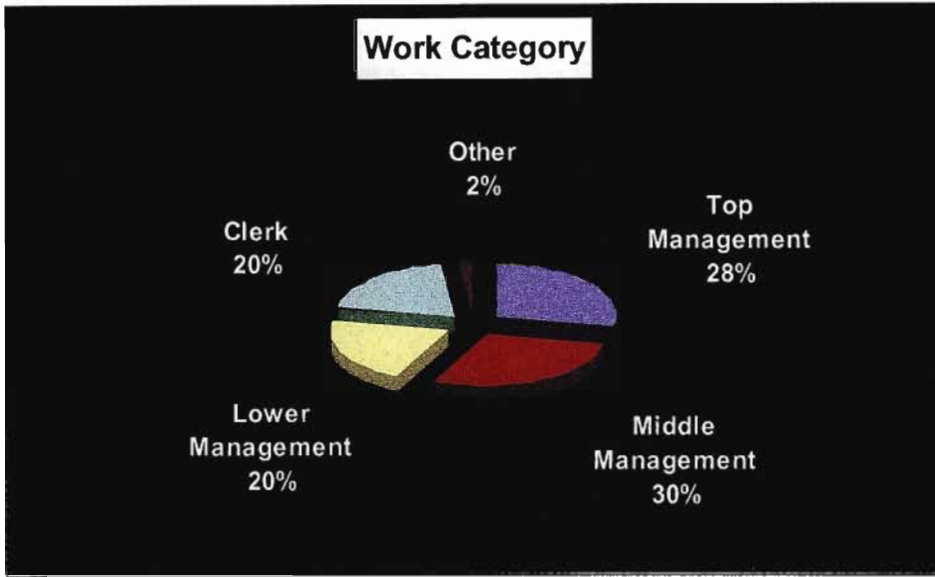


Figure 4.10 Sample segmentation by work category

(Frequency Statistics: Top Management = 29, Middle Management = 30, Lower Management = 21, Clerk = 21, Other = 2 and Missing = 1)

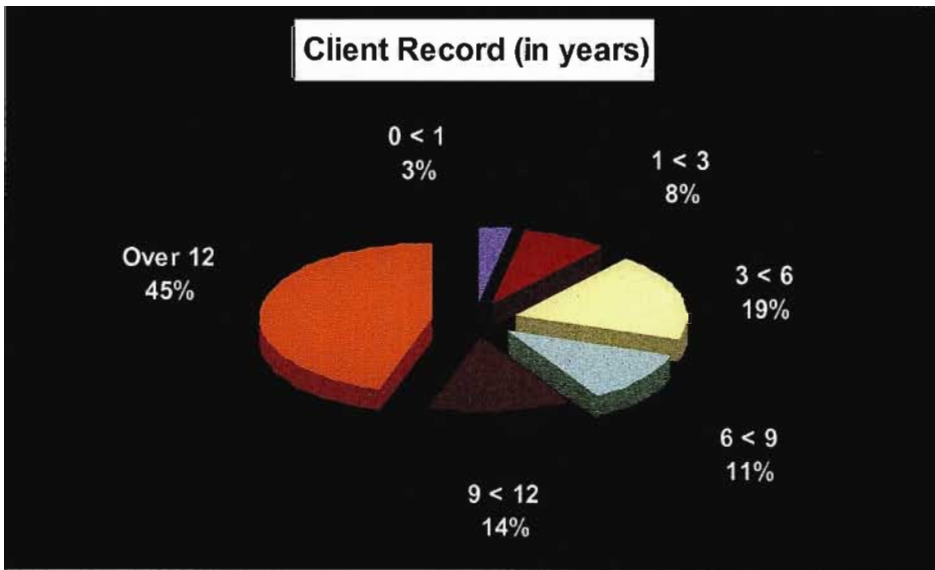


Figure 4.11 Sample segmentation by client record (in years)

(Frequency Statistics: 0 < 1 = 3, 1 < 3 = 8, 3 < 6 = 20, 6 < 9 = 12, 9, 12 = 14 and Over 12 years = 47)

4.4 HIGHLIGHT OF REMARKABLE RESULTS

Initially the study investigates the overall picture and as can be seen below in all cases the mean of the aggregated totals of each dimension and the overall customer satisfaction score (excluding security) is not only higher in the expectation realm versus the perception realm but it is significantly higher according to the results of the paired T-Tests reflected below, where all p values are less than 0.05 which equals the significance level chosen. The paired t-tests were deemed appropriate as both sets of data are from one individual and hence paired. By using the theory of the central limit theorem which allows for the assumption of normality as in this case the number of paired observations is greater than 30. The interval nature of the data also satisfied the necessary prerequisites for this test.

Overall

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	ERELT	33.4592	98	2.53295	.25587
	PRELT	23.8878	98	7.60207	.76792
Pair 2	ETANT	29.6771	96	4.15868	.42444
	PTANT	28.1042	96	3.88649	.39666
Pair 3	EREST	26.8416	101	1.88007	.18707
	PREST	19.3168	101	6.11381	.60835
Pair 4	EASST	26.7624	101	2.12673	.21162
	PASST	20.9703	101	4.97485	.49502
Pair 5	EEMPT	32.7200	100	3.36374	.33637
	PEMPT	26.6000	100	6.78084	.67808
Pair 6	ESECT	26.6889	90	2.09678	.22102
	PSECT	21.3667	90	4.36907	.46054
Pair 7	CSETOT	149.2333	90	10.09400	1.06400
	CSPTOT	119.3889	90	26.13865	2.75526

Table 4.1 Paired Sample T-Tests (Expectations vs Perceptions) overall across all dimensions.

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 EREL - PREL	9.5714	7.99097	.80721	7.9693	11.1735	11.857	97	.000
Pair 2 ETANT - PTANT	1.5729	4.41706	.45081	.6779	2.4679	3.489	95	.001
Pair 3 EREST - PREST	7.5248	6.28267	.62515	6.2845	8.7650	12.037	100	.000
Pair 4 EASST - PASST	5.7921	5.22746	.52015	4.7601	6.8240	11.135	100	.000
Pair 5 EEMPT - PEMPT	6.1200	6.63672	.66367	4.8031	7.4369	9.221	99	.000
Pair 6 ESECT - PSECT	5.3222	4.52416	.47689	4.3747	6.2698	11.160	89	.000
Pair 7 CSETOT - CSPTOT	29.8444	25.78516	2.71799	24.4438	35.2450	10.980	89	.000

Table 4.2 Paired Sample T-Tests (Expectations vs Perceptions) Across each dimensions.

It is also interesting to investigate the magnitude of the mean differences across each dimension as is reflected above. As can clearly be seen the two dimensions where expectations far exceed perceptions are reliability and responsiveness, two areas which require significant and immediate attention. However, all areas need attention but possibly the dimension of tangibility to a lesser extent. This overall magnitudinal breakdown in more detail is highlighted below item by item:

Summary			
Of			
Results	Expectations	Perceptions	Expectations minus perceptions
TANGIBLES			
Q1	5.61	5.49	0.12
Q2	5.48	5.98	- 0.5
Q3	5.54	5.71	- 0.17
Q4	6.13	5.00	1.13
Q5	6.86	5.93	0.93
Mean Gap			0.30
RELIABILTY			
Q6	6.75	4.70	2.05
Q7	6.84	4.91	1.93
Q8	6.65	4.68	1.87
Q9	6.70	4.79	1.91
Q10	6.60	4.74	1.86
Mean Gap			1.92

	Expectations	Perceptions	Expectations minus perceptions
RESPONSIVENESS			
Q11	6.60	4.67	1.93
Q12	6.80	4.86	1.94
Q13	6.84	5.12	1.72
Q14	6.62	4.69	1.93
Mean Gap			1.88
ASSURANCE			
Q15	6.72	4.92	1.80
Q16	6.68	5.34	1.34
Q17	6.68	5.44	1.24
Q18	6.69	5.26	1.43
Mean Gap			1.45
EMPATHY			
Q19	6.40	5.44	0.96
Q20	6.45	5.55	0.85
Q21	6.47	5.45	1.02
Q22	6.74	5.00	1.74
Q23	6.67	5.14	1.53
Mean Gap			1.22
SECURITY			
Q24	6.51	5.87	0.64
Q25	6.76	5.52	1.24
Q26	6.76	5.05	1.71
Q27	6.69	4.67	2.02
Mean Gap			1.40

Table 4.3 Summary of Expectations minus Perceptions across all dimensions.

As one can see from a casual glance of the figures above is that the expectations are generally greater than the perceptions which is validated by the gaps (Expectations Minus Perceptions means) calculations which are mostly positive.

Dimension mean differences ranked:

Reliability	1.92
Responsiveness	1.88
Assurance	1.45
Security	1.40
Empathy	1.22
Tangibility	0.30

The above dimensions from largest to smallest need to be worked on preferentially, taking into account the items of concern within each dimension.

Looking at the above data and table 4.3 all dimensions require attention as expectations far exceed perceptions, in other words the customers expectations are not being met in these areas.

Reliability is of major concern as not only is this the dimension with the largest gap but according to available literature is the area of customer satisfaction that is the most important to the customers. If one refers to table 4.3 all items seem to be important and therefore all need attention. It is suggested that this area of customer satisfaction be addressed first.

Secondly responsiveness also reflects the second largest gap and needs work across all items as is outlined in table 4.3.

The area of assurance reveals the third largest gap i.e : expectations minus perceptions. Item 15 stands out having a much larger gap than its counterpart items and this question which is discussed below needs to be given special attention.

Question 15: “The behaviour of staff at MSC instil confidence.”

The empathy dimension has the fourth largest gap. Items 22 and 23 stand out as having a much larger gap than its counterpart items and these questions which are depicted below need to be given extra attention.

Question 22 “MSC has my best interests at heart.”

Question 23 The staff at MSC do understand my specific needs.

Finally the aspect of security which is a newly added dimension based on input from executives at MSC who felt that for this type of industry SERVQUAL will need to be adapted to include this aspect of service. In this area questions 26 and 27, outlined below scored the highest gaps amongst all items.

Question 26 “MSC instills confidence that all services provided are performed correctly.”

Question 27 “MSC guarantees its services.”

It should also be noted that although the category of Tangibility has a mean expectation rating that is higher than the perception value, relative to all the other dimensions the gap seems to be a lot lower and it does not require as much attention as the other areas. In fact two of the items in tangibility actually have a mean expectation level which is lower than the counterpart mean perception level. This applies to questions 2 and 3 which are very relevant for MSC as it means these questions ask whether customer expectations are being met and whether they are being superseded. Both these questions are highlighted below:

Question 2 “The physical facilities, e.g. buildings, signs, yard, offices etc., at MSC are visually appealing.”

Question 3 “Staff at MSC are neatly attired eg: uniform, safety wear, grooming, etc.”

Question 4 which is reflected below has the highest gap of all items in this dimension and requires special attention .

Question 4 “The materials at MSC e.g. delivery notes, statements of accounts, corporate profile etc. are visually appealing.”

It also needs to be noted that if one views the expectation column on its own the expectation means of tangibility across the first 4 items are the lowest of all expectation means for the 27 questions. This reveals that the aspects of tangibility in terms of the expectations of tangibility are a lot lower than the other dimensions. Clients do not expect as much from the tangibility of the service as opposed to the other dimensions of the service. This may be the result of the fact that very little of the service interaction involves the aspects of tangibility to the same degree as the other dimensions of the service.

The study also highlights the means for section C of the measuring instrument with regards department rating. These results are reflected below.

Descriptive Statistics

	N	Mean	Std. Deviation
C9	97	76.2784	15.89074
Valid N (listwise)	97		

Table 4.4 Descriptive Statistics – Overall rating of MSC.

The results above reflect an overall rating of MSC as a company to which the company has performed especially well with an overall mean rating of 76.28%.

- C1 - Booking/Client Services
- C2 - Documentation/Freight
- C3 - Operations
- C4 - Claims
- C5 - Sales
- C6 - Accounts
- C7 - Container
- C8 - Traffic/Transshipment

Descriptive Statistics

	N	Mean	Std. Deviation
C1	93	82.2903	17.23910
C5	77	78.6104	20.94803
C2	90	74.6889	20.02114
C3	68	74.4853	19.68293
C7	60	72.8667	22.23180
C6	66	72.1818	23.38698
C8	48	68.7708	21.53299
C4	47	57.4681	27.21880
Valid N (listwise)	28		

Table 4.5 Descriptive Statistics – Departments rating within MSC.

The above statistics relate to certain departments rating within MSC. The general ratings of each department is not bad. However, departments re: Transshipment (68.77%) and more especially Claims (57.47%) performed especially badly. The other concern is the high degree of variability within the responses indicating a varied range of ratings amongst the clients. What is the contributing factor of this variability will need to be investigated.

Industry Type Gaps

The study now investigates the picture across various industry types and as can be seen below. In most cases the mean of the aggregated totals of each dimension and the overall customer satisfaction score (excluding security) are not only higher in the expectation realm versus the perception realm but are significantly higher according to the results of the paired T-Tests reflected below. All p values are less than 0.05 which equals the significance level chosen. However, the dimensions of tangibility are not significantly different across all industry types except shipping where a p value of 0.021 is less than 0.05. Therefore for these remaining industry sectors the dimension of tangibility is not an area of concern, however, the remaining dimensions are.

Paired Samples Test

NINDUSTR			Paired Differences					t	df	Sig. (2-tailed)
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
						Lower	Upper			
1.00	Pair 1	EREL - PRELT	15.1429	10.42820	2.78705	9.1218	21.1639	5.433	13	.000
	Pair 2	ETANT - PTANT	3.8462	7.02194	1.94754	-.3972	8.0895	1.975	12	.072
	Pair 3	EREST - PREST	10.1429	6.43138	1.71886	6.4295	13.8562	5.901	13	.000
	Pair 4	EASST - PASST	8.0714	6.41470	1.71440	4.3677	11.7752	4.708	13	.000
	Pair 5	EEMPT - PEMPT	8.4615	7.32138	2.03058	4.0373	12.8858	4.167	12	.001
	Pair 6	ESECT - PSECT	7.2500	5.70685	1.64743	3.6240	10.8760	4.401	11	.001
	Pair 7	CSET - CSPT	42.0833	31.59533	9.12079	22.0086	62.1581	4.614	11	.001
2.00	Pair 1	EREL - PRELT	7.7667	7.43562	1.35755	4.9902	10.5432	5.721	29	.000
	Pair 2	ETANT - PTANT	.9655	3.21251	.59655	-.2565	2.1875	1.619	28	.117
	Pair 3	EREST - PREST	5.5862	6.47808	1.20295	3.1221	8.0503	4.644	28	.000
	Pair 4	EASST - PASST	4.6667	5.00574	.91392	2.7975	6.5358	5.106	29	.000
	Pair 5	EEMPT - PEMPT	4.2069	5.18500	.96283	2.2346	6.1792	4.369	28	.000
	Pair 6	ESECT - PSECT	5.1111	4.33531	.83433	3.3961	6.8261	6.126	26	.000
	Pair 7	CSET - CSPT	24.7407	25.44314	4.89653	14.6758	34.8057	5.053	26	.000
3.00	Pair 1	EREL - PRELT	9.0909	7.48901	1.30367	6.4354	11.7464	6.973	32	.000
	Pair 2	ETANT - PTANT	1.4545	3.45589	.60159	.2291	2.6800	2.418	32	.021
	Pair 3	EREST - PREST	7.7714	6.07350	1.02661	5.6851	9.8577	7.570	34	.000
	Pair 4	EASST - PASST	5.5000	5.17131	.88687	3.6956	7.3044	6.202	33	.000
	Pair 5	EEMPT - PEMPT	6.6571	7.65408	1.29377	4.0279	9.2864	5.146	34	.000
	Pair 6	ESECT - PSECT	4.1613	4.45793	.80067	2.5261	5.7965	5.197	30	.000
	Pair 7	CSET - CSPT	28.3871	25.82335	4.63801	18.9150	37.8592	6.121	30	.000
4.00	Pair 1	EREL - PRELT	8.1111	8.06915	2.68972	1.9086	14.3136	3.016	8	.017
	Pair 2	ETANT - PTANT	1.3000	4.76212	1.50591	-2.1066	4.7066	.863	9	.410
	Pair 3	EREST - PREST	8.1000	6.31489	1.99694	3.5826	12.6174	4.056	9	.003
	Pair 4	EASST - PASST	6.4000	5.29570	1.67465	2.6117	10.1883	3.822	9	.004
	Pair 5	EEMPT - PEMPT	5.4000	4.00555	1.26667	2.5346	8.2654	4.263	9	.002
	Pair 6	ESECT - PSECT	4.7500	4.26782	1.50890	1.1820	8.3180	3.148	7	.016
	Pair 7	CSET - CSPT	29.8889	19.82703	6.60901	14.6485	45.1293	4.522	8	.002
5.00	Pair 1	EREL - PRELT	10.0000	5.22233	1.50756	6.6819	13.3181	6.633	11	.000
	Pair 2	ETANT - PTANT	1.0909	5.52186	1.66490	-2.6187	4.8005	.655	10	.527
	Pair 3	EREST - PREST	7.9231	5.83754	1.61904	4.3955	11.4507	4.894	12	.000
	Pair 4	EASST - PASST	6.2308	4.24566	1.17753	3.6651	8.7964	5.291	12	.000
	Pair 5	EEMPT - PEMPT	7.1538	7.19776	1.99630	2.8043	11.5034	3.584	12	.004
	Pair 6	ESECT - PSECT	7.2500	3.25087	.93845	5.1845	9.3155	7.726	11	.000
	Pair 7	CSET - CSPT	33.0909	23.51363	7.08963	17.2942	48.8876	4.668	10	.001

Table 4.6 Paired Sample T-Tests across various Industry Types.

It is also interesting to investigate the magnitude of the mean differences across each dimension as is reflected above. It is clearly evident the two dimensions where expectations far exceed perceptions are reliability and responsiveness, two areas which require significant and immediate attention. Again, all areas attention but possibly the dimension of tangibility to a lesser extent.

The aggregated customer satisfaction mean gaps across each industry are ranked below:

Transport	42.08
Food	33.09
Paper	29.89
Shipping	28.39
The Rest	24.04

The transport industry with a mean gap of 42.03 followed by the food industry with a mean gap of 33.09 seem to have the largest overall customer satisfaction mean gap score. Therefore these two industry types are the most dissatisfied with the level of service they are getting. All industry types need attention but the industries reflecting the largest gaps need more. When one considers that these two industry types in terms of respondents make up 26% of the sample, improving service levels in these areas will go a long way to improving the overall customer satisfaction index for MSC.

Volume Gaps

The study now investigates the picture across various volumes (TEU). The table below indicates that in most cases the mean of the aggregated totals of each dimension and the overall customer satisfaction score (excluding security) are not only higher in the expectation realm versus the perception realm but are significantly higher according to the results of the paired T-Tests reflected. All p values are less than 0.05 which equals the significance level chosen. However, the dimensions of tangibility are not significantly different across all volume categories particularly in category 1 = "0 – 49" TEU, where a p value of 0.345 is greater than 0.05. Therefore in this volume the dimension of tangibility is not an area of concern, but, the remaining dimensions are.

Paired Samples Test^a

NVOLUMES			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
						Lower				Upper
1.00	Pair 1	ERELT - PRELT	10.1034	8.50775	1.57985	6.8673	13.3396	6.395	28	.000
	Pair 2	ETANT - PTANT	1.0000	5.29906	1.03923	-1.1403	3.1403	.962	25	.345
	Pair 3	EREST - PREST	6.8333	6.33590	1.15677	4.4675	9.1992	5.907	29	.000
	Pair 4	EASST - PASST	5.5806	4.78034	.85857	3.8272	7.3341	6.500	30	.000
	Pair 5	EEMPT - PEMPT	5.7241	6.58405	1.22263	3.2197	8.2286	4.682	28	.000
	Pair 6	ESECT - PSECT	5.1200	4.56727	.91345	3.2347	7.0053	5.605	24	.000
	Pair 7	CSET - CSPT	27.4167	25.30323	5.16500	16.7320	38.1013	5.308	23	.000
2.00	Pair 1	ERELT - PRELT	9.6750	8.68358	1.37299	6.8979	12.4521	7.047	39	.000
	Pair 2	ETANT - PTANT	1.9000	4.31337	.68200	.5205	3.2795	2.786	39	.008
	Pair 3	EREST - PREST	7.7805	7.09405	1.10791	5.5413	10.0196	7.023	40	.000
	Pair 4	EASST - PASST	6.1750	5.98240	.94590	4.2617	8.0883	6.528	39	.000
	Pair 5	EEMPT - PEMPT	6.4878	6.89247	1.07642	4.3123	8.6633	6.027	40	.000
	Pair 6	ESECT - PSECT	5.8378	4.72296	.77645	4.2631	7.4125	7.519	36	.000
	Pair 7	CSET - CSPT	31.2432	29.78852	4.89720	21.3113	41.1752	6.380	36	.000
3.00	Pair 1	ERELT - PRELT	9.0714	6.61048	1.24926	6.5082	11.6347	7.261	27	.000
	Pair 2	ETANT - PTANT	1.5862	3.83142	.71148	.1288	3.0436	2.229	28	.034
	Pair 3	EREST - PREST	8.0690	5.04926	.93762	6.1483	9.9896	8.606	28	.000
	Pair 4	EASST - PASST	5.5517	4.77782	.88722	3.7343	7.3691	6.257	28	.000
	Pair 5	EEMPT - PEMPT	5.7586	6.50634	1.20820	3.2837	8.2335	4.766	28	.000
	Pair 6	ESECT - PSECT	4.7037	4.33957	.83515	2.9870	6.4204	5.632	26	.000
	Pair 7	CSET - CSPT	30.2143	21.31832	4.02878	21.9479	38.4807	7.500	27	.000

^a. No statistics are computed for one or more split files

Table 4.7 Paired Sample T-Tests across various Volumes (TEU).

It is also interesting to investigate the magnitude of the mean differences across each dimension as reflected above. It can clearly be seen that the two dimensions where expectations far exceed perceptions are reliability and responsiveness, two areas which require significant and immediate attention. Again, as noted previously all areas need attention with possibly the dimension of tangibility to a lesser extent.

The aggregated customer satisfaction mean gaps across each volume category are ranked below:

- “50 < 200 TEU” 31.24**
- “Over 200 TEU” 30.21**
- “0 < 49 TEU” 27.41**

Note that the overall customer satisfaction aggregated mean gap score seems to be higher in the sectors shipping more volume than the smaller volume sectors.

Sector Gaps

The study now investigates the picture across various shipping sectors. In all cases except one, the mean of the aggregated totals of each dimension and the overall customer satisfaction score (excluding security) are not only higher in the expectation realm versus the perception realm but are significantly higher according to the results of the paired T-Tests reflected, where all p values are less than 0.05 which equals the significance level chosen. However, the dimensions of tangibility in sector one namely “shipping” is not significantly different across the tangibility dimension (p value = 0.051). Therefore in the “shipping” classification the dimension of tangibility is not an area of concern, but again, the remaining dimensions are.

NSECTOR	Paired Differences						t	df	Sig. (2-tailed)	
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference						
				Lower	Upper					
1.00	Pair 1	ERELT - PRELT	9.3617	7.04466	1.02757	7.2933	11.4301	9.111	46	.000
	Pair 2	ETANT - PTANT	1.3830	4.73908	.69127	-.0085	2.7744	2.001	46	.051
	Pair 3	EREST - PREST	7.4583	6.28053	.90652	5.6347	9.2820	8.227	47	.000
	Pair 4	EASST - PASST	5.6250	4.94921	.71436	4.1879	7.0621	7.874	47	.000
	Pair 5	EEMPT - PEMPT	5.7708	6.10977	.88187	3.9967	7.5449	6.544	47	.000
	Pair 6	ESECT - PSECT	5.5909	4.37922	.66019	4.2595	6.9223	8.469	43	.000
	Pair 7	CSET - CSPT	28.6512	24.80196	3.78226	21.0182	36.2841	7.575	42	.000
2.00	Pair 1	ERELT - PRELT	10.5385	7.97512	2.21190	5.7191	15.3578	4.764	12	.000
	Pair 2	ETANT - PTANT	2.3333	3.08466	.89047	.3734	4.2932	2.620	11	.024
	Pair 3	EREST - PREST	6.7143	6.15728	1.64560	3.1592	10.2694	4.080	13	.001
	Pair 4	EASST - PASST	6.3571	5.78602	1.54638	3.0164	9.6979	4.111	13	.001
	Pair 5	EEMPT - PEMPT	6.9286	5.83707	1.56002	3.5583	10.2988	4.441	13	.001
	Pair 6	ESECT - PSECT	4.8182	4.79204	1.44485	1.5988	8.0375	3.335	10	.008
	Pair 7	CSET - CSPT	35.5833	26.57565	7.67173	18.6980	52.4687	4.638	11	.001
3.00	Pair 1	ERELT - PRELT	9.5000	9.20267	1.49287	6.4752	12.5248	6.364	37	.000
	Pair 2	ETANT - PTANT	1.5676	4.43183	.72859	.0899	3.0452	2.152	36	.038
	Pair 3	EREST - PREST	7.8974	6.45957	1.03436	5.8035	9.9914	7.635	38	.000
	Pair 4	EASST - PASST	5.7949	5.47809	.87720	4.0191	7.5707	6.606	38	.000
	Pair 5	EEMPT - PEMPT	6.2632	7.61820	1.23584	3.7591	8.7672	5.068	37	.000
	Pair 6	ESECT - PSECT	5.1429	4.72878	.79931	3.5185	6.7672	6.434	34	.000
	Pair 7	CSET - CSPT	29.3429	27.17259	4.59301	20.0087	38.6770	6.389	34	.000

Table 4.8 Paired Sample T-Tests across various Shipping Sectors.

It is interesting to investigate the magnitude of the mean differences across each dimension as is reflected above. The two dimensions where expectations far exceed perceptions are reliability and responsiveness, two areas which require significant and immediate attention.

The aggregated customer satisfaction mean gaps across each sector category are:

Clearing/Forwarding	29.34
Shipper	28.65
The Rest	35.38

The overall customer satisfaction aggregated mean gap score is higher in “the rest” category. In terms of the respondents this category only accommodates 15% of respondents. Therefore in this context all industry sectors need attention.

Client Record (years)

The study now investigates the picture across various or categories of length of being a client of MSC (in years). In most cases the mean of the aggregated totals of each dimension and the overall customer satisfaction score (excluding security) are not only higher in the expectation realm versus the perception realm but are significantly higher according to the results of the paired T-Tests reflected. All p values are less than 0.05 which equals the significance level chosen. However, the dimensions of tangibility are not significantly different across all client categories in particular category 1 = “0 < 6” and category 2 = “6 < 12” years, where the p values in both cases are larger than 0.05. Therefore the “younger” clients are not concerned with tangibility as a dimension, as much as the “older” clients. All other dimensions are of concern (i.e: not living up to expectations) to all client categories as their p values in all cases are less than 0.05.

4.5 INTERNAL CONSISTENCY METHOD

The simplest measure of internal consistency is split-half reliability. The coefficient CronBach Alpha is the appropriate statistic to analyze this. This technique yields the average of all possible split half coefficients resulting from different ways of splitting all scale items. The data were tested for reliability using this technique.

This coefficient varies from 0 to 1 and a value of less than 0.6 generally indicates unsatisfactory internal consistency.

CRONBACH		
ALPHA		
RELIABILITY		
TESTING	Combined	Combined
	Expectation	Perception
Tangibles	0.74	0.70
Reliability	0.85	0.94
Responsiveness	0.79	0.94
Assurance	0.81	0.89
Empathy	0.87	0.92
Security	0.81	0.82

Table 4.10 CronBach Alpha Reliability Testing

The measuring instrument proved to be reliable for both the measuring instruments namely expectations and perceptions.

Refer to appendix for a summary of “additional comments” from clients as indicated on questionnaire.

4.6 CONCLUSION

Service quality is clearly a complex issue. This study has investigated the elements that make up gap 5 of the SERVQUAL measuring instrument and has found interesting results. MSC clearly has undershot the customers' expectations and as this company has not done this form of customer satisfaction monitoring before, these results are very informative and can only be used in a constructive manner. The recommendations on how MSC should address these results from Chapter 4 are outlined in Chapter 5 together with suggestions for further research at MSC.

CHAPTER 5 – RESEARCH CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

Drawing on all the documentation and data from the previous Chapters allows one to highlight the results, draw the conclusions, provide the recommendations and suggestions which will be achieved in this Chapter.

It is however, important to see the results in the context of the bigger picture. The majority of our companies are export companies (78%), mostly from Durban (52%), Johannesburg (20%) and Cape Town (19%), also mostly white respondents (72%) and Asian (18%), the age of the respondents is evenly spread, company profile mostly consisted of private companies (68%) and public companies (18%), industry type was spread across shipping (34%), transport (14%), food product (13%), and paper (10%) made up the larger groups in this category and shipping volumes were spread across “0-49TEU”(31%), “50-200TEU”(41%) and “over 200TEU”(28%). The type of shipping sector was dominated by “shipper” (48%) and “clearing/forwarding” (37.5%) and finally the majority of clients in terms of client records were with the company over 12 years (45%).

In the light of the above information the study progresses onto the recommendations based on the results of Chapter 4.

5.1 RECOMMENDATIONS

When working under pressure, it is easy to lose sight of company objectives. It is also difficult to find time to discover how the various operational units of the MSC combine to provide the whole service to the client. Meeting deadlines often means that we do not think before we act and that we do not always communicate as well as we ought to with both colleagues and clients.

From the previous chapter it can be seen that the customers' expectations of service delivery are not being met. This implies that their perceptions of the current levels of service at MSC are lower than their expectations of what those service levels should be. Within each dimension of customer satisfaction not only are the expectation values higher than their counterpart perception scores but they are significantly higher. This trend also applies to the overall score of customer satisfaction. The gap between expectation minus perception for each dimension is scored below:

Dimension mean differences ranked:

Reliability	1.92
Responsiveness	1.88
Assurance	1.45
Security	1.40
Empathy	1.22
Tangibility	0.30

It is evident that all dimensions require attention especially reliability as this is not only the largest gap but according to the available literature, it is the area of customer satisfaction that is the most important to customers and based on table 4.3 all items seem to be equally important as regards this area and therefore all needs to be given urgent attention. This area of customer satisfaction needs priority. Responsiveness reflects the second largest gap and also needs attention across all items as reflected in table 4.3. The area of assurance reveals the third largest gap and in this dimension item 15 stands as having a much larger gap than its counterpart items and this question "The behaviour of staff at MSC instil confidence." Needs specific attention. Empathy has the fourth largest gap and items 22 and 23 stand out as being areas of specific concern. These questions are: "MSC has my best interests at heart." and "The staff at MSC do understand my specific needs." Finally with regards to the aspect of security, 26 and 27 scored the highest gaps amongst all items. These items are: "MSC instills confidence that all services provided are performed correctly." and "MSC guarantees its services." It should also be noted that the category of Tangibility has a gap which is a lot lower relative to all

the other dimensions and therefore does not require as much attention as the other areas. In fact two of the items in tangibility actually have a mean expectation level which is lower than the counterpart mean perception level. This applies to questions 2 and 3 which is encouraging for MSC as it means the questions of customer expectations is being met but also they are being superceded. Both these questions are: “The physical facilities, e.g. buildings, signs, yard, offices etc., at MSC are visually appealing” and “Staff at MSC are neatly attired eg: uniform, safety wear, grooming, etc.” Question 4, however, has the highest gap of all items in this dimension and requires special attention. This item is “The materials as MSC e.g. delivery notes, statements of accounts, corporate profile etc. are visually appealing.”

It also needs to be noted that if one views the expectation column on its own, then the expectation means of tangibility across the first 4 items are the lowest of all expectation means for the 27 questions. This reveals that the aspects of tangibility in terms of the expectations of tangibility are much lower than the other dimensions. Clients do not expect as much from the tangibility of the service as opposed to the other dimensions of the service. This may be as a result of the fact that very little of the service interaction involves the aspects of tangibility to the same degree as the other dimensions of the service.

The statistics rating each department are not bad (refer to table). However, departments re: Transshipment (68.77%) and more especially Claims (57.47%) performed especially poorly and would need to be addressed first.

The aggregated customer satisfaction industry type mean gaps are:

Transport	42.08
Food	33.09
Paper	29.89
Shipping	28.39
The Rest	24.04

The transport industry with a mean gap of 42.03 followed by the food industry with a mean gap of 33.09 are the most dissatisfied with the level of service they are getting. All industry types need attention but the industries reflecting the largest gaps need more. When one considers that these two industry types in terms of respondents make up 26% of the sample, improving service levels here would go a long way to improving the overall customer satisfaction index for MSC.

The aggregated customer satisfaction volume category mean gaps are

“50 < 200 TEU”	31.24
“Over 200 TEU”	30.21
“0 < 49 TEU”	27.41

The overall customer satisfaction aggregated mean gap score seems to be higher in the sectors shipping more volume than the smaller volume sectors and these would logically be the larger clients. This is an area for concern and a focused drive needs to be carried out in this aspect of customer satisfaction.

The aggregated customer satisfaction sector category mean gaps are:

Clearing/Forwarding	29.34
Shipper	28.65
The Rest	35.38

All sector categories here require attention. In terms of the respondents “the rest” category only accommodates 15% of respondents and therefore not a major concern.

The aggregated customer satisfaction mean gaps for number of years of being a client are:

“6 < 9 years”	33.45
“0 < 6 years”	30.11
“Over 12 years”	27.68

Loyal customers seem to be more satisfied than the customers with less experience with MSc. The newer customers need to be closely monitored as the company wants them to remain and grow as clients.

It is also important to note that although numerous applications of SERVQUAL in different industries were investigated in this study, Chapter 2 did make reference to a study conducted by *Srinivas Durvasula, Steven Lysonski, Subhash Cmehta* which investigated the application of SERVQUAL in the shipping industry. Although the study had certain critiques of SERVQUAL it did mention that it was still possibly one of the best measuring instruments around to monitor service quality in a shipping industry type application. This studies' prime interest was the fact that the shipping industry was more organization based focused than consumer based as was the focus in previous SERVQUAL applications. The study did, however, mention the fact that service in the shipping industry was departmentalised with supporting activities, this was taken into account in this survey as applied to MSC. The previous research did have a slightly different tact to the approach used in this study. The previous study was more validation based and this study was more using those results in an application based environment assuming that the instrument was both valid and reliable.

The applied results were interesting as it was found primarily that MSC undershot most of the customers expectations with the exception of the tangibility dimension.

5.2 EFFECTIVE COMMUNICATIONS

The policy of MSC is to provide a personalized service to customers by giving them what they need. This requires a flexible approach to the market in which we operate, that new services can be provided, or existing services modified, to meet changing customer expectations. It is not sufficient simply to operate services which are required by customer. The most important ingredient in the marketing 'mix' is service quality. Service quality is the key to competing successfully and is the hardest objective to achieve and maintain. It depends on people and their attitudes and reactions to the work they do and the people with whom they are in contact. A customer 'consumes' a service as it is provided. There is no demonstration, no test, no warranty period and no way to correct a mistake once it is made. A customer can only judge a service industry by the quality of its employees. He expects them to be courteous, polite, knowledgeable, efficient and pro-active as opposed to reactive.

5.2.1 PRO-ACTION vs REACTION

Pro-action means anticipating a problem before it becomes one and taking steps to avoid it happening. Reaction means only responding to problems once they have happened. To be pro-active requires technical and interpersonal skills. Technical knowledge is an understanding of the operational systems, which make the company work. This knowledge should not be limited to the content of a single job specification, but should include an appreciation of the total system. If you know how your function fits into your section's work, how the section connects with the department, and how the department links with other departments, you will have greater understanding of the MSC service. You will also appreciate how lack of co-operation and communication can detract from the service quality. The best system in the world will founder if the people operating it are negative and uncommunicative. Interpersonal skills allow us to relate to people, to communicate effectively and to become part of the team. A service company staffed by knowledgeable people with good interpersonal skills, who operate as a single cohesive team, will make a good company into a great one. The higher the skill in communicating,

the higher the level of service provided. In short, it is not so much what we do but how we do it that is important.

5.2.2 INTERNAL COMMUNICATION

Staff members have a responsibility for communicating on a one to-one basis with colleagues in the same section. Teamwork can never be achieved if individuals follow independent courses in pursuit of their own ends. Open-way channels of communication between operators will assist in development of team spirit and lead to increased productivity. Each person must understand his or her own job and the requirements of management relative to the job. It is also necessary to understand the work carried out by other persons in the department and the basic aims of the department as a whole. It is equally important for staff members to co-operate fully and communicate freely with their managers. The manager is responsible for ensuring that the work is done properly and on time. He cannot do this unless he has become involved as a part of the team to organize the workflow and to set up and encourage a good two-way flow of information. An effective team will feed on its own successes and will continue to increase its efficiency as the individuals in the team develop pride in its achievement. The rapid growth of MSC has led to the formation of departments to perform the different functions of the company. The setting of departmental budgets makes the department critical of its own performance, which is a good thing. However it can make departments intolerant of the shortcomings of other departments. This can lead to a form of inter-departmental 'tribalism' which is counter-productive and damaging to the company as a whole. Everyone in the company is working towards the same end: to satisfy the client by doing a superlative job. This can only be achieved if the different departments are pulling together and not against each other. Therefore, it is important that the various managers and supervisors co-operate closely with their opposite numbers so that the company as a whole can be one step ahead instead of faltering several steps behind.

5.2.3 EXTERNAL COMMUNICATION

This is the most important area of all, because the way we communicate externally creates in the minds of the people we communicate with, an impression of MSC and of the service it provides. In a service industry, it is not sufficient to process information. It is the quality of transmission, which can have good or bad effect on the relationships we have with our outside contacts. Every time we use the telephone, write a letter, send an email or a fax, we are providing part of the MSC service and we stand to be judged by the level of our performance. If the content is garbled, imprecise, incorrect, vague, rambling or full of jargon, mispronunciations or spelling mistakes, the impression will be one of inefficiency, uncertainty and lack of knowledge. If, in addition, our approach is abrupt, negative, overbearing, unhelpful, critical, impatient or even abusive, the company will lose business rapidly. We need to look at the areas where we are open to criticism and ensure that, by following a few simple rules, our image in the market place is as good as we can make it.

5.2.3.1 Telephone Technique (Incoming)

The way we handle an outside call is the first impression anyone gets of the company, so it is important that the impression created is a good one. There are several guidelines for receiving outside calls:

- Answer as quickly as possible, preferably before the third ring. If an early pick up is not possible, apologize for the delay. When you do answer, sound sincere.
- Develop a pleasant, friendly and helpful tone of voice.
- Know enough about MSC's business to be able to connect callers to the right person or department. There is nothing worse for a caller than to be passed from person to person. It creates a very poor impression.

- Know who the senior managers are and what elements of the business they control.
- Go back to callers on hold; suggest alternative contacts in the same section.
- If the caller leaves a message, take down his name, company, telephone number and if possible his reason for calling.
- Ensure that the message is timed and dated and delivered to the person as soon as possible.
- Return all calls within the promised time span, even if it is only to explain that you are still working on the subject.
- Know enough about the Branch and company operations to give callers names of responsible people in other departments or divisions.
- Do not put the phone down while you look for files or seek information. This leaves the client with a lot of office background noise. Rather offer to look into the matter and call back.
- Do not put your hand over the mouthpiece whilst you shout across to a colleague. This is impolite and can cause offence.

5.3 ATTITUDE TOWARDS THE CLIENT

When a company expands in size, it faces many internal problems. In organizing and structuring the lines of responsibility do not lose sight of the reason for the company's existence. In the case of MSC, we exist because of our clients whose cargo is carried on MSC ships. There are six things we should bear in mind when relating to our clients:

5.3.1 The client does not depend on us, we depend on him.

It is easy to become impatient with a client who needs help every step of the way and does not seem to know what he is doing. We may feel that he depends on us, but without his cargo to depend on we would have no revenue.

5.3.2 The client is not an interruption of our work, he is the reason for it.

We may become exasperated every time the phone rings when we are in the middle of something, but if the phone stopped ringing, there would be nothing to be in the middle of.

5.3.3 The client is not there to argue or match wits with.

No one ever wins an argument with a client. The client is always right, even if at a later stage, when things are calmer, he may admit to some responsibility for what has happened.

If the client is angry, stay clam, apologize and try to put things right. Do not match anger with anger as this can lead to distastes.

5.3.4 The client is part of our business, not an outsider.

The client is actually a part of our business, as we are apart of his. He should be treated as part of the team, because his co-operation is the difference between things working and things not working.

5.3.5 The client is the person who pays our salaries.

The revenue we earn from handling our clients' cargo, supplies the money to pay our salaries and all other expenses we need to run the business, such as accommodation, furniture and equipment, heat, light and water, telephone, telexes, etc.

Without the revenue there is no business.

5.3.6 The client is the lifeblood of the Company. Without him there is no company.

This sums it all up. The client and his interests should be at the heart of our business and should flow through all the operational levels and systems. Stop the flow and the company dies.

5.4 ATTITUDE

The development of a good communications network depends on the attitude of each member of staff to clients, to the company, to management and colleagues. A positive and productive attitude will lead to good communications and the development of team spirit. A negative unresponsive attitude will cause a breakdown in two-way communication, which inhibits progress and personal growth.

Nothing in life that is really worthwhile, is easy. It takes courage, determination and application to succeed. Everything we face can be looked at in one of two ways: with a positive mental attitude, accenting the advantages, the good points and the chances of success, or, with a negative approach, concentrating on the disadvantages, the pitfalls and the possibilities of failure. Negative thoughts are depressive and destructive and lead to de-motivation and the loss of self-esteem. Positive thoughts are supportive and constructive and lead to self-motivation and personal fulfillment.

Both thought processes are readily transmitted by written and spoken words or by actions and can have either a detrimental or a developmental result on the recipient. For example, a manager with a negative and detached approach can infect his staff with the same attitude, lowering productivity, raising the error rate and causing dissatisfaction. On the

other hand an enthusiastic and involved manager with a positive approach can develop and motivate his staff to greater achievements by his example and participation.

The same goes for staff who are in touch with clients and other outside contact. A person with a negative attitude will be unresponsive, unco-operative and even aggressive, criticizing and blaming other people for his own shortcomings. Someone with a positive attitude will see things from the client's point of view, be understanding, co-operative and helpful and make the client feel that his business is highly valued by the company.

A degree of self-examination is required to identify in us any tendency towards a negative attitude. Once recognized an effort must be made to think and react positively to outside influence and to look for the good in people and situations. It makes for a happier and better-adjusted approach to both our business and private lives.

In the context of all the above results and discussions further suggestions could include a marketing plan roll out which incorporates amongst others:

- a) Better communication with Customers
- b) More comprehensive, ongoing market research
- c) The encouragement of upward communication
- d) Decreased layers of management.
- e) Top management needs to commit to the process of improved service levels.
- f) Service quality goals need to be set.
- g) Standardization of tasks needs to be implemented if possible.
- h) Enhanced teamwork
- i) Employee –job-fit
- j) Technology-job-fit
- k) Employee control
- l) A supervisory system
- m) A reduce level of role conflict

- n) A reduction in role ambiguity
- o) Increased horizontal communications
- p) Avoid propensity to over – compromise

5.5 SUGGESTIONS FOR FURTHER RESEARCH

Post the marketing plan role out within MSC, a longitudinal study should be implemented to monitor the improved service levels if any. If funding is available then the study should include a more in depth analysis which would include factors such as:

- a) A more representative sample.
- b) SERVQUAL applications to monitor all 7 gaps discussed in the study
- c) A larger cross sectional analysis to include the other major provinces in the country.

5.6 CONCLUSION

Service quality is very important for businesses today. This study has investigated a small section of this total philosophy namely the development of a service quality measuring instrument for MSC and the subsequent application of such instrument. In the process certain shortcomings of Service Quality within MSC have been identified and follow up recommendations suggested. Overall the company as a result of this study has developed a sudden sense of interest in this arena and more specifically how these types of surveys can assist MSC into the future. Obviously a more thorough approach will need to be adapted for commercial applications but if this study has done nothing other than to spark an interest here it has achieved a milestone in a company that has never applied this form of market research before. In addition, the study has provided a unique insight into the application of SERVQUAL in the shipping industry and discussion thereof. Remaining competitive in the global industry today means using all the ammunition available and the concept of monitoring service quality is widely applied in many industries today and it is strongly recommended that MSC adopt the technology as soon as possible.

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APPENDIX A



MEDITERRANEAN SHIPPING COMPANY (PTY) LTD

MSC HOUSE
54 WINDER STREET
DURBAN 4001
P.O. BOX 10687
MARINE PARADE 4056
SOUTH AFRICA

OUR REF:

YOUR REF:

DATE:

November 8, 2004

SHIPPING DIVISION
TELEPHONE: (031) 380-7911
FAX: (031) 3329297
TELEX: 6-22153

MARKETING DIVISION
(031) 360-7511
(031) 3329295

SERVICE QUALITY SURVEY

Dear Client

During 25 years of uninterrupted service to the South African Shipping Industry we have tried always to provide you with a good service. It is time to measure now the quality of such a service in order to make, eventually, all the necessary adjustments, changes and improvements which are required in this modern and global environment in which we live.

To achieve this I will very much appreciate your completing the enclosed form and to return it back to us, for which I personally thank you very much.

Best Regards


Captain S Sarno
CHAIRMAN

DIRECTORS: S. SARNO (ITALY) (CHAIRMAN), B.E.H. BAYLIS, M. ECONOMOU, M.E. MKWANAZI, A. MODINOS, T.R. SANTOS (PORTUGAL),
A.C. WATERS, R. WINTER (GERMANY)

OFFICES ALSO AT: CAPE TOWN PORT ELIZABETH EAST LONDON RICHARDS BAY JOHANNESBURG PRETORIA MAPUTO BEIRA

Reg. No. 1979/001/255007



THE QUESTIONNAIRE AS ADAPTED TO MSC:

Mediterranean Shipping Company Service Quality Survey

INTRODUCTION

Due to Globalization and Integration of world markets the Shipping industry in particular, MSC, is being brought under the spotlight with respect to service quality. This Questionnaire aims to quantify exactly that by measuring the levels of Customer Satisfaction within MSC.

This study is conducted by Lynette Vandayar for the purposes of her Masters in Business Administration (MBA) research.

INSTRUCTIONS

The questionnaire below is divided up into 3 Sections. Section A includes demographic data. Section B includes the main body of the SERVQUAL measuring instrument. This Section is divided up into two parts namely Part A and Part B. Part A attempts to quantify your expectations of service delivery from a shipping company. Note: Expectations involves “What levels of Service you would expect to receive within each of the various service areas”. Although Part B of this Section is a continuation of Part A it measures something significantly different. In this case we are measuring your perceptions of your current level of service enjoyed by MSC. In other words: “How you perceive the present levels of Service provided by MSC across the different service areas”. Part C includes extra questions.

The questionnaire is completely confidential and the information supplied is kept anonymous. Respondents will be protected when information is analyzed. Please note that there are no correct or wrong responses to the items or questions in the questionnaire. Please complete the questionnaire as honestly and as accurately as possible. Note: Your responses will be making a contribution to the study of service quality at MSC which ultimately will benefit you, our valued customer.

Thank you for your cooperation.

SECTION A (Please Tick appropriate box per question)

GENDER

Male	Female
------	--------

RACE

Black	White	Asian	Coloured
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AGE CATEGORY

18 > 25	26 > 35	36 > 45	46 > 55	Over 55
---------	---------	---------	---------	---------

YOUR COMPANY PROFILE

Public Company	Private Company	Close Corporation	Partnership	Other -State
----------------	-----------------	-------------------	-------------	--------------

PLEASE TICK APPROPRIATE INDUSTRY TYPE THAT YOU BELONG TO:

Transport	Courier	Personal effects	Shipping	Paper
Auto	Chemicals	Gas/Petroleum	Textiles	Building
Minerals	Material Raw	Food Product	Furniture	Other

WHAT VOLUMES DO YOU SHIP PER MONTH (TEU):

0 - 49	50 - 100	101 - 149	150 - 200	Over 200
--------	----------	-----------	-----------	----------

PLEASE TICK THE APPROPRIATE SHIPPING SECTOR YOU BELONG TO:

Shipper	Importer	Clearing/Forwarding	Groupage	Other
---------	----------	---------------------	----------	-------

PLEASE TICK THE APPROPRIATE CATEGORY THAT YOU BELONG TO:

Top Management	Middle Management	Lower Management	Clerk	Other
----------------	-------------------	------------------	-------	-------

HOW LONG HAVE YOU BEEN A CLIENT OF MSC (IN YEARS):

0 > 1	1 > 3	3 > 6	6 > 9	9 > 12	OVER 12
-------	-------	-------	-------	--------	---------

SECTION B

Please complete Part A by indicating your expectations of a “Shipping Company” in general. Then complete Part B indicating your perceptions of “MSC” in particular. Please answer on a scale from 1 (strongly disagree with the statement) to 7 (strongly agree).

[PART A] YOUR EXPECTATIONS OF WHAT A SHIPPING COMPANY SHOULD DO

Directions: Please complete the following questionnaire pertaining to service quality. If you feel the features mentioned in each statement are essential in your judgment of a shipping company, please circle 7. However if you feel the features mentioned are of little importance, please circle number 1.

	Strongly Disagree	Strongly Agree
(1) An excellent Shipping company should have modern looking equipment , e.g. ships , containers , etc.	1...2...3...4...5...6...7	
(2) The physical facilities, e.g. buildings, signs, yard , offices etc., at an excellent Shipping Company will be visually appealing	1...2...3...4...5...6...7	
(3) Staff of a Shipping Company will appear neat, e.g. uniform, safety wear, grooming etc.	1...2...3...4...5...6...7	
(4) Documentation associated with the service, e.g., delivery notes statements of accounts, corporate profile etc. will be visually appealing in an excellent Shipping Company	1...2...3...4...5...6...7	
(5) An excellent Shipping Company will stow containers correctly onto their ships.	1...2...3...4...5...6...7	
(6) When an excellent Shipping Company promises to do something by a certain time, it will do so	1...2...3...4...5...6...7	
(7) When a client has a problem, an excellent Shipping Company will show genuine interest in solving it. eg : client specifications not met.	1...2...3...4...5...6...7	
(8) An excellent Shipping Company will perform service right the first time	1...2...3...4...5...6...7	
(9) An excellent Shipping Company will keep its services levels at the same standard for all times of the day.	1...2...3...4...5...6...7	
(10) An excellent Shipping Company will insist on error free service.	1...2...3...4...5...6...7	
(11) Staff at an excellent Shipping Company will tell a client exactly when services will be performed	1...2...3...4...5...6...7	

- | | | |
|------|---|---------------------------|
| (12) | Staff at an excellent Shipping Company will give prompt service to a client | 1...2...3...4...5...6..,7 |
| (13) | Staff at an excellent Shipping Company will always be willing to help a client | 1...2...3...4...5...6..,7 |
| (14) | Staff at an excellent Shipping Company will never be too busy to respond | 1...2...3...4...5...6..,7 |
| (15) | The behavior of staff at an excellent Shipping Company will instill confidence in a client | 1...2...3...4...5...6..,7 |
| (16) | Clients of an excellent Shipping Company will feel safe in their transactions | 1...2...3...4...5...6..,7 |
| (17) | Staff at an excellent Shipping Company will be consistently courteous with clients | 1...2...3...4...5...6..,7 |
| (18) | Staff at an excellent Shipping Company will have the knowledge to answer clients' requests | 1...2...3...4...5...6..,7 |
| (19) | Staff at an excellent Shipping Company will give clients individualized attention | 1...2...3...4...5...6..,7 |
| (20) | An excellent Shipping Company will have convenient operating hours | 1...2...3...4...5...6..,7 |
| (21) | An excellent Shipping Company will have staff who give its clients personal attention. | 1...2...3...4...5...6..,7 |
| (22) | An excellent Shipping Company will have the clients best interests at heart | 1...2...3...4...5...6..,7 |
| (23) | The staff of an excellent Shipping Company will understand the specific needs of a client | 1...2...3...4...5...6..,7 |
| (24) | An excellent Shipping Company will have premises and equipment which are safe to use. | 1...2...3...4...5...6..,7 |
| (25) | An excellent Shipping Company will hold all documents provided by the client securely. | 1...2...3...4...5...6..,7 |
| (26) | An excellent Shipping Company will make clients feel confident that the service was provided correctly. | 1...2...3...4...5...6..,7 |
| (27) | An excellent Shipping Company will guarantee its services. | 1...2...3...4...5...6..,7 |

[PART B] YOUR PERCEPTIONS OF WHAT MSC AS A SHIPPING COMPANY IS DOING

	Strongly Disagree	Strongly Agree
(1) MSC has modern looking equipment eg: ships, containers etc.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(2) The physical facilities, e.g. buildings, signs, yard, offices etc., at MSC are visually appealing	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(3) Staff at MSC are neatly attired eg: uniform, safety wear, grooming, etc.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(4) The materials as MSC e.g. delivery notes, statements of accounts, corporate profile etc. are visually appealing.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(5) MSC does stow its containers correctly onto its ships.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(6) MSC keeps to its promised response time.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(7) When a client has a problem, MSC shows genuine interest in solving it. eg : client specifications not met.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(8) MSC does perform service right the first time.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(9) MSC keep its services levels at the same standard for all times of the day.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(10) MSC insists on error free service.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(11) Staff at MSC will tell a client when services will be performed.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(12) The staff at MSC give prompt service.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(13) The staff at MSC are always willing to help.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(14) The staff at MSC are never be too busy to respond.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(15) The behavior of staff at MSC instill confidence.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(16) As a client I feel save in my transactions with MSC.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(17) The staff at MSC are consistently courteous.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(18) The staff at MSC are knowledgeable.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(19) I receive individualized attention when dealing with MSC.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(20) MSC has convenient operating hours.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(21) I get personal attention from the staff at MSC.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(22) MSC has my best interests at heart.	1...2...3...4...5...6...7	1...2...3...4...5...6...7
(23) The staff at MSC do understand my specific needs.	1...2...3...4...5...6...7	1...2...3...4...5...6...7

- (24) MSC has premises and equipment which is safe to use. 1...2...3...4...5...6...7
- (25) MSC keeps all our documents in a secure location. 1...2...3...4...5...6...7
- (26) MSC instills confidence that all services provided are performed correctly. 1...2...3...4...5...6...7
- (27) MSC guarantees its services. 1...2...3...4...5...6...7

SECTION C

Please rate the departments that you interact with only, on an overall service quality rating scale of 0 to 100.

A score of 0 implies extremely poor service quality and a score of 100 implies extremely excellent service quality.

Please place the score in the box provided.

Score Rating

Booking/Client Services

Documentation/Freight Dept.

Operations

Claims

Sales

Accounts

Container Dept.

Traffic/Transshipment Dept.

Please rate MSC as a company, on overall service quality from 0 to 100.

If you have any additional comments with regards to MSC's service quality please feel free to qualify them in the space below.

Thank you!

Instructions for completing this questionnaire:

- 1) If you intend completing this questionnaire using your computer, then please complete Section A and B as follows:

Shade in your choice of answer with the highlight function in Microsoft word.

Eg. (5)MSC does stow its containers correctly onto its ships. 1...2...3......5...6...7

Section C fill in your choice in the box provided:

Eg.

Booking/Client Services

80

Once completed mail to: lvandayar@msc.co.za

- 2) If printing questionnaire, then complete as instructed and fax to following number:

Fax: 031 - 3329295

Fax: 031 – 3329297

Should you have any queries, please contact Lynette Vandayar

Tel: 031-3607230

Fax: 031-3329295

Cell: 0846781133

Email: lvandayar@msc.co.za

Thank you for your timely response.

APPENDIX B

Comments extracted from returned questionnaires under Section C:

“If you have any additional comments with regards to MSC’s service quality please feel free to qualify them in the space below.”

Durban Export

No 4

-services is not always immediate-especially when waiting for invoices from outward freight

-phone calls are not always returned

-staff are however always friendly and courteous

No 7

-when phoning the bookings department, there are some staff that does not “open their mouths” to speak. Also these staff does not know what you are as a client are talking about. They also don’t pass messages on.

No 9

- I am a loyal support of MSC, and will always remain so. However, in the recent past it has become apparent that the company has grown to big too quick, and the admin backup has deteriorated. This should be easy to rectify.

-one infuriating habit of MSC staff is that are not inclined to tell the truth when things go wrong. Often we already know the outcome, and require further help from the local office-the local office will deny what we already know is the truth. I think most people would be prefer to know the truth, because then you can deal with the problem at hand.

-your reaction to individual problems that occur that affect our customers business directly, is always quick and positive, and your staff should be commended for that. In

fact, that is what makes MSC the # 1 service operator in my eyes, and why I am prepared to overlook any other irritations that occur along the way.

No 13

-staff needs to be Polite & Helpful!
- faster response to enquiries.

No 16

-I feel that MSC does not negotiate for its clients, especially when it comes to surcharges raised by Portnet. They accept any charges that Portnet wishes to raise. Such a big company and yet so poor, in negotiation skills.

No 18

Container tracking is poor –Transshipment delays and advising of these delays is NON EXISTENT!! This lets the Company down big time. MSC do not know what Customer Claims are, they avoid responding in the hope that the problem goes away! Shipping lines can learn something from the aviation world regarding communications- join the new millennium (all lines not only MSC –they are better than some).

We have a good working relationship with MSC, this is to be commended as well, even so, the above comments are valid!

No 20

-good company to work with.

No 21

-export b/l's of lading are not released timeously. B/l's are released after 3 to 4 days from vessel sailing. B/l's should be released quicker.
-MSC sales and marketing dept. are very efficient.

No 22

-Why has MSC not resumed there direct service to Australia.

No 25

-overall the best shipping line we deal with!

No 26

-I feel that a lot of MSC new staff could use more training. The staff that have been with MSC for many years are excellent but under a lot of pressure due to the lack of competence of new staff.

No 30

-Fax and email response time could be faster. Usually have to wait a day.
-passing of messages to desired person can be improved.

No 31

-the problem that we have is the delays incurred in departures from Durban and then the late arrivals at destinations. More direct sailing to destinations would be preferable to avoid delays at transshipment points.

No 32

-some staff in Sales give the impression that they couldn't be bothered. Some who are learning require further knowledge before they are placed on the front-line telephone answering and quoting function.

No 40

-IT standards are not acceptable.
-otherwise excellent!

No 41

-when a vessel leaves its port of departure I find it almost impossible to get an accurate date of arrival or even name of vessel until its vessel has almost docked. I need a live structure of actual vessel movements.

No 45

-in 2 years of doing business with MSC, no sales representative have been to see us.

No 46

Please make sure that whenever the vessel is replaced by one another, we are informed telephonically or by mail, especially vessels going to Australia.

No 54

-delays exist quite often when the go ahead of MSC Geneva is required.

-vessel integrity remains problematic. Service into the Med remains problematic. Service to Canada remains problematic. Service from Europe offices problematic in terms of updating receivers ie. vessel arrivals and final container deliveries,etc.

Durban Import

No 8

- MSC sailing ex Europe keeps on changing and put us, as a forwarding company, under a lot of pressure to have the containers forwarded only on a weekly basis.

- The sailing schedules could be more accurate.

- Quicker transshipment at Las Palmas, ex Med area.

No 35

-MSC will be the last choice

Durban Import/Export

No 14

-I have been dealing with a certain staff member that is not sufficient at all. Instead of helping me right then and there, he always had to phone me back. Rather frustrating!

Johannesburg Export

No 57

-I generally receive excellent service from MSC. Staff are friendly and helpful (especially Monica in Jhb). I receive sailing schedules everyday. Always prompt service.

No 58

-MSC's service is strong in some areas and weak in others. Please see correspondence attached with one of our top export accounts.

No 60

-Thank you for this opportunity of convey my special thanks to Brandan Manthe, Pregassen Naidoo and Angela Gerretsen for all their friendliness, help and understanding I've received since joining Speciality Metals.

-On your question to rate MSC as a company on overall service quality from 0 to 100, I would have loved to give a 90% score, but unfortunately with the service and experience I've received from MSC Logistics, this does not justify such a lovely score. Score given 60%.

No 61

-fax and email time could be faster. Usually have to wait a day.

-passing of messages to desired person can be improved

No 65

-M.Manikam-Dbn, excellent client service

No 81

-transshipment from European ports-very long at times ie. Antwerp –Hamburg etc.

-agents also do not know on what or when next vessel container will arrive.

-in August/September 2004 problem was very bad, as everyday container delayed, customers became very upset with service(MSC)

*All ask for MACS. as they do not transship, but lucky for us they do not have vessels every week and service in general not that good.

No 82

-stagger lunchtimes, so that there is always somebody who knows in the office.

No 83

-they need to open at 8am and close at 5pm. No close down for lunch ie. they need to have staff available for questions etc. during lunch hours because freight forwarders work through the whole day. Shippers need urgent answers, being “on lunch” does not solve anything.

No 84

-speed up your claims/refund time

-6 months & all sorts of excuses is more than frustrating

No 85

-MSC should be more focused on their customer needs and realign their inland operations to being proactive than reactive which is the case currently.

No 88

-we receive a very good service from the booking/customer service department-specially from Craig and Monica.

-we still receive invoices far too late after vessel departure (4-5 days) this delay makes us look un-efficient to our clients.

No 89

-Mandisa Maketo JHB excellent service

-everything else as per above

Cape Town Export

No 71

-the Cape Town office(Mike and Corne) is giving us an excellent service and really going out of their way to supply according to our needs. Some other offices of MSC are definitely not on the same level resulting in frustration. Late shipments are currently more common where MSC was used relative to other shipping lines.

No 75

-MSC definitely have the personal touch with their clients, only big problem is vessel integrity.

-Well done with a good service!!

No 90

-improve specialized equipment availability

-improve Reefer services

No 91

-the major problem I have with MSC is between 13h00 & 14h00-in this day & age NO service company should have "NOBODY" in each department to assist clients when

calling during this time period. Be different from your opposition have half the staff in each department taking lunch from 12h00 to 13h00 and the other half from 13h00 to 14h00 –the same could apply to mornings and afternoons-half the staff start at 08h00 and leave at 16h30 and the other half start at 08h30 and leave at 17h00. I also think it necessary that each department has someone stay until 18h00 to assist clients(take turns)-if you are in a service industry one should be looking at better ways to ensure their clients are serviced 24/7.

No 93

-overall service is of world standard. We are very happy with the service. Only negative suggestion/room for improvement: security very unfriendly. Parking a bit of a hassle.

No 95

-not very good at accepting responsibility when something goes wrong with container. Also want to shift blame back to someone else instead of accepting responsibility and pay for the damages/claims.

No 96

-we are a company currently battling to keep afloat in a difficult export environment and have found that MSC has consistently supported us with very competitive pricing in order that our products may be sold competitively.

No 99

-the MSC “family” is fantastic to deal with and to grow with, they are becoming stronger and better every year in terms of their reefer service. With fruit being so sensitive, everyone needs to however remember the urgency needed to make each shipment a success.

Cape Town Import

No 74

-wait very long for a response when an error occurred. MSC has an archive IT platform-
ie. Tracking of a container is difficult. Transshipment and not calling Cape Town bleed
our supply chain.

Cape Town Import/Export

No 67

-I am very impressed with the fact that they always answer their telephone within 3 rings
and if you leave a message you always get a return call. The Sales Department(specially
Jill and Darryl on imports, are brilliant and really know how to provide superior customer
service). It is because of the excellent service I receive from them that I will continue to
use MSC as my preferred carrier.

Port Elizabeth Export

No 100

-MSC should offer bookings, shipping instructions, etc, on their website, this eliminates
phone calls,etc. MSC staff should be available during lunch hours!!

East London Import/Export

No 105

-I would like to comment on, specifically your East London office. For the past couple of years I have received nothing but excellent service. Although it is a small office, the service levels are extremely high. We have a wonderful relationship with them due to this. Instructions are passed to them. They know our specific requirements, and instructions are followed through with never a follow up call to remind them. As far as queries, literally within a couple of minutes it is resolved. They are truly very focused and we can rely on them to get the job done. It is always a pleasure dealing with this great team!

No 106

-the substituting of vessels at last moment sometimes raises problems for us & our buyers.

-transshipment times to the Mediterranean ports are slow and arrival dates rarely meet the scheduled discharge dates.

Pretoria Export

No 107

-we work through a clearing agent which will be better suited to reply on the operational side of things, but up to now we had no major reasons for complaint. What we do require is to have our bills of lading available sooner-it takes on average 2-3 days after the vessel have sailed and then we have to process before we can forward to our customers, thos is a

major effect on our debtor's control and service levels. Our own standard is that documents must be forwarded within three working days after the vessel has sailed. -is is possible to develop a system where customers that ship high volumes are given access to Electronic Bills (either to forward electronically or print at our offices)? E-commerce are gaining on us and we need to look into ways in which the total logistical chain can operate in this environment. In the meantime, can you please look into the standard of printing Bills-they sometimes are very un-neat.