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TITLE

CUSTOMER SERVICE QUALITY PROVIDED BY RESIDENTIAL ESTATE AGENTS IN THE DURBAN AREA

By

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A thesis submitted in fulfilment of the requirements for the degree of Master of Commerce

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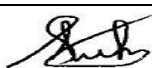**College of Law and Management Studies**

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ABSTRACT

The 'service' sector is a major contributor towards international and national gross domestic products (GDP). However the phenomenal growth in the services sector has to an extent compromised its service quality. The aim of this study is to examine the quality of services reflected by the 'real-estate brokerage' (estate agency) as a service orientated business that contributes over a R100 billion to the South African economy per annum. However, the reputation of this specific service sector is tarnished by reports of poor service quality and mistrust. The study is underpinned by a model called the 'disconfirmation' paradigm of satisfaction which utilises the service quality model (SERVQUAL) as a measurement tool. Based on this, customer expectations and perceptions of the relevant estate agency service were determined and the gaps between them analysed. Other relationships between service quality and related variables such as customer loyalty, customer satisfaction and customer retention were also investigated. The study focused particularly on the Durban area (South Africa) and aligned with a local estate agency as a platform to conduct the study. A census method approach was adopted with the census consisting of a total of 109 legitimate buyers and sellers. A quantitative approach was employed and a total of 69 completed questionnaires were received which reflected a response rate of 63 percent (of the census population). Both, descriptive and inferential statistical tests were performed on the data collected. In relation to the dimensions of the SERVQUAL rating tool (Tangibles, Reliability, Responsiveness, Assurance and Empathy), it was shown that these determinants of service quality were rated as high importance with 'reliability' being the highest. The study further established the gaps that existed between expectation and perceptions of service quality and of these gaps, 'tangibles' was the only service quality dimension that reflected a positive gap. The remaining service quality dimensions yielded negative gaps. The study went on to confirm correlations that existed between service quality and customer loyalty, customer satisfaction and customer retention. Additional findings were also ascertained by the study. The study made suggestions about where focus was needed. These included training and development of brokers, incentive programmes, in-house service quality surveys, the effective handling of customer complaints and the improvement of online and web facilities to customers. The study concludes with some suggestions for future researchers. These include a national and international study, a comparative study as well as studies that would go on to test employee satisfaction and its influence on service quality. It was also suggested that future studies incorporate open-ended questions so as to yield a greater depth of understanding.

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Chapter One: Introduction

1.1 Introduction

This study examines and analyses the quality of service provided by residential estate agents in the Durban area. The study primarily assesses   customer expectations and perceptions of service quality and determines the gap that may exist between them (if any). It further looks at relationships between service quality and other related variables such as customer loyalty, customer satisfaction and customer retention. The study is broken down into six chapters that meticulously address the research problem. This chapter provides a detailed introduction to the research topic. The chapter outlines the research problem, background to the problem as well as the rationale and background to the study. It also lists the research objectives and questions on which the study is based. A summary of the research methodology used in the study is given together with an outline of each chapter.

1.2 Services Marketing and Customer Service Quality explained

In a world of evolving economics, markets and technology, competing businesses are able to produce almost identical products. However consumers have come to realise that it is only the accompanying service that differentiates one business from the next. Businesses in the service sector have no physical product against which they can be measured and hence rely on the quality of service they offer as a means of gaining competitive edge. Saldana (2012) confirm from their study that almost 75% of business leaders believe that customer satisfaction is the new competitive weapon. Mosahab, Mahamad and Ramayah (2010:72) add by referring to services marketing as the "most powerful weapon" and an organisations "life giving blood".

The real estate brokerage industry (also known as estate agency) is one such business of the service sector. As early as 1994, Nelson and Nelson (1994) argued that real estate had a huge impact on the local and national economy. They at the time expressed concerns that although real estate transactions impacted on economies, few researchers had addressed service quality and satisfaction in this service industry. This notion was shared by researchers in later years as well like Dabholkar and Overby (2004) who observed that estate agents received high

dissatisfaction ratings from customers. Their customers also felt that they did not get value for money from estate agents. Seiler and Reisenwitz (2010) also commented on the low number of research articles on service quality from estate agents despite reports that estate agents were meeting their customer expectations in respect of service delivery.

1.3 Statement of Research Problem

Services are provided with the intention of satisfying needs. The level at which that service is delivered determines the level of customer satisfaction as perceived by the customer. The interpretation of service quality is hence subjective. Estate agents form part of the service sector industry but differ slightly from other services in that there is a high degree of consumer customisation in the service provided. Araloyin, Olatoye and Ojo (2011) agree with this by asserting that the customer is continuously involved in the purchase and sale process. They however also observed that the expectations (what is anticipated or hoped for) and perceptions (the actual service received estate agents) are often at a variance. The irony with this as pointed out by Rudansky-Kloppers and Strydom (2004) is that an increasing number of estate agents are continuously entering the real estate market and many are struggling to survive as competition grows stronger. According to them, customer service quality has become of paramount importance in an attempt to establish a differential advantage that will eventually ensure long term survival of the organisation. Service quality should be seen as a critical phenomenon especially in the estate agency sector. However, trends and patterns worldwide indicate a concerning decline in service quality within the context. Wong (2014) relayed that estate agencies in Australia have been rated as the second worst reviewed industry in terms of customer service. He based this on data mined by a leading business review website called Word of Mouth Online that surveyed 350 000 customers across 554 industry categories. The Financial Express of Dhaka, Bangladesh (2013) reported that cheating and fraudulent activities in the estate agency sector of that country has increased drastically with complaints being lodged with the Real Estate and Housing Association of Bangladesh and the local police. Hanif (2014) relays that the situation in Dubai is no different with an increasing lack of trust between estate agencies and their clients.

The above studies mainly report on the international perspective. This research therefore aims to evaluate the level of customer service quality offered by South African estate agents.

1.4 Background to the Problem

Whilst starting with an earlier reference, Mercer and Kleiner (1997) indicated that the continued success of any organisation rests on the ability of its staff to meet customer demands with ease and proficiency. However the international growth of the service sector has come with its own unique challenges. Establishing if customer expectations are met for a product is fairly straightforward, however the characteristics of a service has created a challenge in evaluating it (Green, 2014; Green and Ramroop, 2014). Tuzovic (2009) takes this further and lists these characteristics as intangibility, heterogeneity, inseparability and perishability. These will be discussed in more detail in the review of literature (Chapter 2).

Service quality is of particular importance in the estate agency business as the residential market is quickly and continuously changing (Seiler and Reisenwitz, 2010). They further point out that both estate agents and the industry benefit when there are improvements to service quality. From a client's point of view , buying or selling a home as pointed out by Rudansky – Kloppers and Strydom (2004), is usually the single largest financial decision that a household makes and is often a once in a lifetime event. It is hence reasonable to assume that most people would want this major life changing event to be as pleasant as possible. However, with the declining trends in service quality that seems to be occurring globally in this sector (ref 1.3), it is important to investigate this from a developing country perspective (South Africa).

This study hence proposes to address this gap by evaluating the phenomenon of service quality within the estate agency sector. It will establish the determinants of service quality and will adopt the SERVQUAL model that was advanced by Parasuraman, Zeithaml and Berry in 1985 and later refined in 1988 to establish if a gap exists between a client's expectation of service quality and the actual quality of service perceived. SERVQUAL is grounded on the elements of service quality namely, reliability, assurance, tangibles, empathy and responsiveness. The gaps (if any) between expected and perceived service will be analysed factoring in the five elements mentioned above, to ascertain the areas that need most improvement. The study will further examine relationships between service quality and other constructs such as customer loyalty, customer satisfaction and customer retention.

The study will in turn contribute to an existing minimal body of knowledge within the research realm of this sector from a developing country context.

1.5 Motivation/Rationale for the study

Estate agents perform a crucial function by co-ordinating the sale of property. They do this by bringing together a seller and a buyer. Araloyin and Olatoye (2011) describes real estate agency as a process that helps to build the bridge that exists between property owners and buyers. Despite estate agents being an important service provider, the industry is plagued by service quality challenges. In addition, authors of various studies relay their findings that motivates for this study to be done.

- Dabholkar and Overby (2004) asserted that estate agents consistently receive the highest dissatisfaction ratings when compared to the ratings of other service providers. They add that home sellers believe that they are not getting the service quality they pay for.

- Seiler and Reisenwitz (2010) found in their study that estate agents are not delivering quality service up to their customers' level of expectation.

- A need was also identified to further explore the area of service quality in the residential estate agency industry as this particular area of the service sector is not well researched and documented. Seiler and Reisenwitz (2010) accept that much still has to be learnt on measuring service quality in estate agency as there have only been less than a dozen academic studies completed in this sector.

The rationale or motivation to conduct this study is therefore attributed to identifying the problem areas in this industry from a service quality perspective. Furthermore, paucity of research in this area, from a South African context, motivates the research to add to the minimal body of knowledge. Nelson and Nelson (1994) acknowledged in their study that very few researchers have addressed the issue of service quality in estate agency. Even though, it was a study done in 1994, not much had changed even 10 years later, as Rudansky –Kloppers and Strydom (2004) supported Nelson and Nelson (1994) by maintaining that very little research has been done in the past on estate agencies and particularly on their provision of customer service.

It is hoped that results from the study can inform appropriate recommendations that can contribute to enhancing service quality in this sector and in a South African context.

1.6 Research Questions

Based on the research problem and motivation/rationale, the study will attempt to answer the following research questions:

- What are the elements of good service quality in the residential estate agency business?
- What are customers' expectations of service quality in the residential estate agency business?
- What are customers' perceptions (actual experience) of service quality in the residential real estate business?
- What are the gaps between the expected and perceived service quality as experienced by customers?
- Is there a relationship between service quality and customer loyalty (informed by repeat purchases and referral strategy)?
- Is service quality and customer satisfaction positively correlated?
- Is there a positive relationship between service quality and customer retention?

1.7 Objectives

- To establish the determinants of quality customer service in the residential estate agency industry.
- To establish a customers' expectation of service quality.
- To establish a customers' perception of service quality.
- To establish if there is there is a gap between expected and perceived service experienced by the customer.
- To establish if there exists a correlation between service quality and customer loyalty (informed by repeat purchases and referral strategy).
- To establish if there is a correlation between service quality and customer satisfaction.
- To ascertain if service quality impacts on customer retention.

1.8 Contributions of the Research

It is anticipated that the results of this study will add value to the existing body of knowledge. The specific areas where the study may add value is the following:

- The study will be able to make an evidence based establishment of the determinants of service quality in estate agency.

- The study will apply the SERVQUAL measurement tool and provide feedback on its applicability based on the study's findings.

- It will establish if service quality, customer loyalty, customer satisfaction and customer retention are correlated.

- The outcomes and results of the study will be able to provide keys insights to the service quality realm at a recognised local estate agency which can also be of use to other agencies and/or other similar service-based industries.

- Services quality gaps will be established (if any), and this can inform future strategy at the organisation and/or other similar organisations.

- The determinants of service quality will be identified from an estate agency perspective.

- Industry governing organisations such as the Estates Agents Affairs Board (EEAB) that hosts a membership of estate agents can use results derived from this study to inform policy and protocols.

- Members of the public who intend buying or selling property can derive key knowledge to inform them as to what levels of service quality to expect from the industry.

- Research based knowledge about service quality in the estate agency context will be possible through this study

1.9 Research Methodology

This study employed a 'census' method approach whereby data is collected from a given population at any specific time, rather than a sample. This relates to a population that can be easily identified. For this study, the census consisted of a total of 109 legitimate buyers and sellers from the participating agency's database for the past 2 years. The primary reason why the researcher chose a census that fell within the two year bracket was that the period of two years would be a reasonable enough period for the customer to remember the service quality details. The participants included a fair split of sellers and buyers so that the study would be able to obtain a balanced view from both parties

This study further adopted a quantitative research approach. The measurement process used was a scale-based questionnaire. This type of instrument collects information using structured questions and does not necessarily require an interviewer. The research questions used in the questionnaire are based on the service quality model, SERVQUAL, developed by Parasuraman, Zeithaml and Berry (1985) and later refined in 1988. This model will be discussed extensively in the next chapter. Although the SERVQUAL rating scale uses twenty two (22) predetermined closed questions, the researcher has made use of 15 of these. The most relevant questions applicable to the estate agency business were used. The remaining questions in this study deal with questions around the independent variables of customer loyalty, customer satisfaction and customer retention. The questionnaire was developed online and at real-time using Google-Forms and the link to the questionnaire was distributed via email where respondents had to click on the link that would then revert to the questionnaire. The questionnaire could therefore be self-administered.

A total of 69 completed questionnaires were received. This gave an overall positive response rate of 63 per cent out of a 'total census population'. Once all completed questionnaires were received, the raw data was coded. Statistical Package for the Social Sciences (SPSS 21) software was used to analyse the data. The data was analysed by a professional statistician whom the investigator worked closely with. Descriptive and inferential statistics were adopted. In this particular study, the following tests were seen as applicable and necessary for drawing key insights from the data.

- Cronbach`s Coefficient Alpha reliability testing: This test confirmed reliability and consistency of the data.

- Frequency analysis: This allowed for responses to be depicted descriptively in the form of graphs.

- Chi-square and correlation analysis: This was one of the main tests that assessed the relationships between the variables and constructs and showed if relationships existed between key variables.

- Factor analysis - this was used as a means of data reduction and to establish if certain grouped variables (factors) that were relevant to the framework were related.

1.10   Overview of Thesis

- **Chapter 1:** This chapter serves as an introduction to the study by listing the research problem, research questions and objectives that the study will concentrate on. It further provides an outline of the thesis.

- **Chapter 2:** This chapter reviews the key literature from local and international sources on the chosen topic. A detailed analysis of key concepts, the theoretical frameworks used and supporting literature is discussed. The discussion is supported graphically wherever possible.

- **Chapter 3:** This chapter explains the research methodology used in the study. Reasons why the specific methodology was used in preference over other methods is also provided as justification. Relevant concepts like sample selection, data collection methods and data analysis techniques are discussed in detail.

- **Chapter 4:** This chapter illustrates in detail the descriptive statistics obtained in the study. This is done through the use of graphs, tables and percentage values. A discussion follows after each presentation of the data.

- **Chapter 5:** This chapter discusses in detail, the inferential statistics obtained from the study. This includes factor analysis, gap analysis, Chi-square and bi-variate correlations. The detailed discussion is supported as far as possible by reference to other studies, both local and international.

- **Chapter 6:** This chapter highlights the main findings of the study with reference to the objectives and questions of the study. This enables the study to reach a conclusion by demonstrating how the objectives and questions of the study have been answered. Recommendations that emanate from the study are put forward. The study is then concluded after listing some limitations of the study and directions for future research.

1.11   Summary

This chapter served the purpose of introducing the research topic and the study in general. The background to the problem as well as the problem statement and motivation for the study were presented. The objectives and questions the study hopes to answer are also brought to light. The chapter also mentions some possible contributions the study could make. A brief outline of the methodology is shown and a prelude to each chapter is also given. The next chapter gives a detailed review of the key literature available on the topic while also highlighting and discussing theoretical frameworks upon which the study is based.

Chapter 2: Review of Key Literature

2.1 Introduction

This chapter considers and reviews literature from local and international authors on the service sector environment giving key insight to the dependent variable of service quality. Building on this, the influencers on service quality such as customer satisfaction, customer loyalty and customer retention will also be discussed in detail. The theoretical model that underpins the study will be detailed allowing for the application of the model in a developing economy context (South Africa). This chapter is divided into six sections and presents the literature in a funnel type of format. This will enable the literature to be viewed from a broad context and eventually narrowing down to the focus of the primary study. The literature presented and reviewed will hence form the key support platform for the justification of the primary study.

2.2 The Definition of Service

While the phrase "the customer is king" (Siddiqi, 2011:13) simple to understand, the definition of 'service' is not as simple, due to its diverse nature. It is stated that service is difficult to define and authors have sometimes relayed opposing views. Lovelock and Wirtz (2011) describe service as a commercial activity offered by one party to another with its implementation bringing about desired results to the receiver. Kasper, Helsdingen and Gabbott (2006) define 'services' as efforts, deeds, processes and experiences that are associated with the production and delivery of a service. They add that service processes are largely dependent on technology, in particular Information and Communication Technology, for its facilitation. They however stress in their definition that the customer of a service takes nothing physical away from the transaction other than memories. In some instances however, a physical good is provided as part of the service e.g. a restaurant dining experience where a meal is provided (product) and the customer is personally waitered upon with the meal being served to him or her at their table and the dishes taken away. Fisk, Grove and John (2004) support this notion by adding that a service is not a glass of cola but the glass of cola being served to the customer. Similarly, a DVD is not a service, but a DVD can be rented to a customer and the DVD store becomes the provider of the service.

Even as early as 1995, Blem (1995:6) defined service as all activities that created a bond between organisations and their clients or customers. He further differentiates between the types of service. He lists these as "assist me" services like plumbers and electricians and "protect me" services like security, lawyers and those services linked to warranties and guarantees. A different view in defining services was taken by Dabholkar and Overby (2004) who looked at the definition from an outcome and manner angle. They emphasise that the service outcome is what the customer attains during the interchange and service process is the method in which the outcome is transmitted to the customer.

In the context of estate agency, van der Walt and Botes (2004) assert that estate agencies represent a popular method of service marketing. They describe the service offered by estate agents as a facilitation of allowing clients obtain property. They are of the view that services' create value and benefits for customers by causing a change in the life of the beneficiary of that specific service. This is exactly what happens when the customer of an estate agent buys or sells a property. It becomes a life-changing event.

2.3 Importance of the Service Sector

As asserted by Mattioli (2010) the magnitude of the service sector is growing in most countries globally. They further point out that in developing economies, the service yield is rising rapidly and frequently accounts for at least fifty percent of the country's gross domestic product (GDP). The resulting effect is that developing economies are now looking at service industries for job creation. In South Africa, 65.9 percent of GDP is from the services sector (CIA World Factbook, 2015). Further 65 percent (2007 established) of the South African labour force is engaged by the services sector (CIA World Factbook, 2015). According to Zeithaml, Bitner and Gremler (2006), there is an expanding market for services and an increasing domination of services in economies globally. This has resulted in a greater focus on issues and challenges faced by the service sector. This is substantiated by Sharma and Chaubey (2014) who add that the customer experience has emerged as the single most important aspect in achieving success for companies across all industries. They point out that in 2003; the service sector of the United States represented just over eighty percent of the total employment and GDP of that country. Furthermore, the service sector also accounted for the fastest growth in new jobs.

Kasper, Helsdingen and Gabbott (2006) note that while the agricultural and manufacturing sectors have declined in many countries around the world; the service sector is increasing in most countries. They add that this is also the case in developing countries. This is of relevance to us as South Africa is an emerging economy. They further declare that employment opportunities are to continue shrinking in the manufacturing, mining and agriculture sector. This international trend should be of concern to South Africans as South Africa presently struggles with an unemployment rate in excess of twenty five percent (CIA World Factbook, 2015). South Africa is a country that is rich in mineral wealth and is accordingly dependent on the mining sector as a major contributor towards GDP (CIA World Factbook, 2015). If this sector, together with the manufacturing sector is going to shrink in terms of employment opportunities, it would have significant consequences for South Africa. This means that the service sector in South Africa has to be taken seriously and skills training and educational qualifications have to be emphasised or directed towards the services sector. On a comparison between South Africa and other developed countries and based on data from the 2015 World Factbook (2014, established), we find that the United States, United Kingdom and Japan have a service sector size of 78 %, 79 %, and 73 % of GDP, respectively. The same source quotes South Africa's service sector size at 69 % of GDP. It is evident that South Africa is not far off from the developed countries of the world. Figure 2.1 gives a visual depiction of South African Gross Domestic Product (GDP) by sector.
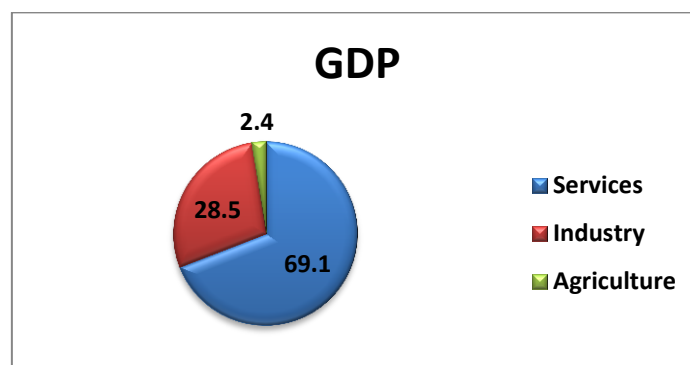
Fig 2.1: South African Gross Domestic Product (GDP) by Sector (2014, established)

Source: CIA World Fact book Website (2015)

2.4 Defining Customer Service

Although Arokiasamy and Tat (2014:1023) describe customer service as one of the 'most dominant themes' of research since the 1990's , the definition of customer service seems to have been given varied descriptions by different authors. Odgers (2008) was of the view that customer service is the practice of satisfying the customer by means of a product or service, in a way that the customer feels that their need has been satisfied. Harris (2003) however was of the view that the average customer service provider themselves did not know what customer service really meant. Her view was that customer service is everything that is carried out for a customer that heightens the customer experience. She does however admit that customers themselves have variable ideas of what they envisage from a customer interaction. She therefore urges customer service providers to understand their customers well enough so that they can pitch their service at a level that the customer is comfortable with.

However a clearer definition of customer service was provided by authors Bennett, et al. (2003) who stated that customer service is the service offered directly to customers to sustain and facilitate the company's primary products, which could be tangible goods or services. Fisk, Grove and John (2004) shared this view but added that companies generally do not charge for customer service as it is offered in support of the company's core products. They give the example of a haircut which in itself does not meet the criteria of customer service. The way in which the customer is dealt with, before, during and after the haircut does however count as customer service. Also added to the definition of customer service is any additional special request the customer may have. An example would be a customer booking his car into a repair workshop for an oil service and further requesting that his right front tyre be swopped with his spare tyre. If that is done as per his request, it can be assumed that the customer service at that repair workshop is high. Fisk, Grove and John (2004) however clarify that this should however not be confused with services provided for sale by the company. Ultimately, the level at which this customer service is pitched, impacts on the customer relationships that a business builds with its clients.

Relating this to service offered by an estate agency, the core service would be to assist a buyer buy a home and assist a seller to sell their home. The Estate Agents Affairs Board (EEAB) advise that customer service would hence be rated based on the agent's punctuality, efficiency, quality of advice among other factors. They believe that the customer would be

unhappy or disappointed if the agent found him/her a house or property but in the process failed to keep appointments, lost documents and showed the buyers unsuitable houses.

2.5 Who is the Customer?

Sharma and Chaubey (2014) describe a customer as the most valuable asset of any organisation. Another description of a customer was given by the world icon Mahatma Gandhi, who stated, "a customer is the most important visitor on our premises, he is not dependent on us, we are dependent on him. He is not an interruption in our work; he is the purpose of it. We are not doing him a favour by serving him; he is doing us a favour by giving us an opportunity to do so".

Expanding on this, Gronroos (2000) differentiated between the transactional definition of a customer and the definition from a relationship perspective. He argues that the former defines the customer when they are the target of marketing and sales efforts. The relationship marketing perspective however looks at the customer relationship as continuous and existing, even in-between transactions. Cartwright (2000) however takes his analysis further by introducing the concept of needs and wants. A 'need' is something basic that we cannot survive without such as food, water and shelter whilst a 'want' is the method by which an individual would want the need to be satisfied. An example of this can be the case when one's basic need would be to quench one's thirst but a want would be to have a tall glass of chilled Cola, instead of water with lots of ice-cubes. Drotskie (2010) points out that when customers' needs and wants are fulfilled, customer value is created. He adds that customers' see this value as a trade-off between the benefits of the service received and the sacrifice made by the customer, in terms of costs related to that particular service. Drotskie (2010) interpretation of costs of a service includes the monetary price of the service, as well as the time and energy costs expended in acquiring the service.

Therefore from a customer's perspective, if a service provider only meets their need, it would be interpreted as a basic service. However, considering the competitive business world we now find ourselves in, merely meeting a customer's basic need would not be enough to win over and retain customers. The service provider has to understand the 'wants' of the customer and aim to fulfil this. Cartwright (2000:19) calls this "delighting" the customer. He defines the customer as "one for whom you satisfy a need and who you delight in respect of their

wants". Harris (2003) summarises the needs and wants of the modern customer by listing the following requirements. She feels that they require service, correct pricing, quality, action and appreciation. It is noted that service appears as the first need that the customer wants fulfilled, clearly indicating the importance of this need. It is also important that we differentiate between internal and external customers. Harris (2003) defines the external customer as people that an organisation deals with either telephonically or face-to-face and who purchase products and services. They hence ensure the existence of the business. However in any organisation, there are employees who rely on each other to perform tasks, provide information and reports so that each is able to do their jobs. Such people are internal customers and must be afforded the same amount of courtesy and professionalism.

The power of the customer should not be underestimated. This is according to Goodman (2006) who feels that word-of-mouth is a key resource of new customers for businesses. This being the case, if customers speak positively about an organisation, it benefits the organisation. However Goodman (2006) adds that if customers speak negatively about the organisation, the effect on the organisation is twice as bad. Also with the advancement of technology, a new term called 'word-of-mouse' has been coined. This refers to unhappy customers going on-line onto websites, bulletin boards and social media sites to make their feelings known. According to Goodman (2006), this can be catastrophic for any business. Johnston (2004) adds that what customers dislike and consider poor service is non delivery on promises, being impersonal, no effort made and the organisation not dealing with problems and queries.

Urlocker (2012) maintains that globally, organisations lose 338.5 billion dollars per year, due to poor service quality. In a South African context, Cheales (2007) posits that 68 percent of customers that leave an organisation do so because they are dissatisfied with the service they are receiving. He adds that an average organisation only gets feedback from 4 percent of its discontented customers, while the other 96 percent unobtrusively go away, with 91 percent of them choosing never returning again.

This study defines the customer of an estate agency as an individual who has a 'need' to either purchase a property (House, flat, complex or other dwelling type) or sell a property by utilising the expertise and experience of the estate agency. Their 'wants' would be to find a property in a location they would consider ideal based on what adds value or comfort to

them. For example a specific customer may want a house that is within a relatively safe neighbourhood, have good security features and close to schools and hospitals. The want of the seller would be to get the best price on the sale and to deal with a buyer who is integral, trustworthy and easy to get along with so that the transaction is hassle free. Chetty (2015) acknowledges that customers of estate agents turn to them as they know where to focus are able to suggest neighbourhoods and sizes of homes to meet the customers' requirements.

2.6 Estate Agency (Real Estate Brokerage) as a supplier of Services to Customers

The real estate brokerage industry (also known as estate agency) is one such business of the service sector. Araloyin and Olatoye (2011) describe estate agency as a process that helps build a bridge that exists between property owners and buyers. Internationally, real estate or estate agency has had a huge impact on the regional and national economies of many countries. This is confirmed by Nelson and Nelson (1995) and Kuo and Tsai (2009) who further describe the estate agency business as an industry of high service encounter, and one that offers a highly customised service. This view was shared by Araloyin and Olatoye (2011) who described estate agency as a service industry that is characterised by prescriptive customisation. They believe that there is an elevated level of consumer customisation because the purchaser is constantly immersed in the production process. Regrettably this industry has been dogged by reports of poor service and lack of trust in various parts of the world. Wong (2013) asserts that his research, conducted in Australia, reveals that estate agency is the second worst industry when it comes to customer satisfaction. He conducted an online survey with 350 000 customers across 554 industries.

Still on the eastern side of the globe, the Financial Express of Dhaka, Bangladesh (2013) reports that cheating and fraudulent activities in that country has increased by an alarming rate. It has resulted in several hundred cases being reported to the association of realtors and police stations in that country. In the Middle East, a fast developing country such as Dubai has also been affected by reports of poor service and lack of trust amongst estate agents and their clients. This was highlighted by Hanif (2014) whereby estate agents in the United Arab Emirates (UAE) have been issued with warnings to improve service levels and focus less on commission as the country enjoys a property boom.

The situation is no different in the west as Dabholkar and Overby (2005) convey that estate agents in the United States regularly obtain the uppermost dissatisfaction rankings, in

comparison with other service providers. Clients report that they are not receiving the quality of service they are paying for. Seiler and Reisenwitz (2010) warn that service quality in the estate agency business is of particular importance as the residential real estate market is rapidly and constantly changing. Ten states in the United States have enacted laws requiring estate agents to provide their customers with a minimum level of services. This includes help with negotiation, offers and the answering of questions. This is according to Nanda and Pancak (2010). Many would interpret this as a concerning trend, especially taking into account that 13 percent of the United States GDP stems from real estate services. This is according to Tuzovic (2009). On the African continent, a study conducted by Araloyin and Olatoye (2011) in Nigeria revealed that customers expressed that estate agents' in that country did not understand estate agency well enough and accordingly did not know how to fulfil the requirements of their customers.

As is the case internationally, real estate sales in South Africa are also a major contributor to South Africa's GDP. This is confirmed by the Estates Agency Affairs Board (EEAB) who revealed that economic activity in the residential property sector contributed R 103, 7 billion in the 2012 year (EEAB, 2015). It is also worth noting that a further R 20.1 billion was added to the government's fiscus in the form of various taxes. According to the estate agents affairs board (EEAB, 2015); there are around 36 000 registered estate agents in South Africa. The industry is regulated by the government instituted Estate Agency Affairs Board (EEAB), a body with whom all estate agents must be registered.

Although service quality is a critical feature of the South African estate agency industry, Rudansky-Kloppers and Strydom (2004:60), state that estate agents are sometimes regarded as "dubious or shady" by the general public. They add that some members of the public go as far as to perceive them as "intruders who make easy money". Reynolds (2015) reports that as agents officially act for the seller, it is very common to come across reports where agents have prejudiced buyers. She adds that the situation is aggravated where more than one buyer competes for the property and the agent favours one buyer over the rest. She claims that such acts are a clear contravention of the EEAB's code of conduct. Van der Walt and Botes (2004) advocate that a major change in the South African estate agency industry arose when the compulsory exam to certify estate agents fell away in 1994. This resulted in a large number of new agents coming into the industry. However the negative affect of that, as reported by

van der Walt and Botes (2004) is that at the same time, the client rating of the quality of services offered by estate agents in the industry followed a downward trend. They further report that this downward trend of the perception of poor service quality prompted many potential customers to look at the concept of private property selling. Rudansky-Kloppers and Strydom (2004) are of the opinion that this trend of poor service quality is regrettable on the one end for the relevant agency, as an increasing number of agents are entering the market and they confirm that many are struggling to survive as competition gets stronger. On the other end, they feel that estate agents offering a poor quality of service are doing a great injustice to customers of this industry as buying or selling a home is one of life's major events. Chetty (2015) adds that this event should be an exciting time in one's life and estate agents should not make it stressful. Reynolds (2015) argues that estate agents should ensure that stressful situations are avoided. She gives the example of a buyer failing to secure their 'dream' home because of poor advice from the agent. Wakefield (2015) also supports this notion by asserting that a residential property is usually one's most valuable asset. He adds that selling or buying a home is often the single largest financial decision that a household makes and is usually a once in lifetime event. Those that have been through this at some point in their lives will attest that it is physically and emotionally draining.

2.6.1 Becoming an Estate Agent and the Remuneration that is Expected

The Estate Agency Affairs Act 112 of 1976 determines that all estate agents ought to be enlisted with the Estate Agency Affairs Board (EEAB). According to the EEAB, since 2008 there have been ongoing changes in the industry, aimed at achieving professionalism in the industry. There have been directives from the EEAB around standards of training, compulsory internship and educational requirements. These applied to those already in the industry as well as new entrants. New entrants must serve as an intern estate agent for a period of one year under the supervision of a fully-fledged agent or principal agent. An intern agent must also complete the Further Education and Training Certificate (FETC): Real Estate, which is offered at an NQF level 4. Upon successful completion of both requirements, will the candidate receive full accreditation with the EEAB (EEAB, 2015).

According to Kloppers Incorporated (2015), when an agent successfully registers with the EEAB, such an agent is issued with a fidelity fund certificate and only then can the agent be entitled to commission. An agent can be found guilty of a criminal offence if they do not

adhere to this. The average estate agents commission is usually around 7.5 % exclusive of Value Added Tax (VAT). It is the seller that is liable to pay commission in terms of the purchase and sale agreement. However in South Africa, there is no regulated amount as to how much an agent should charge (EEAB, 2015). This means that commission is often negotiated between seller and agent. Commission is generally more open to negotiation on more expensive properties. It should also be noted that where an agent works for an agency, the commission is split equally between the agent and the agency. This is South African practice as well as in foreign countries such as the United States as confirmed by Meyers and Harmeling (2011). An estate agents commission is also only paid once ownership of the property has been transferred to the purchaser (Kloppers Incorporated, 2015).

2.6.2   Institutes that Regulate the Estate Agency Industry

The Estate Agency Affairs Board (EEAB) is the official regulating authority for estate agency in South Africa. It was set up in terms of the country laws and consists of a board and executive committee. The main role of the EEAB is to uphold and endorse standards of behaviour of estate agents and also to standardise activities of estate agents. This means that they oversee compulsory qualification of estate agents and attend to consumer complaints against estate agents or agencies. They have authority to issue fines, penalties and sanctions on members guilty of certain contraventions in terms of the Act (EEAB website, 2015).

The Institute of Estate Agents (IEASA) has been in existence for over 75 years. It is a voluntary professional organisation that aims to support its members i.e. estate agents. They work together with the EEAB to ensure professionalism and high ethics are maintained in the industry. The IEASA also provides training to its members in order to uplift the interest of the industry (IEASA website, 2015). Powell and Vorotnikov (2012) maintain that such organisations play an important role in estate agency as continuing education and training in estate agency improves customer service quality. The need for a professional organisation in estate agency like the IEASA was also supported by Palm (2010) who was of the view that estate agents focussed mainly on operational matters instead of customer satisfaction or customer relationships.

2.6.3   Services that is to be expected from an Estate Agent

Goslett (2015) emphasises that estate agents must carry out their work in the best interest of the buyer or seller by offering them sound professional advice and assisting them in decision making. This is illustrated by Van der Walt and Botes (2004), who add that the activities and services that estate agents perform can be split into four stages:

- Pre-buying and selling
- Buying and selling
- Post-sale
- After sales service

Goslett (2015) points out that estate agents contract with the customers through a signed sole mandate or an open mandate. He adds that sole mandates are signed for a specific period and allows the agent exclusive rights to market and sell the property. An open mandate allows more than one agent and those from other agencies to bring in buyers. At the outset, the agent meets with the seller and goes about valuating the property and setting the selling price. The EEAB (2015) requires that an agent provides the seller with a marketing plan specifying how the property will be marketed. The agent also advises the seller of the current prices of similar houses that have been sold in that specific area. For a buyer, as suggested by Chetty (2015), the initial meeting with the agent would involve a discussion around what the requirements of the buyer is. She adds that the agent would then be in a position to make suitable suggestions and arrange for the buyer to view, once they know what customers want and can afford.

During the buying and selling phase, a buyer will be shown numerous properties based on his requirements and alternatives may also be presented to him. It is also during this time that a seller's property will receive maximum marketing through a planned marketing campaign. This will include advertisements in print media, online adverts on the agencies web page and so on. Show houses are also popular as it creates good exposure for the property on sale. Show houses are basically "open houses" where prospective buyers can come through and view the property during specified times, without having to book appointments. It is also during this time that the agent will make use of their databases of buyers to try and match the property to a buyer. Dewberry (2015) adds that an estate agent must during this phase advise

their customers on all factors to help them make an informed decision on this huge investment. She adds that this should include information on transfer and legal cost, municipal rates and sectional title levies.

The post-sale period starts after both parties have signed the purchase and sale agreement and a legally binding contract has been created. Usually the first step is to arrange finance and the buyer is sometimes preapproved for a specified amount by their own bank or they may use a bond originator for this purpose. The agent may also assist during this phase by sending copies of the purchase and sale agreement to commercial banks that the agency has a business relationship with, in an attempt to assist the customer. In addition, the purchase and sale agreement is a legally binding document and the property has to be transferred into the name of the purchaser through a conveyancing attorney which has to be sourced to assist with that. As is practiced in the industry, the seller has the right to choose the attorney but the agents may recommend one that the agency has a business relationship with, if the seller does not have an attorney.

After-sales service would include the level of contact that agent has with the buyer and to a lesser extent, the seller, after the registration of transfer has taken place. It would be expected that the agent would assist in cases where items that were to have been included in the sale, have been removed or cases where equipment is not working such as alarm systems, pool pumps and geyser amongst others.

2.6.4   Problems faced by the Estate Agency Industry

According to the EEAB, the industry does face some unique challenges. They however urge their members to still maintain a high level of professionalism and ethics in all their dealings. Wakefield (2015) and Bailey (2015) highlighted the following as challenges faced by the industry.

- Down market – results in houses not selling or selling for low prices. This makes sales for the agency and its consultants a huge challenge.
- High interest rates – this puts potential buyers off from buying new houses. The cost of borrowing becomes higher resulting in poor sales for agents Cairns (2015).
- Bad economy – a recession in the economy puts potential buyers off from buying while they concentrate on holding on to their jobs rather than look for new homes.

- Falling home prices – when home values fall, the demand for housing falls too. Homebuyers don`t want to buy as they see housing as a bad investment.
- Very little stock available. There are periods during which very little stock is available. This happens when sellers postpone selling for reasons other than the economy, interest rates etc. The reasons are mainly due to personal circumstances. Wakefield (2015) adds that little stock available creates another problem of rising property prices making it even more difficult for agents to sell properties listed with them.
- Stringent lending criteria by banks. Jacobs (2015) adds that higher property prices results in banks being very rigorous in the granting of home loans. This affects estate agents in terms of sales as fewer buyers qualify for home loans.

Rudansky-Kloppers and Strydom (2004) add that another challenge facing the industry in South Africa is that an increasing number of estate agencies are entering the real estate market. This makes it more difficult for existing agencies to survive as the competition gets stronger. The ease of entry into estate agency brokerage is also expressed by Nanda and Pancak (2010) as being a challenge in the United States. They point out that 'traditional brokers' view this as a major concern and fear.

Rudansky-Kloppers and Strydom (2004) further add that the industry is plagued by another problem and this points to, exceptionally high staff turnover. They attribute this largely to the fact that estate agents enter the field with expectations of high earnings within a short space of time. When this does not happen, they leave the industry. These two points were also confirmed by Johnson, Dotson and Dunlap (1988) and Nanda and Pancak (2010) who observed a similar trend in the United States. Saldana (2012) adds that the high turnover of employees has resulted in estate agencies lowering their recruitment standards. He feels that agents with no commitment towards the customer are easily entering the system. Interestingly, Powell and Vorotnikov (2012) established from their study that the number of active estate agents correlated with the state of the property market. In a declined or depressed property market, fewer agents were active than when compared to a boom period. This indicates that agents may enter and leave the industry depending on the state of the market at the time.

Nelson and Nelson (1994) ironically point out that despite all of the above problems; it is only in recent years that the real estate service sector been receiving academic attention. They

noted concerns that although this is the case, few researchers have addressed service quality and satisfaction in estate agencies. Rudansky-Kloppers and Strydom (2004) agree that very little research has been done on estate agencies in particular, with regards to their provision of service. A similar assertion was made by Tuzovic (2009) who claims that service quality offered by estate agents remains poorly researched. Finally, authors Seiler and Reisenwitz (2010) claim that there have been less than a dozen academic studies done in the residential real estate industry that focusses on measuring service quality. They further assert that there is still much to be learnt on this topic. This research hence identified this as a gap in the literature.

2.7 Characteristics of Services

It is generally agreed that variances between goods and services occur as each have distinct characteristics. Tuzovic (2009) lists the characteristics of service are intangibility, inseparability, heterogeneity, perishability and ownership. The definition of service provided by Green and Ramroop (2014) and Green (2014) highlight its characteristics. They define service as an intangible product that can't be possessed or saved, but comes into being at the moment and location it is delivered for utilisation. Kasper, Helsdingen and Gabbott (2006) however describe intangibility as the most dominant characteristic of services that also determines the other characteristics. Bearing this in mind, intangibility is discussed first in the discussion that follows on the characteristics of services.

2.7.1 Intangibility

According to Fisk, Grove and John (2004), intangibility is the most recognisable yet important characteristics of services as this is usually the first difference noticed between a product and a service. Kasper, Helsdingen and Gabbott (2006) suggest that because services are enactments, activities and experiences in comparison to objects, they can't be seen, felt, sampled or handled in a similar way as physical goods. They also add that due to intangibility, an establishment may find it challenging to comprehend how customers perceive their services and appraise service quality. On the other hand, Tuzovic (2009) asserts that due to intangibility, customers do encounter increasing uncertainty in evaluating quality. They hence count on experience and credence (credibility) traits when evaluating services. Gronroos (2000) supports this notion by commenting that that due to the above average measure of intangibility in services, it is frequently problematic for a customer to

appraise a service. Fitzsimmons and Fitzsimmons (2011) also add that this characteristic causes customers to rely on the reputation of the firm. They further affirm that in order to protect consumers, many governments use registration, licensing and regulation to ensure that service providers meet certain standards.

Gabbott and Hogg (1998) argue that although the performance of majority of services is reinforced by tangibles, the crux of what is purchased is a performance. Parasuraman, Zeithaml and Berry (1988) added that with services, quantifiable substantiation is limited to the service provider's physical facilities, equipment and personnel. The view that a tangible or physical good may accompany a service is also supported by Bennett, et al. (2003) who give the example of a consultation that is accompanied by a physical report or a DVD/CD or similar.

If we consider the services that an estate agent offers, we see that the service provided are actions that cannot be felt or touched. These include valuations, advertising, arranging show houses and other realty based services. There may however be certain tangible aspects of the service e.g. a valuation report, a 'for sale' sign or a purchase and sale agreement. The core service however remains intangible (Goslett, 2015).

2.7.2 Heterogeneity

As services rely on human performance, it is very unlikely that the identical service performance can be repeated. Fisk, Grove and John (2004) add that heterogeneity of services makes it difficult for an organisation to standardise the quality of its service performance. This subsequently results in the service organisation facing quality control problems. This also means that from the organisation's side, the consistency of service offered may be difficult to assure as what they intend to deliver may end up being different to what the customer receives.

Heterogeneity also arises due to the fact that no two customers are alike in that demands and requirements may differ. Zeithaml, Bitner and Gremler (2006) give the example of a tax consultant who will provide his services to two different clients, differently on the same day. The service given depends on the needs of the clients, their personalities and the time of day the service is given as the tax consultant could be full of energy in the morning but tired after

a heavy lunch. The above example could be extended to an estate agent who may see a customer early in the morning at a time where he or she is full of energy to do a comprehensive evaluation, walk around the property, taking impressive photos and so on and so forth. However, the same agent who has to see a potential seller later that evening may be too tired to carry out a full inspection. They may hence leave a lot of it to assumption.

Gronroos (2000) asserts that heterogeneity of services initiates one of the key problems in service administration in that service providers struggle to uphold a uniformly perceived quality of service, through production and delivery. Bennett, et al. (2003) substantiates this by giving the example of a restaurant business that employs a large number of waiters. As no two persons are identical, one waiter may provide outstanding service while the other provides mediocre service. A problem is created for the restaurant as a whole as the above actions will end in different perceptions of the quality of service and of overall customer satisfaction. Fitzsimmons and Fitzsimmons (2011) suggest that organisations need to develop standards and train employees in the correct procedures of the organisation so that a consistent service is provided. However Kasper, Helsdingen and Gabbott (2006) disagree with this point of view by maintaining that heterogeneity is an issue for organisations although they try to regulate their service processes by using instruction manuals and employee training. They however allude to another important point, that being, where employees are disgruntled and intentionally offer bad service. They regard this as a very serious issue which must be addressed through employee performance management. Products on the other hand are at a clear advantage as they can be standardised through quality control and other control measures.

2.7.3 Perishability

As mentioned above (point 2.7.2), a service has been referred to as a 'real time' performance. This means that it cannot be stored both by the service provider or the consumer. Similarly it cannot be returned or resold, assuming the customer is unhappy. An example is a bad haircut that cannot be returned. Bennett, et al. (2003) point out that although the service cannot be returned, service providers must look at other options to retain the customer. This would take the form of a refund or discount or even an apology at the least.

In an estate agency environment, the business is also subject to time delays and wastage that cannot be reclaimed or resold (Reynolds, 2015). Estate agents often spend hours showing prospective buyers homes only to find out that they do not qualify for a bond due to credit ratings and/or other factors. Home-owners sometimes get agents to do valuations on their properties simply to see what their properties are worth, yet they have no intention of selling (Bailey, 2015).

The issue of perishability and the point that services cannot be saved, accumulated and resold is exacerbated by the fact that customer purchasing behaviour can be very routine or seasonal in nature. This is pointed out by Fitzsimmons and Fitzsimmons (2011) who give the example of a food related business being extremely busy during lunch time or airplane flights being full during holiday or festive periods. They propose that management put in measures to deal with this. Kasper, Helsdingen and Gabbott (2006) support this notion by proposing that service providers must strive to minimise an organisations unused capacity in quiet times and ensure that there are 'no sales' during busy times. Other strategies can include the making of appointments and adjusting of service capacity during peak times.

2.7.4 Simultaneous Production and Consumption

The majority of services see the production and utilisation of the service execution occur simultaneously (Fisk, Grove and John, 2004). This means that the customer and the service supplier must interrelate for the service to occur. Gabbott and Hogg (1998) add to this by pointing out that service is an act in 'real time' during which the purchaser collaborates with the provider. They add that the service process can only start when the customer is present and this is again justified using the example of a haircut. One can only have their hair cut by going to the barber/hairdresser or having them come to you. Any other means of doing this is not possible.

Bennett, et al. (2003) add that it is easy to separate a physical good from the person who sold the item but not as easy to separate a service from a service provider. Even if a person selling the physical product gives poor service, this does not directly affect the performance of the physical product. On the other hand, with services, as pointed out by Parasuraman, et al. (1985), quality arises during service delivery, typically in the collaboration between the customer and the establishment's service representative.

Gronroos (2000) points out that this simultaneity creates a challenge in terms of managing quality control as there is no pre-produced quality to control. Fitzsimmons and Fitzsimmons (2011) concur with this view by adding that with products, they can be inspected before delivery so as to eliminate quality control issues. They further add that due to the fact that services cannot be created and stockpiled, it creates a disadvantage in that buffer stocks cannot be created so as to deal with fluctuations in demand. This is quite possible with products.

2.7.5 Customer Participation in the Process

Cook (2005) points out that with services, the customer is not only a recipient of the service but moreover partakes in the service process. This can be best illustrated by an example. If a family visits a recreational facility, they would have to physically participate in the activities by getting onto the rides, in order to have an enjoyable experience. However, authors Bennett, et al. (2003) point to an interesting fact with services, that other customers can affect the way a particular service is perceived by the customer. An example would be people who talk in a cinema after the commencement of the movie and disturb the viewing experience of other customers who are keen to watch the movie.

Fitzsimmons and Fitzsimmons (2011) point out that the strategy of self-service has been well received in countries like the United States where self-reliance is valued and encouraged. They feel that it discourages passive buyer behaviour and even helps the customer contribute towards the country's gross domestic product (GDP). They provide the example of how certain restaurants like McDonalds encourage customers to clean their tables after a meal. This also happens in their South African stores. This enables the fast food store to offer cheaper meals and quicker service in return. This is in direct comparison to a product where the customer has no involvement at all as far as its manufacture is concerned. If we consider a very desirable luxury item such as gold jewellery, the gold that is used is first mined several kilometres below the earth's surface in hot, humid, and dangerous conditions. However this means little to the customer who sees the finished product which is in the form of a shiny wedding ring or necklace.

If we look at this characteristic in an estate agency environment, we find that a buyer is actively involved in the process of viewing a house. They observe, ask questions and make an informed decision. Similarly, a seller is involved with the sales process as he or she will

decide if the offer put forward is acceptable, if the specific terms and conditions are reasonable and what the occupation dates should be. The seller also has the entitlement of selecting the conveyancing attorneys.

2.7.6   No Transfer of Ownership

It is fairly straightforward that with products, upon payment, one takes ownership of the item. However with services, it is not as straight-forward. As Cook (2005) points out, with services; one merely takes away a memory of the service e.g. a hotel stay or a movie watched at a cinema. Gronroos (2000) gives the example of buying an airline ticket that allows you to be transported from one place to another. Once you arrive at your destination, you are basically left with a used ticket and a used boarding pass. Fitzsimmons and Fitzsimmons (2011) however do point out that the sharing of resources presents its own challenges to service providers, for example, maintenance and cleanliness of rental goods and getting it ready in-between rentals is one such challenge.

In the estate agency environment, the seller or buyer does not take away ownership of the service. Although the buyer gets ownership of the property, they do this by a separate business transaction with a bank whereby they register a mortgage bond.

2.8   Characteristics of Service and the Impact on the Marketing Mix

The distinguishing characteristics of services discussed above (2.71 to 2.7.6) have an impact on the conventional marketing combination of product, price, place and promotion. This marketing combination is commonly referred to at the 'marketing mix' of an organisation. While Van der Walt and Botes (2004) are of the view that 'services marketing' is a unique concept and therefore needs a unique marketing approach, Kasper, Helsdingen and Gabbott (2006) are of the view that the organisations marketing mix, must be congruent with the organisations strategy and further support the customer service experience.

2.8.1   Product

As discussed above (2.7.1), when it comes to services per se, there is no tangible aspect. As a consequence service customers may sense a larger scale of risk when purchasing a service as opposed to physical goods (Fisk, Grove and John, 2004). They add that service providers have had to work around this in terms of their marketing strategies. Professional service

providers like doctors, lawyers and accountants display their qualifications while building contractors and hairstylists keep a portfolio of photos to show prospective clients. Hotels and holiday resorts will also advertise using attractive photos showing their facilities.

A service must however do what it claims to do. In terms of estate agency, the 'product' is the selling and purchasing of property and the co-ordination and facilitation of that process. Van der Walt and Botes (2004) assert that in estate agency, although agreements, documents and correspondence may exist, the actual service is only an experience to the customer.

2.8.2   Price

According to Van der Walt and Botes (2004), the intangibility of services affects pricing of services in that it is considered complicated to determine the value for money received for services. As discussed in 2.7.3 above, the perishability characteristic of services creates supply and demand challenges for service providers. Fisk, Grove and John (2004) add that service marketers can work around this by running pricing promotions to shift demand for services. They can also use a reservation and appointment system in certain service sectors like restaurants, dentists and hair salons so that supply and demand is more manageable.

Pricing in terms of estate agency refers to the commission charged by estate agents. As previously discussed (see point 2.6.1), a percentage based commission is charged on the selling price of the property once it is sold.

2.8.3   Place

Gronroos (2000) describes the 'moment of truth', as the time and place when and where services are to be delivered to the customer. They add that this is an opportunity for the organisation to demonstrate the quality of its services to its customers. As discussed in 2.7.4 and 2.7.5 above, the customer is in the presence of the service provider as the service is being performed. Fisk, Grove and John (2004) put forward that the characteristic of simultaneity means that the customer is in close contact with the service provider and service marketers need to take cognisance of this and act accordingly. However, Lovelock and Wirtz (2011) posit that service encounters may be categorised into three levels. They list them as remote encounters, phone encounters and face-to-face encounters. An example of a remote encounter may be the use of an ATM (automated teller machine), vending machine and so forth.

In the estate agency industry, place in terms of geographical location does play a significant role. Van der Walt and Botes (2004) state that customers prefer to utilise the services of estate agents in close proximity to them. They add that sellers would use agents in the area where the property being sold is located while buyers wanting to buy in a particular area would approach agents in that area.

2.8.4 Promotion

In a service marketing context, promotion is used to shape customer partiality for a specific service or service supplier. This is according to van der Walt and Botes (2004). They expand on this by stating that promotion would usually involve a combination of advertising and personal selling. The combination thereof would depend on the nature of the service. Estate agents use a variety of means to advertise their properties like print media (newspapers, property magazines), websites (online adverts, virtual tours) and social media such as Facebook and Twitter. Golding (2015) confirms this by mentioning that Pam Golding Properties receives more than 300 000 visits on their website per month. He adds that 90% of prospective buyers search the internet for properties while 70% of buyers admitted finding their estate agent on-line. Estate agents also rely to a large extent on personal selling and may do so during a one on one meeting with the buyer or seller, during an 'open house' or during a telephonic conversation with potential customers (Tyson Properties, 2015).

2.9 Service Quality

Authors that broke new ground the study of service quality, Parasuraman, Zeithaml and Berry (1988) posit that as we approach an era of intense competition in business, organisations are seeking profitable ways to differentiate themselves. They add that one strategy that has ensured success in business is a high level of service quality. They assert that superior service quality is also a prerequisite to the survival of an organisation, now and in the future. This view is shared by Huang (2009) who conveys that understanding and maintaining service quality is one of the main concerns of business today. He describes service quality as a customer's complete intuition of the virtual efficiency of an organisation and its services. Other authors such as Green and Ramroop (2014) see service quality through a continuum extending from idyllic quality to completely intolerable quality, with a point along this continuum being acceptable.

However, Naik, Gantasala and Prabhakar (2010) acknowledge that measuring service quality is difficult due to its unique qualities. Johnson and Weinstein (2004), support this view and suggest that service quality needs to be considered on a three dimensional approach. This includes pre-sale services, transaction services and post-sale services. An example of a company that handles services well would that of a motor vehicle workshop that calls the client a few days before their actual arrival and confirms the booking, their specific requirements about the repair and also checks if the customer needs to be dropped off and collected, as part of the service. This attention to detail avoids hassles later on when the customer actually arrives.

Customers also develop perceptions of quality throughout the service transaction process. Their perceptions depend on how effectively and proficiently the service was provided (Cook, 2005). It would also depend on the speed and convenience encountered in completing the transaction. Johnson and Weinstein (2004) feel that customers experience most frustration during this phase of interaction when businesses have computer problems, have inefficient or incompetent staff members assisting customers or unpleasant people answering the phones. Furthermore, customers make a perceived judgement regarding quality even after a transaction, also known as post-sale services. Joe Girard, holder of the Guinness world record for the highest motor vehicles sales, is cited in Johnson and Weinstein (2004:82) as saying "the sale begins after the sale". This means that after sales services in the form of phone calls and postal communication and maybe even personal face-to-face visits makes customers aware that they are valued after the transaction has taken place and the monies have exchanged hands.

Adapting this to estate agency, we find that the three stages are quite relevant. During the pre-sale phase, the agent's quality will be based on how well he kept his appointments, how professionally he conducted 'show-houses' and his telephone mannerisms as well as character. During the sale process, the agent will be rated on how professionally he handled the offer and acceptance phase, how well he advised on any special conditions like occupational rental and the removal of fixtures and fittings among other aspects. It would also be expected that he would offer assistance during the transfer process by assisting as and when required with the conveyancing attorneys. The post-sale criteria would deal with the level of contact maintained after the sale and transfer has taken place. It would depend on whether the agent maintained contact thereafter ensuring that all suspensive conditions were

fulfilled and any other special conditions honoured. This kind of follow up would be pleasing to both buyer and seller. (Tyson Properties, 2015).

Bennett, et al. (2003) define service quality as a customer's appraisal or perception of an entity's complete service performance that results after comparing expectations with perceived performance. This differs from customer satisfaction that requires one to have an experience on the subject so that a judgement can be made. It was earlier discussed (2.7.1 to 2.7.6) that the services have certain characteristics that are not present in products. These characteristics however make it complicated for customers to assess services in terms of quality.

2.9.1   Defining Service Quality and its Characteristics

Kleynhans and Zhou (2012) assert that service quality is a topic that arouses attention and sparks deliberation at the same time due to the difficulties in both defining and measuring it. They define service quality as the consumers rating of the complete excellence or supremacy of the service offered. Nelson and Nelson (1995) describe the concept of service quality as a very elusive one. Brysland and Curry (2001) agree that defining service quality is not an easy task but they do believe it concerns the provision of something intangible in a manner that pleases the customer and promotes usefulness to him or her. However authors Lovelock and Wirtz (2011) point out that the word quality signifies diverse ideas to different people, subject to the context of the situation. They talk about a transcendent view which is usually associated with high quality and excellence. This view however holds that people would only recognise quality through being exposed to it. However this is not practical in the scenario of customer and management as it means that they will only recognise quality when they see it. Lovelock and Wirtz (2011) also discuss a user-based definition of quality which they say "lies in the eyes of the beholder" (page 405). This, they say, equates quality with utmost gratification. This is a subjective view as it accepts that dissimilar customers have diverse wants and needs.

Another view called a value-based view defines quality in relation to value and fee charged Lovelock and Wirtz (2011). This approach considers the compromise between performance and price. In this scenario, quality is defined as being 'affordable excellence'. The different views on service quality is further complicated by the characteristics of service (discussed

previously 2.7.1 to 2.7.6). Lovelock and Wirtz (2011) hence define service quality from a consumer's viewpoint as constantly meeting or surpassing customer expectations.

2.9.2 The Importance of Service Quality

Johnson (2004) explains that at certain times service quality may be obvious whilst at other times, elusive. However, what is clear is that customers realise exactly at which point they have received excellent service quality and at which point they have not. Service quality can therefore not be ignored by organisations and authors Johnson and Weinstein (2004) believe that there are definite advantages to offering a high quality of service. They argue that with improved quality, costs become minimal and this in-turn will promote productivity. Yusoff, Ismail and Newell (2008) argue that there is also a link between service quality, market share, higher profits and yield on investment. Johnson and Weinstein (2004) posit that higher quality generates a superior return on investment for any specified market share.

Kleynhans and Zhou (2012) assert that for organisations to be globally competitive, they must offer a quality of service that exceeds customers' expectations. This concurs with Gronroos (2000) whereby quality is considered to be one of the key aspects to success and a company's competitive advantage often depends on it. However, he also argues that developing functional quality is what may add value for customers and give the company the necessary competitive edge. He emphasises that the technical quality of the outcome of a service activity is a precondition for good quality and therefore has to be at a satisfactory level. It can therefore be concluded that for customers to consider the overall service quality good, the functional quality must be above average and is often what makes the difference. If technical quality however fails, it is highly probably that the total or overall quality will fail as well.

Naik, Gantasala and Prabhakar (2010) mention that service quality has become a major area of attention to practitioners, managers and researchers owing to its impact on business performance. They were of the view that increases in service quality have been associated with improved profit margins, lower costs, recurring purchase behaviour, higher pricing and progressive word of mouth recommendations. They also claim financial indicators like market value and market share have been linked to service quality.

Bennett, et al. (2003), Kasper, Helsdingen and Gabbott (2006) and Lovelock and Wirtz (2011), believe that improving service quality will generate several benefits. They confirm the following key benefits:

- An organisation will be able to hold on to its competitors even when customers offer attractive incentives to win them over.
- It creates a competitive advantage that becomes difficult to replicate.
- It encourages repeat purchases which is beneficial to an organisation as replacing customers is much more expensive than retaining them.
- It promotes loyalty amongst customers.
- It is linked to positive word-of-mouth.
- It lowers the cost of attracting new customers.

2.9.3 The Cost of Achieving Service Quality

As discussed in point 2.7 above services are difficult to evaluate due to their characteristics like intangibility and simultaneous production and consumption. Kasper, Helsdingen and Gabbott (2006) also acknowledge that these characteristics make service quality difficult to implement and manage. However, they present another challenge that highlights the difference between products and services. When it comes to quality issues, products can easily be returned or exchanged. The process is not so simple with services. Fitzsimmons and Fitzsimmons (2011) point out with services, customers often turn to legal recourse. They talk about the high number of medical mal-practice lawsuits that have resulted in huge settlements. Other examples of claims are those of hotel guests that have sued for the lack of security at hotels. Fitzsimmons and Fitzsimmons (2011) identify four categories of costs related to service quality:

- Internal failure costs - Defects discovered before delivery of the service.
- External failure costs - Defects discovered after delivery of the service.
- Detection costs - Costs related to review of materials and during manufacture.
- Prevention costs - Aimed at preventing flaws from occurring in the first instance.

Another cost incurred by organisations is that which is absorbed during complaints handling. Goodman (2006) conveys that complaints, such as death and taxes, are inevitable. However on the other hand, organisations cannot fix what they don't know is broken. It is therefore

imperative that organisations encourage their customers to express their concerns and improve communication with the organisation. Service quality studies play an important role in bringing such concerns to the fore. Goodman (2006) adds that customers do not complain for various reasons and that organisations need to invest time and money in breaking down these barriers. The reasons he provides include the following:

- It will not do any good.
- It is not worth the trouble.
- The customer does not know where to complain.
- The customer fears retribution from the employee concerned or the company.

2.9.4 Service Quality and Intangibility

Van der Wal, Pampallis and Bond (2002) recognise that service quality sits in the mind of the customer. Bennett, et al. (2003) add by explaining that owing to the intangible nature of services, it is challenging to appraise a service, before it is purchased. This point of view was shared by Kasper, Helsdingen and Gabbott (2006) who argue that intangibility prevents customers from making a comprehensive assessment of services before, during and after delivery. Products in contrast can be touched, sampled, felt and compared to other brands so that an informed decision can be made. It can therefore be established that the quality of a service can only be determined once it has been experienced. However Bennett, et al. (2003) further disclose that with some services, customers have difficulty evaluating it, even after the purchase and experience. Van der Wal, Pampallis and Bond. (2002) describe these service attributes as credence qualities which in simple terms means that service characteristics that cannot be assessed by customers with any assurance even after they have gone through the service process.

An example of this would be the service provided by an estate agent. If a buyer is purchasing a home or selling a home for the first time, they will not have a clear idea of whether they received high quality service or not because the service is highly individualised. It is also difficult to compare to other similar experiences as the seller or buyer cannot compare it to any previous property transactions especially if they are first-time buyers and sellers.

2.9.5 Service Quality and Inseparability

Services are inseparable as production and consumption takes place simultaneously. Earlier authors like Gabbott and Hogg (1998) recognised that the customer's participation in the production process will influence the performance and quality of the service encounter. This notion was shared more recently by Kasper, Helsdingen and Gabbott (2006) who suggest that a customer's involvement in the delivery process impacts on perceived quality. They demonstrate this by giving the example of someone consulting a psychologist. If the person fails to interact or be honest in the sessions, the psychologist can't deliver the required service. The patient may still however perceive the service quality as low. Customers are hence co-producers and co-consumers of services. Bennett, et al. (2003) believe the quality of service becomes reliant on the quality of the collaboration between the service provider and customer. They as well, give the example of a health care scenario where the patient is involved in the process from a diagnosis stage up to and including the administering of treatment. The patient's role determines if the health care process will reach a desirable outcome.

This can be linked to the service provided by an estate agent. When assessing the value of a property, the accuracy of that valuation and the subsequent way in which it is advertised would be determined by the interaction and input of the customer themselves. Similarly a potential buyer would be shown the respective properties based on the likes and dislikes and personal requirements that they have put forward to the agent.

2.9.6 Service Quality and Heterogeneity/Variability

The above characteristic of service makes it difficult to apply quality standards to ensure a standardised output. This means that a customer will experience service quality that is outstanding at times and disappointing at others. According to Parasuraman, Zeithaml and Berry (1988), various factors such as the involvement of other customers and environmental influences, results in the variability of service quality. This notion was supported by Buttle (2004). This makes it clear that service deliveries are not identical. Therefore the appearance, mannerisms and personalities of contact personnel can dramatically affect a customer's overall perception of a service and may lead to differentiation at the service level.

A scenario to support the above argument can be a customer who is planning to buy a house. The customer would shop around between several agencies but will not likely receive the

same service deliveries between agencies. Even if the customer were to deal with different agents within the same agency, they will find that each agent is likely to have their own style and approach in dealing with customers. For example, some agents may be particular about punctuality while others may feel that an apology for being late for an appointment is sufficient.

2.9.7 Service Quality and Perishability

As discussed in 2.7.3 above, an important characteristic of services is that it cannot be stored. Kasper, Helsdingen and Gabbott (2006) posit that the perishability of service means that it has to be consumed at the time it is offered. They add that popular services create an added problem in that many customers want to consume it at the same time thus restricting supply as well as putting the staff of that particular organisation under pressure. This scenario may lead to customers waiting in queues or being delayed and ultimately altering their assessment of service quality. Frisk, Grover and John (2004) also add that the urgency in which a service is required may also impact on service quality. They provide the example of emergency services like ambulances and fire fighters whose services will be needed immediately. Any delay in their response times will result in them being assessed poorly, in terms of service quality.

2.10 Customer Expectations of Service

Although the issue of customer expectation has been well documented by contemporary researchers, it has been a concept that was considered during the 1970's by authors such as Olson and Dover (1976) and Miller (1977), both cited in Gabbott and Hogg (1998). The former authors described expectation as pre-purchase beliefs about a service. Fitzsimmons and Fitzsimmons (2011) felt that expectations determine shopping attitudes and that customers' are motivated to look or shop for a service in pretty much the same way as they would for a product.

The issue of customer expectations is of relevance to service providers and marketers as they cannot go about fulfilling the needs of their customers if they do not have an understanding of what their customers expect of them. In addition, although customers enter into service transactions on a daily or regular basis, each and every transaction is of some importance to them. The level of importance placed by the customer would most likely depend on the nature of the purchase and the financial implications for the customer. This can be illustrated

by a simple example of a customer's decision to visit a restaurant as compared to a decision to either purchase or sell a house.

The purchase or sale of a home is a huge financial decision and would require a lot of effort from the customer during the search and decision making process. It is during this time that expectations are formed. Gronroos (2000) felt that customer expectations need to be understood as they play an important part in influencing perceived (actual) service quality. Kasper, Helsdingen and Gabbott (2006) therefore affirm that identifying what the customer expects is the primary and possibly most significant step in the delivery of quality service. They felt that underestimating and not having a clear insight about customers' needs can mean losing to competitor's who will be able to identify and fulfil that customer's specific needs.

2.10.1 Types of Expectations

The review of literature identified three types of expectations. These are called 'fuzzy', explicit and implicit expectations.

Fuzzy expectations meant that a customer may feel that there is a need for a service, but they do not know clearly what would fulfil this need. Such customers present a problem for an organisation because if they are unsuccessful in fulfilling the need, the customer may be disappointed (Bitner and Gremler, 2009).

If we apply this to an estate agency scenario and if we consider a potential buyer who is wanting to purchase a property but has no clear idea on the type of property that would best suit him/her, and then they would be dissatisfied if the agent only introduced them to one type of dwelling e.g. simplexes. However if the agent attempts to change this 'fuzzy need' to a more clearer need by showing the customer various options such as simplexes, duplexes, townhouses and flats, then the agent is more able to determine the customer's real need and create more opportunities to satisfy the customer.

Moving on to explicit expectations, Gronroos (2000) describes this as those that are clear in the minds of customers. These are further separated into realistic and unrealistic expectations. It is important with this category that the service provider makes fair promises from the

outset of the relationship. In the case of estate agency, the customer may have an explicit expectation that he or she wants to sell their house but expects that it will be sold in a short space of time and also expects that the agent will fetch him the price he has in mind. It is important that the agent clarifies these matters at the outset so that there are no misunderstandings later. This is important, as this is a key fundamental of service quality.

Lastly, Gronroos (2000) identified implicit expectations. This is when a customer takes for granted that a service provider will fulfil their needs. He further indicated that certain implicit expectations are so apparent that they do not need to be clearly expressed. An implicit expectation of a customer of an estate agent would be one where a potential buyer would be shown houses that are listed with the agency so as to make a choice. A seller, who signs a mandate with an agent, would have an implicit expectation that the agent will advertise the property and also bring buyers around to view the property.

2.10.2 Desired and Expected Service

As previously discussed in point 2.10, the concept of expectations was looked at by authors even as early as the 1970's. One of these authors was Miller (1977) cited in Gabbott and Hogg (1998) who noted that there were different types of expectations that he defined as ideal, expected, deserved and 'minimum tolerable'. He further clarified the ideal was the 'wished for' level of performance while the other extreme being 'minimum tolerable', which was the lowest level of service that would be seen as acceptable.

Building on this, the components of expectations were further investigated in later years by authors such as Zeithaml, Bitner and Gremler (2006) and Fitzsimmons and Fitzsimmons (2011). They affirm that the customer expectations include different components such as desired, adequate, predicted service and a zone of tolerance. They describe desired service as the service customers anticipate or wish to receive. It is a level of service that customers believe can and ought to be delivered considering their needs. Zeithaml, Bitner and Gremler (2006) also concur that desired service is a combination of what the customer believes service 'can be' and 'should be'. An example is a seller of a home, who engages the services of an agent. The seller would expect to have his house marketed and sold in the process of that marketing campaign. Similarly, a customer who is looking to buy a home and engages the

services of an agent would expect that the agent would show him various homes and in the process he or she would select a home that he hopes and wishes to buy.

However, due to various factors like economic growth, interest rates, employment levels and other economic factors, a desired service is not always achievable. The estate agent may not be able to sell a customer's home in a situation where interest rates are high and there is also an oversupply of homes on the market. Similarly, an agent cannot find a buyer his "dream" home at a time when interest rates are low and the demand for homes is high. This may also be the case when there is a short supply of 'stock' on the market and the agent is limited to whatever listings are on his book (Wakefield, 2015; Bailey, 2015). In situations such as this, customers appreciate that it may not be possible to realise their desired service given the prevailing conditions. Customers may then opt to accept, what is known as, 'adequate service'. Lovelock and Wirtz (2011) describe 'adequate service' as the bare minimum service customers will accept without being displeased. Zeithaml, Bitner and Gremler (2006) described "adequate" service as the "minimum tolerable expectation" (page 83). This translates to the lowest level of performance tolerable to customers. This is illustrated in figure 2.2 below.
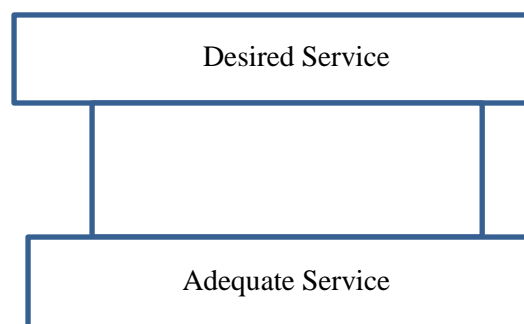
Figure 2.2 Dual Customer Expectation Levels

Source: Adapted from Zeithaml, Bitner and Gremler, 2006, p.83

We therefore have two ends of a scale, that being desired service and adequate service. If service is delivered at a level higher than the desired service, it would be considered as exceeding the expectation of the customer. Anything below adequate service would be viewed as being unacceptable to the customer and would most likely result in dissatisfaction.

2.10.3 The Zone of Tolerance

The zone of tolerance (as illustrated in figure 2.3) is linked to the previous discussion on desired service and adequate service in that it lies between the two.
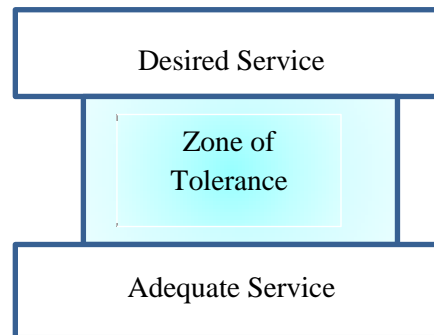
Figure 2.3 The Zone of Tolerance

Source: Adapted from Zeithaml, Bitner and Gremler, 2006, p.86

One of the fundamental characteristics of services discussed earlier is that of heterogeneity. Parasuraman, Zeithaml and Berry (1993) initially explained that this means that a customer is not guaranteed on the consistency of service they will receive, albeit from the same service provider. This could even be the case if the customer is attended to by the same employee at a different time of the same day. Lovelock and Wirtz (2011) and Zeithaml, Bitner and Gremler (2006) put forward that, the degree to which customers are prepared to accept this alternative is known as the zone of tolerance. Lovelock and Wirtz (2011) however point out that a different way of looking at the zone of tolerance is to consider it as a scope inside which customers are not extremely critical or do not pay much attention towards customer service. However, if service quality levels were to fall outside this range, there would be either positive or negative action. This could be complaints or switching behaviour or a compliment or praise for the service provider. Fisk, Grove and John (2004) support this notion by asserting that it is in the service organisation's best interest to understand customers' zones of tolerance and accommodate them by ensuring that service is always better than adequate and as close as possible to ideal.

2.10.4 Different Zones of Tolerance for Different Customers

Authors Lovelock and Wirtz (2011) demonstrate that different customers have different tolerance zones and this is dependent on factors such as competition, price and time.

Zeithaml, Bitner and Gremler (2006) point out that price is a factor that affects customer's tolerance levels. They are of the view that when prices rise, customers are inclined to be less accepting of poor service, thus implying a narrower zone of tolerance as the level of adequate service levels shift upwards. An example of this would be an airline passenger who travels business class. He would be less tolerant of poor service as he has paid much more for his ticket than an economy class customer. He would expect access to a luxury guest lounge, availability of refreshments and a first-class flying experience.

Time would also affect the zone of tolerance for customers (Bitner and Gremler, 2009). Consider a case where a seller has to sell his property very quickly due to possible reasons such as relocation, financial trouble or divorce, his level of tolerance with the agent would be minimal as he himself would be under a lot of pressure. The same would apply to a buyer who has been transferred to a new city for work reasons and has to resettle his family. He would have very tight timelines to move his family due to pressures of schooling. This would be in-turn passed on to the demands he makes on the agents.

Competition also affects the tolerance levels of customers (Buttle, 2004). If an industry is highly competitive, the customers will be less tolerant of poor service. The estate agency sector is an example of such an industry. This is a highly competitive industry and customers have a wide range of agents to choose from. These range from the larger well established names that have been around for many years to the smaller independent, sole proprietor agents. A customer could hence easily swop and shop around if he or she is not receiving the standard of service they would deem adequate (Tyson Properties, 2015; Rawson Properties, 2015; Chas Everitt, 2015; Pam Golding, 2015).

2.10.5 Varied Zones of Tolerance for Service Dimensions

Figure 2.4 illustrates the varying zones of tolerance for different service dimensions.
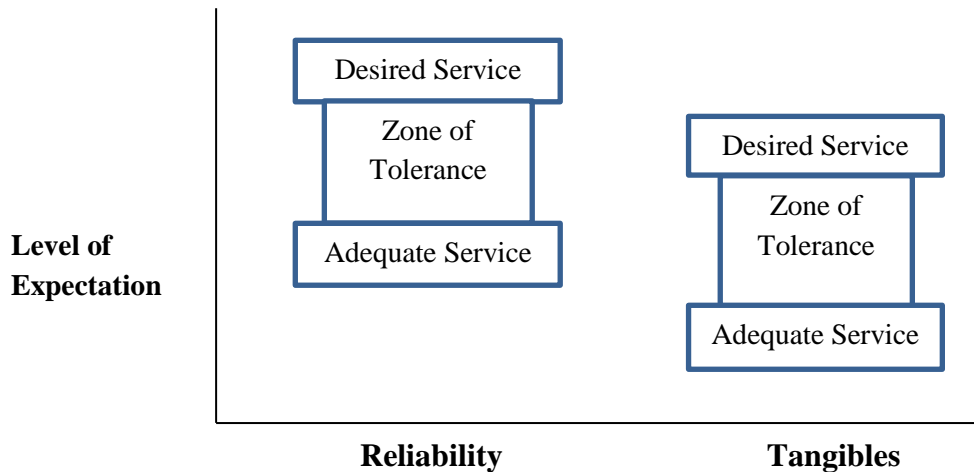
Figure 2.4 Zones of Tolerance for Different Service Dimensions

Source: Adapted from Zeithaml, Bitner and Gremler, 2006, p.87

Zeithaml, Bitner and Gremler (2006) point out that customers' tolerance zones alter for different service qualities or elements. This is also posited by Lovelock and Wirtz (2011) who found that customers are more sensitive about intangibles than tangibles. They use the example of customers paying more attention to attributes such as prompt service, courtesy and convenience of business hours rather than physical appearance of amenities and age of equipment. Zeithaml, Bitner and Gremler (2006) points this out by asserting that customers are likely to be less lenient with unreliable service and would then naturally have greater expectations for this factor. In addition, they argue that customers will, due to the importance placed on what they see as more important dimensions, be less flexible on retracting from these dimensions. This is illustrated in the above diagram (Figure 2.5).

When applying this to the estate agency business, it can be illustrated in two scenarios. Consider an agent who visits a customer's home to do a valuation and appears to be unprepared. He or she arrives without a camera or laptop to capture relevant details. The seller may be accommodating in allowing the agent to make manual notes to input into his computer at a later time. However, imagine another scenario, where the agent contacts the seller and says that he has an interested buyer that can only view the house during the day and asks the seller to meet them at the house at a specified time. The seller would be least tolerant if the agent makes a substandard arrangement with the prospective buyer who doesn't arrive or if the agent himself is late or cancels at the last minute. Considering that the seller would

have taken time off from work and/or other commitments, he or she would be most dissatisfied.

We therefore note that customers would have a narrower zone of tolerance for service dimensions that are important to them and would be less willing to waiver these. They would however be more willing to relax their expectation of the least important attributes. Zeithaml, Bitner and Gremler (2006) however clarify that it is rarely that a customers desired service changes. They feel that desired service is fairly constant while adequate service is the variable that fluctuates, depending on circumstances and situations that have been discussed above.

2.10.6 Factors that Influence Customer Expectations of Service

According to Bennett, et al. (2003), cultural factors as well as factors relating to a person's country of residence can play a specific role in a customer's expectation of service. They believe that in certain cultures, like Taiwanese, face-to-face contact is preferred as this is seen as a way of establishing trust. The Australians are acceptable to the idea of engaging at length with the service provider. However in Europe, lengthy conversations are not encouraged as it is seen as holding up the service needs of others.

Service expectations may also be country specific. Bennett, et al. (2003) add that in a recent survey in the United States, speed and efficiency were rated highly in certain industries and/or sectors. In contrast, the same survey carried out in Australia revealed that more value was placed on innovation, personal contact and advice from the service provider. This information is relevant and crucial as the marketing managers based in these respective countries must adjust their marketing strategies appropriately as informed by culture and country specific requirements. Other factors that influence customer expectation of service can be classified into two main groups:

- Sources of desired service expectation.
- Sources of adequate service expectation.

2.10.7 Sources of Desired Service Expectation

Figure 2.5 illustrates the factors that influence desired service
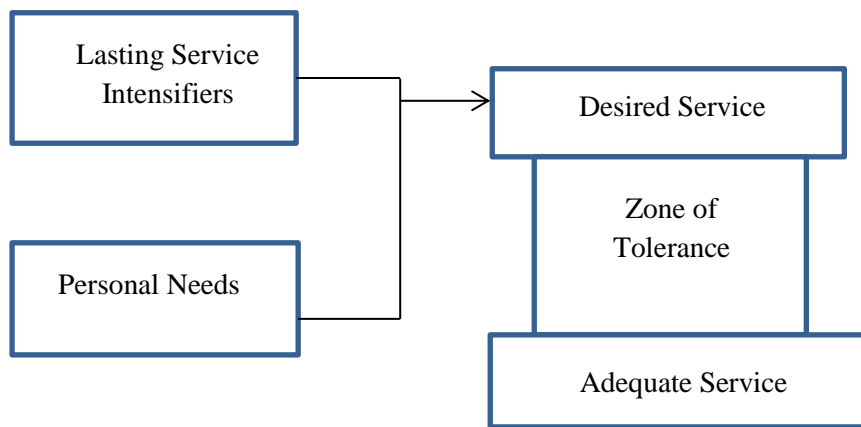
Figure 2.5 Factors That Influence Desired Service

Source: Adapted from Zeithaml, Bitner and Gremler, 2006, p.88

As shown in the above figure, desired service is driven by individual needs and philosophies about service. Personal needs may be divided into categories such as physical, social, psychological and functional needs (Caruana, 2002). A potential buyer of a house who approaches an estate agent has a physical need to acquire the house so as to have a shelter for him and his family. A buyer who however has further needs, over and above his physical needs to own a house, may approach an agent with the intention of fulfilling a social need. He may therefore want to buy a house in a predetermined upmarket area where his social standing and status is noted and appreciated in the community.

Zeithaml, Bitner and Gremler (2006) talk about lasting service intensifiers that they describe as specific factors that result in a customers amplified sensitivity to a service. They list derived service expectations as one of these. In this instance, customers' expectations are derived by another or by groups of people. In the context of an estate agency, a father as head of the household represents the needs of the entire family when he engages with the agent on the requirements of the house he wishes to purchase. His expectations are hence intensified as he will have to feedback to all members of the family with regards to any properties that the agent may have shown him.

Zeithaml, Bitner and Gremler (2006) identify another lasting service intensifier as personal service philosophy. They describe this as the customers "underlying generic attitude about the meaning of service and the proper conduct of service providers". An example would be that of a customer that has in the past worked in a retail environment. The customer would have certain expectations of retail service and they would be conscious of this fact whenever in a supermarket. The customers experience would hence shape certain strong service philosophies for the researcher. It would therefore be reasonable to deduce that individual service philosophies and desired service expectations raise the level of desired service.

2.10.8 Sources of Adequate Service Expectations

As pointed out by Kurtz and Clow (1998), adequate level of service is the bare minimum level of service the consumer will tolerate and accede to without being dissatisfied. They demonstrate that adequate service is affected by a different set of determinants, although these influences are short term. These four factors are reflected in Figure 2.6 below.
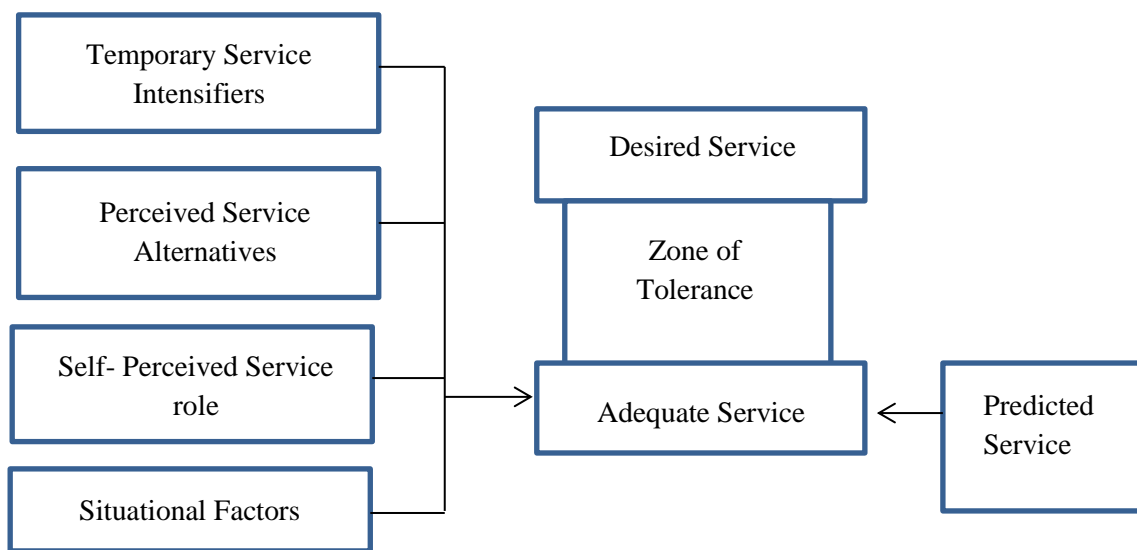
Figure 2.6 Factors That Influence Adequate Service

Source: Adapted from Zeithaml, Bitner and Gremler, 2006, p.90

2.10.8.1 Temporary Service Intensifiers

These intensifiers are also known as transitory service intensifiers. Personal emergency situations that result in the need for services raise the level of adequate service expectations. Brink and Berndt (2004) give the example of the need for an emergency service if one's car breaks down on the highway and places the driver and his passenger's lives at risk. In this case, the level of adequate service expectation is raised due to the nature of the circumstances. They further point out that glitches with the original service can also result in heightened expectations. Building on the car breakdown example provided by Brink and Berndt (2004), if the car in question had broken down after it had been in for repairs, the customers adequate expectation level will increase as he would be critical and expect more from the service the second time around.

Applying this scenario to estate agents, a householder may find himself in a situation where he has lost his job and cannot meet his monthly payments. He may decide to quickly sell his house and rent for a while before the bank forecloses on his bond and repossesses the house. The level of adequate service expected from brokers that the seller deals with, would be much higher than if the seller was selling by choice and was under no hurry.

2.10.8.2 Perceived Service Alternatives

Berndt and Brink (2004) define 'Perceived Service Alternatives' as a scenario where there are substitutes to the service provider that the customer is presently using. Zeithaml, Bitner and Gremler (2006) clarifies that it is a scenario where customers have several service providers to select from or the customer can provide the service on their own. In such situations, levels of adequate service are greater than those who are exposed to one or few service providers. It can therefore be concluded that service marketers need to understand the options customers have and position themselves accordingly.

In the estate agency scenario in South Africa, if a seller or buyer approached an estate agency in a small or under-developed town that possibly has three estate agent brokerages, their adequate service will be pitched much lower than a prospective customer who has the same need in one of the big cities such as Durban. This is due to the fact that there are numerous agencies to choose from. In the big cities, the adequate service will be high as the customer could easily switch or 'shop around' amongst the agents.

2.10.8.3   Self-Perceived Role

Self-perceived role is referred to as the amount of influence a customer exerts on the service received. Zeithaml, Bitner and Gremler (2006) believe that customers' expectations are partially shaped by how good they consider they are executing a participative role in the delivery process. The authors feel that customers' zones of tolerance magnifies when they recognise that they are not accomplishing their roles whilst adequate service is heightened when the customer is actively involved.

Kurt and Clow (1998) and Bitner and Gremler (2009) also agree with the view that as the level of involvement increases, the zone of tolerance decreases. They further add that where customers have a lower involvement with the service, the zone of tolerance is broader with the desired and adequate service, being wider apart. They give the example of a customer (patient) who engages the services of a plastic surgeon to perform facial surgery. As the patient's involvement will be extremely high, the adequate service will be as high as the desired service thus leaving a very small level of tolerance.

In the estate agency business, a buyer and a seller are generally highly involved in the service process. A buyer is very explicit to the agent about the type of property they wish to acquire and will be with the agent when viewing the respective properties. Similarly, sellers as well will actively engage with potential buyers that are brought by the agent as they would be required to showcase the property to the prospective buyer as well as answer questions posed by the buyer. Given the situation, the seller will hence be critical and have a high service level expectation.

2.10.8.4   Situational Factors

Situational factors are factors that influence service performance but which customers are accepting of as they are due to conditions beyond the organisation's control (Ivanauskiene and Volungenaite, 2014). Examples of such situations may be natural disasters such as earthquakes, floods, storms and economic change (Property increases and decreases) and other uncontrollable factors. During this time it would be unreasonable for customers to expect a high level of service from the service provider as they may not have the capacity to perform the task or they may be faced with a situation were almost all their customers need their assistance at once.

Kurtz and Clow (1998) give the example of airline passengers who would expect that their flights depart and arrive on time. However during bad weather conditions, passengers understand that certain flights would be delayed or cancelled and hence they would have to lower their service expectations. They would appreciate that it is in the interest of all passengers' safety. On a similar note, a customer of an estate agent who finds the agent is late for an appointment, may be more accommodating and acceptable if the agent was caught in stormy weather and was unable to make it to the appointment on time.

2.10.9 Predicted Service

Lovelock and Wirtz (2011) define 'Predicted Service' as the levels of service customers actually anticipate receiving. They further add that predicted service can also be influenced by service provider assurances, word of mouth and past experiences. If good service is predicted, then the adequate level of service will be greater than if inadequate service is predicted. They also point out that predicted service is the estimated service a customer would receive in a single transaction, rather than in a complete relationship with a service provider.

Applying this to the real estate business, we find that a customer may have different predicted service levels during a property boom and during a plummet. During a property plummet, a seller would predict a higher service level from the agent as the agent himself is eager to make sales and so, each listing is important to him. However during a property boom, when sales are high, both buyers and sellers would have a lower predicted service as they realise that agents are busy and the response times are not as quick or the individual attention per customer is not long enough.

2.10.10 Sources of both Desired and Predicted Service Expectations

Before a customer finalises a purchase decision, he or she would go about gathering information about their purchase. Customers' may refer to family and friends or source information from advertisements. Customers may also contact suppliers or service providers directly with the intention of gathering information. With the advent of technology and social media, customers are at an advantage in that information is easily accessible. They can however base their decision by drawing on their own experience. This means that the sources of information can be either internal (as in a personal experience) or external (as in speaking

to others). Authors Berndt and Brink (2004) discuss four sources of information, these being, explicit service promises, implicit service promises, word-of-mouth communication and past experience. This is illustrated in figure 2.7 below.
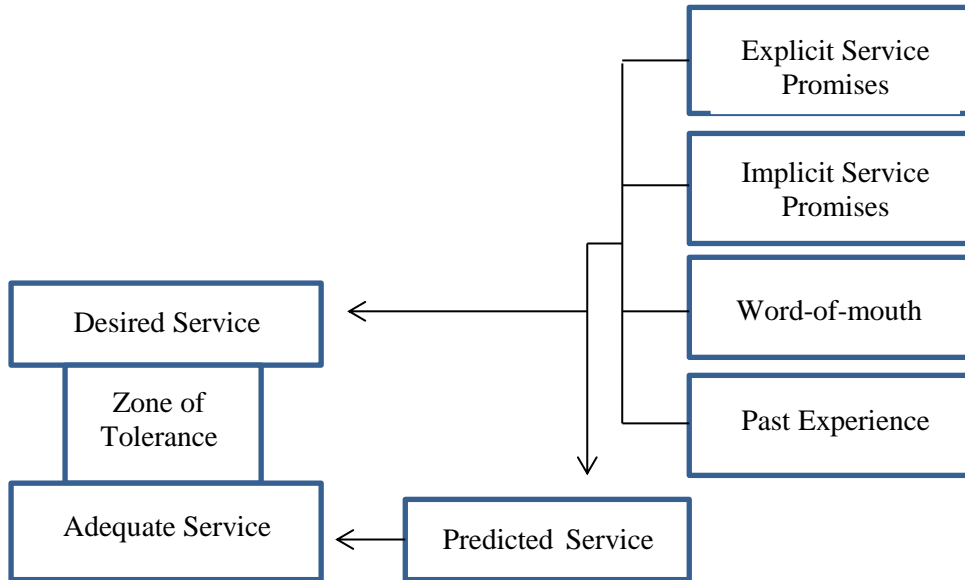
Figure 2.7 Factors That Influence Desired and Predicted Service

Source: Adapted from Zeithaml, Bitner and Gremler, 2006, p.93

2.10.10.1 Explicit Service Promises

Berndt and Brink (2004) maintain that explicit service promises are one of the limited influences or expectations that are under the influence of the service provider. These take the form of promises that are made by personal and non-personal statements that originate from the organisation itself. Examples of personal communication would be face-to- face service promises made by sales personnel. Adverts and brochures are examples of non-personal or indirect communication. It is said that the explicit service promises influence desired service expectations. However authors like Zeithaml, Bitner and Gremler (2006) indicate that organisations make the common mistake of promising too much to the customer and then being unable to fulfil that promise, much to the disappointment of the customer. They warn that organisations need to be careful about this as explicit service promises influence desired service levels and the predicted service level expectations (which the customer later realises). This ultimately results in the adequate service level expectations being influenced.

In the real estate industry, agents may, in their sales pitch, tell a seller that they have pre-approved buyers (i.e. successful bond applicants) on their database. They may also tell buyers that they have strong track record and/or new properties coming on to their portfolio. This is done with the intention of winning over the confidence of the customer. Some agents may capitalise on how long established they are. Acutts estate agents for example note on all their printed material and advertisements that they established their business in the year 1851 (Acutts, 2015).

2.10.10.2 Implicit Promises

Implicit promises are indications other than explicit promises that a customer uses as a basis to make inferences about what a service should be. Berndt and Brink (2004) concur that price and tangibles are often associated with service. If we consider the examples of Woolworths and other food retailers, customers have an automatic association that Woolworth's prices are generally higher, but at the same time, they are seen as offering a higher quality of service.

The issue of tangibles is best illustrated by examples. A good example would be a customer responding to an advert of a beautiful house for sale who then visits an owner managed estate agent that works from an office at his home. The next day, the same customer, responding to another advert of a beautiful house for sale, visits the plush offices on the Umhlanga Ridge which is regarded as prime property in Durban. The customer would desire and predict a higher standard of service from the agency with plush offices and hi-tech facilities.

2.10.10.3 Word of Mouth Communication

Studies in the mid-nineties by authors like Rust, Zahorik and Keiningham (1996), found that customers can influence others through word-of-mouth. They added that positive word-of-mouth generates additional sales while negative word-of-mouth has the potential to decrease sales. This notion was supported in later studies like that of Naik, Gantasala and Prabhakar (2010) who verify that when a customer perceives good service, he or she will tell nine to ten people about it. On the contrary however, they mention that if the customer is dissatisfied, he or she will tell fifteen to twenty people. This will no doubt affect any businesses bottom line. Bennett, et al. (2003) points out that word-of-mouth is particularly relevant for services that have a low level of pre-purchase evaluation and presents a higher risk for customers. They further add that professional services in particular rely, to a greater extent, on referrals rather

than advertising. These include the services of doctors, lawyers, accountants and other professionals. The reasons behind this is explained by Lovelock and Wirtz (2011) who affirms that recommendations by other customers are usually regarded as more credible than a company originated promotional campaign and hence influence decisions to use a service or not.

In light of this, word-of-mouth can easily affect levels of desired and predicted service. According to Wong, Tong and Wong (2014), positive word-of-mouth benefits an organisation not only by attracting new customers, but also by playing a significant part in reducing the cost of customer acquisition. This supported by the fact that fifty percent of American businesses thrive on informal word-of-mouth communication (Naik, Gantasala and Prabhakar, 2010). Estate agents to a large extent depend on referrals. Those that are long established in the business build a network of customers and rely on referrals from friends and family of former customers. The purchase and sale of a home is a big decision and a potential customer will speak to others that have bought or sold in a similar context.

2.10.10.4 Past Experience

According to Berndt and Brink (2004), past experience of a customer helps them formulate a vision of desired and predicted service levels. This becomes a key factor in establishing the kind of service that the customer desires and expects from their service providers. Past experiences may be in various forms such as comparison with the previous experience of the same service provider, a comparison with other service providers in the same industry and also with the service provider and other industries.

It is a known fact that estate agents can sell the same property more than once. They may sell a house to the current owner and then sell the house again for the current owner. Also a buyer who buys through a particular agent may approach the agent again if buying another house or if another family member are looking to buy. This would happen if the customer had a pleasant experience with the agent previously and the same level of service would be desired and predicted. However, if the customer went to another estate agency, it is most likely that they would base their prediction of service on the level that they received from the previous estate agent. Similarly, when they interact with the conveyancing attorneys, which are part of another industry, they would base their prediction in line with and in comparison to service

received in the estate agency industry. Therefore, predictions can be seen as interlinked and form a critical factor to customer expectations of service quality.

2.11 Customer Perception of Service

According to Theron, Bothma and du Toit (2003), perception is the way something is seen on the basis of experience. They add that customer perceptions may differ in that what is perceived by one customer as outstanding service may be perceived by another as not even being satisfactory. This means that service is to a large extent perceived subjectively. It also means that perceptions can change from day to day and from experience to experience. However Berndt and Brink (2004) add that perceptions are also the concluding result of several observations by a customer. They add that service expectations are produced at the start of a service encounter and service perceptions are produced during and after the experience with the service. Markovic and Raspor (2010) support this notion by pointing out that service quality perceptions are shaped during the production, delivery and consumption process.

Mohammad and Alhamadani (2011) assert that when it comes to service quality, this is measured as quality perceived by the customer. They differentiate this from objective quality. Rust, Zahorik and Keiningham (1996) further illustrate this difference by providing an example of a problem encountered by United States motor manufacturers. Customers in the United States have in recent years considered Japanese cars to be of a higher quality than American cars. American car manufacturer Chrysler in response marketed a car almost identical to a Japanese car. The cars were in fact manufactured in the same plant, however customers continued to rate the American version lower. It can therefore be concluded from an objective point, there was no difference in the cars and Chrysler was aware of this. Chrysler's customers however perceived the quality to be lower.

Perceptions are always considered relative to expectations and this being the case, we need to analyse perceived service is relation to expected service and in relation to the gaps that would exist between the two.

2.12   Models of Service Quality and Satisfaction

2.12.1 The Classical 'Disconfirmation' Paradigm of Satisfaction

Kasper, Helsdingen and Gabbott (2006) assert that interest in the quality of services started as early as 1963 with research by Carlsmith and Aronson. They add that later studies followed in the 1970's which expanded on the subject of service quality. These studies all maintained that customers approach purchases with some sort of expectation of what will occur. Kanning and Bergmann (2009) describe a model called a 'confirmation/disconfirmation' paradigm of satisfaction by stating that a customer's level of satisfaction (S) with a service or product is determined by the difference between the customers' expectations (E) and the customer's perceptions of the actual performance (P). It was presented in mathematical terms and expressed as:

$$S = P - E$$

Lovelock and Wirtz (2011) elaborate on this model by pointing out that customers assess service relative to what they initially expected. They explain further that if what the customer experienced was better than what they expected, they are satisfied and would rate service quality as high. If the reverse happened, both service quality and satisfaction would be rated negatively. If expectations are met, the customer will rate service quality as satisfactory. However the general model of Locke (1969, 1976) cited in Kanning and Bergmann (2009) added a third variable called 'Importance' (I), of a product or service to the existing variables of expectations and performance. In mathematical terms, this was expressed as:

$$S = (P - E) \times I$$

It is stated that the variable of importance was included because not all attributes are of equal importance to customers e.g. the quality of food served by a restaurant may be more important than the décor of the restaurant.

2.12.2 The Nordic Service Quality Model

Kasper, Helsdingen and Gabbott (2006) acknowledge that the 'disconfirmation' model made a massive impact on service quality and itself was subject to a number of refinements. They add that this model's strongpoint is that it provided a customer referenced method for assessing service quality.

One of the refinements to the 'disconfirmation' model was undertaken by Gronroos (2000). The author asserts that service quality is exactly as it is perceived by customers. He however is of the view that service quality as perceived by customers has two dimensions, the first being a 'technical or outcome' dimension and latter being a 'functional or process' related dimension. He differentiates between what the customer 'receives' such as accommodation at a hotel or a meal in a restaurant and the technical quality of the outcome. This is stated as what the customer is left with, when the service production process is over. Gronroos (2000) adds that technical quality does not count for the total quality which the customer perceives he received. The customer is also affected by the manner or 'how' the technical quality was transferred to him. In the above examples, this could be linked to the appearance and conduct of hotel staff and the restaurant waiters.

Also other customers in the system may influence a customer either positively or negatively. For instance, too many customers will result in long queues that cause delays whilst on the flip side; customers sometimes help create a good and cheerful atmosphere. Gronroos (2000) calls this aspect 'functional quality' and is perceived by the customer in a very subjective manner. Fisk, Grove and John (2004) illustrate the difference by drawing on the health care services industry and point out that 'what' is delivered is referred to as 'curing' and 'how' the service is delivered is referred to as 'caring'. Gronroos (2000) also talks about the influence of image as a screen in the perception of quality. He felt that where a company has a good image, mistakes are overlooked. However if these mistakes occur too often, the company image may be tarnished. Alternatively, if the company's image is negative, any mistake is taken more seriously than it really is.

The Nordic model is illustrated in Figure 2.8.
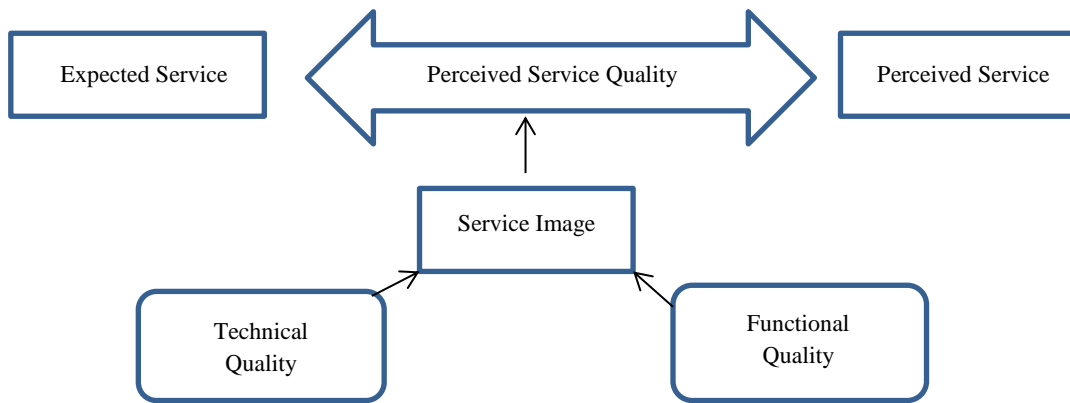
Figure 2.8 Two Service Quality Dimensions (Nordic/Gronroos Model)

Source: Adapted from Kasper, Helsdingen and Gabbott, 2006, p.187

Applying the above to an estate agency scenario, we find that in determining service quality, the technical or outcome dimension of the interaction would be the sale of one's home. In the case of the buyer, this would mean the purchase of his/her home. After the interaction, the customer, in the case of the home buyer, will be left with the title deed, whilst the seller will be left with a cheque in hand.

However the functional quality is determined by how the agent handled his interactions with the customer. It would be influenced by his appearance, his punctuality and his mannerisms when dealing with the customer. He would have had to have maintained a professional and consistent standard throughout the entire process. According to Gronroos (2000), if both these dimensions were seen as high by the customer, the entire service experience would be perceived as being of a high standard.

2.12.3 The GAPS Model

Service quality has been described by many authors as the degree to which a service matches or exceeds the expectations of customers. Green and Ramroop (2014) support the view that service quality as perceived by customers, arises from an evaluation of what they feel that service organisations ought to offer with their perceptions of the performance of establishments providing the service. The above definition is explained by the GAPS model which proposes that expectations of customers are a function of disconfirmation and that a customer formulates a comparison between expected experience and post consumption experience and decides on a level of service based on this.

Based on the disconfirmation model, Parasuraman, Zeithaml and Berry (1988) developed a model called the 'GAPS' model. This model views service quality as the 'gap' between expected level of service and the customer's perceptions of actual service received. The first four gaps of the model relates to management or the service provider in general. The upper section or fifth gap relates to the consumer or customer. Gronroos (2000) mentions that expected service is a function of the customers' previous experience, individual needs and of word of mouth communication. It is also further influenced by the marketing communication activities of the firm. As previously discussed in (2.11), customer perceptions are subjective appraisals of actual experiences. Customer satisfaction is hence dependent on minimising the gaps between gap 1 and gap 4. The inconsistencies that occur in gaps 1 to gap 4 result in consequences that affect gap 5. The GAP model is illustrated in figure 2.9 below.
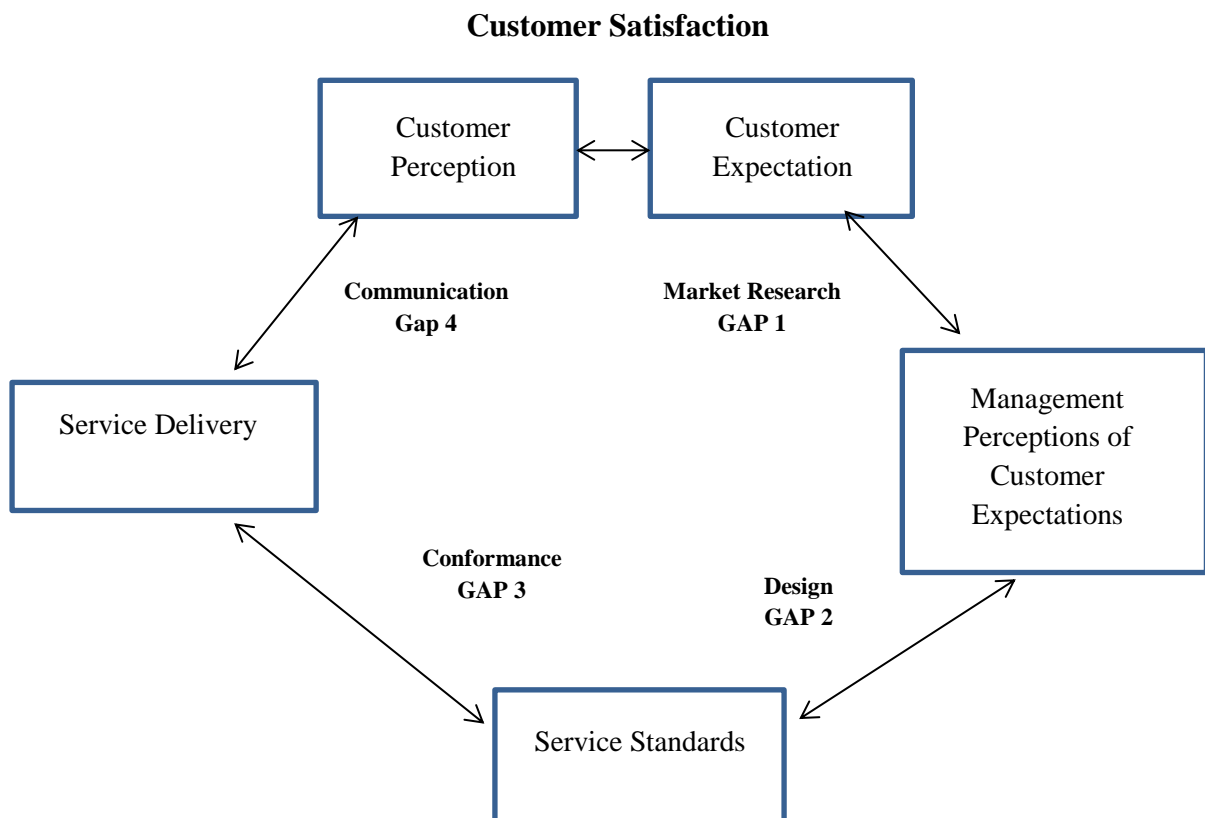
Figure 2.9 Service Quality Gap Model

Source: Adapted from Fitzsimmons and Fitzsimmons, 2011, p.119

2.12.3.1   GAP 1

GAP 1 is known by different names. Some refer to it as the market research gap, others the knowledge gap or the perception gap. This gap is essentially the variance between what customers expected and what management misunderstands as the customer's actual needs and expectations. Zeithaml, Berry and Parasuraman (1988) maintain that company executives may not always understand what characteristics symbolise high quality to customers. In addition, they may also not understand what features a service must have in order to fulfil customer needs and what levels of performance on those features are essential in delivering a high quality service. According to Bennett, et al. (2003), this results in service design and delivery that does not conform with the expectations of customers. Some of the reasons for this gap are mentioned by Gronroos (2000) include inaccurate information from market research, lack of upward information in the organisation and the existence of too many organisational layers that may hinder or alter the upward flow of customer information. Fitzsimmons and Fitzsimmons (2011) are of the view that management often does not know what customers expect as they are not willing to directly interact with customers to establish their expectations.

They also fail to interact with staff who interact with customers closely and who also have a first-hand understanding of customers. This notion was supported by Fisk, Grove and John (2004) who were of the view that management believe they know what the customer wants, without having actually asked the customer. They provide the example of a restaurant manager who focuses completely on good food , only to realises that he or she is still losing customers due to them having to wait too long to get a table. A clear case of not knowing what the customer really wants, in this case, prompt and efficient service. Zeithaml, Bitner and Gremler (2006) observed another shortcoming, i.e. that management often focused too much on new customers to the extent that they neglect existing customers. They added that management also failed to appreciate the importance of service recovery such as responding adequately and effectively to customer complaints.

2.12.3.2   GAP 2

Lovelock and Wirtz (2011) indicate that Gap 2 is also known as the policy gap which translates into the service design gap and the quality specification gap. This often means that management fails to design service standards that meet customer specifications. Zeithaml,

Berry and Parasuraman (1988) and Bitner and Gremler (2009) convey that one explanation for Gap 2 is the lack of overall management commitment to service quality. They are of the view that other company objectives are emphasised instead. Similarly, Lovelock and Wirtz (2011) call gap 2 the policy gap as they feel that management makes policy decisions not to provide what they think customers expect. Authors like Fitzsimmons and Fitzsimmons (2011) point out that the gap at this stage is due to a lack of management obligation to service quality and the perception regarding costs and feasibility of meeting customer expectations. This results in standards being set below customer expectations.

However authors like Kurtz and Clow (1998) and Buttle (2004) convey that in managements' defence that the reason for this gap could be the company's resource restraints and market settings. Resource constraints come in during a business's peak season when they cannot meet customer expectations. A good example would be an air-conditioning company that is inundated during the summer months. Market conditions like competitive parity also affects gap 2 in that competitors aim to match a competitors offering rather than meeting the needs of their customers.

2.12.3.3 GAP 3

Gap 3 is also known as the delivery gap or conformance gap (Fitzsimmons and Fitzsimmons, 2011). They emphasise that this gap arises when all parties and systems to the service delivery process fails to deliver the service to the necessary standards. Fisk, Grove and John (2004) assert that the reasons for this could be a lack of teamwork, inferior employee selection, ineffective training and inappropriate job design. They add that equipment failure may also impact on this gap. However other authors like Bitner and Gremler (2009) defended that this gap occurs when employees are incapable and/or disinclined to perform the service at a desired level. Although Kurtz and Clow (1998) concur with this line of thought, they are of the view that employees are critical in this gap as they are unable to perform the specified service due to them not being aware of the specifications, being aware of the specification but not having the skills or ability to perform the service as required. Thirdly, they feel that employees are aware of the specifications, have the expertise but are unwilling to perform the service according to the specifications. Parasuraman, Zeithaml and Berry (1988) are of the view that gap 3 is exacerbated by the fact that services are often delivered through intermediaries such as retailers, franchisees, agents and brokers. Furthermore, due to the nature of services involving a high degree of human interaction between service providers

and customers, the organisation is very rarely able to control the service delivery. They further convey that as services are perishable and cannot be "stocked", companies face problems of inadequate capacity during times of over demand and the reverse during times of low demand.

2.12.3.4 GAP 4

This gap, as suggested by Fitzsimmons and Fitzsimmons (2011), is also known as the communication gap as customers form expectations as a result of media advertising and other internal and external communications. Frisk, Grove and John (2004) add that media advertising and other communications by a firm can influence consumer expectations. This creates a problem when there is a discrepancy between what was promised and the actual service delivery. One of the main causes of this as stated by Kheng, et al. (2010) is that organisations often fall into the trap of making unrealistic promises to increase sales but they soon find out that it may be difficult to fulfil.

2.12.3.5 GAP 5

This gap, according to Lovelock and Wirtz (2011) is also known as the perceptions gap or perceived service quality gap as it is the gap where the customer's perception of service does not equal their expectations. This gap could surely be positive as well, resulting in an overall positive customer experience. Fisk, Grove and John (2004) support this notion by pointing out that this gap may either result in delight, satisfaction, dissatisfaction or disgust. They add that the key to achieving positive customer or consumer gaps (i.e. gap 5), is to minimise gap 1 to gap 4 as each of the first four gaps contributes to gap 5, being the service quality gap.

Lovelock and Wirtz (2011) point out that gaps at any point in the service design and delivery can impair relationships with customers. Gap 5 is hence critical and must be kept at a minimum if service quality is to improve. They add that measurement is critical in service quality improvement as they say "what is not measured is not managed" (pg. 409). Therefore without measurement, management can't establish if service quality gaps exist and more importantly, what contributes to the gap.

The importance of Gap 5 lead to the establishment of SERVQUAL model. Rust, et al. (1996) confirm that the gaps model (in particular gap 5) forms the basis for the SERVQUAL model.

SERVQUAL uses gap 5 as a foundation for its measuring capability. Gap 5 further relates to what this study will analyse.

2.12.4 The SERVQUAL Model

Galileo Galilei, cited in Brysland and Curry (2001:392) said, "What can be measured, can be improved. Count what is countable, measure what is measurable and what is not measurable, make measurable". The SERVQUAL model was developed by Parasuraman, Valerie Zeithaml and Len Berry, first in 1985 and later refined in 1988. They were concerned that although quality in goods were measurable by marketers, quality in services was undefined and principally unresearched at the time. Kasper, Helsdingen and Gabbott (2006) note that the 'disconfirmation' approach did not specify any service components in particular and it treated expectations from a holistic perspective. They however acknowledge that the Nordic or Gronroos model went a step further and included two sets of service product attributes i.e. technical and functional. It can therefore be accepted that SERVQUAL was a model that that started by developing a comprehensive understanding of service quality dimensions. Landrum, Prybutok, Zhang and Peak (2009) convey that Parasuraman, Zeithaml and Berry, developed SERVQUAL based on input from focus groups but had to make several changes to it, mostly in response to criticism by other researchers. They initially included ten service quality dimensions but later reduced it to five. The main purpose of the model was to provide an instrument for measuring service quality. What followed from Parasuraman, Zeithaml and Berry (1985) was a 22 paired item instrument rating scale that was split across 5 dimensions, namely tangibles, reliability, responsiveness, assurance and empathy. A depiction of the SERVQUAL model is noted in figure 2.10 below:

- Tangibles
- Reliability
- Responsiveness
- Assurance
- Empathy

SERVICE QUALITY
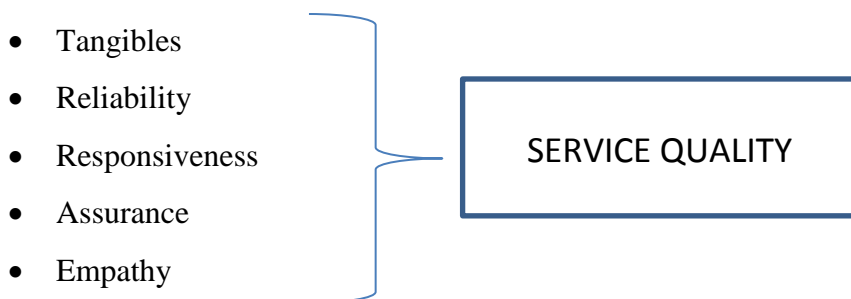
Figure 2.10: Depiction of SERVQUAL Model

Source : Adapted from Parasuraman, Zeithaml and Berry, 1988

Based on the five dimensions above, SERVQUAL is also referred to as RATER which is an acronym stemming from the first letter of each dimension. Respondents are asked to score what they expected from the service and how they actually perceived the service. Kleynhans and Zhou (2012) therefore assert that Parasuraman, Zeithaml and Berry designed the SERVQUAL instrument to design and measure the gaps between customers' expectations and perceptions of service quality. Bharwana, Bashir and Mohsin (2013:2) aptly describe SERVQUAL as "thinking minus hopes'.

Parasuraman, Zeithaml and Berry (1985) explain the five dimensions as:

- **Tangibles** – physical facilities, equipment and appearance of personnel. The tangible aspects of a service may also be referred to as serviscapes. Saravanan and Rao (2007) call this the "man-made environment", in reference to employees dress, appearance of equipment and overall general visual appearance. Tuzovic (2009) adds that several researchers have investigated various aspects of 'tangible' quality dimensions. These include aesthetics, ambience, physical appearance, cleanliness, design and the physical environment.

- **Reliability** – ability to perform the promised service dependably and accurately.

- **Responsiveness** – willingness to help customers and provide prompt service.

- **Assurance** – knowledge and courtesy of employees and their ability to inspire trust and confidence.

- **Empathy** – Caring, individualised attention the firm provides its customers.

As alluded to earlier, the SERVQUAL rating scale operates as two sets of 22 questions each. The first set aims to measure the expected levels of service of a particular industry. The second set aims to quantify the perceived service level offered by a specific establishment within the particular industry. Both sets are scored on a 7 or 5 point Likert scale. The difference in scores between the expectations and perceptions is hence used as a basis to measure service quality.

According to Parasuraman, Zeithaml and Berry (1988), the rationale behind the need for a survey like SERVQUAL is that service quality is abstract and is best evaluated by a survey that measures customer's evaluation of service. They add that the quality of goods can be measured impartially by looking at aspects such as durability among others. Kurt and Clow (1998) are of the view that SERVQUAL is the difference between customers' expectations and their assessment of the service received. They hence believe that the level of service quality is determined by deducting the perceived service score from the customers

expectation scored for each of the questions. Brysland and Curry (2001) concur by adding that with SERVQUAL, expectations, perceptions and gap scores are compared and their significance interpreted. Saravanan and Rao (2007) believe that although researchers throughout the world have developed various models to measure service quality in service organisations, SERVQUAL has been the basis for all these models. Brysland and Curry (2001) argue that SERVQUAL has a distinct advantage as a measurement tool in that it is a tried and tested instrument which can be used moderately for benchmarking purposes. These are some the primary reasons why the SERVQUAL will be used in this study.

SERVQUAL mainly focuses on the human aspects of service delivery. Four of the five dimensions are linked to humans aspects i.e. reliability, responsiveness, assurance and empathy. Only the fifth dimension speaks to other aspects such as equipment and machinery among others. SERVQUAL is also a measurement tool that is adaptable to a variety of service industries. This was highlighted by Kanakana (2014) who also added that SERVQUAL was adaptable to a South African context as he had used it in his study with ease.

The researcher is aware of a measuring instrument called RESERV (Real Estate service quality) that was developed by Nelson and Nelson (1995) specifically for rating service quality in the real estate industry. These authors used SERVQUAL as a benchmark and adapted the instrument to suit the real estate industry. Seiler and Reisenwitz (2010) assert that although the RESERV model did show potential, its developers Nelson and Nelson (1995) themselves acknowledged that it had to be tested in different geographical areas before it could be used as an industry standard that will allow researchers to generalise findings. They hence recommended that the model be used subject to further refinements.

The researcher is also aware of a measuring instrument called SERVPERF. SERVPERF is a performance based approach to the measurement of service quality. It was developed by Cronin and Taylor in 1992. The study by Rodrigues, et al. (2011) found that the outcomes of SERVQUAL and SERVPERF did not concur when applied to the same study. Significant differences were in fact observed in the outcomes of the measurement tools. They attributed this due to differences that exist between the two appraising tools. In SERVQUAL measurement, perception minus expectation (P - E) is a measure of service quality and may result in either 'dissatisfaction' or 'satisfaction'. In SERVPERF measurement, perception

alone is a measure of service quality. SERVPERF therefore cannot have a negative score which is associated with 'dissatisfaction'. It may however reveal low levels of satisfaction.

Based on this, the researcher has decided to use SERVQUAL which has been tried and tested across several industries and in several parts of the world. Further, authors like Seiler and Reisenwitz (2010) and Nelson and Nelson (1995) themselves conclude that the real estate industry is not different from other service industries. This is further justification that SERVQUAL can quite easily be used as a service quality rating tool in the real estate industry.

2.12.4.1 Reasons why researchers across the world prefer SERVQUAL

- Authors such as Landrum, Prybutok, Zhang and Peak (2009) regard SERVQUAL as the most prevalent and global service quality tool.

- According to Brysland and Curry (2001) understanding what the stakeholder expects is the initial and crucial component in the delivery of quality service and offers a good commencing point for improvement. This is what SERVQUAL does.

- Markovic and Raspor (2010) regard SERVQUAL as a popular instrument for measuring service quality and they further point out that it has been applied across various industries. The model has been used successfully across a variation of service settings such as real estate brokerage, medical practices, hospitals, banking and the motor industry among others.

- The instrument can easily be modified to suit the features of a specific service. It can also be adapted across cultures and countries and can be used in commercial and public sector organisations (Markovic and Raspor, 2010).

- Akbaba (2006) cited in Kleynhans and Zhou (2012) regards the SERVQUAL instrument as the greatest, reliable and consistent questionnaire to measure service quality.

- SERVQUAL is useful in drawing attention to a specific dimension that is lacking. Management can hence take steps to improve that particular dimension (Yusoff, Ismail and Newell, 2008).

2.12.4.2   Some noted disadvantages of SERVQUAL

- According to Bennett, et al. (2003), measuring expectations and the gap provides no additional value. They declare that measuring performance would be sufficient enough.

- Gronroos (2000) was of the view that the 22 attributes do not always accurately describe all aspects of a given service.

- Brink and Berndt (2004) felt that low preliminary expectations and actual service that was slightly improved does not necessarily infer that customers are receiving excellent service.

- Kurtz and Clow (1998) believe that measuring customers' expectations after a service has been provided will prejudice consumer's responses. The service actually received will determine where they will pitch their expectation.

It must however be noted that all of the above mentioned authors felt that SERVQUAL was an effective tool for surveying customer service quality as it was based on the service quality gap model. These authors however felt that for best results, SERVQUAL needed to be adapted to fit the particular industry for which it was being used.

2.13 Staff Involvement in the Provision of Service Quality

Saravanan and Rao (2007) affirm that the SERVQUAL instrument mainly focusses on the human aspects of service delivery. They substantiate this by asserting that in service encounters, employee behaviour will impact on the customer perceptions of service quality. They posit that personalisation of a service emerges as the most important determinant of service quality and of customer satisfaction. This notion is supported by Qin, Zhao and Yi (2009) who convey that the collaboration between customer and employees plays a meaningful role in the outcome of the service experience and ensuing relationship building.

Kasper, Helsdingen and Gabbott (2006) recognise that the creating of a service usually requires the presence and involvement of the customer, particularly during the production and consumption phase. They add that this two way human interaction often leads to a fluctuating quality of the service. Blem (1995) mentions that personal contact is at the heart of customer

service. Irrespective of the type of business i.e. whether it is a product based or service based, customers like to deal with people. Blem (1995) argues that it is the person to person contact between supplier and customer that is the deciding factor between success and failure. Kurtz and Clow (1998) are of the view that employees at the forefront of customer interaction are also the interface between the service organisations and its customers. As they are the employees that customers see and interact with, service quality is largely determined by them. These employees may also be referred to as frontline staff. Theron, Bothma and Theron (2003) assert that frontline staff need to be carefully selected. Apart from knowing their job well, they should have the personality that would allow them to deal with customers on a daily basis.

According to Fisk, Grove and John (2004) everyone in an organisation has a service based role to play, including those who do not see the customer directly. This means that morale in the organisation as a whole has to be at an acceptable level. Blem (1995) adds that the quality of frontline service is closely related to the morale of the organisation. Regrettably, frontline staff that are low in morale or frustrated often vent out their frustrations on the customer or attempt to undermine the organisation in the presence of the customer. Although authors like Blem (1995) feel that morale in the organisation is an important problem that management must address, he feels that service providers must pay particular attention to staff selection and the training aspect of their business. Fisk, Grove and John (2004) express concern on what they term a key issue being that staff are selected for high or extensive customer contact positions without having the necessary skills and furthermore, these individuals are not provided with initial training that should ideally be supplemented throughout their periods of employment. Lovelock and Wirtz (2011) support the view that ongoing training is needed for frontline staff as they feel that this is the most demanding amongst all jobs in the service business. Frontline staff are expected to be swift and efficient in carrying out operational tasks, while being polite and helpful in dealing with customers. Lovelock and Wirtz (2011) believe that frontline employees are key in delivering service excellence and gaining competitive advantage.

According to Fisk, Grove and John (2004), frontline employees or customer contact employees are either seen as uncaring, unhelpful and incompetent or as individuals who will go out of their way to assist a customer by going the proverbial extra mile. It must be noted that the point of contact between the customer and service staff is the most significant aspect

of a service. For the organisation however, the service levels provided by its frontline staff is anticipated as the defining difference between itself and its competitors. Lovelock and Wirtz (2011) believe that effective performance of the frontline staff should effectively lead to customer loyalty. Kasper, Helsdingen and Gabbott (2006) believe that committed employees rank as the most important essential asset when it comes to satisfying customers. They believe that employees can be influential in supporting an inadequately designed service process as well as impairing a well -designed process. They further maintain that frontline staff can directly influence customer satisfaction as they represent the organisation and perform the role of marketers.

2.13.1 Why the Focus on Customer Contact Service Employees

According to Fisk, Grove and John (2004), frontline employees link an organisation to its customers by providing their technical and social skills in the production of service quality. They explain that technical skills are the competence with which service employees execute their tasks and social skills are the manner in which they interact with customers. The following points to substantiate why there is considerable focus on customer contact employees.

2.13.1.1 They are the service

Kasper, Helsdingen and Gabbott (2006) note that in many personal and professional services, it is the contact employee that is actually the service. Examples of such situations include physical trainers, hair stylists and child care. This would also apply to the estate agency business. The customer liaises almost entirely with an agent from a specific agency and that agent is tasked with providing a full service of either selling a property or finding the customer a property to buy.

2.13.1.2 They are the organisation in the customer's eye

It is accepted by Lovelock and Wirtz (2011) that an employee may not single handily perform an entire service, however they acknowledge that an employee personifies the organisation in the customer's eyes. Kasper, Helsdingen and Gabbott (2006) add that all employees, from the person performing the task to support staff such as cleaners and reception, represent the organisation and hence can influence a customer's perception of the organisation. Theron, Bothma and du Toit (2003) claim that this results in many

organisations cautioning their employees about their conduct and comments towards customers and general behaviour in public, even when they are off duty.

2.13.1.3 They are the brand

Lovelock and Wirtz (2011) point out that a customer's image of an organisation is based on the quality of interactions he or she has with employees of that particular organisation. They add that an organisation is seen as a professional and empathetic if their employees are knowledgeable, understanding and are concerned about the welfare of the customer. Therefore the brand image of the organisation can be enhanced by the people who work on it.

2.13.2 Moments of Truth

Berndt and Brink (2004) convey that moments of truth occur when a customer interacts with the organisation. Berndt and Brink (2004) point out that these service encounters are important as it gives the customer an impression about the level of service quality offered by the company. They add that service encounters may be of three types. The first is a remote encounter where no human contact takes place e.g. when a bank customer makes use of the bank's ATM. However Theron, Bothma and du Toit (2003) explain that as technology is becoming more important, this sort of encounter is becoming more prominent.

The second encounter is a telephonic encounter. Theron, Bothma and du Toit (2003) mention that for many businesses, this represents the most frequent type of encounter. Employees are judged on the tone of voice, expertise and effectiveness in dealing with the customers query. The third type of encounter is direct contact or face to face encounters. In this type of encounter, both verbal and non-verbal behaviour needs to be considered (Fitzsimmons and Fitzsimmons, 2011).

2.13.3 Employees Effect on Service Quality Dimensions

Service employees have the ability to directly influence all 5 dimensions of service quality which includes reliability, responsiveness, assurance, empathy and tangibles (Zeithaml, Bitner and Gremler, 2006). Reliability can be enhanced by delivering the service as promised. However if a service failure occurs, it would rest on frontline employees to rectify and effectively engage in service recovery. Perceptions of responsiveness can be influenced by frontline employees through their personal interest in helping customers in a prompt and

professional manner. For the dimension of assurance to be heightened, employees must be able to stimulate trust and confidence in the customer (Odgers, 2008). For existing organisations, the reputation of the company strengthens this dimension but with new organisations, it is almost completely reliant on credibility, trust and confidence, inspired by employees (Odgers, 2008). Employee's appearance and dress are important aspects of the tangibles and compliment other non-employee tangibles such as décor and signage (Cheales, 2007). The dimension of empathy implies that employees will pay attention to and listen to the needs of individual customers.

2.14 Customer Satisfaction

Wong, Tong and Wong (2014) regard customer satisfaction as the most important element of marketing. They believe that customer satisfaction is the key determinant of success in the service industry and is achieved when the needs and expectations of customers are met or exceeded. This notion is supported by Naik, Gantasala and Prabhakar (2010) who claim that satisfying customers is one of the main objectives of every business. They add that customer satisfaction is an asset that should be monitored and managed just like any physical asset. Customer satisfaction is also an important factor in an organisation as it contributes to a high return on investment and higher profits (Yusoff, Ismail and Newell, 2008). They describe customer satisfaction as a human response that involves both cognitive (thinking) and emotional (feeling) elements. Harris (2003) describe customer satisfaction as the customers overall feeling of gratification with a customer interaction. She adds that satisfaction may be a customer's afterthought in the sense that the customer may, after the interaction, reflect and realise how pleasant or unpleasant it was. Odgers (2008) concurs that customer satisfaction is a state of mind that a customer may have about a corporation especially in cases where their expectations have been met and exceeded. It must be noted however, as pointed out by Johnston (2004), that satisfying customers is not enough to hold on to them as satisfied customers defect at an above average rate in many industries.

Zeithaml, Bitner and Gremler (2006) describe customer satisfaction in terms of needs and expectations. They hence define satisfaction as being the customer's appraisal of a service (or product) in terms of whether the customers' needs and expectations have been met. If it is not met, the customer may express dissatisfaction with the product or service. As indicated by Harris (2003), customer satisfaction relates to a sense of feelings and contentment. She adds

that a feeling of contentment towards routine services may exist, whilst a feeling of pleasure may be felt for services that make the consumer feel a sense of happiness. However in some situations, a sense of relief may be felt when the customer has a negative situation taken away. A good example of this would be a customer's sense of relief upon seeing a tow truck respond to his/her broken down vehicle in an isolated area at night.

Kasper, Helsdingen and Gabbott (2006) note that satisfaction or dissatisfaction may result in certain actions. They explain that customers express satisfaction through positive word-of-mouth, complimenting and remaining loyal to the service provider. However, they also discuss that dissatisfied customers may also engage in certain actions, depending on the seriousness of the problem or the monetary value of the transaction. They may choose to do nothing but switch to another service provider and/or they may also voice their opinion and demand that their grievances be addressed.

2.14.1 Factors that Influence Customer Satisfaction

There are various factors that may influence customer satisfaction.

2.14.1.1   Emotional Responses

Kasper, Helsdingen and Gabbott (2006) maintain that a customer's emotional state of mind may influence his perception of satisfaction with regards to a service. They add that when the customer is in a good mood, happy and relaxed then this would show in their response to a service. However if the customer is stressed, angry and frustrated, they would tend to be more critical about service related matters and may over react on the smallest of 'glitches', in terms of service delivery. In this case, the perception of service would be negative.

2.14.1.2   Attributions of Service Success or Failure

Lovelock and Wirtz (2011) define attributions as reasons customers would ascertain as possible causes for the level of service that was received. They add that if a customer is surprised with a level of service, he would look at ways or reasons to account for the level of service received, before determining the level of satisfaction associated with that particular service delivery. Theron, Bothma and du Toit (2003) maintain that in most cases when service delivery has not gone as expected, the customer engages in blame avoidance and will find excuses and reasons to blame the service provider. They point out that in some instances,

the customer will take partial blame for the scenario e.g. a person who has to appear in court over summons received for a speeding fine. While he or she may criticise the justice department for the slow pace in which the courts work, they may accept blame to the extent that if he was not speeding then he would not have incurred the fine in the first place.

2.14.1.3 Perceptions of Equity and Fairness

Customer satisfaction is influenced by perceptions of equity and fairness (Lovelock and Wirtz, 2011). Berndt and Brink (2004) point out that if customers feel they have been treated fairly, their level of satisfaction is higher. However if they feel that they have been treated unfairly or differently as compared to other customers then their level of satisfaction is significantly lower. Berndt and Brink (2004) elaborate that the influence of customer satisfaction is especially significant in service recovery. In a situation of a service failure where a customer feels they were treated unfairly in the service recovery process, then a situation of extreme dissatisfaction can easily be reached.

2.14.1.4 Other Customers, Family and Colleagues

Kasper, Helsdingen and Gabbott (2006) assert that customer satisfaction may be influenced by other people. This situational factor is best described by examples. A trip to the restaurant by a family group may be influenced by the expressions and opinions of individual members with regards to food and ambiance. The level of satisfaction expressed towards a new service provider at the office may be largely influenced by what colleagues say and express. If the majority are very content with the level of service extended, this view is then adopted by most people in the organisation (Frisk, Grove and John, 2004).

2.14.2 Link between Service Quality and Customer Satisfaction

Figure 2.11 demonstrates the link between service quality and customer satisfaction.
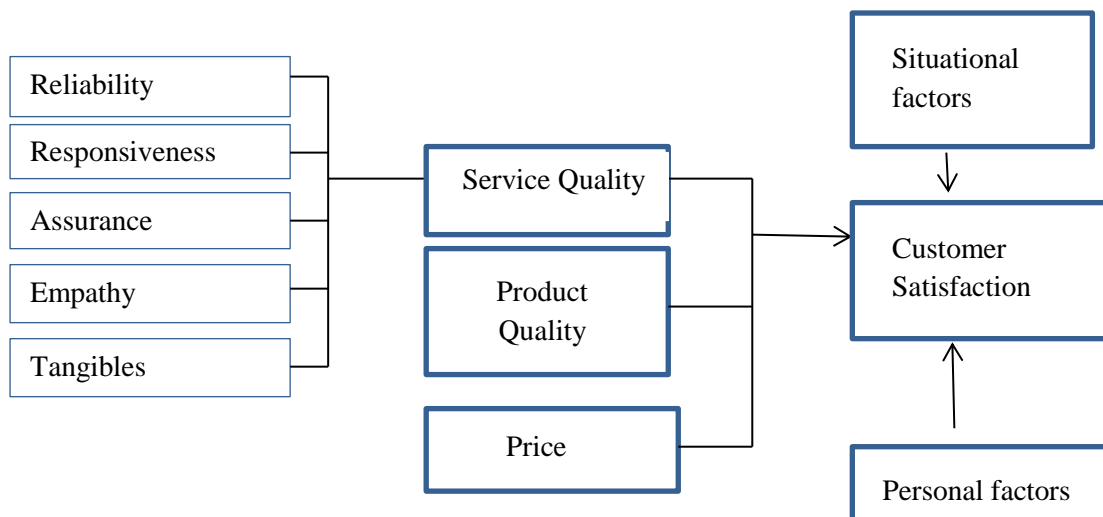
Figure 2.11 The Link between Service Quality and Customer Satisfaction

Source: Adapted from Bennett, et al, 2003, p.107

Service quality and customer satisfaction are linked concepts. This is the view of Sureshchandar, Rajendran and Anantharaman (2002) who add that the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers. This notion is supported by Kiran (2010). However he stresses that although the two concepts are sometimes used interchangeably, satisfaction is generally viewed as a wide-ranging concept whereas service quality focuses specifically on the dimensions of service. He hence believes that perceived service quality is a constituent of customer satisfaction. This is illustrated in figure 2.10 above. This notion is supported by Kasper, Helsdingen and Gabbott (2006) who argue that a subjective evaluation of service quality leads to satisfaction or dissatisfaction. They also emphasise that service quality is one of the key drivers of customer satisfaction.

Theron, Bothma and du Toit (2003) are of the view that service quality in an organisation is the customers overall impression of the organisation and its services while customer satisfaction is the outcome of individual service transactions. However, the customer's level of satisfaction or dissatisfaction from the very first interaction with the organisation has a bearing on his or her overall perception of the organisations service quality. Theron, Bothma and du Toit (2003) believe the first impression, is in most cases, the most important and lasting impression the customer has of the organisation. Subsequent interactions with the organisation will either add to or reduce the customer's perception of the first impression.

Kurtz and Clow (1998) support this view by relaying that customer satisfaction (or dissatisfaction) can be described as episodic in nature in that it relates to the last service experience. Their research has established that a customer's perceived evaluation of service quality has a bearing on that customer's level of satisfaction. They hence assert that service quality is an antecedent to customer satisfaction. This was supported by Gronroos (2000) who declares that a perception of service quality should logically come initially and then followed by a perception of satisfaction or dissatisfaction.

Rust, Zahorik and Keiningham (1996) demonstrate by way of example that perceived quality does influence satisfaction. They provide the example of a customer who receives delivery of a new Rolls Royce (car) that may have even a 'slight' scratch on it. In this case, although perceived quality is still high, satisfaction will be low. This is so as the buyer of a Rolls Royce would have very high expectations. The above example confirms their definition of perceived quality as a rational perception while they define satisfaction as an emotional or feeling reaction.

2.14.3 Link between Customer Satisfaction and Customer Loyalty

Figure 2.12 shows the link between customer satisfaction and customer loyalty
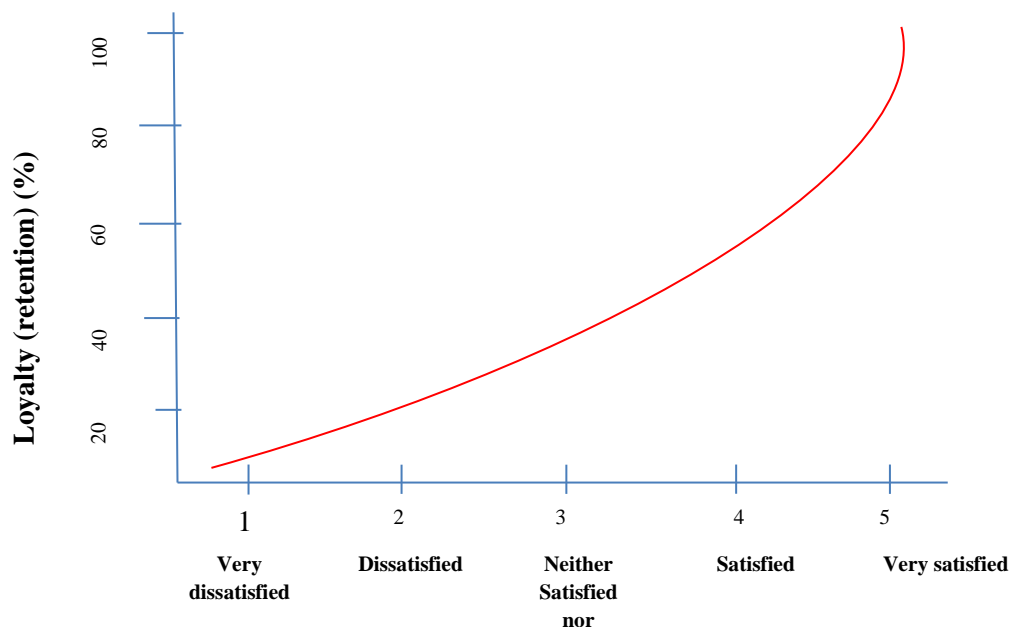
Figure 2.12 Relationship between Customer Satisfaction and Customer Loyalty

Source: Adapted from Zeithaml, Bitner and Gremler, 2006, p.115

Odgers (2008) affirms that customer satisfaction results in customer loyalty. Similarly, Roberts-Lombard and du Plessis (2012) assert that to keep customers loyal, they must be kept satisfied. Blem (1995) shared this view by acknowledging that certain organisations are able to remain successful even in an economic down turn. He further concludes that a reason for this is their attention on customer satisfaction which has helped these organisations achieve a high growth rate and profitability. These organisations share in common a focus on customer satisfaction even if it means additional costs to them.

Brink and Berndt (2004) agree that there is a consensus that satisfied customers have a high propensity to be loyal. They add that companies have realised that increasing levels of customer satisfaction can be correlated to loyalty and profits. They hence refer to a significant relationship between customer satisfaction and customer loyalty. Lam, Shankar and Erramilli (2004) support this notion by adding that customer satisfaction is a crucial driver of long term relationships between customers and service providers. They are of the view that a satisfied customer could motivate transact again and endorse the service provider to other customers. Lam, Shankar and Erramilli (2004) also add that customer loyalty in turn can drive customer satisfaction and that there could be a reciprocal relationship between the two concepts.

However, a differing view was given by Huang (2009). He felt that customer satisfaction and customer loyalty are not surrogates for each other. He substantiates by arguing that it is possible for customers to be loyal without being highly satisfied and also to be satisfied without being loyal. This may happen in the first scenario where there are few choices available and in the second scenario, where many alternatives are available.

2.15 Customer Loyalty

Mosahab, Mahamad and Ramayah (2010) describe customer loyalty as a complex concept. However according to Akbar and Parvez (2009) customer loyalty is an intense commitment to repurchase a favoured service time and again in the future, regardless of situational influences and marketing attempts. They add that it is a 'customer's mind-set' to hold 'favourable attitudes' towards an organisation (page 27). This notion is shared by Roberts-Lombard and du Plessis (2012). Harris (2003) adds that customer loyalty will be one of the crucial spheres of triumph or disappointment for service providers in the future. He sees all service interactions as an occasion to better comprehend customers and to develop a

relationship with them. There is also a buoyant association between customer loyalty and profitability. This is according to Bowen and Chen (2001) who further convey that the improved profit from loyalty comes from decreased marketing costs, increased sales and reduced operational costs. They add that loyal customers are less liable to switch due to pricing and they go on to make more purchases when compared to non-loyal customers.

Wong, Tong and Wong (2014) add that loyalty increases revenue and reduces the costs of customer acquisition and retention. Loyalty is hence a relationship in that customers have a bond with an organisation and are able to oppose the marketing activities of competitors endeavouring to entice their patronage. Berndt and Brink (2004) are of the view that simple patronage is not enough to be termed as loyalty but instead repeat purchase behaviour towards a particular or specific organisation. This view is shared by Mosahab, Mahamad and Ramayah (2010) who posits that repeat purchases due to circumstances such as lack of alternatives. It is important to distinguish these types of circumstances from 'loyalty' as demonstrated by those customers who seriously support a service and have a psychological bond with the company.

Gronroos (2000) expands on this by acknowledging that there is a positive relationship between satisfaction with services and a customer's intention, repeat purchases and the ability to recommend the service to others (referrals). He does however point out that this relationship is not linear and there exists a "zone of indifference" (page 128). This means that satisfaction would have to move from satisfied to very satisfied for the repurchase rate and 'word of mouth referral' to increase significantly. Wong, Tong and Wong (2014) support this notion by arguing that the level of customer loyalty is measured by how willing a customer is to recommending their service provider and the extent to which they will continue to buy more services from their service provider. Therefore any organisation wishing to create loyalty must aim higher than just good service but instead also aim for something that will delight the customer such as going beyond what can normally be described as good service. Gronroos (2000) emphasises that a customer's 'trust' in the organisation must never be broken by wrong or incomplete information so that very satisfied customers who will engage in positive word-of- mouth, will be attained.

Applying this to the estate agency business, it would be expected that trust and complete and accurate information is critical as large sums of money are involved. A buyer of a property

depends on the agent to inform him or her of all material facts relevant to the property. The decision to buy or not would be based on the information and facts provided by the agent. These could relate to the size of the land, age of the house and/or crime statistics/safety in the area. Similarly, the seller of a property would trust the agent to evaluate his property correctly and put it for sale at the correct market price. The seller would not be very pleased if his was sold, but at a price far less than what its true value is.

Gabott and Hogg (1998) further elaborate on the relationship of trust and honesty in respect of loyalty by calling trust one of the 'bonding characteristics' between the customer and service provider. They list 'goal' compatibility as another bonding variable. This means that both the service provider and the customer each stand to benefit from a continued association. They also point out that service loyalty differs from tangible products in that service organisations have the opportunity to generate stronger loyalty bonds with their users through direct interaction and physical presence, hence allowing loyalty to develop.

 As customers are creatures of habit, they would tend to stay loyal to a particular organisation even if a more convenient option where to present itself. Cartwright (2000) refers to this as a customer being in their 'comfort zone'. However there are times when a customer is discouraged from making a change. This would be the case where 'switching costs' are involved. Switching costs are costs associated with consumers changing from one service provider to another. Lam, Shankar and Erramilli (2004) relay that switching costs encompass monetary and non-monetary expenses like time and effort. Wong, Tong and Wong (2014) puts forward that the primary purpose of switching costs is to stimulate loyalty as switching to a new service provider costs time, effort and money. They add that switching costs can effectively strengthen loyalty by making it difficult for a customer to go to an alternative service provider. An example would be a customer changing its internet provider may incur costs in informing his or her network of associates and customers of a new email address. It may also involve costs related to the reprinting of stationery such as business cards, letterheads and other related items.

However in other situations, the customer has little choice but to remain with the existing service provider. This may happen in cases where the customer has little choice. For example, a customer without transport who requires groceries and lives in a rural area is limited to the shops in that area. Another example is customers who require a telephone landline service in South Africa which, until a few years ago, the customer had no choice but

to sign a contract with Telkom. Cartwright (2000) refers to this customer as a 'hostage' whereby a customer who has no option/s but to be a customer of a particular supplier.

2.15.1 Loyalty Programmes

Gabbott and Hogg (1998) maintain that customers who perceive greater levels of service quality and satisfaction will express greater commitment to the organisation through repurchase behaviour and loyalty. However based on the popularity of loyalty programmes today, it is evident that many organisations today are attempting to capitalise on loyalty of customers by introducing loyalty programmes that offer some sort of reward to the customer. Odgers (2008) points out that a loyalty marketing strategy in the United States revealed that 90 percent of Americans partake in some sort of loyalty programme. Kumar (2008) is of the view that organisations are in favour of loyalty programmes as they believe that over time, long-term customers spend more cost less to serve generate word-of-mouth referrals and pay a premium price. He illustrates the evolution of loyalty programmes in figure 2.13 below.
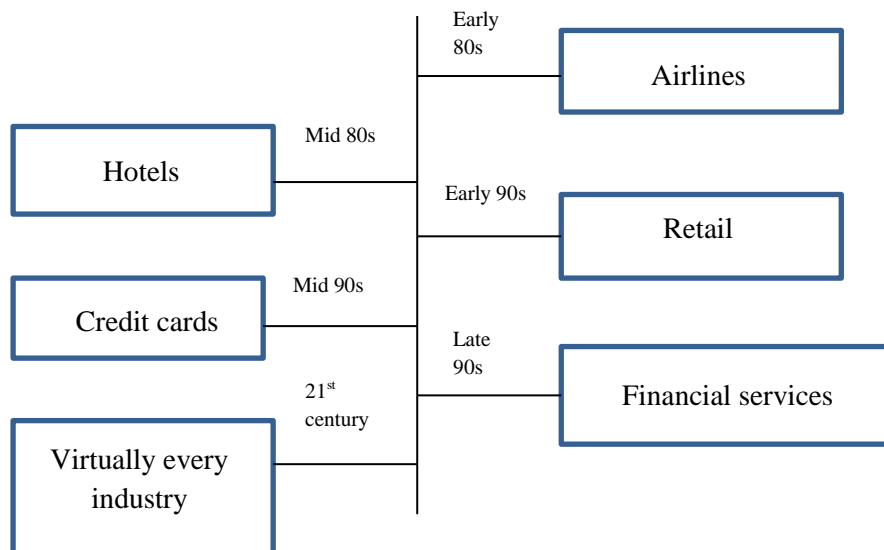
Figure 2.13 Evolution of Loyalty Programmes

Source: Adapted from Kumar, 2008, p.13

2.15.2 How do Loyalty Programs Work?

Kumar (2008) maintains that loyalty programmes have been used to build customer relationships from as far back as the 1980s. Loyalty programmes are seen as marketing initiatives that reward customers based on their purchases. Kumar (2008) adds that once customers enrol in a loyalty programme, they tend to purchase more from that particular company (hosting company) and in the process increase their own switching costs. Loyalty programme participants in return accumulate 'points' that they can later redeem for products and services, primarily from the hosting company. Wong, Tong and Wong (2014) concur that loyalty programmes that are well managed can enhance customer loyalty. Loyalty programme participants are also rewarded with special promotions that may not be offered to non-members. A mutually beneficial relationship hence develops as the organisation receives repeat patronage and the customer is accordingly rewarded.

2.15.3 Customer Loyalty and Profitability

Kiran and Diljit (2011) argue that customer loyalty should be the ultimate goal of any service organisation. They however stress that in any organisation; loyalty is important for higher revenues and is hence measured in terms of profit. They, together with authors Lovelock and Wirtz (2011) and Kumar (2008), add that customer loyalty affects organisations profitability in the following ways:

2.15.3.1   Profits

The profit derived from repeat and increased purchases benefits the organisation. Over a period of time the needs of customers grow as families expand in size and needs. In addition, as time passes it is likely that people improve their careers and earn a higher remuneration which results in adjusted lifestyles and spending patterns.

2.15.3.2   Reduced Costs

As the relationship between customer and service provider strengthen due to repeat business, a better understanding between the two parties is established. This means that fewer demands are made on the supplier which in turn could mean that fewer inaccuracies/mistakes will occur in the process. This results in cost savings for the service provider.

2.15.3.3 Referrals

Loyal and satisfied customers generate positive word-of-mouth recommendations by referring the service provider to family, friends and associates. When this occurs, the customer acts as a 'marketer' for the organisation at no additional costs. Many small service businesses rely on good referrals by satisfied customers to source new work (Kumar, 2008). The same applies in the estate agency business. Estate agents rely quite substantially to being referred to new buyers and sellers by satisfied customers whom they have already dealt with. Estate agents interact quite extensively with their customers and hence rely on that relationship that has been established to be referred to others.

2.15.3.4 Premium Pricing

Odgers (2008) adds that most people change from one supplier to another as a result of dissatisfaction with the service, and not because of price and product offerings. In light of this, organisations usually run special offers to attract new clients. These offers are not available to long standing clients. Organisations feel that loyal customers are accepting to pay normal prices and are price sensitive to a lesser degree. This can hence lead be more profitable to the organisation.

2.15.3.5 Acquisition Costs

Gronroos (2000) argues that it costs five to six times more to get a new customer than to retain an existing one. This includes the sales and marketing efforts required in bringing in new sales. The above points support the notion that it is in a business's best interest to look after existing customers. However according to the Technical Assistance Research Programme (TARP, 2006), a Washington based consulting firm, 68 percent of customers leave an organisation because they perceive an attitude of indifference. Odgers (2008) asserts that such customers believe their loyalty is futile on an organisation that is indifferent as to whether they remain customers or not.

The indifference can be mainly attributed from people who are the face of the organisation i.e. staff. They can be indifferent to customers by showing a lack of courteousness or attention, exhibiting improper or unprofessional behaviour and/or simply conveying a lack of consideration for the customer.

2.16 Customer Retention

Johnson and Weinstein (2004:183) cite a Chinese proverb that states "a good customer should not change his shop, nor a good shop change its customers". They further claim that on average, United States businesses lose half their customers within five years. They feel that the main contributing factor is that 80 percent of the average businesses' marketing budget is earmarked towards acquiring new business rather than focussing on existing business. This view is also shared by Rust, Zahorik and Keiningham (1996) who feel that although businesses lose customers through defects; their main focus is towards attracting new customers. These businesses fail to realise that a major influence on profits is the retention of current customers. This mind set appears to be the way that most management teams think. Authors like Ahmad and Buttle (2002) assert that customer retention is becoming an important issue for management only as of recent times, and this is mainly due to markets becoming saturated which makes the acquisition of new customers more difficult, is. Various authors such as Kumar (2008), Ahmad and Buttle (2002), Johnson and Weinstein (2004) unanimously agree that acquiring new customers costs more than retaining existing ones. This would seem fair comment if one had to consider the costs of a marketing team, sales team and admin support that would be involved from the time a sales pitch is made up until the time a sale happens and all admin issues are sorted out.

Harris (2003) viewed customer retention as a business's on-going efforts to satisfy and keep existing customers actively encompassed in conducting business. Johnson and Weinstein (2004) on the other hand add that customer retention should be directed towards maintaining, tracking and updating customer databases, customer satisfaction and service quality surveys and special offers and promotions to existing customers. Kumar (2008) lists after sales service and complaint management as example of customer retention programmes. Harris (2003) feels that customer retention is not a complicated matter and can be as simple as expressing common courtesy to customers by showing that the organisation cares and appreciates them. In addition, business must show its customers that they are concerned with their customer's success and happiness for both now and the future. Harris (2003) however feels that a customer retention programme when implemented must suit the goals of the organisation. They could hence experiment with a few methods and see what works for the specific organisation. Harris (2003) suggests that an organisation starts with basic retention strategies like follow up phone calls, face to face visits, reminders, newsletters and special

offers among other strategies. The aim of these strategies is to remain in contact with the customer and to let them know that they are appreciated. It is important however, as conveyed by Johnson and Weinstein (2004), that customer retention endeavours should start as soon as the organisation secures a customer. These initial stages should include the basics such as learning about customers' needs, responding speedily in the event of disinterest and most importantly, resolving complaints efficiently and effectively.

One of the advantages of customer retention as pointed out by Kumar (2008) is that long term customers are more pleasant for employees to work with. They in turn contribute to the employee's sense of pride and job satisfaction. This is seen as a contributor in the reduction of employee turnover and costs thereof. It would stand to reason that existing customers would know the organisation and its policies. They are also familiar with the organisations products and services making it easier for the organisations' employees to transact with them. Ahmad and Buttle (2002) assert that employees also play a critical part in customer retention. Their attitudes and responses towards customers determine whether customers will stay. Turnbull and Wilson (1989) cited in Ahmad and Buttle (2002) posit that employees not loyal to their employer will not be able to create the positive interpersonal relationships between customer and the organisation. They refer to this as "social bonds".

There are many advantages to an organisation in pursuing customer retention programmes. Venetis and Ghauri (2004) and Kumar (2008) convey these as follows:

- The high cost of acquiring new customers in comparison to servicing existing customers.
- Existing customers tend to do more repeat purchases than new customers.
- There is more efficiency and lower costs in performing services for a familiar or repeat customer.
- Efforts by the organisation to retain customers make it challenging for competitors to enter the market or to gain market share.
- Long standing customers provide free of charge word-of-mouth advertising and referrals for the organisation.

Internationally renowned professor of services marketing, Philip Kotler (cited in Johnson and Weinstein, 2004:185) considers customer satisfaction a key commodity to achieving

customer retention. He believes that satisfied customers will stay loyal to the business longer, spread positive word of mouth, be less price sensitive and cost less to serve. Ahmad and Buttle (2002) also maintain that an effective way to hold on to customers is to enhance customer service quality and satisfaction.

2.17 Conclusion

This chapter relayed key literature that will form the grounding for the primary study. The objectives of this chapter were to consider, review and critically analyse literature dealing with the service environment and the variables of service quality, customer satisfaction, customer loyalty and customer retention. In addition, the chapter highlighted and discussed the complexities and challenges faced by the growing service sector. It has also demonstrated, by showing literature based evidence, that customers have a desire and wish to be receiving an above average quality of service. In light of this, organisations are also realising that in an increasingly competitive business environment, it is only their distinguishing level of service that will ensure economic survival. Chapter three will put forward the research methodology that was implemented in carrying out the primary study.

Chapter Three: Research Methodology

3.1 Introduction

This chapter details the research methodology undertaken to fulfil the study. The chapter revisits the objectives and research questions of the study. Keys aspects of the research methods used to carry out the study will be discussed and justified. This primarily includes the research design, sampling methods, recruitment of respondents, data collection strategies and questionnaire instrument development. The data analysis techniques will also be discussed.

3.2 Defining Research and Research Methodology

It is easily established that the word research is made up of two syllables, that is 're' and 'search'. The 're' part is a prefix that suggests a repetition or renewal while 'search' is a pursuit, quest or examination. Humans unofficially engage in research on a regular basis e.g. when making a purchase like a car or deciding where to go on holiday. Rajasekar, Philominathan and Chinnathambi (2013) acknowledge that while we may engage in research in our daily lives, this is taken to be a casual generalisation and must be differentiated from formal research which has a high degree of formality, verifiability and general validity. Collis and Hussey (2003) in their definition of research describe it as a process of enquiry and investigation that is systematic and methodical and eventually enhances knowledge.

Research methodology, according to Collis and Hussey (2003), refers to the complete approach to the research process, starting with the 'theoretical underpinning' to the gathering of the data. Methodology is also related with the 'why, what, where and how' questions that govern the research. Rajasekar, Philominathan and Chinnathambi (2013) define research methodology as a methodical way to resolve a problem and a detailed explanation of how research is to be conducted. They further describe research methodology as the processes by which researchers go about describing, explaining and forecasting research phenomena. In light of these definitions, the research methodology of the primary study is hereby described.

3.3 Research Questions and Objectives of the Study

The research questions and objectives of the study are hereby revisited for ease of reference.

3.3.1   Research Questions

This study aims to answer some pertinent questions related to service quality as offered by estate agents. These questions include:

- What are the elements of good service quality in the residential estate agency business?
- What are customers' expectations of service quality in the residential estate agency business?
- What are customers' perceptions (actual experience) of service quality in the residential real estate business?
- What are the gaps between the expected and perceived service quality as experienced by customers?
- Is there a relationship between service quality and customer loyalty (informed by repeat purchases and referral strategy)?
- Is service quality and customer satisfaction positively correlated?
- Is there a positive relationship between service quality and customer retention?

3.3.2   Research Objectives

In light of the research questions, the objectives of this study are as follows:

- To establish the determinants of quality customer service in the residential estate agency industry.
- To establish a customers' expectation of service quality.
- To establish a customers' perception of service quality.
- To establish if there is there is a gap between expected and perceived service experienced by the customer.
- To establish if there exists a correlation between service quality and customer loyalty (informed by repeat purchases and referral strategy).
- To establish if there is a correlation between service quality and customer satisfaction.
- To ascertain if service quality impacts on customer retention.

3.4 Location of the Study

The researcher is based in the city of Durban that falls within the province of KwaZulu-Natal (Republic of South Africa). The participating estate agency is also based in the Durban area. The participating estate agency's area of expertise, which is the buying and selling residential property, is limited to the Durban area.

3.5 Research Design

3.5.1 Introduction

Cooper and Schindler (2006) assert that research design establishes the blueprint for the collection, measurement and analysis of data. They add that research design also assists the researcher in allocating resources by analysing choices in the research methodology. Collis and Hussey (2003) also point out that research design includes making decisions about the methodology the research will adopt. This will also incorporate selecting methods of data collection and analysis. This is illustrated in diagram 3.1.
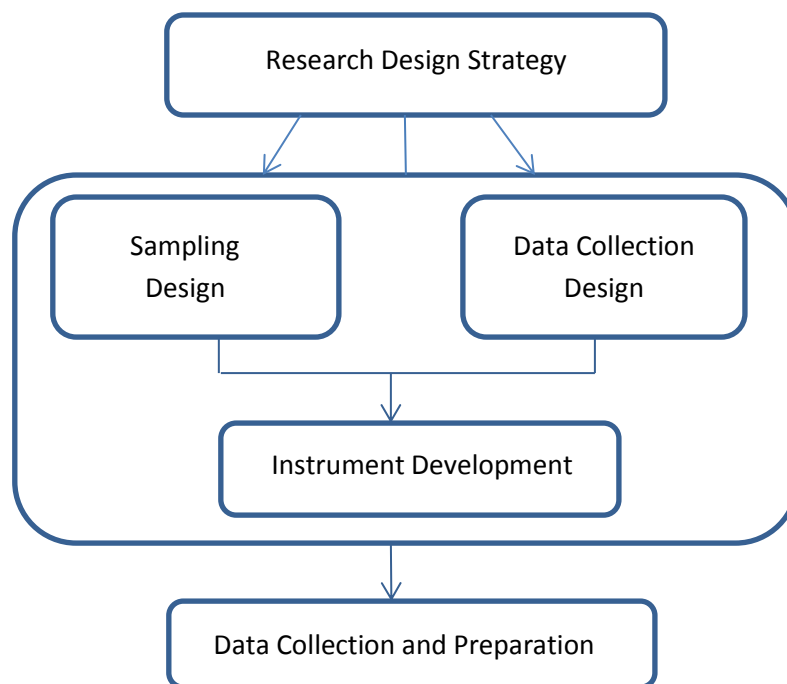
Figure 3.1 Designs in the Research Process

Source: Adapted from Cooper and Schindler, 2006, p.141

Both Saunders, Lewis and Thornhill (2009) and Cooper and Schindler (2006) discuss the different types of research designs that exist .They list these as exploratory studies , descriptive studies and explanatory or causal research.

3.5.1.1 Exploratory Research

Saunders, Lewis and Thornhill (2009) found that exploratory research was an effective means of finding out 'what is happening'. They therefore advise that this method is useful in cases where a clearer understanding of a research problem is required, especially where the researcher is unsure about the exact nature of the problem.

3.5.1.2 Explanatory or Causal Research

According to Saunders, Lewis and Thornhill (2009) and Cooper and Schindler (2006), explanatory or causal research attempts to explain the relationships between variables or to see how one variable affects or is responsible for changes in the other. These relationships would be examined whilst a research problem is being studied.

3.5.1.3 Descriptive Research

Cooper and Schindler (2006) point out that descriptive studies describe a phenomenon or characteristics of a particular population. This type of research hence attempts to answer the 'who', 'what', 'where' and 'how' questions of the topic. Such a study may also attempt to estimate the proportions of a population that have the specific characteristics being tested.

3.5.1.4 Type of Research Chosen

This study adopts the exploratory type of research as the researcher is addressing a particular problem, that being, service quality as experienced by customers of estate agents. The researcher aims to seek new insights into the phenomena by asking questions. Saunders, Lewis and Thornhill (2009) point out that the exploratory study is valuable in establishing 'what is happening' and also to assess the phenomenon in a new light. They also found this method adaptable and flexible to change especially in instances where new data and insights became available.

Hair, et al. (2003) point out that this category of research is useful in addressing real business and consumer needs. They describe exploratory research as a window that gives a clear view into consumer perceptions, behaviours and needs. They further affirm that many organisations were assisted by this type of research to realise their consumer needs. This is specifically what the primary study aims to achieve so that constructive and meaningful recommendations can be made to the participating estate agency.

3.5.2   Target Population

Hair, et al. (2003) describes the target population as the full group of objects or elements pertinent to the research plan. They consider the target population as appropriate because they withhold the information that the research project is designed to collect. The target population of this study comprises of the sellers and buyers (all being clients) of the participating estate agency.

3.5.3   Method of Sampling

Sampling is seen as a process that utilises part of the population to make a deduction regarding the entire population (Zikmund, 2000). Sampling can be probability or non-probability sampling. In non-probability sampling the probability that a specific unit will be encompassed in a sample is unknown (Ghauri, Gronhaug and Kristianslund, 1995) whilst in probability sampling, the selection of elements are based on a random process that allows the elements a known chance of being chosen (Hair, et al. 2003).

This study however employs a 'census' method approach. Harding (2006) defines a census as an attempt to collect data from a given population at any specific time, rather than a sample. This relates to a population that can be easily identified. An example that relates to Harding (2006) definition of a census can be data collected from every person entering a specific shopping mall between 14H00 and 16H00 on a specific day. This then constituted a census for that specific time and day.

For this study, the census consisted of a total of 109 legitimate buyers and sellers from the participating agency's database for the past 2 years. The primary reason why the researcher chose a census that fell within the two year bracket was that the period of two years would be a reasonable enough period for the customer to remember the service quality details. The participants included a fair split of sellers and buyers so that the study would be able to obtain a balanced view from both parties. Input from both parties is warranted as background reading into estate agency and property transactions revealed that in some transactions the seller was very happy with the deal but the buyer was not. In other cases it was the other way around. Hence 109 respondents formed the census to which the questionnaire was sent out to. Those that responded to the questionnaire became the sample of the census.

3.5.4 Recruitment of Study Participants and Correspondence with them

As described in 3.5.3, the primary study targeted a total census population of 109 sellers and buyers who have transacted with the participating estate agency in the last two years. The contact details of the respondents were provided by the participating agency. The primary source of contact with the respondents was through email and the administration of the questionnaire was done via email as well (See Point 3.6).

3.5.5 Data Collection Strategies

Terre Blanche and Durrheim (1999) were of the view that data is the rudimentary material with which researchers work. They add that data may come from observations and surveys and it may be in the form of numbers (numeric or quantitative) or in language (qualitative data). However, more importantly, in order for any researcher to draw valid conclusions from the study, they would need valid and strong data to analyse and interpret. Such strong data may be obtained through monitoring and communication processes (Cooper and Schindler, 2006). The authors further assert that monitoring processes includes studies where the researcher inspects and observes the subject matter without attempting to elicit a response from any individual. In communication studies, the researcher questions the subjects and gathers their responses by personal and impersonal means. Sekaran (2003) points out that these personal and impersonal means could take the form of qualitative interviews (face to face and telephonic) or questionnaires (quantitative) filled personally, via post or electronically.

3.5.6 The Survey Instrument

The four main ways, as listed by Easterby-Smith, Thorpe and Lowe (2003), of assimilating quantitative data are interviews, questionnaires, tests/measures and observation. The research undertaken in this study is positivistic or quantitative in nature. Collis and Hussey (2003), state that quantitative research encompasses the usage of numerical measurement and statistical analyses to assess the phenomenon. The data collection for this study takes the form of a questionnaire which is an example of positivistic or quantitative methodology.

3.5.6.1 Questionnaire Construction

This study adopted a quantitative research approach. The measurement process used was a scale-type questionnaire. This type of instrument collects information using structured questions and does not necessarily require an interviewer. The research questions used in the questionnaire are based on the service quality model, SERVQUAL, developed by Parasuraman, et al. (1985). This model has been discussed extensively in the previous chapter. Although the SERVQUAL rating scale uses 22 predetermined closed questions, the researcher has made use of 15 of these. The most relevant to the estate agency business were used. Other researchers like Babakus and Mangold (1991) have successfully adapted the number of questions in the SERVQUAL model to suit a specific industry. They used a 15 question SERVQUAL rating scale in the hospital services industry. The remaining questions in this study deal with questions around the independent variables of customer loyalty, customer satisfaction and customer retention. The questionnaire was developed online and at real-time using Google Forms and the link to the questionnaire was distributed via email where respondents had to click on the link that would revert to the questionnaire. The questionnaire could therefore be self-administered.

The researcher considers the construction of a questionnaire as critical to the research study. It is the questionnaire that actually draws the relevant data that is needed to appropriately address the research questions and ultimately meet the objectives of the study. The questionnaire is made up of 17 primary questions while some of the questions consisted of sub-questions. The first 5 questions are demographic based questions while the rest focused on the actual study. The SERVQUAL model and rating scale was used in the development of the questionnaire the standard rating scale from the model was used. The questions were however adjusted so that the wording is in keeping with the estate agency business. The number of questions in this study will also be limited to the most relevant to the estate agency business. Fifteen such questions of the SERVQUAL questionnaire were used. In addition further questions pertaining to customer loyalty and customer satisfaction were included. The aim was to identify if a relationship/correlation existed between service quality and these independent variables.

The questionnaire incorporated the five service quality dimensions of SERVQUAL (Section B and C). This included:

1. Tangibles – questions 1 to 3
2. Reliability – questions 4 to 6
3. Responsiveness – questions 7 to 9
4. Assurance – questions 10 to 12
5. Empathy – questions 13 to 15

This was essentially aimed at establishing if a gap existed between the expected and perceived service encounters of the customer. The questionnaire also aimed to establish the importance and rating of the above 5 SERVQUAL dimensions. This would enable the researcher to ultimately make recommendations to the estate agency based on these dimensions.

Another adjustment to the questionnaire is that a 5 point Likert scale was used. Options extended from "strongly agree" to "strongly disagree". The researcher opted for this approach instead of the traditional 7 point scale as is was anticipated that more respondents will be keen on answering the questionnaire if it was straight forward and less time consuming. This view was also shared by Sekaran (2003) who envisaged that a 5 point Likert scale is user friendly and may attract more respondents. Kasper, Helsdingen and Gabbott (2006) point out that the 5 point Likert scale is used extensively in Europe.

Taking the above changes into account, the researcher was of the view that the questionnaire was adequate, balanced and seen as effective in collecting the required data. The questionnaire was hence in accordance with the guidelines offered by Ghauri, Gronhaug and Kristianslund (1995) and exhibited the following:

- The questions were asked in simple and concise language.
- The questions were explained where required so that all respondents comprehended the questions in the same way.
- Each question asked dealt with one particular aspect.
- Questions were specific and concise.
- No offensive, provocative or sensitive questions were asked.
- Questions asked were straightforward and unambiguous.

3.5.6.2 Questionnaire Items

According to Hair, et al. (2003), the structure of a questionnaire should follow a three part sequence. This includes opening or initial questions, a middle section aimed at specifically addressing the studies objectives and finally classification questions that help the researcher better understand the results. The questionnaire was hence divided into three sections. The sections are:

- **Section A**: these questions dealt with the demographics of the target population.

- **Section B, C and D**: dealt mainly with asking questions that would provide information in meeting the objectives of the study with specific reference to the SERVQUAL expectations and perception questions. Section D dealt with the rating of the 5 SERVQUAL dimensions.

- **Section E, F and G**: these questions tested the specific areas of customer loyalty, customer satisfaction and customer retention. This data would be useful in analysing relationships and correlations during the analysis phase.

As this is a quantitative study, the questionnaire consisted of close-ended questions for added validity.

3.5.6.3 Mapping of Research Questions and Instrument to Theoretical Frameworks

The research instrument was reinforced by the relevant frameworks. The review of literature chapter highlighted the framework of Parasuraman, Zeithaml and Berry (1985) which is known as the SERVQUAL gap analysis model. The research questions of the study revolve around the theoretical framework so that framework can in turn be applied to the outcomes of the study. The questionnaire was hence developed by incorporating the framework and constructs of the model.

Figure 3.2 gives an illustration of that process. Each of the research questions are colour coded and that colour coding is then represented in the diagram itself. This shows how each of the research questions links to the SERVQUAL model and framework.

Research Questions

What are the elements of good service quality in the residential estate agency business?

What are customers' expectations of service quality in the residential estate agency business?

What are customers' perceptions (actual experience) of service quality in the residential real estate business?

What are the gaps between the expected and perceived service quality as experienced by customers?

Is there a relationship between service quality and customer loyalty (informed by repeat purchases and referral strategy)?

Is service quality and customer satisfaction positively correlated?

Is there a positive relationship between service quality and customer retention?

Service Quality Dimensions

Reliability - Responsiveness - Assurance - Empathy - Tangibles

SERVQUAL (EXPECTATIONS) (E)

(P – E)

SERVQUAL (PERCEPTIONS) (P)

=

GAP

Questionnaire → **Finding**

Figure 3.2 : Mapping of Model to Research Instrument

3.5.7   Pretesting, Validation and the Elimination of Bias

3.5.7.1 Pretesting (Pilot Study)

Zikmund (2000) highlights the need for pre-testing by stating that its purpose is to alert researchers to potential problems with the questions e.g.:

- If the questions in the questionnaire flows smoothly.
- If respondents can answer the questions easily.

The study's pre-testing was conducted amongst five respondents who had either bought or sold property through an estate agent in the last year. The feedback was used to make a decision if any changes were required. No changes were recommended by the pre-testing respondents and accordingly, the questionnaire was not altered. The pre-testing respondents also provided feedback on the following:

- That the total number of questions did not need to be reduced. They also advised that the questionnaire was not too time consuming and that they were content with the time it took to complete.
- The average time taken to complete the questionnaire. This was recorded by the respondents as ranging between 10 to 12 minutes.

3.5.7.2 Validation

Two methods of validation of a survey instrument are its validity and reliability. Easterby-Smith, Thorpe and Lowe (2003) describe validity as the degree to which one can be sure that a test or instrument measures the attributes it sets out to.

This questionnaire ensured validity by incorporating the following measures:

- The questionnaire adequately covered the topics outlined in the objectives.
- The research topic was carefully defined.
- Most of the questions were based on Likert scaling.
- Some of the Likert scaling questions did not have a "neutral answer", forcing the respondent to make a choice for or against the statement.

- The study was free from bias.

- The design of the questionnaire was assisted by a professional statistician.

- Most of the questions in the questionnaire have been set as 'required questions', meaning that the respondent had to provide an answer to that question in order to successfully submit the questionnaire. This ensured a complete and rich response.

3.5.7.3 Elimination of Bias

Bias in the study was eliminated in the following ways:

- The census was based purely on respondents on the participating agency's database. This meant that the investigator had no prior knowledge and/or relationship with any of the respondents.

- Respondents participated on a voluntary basis with anonymity being guaranteed.

- Demographic information was collected with the sole intention of supporting discussion and analysis that followed in Chapter four.

- Results of the study will be captured, analysed and interpreted by the researcher only.

3.6 Administration of Questionnaires

The questionnaire made accessible online using the online tool known as Google Forms. Google Forms are free provided one has a Google account which is also free. Google Forms allows one to develop questionnaires and surveys at 'real-time' and distribute them electronically. It imports and stores all responses meticulously and confidentially. It also provided basic analysis options and export facilities as so data can be exported to other applications such as Microsoft Excel and SPSS among others.

Hence, an email was sent to all respondents which contained the link to the questionnaire. Upon clicking the link, the respondent would be taken directly to the questionnaire. This method was chosen for the following reasons:

- Increased speed in completing the questionnaire.

- Respondent could provide their feedback at a time convenient to them.

- The need to collect the questionnaires was avoided.

- Minimal costs were incurred in distributing the questionnaire and collecting of the data.

The questionnaire was first administered on the 27 June 2015. After the first administering of the questionnaire, regular checks were done to monitor the responses. The first response was received on the same day the questionnaire was administered. Three subsequent reminders were sent to the respondents who had not participated in the survey asking them to do so. Reminders were sent on the 2 July 2015 and the 10 July 2015. The final reminder was sent on the 16 July 2015. The final reminder also advised prospective respondents that the final date to participate in the survey was up until 10 pm on the 19 July 2015. The final completed questionnaire was received on 19 July 2015.

3.7 Data Analysis

Saunders, Lewis and Thornhill (2009) describe this step as being where the "greatest danger of logic leaps and false assumptions" (page, 158) exist. They further call this an "intellectually challenging and highly creative and exciting process" (page, 158).

A total of 69 completed questionnaires were received. This gave an overall positive response rate of 63 per cent out of a 'census population'. Once all completed questionnaires were received, the raw data was coded and entered onto an Excel spreadsheet (Provided by the statistician). Statistical Package for the Social Sciences (SPSS) software was used to analyse the data. The data was analysed using descriptive and inferential statistics.

According to Collis and Hussey (2003) the broad distinction between descriptive or exploratory statistics and inferential or confirmatory statistics is that the former is used to summarise or display quantitative data and the latter deals with using quantitative data collected from a sample to arrive at conclusions or make inferences about an entire population.

3.7.1 Descriptive Statistics

Collis and Hussey (2003) elaborate that descriptive statistics can be used for:

- Presenting frequencies. They describe a frequency as a numerical value which is representative of the total number of observations for a variable under study.
- Measuring locations e.g. central tendencies.
- Measuring dispersion (spread).
- Measuring change.

3.7.2 Inferential Statistics

Inferential statistics consists of four main groups as listed by Collis and Hussey (2003). These are:

- Estimations from samples.
- Measuring of associations.
- Measuring of differences.
- Forecasting.

Inferential statistics hence relies on a variety of statistical models to achieve the above. These include hypothesis testing, t-testing, analysis of variance (ANOVA) and regression analysis. Hair, et al. (2003) defines a hypothesis as an assumption about the nature of a particular situation. Hypothesis testing hence occurs when statistical techniques are used to determine whether theoretical hypothesis are confirmed by the empirical evidence.

3.7.3 Statistical tests carried out for data collected in this study

In this particular study, the following tests were seen as applicable and necessary for drawing key insights from the data. This included:

- Cronbach`s Coefficient Alpha reliability testing: This test confirmed reliability and consistency of the data.
- Frequency analysis: This allowed for responses to be depicted descriptively in the form of graphs.
- Chi-square and correlation analysis: This was one of the main tests that assessed the relationships between the variables and constructs and showed if relationships existed between key variables.
- Factor analysis - this was used as a means of data reduction and to establish if certain grouped variables (factors) that were relevant to the framework were related.
- Normality test – this test will be carried out to assess whether the data followed a skewed pattern. If the Asymp.Sig. (2-tailed) values (p-values) are all less than 0.05, it will imply that the distributions are not normal. The study may then opt to use another test , for example Wilcoxon tests.

3.8 Ethical Considerations

Ethical Clearance was obtained from the researcher's respective institution (University of KwaZulu-Natal). As a mandatory requirement, all researchers need to familiarise themselves with research ethics. Ethics apply to two groups of persons, firstly the researcher conducting the study who should already be conscious of their obligations and responsibilities, and the research subjects, who have basic rights that should be protected. The research instrument utilised in this study ensured anonymity of all respondents. At no point in time were respondents coerced into disclosing their personal data as anonymity of test subjects was guaranteed and the information collected was utilised for research purposes only and there was no breach in confidentiality and privacy. An informed consent letter was attached to each questionnaire, outlining the objectives of the study and ensuring respondents that their anonymity was guaranteed so that they knew what was expected of them and from the study. Once the researcher had obtained the respondents' informed consent then only could they proceed with the survey.

A gatekeeper's letter was also issued by the participating estate agency granting permission to conduct research within their organisation as part of the Master of Commerce qualification. The organisation was assured that information gained from the research would be treated with utmost circumspection and should the organisation wish for the results to be embargoed from the thesis for an agreed time, this would be arranged. The researcher has committed to adhere to confidentiality and anonymity of the participating estate agency and all respondents.

3.9 Conclusion

This chapter explained the research methodology which consisted primarily of the research design, sampling methods and data collection design. The chapter further outlined the process involved in sourcing respondents, the choice of instrument to be used as well as the construction of the instrument. The key aspects of validity and reliability were highlighted and the data collection strategy was made clear. The quantitative survey (questionnaire) was distributed electronically via an email link. After all completed questionnaires were received, the relevant coding and statistical analysis were meticulously done. The next chapter (Chapter 4) gives a prelude to the statistical analysis by showing describing the frequency analysis of all responses.

Chapter Four: Descriptive Statistics

4.1 Introduction

This chapter presents the frequency analyses only that were derived from the questionnaire and renders discussions related to the findings. Due to the nature of the in-depth analysis performed, the investigators saw it fitting to the descriptive (frequency) analysis separately in this chapter whilst the more detailed inferential statistics will follow in chapter 5. This allows for ease of readability and better understanding of the statically analysis and discussion. The questionnaire was the primary instrument that was used to collect data and was distributed to clients (buyers and sellers) of estate agency. The questionnaire used in this study was broken down into 17 questions (with sub-questions) that were structured around the objectives, questions and theoretical frameworks of the study. The descriptive statistics will be presented in this chapter in the form of tables and graphs.

4.2 The Census

This study employs a census method approach as detailed in chapter 3. For this study, the census consisted of a total of 109 legitimate buyers and sellers from the participating agency's database over the past 2 years. The participants included a fair split of sellers and buyers so that the study would be able to obtain a balanced view from both parties. Hence 109 respondents formed the population census to which the questionnaire was sent out to. There were a total of 69 complete and valid responses received thus giving a strong response rate of 63% (of a census population).

4.3 Demographic Data

This section analyses the biographical details of the respondents. The respondents comprised of customers (buyers and sellers) of the participating estate agency.

4.3.1 Gender distribution by Age

Table 4.1 below describes the overall gender distribution by age. This is represented in both numbers and percent (%).

			Gender		Total
			Male	Female	
Age Group	20 - 29	Count	2	1	3
		% within Age Group	66.7%	33.3%	100.0%
		% within Gender	6.5%	2.6%	4.3%
		% of Total	2.9%	1.4%	4.3%
	30 - 39	Count	12	18	30
		% within Age Group	40.0%	60.0%	100.0%
		% within Gender	38.7%	47.4%	43.5%
		% of Total	17.4%	26.1%	43.5%
	40 - 49	Count	8	8	16
		% within Age Group	50.0%	50.0%	100.0%
		% within Gender	25.8%	21.1%	23.2%
		% of Total	11.6%	11.6%	23.2%
	50 - 59	Count	1	6	7
		% within Age Group	14.3%	85.7%	100.0%
		% within Gender	3.2%	15.8%	10.1%
		% of Total	1.4%	8.7%	10.1%
	60 and over	Count	8	5	13
		% within Age Group	61.5%	38.5%	100.0%
		% within Gender	25.8%	13.2%	18.8%
		% of Total	11.6%	7.2%	18.8%
Total		Count	31	38	69
		% within Age Group	44.9%	55.1%	100.0%
		% within Gender	100.0%	100.0%	100.0%
		% of Total	44.9%	55.1%	100.0%

Table 4.1: Gender distribution by Age

The above table reflects a male to female ratio of 44.9% to 55.1%. Statistically this is approximately a ratio of 1:1. This presents a favourable ratio as it illustrates that the responses received are well balanced from a gender viewpoint. The purchase or sale of one's home and the decision making processes that go with this important decision would usually involve input and interaction from both spouses of a household. In the case of married

couples, both husband and wife generally interact with the estate agent as both parties are signatory to the purchase and sale agreement, more especially in cases where marriage is in 'community of property'.

Table 4.1 further illustrates that most of the respondents (43.5%) were between 30 – 39 years of age. in addition, 38.7% of overall male respondents and 47.4% of overall female respondents came from this age category. These figures illustrate that respondents in this age group fall into a stage of life where it is highly probable that they have possibly stabilised in their careers and seek to acquire property to satisfy their individual and/or family needs. Other respondents in this category could also be looking to expand their families and therefore opt to sell their current property and source a larger home (Sellers). In both situations of selling and buying, they would need to engage the services of an estate agent.

It is also observed that the third highest number of respondents (18.8%) came from the 60 and over age category. Although it would be expected that the above 60 age group would be settled and less likely to engage in property transactions, one has to consider the stage of life that they are in. Many of these respondents may encounter 'empty nest syndrome' where their kids have grown and moved out of the house, often leaving them all alone in a huge house. The challenges of property maintenance and safety and security issues prompt them to downscale and move into smaller units, often in 'gated' complexes. It is also a natural part of life that in this age group one partner may pass on leaving the other to deal with a huge house, maintenance issues and undoubtedly more vulnerable in terms of crime. These situations would hence require this category of respondents to engage with estate agents.

4.3.2 Marital status of the respondents

Figure 4.1 illustrates the marital status of the respondents.
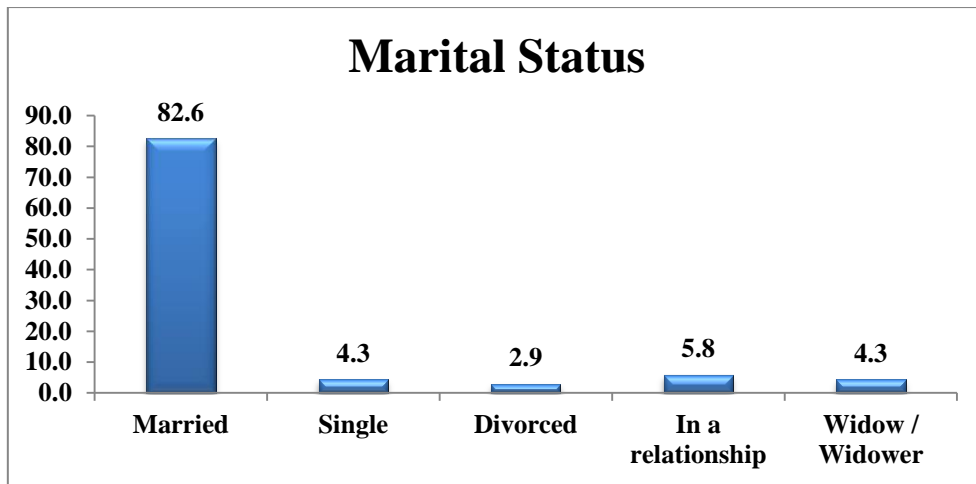
Figure 4.1: Marital status of the respondents

The above figure illustrates that majority of the respondents (82.6%) were married. This result can be correlated with table 4.1 whereby most responded were above the age of 30 years and likely to be married. Furthermore, it is highly probable that couples who, after marriage, would start the process of setting up home. They would then start planning a family and eventually their needs would change resulting in them buying a house for the first time or selling a smaller house and buying a larger one. Therefore, it is during these periods in their life that they would actively engage with estate agents.

4.3.3 Income Range

Figure 4.2 illustrates the income ranges of the respondents.
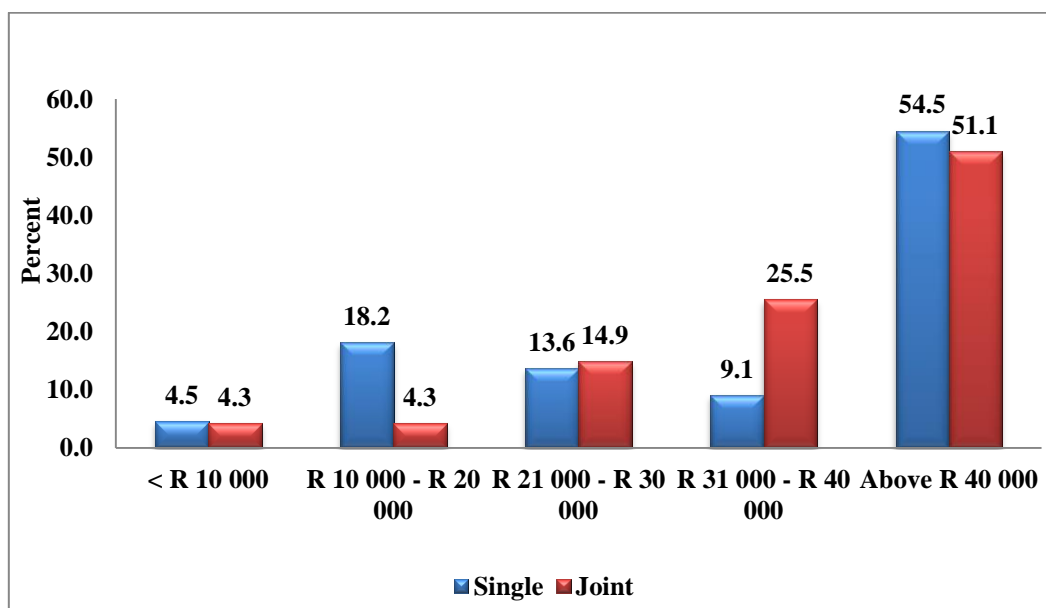
Figure 4.2: Income ranges of respondents

The above diagrams represent the income ranges of the single and joint family respondents. More than half of the respondents in both, the single and joint income categories (54.5% and 51.1%) earn above R 40 000. It is also observed that while the joint income in the R 31 000-R 40 000 exceeds the single income earners (25.5% vs 9.1%), the single income earners are marginally more than the joint income earners in the 'above R 40 000' bracket. This information is significant as it demonstrates that in the present economic climate of the country and given the present house prices, it is mainly the high income earners who are buying and selling property.

4.3.4 First time home buyer or seller

Table 4.2 indicates the status of the respondent in regard to being a first time home buyer or seller.

	Frequency	Percent	Cumulative Percent
Yes	19	27.5	27.5
No	50	72.5	100.0
Total	69	100.0	

Table 4.2: First time home buyer or seller

It is shown that almost three quarters (72.5%) of the respondents were not first time home buyers or sellers. This essentially means that these respondents have either bought or sold property at some point in their lives. It also means that there is a strong likelihood that they would have previously dealt with an estate agent. Respondents who have previously dealt with an estate agent would have an expectation of what can be foreseeable in terms of service quality. Respondents (27.5%) who have not bought or sold property before would not be able to do a comparison of the service quality received. This would imply that this group of respondents could receive excellent service and consider it to be the norm or they could receive poor service and still consider it to be the norm in the estate agency industry.

4.4 Customer Expectations

As early as the mid-seventies, Dover (1976) and Miller (1977) cited in Gabbott and Hogg (1998) described expectations as pre-purchase beliefs about a service. This can be interpreted as being a benchmark or standard against which actual performance is judged or measured. Gronroos (2000) felt that customer expectations play an important part in influencing

perceived or actual service. Customer service expectations were measured across all dimensions and are presented below.

4.4.1 Expectations on Tangibles

According to Bitner and Gremler (2009), 'tangibles' refer to the physical facilities, equipment and appearance of personnel. Other authors like Tuzovic (2009) associate tangibles with aesthetics, ambience, cleanliness, design and the physical environment. Figures 4.3 to 4.5 below depict tangibility against three statements linked to the tangibility.

4.4.1.1 Modern Looking Equipment

Figure 4.3 illustrates 'Excellent estate agents will have modern looking equipment'
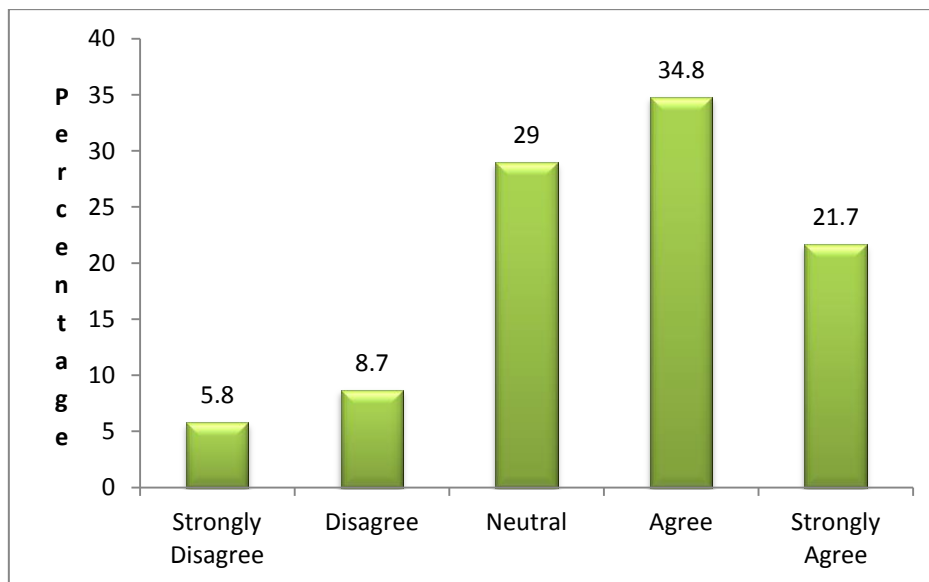
Figure 4.3: Excellent estate agents will have modern looking equipment

In total 56.5% (21.7% strongly agreed and 34.8% agreed) of the respondents were in agreement that excellent real estate agents should have modern looking equipment. A total of 14.5% (5.8% strongly disagreed and 8.7% disagreed) disagreed with the statement regarding the need for modern looking equipment. Over half of the respondents hence have an expectation that excellent estate agents will have modern looking equipment.

4.4.1.2 Neat appearance of Brokers of Estate Agents

Figure 4.4 below illustrates 'Brokers at excellent estate agents will be neat in appearance'
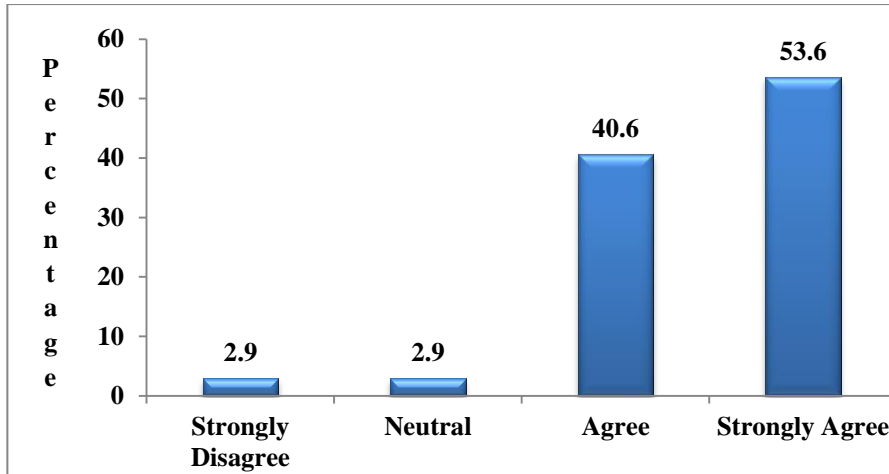
Figure 4.4: Brokers at excellent estate agents will be neat in appearance

An overwhelming 94.2% of respondents either strongly agreed (53.6%) or agreed (40.6%) with the statement that brokers at excellent estate agents will be neat in appearance. It is hence generally expected amongst customers that estate agents will be neat in appearance.

4.4.1.3 Service related materials visually appealing

Figure 4.5 below illustrates 'Materials associated with service (such as pamphlets or statements) will be visually appealing at excellent estate agents'
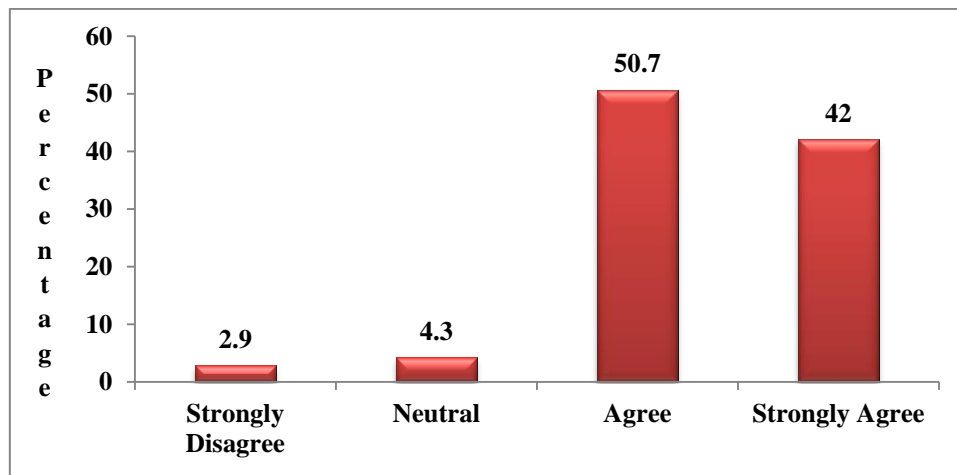
Figure 4.5: Materials associated with service (such as pamphlets or statements) will be visually appealing at excellent estate agents

Most of the respondents (92.7%) either strongly agreed (42%) or agreed (50.7%) that service materials at excellent estate agents should be visually appealing. It can hence be deduced that there is a general expectation from customers that service materials at estate agencies will be visually appealing.

4.4.2   Expectations on Reliability

According to Lovelock and Wirtz (2011) reliability is the service provider's ability to perform the promised service dependably and accurately.

Figures 4.6 to table 4.8 below depict reliability against three statements linked to it.

4.4.2.1 Services Rendered on Time

Figure 4.6 below illustrates 'When brokers at excellent estate agents promise to do something by a certain time, they do'.
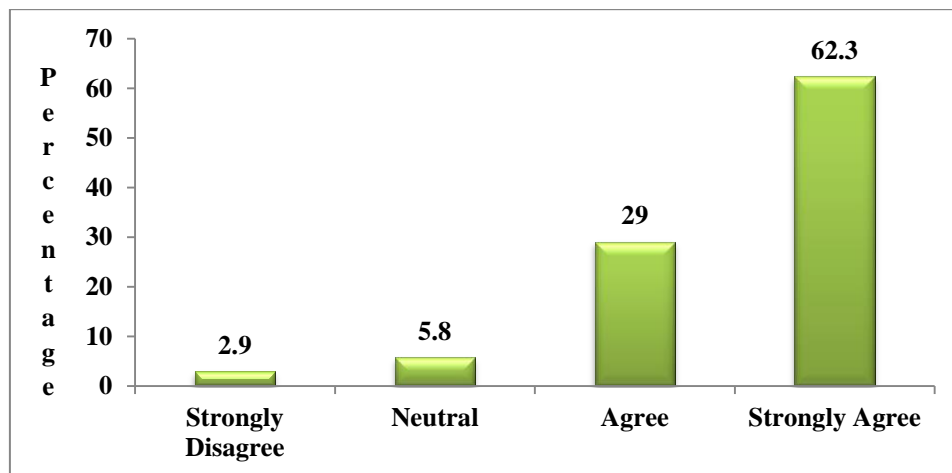
Figure 4.6: When brokers at excellent estate agents promise to do something by a certain time, they do

Majority of the respondents (91.3%) either strongly agreed (62.3%) or agreed (29%) with the statement. Customers therefore have a high expectation that they will receive prompt and timeous service from estate agents.

4.4.2.2 Agents Interest in Resolving Customer Problems

Figure 4.7 below illustrates 'When a customer has a problem, excellent estate agents will show a sincere interest in solving it'.
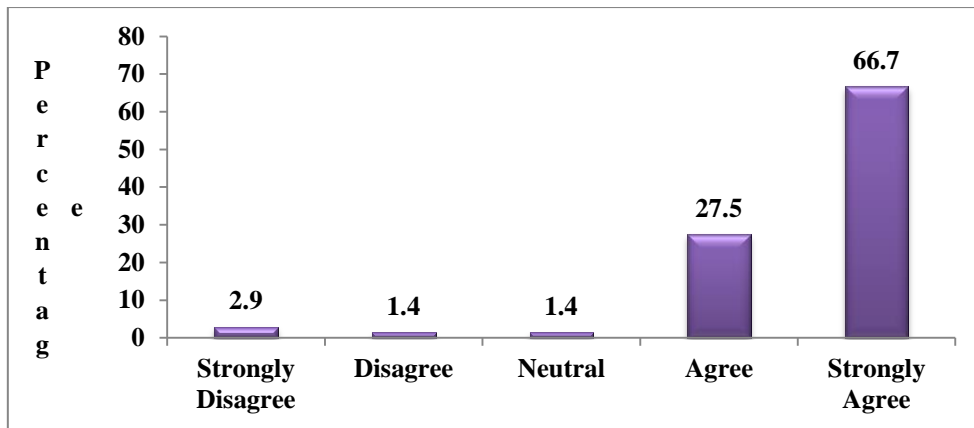
Figure 4.7: When a customer has a problem, excellent estate agents will show a sincere interest in solving it

Most of the respondents (94.2%) either strongly agreed (66.7%) or agreed (27.5%) with the statement that when a customer has a problem, excellent estate agents will show a sincere interest in solving it. This is an indication that customers consider this an important expectation that they have of estate agents.

4.4.2.3 Insistence on Error Free Records

Figure 4.8 below illustrates 'Excellent estate agents will insist on error free records'.
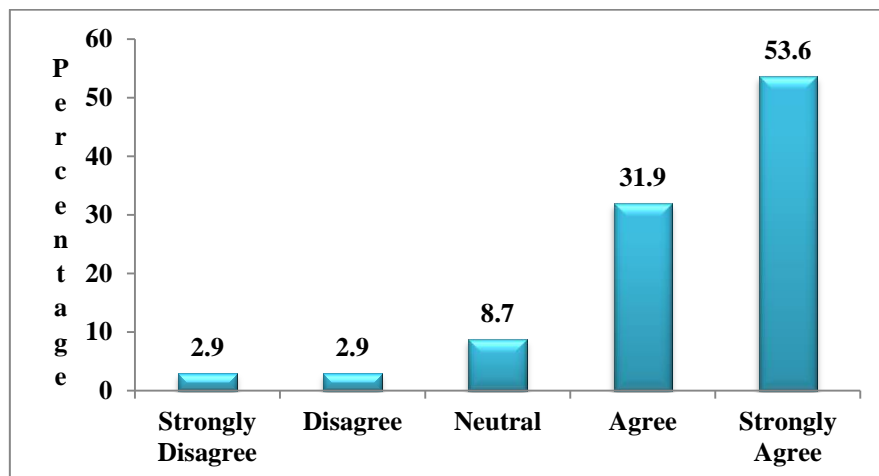
Figure 4.8: Excellent estate agents will insist on error free records

Estate agents deal with important legal documents like an offer to purchase and purchase and sale agreements. The documents could result in serious consequences if they have errors e.g. incorrect personal details and sale price. Purchase of property results in the property being registered at the deeds office in the name of the purchaser. If incorrect details are provided,

the title deed of the property will be registered incorrectly. Such errors could result in legal ramifications as well as monetary loss. It is hence significant that in total 85.5% (53.6% strongly agreed and 31.9% agreed) of the respondents were in agreement with the statement.

4.4.3   Expectations on Responsiveness

According to Parasuraman, Zeithaml and Berry (1985), responsiveness looks at the willingness of staff to help customers and provide prompt service. Figures 4.9 to table 4.11 below depict responsiveness against three statements linked to responsiveness.

4.4.3.1 Brokers of Estate Agents will inform customers when services will be performed

Figure 4.9 below illustrates 'Brokers of excellent estate agents will tell customers exactly when services will be performed'.
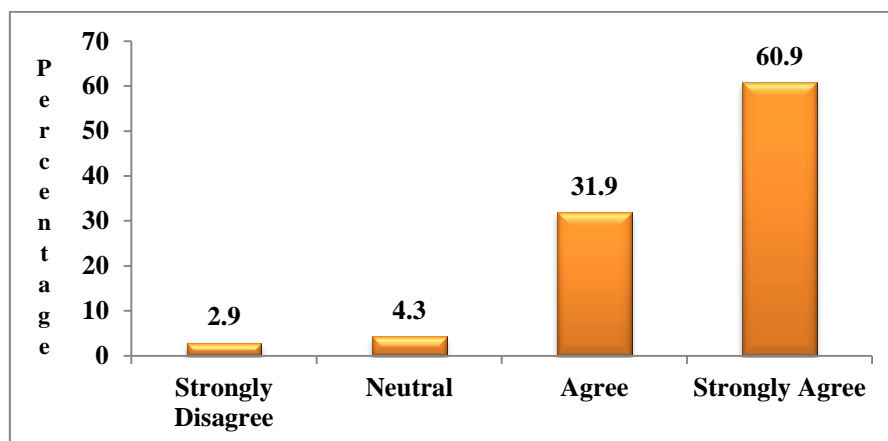
Figure 4.9: Brokers of excellent estate agents will tell customers exactly when services will be performed

The above table reveals that majority of respondents (92.8%) either strongly agreed (60.9%) or agreed (31.9%) with the statement that brokers of excellent estate agents will tell customers exactly when services will be performed. It is evident that customers place a significant expectation that the broker will keep them updated as to when services will be performed. This would be considered a fair request on the customer's part as with modern living, time is a scarce commodity. Wastage of time would also eventually have monetary consequences for both parties.

4.4.3.2 Estate Agents will give Prompt Service to Customers

Figure 4.10 illustrates 'Excellent estate agents will give prompt service to customers'.
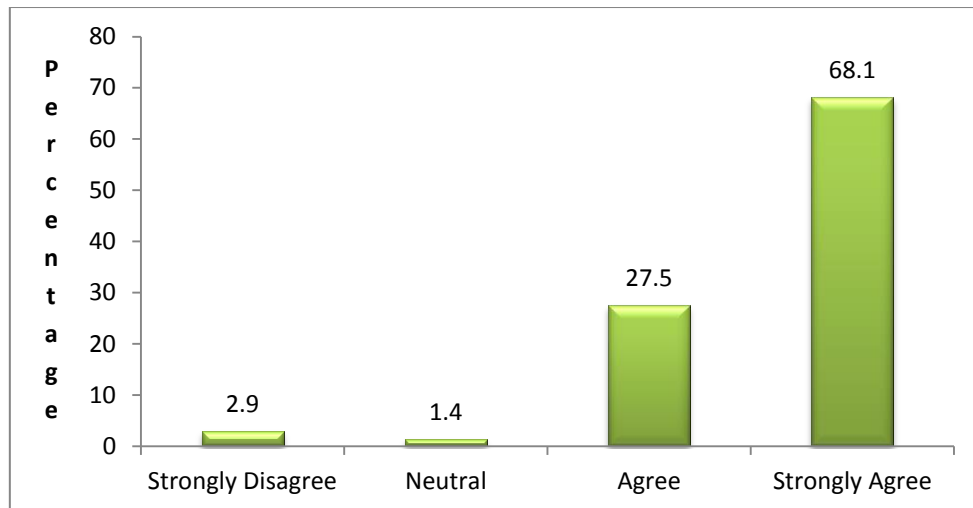
Figure 4.10: Excellent estate agents will give prompt service to customers

A significant 95.6% of the respondents either strongly agreed (68.1%) or agreed (27.5%) that brokers at excellent estate agents will give prompt service to customers. These results indicate that customers are particular about the time taken to service them and they have a high expectation in that regard. This again ties in with the fact that with modern living, time is a scarce commodity and has monetary implications as well.

4.4.3.3 Brokers of Estate Agents will always be willing to help

Figure 4.11 illustrates 'Brokers at excellent estate agents will always be willing to help customers'.
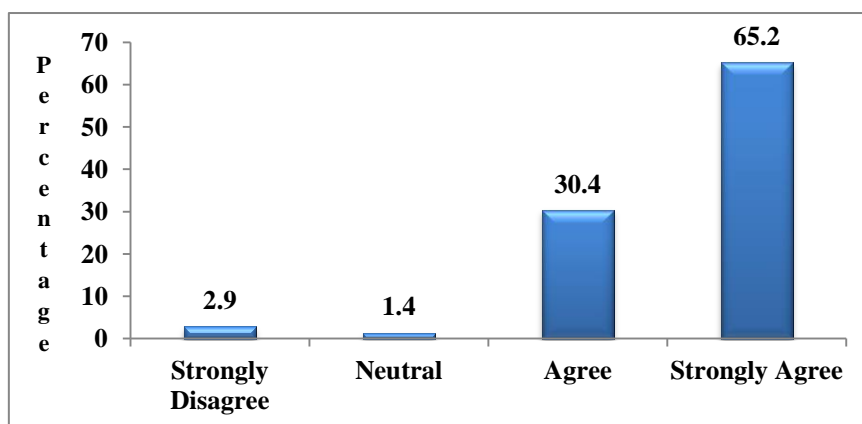
Figure 4.11: Brokers at excellent estate agents will always be willing to help customers

Most of the respondents (95.6%) either strongly agreed (65.2%) or agreed (30.4%) with the statement that brokers at excellent estate agents will always be willing to help customers. The high percentage of respondents who agreed with the statement indicates that customers have a high expectation that assistance will be forthcoming from estate agents. Buying or selling a home is considered one of life's major decisions and a customer would expect some help and guidance in that respect (Tuzovic, 2009).

4.4.4   Expectations on Assurance

According to Bitner and Gremler (2009), assurance looks at the knowledge and courtesy of employees and their ability to inspire trust and confidence. Figures 4.12 to table 4.14 below depict assurance against three statements linked to it.

4.4.4.1 Customers of Estate Agents will feel safe in Transactions

Figure 4.12 below illustrates 'Customers of excellent estate agents will feel safe in transactions'.
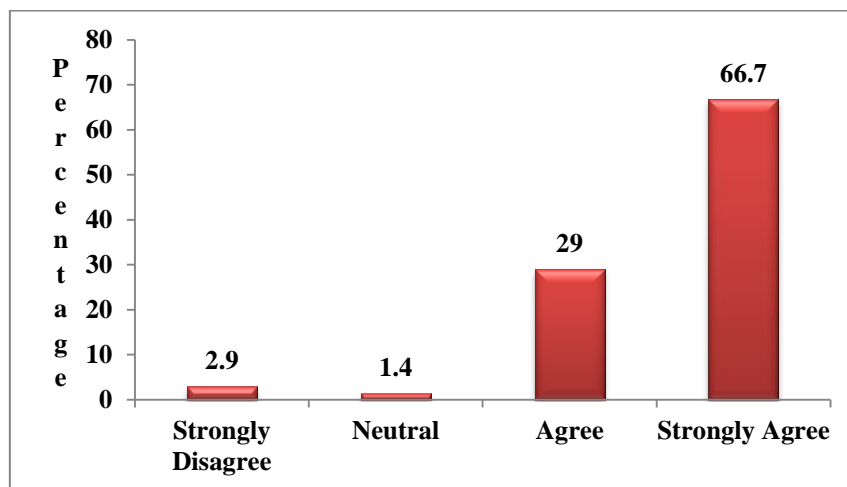
Figure 4.12: Customers of excellent estate agents will feel safe in transactions

Majority of the respondents (95.7%) either strongly agreed (66.7%) or agreed (29%) with the statement that customers of excellent estate agents will feel safe in transactions. The purchase or sale of one's home is a huge financial decision and customers of estate agents would want to be reassured that they are not exposed to any kind of financial risk that may result in loss, theft or misplacement of funds

4.4.4.2 Brokers of Estate Agents will be consistently courteous to customers

Figure 4.13 below illustrates 'Brokers at excellent estate agents will be consistently courteous to customers'.
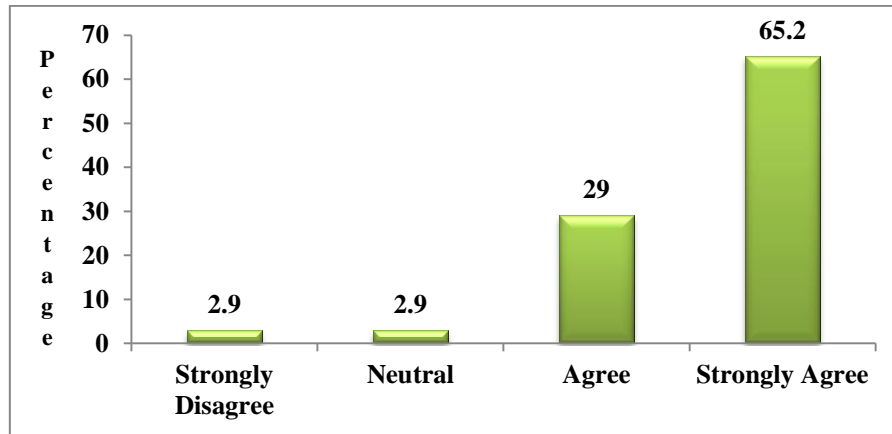
Figure 4.13: Brokers at excellent estate agents will be consistently courteous to customers

Majority of the respondents (94.2%) either strongly agreed (65.2%) or agreed (29%) that customers of excellent estate agents should always be courteous when dealing with them. Being courteous entails being considerate, understanding and making efforts to enhance comfortability. The purchase or sale of ones' home is one of life's major decisions and involves a fair amount of stress, emotions and change (Barnardo, 2015). It is therefore fitting for clients to have an expectation that the respective agent will be courteous and understanding to their situation and needs.

4.4.4.3 Brokers of Estate Agents will have the knowledge to answer questions

Figure 4.14 illustrates 'Brokers at excellent estate agents will have the knowledge to answer customers' questions'.
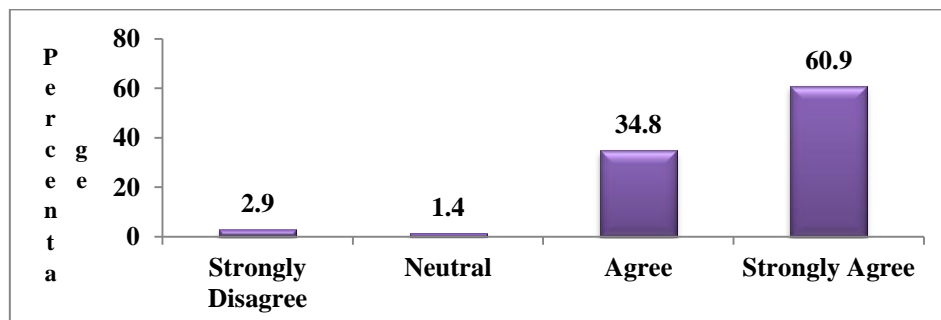
Figure 4.14: Brokers at excellent estate agents will have the knowledge to answer customers' questions

An overwhelming 95.7% of the respondents either strongly agreed (60.9%) or agreed (34.8%) with the statement the brokers at excellent estate agents will have the knowledge to answer customers questions. Customers would depend on the expert advice of estate agents when it comes to settling on a selling price for their home. Buyers would also need professional advice about the neighbourhood, house prices, crime statistics, amenities and so forth before they place their offers to purchase. Customers would hence expect that the agency would employ adequately qualified and experienced agents who have a good understanding of the neighbour hoods in which they specialise.

4.4.5 Expectations on Empathy

According to Fitzsimmons and Fitzsimmons (2011), empathy looks at the caring and individualised attention the firm of estate agents provides its customers. Figures 4.15 to table 4.17 below depict empathy against three statements linked to it.

4.4.5.1 Brokers of Estate Agents will give customers personal attention

Figure 4.15 illustrates 'Brokers of excellent estate agents give customers' personal attention'.
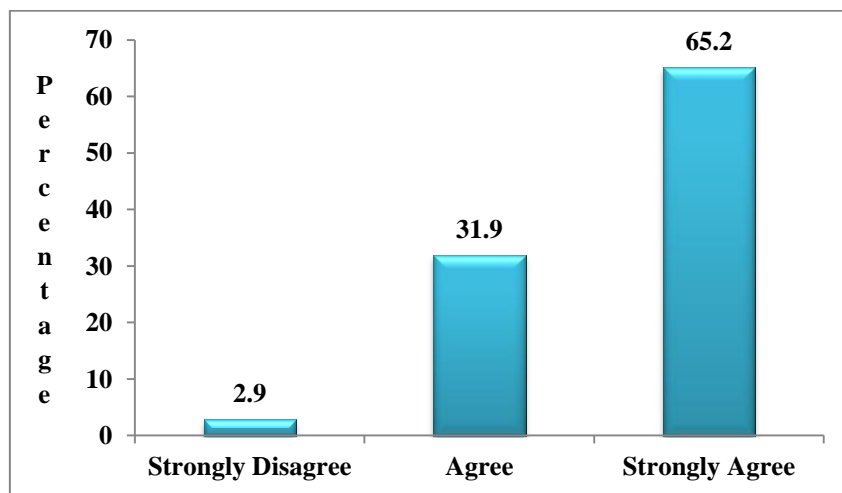
Figure 4.15: Brokers of excellent estate agents give customers' personal attention

A substantial 97.1% of the respondents either strongly agreed (65.2%) or agreed (31.9%) with the statement that brokers of excellent estate agents give customers personal attention. As human beings, customers of almost any product or service will feel more valued if they were given personalised attention (Buttle, 2004).The purchase or sale of a home is a much

customised decision. A customer would hence expect individualised interaction with the estate agent so that their needs can be adequately met.

4.4.5.2 Brokers of Estate Agents will have their customer's best interest at heart

Figure 4.16 below illustrates 'Excellent estate agents will have their customer's best interests at heart'.
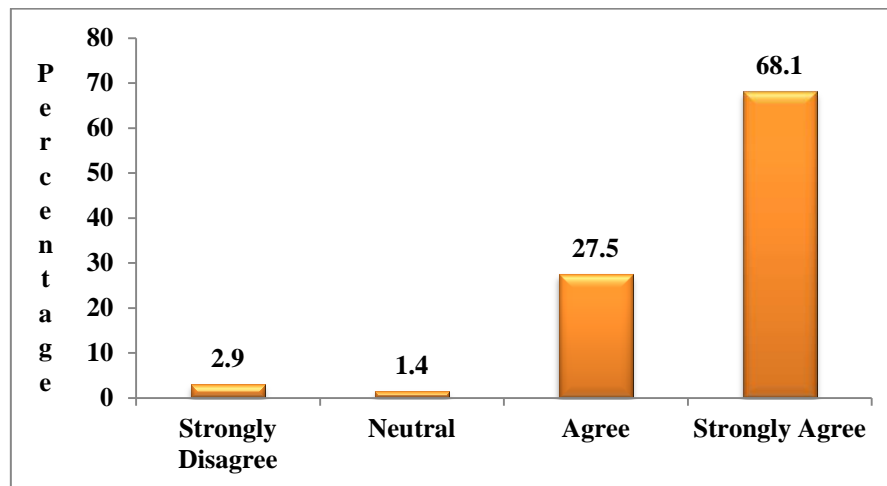
Figure 4.16: Excellent estate agents will have their customer's best interests at heart

Most of the respondents (95.6%) either strongly agreed (68.1%) or agreed (27.5%) that excellent estate agents will have their customer's best interest at heart. This indicates that this is a highly ranked expectation of customers. The primary role of an estate agent is to coordinate a sale between a seller and buyer. Although the seller pays their commission, the buyer would also want to be assured that the estate agent he or she is dealing with will have their best interests at heart. A property is often a consumer's most valuable asset and customers would hence expect that the person they entrust their property transaction with, will look after their interests.

4.4.5.3 Brokers of Estate Agents will understand the specific needs of their customers

Figure 4.17 below illustrates 'Brokers of excellent estate agents understand the specific needs of their customers'.
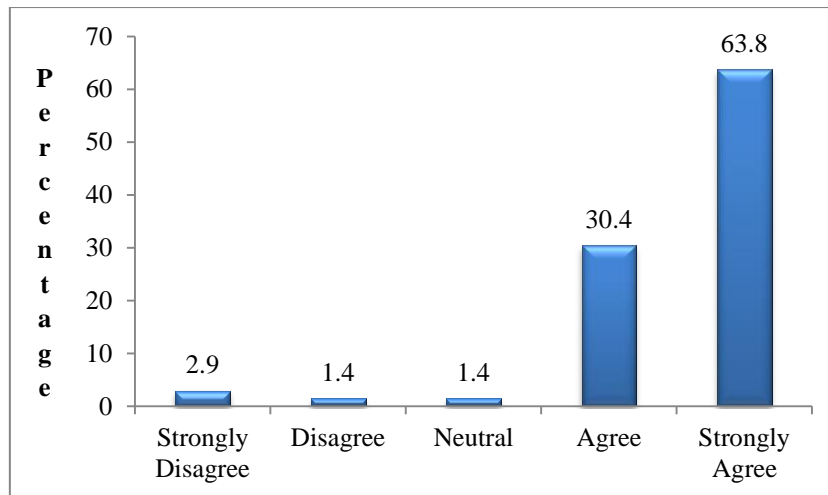
Figure 4.17: Brokers of excellent estate agents understand the specific needs of their customers

Bulk of the respondents (94.2%) either strongly agreed (63.8%) or agreed (30.4%) with the statement that brokers of excellent estate agents understand the specific needs of their customers. A buyer may choose to purchase a house based on certain specific needs that he or she may have. This may include factors such as a specific number or rooms, a study, a double garage and a large garden and so on. When such an individual consults with his or her estate agent, they would convey their needs to the agent. It is then up to the agent to understand these needs and then go about making a concerted effort to meet and fulfil those needs. Similarly, it would be a wasted effort on the agent's side if he or she puts a lot of effort into showing the customer houses that do not match his needs.

4.5 Customer Perceptions

Theron, Bothma and du Toit (2003) support the view that perception is the way something is seen or interpreted on the basis of experience. They however add that customer perception is highly subjective as what is perceived as outstanding service by one customer may perceive as sub-standard service by another. The study's findings on the respondent's perceptions on the service quality questions, based on the SERVQUAL questions, are presented below.

4.5.1 Perceptions on Tangibles

Figures 4.18 to 4.20 depict the perceptions of tangibles against the three statements on tangibles.

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4.5.1.1 The Estate Agency has Modern looking Equipment

Figure 4.18 below illustrates 'This agency has modern looking equipment'.
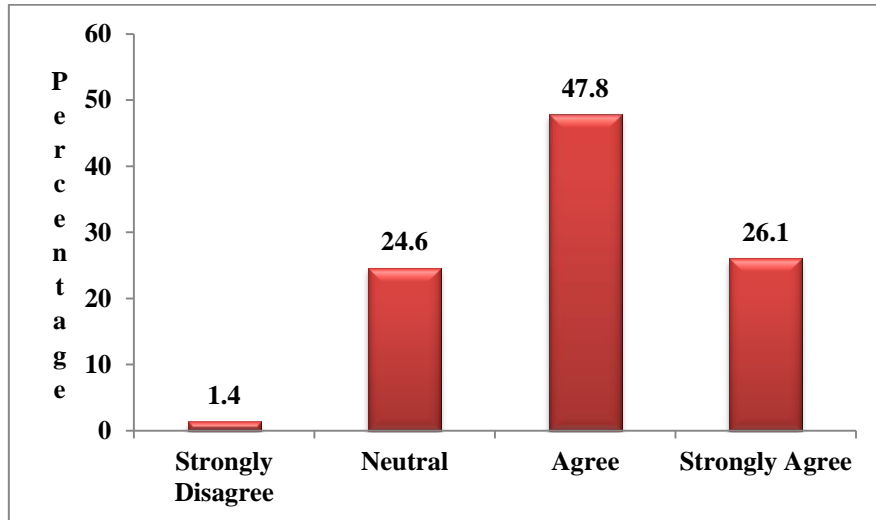
Figure 4.18: This agency has modern looking equipment

A total of 73.9% of the respondents either strongly agreed (26.1%) or agreed (47.8%) with the statement that the agency had modern looking equipment. Of this 26.1% strongly agreed with the statement. This creates a convincing impression that the agency does in fact have modern looking equipment. It is also noted from the table that 24.6% of the respondents remained neutral on this question. It is quite possible that they did not visit the agencies offices.

4.5.1.2 The Broker at this agency is neat in appearance

Figure 4.19 illustrates "The broker at this agency is neat in appearance'.
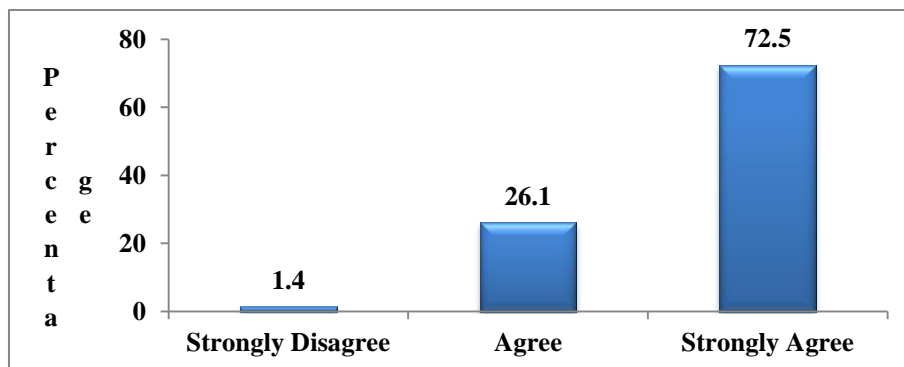
Figure 4.19: The broker at this agency is neat in appearance

An overwhelming 98.6% of the respondents either strongly agreed (72.5%) or agreed (26.1%) with the statement that the broker at this estate agency is neat in appearance.

4.5.1.3 Materials used by the agency are visually appealing

Figure 4.20 illustrates 'Materials associated with service (such as pamphlets or statements) are visually appealing at this agency'.
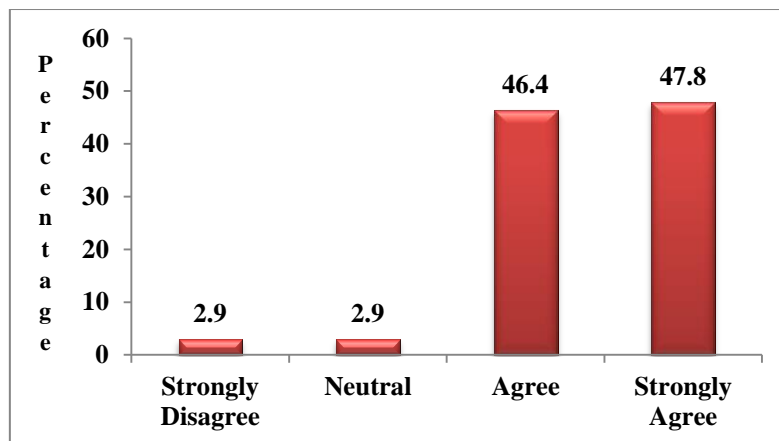
Figure 4.20: Materials associated with service (such as pamphlets or statements) are visually appealing at this agency

Most of the respondents (94.2%) either strongly agreed (47.8%) or agreed (46.4%) with the statement that materials used by the agency are visually appealing.

4.5.2   Perceptions on Reliability

Figures 4.21 to 4.23 depict the perceptions of reliability against the three statements on reliability.

4.5.2.1 Brokers at the Agency render Services on time

Figure 4.21 below illustrates 'When the broker at this agency promises to do something by a certain time, he / she does'.
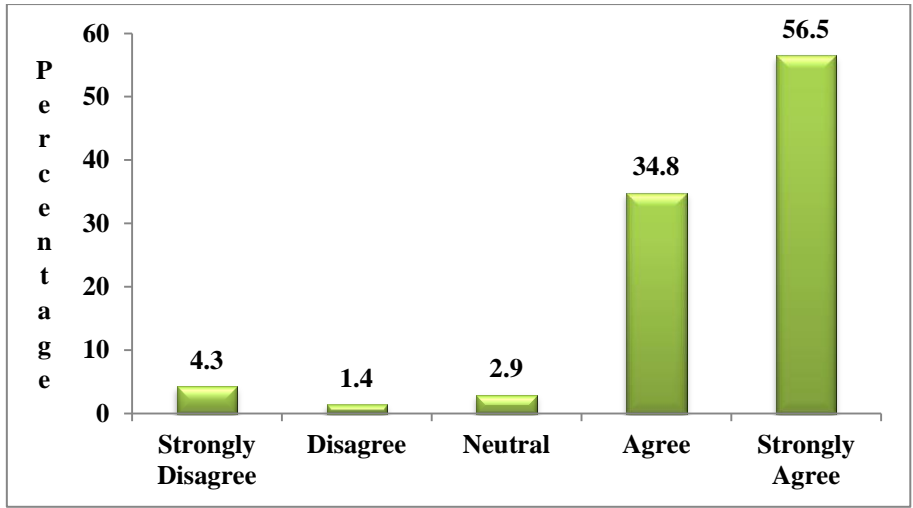
Figure 4.21: When the broker at this agency promises to do something by a certain time, he / she does

Majority of the respondents (91.3%) either strongly agreed (56.5%) or agreed (34.8%) with statement that when brokers at this agency promise to do something by a certain time, they do. However, a total of 5, 7% of the respondents disagreed with the statement.

4.5.2.2 Brokers at the Agency show a sincere interest in solving customer problems

Figure 4.22 below illustrates 'When a customer of this agency has a problem, their brokers will show a sincere interest in solving it'.
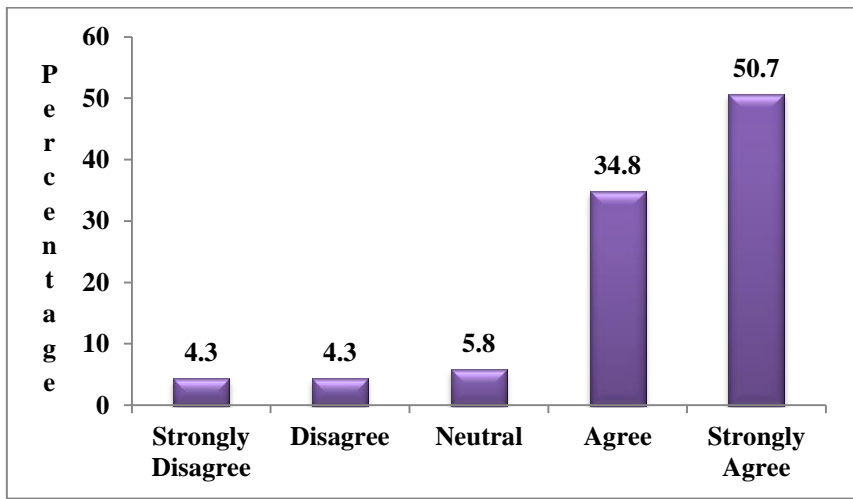
Figure 4.22: When a customer of this agency has a problem, their brokers will show a sincere interest in solving it

Most of the respondents (85.5%) either strongly agreed (50.7%) or agreed (34.8%) with the statement that brokers at this estate agency showed a sincere interest in solving customer problems. However in total 8.6% of the respondents disagreed with the statement, while 5.8% remained neutral. This reflects an overall 15% of discontent and uncertainty.

4.5.2.3 The Agency insists on Error Free Records

Figure 4.23 illustrates 'This agency insists on error free records'.
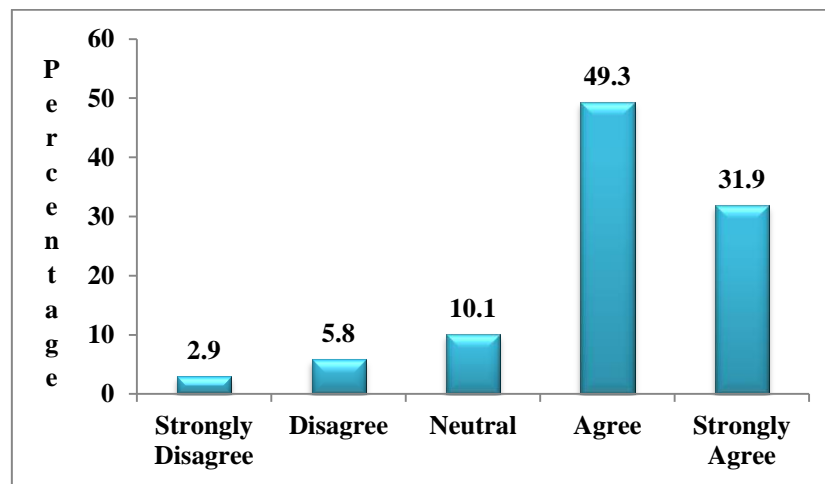
Figure 4.23: This agency insists on error free records

A significant 81.2% either strongly agreed (31.9%) or agreed (49.3%) that the agency insisted on error free records. However the fact that only 31.9% of the respondents strongly agreed with the statement should serve as a caution to the agency that this area needs to be looked at more closely. This is supported by the fact that in total 8.7% of the respondents disagreed with the statement, while 10.1% remained neutral.

4.5.3   Perceptions on Responsiveness

Figures 4.24 to 4.26 depict the perceptions of responsiveness against the three statements on responsiveness.

4.5.3.1 Broker of the Agency tells you when services will be performed

Figure 4.24 illustrates 'The broker at this agency will tell me exactly when services will be performed'.
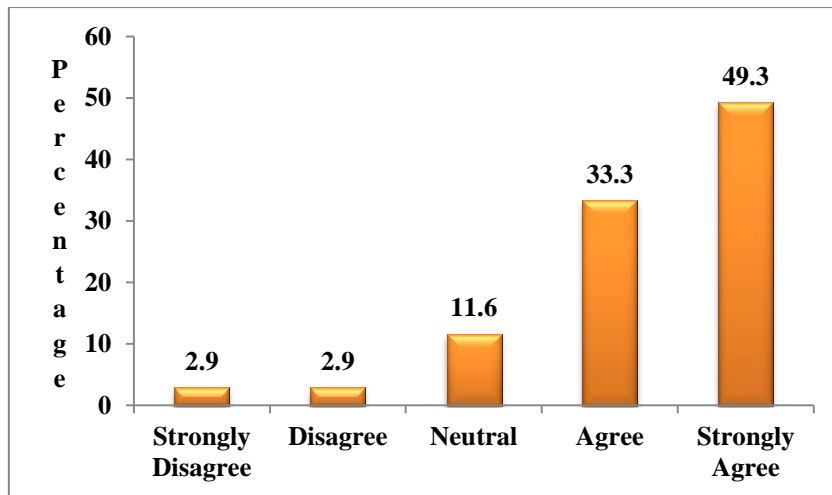
Figure 4.24: The broker at this agency will tell me exactly when services will be performed

Bulk of the respondents (82.6%) either strongly agreed (49.3%) or agreed (33.3%) with the statement that the broker at this agency will tell them exactly when services will be performed. A total of 5.8% disagreed with the statement. It is also observed that 11.6% of the respondents chose to remain neutral on this question. In total 17.4% of the respondents disagreed with the statement or remained neutral. This is hence an area the estate agency needs to look at as it appears that communication emanating from them to their customers is compromised. It is important that this area be addressed.

4.5.3.2 The broker at this agency gives me prompt service

Figure 4.25 below illustrates The brokers at this agency give me prompt service.
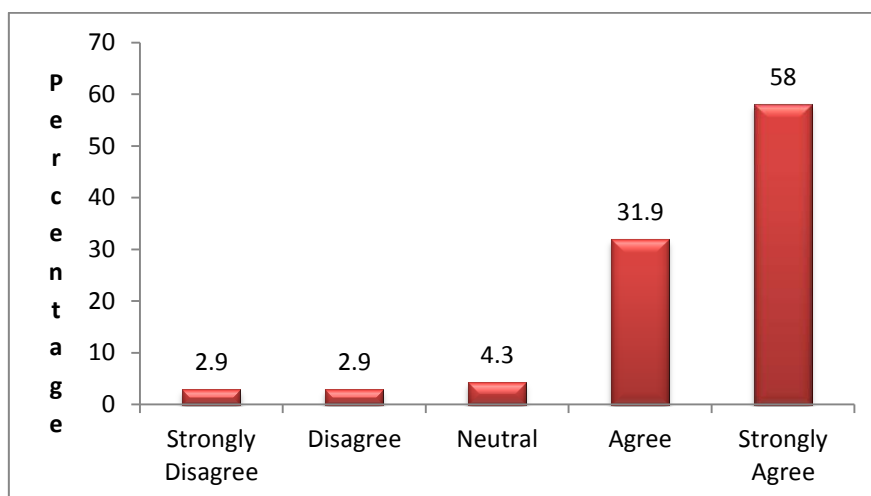
Figure 4.25: The brokers at this agency give me prompt service

A total of 89.9% of the respondents either strongly agreed (58%) or agreed (31.9%) with statement that the brokers at this agency give prompt service. However a total of 5.8% of the respondents disagreed with the statement, while 4.3% chose to remain neutral.

4.5.3.3 The broker at this agency will always be willing to help me

Figure 4.26 below illustrates 'The broker at this agency will always be willing to help me'.
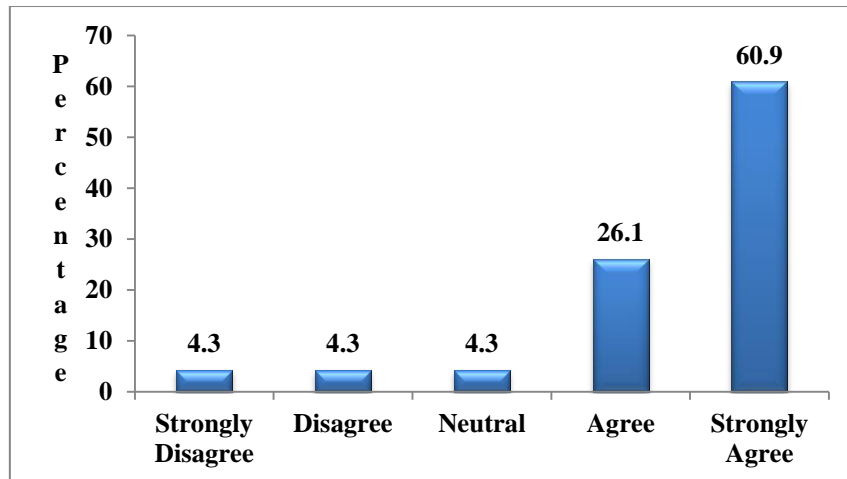
Figure 4.26: The broker at this agency will always be willing to help me

Most of the respondents (87%) either strongly agreed (60.9%) or agreed (26.1%) with statement that the broker at this agency will always be willing to assist them. In total 8.6% of the respondents disagreed with the statement.

4.5.4 Perceptions on Assurance

Figures 4.27 to 4.29 depict the perceptions of assurance against the three statements on assurance.

4.5.4.1 Customer feels safe in transactions with this agency

Figure 4.27 illustrates 'I feel safe in transactions with this agency'.
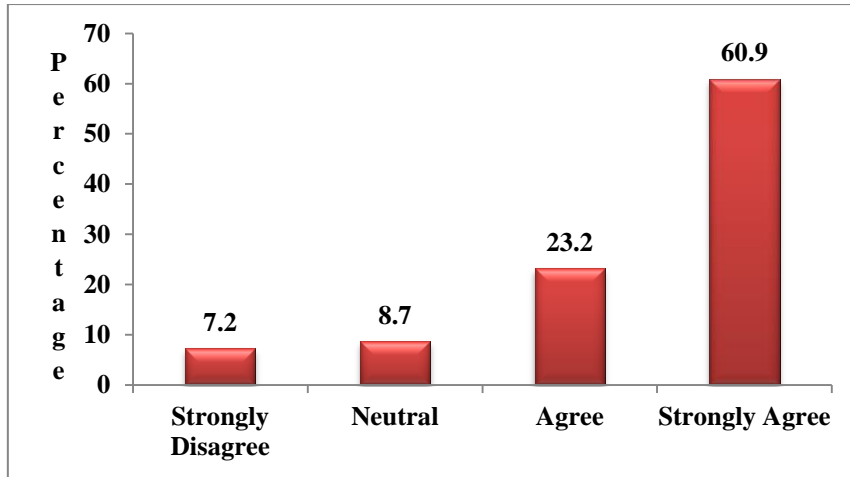
Figure 4.27: I feel safe in transactions with this agency

Majority of the respondents (84.1%) of the respondents either strongly agreed (60.9%) or agreed (23.2%) with the statement that they felt safe in transactions with this estate agency. 7.2% of the respondents strongly disagreed with the statement while 8.7% remained neutral.

4.5.4.2 The broker at this estate agency is consistently courteous with me

Figure 4.28 below illustrates 'The broker at this agency is consistently courteous with me'.
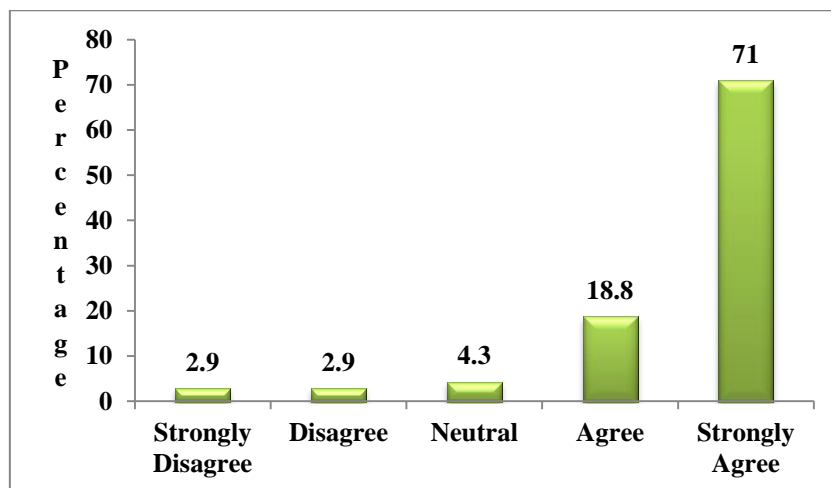
Figure 4.28: The broker at this agency is consistently courteous with me

Most of the respondents (89.8%) either strongly agreed (71%) or agreed (18.8%) with the statement that the broker at this estate agency is consistently courteous with them. In total a low 5.8% of the respondents disagreed with the statement.

4.5.4.3 The broker at this agency has the knowledge to answer questions

Figure 4.29 below illustrates 'The broker at this agency has the knowledge to answer my questions'.
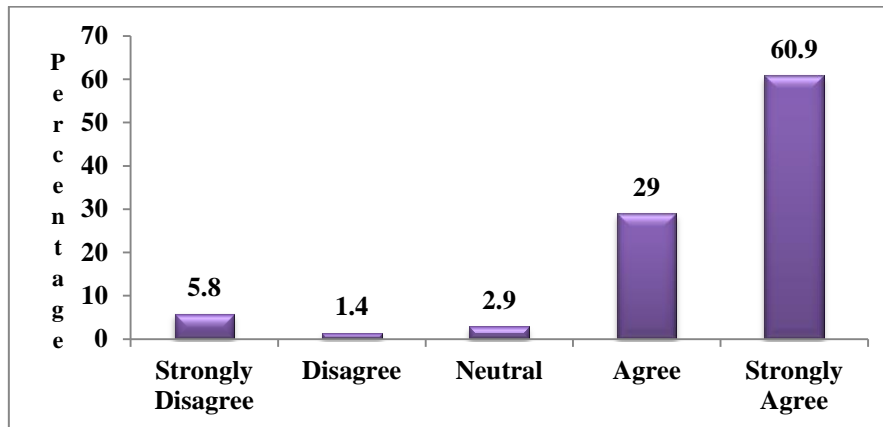
Figure 4.29: The broker at this agency has the knowledge to answer my questions

A substantial 89.9% of the respondents strongly agreed (60.9%) and agreed (29%) with the statement that the broker at this agency had the knowledge to answer their questions. A total of 7.2% of the respondents disagreed with the statement.

4.5.5   Perceptions on Empathy

Figures 4.30 to 4.32 depict the perceptions of assurance against the three statements on empathy.

4.5.5.1 The broker at this agency gives me individual attention

Figure 4.30 illustrates 'The broker at this agency gives me individual attention'.
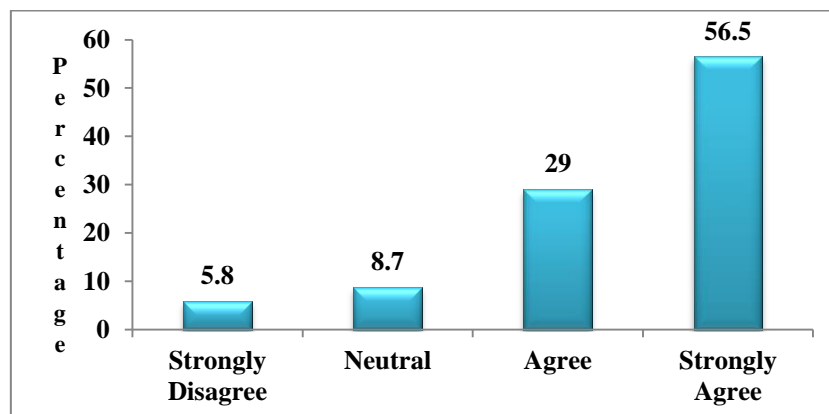
Figure 4.30: The broker at this agency gives me individual attention

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Most of the respondents (85.5%) either strongly agreed (56.5%) or agreed (29%) with the statement that the broker at this agency gives them individual attention. A low 5.8% of the respondents disagreed with the statement, while 8.7% of the respondents took a neutral position. A total of 14.5% of the respondents are not convinced by this statement and it would be recommended that the estate agency explore ideas as to how this can be improved so that more customers are convinced that they are getting individual attention.

4.5.5.2 The agency has my best interest at heart

Figure 4.31 below illustrates 'This agency has my best interest at heart'.
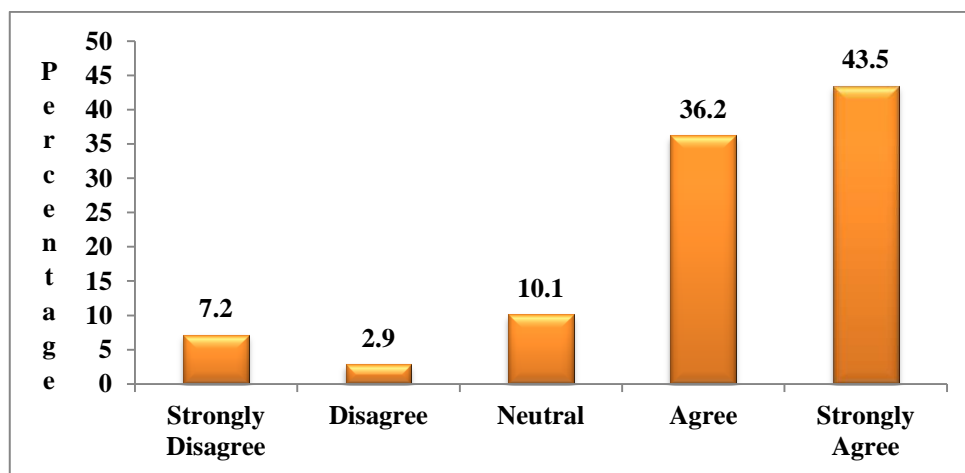
Figure 4.31: This agency has my best interest at heart

A total of 79.7 % of the respondents either strongly agreed (43.5%) or agreed (36.2%) with the statement that this agency has their best interests at heart. A total of 10.1% of the respondents disagreed with the statement while an equal percentage took a neutral stance. It is noted that a total of 20.2% of the respondents were not positive on the statement. This presents almost one fifth of the respondents and this highlights an area that the estate agency needs to examine more closely. It would be concerning for a business to think such a sizeable percentage feel that their service provider does not have their best interest at heart.

4.5.5.3 The broker at this agency understands my specific needs

Figure 4.32 below illustrates 'The broker at this agency understands my specific needs'.
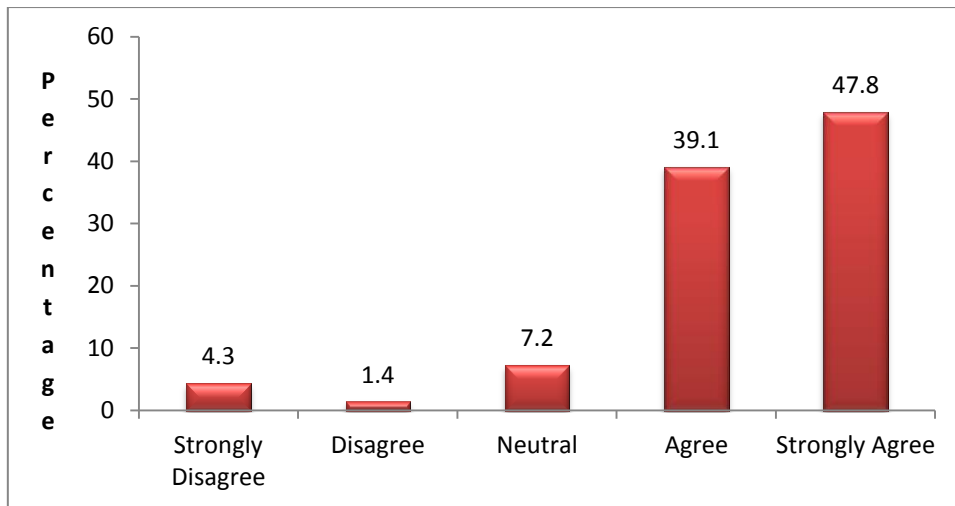
Figure 4.32: The broker at this agency understands my specific needs

A total of 86.9% of the respondents either strongly agreed (47.8%) or agreed (39.1%) with the statement that the broker of this agency understands their specific needs. A total of 5.7% of the respondents disagreed with the statement, while 7.2% remained neutral.

4.6 Importance of the Service Quality Dimensions

Figure 4.33 illustrates the importance of the service quality dimensions.
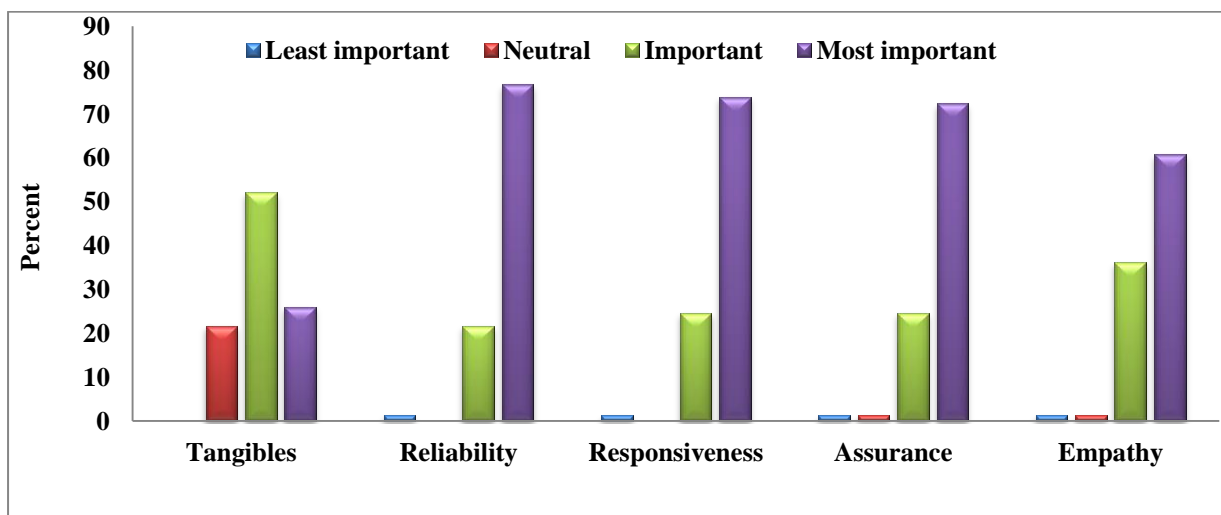
Figure 4.33: Importance of Service Quality Dimensions

Figure 4.33 above give an indication as to the importance placed by customers on the 5 service quality dimensions. The variable of importance was added to the traditional 'disconfirmation' model by Locke (1969, 1976), cited in Kanning and Bergmann (2009). The

rationale behind this was that it was accepted that not all attributes are of equal importance to customers. A previous example provided was that of a restaurant eating experience. It was argued that the quality of food served is often more important than the décor of the restaurant.

Customers of the estate agency (76.8%) selected reliability as the most important dimension. This means that when it comes to estate agents, the customers' main focus is on accurate performance of the promised service such as the sale of one's home or finding a suitable home for a buyer to purchase. The highest ranking of reliability was supported by other service quality studies. These include Brysland and Curry (2001), Landrum, et al. (2009), Kiran (2010) and Markovic and Raspor (2010).

The second most important dimension to estate agency customers is responsiveness. A total of 73.9% of the respondents felt that it was a most important dimension. Responsiveness of estate agents relates to their willingness to help customers and provide prompt service. Respondents indicate that they place high value on receiving a prompt service. Other studies that found responsiveness to be second highest in terms of importance include that of Pampallis and Bond (2002) and Kanakana (2014).

The third highest score received in order of importance was for assurance. A substantial 72.5% of the respondents selected assurance as a 'most important' service quality dimension. Assurance in terms of estate agency would refer to the agent's knowledge and courtesy as well as their ability to convey trust and confidence. Customers of estate agents would rely on the knowledge of brokers whom they would regard as experts of the property market, to help them make the right decisions. Buying or selling residential property is a huge decision and has far reaching financial and emotional implications. Estate agents familiarise themselves with current trends in the neighbourhoods in which they specialise so that they are able to adequately advise buyers and sellers of the correct pricing for that area. Estate agents would want to use their expertise in a particular area and capitalise on that aspect. An example is that of Rawson's estate agents who use the marketing slogan, "Rawson's, your neighbourhood experts". Customers would also place emphasis on assurance as it includes the trust factor. Trust would play an important role in the interactions between customer and agent as the customer would be required to lodge funds in the trust account of the estate agency. This would be for deposits on the purchase price, occupational rentals and so forth.

The importance ranking of assurance coincides with the findings of other studies like that of Johnson, Dotson and Dunlap (1988) and Brysland and Curry (2001).

Empathy received the second lowest (or fourth highest) importance ranking in the study. Empathy in the context of estate agency looks at the caring individual attention the estate agency provides its customers (Fisk, Grove and John, 2004). In this study, empathy had the highest expectation average scores and the lowest average perception score, resulting in the largest negative service quality gap of the study. The lower importance ranking of empathy is consistent with other service quality studies like that of Landrum, et al. (2009) where empathy was ranked fourth highest. It is also consistent with the estate agency study by Johnson, Dotson and Dunlap (1988) where is ranked fifth in order of importance

It is observed that customers placed the least importance on the dimension of tangibles. Only 26.1% of respondents rated this dimension as most important. However just over half of the respondents (52.2%) of the respondents rated tangibles as an important dimension. A possible reason for the low ranking of tangibles is that customers are not always required to visit the offices of the estate agent. Estate agents may visit the customer at their home and carrying the required documentation with them. Legal documents like purchase and sale agreements can be signed in the comfort of the customer's home. The low importance ranking of 'tangibles' is supported by other authors like Wal, Pampallis and Bond (2002), Landrum, et al. (2009) and Naik, Gantasala and Prabhakar (2010).

4.7 Analysis of the GAP

	Expectation (E)	Perception (P)	GAP (P-E)
	Mean	Mean	Mean
Excellent estate agents will have modern looking equipment.	3.5797	3.9710	.3913
Brokers at excellent estate agents will be neat in appearance.	4.4203	4.6812	.2609
Materials associated with service will be visually appealing at excellent estate agents.	4.2899	4.3623	.0725
When brokers at excellent estate agents promise to do something by a certain time, they do.	4.4783	4.3768	-.1014
When a customer has a problem, excellent estate agents will show a sincere interest in solving it.	4.5362	4.2319	-.3043
Excellent estate agents will insist on error free records.	4.3043	4.0145	-.2899
Brokers of excellent estate agents will tell customers exactly when services will be performed.	4.4783	4.2319	-.2464
Excellent estate agents will give prompt service to customers.	4.5797	4.3913	-.1884
Brokers at excellent estate agents will always be willing to help customers.	4.5507	4.3478	-.2029
Customers of excellent estate agents will feel safe in transactions.	4.5652	4.3043	-.2609
Brokers at excellent estate agents will be consistently courteous to customers.	4.5362	4.5217	-.0145
Brokers at excellent estate agents will have the knowledge to answer customers' questions.	4.5072	4.3768	-.1304
Brokers of excellent estate agents give customers' personal attention.	4.5652	4.3043	-.2609
Excellent estate agents will have their customer's best interests at heart.	4.5797	4.0580	-.5217
Brokers of excellent estate agents understand the specific needs of their customers.	4.5072	4.2464	-.2609

Table 4.3: Detailed GAP analysis

Authors like Bitner and Gremler (2009) described service quality as the degree to which a service matched or exceeds the expectations of its customers. The GAPS model hence proposes that expectations of customers are a function of disconfirmation and that a customer makes a comparison between expected experience and post consumption experience and decides on a level of service based on this.

4.7.1   Analysis of the GAP per dimension

4.7.1.1 Gap on the dimension of Tangibility

Figure 4.34 illustrates the service quality gaps that were identified in response to the three questions related to tangibility.
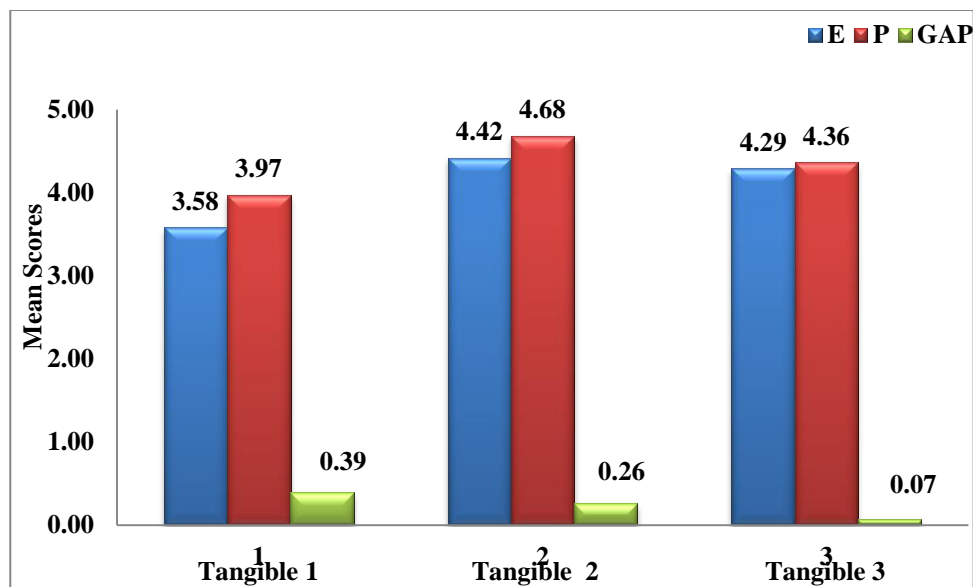
Figure 4.34: Service GAP on the dimension of Tangibility

The three SERVQUAL questions related to 'Tangibility' resulted in a positive gap. Though these gaps are not significant (< 1), however, it can still indicate that the perceived service linked to tangibles exceeded the expectations of the respondents. The highest gap came from the first statement related to modern equipment (Gap = 0.39). The lowest gap came from statement three (gap= 0.07). The overall positive gaps in these dimensions indicate that the estate agency does not require much improvement in tangibles.

4.7.1.2 Gap on the dimension of Reliability

Figure 4.35 below exhibits the service quality gap that resulted from the three questions related to reliability.
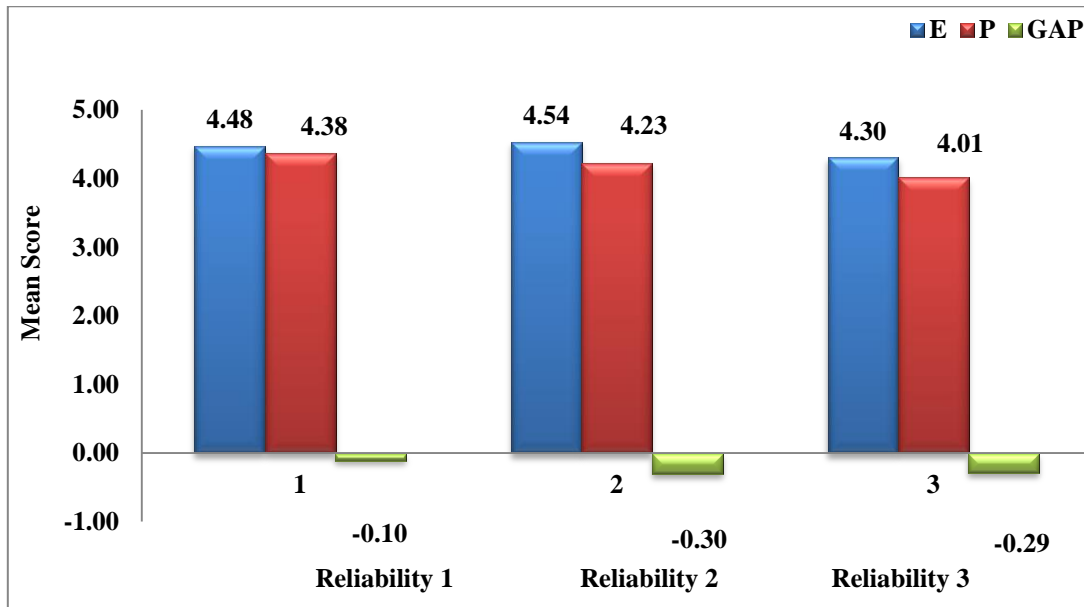
Figure 4.35: Service GAP on the dimension of Reliability

The service quality gap noted on the reliability statements seems to present negative gaps. Negative gaps occur when the customers' expectations exceed the customer's perceived service. However, again, these gaps are highly insignificant (<1). The highest gap (-0.30) occurred with statement two i.e. the estate agents interest shown in resolving a problem that the customer may have. This was closely followed by the next gap of -0.29, arising from statement three.

This statement relates to the estate agency insisting on error free records. Although all the gaps are very small, the agency does however need to put some effort in showing an interest in resolving customer problems and insisting on error free records so that it can close the gaps completely.

4.7.1.3 Gap on the dimension of Responsiveness

Figure 4.36 below shows the service quality gap that resulted from the three questions related to responsiveness.
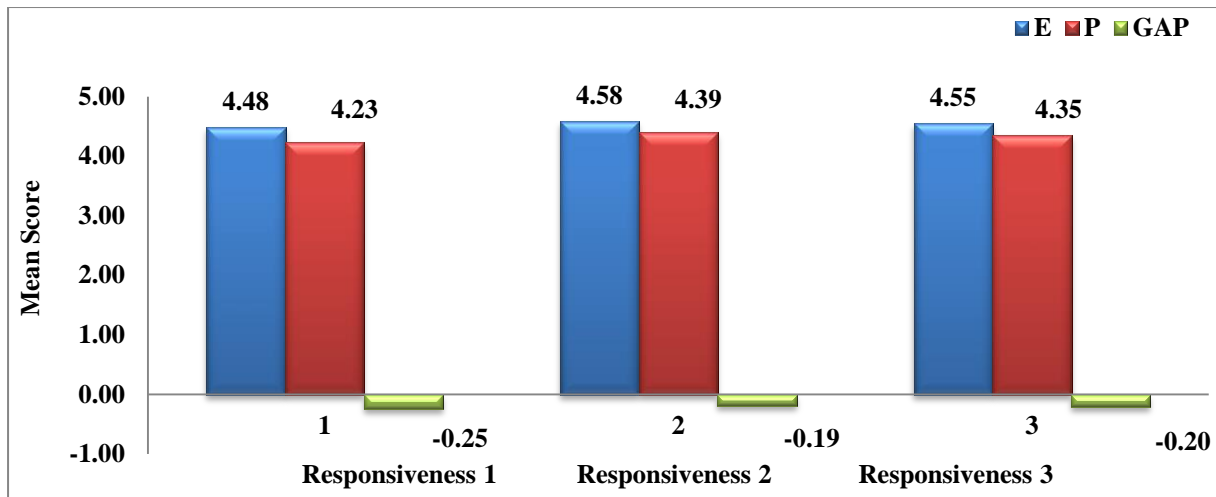
Figure 4.36: Service GAP on the dimension of Responsiveness

The gaps that arise on this dimension are more or less consistent and differ by a very narrow margin. The largest gap (-0.25) is reflected in the first statement that states that excellent estate agents will inform customers exactly when services will be performed. The second and third gaps (-0.19 and -0.20) are almost the same. Overall the gaps that appear in this dimension are very small and may hence not require a lot of effort from the estate agency to rectify the shortcomings.

4.7.1.4 Gap on the dimension of Assurance

Figure 4.37 illustrates the service quality gap that resulted from the three questions related to responsiveness.
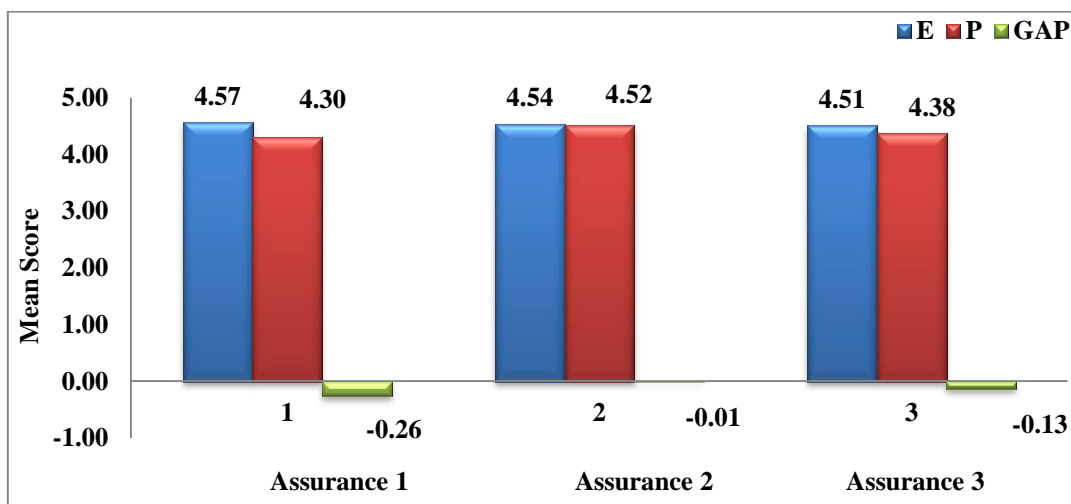
Figure 4.37: Service GAP on the dimension of Assurance

The largest gap (-0.26) on the dimension of assurance is reflected in statement one that deals with customers of estate agents feeling safe in transactions. Although the gap is relatively small, it arises from a critical statement and should hence be treated in a serious light. Customers of estate agents lodge deposits and other monies with in estate agents trust accounts. They should feel completely safe in these transactions and any doubt in the mind of the customer should be quickly addressed and resolved. The second largest gap (-0.13) comes from statement three that deals with estate agents being consistently courteous to customers. Although this gap is also relatively small, it stems from an important point of estate agents being courteous to customers. It is hence recommended that the agency aims to reduce this gap to zero.

4.7.1.5 Gap on the dimension of Empathy

Figure 4.38 shows the service quality gap that resulted from the three questions related to empathy.
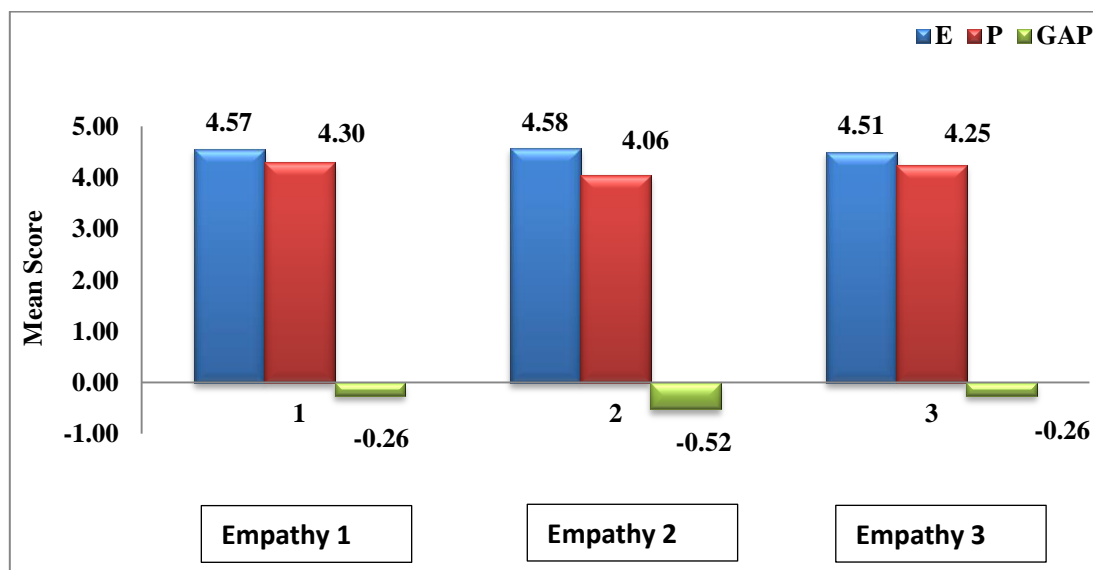
Figure 4.38: Service GAP on the dimension of Empathy

The largest gap in this dimension (-0.52) arises from the statement that excellent estate agents will have their customer's best interests at heart. Though is it less than 1 (insignificant), this gap may have arisen as a result of estate agents failing to show customers that they have their best interests at heart. The agency should make an attempt to change this perception as soon as possible. The remaining two gaps (-0.26) are of the same value. Although these gaps are relatively small, it would still be in the agency's interest to close these two gaps.

4.8 Customer Satisfaction

4.8.1 Time it took to sell or buy property through the agency

Figure 4.39 shows the time it took to sell or buy property through the agency.
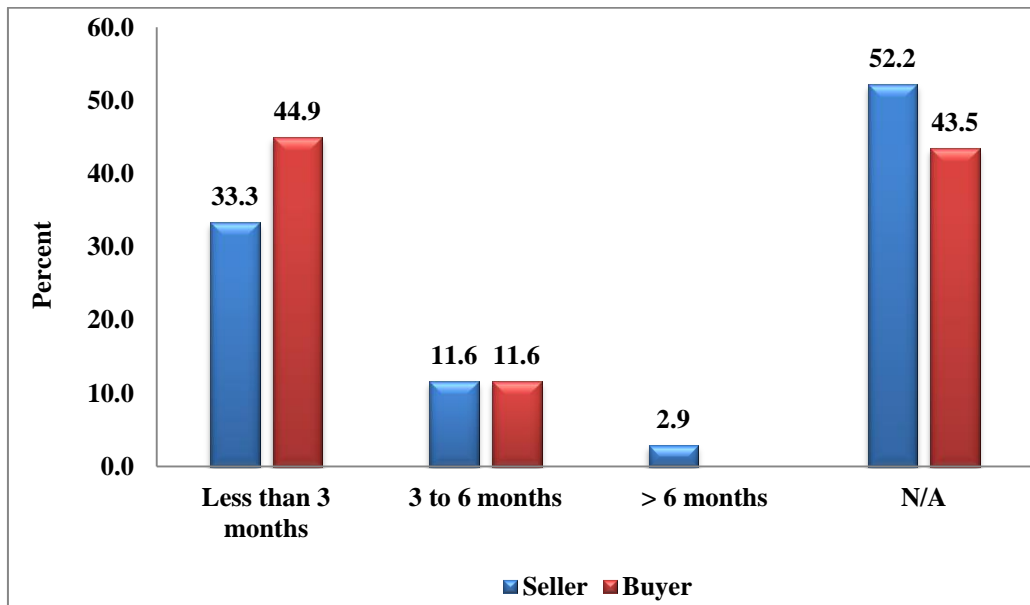
Figure 4.39: Time it took to sell or buy property through agency

Although just over half of sellers (52.2%) and (43.5%) of buyers did not fall into the options given, most of the remaining respondents fell into the first category option of 'less than 3 months'. Just under half of buyers (44.9%) and one third of sellers (33.3%) were able to sell or buy their new properties within 3 months. This would appear to be an impressive record for the participating agency as it shows that they are able to move their stock or listing in a fairly quick time. Estate agents market and advertise on their ability to move their listings fairly quickly. One such agency is Dormehl Estate Agents who advertised in a local paper (Tribune, 2015) that they sold a property in two days. 11.6% of both sellers and buyers bought and sold within 3 to 6 months. Only 2.9% of sellers took longer than 6 months to sell their property. No buyers fell into this category. Overall, the impression created is that the agency is able to quickly respond and meet the needs of its customers.

4.8.2 The Agency makes you feel like a valued customer

Table 4.4 illustrates 'The agency does make you feel like a valued customer'

	Frequency	Percent	Cumulative Percent
Strongly Agree	34	49.3	49.3
Agree	29	42.0	91.3
Disagree	3	4.3	95.7
Strongly Disagree	3	4.3	100.0
Total	69	100.0	

Table 4.4: The agency does make you feel like a valued customer

An overwhelming 91.3% of the respondents either strongly agreed (49.3%) or agreed (42%) with the statement that the agency does make them feel like valued customers. Only a total 8.6% of the respondents disagreed with the statement. The details of this table are significant as it shows that estate agency is indeed focussed and intent on making its customers feel valued which in turn leads to increased customer satisfaction.

4.8.3 You would consider yourself an overall satisfied customer of this estate agency.

Table 4.5 below illustrates 'You would consider yourself an overall satisfied customer of this estate agency?'

	Frequency	Percent	Cumulative Percent
Strongly Agree	35	50.7	50.7
Agree	28	40.6	91.3
Disagree	3	4.3	95.7
Strongly Disagree	3	4.3	100.0
Total	69	100.0	

Table 4.5: You would consider yourself an overall satisfied customer of this estate agency

Most of the respondents (91.3%) either strongly agreed (50.7%) or agreed (40.6%) with the statement that they considered themselves satisfied customers of the estate agency. Only a total of 8.6% of the respondents disagreed with the statement. The statistics of this table are significant as it indicates that majority of the respondents indicate that they are highly satisfied customers of the agency.

4.9 Customer Loyalty (repeat purchases and referral strategies)

Figure 4.40 below shows customer loyalty of customers of the estate agency.
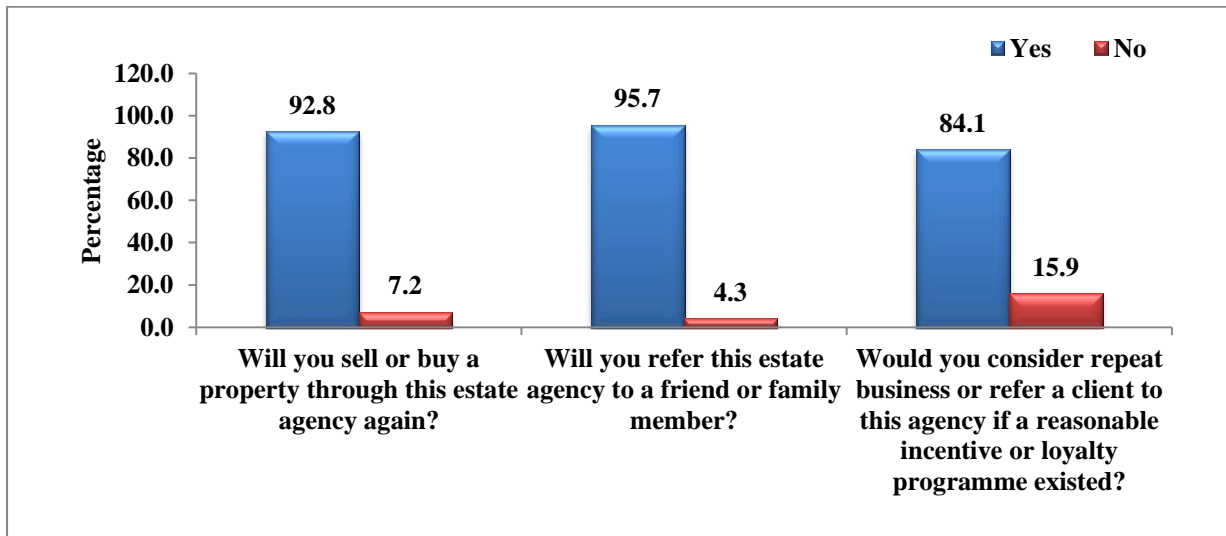
Figure 4.40: An illustration of the estate agencies customer loyalty

The figure indicates that customers of the estate agency would unstintingly support the agency by way of repeat purchases and referrals. Majority of the respondents (84.1%, 92.8% and 95.7%) committed to supporting the estate agency in this manner. This information is highly significant as it illustrates that the agency has managed to create a high sense of loyalty amongst its customers. The percentage of respondents that disagreed with the statements is minimal and almost insignificant in comparison.

4.10   Customer Retention

4.10.1 Estate agency's engagement with existing customers

Figure 4.41 illustrates customer retention strategies by the estate agency.
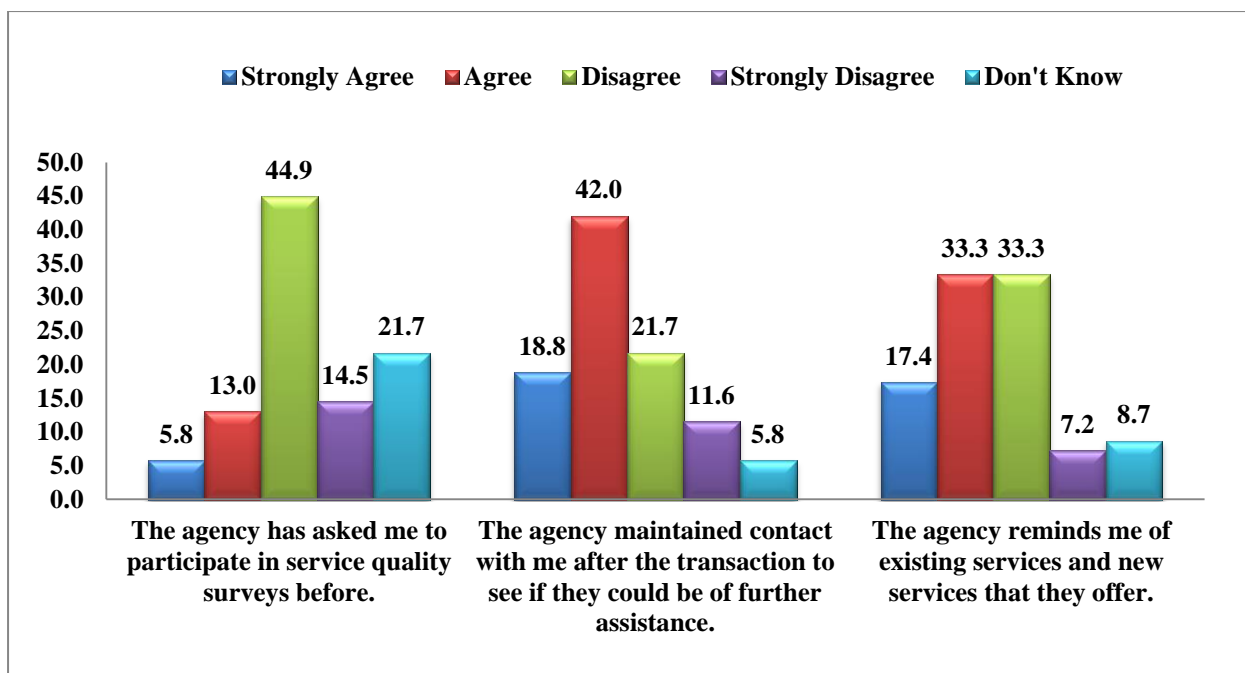
Figure 4.41: Illustration of Customer Retention strategies

The above table and figure illustrates the response of the estate agency's customers to the potential retention strategies that the agency could undertake. It is evident with the first question though that a total of 59.4% (14.5% strongly disagreed and 44.9% disagreed) disagreed that the agency had asked them to participate in service quality surveys before. This could be interpreted as a shortcoming of the agency as they have failed to get a sense of their customer's feedback in the past. Problem areas that may have existed would have gone unnoticed if the responses of customers were not considered. Further 21.7% of respondents further indicated that they did not know whether the agency had done this or not. This is a substantial percentage who cannot recall being communicated with by the agency.

The respondents appear to be divided with regards to the second question on customer retention. A total of 60.8% of the respondents either strongly agreed (18.8%) or agreed (42%) that the agency had maintained contact with them after the transaction. However one third of the respondents (33.3%) disagreed (21.7%) and strongly disagreed (11.6%) that the estate agency had maintained contact with them after the transaction. This would be a concerning factor as the impression is created that the customer is soon forgotten after the deal has been sealed.

The response to the third question presents a scenario where one third of respondents agreed that the agency reminds them of existing and new services, while another one third disagreed. However it is also observed that 17.4% of the respondents strongly agreed with the statement against 7.2% who strongly disagreed with the statement. The responses to this question appear to be more or less balanced in favour of and against the statement. The question itself is of significance because the agency could be losing potential business by not reminding its customers of what it does or new services that it may have introduced.

4.10.2 Avenues the agency may offer its customers to lodge customers

Figure 4.42 below demonstrates whether customers of the estate agency know how lodge complaints with them.
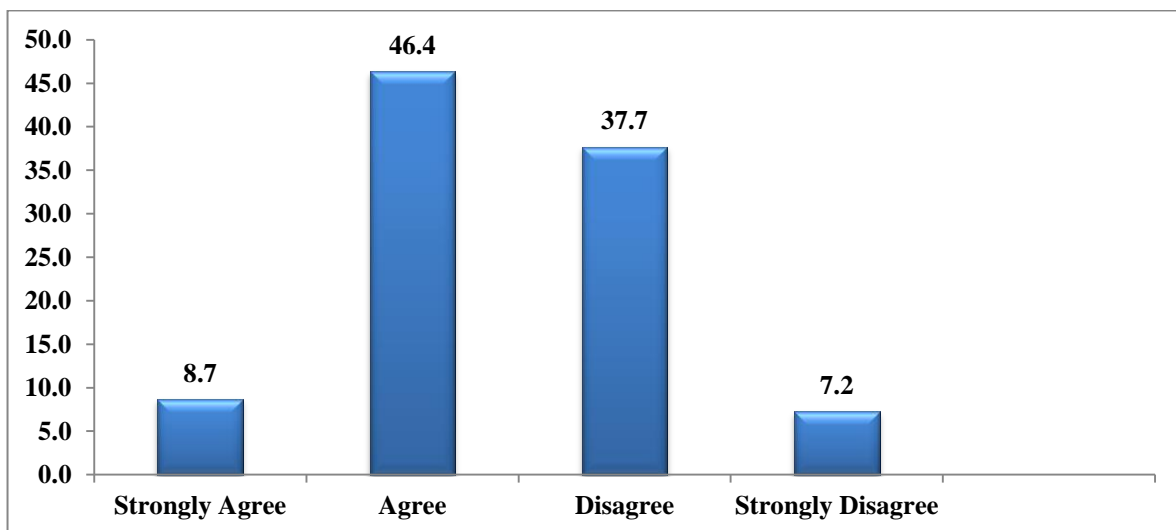
Figure 4.42: Customers response to whether they are aware of the avenues that the agency offers them to lodge complaints

The respondents appear to be divided in their response to this question. The numbers that have strongly agreed and strongly disagreed, appear to be more or less balanced i.e. 8.7% versus 7.2%. Further 46, 4% of the respondents agreed with the statement while 37.7% disagreed with the statement. It may therefore be deduced that the agency may have communicated with part of its customer database with regards to advising them of avenues to lodge complaints. It is also possible that the 37.7% are part of the respondents that did not have complaints and were therefore not inclined to know about avenues to lodge complaints.

4.10.3 Rating of how complaint was handled

Figure 4.43 below illustrates how effectively past complaints of the estate agency have been handled.
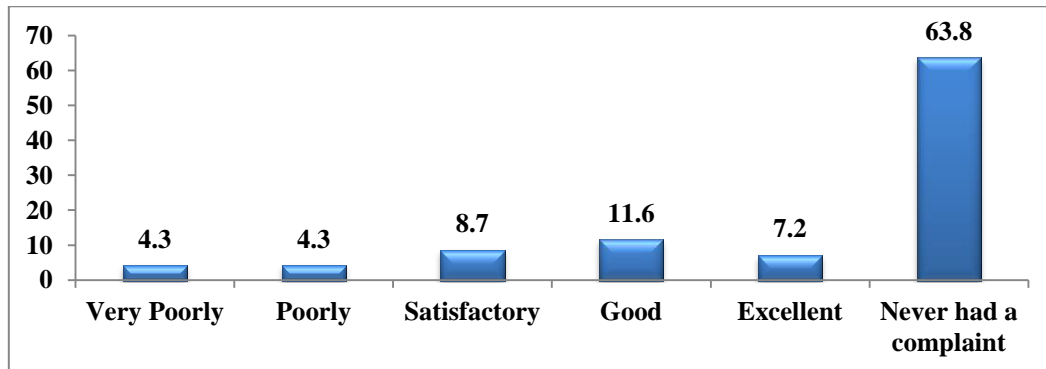
Figure 4.43: Rating of complaint handling

Although majority of customers (63.8%) have conveyed that they did not have a complaint, it is ascertained that 36.2% did have complaints. Of that percentage, 17.3% declare that their complaints were handled either very poorly (4.3%), poorly (or satisfactorily. On the other hand, 18.8% responded that they had a good or excellent experience in their complaint handling. There appears to be a balance with registered complaints in terms of negative and positive experiences. It may also be interpreted that as 63.8% of customers did not have a complaint, the agency is meeting the needs of the customers. Not having complaints is also a seen as a sign that an acceptable level of service is being provided. It is arguable that this may be preferred to effectively resolving complaints.

4.11   Conclusion

This chapter presented the findings relating to the frequency analysis of the data collected. The findings of the SERVQUAL questionnaire have revealed that apart from the service quality dimension of tangibles which showed a small but positive gap, all remaining tangibles reflected a narrow but negative gap. The chapter also presented findings related to the questions on customer satisfaction, customer loyalty and customer retention. The next chapter (chapter 5) will provide a more detailed analysis and discussion of the results in line with the study's research questions and objectives. The detailed analysis will test the reliability of the SERVQUAL framework used whilst highlighting and discussing in-depth results derived from factor analysis, chi-square and correlations.

Chapter Five: Analysis and Discussion

5.1 Introduction

The chapter encompasses a detailed analysis and discussion of the statistics that were obtained from administering of the questionnaires. While the previous chapter presented these findings from a frequency perspective, this chapter aims to provide a more detailed interpretation of the outcomes while linking the results to complimentary theories and associated studies. The results are further discussed in line with the objectives and research questions of the study. The questionnaire was broken up into 17 questions (with sub questions) that rotate around the objectives and theoretical frameworks of the study. The chapter also examines and discusses the inferential techniques used which include factor analysis, correlations and chi-square test values, which are interpreted using the p-values.

5.2 Research questions and Objectives of the study

For ease of reference and as a means of linking the discussion to follow with the objectives and questions of the study, the questions and objectives are noted below.

5.2.1   Questions of the Study

- What are the elements of good service quality in the residential estate agency business?
- What are customers' expectations of service quality in the residential estate agency business?
- What are customers' perceptions (actual experience) of service quality in the residential real estate business?
- What are the gaps between the expected and perceived service quality as experienced by customers?
- Is there a relationship between service quality and customer loyalty (informed by repeat purchases and referral strategy)?
- Is service quality and customer satisfaction positively correlated?
- Is there a positive relationship between service quality and customer retention?

5.2.2   Objectives of the Study

- To establish the determinants of quality customer service in the residential estate agency industry.
- To establish a customers' expectation of service quality.
- To establish a customers' perception of service quality.
- To establish if there is there is a gap between expected and perceived service experienced by the customer.
- To establish if there exists a correlation between service quality and customer loyalty (informed by repeat purchases and referral strategy).
- To establish if there is a correlation between service quality and customer satisfaction.
- To ascertain if service quality impacts on customer retention.

5.3 The Research Instrument

The research instrument used was a questionnaire which was broken up into 17 questions (with sub questions). The research instrument consisted of 53 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was further split into 7 sections which measured several themes as indicated below:

- Section A – Demographics or Biographical Data
- Section B – SERVQUAL rating scale (expectations)
- Section C – SERVQUAL rating scale (perceptions)
- Section D – Importance of the Service Quality Dimensions
- Section E – Customer Satisfaction
- Section F – Customer Loyalty
- Section G – Customer Retention

5.4 Reliability of Statistics

According to Sekaran (2003), the two most important aspects of precision are reliability and validity. Berndt and Herbst (2005) refers to reliability as the degree to which an instrument (or measure) is free from random error and is able to provide consistent data. They add that Cronbach's Alpha is used for the purposes of determining reliability by determining how well

a set of items measures a specific construct. Reliability is hence calculated by taking several measurements on the same subjects. While one (1) would indicate perfect reliability, a reliability coefficient of 0.70 or higher is considered as 'acceptable' as the lower level of acceptability (Vilakazi and Govender, 2014).

Table 5.1 below reflects the Cronbach's alpha score for all the items that the questionnaire was built on.

	E	P
Tangible	.764	.588
Reliability	.842	.817
Responsiveness	.949	.943
Assurance	.928	.924
Empathy	.923	.962
Overall	**.970**	**.967**

Table 5.1 Cronbach's Reliability Test Results

The overall reliability score exceeds the recommended Cronbach's alpha value of 0.700, for the SERVQUAL construct. This indicates a high degree of acceptable, consistent scoring for the various sections of the research. This is consistent with the reliability scores of other SERVQUAL studies quoted in this thesis such as Berndt and Herbst (2005), Huang (2009), Kuo and Tsai (2009) and Roberts-Lombard and Du Plessis (2012). Only the Perception score for 'Tangibles' was below the acceptable score. This can be primarily due to the inconsistencies of the scoring patterns in the section analysis. It is also seen as low due to the number of variables that constituted that section was small. Finally, it is more highly probable that there was a misinterpretation of the statements by the respondents which affected their responsiveness to that section. The score of 0.588 may however still be quite acceptable. This is supported by the study of Cortina (1993) who indicated that even at 0.57; this would be an acceptable Cronbach alpha score.

5.5 Factor Analysis

Factor analysis is a statistical technique which focuses primarily on data reduction. Factor analysis can be used to establish whether the three measures do, in fact, measure the same thing (Sekaran, 2003). If so, they can then be combined to create a new variable, a factor

score variable that contains a score for each respondent on the factor. Factor analysis is done only for the Likert scale items. Van der Wal, Pampallis and Bond (2002) define factor analysis as a statistical approach that highlights the intrinsic affinity between variables. They add that factor analysis condenses the information from a large number of original variables into a smaller set of factors with a minimum loss of information. Hence, the factor is the natural affinity of an item for a group. The higher the loading (factor), the stronger the affiliation of the item to a specific factor. After factor analysis, the homogeneity of dimensions may be tested.

The rotated component matrix table (Table 5.4) is hence preceded by a summarised table that reflects the results of KMO (Kaiser-Meyer-Olkin) and Bartlett's Test. The KMO test is used to confirm construct validity and the Bartlett's test is used to indicate whether the factor model is inappropriate (Roberts-Lombard and Du Plessis, 2012). The requirement is that Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.70 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allows for the factor analysis procedure.

5.5.1   KMO and Bartlett's Test

Expectations

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.917
Bartlett's Test of Sphericity	Approx. Chi-Square	1224.324
	df	105
	Sig.	.000

Table 5.2 KMO and Bartlett's Test

Perceptions

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.940
Bartlett's Test of Sphericity	Approx. Chi-Square	1164.457
	df	105
	Sig.	.000

Table 5.3 KMO and Bartlett's Test

As shown is Table 5.2 and Table 5.3, the 'measure of sampling adequacy' is well over 0.50 with a significance of .000. This indicates an extremely strong and valid significance thus confirming the KMO and Bartlett's test valid.

5.5.2 Rotated Component Matrix Table

Sub Variables	Expectation - Component					Perception - Component				
	1	2	3	4	5	1	2	3	4	5
Tangible 1	.190	.192	.152	.154	.934	.093	.120	.076	.022	.983
Tangible 2	.376	.615	.244	.432	.234	.353	.798	.194	.262	.162
Tangible 3	.314	.804	.211	.160	.188	.373	.312	.167	.843	.024
Reliability 1	.377	.343	.179	.763	.204	.748	.426	.084	.207	.149
Reliability 2	.471	.118	.621	.476	.157	.824	.371	.117	.080	.045
Reliability 3	.303	.457	.746	.083	.201	.366	.197	.882	.155	.101
Responsiveness 1	.306	.567	.518	.419	.095	.747	.422	.178	.149	.047
Responsiveness 2	.499	.540	.429	.398	.165	.821	.366	.107	.168	.050
Responsiveness 3	.554	.533	.370	.361	.175	.880	.349	.152	.114	.088
Assurance 1	.690	.319	.280	.475	.128	.821	.238	.308	.145	.131
Assurance2	.604	.489	.440	.246	.155	.620	.565	.177	.236	.114
Assurance 3	.777	.225	.361	.158	.318	.824	.217	.261	.272	.040
Empathy 1	.788	.361	.261	.265	.123	.857	.187	.245	.256	-.001
Empathy 2	.591	.234	.484	.436	.171	.863	.124	.215	.200	.107
Empathy 3	.747	.411	.162	.294	.123	.846	.081	.237	.318	.091

Table 5.4 Rotated Component Matrix Table

With reference to the Table 5.4 above, the principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalisation. This is an orthogonal rotation method that minimizes the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors (Sekaran, 2003). This then allows for the factor analysis to show inter-correlations between variables. Hence, items of questions that loaded similarly (at or above (0.5) imply measurement along a similar factor.

It can be seen in Table 5.4 that the variables that constituted 'Assurance and Empathy' loaded perfectly along a single component for both Expectations and Perceptions. Perceptions for responsiveness also loaded perfectly. This implies that the statements in the section measured what they set out to measure based on the responses. The remaining variables loaded along multiple components. This means that respondents saw each sub-variable differently from the

main variable. For example, the 'Tangibles' variable was broken down into the sub-variables of Tangibles 1, 2 and 3. It can be seen, based on the responses, each sub-variable was seen differently from the main variable hence the multiple loading.

The results of the above factor analysis closely match the results obtained by van der Wal, Pampallis and Bond (2002) in the factor analysis of their service quality study. Their study found that two of the dimensions i.e. 'tangibles' and 'reliability' loaded into separate factors implying that customers could clearly differentiate between these two dimensions. However the remaining three dimensions i.e. 'responsiveness', 'assurance' and 'empathy' all loaded into one factor, implying that there was no real differentiation amongst these dimensions, in the customers' minds. The customers would hence view these as one dimension. This study differed slightly in the dimension of 'responsiveness' in that the perceptions loaded perfectly but not the expectations.

5.6 Discussion relating to the Importance of the Service Quality Dimensions

Figure 5.1 illustrates the importance ranking of the service quality dimensions.
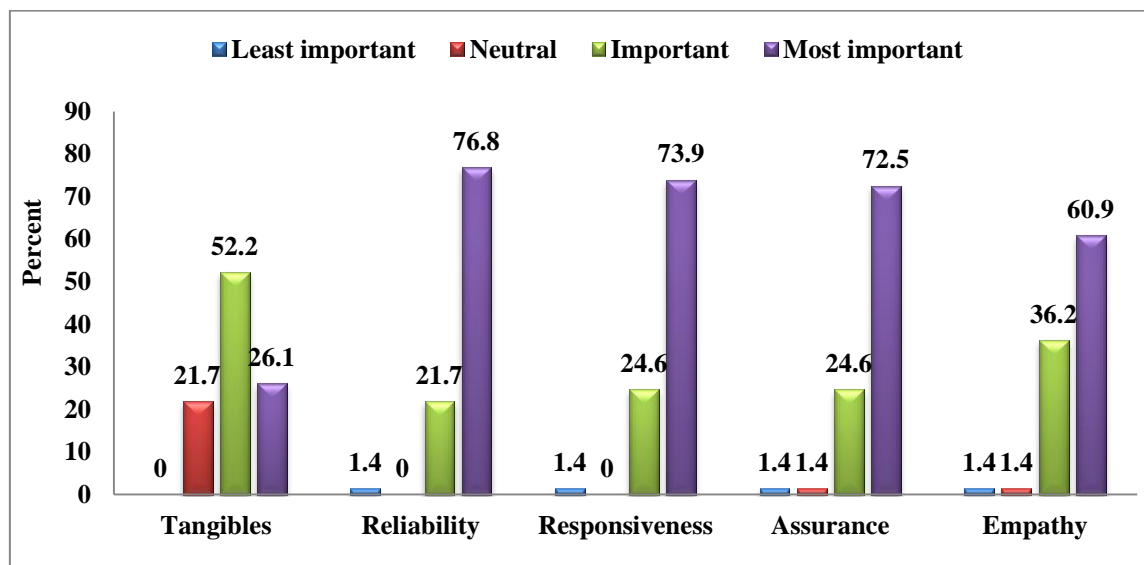
Figure 5.1 Importance ranking of Service Quality Dimensions

As highlighted by Saravanan and Rao (2007), SERVQUAL mainly focuses on the human aspects of service delivery. They explain that four out of the five dimensions, namely reliability, responsiveness, assurance and empathy, all contribute to the human aspects of

service delivery. They also add that the fifth dimension, tangibles, describes the effect of machinery, employees and the organisations layout on the customers.

5.6.1 Importance of Reliability

In this study, reliability received the highest importance rating. Reliability encompasses the ability of the service provider to perform the promised service, dependably and accurately (Fitzsimmons and Fitzsimmons, 2011). When one considers the customer of an estate agent, his or her main concern would be to successfully sell a home at an acceptable price or to purchase a home at a competitive price, they would hence expect the estate agent they are dealing with to help them achieve this. It is hence reasonable to expect that reliability in estate agency will be rated high. Many other SERVQUAL and service quality studies within estate agency and other industries have report similar trends. In the study by Brysland and Curry (2001), the authors raised concern with the findings of the study as reliability was rated the highest in importance but obtained the largest negative gap between expected and perceived service. A similar pattern was noted in the study of Kiran (2010) where reliability was a dimension identified as most important but went on to receive low scorings at the time of appraisal. In the service quality study of Landrum, et al. (2009), conducted in the information systems sector, respondents also assigned the highest importance to reliability. Markovic and Raspor (2010) showed that reliability in the hospitality industry was the most important dimension, over and above all other dimensions. They maintain that delivering an error-free service at the promised time is critical for customers. They add that being on hand to solve customer problems is also another reason customers rate it with highest importance.

5.6.2 Importance of Responsiveness

In this study, responsiveness was recorded as the second highest in terms of importance. Responsiveness in the context of estate agency looks at the estate agents willingness to help customers and also provide prompt service (Araloyin and Olatoye, 2011). Any individual who has bought or sold property can attest to the fact that problems or glitches can go wrong with the sale. The sale of property also involves three parties which includes the seller, the buyer and the estate agent. There are sometimes disagreements between the parties in respect of occupation dates and items of furniture and appliances that are to remain or not. It is at these critical points that the estate agent has to be responsive in regard to helping/assisting his

or her customer. His or her interventions has to be prompt yet effective enough to resolve the problem so that all parties are content and the transaction is seen to fruition.

Other SERVQUAL and service quality studies have also reported responsiveness as rating high in terms of importance, amongst their respondents. In the study by Landrum, et al. (2009), the researchers reported responsiveness as the second most important dimension (second to reliability). In the study by Kanakana (2014) that focussed on tertiary education, responsiveness was ranked very high as students indicated that they needed information, responses to queries and administration services quickly and effectively. Students need timely responses as they worked towards very tight deadlines. Similarly in the service quality study by van der Wal, Pampallis and Bond (2002), the researchers were able to make accurate and constructive suggestions to the participating service provider as their respondents had rated responsiveness 'most important', yet this dimension yielded very poor perception scores. The company was immediately alerted to which areas of service quality they needed to address.

5.6.3 Importance of Assurance

Figure 5.1 reflects that assurance received the third highest scoring in terms of importance. Assurance in the context of estate agents refers to the knowledge and courtesy of estate agents and their ability to convey trust and confidence. The sale or purchase of property is considered the biggest investment an individual will probably make (Tuzovic, 2009). This transaction also involves a substantial monetary value which may include either an investments of one's life savings, the registering of a mortgage bond or a combination of both. This being the case, an estate agency's customer would want to ensure that they get the most professional advice and also that their funds are exposed to the least risk as possible. The customer would also want to be reassured by the estate agent that he or she got everything that was promised to them by the advert of the property and in subsequent discussions.

This ranking in terms of importance is in line with the real estate service quality study by Johnson, Dotson and Dunlap (1988). They found that assurance ranked moderately important in estate agency as the purchase and sale of homes was an infrequent transaction and further the customer lacked the technical knowledge about the purchase and sale. They add that the customer for this reason seeks positive assurances from the estate agent. Similarly in the

study of Brysland and Curry (2001), assurance was allocated a low importance rating. The researchers add that they found the low importance rating of assurance to be an anomaly as customers expected a lot from this dimension. It is arguable that the low importance ranking of assurance may be due to the fact that customers would expect employees of service providers (estate agents in the context of this study) to be knowledgeable by virtue of their positions of employment. An example would be an estate agent who has been selling property in the Westville area for the last fifteen years. It would be a likely assumption that the estate agent is well acquainted with the property market in the Westville area. Customers would hence expect that this dimension is naturally met and there would therefore be no need for them to give it a high importance rating.

5.6.4 Importance of Empathy

Empathy received the second lowest (or fourth highest) importance ranking in the study. Empathy in the context of estate agency looks at the caring individual attention the estate agency provides its customers (Fisk, Grove and John, 2004). In this study, empathy had the highest expectation average scores and the lowest average perception score, resulting in the largest negative service quality gap of the study. The lower importance ranking of empathy is consistent with other service quality studies like that of Landrum, et al. (2009) where empathy was ranked fourth highest.

It is also consistent with the estate agency study by Johnson, Dotson and Dunlap (1988) where is ranked fifth in order of importance. However when empathy is considered across other sectors like the hotel industry, its importance is heightened, especially in cases when service quality gaps are revealed (Kleynhans and Zhou, 2012). In the hotel industry, if guests (customers) experience problems or frustrations during their stay, it is expected that management would make concerted efforts to address these and show them that they have their best interests at heart. Kleynhans and Zhou (2012) observed in their study that a lack of empathy towards hotel guests led to several service failures in hotels.

5.6.5 Importance of Tangibles

Figure 5.1 illustrates that tangibles has been rated as the lowest dimension in terms of importance. When it comes to importance of the dimensions, the particular industry in which

the service quality is being conducted needs to be considered. In the estate agency sector, it is not always necessary for the customer to visit the offices of the agent. The offer to purchase or the purchase and sale agreement can be concluded in the privacy of the customer's current home. Also with the advent of technology, documents are easily scanned and emailed across great distances within seconds. Sellers and buyers do not necessarily have to physically visit the offices of the estate agent or meet them in person for every discussion. The study by Tuzovic (2009) supports this view as he found in his study that only a few of the respondents had actually visited the offices of the estate agency. This being the case, the low rating of the importance of tangibles is reasonable.

This view is also consistent with other SERVQUAL studies, albeit in other industries. The service quality study of Naik, Gantasala and Prabhakar (2010) conducted in the retail sector, saw customers give low ratings in terms of expectations and importance across tangible related factors like cleanliness and ambience. In the service quality study of van der Wal, Pampallis and Bond (2002), conducted in the South African cellular communications industry, tangibles was ranked lowest in terms of importance. A similar trend was noted in the study of Landrum, et al. (2009), conducted in the information systems industry, where customers rated tangibles the lowest in terms of importance.

However the rating of the importance of a dimension is also affected by the type of industry and mitigating circumstances. The study of Kleynhans and Zhou (2012) conducted in service quality across South African hotels, saw tangibles rated very high in terms of both expectations and importance. This is understandably so as hotel guests attached high importance of the quality and appearance of accommodation, hotel décor, leisure facilities, hotel equipment and the general appearance of hotel staff. In the study by Kiran (2010) that looked at service quality in libraries, library customers rated tangibles with a high importance with specific reference to items like computers, printers, photocopy machines and so forth. Customers also place importance on a dimension after considering background information. In the service quality study of Brysland and Curry (2001) conducted in the public service sector, customers placed a low importance on tangibles as they were aware that due to a lack of government funding, there was not much management could do to turn the situation around. These customers instead opted to focus more on the delivery of the service rather than aesthetics.

5.7 Key Findings and Detailed Discussion from the Frequency results

5.7.1   Biographical Data (Demographics)

The respondents to the study included a very balanced ratio of 44.9% (males) to 55.1% (females). Statistically this equates to a ratio of almost 1:1. This indicates that a very reasonable opinion was given by respondents as gender stereotypes would have been avoided. A balanced view from both male and female respondents is preferred by researchers and such responses have ensured the success of other service quality studies. Such studies are Dabholkar and Overby (2005) which had a 46.9% (male) and 53.1% (female) split, Markovic and Raspor (2010) whose study had a 51.8% (male) and 48.2% (female) split, Kleynhans and Zhou (2012) whose study had a 50.6% (male) and 49.38% (female) split and even older studies such as Mittal and Lassar (1998) whose respondents were 46% male and 54% female. The results of this study further revealed that 43.5% of the respondents fell within the age group of 30 to 39. This age group made up for the largest percentage from all the age groups. It can be deduced from this study that this age group accounts for the majority of buyers and sellers of property.

In this study, 82.6% of respondents were married. This is of particular significance to the study as the purchase or sale of a home usually involves both spouses involvement in the decision making process. The experiences that each may have had with the estate agent would ultimately have influenced their responses to the questionnaire. Studies that had a similar trend amongst their respondents include a service quality study by Huang (2009) that had 72.9% of the respondents listed as married. Also a service loyalty study by Caruana (2002) revealed that 73.2% of his respondents as married.

The income ranges of the respondents also revealed that just over half of the single and joint households earned in excess of R 40 000 rands per month. The information is significant as it conveys the fact that it is mainly high income earners who, in present economic conditions, are able to conduct property transactions. It also shows that there are high income earning individuals in the area of Durban.

The results also revealed that 72.5% of the respondents were not first time home buyers or sellers. This information is of importance as the expectations of customers that have dealt with estate agents previously would differ from those who have not. The customers that have previously dealt with estate agents will rate their expectations in relation with their previous

experience. However it is also possible that some customers may have bought or sold property without using an agent at all. These customers may hence compare their past experience with the current one and decide whether using an estate agent in a property transaction is actually beneficial to them as customers.

A property does not necessarily have to be bought or sold through an estate agent and many transactions quite successfully occur through private sales. The seller also gains financially in this instance as they do not have to pay the agent's commission. The 72.5% / 27.5% split of first time home buyers and sellers of this study closely matches the study done by Dabholkar and Overby (2005) where they found that 75% of their respondents had previously transacted on a home while the remaining 25% had not. The figures obtained in this study also match that of a report done by Jacobs (2015) in the Queensburgh and Malvern areas where it was found that 35% of purchasers in the area were first time buyers.

5.7.2   Overall SERVQUAL findings per Dimension and Gap Analysis

Table 5.5 below represents the Average Service Quality Gap per Dimension.

	Expectation	**Perception**	**Gap**
Tangibles	4.10	4.34	0.24
Reliability	4.44	4.21	-0.23
Responsiveness	4.54	4.32	-0.21
Assurance	4.54	4.40	-0.14
Empathy	4.55	4.20	-0.35
Sum	**22.16**	**21.47**	**-0.69**
Average	**4.43**	**4.29**	**-0.14**

Table 5.5 Average Service Quality Gap per Dimension

Figure 5.2 illustrates the Average Service Quality Gap per Dimension.
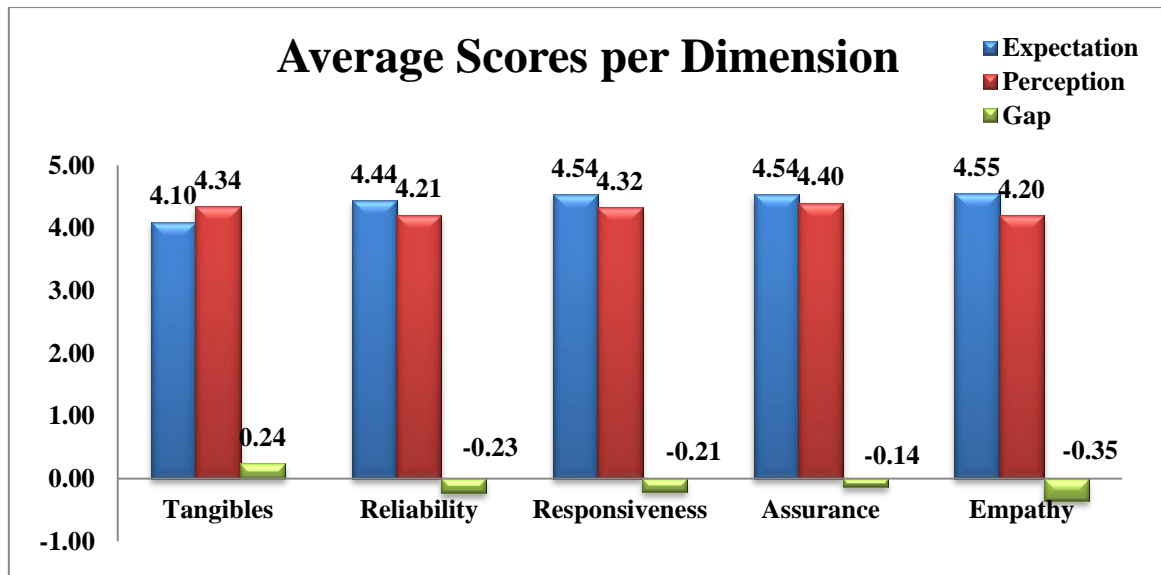
Figure 5.2 Illustration of the Service Quality Gap per dimension

5.7.2.1 Tangibles

Fitzsimmons and Fitzsimmons (2011) define tangibles as the appearance of physical facilities, equipment, personnel and communication materials. This extends to the condition of physical surroundings, specifically in terms of cleanliness. Tangibles hence portray an image about a company and the level of service that could potentially be achieved, given its resources. Berndt and Brink (2004) describe tangibles as attempts by service providers to represent to customers the level of service they can expect. They add that this applies in particular to new customers who are not familiar with the organisation and hence look for cues as to what to expect.

Of the five dimensions scored by respondents, it is only the 'tangibles' dimension that reflected a positive gap. Although the extent of the gap is minor, it does however reflect that the estate agency is exceeding the expectations of its customers in this regard. The outcome of results for tangibles closely matches the results for tangibles in the study carried out by Newman and Cowling (1996) in the banking sector. It was shown that customers rated tangibles perceptions higher than expectations due to the physical facilities, equipment and appearance of personnel in the bank.

The study however reported negative gaps for all the other dimensions. It must be noted however that if customers belong to a sector where equipment and facilities play an important role in the delivery of the service, they would naturally have a high expectation which would

appear in their scoring. This was noted in the study by Kanakana (2014) who conducted a study amongst students in tertiary education. The study found that it is fair for students to have a high expectation of equipment and facilities at the university as this ensures the success of their studies.

According to Araloyin and Olatoye (2011), one of the factors affecting service quality in real estate agency is the attractiveness of the real estate office. This was corroborated in the study by Tuzovic (2009) who added that service quality in an estate agency was also driven by the agency's physical service encounter with the customer and its virtual servicescape. This refers to the agency's website, online pictures, virtual tours and so forth. To support the findings made by the study, the researcher of the primary study conducted a visit to the estate agent's offices as well as navigated through its website and other online features. The visit revealed that the estate agents premises was a very modern and sophisticated building, It had very modern equipment and all staff were immaculately attired. The agency's website was also found to be very user friendly, showed high quality detailed pictures and also allowed for virtual tours (360 degree tours).

The positive gap on tangibles appears to be justified as respondents of the study have also interpreted the agency's tangibles in a similar light. Seiler and Reisenwitz (2010) in their study also interpreted tangibles in the estate agency sector to include the agency's use of technology, its physical appearance, the appearance of staff and equipment and how well the estate agency advertises. It is therefore evident that respondents to this study have rated the participating agency on the correct criteria.

5.7.2.2 Reliability

Saravanan and Rao (2007) indicate that apart from tangibles, the remaining four dimensions of SERVQUAL, that being, reliability, responsiveness, assurance and empathy all contribute to the human aspects of service delivery. It can therefore be deduced that SERVQUAL mainly focuses on the human aspects of service delivery. In this study, reliability is the first of the four remaining dimensions to show a negative gap. The overall gap in this dimension (-0.23) is the second highest negative gap in the study.

Although the overall gap is below one, it still presents the participating estate agency with an opportunity to rectify some shortcomings as Mittal and Lassar (1996) surveyed in their study that in most SERVQUAL studies, reliability has been found to be the most influential determinant of overall service quality or of customer satisfaction with the service. The results of this study closely matches the service quality study conducted by van der Wal, Pampallis and Bond (2002) where the dimension of reliability also received the second lowest perception score. In another service quality study conducted by Kiran (2010), although reliability was ranked most highest in terms of importance, it received a low perceived score. This matches the trend in this study. It can be deduced from this finding that the participating estate agency needs to focus its attention on improving the perception scores of reliability. There appears to be a disparity between its importance and the customer's perception.

5.7.2.3 Responsiveness

The 'responsiveness' dimension accounted for the third highest overall average service quality gap (-0.21). It is also noted that the overall average expectation score of responsiveness was the second highest in this study, together with assurance. Similar outcomes were observed in the service quality study of Newman and Cowling (1996) where responsiveness accounted for the third highest gap. Their study also revealed that responsiveness had the highest expectation average score. A similar trend was noted in the service quality study of Brysland and Curry (2001) where it was observed that responsiveness had the highest expectation scores and lower perception scores, resulting in gaps.

Seiler and Reisenwitz (2010) explain that responsiveness in terms of estate agency refers to the willingness of the broker or agent to help customers timeously and to be available when they say they will. They add that estate agents quickly get tired of customers who are indecisive and spend hours and hours exploring options. This point of view is supported by the fact that this study shows a high expectation scoring from customers who have an expectation of such service quality.

In other sectors other than estate agency, customers rate responsiveness based on other factors that they look for in customer service quality. In the SERVQUAL study of Kanakana (2014) carried out on service quality in tertiary education, students rated responsiveness poorly based on the fact that academic departments failed to respond to their queries effectively. They saw this aspect as critical as students constantly need information and

administration services from the academic offices. In another SERVQUAL study by Naik, Gantasala and Prabhakar (2010) in the retail sector, customers rated responsiveness low due to dissatisfaction around speed of processing transactions, speed of responding to complaints and a lack of concern and poor attitude from the staff. It is therefore evident that the participating estate agency needs to pay particular attention to this dimension by giving prompt service to customers, being on hand to resolve their queries and being willing to help them wherever possible.

5.7.2.4 Assurance

In this study, the overall service quality gap attributed to assurance, was the smallest negative gap (-0.14) amongst all dimensions. This is so even though the average expectation value for assurance is the second highest value (4.54), together with responsiveness. It is plausible that customers of estate agents would have a high expectation with respect to assurance. Tuzovic (2009) assert that the purchase of a house is the biggest investment that most individuals will make. Customers of estate agents would hence expect that the broker would be well acquainted with the property so that they have enough knowledge about the transaction and are able to offer the best advice to the customer. The customer would also want to be reassured that they would be able to trust the agent in all monetary aspects of the transaction.

When buying a property, a deposit has to be lodged with the estate agent into their trust account. Overall, the customer must feel confident in the transaction that he or she is making the right decision. The participating estate agency is almost meeting the expectations of its customers in respect of this dimension. This means that they are working towards achieving the requirements of the assurance dimension. Customers of the participating estate agency placed assurance third highest in terms of importance yet the average expectation from the dimension was second highest. This is consistent with another SERVQUAL study by Brysland and Curry (2001) where customers rated assurance with the lowest rating but had registered a high rating for that dimension.

The scoring of perceptions in this dimension also matched that of another service quality study by van der Wal, Pampallis and Bond (2002). In that study as well, respondents had noted the best perception scores for assurance. While this study was able to establish that perceptions had the highest scoring amongst the service dimensions, a small negative gap still

exists. This prevents us from concluding that customers are completely satisfied with assurance. The participating estate agency has to take cognisance of that and make attempts to close the gap completely.

5.7.2.5 Empathy

In this study, the dimension of empathy revealed the largest negative gap (-0.35). Although the overall average gap is below one, it still is the largest gap amongst the five dimensions and hence reflects the area where the estate agency has to concentrate its efforts. It is also noted that for this dimension, the highest expectation score and lowest perception score was recorded amongst all dimensions.

The outcome of this study closely matches the results of the service quality study carried out by Newman and Cowling (1996), whose study revealed that empathy accounted for the largest overall negative gap. A similar trend was noted in the SERVQUAL study by Naik, Gantasala and Prabhakar (2010) who found that in the retail sector, the largest negative average gap came from the dimension of empathy. The results of these two studies and the results of this study in terms of the empathy dimension are in complete contrast with the study by Kanakana (2014) whose SERVQUAL study into tertiary education saw the dimension of empathy bring to light the smallest average negative gap (-0.34).

5.7.2.6 Conclusion of Service Quality Gap analysis

In conclusion of this discussion on the service quality gaps per dimension, Seiler and Reisenwitz (2010) observe that estate agents fail to meet customer expectations in more or less the same way as other service industries. They elaborate that perceptions fell below expectations in all dimensions, except tangibles. They further add that although in the service sector, uppermost importance is placed in the dimensions of reliability, responsiveness, assurance and empathy; they yield the lowest SERVQUAL scores. The preceding two points corresponds with the trend noted in this study. Tangibles were rated with lowest importance, yet it yielded the only positive gap.

5.8 Chi-Square Analysis

Chi-square tests were performed to determine whether there was a statistically significant relationship between the variables (rows vs columns). This type of analysis was initially used to explore the relationships between the service quality questions of the study and the biographical / demographic data of respondents. The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. All significant relationships are indicated by a '*' or '**'. One asterisk indicates the correlation is significant at the 0.05 level (2-tailed) and a double asterisk shows that the correlation is significant at the 0.01 level (2-tailed).

5.8.1 Chi-Square test results - associations between dimensions and biographical variables

5.8.1.1 Courteous nature of broker's vs First time home buyer or seller

Variables	Chi-square	df	Sig.
Brokers at excellent estate agents will be consistently courteous to customers **vs** Are you a first time home buyer or first time home seller?	11,868	3	.008*

Table 5.6 Courteous nature of broker vs first time home buyer or seller

A valid Chi-square relationship was found to exist between the courteous nature of estate agents and whether the respondent was a first time home buyer or seller. The status of the respondent as first time home buyer or seller plays a meaningful role in determining how they would rate the courteousness of the estate agent. As shown in 4.3.4, 72.5% of the respondents did buy or sell property before and therefore emphasise on courteousness from the respective agent. In addition, as pointed out in 4.4.4.2, a substantial 94.2% of the respondents agreed that courteousness from estate agents was an expectation they had. Cheales (2007) mentions that courteousness is one of the characteristics of service quality that customers look for in interactions with service providers. Further the term 'consistently courteous' implies that the expectation is that the estate agent remains courteous throughout the transaction. The study by Seiler and Reisenwitz (2010) showed that customers were of the view that estate agents

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were not courteous in their dealings with them. Their respondents saw estate agents as 'commission driven' individuals aiming to get the customers' signature and allowing qualities like courteousness to fall away, once that is done.

5.8.1.2 Brokers at excellent estate agents understand the specific needs of their customer's vs Joint income household

Another substantial and valid Chi-square correlation was found to exist between brokers at excellent estate agents understanding the specific needs of their customers and the variable of whether the respondent was from a joint income household. The status of the respondents i.e. the fact they come from a joint income household plays a substantial role in how they would rate the estate agents understanding of their needs. This is represented in the table below.

Variables	Chi-square	df	Sig.
Brokers of excellent estate agents understand the specific needs of their customer's **vs** Joint income household.	40,696	16	.001*

Table 5.7 Brokers understanding of customers' needs vs joint income

As indicated by the marital status responses (4.3.2), 82.6% of the respondents were married. Barnado (2015) points out that the purchasing or sale of a home is regarded as major decision that is often seen as being very difficult. She adds that due to the nature and magnitude of the decision, the buyer or seller to a large extent involve their partners and children in the decision making process. This means that in this study 88.4% of the respondents would have had more than one person involved in the decision making process. It is therefore imperative that the estate agent is able to understand and meet the needs of each customer in the decision making process. As majority of respondents in this study came from joint income households, it could also mean that each spouse will contribute to the financial commitments associated with the purchase. That being the case, each would want to ensure that their needs are met as they would ultimately like to know that they are receiving what they are paying for. This notion is supported by the study of Dabholkar and Overby (2005) who found that selling or buying a house is often a joint (family) process.

In this study, an overwhelming 94.2% (as noted in point 4.4.5.3) of the respondents felt that brokers must understand the specific needs of their customers. This is justified as buyers of homes will have certain specific needs when looking at homes to buy. This would depend on size of family, age groups of children, schooling requirements and so forth. Bernardo (2015, p 2) gives a clear picture of how a buyer decides on a home when she states, "when we walked into house, I knew that it belonged to us. Besides that feeling, it matched our specs exactly, even down to the fact that it was near a primary school". On the other hand, the needs of a respondent who falls into the status of 'single income' may be entirely different. If we interpret single income as to an extent meaning one person, then the needs of one person that has to be met will differ drastically from the efforts the estate agent has to put in to meet the needs of a family. Therefore the ability of the estate agent to meet the needs of all of his or her customers per property transaction makes the difference between a sale or not.

5.8.1.3 The broker's knowledge to answer questions vs Age group

An absolute and valid Chi-square correlation was found to exist between the broker's knowledge to answer questions and Age group. The age group status of the respondents plays a significant role in how they would rate the estate agents knowledge in answering their questions. This is represented in the table 5.8 below.

Variables	Chi-square	df	Sig.
The broker at this agency has the knowledge to answer my questions **vs** Age group	42.097	16	.000*

Table 5.8 Brokers' knowledge to answer questions vs age group

The ability of the estate agent to ensure knowledgeable answers to customer's questions falls into the service quality dimension of assurance. Assurance looks at knowledge, over and above courtesy in inspiring trust and confidence in the mind of the customer. As indicated by Tuzovic (2009), the purchase or sale of a home is usually the single most valuable investment an individual will make. Also as shown by Van der Walt and Botes (2004), one of the key services performed by an estate agent is that of offering sound advice and clearing any doubt

his or her customer may have. This will naturally involve the adequate answering of questions. The respondents of this study (in point 4.5.4.3) indicated that the majority of them (89.9%) of them felt that the estate agent of the participating agency had the knowledge to answer the customer's questions.

The assurance variable may possibly be correlated with age group in the following way. The largest percentage of respondents (43.5%) came from the 30 to 30 age group. This figure is supported by Barnado (2015) who validates that the average age of home buyers in the South African context is 34 years. However a notable 18.8% of the respondents were from the 60 and over age group. The age group that the respondent falls into plays a significant role in determining how they would rate the individual attention provided by the estate agent. The association of the two variables may be considered from the point of view that the type of questions that may be asked by the 30 to 40 year old's may differ to a large extent from the questions that may be asked by the over sixty age group. Both groups would however expect that the estate agent is able to satisfactorily answer the questions asked. Questions that may be asked by the 30-40 age groups may include questions around availability of schools, availability of shopping malls, movie theatres and so forth. The above 60 age group may ask about the proximity to hospitals, doctors, parks and so on. The ability of the estate agent to comfortably answer the questions of both groups ensures the fulfilment of this correlation.

5.8.1.4 Individual attention from the broker vs Age group

A relationship exists between the individual attention provided by the brokers and Age group. The age group that the respondent falls into plays a substantial role in determining how they would rate the individual attention provided by the estate agent. This is represented in the table below.

Variables	Chi-square	df	Sig.
The broker at this agency gives me individual attention vs Age group.	24.03	12	.020*

Table 5.9 Broker's ability to give individual attention vs age group

The individual or personal attention provided by the estate agent falls under the dimension of empathy which looks at the caring individual attention provided by the estate agent, to its customers. Most of the respondents of this study (85.5%) agreed that brokers of the participating estate agency do provide individual attention. As indicated in (5.7.4) above, the respondents to this study were broken up into five age groupings starting from the age of 20 and ending with a group 60 and above. Although the younger age groups made up for the bulk of the respondents , a sizeable 18.8% of the respondents fell into the above 60 band. Further the needs of the various age groupings would differ as each band falls into a different stage of life. Also the amount of attention required by each group would vary based on the differing needs. The more mature age group of 60 and above would possibly require more attention and require more detailed explanations. The younger age groups are generally more techno savvy and would be able to obtain information on their own. There is also a greater potential of them communicating and resolving issues through email, internet and social media options.

The ability of estate agents to provide individual attention to customers is supported by the study of Rudansky-Kloppers and Strydom (2004) who found that estate agents were seen by customers as 'fly-by-nights' (being dubious) who are out to make easy money rather than provide individual attention to their customers.

5.8.1.5 The estate agent has my best interest vs Single Income

It was shown that a strong relationship exists between the estate agent has my best interest vs Single Income. The income status that the respondent falls into, plays a sizable role in determining how they would rate the whether the estate agent has their best interest at heart. This is represented in the table below.

Variables	Chi-square	df	Sig.
The agency has my best interest at heart **vs** Single income household.	17.722	8	.023*

Table 5.10 Agency having best interest at heart vs single income

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Having the customers best interest at heart falls under the service quality dimension of empathy. 79.7% of the respondents agreed that the agency has its customer's interest at heart. This means that the estate agent would act in the best interest of his or her customer at all times. This would be reassuring to any customer. The income status of respondents fell into either single income or joint income. Further the marital status revealed that although most of the respondents fell into the married category, a joint percentage of 11.5% fell into the single, divorced and widow / widower categories. The status of these respondents and their rating of the estate agent safeguarding their interest in interpreted as follows. A single income respondent would be more conservative and risk averse in their financial transactions. If they do suffer a financial loss, the impact would be more detrimental than to respondents of a joint income household. This would imply that a single income customer would depend that much more on the estate agent to shield them from any financial risk that may arise from the purchase or sale of the property. This notion is supported by the study of Tuzovic (2009) whose study found that customers of estate agents found the purchase of a home to be their biggest financial investment and they depended on the estate agent to protect their financial interest.

5.8.2 Chi-Square Analysis – Direct and Significant Relationships

The discussion that follows (5.8.2.1 to 5.8.2.4) analyses the relationships between service quality through its individual dimensions. Chi-square tests were seen as the most appropriate tests to validate the existence of the relationship. The Chi-square test results demonstrate that of the 5 service quality dimensions, tangibles, assurance and empathy exhibited the most significant relationships with the independent variables of customer satisfaction, customer loyalty and customer retention. A more detailed discussion of each relationship is presented below.

5.8.2.1 Tangibles vs How long it took estate agent to sell the customers property (Service Quality vs Customer Satisfaction)

Tangibles **vs** How long did it take for the agent to sell your property (seller).	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	15.249[a]	6	.018	.013		
Likelihood Ratio	15.279	6	.018	.021		
Fisher's Exact Test	13.210			.017		
Linear-by-Linear Association	1.645[b]	1	.200	.211	.112	.022
N of Valid Cases	69					

Table 5.11 Tangibles vs time taken to sell property

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Tangibles is one of the five service quality dimensions used in the service quality model called SERVQUAL. Tangibles in an estate agents setting considers the appearance of the estate agents offices, equipment, communication materials and also the appearance of the agent themselves. The SERVQUAL rating of tangibles in this study revealed that the participating estate agency exceeded the expectations of its customers on all three measures of tangibles (ref 4.7.1.1). The time taken by the agent to sell the customer's property forms part of an independent variable that being customer satisfaction. Customers that have either had an estate agent sell their property in a short space of time or have had the estate agent find them a property to buy, have indicated that this satisfies them as a customer. Seiler and Reisenwitz (2010) iterate this by mentioning that outcome factors like the quick sale of a home which is linked to service quality does in fact result in customer satisfaction.

Dabholkar and Overby (2005) support this view by adding that when a house sells very quickly, customers will evaluate service highly and accordingly they would be very satisfied. These authors hence argue that service quality precedes customer satisfaction as their respondents associated service outcome with customer satisfaction. As indicated in (4.8.1), one third of respondents in this study indicated that their properties were sold within three months. Estate agents also pride themselves in the amount of time taken to sell a property. Once such estate agent is Dormehl Estate Agents who placed a marketing advert in the Sunday Tribune (Tribune, 2015) indicating that they had sold a residential property in two days.

The positive relationship between tangibles and the time taken to sell a customer's property can be explained as follows. When the estate agent meets with prospective buyers of the customer's property and if he or she was impeccably and professionally attired, this first impression would have at the outset impressed the potential buyer. Secondly if the estate agent presented the potential buyer with a professionally done portfolio of the property with all the necessary information like size of land, rates charges, body corporate levy, utility charges and so on, this would have immediately captivated the buyer. If the buyer then decided he wanted to meet the agent at his or her office, the buyer would have been overwhelmed by the appearance of the estate agents offices which is based in an ultra-modern building incorporates the latest technological equipment. It can hence be deduced that if the estate agent maintains the high level of the tangible dimension in the participating estate agency, this will continue to exceed the expectations of customers and accordingly they will

be drawn into doing business with the agency. This implies shorter time frames in selling customers home which leads to more satisfied customers.

As the above correlation is specifically between the service quality dimension of 'tangibles' and customer satisfaction, it was appropriate to establish if other studies found a similar correlation to support the findings of this study. Studies conducted in other service sectors did yield similar results. The study of Arokiasamy and Tat (2014) conducted in the automotive industry found that customers were more satisfied with the tangible aspects of the service provided. They concluded that there was a significant relationship between tangibility and customer satisfaction. The study of Bharwana, Bashir and Mohsin (2013) in the private college's service sector also displayed positive relationship between tangibles and customer satisfaction. The study by Siddiqi (2011) in the banking sector also found as part of his hypothesis test that relationship between tangibility and customer satisfaction was positively correlated. It is hence evident that customers across various service sectors look at tangible indications which they then use indicators of service quality and customer satisfaction.

As discussed above, 'tangibles' is one of the service quality dimensions. This correlation can further be interpreted as a correlation between service quality and customer satisfaction. Such a correlation is supported by findings from other studies. Kiran (2010) in his study found that service quality is related to the concept of customer satisfaction. He however considers customer satisfaction as a broader concept that is more of an emotional and subjective reaction while service quality focussed specifically on the dimensions of service. Authors Sureshchandra, Rajendran and Anantharaman (2003) support this notion as they identified strong relationships to exist between service quality and customer satisfaction while highlighting that these are two conceptually distinct constructs from the customers point of view. The findings of Mohammad and Alhamadani (2011) added that service quality is an important antecedent of customer satisfaction.

5.8.2.2 Tangibles vs Repeat business and Referrals (Service Quality vs Customer Loyalty)

Tangibles **vs** Would you consider repeat business or refer a client if an incentive or loyalty programme was offered.	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	6.813[a]	2	.033	.034		
Likelihood Ratio	6.929	2	.031	.061		
Fisher's Exact Test	6.902			.027		
Linear-by-Linear Association	.489[b]	1	.484	.637	.322	.147
N of Valid Cases	69					

Table 5.12 Tangibles vs repeat business and referrals

Tangibles was also found to exist in a valid correlation with whether the customer would consider repeat business or refer a client if an incentive or loyalty programme was offered. As discussed in (5.7.2.1) the SERVQUAL rating of tangibles in this study revealed that the participating estate agency exceeded the expectations of its customers on all three measures of tangibles (ref 4.7.1.1).

The question posed on whether the customers would consider repeat business or referrals if an incentive or loyalty programme existed falls under the independent variable of customer loyalty. Customer loyalty essentially looks at the customer's willingness to continually support a service provider while at the same time having no hesitation in referring others to utilise the same service provider. Akbar and Parvez (2009) substantiate this by explaining that customer loyalty is comprised of both customer attitudes and behaviours. They add that customers' attitudinal component represents notions like repurchase intentions or the purchase of additional services from the same company as well as resisting the urge to switch to competitors. Behavioural aspects of customer loyalty represent actual repeat purchases as well recommending the service providers to others. As discussed in 4.9, majority of the respondents (84.1%) agreed that they would consider repeat business or referrals in an incentive or loyalty programme existed. Incentives and loyalty programmes essentially serve as a means of rewarding the customer for his or her patronage. Verhoef (2003) in his study found that loyalty programs increased customer loyalty to the extent that even higher financial incentives increased customer loyalty even more. He added that customers' possess a strong drive to behave in whatever way necessary to achieve future rewards. As loyalty

programmes increases customer loyalty, a mutually beneficial position arises as the organisation receives repeat patronage and the customer is accordingly rewarded.

The positive relationship between tangibles and the repeat business and referrals of the customer is explained as follows. Tangibles in an estate agents setting refers to the appearance of the estate agents offices, equipment, communication materials and also the appearance of the agent themselves. As the participating estate agency exceeded the expectations of respondents on all the tangible related questions, this implies that their reputation as far as tangibles is concerned, is of a high standard. If such an agency were to offer incentives or loyalty programmes, customers would be keen to participate as the image created by the agency in terms of tangibles would be of a very stable, reputable, financially sound and professional organisation. Customers will hence feel comfortable that the estate agency will be able to honour any commitments made in terms of its incentives and loyalty programmes. Customers would therefore without hesitation consider repeat business and also referrals to family, friends and associates.

The above correlation between tangibles and customer loyalty can be substantiated by other studies. The studies to follow correlated in particular the dimension of tangibles with customer loyalty. Sureshchanndra, Rajendran and Anantharaman (2003) found that in their study, tangibles had a significant impact on customer loyalty. The study by van Es (2012) in the automotive industry discovered that a high service quality score tends to be paired with a corresponding loyalty score. In particular, in this study, tangibles showed a positive correlation with customer loyalty. The study by Akbar and Parvez (2009) in the telecommunication industry found that tangibility was positively and significantly correlated with customer satisfaction.

As 'tangibles' is one of the service quality dimensions, the above correlation can be interpreted as a correlation between service quality and customer loyalty. A correlation of that nature is supported by other studies with similar findings. The study by Mosahab, Mahamad and Ramayah (2010) in the banking sector revealed that service quality has a direct and symmetrical relationship with customer loyalty. This showed that approximately 45% of customer loyalty changes were attributable to service quality changes.

5.8.2.3 Assurance vs Agency's request to participate in service quality surveys (Service Quality vs Customer Retention)

Assurance **vs** The agency has asked me to participate in service quality surveys before.	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	28.876[a]	12	.004	.011		
Likelihood Ratio	17.054	12	.148	.046		
Fisher's Exact Test	18.959			.042		
Linear-by-Linear Association	1.560[b]	1	.212	.228	.123	.031
N of Valid Cases	69					

Table 5.13 Assurance vs agency's request to participate in service quality surveys

It was observed that a correlation was also found to exist between assurance and whether customers were asked to participate in service quality surveys. Assurance is one of the service quality dimensions used in the service quality model called SERVQUAL. Assurance in the context of estate agency looks at the knowledge and courtesy of the estate agent's brokers and their ability to convey trust and confidence. The SERVQUAL rating of assurance in this study revealed that the participating estate agency did not exceed or meet the expectations of its customers on all three measures of assurance (ref 4.7.1.4).

It is however noted that the negative gap in terms of assurance was below one with the largest gap at (-0.26). When customers are asked to participate in service quality surveys, this forms part of the service provider's efforts in ensuring customer retention. Johnson and Weinstein (2004) defined customer retention according to activities the organisation would engage in e.g. updating of databases, special offers and promotions and the administering of service quality surveys. In this study 18.8% of the respondents agreed that the estate agency had asked them to participate in service quality surveys before. More than half of the respondents (59.4%) disagreed with the statement.

Seeing that 'assurance' is a primary attribute of the SERVQUAL model, this correlation can hence translate into a relationship between service quality and customer retention. Ahmad and Buttle (2002) found through their study that an effective way to retain customers was to improve service quality. The correlation can be explained as follows. Asking customers of the agency to participate in service quality surveys may be interpreted as the estate agency

being courteous in the eyes of the customer. The estate agency would also create the impression that they are genuinely keen on improving service quality and hence convey trust and confidence in the eyes of the customer.

Furthermore, if the estate agents conduct regular service quality surveys, there will be a corresponding increase in their knowledge about their customers. This would be in the form of relevant feedback from existing customers and would alert the agency to problem areas and when improvements are needed. Assurance and the request for customers to participate in surveys (customer retention) are clearly correlated. This being the case, the participating agency has to drive this aspect of customer retention and drastically reduce the large percentage who disagreed with the statement. The findings of this study are supported by the study of Kheng, et al. (2010) whose study in the banking sector showed that the service quality dimension of assurance shared a significant relationship with the service provider's efforts in retaining its customers.

Seeing that 'assurance' is a primary attribute of the SERVQUAL model, this correlation can be interpreted as a relationship between service quality and customer retention. Ahmad and Buttle (2002) found through their study that an effective way to retain customers was to improve service quality. They further illustrated that there was a positive correlation between service quality and customer retention. Also, the study of Venetis and Ghauri (2004) conducted in the advertising sector revealed that service quality is the most important factor in establishing customer retention.

5.8.2.4 Empathy vs Agency's request to participate in service quality surveys (Service Quality vs Customer Retention)

Empathy **vs** The agency has asked me to participate in service quality surveys before.	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	30.425[a]	12	.002	.007		
Likelihood Ratio	19.722	12	.073	.016		
Fisher's Exact Test	20.993			.019		
Linear-by-Linear Association	3.812[b]	1	.051	.056	.030	.010
N of Valid Cases	69					

Table 5.14 Empathy vs agency's request to participate in service quality surveys

A correlation was also found to exist between empathy and whether the agency asked customers to participate in service quality surveys before. Empathy is one of the service quality dimensions used in the service quality model called SERVQUAL. Empathy in the context of estate agency looks at the caring individual attention the estate agency provides its customers. The SERVQUAL rating of empathy in this study revealed that the participating estate agency did not exceed or meet the expectations of its customers on all three measures of assurance (4.7.1.5). The negative gap in terms of empathy accounted for the largest overall service quality gap (-0.35) with the largest gap at (-0.52). As discussed in (5.7.2.3) above, the estate agency asking customers to participate in service quality surveys forms part of their customer retention strategy.

Asking customers of the agency to participate in service quality surveys may be interpreted as the agency expressing caring individual attention to its customers as so their needs can be better met, problems identified and improvement made where necessary. This indicates that the estate agency would have their customer's best interest at heart by the administering in these surveys.

However the correlation with the participating agency needs to be interpreted based on the findings of this study. Section (4.10.1) indicates that only 18.8% of the respondents agreed that the estate agency had asked them to participate in service quality surveys before. However 59.4% of the respondents disagreed that they had been asked to participate in such surveys, while 21.7% indicated that they did not know if such surveys were circulated. The relationship of these variables can be interpreted as the lack of resolve of the participating estate agency in pursuing the rendering of the service quality surveys has led to the largest gap in the service quality measurement tool i.e. SERVQUAL. Had the agency actively pursued service quality surveys, it is highly probable that they would have better understood the needs of their customers which would have translated into a smaller negative gap for empathy. If the gap for empathy had improved, this ultimately would have meant that the gap in service quality would have improved.

The findings of this study in terms of the above correlation are supported by Kheng, et al. (2010) whose study in the banking sector showed that the service quality dimension of empathy shared a significant relationship with the service provider's efforts in retaining its customers. Considering that 'empathy' is a fundamental element of the SERVQUAL model,

this correlation can be interpreted as a relationship between service quality and customer retention. The study of Ahmad and Buttle (2002) illustrated that there was a positive correlation between service quality and customer retention. The study of Venetis and Ghauri (2004) conducted in the advertising sector revealed that service quality is the most important factor in establishing customer retention.

5.9 Key Bivariate Correlations relevant to the Study

Bivariate correlations were also performed on the (ordinal) data. The results indicate the following patterns. Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a '*' or '**'. One asterisk indicates the correlation is significant at the 0.05 level (2-tailed) and a double asterisk shows that the correlation is significant at the 0.01 level (2-tailed). Correlations should be interpreted as follows. Weak correlations are less than 0.3. Medium correlations are between 0.3 and 0.5. Strong correlations are greater than 0.5.

The correlations were identified based on the research objectives and question of the study. Correlations were also identified in terms of relationships between the independent constructs (themes) and dependent constructs. In the context of this study the independent variables are customer satisfaction, customer loyalty and customer retention while service quality is the dependent variable. Although the study identified several correlations between the independent variables, only one significant and direct correlation was established between an independent variables and the dependent variable. .

5.9.1 Correlation between Assurance and Agency's ability to maintain contact after the transaction (Service Quality vs Customer Retention)

Variables	Correlation Coefficient	N	Sig. (2-tailed)
Assurance: The knowledge and courtesy of the estate agent's brokers and their ability to convey trust and confidence **vs** The agency maintained contact with me after the transaction to see if they could be of further assistance.	.244*	69	0.043

Table 5.15 Assurance vs agency's ability to maintain contact after the transaction

The above correlation is between one of the service quality dimensions that being 'assurance' and the agency's customer retention strategy. The implication of this positive correlation is that the estate agency's customer retention strategy has a bearing on the respondent's interpretation of its service quality. It can be interpreted in another way as the estate agents knowledge, courtesy and ability to convey trust and confidence in the customers mind enhances the agency's efforts to maintain contact with its customers. According to point (4.10.1), more than half of the respondents (60.8%) agreed that the agency maintained contact with them after the transaction to see if they could be of further assistance. Correspondingly the perception scoring of the three 'assurance' questions on the rating instrument, as analysed in point (4.5.4.1 to 4.5.4.3), revealed that respondents appraised with a minimum percentage of 84.1% and a maximum percentage of 89.9% that they agreed with the 'assurance' statements. This serves as a confirmation that a high percentage in one variable is complimented by a high percentage on the other.

If the estate agency maintains contact with the customer, then, in the mind of the customer, is interpreted as an act of courtesy on the part of the estate agent. This contact that the estate agent maintains also helps improve the confidence levels of the customer as it convinces him or her that they made the right decision by selecting that particular estate agent to deal with. It also picks up their confidence that they would have made the right decision in buying or selling the property introduced to them by that specific agent. Furthermore, the actions of the estate agent reassures the customer that the estate agent was not solely in the relationship to secure his or her commission but to genuinely offer him an acceptable level of service quality and also to retain him as a customer. Although this appears to be a key requirement of service quality and customer retention strategy, the study by Rudansky-Kloppers and Strydom (2004) revealed that only one third of the estate agents participating in their study always maintained contact with their customers after occupation of the property. Further, in the real estate study by van der Walt and Botes (2004), 55.9% of their respondents indicated that contact with them had not been maintained after the property transaction. This is in contrast with the findings of this study where it was found that 60.8% of the respondents claimed that participating had maintained contact with them after the transaction.

The findings of this study are supported by the following studies. The study of Roberts-Lombard and Du Plessis (2012) showed that service providers who maintained contact with their customers even after the transaction created the impression that all their dealings with

the customer were honest and truthful. This infers their ability to convey trust and confidence in the customer and hence retain them. The study of Johnson, Dotson and Dunlap (1988) in estate agency maintained that the selection of a home is essentially an emotional decision surrounded by uncertainty. They felt that positive reassurances and reinforcements from the estate agent helped to convey trust and confidence in the customer and helped with the estate agencies customer retention strategy.

5.9.2 Correlation between Customer Satisfaction and Customer Loyalty

Two very strong correlations were found to exist in terms of customer satisfaction and customer loyalty. The first was between customers' satisfaction and the customers' willingness to do buy or sell property through the agency again. Another sound correlation was found to exist between overall customer satisfaction and the customers' willingness to refer friends and family members to the participating agency. These correlations are represented in the tables to follow.

5.9.2.1 Customer Satisfaction vs Customer Loyalty

Variables	Correlation Coefficient	N	Sig. (2-tailed)
You would consider yourself an overall satisfied customer of this estate agency **vs** Will you sell or buy property through this estate agency again?	$.392^{**}$	69	.001

Table 5.16 Satisfaction vs Repeat sales or purchases

5.9.2.2 Correlation between Customer Satisfaction and Customer Loyalty (Referrals)

Variables	Correlation Coefficient	N	Sig. (2-tailed)
You would consider yourself an overall satisfied customer of this estate agency **vs** Will you refer this estate agency to a friend or family member?	$.382^{**}$	69	.001

Table 5.17 Satisfaction vs referrals

The correlations form valid and logical arguments, that being, the more customers are satisfied with the service of the estate agency, the more likely they will:

1. Buy or sell with the respective agency again
2. Refer others to the agency.

Caruana (2002) observed from his study that the concepts of service quality, customer satisfaction and service loyalty are related to each other. Roberts-Lombard and du Plessis (2012) mentioned that customer loyalty is characterised by a customers' diverse set of behaviours that include an intention to maintain a relationship with the service provider as well engage in positive word-of-mouth and repeat purchasing. Lam, Shankar and Erramilli (2004) confirm that customer loyalty has two dimensions, namely recommendation and patronage. Roberts-Lombard and du Plessis (2012) further explain that customer satisfaction is the customers' evaluation of the service to ascertain if it meets his or her expectations. They go on to suggest that when customers perceive the service they receive as the kind of service they expected, they are satisfied. Van der Walt and Botes (2004) give an example related to estate agency where customers experience a high sense of dissatisfaction if the estate agent obtains a lower than anticipated selling price for their property. Naik, Gantasala and Prabhakar ((2010) assert that when customers are satisfied they will typically tell nine to ten people. However they caution that when there is a lack of customer satisfaction, customers will relate their dissatisfaction to between fifteen and twenty people, thus affecting the bottom line of the service provider. The relationship between satisfaction and loyalty is hence established from this.

The correlation between customer satisfaction and customer loyalty is supported by several other studies. Lam, Shankar and Erramilli (2004) showed that in their study, customer loyalty is positively correlated to customer satisfaction. Caruana (2002) also found in his study that overall customer satisfaction does lead to customer loyalty. The study by Kheng, et al. (2010) in the banking sector also found customer satisfaction to be a leading determinant in loyalty. A related study by Siddiqi (2011) in the banking sector also demonstrated a large positive correlation between customer satisfaction and customer loyalty. He concluded from his study that if customers are satisfied, they will become loyal. The study by Akbar and Parvez (2009) in the telecommunications sector also concluded that customer satisfaction and customer loyalty were found to be positively and significantly correlated.

Although the above studies were conducted across various industries, studies conducted in the estate agency sector like this study, also yielded the similar outcomes. The study by Kuo and Tsai (2009) concluded that customer satisfaction will improve positive word-of-mouth and repeated patronage. Similarly, the study by Tuzovic (2009) resolved that if customers were satisfied with the estate agents service, they would recommend the agency and choose the same estate agent for future business e.g. if a buyer at a later stage decides to sell the house they bought.

5.9.3 Correlation between Customer Loyalty and Customer Retention

Variables	Correlation Coefficient	N	Sig. (2-tailed)
Will you refer this estate agency to a friend or family member **vs** The agency has asked me to participate in service quality surveys before.	.259*	69	.032

Table 5.18 Customer loyalty vs customer retention

A valid correlation was found to exist between the customers' willingness to refer friends and family (customer loyalty) and the participating estate agency's efforts in retaining its existing customers. It argues that the more the customer participates in service quality surveys, the more satisfied the customer will become and the more they will refer other to the estate agent. One can consider the example of a customer of an estate agency. The agency asks him to participate in periodic service quality surveys. This creates an impression in his mind that such an estate agency is serious about improving its service delivery to customers. When such a customer is called upon to refer an estate agent, the agency that is etched in his mind is the one that asks him to participate in the regular surveys. It would be reasonable to expect him to refer this estate agent or agency to his family member or friend.

5.9.4 Correlation between Customer Satisfaction and Customer Retention

Variables	Correlation Coefficient	N	Sig. (2-tailed)
You would consider yourself an overall satisfied customer of this estate agency **vs** The agency maintained contact with me after the transaction to see if they could be of further assistance.	.243*	69	0.045

Table 5.19 Customer satisfaction vs customer retention

A second correlation was found to exist between customer satisfaction and the estate agency's efforts in maintaining contact with their customers after the transaction, to see if they could offer further assistance (customer retention). This correlation argues that the more the agency maintains contact with the customer, the more the customer will feel appreciated and satisfied. The example of a customer of an estate agent is considered. He recently purchased a house through the estate agency. The customer had problems with house such as there were electrical faults and there was infestation of wood borer. The estate agency however maintained contact with him after the transaction and when they offered their assistance, he advised them of the problems. They immediately queried how the electrician and entomologist issued their certificates and got them to attend to the points of dissatisfaction. The customer would then consider himself to be an overall satisfied customer of the estate agency.

As presented and discussed (5.9.2) above, customer satisfaction and customer loyalty are positively correlated. Therefore the relationship between customer satisfaction and customer retention and customer loyalty and customer retention will be discussed jointly.

According to Ahmad and Buttle (2002) customer retention is increasingly being seen as an important managerial issue, especially in the context of saturated markets. They add that it is been acknowledged as a key objective in relationship marketing due to the fact that it costs less to retain existing customers than to acquire new ones. They add that customers prefer long term relationships where they end up spending more, paying promptly and requiring less service.

Other studies have also pointed out key benefits in conducting in-house service quality surveys and maintaining contact with customers after the main transaction. In Rudansky-Kloppers and Strydom's (2004) study, conducted amongst residential estate agents, they reported that approximately one third of estate agents did not do marketing research amongst their customers. The authors alerted their respondents to the fact that not getting feedback from their customers would lead to them compromising on service quality and falling short on market knowledge. They reported that marketing research amongst an organisations customers improved both service quality and lead to superior market knowledge. Seiler and Reisenwitz (2010) also observed in their study in real estate that estate agencies frequently use their own in-house surveys to measure service quality. They further determined that estate agents administering these surveys were obtaining valuable information which led to the estate agency benefitting from the results obtained, in terms of customer satisfaction and customer loyalty.

The correlation between customer retention and customer satisfaction and customer loyalty is corroborated by the following studies. Verhoef (2003) in his study on customer retention found that customer satisfaction positively affects customer retention. Another study by Saravanan and Rao (2007) concluded that customer satisfaction and customer loyalty is essential for customer retention and organisational performance. The study by Roberts-Lombard and du Plessis (2012) in the insurance industry deduced that if organisations successfully maintain relationships like engaging in customer retention strategy, customer loyalty in such organisations will increase.

5.10   Applicability of the SERVQUAL model

The SERVQUAL model was applied in the study by way of the questionnaire as questions from the SERVQUAL rating instrument were used. The most appropriate questions related to the study were used. Fifteen out of a possible twenty two questions were used. The aim of using the model was also to determine whether the model could be applied in a South African context. The results of the study did indicate that the model could be applied successfully. The application of the model revealed that service gaps did exist. It is however acknowledged that one of the gaps, in respect of tangibles reflected a positive gap while the other four dimensions yielded negative gaps. Furthermore, all the gaps (both positive and negative) were below one, implying that they did not warrant drastic and far-reaching interventions.

The gap was tabulated by subtracting expectations from perceptions. The formula applied is therefore P − E = GAP. Figure 5.3 provides a diagrammatic illustration of the SERVQUAL model.
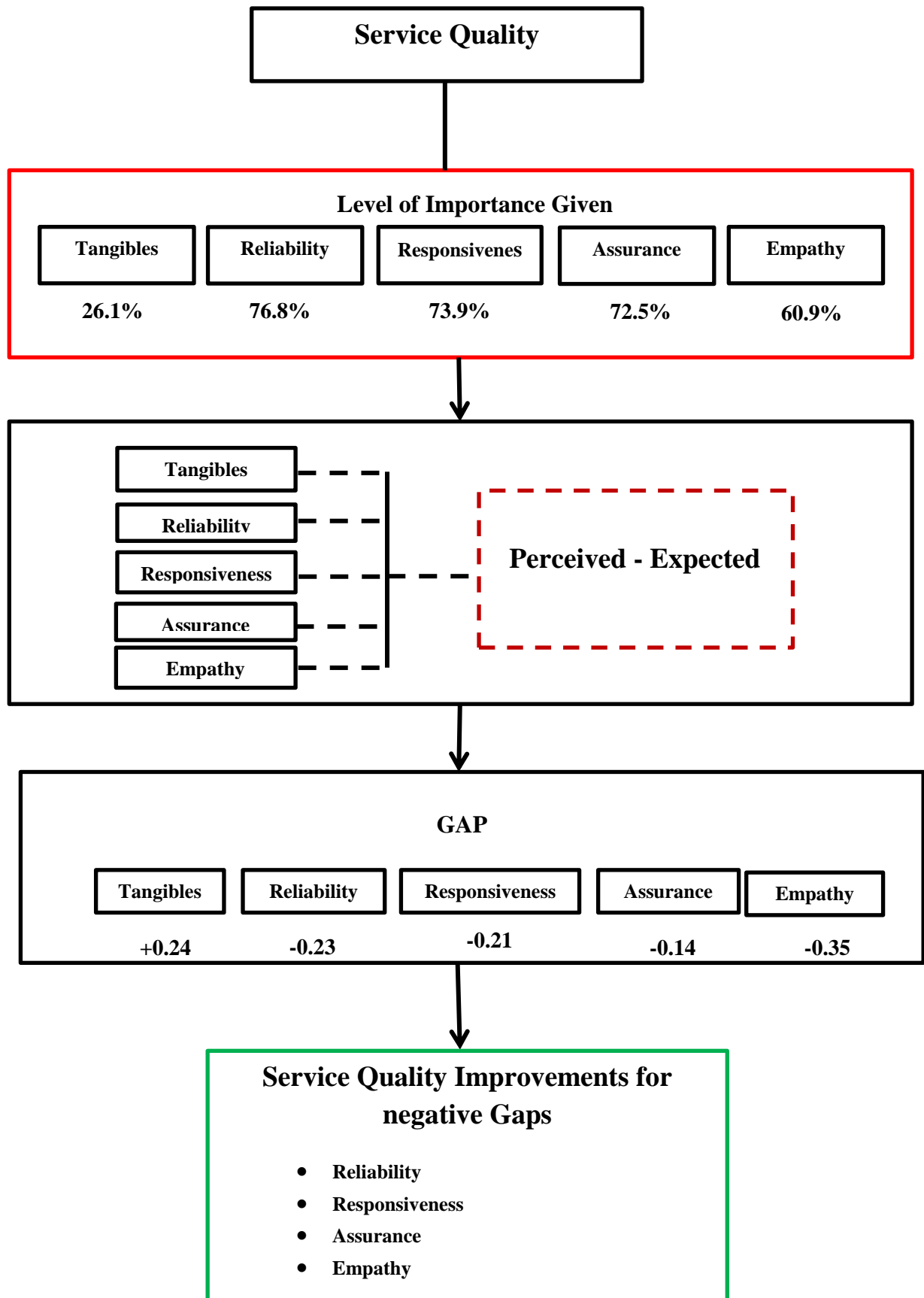
Figure 5.3 Diagrammatic illustration of the SERVQUAL model in this study

It is therefore concluded that the SERVQUAL model can be successfully applied in a South African context. The suitability of the SERVQUAL to the South African environment was confirmed in two studies. One was that of was the study of Kleynhans and Zhou (2012) conducted in the Pretoria hotel industry and the other was study of van der Wal and Pampallis (2002) whose study was conducted in the cellular telecommunications industry. They concluded that SERVQUAL is a reliable instrument for the measurement of service quality in South Africa.

5.11 Conclusion

This chapter presented a detailed analysis of the quantitative data obtained from the study. The chapter started with an exploration of the key findings from the frequency analysis and continued into a detailed discussion of the service quality gaps. Detailed factor analysis, Chi-square and bivariate correlation analysis was discussed on biographical data and other significant relationships. The discussion was supported by reference to other studies and literature. The chapter in the latter part also showed other findings that were initially not part of the original objectives but the outcome was considered worthy of adding value to the study. The next chapter will highlight key findings, elicit conclusions and make recommendations for the participating estate agency so that it can work towards continuously meeting and exceeding the expectations of its customers.

Chapter Six: Key Findings, Conclusions and Recommendations

6.1 Introduction

This chapter outlines the key findings in the context of the of the research problem and establishes if the problem has been adequately addressed. This chapter also aims to address if the study has satisfied the questions and objectives of the study. The chapter further brings to light appropriate recommendations for the participating estate agency, before concluding with some limitations of the study and suggestions for future research on the topic.

6.2 Problem statement overview

Chapter one introduced the research problem of this study which set out to ascertain the service quality provided by residential estate agents, in the Durban area. The estate agency industry has been plagued by reports of poor service quality, both locally and internationally. Globalised views of estate agents appear to be fairly negative and they are seen by the communities they serve as 'commission driven' individuals whose primary purpose is to secure a property transaction without taking service quality into perspective. In light of the reports of poor quality services provided by estate agencies globally, this study set out to examine service quality within the estate agency sector with the primary focus on expected and perceived service experiences by customers of a recognised and local estate agency. There was also a paucity of this type of research from a South African context as alluded to in chapter one (1.3). Research questions and objectives were developed in accordance with the research problem.

6.3 Research Questions

- What are the elements of good service quality in the residential estate agency business?
- What are customers' expectations of service quality in the residential estate agency business?
- What are customers' perceptions (actual experience) of service quality in the residential real estate business?
- What are the gaps between the expected and perceived service quality as experienced by customers?

- Is there a relationship between service quality and customer loyalty (informed by repeat purchases and referral strategy)?
- Is service quality and customer satisfaction positively correlated?
- Is there a positive relationship between service quality and customer retention?

6.4 Research Objectives

- To establish the determinants of quality customer service in the residential estate agency industry.
- To establish a customers' expectation of service quality.
- To establish a customers' perception of service quality.
- To establish if there is there is a gap between expected and perceived service experienced by the customer.
- To establish if there exists a correlation between service quality and customer loyalty (informed by repeat purchases and referral strategy).
- To establish if there is a correlation between service quality and customer satisfaction.
- To ascertain if service quality impacts on customer retention.

6.5 Main findings of the study in relation to the Questions of the Study

6.5.1 What are the elements of good service quality in the residential estate agency business?

SERVQUAL was the preferred service quality measurement tool in this study as it has been regarded as a concise multiple-item scale with good reliability and validity. Reliability in this study (refer to 5.4), using Cronbach's Alpha score came in at 0.970 for expectations and 0.967 for perceptions which was substantially higher than the acceptable value of 0.70. This implies that the SERVQUAL dimensions were well placed in measuring the construct of service quality.

On analysis of the findings and with particular reference to the importance placed on the service quality dimensions (refer to 5.6), it was established that the respondents of this study saw the five SERVQUAL service quality dimensions as determinants of service quality in the estate agency sector. Apart from a minimal 1.4% of the respondents who rated each of

'tangibles', 'reliability', 'responsiveness', 'assurance' and 'empathy' as 'least important', majority of the respondents rated the dimensions as 'important' (ranging from 21.7% to 52.2%) and 'most important' (ranging from 26.1% to 76.8%). This is a clear indication that customers of estate agents saw these service quality dimensions as the determinants of service quality in this service sector. Customers further ranked importance in the following order. Most important was reliability (76.8%), followed by responsiveness (73.9%) which was closely followed by assurance (72.5%). Empathy was ranked fourth with 60.9% importance while tangibles were positioned with least importance at 26.1%.

6.5.2 What are customers' expectations of service quality in the residential estate agency business?

A 15-item survey instrument (SERVQUAL questionnaire) was used to extract ratings from the respondents in terms of expectations. 'Expectations' being the 'predictions' or 'desires' of service quality were rated higher than perceptions in four of the five service quality dimensions. The dimensions in which expectations exceeded perceptions are the dimensions of 'reliability', 'responsiveness', 'assurance' and 'empathy'.

Section (4.4) provides a detailed listing of customer expectations across all five dimensions. The results of each sub-question (per dimension) was also disclosed and discussed. Further chapter five (5.7.2) provides a detailed analysis of the ratings obtained for expectations and its effect on the resulting gaps of the study.

6.5.3 What are customers' perceptions (actual experience) of service quality in the residential real estate business?

The SERVQUAL questionnaire was also used to extract ratings from the respondents in terms of 'perceptions'. 'Perceptions' being the 'actual experiences' of service quality were rated lower than expectations in four of the five service quality dimensions. Perceptions rating only exceeded that of expectations in the dimension of 'tangibles'.

Section (4.5) provides a detailed listing of customer perceptions across all five dimensions. The results of each sub-question (per dimension) is also disclosed and discussed. Chapter five (5.7.2) provides a detailed analysis of the ratings obtained for perceptions and its effect on the resulting gaps of the study.

6.5.4 What are the gaps between the expected and perceived service quality as experienced by customers?

When the SERVQUAL questionnaires were completed, the 'expectations' scores were deducted from the 'perception' scores and the resulting difference of these two constructs resulted in the respective gaps. Four of the five service quality dimensions reflected a negative gap. These were 'reliability', 'responsiveness', 'assurance' and 'empathy'. The only dimension to exhibit a positive gap was 'tangibles'. It is however noted that both positive and negative gaps are reflective of a value below one. The positive gap is 0.24 while the negative gaps range from (-0.14 to -0.35). Chapter 4 (section 4.7.1) provides a detailed illustration of the gaps per dimension and chapter five (section 5.7.2) provides a detailed analysis of the gaps identified.

6.5.5 Is there a correlation between Service Quality and Customer Loyalty?

A detailed correlation and discussion is shown in Chapter 5 (section 5.8.2.2) of this study. This study showed a strong and positive correlation between one of the service quality dimensions (tangibles) and the customer's likelihood of repeat purchases or willingness to refer others. As 'tangibles' are one of the service quality dimensions, this correlation implies that there is a correlation between the service quality 'tangibles' construct (which entails appearance, physical facilities, equipment) and customer loyalty. A total of 84.1% of the respondents (section 4.9) agreed that they would consider repeat purchases or referrals if an incentive or loyalty programme existed. Added to this, 'tangibles' was also rated very high in terms of 'perception' scores. Section (4.5.1) shows the 'perception' scores of 'tangibles' with 73.9%, 98.6% and 94.2% agreement on the statements. This correlation was substantiated by several studies, as discussed in (5.8.2.2), that also proved a correlation between service quality and customer loyalty exists.

6.5.6 Is there a correlation between Service Quality and Customer Satisfaction?

A detailed correlation and discussion is shown in Chapter 5 (section 5.8.2.1) of this study. This study showed a strong and positive correlation between one of the service quality dimensions (tangibles) and the time taken to sell the customer's property. As 'tangibles' are one of the service quality dimensions, this correlation implies that there is a correlation between service quality 'tangibles' construct and customer satisfaction. This section further discuses that customers' interpret the quick sale of their property as an outcome that made

them very satisfied. Section (4.8.1) showed that one third of sellers and 44.9% of buyers were able to sell and buy their properties within three months. Section (4.5.1) shows the 'perception' scores of 'tangibles' with 73.9%, 98.6% and 94.2% agreement on the statements. The correlation was substantiated by several studies, as discussed in (5.8.2.1), that also proved a correlation between service quality and customer satisfaction exists.

6.5.7   Is there a positive relationship between Service Quality and Customer Retention?

Section (5.8.2.3) and (5.8.2.4) discussed two Chi-square correlations between the service quality dimensions of 'assurance' and 'empathy' and the agency's request to customers to participate in service quality surveys. Section (4.10.1) shows that a total of 18.8% of the respondents agreed that the estate agency had asked them to participate in service quality surveys before. Section (4.7.1.4) and section (4.7.15) also demonstrate that customers had noted high 'expectation' scores for 'assurance' and 'empathy' respectively. Customer 'perception' scoring for 'assurance' was accordingly the highest of all dimensions. As 'assurance' and 'empathy' are two of the service quality dimensions, this correlation essentially demonstrates a positive relationship between service quality and customer retention.

The positive relationship between service quality and customer retention is further strengthened by a bivariate correlation that was discussed in section (5.9.1). This relates to the relationship between the service quality dimension of 'assurance' and whether the agency maintained contact with the customer after the transaction to see if they could be of further assistance. A positive bivariate correlation such as this one indicates a directly proportional relationship between the variables exists. This principally means that as service quality increases, customer retention would also increase in the same proportion. The correlation between service quality and customer retention was supported by several studies as discussed in section (5.8.2.3), (5.8.2.4) and (5.9.1).

6.6   Has the study fulfilled its Objectives?

The study has fulfilled all of its objectives that it had initially set out to fulfil.

Objective 1: To establish the determinants of quality customer service in the residential estate agency industry

The study is able to substantiate that the service quality dimensions of 'tangibles', 'reliability', 'responsiveness', 'assurance' and 'empathy' are the service quality determinants in the residential estate industry. This was done through the use of the SERVQUAL measuring tool and through the importance ranking provided by respondents in section (5.6). Most of the respondents felt that the five determinants where of importance to them as customers of estate agents. Customers ranked importance in the following order. Most important was 'reliability' (76.8%), followed by 'responsiveness' (73.9%) which was closely followed by 'assurance' (72.5%). 'Empathy' was ranked fourth with 60.9% importance while tangibles were positioned with least importance at 26.1%.

Objective 2: To establish a customers' expectation of service quality

This study utilised the SERVQUAL questionnaire as a measuring tool of service quality and was able to extract customer 'expectations' across all five dimensions (Section 4.4).

Objective 3: To establish a customers' perception of service quality

This study utilised the SERVQUAL questionnaire as a measuring tool of service quality. Section (4.5) demonstrates that the measuring tool (questionnaire) was able to extract customer 'perceptions' across all five dimensions.

Objective 4: To establish if there is a gap between expected and perceived service experienced by the customer

A positive gap was established for 'tangibles' (0.24) while the remaining dimensions of 'reliability', 'responsiveness', 'assurance' and 'empathy' yielded negative gaps as follows, (-0.23), (-0.21), (-0.14) and (-0.35) respectively. The findings of these gap scores were disclosed in section (4.7.1) followed by detailed discussion and analysis of each gap in section (5.7.2).

Objective 5: To establish if there is a correlation between service quality and customer loyalty (informed by repeat purchases and referrals)

A correlation was found to exist between the 'tangibles' dimension of service quality and the 'loyalty construct' (customers willingness to consider repeat purchases and refer a customer if an incentive or loyalty programme existed). As discussed in section (5.8.2.2) this translated into a correlation between service quality, namely the 'tangibles' aspect and customer loyalty and thereby satisfies the objective.

Objective 6: To establish if there is a correlation between service quality and customer satisfaction

A correlation was found to exist between the 'tangibles' service quality dimension and the customer satisfaction construct (time taken to sell the customers property). It was established that customers equated the short time taken to sell their property with customer satisfaction. The correlation was discussed in detail in section (5.8.2.1). Based on this discussion, the objective is considered fulfilled.

Objective 7: To ascertain if service quality impacts on customer retention

The bivariate correlation (discussed in 5.9) looked at the association between 'assurance' and the estate agency's propensity to maintain contact with the customer after the transaction to see if they could be of further assistance. A positive bivariate correlation of this nature indicates a directly proportional relationship between the two variables. This shows that service quality does impact on customer retention. In addition, two strong correlations were found to exist and were discussed in detail in sections (5.8.2.3) and (5.8.2.4).

The study can therefore relay that a correlation was found to exist between service quality and customer retention and that service quality does impact on customer retention.

6.7 Recommendations made from this study

6.7.1 Closing the gaps

The results of this study revealed that only one of the five service quality dimensions showed a positive gap. This was with 'tangibles'. The participating estate agency has therefore fallen short in meeting the expectation of its customers on the remaining dimensions of 'reliability', 'responsiveness', 'assurance' and 'empathy'. The customers have also placed greater importance and emphasis on these dimensions. It therefore makes sense for management to focus their attention on closing the gaps in these dimensions while maintaining the positive gap on the dimension of tangibles. It is also suggested that in terms of resource allocations, less resources be allocated to the 'least important' dimension of 'tangibles' as it is also currently in a positive gap stage. The organisations resources and energies should be directed in uplifting quality standards in the remaining dimensions. The participating estate agency is also cautioned against focussing too much attention on 'tangibles' while they lag behind on the other service quality dimensions.

The participating estate agency can aim to address the shortfalls in the other dimensions by doing the following:

- In terms of **reliability**, the agency can ensure that they fulfil their promises to the customer. Estate agents must also avoid making unrealistic promises to the customer especially when they foresee challenges in fulfilling those promises. It is also important that when the customer encounters problems with the transaction, the must take a genuine and personal interest in helping the customer fully resolve the problem. It would not be enough for the agent to modestly acknowledge the problem or merely sympathise with the customer.

- In terms of **responsiveness**, estate agents must aim to always be punctual for all appointments or meetings with the customer. They must further ensure that they offer a prompt service in terms of resolving queries and carrying our requests the customer may have. Estate agents must be willing to help their customer during and after the transaction. Showing a lack of interest in helping the customer after the deal is signed creates the impression that the estate agent is 'commission driven' rather than having a genuine interest in serving the customer.

- Estate agents can improve on **assurance** by being well acquainted with the neighbourhoods they specialise in. They can do this by maintaining up-to-date knowledge in terms of selling prices, recent sales in the area and so forth. Agents also need to reassure their customers that their finances are well protected and that monies are deposited into the agencies trust account which is a protected fund.

- **Empathy** can be enhanced by offering a personalised service to the customer. Estate agency by default is a very personalised service as the customer is actively involved in the transaction throughout its duration. If estate agents fail to give their customers personal attention, customers may notice this very easily. It is also imperative that estate agents understand right from the outset, the needs of their customers. Failure to do this will result in customer satisfaction being compromised. This will ultimately result in lower service quality and bigger gaps. We have established in this study (and which was shown to be supported by other studies) that customer satisfaction and service quality are correlated.

6.7.2   Staff recruitment, training and development

Estate agents play a critical role in the provision of their services as they interact on a one on one basis with the customer. The customer relies on the professional knowledge and advice of the broker to make a life changing decision. As discussed in chapter 2, a problem facing the estate agency sector is the high turnover of staff. Brokers enter and leave the industry at an alarming rate. It is therefore imperative that when estate agencies employ brokers, they must aim to attract and also retain the right calibre of employees. These employees must be willing to share in the vision and goals of the estate agency and build on its existing character and integrity. Potential employees that are being interviewed must also exhibit a willingness to be loyal to the estate agency so that they themselves can work towards building a loyal database of customers. New brokers joining the agency should also undergo an orientation programme that would see them acquaint themselves with the background, ethos and service standards of the estate agency. Ideally such orientation programmes should be facilitated by senior experienced managers or brokers of the estate agency who have a solid experience in the industry so that a firm foundation is laid for the new incumbents right at the outset.

The ongoing training of estate agents is also strongly recommended. The brokers are the main interface between the estate agency and the customer and they therefore represent the estate agency in the eyes of the customer. The estate agent has to fully understand the needs and demands of their customers which means that they must acquire the necessary technical knowledge as well as have the necessary 'people' skills needed to meet customer demands. One of the industries regulatory bodies, the Institute of Estate Agents (IEASA), provides ongoing training to estate agents as one of its services to its members. Estate agencies should make use of this facility as the institute is well experienced, having been in existence for 75 years.

6.7.3   Incentive programmes and financial rewards

It was demonstrated in this study that economic incentives lead to customer loyalty and customer retention. Section (4.9) showed that 84.1% of respondents indicated that they would consider repeat business or referrals if incentives existed. Management could hence look at the possibility of rewarding customers who refer others like friends, family and associates that go on to do business with the estate agency. It was pointed out in this study that such incentives serve as effective motivators. It is also suggested that an internal recognition and reward system be set up to reward service providing employees so that a high quality of service is sustained at all times. Feedback from the broker's respective customers can be used as input in the evaluation process. Such rewards will in the least endeavour to improve the 'responsiveness' dimension (helpfulness and promptness) of service quality.

6.7.4   In-house service quality surveys

It is recommended that management engage in periodic service quality surveys. It was shown that only 18.8% of the participating agency's customers agreed that they were asked to participate in service quality surveys. This clearly represents a shortcoming in the estate agency's current approach to customer retention and service quality.   The conducting of service quality surveys has a dual advantage. On the one hand it exposes gaps in service quality to management and secondly it is seen as a means of improving customer retention. These surveys are useful in that they alert management to flaws in their service quality timeously so that correcting measures can be taken in time. Customer retention is also improved as personal contact is maintained with customers through post, telephone, email and so forth. If surveys like SERVQUAL are administered and scores reflect lower from one

period to the next, management can assess whether this is due to higher expectations, lower perceptions, or both.

6.7.5 Effective handling of Customer Complaints

Although every service provider must aim to have minimal customer complaints, they are sometimes unavoidable. What is important though, is the manner and effectiveness in which the complaint is handled by the service provider. This study disclosed that a total 17.3% of respondents declared that their complaints were handled very poorly, poorly or satisfactorily. Organisations that do not respond effectively and decisively to a customer complaint will compound the service failure and thus end up failing the customer twice.

Complaints can be handled effectively by firstly making it easy for customers to complain. This study showed that of 44.9% of the respondents were not aware of the avenues available to lodge complaints. The participating estate agency must therefore communicate with their customers as to what options are available to lodge complaints e.g. a dedicated email address, phone number, contact person and so forth. Secondly, complaints must be resolved promptly and personally. Customers get more frustrated when a complaint takes too long to get acknowledged, apart from being fully resolved. Correspondence is often sent by impersonal means like an sms (text message) or an email. A personal call or visit lets the customer know that they mean something to the organisation. As a final point, employees dealing with the problem must be given the necessary authority to take decisions and resolve the complaint in the best interest of the customer and the service provider.

6.7.6 Estate agencies to focus on the use of online technology

The increased and strategic use of online technology can greatly assist with recommendation made in 6.7.4 and 6.75. Online surveys (6.7.4) can be developed with ease and distributed to their database of customers with a click of a button. Furthermore, interactive blogs and contact forms can be made available on the agencies website to allow for proper placement of complaints and other issues experienced by customers. The estate agency should also ensure that its website is updated at all times and is user friendly as well. All properties listed with the estate agency should ideally be on its website with attractive pictures showing the key selling points and facilities as well.

6.8 Limitations of the Study

The study encountered the following limitations that are discussed below

6.8.1 Study conducted at one Estate Agency

The study was conducted using the customer database of one estate agency. It is arguable whether the findings can be generalised to the estate agency industry in general. The researcher however intended for several agencies to participate so that comparisons from the results could also be done. Over 30 estate agencies were canvassed through written formal proposals and telephonic follow ups but they were very reluctant to participate. One of the main reasons given was the reluctance in making their databases available for the purpose of this study. Other reasons included lack of time, no interest in the study and that they did not see value (for them) in the study.

6.8.2 Customer responses based on one major interaction with the service provider

It has been mentioned at various points during the course of this study that the purchase or sale of a property is considered as one of life's most important decisions. The feedback and rating from the customer is hence based on one major transaction. The transaction could be affected negatively by factors beyond the estate agent's control that may influence the customer's ratings.

6.8.3 Service quality amongst estate agents not well researched

The researcher experienced extreme difficulty in sourcing other service quality studies conducted in residential estate agency to support the findings of this study. Some authors have also alluded to the fact that this topic is not well researched and hence there is not much documented material available.

6.8.4 Responses and Results

Responses to any question-based study are subject to human emotions. There are those respondents that will take adequate time and effort to answer appropriately, whilst there are those that may have answered the questionnaire under stress, duress, anger, sadness and depression and/or purely for the sake of answering. These factors play a role on the outcome of the results.

6.9 Directions for Future Researchers

The current study can be used as base for the future studies that could look at the following:

6.9.1 National Study

The current study was limited to the Durban area. Other major cities like Johannesburg, Cape Town and Port Elizabeth could also be researched to see if the levels of service offered vary between the major cities.

6.9.2 International Study

The study could also be extended outside South Africa's borders to neighbouring countries like Lesotho, Swaziland and Namibia. It would provide researchers with a valuable insight into how estate agency works in other countries as well as how their service quality is rated. This study referenced some studies conducted in other African countries like Nigeria. It would however be interesting to see how South Africa compares with its closer neighbours in terms of the quality of service offered in this sector.

6.9.3 Comparative Study

A Comparative study could be undertaken, for example with a developed country such as United States of America or the United Kingdom.

6.9.4 Employee Satisfaction

Employee satisfaction could also be brought in as a construct to be tested so that a relationship could be tested. For example, a study that examines the level of broker satisfaction in relation to the quality of service offered by the same set of brokers.

6.9.5 Open-ended Questions

Future studies could incorporate open-ended questions so that a more detailed (inductive) understanding could be obtained about customers' expectations and perceptions.

6.10 Conclusion

This chapter brings the study to a close. The chapter at the outset listed the objectives and questions of the study and then went on to show how the main findings on the study were

able to answer the research questions and fulfil the objectives. The determinants of service quality in residential estate agency was established as 'tangibles', 'reliability', 'responsiveness', 'assurance' and 'empathy'. Respondents went on to rate these dimensions in terms of importance (by showing which was most important). The SERVQUAL service quality measuring tool successfully measured customers' 'expectations' and 'perceptions' and accordingly calculated a service quality gap. Four of the dimensions namely 'reliability', 'responsiveness', 'assurance' and 'empathy' reflected a negative gap while tangibles reflected a positive gap. Although the gaps (both positive and negative) are below one, they provide the organisation with direction as to which areas they need to focus their attention and resources on. The study was also able to reveal certain key correlations that existed. These were between service quality and customer loyalty, service quality and customer satisfaction and service quality and customer retention. There were also additional findings of the study that observed correlations between customer loyalty and customer satisfaction, customer loyalty and customer retention and customer satisfaction and customer retention. Recommendations have been made and these suggestions are intended to benefit the participating estate agency as well as estate agency industry in general. The latter part of this chapter identified certain limitations of the study that restricted the researcher from taking the study to a higher level. Taking these limitations into consideration, directions for future research have also been provided. In conclusion, it is hoped that the findings of this study and the corresponding suggestions will be able to improve the quality of service provided by the participating estate agency and estate agents in general.

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Appendix 1 - Ethical Clearance

UNIVERSITY OF ™
KWAZULU-NATAL

INYUVESI
YAKWAZULU-NATALI

17 June 2015

Mr Rajin Maharaj 891102329
School of Management, IT and Governance
Westville Campus

Dear Mr Maharaj

Protocol reference number: HSS/0678/015M
Project title: Customer service quality provided by residential estate agents in the Durban area

Full Approval – Expedited Application

In response to your application received on 8 June 2015, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL.**

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

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of **5 years.**

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

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

Yours faithfully

....
Dr Shamila Naidoo
On behalf of Dr Shenuka Singh (Chair)
Humanities & Social Sciences Research Ethics Committee

/pm

Cc Supervisor: Dr Sachin Suknunan & Dr Ziska Fields
Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee
Dr Shenuka Singh (Chair)
Westville Campus, Govan Mbeki Building
Postal Address: Private Bag X54001, Durban 4000
Telephone: +27 (0) 31 260 3587/8350/4557 Facsimile: +27 (0) 31 260 4609 Email: ximbap@ukzn.ac.za / snymanm@ukzn.ac.za / mohunp@ukzn.ac.za
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Appendix 2 - Informed Consent

UNIVERSITY OF KWAZULU-NATAL

School of Management, Information Technology & Governance

Master of Commerce – (M.Com) in Management

Researcher: Rajin Maharaj (031 2607353 / 083 778 7838)
Supervisor: Dr Sachin Suknunan (031-2607057)
Research Office: Ms. P Ximba (031 260 3587)

Dear Respondent,

I, Rajin Maharaj, am a Master of Commerce student, at the School of Management, Information Technology and Governance, University of Kwazulu Natal.

You are invited to participate in a research project entitled "**Customer Service Quality provided by residential estate agents in the Durban area."**

The purpose of this study is to obtain information from customers of estate agent's about their opinion on the quality of service offered by estate agents. The feedback and ratings you provide will assist in establishing whether a gap exists between the quality of service that you expect to receive and your perception of the quality of service actually received by you.

Through your participation I hope to understand whether a gap between expected and perceived service does exist. I would also like to obtain clarity as to whether service quality impacts on customer loyalty and customer satisfaction. The results of the survey are intended to contribute towards a clearer understanding by estate agents as to what their customers expect from them. They can hence work towards closing this gap, if it does exist.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, Information Technology and Governance, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about **10** minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Researcher : Rajin Maharaj (083 7787838)   _____

Date :

UNIVERSITY OF KWAZULU-NATAL

School of Management, Information Technology & Governance

Master of Commerce – (M.Comm) in Management

Researcher: Rajin Maharaj (031 2607353 / 083 778 7838)

Supervisor: Dr Sachin Suknunan (031-2607057)

Research Office: Ms. P Ximba (031 260 3587)

<u>CONSENT</u>

I……………………………………………………………………… (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT   DATE

……………………………………………………………………………

Appendix 3 - Questionnaire

Customer Service Quality provided by residential estate agents in the Durban Area.

Section A: Demographics

1. Age Group

20-29	30-39	40-49	50-59	60 and over
1	2	3	4	5

2. Gender

Male	Female
1	2

3. Marital Status

Married	Single	Divorced	In a relationship	Widow / Widower
1	2	3	4	5

4. Income Range (In Rands per month)

Single income households answer question 5a) and joint income households to answer question 5b):

A)

Single Income	10 000 - 20 000	21 000 - 30 000	31 000 - 40 000	Above R 40 000
1	2	3	4	5

B)

Joint Income	10 000 - 20 000	21 000 - 30 000	31 000 - 40 000	Above R 40 000
1	2	3	4	5

5. Are you a first time home buyer or first time home seller?

Yes	No
1	2

Section B - SERVQUAL Rating Scale (Expectations)

*In this Section, you will be asked to rate (according to your honest opinion), the type of service that you would ideally want to receive from an Estate Agency (**Expected Service**).*

6. Please indicate the type of service that you would ideally want to receive from an estate agency.

*On a rating of 1=**Strongly Disagree**, 2=**Disagree**, 3 = **Neutral**, 4 = **Agree** and 5= **Strongly Agree**, please rate the following below*

	1	2	3	4	5
Excellent estate agents will have modern looking equipment.					
Brokers at excellent estate agents will be neat in appearance.					
Materials associated with service (such as pamphlets or statements) will be visually appealing at excellent estate agents.					
When brokers at excellent estate agents promise to do something by a certain time, they do.					
When a customer has a problem, excellent estate agents will show a sincere interest in solving it.					
Excellent estate agents will insist on error free records.					
Brokers of excellent estate agents will tell customers exactly when services will be performed.					
Excellent estate agents will give prompt service to customers.					
Brokers at excellent estate agents will always be willing to help customers.					
Customers of excellent estate agents will feel safe in transactions.					
Brokers at excellent estate agents will be consistently courteous to customers.					
Brokers at excellent estate agents will have the knowledge to answer customers' questions.					
Brokers of excellent estate agents give customers' personal attention.					
Excellent estate agents will have their customer's best interests at heart.					
Brokers of excellent estate agents understand the specific needs of their customers.					

Section C - SERVQUAL Rating Scale (Perceived Service)

In this Section, you will be asked to rate (according to your honest opinion), the type of service you have actually experienced from this estate agency (Perception).

7. Please indicate the type of service actually experienced with this agency.

On a rating of 1=Strongly Disagree, 2=Disagree, 3 = Neutral, 4 = Agree and 5= Strongly Agree, please rate the following below:

	1	2	3	4	5
This agency has modern looking equipment.					
The broker at this agency is neat in appearance.					
Materials associated with service (such as pamphlets or statements) are visually appealing at this agency.					
When the broker at this agency promises to do something by a certain time, he / she does.					
When a customer of this agency has a problem, their brokers will show a sincere interest in solving it.					
This agency insists on error free records.					
The broker at this agency will tell me exactly when services will be performed.					
The brokers at this agency give me prompt service.					
The broker at this agency will always be willing to help me.					
I feel safe in transactions with this agency.					
The broker at this agency is consistently courteous with me.					
The broker at this agency has the knowledge to answer my questions.					
The broker at this agency gives me individual attention.					
This agency has my best interest at heart.					
The broker at this agency understands my specific needs.					

Section D: Importance of Service Quality Dimensions

8. **How would you rate the factors below (on a scale of 1 to 5), that you would consider important and critical to you when selecting an estate agency.**

1 – Least important

2 – Unimportant

3 – Neutral

4 – Important

5 – Most important

Factors	1	2	3	4	5
Tangibles: Appearance of the Estate agents physical facilities, equipment, brokers and communication materials.					
Reliability: The estate agent's ability to perform the promised service, dependably and accurately.					
Responsiveness: The estate agents willingness to help customers and provide prompt service.					
Assurance: The knowledge and courtesy of the estate agent's brokers and their ability to convey trust and confidence.					
Empathy: The caring individual attention the estate agency provides its customers.					

Section E: Customer Satisfaction

9. Time it took to sell or buy property through the agency.

If you have only sold a property through the agency, then answer question 2A. If you have only bought a property through the agency, then answer question 2B.

If you have done both, then you may answer both questions.

A) How long did it take for the agent to sell your property (seller)?

Less than 3 months	3 to 6 months	More than 6 months
1	2	3

B) How long did it take for the agent to find you a property that you were satisfied with (buyer)?

Less than 3 months	3 to 6 months	More than 6 months
1	2	3

10. The agency does make you feel like a valued customer.

Strongly Agree	Agree	Disagree	Strongly Disagree
1	2	3	4

11. You would consider yourself an overall satisfied customer of this estate agency?
    (Satisfied in this context relates to your needs and expectations being met)

Strongly Agree	Agree	Disagree	Strongly Disagree
1	2	3	4

Section F: Loyalty (repeat purchases and referral strategies)

12. Will you sell or buy a property through this estate agency again?

Yes	No
1	2

13. Will you refer this estate agency to a friend or family member?

Yes	No
1	2

14. Would you consider repeat business or refer a client to this agency if a reasonable incentive or loyalty programme existed?

Yes	No
1	2

Section G: Customer Retention

15.

	1	2	3	4	5
	Strongly Agree	Agree	Disagree	Strongly Disagree	Don't know
The agency has asked me to participate in service quality surveys before.					
The agency maintained contact with me after the transaction to see if they could be of further assistance.					
The agency reminds me of existing and new services that they may offer.					

16. I am aware of the avenues that the agency offers to its customers to lodge complaints, if the need arises.

Strongly Agree	Agree	Disagree	Strongly Disagree
1	2	3	4

17. If you had the need to lodge a complaint with this agency, how would you rate the manner in which the complaint was or is being handled?

Very Poorly	Poorly	Satisfactory	Good	Excellent	Never had a complaint
1	2	3	4	5	6

End of Survey!

Thank you for your participation!

Appendix 4 - Gate-Keepers Letter

TYSON
PROPERTIES

CHRISTIE'S
INTERNATIONAL REAL ESTATE

03/02/2015

The Research Committee
University of Kwa-Zulu Natal
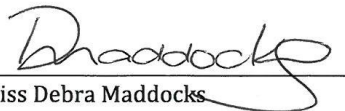College of Law of Management Studies

Re : Participation in service quality research to be conducted by Mr Rajin Maharaj

This serves to confirm that I have been approached by Mr Rajin Maharaj, a Master of Commerce student at UKZN, with the intention of participating in a service quality study that he is embarking on, which forms the basis of the qualification.

I have agreed to participate in the study with the intention of improving and / or gauging the level of service quality offered by my office of estate agents. I have accordingly made my data base available to him for the sole purpose of him conducting the service quality survey.

I trust that this is in order.

Kind regards,

Miss Debra Maddocks
c/o Tyson`s Westville Branch
031 266 2544

WESTVILLE

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