

**UNIVERSITY OF KWA-ZULU NATAL**

**The Business Support Frontline  
Staff Receive in the Automotive  
Industry**

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## **Declaration**

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Signature:

A handwritten signature in black ink, appearing to read 'Kevin Ackerberg', with a long horizontal flourish underneath.

## Acknowledgements

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## **Abstract**

It is without argument that, in today's Motor Industry, aftersales plays a critical role in ensuring sustainable profitability. As growing pressure on new vehicle sales has led to reduced margins, after-sales has the ability to provide sustainable returns (Little, 2015). The development in technology and the change in customer behaviour have caused the operating environment to change. The service delivery industry is more competitive and customer co-creation (co-production) has become a critical part of developing the competitive advantage (Berndt, 2014). Over the years, marketing elements have evolved and highlighted the importance of the relationship between staff and the customer in the service industry. The front line staff, known as "service advisors" in the automotive industry, has an important role to play in ensuring customer retention, but are they receiving the support that is required?

The research indicated that the front line staff had a reasonable understanding of their daily roles and an understanding of delivering customer satisfaction. However, the lack of communication within the dealership with regards to the sharing of information was concerning. The benefit of technology was not being utilised and, although all the service advisors thought they had the ability to build a long-term relationship with their customers, in reality this did not happen.

In order for the service advisors to deliver and exceed the customer's expectations, a suitable environment needs to be created. Management needs to create a culture of customer focus. There has to be regular aftersales meetings where the objectives and customer feedback are reviewed. The service advisors must have a voice and management needs to be aware of their concerns and recommendations. Internal dealer communication must be improved and marketing activities must be shared. The dealership must strive to operate as one company and not as individual departments.

## **Definition of Terms**

Aftersales	The department in the dealership that provides servicing and spare parts after the vehicle has been purchased.
Car parc	Size of potential customer base for the OEM dealership
CLV	Customer Lifecycle Value
CRM	Customer Relationship Management
CSI	Customer Satisfaction Index: the rating index for the measurement of customer service (Fornell, Johnson, Anderson, Cha & Bryant, 1996)
Dealerships	Independent aftermarket outlet used by OEM's to fulfil sales and Aftersales functions (Barnes & Morris 2008)
DMS	Dealer Management System
HR	Human Resource Management
KPI	Key Performance Index
OEM	Original Equipment Manufacturer
Service Advisor	The staff that interact with the customers at the dealership
WIP	Work in progress

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## CHAPTER ONE – INTRODUCTION TO THE RESEARCH

---

### 1.1 Introduction

This research considered the role of the service advisor in a motor dealership in building customer satisfaction. This research was intended to establish the support the service advisors received from management.

The job function of a service advisor at an OEM (Original Equipment Manufacturer) dealership is complex. The service advisor needs to satisfy their customers and therefore needs to be multi-skilled. A service advisor will deal with an average of 12 customers a day. In addition, they need to monitor the work in progress (WIP), follow up on outstanding debt and deal with telephonic customer queries. During a working day, they will be expected to meet and greet the customers, analyse the customer's requests, identify the customer's needs, try and upsell additional repairs, deal with customer complaints and negotiate conflict situations, ensure all customers are kept up to date on the progress of their vehicles, and make sure the vehicles are ready on time and that all the documentation is completed correctly. This equates to a busy day.

As an OEM dealership, an advantage is that most of the customers are forced to use these workshops. The reason is that the vehicles are sold with a warranty and, in order for the customer to uphold this warranty, the vehicle has to be serviced at the dealership, which effectively provides the OEM dealerships with a captive clientele. In his report, Paul Cape goes on to highlight how little focus is given to this captive market and their aftersales experience. Once the vehicle comes out of warranty, dealership retention is reduced to a single figure (Cape, 2012).

## 1.2 Motivation for the Research

Ipsos provides a platform for ongoing research into the sales and after-sales service experiences in South Africa. Their research includes quantitative usage and attitude measurements, as well as qualitative "needs" investigations into the customer journey (Busschau, 2015). Findings in the South African market from 2015 research was that customers voted with their feet, preferring not to complain but rather change service providers. This is expanded upon in the literature review.

The service advisors need to be able to provide the ultimate level of service delivery. They represent the company in the eyes of the customer. In the service delivery process, it is the interaction between the front line staff and the customer that will form part of the service delivery process. Each one's contribution to the process will have either a positive or negative effect on the outcome.

In order for the service advisor to deliver this ultimate service and exceed the customers' expectations, the appropriate environment needs to be created. This would include the company culture, empowering the employees, communication and providing the tools for the employee to build a long-term relationship with the customer. The service advisor needs these support mechanisms to deliver service excellence. In addition, they need to understand their role in ensuring customer satisfaction. Well-trained and engaged employees are valuable as they become part of the competitive advantage for the company.

Competition in the market place is more intense and business cannot compete solely on price (Cook, 2002). Aftersales has been identified as an important contribution to the dealer's profitability (Little, 2015). It is essential that customer satisfaction is achieved, with customer retention being the ultimate objective.

In South Africa, a dealership has an added advantage as the customer is forced to return to the dealership if the customer wishes to uphold their warranty. If the relationship is nurtured and developed through this warranty period, this can be of major benefit for the dealership to begin building a strong customer relationship, which will in turn lead to customer retention and loyalty.

Aftersales has become an important part of the dealerships profitability. In order to meet customers' long-term expectations, the Aftersales departments need to deliver the required service when and where it is requested and at a cost effective price (Simmons, 2014). In manufacturing companies, the Aftersales account equates to approximately 65% to 75% of revenue (Doultsinou, Ray, Baxter, Gao & Mann, 2009). The reasons for Aftersales becoming such an important profit generating department is due to a decrease in sales revenue, an increase in competition and an increase in customers' demands (Van Der Merwe & Randa, 1988). The dealership is dependent on the Aftersales department for its financial contribution. Therefore, Aftersales support should be a primary activity of the business, whose goal it is to generate a profit (Naude & O'Neil, 2011).

The benefit of this research is to obtain a better understanding of the service advisors' activities and how management can improve their support to the advisors. The benefit will be for Volkswagen and other automotive manufacturers to have a better understanding of the service delivery and how to integrate the service marketing strategy to ensure a sustainable business model.

### 1.3 Focus of the Research

Within the service delivery process, the customer and the service advisor combine to become part of the product. All parties will play a role in determining the level of satisfaction. As du Plessis (2014) explains in the book "Service Market", employees play a critical role in ensuring the quality of service delivery is high and that the customers' expectations are exceeded. Du Plessis goes on to highlight the importance that all employees are part-time marketers. The focus of this research is on the service advisors and more importantly what support, guidance and focus the management provides for them to operate. The service advisors need to have an understanding of the business and the objectives and be part of the team to build customer satisfaction and ultimately customer retention. The aim of the research is to confirm that service advisors are receiving the appropriate support to ensure the loyalty of the customer and their ability to build long-term relationships with their customers.

#### 1.4 Problem Statement

The aim of the research was to identify the support that the service advisors at motor dealers receive from their management. While reviewing the evolution of marketing, it is important to understand that relationship marketing forms part of the aftersales strategy. The challenge within the service environment is that the product is mostly intangible (Baines, 2009). The marketing mix includes physical environment, processes and people. These elements need to be used to create the required value in the service process. Although all three elements contribute to the customer's satisfaction, it is the advisor's relationship with the client within the dealership that is important for the purposes of the research.

The service advisor plays a critical role in ensuring the customers' needs are satisfied and that the customers' expectations are met or exceeded. It should be the company's objective to build a strong customer relationship and customer loyalty to ensure customer retention. With this in mind, the service advisors will require certain skills, support and knowledge to carry out their tasks.

The questions that need to be answered are:

- What is the understanding of the service advisor with regards to customer satisfaction?
- What training has the service advisor undergone and how regularly?
- Does the service advisor feel it is possible to develop a long-term relationship with the customer?

#### 1.5 Objectives

By investigating the identified questions, one needs to understand the support that the service advisor receives and the environment that is created to ensure the job function can be carried out efficiently.

Objective One: Measurement of Customer Satisfaction Index. All companies in the motor industry contact the customer after a service (CSI). This survey is conducted by an independent company (IPSOS) where the customer is interviewed 10 to 35 days after their vehicle service or repairs. The surveys are controlled to ensure the highest level of scientific validity and reliability (IPSOS, 2015).

Objective Two: The Aftersales operating environment must be conducive to delivering customer satisfaction.

Objective Three: Understanding the service advisor's role. The service advisor is the main element in the service delivery process.

Objective Four: There must be continuous focus on ensuring a high level of service delivery.

Objective Five: The dealership must look at ways to ensure that a long-term relationship is developing and nurtured through the lifecycle of the ownership experience.

## 1.6 Significance of the Research

It is important to have a clear understanding of what drives customer satisfaction and customer loyalty. The only way to deliver superior customer service is through the service advisors. This research will emphasise the strengths and weaknesses of the OEM dealerships Aftersales activities.

The results from the research will assist dealer management and OEMs to improve the focus on the critical drivers to ensure the service advisors are equipped with the suitable knowledge and that they are empowered to provide the desired service experience.

The aim of this research was to obtain a better understanding of the service advisors' activities and how management can improve their support to the advisors. The significance will be for Volkswagen and other automotive manufacturers. They will have a better understanding of service delivery issues

and how to integrate the service marketing strategy to ensure a sustainable business model.

### 1.7 Analysing the Research

The research is based on a quantitative data collection. All the service advisors that participated in the survey are currently working at Major Motor Dealerships in the Durban Metropolitan area. The sample size was small which allowed direct discussion with each respondent and conduct the survey in an interview format. Respondents provided feedback with regard to their working environment.

### 1.8 Limitations of the Research

This research did have limitations.

Although all effort was made to interview service advisors from different manufacturers, this research was limited to the number of interviews that were done. The sample was taken from OEM dealers that are operating under two brands, General Motors and Volkswagen and within the Greater Durban area. However, a portion of the respondents worked for competitive brands prior to their current positions.

Service Marketing is a large subject and can be approached in a number of different ways. One could review the gap that exists between the Dealer Principal, the Aftersales Manager and the Service Advisors. The majority of Aftersales managers are experienced and trained in the technical aspects of the business and many of them do not have a proper understanding of marketing. Researching the Aftersales Managers' knowledge and understanding of Service Marketing would require an investigation of its own.

### 1.9 Chapter Outline

Chapter One forms the introduction to the research. It includes an outline of the important topics and the objectives of the research.



Chapter Two supports the importance of the Aftersales department in the Motor Industry. This included the changing economy, technology and customer purchasing behaviour. The external and internal environments were also shown to have a critical effect on the outcome of the business.

Chapter Three describes the research methodology that was used, outlining the objectives of the research, data collection and designed research method.

Chapter Four is the presentation of the research results with regards to the set objectives.

Chapter Five discusses the results presented in Chapter Four.

Chapter Six brings the research to conclusion and makes recommendations for improving outcomes.

#### 1.10 Summary

Aftersales is a major contributor to the profitability of the dealership. In order to drive this profitability, service marketing has provided the infrastructure to ensure that information and knowledge is shared in achieving these set objectives.

In Service Marketing, it is the staff of the dealership that will create the environment in order to deliver the expected service. It is the service advisor that has to meet the customer's expectations. It is the interaction between the service advisor and the customer that will determine the final outcome. In fact, the customer themselves can contribute or affect their customer satisfaction or even another customer's experience. It is the customer who will determine if their expectations are met.

Philip Kotler (1967) added the additional 3 Ps to the marketing mix – people, processes and physical environment. These are the critical elements in the service delivery environment. In this research, the focus was on only one of these elements: the people, more specifically, the service advisor. When a staff member is dealing with the customer, he or she becomes the company. The customer will see their actions as the actions of the company. The employee's dress code, attitude and even communication ability will all be part of the service delivery

process. The service advisor must have the knowledge and understanding to create value into the service delivery process, not only ensuring that the customer's expectations are met but exceeded.

This process is essential in creating a sustainable business. The customer's needs must be satisfied and customer retention achieved. However, this can only be achieved if the customer's requirements and needs are met. The customer has to believe that there is trust, convenience and value in the service delivery.

Following, in Chapter Two, one will find the literature which is relevant to this research.

## CHAPTER TWO – LITERATURE REVIEW

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### 2.1 Introduction

In McKinsey's 2013 Retail Innovation Consumer Survey, the survey highlights the fact that the automotive retail business is undergoing substantial change. Some of the areas highlighted are the change in customer behaviour, as well as the rise in mobile technologies and the use of social media that is changing the communication channels and the way parties interact. The current industry network's profitability is under pressure with the increase in competition and a decline in new vehicle margins.

The purpose of this literature review is to understand the evolving marketing concepts and how important relationship marketing is becoming in service delivery processes. The main focus point will be the service advisors and the literature review will highlight their importance in service delivery and customer satisfaction. Customer retention and loyalty in the motor industry is an ongoing challenge for Dealers and Manufacturers. In the South African motor industry, the manufacturers and dealers have a significant advantage compared with our European and American counterparts. The new vehicle owner is obliged to return to the dealer while the vehicle is under warranty (Cape, 2012). This is the ideal opportunity for the dealer to build a relationship with the customer. This would mean that Relationship Marketing must form an important part of the dealer's marketing strategy.

#### 2.1.1 Marketing Evolution

In 1953, Professor Neil Borden identified the "marketing mix" as we know it today. In 1960, McCarthy refined it to the 4 Ps, namely: product, price, place and promotion. Philip Kotler in 1967 then added three additional Ps – people, process and physical environment. Using the marketing mix, products were introduced for certain market segments. Market segments were divided into three main types:

behavioural (buying behaviour – such as benefits); psychographic (social class, lifestyle and personality); and profile segmentation (geographic, demographic and socio-economic segmentation) (Bosch, Tait & Venter, 2011). Market segmentation strategies were used for many years; however, marketers then started to realise that the only meaningful category was buyer behaviour (Bernt & Tait, 2014). This meant that there needed to be a shift from focusing on multitudes of customers to developing and managing customer relationships. A paradigm shift was required. Berry (1983) was the first scholar to use the term “Relationship Marketing”, with the idea of building a long and established relationship with the customer. Relationship Marketing is about customer retention. It is about showing the customer that the company cares and wants to establish a long-term relationship. This is achieved by customer satisfaction and customer retention. In order to simplify the discussion in this dissertation, the term used will be “Service Marketing”.

### 2.1.2 New Vehicle Sales Declining

As can be seen from table one below, reduced new vehicle sales have led to a decrease in profit margins (Cockayne, 2015). The focus has therefore turned to the Fixed Operations Departments (Workshop and Parts) because these margins are greater (Grissler, 2008).

**Table 2.1 - South African Car Unit Sales Timeline (Cokayne, 2015)**

The table below indicates the month, the number of vehicles sold and the variance compared to the same month the previous year.

2015		
October	36 175	(11.04%)
September	37 309	(13.2%)
August	34 885	(7.8%)
July	36 506	(8.8%)
June	33 035	(6.6%)
May	31 201	(5.4%)
April	30 184	(1.9%)
March	35 548	(3%)
February	34 909	1.5%
January	36 982	(3.6%)
2014		
December	35 924	9.3%
November	33 278	(2.5%)
October	40 666	1.6%
September	42 918	7.5%

The Department of Trade and Industry posted these comments on their website: “...the current conditions in the automotive industry reflected further weakening in domestic sales. These latest figures indicate that the recession in new vehicle sales had accelerated further during September 2015” (NAAMSA Media Release, 2015).

### 2.1.3 The Aftersales Contribution

The importance of the Aftersales department cannot be underestimated. Greg Strydom (2014), the Global Retail Consulting Lead, for the Sewell's Group, highlights the importance of the Aftersales department producing a 65% gross profit of the available sales. With new vehicle sales generating less than 5% margins, it is imperative that the dealer has a functioning and viable Aftersales department in order to retain a healthy and sustainable business. The Aftersales Management needs to have the ability to manage a productive and efficient department in order to maximise the level of throughputs. Therefore, the understanding of what drives this complex model is critical.

Strydom (2014) identifies the complexities of managing an Aftersales department by defining margin management as the understanding and balancing of the mix of incomes which include retail, warranty and internal. These need to be managed to maximise the level of gross profit.

Expense Management is the understanding of the portion of what is retained from the gross profit. Usually, 25% of the gross profit should go to the dealer's bottom line.

Capacity Management is the managing of the production resources, including what is available and how it is utilised. In the workshop, a calculation of worked hours divided into available hours is done. Utilisation of these hours should be at 90%.

Workflow management is used to analyse whether the work has been completed in the required time. This is calculated as hours sold divided by hours worked which achieves an efficiency percentage of 110%.

Technical managers are now faced with an additional job function – how to build a sustainable customer relationship and how to provide added value building opportunities. This is the challenge that needs to be explored together with identifying how to create that competitive advantage.

#### 2.1.4 Profitability of Aftersales

According to Accenture (2010), the parts departments generally contribute 10% to 15% of the sales, but contribute about 20% to 25% towards profit. In the service department, the average margins are 50%, with a strong impact on customer retention. The report goes on to highlight the importance of delivering exceptional Aftersales service and that there is a direct correlation to improving brand image and customer loyalty.

Reinforcing this observation, Deloitte commented, in their “Driving Aftersales Value” (2013), that a strong Aftersales service department is a critical factor in new vehicle sales. Ensuring customer retention, the automotive parts and service business will provide reliable revenues and profits.

## 2.2 Understanding Service Marketing

In order to ensure the Fixed Operations departments achieve their set objectives, it is imperative that the Aftersales have a marketing plan. Marketing and the marketing function has been discussed and debated over the years (Dixon et al., 2014; Gummesson et al., 2014; Strandvik et al., 2014). Achieving success in marketing and inevitably reaching the sales objectives is essential in all business. Therefore, marketing must be a critical driver of customer centric performance, which will lead to enhancing the brands performance (Siahtiri, 2014).

In the early 1980s, Philip Kotler defined marketing as “the art of creating and satisfying customers’ needs at a profit”. Tom Peters and Bob Waterman published a book “In Search of Excellence” in 1982, where they had interviewed 43 high performing companies, and their findings were that all these companies shared a set of basic principles. Some of these principles included a keen sense of the customer, a keen sense of the market and a high ability to motivate their employees to produce high quality and high value for the customer.

In 2014, Proctor defined marketing as being about “satisfying customer wants and needs and in the course of doing so facilitating the achievement of an

organisation's objectives" (Proctor, 2014). Marketing per se has not changed in many ways; however, in recent years, there has been a differentiation between the marketing of a product and the marketing of a service.

In 1981, Enis and Roering argued that service marketing is simply one application of basic marketing principles and not a distinctive issue. One generalised formulation process should suffice for all products, tangible or intangible.

However, Lovelock made the statement: "I make no claim that the marketing of services is uniquely different from that of physical goods. If the two were uniquely different, this would raise serious doubts as to the coherence of marketing as a functional area of management". Lovelock identified two dimensions, service products and physical products, and the environment in which the marketing tasks must be planned and executed (Lovelock, 1981).

### 2.2.1 Current Customers Satisfaction

Patrick Busschau, the Ipsos Automotive Business Unit Director states that "there are still opportunities for improvement, and to their credit many of the automotive brands are constantly looking at ways to deliver a better ownership experience. We know that the automotive market is constantly evolving and that customer expectations have changed".

Busschau says that the results from the research his company has carried out are insightful and powerful in understanding the aftersales consumer. It brings a unique perspective into the mind-share and voice of the customer.

It has been uncovered that one of the typical characteristics of the automotive retail environment is a lower than average set of expectations from customers in this space, borne from the insight that customers often don't trust or necessarily expect a high level of service from the industry due to a number of factors. Some of these factors are real, some legacy and some imagined.

Ipsos also believes that South African consumer traits play a part. Busschau explains by saying, "the customer has a tendency to vote with their feet, which can catch retailers and businesses by surprise. When it comes to engaging with a retailer, especially about problems or complaints, there is often a sense of



indifference or even helplessness, be this real or imagined. As a result, too often we see customers stating that they are satisfied and committed, but when it comes to market behaviour the customer may decide to purchase from another brand as this is often easier than risking the stress and frustration of trying to resolve issues. This tendency to defect, coupled with a growing market and a very wide repertoire of choices, means we are seeing attitudinal brand commitment in many sectors, including automotive, dropping. Brands and retailers are increasingly being expected to involve themselves with the customer through individualised customer engagement. For many retail businesses this is a huge challenge, but this would be the differentiator: understanding how to engage more effectively and proactively with customers in an appropriate way that drives memorable and positive experiences".

### 2.2.2 Service Marketing – The Intangible Product

Over the years, service marketing or servitisation as it has become known, has evolved. Servitisation can be understood as all service concepts, systems service, processes and related service activities offered and carried out by or on behalf of the company linked to selling the products (Roos, 2014). In marketing, there is a distinct difference between sales marketing and Aftersales marketing. The marketing mix concept for marketing a product is associated with the 4 Ps (McCarthy, 1964) of marketing (product, place, promotion and price). However, in service marketing, there are an additional 3 Ps, physical environment, people and processes (Booms, Bernard & Bitner, 1981).

The combined 7 Ps are more appropriate for service marketing as the staff member and customers, the physical environment and the process all become part of the product. All of the above play a crucial role in meeting the customers' expectations and their satisfaction is determined at the moment the transaction takes place.

There are five widely used fundamentals of Service Marketing (Kolter & Keller, 2009).

- Intangibility: One of the most important elements as it describes the lack of any physical product. Therefore, tangibility needs to be created through developing certain links to the product.
- Heterogeneity: All service delivery occasions are different; this could be due to the environment such as whether the vehicle has broken down or if it is just a routine service. These factors can play a role in determining the level of service delivery and the customers' expectations.
- Simultaneous Production and Consumption: The inseparability between the production and the consumption of the service. As mentioned, both the customer and the employee will have an effect on the service outcome. This highlights the importance of having well-trained staff and this is maintained through staff retention.
- Perishability: Service delivery or productive labour hours cannot be stored or returned; therefore, once the service is complete, the unsold hours are lost.
- Lack of Ownership: Service is an experience and the product is intangible. It is therefore extremely challenging for the customer to differentiate between products. It is also difficult for the Aftersales Manager to build a brand around the service delivery.

### 2.2.3 The Complete Product

The inseparability of services means that the service advisors and even the customers become an important part of the production process. Customers are not passive consumers, but are instead active co-producers of the service (Palmer, 2011).

Within the marketing literature, there are three major theoretical frameworks that seek to explain how customers develop long-lasting relationships with a service provider (Palmatier, 2006):

- The quality/value – satisfaction – loyalty approach, with satisfaction mediating the relationship between quality and value perception.
- The relationship quality approach, with trust and commitment mediating the relationship between all relevant relational antecedents and loyalty.
- The relational benefits approach, with satisfaction mediating the relationship between the benefits that consumers derive from remaining loyal to a certain service provider and the loyalty construct itself.

Alan Wilson (2012) explains in his book, *Service Marketing*, about the expanded marketing mix for service. Customers are present in the service delivery, interact directly with the firm's personnel and are actually part of the service production process. The way the staff are dressed, their appearance and their attitude and behaviour all influence the customer's perception of the service. Wilson goes on to explain that in many service situations customers themselves can also influence the service delivery, thus affecting the service quality and their satisfaction. Expanding on that, customers cannot only influence their own service outcome, but they can influence other customers too. The physical environment could include the brochures, letterheads or business cards, but it could also be the facilities where the service is being offered. The process that is being followed or the actual delivery steps will play a role in the efficient delivery of the service.

Laurie Young (2008) discusses in her book, *From Products to Service*, the topic of ensuring that the service is a true value proposition. A value proposition will meet the customers' buying criteria and satisfy their needs. Young goes on to discuss how one can transfer an intangible purchase to be linked to a tangible experience. This is extremely important when the customer is paying for a service. This is done by the way the staff member interacts with the customer, the way the service is delivered and the work is explained. It is all about building value into the service process.

As the service being delivered is an intangible product, setting a measurement could be the customer's perception of value or service quality, which is a subjective measurement (Palmer, 2011). Adrian Wilson (2012) mentions how many analysts have attempted to distinguish between objective measures of quality, which is often derived from the manufacturer, and measures that are based on the more subjective perceptions of the customer.

Alan Wilson provides the following explanation: "Levels of expectation are why two organizations in the same business can offer far different levels of service and still keep customers happy". He goes on to explain that customers have certain expectations; however, these expectations will vary from customer to customer and their purchase experience (Wilson, 2012).

It is essential that the relationship between the customer and the company increases and develops. Within this relationship, the customers' needs and tastes will become more defined by an attentive and trained front line staff (Kumar & Reinartz, 2012).

### 2.3 Relationship Building

Definition of relationship marketing:

"Relationship Marketing is a marketing approach that acknowledges the importance of both the buyer and the seller in the marketing process. The core concept is to build a long-term relationship with the customer." (Palmatier, 2008)

Satisfying the customer needs or meeting the customers' expectations is business as usual in the service delivery process. In today's competitive world, it is not enough just to perform a job; it is all about providing value to the transaction and building the long-term relationship (Palmatier, 2008).

Many companies, including Bed and Breakfasts, car hire companies and service delivery companies, conduct customer satisfaction surveys. Conducting customer surveys to determine their satisfaction gives your customer a voice (Banefield, 2015). It is important for the company to analyse this information and to implement new processes or products to meet the customers' feedback.

Once the customer is satisfied with the service, the customer will spread the word. Once the customer has had the initial contact with the service provider, then establishing the customer relationship is important to retain the customer (Du Plessis, 2014). Relationship marketing is about ensuring the customer that the business cares and sees value in a long-term interaction. Therefore, customer retention is based on customer satisfaction.

The company can start to put a value on the relationship. Customer Lifetime Cycle (CLV) assumes that the customer will continue to make use of the company services (Bernt, 2014). CLV enables the company to review and adjust its marketing activity. CLV is becoming the accepted norm for use in the market segmentation (Lemon & Mark, 2006).

### 2.3.1 The Customer's Perspective

It is important to understand the customer's motivation to establish a long-term working relationship with a service provider and that the customer's motivation is to receive a positive benefit or certain value out of the relationship (Bendapudi & Berry, 1997; Gwinner, Gremler & Bitner, 1998; Hennig-Thurau, Gwinner & Gremler, 2002; Kinard & Capella, 2006).

In relationship marketing, there are various benefits that the customer will seek from the service provider. As a result, in addition to all the functional benefits of meeting the required expectations, relationship building is the result of three additional types of relationship benefits (Gwinner et al., 1998).

- Social benefit – where the customer will form a bond and will identify with the company and the shareholders.
- Special treatment – after a long-term relationship, there are certain additional benefits.
- Confidence benefits – building the value and trust component.

These three types of benefits will have a significant influence in determining the customers' satisfaction with regards to the service provided and will influence an

indirect effect on a number of behavioural outcomes such as loyalty and word of mouth (Henning-Thurau et al., 2002).

### 2.3.2 Company Perspective

Customer loyalty and retention is critical to the success of any business. Customer loyalty is the commitment to repurchase from the preferred supplier (Olivier, 1999). The company must understand the benefit of loyal customers. These benefits can lead to reduced sales and marketing costs, as well as the customer promoting the business through positive word of mouth in addition to opportunities to sell the customers additional products or to cross-sell services (Gonroos, 1990). Therefore, customer retention is more profitable for the company.

### 2.3.3 Competitive Advantage

When a company develops a value creation strategy that will differentiate the service delivery from its competitors, this is a competitive advantage. If the competition is unable to copy this strategy, then the company has a sustainable competitive advantage (Barney, 1991). Michael E Porter identified two strategies to create the competitive advantage: cost leader and/or service differentiation. Creating the sustainable competitive advantage is the challenge.

The front line staff plays a critical role in ensuring customer satisfaction, which can create a difference between great service delivery from one business to the next. Empirical studies show a clear link between employee satisfaction and customer satisfaction (Schmitt & Allschild, 1995). Therefore, the business management must create and maintain a positive working environment for the employees to deliver excellent customer service (Schneider & Bowen, 1995).

## 2.4 Creating the Suitable Environment for Relationship Marketing

There is great benefit for the company to have loyal customers. However, this is more difficult than it appears. Customers' needs and expectations need to be met and it is the front line staff who is going to provide the desired level of service. However, the ability of the service advisor to relate to the customer is dependent on the physical environment, processes and support from management (George & Gonroos, 1985).

There are several reasons, as highlighted by Du Plessis (2009), why the service advisors are unable to deliver the desired service. Some of these reasons are employees who do not understand their roles or have the ability to deal with conflict that might arise between customers' and management's expectations, inappropriate staff appointments, staff who do not fully understand their responsibilities, inadequate service delivery processes, employee remuneration and incentive programmes which drive the wrong behaviour, lack of service culture, inadequate staff empowerment and lack of teamwork.

Du Plessis (2009) goes on to emphasise how important it is to integrate and manage these functions, activities and behaviour of the front line staff. It is these staff members that will ultimately provide the expected level of service and whose responsibility it is going to be to build and co-ordinate the relationship. The front line staff must provide and ensure the customers receive value out of the service experience.

### 2.4.1 Leadership

The role of management is an important requirement for developing an organisational culture that will allow for effective market orientation (Gonroos, 1990).

CEOs talk about growth; markets demand it (Gulati, 2004). Achieving continuous growth is not always possible, especially when the economy is slowing down.

Therefore, it is imperative to draw on the inspiration of your staff, who are dealing with the market and the customers on a daily basis. Creating a new business model is a solution to ensure continuous growth. According to a survey, companies that put emphasis on creating a new business model grew their operating margins faster than their competition (Polhe & Chapman, 2006).

There must be trust and mutual respect between management and the employees as it is this co-operative behaviour that is conducive for relationship marketing (Morgan & Hunt, 1994). In order to develop a service culture, the leadership needs to be service orientated. Managers need to be supportive, inspirational and attuned to the staff they manage (Gonroos, 2000). A successful, sustainable service department requires managers with certain qualities. These core values are integrity, joy and respect, and they need to bring these values into the organisation (Berry, 1999).

Another element of strong management is communication. Service advisors require ongoing feedback, sharing of customer satisfaction surveys, clear direction and guidance, training and product information. Every manager must accept their role as a coach and encourage and motivate their employees for service-oriented performance (Gonroos, 2000).

#### 2.4.2 Organisational Culture

The culture within the organisation plays a critical role in ensuring a happy and healthy environment. Organisational culture is the shared values, beliefs and perceptions that are held by the employees within the organisation (Ribbons & Coulter, 2005). The behaviour and attitude of the employees will be influenced by this culture, especially in the service environment. Therefore, the corporate culture will form the foundation to develop a competitive advantage.

The organisational culture has to be actively managed to drive the desired business objectives to ensure the business commitment, lower turnover and service excellence. The framework to achieve this will consist of three elements, namely structure, systems and people (Hoffman & Batesman, 2006). Developing a



service culture can only happen over time, where an appreciation for excellent service exists internally and externally. This culture will become a way of life within the organisation.

The Human Resources department will have a critical role to play. This was highlighted by Schuler (1986) when he identified Human Resource Management as a fundamental field of managerial decision-making which will have an effect on corporate culture. Management has to decide on the decentralisation of power, sharing the decision-making process and reducing the bureaucracy. They will have to encourage risk taking and creativity. This has to be a strategic decision as the employees cannot be empowered if they are restricted. The HR department will affect the creativity and innovation and help to create a supporting culture (Chandler, Kellar & Lyon, 2000).

The service advisors are not going to achieve the high level of service delivery by themselves. Management needs to manage the internal climate in such a way that employees are encouraged to develop positive attitudes in service delivery and involvement in the internal market orientation (Gonroos, 2000). Therefore, it is important to ensure that there is a co-ordinated relationship between the service advisors and rest of the supporting office staff. This interaction can be achieved by using internal marketing.

### 2.4.3 Internal Marketing

A service advisor's job is the toughest job in the motor industry. They are effectively in charge of running the aftersales business and their first responsibility is to make the customer their friend (Versical, 2016). Smith goes on to say how female service advisors are becoming the preferred gender. Women have the ability to create a new atmosphere in the reception area, which has a positive effect on the customers.

The outcome of a survey of 656 chief executive offices (CEOs) has revealed that engaging employees is one of the top five most important challenges in business today (Wah, 1999). Employee engagement is the way the employees will express

themselves physically, cognitively and emotionally while performing their work roles (Kahn, 1990).

Internal marketing must be a key component of the organisational culture. Educating and informing the customer of the benefits of the service provides a continuous challenge for service marketers. Internal marketing hinges on the assumption that satisfied employees make satisfied customers (Berndt & Tait, 2014). The underlying concept of internal marketing is to make the employee feel valued and part of the organisation. They should feel that they have an important role to play in ensuring the success of the business. The employee will feel greater commitment towards the employer, get more involved in the job and achieve greater job satisfaction. The objective of internal marketing is to treat employees as internal customers of the organisation (Iliopoulos & Priporas, 2011).

In order for internal marketing to succeed, Berndt and Tait have highlighted two important criteria. Firstly, the organisation must have an understanding of the employee's wants and needs and, secondly, the organisation's vision and objectives need to be clearly communicated to the employees. If this strategy is successfully implemented, the benefits will be improved communication, stronger individual performance and productivity, better teamwork and improved employee retention (Berndt & Tait, 2014).

Retaining the correct staff is very important to the company. Staff turnover has a number of negative effects on the business unit. Some of these effects are loss of productivity, more pressure on the remaining staff, loss of knowledge and training costs and then the cost to re-employ with recruitment fees (Lucas, 2013). Staff turnover will also have an impact on the relationship marketing in that the person that the customer has learnt to trust has left and there is a break in the continuity of the service delivery.

It is critical to have engaged staff that understands and strives to fulfil the organisation's objectives and can deliver on the company's promises, and that customers must be able to trust the staff and feel confident that they will deliver the expected service satisfaction.

#### 2.4.4 Training

“The only thing that is worse than training your staff and then they leave, is not to train them and they stay.” Zig Ziglar (Johnson, 2013)

Service advisors need to have a clear understanding of their roles in the service department. The service advisor’s job is a complex one, including understanding customers’ needs and ensuring they are met, having the ability to “upsell” products and required extra work on the customer’s vehicle, being able to handle conflict and negotiating a suitable solution. They must follow up on work that is in progress, communicate with the customer and keep the customer informed about the vehicle, as well as ensure that the company’s objectives are achieved, and that hours sold, labour and part targets are met. This is all in the daily work life of a service advisor. Therefore, ongoing staff training is essential to ensure a clear understanding of all job functions.

In the automotive environment, there are two types of training required. Firstly, there must be soft skills training – how to sell and deal with customers – and, secondly, there is the technical skill. The service advisors need to have a certain amount of technical knowledge as non-technical personnel and also need to be aware of new product launches. To meet these needs, the dealer can make use of internal training and external training organisations. Internal training includes being able to share information on new technology and new vehicle launches, as well as all marketing activity that is taking place or is planned. External training would be outsourced and provide the soft skills such as learning selling skills and customer care.

#### 2.4.5 Empowerment

Human resource management practices play a very important part in supporting the culture within the organisation and assist in developing a sustainable competitive advantage (Hoffman & Batesman, 2006). A way to achieve the organisational objectives, such as service excellence, customer satisfaction and employee retention, is through staff empowerment (Hoffman & Batesman, 2006).

In order to create a culture that will allow the front line staff to embrace relationship marketing, employees need to be empowered. Therefore, management must share the organisational objectives and results, as well as encourage employees to make informed decisions. Management must be receptive to the employee's recommendations and be willing to implement their ideas (Lukas & Maignan, 1996).

Management needs to be open to employee's requirements, as well as to their suggestions and innovations. The culture needs to be created where there is sharing of information and ideas (Bulgarella, 2005) providing the service advisor with the tools to build that strong relationship with the customer. This will require management to provide support, knowledge and technical support which will enable the service advisor to make independent decisions in the service delivery process (Hoffman & Batesman, 2006).

Empowered service advisors will have the ability to satisfy the customer's needs and to meet their expectations by using their knowledge to find creative solutions. Empowerment essentially means providing the front line staff with the desire, tools and authority to serve the customer as the situation requires (Zeithaml, Bitner & Gremler, 2006).

## 2.5 Communication for Relationship Marketing

The term "Relationship Marketing" was first introduced by Berry and the idea was to highlight the importance of building the relationship between the organisation and the customer (Berry, 1983). An important aspect of relationship marketing is to build a strong relationship with your customer, and the customer will spread the word of the excellent service. Once the customer can see value in the service transaction and the relationship, the customer will become a loyal and retained one (Du Plessis, 2009). In building the relationship, the company is showing that it values the customer and wants to look after their requirements. In the motor industry, customer retention is critical as it will lead to future sales. Therefore, a large amount of the marketing activities will be related to the existing customers (Berndt, 2009).

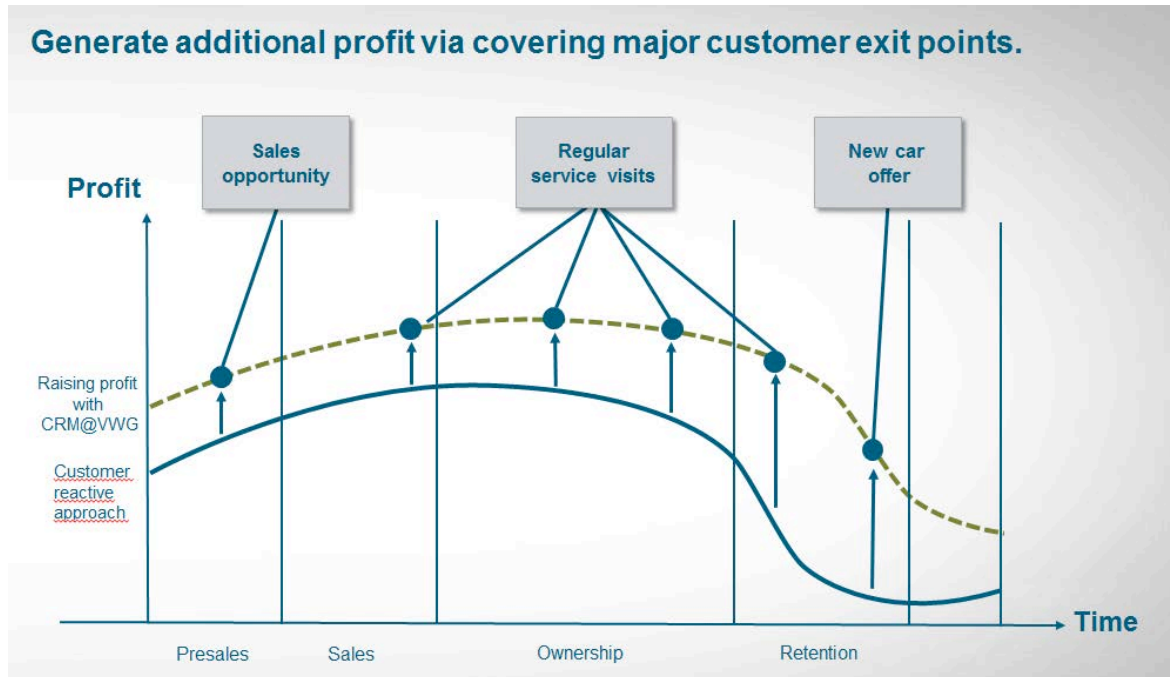
### 2.5.1 Customer Relationship Management (CRM)

Customer Relationship Management is all about bringing the organisational activities together; that is, the people and the processes and technology to understand the customer. This process is about managing the customer relationship by focusing on retention and utilising the data to improve and develop the relationship (Injazz & Popovich, 2003).

The importance of CRM is to link the external customer facing activities (marketing, sales and service) together with the internal activities (HR, finance and logistics) to ensure customer satisfaction at all customer “touch points” (Fickel, 1999 & Gronroos, 1990). The CRM strategy needs to integrate all the touch points around the customer (Eckerson & Watson, 2000).

Customers need to become the focal point in the way they are dealt with, their needs and problems. This culminates in ensuring that the company culture is customer centric, providing the service efficiently and profitably (Egan, 2001). It is important for the business to communicate with the customer, not only to sell products but to build a relationship which is beneficial to both parties. Service marketing is all about the interaction between the service advisor and the customer. Service marketing is the critical driver of customer centric performance which will enhance brand performance (Siahiliri, O’Cass & Ngo 2014).

Sharing knowledge and information is important and it is about managing the complete customer experience through the entire lifecycle of the vehicle. This is about building the value into the relationship and, as the satisfaction levels increase, so will the customer repurchase and spread the word (Berndt & Tait, 2014).



**Figure 2.1 - Touch Points in the Customer Life Cycle (Volkswagen Internal Aftersales CRM Training Material n.d.)**

## 2.5.2 eCommerce

The fast development of technology has influenced the change in customer behaviour. The business world today is about knowledge, information and communication. The Retail Innovation Consumer Survey (McKinsey & Company, 2013) has reinforced the change in consumer purchase behaviour. The survey reports that over 80% of new car buyers will begin the purchase journey online. Thus, an important component of this changing customer behaviour is eCommerce. New terminologies such as business to customer (B2C), vehicle to vehicle (V2V), online sales, car service online portals, e-mobility and car connect are all becoming part of the business language (Aboltins & Baiba, 2014).

“The winds of change are sweeping through mobility culture, with a growing demand for new services from ever more sophisticated customers.” This is the opening statement in “Mobility Culture” which is part of KMPG’s Global Automotive Survey 2015.

The Internet has provided access to many services, with Facebook, Twitter and Instagram all becoming part of the social media platform (Ming & Yazdeniford, n.d.). Social marketing has to become part of the marketing strategy and the CRM process needs to be able to manage all the different mediums.

Up-to-date websites are standard requirements and marketing activity must be geared towards an increase in the traffic to the site (Trattner & Kappe, 2013). Information is freely available, and customers also have an opportunity to immediately share their experiences, good or bad. Positive feedback and lots of “likes” on Facebook is the customer putting forth their electronic word of mouth (Kietzmann & Canhoto, 2013). Social media has become the new communication channel, using the tools and technology for the organisation to gain the most benefit (Evans, 2012).

### 2.5.3 Customer Satisfaction

Customer satisfaction can be expressed as the emotional reaction to the service experience by the customer and service provider. It is the customer’s perceived meeting or exceeding of a predetermined expectation of a standard (Cadotte, Woodruff & Jenkins, 1987; Speng, Mackenzie & Olshaski, 1996). Customers are more informed today due to the Internet and social media. Information is available immediately and other customers are quick to share their experiences. It is easy for the customer to verify the manufacturer’s claims and to search for alternatives if these are not found to be what the customer requires. Customers want to maximise the value of the product but they are limited by their budget and the extent of their knowledge about the product. The customer will review each offer and determine which one offers the best value before acting upon the purchase. If the product or service meets the perceived expectation, then the customer will be satisfied and most likely purchase the product again (Urban, 2004).

There is an indication of a positive relationship between staff satisfaction and customer satisfaction. This is especially significant where there is a high frequency of customer interaction and a high intensity of customer integration into the creating value into the service delivery process (Brown & Patterson, 1994).

#### 2.5.4 Incentives

Dr. John Sullivan points out that, while it is the objective of all business to grow and increase productivity, Human Resource Management (HR) has an important role to play. The majority of HR professionals believe it is their role to establish policy, procedures and programmes governing people management, but few attempt to connect these elements with the business capabilities and capacity. Dr. Sullivan highlights two important elements that form the foundation that leads to increased growth – to employ high performers and innovative staff members, as well as having an effective management team and leaders that can set the direction and implement the strategic business plan.

An incentive programme is part of a service advisor's remuneration package. However, the incentive programme needs to be aligned with the desired employee behaviour which the company wants to drive (Tosnik, 2012). An effective incentive programme needs to ensure that it roots out all the negative behaviour which could hurt the company.

There is growing belief that, while incentive programmes could have an effect in the short term, they do not motivate employees in the long term. Incentives will not change the attitudes of the employee's underlying behaviour. There will be no enduring commitment to any value or action but only temporary change (Kohn, 1993).

#### 2.6 Conclusion

Service marketing plays an important role in the Aftersales business strategy. There are several factors as reported by NAAMSA in their 2014 First Quarter report. 126 485 new vehicles were sold, which is 7 377 units lower than 2013 or a decrease of 5.5%. Prospects for the balance of the year will be affected by subdued economic growth, exchange rate induced above inflation new vehicle price increases and further upward pressure on interest rates. Consumer sentiment remains under pressure due to high levels of indebtedness, escalating



energy and transport costs and, in Gauteng, e-Tolling. These factors would influence consumer demand, principally in the case of the new car market. Domestic trading conditions were anticipated to remain difficult with pressure on margins, particularly in the new car and light commercial vehicle sectors (NAAMSA, 2014). New vehicle margins are declining so it is the Aftersales departments that need to generate the profit and make a large contribution to cover the overall costs of the dealership. Aftersales also plays a critical role in ensuring thorough excellent service delivery and that the customer will purchase another new vehicle when the time comes to replace the existing one. In a customer's life cycle, Sales sell the first vehicle and Aftersales sells the next one. In order to achieve a successful long-term relationship, the Aftersales staff has to understand the importance of establishing and building a relationship with the customer.

Customer retention and customer loyalty is critical to any sustainable business. This will mean aligning service concepts with service delivery system designs is vital to achieving successful service performances (Ponsignon, Smart & Maull, 2011). The customer needs to have a satisfactory relationship throughout the whole product lifecycle (Yu & Sangiorgi, 2014).

The challenge is to differentiate service offerings between motor vehicle workshops. However, proposing a certain service offering is not always the answer because the competitor can copy the quality of the service. The customers are unlikely to notice the small improvements in the service quality. To create a sustainable competitive advantage, the company needs to focus on the employees and the company culture (Bolton, Gustafsson, McColl-Kennedy, Sirianni & Tse, 2014).

Customer-contact employees and customers are interactive, and customer satisfaction is positively and significantly influenced by the satisfaction of customer-contact employees (Berry, 1988; Hales, 1994; Barnes & Morris, 2000; Hogg & Carter, 2000; Ahmed & Rafiq, 2002; Chen et al., 2006). In order to enhance customer satisfaction, it is necessary to explore the satisfaction of customer-contact employees. It has long been argued within internal marketing

literature that there is a link between satisfied customers and satisfied employees (Gronroos, 1981, 1985; Heskett et al., 1994). Management needs to be able to create a customer centric culture within the business environment. By employers being considerate of the requirements of their employees, customers will experience higher levels of satisfaction (Zeithaml et al., 1988; Bitner et al., 1990).

Training, internally and externally, needs to be an ongoing process. One needs to continuously re-evaluate the situation, gather feedback from the customer surveys and the staff, identify the weak areas and develop programmes to address and support the employees.

However, service quality is more subjective and difficult to measure because of the four distinctive characteristics: intangibility, inseparability, variability and perishability (Bebko, 2000; Gronroos, 2000; Kotler & Armstrong, 2005; Kotler & Keller, 2006). Hence, service quality has been defined as customer attitude to the service; based on the customer's experience and not on a physical item (Parasuraman et al., 1988; Pakdil & Aydin, 2007). Technology could help in making the service process more tangible.

Customers' buying behaviour is changing. Information is freely available. The company must ensure the "ease" of doing business. All the information required by the customer should be available on the website. The customer can book a service from the comfort of his own home, review the service option or promotions and be informed of the warranty requirements. Apps are available which can provide the motorist with roadside assistance in case of an emergency, or the client can review what all the different warning lights on the dashboard mean.

Within the dealership, technology can play a role. The process of recording customer information can start right from the first visit to the showroom. The customer can be sent a reminder that the car licence is due or a birthday greeting can be sent. There is also the opportunity to inform the client that a service is due and share any promotional material.

Even when the vehicle is in the process of being serviced, a photo or video can be taken and sent via "Whatsapp" or emailed to the customer to help them

understand the nature of the required repair. This will make the service more tangible and transparent.

In 1982, Tom Peters surveyed a number of top companies and discovered three categories that were important focus areas: customers (needs), markets (changing) and motivated employees.

The responsibility of management within the company is to develop a culture and a marketing strategy that will deliver the required service level. Customer Relationship Management is about bringing the different elements in relationship marketing together.

The right type of employee needs to be employed and the staff needs to understand and be empowered to build the customer relationship. The right tools need to be available; this will include ongoing training and technology to enhance the experience. Incentives need to drive the correct behaviour which promotes the company values and beliefs.

The service advisor plays an important role in delivering excellent service and building a great customer relationship. This cannot be achieved without the involvement and support from the company systems, structure and people, including management.

The research methodology is presented in chapter three.

## CHAPTER THREE – RESEARCH METHODOLOGY

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### 3.1 Introduction

The literature review has identified the complexities of the Aftersales department in the automotive industry. The information in the literature review is all sourced from secondary data in order to emphasise the Aftersales relationship marketing. It is these complexities that justified the research into what kind of support the front line staff receives. If management believes and understands the importance of the role of the service advisor, are they providing the tools for them to deliver and build the ultimate relationship? This chapter will explain the research methodology used and the data collection utilised in this research.

### 3.2 Research Methodology

It is important to ensure the correct method is used in analysing the data to ensure that the objective of the research is achieved. At the outset of any research, the researcher must decide on how the research data will add value (Knight & Cross, 2002). The research process should begin with the identified problem driving the research, the body of knowledge and the nature of the data (Ellis & Levy, 2009).

The research was compiled using the quantitative method. Quantitative research employs empirical methods and empirical statements. An empirical statement is a descriptive statement about what “is” in the real world, rather than what “ought” to be the case (Cohen, 1980). Quantitative research takes a deductive approach where research is used to test the theory. Bryman and Bell (2007) add that quantitative research can be constructed as a research strategy that emphasises quantification in the collection and analysing of data.

### 3.3 Aim and Objectives of the Research

The Aftersales department's contribution to the overall sustainability of the dealer is critical. However, it is a complex department and the role of the front line staff is vital in ensuring customer satisfaction. Customer satisfaction is important, but more important is customer retention, ensuring the customer is returning and becoming a loyal client. The front line staff needs to build a relationship with the customer (Fiermesatd & Romano, 2006). It is important, especially in the motor industry, to develop that trust and confidence, which must form the foundation of the relationship. The customer and dealer will then be able to see the value in the relationship.

The aim of the research was to survey a select number of service advisors with the intension of identifying if the service advisors have the correct tools and knowledge to develop a long-term relationship with the customer.

### 3.4 Research Design

The characteristic of quantitative research is the focus on gathering numerical data and generalising it across a group of people to explain a particular phenomenon (Babbie, 2010). The research will be conducted using a structured questionnaire. The reason for this choice is because the research aims to establish perceptions from the sample. There have been a number of studies conducted on employees' engagement and its link between employee satisfaction and customer satisfaction (Schneider, White & Paul, 1998). However, the motor industry is very volatile at present with Aftersales playing an increasing role in the dealer sustainability.

Factors affecting the industry include the onset of the oil crisis and the increase of vehicle manufacturing competitors into the South African market, as well as globalisation and technological development followed by the worldwide recession (Buzzavo, 2012). In today's motoring market, there is pressure on new vehicle sales. This is due to numerous brands available to the customer, as well as

financial pressure. Shrinking disposable incomes, rising fuel costs, finance rates and the introduction of e-Tolls are all contributing to making motoring expensive (Vermeulen, 2014).

In order to achieve new vehicle sales, dealers are under pressure to retain their margins and, on an average, a dealer today is only making a 5% margin. In the Fixed cost department, the margins are much greater with the average being 60% (Strydom, 2014).

In order to generate high returns, customer loyalty is essential and this can only be achieved if the service advisors can develop a relationship with the customer.

### 3.5 Questionnaire/Interview Schedule Design and Pilot Testing Thereof

The research was conducted using a structured interview guide. Emphasis was placed on ensuring that the questions were easy to understand. The intent of the questions was to ensure that the information that was shared would lead to answering the research's objectives.

The questionnaire needed to be evaluated before it could be used in the research. By using a small sample size, it was possible to conduct a pretest which ensured the accuracy and consistency of the answers (Hair et al., 2007). Prior to the pretest, the supervisor reviewed the questionnaire. The questionnaire was then distributed to the test market and the results were evaluated to determine if they matched what was predicted for this research.

### 3.6 Participants and Location of the Research

The research methodology was based on quantitative data collection from a group of service advisors. All the service advisors work at major automotive dealers in Durban. The objective of the research was to establish the perceptions of the service advisors with regard to the support and understanding of their working objectives.

A total of 6 motor dealerships were canvassed; 2 dealerships had 1 service advisor and the other 4 dealers had 3 service advisors each. This made up a total of 14 service advisors that were interviewed and the survey covered the greater Durban metropolitan area, Durban Central, Durban North and Umhlanga Rocks. The dealers that participated in the research were from two different motor manufacturers and will remain unnamed due to confidential requirements. All the service advisors that participated in the research are actively involved in all Aftersales activity and customer interaction.

### 3.7 Collection Strategy

The initial contact was made by telephone and an appointment was made with the Dealer Principal. At this meeting, all the information was shared about the objective of the research. The Dealer Principal had an opportunity to review the questionnaire, as well as the Ethical Certificate. One dealer that was approached declined to participate in the survey. An appointment was then set to carry out the survey at the respective dealers. Time is always an issue in the busy life of service advisors, so the surveys were completed in their lunchtimes.

There are a number of different ways to collect data. The approach for this research was to use a structured questionnaire. Due to the small sample size, this allowed me the opportunity to discuss the objectives in an interview set up. The questionnaire follows a logical approach, starting with demographic questions and then moving into the business operational questions. The questionnaire contained 30 questions and the respondent could complete the interview in 20 to 25 minutes.

### 3.8 Data Analysis and Interpretation

Respondents were requested to complete a questionnaire and to provide feedback on topics that would affect their working environment.

A standard questionnaire was used which is a reliable tool for quantitative research (Bryman & Bell, 2007). As quantitative research has been undertaken, quantitative techniques were applied for the analysis of the data. Descriptive

statistics were used to interpret the data. This was done by utilising excel tables, graphics and charts, as well as calculating some statistical indexes to allow for easier comparisons and understanding (Saunders et al. 2009)

### 3.8.1 Limitations of the Research

The research design has a number of limitations:

The sample size was taken from the greater Durban area and only two manufacturers were involved in the research. However, some of the respondents had worked for other manufacturers and independent repair centres. The small sample size was due to limited access to OEM dealerships. Although many dealers were approached, there were a select few dealer principals that were willing to give permission for the survey. The dealers that did participate are all major dealers and have a high level of customer satisfaction.

The one challenge when doing the surveys was that the service advisors thought that they should answer the questions in a way that would please their employer. They tried to answer the questions the way they thought their employers would want them to answer and to show how much they know and not what was a true reflection of the actual situation. This was despite the fact that the details of the survey had been explained in great detail and it was made clear that the survey had nothing to do with the company or the dealership's management. The emphasis was placed on the facts of the situation rather than about feelings or how the service advisors thought it should be.

### 3.8.2 Validity and Reliability

When there is an accurate representation of the population and the results are consistent over time, the research is referred to as "reliable" and if the same result can be achieved by using a similar methodology, then the research instrument will be considered reliable (Joppe, 2000). A high degree of stability means a high degree of reliability.



Validity is the measure that determines if the answers from the research truly answer the initial questions (Joppe, 2000). It is the initial concept, notion or question that determines what information needs to be obtained and how it is gathered (Wainer & Braun, 1998).

### 3.8.3 Ethics

The Ethical Clearance Certificate was requested from the University by submitting the research proposal and questionnaire. The Ethical Certificate was obtained from the University, and the research could proceed.

Saunders (2009) highlights important potential ethical issues that need to be considered:

- Privacy – consider the rights of people
- Confidentiality – sharing of information
- Anonymity – prefer to participate anonymously
- Misuse of findings – secure and safe keeping of the findings

The respondents were given two forms, one explaining the nature of the research and a second for them to provide consent to participate in the research.

### 3.9 Summary

This chapter describes the research methodology that was used and outlines the objectives of the research and data collection.

Primary research must be planned carefully once the objective has been identified. This includes using quantitative methods to research in a logical and systematic way to gather the required information. The research methodology outlines the criteria that need to be observed and followed in order to ensure the correct information is obtained.

Chapter Four presents the results of the research.

## CHAPTER FOUR – PRESENTATION OF RESULTS

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### 4.1 Introduction

This chapter presents the results obtained from the research. The research questionnaire was the primary source of data, although short interviews were conducted with each service advisor. The results are presented as descriptive statistics in the form of tables and figures.

### 4.2 The Sample

Two OEMs agreed to allow their service advisors to participate in the research. From the two OEMs, six dealers participated and that equated to 14 service advisors completing the research questionnaire. Due to the small sample size, more time could be allocated to each service advisor which allowed for a detailed explanation and discussion the objective of the research. The selected dealers have a high customer satisfaction index score. In addition, the service advisors are active in front line activities on a daily basis.

### 4.3 The Research Instrument

The questionnaire was designed to answer the three questions as set out in chapter one to meet the research objectives. The questionnaire has 30 questions and is broken down into four sections that measure the various themes as presented below:

- Questions one to four formed the foundation and provided information with regard to the demographics of the respondents.

- Questions five to nine determine the employee's job satisfaction and their understanding of customer satisfaction. Also included in this section are questions twelve to fourteen, which relate to their working conditions.
- Questions 10 and 11, as well as questions 15 to 20, identified the employees training that they received, as well as their participation in meetings and the sharing of information.
- Questions 21 to 30 were to understand their ability and opportunity that they have in building the long-term relationship with their customers.

The respondents provided feedback to 30 set questions, which included ranking a set of predetermined factors in order to establish the factors' relative importance. The findings from the research provided insight into the service advisors working environment within the dealership. The information gathered from each respondent was inserted into one document and the common themes were highlighted.

The order of presentation was based on the layout of the questionnaire. The qualifications and work experience heading is not directly linked to any of the research questions. The headings that follow are grouped so that the three research questions can be addressed. The analysis is presented under the following headings:

- Qualification
- Work experience
- Employee satisfaction
- Ranking the service advisor's daily functions
- Working hours and over time
- Incentive programme
- Aftersales meetings
- Training
- Customer Relationship Management

#### 4.4 Reliability of the Research Instrument

Cronbach (1951) developed a measure that is loosely equivalent to splitting data into two in every possible way and computing the correlation coefficient for each split. The average value is equivalent to Cronbach alpha, which is the common measure of reliability (Field, 2006). The coefficient of 0.70 or higher is considered to be acceptable. The table below illustrates the Cronbach alpha value of 0.731; therefore, the reliability analysis showed that the data was reliable as Cronbach's alpha value was 0.731.

**Table 4.1 - Reliability of Statistics**

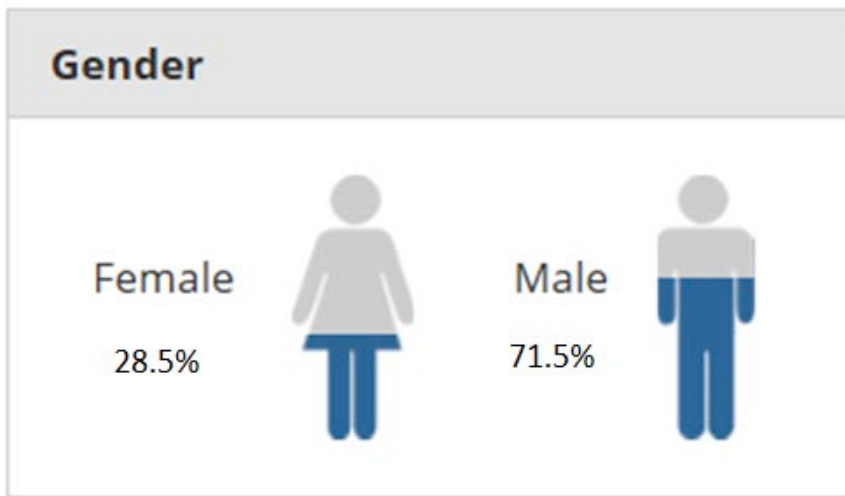
Reliability of Statistics	
Cronbach's Alpha	N of items
0.731	84

#### 4.5 Demographic of Respondents

Fourteen service advisors were interviewed. All respondents are actively involved in the customer service delivery process. Figure 4.1 and table 4.2 shows the ratio of male to female service advisors. Four dealers have three service advisors each; of these three service advisors at least one is a female. Four of the 14 service advisors interviewed are female. This indicates a move away from an industry that was previously known to be male dominated. Table 4.3 indicates the varying age groups. Only one service advisor was in the 24 to 27-age category. The remaining 13 respondents were 28 years old or older (92.9%).

**Table 4.2 - Age Group**

Variable	Frequency	Percentage
Age Group		
24-27 years	1	7.1
28 years or older	13	92.9



**Figure 4.1 - Gender Breakdown of Respondents**

**Table 4.3 - Gender**

Gender	Frequency	Percentage
Female	4	28.5
Male	10	71.5

#### 4.5.1 Qualification

From the sample size, only two service advisors had done any additional learning after matric. One had completed an apprenticeship and qualified as a technician and the other had completed a business diploma. Two have a grade ten certificate, while the remaining service advisors had accomplished matric. The qualification range is shown in the table below.

**Table 4.4 - Qualification**

Education	Frequency	Percentage
Grade 10	2	14.3
Matric	10	71.4
Technical qualification	1	7.1
Diploma	1	7.1

#### 4.5.2 Work Experience

Table 4.5 highlights the service advisors' previous work experience. Only two of the sample groups were originally employed as a service advisor from another industry outside the automotive industry. All the remaining respondents were employed in other job functions such as sales or in the administration departments within the dealership before they transferred to the service advisor role. With regard to the general work experience, more than two-thirds (71%) had a technical background from the workshop.

**Table 4.5 - General Work Experience**

Variable	Frequency	Percentage
Technical background	10	71.4
Administration	8	57.1
From sales	3	21.4
From other industries	5	35.7

#### 4.6 Employee Satisfaction

There is a direct link between satisfied employees and satisfied customers.

There are a number of other elements that will affect employee satisfaction, such as the company culture, employee empowerment and training. In order to identify employee satisfaction within the work place, the respondents rated certain statements with regard to their working environment. The results have highlighted that most of the participants were positive about the working conditions. For example, the majority of the participants positively reported that they feel encouraged to come up with new and innovative business ideas. 93% agreed that their work gives them a feeling of personal accomplishment. A summary of all the other statements are shown in table 4.6 below.

**Table 4.6 - Summary of Statements Regarding Working Environment**

Note: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree, Mean, STD = Standard Deviation

Statements	SD	D	N	A	SA	Mean	Std
I feel encouraged to come up with new and better ways of doing things at work	7.1		14.3	21.4	57.1	4.21	1.19
My work gives me a feeling of personnel accomplishment	7.1			14.3	78.6	4.57	1.09
I have the tools and resources to do my job well		14.3	14.3	14.3	57.1	4.14	1.16
I have clearly defined quality goals for my job		7.1		21.4	71.4	4.57	0.85
The company keeps employees informed about matters that affect us	7.1	7.1	21.4	21.4	42.9	3.85	1.29
When a customer is dissatisfied, I am empowered to correct the problem to their satisfaction	7.1		14.3	14.3	64.3	4.28	1.20
My manager visibly demonstrates a commitment to quality	7.1			14.3	78.6	4.57	1.08
I am satisfied with my involvement in the decisions that affect my work	7.1			42.9	50	4.28	1.06



I am satisfied with the information that I receive from management with regards to what is happening within the company	7.1	7.1	14.3	35.7	35.7	3.85	1.23
I feel there is opportunity for me to improve my position in this company	21.4	7.1	7.1	14.3	50.0	3.64	1.69

#### 4.7 Ranking the Service Advisor's Daily Functions

The respondents were asked to rate eight statements regarding customer service. All these activities are important; however, there are activities that must be done and activities that should be done. The rating is shown in the table below.

**Table 4.7 - Rate Activities Important to Achieving Customer Satisfaction**

(1 means extremely important to 8 being the least important)

Statements	Mean	Std.Deviation
Communication with the customer during the day	2.643	1.4991
Understanding the customers' needs	1.571	0.7559
Ensuring the vehicle is ready on time	3.929	1.1411
Ensuring all the documents are ready for the customer when collecting the vehicle	4.714	1.5407
Ensuring the customer information is correct on the DMS	5.714	2.7576
Informing the customer when the vehicle is ready	5.571	1.3425

Insuring the invoice is correct according to the estimate	5.143	1.5119
Booking the customers next service	6.714	2.2678

#### 4.8 Working Hours and Overtime

The service department has to accommodate the customers and therefore it is important to understand the hours that service advisors work. According to the research, it was found that 57% of participants worked more than nine hours every day. Only 14.3% worked a normal eight-hour day as can be seen in table 4.8.

**Table 4.8 - Working Hours**

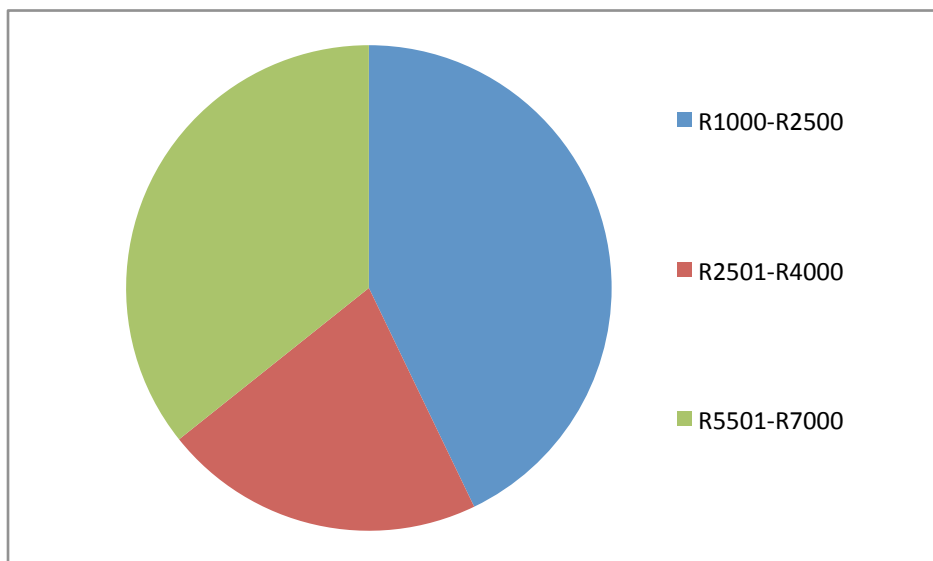
Variable	Frequency	Percentage
Average working hours per day		
8 hours	2	14.3
9 hours	4	28.6
More than 9 hours	8	57.1
How often do you work overtime		
Never	2	14.3
Once a month	0	0
Weekly	4	28.6
Daily	8	57.1

#### 4.9 Incentive Programme

The discussion of salaries and incentives is always an awkward conversation. The Dealer Principals of the two major dealerships made a special request that salaries

must not form part of this survey. It is their belief that once the topic of salaries is discussed, the service advisors will be of the opinion that their salary must be under review and that this may create dissatisfaction. There are also different salary structures between service advisors who are on different levels and at different dealerships. However, management was prepared to allow the discussion about incentives.

All the service advisors are on an incentive programme and all indicated that they had a clear understanding of how this programme works. Although there is nothing new about an employee being on an incentive programme or a performance programme, it is important to understand what the performance programme objectives are. Although the incentive packages did vary, over a third of the participants received between R5501 to R7000.00 as incentives (36%) as seen in Figure 4.2.

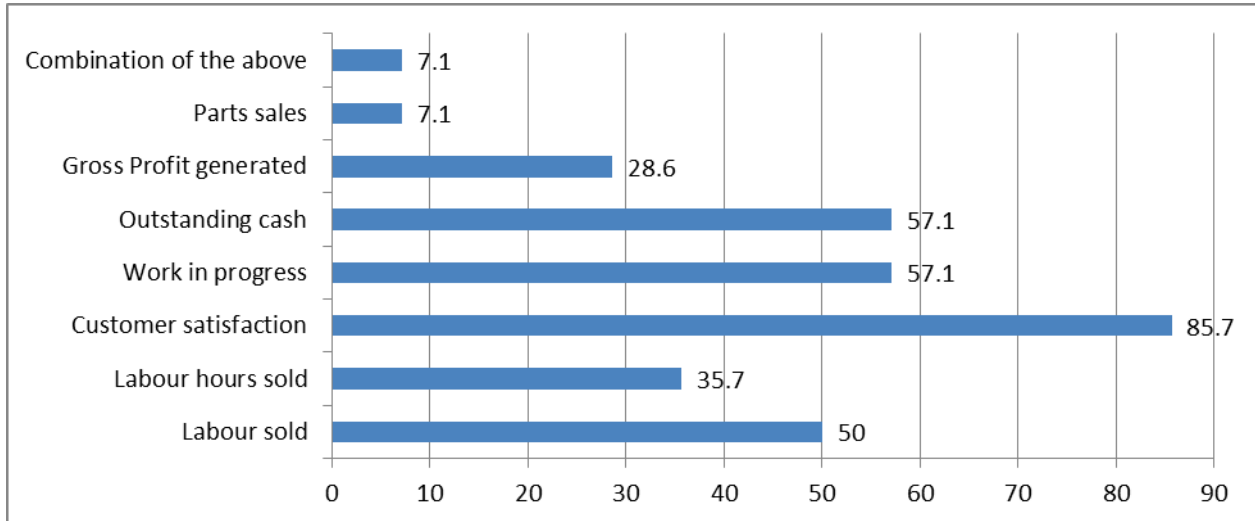


**Figure 4.2 - Incentive Earned Per Month**

The amount that a service advisor can earn in incentives does vary; however, it seems that the more experienced service advisors have the opportunity to earn more. This is achieved by the different ways that the incentive programme is structured and how

confident the service advisor is in ensuring that the incentive is achieved on a monthly basis.

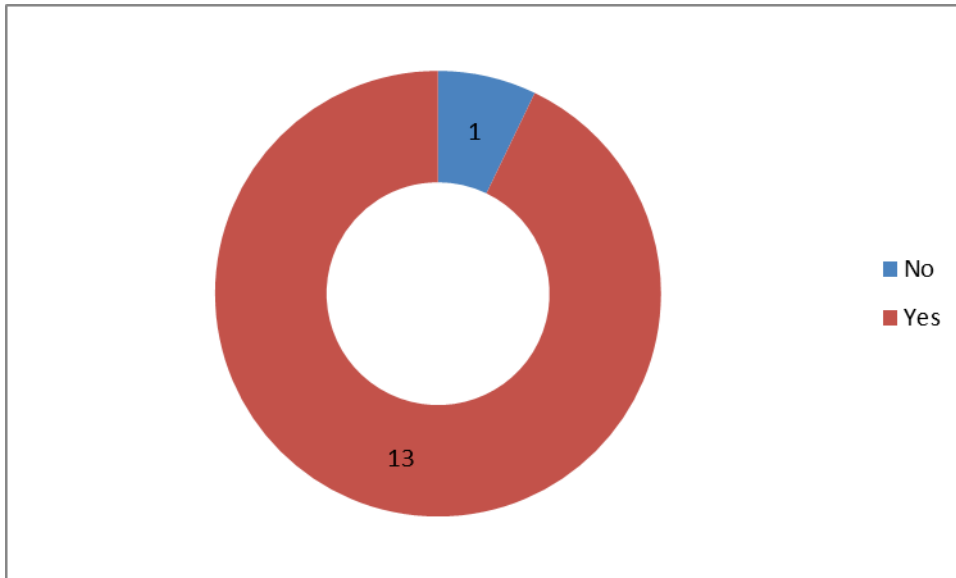
The incentive programmes consist of the following as shown in Figure 4.3:



**Figure 4.3 - Makeup of the Incentive Programme**

The majority of the respondents (86%) indicated that the incentive programme is earned for customer satisfaction, followed by outstanding cash and work in progress (57% respectively) (Figure 4.3).

Almost all the participants (13) had a clear understanding of the incentive programme (Figure 4.4).



**Figure 4.4 - Understanding the Incentive Programme**

#### 4.10 Aftersales Meeting

The respondents were asked if there are regular department meetings, how often these meetings are held and whether there is an agenda for the meetings. More than half of the participants (57%) reported that when there is a need to discuss work related issues a meeting is called. In conducting these Aftersales meetings, an agenda is used. Table 4.9 discusses the frequency of meetings.

**Table 4.9 - Discussion of Work Issues in a Meeting**

Variables	Frequency	Percentage
How often are there staff (Aftersales) meetings to discuss work issues?		
Weekly	5	35.7
Bi-weekly	1	7.1
When required	8	57.1
Is there a set Agenda for the meeting?		
No	4	28.6
Yes	10	71.4

#### 4.11 Training

##### 4.11.1 Internal Training

Table 4.10 summarises the respondents' participation in training and the frequency of the training course. It was found that just over two-thirds (71%) of the respondents receive training which is run internally by the dealer or manufacturer. All the training is related to customer satisfaction, value adding activities and non-technical training. Only one respondent received any form of financial training. 40% reported that the training seldom takes place.

**Table 4.10 - Internal Training**

Variables	Frequency	Percentage
Do you attend in house training? (run by the dealership)		
No	4	28.6
Yes	10	71.4
Types of training received		
Customer related training – satisfaction and adding value	10	100
Non-technical training	8	80
Sales Training	2	20
Financial training	1	10
New product training	3	30
How often did you attend the training		
Once a month	3	30
Bi-monthly	1	10
Half-yearly	2	20
Seldom	4	40

#### 4.11.2 External Training

External training is conducted by an outsourced organisation. The results are very similar to internal training, with the main topics addressed being customer satisfaction and non-technical training. This is summarized in table 4.11.

**Table 4.11 - External Training**

Variables	Frequency	Percentage
Do you attend external training		
No	1	7.1
Yes	13	92.9
Types of training received		
Customer related training	11	85
Non-technical training	8	62
Sales training	1	8
Financial training	1	8
How often is this training attended		
Bi-monthly	1	8
Quarterly	2	15
Half-yearly	2	15
Yearly	4	31
Seldom	4	31

#### 4.12 Customer Relationship Management (CRM)

All the participants strongly agreed that is important to prepare all the documentation before the customers arrive for their appointment. 93% positively indicated that it is important to ensure the customer is aware of the costs of the repair or service prior to commencing the work. Results show that most of the statements have an average of



four (0.4) or higher, indicating most participants are in agreement with or strongly agreed to those statements.

However, the research also shows that more of the participants negatively report that new vehicle launches and information is shared with the service advisors. Summary of all the statements are shown in table 4.12:

**Table 4.12 - Customer Satisfaction**

Note: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree, Mean, STD = Standard Deviation

Statements	SD	D	N	A	SA	Mean	Std
It is important to prepare all the documentation before the customers come for the appointment					100	5.00	0.0
It is important to ensure the customer is aware of the cost of the repair or service prior to commencing the work			7.1		92.9	4.857	0.5345
It is important to have the vehicle ready at the agreed upon time					100	5.00	0.00
It is important to provide continuous feedback while the vehicle is in the workshop				7.1	92.9	4.929	0.2673
It is important to have the invoice ready before the customer arrives to collect the vehicle					100	5.000	0.00
As a service advisor you feel empowered to satisfy your customer				7.1	92.9	4.929	0.2673

The sales department introduces the new vehicle owners to the service department	14.3		14.3	7.1	64.3	4.071	1.4917
The dealership's marketing activities are shared with the staff members	14.3	7.1	28.6	21.4	28.6	3.429	1.3986
There is a strong working relationship between sales and Aftersales	7.1	7.1	14.3	35.7	35.7	3.857	1.2315
New vehicles launches and information is shared with the service advisors	21.4	21.4	21.4	7.1	28.6	3.00	1.5689
You believe that the Aftersales management provides the support you need to deliver customer satisfaction	7.1	7.1	21.4	21.4	42.9	3.857	1.2924

Table 4.13 summarises the communication strategy by the company. All the respondents used telephone, emails and SMS to communicate with the customers during the service or repair. Although 85.7% believe that they have an opportunity to communicate with the customer in between service and repairs, only 35.7% make any effort to do so. All communication is still via SMS, email or over the phone. All the participants positively report that they understand the value of the customer experience, they are interested in customers' feedback, they prioritise their customers to ensure the right one gets their attention at the right time and it is possible, in their current position, to build a long-term relationship with their customers.

**Table 4.13 - Developing Long-Term Relationships with the Customer**

Variable	Frequency	Percentage
Do you use internet/social media to communicate with your customer during the service/repair		
No	5	35.7
Yes	9	64.3
Do you communicate with your customers during the year other than when their vehicle is in the workshop for a repair or service		
No	9	64.3
Yes	5	35.7
If yes, how do you communicate		
Telephone	4	80
SMS	3	60
Email	2	40
Social Media – Facebook or Twitter	0	0
Combination of the above	0	0
Are you aware of any ongoing company/ customer communications		
No	7	50
Yes	7	50
Do you believe that you have the opportunity to engage with the customer in between services		
No	2	14.3
Yes	12	85.7

#### 4.13 Conclusion

The objective of Chapter Four is to present the results from the research. The previous chapters highlight the importance of Aftersales contributing to the dealership's profitability. Customer loyalty is critical and the dealership must take full advantage of the customer's life cycle, as described in Chapter Two, to ensure that customers' expectations are met and value is created in the long-term customer relationship. This can only be achieved by an educated and motivated service advisor.

Chapter Five discusses the results from the research.

## CHAPTER FIVE – DISCUSSION OF THE RESULTS

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### 5.1 Introduction

In Chapter Two, the literature review provides an insight into the evolving marketing environment, the role Aftersales plays in the sustainability of the automotive dealership and the changing customer behaviour. This chapter discusses the research findings. It is important to emphasise the contribution this research can have to the OEMs, their dealerships and other Afterservice stakeholders.

### 5.2 The Respondents - The Service Advisors

Questions one to four of the questionnaire forms the foundation and provides information with regard to the demographics of the respondents.

#### 5.2.1 Age

The service advisors role in the dealership is extremely pressurised and busy. Thus, it is no surprise to see that 92.9% of the respondents are over the age of 28 years. Only one service advisor is the 24 to 27-year age group. This is a clear indication that a more mature person is required for this position.

#### 5.2.2 Gender

The makeup of the front line staff is changing and today it is not uncommon to have an equal mix of males and females. In this research, 71.4% are male and 28.6% are female.

### 5.2.3 Education

Out of the sample group, 14.3% have a minimum qualification of a grade ten and 85.6% have a matric certificate. There are only two service advisors that have accomplished any additional education – one has a technical qualification and the other a diploma. Both these respondents are males.

### 5.2.4 Work Experience

Only two of the service advisors were originally employed for their current service advisor position. The remaining respondents had other positions within the dealership. Of these respondents, 71.4% had worked in the workshop environment, 57.1% had been exposed to other administration positions within the dealership and 21.4% had sales experience.

Due to the complexities of the job and the work environment, it is important to have automotive experience and to have an understanding of how the dealership operates.

The role of a service advisor in a dealership is complex. The staff member requires a number of skills, such as the ability to understand the customer's needs and to explain technical aspects in a way that is easy for the customer to understand. They need to have strong communication skills with the ability to negotiate, to be able to deal with frustrated customers and to deal with conflict. They should have the ability to turn a negative into a positive, to remain calm in extremely pressurised situations and to understand and sell additional work. Having an understanding of the financial side of the business is an additional benefit. Being a service advisor is an extremely demanding job and requires the employee to be multi-skilled.

### 5.2.5 Findings

The service advisor needs to be highly skilled and experienced in order to deliver a satisfactory service level on a daily basis. Gaining experience within other departments, the dealership is a good training ground to build automotive knowledge. Women are becoming the preferred choice in this position as it is felt that they are better able to deliver the service with empathy. Although there are more women entering this working environment, the long working hours may prove to be a deterrent.

The above findings are supported by Dave Versical (2016) who through research in the automotive industry has identified an important trend with regards to service advisors. Even though the job is an extremely pressurised position, women are becoming the preferred gender for this function.

The age group of this group of service advisors would indicate a number of years of automotive experience. The service advisor's responsibility is to build a long-term relationship with the customer, in order to create customer retention (Berry, 1983). A more mature service advisor who has had the experience of other departments in the dealership provides a solid foundation for the required functions of an effective service advisor.

It is disappointing that only two personnel had obtained any further education. With Aftersales playing a critical role in the sustainability of the dealership and with customer behaviour changing, additional education must become part of the service advisor's career path. Unfortunately, with the long working hours, it is difficult to do any external studying.

The themes emerging from this section of the questionnaire are that the average age of the service advisor is 28 years old or older, they have a matric qualification and have originally been employed in another role within the dealership and will have some automotive business experience.

### 5.3 What is the understanding of the Service Advisor with regards to customer satisfaction?

Relationship marketing is the ideal situation for a customer centric organisation. All the dealership personnel must be customer focused. The service advisors need to understand the importance of their role in ensuring customer satisfaction and loyalty. The need to understand how they become part of the product with their body language and dress code and how they deliver the service, as discussed in the literature review. The customer's actions can also affect their expectations and even affect other customers' service experience.

Understanding the customer is extremely important as the service product is intangible and, therefore, the service advisor has to build the value into the exchange. Each service interaction is different and the front line needs to be able to interpret the situation and be able to make recommendations and find a solution for the problem. It is this interaction that the customer will trust and build confidence in the front line staff and the organisation. The service advisor needs to be able to build the trust and the customer needs to see the benefit in the relationship. However, in order for the service advisor to develop a long-term relationship, the staff needs to be provided with the most suitable knowledge and working environment to deliver and build a relationship.

In order to establish a long-term relationship, the dealership and the service advisor needs to ensure open and regular communication takes place. This dialogue needs to become part of the dealership's CRM strategy to ensure the customer relationship is maintained.

#### 5.3.1 Employee Satisfaction

The starting point to ensuring that great customer service is delivered is internal marketing. Internal marketing has a structured approach to ensuring employee involvement and commitment to the organisation. The benefits of having satisfied



employees are greater commitment and more involvement in their tasks and, therefore, they will experience greater job satisfaction.

Participants were asked to rate the statements with regards to their working environment. The results highlight that most of the respondents were positive about the working conditions. For example, the majority of the participants positively reported that they feel encouraged to come up with new and better ways of doing daily activities at work (78%). The statements which were highly rated are:

- My work gives me a feeling of personnel accomplishment (mean score of 4.57)
- I have clearly defined quality goals for my job (mean score of 4.57)
- My manager visibly demonstrates a commitment to quality (mean score of 4.57)

However, there were three statements which were rated poorly and these are:

- The company keeps employees informed about matters that affect me (mean score of 3.85)
- I am satisfied with the information that I receive from management with regards to what is happening within the company (mean score of 3.85)
- I feel there is an opportunity for me to improve my position in this company (mean score of 3.64)

The ability of the service advisor to relate to the customer is dependent on the physical environment, processes and support from management (George & Gonroos, 1985). In order for the service advisors to be satisfied in their roles, there needs to be regular sharing of information as well as possible future career development. Managers need to develop the right culture and provide the support for the staff to be confident in delivering a superior service (Gonroos, 2000).

### 5.3.2 Ranking the Service Advisors' Daily Functions

By the results, it is clear that all the service advisors have a good understanding of their daily roles and responsibilities with regards to customer satisfaction. Results show that understanding customers' needs is the most important factor indicated by the participants as the mean score was 1.57, followed by communication with the customer during the day (mean = 2.64). The least important aspect was booking the customers' next service (mean = 6.714). This is an important part of relationship marketing. The customer wants to be treated as an individual and an easy, cost effective process is to book the next service while the service advisor has the customer in house for the current service. This is easy to do as future mileage can be calculated on past car usage. Should the next mileage milestone not be within the year, a booking can be made for the same date the following year. Customers will appreciate not having to repeat the booking procedure the ensuing year and this will allow the service advisor opportunities to contact the customer in advance of the next service to remind customers of the scheduled service, alert them to any special offers and enquire as to how their car is driving.

Another statement which received a high mean score (5.714) is ensuring that the customers' information is correct on the DMS. All Aftersales marketing activities and CRM will rely on accurate data that can be obtained from the DMS.

It is imperative for the service advisors to have an understanding of their daily roles. Delivering a high standard of service delivery can be understood as the approach to the company's service offerings and how these activities are handled by the company in selling their products (Roos, 2014). Service delivery is an intangible product and the interaction between the service advisor and the customer will determine the customers' satisfaction (Palmer, 2011).

### 5.3.3 Incentive Programme

An incentive programme must be designed to promote and encourage certain behaviour. Therefore, it is important for the management team to understand the behaviour they would like to encourage and the behaviour they would like to discourage. This behaviour needs to complement the business culture that is being created within the company. The incentive programme is there to motivate the personnel to improve their sales performance and to build on customer retention, although some inexperienced service advisors might find that the two objectives are in conflict with each other.

The service advisors' incentive package is made up of a number of different components such as customer satisfaction, labour sales, work in progress, outstanding cash and part sales.

The majority of the participants (86%) indicated that the incentive programme is for customer satisfaction; this was closely followed by outstanding cash and work in progress (57% each).

92.9% of respondents had a clear understanding of how the incentive programme is implemented. The amount that the service advisors can earn varies: 42.8% could earn an incentive between R1 000 – R2 500; 21.4% could earn R2 501 – R4 000; and 35.7% could earn R5 501 – R7 000.

Incentives have an important role to play in order to grow the business (Sullivan, 2011). The incentive programme needs to drive the correct behaviour and achieve the desired results (Tosnik, 2012). The long-term benefit of having a fixed incentive programme which is continuously in place is questionable. As highlighted by Kohn (1993), an incentive programme needs to be reviewed and revitalised regularly, otherwise there will be no enduring commitment to any value or action but only temporary change.

### 5.3.4 Working Hours

Long working days are not uncommon for the service advisors. 57% indicated that they worked more than nine hours a day and 28.6% worked overtime weekly. Only 14.3% worked an eight-hour day and did not work overtime.

### 5.3.5 Findings

As per the findings presented above, it is clear that the front line staff at the dealerships have grasped the concept of customer satisfaction. Their daily activities are focused on ensuring all areas are covered to ensure the customers' expectations are met. The incentive programmes are a combination of productivity (turnover) and customer satisfaction index. The dealer is attempting to ensure that there is an acceptable level of sales while the customers' expectations are met and that they will return.

Internal marketing is important to ensure the staff's needs are met. Satisfied staff will create satisfied customers. Therefore, the staff needs to feel part of the organisation and be part of the marketing efforts. The sharing of information is vital and an area on which there can be improvement.

### 5.4 What training has the service advisor undergone and how frequently does this training take place?

The service advisor's job function covers a number of different activities. All the service advisors are on an incentive programme which is meant to motivate and increase their performance to ensure the correct objectives are achieved. However, as A. Kohn (1993) points out, incentive programmes only motivate employees for a short term. Therefore, in order for service advisors to be top performers, they need to be aware of the developments in the industry. To deliver customer satisfaction and to meet the customers' expectations, the dealer needs to continually train, review the processes and share information through regular meetings.

#### 5.4.1 Aftersales Meeting

More than half of the participants (57%) report that only when a need arose, would there be an Aftersales meeting. Only 35.7% indicate that they have a weekly Aftersales meeting. On the positive side, 71.4% indicated that an agenda was used to conduct the meeting.

In the Aftersales department, weekly meetings are an important part of the activities. At these meetings, there is an opportunity to discuss the progress towards achieving the department's KPIs. Using this information, actions can be developed to ensure that the KPIs are achieved, instead of waiting until the end of the month to discover that the objective has been missed. Meetings provide a platform to build teamwork. Service advisors that are doing things differently and are achieving their targets can share their approaches. Not only is this process acknowledgement of their success but it assists their underperforming colleagues.

This is an alarming statistic as meetings are important to review the activities and for management keep the focus on the right areas of the business.

Having regular Aftersales meetings plays an important part in creating the company culture. The sharing of information not only provides information to the staff, but the opportunity for management to listen to the staff.

#### 5.4.2 Training

Technology is changing continuously on the technical front and new vehicles are continuously being marketed. Customer buying behaviour is changing and information is freely available. Thus, the service advisor needs to be educated on the product, as well as being aware of the changing customer needs.

There are two forms of training: internal training and external training. Internal training will focus on the new vehicle specifications, sharing of new product information,

upcoming launches and even technical problems that are being experienced in the current model range.

External training will be on more general activities, such as focusing on selling techniques, developing long-term customer relationships, CRM and how to utilise new communication tools such as Facebook and Twitter.

#### 5.4.3 Internal Training

Internal training was attended by 71.4% of the respondents; 40% of these respondents indicated that the training was seldom and 20% had training half-yearly. The main focus of these training sessions were on customer satisfaction related subjects and non-technical training. Only 10% had some form of financial training, 20% had sales training and 30% had new product training.

#### 5.4.4 External Training

External training is conducted by outsourced training companies. This could be a service offered by an oil company or an IT training or even a service offered by the manufacturer. This training is normally more generic and not brand specific. The focus should be on soft skills such as customer care, CRM activities and relationship marketing.

92.9% indicate that they attend external training. The results for the frequency of these training sessions were: 15% did training quarterly, 15% did training half-yearly and 31% did training yearly. 31% of the participants seldom attended any external training.

#### 5.4.5 Findings

Under the heading of Employee Satisfaction, the service advisors outlined three critical areas of the business that they did not agree with, namely: The company keeps employees informed about matters; They are dissatisfied with the information received from management with regards to what is happening within the company; and There is little opportunity to improve one's position in the company.

It is noted that the lack of Aftersales meetings was a common theme.

These issues relate to each other in that, because there are no meetings, there is no sharing of information. Setting up regular meetings with an agenda is the ideal way of sharing information and receiving feedback from the employees, especially when they are dealing with the customers daily.

Ongoing training is essential today in the rapidly changing markets and developing technology. Training assists the service advisors in remaining focused and informed about new vehicle developments, as well as learning marketing strategies to build that desired customer relationship.

According to the literature review, creating a competitive advantage differentiates the business from its competitors. When the competitors are unable to copy the strategy, the company has a sustainable competitive strategy (Barney, 1991). Du Plessis (2009) lists the reasons why services advisors are unable to deliver the desired service. These include the instances where the employee does not understand the management's expectations, the advisors do not fully understand their responsibilities, the incentive programmes drive the wrong behaviour, there is a lack of service culture, there is inadequate staff empowerment and there is a lack of team effort. In these findings it is clear that there is a lack of communication and ongoing training, which is in conflict with the literature review.

## 5.5 Does the service advisor feel it is possible to develop a long-term relationship with the customer?

Dissatisfied customers will not return to the business and these customers are detrimental to the future profitability of that business if that trend is allowed to continue. Therefore, this is motivation for all service organisations to understand how to retain their customers. The service advisor has to have the knowledge about delivering the quality service but also to understand the importance of building a strong customer relationship. Building strong relationships has a direct correlation to customer loyalty and retention and can therefore become a competitive advantage. Retention is the starting point and relationships are built with customers that keep returning.

Both the customer and the business must see the value in the relationship. There are two characteristics that are critical: trust and commitment. The service provider must understand that the customer will only be loyal as long as there is perceived value in the relationship. It is important to be aware that customer needs to be satisfied to be loyal but that does not mean satisfied customers will remain loyal. Building a strong relationship with the customer will enhance the potential of the customer remaining loyal.

### 5.5.1 Customer Relationship Management (CRM)

CRM is about how the company will go about establishing and maintaining the long-term relationship. It is important for the business to have a complete long-term CRM strategy which will include the Aftersales departments.

Due to the development of information technology, there are a number of methods on which the customer and the company can communicate. The CRM strategy should be able to combine all these activities to become part of the marketing strategy.

Building a relationship with the customer will require additional effort. Although 85.7% believe that they have an opportunity to engage the customer in between services, in reality this does not happen. Evidence from the responses to the questionnaire is that



64.3% of the service advisors do not communicate the customers between services. 100% of the respondents believed that they have an understanding of the value of customer service, are interested in customer feedback and believe it is possible to build a long-term relationship with the customer.

Relationship marketing describes building the relationship between the customer and the organisation (Berry, 1983). Once the customer believes there is value and a benefit within the relationship, the customer will become a loyal customer (Du Plessis, 2009). With regards to the findings, the service advisors believed that they could build a long-term relationship but there was no ongoing communication with the customer once the vehicle had left the workshop following the service or repair.

The CRM process is about managing the customer's relationship by focusing on retention and utilising the data to improve and develop the relationship (Injazz & Popsvich, 2003). The service advisors do not have the training or the time to focus on continued communication. The dealership needs to develop a CRM strategy in order to have continued customer interaction.

When the service advisor does communicate, it is when the customer's vehicle is in the workshop and the traditional forms of communication are used such as telephone (80%) (cellphone), SMS (60%) and emails (40%). No respondent indicates any use of any other communication media such as Whatsapp, Facebook or Twitter.

A great CRM programme needs to utilise the dealer information and share dealer activities with the customers. This could include a reminder for when the car licence is due, wishing the customer a happy birthday or inviting the customer to come to the dealer for a "customer appreciation" day. This is an opportunity to bring sales and Aftersales together and combine their marketing activities.

Two critical areas are highlighted by the Aftersales front line staff. 50% of the respondents are not informed about the dealers marketing activities and the service advisors were not included in any marketing activities conducted by the dealership. They are not informed or involved in new vehicle launches. This unfortunately has a double effect because the front line staff does not feel part of the business and, when

the customer arrives with his new vehicle, the service advisor has limited knowledge about the car. This is certainly not the foundation to start building a customer relationship.

### 5.5.2 Findings

Service advisors play a critical role in forming the link between the dealership and the customer. To the customer, the service advisor is the only contact he/she has with the company and so represents the company fully. This is a great responsibility on the service advisor as any small action to deter the customer may turn him/her away from the entire company for good.

Marketing relationship is all about building that long-term relationship with the customer. The service advisors will deal with a customer for approximately four to six years and that time is the ideal opportunity to establish a relationship. However, the service advisors need to be encouraged and educated in the process to have the ability to build this relationship. A trend gained from the research is that the service advisors do not communicate with the customer at any other time during the course of the year except for when the vehicle is in the workshop. All the service advisors still use the traditional communication tools such as phone and instant messaging. Although all the service advisors believe it is important to build a long-term relationship, no other effort is made when the customer's vehicle is not in the workshop.

The objective is about creating a business culture in which the service advisor feels part of an environment in which they want to excel. This culture needs to encourage the staff to want to improve the working environment by continuously reviewing the daily processes and looking for innovative ways to improve and become more efficient.

### 5.5.3 Summary

The objective of this chapter is to present the results from the research. The findings are presented in a manner so that they relate to the set questions. However, it is interesting to note that the findings are inter-linked. The previous chapters highlight the importance of Aftersales contributing to the dealership's profitability. Customer loyalty is critical and the dealership must take full advantage of the customer's life cycle, as described in Chapter Two, to ensure that customers' expectations are met and value is created in the long-term customer relationship. This can only be achieved by an educated and motivated service advisor.

All service advisors have a clear understanding of their daily roles and responsibilities. Additionally, they have an understanding of their incentive programmes, although there is variance in the amount earned. A positive outcome of the research is that customer satisfaction is important and is a large contributing factor to the amounts that can be earned in the incentive programme. The service advisors also describe a sense of personal accomplishment in their roles.

Nevertheless, service advisors are not kept informed of matters within the dealership that affect them and there is little sharing of information within the company. All the advisors feel that there is no opportunity to improve their current positions within the dealership. Lastly, training is not done regularly nor are there any meetings scheduled routinely which means there is no opportunity for sharing of information or communication.

Chapter Six concludes the outcomes of this research and makes recommendations based on the findings to improve the support the service advisors receive in order to achieve customer satisfaction.

## CHAPTER SIX – CONCLUSIONS AND RECOMMENDATIONS

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### 6.1 Introduction

The focus of the research was on the support that the service advisor in the automotive industry receives from management in ensuring customer satisfaction. Over the years, there have been many changes to the business environment. Marketing has evolved, OEM dealerships have had to change their focus as new vehicle sales decline and margins decrease and customer buying behaviour has changed. This has impacted the way dealerships deal with their customers.

The objective in business is to create a competitive advantage. The challenge is creating a sustainable advantage. In service marketing, it is about the interaction between the front line staff and the customer. Aftersales marketing must be a critical driver of customer centric performance, which will lead to enhancing the brand's performance (Siahli, O'Cass & Ngo, 2014).

All businesses are striving to create that competitive advantage by introducing a process or activity that separates one business from its competitors. Differentiating the business from competitors is an ongoing challenge. When one strategy is introduced and is proven to be successful, usually competitors will be able to copy it or produce a similar and successful version.

This research highlights the importance of the Aftersales department in ensuring the dealership sustainability and profitability. The service advisors are a critical component in this because their task is to ensure customer satisfaction and customer retention. However, if management believes this to be true, then the correct environment needs to be maintained to support and achieve these objectives.

## 6.2 Changing Environment

New vehicle sales, especially passenger car sales, are declining. OEM dealers are under pressure to meet their manufacturers' sales targets and the dealership will bear the financial burden of stock build up which means that smaller margins will be made on new vehicle sales.

The impact of a decline in the new vehicles sales will also mean that the manufacturers car parc will decrease, which will eventually have a direct impact on the workshop volumes as the warranty ends on older vehicles.

The service advisors have a great opportunity to build a strong relationship with the customer during the warranty period. As the car parc declines, it is extremely important for the company to ensure customer loyalty and customer retention. Taking advantage of this warranty period, OEM dealerships can bolster the relationship. The alternative is to wait until the customers have decamped to alternative service outlets and then spend large volumes of money in an effort to lure them back to the service centre.

Customer purchasing behaviour is continuously changing. Social media plays an important role in our daily lives. Customers will expect information to be freely available and the various platforms provide customers with opportunities to share their likes and dislikes immediately.

Although there are a number of ways in which mass media can be used to communicate, each customer still wants to be treated as an individual. It is important for the business to understand the "touch points" the customer will have during the lifecycle of the vehicle.

Service advisors need to focus on building the relationship with the customer during the warranty period. This is the ideal opportunity to get to know the expectations and needs of the customer. With the help of the DMS, service advisors can build up a database of customer information.

Using available tools such as instant messaging, Twitter, WhatsApp and email, the service advisor can effectively communicate with the customer. However, service

advisors will require training and will need to be included in the dealership's marketing strategy.

### 6.3 Management

The role of management is to create the right culture within the company and the Aftersales department. The company must be customer focused and all activities must be aimed at ensuring the customer has a pleasant experience when interacting with the different departments. This cultural development starts with the employment of new staff.

Internal marketing is critical as there is a direct link between a satisfied employee and a satisfied customer. Management must understand the service advisor's working environment and share information, in addition to ensuring staff members have an opportunity to voice their opinions and participate in the decision-making that may affect their roles and department.

The research indicated that the service advisors had a good understanding of their daily roles. Through experience, the service advisors understand the importance of customer satisfaction and ensure the service delivery process is efficient and focused on the customer requirements on the day of the service.

Although the incentive programmes were well understood by the service advisors and were set up to improve productivity, it is always important for management to try to ensure that the incentives drive the suitable behaviour. Incentives are a short-term motivator and therefore if there is no reference to them or the incentives are not reviewed, they may not achieve their objective.

An area that requires attention in all dealerships is the lack of internal communication. The Aftersales department is not being made aware of new vehicle launches or communications of the dealership marketing activities. There is a distinct separation between the Sales and Aftersales departments.

The service advisors feel they have sufficient knowledge to make decisions and to ensure that the customers' needs are satisfied and the customers' expectations are exceeded. This is an ongoing process and can only be achieved through regular training courses and sharing dealer information. Training can take the form of internal training programmes or external training programmes. As highlighted in Chapter Four and Chapter Five, training is lacking for service advisors. One training course a year is not sufficient and the information needs to be revised and reinforced regularly. Processes are important in the Aftersales department but they also need to be continuously reviewed and improved.

Management must understand the importance of the Aftersales department. Internal marketing must receive more focus to ensure staff requirements are met. As per the findings, a lack of meetings and the sharing of information is a critical point that needs to be addressed. The service advisors are central to communicating with the customers and this could be used as an opportunity to mention new products or vehicle launches.

Management needs to empower the service advisors in order for them to develop their skills to make the right decisions and ensure customer satisfaction.

Creating the competitive advantage can only be achieved through well trained and motivated staff.

#### 6.4 CRM

Quality information is the key for ongoing customer communication and all dealer employees need to understand the importance of quality data and how best to use this information. This is the foundation for establishing a long-term customer relationship.

CRM comprises the activities and processes that manage the relationship marketing. The objective of CRM is to increase customer retention and loyalty towards the dealership. Ideally, it is the processes that will actively guide the customer to the Aftersales appointment. Customers should be proactively led over the lifecycle of the vehicle. However, if the quality of data is not ensured, the complete CRM process will fail.

Currently in Aftersales departments, it is clear that the service advisors do not understand the dynamics of CRM nor do they have the time to continuously build on this customer relationship.

The service advisors do not utilise available technology which could improve and make this activity manageable. The customers should be contacted regularly and not only when their vehicles are in the workshop.

## 6.5 Suggestions for Future Research

The service industry has grown over the last decade and companies are more aware of the additional financial benefit derived from aftersales. To maximise the return from the service industry, it is important to emphasise customer retention. Managers and staff need a greater understanding of CRM.

The following are suggestions for future research.

- Qualitative research should be conducted on this subject.
- Understanding the knowledge of the Aftersales manager with regards to service marketing as the driver or mentor within the department
- Dealer Principals' understanding of service marketing and how they incorporate service marketing into the Dealerships marketing activities
- How is information technology influencing the change in customer behaviour in the motor industry?
- Is customer satisfaction the correct measurement to use or should the focus be on customer retention?

## 6.6 Implications of the Study for Professional Practice

The literature review supports the fact that customer behaviour is changing and the service industry must likewise effect change in its focus to retain customer and ensure their satisfaction. Aftersales is now the majority contributor of profits and therefore their



service advisors must be included in the business strategy as they are the front line between the dealership and the existing customer.

## 6.7 Summary

The external environment will always have an impact on the business' operating conditions of which management needs to be aware and adjust their strategy accordingly. However, the internal activities can have a profound impact on the future profitability of the business.

The service advisors have an important role to play, ensuring the customers' needs are met. Their days are filled with a number of different functions. All the respondents appeared suitably capable in their roles.

The challenge is to build those long-term client relationships. The importance of the Aftersales department in the role of ensuring the dealerships sustainability has been well documented. The important role the service advisors play in contributing to the success of achieving the Aftersales objectives has been highlighted.

The OEM dealerships have the benefit of a captive customer for the warranty period. This is the ideal opportunity to build that relationship. The service advisor must understand the customers' needs and expectations. Satisfying the customers' needs is the best way to ensure customer loyalty.

The lack of training is a concern. Service advisors need to be armed with the relevant tools to motivate and sustain the Aftersales objectives.

The ultimate solution is to create loyal customers. This can be achieved by understanding relationship marketing and using a thorough and accurate CRM strategy and remembering that the only way to create a competitive advantage that competitors cannot copy is through motivated staff.

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## Appendix One: Ethical Certificate



03 August 2015

Mr Kevin Gustav Ackerberg (211528518)  
Graduate School of Business & Leadership  
Westville Campus

Dear Mr Ackerberg,

Protocol reference number: HSS/0862/015M

Project title: The Business support Frontline Staff receives in the Automotive Industry

**Full Approval – Expedited Application**

In response to your application received on 01 July 2015, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 3 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenika Singh (Chair)

/ms

Cc Supervisor: Dr Elias Munapo  
Cc Academic Leader Research: Dr Muhammed Hoque  
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

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