University of KwaZulu-Natal

Online consumer behaviour within the broadband industry

By

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A dissertation submitted in partial fulfilment of the requirements for the degree of

MASTERS OF BUSINESS ADMINISTRATION

In the Graduate School of Business
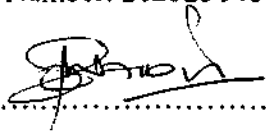

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December 2006

DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted for any other degree at any other university.

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Acknowledgements

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

- My respondents and the Real Slim Shady, without you the validity of this thesis would have been null and void.

- The Graduate School of Business staff, Mrs. Christel Haddon and Mrs. Kiru Naidoo for assisting me in every way possible to ease my plight. Your support and encouragement is invaluable.

This thesis is dedicated to my parents, who are God's greatest blessing to me. This study is the tangible evidence of the vision that you both have had for me.

ABSTRACT

The internet has rapidly become a part of an every day experience for the consumer. The rapid expansion of information and communication technologies in daily business activities is the most important long-term trend in the business world. Quality is related to customer satisfaction, retention and loyalty in both the products and service settings and thus quality is expected to be a determinant of online retailer success as well.

This study focused on the critical components of the business environment with regard to organizations retention of their customers and maintenance of their competitive advantage within an online environment. The main aim of this study was to determine the effects that customer satisfaction and service quality have on customer behaviour within an online environment.

The population consisted of broadband users in the UK and the research instrument used was a questionnaire that was administered to a sample of four hundred consumers at four locations in the city centre of Victoria, London. The findings of this study are similar to previous studies conducted by researchers of service quality. The most important elements that surfaced were what customers require from an online shopping environment viz. reliability and efficiency of the website, correct product descriptions and advertising, accurate delivery times and correct orders.

Best practices and recommendations with regard to organizations using past studies and models available as well as the use of strategic instruments to enhancement the organizations viability. It was recommended that organizational surveys be conducted as well as recommendations for empowering and equipping members of staff as well keeping service promises. Research is needed in the examination of inter-relationships among technology readiness, electronic service quality and electronic shopping behaviour of customers as well as research into actions on the Web site that most affect the identified key drivers of revisits or repurchase.

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CHAPTER ONE

Introduction

1.1 Introduction

Customer service effectiveness is an important means for organizations to gain a competitive advantage in today's service economy (Berry, 1995; Bowen and Schneider, 1988). In order for internet service providers to maintain market leader positions with products and services that are offered, they need to exceed the above average expectancy of their consumers. Delivery of a service that is deemed exceptional involves a complex process of synchronizing different departments within the business in order to deliver a product that is a delight to its customers. Customer Call Centres have inherently become the customers' first point of contact after an online transaction and therefore responsible for creating and constructing either negative or positive perceptions towards the quality of service offered by the organization as a whole.

1.2 Motivation for the Study

Broadband has been identified as a vital component of the "knowledge economy" and thus is also seen as a driver of economic growth and competitiveness. It is regarded as strategic importance to all businesses worldwide, for the acceleration of economic growth in all sectors and facilitating innovation. With the advent of globalization online shopping boomed and the internet became a critical tool for selling most goods and services. However, major problems arose and threatened the viability of this mode of shopping. Consumers could not complete transactions, products were not delivered on time, e-mails were not answered, desired information could not be accessed and customers privacy and security being breached.

Because of these major issues the competitiveness of companies with web presences were under threat.

Quality of customer service is related to customer loyalty, customer retention and increased organizational profits (Reichheld & Sasser, 1990). In addition, loyal and satisfied customers serve as an important source of free advertising through referrals and recommendations, whereas unsatisfied customers are more likely to defect and to convey negative experiences to other potential customers (Hartline and Jones, 1996).

The aim of this study is to develop an understanding of customer's perceptions of online shopping and to then further isolate aspects of what customers expect from the call centre that supports the website on which they shop online, and what they expect from a voice to voice encounter with a customer service agent.

1.3. Focus of the Study

The essence of this work lies with the concepts of service quality, customer satisfaction and customer behaviour within the broadband industry. These concepts will be extrapolated in the ensuing discussions.

1.3.1 Service Quality

Zeithaml, Berry and Parasuraman, (1996) stated that service quality and satisfaction measured the same underlying concept and therefore were the same. Other authors suggested that the concepts of satisfaction and quality were different and that perceived service quality affected customer satisfaction. Zeithaml and Bitner (2000), defined quality as a meeting or exceeding of customer expectations within an expectation-disconfirmation paradigm. One of the most prominent measures of quality was the SERVQUAL measure based on gap model by Parasuraman *et al* (1988). The model suggested that differences between consumers' expectations regarding the performance of a general class of service providers and their assessment of the actual performance of a specific firm in that class drove perceptions of quality. Within the service quality literature, Parasuraman *et al* (1988), developed an array of dimensions that incorporated a wide range of potential benefits to the consumer. Parasuraman, Zeithaml and Berry, (1985), identified service quality as a source of competitive advantage and therefore

developed the SERVQUAL method of assessment of quality. It involved a multi-item scale that measured the customer's perception of quality and used it to measure customer satisfaction. They broke down customer satisfaction into 5 areas by identifying reliability (dependability and accuracy), responsiveness (willingness and/or readiness of employees to perform the service), assurance (knowledge, courtesy, inspiration of trust and confidence), empathy (caring, individualized attention), and tangibles (physical elements: facilities, equipment, employees' appearance) as determinants of quality. These dimensions represented benefits received or costs incurred that the salesperson could influence in the service environment. Another approach to SERVQUAL was simple performance measures.

The components of service quality and customer satisfaction often overlap due the fact that they both contribute to the overall satisfaction of the customer experience. The following section delves into the components of customer satisfaction.

1.3.2 Customer Satisfaction

Customer service was among the most important interfaces with the customer and a primary means by which to penetrate, build and maintain market share. According to Shemwell et al., (1998), customer satisfaction was found to be significant factor in reducing complaint behaviour. Customer satisfaction was conceived as one element of an overall model of customer behaviour that evolved over time (Beardon and Teele, 1983).

Customer loyalty as demonstrated in the form of repeat business has been shown to be a key determinant of the success of many service companies (Reichheld and Sasser, 1990). They found that loyalty was regarded as a powerful profit generator because loyal customers tended to spend more, refer others and cost less to be served and that it was more cost effective to retain customers than to acquire new ones.

According to Zeithaml, Berry and Parasuraman, (1996) desired expectations represented the level of service the customer hoped to receive, consisting of a blend of what the

customer believed could and should be delivered. There were two dimensions to the customer expectation construct: The level of service desired by the customer and the level of service predicted by the customer (Anderson, 1973).

Zeithaml et al., (1994), argued that the desired level was the level of service that the customer believed could and should be delivered and that adequate service was the level of service that customers considered to be acceptable. Although high levels of customer satisfaction did not guarantee loyalty, dissatisfaction with service received caused customers to move to other competitors. Such customers were less likely to return in the future and, if they did, it will be at a lower rate of incidence than was previously experienced. The customer's experience of the firm is likely to be multiplied through interactions with other prospective customers via word of mouth. When customers are satisfied with the service received, they influenced the expectations of potential customers with whom they interacted. However, Reichheld and Sasser, (1990) found that when customers were dissatisfied they were even more likely to spread the word to potential customers.

1.3.3 Customer Behaviour
There are three possible behavioural consequences of customer satisfaction, viz. word of mouth, feedback to the supplier and loyalty.

Word of mouth is the extent to which the customer informs friends, relatives and colleagues about an event that has created a certain level of satisfaction. Customers who are satisfied tend to return for future business and sometimes assist in marketing a service organization through word of mouth (Rucci, Kirn and Quinn, 1998).

However, the form of the relationship may be different at different levels of satisfaction. Research by Crosby *et al* (1990), stated that customers who had bad experiences told approximately eleven people about it whereas those who had positive experiences only told six people, thereby introducing a negativity bias (where negative events have produced a stronger response than positive events).

Feedback is a class of behaviour that deals with the customer's transmission of information regarding their experiences. The use of customer feedback allows organizations to monitor and regulate their service offerings and delivery.

An assessment made by Kotler (1994), where he discovered that the propensity among dissatisfied customers to forward complaints to the supplier was low. He argued that only about 5% of customers complained.

Positive and negativity biases may occur. Negativity bias can be dominant where the transmission of negative feedback may be perceived by the customer as offering a higher potential for compensation than the transmission of positive feedback. This bias also increases given the proliferation of customer satisfaction guarantees. This in turn encourages complaining behaviour. The potential for a negativity bias may be offset by the length of the customer-supplier exchange and the extent to which it involves interpersonal interaction at several points in time between the customer and the representative of the supplier. A positive bias may even lead to situations where satisfied customers provide the supplier with complaints.

Customer feedback-seeking behaviours can be defined as actions taken to assess customer perceptions of service effectiveness. These actions range from explicitly asking the customer for evaluations to passively observing customer reactions to service encounters. In order to understand its customers and do the best job in listening to their needs an organization needs, to have feed-back regarding service issues.

1.4. Problem Statement

The internet remains a critical channel for selling most goods and services (Parasuraman, Zeithaml and Malhotra, 2005) and is rapidly becoming part of an every day experience for the consumer. In an age where everything revolves around making life simpler, it is far easier to log onto a website than to travel miles in order to obtain a product that is far more expensive offline.

Low prices and the novel idea of online purchasing were initially seen as drivers of success but problems with service quality and customer satisfaction arose and has been identified as critical components that need to be addressed in order for a business to remain functional (Parasuraman, Zeithaml and Malhotra, 2005). Service quality issues such as customers not being able to complete their transactions, ordered products not delivered within the predicted timeframe and, in some cases, non-delivery, emails not being answered and information on the order and goods not being available came into question and have threatened the viability of online purchasing.

In this current study we examined service quality issues within an online shopping environment and the quality of the after sales support call centre that supported the website. The objective was to determine the service quality issues that influenced the online shopping experience of a consumer and the extent of influence that the after sales support call centre of that website had on a customer's intention to revisit and repurchase on that website and the impact that these variables have on the Organization's profitability.

1.5   Objectives

- To determine the level of satisfaction experienced by customers using online shopping methods.
- To determine if demographics affects repeat visits to the website?
- To determine whether after sales support promotes return business to the website?

1.6   Limitations of the Study

The limitations of this study will be discussed with regard to sample size, sampling technique, identifying and targeting respondents and administering of the questionnaire.

1.6.1   Population and Sample Size

The basic idea behind sampling according to Cooper and Schindler (2001) is that "by selecting some of the elements in a population, we may draw conclusions about the entire

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population". The population of a study consists of the total collection of elements about which the researcher makes some inferences. In this instance the population was broadband users in the UK, the sample consisted of people working in Victoria, London and the selection criterion before the questionnaire was administered was that the respondents had to have both an online shopping and an after sales support experience.

1.6.2 Sampling Techniques

For the purpose of this study judgmental sampling was chosen and the respondents were selected after they confirmed that they had both an online shopping and customer call centre experience. The major advantage of judgmental sampling is that a biased group was selected for screening purposes (Cooper and Schindler, 2001).

1.6.3 Identifying and targeting respondents

This research was conducted in Victoria, London with a target audience of individuals that had both online shopping and after sales customer support experience. The targeting was based randomly selecting people at various locations which were work offices. The most motivating offer that was made was convincing the customer that a manufacturer or service provider really needed feedback due to the fact that they wished to offer the customer improvement in the service that they offered.

Research designs can be classified by the approach used to gather primary data. There are basically two approaches viz. the observation and communication approach. In this study the communication approach was used as it would yield a large amount of data that cannot be collected through observation (Cooper and Schindler, 2001).

1.6.4 Literature Review

Various official customer service focused websites were consulted in an effort to gain a review of the published literature in the areas of service quality, customer satisfaction and customer behaviour.

Published articles from consultancies specializing in the areas of customer satisfaction and service quality were used. Electronic databases such as OPAC, Nexus and Science Direct have been consulted for electronic journals in order to assess the status and the importance of service quality and customer satisfaction in the marketplace.

1.6.5 Sources of Secondary Data

The internet, telecommunications publications and journals provided information on global trends within the global telecommunications industry as well as providing information regarding the concepts being explored viz. customer service, customer satisfaction and customer behaviour.

1.7 Conclusion

Customers' first point of contact with the company after an online shopping experience is usually customer service agents, and therefore they have the contractual obligation to sell the company's services, deliver the company's promises and build an image. In order for them to achieve this, employees need to know what the customers desire. The objective of this study is to isolate those aspects from a customer's point of view that characterize what customers expect from a voice to voice encounter with a customer service agent.

The literature review that follows provides working definitions of the concepts of the study, the variables that influence these concepts either positively or negatively and how they can be manipulated to meet and exceed customer expectations of service excellence.

CHAPTER 2

Introduction to business principles within an electronic and call centre environment

2.1 Introduction

Customer service effectiveness is an important means for organizations to gain a competitive advantage in today's service economy (Berry, 1995; Bowen and Schneider, 1988). The internet remains a critical channel for selling most goods and services (Parasuraman, Zeithaml and Malhotra, 2005). With the advent of globalization an increase in online shopping has resulted and is rapidly becoming part of an every day experience for the consumer. In order for internet service providers to maintain market leader position, products and services that are offered need to exceed the above average expectancy of its consumers. To deliver a service that is exceptional involves a complex process of synchronizing different departments within the business and revisiting the vital components of customer service delivery. The focus of this study is on service quality and customer service within the electronic environment, although traditional service quality aspects will be discussed, and the need for call centres as a support mechanism for organizations that have established a web presence.

Some researchers state that service quality and satisfaction measure the same underlying concept and therefore are the same. Others suggest that the concepts of satisfaction and quality are different and that perceived service quality will affect customer satisfaction. Zeithaml and Bitner (2000), define quality as meeting or exceeding of customer expectations within an expectation-disconfirmation paradigm. Parasuraman, Zeithaml and Berry, (1985) identified service quality as a source of competitive advantage and developed the SERVQUAL method of assessing of quality. It involved a multi-item scale that measured the customer's perception of quality and used it to measure customer satisfaction. This chapter outlines the basic concepts involved in customer satisfaction and service quality research with reinforcement from work, models and theories proposed

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by leading researchers in the field viz. Parasuraman, Zeithaml, Bitner etc. The two major concepts of this study are customer satisfaction and service quality and the impact that these two measurables have on an organization's ability to maintain their customer base and competitive advantage in the market place.

Some researchers state that service quality and satisfaction measure the same underlying concept and therefore are the same. Others suggest that the concepts of satisfaction and quality are different and that perceived service quality will affect customer satisfaction. This study delves into the dimensions of both customer service and service quality and the direct and indirect impact each of these components have on each other and the overall impact that they have on an organization.

2.2   Customer Satisfaction

Customer satisfaction is a well known and established concept in several sciences viz. marketing, consumer research, economic psychology, and economics to name a few. Marketing practitioners have placed importance on the issue of customer satisfaction having realized that the key to customer retention is through customer satisfaction and after attracting and engaging customers, it is important to retain them.

Zeithaml and Bitner (2000) have defined customer satisfaction as "Satisfaction is the consumer's fulfilment response". It is the judgment of a product, service feature or the product or service in itself that provides a pleasurable level of consumption related fulfilment.

Market researchers distinguish between customers' satisfaction with respect to a specific transaction and their global evaluation of a service (Holbrook and Corfman, 1985; Olshavsky, 1985). Oliver (1981) argued that satisfaction was characterized by the surprise a customer experienced after a purchase (i.e. a service encounter) and that this surprise eventually became an input to a less dynamic attitude. Consequently, satisfaction can be considered to influence the customer's evaluation of service, purchase intentions and behaviour (LaBarbera and Mazursky, 1983).

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Customer satisfaction or dissatisfaction is a function of the disconfirmation arising from discrepancies between prior expectations and actual performance (Cardozo (1965), Oliver (1980), Olshavsky and Miller, 1972, Olson and Dover, 1976). Satisfaction is therefore the customer's evaluation of the product or service in terms of whether or not that product or service has met their needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service.

Kotler (2000) contended that research indicated that a highly satisfied customer:

- Stays loyal longer;
- Buys more as the company introduces new products and upgrades existing products;
- Pays less attention to competing brands and is less sensitive to price;
- Talks favourably about the company and its products;
- Offers product or service ideas to the company; and
- Costs less to serve as an existing customer, rather than a new customer, because transactions become routine.

Customer satisfaction can be approached in two different ways: satisfaction as a function of disconfirmation and satisfaction as a function of perception, according to the research by (Davis and Heineke, 1994).

2.2.1 Satisfaction as a function of Disconfirmation

Satisfaction as a function of disconfirmation refers to the difference between customer perceptions and customer expectations and the extent to which perceived quality fails to match pre-purchase information (Anderson and Sullivan, 1993).

Customer expectations of service are set prior to the customer's first encounter with the service firm via advertising and word of mouth as well as after a previous encounter with the firm (a result of personal experience). For example, British Telecommunications

(BT) advertises that they are largest provider of telecommunications in the United Kingdom. Due to brand recognition, extensive customer base and aggressive marketing a consumer has high expectations about the level of service they should receive as a customer of BT.

According to Anderson (1973), there are two dimensions to the expectation construct:

- High customer satisfaction resulted when performance was greater than or equal to the customer's desired service level i.e. the service was performed better than or equal to that which is desired by the customer.

- Customer satisfaction was also likely to occur where performance was less than the customer's desired service levels but greater than or equal to the predicted service level i.e. the service was performed as well as or better than the customer predicted but poorer than that which the customer desired or expected. Customer dissatisfaction occurred where performance was less than both the customer's desired and predicted levels of service i.e. the service was performed poorer than the customer desired or expected.

Zeithaml *et al* (1993), argued that desired service is the level of service a customer believes can and should be delivered and that adequate service is the level of service the customer considers acceptable.

2.2.2 Satisfaction as a Function of Perception

Perception refers to the customer's perception of actual performance. This implies that perception and 'objective' actual performance are not one and the same. According to the research conducted by Goode and Moutinho, (1995), it was suggested that standards other than expectations needed to be explored when dealing with customer satisfaction issues. They proposed that satisfaction also depended very heavily on the customer's perception of service performance rather than purely on the disconfirmation between perception and expectation. Customers of British Telecommunications, UK perceived

that service provided to them would be above average. This perception in the mind of the consumer is established due to word of mouth, brand name, recognition and years of being at the forefront of telecommunications in the UK.

Parasuraman *et al* (1994), argued that while perception alone may be a better predictor of satisfaction, it does, however, offer a less than adequate understanding of the underlying phenomena than the disconfirmation model.

2.2.3 Measuring Customer Satisfaction

There are many factors that contribute to a customer's satisfaction with the level of service offered. Assuming that the customer is capable of evaluating the service performance, the result is compared to expectations prior to purchase or consumption. Any discrepancy leads to disconfirmation. Positive disconfirmation increases or maintains satisfaction and negative disconfirmation creates dissatisfaction.

Expectancy disconfirmation according to (Ilgen, (1971), consisted of two processes viz. the formation of expectations and the disconfirmation of those expectations. It was found that perceived performance was influenced by the consumer's perception of quality, marketing mix, brand name and company image. Decision research suggested that positive and negative disconfirmations weigh differently on satisfaction. Losses tended to be perceptually greater than gains of equal amounts (Kahneman and Tversky, 1979). According to their research, negative disconfirmation has more of an impact on satisfaction than positive disconfirmation at the micro-level. Based on such research, we can make the assumption that customer satisfaction is believed to have a positive impact on customer loyalty and conversely customer dissatisfaction has a greater impact on customer loyalty in a negative way.

2.2.3.1 Corporate image can be defined as the perceptions of an organization reflected in the associations that are held within the memory of the consumer (Keller, 1993). It is an important factor in the overall evaluation of the service and the company. Apart from the image as the function of the accumulation of purchasing/ consumption experience

over time, most organizations also provide complex and noisy informational environments in order to attract new customers and keep existing customers. In the Perceived Quality Model, Grönroos (1988) argued that perceived quality is a function of expected quality which is generated market communication, image, word of mouth, and customer needs; and experienced quality which is generated from technical quality and functional quality.

A good corporate image stimulates purchase from one company by simplifying decision rules. Therefore corporate image becomes a function of attitudes and beliefs with regard to awareness and recognition, customer satisfaction and consumer behaviour. It is assumed to have an impact on the customer's choice of company when service attributes are difficult to evaluate. Corporate image is established through communication and experience. When customers are satisfied with the services rendered this results in a positive impact on customers' perceptions of quality, value, customer's satisfaction judgment and customer loyalty.

2.2.3.2 Customer loyalty expresses an intended behaviour related to the service or the company. This includes the likelihood of the future renewal of service contracts, how likely the customer is to change patronage and the likelihood of the customer providing positive word of mouth. If real alternatives existed and if switching barriers are low, management will discover the organization's inability to satisfy its customers via two feedback mechanisms viz. exit and voice (Hirschman, 1970). Exit implied that customers stop buying the company's services while voice referred to customer complaints expressing the customer's dissatisfaction directly to the company. These have an impact on the long term revenue of the company.

Customers may also be loyal because they are satisfied and thus want to continue the relationship. History has proven that most barriers to exit are limited with regard to durability. Companies tend to consider customer satisfaction as being the only viable strategy in order to keep existing customers. Bearden *et al* (1980), argued that repurchase intention and willingness to provide positive word of mouth are indications of customer

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loyalty. Customers with a low degree of service expertise are less capable of evaluating various aspects of the service.

2.2.4 Service Variability and its Impact on Customer Satisfaction

Variability or heterogeneity can be described as one of the main characteristics of services according to Grönroos (2000), who established a number of sources for such variability one of which lay within the variability of the perceptions between the customers themselves. This source was embedded in the fact that not only do we perceive facts as they are, but also as we are. We are all different to some extent. For example, variability may be practically zero when it comes to the performance of a supplier, whereas two customers could perceive differences due to their different expectations, knowledge, and familiarity etc.

Variability is also a result of the comparison with the services offered by other providers or even variability in service within the same organization at different points in the day. Variability in the quality of service provided may have implications for repeat business even when dealing with long standing customers whose loyalty and trust have been established. A repeat purchase customer who patronizes the same service provider over time is likely to experience both good and bad service performance since services are inherently variable. However, one way for the provider to deal with the variability is to target variables that act as 'forgivers' i.e. variables may reduce the negative impact of service variability.

Trust may be regarded as a potential 'forgiver' and may be defined as the customer's willingness to accept vulnerability due to the belief in the exchange partner's reliability. It assumed that a high level of pre-encounter trust results in a forgiving attitude amongst customers who are subject to poor performance encounters with the provider. However, it is important that the service provider does not take this level of trust for granted when performance is below expectations.

2.2.5 Trust and Service Variability

Trust for the purposes of service variability is defined as the psychological state that refers to the individual's view of a particular target. Risk, uncertainty, interdependence and lack of knowledge are some of the conditions that serve to make the customer rely on trust in the exchange (Morrison and Firmstone, 2000). According to them, the main function of trust was to reduce uncertainty. Trust makes risks manageable and thus simplifies choice. Trust can thereby be seen as a global evaluation of a provider, but an evaluation that captures other aspects other than those related to satisfaction and commitment.

There are two aspects of trust that need to be present in order for the exchange to function viz. the customer has to be vulnerable to an extent for trust to be operational; trust must also function together with loyalty in a future related construct characterized by the customer waiting for conditions to improve. It also relates back to supplier related benefits e.g. low transaction costs, loyalty and relational commitment are essential ingredients for successful relationships, central to achieving co-operative problem solving and constructive dialogue and the cornerstone of strategic partnerships. Trust therefore seems to be an important ingredient for the relationship to continue into the future, particularly under conditions of risk and uncertainty, but there is also the necessity for the presence of factors that serve to satisfy the particular needs for which the provider is selected. For example, Carphone Warehouse UK, a service provider of mobile communications, offers its upgrade customers the latest mobile phone that is available on the market at the current tariff rate of the existing contract that the customer is on. Initially a fee is required as a deposit on the new contract, but a promise of the deposit being refunded to the customer, after three months on the new contract, is given. The risk and uncertainty involved is that customers may not get their deposit back, but because of the relationship of trust established between the service provider and themselves, customers enter into the contract.

Performance perceptions after a service encounter have been shown to affect satisfaction in a number studies (Mittal *et al* 1998). Oliver (1996), claimed that the gap between pre and post encounter expectations was the main source of satisfaction. According to this point of view, expectations and perceptions have a joint effect on satisfaction whilst positive disconfirmation referred to where performance was higher than expectations and negative disconfirmation referred to where expectations are higher than performance. This has a negative impact on customer satisfaction.

Several valuable effects of trust have been identified for the service provider who is attempting to build long term relationships with its customers. It is therefore important for service providers to manage expectations. If expectations are inflated to beyond what it is possible to achieve, it could impact negatively on customer satisfaction. Since poor performance has such a negative effect on customer satisfaction, especially when trust is high, it is important for the service provider to find ways of monitoring poor service encounters and respond quickly to the damage. This calls for channels of complaint that are immediately available to the customer and quick responses from the service provider. Bulldog Broadband, a broadband service provider in the UK, experienced extensive problems with its networks whilst switching from a competitors' network onto its own equipment in the telephone exchanges. This caused major disruptions on the networks, customers experienced extensive "downtime" and businesses suffered losses due to delay in the transference of data and network issues. A deluge of an overwhelming number of customer complaints forced Bulldog into taking the decision to refund customers part of their subscription fee for the duration of their downtime, in order to compensate for the break in service and thereby retain them.

2.2.6   The Effect of Waiting Times on Customer Satisfaction

Customer waiting time for a service typically represents the first direct interaction between customers and most service delivery processes. Therefore the importance of properly managing waiting times is of paramount importance to most service based organizations. In recent years, most service managers have made concerted efforts to reduce customer waiting times and as far as possible totally eliminated waiting times by

improving processes and/or by adapting faster service technologies. Marks and Spencer plc, promises its customers that the maximum waiting time for payment of merchandise is three minutes or less. Management check cashier points throughout the stores, at regular intervals, to ensure the promises made by the organization to its customers are kept.

Customers' reactions to waiting in line, whether good or bad, can colour the customer's perception of the organization and its offerings as well as the service delivery process on a whole. New customers of HSBC Bank, UK have to call the Activations Department in order to get their online banking service activated. Waiting in the call queue for an extended period of time alters the initial good perception of the bank's promise reliability and provision of service.

In a study conducted by Chebat *et al* (1994), of bank customers, the evidence supported the notion of a 'halo effect' concluding that a customer's evaluation of the service quality was affected not only by the end service received but also by the service delivery process itself. According to their research, waiting time forms an important component of this process. It is therefore critical that in situations where waiting is inevitable, service managers attempt to provide a high level of satisfaction with the waiting portion of the service experience. Carphone Warehouse's billing run for mobile accounts that have reached call limits are executed on Thursday afternoons so that customers can call through before the end of business on Saturday to get their balances paid up and thereby allow them to use their mobiles over the weekend. The centre closes at 5pm on Saturday afternoons and a problem arises due to a bottleneck of calls in order to get through to the centre before the cut-off time. However, the phone lines become extremely busy and it's almost impossible to get through to the centre. Management policy of Carphone Warehouse ensures that all calls that are already in the queue by the close of business are attended to before the lines are diverted to night service.

Maister (1995), was one of the first to develop a framework that identified the factors affecting customer satisfaction with waiting. The framework identified situations in

which waits were perceived either more positively or more negatively as a result of the circumstances of the wait. Although Maister's model was conceptual rather than the result of structured empirical study, it has been widely accepted because of its strong face value.

The fundamental premise of the Maister model is that it is the perception of the wait that determines satisfaction rather than the actual waiting time. Davis and Vollmann (1990) supported this notion in a study of consumer waiting times and levels of customer satisfaction in a fast food restaurant. Customers were asked immediately after the completion of the counter transaction to complete a questionnaire. The study demonstrated that for a given waiting time, there were significant differences in the levels of customer satisfaction depending on the time of day and how busy the stores were when the customer visited them. They found that customers tended to be more impatient at lunch time when their lunch break was limited than at dinner time when they could eat more at their own leisure. They also found that customers tended to be more tolerant of waiting in line when the stores were busy as there was an identifiable reason for the wait, in comparison to when there were fewer customers and were unable to rationalize the length of their wait. It was also one of Maister's propositions that customers tend to be more dissatisfied with a given wait prior to making their first contact with a service provider than they are with subsequent waits within a single service encounter.

2.2.7   Components of Customer Service

This section focuses on the components of customer service. These components comprise intangibility, heterogeneity, simultaneous production and consumption, and perishability. This section then continues to highlight the differences in the marketing of services as opposed to the marketing of tangible products.

2.2.8   Difference Between the Marketing of Products and Services

Internet service providers are essentially service organizations by virtue of their business of providing service in the form of access to the internet to their clients. There are

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inherent differences between goods and services which results in different management challenges for service businesses. The primary characteristics of services are:

2.2.8.1 Intangibility

Since services are performances or actions rather than objects, they cannot be seen, tasted or touched in the same manner as one can sense tangible goods (Zeithaml and Bitner, 2000). The intangibility presents some marketing challenges. Some of these challenges are that services cannot be inventoried and fluctuations in demand are difficult to manage. Services cannot be legally patented and competitors can easily copy new service concepts (Zeithaml and Bitner, 2000). Pricing is also a challenge as the actual costs of a unit of service are difficult to determine and price/quality relationship is complex. For example, within a call centre, it is difficult to determine the costs of taking a call taking into consideration all aspects that contribute to this service e.g. labour, equipment, quality, training, skills etc.

2.2.8.2 Heterogeneity/Variability

Service quality may be subject to considerable variability, which makes standardization difficult. Unlike in a physical production process where quality control can be put into place and measured, in service marketing, the services are mainly conducted/ offered by people who have different attitudes and personalities. As no two people have exactly the same personalities or attitudes, customers are therefore likely to receive different levels of service at the same customer call centre. Customers are also different from one another and so are the employees of an organization that are delivering the service to the customer. Therefore ensuring consistent service quality is challenging. "The potential for variability in service quality emphasizes the need for vigorous selection, training and rewarding of staff in service organizations. Training should emphasize the standards expected of personnel when dealing with customers" (Jobber, 1998).

2.2.8.3 Simultaneous Production and Consumption

Unlike physical goods, services have simultaneous production and consumption. The provider of the service is an integral part of the satisfaction gained by the customer.

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Service is produced and consumed at the same time. The way the providers of service conduct themselves has a crucial bearing on repeat business over and above technical efficiency. Consumption of service may also take place in the presence of other customers, for example, in a call centre environment there is a likelihood that customers will be served in the presence of others.

2.2.8.4 Perishability

Services cannot be saved, stored, resold or returned. A customer service experience cannot be reclaimed and used or resold at a later time. This is unlike goods that can be stored as inventory or resold on another day. Demand forecasting and creative planning for capacity utilization are therefore important and challenging decision areas.

In view of the above challenges that services marketers encounter, it is integral to carry out periodic customer satisfaction surveys in order to feel the pulse of customer satisfaction and to find ways of overcoming the challenges.

It is important to pay attention to customer satisfaction because some public policy makers believe that customer satisfaction is an important indicator of national economic health. They believe that it is not enough to track economic efficiency and pricing strategies. Satisfaction, they believe, is just as important an indicator of quality of life (Zeithaml and Bitner, 2000).

Customers perceive services in terms of the quality of service and satisfaction received from their past experiences. Satisfaction is influenced by perceptions of service quality, product quality and price as well as situational and personal factors. These factors are critical to the concept of customer satisfaction (Zeithaml and Bitner, 2000). Increasing levels of customer satisfaction can be linked to customer loyalty and profits. Research has found that there is an important relationship between customer satisfaction and customer loyalty (Zeithaml and Bitner, 2000).

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There are a number of aspects of customer service that impact on the delivery of a service and the customer's perception of the quality of that delivery. The following subsection looks at customer service and expectations and the factors that influence customers' expectations of service.

2.2.9   Customer service and expectations

The big question arises in deciding how much is enough? Given an environment where service may be over-delivered but customers are satisfied, it is enticing to think that there are no problems. However, according to Shröer (2003), such thinking may create a breeding ground for unrealistic expectations. An expectation, the right of customers to expect some level of service based on an express or implied promise, is quite different from wishful thinking, which expresses rather what the consumers would want in an ideal situation. Service itself, however, moves from wishful thinking to an expectation when patrons of a service believe that their wish will come true on a regular basis. Undefined service boundaries take a toll beyond individual moments of service. Staff may over-deliver to one patron at the expense of others. Staff time can be diverted unconsciously from activities that are a part of the strategic plan.

Patrons may receive different standards of service as staff can interpret the requirements of the service differently. An unhealthy dynamic can also develop when a staff member with a particular expertise shows off. Staff can start to profile patrons, shying away from those that seem most demanding. Worse still, a new floor for service standards can emerge from unrealistic expectations.

Long term staff are likely to burn out from the pressure of working with no boundaries or lose interest in their work. Therefore, when dealing with customer expectations, addressing the problem is by no means optional. Service providers must either meet them or change them. An initiative to reconstruct customer expectations should take back control of the service environment and use staff more efficiently. The first is to conduct a zero-based review of services and this often yields surprises, especially when the review is thorough and candid. The management team and staff then determine what

services to offer their customers, with staff engaged throughout the process. In order to build staff consensus, top management commitment is essential.

Throughout the entire process, 'outside the box' type thinking is essential. The very first step is to gauge exactly what services are essential to provide. An organization need not provide every conceivable service to every conceivable customer. The core offering needs to be decided on as well as the customer at which the service is being targeted. The probability of a partnership with other firms that the company is able to outsource non-essential services can be set up in order to focus on core competencies and outsource support functions.

Company standards need to be established in order for staff to be trained so that services to be delivered effectively. Lastly, the team needs to evaluate and update service delivery to ensure subsequent customer satisfaction efforts are coherent. Guaranteeing success requires a willingness to change as mission and patron needs shift.

Patrons are already trained to expect current levels of customer service or to ask for more, regardless of the impact around them. The challenge now is to actually re-train customers. A way proposed by Shröer (2003), is referred to as a Significant Emotional Event. This type of event shakes up the paradigm of rules, opening a window for a new context. The announcement of a major plan to review and restructure all staff services may serve as such an event. Another strategy proposed by the same focuses on the entire organization and all its users. Tactically, this emphasizes that the reconfigured services are designed to ensure that all customers are well equipped and adjusted and helps patrons accept the change that are to come. A system of services with standards, boundaries and inherent flexibility will help service organizations emerge as being more customer service effective than the organization was previously perceived.

Customer expectations are beliefs about service deliveries that are used as standards against which performance is judged (Zeithaml and Bitner, 2000). It is therefore critical for service marketers to be knowledgeable about customer expectations.

According to Zeithaml and Bitner (2000), customers hold several different types of expectations about service. There is a level of service that a customer hopes to receive i.e. that level which a customer believes a service 'can' and 'should' be at and this is referred to as desired service. However, customers also realize that there should be certain constraints in achieving desired service, and therefore will accept the lower expectations of the service termed adequate service.

Adequate service represents the bottom level of performance acceptable to the customer. They further assert that one of the characteristics of services is that they are heterogeneous in nature and that service may vary across providers, across employees from the same provider and even within the same service employees. The extent to which customers recognize and are willing to accept variation is called the zone of tolerance. This is the range between the desired and the adequate service when performance falls outside the range in either a positive or negative way. It is important to note that the tolerance zone fluctuates depending on the customer's circumstances at a given time e.g. a customer who is rushed for time would want immediate service whereas those that are not in a hurry allow their patience to be stretched for longer period.

2.2.10 Factors Influencing Customer's Expectations of Service

Service expectations are formed by uncontrollable factors, from a customer's experience with other companies and their advertising to a customer's psychological state at the time of service delivery. What customers expect is as diverse as their education, values and experiences. The same advertisement that shouts 'personal service' to one person tells another that the advertiser has promised more than they can deliver (Zeithaml and Bitner, 2000).

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2.2.11 Sources of Desired Service Expectations

Two of the largest influences on desired service level are personal needs and philosophies about service. Personal needs are states that are essential to the physical and psychological well being of a customer and are pivotal factors that shape the desired levels of service. Enduring service intensifiers are individual stable factors that lead the customer to a heightened sensitivity to service. One of these is when another person within a group of people drives customer expectations.

2.2.11.1   Sources of Adequate Service Expectations

These factors tend to fluctuate more than the somewhat stable factors that influence desired service. According to Zeithaml and Bitner, (2000) these are:

2.2.11.2   Transitory Service Intensifiers

These are temporary and are usually short term individual factors that made a customer more aware of the need for the service. For example, a customer of a medical aid insurance company that needs urgent authorization for an emergency medical procedure is less likely to be tolerant of any service deficiencies with the company at this time.

2.2.11.3   Perceived Service Alternatives

These are other providers from whom the customer can obtain service. If customers have a multitude of alternatives from which to choose, their perceived levels of adequate service are higher than those of customers who believe it is not possible to get better service elsewhere. Internet service providers operate in an environment where there are many substitutes; competition is high and the switching barriers to entry are low.

2.2.11.4   Customer's Self Perceived Service Role

A customer also has a role to play in service delivery through explicit explanation of what kind of service they expect e.g. a subscriber of an internet service provider is expected to specify which option s/he would like to adopt and which services they would like to have activated. If the value-added services are not specified, it may be assumed that the customer does not need them. This assumption may, however, not be correct.

Customers' zones of tolerance seem to expand when they sense that they are not fulfilling their roles. On the other hand, when customers believe that they are doing their part in the delivery, their expectations of adequate service are heightened.

2.2.11.5 Predicted Service

This is the level of service that the customer believes that s/he is likely to receive. Predicted service is an estimate of the service that the customer will receive in an individual transaction rather than in the overall relationship with the service provider. When a customer contacts the call centre well before the end of the month when invoices are processed, they do not expect long queues and prolonged waits. However, if they call the call centre at the end of the month or end of the year, when the billing and service enquiries are expected to be at their peak, customers are more likely to be tolerant of longer waiting times.

2.2.12 Sources of both Desired and Predicted Service

Zeithaml and Bitner (2000) explain these as follows:

2.2.12.1 Explicit Service Promises

These are personal and non-personal (advertising, brochures etc.) made by the organization to the customers. These explicit promises are completely within the control of the service provider. Promising what can be delivered is an appropriate means by which customers' expectations can be measured. However, some companies do over-promise in order to obtain business.

2.2.12.2 Implicit Service Promises

These are service related cues other than explicit promises that lead to inferences about what the service should and will be like. In general, the higher the price, the more a customer is likely to expect from a service.

2.2.12.3 Word of Mouth Communication

The effect of word of mouth communication is very important. Statements said by other parties other than by the organization influence both predicted and desired service. Word of mouth tends to be very important as an information source as it is regarded as unbiased.

2.2.12.4 Past Experience

A customer's past experience with a particular organization will influence his/ her predictions/ desires. Comparisons can be drawn with organizations within the same industry.

2.2.13 The Impact of Corporate Image on Service Quality and Customer Satisfaction

In today's competitive markets, competing companies within the same industry are becoming increasingly similar. Differentiation through the delivery of services is therefore becoming increasingly difficult. Lovelock (1984) claimed that corporate image only plays a secondary role in customer choice decisions unless competing services are perceived as virtually identical on performance, price and availability. One would expect that corporate image under current market conditions would play an important role in both attracting and retaining customers. Oliver *et al* (1980), argued that customer loyalty i.e. re-purchase intentions, willingness to provide positive word of mouth etc., is a function of customer satisfaction, which in turn, as discussed earlier is a function of cognitive comparison of expectations prior to consumption and actual experience. Customer dissatisfaction or satisfaction requires experience with the service, and is influenced by the perceived quality and the value of the service according to Anderson *et al* (1994). Due to the transaction driven nature of the satisfaction experience, corporate image can be viewed as the cumulative effect of customer satisfaction or dissatisfaction. When services are difficult to evaluate, corporate image is believed to be an important determinant of the perception of quality, customers evaluate on of satisfaction with the service and customer loyalty. This perception of value is influenced by differences in

monetary costs, non-monetary costs, customer tastes and customer characteristics (Bolton and Drew, 1991).

2.3 Service Quality

The conceptual arguments proposed for example by Heskett, Jones, Leveman, Sasser and Schlesinger (1994) designate service quality as the mainstay around which internal organization and business performance revolves. Service Quality has been linked to many and varied business performance metrics, including *customer satisfaction, loyalty, word of mouth referral,* and *price insensitivity.* Service Quality can be defined according to its two forms identified by Grönroos (1983) viz. functional service quality and technical service quality. Functional service quality relates to the nature of the interaction between the service provider and customer and the process by which the core service is delivered. Technical service quality refers to the quality of service output (Sharma and Patterson, 1999).

The assertation that quality perceptions on both dimensions of service are likely to be positively associated with customers' attitudes towards the organization and their likelihood of remaining a customer, is empirically supported by (Bloemer, de Ruyter, and Wetzels 1999; Chiou, Droge, and Hanvanich 2002; Cronin, Brady, and Hult 2000; Sharma and Patterson 1999; Wong and Sohal 2003; Zeithaml *et al* (1996)).

The contribution that a high level of service quality can make to business performance is unquestioned (Bell, Auh, and Smalley, 2005). It is found very often in mature industries characterized by parity products that service quality distinguishes an organization from its rivals. Not surprisingly, the elevated importance of service quality is often underscored in both trade and academic literature.

2.3.1 How is Service Quality Measured?

Parasuraman, Zeithaml and Berry's research according to Palmer (1998), concentrated on the belief that service quality is measurable, although due to intangibility may be more difficult to measure than goods quality. It tackled two basic dimensions of service

provision viz. outcomes and processes, and supplemented this with a number of additional dimensions of service quality which transcended these two basic dimensions. They stressed in particular the view that the only factors of true relevance in determining service quality are those that customers perceived as being important. Therefore their research attempted to determine what customers expected from services and the exact definition of the particular services in the mind of the customer. According to this research, a service is deemed to be of high quality when consumers' expectations are met in the delivery of that particular service.

Due to the differences in consumer expectations and perceptions, as mentioned earlier, this model is referred to as the Disconfirmation Model. In the light of these findings, Parasuraman, Zeithaml and Berry (1985), subsequently developed an instrument for measuring customers' perceptions of service quality as compared to their expectations.

The conceptual framework for SERVQUAL was derived from the works of a handful of researchers who examined the meaning of service quality from a comprehensive qualitative research study that defined service quality and illuminated the dimensions along which consumers perceived and evaluated service quality (Parasuraman, Zeithaml and Berry, 1985). Customer satisfaction, is broken into five areas by identifying reliability (dependability and accuracy), responsiveness (willingness and/or readiness of employees to perform the service), assurance (knowledge, courtesy, inspiration of trust and confidence), empathy (caring, individualized attention) and tangibles (physical elements: facilities, equipment, employees' appearance) as determinants of quality. These dimensions represented benefits received, or costs incurred that the salesperson could influence in the service environment. Another approach to SERVQUAL is simple performance measures. Cronin and Taylor (1992) suggested that performance explained more of the variation in service than SERVQUAL

The construct of quality as conceptualized in the services literature and as measured by SERVQUAL, the scale that is the focus of their work, focuses largely on perceived

quality. Perceived quality is defined by Zeithaml (1987), as the consumer's judgment about an entity's overall excellence and superiority. It differs from objective quality and is a form of attitude that results from a comparison of expectation with perceptions of performance. Customers of Burberry International, a designer fashion house, perceive that merchandise that carries the Burberry brand name consists of the finest material and best design available and that the merchandise is superior in quality and class to, say, a general retail store.

2.3.2 Service Quality Dimensions

Zeithaml and Bitner (2000), contended that research suggested that customers did not perceive quality as a uni-dimensional concept, i.e. customers' assessments of quality included the perceptions of multiple factors. It has been suggested that eight dimensions of quality be applied to all goods and services viz. performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. These dimensions represented how customers organized information about service quality within their minds.

2.3.2.1 Reliability

This is the ability to perform the required service dependably and accurately and this seems to be the most critical of the dimensions. Reliability refers to the ability of the organization to deliver on its promises. For example, mobile network providers in the UK promise customers on new contracts that their sim cards will be activated and ready for use in 48 hours. The responsibility then lies with the service provider to ensure that the activation request is sent to the correct division as the customer relies on the service provider's promise that their line will be activated within the timeframe.

2.3.2.2 Promises

This refers to the willingness of the service provider to help the customer and to provide prompt and efficient service. Customers do not like to wait to receive assistance for a

lengthy period. Staff should always be available at the help desk of service centres to ensure that customers are attended to and not kept waiting for prolonged periods of time.

2.3.2.3 Assurance

This refers to the employee's knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. Customers need to have the assurance that they are in good hands and that their needs are going to be served well. Customers of Woolworths South Africa are aware of the service assurances that the organization promises. For instance, if a garment from the store is required and it is not in stock, customer service attendants are trained to assist customers to the best of their ability and to try to procure the item from another location and arrange for delivery of the item to the store that is most convenient for the customer or to advise the customer of non-availability.

2.3.2.4 Empathy

This refers to the ability to get into the customer's shoes and see things from their point of view. This relates to the ability of a firm to understand the customer's perspective, and give them a good, personalized service. Good account management can take care of this side of the service game. For example, customers who cannot meet their bank repayments on their mortgages or loans due to circumstances like recent retrenchment, have the facility available to meet with the bank account managers to review and put into place a new repayment plan, with the bank taking into consideration the current circumstances and reviewing the repayments in order to accommodate their clientele.

2.3.2.5 Tangibles

These refer to the appearance of the physical facilities, equipment, personnel and communication materials. These are the physical representations or images of the services that customers, particularly new customers, will use to evaluate quality. Tangibles are often used by service companies to enhance their image, provide continuity and signal quality to customers. Therefore in order to understand customers' perceptions, it is important to carry out marketing research. In today's fiercely competitive business

environment, customer loyalty is a key success factor. In many industries it is practically impossible to make a difference with the quality and type of product or service offering. Some businesses have become commoditized and, once that happens, it is easy to get caught up in the downward spiral of perpetual discounting and fighting for a larger share of the market. Differentiation of product is rarely possible while differentiating on price alone and this approach can spell disaster, unless the company is huge and can command powerful economies of scale (Hoyer and MacInnis, 2001). It is therefore important to always feel the pulse of customers in order to know what they expect and meet their needs and expectations.

The former president of Scandinavian Airlines defined the moments of truth in business as being "any time that a customer comes into contact with any aspect of a business, however remote, is an opportunity to form an impression". The moments of truth need to be managed well, as they contribute significantly to the building of long term customer loyalty and total customer satisfaction (Carlzon, 1986).

The advent of globalization has resulted in a boom in online shopping and companies have evolved from the traditional selling of items in a retail environment to the online market place. With the acknowledgement that the internet has become a critical channel for selling most goods and services goods (Parasuraman, Zeithaml and Malhotra, 2005), researchers delved into the arena of electronic service quality after major crises started surfacing due to service quality issues and threatened the viability of online purchasing.

2.4   Electronic Service Quality

According to Wolfinbarger and Gilly (2003), Quality is related to customer satisfaction, retention and loyalty in both product and service settings. Quality is expected to be a determinant of online retailer success as well. The advent of globalization has resulted in a boom in online shopping. Internet retailing continues to grow, increasing by 39% to $74 billion in 2002 (Centre for Media Research, 2003). The initial drivers of success were thought to be web presence and low prices, however, major crises started surfacing due to service quality issues. Customers could not complete transactions online, products

were not delivered on time and in some cases not delivered at all, e-mails not answered and desired information could not be accessed. Due to these issues companies that had established web presences, had to revisit the critical area of service quality and existing strategies, in order to retain their customer base and sustain competitive advantage in the market place.

A customer's online buying experience consists of everything from information search, product evaluation, decision making, making the transaction, delivery, returns and customer service (Wolfinbarger and Gilly, 2003). Evidence exists that service quality delivery through Web sites is an essential strategy to success, possibly more important than low price and web presence (Zeithaml, Parasuraman and Malhotra, 2002). In order to deliver superior service quality, managers of companies with Web presences need to understand how customers perceive and evaluate online customer service. With the knowledge obtained companies should then re-evaluate their strategies and with the aid of service quality models maintain competitive advantage in the market place.

Electronic service quality as defined by Zeithaml *et al* (2000), is "The extent to which a Web site facilitates efficient and effective shopping, purchases and delivery of products and services". In this definition the meaning of service includes both pre (accurate information, low price, and items in stock) and post (delivery and return of items) website service aspects.

2.4.1 Criteria Customers use in evaluating Electronic Service Quality

Researchers have identified various customer requirements for evaluating electronic service quality.

2.4.1.1 Information availability and content

The availability and depth of information are frequently mentioned as an important reason for shopping online (Zellweger, 1997; Li, Kuo, and Russell, 1999; Swaminathan, Lepowska-White and Rao, 1999; Van den Poel and Leunis, 1999; Wolfinbarger and Gilly, 2001). In terms of shopping online versus offline, online buyers perceive a benefit

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in obtaining information directly from a site rather than having to go through salespeople in an offline store. They also believe that they obtain more information online than through catalogue shopping (Van Den Poel and Leunis, 1999), partly because their questions can be answered in the online channel (Ariely, 2000; Venkatesh, 1998). The reduction in search costs for products and product-related information has been identified as one of the key benefits of online shopping (Alba *et al* (1997); Ariely, 2000; Bakos, 1997; Lynch and Ariely, 2000).

In terms of information content, ability to search price and quality information increases satisfaction with both the experience and product purchased and improves intentions to revisit and repurchase from a Web site (Lynch and Ariely, 2000). Furthermore, when users can control the order and duration (the amount of time the information is present) of product-relevant information, their ability to integrate, remember and thereby use information is improved (Ariely, 2000).

2.4.1.2   Aesthetics

Researchers have studied the impact that the graphic style of the site has on customer perceptions of online shopping (Ariely 2000; Hoffman and Novak, 1996; Hoque and Lohse, 1999; Lynch and Ariely, 2000; Montoya-Weiss *et al* (2000); Novak *et al* (2000); Schnolsser and Kanfer, 1999). Graphic style involves such issues as color, layout, print size and type, number of photographs and graphics, and animation.

2.4.1.3   Ease of Use

Ease of use has often been termed as usability in the online context (Swaminathan *et al* (1999)). A site's search functions, download speed, overall design, and organization are among the key elements that affect usability (Jarvenpaa and Todd, 1997; Lohse and Spiller, 1998; Montoya-Weiss, Voss and Grewel, 2000; Nielsen, 2000; Novak, Hoffman and Yung, 2000; Spiller and Yohse, 1997-1998). Ease of use and perceived channel advantage have been shown to predict adoption of Internet financial services (Montoya-Weiss *et al* (2000).

Davis, Bagozzi, and Warshaw (1989), developed scales to measure perceived ease of use, defined as the "degree to which the prospective user expects the target system to be free of effort", and perceived usefulness, defined as the "prospective user's subjective probability that using a specific application system will increase his or her job performance" (Davis *et al,* (1989:985)). This research also empirically states the impact of the two constructs on attitudes, intentions, and behaviour and discovered a differential impact of ease of use and perceived usefulness, with perceived usefulness being a stronger predictor of the dependent variables than was ease of use. Several replication studies (Adams, Nelson and Todd, 1992; Hendrickson, Massey, and Cronan, 1993; Keil, Beranek, and Konsynski, 1995; Segars and Grover, 1993; Subramanian, 1994) have confirmed these relationships and also suggested customer and task characteristics as potential moderators of the relationships.

Dimensions relating to ease of use covers the traditional idea of reports of displays or reports or displays of information being easy to read and understand (Davis, 1989; Swanson, 1985; Elliot and Speck, 1998; Ha and Litman, 1997; Kotler, 1973) but also the newly emerging importance of a Web site being easy to operate and navigate through (Benbunan-Fich, 2001, Moschella, 1998; Useit.com 1998; WebReview 1998; Nielson, 1997)

2.4.1.4 Dimensions Relating to Usefulness in Gathering Information

Customers seek information for one of two purposes: either as a pre-purchase search (information sought in order to facilitate a decision regarding a specific goal-purchase) or as an ongoing search (relatively regular basis, independent of specific purchase needs) (Bloch *et al* (1986)). In the latter, a customer is simply "browsing" with no purchase intent necessarily in mind. Regardless of the search activity, certain characteristics of the process emerge as important. Information quality surfaced frequently in MIS research (DeLone and MacLean, 1992; Strong and Wang, 1997, Wang, 1996; Wang and Strong 1996, Baroudi and Orlikowski, 1988; Bailey and Pearson, 1983; Katerattanakul and Siau, 1999, Todd and Benbasat, 1992).

To a seeker of information, presumably accuracy, relevance and/or completeness would make a Web site more useful. Further, being able to access more exactly the information that was needed as opposed to only what general information might be supplied on the Web site should also make a site more useful. Thus an important characteristic of a Web site is its ability to provide tailored communications to meet the unique needs of the consumer (Ghose and Dou, 1998; Steuer, 1992). Interactive functions, such as search fields, assist customers in their search for relevant information online.

2.4.1.5 Dimensions Relating to Usefulness in Carrying Out Transactions

There is the extent to which the Web site meets a user's functional task needs (functional fit-to-task) (Franz and Robey, 1984; Goodhue and Thompson, 1995; Su *et al* (1998)). In addition, poor response time could frustrate a user, and encourage him/her to go elsewhere (Machlis, 1999; Shand, 1999; Seybold, 1998). Similarly lack of trust in the Web site could erode an individual's desire to carry out transactions on the Web, even if all other characteristics of the Web site were very positive (Gruman, 1999; Hoffman *et al* (1999); Doney and Cannon, 1997). The level of online support or customer service provided by a firm enhanced or detracted from a consumer's ability to complete his/her task (Kaynama, 2000; Xie *et al* (1998); Kettinger and Lee, 1997; Parasuraman *et al* (1988)). Quick responses to emails or the availability of online customer support functions such as "chat" may increase the time customers spend on a particular site and their willingness to buy from that firm.

"A Web site is really one among many possible channels of interactions between businesses and their customers," (Dunan, 1995; Nowak and Phelps, 1994). From the customer's point of view, it is of interest whether all or most of the necessary transactions can be completed online (online completeness), or whether some must be completed using less 'convenient' means (Seybold, 1998). It matters that there be some relative advantage of completing transactions over the Web, compared to alternative means (Moore and Benbasat, 1991; Rogers, 1982; Seybold, 1998). If it is really more trouble to use the Web than to, for example, call a service representative, we should not expect customers to use the Web site very often. Finally, in marketing there is recognition of the

importance of a consistent company image across all points of contact with the customer (Watson *et al* (2000); Seybold, 1998; Machalis, 1999; James and Alan, 1996; Resnik and Stern, 1977). The idea that comes through is that customers may become frustrated or confused if they are presented with inconsistent material, and this may deter them from using a Website.

2.4.1.6 Dimensions Related to Entertainment Value

Starting with aesthetics, the site must be visually appealing (Geissler *et al* (1999), Elliott and Speck, 1998; Ha and Litman, 1997) and inviting with a creative or innovative flare separating it from just "any old" site (Eighmey, 1997; Ducoff 1995; Aakar and Stayman, 1990). Similar to a brick and mortar store, a pleasing atmosphere (Grove *et al*; Kotler, 1973) and image (Zimmer and Golden1988) attempted to entrance a consumer through an emotionally appealing (Richins, 1997; De Pelsmakers and Van Den Burgh, 1997) site that encouraged continued browsing (Novak and Hoffman, 1997; Csikszentmihalyi, 1977; Venkatesh, 1999; 2000; Venkatesh and Speier, 1999; George 1991). In this sense, the customers became the "audience," which interacted with or observed a myriad of theatrical phenomena that mingled to create an experience (Grove *et al*, 1998; Pine and Gilmore 1998). It is worth noting that several individual traits such as playfulness (Webster and Martocchio 1992) or personal innovation (Agarwal and Prasad, 1998), might interact with characteristics of a web site, but are not actually characteristics of the web site itself.

Ease of use and perceived use are important in the adoption of new technologies to such an extent that online shopping can be considered similar to using a new technology. The research done on this particular segment suggests that customers' assessments of Web sites will likely be influenced by how easy the sites are to use and how effective they are in helping customers accomplish their tasks.

2.4.2 Previous Studies on Electronic Service Quality

The area of electronic service quality is fairly new in research, however many researchers have developed models evaluating different aspects of electronic service quality. The

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following section presents five theoretical models that have been identified for their relevance in the study and evaluation of website quality.

2.4.2.1 WebQual – Loiacono, Watson and Goodhue

In line with the different conceptualizations of electronic services, efforts to measure e-service quality also display different approaches and outcomes. Loiacono, Watson and Goodhue (2000), created WebQual, a scale for rating Web sites interface on 12 dimensions. They are: informational fit to task, interaction, trust, response time, design, intuitive, visual appeal, innovativeness, flow-emotional appeal, integrated communication, business processes and suitability. This scale's primary objective is to generate information for Web site designers and deals with interface design rather than to measure service quality as experienced by customers. WebQual's development was based on the responses of undergraduate business students to a selected group of Web sites. While these subjects are typical of a substantial body of Web users, they are not necessarily representative of all users. Many of the subjects were not on-going customers of the sites selected for assessment (Loiacono, Watson, and Goodhue, 2000). The scale is designed to be answered without a respondent needing to complete the purchasing process and is therefore a transaction-specific assessment of a site rather than a comprehensive evaluation of the service quality of a site. Therefore, although some WebQual dimensions might influence perceived service quality; other dimensions (e.g. innovativeness, business processes, and substitutability) are at best tangential to it. The scale developers excluded the dimensions called customer service and fulfilment because it could not be measured under the research methodology that was being used.

2.4.2.2 WebQual – Barnes and Vidgen

Barnes and Vidgen, (2001) developed a completely different scale to measure an organization's e-commerce offering, which they also call WebQual. This scale provided an index of a site's quality (customer perceptions weighted by importance) and has five factors: usability, design, information, trust and empathy. Data used in developing and testing the questionnaire was obtained from convenience samples of university students and staff who were directed to visit one of three book sites, to collect some information

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about a book of their choice, and then rate their experience on the scale items. The scale is designed to be answered without a respondent needing to complete the purchasing and is therefore a transaction-specific assessment of a site rather than a comprehensive evaluation of a service quality of a site.

2.4.2.3 SiteQual – Yoo and Donthu

Yoo and Donthu (2001), developed a nine-item scale called SiteQual for measuring site quality on four dimensions: ease of use, aesthetic design, processing speed and security. As in the case of Barnes and Vidgen's scale, data for developing and testing SiteQual was gathered from convenience samples. Specifically, students enrolled in marketing classes were asked to visit and interact with three internet shopping sites of their own choice and then evaluate each site. SiteQual doesn't capture all aspects of the purchasing aspects of the purchasing process and therefore does not constitute a comprehensive assessment of a site's service quality. Like Loiacono *et al* (2001), the authors did not investigate customer service or delivery issues

Using an online survey, Szymanski and Hise (2000) studied the role that customer perceptions of online convenience, merchandising (product offerings and product information), site design, and financial security play in e-satisfaction assessments. This study did not include aspects of customer service or fulfilment; rather, it dealt only with aspects of the Web site and it measured satisfaction rather than service quality.

2.4.2.4 etailQ

Wolfinbarger and Gilly (2003), used online and offline focus groups, a sorting task, and an online-customer-panel survey to develop a 14-item scale called eTailQ. The scale contained four factors: Web site design (involving some attributes associated with designs well as an item dealing with personalization and another item dealing with product selection), reliability/fulfilment (involving accurate representation of the product, on-time delivery, and accurate orders), privacy/security (feeling safe and trusting of the site), and customer service (combining interest in solving problems, willingness of personnel to help, and prompt answers to inquiries).

The two dimensions security/privacy and reliability/fulfilment, when tested, showed strong face validity and are highly descriptive of the items they represent, but the other two dimensions appear less internally consistent and distinct. Web site design embraces aspects of in-depth information, level of personalization, selection, and speed of completing transactions. The factor called customer service contains items relating to the company's willingness to respond to customer needs, the company's interest in solving problems, and the promptness with which inquiries are answered. These dimensions, as well as other items that might be relevant to customer assessment of service quality on Websites, need to be tested further.

2.4.3   Electronic Service Quality Model (E-S-QUAL)

Based on the explorative study by Zeithaml *et al* (2002); Parasuraman *et al* (2005), provided the most comprehensive work on e-service quality. They empirically test a multiple item scale (E-S-QUAL) for assessing service quality of online shopping providers. The E-S-QUAL scale addresses core service quality aspects and consists of four quality dimensions (efficiency, fulfilment, system availability and privacy). Additionally, the E-RecS-QUAL scale is proposed to be relevant when customers face "non-routine encounters" during the online-shopping process which are related to service recovery like product returns, dealing with problems, etc. (Parasuraman *et al*, 2005). This latter scale is composed of three quality dimensions (responsiveness, compensation and contact).

A customer's online buying experience consists of everything from information search, product evaluation, decision making, making the transaction, delivery, returns, and customer service. The focus of the majority of researchers studying e-tailing has been only on the customer's interface with the website. After extensive investigation of other models relating to website quality, the E-S-QUAL model was chosen as it adequately addressed the issues of service quality that were pertinent to this study.

2.4.3.1 Privacy/Security

Privacy and security are key evaluative criteria in online services (Culnan, 1999; Culnan and Armstrong, 1999; Hoffman, Novak and Peralta, 1999; Montoya-Weiss *et al* (2000); Quelch and Klein, 1996). Privacy involves the protection of personal information, not sharing personal information collected about consumers with other sites (as in selling lists), protecting anonymity and providing informed consent (Friedman, Kahn and Howe, 2000). Security, on the other hand, involves protecting users from the risks of fraud and financial information. Security risk perceptions have been shown to have a strong point on attitude toward use of online financial services (Montoya-Weiss *et al* (2000). Parasuraman *et al* (2005), further defined this dimension:

- Security/privacy: Degree to which the customer believes the site is safe from the intrusion and personal information is protected.

2.4.3.2 Fulfilment and Reliability

The dominant dimension in traditional service quality, reliability, has also been cited as an important factor in e-SQ (Palmer, Bailey, and Faraj, 1999; Wolfinbarger and Gilly, 2002). Wolfinbarger and Gilly (2002), found that reliability/fulfilment ratings were the strongest predictor of customer satisfaction and quality and the second strongest predictor of loyalty/intentions to repurchase at a site. In the offline context, reliability is defined as the "ability to perform the promised service dependably and accurately" (Parasuraman, Zeithaml, and Berry 1988:23). This translates online into on-time and accurate delivery, accurate product representation, and other fulfilment issues. While previous research has not documented other meanings, reliability may also affect technical reliability, such as proper functioning of the site. Parasuraman *et al* (2005), further distinguished the dimension into the following components:

- Flexibility: Choice of ways to pay, ship, buy, search for, and return items.
- Assurance/ trust: Confidence the customer feels in dealing with the site due to the reputation of the site and the products or services it sells, as well as clear and truthful information presented.

- Price knowledge: Extent to which the customer can determine shipping price, total price, and comparative prices during the shopping process.

2.4.3.3 System Availability

While not researched extensively, system availability criteria have been mentioned in the literature in relationship with online service quality. These include access, responsiveness, and personalization (Mulvenna, Anand and Buchner, 2000). In an examination of the top 100 U.S. retailers, Griffith and Krampf (1998), found that access to Web sites were key indicators of service quality delivered through the Web. This dimension of electronic service quality focuses on the Web site's connectivity. System availability components include the availability of the site for business, immediate and trouble free access to the site, and minimal technical glitches. Parasuraman *et al* (2005), further distinguished the system availability dimension into the following components:

- Reliability: Correct technical functioning of the site and the accuracy of service promises (having items in stock, delivering when promised), billing, and product information.
- Responsiveness: Quick response and the ability to get help if there is a problem or question.
- Access: Ability to get on the site quickly and to reach the company when needed.

2.4.3.4 Efficiency

Researchers have studied the impact that graphic style of the site has on customer perceptions of online shopping (Ariely, 2000; Hoffman and Novak, 1996; Hoque and Lohse, 1999; Lynch and Ariely, 2000; Montoya-Weiss *et al* (2000), Novak *et al* (2000), Schnolsser and Kanfer, 1999). Graphic style involves such issues as colour, layout, print size and type, number of photographs and graphics, and animation. A site's search functions, download speed, overall design, and organization are among the key elements that affect usability (Jarvenpaa and Todd, 1997; Lohse and Spiller, 1998; Montoya-Weiss, Voss and Grewel, 2000; Nielsen, 2000; Novak, Hoffman and Yung, 2000; Spiller and Yohse, 1997-1998). Parasuraman *et al* (2005), further distinguished the efficiency dimension into the following components:

- Ease of navigation: Site contains functions that help customers find what they need without difficulty, has good search functionality, and allows the customer to manoeuvre easily and quickly back and forth through the pages.
- Efficiency: Site is simple to use, structured properly, and requires a minimum of information to be input by the customer.
- Site aesthetics: Appearance of the site.
- Customization/personalization: How much and how easily the site can be tailored to individual customers' preferences, histories, and ways of shopping.

"These eleven components of the electronic service quality model were found to be the most relevant in measuring the service quality delivered by web sites on which customers shop online" Parasuraman *et al* (2005). The E-S-Qual model is the most appropriate model in comparison to four others and adequately matched the dimensions needed to evaluate website quality for this study.

People have always been important to the success of any industry, but they are more critical in the service sector (Thomson *et al* (2001)). Call centres have been a part of service operation design in the developed world for some time. (Ojha and Kasturi, 2005). Call centre agents with high levels of skills and professionalism are key to achieving high levels of customer service and low operational costs. Agents who don't possess these attributes can cause irreparable damage to the organization. The following section highlights the role that call centres play in service organizations and the impact that these service centres have on the organization.

2.5   Call Centres

2.5.1   Background

Call centres in effect are the gatekeepers of an organisation and its customers (Staples *et al* (2001)). Customer service effectiveness is important because organizations that provide good customer service gain a competitive advantage. Quality of customer service is related to customer loyalty, customer retention, and increased organizational profits (Reichheld and Sasser, 1990). In addition, loyal and satisfied customers serve as an important source of free advertising through referrals and recommendations, whereas

unsatisfied customers are more likely to defect and to convey negative experiences to other potential customers (Hartline and Jones, 1996).

A call centre constitutes a set of resources, typically: personnel, computers and telecommunication equipment which enable the delivery of services via the telephone (Gans, Koole and Mandelbaum, 2003). In a typical call centre, there are a large number of open-space cubicles in which call centre agents with telecommunication headphones speak to customers. They are typically assisted by information about their products, services and customer information from their databases and intranets. A more recent trend has been the emergence of contact centres, which in addition to telephone contact, allow for email, fax etc. Call centres may be designed for inbound and/or outbound calls. Inbound call centres are those call centres that receive calls from outside callers that call the centre to seek certain assistance. Outbound call centres, on the other hand, contact persons who are already customers or are potential customers, to market or sell a product or service. Over 80% of the call centres, by some estimates, are inbound call centres (Gans, Koole and Mandelbaum, 2003).

2.5.2 Customer Service Agent (CSA)

People have always been important to the success of any industry, but they are even more critical in the service sector (Thomson *et al* (2001)). This is particularly true in the call centre industry as call centre agents are front line employees in direct contact with the customer and are often expected to be ambassadors of the company. Their role is further complicated by the fact that they are normally expected to provide 'personalized' services, without having an opportunity to interact with a customer in a 'normal' face to face context.

The salary and compensation related costs of the agents contributed to about 70% of the cost of running a call centre (Friedman, 2000) therefore call centre performance is critical for the company to maintain customer satisfaction and high operational efficiency.

A significant amount of research has focused on designing the processes and practices that can improve employee performance and satisfaction (Ilgen and Hollenback, 1991). Call centre agents with high levels of skills and professionalism are key to achieving high levels of customer service and low operational costs. Agents who do not possess these attributes may cause irreparable damage to the organization.

Hiring, training and retaining a workforce that is skilled and professional is key to the success of call centres (Friedman, 2001). Call centres put considerable emphasis on attempting to identify potential employees who are predisposed to becoming effective customer service representatives (Callaghan and Thompson, 2002). The selected employees are then provided with extensive technical and soft skills training (Sturdy and Fleming, 2003) to develop them into high performing call centre agents.

Call centre work has been described as emotional labour which can be very stressful (Deery *et al* (1999)). Good call centre agents possess a specific set of personal attributes or qualities, which include patience, tolerance, empathy, motivation, commitment and ability to work well under pressure (Ojha and Kasturi, 2005).

Employees in a call centre are connected to information technology (IT) that automatically allocates work, facilitates its completion and monitors employee performance. Work is conducted in relative isolation from colleagues but under constant gaze of management who are responsible for structuring and interpreting the electronic information.

The worker uses IT to seamlessly identify and service the customer. The frontline worker, being in close contact with the customer becomes a key strategic resource, providing market intelligence and acting as the company's ambassador. Work in the call centre can be defined as being deskilled and monotonous, relieved only by the increasing employment of part-time workers (Frenkel *et al* (1998)), or it can be viewed as a job that is rich in interactions and communications for people who would otherwise be less gainfully employed (Ojha and Kasturi, 2005).

These two differing points of view are due to different persons reacting differently to seemingly similar work environments (Harris, Daniels and Brinner, 2003).

2.5.3 Factors Affecting CSA Work Performance

The intrinsic motivation of an employee depends on the nature of the work, the fit between an employee's views of interesting and challenging work and what is provided, and also on how relationships with other workers are structured to make work easier to accomplish (Frenkel *et al* (1998)). Although the call centre job involves a lot of routine work, there is also work that can be intrinsically satisfying with opportunities to pursue challenges and express creativity (Bain and Taylor, 2000).

Extrinsic motivation plays a significant role in influencing call centre agent performance. Extrinsic satisfaction depends a good deal on pay and employment conditions (Batt, 2000). A call centre agent is likely to be motivated by the level of compensation and the nature of benefits and external rewards based on performance. Moreover, it is not the magnitude of the compensation/reward that matters, but by the belief that the rewards are good (Ojha and Kasturi, 2005).

Patience, tolerance, the ability to listen, and the ability to be flexible (Callaghan and Thompson, 2002) are all desirable qualities in a call centre agent, particularly as s/he has to be able to extract all the necessary information for action, while carrying on a courteous conversation. During service transactions, employees are expected to display emotions that comply with certain norms or standards of the organization designed to create a desired state of mind in the customer (Ojha and Kasturi, 2005). An employee is expected to appear happy and glad to serve the customer (Sturdy and Fleming, 2003) an aspect that most service providers, including call centre agents, find very stressful, among other emotionally demanding and stressful aspects of their work (Deery *et al* (2002)).

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Empathy plays an important role whilst CSAs' are handling complaints, especially when customers are upset. The agent needs to have the ability to clarify and pinpoint customer requirements without letting the caller get even more upset (Frenkel *et al* (1998)).

Difficult or angry customers increase the stress levels of CSA's who otherwise might be able to cope with the level of stress in their work. These agents dislike dealing with difficult customers and try to avoid providing service to them. The incidence of customer abuse or phone rage has increased sharply due to higher expectations of customers or their dislike in dealing with impersonal agents over the phone. When agents face abusive and difficult customers it causes emotional distress (Deery *et al* (2002)). Cutting of calls from difficult customers and withholding service to complicated and uncooperative callers are some of the means by which agents avoid dealing with difficult customers (Houlihan, 2000).

Team work is an essential aspect in most organizational work, particularly in the services domain. In call centres, a great deal of emphasis is placed on building a strong team spirit and encouraging team working (Richardson *et al* (2000)). The structure of the job and the organization of the workplace are such as to encourage socialization to build team solidarity as well as to cope with work pressures. An ability to be a team player will allow an agent to cope with potential monotony and stress of the work (Scarbrough and Kinnie, 2003).

2.5.4 Call Centre Capacity Management and Service Quality

Call centres often experience large fluctuations in demand over relatively short periods of time. However, most centres also maintain short response times to the demand. This places great emphasis upon capacity management practices within call centre operations. According to Betts *et al* (2000), call centre managers can have only a small influence upon short term performance. Conventional methods of flexing capacity cannot respond sufficiently well to some of the short term fluctuations in demand.

According to Anton (1996),"Technological developments have allowed the introduction of remote service delivery using telephone or internet communication systems as a means of service delivery". This technology enables customers to access the process more immediately. The move to call centre operations means that services which have previously experienced predictable, steadily changing demand patterns over time are now experiencing much sharper increases and decreases in demand. These organizations are learning to cope with these demand peaks, often in new and innovative ways, combining new technological solutions and new management practices.

2.5.5 Service Profit Chain

The service profit chain is a well received model to explain the sustainable competitiveness of many service organizations. The model attributes an organization's financial and market performance to its relationships with customers and employees. According to the service profit chain, internal service quality serves the profitability in the end.

The quality of work life (QWL) concept was first introduced in 1972, during an international labour relations conference, by Hian and Einstein. QWL received more attention after the United Auto Workers and General Motors initiated a QWL programme for work reforms. Robbins (1989), defined QWL as a process by which the organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work. QWL is therefore a means to the end of achieving employee satisfaction.

Locke (1976), defined employee satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. Employee needs and wants are satisfied when they perceive that rewards from the organization including compensation, promotion, recognition, development and meaningful work, meet or exceed their expectations.

Employee satisfaction is in turn related to employee loyalty. In service industries where services are often characterized by an encounter between service providers and customers, the quality and capability of the service providers have a significant effect on the service delivery process and customer satisfaction. The initial interaction has a great influence on how customers evaluate the service quality and has been known as the 'moment of truth' as customers start to form their opinions of the service delivery experience according to Normann (1984). This brief encounter can be critical in achieving a reputation for superior quality and repeat business. The connection between the workforce competence and customer service quality is very strong since most service delivery tasks are often performed by the organization's employees. Data gathered from the retail banking industry by Roth and Jackson (1995), empirically states that service quality is directly linked to business performance and as the composition of the workforce changes, companies offering better benefits and more supportive working environments are expected to gain leverage in hiring and retaining valuable people.

The service profit chain is a well received concept used to explain the sustainable competitiveness of many service organizations. According to Heskett et al (1994), the service profit chain proposes that growth and profitability are derived from loyal customers that are satisfied with their perceived value of the service. Service value is created by satisfied productive employees because they enjoy the quality of work life by provided by the service organization. Heskett et al (1997), proposed that QWL is measured by the feelings that employees expressed towards their jobs, colleagues and the company as a whole and is a significant contributor towards growth and profitability of that particular company.

2.5.6 Customer Expectations and Voice to Voice Service Encounters

Listening to the voice of the customer has been embraced in marketing theory and office practice for a long time. The evaluation of service delivery often depended on the so-called service encounter or the time of interaction between the service firm and the customer. Therefore firms have to pay particular attention to consumers' perceptions of the service process. According to Bearden et al (1998), the benefits of increased quality

of the service process were that firms would improve the ability to attract new customers and retention rates among existing customers would increase. Consumer perceptions are strongly influenced by the attitudes and behaviour of contact employees when evaluating the quality of service delivered according to Bowen and Lawler (1992). Since the contact employees are the customer's first point of contact with the firm, they have the responsibility of selling the firm's services, deliver on the promises of the firm and build an image. Since it is becoming increasingly difficult to create a competitive advantage from the range of services offered, in many service firms, it is therefore the contact employees and not the services themselves that are a source of differentiation and subsequent competitive advantage according to studies by Pfeffer (1994). In the case of face to face encounters, people can create quality perceptions relating to physical characteristics of the contact employee and the environment in which the service takes place. Interaction by telephone restricts the evaluation of the service delivery to such an extent that the consumers will have to base their perceptions solely on the interpersonal traits of the contact employee.

2.5.7 Service Recovery

Call centres often have a crucial role in customer service recovery. Reported studies on call centres emphasize efficiency and control, with possible implications for service priorities, customer orientation and service quality.

"Service recovery" refers to the actions taken by an organisation in response to a service failure. It is a thought-out, planned process for returning aggrieved customers to a state of satisfaction with the firm after a service or product has failed to live up to expectations. It can take place before the occurrence, on the spot, during the delivery of the service, or after a complaint has been lodged, and it can be related to a specific transaction or to the business relationship in general. Boshoff (1999), developed the (RECOVSTAT) instrument that captures eight dimensions of service recovery.

The eight plausible attributes of Boshoff's (1999), RECOVSTAT instrument are: Time, communication style, empathy, reliability, perceptions of commitment to service quality

and customer satisfaction, empowerment, staff attitude and explanation. Bearden *et al* (1998), Boshoff (1999), and Parasuraman (1985), provided three additional determinants of service quality that may be suitable to fit a true service orientated customer care representative (CSA) viz. competence, security and knowing/understanding the customer.

This requires the CSA to be in possession of the following qualities:

2.5.7.1 Self Efficacy: The employee's belief that s/he is competent enough to execute the required activities related to the job according to Beardon *et al* (1998). Hartline and Ferrel (1996), argued that employees that believe in their own job related abilities are better able to handle difficulties in these jobs. This is also an important determinant in the CSA's performance as CSAs work in highly technological environments. CSA's that feel comfortable with working with their telecommunications and computer technology will probably provide better voice to voice quality service than CSA's that are not comfortable with this technology.

2.5.7.2 Adaptability: This can also be referred to as flexibility. It reflects the CSA's ability to adjust behaviour and handle interpersonal situations according to Bearden *et al* (1998). Perceived adaptive employee behaviour to customer needs is an important determinant of customer satisfaction. It is important that the customer perceives that the CSA is doing something special for him/her even if the customer is performing a routine activity (Zeithaml and Bitner, 2000). In call centres scripts are often used to help CSA's in their conversations with the customer. If the scripts are rigid and if employees are not allowed to deviate from the scripts, adaptability may suffer and lead to a decrease in the level of service quality as perceived by the customer.

2.5.7.3 Empathy: The ability to provide the customer with caring and individualized service according to Parasuraman *et al* (1988), is the ability of the CSA to show the customer a level of the CSA's personal involvement. This involves treating the customer in a way that shows that the CSA cares about the customer. Communications of responsiveness and assurance create a more personal environment, which is expected to

be appreciated by customers, especially in longer, high level contact service encounters according to Bearden *et al* (1998).

2.5.7.4 Time: Boshoff (1999) referred to time as the speed with which the customer complaint or wish is resolved. Time is seen as an element of trust, which is an important variable of relationships between buyers and sellers according to Wilson (1995). It is important that customers do not feel pressured but they should also not be held up longer than they wish to be. Talk time, handle time, queue time, wrap-up time and hold time are all metrics that are used by call censer management to measure call centre representative performance i.e. satisfaction according to Anton (1996). Among others the objective for management is to minimize costs i.e. minimize talk time and wrap-up time.

2.5.7.5 Communication Style: According to Boshoff (1999), this referred to how the CSA handled the customer whilst addressing his/her service needs. He distinguished between two types of communication styles: convergence and maintenance. Convergence refers to a voice to voice encounter as a communication style in which the CSA adapted his/her tone of voice in accordance with the CSA's schemas held by the customer. In a maintenance style the CSA displays no effort to adapt to the customer needs. Crosby *et al* (1990), found that the customer perceived similarity (appearance, lifestyle and socio-economic status) of sales persons played an important role in determining sales effectiveness. CSAs may sometimes have to adjust the language for different customers, e.g. increasing the level of sophistication for an experienced customer and speaking plainly or simply with a novice (Parasuraman *et al* (1995)).

2.5.7.6 Reliability: This refers to the service employee delivering on promises dependably and accurately. Reliable CSAs are expected to keep their promises and be trustworthy. Trust is an important building block of relationship quality. According to Zeithaml and Bitner (2000), in voice to voice encounters, trust is expected to be a critical component of customer expectations of the CSA's behaviour. As there is little other contact aside from verbal contact, customers have to take the CSA literally at his/her word. This is in contrast with service encounters like e-mail/ fax in which the customer

has something on paper, or face to face encounters in which the customer and the service employee have visual contact. The customer in a voice to voice service encounter is largely dependant on the reliability of the CSA as there is only verbal contact.

2.5.8 Perceptions of Commitment to Service Quality and Customer Satisfaction within the Call Centre Environment

Boshoff *et al* (1999), argued that this reflected customer perceived commitment of the employee to provide maximum service quality and to satisfy the customer. Commitment, in voice to voice encounters, is extremely important in building and maintaining relationships. Bitner *et al* (1990), stated that commitment to service quality can suffer not because the frontline employee is not willing to provide good service, but due to a lack of basic knowledge of the system and its constraints, inability to provide a logical explanation to the customer, cumbersome bureaucratic procedures, poorly designed systems or procedures, or the lack of authority to do anything.

2.5.8.1 Empowerment: Zeithaml and Bitner (2000), argued that empowerment referred to having the desire, skills, tools and authority as a frontline employee to service the customer. This according to Bowen and Lawler (1992), can be achieved by sharing four organization ingredients with the employee viz.:

- information about the organization's performance
- rewards based on organizational performance
- knowledge that enables employees to understand and contribute to organizational performance
- power to make decisions that influence organizational direction and performance.

Bowen and Lawler (1992), also stated that it was the nature of the service that is offered that can determine how to empower the employee and to what extent.

2.5.8.2 Staff Attitude: This refers to whether the service provider's employees are friendly and considerate when dealing with customers.

2.5.8.3 Explanation: This refers to the frontline employee's response to a complaint from the customer. When customers call in with a complaint or requesting information, they want the truth in identifying what happened and why the events occurred. The content of the response or the CSA's explanation have a clear impact on the customer's levels of satisfaction with the encounter (Bitner *et al* (1990)). Clearness and the truth of the response are important to the customers. When complaints arise it is usually the CSA's responsibility to explain the matter to the customer. Inadequate information for whatever reason, whether inadequate technology or resources, will reflect on the CSA and will affect the entire image of the company. It is therefore important that CSAs are trained in these aspects and have access to information in order to provide the correct explanation to customers.

2.5.8.4 Competence: This means that the CSA possesses the skills and knowledge necessary to perform their services. In a voice to voice service encounter context, the CSA must possess the required knowledge about the services and products that the company offers but also the skills to perform the multiple activities that are required to execute the job.

2.5.8.5 Security: Can be described as the freedom from danger, risk or doubt, according to Parasuraman *et al* (1985). The customer must feel that his/her dealings with the organization are confidential. The CSA needs to acknowledge customer insecurities and act accordingly in attempts to eliminate them. Security also deals with the issue that the customer wants to make sure that the information that they have received from the CSA is correct and if they have any doubts regarding the validity of the information, it can cause problems in the perceived quality of the service delivered.

2.5.8.6 Knowing the Customer: Parasuraman *et al* (1985), argued that understanding the customer's predicament meant that the CSA made the effort to understand the customer's

specific needs. Therefore the CSA must learn to read the customer, identify what they require and expect from the contact, listen to the customer closely to identify what the customer wants, make each customer feel like an individual and recognize which customers are loyal and have a lifetime value to the firm.

2.5.9 The Impact of Customer Satisfaction and Service Quality on Customer Behaviour

The service concern of highest priority to today's companies is the impact of service quality on profit and other financial outcomes of the organization (Greising, 1994, Rust, Zahorik and Keiningham, 1995). In much the same way as advertising, service quality benefits are rarely experienced in the short term and instead accumulate over time, making them less amenable to detection using traditional research approaches (Zeithaml, 2000).

Reichheld and Sasser (1990), identified four intermediate variables (cost, increased purchases, price premiums, word of mouth) that increased with retention, leading to higher profits. They provided evidence from multiple companies in different industries to document the relationship between retention and profits, reporting that customer loyalty can produce profit increases from 25 to 85 percent. Customer loyalty, according to Reichheld and Sasser (1990), as demonstrated in the form of repeat business, has been shown to be a key determinant of the success of many service companies. While a high level of customer satisfaction does not guarantee customer loyalty, dissatisfaction will cause customers to take their business elsewhere. In other words, customers who are dissatisfied with the level of service that they have received will be less likely to return in the future, or, if they do return at all, will most likely do so with less frequency than they did in the past. Conversely, customers who are extremely satisfied with their service experience with a given firm are likely to continue to return to that firm at the same frequency or even more frequently.

The customer's experience with the firm is likely to be multiplied through interactions with other prospective customers via word of mouth. According to Danaher and Rust

(1996a; 1996b), service quality affects initial customer attraction through word of mouth communication. They found that service quality affected "likeliness to recommend" which affected customer attraction. While advertising also had an impact on attraction, customer usage rates were driven by service quality rather than by advertising. Davis *et al* (1998), stated that when customers are satisfied with the service that they received, they influenced the expectations of other potential customers with whom they interacted. When they are dissatisfied with a service, customers are even more likely to spread the word and influence the expectations of others in a negative manner.

Service quality and customer satisfaction play a monumental role in the sustainability of a business. However, the link between service quality and profits is neither straightforward nor simple (Greising, 1994; Zahorik and Rust, 1992). There are several documented findings on the impact that service quality has on customer loyalty. Hallowell (1996), documented that customer satisfaction is significantly related to customer loyalty in a bank setting and that loyalty is related to profitability in seven of eight regressions conducted. Cronin and Taylor (1992), found a positive correlation between service quality and purchase intentions. Anderson and Sullivan (1999), found that stated repurchase intentions were strongly related to stated satisfaction across product categories.

Although proven theoretically, objective three of this study sought to test the relationship of customer satisfaction received from the after sales support team, which is the call centre, and whether it promoted return business.

2.6   Demographics

Demographics is a short term for population characteristics. Demographics include race, age, income, mobility (in terms of travel time to work or number of vehicles available), educational attainment, home ownership, employment status, and even location. Distributions of values within a demographic variable, and across households, are both of interest, as well as trends over time. Demographics are primarily used in economic and marketing research.

Marketers and other social scientists often group populations into categories based on demographic variables. The most frequently used demographic variables are (www.wikipedia.org):

- Age
- Sex/Gender
- Race/ Ethnicity
- Location of residence
- Socioeconomic status (SES)
- Religion
- Marital status
- Ownership (home, car, pet, etc.)
- Language
- Mobility
- Life cycles (fertility, mortility, migration)

Marketers typically combine several variables to define a demographic profile. A demographic profile (often shortened to "a demographic") provides enough information about the typical member of this group to create a mental picture of this hypothetical aggregate. For example, a marketer might speak of the single, female, middle-class, age 18 to 24 demographic.

Marketing researchers typically have two objectives in this regard: first to determine what segments or subgroups exist in the overall population; and secondly to create a clear and complete picture of the characteristics of a typical member of each of these segments.

2.7   Conclusion

Quality of customer service is related to customer loyalty, customer retention and increased organizational profits (Reichheld and Sasser, 1990). Oliver *et al* (1980), argued that customer loyalty, i.e. re-purchase intentions, willingness to provide positive word of mouth etc. is a function of customer satisfaction. Loyal and satisfied customers serve as an important source of free advertising through referrals and recommendations,

whereas unsatisfied customers are more likely to defect and to convey negative experiences to other potential customers (Hartline and Jones, 1996). The effects of service quality and customer satisfaction are interlinked in being instrumental to the sustainability of an organization and are shown to be attributable to customer loyalty. Customer loyalty, in turn, has an effect on cost, increased purchases, price premiums, word of mouth that results in customer retention and leads to higher profits.

This chapter delves into the concepts of service quality and customer satisfaction within an online environment and after sales call centre. The objectives set out in this study were to investigate the relationship that these variables have on an organization's sustainability and the potential to retain their customer base due to the quality of service given to their customers.

The ensuing chapter delves into issues regarding the research methodology of this study.

CHAPTER THREE

Research Methodology

3.1 Introduction

Cooper and Schindler (2001) define business research as "a systematic inquiry that provides information to guide business decisions." In order to achieve this, this quantitative study relied both on primary and secondary data. The following chapter delves into the design of the research, the population and sample, the research instrument, and methods for analysis of data as was outlined in "Phases of Conducting Empirical Research", (Klopper, 2006).

3.2 Objectives of the Study

- To determine the level of satisfaction experienced by customers using online shopping methods.
- To determine if demographics affects repeat visits to the website.
- To determine whether after sales support promotes return business to the website.

The objectives of this study are supported by a questionnaire. The questionnaire is aimed at adding value to the field of customer satisfaction and service quality pertaining to the online shopping environment.

3.3 Sampling Technique and Description of the Sample

3.3.1 Definition of Sampling

According to Cooper and Schindler, (1998) a sample is a part of the target population, carefully selected to represent that population. The basic idea of sampling is that by selecting some of the elements in a population conclusions may be drawn about the about the entire population.

3.3.2 Target population

The basic idea behind sampling according to Cooper and Schindler (2001) is that "by selecting some of the elements in a population, we may draw conclusions about the entire population." The population of a study consists of the total collection of elements about which the researcher makes some inferences. The target population for this study were broadband users in the United Kingdom that had an online shopping experience coupled with an after sales call centre experience. For the purpose of this study the sample consisted of consumers from a branch of a telecommunications service centre, an Internet café within a shopping mall and two governmental offices within the city centre of Victoria.

3.3.3 Sample frame

The sampling frame is closely related to the population. It is the list of elements from which the sample is actually drawn (Cooper and Schindler, 1998). The researcher was limited in acquiring a list containing the names of broadband users because of confidentiality issues in the United Kingdom that disallow organizations from distributing lists containing personal particulars of their customers.

3.3.4 Sampling approach and technique

There are two types of sampling techniques that can be used, namely probability and non-probability sampling. For the purpose of this study a **non-probability judgmental** sample was drawn. Non-probability sampling was chosen due to the sampling frame being too large and added to that were other prerequisites for probability sampling that were difficult for the researcher to obtain given the nature of this type of study. This study was entirely dependant on consumers voluntarily agreeing to fill in the questionnaire and the response rate would have been difficult to obtain with probability sampling.

According to Cooper and Schindler (2001), judgmental sampling occurs when "a researcher selects sample members to conform to some criterion." Respondents for the

sample were selected after they confirmed that they had both an online shopping and customer call centre experience. The major advantage of judgmental sampling is that a biased group was selected for screening purposes.

3.3.5 Sample Size

The most important factor in determining the size of a sample needed for estimating a population parameter is the size of the population variance. The greater the dispersion or variance in the population, the larger the sample must be to provide estimate precision (Cooper and Schindler, 1998). According to Krejcie and Morgan (1970), if the sample size is 100 000, 384 surveys are required to be administered.

For the purpose of this study the sample consisted of consumers from a branch of a telecommunications service centre, an Internet café within a shopping mall and two governmental offices within the city centre of Victoria. The distinguishing elements for sample choice were individuals whom had both an online shopping encounter and an after sales service experience. The choices that had to be made regarding the research design included the techniques of sampling, size of the sample, structuring of content and the instruments themselves. **Four hundred questionnaires** were administered by the researcher but 150 were returned and processed.

3.4 The Research Instrument

The questionnaire contained three parts:

- Part 1 of the questionnaire consisted of a heading, researcher details, and instructions on how to complete the survey;

- Part 2 contained general demographic particulars of the respondents for example age, gender, ethnic identity, occupation and shopping trends; and

- Part 3 of the questionnaire focused on aspects of Website quality and after sales customer support.

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The questionnaire was designed to be specific and capture information that was relevant to the three objectives of the study. Scaled–response questions or closed-ended questions were used. This is best suited to a study that attempts to gather data based on respondents' attitudes or perceptions. A four and five point Likert–type scale was used to rate questions, this approach was adopted because it is simple to administer. With a Likert scale, respondents indicate their attitudes by checking how strongly they agree or disagree with a carefully constructed statement that ranges from very positive to very negative toward the attitudinal object.

The questionnaire was accompanied by a covering letter that introduced the researcher, the objectives pertinent to the study and instructions on how to complete the questionnaire. A copy of the questionnaire can be viewed in Appendix A.

Due to the fact that a pilot study was not conducted the researcher requested colleagues to review the questions and to check for vocabulary, confusion, ambiguity, and double barrelled questions in order for the research instrument to be refined and easily understood.

A questionnaire was designed for respondents to answer and was disseminated into three sections. The first part of the questionnaire composed of 6 questions that related to biographical information. Questions 7-18 were based on electronic service quality, which was the theoretical model of the study. Questions 20-24 were based on a call centre experience.

The first 6 questions of the questionnaire were formulated to address Objective 1 and were related to biographical information of the respondents. The information that required was age, sex, ethnic race group, internet shopping trends, occupational category and the choice of service provider.

Questions seven to seventeen were based purely on the theoretical framework presented in this study, namely the E-S-QUAL model. This line of questioning attempted to answer

the objective related to the level of satisfaction experienced by customers using online shopping methods. The E-S-QUAL model was developed by Parasuraman *et al* (2004), and it incorporated majority of the elements that were considered necessary to effectively evaluate website quality.

Questions twenty to twenty four were based on the call centre. These questions related to a customers experience with the call centre. The remaining questions related the customers' evaluation of the call centre experience and their propensity to return to the website.

3.5   Research Design

The survey was **descriptive** in nature and the time dimension of the survey was **cross sectional** as it represented a snapshot of one point in time. The major disadvantage of this time dimension was that this type of study lends itself to a longitudinal design as opposed to cross sectional as this allows more testing to be done at a later date to test the results.

A **quantitative study** was conducted for the purpose of this study due to limitations placed on the researcher and that it was more suitable to observe a single group at a particular point in time.

It enabled the researcher to intensively analyze similar scenarios and get a greater insight on how decisions are made. The primary role of quantitative research study is to test hypotheses or objectives. "A hypothesis is a proposition regarding the relationship between two or more variables and a hypothesis can be tested. A quantitative research examines variables which are based on the hypothesis derived from a theoretical scheme", Struwig and Stead (2001). The nature of quantitative studies is that emphasis is placed on using formalized standard questions and predetermined response options in questionnaires or surveys.

"Quantitative research methods are more directly related to descriptive and causal research designs" Hair *et al* (2001). The goal of quantitative research is to provide specific facts decision makers can use to:

- "Make accurate predictions about relationships between market factors and behaviours,
- Gain meaningful insights into those relationships, and
- Verify or validate the existing relationships." Hair *et al* (2001).

A questionnaire, also known as self-administered survey is a type of statistical survey handed out in paper form usually to a specific demographic to gather information in order to provider better service or goods (www.wikipedia.org).

Questionnaires have advantages over some other types of surveys in that they are cheap, do not require as much effort from the questioner as verbal or telephone surveys, and often have standardized answers that make it simple to compile data. However, such standardized answers may frustrate users. Questionnaires are also sharply limited by the fact that respondents must be able to read the questions and respond to them. Thus, for some demographic groups conducting a survey by questionnaire may not be practical.

3.6   Administration of the Survey

Research designs can be classified by the approach used to gather primary data. The two alternatives are to observe conditions, behaviour, events, people or processes or to communicate with people about various topics (Cooper and Schindler (1998)).

The researcher submitted motivation letters to top management within the selected organizations detailing objectives of the research and the value in obtaining feedback. Interviews were granted and the researcher had to the opportunity to explain to management what the elements of the study were about and how it would add value to their organization. Formal consent was given and the researcher emailed respondents from a list given informing them of the nature of the study and if they were interested in

providing assistance. The respondents had to undergo a further selection process were only those who were online shoppers and that had an after sales experience were chosen. After the selection procedure, a date and time was established to fill in the questionnaires.

For the purpose of this study the self administered survey was the chosen method of data collection. With this approach "a representative of the researcher hand-delivers survey forms to respondents; the completed surveys are returned by mail or picked up by the representative" Hair *et al* (2001). The self-administered survey approach was adopted where "the respondent reads the survey questions and records his or her own responses without the presence of a trained interviewer" Hair *et al* (2001). A disadvantage associated with the self-administered approach is that the entire questionnaire may be read before any answer is given, thus questions at the end of a questionnaire may bias answers to earlier questions.

Some of the advantages associated with this approach are:

- Low cost and less interviewer bias.
- Allows contact with otherwise inaccessible respondents.
- Expanded geographic coverage without increase in costs.
- Requires minimal staff.
- Perceived as more anonymous.
- Allows respondents time to think about questions.
- Anonymity-surveys give respondents a feeling of anonymity; hence they are more likely to answer questions truthfully.

Some of the disadvantages include:

- Low response rate in some modes.
- No interviewer intervention available for probing or explanation.
- Cannot be long or complex. Cooper and Schindler (2001).

Research designs can be classified by the approach used to gather primary data. The two alternatives are to observe conditions, behaviour, events, people or processes or to communicate with people about various topics. (Cooper and Schindler (1998))

The researcher dropped off the questionnaires to a co-ordinator who was responsible for administration and collection of the surveys. Thereafter a specific time and date was arranged to pick up the completed surveys.

3.7 Statistical analysis of data

Primary data was obtained by means of a self-administered questionnaire. Primary data provides first-hand information derived from a formalized research process. "Primary source is the written / oral account of a direct witness of, or a participant in an event, or an audiotape, videotape or photographic recording of it", Welman and Kruger (2001).

Secondary data was obtained by the use of journals, books and Internet sites. Secondary data provides second-hand information about events. By reviewing prior studies one can identify the methodologies that proved successful and unsuccessful. "The researcher needs to avoid duplication in instances when prior collected data can provide sufficient information for resolving the current decision-making dilemma" (Cooper and Schindler, 1998).

The computer program Statistical Package for the Social Sciences (SPSS) is among the most widely used programs for statistical analysis in social science. It is used by market researchers, health researchers, survey companies, government, education researchers, and others (www.wikipedia.org). The SPSS package was used as the statistics package to analyze the data for this study. Various statistical methods were used to test the validity of the experiment. These included reliability analyses, factor loading analyses, correlation effects and hypothesis tests. Observed and inferred results from the statistical analysis were used to further triangulate conclusions in the next chapter.

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- **Data Processing from Questionnaires to SPSS Data Tables**: During the survey session each respondent was required to read the questions in the questionnaire and mark their responses by placing a tick or a cross in the appropriate spaces. The responses were then entered into the SPSS 13 programme.

- **Types of measurement used** -There are three types of measurement used in quantitative research, namely scalar, ordinal and nominal measurement. For this study nominal and ordinal measurement was used. The type of measurement dictated the statistical procedures that were used in processing the data in order to achieve inferential analysis. Measurements are quantified so that means, modes and medians could be determined.

- **Entering the data from each questionnaire in SPSS** - Once the parameters were set in the variable mode, the necessary headings and columns were generated in the data view screen and the data was entered into the system. In the data mode, abbreviated codes were used as column headings. These headings appeared as labels in the graphs and tables.

- **Entering the Data** - Each question in the questionnaire was assigned a particular column in the database. The appropriate code variant for the individual respondent was entered in the column that dealt with that particular question.

- **Verifying the Accuracy of the Coding Process:** The accuracy of the encoding process was verified by double-checking each code that had been entered after the questionnaire was encoded onto the database

- **Determining the Statistical Significance of the Results:** According to Leedey (1997), *Descriptive Statistics* is a branch of statistics that describes what data looks like. He further stated that statistics that takes small samples of a population and from those samples make inferences by *estimating and predicting* the general characteristics of a population are inferential.

In making inferences in this survey, the author used significance testing and measures of variation to validate his claims. Significance relates to similarities within groups and differences between groups with regard to particular responses. Statistics can be used to determine whether there are significant similarities in responses to questions within demographic groups, as well as significant differences between demographic groups. The standard deviation which was generated by the SPSS 13.5 database for specific variables (or combination of variables) was used to explore the extent of deviation for reliable estimating and predicting. For this study descriptive statistics were used that include mean and standard deviation, calculations, table and chart presentations as well as descriptive text. Correlation analyses were done and only those correlations that were significant to the objective stated in Chapter 1 was scrutinised. Significance tables are also used to make deductions, inferences and estimates.

- **Visual Representation of Data:** Pie charts, bar graphs and statistical tables were used to visually describe results of this survey. Pie charts are particularly appropriate to represent a sub-population of a larger group. It is typically used to represent nominal measurement, which in this case was the gender variable.

3.8 Conclusion

A research design is the strategy for a study and the plan by which the strategy is to be carried out (Cooper and Schindler, 1998). In this chapter the procedure that was followed when conducting this survey was explained. Whilst there are both probability and non-probability sampling methods, the non-probability sampling technique was chosen for the study. The research instrument was a questionnaire and the mode of communication was through self administered questionnaires that had been administered to a sample of consumers at four locations in the city centre of Victoria, London. An explanation on how the survey was conducted as well as an account of the steps that were followed whilst encoding data into the SPSS programme. Following this, statistical significance and its relevance to this study was explained. Thereafter, the author explained how visual representation was used to illustrate analysis of the data.

The aim of this research was to test the effect that service quality and customer satisfaction had on customer behaviour within an online environment. The questionnaire addressed the objectives of this study which were to ascertain the level of satisfaction experienced by customers using online shopping methods; the affect f demographics on repeat visits and the effect of after sales support on return business. These objectives were formulated to isolate issues of service quality and customer satisfaction and the overall impact that these two variables have on customer behaviour.

The results of this study are presented in the next chapter.

CHAPTER 4

Presentation of Results

4.1 Introduction

This chapter provides a presentation of the data analysed for the purpose of this study. The analysis provides a break-down of the demographics of the respondents including aspects such as gender, age, race, etc. in order to describe the sample data. Various statistical methods were used to test the validity of the experiment. These included reliability analyses, factor loading analyses, correlation effects and hypothesis tests. Observed and inferred results from the statistical analysis were used to further triangulate conclusions in the next chapter.

A four and five point Likert–type scale was used to rate questions:

1 = Strongly agree;

2 = Agree;

3 = Disagree;

4 = Strongly disagree; and

5 = Not applicable

4.2 Demographics Frequency Analysis

The following demographic factors yielded information regarding the composition of the sample and some of the characteristics associated with the sample.

4.2.1. Gender
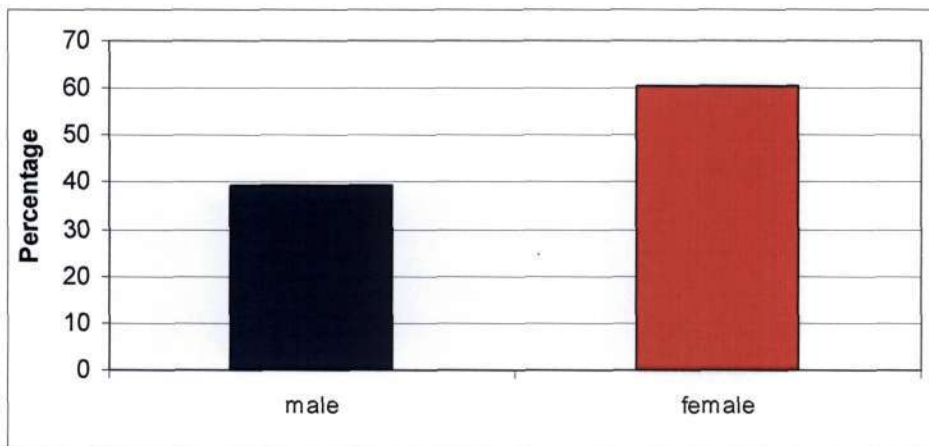
Figure 4.1   Gender

Sixty one percent (61%) of the respondents are female and 39% of the respondents are male.

4.2.2 Respondents' Age
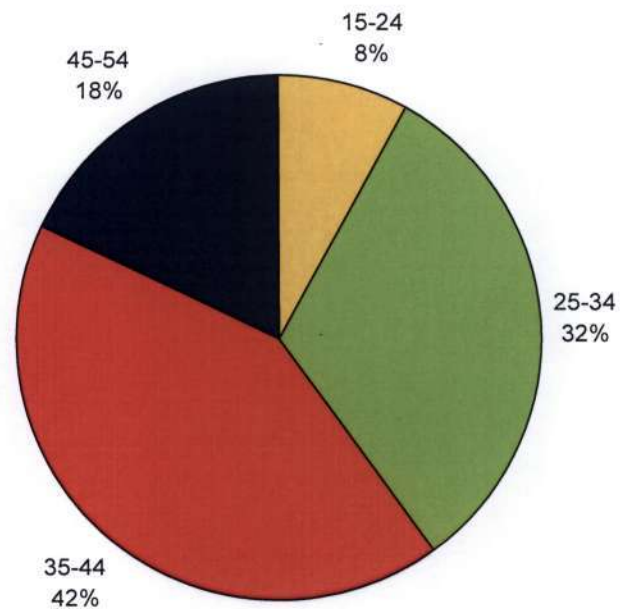
Figure 4.2   Graphical representation of Respondents' Age

The graph above represents the age category of respondents. The diagram indicates that 74% of respondents are aged between 25 – 44 years. Eight percent (8%) fall into the age group 15-24 and 18% in the group aged 45-55 years.

4.2.3 Race
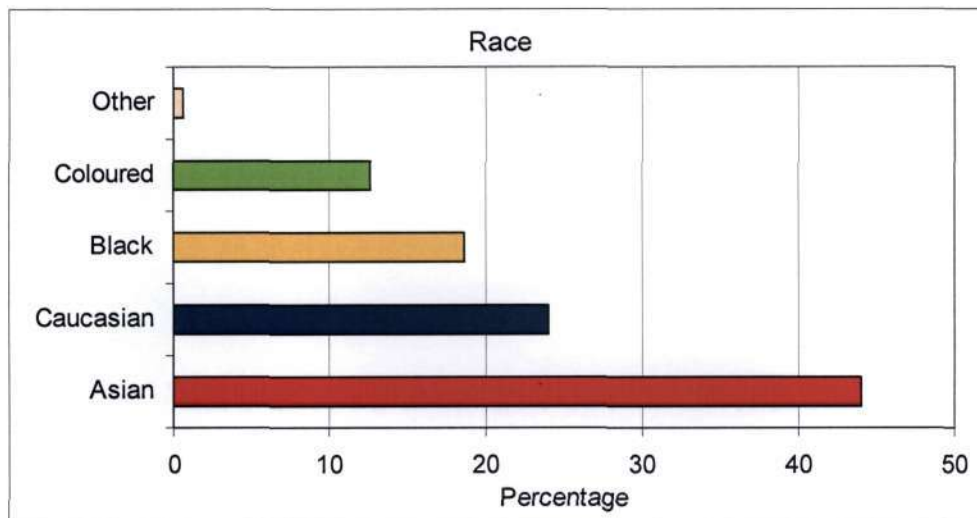
Figure 4.3   Race

It was found that in the race category a large group (44%) of the respondents were of Asian descent. The rest of sample was made up of 24% Caucasian; 19% Black; 12% Colored and less than 1% constituted other race categories.

4.2.4 Occupational Category
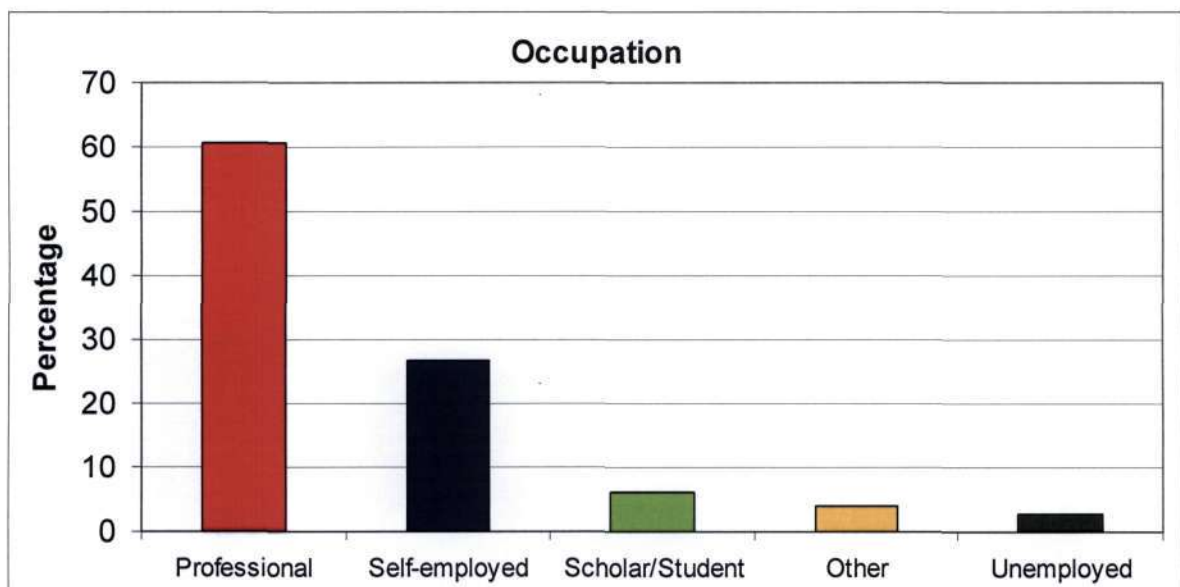
Figure 4.4   Work Related Category

Sixty one percent of the sample comprised of respondents in the professional category. Twenty seven percent (27%) of the sample comprised of respondents in the self-employed category.

4.2.5 Frequency of Use

Frequency of Shopping On-line
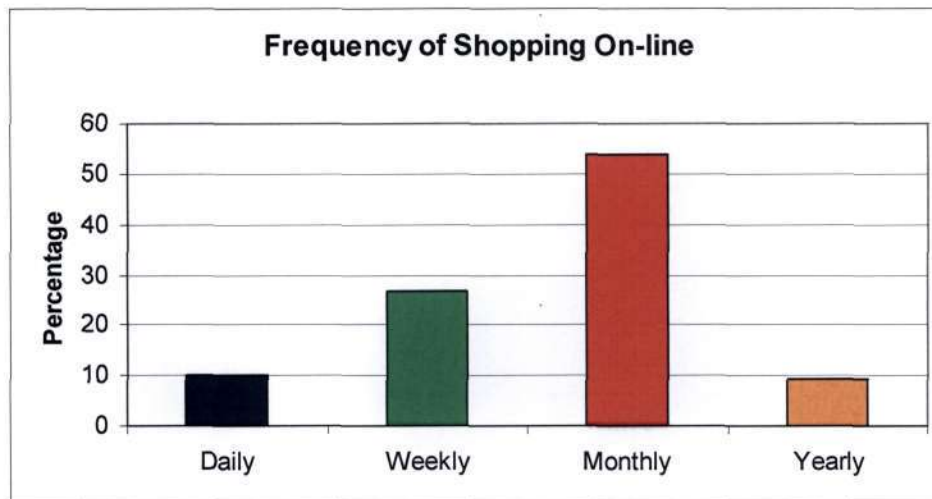
Figure 4.5   Frequency of Shopping Online

Fifty four percent of the respondents indicated that they shopped monthly. Twenty seven percent of the population shopped weekly. There were approximately (10%) of the respondents who shopped on a daily basis and 9% comprised of annual shoppers.

4.2.6   Service Provider
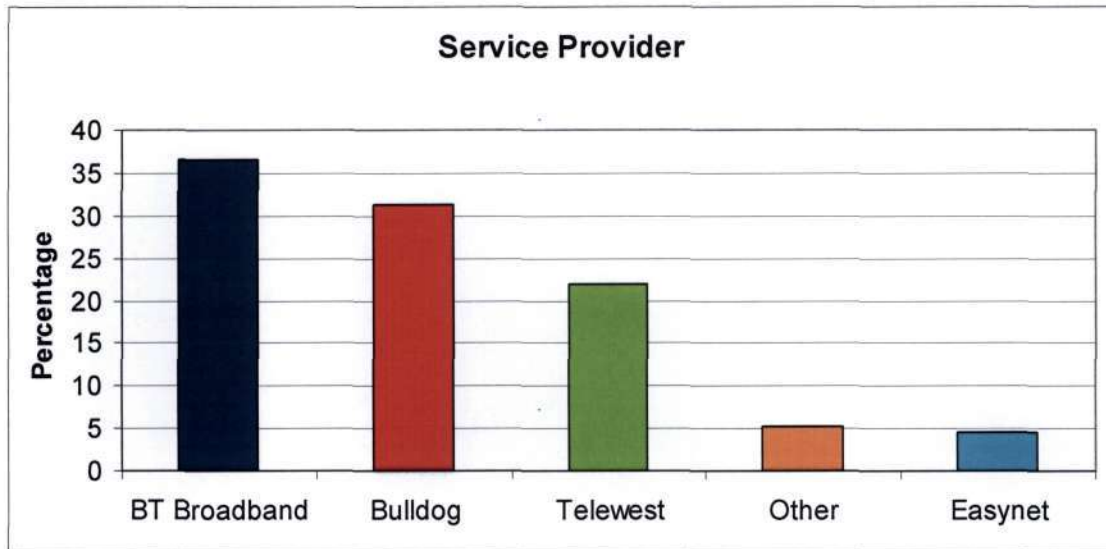
Figure 4.6   Broadband Service Providers

Ninety percent of the respondents belonged to the three largest service providers.   The results indicated that there were close competition amongst service providers in the broadband industry.   Evidence from the results suggested that BT Broadband is the market leader, followed closely by Bulldog and Telewest.   BT Broadband constituted 37% of the market share, Bulldog Broadband (31%), Telewest (22%) and Easynet comprised of 4% of market share.

4.3 Graphical Representations of Factors

The individual questions and the mean factor (dimension) scores corresponded to 1 equalling complete agreement and 5 indicating complete disagreement.

4.3.1 Factor: System Availability
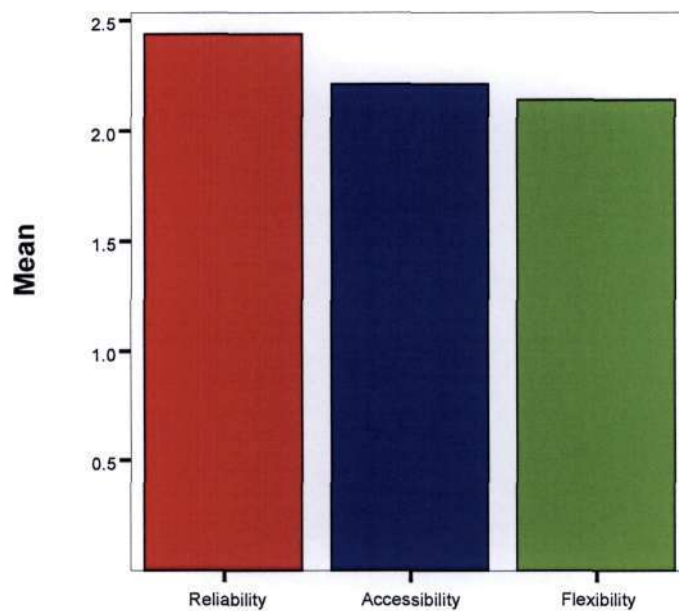
Figure 4.7: Factor - System Availability

The average score for this dimension was 2.26. This indicated an overall perception of un-decidedness, which tended to lean towards agreement that the system availability dimension is important to customers that shop online. It also reflected that a large percentage tended towards disagreement. The implication was that there were a few more respondents who responded positively as there were those that responded negatively. Three variables constituted the system availability dimension:

4.3.1.1 Reliability of Website
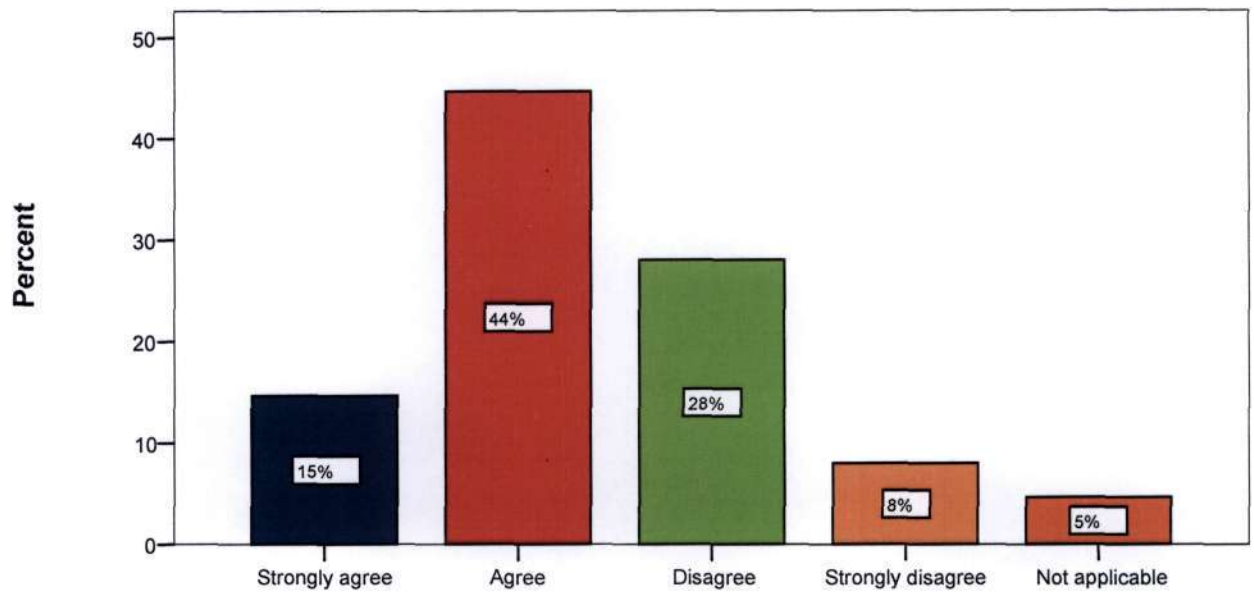
Figure 4.8   Reliability of the Website

Approximately two thirds of the respondents (60%) indicated that the website was reliable and that products that were advertised where available. A significant (36%) of the population opposed the opinion of reliability with the site's connection and availability of products. Four percent (4%) were indifferent to this aspect of website technicality.

4.3.1.2 Accessibility
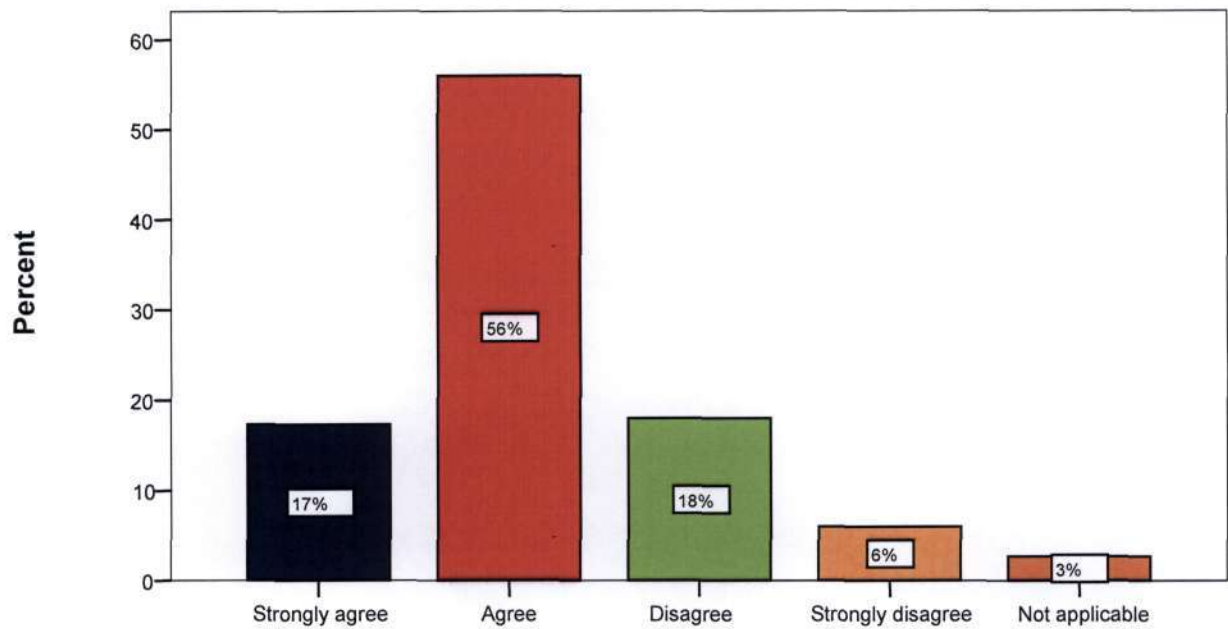
Figure 4.9   Accessibility to Website

Seven in ten respondents were in agreement that accessibility to the service providers' website was immediate and stable throughout the transactions. Cumulatively twenty four percent (24%) of the respondents indicated that the site connection was not secure during their transactions and that access on to the website was not immediate. Less than 3% of the respondents were not affected by the accessibility of the site.

4.3.1.3 Flexibility
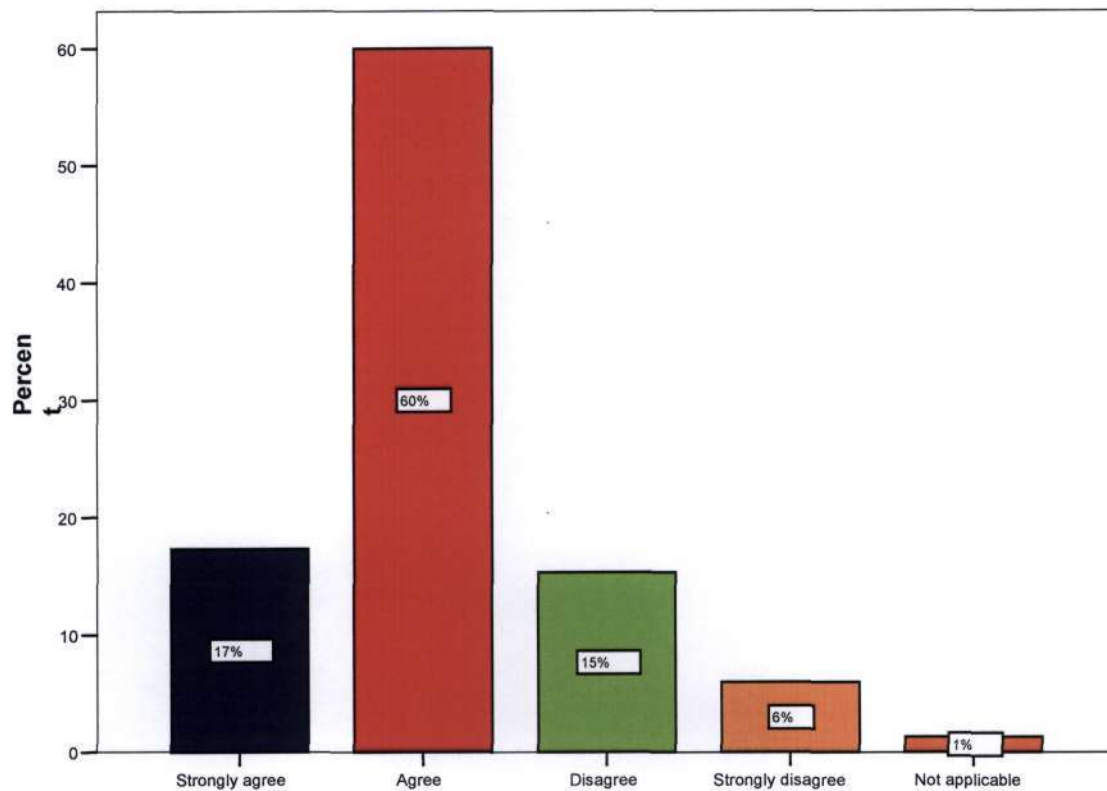
Figure 4.11   Website Flexibility

Seventy seven percent (77%) of the respondents were in agreement with regard to the flexibility pertaining to the variety of payment methods, shipping options, and advanced search facilities offered by the site. Approximately one-fifth (21%) did not agree with this statement. Less than 1% of the sample indicated that they were not affected by this variable.

4.3.2   Factor: Fulfilment / Reliability
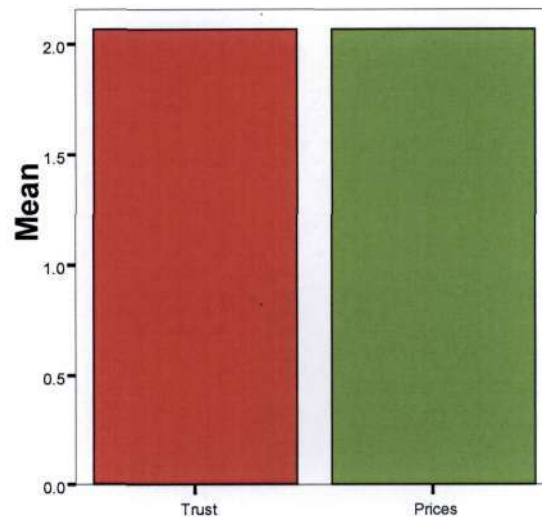
Figure 4.11   Factor: Fulfilment/Reliability

The fulfilment/ reliability dimension constituted of the trust and prices variables. It was noted that in this dimension as well, the average score was 2.07.   On the Likert scale chosen this value corresponds to a perception of agreement that the Fulfilment/Reliability dimension played an important role to online shoppers.

The Fulfilment/Reliability dimension is made up of two factors: Trust (Question 13) and Price Knowledge (Question 15).

4.3.2.1 Trust
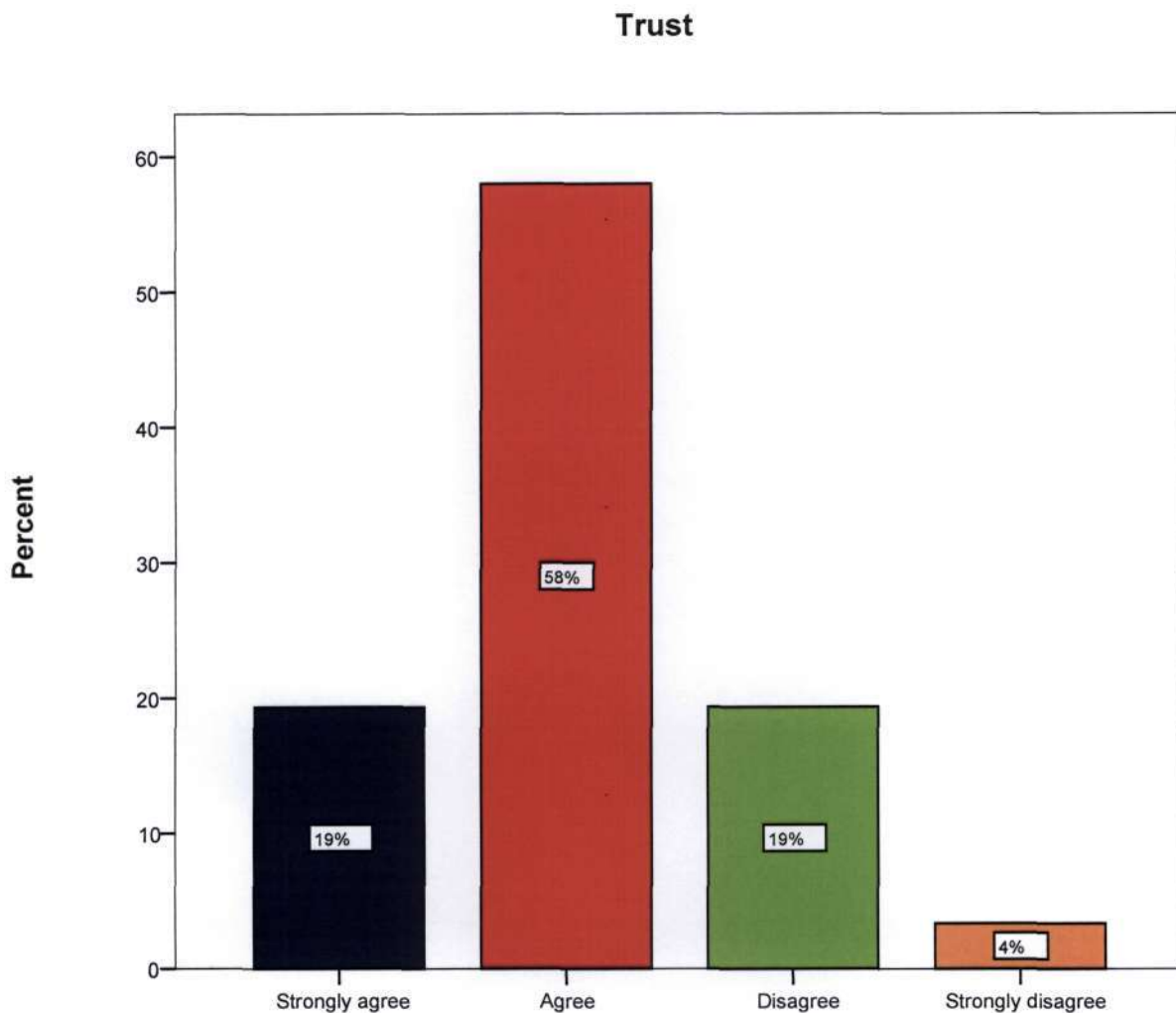
Trust

Figure 4.12   Accuracy and Trustworthiness of Website

Two thirds of the respondents agreed that the website was trustworthy and that the information supplied was accurate.   Cumulatively, 22% disagreed regarding the trustworthiness of the website and information supplied. Past studies have revealed that major problems with service quality arose due to incorrect and inaccurate information supplied.

4.3.2.2 Price Knowledge
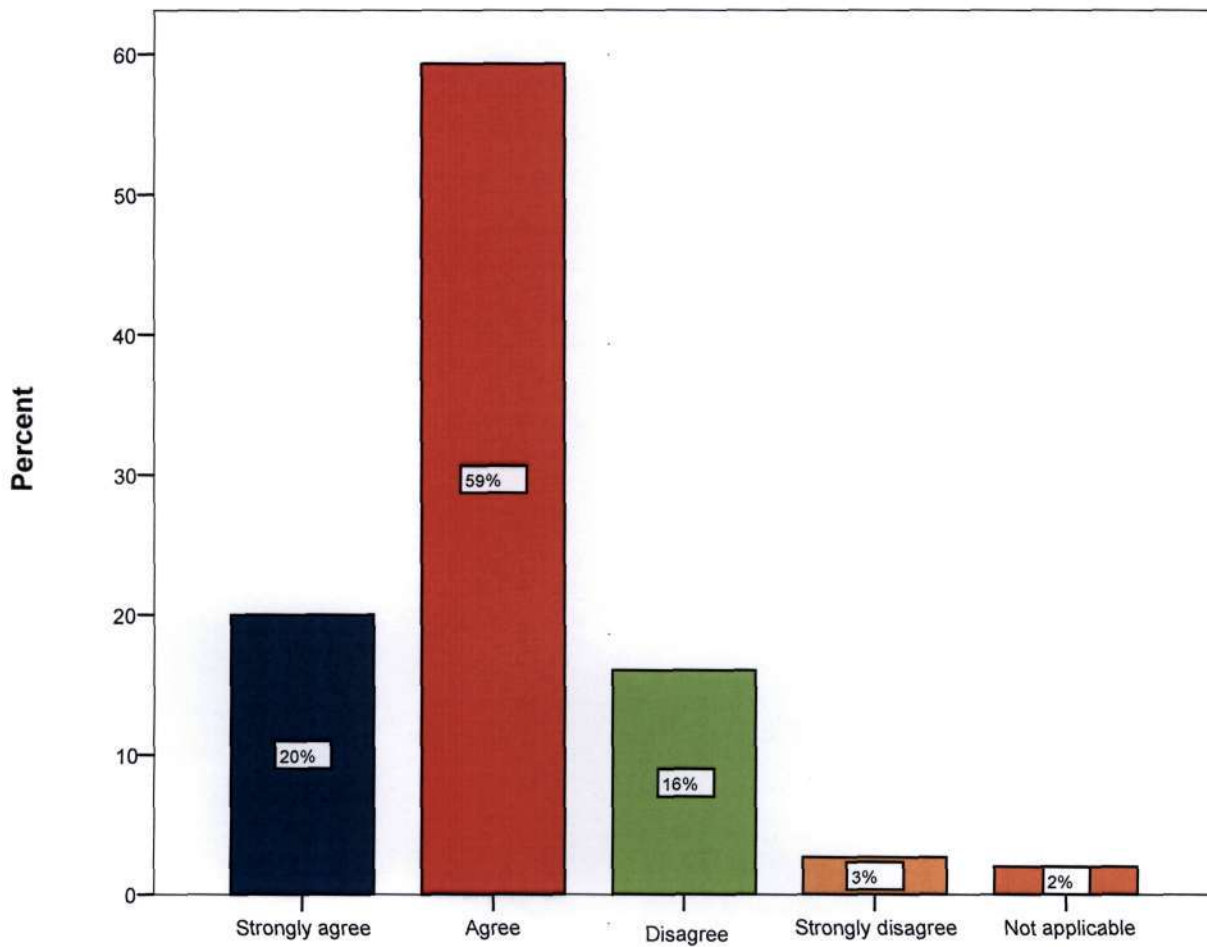
Figure 4.13   Price Determination

Almost eighty percent of the respondents agreed that the collective prices were simple to determine.   Approximately twenty percent did not agree with this opinion of pricing being simple to determine on the website.

4.3.3 Factor: Efficiency
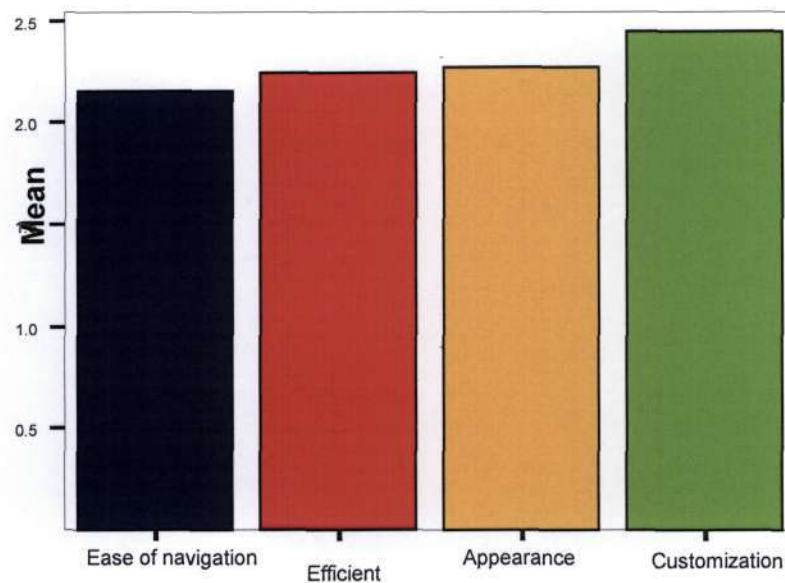
Figure 4.14   Factor: Efficiency

In this dimension, the average scores are again in the region of 2.28. Previous studies have indicated that this dimension played an important role in electronic service quality. A site's search functions, download speed, overall design, and organization are among the key elements that affected usability (Jarvenpaa and Todd, 1997; Lohse and Spiller, 1998, Montoya-Weiss, Voss and Grewel, 2000; Nielsen, 2000; Novak, Hoffman and Yung, 2000; Spiller and Yohse, 1997-1998).

4.3.3.1 Ease of Navigation
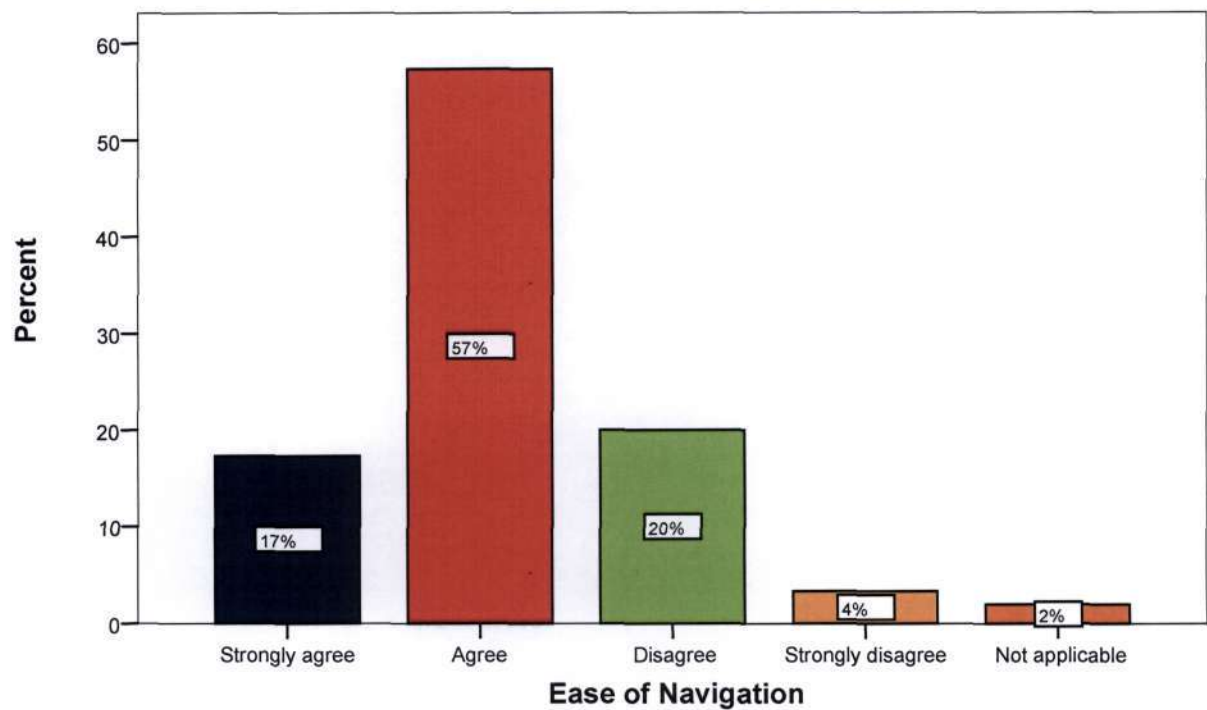
Figure 4.15   Navigation through the Website

The above data represents the minimization of customer search through smooth navigation and logical structuring of information on the website. It is apparent that 74% of the sample agreed that the website was user friendly and easy to navigate. Twenty one percent of the respondents felt that the site was too complex or not structured correctly to minimize their search. Three percent of the sample strongly disagreed that the site was user friendly.

4.3.3.2 Efficiency
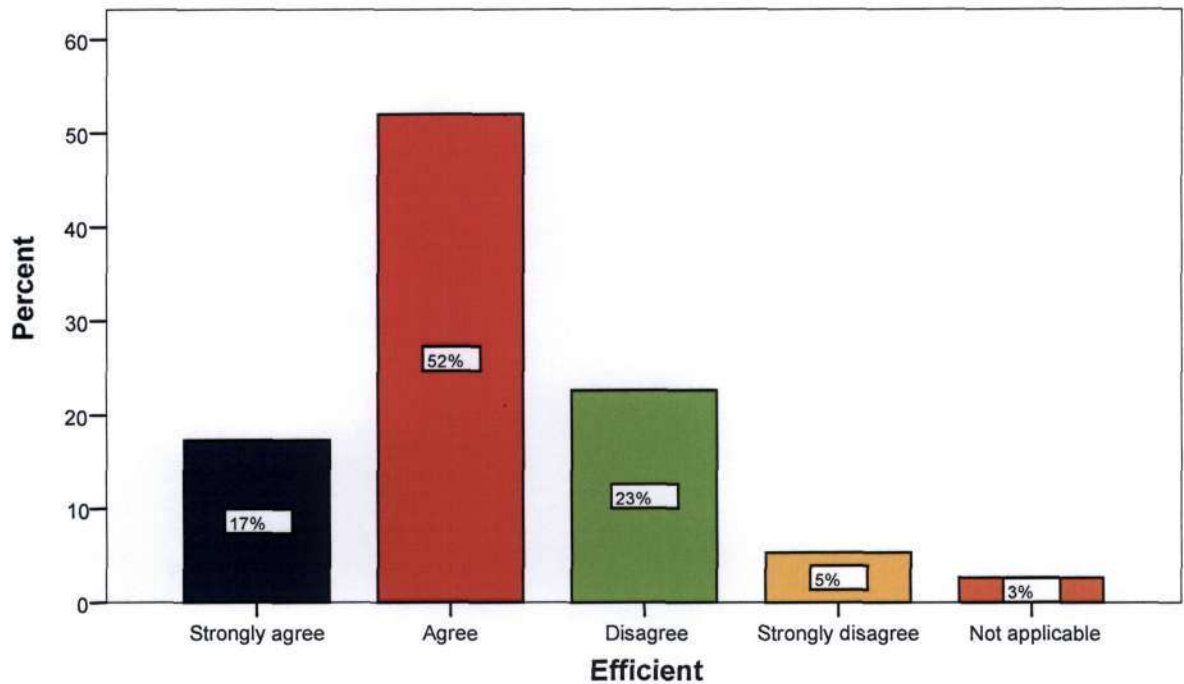
Figure 4.16   Website Structure

The data indicated that 69% of the users agreed that the website was efficient due to its simplicity and structure. A little less than a quarter of the sample (23%) indicated that it was not efficient, and 5% strongly disagreed suggesting that the site was not efficient, thereby making their browsing more complicated.

4.3.3.3 Site Aesthetics
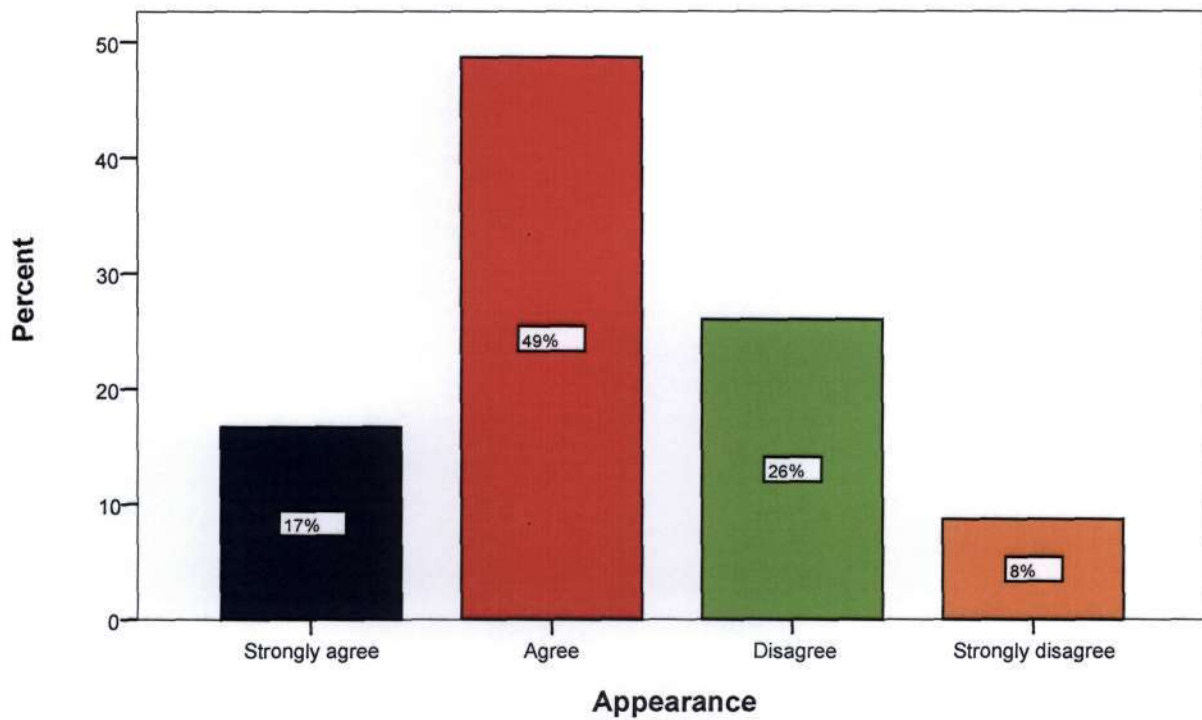
Figure 4.17   Website Appeal

Two thirds of the respondents agreed that the web site was aesthetically appealing. Twenty six percent disagreed and eight percent strongly disagreed and this indicated that some customers were not pleased with the layout and appearance of the website.

4.3.3.4 Customization/Personalization
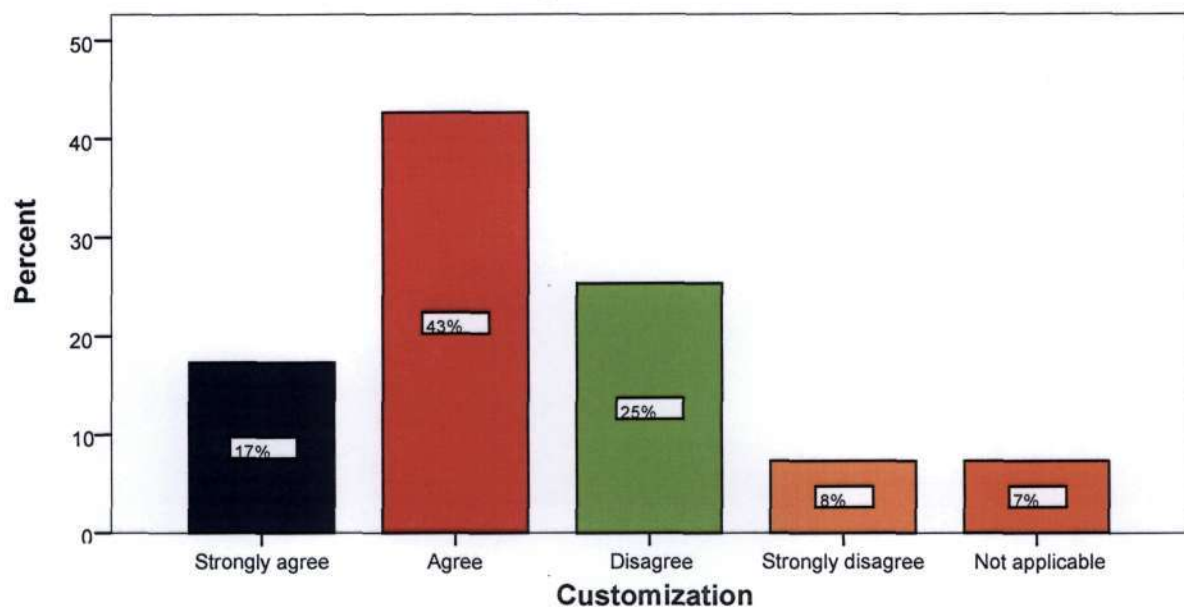
Figure 4.18   Website Personalization

Sixty percent (60%) of the respondents agreed that the website was easy to customize in terms of past preferences and history.   A little more than a quarter of the respondents disagreed that the website was easy to customize.   Less than ten percent (7%) indicated that customization did not play a role in them shopping online.

4.3.4   Factor: Security
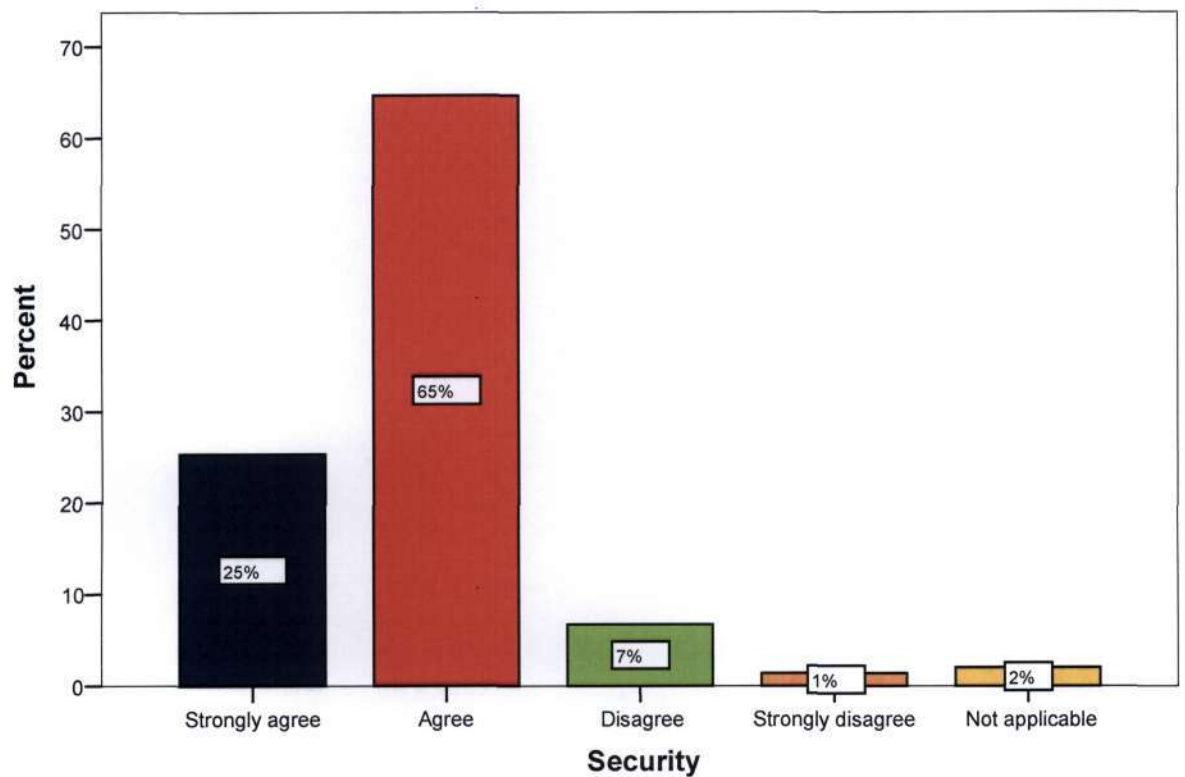
Figure 4.19   Website Security

A quarter of the respondents indicated that they strongly agreed and 64 % indicated that they agreed that they felt that their privacy was maintained whilst transacting on the site. A minority of 8% indicated that inadequate security measures were in place and that they were unprotected during their transactions and 2% of the sample indicated that security was not integral to their shopping on the site.

Overall Rating:

Dimension	Mean Score
System Availability	2.26
Fulfilment / Reliability	2.07
Efficiency	2.28
Privacy and Security	1.90
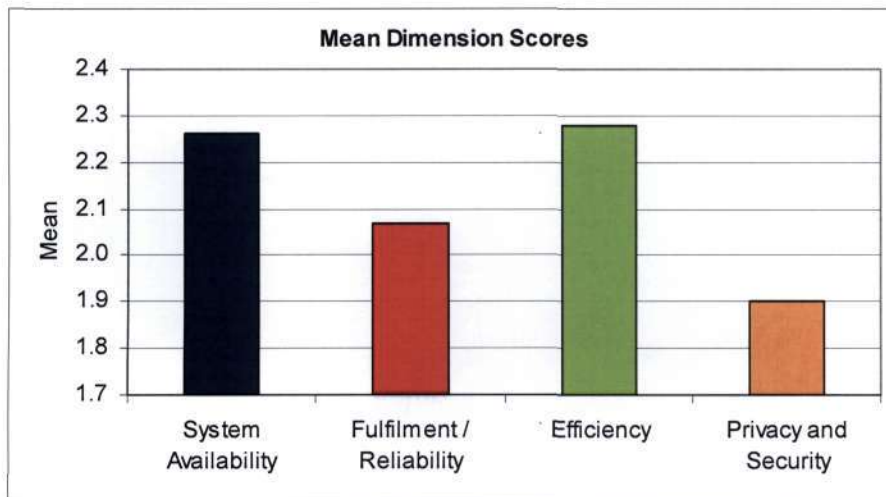
Figure 4.20   Average scores for dimensions

There is a 16% variation that is observed in the range of the dimensions. This implied that the average scores are fairly similar. The averages tend more towards 2, implying that there is a degree of agreement with the questions that make up the factors. The implications of these results were that respondents were in agreement with the statements made in the questionnaire. They are in agreement with the positive statements made in the questionnaire.

4.4 Correlations

4.4.1 Objective 1 To determine the level of satisfaction experienced by customers using online shopping methods

The cross-tabulation procedure is designed to summarize two columns of data. It constructs a two-way table showing the frequency of occurrence of all unique pairs of values in the two columns. Statistics are constructed to quantify the degree of association between the columns, and tests are run to determine whether or not there is a statistically significant dependence between the value in one column and the value in the second. The frequencies are displayed both in tabular form and graphically as a bar chart, mosaic plot, or sky chart.

Correlation values highlighted with an asterisk show that there is a relation between the variables. A correlation analysis of the average variable scores was performed and the results are shown below.

Cross Tabulation	Pearson's Chi-square p-value	Pearson's R
gender * rating website	0.111	-0.137
age * rating website	0.040	-0.052
race * rating website	0.003	-0.153
ease of navigation * rating website	0.000	0.790**
efficient * rating website	0.000	0.791**
trust * rating website	0.000	0.739**
security * rating website	0.000	0.420**
appearance * rating website	0.000	0.820**
customization * rating website	0.000	0.764**

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.1   Cross Tabulation for Objective 1

The table indicates that there are six significant relationships at the 0.01 level of significance. These are strongly positive correlation values. The implication is that there is a direct proportional relationship between the variables. For example, the better looking the website, the higher rating is allocated to it by the respondents ($r = 0.820$).

The p-value is calculated by comparing the test statistic to a chi-squared distribution with (r-1)(c-1) degrees of freedom. Small p-values (less than 0.05 if operating at the 5% significance level) indicate a significant dependence between the row and column classifications. The p-value in the above table clearly shows that the website rating and each variable is not independent, except for gender as indicated by chi values.

4.4.2 Objective 2   To determine if demographics affects repeat visits

Correlation analyses of the average variable scores for demographics were performed and the results are shown below.

Cross Tabulation	Pearson's Chi-square p-value	Pearson's R
gender * return customer	0.421	-0.055
age * return customer	0.088	0.003
race * return customer	0.009	-0.092

Table 4.2   **Cross Tabulation for Objective 2**

4.4.2.1 Gender and Return Customer:

Since the P-value in the chi-square table is greater or equal to 0.05, there is not a statistically significant relationship between Gender and Return Customer at the 95.0% or higher confidence level.

The R-Squared statistic indicates that the model as fitted explains 0.30% of the variability in Gender. The correlation coefficient equals 0.06, indicating a relatively weak

relationship between the variables. The standard error of the estimate shows the standard deviation of the residuals to be 0.49.

4.4.2.2 Age and Return Customer:

Since the P-value in the chi-square table is greater or equal to 0.05, there is not a statistically significant relationship between Age and Return Customer at the 95.0% or higher confidence level.

4.4.2.3 Race and Return Customer:

Since the P-value in the chi-square table is less than 0.05, there is a statistically significant relationship between Race and Return Customer at the 95.0% or higher confidence level.

The R-Squared statistic indicates that the model as fitted explains 0.84% of the variability in Race. The correlation coefficient equals 0.09, indicating a relatively weak relationship between the variables. The standard error of the estimate shows the standard deviation of the residuals to be 1.01.

In all instances, the demographic factors indicate that only race plays a role in terms of a client returning.

4.4.3   Objective 3   To determine whether after sales support promotes return business

		return customer
quality call centre service	Pearson Correlation	0.35
	ANOVA Sig. (2-tailed)	0.00
	N	150
response time call centre	Pearson Correlation	0.75(**)
	ANOVA Sig. (2-tailed)	0.00
	N	150
courtesy ccr	Pearson Correlation	0.70(**)
	ANOVA Sig. (2-tailed)	0.00
	N	150
Knowledgeable	Pearson Correlation	0.68(**)
	ANOVA Sig. (2-tailed)	0.00
	N	150

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.3   Cross Tabulation for Objective 3

4.4.3.1 Quality Call Service Quality versus Returning Client:

Since the P-value in the ANOVA table is less than 0.05, **there is a statistically significant** relationship between Quality Call Service Quality and Returning Client at the 95.0% or higher confidence level.

The R-Squared statistic indicates that the model as fitted explains 12.32% of the variability in Quality Call Service Quality. The correlation coefficient equals 0.35, indicating **no relationship** between the variables. The standard error of the estimate shows the standard deviation of the residuals to be 1.65.

4.4.3.2 Response Time Call Centre versus Returning Client:

Since the P-value in the ANOVA table is less than 0.05, **there is a statistically significant** relationship between Response Time Call Centre and Returning Client at the 95.0% confidence level.

4.4.3.3 Courtesy of the Customer Service Agent (CSA) versus Returning Client:

Since the P-value in the ANOVA table is less than 0.05, **there is a statistically significant relationship** between Courtesy and Returning Client at the 95.0% confidence level.

4.4.3.4 Knowledgeable versus Returning Client:

Since the P-value in the ANOVA table is less than 0.05, there is a statistically significant relationship between the Knowledgeable variable and Returning Client at the 95.0% confidence level.

There is a statistically significant relationship between Sales Support variables and the Returning Client, except for Quality Call Service Quality.

4.5 Conclusion

The findings of this chapter reinforce the findings by previous studies of the impact that customer service and service quality have on customer behaviour. It further reiterates that customer service effectiveness remains an important means for organizations to gain a competitive advantage in today's service economy (Berry, 1995; Bowen and Schneider, 1988). The findings provided further evidence that effective service delivery impacts customer behaviour.

In terms of customer satisfaction, the following can be concluded:

More than half of the respondents (56%) indicated that the **overall website experience** was good. This is an indicator that customers were happy transacting on the website. A little more than a third (35%) indicated an average response, which indicated that they

weren't as pleased with the experience as they ought to have been. This significant indicator suggested that all the variables aren't in place and that organizations need to determine what factors influence customer experiences. Less than 10% indicated below average which suggested that their interaction with the transaction was far lower than their expectations and that the actual transaction on site was less than pleasing. One percent indicated total dissatisfaction which suggested that customers had difficulty with all four components of the online transaction.

CHAPTER 5

Discussion of Findings

5.1 Introduction

This chapter focuses on the results of the data that was analysed in the previous chapter. It draws parallels and states differences in the findings of this study in comparison to previous studies conducted by various researchers and scholars.

5.2 Objective 1 To determine the level of satisfaction experienced by customers using online shopping methods.

This section comprised of four dimensions and was made up of 11 questions that were based on a theoretical model designed to evaluate service quality within an online shopping environment. The results obtained were as follows:

5.2.1 System Availability

In the offline context, reliability is defined as the "ability to perform the promised service dependably and accurately" (Parasuraman et al., 1988). This translates online into on-time and accurate delivery, accurate product representation, and other fulfilment issues. While previous research has not documented other meanings, reliability may also affect technical reliability, such as proper functioning of the site.

The descriptive statistics of the three questions in this segment revealed that: Two thirds of the respondents indicated that the Website was reliable and that there were no major technical glitches on the site and that products that were advertised were available to be dispatched and not just advertised to raise sales figures. A vast majority of the respondents were in strong agreement that the accessibility onto the service provider's Website was immediate and stable throughout their transaction. It is apparent that consumers were more than adequately satisfied with the flexibility of the site in terms of the variety in pricing options, return facilities and search facilities available to them.

This study revealed an average score of 2.26 indicating an overall perception of un-decidedness, tending towards agreement. The findings of this study were similar to the study conducted by Wolfinbarger and Gilly's (2002) study called (.comQ) who found that Website functionality ratings were the strongest predictor of loyalty/intentions to purchase.

5.2.2 Efficiency

This dimension consisted of **three** questions pertaining to the efficiency in structure, aesthetics and customization/personalization of the website.

Ease of use has often been termed usability in the online context (Swaminathan *et al*, 1999). A site's search functions, download speed, overall design, and organization are among the key elements that affect usability (Jarvenpaa and Todd, 1997; Lohse and Spiller, 1998; Montoya-Weiss, Voss and Grewel, 2000; Nielsen, 2000; Novak, Hoffman and Yung, 2000; Spiller and Yohse, 1997-1998). A major consequence of technology's growing role is a commensurate growth in self-service technologies that call for customers to interact with technology-based systems rather than company personnel (Bitner, Brown and Meuter, 2000; Dabholkar, 2000; Meuter *et al* (2000)).

Descriptive statistics of this study revealed that the majority of the sample was in agreement with the website being user friendly and easy to navigate. Easy to navigate is translated into the minimization of a customer's search through smooth navigation and logical structuring of information on the website. Researchers of previous studies noted the impact that graphic style of the site had on customer perceptions of online shopping (Ariely, 2000; Hoffman and Novak, 1996; Hoque and Lohse, 1999; Lynch and Ariely, 2000; Montoya-Weiss *et al* (2000), Novak *et al* (2000), Schnolsser and Kanfer, 1999). Graphic style encompasses issues such as colour, layout, print size and type, number of photographs and graphics, and animation.

Two thirds of the respondents agreed that the web site was aesthetically appealing and cumulatively agreed that the website was easy to customize in terms of past preferences and history as shown in Figure 4.17. The results for the last question within this dimension revealed that the respondents agreed that the website was efficient due to its simplicity and structure.

In this dimension, the average scores were in the region of 2.28. The findings of both this study and previous studies are similar and have revealed that efficiency of a Web site is an important dimension of electronic service quality. The growing use of multimedia applications enables innovative delivery of information by e-tailers, but it is imperative for organizations to determine whether these innovative approaches have adverse impacts on customers' perceptions on the efficiency dimension of electronic service quality.

5.2.3 Fulfilment/Reliability Dimension

Reliability/fulfilment has been cited as an important facet of e-SQ, (Palmer, Bailey, and Faraj, 1999, Wolfinbarger and Gilly, 2003). The fulfilment/ reliability dimension is constituted by the trust and price variables. Wolfinbarger and Gilly (2003), found that reliability/ fulfilment ratings were the strongest predictor of customer satisfaction and quality, and the second strongest predictor of intentions to repurchase at a site. These ratings are similar to the findings of this study as the fulfilment/ reliability dimension average score was 2.07. On the Likert scale chosen, this value corresponded to a perception of agreement.

5.2.4 Privacy and Security

Previous research has argued that privacy of Websites may not be critical for more frequent users (Wolfinbarger and Gilly 2003). In the study conducted by Parasuraman *et al (2005)*, the privacy dimension in electronic service quality was regarded as the least critical of the four dimensions, however, regression results from the tests showed that the factor representing that dimension had a significant influence on customers' global evaluations of Web sites. Experience may indeed mitigate concerns about Web site security. However, although the respondents in their surveys were pre-screened for

sufficient experience with the sites, together with the consistent findings from both surveys it was found that privacy perceptions influence customers' overall quality/value perceptions and loyalty intentions. This emphasized the need for companies to continue to reassure their customers through Web site design cues and external communications signalling the privacy/security measures of their sites. The results for this study revealed average scores in the region of 1.90, suggesting that this dimension is significant.

Privacy and security were key evaluative criteria in online services (Culnan, 1999; Culnan and Armstrong, 1999; Hoffman, Novak and Peralta, 1999; Montoya-Weiss *et al* (2000), Quelch and Klein, 1996). "Privacy involved the protection of personal information, not sharing of personal information collected about consumers with other sites (as in selling lists), protecting anonymity and providing informed consent", (Friedman, Kahn and Howe, 2000). Security, on the other hand, involves protecting users from the risks of fraud and financial information. Security risk perceptions have been shown to have a strong point on attitude toward use of online financial services (Montoya-Weiss *et al* (2000)).

Previous studies have identified the security/privacy dimension as being another important dimension of electronic service quality. Privacy (the protection of personal information) and security (the protection of users from the risk of fraud and financial loss) have been shown empirically to have a strong impact on attitude toward use of online financial services (e.g., Montoya-Weiss *et al* (2003)). Results of the study indicated that respondents agreed that the security and privacy available on the Website was satisfactory and that the privacy/security dimension played an important role in customers' evaluation of electronic service quality.

5.3   Objective 2 To determine if demographics affects repeat visits

Research has demonstrated the presence of distinct customer segments that have unique technology readiness profiles and also defer significantly in terms of psychographics, demographics, and various Internet-related behaviours (Parasuraman and Colby, 2001).

5.3.1 Gender and Return Customer:

The biographical data revealed that the majority of the respondents were female as shown in Figure 4.1. Since the P-value in the chi-square table was greater or equal to 0.05, this indicated that there was no relationship between Gender and Return Customer.

5.3.2 Age and Return Customer:

The test results for the age and return customer variables revealed a correlation coefficient that equalled -0.003, signifying a relatively weak relationship and this translated into no relationship between the variables.

Figure 4.2 revealed that almost three quarters of the sample are aged 25-44 years and Figure 4.4 showed that two thirds of the sample comprised of respondents in the professional category.

5.3.3 Race and Return Customer:

The test results for the race and return customer variables, indicated that there was a relationship between the variables. The P-value in the chi-square table was less than 0.05.

The findings of this segment indicated that of the demographic factors that were indicated only race played a role in terms of a client returning. Research has demonstrated the presence of distinct customer segments that have unique technology readiness profiles and also defer significantly in terms of psychographics, demographics, and various Internet-related behaviours (Parasuraman and Colby, 2001).

According to Zeithaml *et al* (2002), there were no published studies on whether and how customer-specific characteristics influenced electronic service quality. Empirical evidence from several studies suggested a strong association between customer's technology readiness and Web Behaviours, which seemed to be correlated with customers' demographics and psychographics. However, with the exception of the

Technology readiness index (TRI), no research had examined the direct impact of customer-specific attributes on electronic service quality and the impact it had on Web behaviour.

5.4 Objective 3 To determine whether after sales support promotes return business

The test results of this for Objective 3 revealed that there was a significant relationship between the Sales Support variables and that of the Returning Client, with the exception of the variable Quality Call Service Quality.

Frontline people have the ability to significantly impact on consumers' outcome perceptions. The initial contact with salespeople on consumers' perceptions of value and the impact of salesperson service failure on perceptions of value among non-purchasers is of extreme importance. Value perceptions for consumers that experienced salesperson service failures tended to be lower than non-purchasers who were just comparison-shopping. This part of the questionnaire was designed to evaluate the after-sales support received from service providers with web presences of electronic service quality segment of a transaction.

5.4.1 Contact Method

The type of research into the quality of service offered by the Customer Service Agent (CSA) added value to the service organization by creating a picture of customer expectations of voice to voice encounters. Customers held certain expectations of the CSA in their voice to voice encounters. Since these expectations were likely to determine how the customer evaluated the quality of the service quality of the organization, it is important for service providers to understand what these expectations are. Descriptive statistics revealed that ninety two percent of the respondents indicated that they contacted the call centre only. This indicated that customers still required a voice to voice encounter with a call centre agent. This suggested that customers still felt that traditional contact methods ensure or increase the speed of query resolution.

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5.4.2 Quality of Service

Customer perceptions of service quality were found to be of utmost importance in the development of a strong corporate image and subsequent customer retention. The quality of adaptiveness incorporated different service attributes and just as in different service encounters, the CSA at the Service Providers's call centre needed to adjust his/her behaviour to the customer, handle interpersonal situations and adapt to a variety of other situations pertinent to ensure that highest quality standards were given to the customer. CSAs were expected to be competent and skilful and therefore able to help the customer. CSAs should be adequately trained and they should not be afraid to deal with the various situations during an encounter. They must be capable of assessing the customer's constitution and respond to the customer's level of sophistication.

Seventy five percent agreed that the **quality of service** received from the customer call centre was satisfactory. This reflected that customers felt that they were more than adequately served and that their needs were met. Both perceived quality and delivered quality in this segment were equal.

Customer perceptions of service quality are of utmost importance in the development of a strong corporate image and subsequent customer retention. It is the duty of the customer care centre to manipulate these strengths in the pursuit of the organizational objectives of the customer satisfaction and subsequent customer loyalty. By the same token, organizational weaknesses need to be minimized or eliminated in order to ensure that a sustainable competitive advantage is attained.

5.4.3 Quality Call Service Quality versus Returning Client:

Tests results of the Quality Call Service Quality and Returning customer variables revealed that the P-value in the ANOVA table is less that 0.05. This test result indicated a significant relationship between the variables.

5.4.4 Response Time

The first interaction between customers and most service delivery processes is the customer waiting time for service. Customer reactions to waiting in line, whether good or bad, can colour the customer's perception of the service delivery process. Chebat *et al* (1994), study of bank customers supported this notion of the halo effect where the customer's evaluation of a service was influenced not only by the end service received but also by the service delivery itself, which included waiting time. Therefore the proper management of waiting times played a significant role towards greater customer satisfaction in many service organizations.

Responsiveness or lack thereof, created psychic or time benefits or costs. Time was saved when employees responded promptly to consumers. In contrast, time costs were incurred when employees lacked responsiveness. The importance of psychic benefits, derived through the responsiveness dimension, has been explored by Crosby *et al* (1990), who found that in repeat-contact sales relationships (life insurance), contact initiated by the salesperson and cooperative intentions (expression of willingness to help the customer) are very beneficial to ongoing sales relationships. Further, a positive relationship was found that linked these behaviours to sales effectiveness and the anticipation of future sales.

Descriptive statistics of the response time question revealed that sixty one percent of the sample was in agreement that the **response time** in getting their call attended to was above average. It depicted that top management has placed importance on response and call pick up times in order to improve the efficiency and effectiveness of service delivery.

5.4.5 Response Time Call Centre versus Returning Client:

Tests results of the Response Time Call Centre and Returning customer variables revealed that the P-value in the ANOVA table is less that 0.05. This test result indicated a significant relationship between the variables. These statistics revealed that response time plays a significant role in contributing towards whether a customer will return to purchase or not.

5.4.6 Courtesy

Bitner *et al* (1990), found the importance of employee responsiveness to outcome perceptions during service encounters examinations. They found that polite but not pushy responses are predominant characteristics of memorable satisfactory service encounters. They also found, however, an equal number of negative responses (e.g. rudeness, "acting as if the customer were bothering the employee", being ignored by employees, and slow service), lead to memorable dissatisfactory service encounters. In another study, it was found that customers who do not want to "bother" the salesperson or feel thwarted in attempts to get attention may defect and take their business elsewhere.

Communication Style: This refers to the manner in which the CSA addressed the customer's needs. Parasuraman *et al* (1985), therefore advocated that it was advisable for the CSA to adjust language, levels of sophistication of speech etc. according to the needs of the individual customer.

Staff Attitude: This quality referred to the degree to which service employees are friendly and considerate when dealing with customers.

Empathy: This referred to the ability to provide the customer with caring, individualized attention. Bearden *et al* (1998), identified empathy as being more important in longer level service encounters than shorter encounters.

5.4.7 Courtesy of the Customer Service Agent (CSA) versus Returning Client:

Tests results of the Courtesy of the customer service agent and Returning customer variables revealed that the P-value in the ANOVA table is less that 0.05. The test results of this study revealed that there is a statistically significant relationship between the **Courtesy** variable and that of the Returning Client, indicated that courtesy of the customer service agent which encompasses communication style, empathy and staff attitude have a direct impact on the return of customers.

5.4.8 Knowledge

The variable "knowledge" encompassed the following characteristics:

Self-Efficacy: The employee's belief that s/he is competent to execute the required activities related to the job. Increasingly self efficient employees have a very positive effect on customer perceived service quality. These employees tended to be better able to handle difficulties inherent in their jobs.

Competence: The CSA must possess knowledge necessary for performance. They must have knowledge of the services offered and skills to multitask.

Empowerment: Having the desire, skills, tools and authority as a frontline employee to serve the customer can be achieved by sharing with organizational frontline employees, rewards based on performance and the knowledge and power to make decisions.

Explanation: Satisfactory or dissatisfactory service encounter incidents are critical to the frontline employee's response to customer complaints. Bitner *et al* (1990), stated that customers wanted the truth and reasons behind events that have occurred. The content of the response has an impact on customer satisfaction or dissatisfaction.

Knowing the Customer: The CSA must know how to read the customer and identify what customers require and expect from the contact. Technology available in service centres may help the employees in this regard; however, it may not always be enough.

Employees must have listening and interpreting skills to adequately understand their customers. "These employees need to realize that customers who are loyal may have a high lifetime value for the firm," (Parasuraman *et al* 1988). The findings of the survey reflected that twenty one percent of the respondents agree that the CSA was **knowledgeable** and this indicated that the knowledge possessed by the CSA was evident due to the ease in which the problem or query was resolved. In this case it revealed that the skills and knowledge possessed by the CSA were more than sufficient to handle the situation.

5.4.9 Knowledgeable versus Returning Client:

Correlation test results revealed that the P-value in the ANOVA table is less than 0.05, and that there was a statistically significant relationship between Knowledgeable and Returning Client at the 95.0% confidence level. The R-Squared statistic indicated that the model as fitted explains 46.2054% of the variability in Knowledgeable. The correlation coefficient equals 0.679746, indicating a moderately strong relationship between the variables.

The test results of this study revealed that there is a statistically significant relationship between Sales Support variables and that of the Returning Client.

5.4.10 Query Resolution

Time: This refers to the speed with which the customer complaint is resolved. It can be seen as an element of trust, which is an important element of the relationship between the service provider and the customer. It is important that customers do not feel pressured but at the same time are not held up for longer than is necessary. However, a somewhat conflicting objective for management is to minimize costs by minimizing talk and wrap-up time. This may interfere with the CSA's objective of allowing a reasonable time span to listen to the customer's problem and help him/her in a consistent way.

Descriptive statistics revealed that sixty one percent of the respondents were in agreement that the process for getting their queries resolved was above average. This indicated that workflows within the organizations have been reworked or realigned to provide a more efficient and effective process for query resolution.

This study can be compared to the SERVQUAL scale (Parasuraman, Zeithaml and Berry, 1998). The similarity is that consumer perceptions of employees play a central role in customers' satisfaction with the company as an entity. Wolfinbarger and Gilly's (2002) study called (.comQ) found that customer service ratings predict loyalty/intentions to repurchase.

5.5   Discussion

Research findings suggest that the criteria given below were integral to the entire customer experience of an online shopper.

The efficiency attributes dealt with designing the Web site–customer interface, virtually all the fulfilment attributes relate to the Web site's behind the-scenes infrastructure. Earning a high-quality image for a company's Web site involves much more than creating an excellent façade for the site.

The system availability facet of Web sites is a critical contributor to customers' perceptions of overall quality, value, and loyalty intentions. The four perceptual attributes that constitute system availability suggest that companies may not have full control over performance on this dimension; the equipment at the customer's end (e.g., type of computer and Internet connection) is also likely to affect performance on this dimension. Companies should be sensitive to potential deleterious effects of sophisticated Web site design features on system availability and be proactive in identifying aspects of system availability that are beyond their control and devising appropriate communication scripts to appease complaining customers.

The privacy dimension has a significant influence on customers' global evaluations of Web sites. Previous research has argued that privacy of Web sites may not be critical for more frequent users (Wolfinbarger and Gilly, 2003). Experience may indeed mitigate concerns about Web site security. Privacy perceptions do influence customers' overall quality/value perceptions and loyalty intentions, emphasizes the need for companies to continue to reassure customers through Web site design cues and external communications signalling the privacy/security of their sites (Parasuraman *et al* (2004)).

Customer perceptions of service quality are of utmost importance in developing a strong corporate image and subsequent customer retention. It is the duty of the customer care centre to manipulate these strengths in the pursuit of the organizational objectives of the

customer satisfaction and subsequent customer loyalty. By the same token, organizational weaknesses need to be minimized or eliminated in order to ensure that a sustainable competitive advantage is attained. The average of the test results of this segment tend more towards 2, implying that there is a degree of agreement with the questions that make up the factors. The implications of these results are that respondents are in agreement with the statements made in the questionnaire.

Service relationships are a great contributing factor to service quality. Berry (1983), argued that service relationships focus mainly on the structure of the relationships e.g. the level and nature of the bond and its antecedents e.g. trust, commitment etc. Promises are a core construct in relationship marketing. Promises kept are more important than promises made. Service relationships are achieved through mutual exchange and fulfilment of promise. Three activities lead to adequate fulfilment thereof viz. making realistic promises, enabling employees and service systems to deliver promises made and keeping those promises during delivery. It is the co-ordinated effort of customers, employees and processes that achieves this.

The test results of this segment revealed that there is a statistically significant relationship between Sales Support variables and that of the Returning Client, except for Quality Call Service Quality.

5.6 Conclusion

Findings of the study and previous studies have highlighted the components of customer service and service quality that customers considered critical for superior quality online experiences. It isolated factors that are most important to customers whilst shopping online and the expectations of service quality when calling a call centre.

It further draws attention to the fact that companies with web presences provide a higher degree if not a more stabilizing customer service experience. Although the world has evolved technologically, customers still seek a traditional customer service experience when experiencing difficulties or querying their order status.

Customer perceptions of service quality are of utmost importance in developing a strong corporate image and subsequent customer retention. A combination of a web site's high-quality image, system availability, privacy and security, fulfilment in terms of delivery, returns and products availability coupled with an excellent after sales support team are critical contributors to customers' perceptions of overall quality, value, and loyalty intentions.

"We know that electronic service quality affects satisfaction, intent to purchase and purchase", (Zeithaml *et al* (2002)). Both behavioural and reported evidence suggested the importance of electronic service quality to repurchase. Most of this evidence is either anecdotal or based on surveys such as (Bizrate) but sufficient data exists about abandoning sites and complaints with sites to suggest that electronic service quality is a key driver of loyalty intentions, which include repeat purchases, positive word of mouth, and recommendations to others.

The findings of this study revealed that they form components of the problems stated in chapter one. The problems can be rectified and service delivery issues can be resolved provided that the findings of this study and previous studies, pertaining to the online environment, are taken into consideration and the factors that have been identified as integral to customers' satisfaction are given consideration.

The next chapter provides recommendations to the organization based on the findings within this chapter.

CHAPTER 6

Recommendations and Conclusion

6.1 Introduction

Service quality and customer service had been identified as integral issues for the maintenance of an organization's competitive edge within the market place. The literature contained in this study highlighted the effects that these two monumental concepts had on the sustainability of an organization's competitiveness. It reflected the effect that these components had on customer retention and customers' return to purchase.

The internet shopping industry plays a vital role in the economy of the country and taking up market share by £1 billion from normal high street shops, indicated the potential that this segment of shopping has on the market (Metro, 2006).

Call centres play a vital role, in maintaining the sustainability as they are the fall back centres for internet shoppers. This study revealed that many customers still preferred the conventional contact methods, and want to be reassured of having their transactions completed adequately and receiving their orders in time.

The findings of the study revealed expectations of what customers' want when transacting online and this chapter provides recommendations to organizations with web presences based on the findings of this study.

6.2 Recommendations for Future Research

Measures that should be taken for future studies include:

- A larger sample should be drawn so that results can be generalized to the population.

- The current study looked at a homogenous population and sample, with similar backgrounds, levels of education and income. A truly representative sample would look at a heterogeneous sample comprising a number of different institutions in different industries. It is important to research home users, that is, people who use the Internet only from home.

- A study of people in different income brackets may generate a different purchasing pattern.

- A study to empirically determine what actions on the Web site most affect the identified key drivers of revisits or repurchase.

- A study of factors that convey warning signs or symbols of privacy that seems to be fundamental to customers who are not confident of privacy/security issues whilst transacting on a Website.

- Research is needed in the examination of inter-relationships among technology readiness, electronic service quality and electronic shopping behaviour of customers.

- Research is needed to determine whether personalization/customization is seen as being efficient and if the techniques employed for example identifying similarities across customers; time consuming e-mails, and unnecessary input required, are drivers of electronic service quality or not?

- There are minimal research findings available about age, gender, or income of customers and how this affects repeat visits and evaluation of electronic service quality.

6.3 Recommendations Pertinent to this Study

The findings of this study revealed that service quality issues on a website are important to the consumer. Issues such as correct site functionality, site aesthetics, reliability, privacy/security, accurate advertising and delivery times are important components that ensure customer satisfaction and thus leads to customer loyalty and retention. The rest of this section details each component of service delivery that was addressed in this study and provided recommendations thereof.

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The findings of demographic segment indicated that of the demographic factors that were indicated only race played a role in terms of a client returning. Minimal research has been conducted with regard to the affect that demographics have on online consumer behaviour and thus little or no comparison could be drawn between past and present studies. Research into the system availability segment was also found to be scarce although the technical component of this segment is integral to the correct functionality of a website.

This study has revealed that there are significant opportunities available for service providers to obtain market share as more and more consumers are inclined towards internet shopping. With the tools available in the form of theoretical models, questionnaires and support tools like call centres, companies can maintain their competitive edge by building on what they have available and by attuning their ear to their consumers whilst incorporating technological advancements to their organizations.

The findings of both this study and previous studies have revealed that efficiency on a Web site is an important dimension of electronic service quality. The growing use of multimedia applications enables innovative delivery of information by e-tailers, but it is imperative for organizations to determine whether these innovative approaches have adverse impacts on customers' perceptions on the efficiency dimension of electronic service quality.

Previous studies have identified the security/privacy dimension as being another important dimension of electronic service quality. Privacy (the protection of personal information) and security (the protection of users from the risk of fraud and financial loss) have been shown empirically to have a strong impact on attitude toward use of online financial services (Montoya-Weiss *et al* (2003)).

It is apparent from the findings of this study that the privacy/security dimension plays an important role in customers' evaluation of electronic service quality. Organizations

should invest in improved mechanisms and provide enhanced security features on their Web sites to ensure protection of their clients' privacy.

According to the study conducted by Bauer *et al* (2006), reliability on the website was the most important determinant of the global quality perception. This corresponds to the study conducted by Wolfinbarger and Gilly (2003), which identified reliability as a strong predictor for overall quality and customer satisfaction. The findings of this study are similar to the previous studies mentioned above as it indicated that the reliability dimension of electronic service quality plays a significant role in customer satisfaction. The fulfilment/ reliability dimension is constituted by accuracy of the depiction of the product on the website, accuracy of the order, and delivery within specified time frame. Companies should ensure that accurate delivery promises of ordered products are maintained within the specified time frame. Advertising should be accurate in terms having products in stock at the prices advertised. Organizations need to maintain service promises made to their customers in order to sustain relationships of trust.

According to Parasuraman *et al* (2005), the system availability dimension was defined as the correct technical functioning of the site. This incorporated features such as the site's availability for business, speedy access to the site and site stability. The study by Parasuraman *et al* (2005), revealed that the correlation analyses of system availability and privacy with perceived value and loyalty intentions were somewhat lower than that of the efficiency and fulfilment dimensions, but are of the same order of magnitude.

The findings of this study revealed a score that leaned towards agreement of the importance that system availability had on electronic service quality. Organizations need to have effective communicative infrastructures in place to accommodate for technological advances.

6.4   The Call Centre as a Tool for Customer Satisfaction

Feinberg *et al* (2000), argued that questions of what great service is, how can it be provided and how to improve are prominent questions facing most business that believe

that they care about their customers. Many companies have reached the conclusion that the relationship with the customer should not end at the store door.

Customer access after the sale adds value to the transaction. Therefore the companies that have Web presences are aware that the customer care centre acts as a valuable tool for customer satisfaction from the customer service experience. A call centre such as this can allow a service provider to build, maintain and manage customer relationships by solving problems and resolving complaints quickly, having information, answering questions and being available during the stipulated hours with the sole purpose of serving the customer to this end. Most of the service providers call centres in the UK provide service that is operational 24 hours a day, seven days a week and 365 days a year. As a result customers expected service and tend to demand telephone access to companies and manufacturers according to Dabholkar (1994).

Companies that have call centres at the focus of their customer satisfaction strategy may appear to care more for their customers and in so doing differentiate themselves from their competition. Service providers with a strong emphasis on call centre operations subscribe to the view that a satisfied customer is more likely to re-purchase, purchase more and promote positive word of mouth. They are of the view that if a customer's problem is resolved they are more likely to make a purchase than one who is merely satisfied.

6.5   Conclusion

Service quality and customer satisfaction within an organization is a combination of all the elements within the organization that provide superior quality service to its customers. It entails the working together of various departments of an organization in order to align with the objectives and vision of the organization as a whole.

The main focus of this study was to determine the impact that customer service and service quality have on the retention/loyalty aspect of customers of organizations with Web presences.

This study looked at defining constructs and the discussion of criteria that consumers use to evaluate electronic service quality and after sales call centre support. Collectively the extant literature suggests that electronic service quality is a multidimensional construct, although as mentioned previously, the content and dimensions of electronic service quality varies across studies. The main focus of this study was to test the impact that these two variables have on customers' propensity to return or break away from the company. The objectives set out were to compare the findings of past studies to the current situation and to determine gaps that exist in the market place and methods to improve an organization's sustainability.

As mentioned at the beginning of this study broadband has been identified as a vital component of the "knowledge economy" and is seen as a driver of economic growth and competitiveness. It is thus vital that although organizations should embrace technological advances they need to hone in on the heartbeat of their businesses to determine whether their focus is on track in terms of satisfying their customers or determine what is needed in order to change the direction and increase their competitiveness in the market place.

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Letter of motivation

To whom it may concern

One of the most important areas in a service organisation is keeping a loyal customer base. It is far more profitable to a business than attracting new customers and therefore service quality and customer satisfaction are the most heavily emphasized concepts in most management arenas.

The internet shopping industry has quadrupled in size over the past year and consumers from all walks of life are following this trend. I am a final year MBA student and would like to request your permission in order to request the employees within your Organization to participate in a survey that records their experiences during online shopping and the after sales support that they receive. The reason for this research is to determine the level of satisfaction experienced by customers using online shopping methods and determine whether after sales support received promotes or discourages consumers returning to the website?

Regards

Kalai Naidoo

Researcher: Kalai Naidoo
Supervisor: Dr. A.M. Singh
Graduate School of Business
University of KwaZulu-Natal

Evaluation of Website interaction and after sales customer support

Dear Respondent

- I need your help in answering this questionnaire in order to complete my MBA thesis.

- Although I would like you to help me, you do not have to take part in this survey. If you do not want to take part, just hand in the blank questionnaire at the end of the survey session.

- The survey is based on **any** interaction that you have had with a Broadband service provider and after sales call centre support that you received.

Confidentiality

How to complete the questionnaire

1   The questionnaire is divided into 3 sections please answer the questions as truthfully as you can.

2   You can mark each response by making a tick or cross or encircling each appropriate response with a pen or pencil.

Thank you for taking time to complete this questionnaire.

Part A: **Please tell us a little about yourself**

1   Are you

     ○ Male

     ○ Female

2   Please could you specify which age category you are in?

     ○ 15-24

     ○ 25-34

     ○ 35-44

     ○ 45-54

     ○ 55+

3   Which ethnic race group do you fall under?

     ○ Caucasian

     ○ Black

     ○ Asian

     ○ Colored

     ○ Other

4   How often do you use the internet for shopping?

     ○ Daily

     ○ Weekly

     ○ Monthly

     ○ Yearly

     ○ Never

5   Which occupational category do you fall in?

        ○   Professional

        ○   Self Employed

        ○   Scholar/Student

        ○   Unemployed

        ○   Other

6   Please specify the broadband service provider you have used

        ○   Bulldog Broadband

        ○   BT Broadband

        ○   Telewest

        ○   EasyNet

        ○   Other

Part B: Please tell us about the Website interaction that you had

This section of the questionnaire deals with any interaction that you had on your broadband internet service providers' website. Please mark the option per question that is most appropriate to your experience.

7   The response time for having my electronic query or problem resolved was quickly (time frame = 24 hours)

        ○   Strongly agree

        ○   Agree

        ○   Disagree

        ○   Strongly disagree

        ○   Not applicable

8   The website had no technical problems and the company always had advertised products in stock

- ◌   Strongly agree
- ◌   Agree
- ◌   Disagree
- ◌   Strongly disagree
- ◌   Not applicable

9   The accessibility to the website was immediate and the connection throughout my interaction on the site was secure

- ◌   Strongly agree
- ◌   Agree
- ◌   Disagree
- ◌   Strongly disagree
- ◌   Not applicable

10   The website was very flexible (pertaining to the variety of payment methods, shipping options, advanced search facilities, and return facilities available).

- ◌   Strongly agree
- ◌   Agree
- ◌   Disagree
- ◌   Strongly disagree
- ◌   Not applicable

11   The website was user friendly (meaning that website functions and maps were easy to find)

- ○ Strongly agree
- ○ Agree
- ○ Disagree
- ○ Strongly disagree
- ○ Not applicable

12   The website was efficient, it was simple to use because it was structured correctly and minimum amount of my input was needed.

- ○ Strongly agree
- ○ Agree
- ○ Disagree
- ○ Strongly disagree
- ○ Not applicable

13   The website was trustworthy and the information supplied was accurate

- ○ Strongly agree
- ○ Agree
- ○ Disagree
- ○ Strongly disagree
- ○ Not applicable

14   The website is secure and my personal information was protected during the transaction?

- ○ Strongly agree
- ○ Agree
- ○ Disagree
- ○ Strongly disagree

⌐   Not applicable

15   The shipping price, total price, and comparative prices during the shopping process was simple to determine?

     ⌐   Strongly agree

     ⌐   Agree

     ⌐   Disagree

     ⌐   Strongly disagree

     ⌐   Not applicable

16   The appearance of the website is appealing

     ⌐   Strongly agree

     ⌐   Agree

     ⌐   Disagree

     ⌐   Strongly disagree

     ⌐   Not applicable

17   It was easy to customize and personalise the website according to my own preferences (past history, transactions, shopping basket)

     ⌐   Strongly agree

     ⌐   Agree

     ⌐   Disagree

     ⌐   Strongly disagree

     ⌐   Not applicable

18   How would you rate your overall website experience?

○   Excellent

○   Good

○   Average

○   Below average

○   Unsatisfactory

19   If you had a problem with the website or with your transaction how did you contact the company?

○   via Customer Call centre only

○   Via customer call centre and email

○   Visited the company

○   Other

Part C: **Please tell us about the experience that you had with the Website's after sales call centre**

The questions below are directly related to the after sales call centre of the website that you were transacting on

20   In thinking about your most recent experience with the call centre, the quality of customer service received was satisfactory

○   Strongly agree

◉   Agree

○   Disagree

○   Strongly disagree

21   The customer service agent answered my call quickly (less than or equal to 3 minutes)

    ○   Strongly agree

    ○   Agree

    ○   Disagree

    ○   Strongly disagree

22   The Customer service agent was very courteous

    ○   Strongly agree

    ○   Agree

    ○   Disagree

    ○   Strongly disagree

23   The Customer service agent was knowledgeable

    ○   Strongly agree

    ○   Agree

    ○   Disagree

    ○   Strongly disagree

24   The process for getting your query resolved was above average

    ○   Strongly agree

    ○   Agree

    ○   Disagree

    ○   Strongly disagree

25   How would you rate the overall call centre experience?

      ○ Excellent

      ○ Good

      ○ Average

      ○ Below average

      ○ Unsatisfactory

26   Based on the experience with the after sales call centre would you return to purchase or shop on the website?

      ○ Always

      ○ Sometimes

      ○ Not really

      ○ Never

**UNIVERSITY OF
KWAZULU-NATAL**

8 DECEMBER 2006

**MS. KP NAIDOO (202525148)
GRADUATE SCHOOL OF BUSINESS**

Dear Ms. Naidoo

<u>**ETHICAL CLEARANCE APPROVAL NUMBER: HSS/06825A**</u>

I wish to confirm that ethical clearance has been granted for the following project:

"A strategic perspective to greater marketing effectiveness"

Yours faithfully

**MS. PHUMELELE XIMBA
RESEARCH OFFICE**

cc. Faculty Office (Christel Haddon)
cc. Supervisor (Dr. AM Singh)