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UNIVERSITY OF KWAZULU-NATAL

SERVICE QUALITY DETERMINANTS AND EFFECTIVENESS IN COMMERCIAL REAL ESTATE

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A dissertation submitted in partial fulfillment of the requirements for the degree of
Master of Business Administration

Graduate School of Business
Faculty of Management Studies

Supervisor: Professor Walter D. Geach

Year of submission
2010
DECLARATION

I Stephen Wahome declare that:

(i) The research reported in this dissertation/thesis, except where otherwise indicated, is my original research.

(ii) This dissertation/thesis has not been submitted for any degree or examination at any other university.

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Signature:
ACKNOWLEDGEMENTS

I wish to express my sincere appreciation and gratitude to the following individuals, without whose assistance, this study would not have been possible:

☐ My supervisor, Professor Walter W. Geach for the guidance and support right from the beginning to the end of this project.
☐ My family for sacrificing the family time in order to ensure that I completed this project.
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☐ My respondents for their willingness to set aside the time and answer my questions despite their busy schedules.
ABSTRACT

The service industry has been growing fast as national economies grew therefore becoming a major contributor to national gross domestic products (GDP). This growth in the services sector has led to questions around the issue of service quality. The aim of this study was to identify the determinants of service, assess the level of service quality in commercial real estate leasing and identify possible quality improvement measures. In carrying out the study, the service quality model developed by Parasuraman, Zeithaml and Berry (1988:14), SERVQUAL, was used.

The study was based on the leasing services of the broking department of one of the leading commercial real estate companies operating in Durban. The study was restricted to the Durban market.

A non-probabilistic sample of 120 customers was drawn from a list of lease transactions concluded in the last one year. From this sample, 84 questionnaires were successfully completed either by way of a face to face interview or by telephone, showing a response rate of 70 percent. Data was collected using a questionnaire based on the SERVQUAL model and adjusted by the researcher in order to be relevant to the commercial real estate industry. The questionnaire comprised two sections each with 22 questions divided into the five determinants of service quality, which are service tangibles, reliability, responsiveness, assurance and empathy. The first section of 22 questions was on customer expectations of service while the second section of 22 questions was on customer perceptions of service quality received and factor rating at the end.

Factor analysis of survey response data was used to analyze the data and draw conclusions. The study findings are that commercial real estate service quality determinants match those in other industries except for rank and order. In general, service quality was found to be below customer expectations and commercial real estate firms need to work on ways to improve it.

The study is limited to the specific settings of customers of property brokers in the Durban commercial real estate market. It is uncertain as to whether the findings can be generalized to other areas.
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1. CHAPTER ONE: INTRODUCTION

1.1 Introduction
Analyzing consumer satisfaction and quality in service sector industries is an evolving area of particular importance to the real estate brokerage industry, (Dotson et al 21:1988). This is due to the high turnover of estate agents, low per capita incomes and ever increasing cut-throat competition among brokerage firms. In order to survive in these competitive market environments, property brokers and brokerage firms need to adapt their business practices to these conditions. One of the ways that property brokers and real estate brokerage firms can gain competitive advantage is by increasing the quality of service to their customers. Increasing service quality will encourage commercial property owners and prospective tenants to deal through property brokers. This will increase the profitability of the real estate firms and the property brokers. Service quality is measured by the extent to which the service performance by the property broker meets the prospective tenant’s expectation of service. The first step is to identify the determinants of service quality and the expected levels of service quality. Once the determinants of service are identified, the property brokers and property leasing firms are in a position to improve and control the quality of service. This translates into higher earnings and higher profits.

This study investigated the determinants of service quality and levels of service quality in the commercial real estate leasing industry. The gap between service performance and customer service quality expectations was investigated. In order to do this, SERVQUAL, the service model developed by Parasuraman, Zeithaml and Berry (1988:14) was used. Factor analysis was applied to the survey response data in order to determine the factor means, variances and standard deviations of service quality. A comparison was drawn between expected and perceived common factors of commercial property leasing customers in order to determine the level of service quality delivered. The customer quality gaps were identified and ranked across the five service quality determinants, in order to determine the areas where customers are experiencing the best and the worst
service. The implications were analyzed and suggestions for possible improvements were made, before the conclusion.

1.2 Motivation for the Study

The fast growth of the services sector has come with its own challenges. One of those challenges that service providers struggle with is how to determine and meet the service quality requirements of their customers, as this is crucial for the profitability and sustainability of their businesses. Commercial real estate leasing, a sector in the services industry is faced with similar challenges, hence the reason for this study. For the service providers to meet this challenge of providing quality service, they need to identify the factors that are important to the customers, understand their customer expectation and perception of their current. This study will be of benefit to:

- Commercial real estate firms as it will assist them in identifying the service quality determinants that are important to their customers, the current level of service and the areas that they need to focus on in order to improve the service quality. This will help these commercial real estate firms in designing a quality standard framework and optimum allocation of resources in the areas that matter to the customer. This will increase service quality to their customers, and with happy customers comes more business thus boosting profits. Continued quality improvement results in sustainability.

- Professional bodies governing the industry such as South African Property Owners Association and the Estate Agents’ Affairs Board, enabling them to understand the customer quality expectations and perceptions, and the current service quality level. This knowledge will help in setting industry quality standards, regulating the industry and the design of training for commercial property professionals geared towards service quality improvement.

- The academic fraternity as a contribution to the body of knowledge in the services industry. The findings can be used as a reference point in lectures to highlight empirical evidence of quality in the service industry. The study can also be used by other researchers to compare and contrast with other findings in order to
establish points of congruence and departure. Students of research can also use
the study as a base for further research in the services industry.

- Property owners who can use the study findings to design a framework for
  selecting the property firm with the right attributes and whose services they can
  hire to market their vacancies. The use of property leasing firms who understand
  the customer service requirements would ensure that tenants are sourced faster
  and with less hassle, thus increasing income and reducing costs for the property
  owner.

The study will therefore benefit various disciplines and make a positive contribution
towards improvement of service quality to the customer.

1.3 Focus of the Study

The study focuses on the determinants of service quality in the commercial real estate
leasing industry. The level of service quality in this industry is determined from the
perspective of the customer of the commercial real estate leasing. The specific approach
employed is the customers’ perception and expectation of the important attributes of
property brokers and commercial real estate firms in a leasing transaction. Durban is
used as the study location and the sample is drawn from one of the commercial real estate
firms operating in Durban. Recommendations are made based on the findings of the
study.

1.4 Problem Statement

The Service Industry is a fast growing Industry. The production of services is normally in
response to consumer needs. In this case, consumer satisfaction is crucial in the design
and provision of service. The service has to be of good quality in order to satisfy the
needs of the consumer. This raises the question, what is good quality service? In other
words, what are the determinants of service quality? What is the consumer’s expectation
of service? What is the consumer’s perception of service received? Does the consumer
have perceived service equal or fall short of the expectation? A difference in what is
expected and what is perceived as service quality by the consumer can be a grave
problem as it would translate into a gap in meeting the consumer’s needs which in turn
would result in a financial loss to the provider of this service. This issue of service quality
determination is investigated in the real estate industry and specifically in the commercial real estate leasing market in Durban.

1.5 **Study Objectives**

The study focuses on the real estate service industry in Durban. The main objectives of the study were:

- To find out the main determinants of service quality.
- To investigate the consumer's expectation of these service quality determinants and rank them.
- To investigate the consumer’s perception of these service quality determinants and rate them.
- To determine whether there is a consumer service quality gap.
- To make recommendations based on how the real estate firms can increase service quality in serving their customers.

The need for the study is to establish whether there is a gap between the consumer’s expectation of the quality of service rendered by property brokers and the consumer’s perception of the actual service rendered. This will help real estate companies to improve on the quality.

1.6 **Research Questions**

The research questions that the study attempts to answer are:

- What are the service quality determinants in the commercial real estate leasing industry?
- What are the consumer service quality expectations in the commercial real estate leasing?
- What are the consumer service quality perceptions in the commercial real estate leasing?
- Is there a consumer service quality gap in the commercial real estate leasing?
- What recommendations can one make on the findings of the study?

The study objectives attempt to answer these research questions.
1.7 Limitations of the Study

The study is limited in scope and experienced various limitations as follows.

- The research study was limited to 120 customers involved in commercial property leasing transactions in Durban. Other than being commercial, the study ignored other property attributes/considerations such as the location and price range which might have an influence on customer expectations.
- The study was on commercial property leasing and no consideration was given to other transactions such as commercial property development and sales.
- The sampling technique was a convenience sample drawn from an existing data base of leasing transactions completed by the firms’ property brokers in the last one and a half years.
- The research study was limited to leasing transactions by property brokers from one commercial real estate firm operating in Durban. This could have a cultural bias towards the structure, policy and procedures of this firm thus limiting the exposure to other firms’ ways of doing things.
- The study looked at the respondents purely as participants in the leasing transaction and did not delve into other factors such as demographic profiles such as the age, income group, sex, education level etc, factors which might have a bearing on the respondents’ expectation on quality of service.
- The study ignored the timing of the transaction and the span of time between the transactions, thus ignoring seasonal influences on the attitude of the respondents.
- The study was limited to the service quality model, SERVQUAL, and no other service quality models were considered.
- Time to do the study and funding were very limited.
- The number of participants who responded was 84 respondents from an original sample of 120. Failure by participants to respond was mostly due to them either having no time or attaching no importance to the survey.
- The research study is small in scope and as such cannot be generalized to the real estate leasing industry.

The above limitations may have had an influence in the outcome of the study findings and provide an opportunity for future research studies to explore.
1.8 Structure of the Study

The structure of this study is as follows:

**Chapter Two:**
Chapter two provides a theoretical framework for the study and reviews the literature on service quality in general. It highlights the importance of the service sector, service quality dimensions, customer expectations and perceptions and the gap in service delivery.

**Chapter Three:**
This chapter presents the research methodology adopted in carrying out this study. It focuses on the motivation and objectives of the study, design of the SERVQUAL research instrument and data collection strategies, the research design methods and data analysis.

**Chapter Four:**
Chapter four gives an analysis and a presentation of the results of the data collected using the SERVQUAL questionnaire. The analysis and presentation is done by way of tables, bar charts and graphs.

**Chapter Five:**
Chapter five conducts a discussion on the results obtained and presented in chapter four.

**Chapter Six:**
Chapter six draws conclusions from the data obtained using the SERVQUAL questionnaire and makes recommendations to this particular commercial real estate leasing company in order to improve on the quality of service to its customer and close the quality gaps. This chapter further highlights the implications of this study and makes a recommendation for further research studies.

**Chapter Seven:**
Chapter seven gives a list of the references from which past literature used in this study was obtained.
2 CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
The service sector has seen a tremendous growth in the global economy. Lovelock and Wirtz (2004:4) refer to this growth in the service sector as revolutionary change which has dramatically changed the way we live and work. The service sector has grown in response to the needs of consumers, meaning that the sector is there to deliver services to the consumer. The fast growth in this sector has however resulted in issues of poor quality of service to the consumer. According to Lovelock and Wright (2002:6), customers are not always happy with the quality and value of service and this lends them to complain about the various aspects of service such as late deliveries, inconvenient working hours, rude behaviour of service employees, poor performance and so on. Irons (1997:4), states that whatever the price, customers are looking for service and to be treated like they matter. According to Boyd, Larreche, Mullins and Walker, organizations should pay careful attention to meeting the needs of their customers in order to enhance their economic performance and shareholder value.

This chapter reviews literature material from various authors on the subject matter of service quality and establishes a basis for this study.

2.2 What is a Service?
Various authors have tried to define services. Due to fact that the service sector is diverse, it has not been easy to define service. According to Lovelock (2001:3) “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”. Lovelock (2001:3) goes further and says, “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 – or on behalf of – the recipient of the service”. Metters, Metters and Pullman (2006:2) give the definition of services a different approach. According to Metters et al. (2006:2), “the term service is often defined not by what it is, but by what it is not. Historically,
economic reports identify activities as service producing that are not goods producing, which includes manufacturing and construction, and are not extraction, such as agriculture, forestry, fishing, and mining”. Bitner and Zeithaml (2000:2) offer the definition as “services are deeds, processes, and performances. They are not tangible things that can be touched, seen, and felt, but rather are intangible deeds and performances”. These are therefore deeds and performances that are done for the benefit of the customer. Good examples of entities offering services are the police and security companies offering safety and security services, banks offering banking services, real estate firms offering leasing and sales services, educational institutions offering education service. Services are however not only offered by service firms. Services are also offered by concerns manufacturing and producing goods, as well as entities producing agricultural goods. An example being that manufacturers of fridges can offer warranties and free maintenance services, producers of oranges can offer free delivery services and guarantees of quality. Therefore, services are produced by both service businesses as well as non-services businesses such as goods manufacturing concerns and agricultural entities. Bitner and Zeithaml (2000:3) refer to service as “all economic activities whose output is not physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of its first purchaser”.

2.3 Importance of the Service Sector

Service marketing concepts and strategies have developed in response to the tremendous growth of service industries resulting in their increased importance to the US and world economies. In 1996 the service sector represented 79 percent of the total employment and at least 76 percent of the gross domestic product of the United States, (Bitner and Zeithaml, 2000:5). According to Metters, Metters, Pullman and Walton (2006), services account for approximately 80 percent of the U.S. economy. The growth of the service sector in the U.S. economy has been on an incremental curve while the other sectors have been declining. From 1950 to 2004, the service sector employment increased from 50
percent to 80 percent of the total U.S. employment while employment in manufacturing, construction, agriculture, fishing and mining declined significantly to about 20 percent. As the economy grew the contribution to gross domestic product from the agricultural and manufacturing sectors declined while the service sector contribution increased. Irons (1997:18) refers to the rapid growth of the service sector as the service revolution. The way we live and work is being transformed on a daily basis by new developments in the services sector. “The growth and importance of service is not primarily business driven as much as a response to the wider forces which are creating change in society as a whole” (Irons, 1997:17). Cook, (2005:1) supports the view, “We have become a service economy”. The world economy is more and more being dominated by an ever growing service sector, and countries need to focus on this sector as an investment avenue to solve their economic problems, especially in reduction of unemployment.

In South Africa, the service sector represented about 65.8 percent of total employment in March 2010 estimate and 65 percent of the Gross Domestic Product (GDP) in the year 2007 estimate (CIA World Factbook, March 2010). Almost all of the absolute growth in numbers of jobs and the fastest growth rates in job information are in the services sector. According to Bitner and Zeithaml (2000:6), Lovelock and Wirtz (2004:4) another indicator of the economic importance of services is that trade in services is growing worldwide. In fact, while the US balance of trade in goods remains in the red, in 1997, there was a US$85 billion trade surplus in services. Lovelock and Wirtz (2004:4) state that there has been rapid growth in services in the emerging markets, with the sector contributing about half of the Gross Domestic Product. There is a growing market for, and increasing dominance of, services in economies worldwide. Services are a dominant force in countries around the world. The tremendous growth and economic contributions of the service sector have drawn increasing attention to issues and problems of service sector industry. According to 2009 South Africa’s GDP estimates, the service sector contributed about 64 percent of total GDP with the agricultural and industrial sectors contributing about 3.5 percent and 32 percent (Internet 1)
**FIG 2.1 – South Africa GDP by Sector (2009)**

**Source: CIA World Fact book Website, 2009.**

Figure 2.1 shows how important the service sector is compared to the Industrial and Agricultural sectors. The service sector contributed 64.4 percent to the total GDP in 2009.

The service sector is very diverse and transverses many industries. From airlines to financial services and many others, this sector has grown tremendously. It is also constantly evolving and every day new service offerings are being directed at the consumer. Lovelock (2001:4) says that, “From one continent to another, national economies are in a continuing state of evolution. The changes in the composition of the economy of some European nations have been dramatic over the past three decades, reflecting a combination of economic growth (in which most of the new value added has come from services) and in some cases, an absolute decline in traditional economic activities such as agriculture, mining and manufacturing”.

Real estate brokerage has an enormous impact on national, state and local economies. Yet only in recent years have services such as real estate brokerage received serious academic attention (Nelson et al., 1995:99). Many studies have demonstrated a positive relationship
between customer satisfactions and good financial performance of businesses in various industries.

2.4 Differences Between Services and Goods/ Nature of Services

Unique characteristics of the service sector industries differentiate them from product-oriented industries and compound the difficulty of defining service quality. These service characteristics have been neatly categorized by Zeithaml, Parasuraman and Berry (2000:17) as heterogeneity or non-standardized levels of service performance; inseparability of production and consumption due to continuous consumer interaction with delivery of service; intangibility due to the nature of services versus product performance; and perishability associated with inability to inventory services when demand fluctuates, (Dotson, Dunlap, Johnson, 1988:22).

These inherent differences between goods and services have created unique management challenges for businesses that offer service as their core offering. Services are different from goods in the following ways.

• Intangibility

This is the most basic and universally cited difference between goods and services. 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 goods, (Bitner, Zeithaml, 2000:12). Lovelock and Wirtz (2004:10) point out that a service is intangible as its performance cannot be wrapped up and taken away. For example, real estate services are actions such as inspections, advertising and negotiation performed by estate agents as providers and directed towards real estate buyers and hirers or customers and sellers. These actions cannot be seen or touched by the customers or clients, even though the customer or client may be able to see and touch certain tangible components of the service such as advertising boards, the property and so on. The service might be difficult for the customer to comprehend, even after it has been performed. Intangibility presents many marketing challenges. According to Bitner and Zeithaml, (2000:12) services cannot be readily displayed or easily communicated to customers, so quality may be difficult for consumers to assess. Bitner, Gremler and Zeithaml (2006:22) state that services are intangible and cannot be seen, felt, tasted or touched in the same manner that one can
sense tangible goods. Metters et al. (2006:6) say that “the results of a service may be an emotion from hearing a song or seeing a tennis match, but frequently nothing is left behind. However, most services come with facilitating goods”. According to Lovelock (2001:9), “although services often include tangible elements - such as sleeping in a hotel bed, working out at a health club, having your teeth cleaned at a dentist, or getting damaged equipment repaired – the service performance itself is basically an intangible. In services, the benefits come from the nature of the performance, which requires a different marketing emphasis from marketing tangible goods, including the need to employ tangible images and metaphors to demonstrate the competencies of the service firm and to illustrate the benefits resulting from the service delivery”.

- **Heterogeneity**

Services are actions or performances produced by human beings for human beings. This makes it difficult for any two services to be exactly the same. Fitzsimmons and Fitzsimmons (2006:25) assert that the intangibility of services and the involvement of customers in the service delivery process results in variation in service from customer to customer. The people delivering the service frequently are the service in the customer’s eyes and these people may differ in their performance from day to day or even on an hourly basis. Heterogeneity will also stem from the fact that no two customers are the same and will experience the service differently depending on their unique expectations. Thus a real estate agent may provide a different service experience to two different home buyers on the same day depending on their individual needs and personalities and also depending on whether the estate agent is providing the service in the morning when he is fresh or in the afternoon when he is tired. This aspect of heterogeneity of service across time, businesses and people makes it difficult to offer consistent service quality. According to Bitner and Zeithaml (2000:13), quality depends on many factors that cannot be fully controlled by the service supplier, such as the ability of the consumer to articulate his or her needs, the presence or absence of other customers, and the level of demand for the service.

- **Simultaneous Production and Consumption**

In comparison, most goods are produced first and then sold and consumed, while most services are sold first and then produced and consumed simultaneously. According to
Fitzsimmons and Fitzsimmons (2006:23), services are produced and consumed simultaneously, thus making it impossible to store to meet future demand. For example, cars are produced first, sold later and then consumed over a long period. Estate agency services to a property seller are sold first where the contract referred to as a mandate is signed, then the services such as marketing are produced and consumed at the same time as the agent markets the property and the seller enjoys the exposure to the market of his property. When leasing the house, the estate agent produces the service of a guided tour which the prospective tenant consumes and enjoys at the same time. This means that the customer is present when the service is being produced and thus views and may even take part in the production process, especially if there are two or more customers at the same time; they may influence each other in the way they experience the service. Another outcome of simultaneous production and consumption is that service producers find themselves playing a role as part of the product itself and as an essential ingredient in the service experience for the consumer (Bitner and Zeithaml. 2000:13). The effect of simultaneous production and consumption of services is that mass production is difficult if not impossible. According to Bitner and Zeithaml (2000:13), the quality of service and customer satisfaction will depend on what happens in real time, including the actions of employees and the interactions between employees.

- **Perishability**

Perishability refers to the fact that services cannot be saved, stored, resold or returned (Bitner et al, 2000:4). An hour of the estate agent’s time that is spent waiting cannot be reclaimed and used or resold at a later time. This is in contrast to goods that can be stored in inventory or resold another day, or even returned another day if the consumer is not happy. This factor of perishability poses a challenge in quality service when one has messed up with the level of service offered. In a case of poor quality service, the service provider needs to have in place recovery strategies of poor service in order to recover the affected customer’s goodwill.

2.5 **Consumer Behaviour**

According to Olson and Peter (2005:5), The American Marketing Association defines consumer behaviour as “the dynamic interaction of affect and cognition, behavior and the
environment by which human beings conduct the exchange aspects of their lives” “In other words, consumer behaviour involves the thoughts, feelings people experience and the actions they perform in consumption processes”. The starting point therefore is the thought process of the consumer and the feeling that this thought process brings. The thought process is normally provoked by a stimulus or stimuli. The stimulus will normally come from the environment. Included in consumer behaviour is therefore the environment with all the things that influence thoughts and feelings that lead to action.

- **Consumer behaviour is dynamic**

Olson and Peter (2005:6) say that “consumer behaviour is dynamic because the thinking, feeling and actions of individual consumers, targeted consumer groups, and society at large are constantly changing. For example, the internet has changed the way people search for information about products and services”. In the commercial real estate environment, people looking for property to lease used to rely purely on advertising “To Let” boards fixed on buildings with available space to let or by visiting or calling the property leasing brokers that they knew to find out about the available space. Real estate companies are now embracing the internet and creating company websites where they list all the available vacant premises that they have in their property portfolios. The websites give full descriptions of the premises including the size of the space, the gross rental rates, when the premises are available, the acceptable length of the lease and so on. There are cases where a locality map of where the property is and a floor layout plan and a pictorial view of the property are included. This change in the way property companies are marketing their lettable space via the websites has encouraged a behavioural change in the way the prospective tenants go about looking for commercial property. More and more consumers of real estate services are accessing and using the internet to look for properties to let. According to Olson and Peters (2005:6), “the nature of consumer behavior makes development of marketing strategies an exciting yet difficult task. Strategies that work at one time or in one market may fail miserably at other times or in other markets”. The change in what will work with the consumer is due to the change in the needs and wants of consumers. In commercial real estate, change in the needs and wants of tenants has seen the fall to obsolescence of old office buildings with solid dividing walls to the rise of new modern building with open plan floors. The solid
dividing walls have become obsolete with tenants requiring drywall partitions which are cheaper and easier to construct or move giving greater flexibility. Tenants are also moving away from enclosed individual offices to open plan office seating arrangements that save them space, thus money and make it easier for managers to supervise their subordinates.

- **Consumer behaviour involves exchanges**

According to Olson and Peters (2005:9) consumer behaviour involves exchanges, where one party gives up something of value in exchange for something else of value. “Much of consumer behavior involves people giving up money and other things to obtain products and services”, Olson and Peters (2005:9). Lovelock (2001:110) gives the exchange a different approach as follows, “To obtain the benefits of a service performance, customers must be prepared to offer something in exchange. There are some transactions, often associated with the public sector, that require no direct financial payment – using a public library, for instance. Occasionally, a firm will give away a service free of charge as a promotion or image builder. However, most services rendered carry a price tag. The monetary or financial price is just one of the costs to the consumer. Lovelock (2001:110) says that “From a customer’s standpoint, the monetary price charged by a supplier may be just the first of many costs associated with purchase and delivery of a service”. The consumer will normally incur both financial and non-financial costs over and above the service suppliers’ charge as follows:

### 2.6 Other Financial Expenditures

There are other incidental financial costs over and above the service purchase price. These costs are for example the cost of fuelling one’s car to get to the suppliers’ premises, cost of parking and cost of meals taken during the purchase of service. It is important for one to point out that the consumers of the real estate broker’s services comprise both prospective tenants and landlords. In the commercial real estate Industry, a prospective tenant can incur other costs over and above the property broker’s fee (that is in a case where the tenant is the one paying the broker’s commission and not the
landlord), such as the cost of fuel and wear and tear to his car when driving to view the premises, the cost of parking in a case of pay parking, cost of food taken when office hunting and lease preparation and processing fees. In the case of landlords as the consumers, costs over and above the broker’s service fee might include legal costs, if the tenant has to be evicted.

2.7 Customer Expectation of Service

Lovelock and Wirtz (2004:38) state that customer expectations include several elements such as desired service, adequate service, predicted service and zone of tolerance. According to Bitner, Gremler and Zeithaml (2006:81), “customer expectations are beliefs about service delivery that function as standards or reference points against which performance is judged”. In order for marketers and service providers to meet customer expectation of service, it is crucial then that they understand these points of reference against which customers evaluate the service performance. Therefore, understanding what the customer expects should always be the first step in determining how to service a customer satisfactorily. Failure to understand what the customer expects can have dire consequences. The consequences of not knowing what the customer expects can lead to allocating resources to the wrong ventures thus wasting scarce and valuable resources. The customers who are supplied with services below their expected standard will also lead to switching the service providers thus costing poor service providers dearly in terms of income, customer loyalty thus threatening the ultimate survival of the firm.

According to Bitner and Zeithaml (2000:51), there are two levels of expected service by customers, that is the, the desired service and adequate service. Buttle (2004:338) highlights the fact that customers are not interested in knowing how the organizations that they patronize work, but only want their needs, expectations and demands met.

- Desired and Adequate Service

The desired service is the ideal service level that the customer would like to have. In terms of customer service expectation, this is the level of service that the customer rates as excellent. The customer hopes and wishes for this level of service. Lovelock (2001:115) defines the desired service as” the type of service customers hope to receive.
It is a combination of what customers believe can be and should be delivered in the context of their personal needs”. According to Berndt and Brink (2004:52), the desired service level of service is not attainable in South Africa and customers have been forced to lower their expectations to a lower threshold of acceptable service. On the other side of the spectrum, adequate service is the minimum level of service that the customer will accept. The customer will not accept service below this level. Lovelock (2001:115) defines adequate service as “the minimum level of service customers will accept without being dissatisfied”. Lovelock” (2001:115) goes further to say that “among the factors that set this expectation are situational factors affecting service performance and the level of service that might be anticipated from alternative supplier”.

According to Bitner, Gremler and Zeithaml (2006:83), the two extremes of expected service are desired service which is the level of service that a customer hopes to receive and adequate service, which is the minimum level of service that customer will accept.

Figure 2.2  Dual Customer Expectation Levels.
Source:  Adopted from Bitner, Gremler & Zeithaml. 2006:86.

Figure 2.3 illustrates the two limits of customer service level expectations, that is the upper level and the lower levels. The quality of service that rises above the desired service level is viewed by the customer as exceeding expectation. The level of service below the adequate service level is viewed by the customer as falling below expectation. Therefore, customers assess the quality of service based on these two standards that is what is desired on the higher end of the spectrum and the minimum acceptable standard on the lower end of the spectrum. The question however arises as to how consistent this customer expectation is across firms in the same industry and at different economic times. There is a gap between the desired service and the adequate service.
• **Zone of Tolerance**

This creates a zone between the highest level of service, that is the desired level and the minimum level, that is, the adequate level of service. This is the zone of tolerance.

![Diagram of Zone of Tolerance](image)

**Figure 2.3** The Zone of Tolerance

**Source:** Adopted from Bitner & Zeithaml, 2000:51.

The zone of tolerance is shown in figure 2.3. The zone of tolerance lies between the adequate service level on the lower end and the desired service level on the upper end of the spectrum of the customer’s expectation of service. This zone of tolerance exists due to the heterogeneous nature of service where the customer’s expectation of service might vary due to various factors such as situational factors such as time of day, the weather and so on. According to Lovelock and Wright (2002:82), “the inherent nature of services makes consistent service delivery difficult across employees in the same company and even by the same service employee from one day to another. The extent to which customers are willing to accept this variation is called the zone of tolerance”. When the level of service falls below the adequate level that the customer expects, the customer is bound to either complain or abandon the service provider and look for another service provider. When the service provided exceeds the desired service level, the customer gets excited and is happy to have dealings with the particular service provider only. The zone of tolerance can be viewed as that zone of service levels that has no dramatic impact on the customer’s notice that is the service neither appalls nor delights the customer. There is no element of surprise either positively or negatively to the customer. Bitner and Zeithaml (2000:52) view the “zone of tolerance as the range or window in which customers do not particularly notice service performance”. Bitner, Gremler and Zeithaml
Lovelock and Wirtz (2004:40); Berndt and Brink (2004:54) refer to the zone of tolerance as the extent to which customers are willing to accept variation in the level of service. The zone of tolerance is not rigid and can vary due to various factors such as price, competition and the importance of certain service attributes.

- **Zone of Tolerance vary for service dimensions**

According to Lovelock and Wright (2002:82), Bitner, Gremler and Zeithaml (2006:86), the zone of tolerance for a customer can vary depending on various factors. A customer’s zone of tolerance can vary due to situational factors. Lovelock and Wirtz (2004:40) state that a customer’s zone of tolerance will vary mainly due to situational factors affecting the customer’s adequate service level. Berndt and Brink (2004:53) mention that on the adequate service level, a customer’s expectation may vary between different firms in the same industry. In commercial real estate for instance, a customer might expect strict time keeping for appointments from property brokers. However, if the customer is late for the first appointment, the customer might be more tolerant if the property broker is five minutes late in their second appointment. Factors such as the weather may also help in expanding the zone of tolerance for the customer. In wet weather, the customer might be more tolerating when the property broker is late by five minutes. Other factors such as a strike by government unionized workers can lead to the customer varying the zone of tolerance. For example when a prospective tenant requests the property broker to supply a building plan which can be obtained from the Municipal department of Development and Planning the same day, the prospective tenant would be willing to extend the waiting period for the building plan by a couple of days if the government workers are on strike. This extension of the waiting period is an extension of the zone of tolerance.

- **Different customers possess different zones of tolerance**

According to Gronroos (2007:119), Bitner, Gremler and Zeithaml (2006:86), the zone of tolerance can vary from customer to customer. Bitner, Gremler and Zeithaml (2006:86) further state that some customers such as the busy ones will have narrow zones of tolerance and will require a tighter range of service while customers who are less busy will have wide zones of tolerance. A property owner may impose a more stringent appointment time keeping on a property broker that he has given a sole leasing mandate than one that he has given a general leasing mandate. A prospective tenant with tight
schedules may have less tolerance to time keeping expectation from a property broker than one with a less busy schedule. Thus depending on the circumstances, customers can either widen or narrow the zone of tolerance of service quality that they require.

- **Zones of tolerance vary for service dimensions**

  According to Bitner and Zeithaml (2000:53), customers accord various service quality tolerance levels for different service dimensions. Lovelock and Wirtz (2004:40) state that the zone of tolerance can increase or decrease depending on factors such as the importance of specific service attributes. Customers assign different levels of importance to different factors of service components. Fogli ((2006:10) points out that the zone of tolerance tends to be wider for less important components of satisfaction and narrower for more important components of satisfaction. In the commercial leasing market, a customer might place more importance on the general behaviour of the property broker than other aspects such as knowing all the facts of the property. If the property broker comes to the appointment drunk, the customer may find this state unacceptable and below the adequate service level as opposed to the property broker not knowing all the important facts of the property to be leased out. The customer might tolerate the property brokers’ ignorance of the material facts of the property the first time and give them time to get the information from the property owner. A customer in a real estate transaction may have a wider zone of tolerance for the broker’s lateness to the appointment than for the tendency of the property broker supplying false information about the property.

### Figure 2.4: Zones of Tolerance for different Service Dimensions.

**Source:** Adopted from Bitner and Zeithaml, 2000:54
Figure 2.4 shows the difference in zones of tolerance for the most important and the least important factors. Customers are willing to relax the expectations of the least important attributes than the most important attributes of service. The zone of tolerance for the most important attributes or factors is much smaller than the one for the least important factors, thus showing a much lower level of willingness of the customer to lower their expectation of level of service as the factors become important to them.

In general therefore, customers have two different levels of expectation, which are the desired service and the adequate service. Customers rarely change their expectation of the desired service. The adequate service level is however subject to change from time to time, (Bitner and Zeithaml, 2000:55). The zone of tolerance separating these two levels of customer expectation varies from individual to individual and sometimes variations of this zone occur within the same individual due to variation in circumstances.

2.8 Factors that Influence Customer Expectations of Service

Gronroos (2007:77) points out that customer expectation of service has a major influence on customer perception of quality. According to Lovelock (2001:114), “people’s expectation about services tend to be strongly influenced by their own prior experience as customers – with a particular service provider, with competing services in the same industry, or with related services in different industries”. According to Bitner and Zeithaml (2000:55), “Service expectations are formed by many uncontrollable factors, from experience of customers with other companies and their advertising to a customer’s psychological state at the time of service delivery. Strictly speaking, what customers expect is as diverse as their education, values and experience”. De Vries Jr., Helsdingen and Kasper (1999:197) highlight the fact that expectations complex in many ways and are determined by individuals themselves, reference groups, external situations, norms, values, time, service provider and so on.

The factors that influence customer expectation of service can be classified in two broad groups. These groups are as listed below.

- Sources of Desired Service expectation
2.8.1 Sources of Desired Service Expectation

The sources of desired service expectation are illustrated in figure 2.5 below.

As shown in figure 2.5, the two largest influences on desired service level are personal needs and philosophies about service, collectively referred to as enduring service intensifiers. Lovelock and Wirtz (2005:40) refer to the enduring service intensifiers as “beliefs about what is possible”. Bitner, Gremler and Zeithaml (2006:88) refer to enduring service intensifiers as “lasting Intensifiers”, which are individual factors that lead to a customer’s heightened sensitivity to a service. According to Bitner, Gremler and Zeithaml (2006:88), Berndt and Brink (2004:55), one of the of the enduring service intensifiers is “derived service expectation”, where a customer’s expectations are driven by another person or groups of people. In commercial real estate, an office tenant’s office requirements might be driven by the needs of their employees. Therefore, the tenant might prefer looking for office where there is easy access to public transport as their employees might not have cars and use public transport. The tenant’s needs are to a large
extent driven by the derived expectations of their employees to have easy access to public transport. In the same token, a law firm looking for office space might be driven by the expectation of its advocates to be in a walking distance to the law courts. Thus, the needs of the law firm will to a large extent be driven by the derived expectations of its advocates to be at such a distance that they can walk to the law courts. Bitner and Zeithaml (2000:56) state that, “all these customers’ individual expectations are intensified because they experience derived expectations from other parties who will receive the service”.

Berndt and Brink (2004:56); Bitner, Gremler and Zeithaml (2006: 89); De Vries Jr., Helsdingen and Kasper (1999:199) identify another enduring service intensifier as personal service philosophy. Bitner, Gremler and Zeithaml (2006:89) refer to it as, “the customer’s underlying generic attitude about the meaning of service and the proper conduct of service providers”. This means that customers’ expectations of service are shaped by the kind of training and experience that they have in their line of business. Thus, their expectation of service is based on the kind of service that they have been trained to give, thus giving meaning to the famous phrase, “do unto others what you expect them, to do unto you”. Therefore, a customer in the service industry will have expectation of service guided by their training and experience in the service industry. Based on this training and experience, their expectation will be of the same level of service and no less. Thus, the extent to which customers have personal philosophies about provision of service will intensify their expectation of service level from service providers.

2.8.2 Sources of Adequate Service Expectations.

The minimum level of service that a customer expects is determined by factors that are different from those identified as the source of desired service expectation. According to De Vries Jr., Helsdingen and Kasper (1999:198), Berndt and Brink (2004:56), sources of adequate service expectations are factors that have short term influence and tend to fluctuate more frequently than sources of desired service expectations.
Figure 2.6 Factors that influence Adequate Service

Source: Bitner, Gremler and Zeithaml (2006:90)

As illustrated by figure 2.6, the factors that determine adequate service expectations are as follows:

- Transitory service intensifiers
- Perceived service alternative
- Self-perceived service role
- Situational factors

**Transitory service intensifiers**

According to Berndt and Brink (2004:57); Bitner and Zeithaml (2000:57), transitory service intensifiers are temporary, short-term, individual factors that make a customer more aware of the need for service. De Vries Jr., Helsdingen and Kasper (1999:199) identify transitory service intensifiers as emergencies and service problem situations in which service is urgently needed (such as an accident and the need for automobile insurance or a breakdown in office equipment during a busy period) which raise the level of adequate service expectation, particularly the level of responsiveness required and considered acceptable”. In commercial real estate for instance, a transitory service intensifier may be generated by a government department or a corporation which issues a
tender with a requirement that the tendering companies must have an office in the town where the tender work is to be carried out. If a corporation issues a tender for a project in Durban for instance, it might have a requirement that the tendering companies must have physical presence in the form of an office in Durban. This would force any company without an office in Durban to start looking for one urgently. The company would raise its level of expectation of adequate service from commercial property brokers, especially the level of responsiveness required and considered acceptable. In this short period of time of the tender process, the adequate level of service expected from the property broker would increase. The tendering company might expect the property broker to have a good knowledge of the Durban property market and their asking rentals by the same token, the level of adequate service expected from the property broker would decrease after the tender process is completed. Therefore, in the periods when there are transitory service intensifiers, the adequate service expected will increase and the zone of tolerance will decrease. Bitner, Gremler and Zeithaml (2006:90) state that problems with initial service performance may intensify a customer’s adequate service expectations.

**Perceived service alternatives**

Bitner and Zeithaml (2000:58) define perceived service alternatives as, “other providers from whom the customer can obtain service”. Berndt and Brink (2004:57) refer to perceived alternatives as a situation where substitute service providers are available to the customer. A customer who has access to alternative service providers is likely to increase and maintain a high level of the adequate level of service expected as opposed to one who has no alternative service providers. De Vries Jr., Helsdingen and Kasper (1999:199); Bitner, Gremler and Zeithaml (2006:90) identify the possibility of the customers perceiving themselves as a service alternative to the service provider. Thus, customers who have access to many service providers will have a high level of expected adequate service while those with limited or one service provider will have a low level of expected adequate service. In commercial property, customers in small rural towns with one or two commercial property brokers will tend to have a lower level of expected adequate service than those customers in big towns with many property brokers to choose from. On the economic front, customers will tend to have lower expectation of adequate level of
service from a service provider who has a monopoly in an industry as opposed to the ones in an industry without an outright monopolist.

**Self-perceived service role**

Berndt and Brink (2004:57); Bitner and Zeithaml (2000:58) refer to the self-perceived role as the degree to which customers recognize their role in exerting influence on the level of service they receive. This factor refers to the extent to which the customer participates in the service delivery process and the importance that they accord this participation. If for instance, the customers perceive their role as important in determining the level of minimum level of service that they expect, they are likely to have a high level of adequate service expectation. If the customer specifies to the service provider the level of service expected at the beginning of the service delivery, the customer will not accept a lower service level, thus will be unwilling to accept a lower adequate service level. However, if the customer does not specify the expected level of service to the service provider, the customer is likely to tolerate a lower level of service, thus a lower adequate expected service level. In commercial real estate leasing, a prospective tenant may specify that when he makes an appointment with a property broker for instance, they expect the property broker to be on time, and if late, not more than 10 minutes late. If the property broker is late for 15 minutes, the customer will simply not tolerate this level of lateness as it is below the customer specified service level. In this instance, the customer perceives his role as specifying the service level expected. He will stop using the services of this particular broker and enrol the services of another property broker. However, a customer who does not see his role as specifying the expected service level may tolerate the fifteen minutes level of lateness of the property broker, thus have a lower adequate service level. According to Bitner, Gremler and Zeithaml (2006:92), when customers sense that they are failing to fulfil their self-perceived roles in service delivery, their zones of tolerance tend to expand. When customers believe they are fulfilling their part in service delivery, however, their expectations of adequate service are heightened.

**Situational factors**

Lovelock and Wright (2002:82) state that customer expectation of service may be situation specific. De Vries Jr., Helsdingen and Kasper (1999:199); Berndt and Brink
(2004:57) identify situational factors such as weather, catastrophes of flood and earthquakes being beyond the control of the service provider and therefore affecting the customer’s expected adequate service level. Bitner and Zeithaml (2000:60) refer to situational factors as “service performance conditions that customers view as beyond the control of the service provider. Situational factors normally affect large numbers of people at once as opposed to transitional service intensifiers which affect an individual customer thus creating an emergency. A natural calamity such as a gale wind sweeping through an area may cause such extensive damage affecting so many people such that emergency services may be inundated with calls for help. An individual victim may lower his/her adequate service expectation for his/her call to be answered as he/she is aware that the service provider’s hands are full due to an occurrence beyond their control. In commercial real estate leasing, the inordinate closure of roads in an urban area in preparation for an event like the soccer World Cup may cause a prospective tenant’s expectation of the proper broker being on time for appointments to be lower. This arbitrary closure of the roads affects all motorists on the affected roads. This lowers the adequate service level expected from the property broker by the prospective tenant. Trade union strikes for instance can have a similar effect of lowering the adequate service level expected from a service provider. A strike by the public transport workers’ union for instance affects all the employees who use public transport. The employer’s expectation of their employees using public transport to arrive at the place of work punctually would significantly be lowered by the strike. The event of the strike is beyond the control of the employees. The strike would therefore lower the expected adequate service level. Therefore, situational factors normally lower the adequate service level for the period of the event and in event enlarging the zone of tolerance. This lowering of the level of adequate service occurs due to customers acknowledging that the event is beyond the control of the service provider.

2.8.3 Predicted Service

Lovelock (2001:115) defines predicted service as, “the level of service customers actually anticipate receiving”. Lovelock (2001:115) goes further to say that predicted service directly affects how customers define adequate service at any time. Berndt and Brink
(2004:58) state that predicted service is an objective estimation by the customers of the probability of service performance they can expect. Predicted service expectation may be based on the customer’s past experience. Bitner and Zeithaml (2000:60) view predicted service as “an estimate or calculation of the service a customer will receive in an individual transaction rather than in the overall relationship with a service provider”. Therefore customer prediction of the kind of service they are likely to get helps to define the adequate level of service. If the customers expect good service, the adequate level of service tends to be high. On the other hand, if the customers expect poor service, their level of adequate service is likely to be low. In commercial real estate for instance, a tenant may expect poor service from a contractor during the December festive season when the building Industry is closed and suppliers of building materials who are still open for business are scarce. The tenant’s prediction of poor service in this case will lead to a low expectation of adequate service level. However, the same tenant might predict good service from the building contractor in March when the Building Industry is fully operational with plenty suppliers of building material open for business. The tenant’s expectation of adequate service level in this instance would be high. When interacting with property brokers, the prospective tenant might predict different levels of service from the property broker based on the reputation of the brokerage firm. The prospective tenant might predict good quality service from a property broker from a reputable brokerage firm and lower quality service from a property broker from an unknown brokerage firm.

2.8.4 Sources of Both Desired and Predicted Service Expectations

Bitner and Zeithaml (2000:61) points out that, when customers are interested in purchasing services, they are likely to seek information from various sources. Berndt and Brink (2004:58); De Vries Jr., Helsdingen and Kasper (1999:198); Lovelock and Wright (2002:82) identify the sources of both desired and predicted expectations as Explicit service promises, implicit service promises, word-of-mouth and past experiences. The consumer may get the information about the nature of the service from word of mouth by friend, relatives and other people, reading the print media such as a newspapers and magazines, reading and listening to the electronic media such as a television and radio,
digital interactive media of the world wide web through the internet as a medium or by reviewing their own past experience. These sources of information can are either internal, as in personal sources such as their previous experience of service or external. These sources of information for the consumer can be further grouped into four classes as follows:

- Explicit service promises
- Implicit service promises
- Word-of-mouth communications and
- Past experience.

**Explicit service promises** are defined by Bitner, Gremler and Zeithaml (2006:94) as, “personal and non-personal statements about a service made by an organization to its customers”. Berndt and Brink (2004:58) refer to explicit service promises as face-to-face and indirect promises made by an organization to its customers. These statements are personal when they are communicated by the service provider’s personnel such as the sales and customer relations people and service or repair personnel. The statements are non-personal when they come from advertising media, brochures and written publications. Explicit service promises made by the service providers or their agents tend to raise the customer’s desired and the perceived expectation of service. In commercial property for instance, a real estate brokerage firm may make an explicit promise in their company website such as, “when it comes to completing tenant relocation projects, we deliver whatever it takes”. This promise would raise both the desired and predicted service expectations of a prospective tenant tremendously. The tenant would therefore expect to find their new offices in a perfect condition with the tenant installation completed in time with no defects. An explicit service promise such as, “everything we touch turns into sold”, by a property brokerage firm may raise the desired and perceived expectation of property sellers to a point where they expect that their property would be sold on the spot once they mandated the brokerage firm to sell. Therefore, explicit service promises generally shape the level of expectation of service that consumers desire as well as the level of service that they predict.
Implicit service promises are identified by Berndt and Brink (2004:58) and Bitner, Gremler and Zeithaml (2006:94) as cues other than explicit promises that lead to inferences about what service should and will be like. If for example a property leasing company offers a money-back guarantee that the tenant that they place in their clients’ premises will pay their rent diligently for six months, the landlord will internalize this as an implied promise of quality service from service providers in this industry. This guarantee by one brokerage firm might raise the level of expectation of service desired and predicted by this client from all the service providers in this Industry. This guarantee therefore becomes an implicit service promise that the client expects from the service providers in the property leasing industry.

Word-of-mouth is regarded as one of the most effective marketing tools as an information source. Lucas (2005:116), states that when customers are satisfied with a service provider, they naturally tell three to five people, thus increasing the service provider’s customer base at no further cost. Cottam and Mude (1999:197) identify word-of-mouth as a powerful communication vehicle that customers use in the service sector in order to reduce risk created by the intangible nature of services. Gronroos (2007:308) defines as “messages about the organization, its credibility and trustworthiness, its way of operating, its goods and services and so on communicated from one person to another”. Gronroos (2007:308) goes further to say that “in the eyes of a potential customer, a person who has had a personal experience with the service provider is an objective source of information. Consequently, if there is a conflict between the word-of-mouth message and, say, an advertising campaign, advertising will lose”. Word-of-mouth therefore has the greatest influence on consumer expectation. When a service of a firm is highly recommended by other people, be they friends, relatives, acquaintances of the customer, the word-of-mouth recommendation raises the both the desired level of service expected as well as the predicted level of service. Word-of-mouth creates believability, with the customer finding no reason to doubt.

Various service industries rely on and benefit heavily from referrals made by both their past and present customers. In the real estate industry for instance, property brokers gain access to clients through a referral system where one client is happy with the service
provider’s service and tells his friends about it and their friends tell their friends about and so on. This creates a multiplier effect of an ever increasing number of customers as testimonies and referrals are passed on. Word of mouth however tends to get less attention due to the fact that it tends to be free. According to Arens, Schaefer and Weigold (2009:6), word of mouth is not considered as advertising medium due to the fact that, “it is not structured, or openly sponsored, or paid for”. This shows that some disciplines tend to ignore word of mouth as a means of communicating to the customer due to the fact that they stand to gain no value from it. According to Gronroos (2007:309), “word-of-mouth has a powerful impact on the formation of expectations of existing and potential customers and is an important determinant of future purchasing behavior”. The effect that word-of-mouth has on future customer expectation and purchasing behaviour can either be positive or negative. If the current people’s testimony about the quality of service is positive, the customers’ future expectation and purchasing behaviour towards that service will be positive. If on the other hand people are not happy about a service provide and his service, by word-of-mouth, people will talk negatively about that service provider and his service and this will negatively influence the future customer expectation of service and purchasing behaviour towards that service provider and his services.

Figure 2.7: The Communication Cycle
Source: Adopted from Gronroos, 2007:309
The communication cycle above shows where word-of-mouth plays a critical role. The communication cycle comprises four parts, namely, interactions, experiences, word-of-mouth or references and expectations cum purchases. The starting point is at the expectation stage where the customers have a need to fulfil and develop certain expectations. The customers may then decide to buy a service to meet their expectations. The customers move to the next stage where after buying the service, they interact with the service provider while getting the service rendered. The interaction is the moment of truth or opportunity where the customer is exposed to the service and receives messages from the service provider. The interaction with the service provider and the consumption of the service create either a meets or fails to meet the customer’s expectation judgment. This is the experience stage. The customers are then in a position to share their experience with other people who could be family members, friends or acquaintances. These other people then share with others and a multiplier effect of sharing the experience through word of mouth is the result. This effect of word-of-mouth is a clear message to all who are in the service industry, that is, “do not play with word of mouth. Make it work for you in all situations, and always capitalize on it “(Gronroos, 2007:309).

**Past Experience** is another factor that determines the kind of service that the customer desires and expects from service providers, (Bitner, Gremler and Zeithaml, 2006:95). According to Berndt and Brink (2004:59), the customer might predict the service to be expected according to his previous experience of service from service providers in the same industry. In the commercial property leasing industry for instance, the prospective tenant may have previously interacted with various real estate brokerage firms and property brokers. The general quality of experience that the tenant had with these previous interactions will help the tenant to predict the kind of service to expect from future interactions with property brokers and real estate firms. If the past experience is good, the tenant will predict and expect a good service. On the other hand, if the past experience is bad, the tenant will predict and expect a low quality of service.
Customers use their past experience to predict the kind of service to expect from service providers. A customer may use their experience in the airline industry to determine or predict the kind of service to expect from car hire industry.

2.9 Customer Perception of Service

It is important to analyze the concept of the customer in order to understand the customer perception of service. There are two levels of customers, that is, internal and external customers. Fogli (2006:9) defines internal customers as, “employees who work for the same organization and depend on each other to carry out their work”. In a real estate firm for instance, the property broker is a customer to the employees in the accounting department, who provide him with the services of preparing invoice for the property broker’s clients. Therefore, even though the property broker and the accountant are colleagues in the same company, the property broker relies on the services of the accountant for the preparations of invoices for his client. External customers are those outside the firm or organization. The customers of commercial real estate leasing firms are tenants and prospective tenants. Therefore, a property broker’s external customer is a tenant.

According to Arens, Schaefer and Weigold (2009:130), the term perception refers to “the personalized way we sense, interpret, and comprehend various stimuli”. Lucas (2005:168) points out that perception is subjective and different people will have different perceptions of the same event. De Vries Jr., Helsdingen and Kasper (1999:199) point out that, service providers should pay attention to the consumer’s perception of service and the service delivery process. The two factors that service providers should focus on are provision of quality service and achieving customer satisfaction. Perceptions are always considered in relation to expectations and as discussed earlier, expectations are dynamic and can change at any time. This renders perception of quality service also subject to change in relation to the change in consumer expectation of service quality. Bitner, Gremler and Zeithaml (2006:106) go on to say that the concept of, “quality and satisfaction are based on customers’ perception of the service – not some predetermined objective criteria of what service is or should be”. This leads us to the question, is quality
the same as satisfaction? When customers say that they received quality service, does that mean that they are satisfied? Does satisfaction equal quality service? According to Berndt and Brink (2004:59) customers perceive services in terms of quality provided and satisfaction received. Berndt and Brink (2004:59) further state that organizations focus on providing quality service and satisfying their customers because they believe that by doing this, they can differentiate themselves from their competitors. The terms customer satisfaction and quality of service are different, even though they have a lot in common. Baron, Harris and Hilton (2009:184) indicate that though the terms service quality and satisfaction and closely related, they are not the same as service quality is a dimension of satisfaction. Figure 2.8 below illustrates this difference.

![Figure 2.8 Customer Perceptions of Quality and Customer Satisfaction](image)

Source: Adopted from Bitner, Gremler and Zeithaml (2006:107)
Figure 2.8 illustrates the relationship between customer perceptions of quality and customer satisfaction. According to the figure, service quality is determined by certain set, specific dimensions or attributes such as reliability, responsiveness, assurance, empathy and tangibles. Service quality is a component of customer satisfaction. On the other hand, customer satisfaction is a broader concept. In addition to service quality, there are other determinants of customer satisfaction such as product quality, price, situational factors and personal factors.

In commercial real estate leasing, the customer, in this case a prospective tenant may look at the quality of service received from the property broker in viewing available vacant offices in terms of the specific service dimensions of reliability, responsiveness, assurance, empathy and tangibles. However, even if the prospective tenants are happy with the quality of service provided by the property broker, they will need much more than the quality service to have customer satisfaction. The prospective tenants might look at other factors such as the product quality (is the office big enough?, of the right shape?, of quality finishes?, well maintained?), price (is the rent and are the other charges fair?, is it affordable?), personal factors (is it easily accessible by my employees and are my employees happy with it?) and situational factors (will it flood during rainy weather and is there room for expansion if we grow?). The answer to these other factors will determine the customer satisfaction even though the tenant is happy with the property broker’s service quality.

2.10 Determinants of Customer Satisfaction

Buttle (2004:21) defines customer satisfaction as “the customer’s fulfillment response to a consumption experience, or some part of it”. This means that if a product or service meets the needs and expectation of the customer, the result will be customer satisfaction. However, if the product or service does not meet the needs and expectation of the customer, the result is customer dissatisfaction. According to Metters et al (2006:190), “good customer service and high customer satisfaction require the commitment of management, supervisors and front-line employees to create and maintain a strong business philosophy”. Factors that determine customer satisfaction are specific features
of the product and service, consumer emotions, attributions for service success or failure and perception of equity or fairness. Why is customer satisfaction so important, one would ask? According to Lucas (2005:340), customer satisfaction leads to customer loyalty and customer loyalty in turn leads to repeat business which is key to productivity and profitability. Lovelock and Wright (2002:274) state that customer satisfaction leads to various benefits such as encouraging customer loyalty and repeat patronage, enhancing positive word of mouth and lowering cost of attracting new customers. The notion of the importance of satisfaction is expressed at a macro-level. At a micro-level, firms view customer satisfaction as vital as it creates sustainability of their business. Customers, once satisfied with the quality of goods and services, become repeat consumers and further through word of mouth tell other people of the good experience that they have had. This creates loyalty among the consumers. Metters et al. (2006:96) express it well when they say, “a loyal customer is more likely to come back to a specific supplier, and moreover, is likely to recommend the service to others”. Figure 2.9 illustrates the relationship between customer satisfaction and customer loyalty.

Figure 2.9  The Relationship between Customer Satisfaction and Loyalty in Competitive Industries.

Source:  Adopted from Lovelock and Wright. 2002:273).
Figure 2.9 shows that there is a direct relationship between customer satisfaction and customer retention or loyalty. Very dissatisfied customers will not use the services of the firm again and will be lost. On the other hand, very satisfied customers will tend to stick to the services of a firm thus creating customer loyalty with a lot of repeat purchases.

This leads us to the question, what factors determine customer satisfaction? The factors that determine whether a customer is satisfied with the service or not are as follows:

**Product and service features**

In the eyes of the consumer, the product and service features play a big role in determining customer satisfaction. Fogli (2006:12) points out that customer satisfaction with a product or service is influenced by the customers’ evaluation of basic elements that they expect all competitors to deliver. In commercial real estate, such product and service features as the quality of office space, length and width of the floor space, quality of finishes, orientation of windows, courtesy and mannerisms of the property broker will have a tremendous impact on the satisfaction of the prospective tenant. There might be trade-offs between various product service features, depending on what importance the customer can attach to each dimension. For instance, there might be a trade-off between the price of office space and the quality of finishes, with the customer deriving high customer satisfaction from average quality finishes with a low price.

**Consumer emotions**

According to Berndt and Brink (2004:62), Customers’ emotional responses can also affect their perception of satisfaction with products and services. When the customers are in a positive mood, they will tend to see product and service features in a positive way thus deriving higher satisfaction than when they are in a foul mood. Blythe (2008:98) highlights the importance of consumer emotions when he says, “When we are in a good mood, we tend to feel favourably towards more cues, whereas if we are in a bad mood, we tend to be negative about cues”. Blythe (2008:98) goes further to say that “moods can be manipulated to an extent by store atmospherics, which in turn affect purchasing behavior”. Consumer moods can either be influenced or changed. According to Arens,
Schaefer and Weigold (2009:134), “gaining positive consumer attitudes is critical to success”. Marketing and advertising industries try to affect the consumer’s emotions positively in order to sell their products and services.

**Attributions for service success or failure**

Bitner and Zeithaml (2000:76) refer to attributions as “the perceived causes of events”. These perceived causes of events tend to influence the perceptions of satisfaction. Bitner and Zeithaml (2000:76), go further to say that when consumers are surprised by the outcome of a service, that is if it is much better or worse than expected, they tend to do an assessment in order to determine the possible reasons for the outcome. The reasons for the outcome may determine the level of satisfaction of the service. In commercial real estate for instance, if the rent quoted by the property broker is much higher than the ruling market rental, they might try to establish who determines what rent to charge. If they find that the property broker has no authority to set the rent to charge, they may determine that the property broker is not to blame for the high rent and on this basis be still satisfied with the service of the property broker. There are cases where the tenant might find that the reason they find the rent to be high is that they based their rental rate expectation on the budget that they can afford without doing a bit of research to determine the prevailing market rent for similar premises. In this particular case, the customer would hold himself/herself responsible for the disappointment and would view the services of the property broker as satisfactory.

**Perceptions of equity or fairness**

The customer’s perception of whether they have treated fairly or not has a big influence on customer satisfaction. Customers will normally ask whether they have been treated fairly in comparison to other customers or the expected basic standard. According to Bitner and Zeithaml (2000:77), “Notions of fairness are central to customers’ perceptions of satisfaction with products and services”.


Consumer satisfaction therefore has a major influence in the formation of consumer perception. This leads us to the next determinant of consumer perception, namely, service quality.

2.11 Service Quality

Service quality is an important aspect of customer perception. According to De Vries Jr., Helsdingen and Kasper (1999:184), Buttle (2004:242), quality is conformance to requirements or specification. Buttle (2004:242) further refers to quality as fitness for the purpose, meaning that the customer decides on whether the quality is right. Fitzsimmons and Fitzsimmons (2006:128) point out that service quality is assessed during the service delivery process. According to Bitner & Zeithaml (2000:81), service quality is a critical component of customer perceptions and may also be very critical in determining customer satisfaction. Baron, Harris and Hilton (2009:169) refer to two elements in service quality, that is, technical quality which is the quality of the service delivered and functional quality which is the way the service is delivered. In commercial property leasing for instance, the new tenants will judge the service on their perception of the quality of the office finishes such as the carpets, ceilings, walls and so on which is the technical outcome quality. By the same token, the tenants will judge the quality based on their perceptions of the way the office space was delivered, that is the property brokers’ timeliness, the responsiveness in communicating with the tenant, his courtesy and listening skills. Both the technical and the process characteristics are important factors in customer perception of service. Customers will normally base their perceptions on the quality of both, or in some cases substitute them. When customers are not sure of the process aspect of the service, they will tend to use the technical quality in evaluating the service and vice versa. According to Bitner, Gremler and Zeithaml (2009:111), “customers do not perceive quality in a one-dimensional way but rather judge quality based on multiple factors relevant context”. Research by various authors, the most notable of who are Parasuraman, Zeithaml and Berry (1994:33) has identified five determinants of service quality namely, reliability, responsiveness, assurance, empathy and tangibles.
Determinants of service quality

According to Fitzsimmons and Fitzsimmons (2006:128), marketing researchers studying different service industries identified the determinants of service quality. A more recent conceptual model of service quality was developed by Parasuraman, Zeithaml and Berry (1988:30) by investigating retail banking, credit card, securities brokerage, and product maintenance services. Using a combination of industry executive interviews and consumer focus groups, service quality was again identified as meeting or exceeding consumer expectations of service. Researchers have found that consumers consider five dimensions or determinants of service quality namely, reliability, responsiveness, assurance, empathy and tangibles.

- **Reliability**
  According to Bitner, Gremler and Zeithaml (2009:113), service reliability refers to the ability of a service provider to perform a promised service dependably and accurately. In other words, reliability means that a firm delivers on their promises, which are promises about delivery, service provision, problem resolution and pricing. Customers are attracted to companies that keep their promises, and especially promises on core service attributes, the delivery of the service and the service outcome that they have promised. Research concludes that consumers regard this as the most important determinant of service quality. Bitner, Gremler and Zeithaml (2009:113) conclude that of the five determinants of service, reliability has proved to be the most important to consumers in the US. However, despite this being the most important service dimension to the customers, research by Zeithaml, Parasuraman and Berry which Metters et al. (2006:185) suggests that this is the area where service providers perform the worst in meeting the customer’s expectation. Metters et al. (2006:185) look at reliability as a firm’s consistency of performance and dependability. The issue from the customer’s perspective is whether the service providers perform the service as they have promised at the right time.

- **Responsiveness**
  Responsiveness is identified by Buttle (2004:243); Fitzsimmons and Fitzsimmons (2006:129) as the willingness to help customers and to provide prompt service. The customer assesses the promptness and speed with which the service provider attends to them. Responsiveness in real estate firms would be determined by the speed with which
they answer telephone calls, the promptness of responding to tenant enquiries and whether or not the property broker for instance returns calls or replies to emails in time and whether they arrange appointments promptly. Metters et al. (2006:185) look at the responsiveness dimension as “the willingness or readiness of employees to provide service”. Customers do not like waiting unreasonably or being put on hold when they call or having to leave messages on voice mail. The customers want to receive the service promptly and in time without unnecessary delays. Service providers can considerably increase service quality by looking at what kind of responsiveness the customer expects.

- **Assurance**

According to Metters et al. (2006:185), assurance is, “the knowledge, competence, and courtesy of service employees and their ability to convey trust and confidence”. Baron, Harris and Hilton (2009:169) refer to Assurance as the employee’s knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. In circumstances where the customers are taking high risks and where the stakes are high, they want to feel that they can trust and have confidence in the service provider. The customers expect service providers to have the knowledge and competence in the field in which they seek the service. Trust and confidence may be invested in the person linking the company to the customer. In this case, the company seeks to build trust and confidence in key contact people who come to learn everything about key customers. Trust and confidence may also be vested in the company itself, for instance, the slogan for Sanlam, which says that “you are in good hands”. In order to build confidence in a service provider, the customer may initially request such tangible evidence such as professional qualifications as degrees, registration with professional regulatory bodies, awards and special certification. In commercial real estate, property brokers and firms are required to register with the Estate Agents Affairs Board (EAAB), which regulates matters in real estate dealings. One of the functions of the EAAB is to issue fidelity certificates to qualified people who want to transact in real estate on behalf of customers. The customer may for instance ask a property broker for a fidelity fund certificate as a form of assurance. The customer can also verify the authenticity of the property broker’s fidelity certificate by checking with EAAB. The right qualification and certification will inspire confidence in the customer’s dealings with the service provider with an
expectation of good quality service. The interaction with the customer will however be
the determining factor as to whether the service providers and their employees have the
knowledge and the competence that will give assurance of good service to the customer.

- **Empathy**

De Vries Jr., Helsdingen and Kasper (1999:213) define empathy as, “the caring,
individualized attention that a firm provides its customers”. The concept of empathy is
best illustrated by the phrase that, “customers do not care how much you know until they
know how much you care”. The relevant question to service providers and their
employees is, “to what extent do you show your customers that you understand their
needs and you care about fulfilling them? Fitzsimmons and Fitzsimmons (2006:129)
states that empathy includes features such as approachability, sensitivity and show of
effort to understand customer needs. Small firms are able to compete with bigger better
resourced firms because they empathize with their customers thus building a strong
relationship. Empathy conscious service providers ensure that they work with their
customers instead of working for them. This approach creates a win-win situation for
both the customer and the service provider in terms of consistently meeting the customer
needs thus creating customer loyalty for the service provider. Gronroos (2007:84) looks
at empathy as the ability of a firm to understand its customers’ problems and perform in
their best interest by giving them individual attention and operating at convenient hours
for its customers.

- **Tangibles.**

Tangibles refer to the representation of service physically. Buttle (2004:243) defines
tangibles as “the appearance of physical facilities, equipment, personnel and
communication materials”. These physical dimensions of quality represent physical
representations or images of the service that customers, particularly new customers will
use to evaluate quality. Firms should pay particular attention to the appearance of their
physical facilities, equipment and their employees’ dress codes. Fitzsimmons and
Fitzsimmons (2006:129) mention that this service quality dimension may extend to other
customers in the service.” Many studies have demonstrated a positive relationship
between customer satisfaction and customer loyalty – in terms of both a faithful attitude
towards the company and loyal consumer behaviour ”(Bergmann et al., 2009:377).
Tangibles therefore represent the service provider in the physical form and project the image of the service provider. In the eyes of the customer, the appearance of the firm’s offices, the design, the finishes, whether modern or old decor, the appearance of its employees all contribute to the customers’ expectations of service. Firms that pay attention to tangibles and improve them create a positive image of service quality expectation and perception by the customer. Gronroos (2007:85) refers to tangibles as the physical evidence of the service. According to Gronroos (2007:85), this physical evidence of service includes physical facilities, appearance of employees, equipment used to provide service, physical representations of the service such as business cards and other customers in the service facility.

The customers apply the five dimensions of reliability, responsiveness, assurance, empathy and tangibles at the point of contact with the service provider in order to form their perception about the quality of service. These points of service contact with the customer are called the moments of truth. The moments of truth are the building blocks of customer perceptions as indicated below.

2.12 Service Encounters or Moments of Truth

According to Gronroos (2007:81), the moment of truth, “is the time and place when and where the service provider has the opportunity to demonstrate to the customer the quality of its services”. During the moments of truth, the service provider has the opportunity to convince the customer that its services are of quality. Success at convincing the customer that its service is of good quality will reward the service provider through retention of the customer and future purchase of its services by the customer. The customer can further reward the service provider by talking about the good experience to other customers thereby motivating other customers to use the services of this service provider. However, failure by the service provider to convince the customer of the quality service that it can offer will result in the loss of a customer and any future purchases of the service.

The moments of truth are crucial points where the customer forms their perception of service. The initial service encounter with a service provider is normally very important as this is where the customer forms the first perception about the quality of the firm and the service. According to Asif, M et al. (2009), focusing on customer satisfaction, which
was the main notion of traditional quality, without simultaneously addressing the financial, operational, societal and other aspects of performance, is no longer sufficient. One needs to look at the whole spectrum of factors, with a special focus on moments of truth. Lovelock and Wirtz (2004:34) places service encounters into three levels: remote encounters, phone encounters, and face-to-face encounters. Customers interact with service firms at any of these types of encounters or a combination of all three.

- **Remote encounters** are interactions where there is no human contact, such as a customer buying a cold drink from a vending machine, buying an air-ticket online, withdrawing money from an ATM and buying a parking ticket from a parking ticket dispenser. In the modern age of advanced technology, remote encounters are increasingly becoming a way of life. The World Wide Web has become the new virtual market place where service providers market their services through their interactive websites and customers can virtually interact, browse through the offerings and place orders online. The internet has become the infrastructure through which communication takes place, especially via email. As Lovelock and Wirtz (2004:33) point out, there is movement of services from high and medium contact service continuum to the low or remote contact continuum as customers turn to the internet for various services such as online shopping. The ease with which a customer can open a service provider’s website and browse through, place orders and get a response will determine the customer’s perception of the service quality of the firm.

- **Phone encounters** are the most frequent type of encounter with the customer in most firms. All firms use the phone in one way or another when interacting with their customers. According to Fitzsimmons and Fitzsimmons (2006:107) refer to this mode of service encounter as technology-facilitated service encounter. The quality of service in phone encounters is determined by tone of voice, employee knowledge, effectiveness and efficiency in handling employee customer.

- **Face-to-face encounters** occur where the customer and the employees of the Services providers have direct human contact. In face-to-face encounters, both verbal and non-verbal behaviours of both the customer and the service provider are important determinants of the quality of service. Lovelock and Wirtz (2004:33) point out that, the customers are actively involved in the service delivery process.
Evidence of service

Strydom (2004:284) defines physical evidence of service as “all aspects of the organisation’s physical facility, as well as other forms of tangible communication”. Marketing of services is sometimes difficult due to the fact that services are intangible. Customers sometimes struggle to identify proof of services due to this characteristic of intangibility. Bateson and Hoffman (2001:221) point out that evaluation of services by customers is difficult due to this attribute of intangibility. According to Bitner, Gremler and Zeithaml, (2009:129), “customers are searching for evidence of service in every interaction they have with an organization”. Bateson and Hoffman (2001:221) identify the three broad categories of physical evidence in services as facility interior, facility exterior and other tangibles. Facility interior refers elements such as interior design, equipment and material used to directly serve the customer, while facility exterior refers to exterior design, signage, landscaping and so on. Other tangibles are a service provider’s other physical evidence such as business cards, uniforms and so on.

Figure 2.10  The Evidence of Service (from the customer’s point of view)
Source: Adopted from Bitner, Gremler and Zeithaml 2009:129.
Figure 2.10 shows three levels or major elements of evidence of service that the customers experience, namely; people, process and physical evidence. These three levels are what make services tangible to customers. The customer interacts with either all the elements or some of them in an encounter with services. The three elements are crucial in determining the quality of service that the customer encounters. Firms need to pay particular attention to these elements in order to achieve good quality offer and satisfaction to the customer. In moments of truth encounters, the importance of these elements may differ. As Bitner, Gremler and Zeithaml (2009:129) say, “All these elements of service evidence, or a subset of them, are present in every service encounter a customer has with a service firm and are critically important in managing service encounter quality and creating customer satisfaction”. People refer to the employees of the service provider, the customers themselves and other customers. What determine the quality of service are the actions and attitudes of the people. A question that one would ask are, are the employees courteous, knowledgeable and helpful? 

Process is step by step course of action that the customer goes through in getting the service. In commercial real estate for instance, what is the process of getting an office for a prospective tenant? Does the tenant get the office immediately or is there a waiting queue? After viewing an office and choosing one, does the prospective tenant get a written offer immediately or later and is it by post, personal delivery or via email?

Physical evidence of service refers to the physical facilities and elements involved in the provision of service. One looks at the way the code of dressing, the equipment being used and the office space being used. Are they are appealing? Is the dress of the employees neat and appealing? Is the reception area clean and well maintained? Is the equipment such as computers modern and neat appearing? Bitner, Gremler and Zeithaml (2009:129) goes on to say that, “the three elements of evidence may be differentially important depending on the type of service encounter”.

2.13 The Gaps Model of Quality Service

“From their research into service quality dimensions, Zeithaml, Parasuraman and Berry, (1988:15), went on to develop a model of service quality, commonly known as the “gaps
This model examines service quality on the basis of differences between customer expectations regarding the five dimensions of reliability, responsiveness, assurance, empathy and tangibles and their perceptions of what was delivered. Where there are differences, they are called gaps. To measure these gaps, they developed a 22-item questionnaire called SERVQUAL (Hollins and Shinkins, 2006:156). The gaps model identifies two main levels at which gaps occur, that is the provider gaps and the customer gaps. The provider gaps eventually contribute to the development of the customer gaps. The gaps model plays an important role by providing a framework by which companies can assess their service quality as illustrated below.

**Figure 2.11   Gap Service Quality Model.**

**Source:** Adopted from Metters et al., 2006:186.
Figure 2.11 illustrates the Gap model of service quality. Gaps 1, 2, 3 and 4 are referred to as provider gaps while gap 5 is the customer gap.

- **Customer Gaps**

  Bateson and Hoffman (2001:326) refer to the customer gap as the most important as it establishes the difference between the customer expectation of service and the perception of service actually delivered. According to Bitner, Gremler and Zeithaml (2006:34), the central focus of the gaps model is the customer gap, which is the difference between customer expectations and perceptions. Metters et al. (2006:186), point out that the customer gap which is gap 5 in figure 2.11, is established when the customer expected service is higher than the customer perceived service received from the service provider. Figure 2.12 below illustrates the customer gap.

![Expected service vs Perceived service diagram](image)

**Figure 2.12  Customer Expectations and Perceptions**  
*Source: Bitner, Gremler and Zeithaml (2006:34)*

The figure shows the two concepts of customer expectations and customer perceptions. Customer perceptions are subjective assessments of actual service experiences. Customer expectations are the standards or reference points for performance against which service experiences are compared and formulated. According to Bitner, Gremler and Zeithaml (2006:94), the sources of customer expectations are factors within the control of service
marketers such as pricing, advertising, and sales promises, as well as factors outside the service marketers control such as innate personal needs, word-of-mouth communication, and competitive offerings. In real estate brokerage, the customer gap will arise where the real property owners’ and the buyers’ expected and perceived services from the real estate brokerage differ.

The perceived service quality is therefore determined by comparing the customer expected service and the perceived service. Expectations are points of reference that customers have when they come to a service experience. Perceptions reflect the service as actually received. Firms will want to close this gap between the customer expectations and the customer perceptions in order to achieve customer satisfaction and build long term relationships with the customers. In order to close this all important customer gap, the model suggests that the service provider gaps need to be closed.

- **Provider Gaps**

According to the gaps model, the underlying cause of the customer gaps is the service provider gaps. Bateson and Hoffman (2001:326) point out that before service providers can close the customer gap, they must first close or narrow the four provider gaps. According to Bitner, Gremler and Zeithaml (2009:33), the provider gaps occur within an organization providing the service. There are four categories of the service provider gaps identified by Bateson and Hoffman (2001:326); Bitner, Gremler and Zeithaml (2009:33); Lovelock and Wirtz (2004:412) as follows.

Gap 1 – Not knowing what the customer wants.
Gap 2 – Not selecting the right service designs and standards.
Gap 3 – Not delivering to service standards.
Gap 4 – Not matching performance to promises.

In a nutshell, the gaps model suggests that in order to close the customer gap, a firm needs to close the four service provider gaps.

**Gap 1 – The Listening Gap**

Metters et al. (2006:186) refer to this gap as “consumer expectation – management perception gap” while Bateson and Hoffman (2001:327) refer to it as “the knowledge gap”. According to Bateson and Hoffman (2001:327); Buttle (2004:245), gap one is the
gap between what the customer expects and what a service provider’s management believes the customer expects. This gap is created when the senior executives of a firm are ignorant of what service quality customers expect. The company executives are isolated from the point of contact with the customers and if there is no good communication between these executives and the customer contact personnel, they will never know what the customer service requirements are. The company executives’ interpretation or perception of what the customers’ service requirements are may therefore be very different from the actual customer expectation of service quality, thus creating a wide gap. Bitner, Gremler and Zeithaml (2009:34) point out that this gap should not only address a firm’s manager or executives ignorance of their customer requirements, but should be widened to include all personnel who have the authority to influence or change the firm’s policies and procedures. Bitner, Gremler and Zeithaml (2009:34) list the main causes of this gap as inadequate marketing research orientation, lack of upward communication, insufficient relationship focus and inadequate service recovery. Inadequate marketing research orientation refers to a firm’s management’s failure to do research on their customer requirements or relying on the incorrect customer information thus resulting in poor understanding of their customer expectations. Management’s poor understanding of the customers’ expectation leads to design of services that do not satisfy the needs of the customers, thus widening the gap. Lack of upward communication refers to poor or no communication between management and the frontline personnel who are in direct contact with the customers and understand the service requirements of the customers. If management is not interacting with the frontline employees and getting the customer knowledge from them, then the gap widens.

**Gap 2 – The Service Design and Standards Gap**

Understanding customer needs and expectations is not enough. Management needs to come up with a service design and service standards that meet these customer needs and expectations. Buttle (2004:245) states that this gap occurs when management fails to design service standards that meet customer needs and expectations. Bateson and Hoffman (2001:329) point out that sometimes management does not believe it can or should meet customer service requirements and in other times, management lacks
commitment to deliver quality service. Provider gap two occurs when management’s service design and service standards are not customer driven. Poor service designs and standard specifications may occur owing to various factors such as management’s indifference to customer expectations, lack of enough resources to design and put the right processes in place, rapidly changing market conditions making it difficult for firms to keep up. According to Bitner et al. (2009:36), management, the people who are responsible for setting standards may feel that customer expectations are unrealistic or that services change so rapidly that standardization is pointless. This rationalization by management becomes a self-fulfilling prophecy, thus preventing the formulation of policies and processes geared towards service excellence to customers. It is important that management come up with service designs, policies and procedures that also address the needs of the employees, who are part of the delivery process of the service to the customers. In order to avoid or close this gap, the fast developing modern technology can be used in service design and formulation of standards to meet customer expectations.

**Gap 3 – The Service Performance Gap**

Boyd, Larreche, Mullins and Walker (2006:237) gap 3 as the “the gap between service quality specification and service delivery”. Once customer driven service designs and performance standards have been formulated, the next stage is delivering the service to the customer accordingly. This is a crucial stage where an excellent customer driven service design and high standards are not a guarantee for quality service to the customer. Delivery of quality service to the customers in accordance with the set customer-driven design and to the set high standards requires employment of appropriate resources such as quality people, systems and processes. Failure to match the customer-driven service design and standards with the appropriate resources leads to the development of the provider gap three or the service performance gap. According to Bitner, Gremler and Zeithaml (2009:38), “provider gap 3-the service performance gap-is the discrepancy between development of customer-driven service standards and actual service performance by company employees”. Bateson and Hoffman (2001:331) identify the factors influencing gap three as employees’ willingness to perform the service, employee-
job fit and the employee role conflict between what the service manager expects them to provide and the service they think their customers actually want.

**Gap 4 – The Communication Gap**

The provider gap four is normally created when the company promises the customer much more than it delivers. Buttle (2004:245) refers to it as the gap that occurs when a service provider promises a service it cannot deliver. Through external communication, the company makes certain promises to the customer which raises the level of service quality expectation. However, when it comes to time to deliver, the service delivered falls short of the promise made. This creates a gap between what is communicated to the consumer and what is actually delivered. Metters et al. (2006:187), refer to the communication gap as” discrepancies between service delivery and communications-in the form of exaggerated promises”. According to Bitner, Gremler and Zeithaml (2009:42), “the communication gap, illustrates the difference between service delivery and the service provider’s external communications”. Baron, Hilton and Harris (2009:174) list the causes of the communication gap as:

- The propensity to over-promise and exaggerate. This can further be viewed as over-promising, exaggerating and under-delivering the service. Over-promising may occur in company advertising or when salesmen do personal selling.

- The marketing communication being not integrated with operations, sales, advertising and human resource functions. This creates competing interests between different departments within the company, instead of focusing on a common goal of delivering quality service to the customer within their means. Lack of co-operation among the various departments may also end up creating many sources of external communication with the customer thus creating confusion to the customer.

- Differences in procedures across the organization. If different departments and branches have different procedures, it becomes difficult to standardise the communication with the customer. These differences in procedures encourage customers to create different service expectation. Since the processes are not standardized, the quality delivered to the customer also varies thus leading to
customers forming a different perception of service thus creating a communication gap.

2.14 Conclusion
The continued growth in the services sector and the competitive pressures that have come with it has made it mandatory for service organizations to understand their consumers’ expectation of service for them to survive economically. In order to gain intelligence into the service expectation of their consumers, service organizations need to carry out research study on their customers.

The main objective of this study was to investigate the customer expectations and perceptions of service provided by a commercial real estate firm in a commercial real estate leasing transaction. Chapter three below, sets out the research methodology that was followed in carrying out this study.
3 CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a way of collecting data for either practical or theoretical research projects. According to Cooper and Schindler (2006:23), “good research follows the standards of the scientific method, systematic empirically based procedures for generating replicable research”. Cooper et al. (2006:23) further state that based on the scientific method, good research should have:

- A clearly defined purpose with a clear definition of the research problem.
- A detailed research process that would be clear to another researcher if the research was to be repeated.
- A well planned research design that is geared towards yielding results that are as objective as possible.
- High ethical standards that prioritize the safety of the participants, whether physically or mentally, over their research needs.
- Limitations frankly revealed, thus exposing all shortcomings in the procedural design and the estimate of impact on the findings.
- Intensive analysis that allows the retrieval of important data patterns that lead to significant research intelligence that meet the needs of the study.
- Findings that are presented in a simple understandable and clear manner in order to avoid ambiguity.
- Conclusions that are based on empirical data presented and without generalization.

The research study on service quality in commercial property leasing has used the approach of the scientific method as shown below.

3.2 Aim and Objectives of the Study

The aim of the study was to determine whether there is a consumer service quality gap in the commercial real estate leasing industry using the service quality determinants of the SERVQUAL model developed by Parasuraman, Zeithaml and Berry (1988:14) and
adjusted to make it relevant to commercial real estate industry. The objectives of the study are as follows.

- To find out the main determinants of service quality.
- To investigate the consumer’s perception of these service quality determinants and rate them.
- To investigate the consumer's expectation of these service quality determinants and rank them.
- To determine whether there is a consumer service quality gap.
- To make recommendations based on how the real estate firms can increase service quality in serving their customers.

3.3 Data Collection Strategies

Strydom (2004:81) defines data as all facts or recorded measures of a certain phenomena. According to Cooper et al. (2006:272), “research designs can be classified by the approach used to gather primary data”. Wilson (2006:37) states that primary data is usually collected through questionnaires, observations and qualitative research. Cooper et al. point out that the two alternatives available are observation of conditions, behaviour, events, people or processes, or communication with people about various topics, including participant’s attitudes, motivations, intentions and expectation. Cooper goes on to say that, “the communication approach involves surveying or interviewing people and recording their responses for analysis. A survey is a measurement process used to collect information during a highly structured interview – sometimes with a human interviewer and other times without”. The research method used was a survey through a personal interview with the researcher. The research questions will be based on the service quality model, SERVQUAL, developed by Parasuraman, Zeithaml and Berry (1988:14). The survey instrument contained two distinct sets of 22 closed questions. The first set of questions focused on the expected attributes of an ideal commercial property broker. The second set of questions focused on the perceived attributes of actual property broker’s behaviour experienced in a commercial property leasing transaction. Interviews were arranged with the respondents and conducted either face-to-face or through a telephone
call. The researcher made the appointments for the interviews and personally conducted the interviews. In cases where a respondent could not be available for a face-to-face interview, one was arranged via telephone or emailing and response sent via email as the question was so designed that it could be self-administered.

3.4 Research Design and Methods

3.4.1 Introduction

According to Strydom (2004:90), there are four broad research designs that a researcher can employ, namely; exploratory research designs, descriptive research designs, causal research designs and predictive research designs. Cooper and Schindler (2006:194) point out that the choice between causal and descriptive designs depends on the objectives of the study.

Exploratory research is normally done where more information is needed about a problem, after more than one reason for the problem is identified in a discussion. Cooper and Schindler (2006:193) refer to exploratory study as a loosely structured study or phase in a project designed to expand understanding. Wilson (2006:33), refers to exploratory research as research intended to develop initial ideas or insights in order to provide direction for further research as there is normally little or no prior knowledge.

According to Wilson (2006:34), Cooper and Schindler (2006:194), descriptive research provides answers to the who, what, where, how and when of marketing research. Wilson (2006:34) further gives examples of descriptive information about a market such as; the proportion of a population reading a newspaper, the customers’ attitude towards an organisation’s products, level of awareness of an advertising campaign and the extent to which customers are satisfied with the service they receive.

Causal research is done to reveal a cause-and-effect relationship (Strydom, 2004:90). Cooper and Schindler (2006:194) point out that causal research attempts to show a causal relationship between variables. An example of causal research would be to show why the
quality of service in the commercial retail leasing is better in city A than in city B. Wilson (2006:35) refers to causal research as research that examines whether one variable determines the value of another and can be extended to include experimental research, where the research manipulates one variable and observes the corresponding change in the other variable.

Predictive research is conducted to forecast future values, (Strydom, 2004:91).

The research design suited for this research study is the descriptive research design as it is attempting to determine what the service quality dimensions in commercial real estate leasing are and the extent to of customer satisfaction with the level of service.

Quantitative research method was used to collect the primary data from the sample of selected study participants by way of a structured questionnaire. Wilson (2006:37) states that quantitative research uses a structured approach with a sample of a population to reveal quantifiable insights into behaviour, motivations and attitudes. This research approach is in contrast to qualitative research which is an unstructured approach with a small number of selected individuals to produce non-quantifiable insights into behaviour, motivations and attitudes (Wilson, 2006:37). Cooper and Schindler (2006:214) refer to qualitative research as interpretive techniques that seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain phenomena.

3.4.2 Description and Purpose

Strydom (2004:90) refers to the research design as the plan according to which the research investigation will be carried out. According to Cooper et al. (2006:192), research design constitutes the blue print for the collection, measurement and analysis of data. Research design therefore acts as a guide for the research in determining the process of research as well as the allocation of resources. The research design addressed the issues of the research problem, research sample and the research methodology. Strydom (2004:89) points out that, when a problem is well-defined, it is half solved.
Following a literature review and the development of a conceptual framework in which a problem was identified, a field study was carried out in order to identify the determinants of service quality, levels of service quality and possible solutions to improving service quality in the real estate industry.

- **Construction of the instrument**

The construction of the survey instrument is of utmost important as it determines whether the data collected addresses the research question and answers the research questions thus meeting the objectives of the study. In construction of the research instrument therefore, the starting point is always the management dilemma phrased in question form, then the research questions arising from the management dilemma are considered, then the investigative questions arising from the research questions and as a final step, the measurement questions that will address the investigative questions are considered. Once this hierarchy is evaluated and found to be in alignment, only then begins the process of constructing the survey instrument. In constructing the survey instrument, the two most important factors are consideration of the investigative questions and their measurements. Wilson (2006:162) states that the survey instrument, the questionnaire, should communicate to the respondent what the researcher is asking and communicate to the researcher what the respondent says. The investigative questions attempt to answer the research question while measurement provides a scale for analysis. According to Cooper et al. (2006:393), the important questions that arise in instrument construction are:

- What types of scale are important to perform the desired analysis in order to answer the management question?
- What communication approach is appropriate for the study?
- Should the questions be structured, structured or a mix of both?
- Should the questioning be disguised or undisguised? If disguised, to what extent?

The research instrument in this study is based on the SERVQUAL model developed by Parasuraman, Zeithaml and Berry (1988:14), which has been used extensively in previous studies on services quality marketing. This is a structured survey instrument. Wilson (2006:162) points out that in a survey research, a questionnaire is the research instrument designed to collect data necessary to fulfil the research objectives of a project. The
questionnaire comprises two parts each with 22 closed questions. The questions are classified into five service quality dimensions identified by Parasuraman, Zeithaml and Berry (1993:146) which are; service tangibles, service quality, service responsiveness, service assurance and service empathy. Property broker’s attributes will be constructed for measurement using a 5-point Likert scale ranging from 1-Strongly Agree, to 5-Strongly Disagree. The respondents were to use this scale to answer the 22 questions on customer expectation of quality service and the next 22 questions on customer perception of service quality received. The original SERVQUAL model questionnaire was adjusted in order to be relevant to the commercial real estate leasing. A focus group comprising three new owners of property, three property brokers and three new tenants of property was formed in order to test the questions formulated in the questionnaire in order to ensure that they were clear in interpretation of the information that they were asking for and that there was no ambiguity.

- **Recruitment of study participants**

Strydom (2004:98) refers to this stage in the research study as the process where the elements from which the information will be collected are selected. Once the research question has been developed, the next process in research design is to determine sampling, which according to Cooper et al. (2006:434) is “the process of selecting some elements from a population to represent that population”. The population in this instance refers to all the possible elements from which we intend making an inference. The population therefore becomes the whole pool from which a number of population elements are drawn to form a sample. According to Cooper et al. (2006:435), a sample is normally drawn from a population and studied because it is cheaper, provides a greater accuracy of results, faster to collect data and elements are readily available. Once the population from which to select a sample is determined, the next issue for the researcher to address is the size of the sample to draw and the method of selection of this sample. Appendix 1 (The Research Advisor 2006: Appendix 1) gives a guideline for the sample size to select once the population size is known and a confidence level is determined. Once the size of the sample has been determined, the method of sample selection becomes crucial. Is it going to be probability sampling or non-probability sampling?
Wilson (2006:199) refers to a probability sampling as an objective way of selection where every member of the population has a predetermined equal chance of being selected. According to Cooper et al. (2006:446), probabilistic sampling is a method of selection where every element of the population has an equal chance of selection. Probability sampling can be further subdivided into simple random sampling, systematic sampling, stratified sampling and cluster sampling. Non-probability sampling on the other hand is a method of sample selection where the probability of selecting population elements is unknown. Strydom (2004:100) refers to non-probabilistic sampling as a selection where not every member of the population has an equal chance of selection and the representativeness of the sample depends on how good the researcher’s judgment is. According to Cooper et al. (2006:455), this form of selection increases the possibility of sample bias and to distort the findings of the study.

The study was based on the property broking department of a commercial property firm operating in Durban. The data was obtained from the company’s data records of customers who had successfully concluded lease transactions with them in the last one and a half years within Durban. This approach of sampling is non-probabilistic and based more on convenience sampling of data from one company in an industry with many other firms.

The initial data base forwarded to the researcher was composed of 120 customers. This list was used as a sample of the population base of all the possible leasing transactions concluded within this firm’s commercial real estate market in Durban. From this initial list of possible respondents, the researcher was able to contact and interview 84 respondents successfully. The criteria of the selection of the respondents to interview was based purely on availability and willingness to participate of the respondent.

3.4.3 Pretesting and Validation

Wilson (2006:64) refers to validation as the process of checking that the data is complete, accurate and consistent. The two methods of validation of a survey instruments are its validity and reliability. According to Cooper et al. (2006:352), “validity is the extent to
which a test measures what we actually wish to measure. Reliability has to do with the accuracy and precision of a measurement procedure”.

In the construction of the measurement instrument, a focus group comprising three new owners of property, three property brokers and three new tenants of property was formed in order to test all the questions in the questionnaire. The questionnaire was found to be both relevant and precise. The questionnaire was tested further by sending it out to three respondents outside the area of study and the questions were found to be easy to understand, precise and concise. The interviews with the respondents were done by the researcher in order to maintain consistency in the approach.

3.4.4 Analysis of the data:
Strydom (2004:102) defines data analysis as the application of reasoning to understand the data that has been collected. Wilson (2006:38) points out that the method of data analysis used depends on various factors such as the nature of the data, collection method used and the use to be made of the findings. Once all the questionnaires were received, data preparation process of editing, coding and data entry was done. According to Cooper et al. (2006:490), data preparation ensures that the data is accurate and the raw form to reduced classified forms is appropriate for analysis. Strydom (2004:102) states that various data analysis methods can be used such as working out averages and measures of data dispersion. The researcher went through all the questionnaire responses to ensure that all questions were appropriately answered. Once all the questionnaires had been thoroughly checked, content analysis of the survey was carried out. The data was entered into Excel spreadsheets ready for further reduction into the factor mean scores. According to Cooper et al (2006:504), “data entry converts information gathered by secondary or primary methods to a medium for viewing and manipulation. Spreadsheets are ideal for data organizing, tabulating and presentation”.

Factor analysis was used to do data reduction to determine whether an underlying pattern of relationships exists in highly correlated data. The data were reduced to reflect the mean scores of the SERVQUAL model’s five service quality determinants and their
importance to the customer. The mean variances and the standard deviations were calculated to determine the dispersion from the mean scores.

The factor mean score and their importance obtained from the reduced data from the spreadsheets were displayed using useful display techniques in order to highlight patterns emerging. The display techniques used were tables, pie charts and bar charts.

3.5 Conclusion

The main focus of this chapter was the research methodology that was used in conducting data collection and analysis in this study. The presentation of the findings is done in chapter four.
4 CHAPTER FOUR: PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the data collected using the SERVQUAL questionnaires. The objectives of the study were as follows:

- To find out the main determinants of service quality.
- To investigate the consumer’s perception of these service quality determinants and rate them.
- To investigate the consumer's expectation of these service quality determinants and rank them.
- To determine whether there is a consumer service quality gap.
- To make recommendations based on how the real estate firms can increase service quality in serving their customers.

Factor analysis of the responses to the twenty two questions was done. The first set of data is on the customer expectation of service from commercial real estate brokers in a leasing transaction. The five factors of service quality determinants identified are tangibles, reliability, responsiveness, assurance and empathy. Data on customer expectation and perception for each factor was averaged in order to obtain an average score for each and every of the five factors. With the data collection questionnaire being based on a five point scale with 1 being strongly agree and 5 being strongly disagree, an average score that tends towards one shows that the service expected and provided meets expectation while an average score that tends to move towards a score of five indicates that the service is moving away from meeting the customer expectation. The findings of the study are presented below.

4.2 Customer Expectations

According to Bitner, Gremler and Zeithaml (2006:81), customer expectations are beliefs about service delivery that act as standards or reference points upon which performance is judged. The findings of the study on customer expectations of service in commercial real estate leasing on every statement of the service quality determinant are displayed below.
4.2.1 Expectations on Tangibles

Tangibles in service quality refer to the appearance of physical facilities, equipment and personnel (Lucas, 2005:343). The graph and table 4.1 below depict the results of customer expectation of service on each of the four statements on the tangibility dimension on service quality that the questionnaire presented to them.

Table 4.1 Customer Expectations on Tangibles Dimension

<table>
<thead>
<tr>
<th>Rating</th>
<th>Modern Looking Equipment</th>
<th>Appealing Physical Facilities</th>
<th>Neat Appearing Employees</th>
<th>Visually Appealing Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>4</td>
<td>0.00%</td>
<td>1.19%</td>
<td>1.19%</td>
<td>0.00%</td>
</tr>
<tr>
<td>3</td>
<td>9.52%</td>
<td>7.14%</td>
<td>7.14%</td>
<td>7.14%</td>
</tr>
<tr>
<td>2</td>
<td>11.9%</td>
<td>25%</td>
<td>21.43%</td>
<td>19.05%</td>
</tr>
<tr>
<td>1</td>
<td>78.57%</td>
<td>66.67%</td>
<td>70.24%</td>
<td>73.81%</td>
</tr>
</tbody>
</table>

Figure 4.1 Customer Expectations on Tangibles Dimension

4.2.1.1 Modern Looking Equipment.

78% of the respondents strongly agreed that excellent real estate companies should have modern looking equipment. In total, 90.47% of the respondents agreed that excellent real estate companies should have modern looking equipment. There were no respondents who disagreed with this statement. Customers have high expectation that excellent real estate companies will have modern looking equipment which would enable employees to be more efficient in provision of service.
4.2.1.2 Visually Appealing Physical Facilities
66.67% of the respondents strongly agreed that the physical facilities at excellent real estate companies will be visually appealing. A combined 91.47% of the respondents strongly agree and agree with the statement that the equipment of excellent real estate companies will be visually appealing. Of the total respondents, only 1.19% of the respondents disagreed with this statement and did not think that the appearance of physical facilities of commercial real estate leasing firms was important.

4.2.1.3 Neat Appearance of Employees
The majority (91.67%) of respondents either strongly agreed (70.24%) or agreed (21.43%) with the statement that the employees at excellent real estate companies will be neat appearing. Only 1.19% of the respondents disagreed with this statement and did not expect employees of excellent real estate companies will be neat appearing.

4.2.1.4 Visually Appealing Materials.
Customers’ have a high expectation that the service materials that excellent commercial real estate leasing firms use will be visually appealing. Most (92.86%) of the respondents either strongly agreed (73.81%) or agreed (19.05%) with the statement that materials such as pamphlets, invoices and statements that are associated with the service will be visually appealing. There were no respondents who disagreed with this statement, showing that there is a general customer expectation that service materials that commercial real estate leasing firms will be visually appealing.

The highest customer expectation average score under the tangibles dimension was 1.31, on a scale of 1-5 with 1 being strongly agree and 5 being strongly disagree. This average score was in the statement that the company has modern looking equipment and this gives an indication that in the tangibles dimension, customers regard this as the most important tangible. The lowest average score is 1.43 and this occurs in the statement that the company’s physical facilities are visually appealing. The lowest average score gives the indication that customers in commercial real estate leasing Industry regard the physical facilities of the service provider as the least important tangibles in the provision of service. The total average score for the tangibility dimension is 1.37
4.2.2 Expectations on Reliability

Boyd, Larreche, Mullins and Walker (2006:234), define reliability as the ability to perform the promised service dependably and accurately. Bateson and Hoffman (2001:335) point out that in the reliability dimension, the pertinent questions are: Does the firm provide the same level of service time after time? Does the firm keep its promises, bill its customers accurately, keep accurate record, and perform service correctly the first time?

Figure 4.2 and table 4.2 below give a summary of the respondents’ expectations on the five statements on the reliability dimension presented to them using the SERVQUAL questionnaire.

Table 4.2 Expectations on Reliability Dimension

<table>
<thead>
<tr>
<th>Rating</th>
<th>Render Services on Time</th>
<th>Interest in Solving Problems</th>
<th>Perform Right Thing First Time</th>
<th>Keep Promises to Customers</th>
<th>Insist on Error Free Records</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>4</td>
<td>0.00%</td>
<td>2.38%</td>
<td>2.38%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>3</td>
<td>5.95%</td>
<td>7.14%</td>
<td>8.33%</td>
<td>10.71%</td>
<td>11.9%</td>
</tr>
<tr>
<td>2</td>
<td>33.33%</td>
<td>28.57%</td>
<td>33.33%</td>
<td>27.38%</td>
<td>23.81%</td>
</tr>
<tr>
<td>1</td>
<td>60.71%</td>
<td>61.9%</td>
<td>55.95%</td>
<td>61.9%</td>
<td>64.29%</td>
</tr>
</tbody>
</table>

Figure 4.2 Customer Expectations on Reliability Dimension
4.2.2.1 Render Services on Time
Most (94.04%) of the respondents either strongly agree (60.71%) or agree (33.33%) to the statement that when excellent real estate brokers promise to do something by a certain time, they should do so. Customers expect real estate brokers to render services to them on time. There were no respondents who disagreed with this statement that when excellent real estate brokers promise to do something by a certain time, they should do so and this is an indication of the high expectation with which customers regard prompt service delivery.

4.2.2.2 Show Interest in Solving Customer Problems
The majority (90.47%) of the respondents either strongly agreed (61.9%) or agreed (28.57%) that when a customer has a problem, they expect excellent real estate brokers to show a sincere interest in solving it. Showing a sincere interest in solving a customer’s problem is an area where companies can focus and improve on by running training programs for their service staff. Only 2.38% of the respondents do not agree that excellent real estate brokers will show a sincere interest in solving a customer’s problem.

4.2.2.3 Perform Right Thing First Time
When the right task is performed right the first time, it saves resources of time and money. 89% of the respondents either strongly agree (55.95%) or agree (33.33%) that the brokers of excellent real estate companies will perform the right thing the first time. A minority of 2.38% of the respondents disagree with the statement that the brokers of excellent real estate companies will perform the right thing the first time. In general, the customers expect excellent real estate brokers to perform the right thing the first time.

4.2.2.4 Keep Promises to Customers
Keeping promises to customers all the time contributes to building trust between the customer and the service provider. The trust in turn leads to customer loyalty. The majority of the respondents, (89.28%) either strongly agrees (61.9%) or agrees (27.38%) with the statement that excellent real estate brokers will provide the service at the time they promise to do so. The customers expect excellent real estate brokers to act with a
sense of urgency, in order to deliver on their promises. There were no respondents who disagreed with this statement.

**4.2.2.5 Insist on Error Free Records.**

Making mistakes on records can be a very costly exercise especially when the mistake is made at the beginning of the documentation preparation process as this would tend to carry the error and compound it through the process stages right up to the final document. 88.10% of the respondents either strongly agree (64.29%) or agree (23.81%) to the statement that excellent real estate brokers will insist on error free records. Customers expect excellent real estate brokers to be thorough in the preparation of documents and to insist on error free records. There were no respondents who disagreed with this statement. The highest average score in the reliability dimension was 1.45 and this was for the statement that when excellent real estate brokers promise to do something by a certain time, they should do so. The overall customer expectation average score for the reliability dimension was 1.50.

**4.2.3 Expectations on Responsiveness**

According to Buttle (2004:243) responsiveness is the willingness to help customers and provide prompt service.

Table 4.3 and Figure 4.3 below represent the respondent’s expectation with regard to statements on responsiveness dimension in the commercial real estate leasing questionnaire.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Property Brokers Keep Customers Informed</th>
<th>Property Brokers Give Prompt Service</th>
<th>Property Brokers Always Willing to Help</th>
<th>Property Brokers Always Respond</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>4</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>3</td>
<td>5.95%</td>
<td>7.14%</td>
<td>4.76%</td>
<td>10.71%</td>
</tr>
<tr>
<td>2</td>
<td>28.57%</td>
<td>26.19%</td>
<td>25.00%</td>
<td>17.86%</td>
</tr>
<tr>
<td>1</td>
<td>65.48%</td>
<td>66.7%</td>
<td>70.24%</td>
<td>71.43%</td>
</tr>
</tbody>
</table>
Figure 4.3  Customer Expectations on Responsiveness Dimension

4.2.3.1 Property brokers will inform customers when services are to be done
Most (94.05%) of the respondents either strongly agree (65.48%) or agree (28.57%) with the statement that brokers of excellent real estate companies will tell customers exactly when services will be performed. No respondents who disagreed with this statement. This indicates that customers place high expectation on being supplied with the correct information in order to assist them with their time planning and avoid time wastage.

4.2.3.2 Property Brokers always give prompt service
Of the total respondents, 66.67% strongly agree and 26.19% agree to the statement that the brokers of excellent real estate companies will give prompt service to customers. Customers expect property brokers of excellent real estate companies to give prompt service all the time. There were no respondents who disagreed with this statement.

4.2.3.3 Property Brokers always willing to help
Customers have high expectation in regard to the willingness to help of property brokers from excellent real estate companies. Most (95.24%) of the respondents either strongly agreed (70.24%) or agreed (25%) to the statement that the brokers of excellent real estate companies will always be willing to help customers. There were no respondents who disagreed with this statement.
4.2.3.4 Property Brokers always respond.
Customers expect the brokers of excellent real estate companies to always respond to their requests. In total, 89.29% of the respondents agreed that the brokers of excellent real estate companies will never be too busy to respond to their requests. There were no respondents who disagreed with this statement.

The highest customer expectation average score for the responsiveness dimension was 1.35 and this was for the statement that the brokers of excellent real estate companies will always be willing to help customers. The total average score for this dimension is 1.39.

4.2.4 Expectations on Assurance
According to Bateson and Hoffman (2001:337), the assurance dimension is the SERVQUAL assessment of an organisation’s competence, courtesy to its customers and security of its operations. Table 4.4 and figure 4.4 illustrate the customer responses.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Brokers Behaviour Instills Confidence</th>
<th>Customers Feel Safe In Transactions</th>
<th>Property Brokers Are Consistently Courteous</th>
<th>Property Brokers Will Be Knowledgeable</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>4</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>3</td>
<td>3.57%</td>
<td>5.95%</td>
<td>5.95%</td>
<td>1.19%</td>
</tr>
<tr>
<td>2</td>
<td>25.00%</td>
<td>23.81%</td>
<td>19.05%</td>
<td>22.62%</td>
</tr>
<tr>
<td>1</td>
<td>71.43%</td>
<td>70.20%</td>
<td>75.00%</td>
<td>76.20%</td>
</tr>
</tbody>
</table>

Figure 4.4 Customer Expectations on Assurance Dimension
4.2.4.1 Brokers Instill Confidence in Customers
In total, the bulk of the respondents (96.43%) agreed that the behaviour of brokers of excellent real estate companies should instill confidence in the customers. There were no respondents who disagreed with this statement, indicating that consumer expectation of brokers in excellent real estate companies to behave in a manner that instills confidence is high.

4.2.4.2 Customers will feel safe in transactions
Most of the respondents (94.05%) of the respondents either strongly agreed (70.24%) or agreed (23.81%) that customers of excellent real estate companies should feel safe in transactions. There were no respondents who disagreed with this statement.

4.2.4.3 Property brokers will be consistently courteous to customers
The bulk of the respondents (94.05%) agreed that property brokers of excellent real estate companies should always be courteous when dealing with customers. None of the respondents disagreed with this statement showing that customers expect employees of excellent companies to be well trained in the art of extending courtesy when dealing with customers.

4.2.4.4 Property brokers will have knowledge to answer customers’ questions
An outstanding 98.81% of the respondents either strongly agreed (76.19%) or agreed (22.62%) with the statement that property brokers of excellent real estate firms should have knowledge to answer customer questions. The customer expectation is that excellent real estate firms will employ well trained and informed employees with the knowledge to answer questions from customers. There were no respondents who disagreed with this statement.

The highest average score from the statements in the assurance dimension was 1.25 and this occurred in the statement Property brokers of excellent real estate companies will have knowledge to answer customers’ questions. The overall average score for this dimension was 1.31.
4.2.5 Expectations on Empathy

Lucas (2005:52) points out that the customers want to be understood. Empathy requires that the service provider gets into the customer’s shoes and looks at the needs from the customers’ perspective.

Table 4.5 and figure 4.5 below present the summary of the responses to the statements on customer expectation on the empathy dimension.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Brokers give Individual Attention</th>
<th>Convenient Operating Hours</th>
<th>Brokers Give Personal Attention</th>
<th>Brokers have Customers' Best Interest</th>
<th>Brokers Understand Customer Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>4</td>
<td>2.38%</td>
<td>2.38%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>3</td>
<td>9.52%</td>
<td>7.14%</td>
<td>4.76%</td>
<td>2.38%</td>
<td>3.57%</td>
</tr>
<tr>
<td>2</td>
<td>28.57%</td>
<td>35.71%</td>
<td>34.52%</td>
<td>29.76%</td>
<td>26.19%</td>
</tr>
<tr>
<td>1</td>
<td>59.52%</td>
<td>54.76%</td>
<td>60.71%</td>
<td>67.86%</td>
<td>70.24%</td>
</tr>
</tbody>
</table>

Figure 4.5 Customer Expectations on Empathy Dimension

4.2.5.1 Property brokers will give customers individual attention.

In total 88.09% of the respondents agreed that property brokers of excellent real estate companies will give customers individual attention. Customers want to feel that they
matter and to be treated individually with respect. Only 2.38% of the respondents disagreed with this statement.

4.2.5.2 Property brokers will have operating hours convenient to all their customers
90.47% of the respondents agreed that property brokers of excellent real estate companies should have operating hours that are convenient to their customers. Only 2.38% of respondents disagreed with this statement. Customers have high expectation of that the property brokers of excellent real estate companies will keep operating hours that are convenient to the customers.

4.2.5.3 Property brokers will give customers personal attention
The majority of respondents (95.23%) agreed that property brokers of excellent real estate companies should give their customers personal attention. There were no respondents who disagreed with this statement.

4.2.5.4 Property brokers will have their customers’ best interest at heart
Most of the respondents (97.62%) agreed that property brokers of excellent real estate companies will have their customers’ best interest at heart. None of the respondents disagreed with this statement, indicating that customers generally expect property brokers to have their best interest at heart.

4.2.5.5 Property brokers understand the specific needs of their customers
The majority of the respondents (97.43%) agreed with the statement that property brokers in excellent real estate companies understand the specific needs of their customers. There were no respondents who disagreed with this statement. In general, it is expected that property brokers understand the specific needs of their customers.
The highest average score in the empathy dimension was 1.33 and it was in the statement that property brokers in excellent real estate companies will understand the specific needs of their customers. The overall average score of customer expectation in the empathy dimension is 1.45.
4.2.6 SERVQUAL Means for Expectations
The SERVQUAL means for expectations on each of the five dimensions is obtained by adding up all the statement average score and dividing it by the number of statements.

![SERVQUAL Means for Expectations Diagram]

Figure 4.6 – Factor Score on Average Consumer Expectation of Service

According to Figure 4.6, the consumer expectation on all service quality determinants is quite high. The highest consumer expectation is in assurance (1.31), followed by tangibles (1.37), responsiveness (1.39), empathy (1.45), while the lowest expectation is in reliability (1.51). Therefore, ranking the factors in terms of customer expectation the factors would be as follows: Assurance, Tangibles, Responsiveness, Empathy and Reliability.

The total average score for the five service quality dimensions is 1.40. The highest average expectation was in the assurance dimension, with an average score of 1.31. This suggests that the respondents have high expectations that the employees of commercial real estate leasing firms will have the knowledge to answer their questions, be consistently courteous and instill confidence in making them feel safe in transactions.

The lowest average expectation score was in reliability dimension (1.5), indicating that the respondents have a low expectation that the commercial real estate brokers will make and keep promises.
4.3 Customer Perceptions

According to Berndt and Brink (2004:59), customer perception of service is the process of receiving, organizing and assigning meaning to information or stimuli detected by the customer. Berndt and Brink (2004:59) further state that perception is the end result of a number of observations by the customer.

The study findings on the respondents’ perceptions on the service quality statements in the SERVQUAL questionnaire are presented below.

4.3.1 Perceptions on Tangibles

Table 4.6 and figure 4.7 below present the summary of the study participants’ responses to the four statements on the tangibles dimension of service quality.

Table 4.6 Customer Perceptions on Tangibles Dimensions

<table>
<thead>
<tr>
<th>Rating</th>
<th>Modern Looking Equipment</th>
<th>Appealing Physical Facilities</th>
<th>Neat Appearing Employees</th>
<th>Visually Appealing Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>0.00%</td>
<td>2.38%</td>
<td>2.38%</td>
<td>2.38%</td>
</tr>
<tr>
<td>4</td>
<td>8.33%</td>
<td>8.33%</td>
<td>9.52%</td>
<td>16.67%</td>
</tr>
<tr>
<td>3</td>
<td>38.10%</td>
<td>40.48%</td>
<td>28.57%</td>
<td>27.38%</td>
</tr>
<tr>
<td>2</td>
<td>26.19%</td>
<td>27.38%</td>
<td>22.62%</td>
<td>23.81%</td>
</tr>
<tr>
<td>1</td>
<td>27.38%</td>
<td>21.43%</td>
<td>36.9%</td>
<td>29.76%</td>
</tr>
</tbody>
</table>

Figure 4.7 Customer Perceptions on Tangibles Dimension
4.3.1.1 The company has modern looking equipment
In total, 53.57% of the respondents agreed that the company had modern looking equipment. 38.1% were neutral, with a possibility that they could have dealt with the company virtually. Only 2.38% of the respondents disagreed with this statement.

4.3.1.2 The company’s physical facilities are visually appealing
The total proportion of the respondents that agreed with this statement was 48.81%. There is a possibility that a good proportion of the respondents did not know how the physical facilities of this company looked like as indicated by 40.48% of respondents who were neutral to this statement. In total, 10.71% of the respondents disagreed with the statement that the company has modern looking equipment.

4.3.1.3 The company’s property brokers are neat appearing
In general, 59.52% of the respondents agreed that the property brokers in this company are neat appearing. 28.57% of the respondents were neutral and only 11.9% of the respondents disagreed with this statement.

4.3.1.4 Materials associated with the service are visually appealing
The majority of the respondents (53.57%) agreed that the service materials that this company uses are visually appealing. The respondents who took a neutral position on this statement were accounted for 23.81% of the total while 19.05% of the respondents disagreed with this statement.

The highest average perception score recorded for the tangibility dimension is 2.18. This average score was achieved in the statement that the company’s property brokers are neat appearing, indicating that the respondents were most impressed with the appearance of the property brokers of this company in relation to the other statements in the tangibility dimension. The overall average score for the tangibility dimension was 2.32.
4.3.2 Perceptions on Reliability.
The summary of the responses of the participants to the service quality perception statements on reliability dimension of the study are presented below in table 4.7 and figure 4.8.

Table 4.7 Customer Perceptions on Reliability Dimension

<table>
<thead>
<tr>
<th>Rating</th>
<th>Render Services on Time</th>
<th>Interest in Solving Problems</th>
<th>Perform Right Thing First Time</th>
<th>Keep Promises to Customers</th>
<th>Insist on Error Free Records</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>10.71%</td>
<td>15.48%</td>
<td>10.71%</td>
<td>11.9%</td>
<td>8.33%</td>
</tr>
<tr>
<td>4</td>
<td>32.14%</td>
<td>26.19%</td>
<td>27.38%</td>
<td>26.19%</td>
<td>29.76%</td>
</tr>
<tr>
<td>3</td>
<td>23.81%</td>
<td>16.67%</td>
<td>29.76%</td>
<td>27.38%</td>
<td>21.43%</td>
</tr>
<tr>
<td>2</td>
<td>22.62%</td>
<td>23.81%</td>
<td>25.00%</td>
<td>15.48%</td>
<td>23.81%</td>
</tr>
<tr>
<td>1</td>
<td>10.71%</td>
<td>17.86%</td>
<td>7.14%</td>
<td>19.05%</td>
<td>16.67%</td>
</tr>
</tbody>
</table>

Figure 4.8 Customer Perceptions on Reliability Dimension

4.3.2.1 The property broker at the company renders services on time.
Only 33.33% of the respondents agreed with the statement that the property brokers at the company deliver the service that they promise on time. In total, 42.85% of the
respondents disagreed with the statement while 23.81% of the respondents were neutral. The customers’ service experience seems to have a problem in regard to delivery time.

4.3.2.2 The property broker shows a sincere interest in solving customer problems
Less than half (41.67%) of the respondents agreed with the statement that the property broker in this company shows a sincere interest in solving a customer’s problem. 16.67% of the respondents took a neutral position on this statement while a total of 41.67% of respondents disagreed with this statement.

4.3.2.3 The property broker performs the service right the first time
Only a total of 32.14% of the respondents agreed that property brokers of this company perform the service right the first time. 29.76% of the respondents took a neutral position on this statement. The proportion of respondents who disagreed with this statement was 38.09%. It is important to do the right thing the first time as it saves time and resources.

4.3.2.4 The property broker keeps promises to customers
A minority of 34.53% of the respondents agreed that the property brokers in this company keep their promises to customers. 27.38% were neutral on this statement while a total of 38.09% of the respondents disagreed with this statement.

4.3.2.5 The property broker in this company insists on error free records
A total of 40.48% of the respondents agreed with the statement that property brokers in this company insist on error free records. 21.43% of the respondents took a neutral position on this statement while 38.09% disagreed with this statement.

The highest average perception score for the reliability dimension was 2.89 and this occurs in the statement that the property broker in this company insists on error free record. The respondents perceive this as the area where the company performs best among the other statements in the reliability dimension. The overall average perception score in the reliability dimension is 2.99.
4.3.3 Perceptions on Responsiveness

Table 4.8 and figure 4.9 below present the study participants’ response to the statements on customer perception of service quality in the responsiveness dimension.

4.3.3.1 The property broker tells you exactly when services will be performed.

Less than half (40.48%) of the respondents agreed with the statement that property brokers in this company will tell you exactly when the services will be performed. 30.95% of the respondents took a neutral position while a total of 28.57% of the respondents disagreed with this statement.

Table 4.8 Customer Perception on Responsiveness Dimension

<table>
<thead>
<tr>
<th>Rating</th>
<th>Property Brokers Keep Customers Informed</th>
<th>Property Brokers give Prompt Service</th>
<th>Property Brokers Always Willing to Help</th>
<th>Property Brokers Always Respond</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>8.33%</td>
<td>5.95%</td>
<td>7.14%</td>
<td>3.57%</td>
</tr>
<tr>
<td>4</td>
<td>20.24%</td>
<td>23.81%</td>
<td>23.81%</td>
<td>27.38%</td>
</tr>
<tr>
<td>3</td>
<td>30.95%</td>
<td>29.76%</td>
<td>27.38%</td>
<td>29.76%</td>
</tr>
<tr>
<td>2</td>
<td>23.81%</td>
<td>22.62%</td>
<td>25%</td>
<td>22.62%</td>
</tr>
<tr>
<td>1</td>
<td>16.67%</td>
<td>17.86%</td>
<td>16.67%</td>
<td>16.67%</td>
</tr>
</tbody>
</table>

Figure 4.9 Customer Perceptions on Responsiveness Dimension
4.3.3.2 The property broker in this company gives you prompt service
In general, 40.48% of the respondents agreed with this statement. 29.76% of the respondents took a neutral position. 23.81% of the respondents disagreed with this statement while 5.95% strongly disagreed with this statement.

4.3.3.3 The property broker in this company is always willing to help you
In total, 41.67% of the respondents agreed that property brokers in this company are always willing to help. 27.38% of the respondents were neutral on this statement and a relatively large proportion (30.95%) of the respondents disagreed with this statement.

4.3.3.4 The property broker is never too busy to respond to your request.
A combined 39.29% of the respondents agreed that the property brokers in this company are never too busy to respond to their request. 29.76% of the respondents were neutral on this statement. A combined 30.95% of the respondents disagreed with this statement, showing that there is room for improvement.
The statement with the highest average score in the responsiveness dimension is 2.77 and it is in the statement that the property brokers in this company give you prompt service. The overall average score in the responsiveness dimension is 2.79

4.3.4 Perceptions on Assurance
The summary of the responses to the statements in the assurance dimensions are presented in table 4.9 and figure 4.10 below.

Table 4.9  Customer Perception on Assurance Dimension

<table>
<thead>
<tr>
<th>Rating</th>
<th>Brokers Behaviour</th>
<th>Customers Feel Safe in Transactions</th>
<th>Property Brokers Are Consistently Courteous</th>
<th>Property Brokers will Have Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>3.57%</td>
<td>4.76%</td>
<td>2.38%</td>
<td>2.38%</td>
</tr>
<tr>
<td>4</td>
<td>16.67%</td>
<td>16.67%</td>
<td>17.86%</td>
<td>20.24%</td>
</tr>
<tr>
<td>3</td>
<td>34.52%</td>
<td>32.14%</td>
<td>32.14%</td>
<td>21.43%</td>
</tr>
<tr>
<td>2</td>
<td>28.57%</td>
<td>28.57%</td>
<td>26.19%</td>
<td>28.57%</td>
</tr>
<tr>
<td>1</td>
<td>16.67%</td>
<td>17.86%</td>
<td>21.43%</td>
<td>27.38%</td>
</tr>
</tbody>
</table>
4.3.4.1 The behaviour of the property broker instills confidence
45.24% of the respondents agreed that the behaviour of property brokers in this company instills confidence in them. 34.52% of the respondents were neutral on this statement. A total of 20.24% disagreed with this statement and felt that the behaviour of property brokers in this company does not instill confidence in them.

4.3.4.2 Customers feel safe in your transactions with the property brokers
46.43% of the respondents agreed that they felt safe in transactions with property brokers in this company. 32.14% of the respondents took a neutral position on this statement. In total 21.43% of the respondents disagreed with this statement and did not feel safe in transactions with property brokers in this company.

4.3.4.3 The property broker is consistently courteous to you
47.62% of the respondents agreed with the statement that the property brokers in this company were consistently courteous to them. 32.14% of the respondents took a neutral position on this statement. 20.24% of the respondents disagreed with this statement and felt that they property brokers were not consistently courteous to them.

4.3.4.4 The property broker has the knowledge to answer
More than half (55.95%) of the respondents agreed with the statement that the property brokers in this company had the knowledge to answer their questions. 21.43% of the
respondents took a neutral position on this statement. A total of 22.62% of the respondents disagreed with this statement.

The highest average score for customer perceptions in the assurance dimension was 2.42 and it was in the statement that property brokers in this company have the knowledge to answer customer questions. The overall average score of customer perception in the assurance dimension was 2.56.

4.3.5 Perceptions on Empathy

The average perception scores of the respondents on every statement in the empathy dimension are presented in the table below.

Table 4.10 Customer Perception on Empathy Dimension

<table>
<thead>
<tr>
<th>Rating</th>
<th>Brokers give Customers Individual Attention</th>
<th>Brokers Have Customer Convenient Operating Hours</th>
<th>Brokers Give Personal Attention to Customers</th>
<th>Brokers have Customers Interest at Heart</th>
<th>Brokers Understand Customer Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>5.95%</td>
<td>9.52%</td>
<td>5.95%</td>
<td>14.29%</td>
<td>0%</td>
</tr>
<tr>
<td>4</td>
<td>22.62%</td>
<td>23.81%</td>
<td>20.24%</td>
<td>20.24%</td>
<td>13.1%</td>
</tr>
<tr>
<td>3</td>
<td>29.76%</td>
<td>34.52%</td>
<td>38.1%</td>
<td>29.76%</td>
<td>38.1%</td>
</tr>
<tr>
<td>2</td>
<td>20.24%</td>
<td>16.67%</td>
<td>17.86%</td>
<td>20.24%</td>
<td>25%</td>
</tr>
<tr>
<td>1</td>
<td>21.43%</td>
<td>15.48%</td>
<td>17.86%</td>
<td>15.48%</td>
<td>23.81%</td>
</tr>
</tbody>
</table>

Figure 4.11 Customer Perceptions on Empathy Dimension
4.3.5.1 The property broker gives you individual attention
41.67% of the respondents agreed that the property brokers in this company gave them individual attention. 29.76% took a neutral position on this statement while a total of 28.57% of the respondents disagreed with this statement.

4.3.5.2 The property brokers have operating hours convenient to customers
32.15% of the respondents agreed that the property brokers of this company had operating hours convenient to them. 34.52% of the respondents were neutral on this statement. 33.33% of the respondents disagreed with this statement and felt that the operating hours for the property brokers in this company were not convenient to them.

4.3.5.3 The property broker in this company gives you personal attention
Only 35.72% of the respondents agreed with the statement that property brokers in this company gave them personal attention. 38.1% of the respondents were neutral to this statement while a total of 26.19% of the respondents disagreed with this statement and felt that the property brokers did not give the personal attention.

4.3.5.4 The property broker in this company has your best interest at heart
35.72% of the respondents agreed that the property brokers in this company had their best interest at heart. 29.76% were neutral to this statement. 34.53% disagreed with this statement and felt that the property brokers in this company did not have their best interest at heart.

4.3.5.5 The property broker understands your specific needs
Almost half (48.81%) of the respondents agreed that the property brokers in this company understood their specific needs. 38.1% of the respondents were neutral to this statement. 13.1% disagreed with this statement and were of the view that property brokers in this company did not understand their specific needs.

The best average score for the empathy dimension was 2.4 and it was in the statement that property brokers in this company understood the specific needs of their customers. The overall average score for the empathy dimension was 2.77.
4.3.6 SERVQUAL Means for Perceptions

Figure 4.12 below presents the average scores for the respondents’ perception of service delivered in the five dimensions. Taking an average score of 3.00 as the adequate service level, the respondents rated the four dimensions of tangibles, responsiveness, assurance and empathy slightly above the minimum acceptable level of service. However, the average score for the reliability dimension was the lowest at 3.01, which is slightly below the minimum acceptable level. This is an indication that the respondents’ perception of the employees of this company’s ability to perform the promised service dependably and accurately was low.

The highest average score was in the assurance dimension with an average score of 2.55, which indicates that the respondents’ perception of service quality was best in this dimension. In relation to the other service quality dimensions, the respondents perceived the employees as having knowledge to answer customer questions, courteous and having the ability to instill confidence to customers.

Figure 4.12 illustrates the factor scores on the average consumer perception of service provided by real estate firms and property brokers.

Figure 4.12 Average Score on Consumer Perception of Service by Property Brokers

According to figure 4.12, the customers’ experience of the service provided by commercial property brokers is worst in reliability with an average score of 3.01 and best in tangibles with an average score of 2.32. In terms of good customer experience, the factor tangible is followed by assurance (2.55), responsiveness (2.79) and empathy (2.77)
with reliability (3.01) being the worst. Therefore, in rank order from the best performing service quality determinant to the worst performing, the customers’ experience of service from this commercial real estate firm and its property brokers would fare as follows: Tangibles, Assurance, Responsiveness, Empathy and Reliability.

4.4 Gap Analysis

Table 4.11 illustrates the SERVQUAL statements’ gaps.

Table 4.11: Gap Analysis

<table>
<thead>
<tr>
<th>SERVQUAL Statements</th>
<th>Expectations</th>
<th>Perceptions</th>
<th>Gap</th>
<th>Gap Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Modern Equipment</td>
<td>1.31</td>
<td>2.27</td>
<td>-0.96</td>
<td></td>
</tr>
<tr>
<td>2. Visually Appealing Facilities</td>
<td>1.43</td>
<td>2.43</td>
<td>-1</td>
<td></td>
</tr>
<tr>
<td>3. Neat Appearing Employees</td>
<td>1.39</td>
<td>2.18</td>
<td>-0.79</td>
<td></td>
</tr>
<tr>
<td>4. Visually Appealing Materials</td>
<td>1.33</td>
<td>2.38</td>
<td>-1.05</td>
<td>0.95</td>
</tr>
<tr>
<td>5. Render Services in Time</td>
<td>1.45</td>
<td>3.1</td>
<td>-1.65</td>
<td></td>
</tr>
<tr>
<td>6. Interest in Solving Customer Problems</td>
<td>1.5</td>
<td>2.98</td>
<td>-1.48</td>
<td></td>
</tr>
<tr>
<td>7. Brokers Perform Right Thing First Time</td>
<td>1.57</td>
<td>3.1</td>
<td>-1.53</td>
<td></td>
</tr>
<tr>
<td>8. Brokers Keep Promises</td>
<td>1.49</td>
<td>2.96</td>
<td>-1.47</td>
<td></td>
</tr>
<tr>
<td>9. Brokers Insist on Error Free Records</td>
<td>1.48</td>
<td>2.89</td>
<td>-1.41</td>
<td>1.51</td>
</tr>
<tr>
<td>10. Keep Customers Informed</td>
<td>1.4</td>
<td>2.8</td>
<td>-1.4</td>
<td></td>
</tr>
<tr>
<td>11. Give Customers Prompt Service</td>
<td>1.4</td>
<td>2.77</td>
<td>-1.37</td>
<td></td>
</tr>
<tr>
<td>12. Brokers Always Willing to Help</td>
<td>1.35</td>
<td>2.8</td>
<td>-1.45</td>
<td></td>
</tr>
<tr>
<td>13. Brokers Respond To Customers’ Requests</td>
<td>1.39</td>
<td>2.79</td>
<td>-1.4</td>
<td>1.40</td>
</tr>
<tr>
<td>14. Brokers Instill Confidence</td>
<td>1.32</td>
<td>2.62</td>
<td>-1.3</td>
<td></td>
</tr>
<tr>
<td>15. Customers Feel Safe In Transactions</td>
<td>1.36</td>
<td>2.62</td>
<td>-1.26</td>
<td></td>
</tr>
<tr>
<td>16. Brokers Constantly Courteous</td>
<td>1.31</td>
<td>2.54</td>
<td>-1.23</td>
<td></td>
</tr>
<tr>
<td>17. Brokers are Knowledgeable.</td>
<td>1.25</td>
<td>2.42</td>
<td>-1.17</td>
<td>1.24</td>
</tr>
<tr>
<td>18. Brokers Give Individual Attention</td>
<td>1.55</td>
<td>2.71</td>
<td>-1.16</td>
<td></td>
</tr>
<tr>
<td>19. Customer Convenient Operating Hours</td>
<td>1.57</td>
<td>2.95</td>
<td>-1.38</td>
<td></td>
</tr>
<tr>
<td>20. Customers Get Personal Attention</td>
<td>1.44</td>
<td>2.79</td>
<td>-1.35</td>
<td></td>
</tr>
<tr>
<td>21. Customers Interest at Heart</td>
<td>1.35</td>
<td>2.98</td>
<td>-1.63</td>
<td></td>
</tr>
<tr>
<td>22. Brokers Understand Customer Needs</td>
<td>1.33</td>
<td>2.4</td>
<td>-1.07</td>
<td>1.32</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>1.41</strong></td>
<td><strong>2.70</strong></td>
<td><strong>1.30</strong></td>
<td></td>
</tr>
</tbody>
</table>
According to Bateson and Hoffman (2001:326), the service gap is the distance between a customer’s expectation of a service and the perception of the service actually delivered. Bateson and Hoffman (2001:326) go further to say that in order for a firm to close the service gap; it needs to close four other constituent gaps, namely the knowledge gap, the standards gap, the delivery gap and the communications gap. Lovelock and Wright (2002:268) refer to the service quality gap appearing when the perceived quality of service falls below the adequate level of service that the customers expect a service provider to give.

### 4.4.1 Gaps on Tangibility

Figure 4.13 illustrates the customer service gaps for statements in the tangibles dimension.

![Figure 4.13 Customer Service Gaps on Tangibility Dimension](image)

The highest service gap score for the tangibility dimension was -1.05 and this was in the statement that material associated with the service will be visually appealing. The appearance of service materials contributed most to the poor service quality in this service dimension and suggests that the service provider should pay particular attention to this.

The lowest gap score in the tangibility dimension was -0.79 and this was in the statement that the employees were neat appearing. Though the gap is the lowest in this dimension,
it still contributed towards poor service quality and therefore requires some attention from the service provider.

### 4.4.2 Gaps on Reliability

Figure 4.14 below shows the customer service gaps on statements in the reliability dimension. The highest service gap score in the reliability dimension was -1.65 and it occurred in the statement that real estate brokers render the promised service in time. Failure to render the promised service in time seems to contribute the most to poor service quality in this dimension and the real estate firm needs to focus on staff training.

![Bar chart showing customer service gaps on reliability dimension](image)

**Figure 4.14 Customer Service Gaps on Reliability Dimension**

The lowest service gap score in this dimension was -1.41 and this was for the statement that excellent real estate brokers will insist on error free records. Although this is the lowest gap, it is still fairly large and suggests that the real estate brokers of this real estate company do not focus and insist on error free records and requires staff training.
4.4.3 Gaps on Responsiveness

Figure 4.15 illustrates the statement gaps in the responsiveness dimension.

![Graph showing gaps in responsiveness dimension]

**Figure 4.15  Customer Service Gaps on Responsiveness Dimension**

The highest service gap score in the responsiveness dimension occurred in the statement that property brokers in this company are always willing to help. The gap score in this statement was -1.45, which indicates that the failure by the property brokers of this company to show willingness to help the customers contributed the most to poor quality service in this dimension.

The lowest service gap score in this dimension is the statement that property brokers in this company give prompt service to customers. Despite being the lowest gap score, it is nonetheless a big gap meaning that it still making a big contribution to the poor quality of service and thus needs to be addressed. The company needs to train and motivate their property brokers on ways of going the extra mile and responding to their customer’s needs without delay.
4.4.4 Gaps on Assurance

Figure 4.16 below illustrates statement gaps on assurance dimension.

![ASSURANCE](image)

**Figure 4.16 Customer Service Gaps on Assurance Dimension**

According to figure 4.16, the highest service quality gap in assurance dimension is in the statement that the behaviour of property brokers instills confidence in customers with a score of 1.30. This statement has made the biggest contribution towards poor quality service in this dimension and shows that the company needs to invest in naturing good employee behaviour that reassures the customers.

The lowest statement gap score for this dimension is -1.17, and it is in the statement that property brokers in this company have the knowledge to answer customers’ questions.

Although this is the smallest gap, it is nevertheless sizable enough to cause service delivery concerns to the company, which need to be addressed urgently.
4.4.5 Gaps on Empathy

Figure 4.17 below illustrates the statement gaps on the empathy dimension.

![Graph showing empathy gaps](image)

**Figure 4.17  Customer Service Gaps on Empathy Dimension**

The highest service gap in this dimension is -1.63 and it is in the statement that the property brokers in this company have the customers’ best interest at heart. The property brokers of this company have failed to show their customers that they have they best interest at heart and in the process, this has contributed the most to poor quality service in this dimension.

The lowest service gap score is -1.07 in the statement that the property brokers in this company understand the specific needs of their customers. This statement has made the least contribution to poor service quality. Despite being the lowest, however, the gap score is big enough to cause concern and should be addressed as well.

4.5 THE SERVQUAL INDEX

Table 4.12 below indicates a summary of the average scores for each of the five factors.
Table 4.12 Summary Data of Service Quality Expectations and Perceptions

<table>
<thead>
<tr>
<th>SERVQUAL DIMENSION</th>
<th>EXPECTATION AVERAGE(P)</th>
<th>PERCEPTION AVERAGE(E)</th>
<th>AVERAGE GAP SCORES (E-P)</th>
<th>IMPORTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>1.37</td>
<td>2.32</td>
<td>-0.95</td>
<td>17.5</td>
</tr>
<tr>
<td>Reliability</td>
<td>1.5</td>
<td>3.01</td>
<td>-1.51</td>
<td>22.6</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>1.39</td>
<td>2.79</td>
<td>-1.4</td>
<td>18.6</td>
</tr>
<tr>
<td>Assurance</td>
<td>1.31</td>
<td>2.55</td>
<td>-1.24</td>
<td>19.6</td>
</tr>
<tr>
<td>Empathy</td>
<td>1.45</td>
<td>2.77</td>
<td>-1.32</td>
<td>20.7</td>
</tr>
<tr>
<td><strong>Sum Total</strong></td>
<td><strong>7.02</strong></td>
<td><strong>13.44</strong></td>
<td><strong>-6.42</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>Total Average</strong></td>
<td><strong>1.40</strong></td>
<td><strong>2.69</strong></td>
<td><em>(1.28)</em></td>
<td></td>
</tr>
</tbody>
</table>

The data shows that customer expectation of service is generally much higher than perceived quality of service that customers are getting from commercial property brokers.

The total factor average score of the customer expectation of service is 1.40. The total factor average score of the customer perception of service is 2.69.

The difference between the factor average scores on customer expectation and customer perception determines whether there is a customer service gap.

Figure 4.12 illustrates the customer service gap created by the expectation of service by the customer and the perceived service that the customer receives from the commercial real estate firms and property brokers.

The service quality factors are listed in column A. Column B lists the average scores for customer expectation of service while column C lists the factor average scores of customer perception of service. The difference between the average expected service (customer expectation) and the average perceived service (customer perception of service received from the commercial real estate brokers and firms) determines whether there is a
customer gap or quality service gap which is illustrated in column D. A positive figure would indicate that the customer expectation of service is lower than the level of service received from service providers thus exceeding customer expectation. A negative figure means that the customers’ expectation of service is higher than the service the customer perceives from the service providers thus the service is below expectation.

According to column D in table 4.12, all the factors have a negative figure showing that the customer perception of the service provided by the commercial real estate firms and brokers doing leasing fall short of the quality of service expected by the customers, therefore creating a customer service gap. The total service quality gap score created is -6.42 as shown in column D9.

Figure 4.18 below illustrates the distribution of the customer gap among the factors.

![Figure 4.18 Factor Customer Service Gaps.](image)

According to figure 4.18, the biggest customer service gap is in reliability dimension with a gap score of -1.51. The least customer service gap is in tangibles. Ranking the gaps
from the smallest to the highest, the factors are as follows: tangibles (-0.95), assurance (-1.24), empathy (-1.32), responsiveness (-1.4) and reliability (-1.51).

4.6 Conclusion

The data presented in this chapter indicates that customer expectation of service in the commercial real estate leasing Industry is higher than customer perceived service received from this particular company.

Chapter five below conducts a discussion on these findings.
5  CHAPTER FIVE: DISCUSSION

5.1  Introduction

This chapter presents a discussion of the study findings presented in chapter 4. In the research study the SERVQUAL model was employed with its five quality determinants, namely tangibles, reliability, responsiveness, assurance and empathy. The study set out to assess the service quality expectations of the customers of the commercial real estate leasing industry and perceptions of the service quality received by customers of a particular commercial real estate leasing company in order to determine whether there is a service quality gap.

The structure of this chapter will address the objectives of the research study which were:

- To find out the main determinants of service quality.
- To investigate the consumer’s perception of these service quality determinants and rate them.
- To investigate the consumer's expectation of these service quality determinants and rank them.
- To determine whether there is a consumer service quality gap.
- To make recommendations based on how the real estate firms can increase service quality in serving their customers.

5.2  Customer Expectation of Service in Commercial Real Estate Leasing

According to Bitner, Gremler and Zeithaml (2006:81), customer expectations refer to beliefs about service delivery that serve as standards or reference points against which performance is measured. Bateson and Hoffman (2001:313) indicate that customer expectations serve as benchmarks against which present and future service encounters are evaluated.

Figure 5.1 below illustrates the customer expectation of service in the commercial real estate leasing industry in regard to the five service quality dimensions of tangibles, reliability, responsiveness, assurance and empathy.
5.2.1 Expectations on Tangibles

According to Lucas (2005:343), Fitzsimmons and Fitzsimmons (2006:129), tangibles refers to the physical facilities, equipment, the appearance of personnel and the communication materials. Fitzsimmons and Fitzsimmons (2006:129) goes further to state that the condition of the physical facilities such as cleanliness is tangible evidence of the care and attention to detail that the service provider exhibits. The tangibles dimension of service quality projects to the customer an image of the level of service that the service provider is capable of achieving. Berndt and Brink (2004:73) point out that tangibles are attempts at providing customers with a representation of the quality of service that they will receive. Bateson and Hoffman (2001:214) mention that for customers, first impressions are everything and service providers need to pay special attention to the initial interaction as it is often the most important.

The respondents placed the highest expectation in the statement that excellent real estate companies will have modern looking equipment with an average score of 1.31. 90.47% of
the respondents agreed with this statement, with 9.52% being neutral and none disagreeing. This shows that customers of commercial real estate companies regard the appearance of the service equipment of the commercial real estate firms as the most important in the tangibility dimension. Modern technology and top of the range equipment such as computers, telephones, photo-copiers and other equipment add efficiency and increase the service delivery and quality to customers. As Lucas (2005:366) points out, trying to provide service excellence without the right tools is frustrating and almost impossible. Respondents also rated expectation of visually appealing service materials highly with an average score of 1.33, which was a close second to modern looking equipment. The majority of the respondents (92.86%) agreed that excellent commercial real estate firms should have visually appealing service materials. Customers regard neat modern equipment and visually appealing service materials as tangible evidence of high quality of service that the service provider is able to provide. In order to project a good image and meet customer expectation of service quality, commercial real estate leasing firms need to give greater emphasis on these two aspects and invest more on neat modern looking equipment and ensure that their service materials such as invoices, business cards, brochures, reports, statements and letterheads are visually appealing.

The respondents rated the statement that the physical facilities at excellent real estate companies will be visually appealing as the lowest in the tangibles dimension, with an average score of 1.43. This shows that the respondents regard the visual appearance of the physical facilities of the service provider as relatively less important and this could be because of the advancement of technology eliminating the need for customers to visit service providers in their offices. Although it is the lowest average score in the tangibles dimension, it is however a high score, with 91.47% of the respondents agreeing with this statement and only 1.19% disagreeing with it. The high average score is an indication of a high expectation of the customers of commercial real estate leasing Industry and commercial real estate firms should not ignore the appearance of their physical facilities. The total average score of the tangibles dimension was 1.37. This is a high expectation score, rated second highest among the five service quality determinants of customer expectations. This emphasizes the importance that customers of commercial real estate
leasing Industry attach to the tangibles dimension in determining the quality of service. Commercial real estate firms should invest in modern looking equipment, visually appealing service materials, appealing physical facilities and neat looking staff in order to meet customer expectations of service.

5.2.2 Expectations on Reliability

Reliability is the ability to perform the promised service dependably and accurately (Fitzsimmons and Fitzsimmons, 2006:129). Fitzsimmons and Fitzsimmons (2006:129) further state that customers expect that the service is provided on time, in the same manner and without errors every time. Bitner, Gremler and Zeithaml (2006:117) emphasize that customers want to do business with companies that keep their promises on delivery, service provision and problem resolution.

The respondents gave the highest rating to the statement; when excellent real estate brokers promise to do something by a certain time, they do. The average score for this statement was 1.45 and a majority of 94.04% of the respondents agreed with this statement while none disagreed. This is an indication that customers of commercial real estate Industry regard delivery of service at the right time as the most important aspect to them of the reliability dimension. Commercial real estate leasing firms need to give special attention to delivering services in time as this makes a major contribution towards meeting the service expectations of their customers.

The respondents gave the lowest score to the statement that excellent real estate brokers will perform the right thing the first time. The average score for this statement was 1.57. 89% of the respondents agreed with this statement while 2.38% disagreed. This is an indication that the customers of commercial real estate leasing Industry have the lowest expectation from this statement in the reliability dimension. Of all the statements, customers expect that the service provider performing the right thing the first time will contribute least towards service quality in this dimension. In spite of being the lowest average in this dimension, this average score of 1.57 in this statement is still high and therefore important to customer expectation. It is important that real estate firms give attention to doing the right thing the first time in order to meet customer expectations.
The overall average score in this dimension is 1.50. This is the lowest average score of all the five quality dimensions. This shows that customer expectations in the commercial real estate Industry are lowest in the reliability dimension. This score is however a high score and commercial real estate firms need to focus on rendering services on time, showing interest in solving customer problems, performing the right things the first time and keeping promises to their customers in order to meet their service expectations. As Bateson and Hoffman (2001:335) state, the reliability dimension is the most important of the SERVQUAL dimensions and failure to provide reliable service generally translates into an unsuccessful firm.

5.2.3 Expectations on Responsiveness

According to Lucas (2005:343), responsiveness is the willingness to help customers and provide prompt service. Bateson and Hoffman (2001:336) refer to responsiveness as a firm’s commitment to provide services in a timely manner. Bateson and Hoffman further mention that responsiveness concerns the willingness and readiness of employees to provide service. Bitner, Gremler and Zeithaml (2006:117) point out that the responsiveness dimension emphasizes attentiveness, and promptness in dealing with customer requests, questions, complaints and problems.

The respondents placed the highest emphasis on the statement that the brokers of excellent real estate companies will always be willing to help customers. The average score for this statement is 1.35, with 95.24% of the respondents agreeing with this statement and none disagreeing with it. This shows that customers of commercial real estate leasing allocate the highest expectation and importance to the service providers’ ability to go the extra mile and show willingness to help them with their requests, questions, complaints and problems. In to meet this customer expectation, Bitner, Gremler and Zeithaml (2006:117) advise that companies need to view the handling of requests from a customer’s point of view rather than a company’s point view.

The lowest average score in this dimension was 1.40. The respondents gave this score to the two statements; the brokers of excellent real estate companies will tell customers exactly when services will be performed and the brokers of excellent real estate
companies will give prompt service to customers. This indicates that customers of commercial real estate leasing industry have a relatively lower expectation in regard to the property brokers keeping them informed of when the service will be delivered and delivering it promptly. In spite of this average score of 1.40 being the lowest in the responsiveness dimension, it is quite high and needs attention from service providers, if they are to meet customer expectations. The high score is an indication that customers of commercial real estate leasing highly value being informed of when services will be provided and want them provided promptly.

The overall average score for the responsiveness dimension was 1.39. This is the third highest score of the average scores of all the dimensions. The high score indicates that customers of commercial real estate leasing have a high expectation of service responsiveness and want to know exactly when services will be performed, get prompt service, interact with employees who are willing to help and respond to their requests.

### 5.2.4 Expectations on Assurance

According to Bateson and Hoffman (2001:337), assurance refers to the competence of the firm, the courtesy it extends its customers and the security of its operations. Bitner, Gremler and Zeithaml (2006:119) define assurance as the employees’ knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. The assurance dimension in service quality evaluation addresses the question; are the company’s employees’ knowledgeable, polite, competent and trustworthy?

In the assurance dimension, respondents placed the highest emphasis on the statement that property brokers of excellent real estate companies will have knowledge to answer customers’ questions. The average score for this statement was 1.25, which suggests that customers of commercial real estate leasing regard the knowledge of property brokers as the most important aspect of this dimension. The high customer expectation is that knowledgeable property brokers will give customers the correct information on which to make decisions and reduce the risk of making the wrong decisions. Commercial real estate companies need to pay special attention to empowering their service employees with the right skill and knowledge in order to meet this customer expectation.
The lowest average score in this dimension was in the statement that customers of excellent real estate companies will feel safe in transactions. The average score for this statement was 1.36. The respondents attached the lowest expectation to this statement in this dimension. This is an indication that in the assurance dimension, customers of commercial real estate companies attach relatively lower expectation in the fact that excellent real estate companies will make them feel safe in transactions. Though this is the lowest average score, it is however still high and indicates that customers of commercial real estate leasing expect to feel safe in transactions with excellent real estate companies.

The overall average score in this dimension was 1.31. This is the highest average score in all the five service quality dimensions. This shows that customers of commercial real estate leasing industry have their highest expectations in the assurance dimension. Above all else, the customers expect to interact with service employees who are knowledgeable, polite, competent and trustworthy. As Bitner, Gremler and Zeithaml (2006:119) point out, the assurance dimension is likely be particularly important for services that customers see as high risk or where they doubt their ability to evaluate such as banking, brokerage, medical and legal services. Commercial real estate leasing firms need to pay special attention to the customers’ high expectation score in this dimension if they hope to meet the customer needs.

5.2.5 Expectations on Empathy

Bateson and Hoffman (2001:337) refer to empathy as the ability to experience another’s feelings as one’s own. Bateson and Hoffman (2001:337) go further to say that empathetic firms understand their customer needs and make their services accessible to their customers. Bitner, Gremler and Zeithaml (2006:120) refer to empathy as treating customer as individuals, that is, caring individualized attention that a service firm provides its customers.

The respondents gave the highest emphasis in this dimension to the statement that property brokers of excellent real estate companies understand the specific needs of their customers. The average score for this statement was 1.33. This high score indicates that
customers of commercial real estate leasing regard understanding of their specific needs by the service provider as the most important expectation in this dimension. Service firms exist for the simple reason of attending to the needs of their customers. As Berndt and Brink (2004:72) point out, empathy revolves around confirming for the customers that their unique needs and requirements will be met.

The lowest average score in this dimension was in the statement that property brokers of excellent real estate companies will have operating hours convenient to all their customers. The average score obtained from the study participants’ responses was 1.57. This indicates that the respondents rated this statement as the least important in the empathy dimension. However, despite being the lowest average score in the empathy dimension, a score of 1.57 still represents quite high expectation. This is an indication that customers of commercial real estate leasing have high expectations that property brokers of excellent companies will operate during hours that are convenient to their customers. Commercial real estate leasing firms should therefore give special attention to their operating hours and align them in such a way that they are convenient to their customers if they hope to meet their customer expectations.

The overall average score for the empathy dimension is 1.45. This is the second lowest score of the entire five service quality dimensions. In relation to the other service quality dimensions, the respondents’ expectations were second lowest in this dimension. This suggests that customers of commercial real estate leasing rate empathy dimension as relatively less important in determining their service quality expectations. This score of 1.45 is however still high and represents a high customer expectation of service in this dimension. This is a strong indication that customers of commercial real estate leasing expect to be given personalized and individualized attention, by employees who understand their specific needs and have their best interest at heart. As Bitner, Gremler and Zeithaml (2006:120) point out, customers want to feel understood by and important to firms that provide service to them.

5.2.6 Conclusion

Customers of commercial real estate leasing have high expectations of service quality, with the overall average score of the five service quality dimensions being 1.41. The
highest average score was in the assurance dimension with a score of 1.31. This is a strong indication that the respondents expect the commercial real estate leasing firms to have property brokers who are knowledgeable and courteous, safe to transact with and who instill confidence in them.

5.3 Customer Perceptions of Service of the Commercial Leasing Service Firm

Berndt and Brink (2004:59) refer to perceptions as the end result of a number of observations by the customer. Berndt and Brink (2004:59) further state that service perceptions are generated during and after the exposure to the service. The figure 5.2 below gives an illustration of the average scores for customer perceptions of service for this company on the SERVQUAL dimensions.

![Average Perceptions per Dimension](image)

**Figure 5.2 Average Scores for Perceptions per SERVQUAL Dimension**

5.3.1 Perceptions on Tangibility

The highest average score for customer perceptions in this dimension was in the statement that the company’s property brokers are neat appearing. The average score for this statement was 2.18 and the majority (59.52%) of the respondents agreed that the brokers of this company are neat appearing. 23.81% of the respondents were neutral while
11.9% disagreed with this statement. With only slightly more than half of the respondents in agreement with this statement, there is an indication that customers of this company are on average satisfied with the appearance of the property brokers. However, the low average score and the respondents who disagreed (11.9%) are an indication that the appearance of the property brokers of this company have a lot of room for improvement. In comparison to appearance of their property brokers, the customers of this company are even more dissatisfied with appearance of the equipment, the service materials and the visual appearance of the facilities of this company in that order.

The lowest score in this dimension was in the statement that the company’s physical facilities are visually appealing, with an average score of 2.43. The biggest proportion (40.48%) of the respondents were neutral possibly because of the fact that they did not visit the physical facilities of this company due to advancement in technology enabling them to deal virtually. However, it is important for this company to note that 10.71% of the respondents disagreed and this presents room for improvement.

The overall average score for this dimension was 2.32. This represents the highest average score over all the dimensions which shows that this company is relatively competent in this area. However, a score of 2.32 is low and indicates that in general, the company has room for improvement in this service quality dimension.

5.3.2 Perception on Reliability.

In reliability, the highest average score was in the statement that the property broker in this company insists on error free records. The respondents gave this statement an average score of 2.86. Less than half of the respondents (40.48%) agreed with this statement while 38.09% disagreed with it. This is a strong indication that only a small proportion (40.48%) of the customers of this company is satisfied with the accuracy of documents and records of this company. The other proportion (38.09%) of the respondents is dissatisfied and feels that the property brokers are presenting records and documentation with errors. The average score of 2.86, though just above the minimum acceptable level of service quality, is also low, thus confirming the customers’ dissatisfaction with the poor record keeping in this company.
The respondents recorded the lowest average score in the statement that the property broker in this company performs the service right the first time. The average score was 3.1, which is below the minimum acceptable service quality level. Only 32.14% of the respondents agreed with this statement while 38.09% of the respondents disagreed with it. This is an indication that in general, customers are dissatisfied with the performance of the property brokers of this company and feel that the property brokers generally do not perform the right thing the first time. The customers express more dissatisfaction with the property brokers’ ability to do the right thing the first time than with their ability to keep promises to customers, render services on time, show interest in solving problems and insist on error free records.

The overall average score on customer perceptions in the reliability dimension is 3.01. This is the lowest average score over the service quality dimensions and indicates that the customers are generally dissatisfied with this company’s reliability on service quality. The company needs to give special attention to this service dimension as it has a lot of room for improvement.

### 5.3.3 Perceptions on Responsiveness

The highest average score recorded on customer perceptions in the responsiveness dimension was 2.77; in the statement that the property broker in this company gives you prompt service. This average score is low, even though it is just above the minimum acceptable level of service. This is an indication that the customers were not fully satisfied with the promptness with which the company’s property brokers delivered the service. Only 40.48% of the respondents agreed with this statement, indicating that they were satisfied that the company’s property brokers gave prompt service. However, 29.76% of the respondents disagreed with this statement, indicating that they were dissatisfied with the service and felt that this company’s property brokers did not give prompt service.

The lowest average score on customer perceptions in the responsiveness dimension was 2.8, recorded in the two statements that the property broker in this company tells you exactly when services will be performed and the property broker in this company is
always willing to help you. Although this average score is slightly above the minimum acceptable service quality level, it is still low. This is an indication that the customers are generally not fully satisfied with this company’s property brokers in regard to keeping them informed of exactly when services will be performed and their degree of willingness to help. Only 41.67% of the respondents agreed with the statement that the property brokers in this company are always willing to help, indicating satisfaction with the service, while 30.95% disagreed, hence an indication of dissatisfaction with the service. In the statement that property brokers in this company will always tell exactly when a service will be performed, only 40.48% agreed with the statement. This is an indication that the customers were satisfied with this company’s service. 28.57% of the respondents disagreed with this statement, indicating that they were dissatisfied with the service of this company and is room for improvement.

The average score for the customer perception in the responsiveness dimension was 2.79, which is slightly above the minimum acceptable level of service quality. This is the second lowest average score on customer perception of the service quality dimensions and suggests an area for service improvement for this company.

5.3.4  Perceptions on Assurance

The respondents rated the statement that the property broker in this company has the knowledge to answer your questions the highest average score of 2.42. Although this score is above the minimum acceptable service level and gives an indication that most of the customers believe that the property brokers of this company have the knowledge to answer their questions. The majority (55.95%) of the respondents agreed with this statement, which indicates that they are satisfied with the knowledge level of the property brokers of this company and the service that they give in this regard. However, 22.62% of the respondents disagreed with this statement, indicating that the customers feel that the property brokers of this company do not have sufficient knowledge to answer their questions and give them the level of service that they require. This is an area that the company needs to improve on.
The lowest average score of customer perceptions in the assurance dimension was recorded in the two statements that, the behaviour of the property broker in this company instills confidence in you and you feel safe in your transactions with the property broker in this company. The respondents recorded an average score of 2.62 in each of these statements. Although this average score is above the minimum level of service quality acceptable to the customers, it is however low. This gives an indication that a fair number of customers did not feel safe in transactions with property brokers in this company and the behaviour of property brokers did not instill confidence in them. 45.24% of the respondents felt that the behaviour of property brokers of this company instilled confidence in them. This is an indication that they were satisfied with the service. 20.24% of the respondents disagreed with this statement and felt dissatisfied with the service, hence creating room for improvement. In the statement that you feel safe in your transactions with the property broker in this company, 46.43% of the respondents agreed with the statement, an indication that they were satisfied with the service. 21.43% of the respondents did not feel safe in transactions with property brokers of this company, therefore expressing their dissatisfaction with the service. This customer dissatisfaction shows room for improvement that the company needs to address.

The average score for customer perceptions in the assurance dimension was 2.55. In comparison to the other service quality dimensions, this is the second highest customer perception score. This shows that customers of this company rated this dimension relatively higher than all the others except tangibles and this is an indication that they derived more satisfaction from it. There is however room for improvement that the company needs to pay attention to in order to fully satisfy their customers.

5.3.5 Perceptions on Empathy

In the empathy dimension, the respondents recorded the highest average score on customer perceptions of service in the statement that the property broker in this company understands your specific needs. The average score in this statement was 2.4, which is above the minimum acceptable service quality level, but still low. 48.81% of the respondents agreed that the property brokers in this company understood their needs,
hence were satisfied with the service level. Only 13.1% of the respondents disagreed with this statement and felt that the property brokers of this company did not understand their needs, hence were dissatisfied. This is an area of concern which this company needs to work on in order to improve the service.

The lowest average score achieved on customer perception in the empathy dimension was 2.98, in the statement that the property broker in this company has your best interest at heart. This average score is very low and suggest that most of the customers felt that the property brokers of this company did not have their interest at heart. Only 35.72% of the respondents felt that the property brokers of this company had their interest at heart, hence were satisfied with the service. 34.53% of the respondents disagreed with this statement and felt that the property brokers of this company did not have their interest at heart and were dissatisfied with the service in this regard. This is an area of concern that this company needs to address in order to provide better service.

The average score of customer perceptions in the empathy dimension was 2.77. This is the third lowest average score over all service quality dimensions and is slightly above the minimum acceptable level of service quality. The low average score is an indication that this company has a lot of room for improvement in the empathy dimension that it needs to address in order to satisfy their customer needs.

5.3.6 Conclusion on Customer Perceptions of Service

The customer perception of service by this company is pretty average with service dimension average scores which are just above the minimum acceptable level of service. The overall average score of customer perceptions on all the five service dimensions is 2.70. in terms of the SERVQUAL rating scale, this average score falls between the “Agree” and “Neutral” level, thus within the minimum acceptable service level. The customers rated the tangibles dimension as the highest (2.32), indicating that the customers are most satisfied with this company’s physical facilities, service equipment, appearance of employees and service materials.

The customer perception of service in this company was lowest in reliability dimension with an average score of 3.01. This average score is slightly below the minimum
acceptable service level and is an indication that the customers have a low perception of the property brokers of this company’s ability to render services on time, show interest in solving problems, perform the right thing the first time, keep promises and insist on error free records.

An important point of interest to note is the high number of respondents who took a neutral position across all the service quality dimensions.

The section that follows will discuss the service quality gap between customer expectations of service in the commercial real estate leasing industry and the customer perceptions of service that they received from this commercial real estate leasing company.

**5.4 Gap Analysis on Service Dimensions**

The service gaps on the SERVQUAL dimension statements are analysed below.

**5.4.1 Gap Analysis on Tangibles**

The largest gap (-1.05) in tangibles dimension occurs between customers’ expectations of visually appealing service materials (1.33) and the customers’ perception of the appearance of service materials (2.38) of this company. This represents the biggest gap in service quality that customers experienced among the five statements on the tangibility dimension. This statement therefore contributes the most to poor service in the tangibility dimension.

The lowest gap in the tangibility dimension is -0.96 and occurs between the customer’s expectation of modern appearing equipment (1.31) and the customers’ perception of the appearance of the equipment of this company (2.27). This is the lowest gap among the five statements on tangibles dimension. This statement therefore contributed the least to poor service in this dimension.

In general, the average scores for the customer expectation for all the statements in the tangible dimension are higher than the average scores for the customer perception of this company’s service for the corresponding statements. This creates a negative service gap
for all the statements and this represents some degree of dissatisfaction right across this dimension.

5.4.2 Gap Analysis on Reliability
The largest gap score in the reliability dimension was -1.65 and occurred between the customers’ expectation that property brokers’ will render services that they promise at the time that they promise (1.45) and the customers’ perception on the ability of the property brokers of this company to render services at the time that they promised (3.1). This is the largest gap score in this dimension and represents the biggest contribution to poor service quality in this dimension.

The lowest gap score in this dimension is -1.41. This gap score is the difference between the average score of the customers’ expectation that property brokers will always insist on error free records (1.48) and the average score of the customers’ perception that property brokers of this company always insist on error free records. This is the smallest gap score in this dimension and contributes the least to poor service.

All the statements in the reliability dimension have negative gap scores indicating that they all contribute towards poor service quality in varying degrees.

5.4.3 Gap Analysis on Responsiveness
The highest gap score in the responsiveness dimension was -1.45 and occurred between the customer expectations that property brokers will always be willing to help (1.35) and the customers’ perception that the property brokers of this company are always willing to help (2.8). This gap score contributes the most to poor service quality in this dimension.

The lowest gap score in the responsiveness dimension was -1.37 and is the difference between the customers’ expectation that property brokers will always give customers prompt service (1.4) and the customers’ perception that the property broker of this company will always gives prompt service (2.77). This gap score contributes the least to poor service quality in this dimension. All the statements in this dimension have negative gap scores; hence contribute to the poor service in varying degrees.
5.4.4 Gap Analysis on Assurance

The difference between the customers’ expectations that the behaviour of property brokers will instill confidence in customers (1.32) and the customer perception that the behaviour of the property brokers of this company instills confidence in customers (2.62) was the largest gap score in this dimension (-1.3). This gap score contributes the most to the poor service quality in this dimension.

The lowest gap score in the assurance dimension is -1.17 which occurred between the customers’ expectations that property brokers will have the knowledge to answer questions and the customers’ perceptions that the property brokers of this company have the knowledge to answer questions. This gap score has contributed the least to poor service quality.

All the statements in the assurance dimension have negative gap scores and this is an indication that they all contribute towards poor service.

5.4.5 Gap Analysis on Empathy

The largest statement gap score in the empathy dimension was -1.63. This gap score was the difference between the customers’ expectations that property brokers will have their interest at heart (1.35) and the customers’ perceptions that the property brokers of this company have their interest at heart (2.98). This gap score contributed the most to poor service in this dimension.

The lowest statement gap score in the empathy dimension is -1.07. This gap score is the difference between the customers’ expectations that property brokers understand their specific needs (1.33) and the customers’ perceptions that property brokers in this company have their interest at heart (2.4). The gap score of this statement contributed the least to poor service quality.

All gap scores between expectations and perceptions in this dimension are negative indicating that the customers are dissatisfied with the service given by this company.
5.4.6 Conclusion on Statement Gaps

There is a gap score between customer expectations and perceptions in all the statements of all the service dimensions. This is an indication that customers’ perceptions of service in this company are lower than customers’ expectations of service in all the service dimension statements, thus contributing to varying degrees of customer dissatisfaction.

The largest gap score of -1.65 occurs in the reliability dimension. This gap occurs between the customers expectation that when property brokers promise to do something at a certain time they do and the customers’ perception on the ability of the property brokers of this company to do what they promised at the time they promised. This statement contributed the most to customer dissatisfaction with the service quality.

The lowest gap score of -0.95 occurs in the tangibles dimension between the customers’ expectation that real estate companies will have modern looking equipment and the customers’ perception on the appearance of the equipment of this company. This statement contributed the least to customer dissatisfaction.

The next section looks at the service quality dimension that contributed most to poor quality of service.

5.5 SERVQUAL Dimension Gap

The customer service quality gap is determined by the customer service quality expectation (E) less customer perception (P) of service received. Therefore, the equation is as follows: SERVQUAL Dimension Gap = E-P

The table 5.1 below shows a summary of the service quality of the five service quality determinants.

Table 5.1 SERVQUAL Gaps.

<table>
<thead>
<tr>
<th>SERVQUAL DIMENSION</th>
<th>EXPECTATION MEAN(E)</th>
<th>PERCEPTION MEAN(P)</th>
<th>GAP SCORE MEAN (E-P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>1.37</td>
<td>2.32</td>
<td>-0.95</td>
</tr>
<tr>
<td>Reliability</td>
<td>1.50</td>
<td>3.01</td>
<td>-1.51</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>1.39</td>
<td>2.79</td>
<td>-1.40</td>
</tr>
<tr>
<td>Assurance</td>
<td>1.31</td>
<td>2.55</td>
<td>-1.24</td>
</tr>
<tr>
<td>Empathy</td>
<td>1.45</td>
<td>2.77</td>
<td>-1.32</td>
</tr>
<tr>
<td>TOTALS</td>
<td>7.02</td>
<td>13.44</td>
<td>-6.42</td>
</tr>
</tbody>
</table>
Figure 5.3 Perceived Service Quality Gaps

5.5.1 Tangibles

The smallest service quality gap (-0.95) is in tangibles. Customer quality expectation in tangibles (2.32) is in relation to other quality determinants second best, while its customer quality perception (1.37) is the second highest, therefore resulting in a low quality gap. This commercial real estate company and its brokers seem to be doing relatively well in this area, investing in the appearance of their physical facilities, equipment, personnel and communication materials. In accordance with the findings of this study however, tangibles is the least important customer quality determinant as per table 5.3 above. This is interesting as it seems that commercial real estate firms and their property brokers are giving the most focus in the area that is least important to the customers.

5.5.2 Reliability

Reliability of quality service seems to be a big problem as the service gap suggests. On one hand, this is the quality determinant where customer’s service quality expectation is
lowest at (1.50), while on the other, it is also the determinant where customers experience the lowest quality of service (3.01), thus creating the biggest service quality gap (-1.51). This quality gap in reliability suggests that the real estate brokers of this company are making promises that they cannot keep and are also not putting enough effort to ensure that their dealings are done at the right time and without errors. These property brokers also seem unwilling to go the extra mile to solve their customers’ problems. This shortfall of service quality in the factor reliability is further made conspicuous by the fact that commercial real estate customers have rated it as the most important determinant as illustrated in figure 5.3 above. Reliability is normally affected by the firm’s resources, which are the allocated budget and the systems.

5.5.3 Responsiveness

Responsiveness, the quality determinant with the second highest service quality gap, is very close to reliability, in terms of performance. The customer expectation of service in responsiveness (1.39) is in third place, but the customer experience of service responsiveness (2.79) is low, thus creating the service gap (-1.40). This service gap of -1.40 is the second highest and suggests that the responsiveness dimension has made one of the biggest contributions towards poor quality of service. The high customer expectation of service responsiveness may be attributed to the method of remuneration of property brokers which is commission based, therefore creating the expectation that once given a chance, a property broker would jump at it and provide speedy service to the customer. Responsiveness may however be negatively affected by other factors such as delays in timing when other customers want to view more than one property thus taking more time than anticipated and delaying other appointments, landlords wanting property brokers to show their properties at their convenience, poor support to property brokers from the company and so on. In terms of importance, however, responsiveness is lowly rated as a customer quality determinant as indicated by Exhibit 5.1 above.

5.5.4 Assurance

Assurance, the service quality determinant with the second lowest service quality gap
(-1.24), has the highest customer service quality expectation (1.31) and the second best customer quality perception (2.55), yet commercial property leasing customers have rated it as the third most important. These finding indicate that customers of commercial real estate services expect property brokers to have the knowledge in property and be courteous, thus instilling trust and confidence. The service quality gap however indicates that the property brokers of this company are not living up to their customers’ expectation. This service gap has contributed to customer dissatisfaction, hence resulting to poor quality service.

5.5.5 Empathy

Empathy, the service quality determinant with the third highest quality gap (-1.32), had the second lowest customer service expectation (1.45) and the third lowest customer perception (2.77), yet it is the second most important service quality determinant to real estate customers after reliability. The findings suggest that commercial real estate customers place high value on being treated with care and being given individual attention but are not getting it from the property brokers of this company. The customer service gap generated is cause for customer dissatisfaction with the services of this company in the empathy dimension and this has contributed to poor quality of service.

5.6 Conclusion on Service Gaps

In general, the findings of this study show that there is a customer service gap in all the service dimensions. The biggest customer service gap seems to be in service reliability. The findings of this study show that service reliability is the biggest challenge for this real estate leasing company. Tangibles seem to be the area with the smallest customer quality gap. This paints an interesting picture as service reliability is the most important quality determinant yet has the least service quality while tangibles is the least important quality determinant to the customer yet has the best service quality.
The next chapter will draw conclusions and make recommendations that this company can make in order to close the service gap and meet the service expectations of its customers.
CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

According to Berndt and Brink (2004:47), quality is the ability of an organization to meet or exceed customer expectations. Service quality is an important aspect for business performance and sustainability. Failure to give due consideration to assessment and improvement of service quality can lead to costly consequences to the business. Although the services industry has over the years become a very important part of national economies and a number of studies have been done on service quality in various service sectors, very few empirical studies have been done on commercial real estate leasing. This study will give some exposure to the service quality in the commercial real estate leasing and in the process add value to various stakeholders by giving them an empirical framework on which they can base their business decisions in this industry.

This chapter suggests ways in which this particular commercial real estate leasing company can address its service quality gaps and try to close them in order to improve the quality of service and meet its customer expectations.

6.2 Has the Problem Been Solved?

SERVQUAL, the service quality model developed by Parasuraman, Zeithaml and Berry (1988:14), was found to be a suitable model for this study. This study identified SERVQUAL dimensions of tangibles, reliability, responsiveness, assurance and empathy as key determinants of quality in commercial real estate leasing industry, determined the levels of customer service expectations in commercial real estate leasing and customer perceptions of service quality provided by a particular commercial real estate leasing company. The data collection instrument, that is the questionnaire, was adjusted in order to be relevant to the commercial real estate leasing. Two questionnaires of twenty two questions, one for customer service quality expectation and the other for actual customer service quality perception were administered and used as a comparison. The average scores for the customer expectation of service in the commercial real estate leasing industry were compared with the average scores for customer perception of the leasing
services of a particular commercial real estate leasing company. The research study highlighted the existing customer quality gaps in this commercial real estate leasing company.

The findings of the study were that there is a customer service gap in all the five service quality dimensions. The overall average service gap for all the service dimensions was -1.28. Ways to close the service gaps in the service dimensions in this company are addressed below.

6.2.1 Tangibles
Although the tangibles dimension was the least contributor to poor service with an average gap score of -0.95, it however needs to be addressed in order to satisfy the customers.

Bateson and Hoffman (2002:236) affirm that the sense of sight conveys more information to consumers than any other and should be considered as the most important means available to service firms. This company needs to evaluate the condition of its physical facilities, equipment, services material and their employees’ dress codes and benchmark against the best practice in commercial real estate leasing in this regard. This benchmarking should be done with the intention of embarking on an improvement program.

This real estate company should then commit resources towards modern equipment, facilities and service materials. The company can start by upgrading their service equipment such as telephones, faxes, printers, computers and facilities to the latest standard that matches best practice and latest technology in the industry. Upgrading their service equipment not only improves the company’s image but also empowers employees to give faster and more efficient service to the customers. The company can also upgrade their physical facilities by either relocating their offices to a modern building with visually appealing facilities or renovating their current facilities to a high standard with good, comfortable and customer pleasing designs. Bateson and Hoffman (2001:225) state
that the firm’s physical facility presents the customer with the first impression concerning
the type and quality of service provided. The company also needs to attend to their web-
based presence by upgrading their website in order to make it colourful, customer
appealing, interactive and functionary customer friendly. As Lovelock and Wright
(2002:254) point out, web sites have become an important competitive tool for
companies, both as an alternative to paper brochures and as creative tools for order taking
and electronic delivery.

The company can also improve on their service materials such as letterheads, statements,
business cards, advertising boards and so on by coming up with good colourful designs
which project uniqueness and portray a good image.

On the appearance of employees, the company can introduce a dress code as a guide to
standardize neatness and improve the appearance. Lucas (2005:77) points out that your
personal hygiene, grooming, dress code and how you maintain your work area sends a
message of either professionalism or indifference. The company can also investigate
introducing a standard uniform, with corporate colours. This company can introduce an
employee training program on good personal grooming and this would go a long way in
promoting a good image for the company.

6.2.2 Reliability

Customer expectation of service quality was found lowest in the reliability dimension,
with a service gap score of -1.51. Reliability is a critical service dimension and this
company needs to address and close its service quality gap urgently. The reliability
dimension is in most cases fully under the control of employees and what this company
needs to do is to empower their employees. The company can do this by identifying a
good customer care program and enrolling their employees on the training.

Customers want to do business with companies that keep their promises, (Bitner, Gremler
and Zeithaml, 2006:117). The company needs to start by keeping promises that they make
to their customers. The company should only promise that which they are able deliver.
Keeping promises is the backbone of any business relationship, and customers will be more than happy to deal with companies that deliver the service that they promise. As Cottam and Mudie (1999:20) point out, “Customer dissatisfaction is the inevitable consequence of failure to deliver what had been promised”

The company needs to show a sincere interest in solving customers’ problems. This requires establishment of a system that encourages customers to complain, tracks and allocates these complaints to the correct employees for action, monitors the resolution of these complaints and gets feedback from the customer. As Cottam and Mudie (1999:258) point out, customers whose complaints lead to a successful recovery of service end up more satisfied than those whose initial service encounter was satisfactory. Showing a sincere interest in solving customer problems and fulfilling customer requests are the reasons as to why businesses exist.

Customers are happy to deal with companies that pursue excellence in service delivery by doing the right thing the first time as this saves them time and money and gives them peace of mind. This company needs to design and implement a zero defect quality program that ensures that the customer is served correctly the first time. The company needs to revisit its customer service processes and evaluate the value that every step adds and benchmark it against the best practice in the industry. Once this quality program is designed, management needs to effectively communicate this program to the staff, so that there is clarity as to what is expected of staff. This will help to improve its business processes in order to improve on customer service. The company then needs to look at its staff recruitment process and ensure that it matches the right employees for the right jobs. Recruiting employees with the right skill and interpersonal attributes can help in doing the right thing the first time. As Fitzsimmons and Fitzsimmons (2006:148) point out, recruitment and selection of service personnel with the right attitude and interpersonal skills is a way to avoid poor quality.

Customers like dealing with companies that strive for excellence in record keeping. Making errors on customer records and documentation can lead to high cost of
This company needs to design and implement an internal audit system that ensures that documents and records are error free before being sent to the customers. In order to avoid common errors occurring in its documents, this company can create standard documents for various functions within the company and standardize the document handling processes. A lease audit system can for instance ensure that the correct rent amount and annual escalations are entered correctly as a mistake on them can lead to disastrous effects and a very dissatisfied tenant, if a higher amount than the correct one is inserted.

6.2.3 Responsiveness
The responsiveness dimension service gap was the second largest gap score at -1.4. This gap score was the second highest contributor to poor service and therefore needs to be addressed urgently in order to improve the quality of service. Customers want to deal with organizations whose employees respond promptly to their requests and inform them precisely when the service will be rendered (Berndt and Brink, 2004:60).

This company needs to communicate consistently with its customers and inform them the exact time when services will be performed. In order to improve on the customers’ perception of service quality, the employees’ communication should be open and address the customer needs and requests. Lucas (2005:65) points out that, customers do not want to hear what you cannot do; they want to hear how you are going to satisfy their needs.

Customers want prompt service devoid of unnecessary delays. Lovelock and Wright (2002:304) state that nobody likes to be kept waiting as it is boring, wastes time and sometimes, it is physically uncomfortable. One of the most annoying things to customers is being made to wait for service with no justifiable explanation. Lucas (2005:115) suggests that if delays are anticipated, it is prudent to inform the customer, offer alternatives and work to reduce waiting time. Customers want to do business with companies whose employees give speedy service and in the process demonstrate that they respect and value the customers’ time. This company needs to inculcate this discipline in
their employees through training and setting customer response targets for their employees. The company can encourage speedy resolution of customer requests and problems by establishing a reward system for those employees that meet and exceed the targets. The company can also enhance its commitment to deliver service within a certain time by giving a service guarantee to its customers. As Bitner, Gremler and Zeithaml (2006:237) suggest, a good service guarantee helps in defining, cultivating and maintaining quality throughout the organization.

The willingness of company employees to help is very important to customers. Customers look forward to doing business with companies that have the right attitude and show willingness to help them solve their problems. As Bateson and Hoffman (2001:331) point out, employees’ willingness to provide a service may vary from employee to employee and in the same employee over time. This company needs to invest in their employees by encouraging them to develop a willingness-to-help mindset through recruiting staff for the right job, offering training and a reward system that recognizes the willingness of an employee to go the extra mile in helping customers.

Employees of commercial real estate companies should never be too busy to respond to customer requests. As Lucas (2005:114) points out, the speed with which you assist customers, gather information for them or respond to them tells them what you think of them. Customer calls, mail, emails and face-to-face requests should be responded to. Customers detest being ignored and respect companies that respond to them irrespective of whether the response is positive or not. This company needs to train their employees on the importance of responding to their customers’ requests and empower them with the necessary equipment and managerial support.

### 6.2.4 Assurance.

The assurance dimension has the second lowest gap score of -1.24 and this service gap has contributed the second least to poor quality of service. Customers want to do business
with companies whose employees are knowledgeable and consistently courteous. They also want business interaction with employees who make them feel safe in transactions and instill confidence in them. This real estate leasing company needs to address these issues of the assurance dimension by empowering their employees through training. This would reassure their customers of getting good quality service and increase customer satisfaction.

The company needs to recruit qualified employees with good background knowledge on all aspects of commercial real estate and frequently conduct training sessions with their employees on the recent developments in the industry. This will ensure that at all times, their service employees have the necessary knowledge to answer customers and therefore give better service. As Lucas (2005:166) points out, service providers need to know their products so that they can provide the best customer service possible.

Training the property brokers on public relations and how to handle customers will ensure that the service levels improve. This company needs to ensure that their employees consistently treat their customers with courtesy and a customer service quality feedback or monitoring system can be designed and implemented. As Bateson and Hoffman (2001:337) point out, courtesy reflects politeness, friendliness and consideration with which employees handle customers and their possessions.

Customers want to do business with companies whose employees make them feel safe in transactions and whose behaviour instills confidence in them. This company needs to train their employees on good behavioural mannerisms such as giving respect to the customers and their ways, and in the process creating good relationships. Relationships are built on acceptance of the characteristics of others (Lucas, 2005:153). Lucas (2005:115) further states that when customers feel comfortable about you and the image projected, they develop more trust and willingness to be more tolerant when things go wrong. Most consumers prefer not to change service providers especially where there is considerable investment in the relationship as this frees up time for other concerns and priorities (Bitner, Gremler and Zeithaml, 2006:184).
6.2.5 Empathy

Empathy dimension has the third highest service gap of -1.32. This customer service gap has contributed towards poor quality of service and this has created customer dissatisfaction with the service of this company. Customers want to feel understood and important to the firms that provide them with service (Bitner, Gremler and Zeithaml, 2006:120). This company needs to invest in training their employees on providing care to its customers.

This company needs to provide individualized attention to its customers in order to improve the quality of service to their customers. As Lucas (2005:73) points out, know the customer by name and address them by their name as this makes them feel special. Lucas (2005:334) further states that each customer is unique and has unique desires and needs, hence should be treated as an individual. Individualized service will lead to more customer satisfaction.

This company needs to address their operating hours in order to make them convenient to their customers. Lovelock and Wright (2002:256) mention that as customers’ need for convenience increases, service providers need to respond accordingly. The company needs to look at how convenient their business opening and closing hours are as well as the lunch break. In addition, the company needs to look at the days of the week, when they open for business and align them with their customers’ convenience. Convenient operating hours will ensure that the company can serve their customers at hours that are acceptable to them, hence increasing customer satisfaction.

Customers want to be pampered and attended to through personalized service (Bateson and Hoffman (2001:232). This company needs to give personalized service to their customers. By personalizing the service through assigning particular property brokers to selected customers, the company will better understand the special needs of their clients and in the process be able to offer better service, hence satisfy their customers.

Customers want to be served by companies that have their best interest at heart. This company needs to address this aspect by training their staff on how to put the customer’s interest first before the employees’ by looking at the needs from the customers’ perspective. As Lucas (2005:52) points out, the service provider’s job is to try as much as
possible to understand the customer’s need and provide the appropriate service. Having and serving the customers’ best interest will increase the quality of service and result in satisfied customers.

Customers want to deal with companies that understand their specific needs. As Lovelock and Wright (2002:78) point out, “customers buy goods and services to meet specific needs”. This company needs to identify the specific needs of its customers and train their employees on how to meet these needs. The specific needs of the commercial real estate leasing may encompass both the provision of service and the manner in which this service is delivered. Bateson and Hoffman (2001:420) identify the three key customer needs that determine service excellence as security, esteem and justice.

6.2.6 Conclusion

As discussed above, the company needs to address various issues in order to improve their service quality and meet their customers’ expectations. The measures that the company needs to undertake include upgrading their physical facilities, service equipment and service materials, improving their business service processes and procedures to align with better customer service, hiring the right calibre employees through correct staff recruitment policies and procedures and empowering them through quality training and reward programmes. The company can further improve its quality of service to its customers by offering service guarantees. In addition, an effective communication policy and procedure between the company’s management and its staff, and between the company and its customers, needs to be introduced and implemented. All these improvements should be benchmarked against the best practice in the commercial real estate leasing industry in order to improve the service quality standard. The company should introduce and encourage continuous service improvement as a culture within the company. This continuous service improvement culture would help in closing the service quality gaps and in the process increase customer satisfaction.
6.3 **Implications of this Research**

The findings of this research study are most beneficial to commercial real estate firms, firms engaged in property leasing and their property brokers as it has identified crucial customer feedback regarding the state of service quality in the industry. The customers’ voice has been loud on the factors that are important to them in seeking quality in service, what their expectations are and where the service providers have failed to meet this expectation. One area where firms engaging in commercial real estate leasing can benefit immediately is by changing their focus in resource allocation from the least important quality factors of tangibles, to the more important service quality determinant of service reliability. Firms engaging in commercial property leasing can allocate bigger budgets and focus more on developing the people factor, focus their energies and resources in raising their service quality standards and maintain these standards. In order to do this, the commercial property leasing firms need to:

- Use the findings of this study to set up a quality standard in instances where none are in place that will at least meet the service quality requirements of their customers. This quality standard will act as yardstick for measuring and controlling the level of service quality given to the customers. As the adage goes, if one cannot measure it, one cannot control it.
- Evaluate their existing service quality standards against the five determinants identified in this research study. This will help the leasing firms in establishing how they fare on in terms of the quality of service that they are giving their customers and what they need to do to meet the customers’ minimum quality standards.
- Find ways to improve their current quality standards to meet the level of quality identified in this study. The findings of this study are that service quality falls short of consumer expectation right across the five quality determinants, although not evenly. The focus on service quality improvement should therefore be across all the determinants. However, greater emphasis should be placed on people factors such as service reliability, which is the most important determinant, yet the one area where the customer is experiencing the lowest level of service quality. In the findings of this study, the customers were quite empathic that they wanted service providers to be
more responsive, more emphatic, more reassuring and most of all to do what they promised to do. The commercial real estate companies can have as a starting point a training programme where all the employees are trained on the quality standards that are expected and how to go about attaining them so that all employees are on the same page. In order to get employee buy in, the employees can be involved in the process of the design of the standards and in coming up with the solutions to improve the service to those new standards. Quality improvement steps such as taking a call before the third ring, returning calls in time, being courteous to customers at all times, being friendly to customers, ensuring that what is promised is delivered in time, finding solutions to customer problems in time and showing customers that one cares can be implemented across the whole company and systems within the company can be designed in such a way that they support this quality improvement drive.

- Create a high quality service culture across the entire organization. Once the quality standard has been set, management should be at the forefront in the drive to implement the quality improvement programme. Emphasis should constantly be put on high quality service and support structures created to enable employees deliver this quality service. Frequent reviews of the service quality can be done from time to time in order to determine progress in customer quality improvement.

- Create a reward system for service quality achievement within the organization where customers are participants in the evaluation process. This will motivate employees to give high quality at all times. A reward system and quality improvement training programme will ensure that the high quality standard is sustained all the time.

The results of this study will benefit the academic fraternity by providing an empirical view on the subject matter of service quality, which view can be used for comparison with other research findings. The study can also be used for further research on the level of quality in the service industry.

6.4 Recommendations for Future Research

This study was restricted to one commercial real estate leasing firm covering the Durban area. The research study is small in scope and as such cannot be generalized to the real estate leasing industry. Should real estate firms implement these results, they must
carefully monitor the implementation process in order that any deviations from the desired level of service quality will be observed, detected and appropriate remedial action taken. The research data collection was done between the months of June and July. It is suggested that for future studies:

- Several real estate leasing firms are used in the research study. This would give a bigger and more representative sample of the commercial real estate service quality.

- Other cities and towns such as Johannesburg, Pretoria and Cape Town be used as a base for research. This would help in determining whether the quality standards in these areas are similar to the findings of this study and would give the research study a wider scope and make the service quality findings more representative of the commercial real estate industry.

- Find best practices in the industry and benchmark against them.

- Comparisons be drawn between service quality perception of commercial real leasing customers and service providers.

- Similar research studies are done at different times of the year in order to determine whether customer service quality perceptions and expectations are affected by the time data is collected.

### 6.5 Summary

SERVQUAL, a service quality model developed by Parasuraman, Zeithaml and Berry (1988:14) was found to be an appropriate tool for determining service quality in the commercial real estate leasing. The main determinants of service quality were found to be service reliability, responsiveness, assurance, empathy and tangibles. In general, customer expectations in commercial real estate leasing were found to be high and exceeding customer perceived service quality in all quality determinants thus creating a customer service gap. The service quality gap in this particular company was found highest in service reliability and lowest in tangibles. Service reliability was found to be the most important determinant to the customer while the factor tangible was the least important. The findings highlight the inadequacy of service quality in commercial real
estate leasing and provide a basis on which firms engaged in provision of commercial
real estate leasing service can design quality standards and improve service quality to the
customers.

The research conducted has resulted in several appropriate recommendations being made. Implementation of these recommendations should address many of the customer frustrations and will result in improved customer satisfaction in the property leasing field.
7 REFERENCES:


APPENDICIES

8.1 Letter of Consent

UNIVERSITY OF KWAZULU-NATAL
Graduate School of Business

Dear Respondent,

Academic Research Project
Researcher: Stephen Wahome (0848661201)
Research Office: Ms P Ximba 031-2603587

I, Stephen Wahome, am an MBA student at the Graduate School of Business at the University of KwaZulu-Natal.

Please may I invite you to participate in a research project entitled
Service quality determinants and effectiveness in commercial real estate

The purpose of this survey is to solicit information from you regarding your sentiment towards the quality of service provided by property brokers in a property leasing transaction. The information and ratings you provide us will go a long way in helping us identify any gap that might exist between the quality of service that you expect and your perception of the quality of the actual service provided.

Through your participation, I hope to get a clear view of whether there is a gap between the quality of service that you expect from real estate companies and their brokers and the actual level of service that is provided. The results of this survey are intended to contribute towards clearing confusion regarding the quality of service that consumers of real estate services expect and this will go a long way in helping real estate brokers in understanding the quality of service expected of them by the consumers thus help this close the gap.

This is an individual based research project, not a company based research project. Please note, your name will not be made public.
For respondents answering this questionnaire by e-mail, your return e-mail to me will signal your consent to be part of the research project. If you have any queries, please contact the Head of the Graduate School of Business at the University of KwaZulu-Natal, Prof Anesh Singh, on 031-260 7564.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business, UKZN. If you have any questions or concerns about participating in this study, please contact me at the number listed above. It should take you about 15 minutes/s to complete the questionnaire. I hope you will take the time to complete the questionnaire.

Sincerely

Investigator’s signature __________________ Stephen Wahome

Date____ June 2010
CONSENT

I___________________________________________ (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

_______________  _______________________
Signature of Participant          Date
Service quality determinants and effectiveness in commercial real estate

The purpose of this survey is to solicit information from you regarding your sentiment towards the quality of service provided by property brokers in a property leasing transaction. The information and ratings you provide us will go a long way in helping us identify any gap that might exist between the quality of service that you expect and your perception of the quality of the actual service provided. The questionnaire should only take 10-15 minutes to complete. In this questionnaire, you are asked to indicate what is true for you, so there are no “right” or “wrong” answers to any question. Work as rapidly as you can. If you wish to make a comment please write it directly on the booklet itself. Make sure not to skip any questions.

Please note that all information that you provide will be treated with utmost confidence.
Thank you for participating.
8.3 Research Questionnaire

Expectation
This survey deals with your opinions of service quality by property brokers. Please show the extent to which you think property brokers should possess the following features. We are interested in the number that best shows your expectation about property brokers offering property leasing services on the following scale:

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Neutral</th>
<th>Strongly Disagree</th>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td>4</td>
<td>5</td>
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</tbody>
</table>

Tangibles
1. Excellent real estate companies will have modern looking equipment.--------
2. The physical facilities at excellent real estate companies will be visually appealing.--------
3. Employees at excellent real estate companies will be neat appearing.--------
4. Materials associated with the service(such as pamphlets or statements) will be visually appealing --------

Reliability.
5. When excellent real estate brokers promise to do something by a certain time, they do.------
6. When a customer has a problem, excellent real estate brokers will show a sincere interest in solving it.--------
7. Excellent real estate brokers will perform the right thing the first time.--------
8. Excellent real estate brokers will provide the service at the time they promise to do so.--------
9. Excellent real estate brokers will insist on error free records.--------

Responsiveness.
10. The brokers of excellent real estate companies will tell customers exactly when services will be performed.-----
11. The brokers of excellent real estate companies will give prompt service to customers.

12. The brokers of excellent real estate companies will always be willing to help customers.

13. The brokers of excellent real estate companies will never be too busy to respond to customer’s requests.

Assurance.

14. The behavior of brokers of excellent real estate companies will instill confidence in the customers.

15. Customers of excellent real estate companies will feel safe in transactions.

16. Property brokers of excellent real estate companies will be consistently courteous to customers.

17. Property brokers of excellent real estate companies will have knowledge to answer customers’ questions.

Empathy.

18. Property brokers of excellent real estate companies will give customers individual attention.

19. Property brokers of excellent real estate companies will have operating hours convenient to all their customers.

20. Property brokers of excellent real estate companies will give customers personal attention.

21. Property brokers of excellent real estate companies will have their customers ‘ best interest at heart.

22. Property brokers of excellent real estate companies understand the specific needs of their customers.
Perception/Experience

The following statements relate to your feelings about the particular property broker that you dealt with. Please show from your experience the extent to which you believe that the service from property brokers has the feature described in the statement. Here, we are interested in a number that shows your perception about property brokers on the following scale:

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Neutral</th>
<th>Strongly Disagree</th>
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<td>5</td>
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<td>3</td>
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<td>2</td>
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</tbody>
</table>

Tangibles.
1. The company has modern looking equipment.--------
2. The company’s physical facilities are visually appealing.----------
3. The company’s property brokers are neat appearing.--------
4. Materials associated with the service(such as pamphlets or statements) are visually appealing --------

Reliability
5. When the property broker at the company promises to do something by a certain time, it does so.--------
6. When you have a problem, the property broker shows a sincere interest in solving it.--------
7. The property broker in this company performs the service right the first time.-------
8. The property broker in this company provides his/her service at the time he/she promises so do so.--------
9. The property broker in this company insists on error free records.--------

Responsiveness
10. The property broker in this company tells you exactly when services will be performed.--------
11. The property broker in this company gives you prompt service.

12. The property broker in this company is always willing to help you.

13. The property broker in this company is never too busy to respond to your request.

Assurance.

14. The behavior of the property broker in this company instills confidence in you.

15. You feel safe in your transactions with the property broker in this company.

16. The property broker in this company is consistently courteous to you.

17. The property broker in this company has the knowledge to answer your questions.

Empathy.

18. The property broker in this company gives you individual attention.

19. The property broker in this company has operating hours convenient to customers.

20. The property broker in this company gives you personal attention.

21. The property broker in this company has your best interest at heart.

22. The property broker in this company understands your specific needs.
8.4 Ethical Clearance Approval Letter