AN EVALUATION OF CUSTOMER SERVICES WITH REGARD TO SERVICE QUALITY AMONGST MERCHANDISE RETAILERS

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AN EVALUATION OF CUSTOMER SERVICE WITH REGARD TO SERVICE QUALITY AMONGST MERCHANDISE RETAILERS

by

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DECLARATION

I declare that:

" an evaluation of customer services with regard to service quality amongst merchandise retailers "

is my own work, that all the sources used or quoted have been indicated and acknowledged by means of complete references, and that this dissertation had not previously been submitted by me for a degree at any other university.

M. DHURUP

OCTOBER 2001

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I would like to express my gratitude to the under-mentioned persons, without whose assistance the research would not have been possible.

1. To God for giving me the power and strength to complete this dissertation.

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ABSTRACT

Service quality is an important determinant of customer satisfaction. In recent years the service quality debate has received much attention in retailing. It is therefore not surprising that many firms spend substantial resources to measure service quality and manage customer satisfaction.

This research was primarily undertaken to evaluate the quality of service amongst wide variety merchandise retailers. Two towns, namely Tongaat and Umhlanga Rocks in the Northern precinct of the new Durban Unicity were chosen for the study. The former being a town with a low to middle income group and the latter being a town with a high income group.

In order to evaluate the quality of service offered by wide variety merchandise retailers an exploratory research was conducted using depth interviews, to determine aspects that are important to customers regarding service quality. This enabled the researcher to obtain a fairly accurate measure of consumers perceptions of service quality. Since this was an exploratory research, judgement sampling was used in order to ensure a reasonably good mix of different customers from the designated towns.

Based on the exploratory research, a twenty five item scale was developed, for the empirical study, taking cognizance of the established SERVQUAL model of Parasuraman et al. (2000:9) and the DRT model of Dabholkar et al. (1996:06). Both the expectation and perception elements were used in measuring service quality. The five dimensions of service quality for retail setting as set out in the DTR model, namely physical aspects, reliability, personal interaction, problem solving and policy was

used in the study. A five point likert scale was used in the questionnaire. The low end of the scale represented a negative response, whilst the high end represented a positive response.

With a response rate of 66% from consumers, the researcher was able to prove the hypothesis set ie. a significant difference exist between expectations and perceptions of service quality amongst consumers shopping at wide-variety merchandise retailers.

In identifying the priorities for improvement (PFI's) the size of the gap, importance to customers, quick wins and policy regulations were taken into account.

In evaluating the overall satisfaction, weighted satisfaction scores were used in the study. The scores were weighted against the importance scores.

The empirical evidence reflects that the larger gaps in service quality are in the areas of employee empowerment, especially front-line staff in service recovery, customers with special needs, prompt and courteous service to customers, employee interpersonal skills, employee product knowledge and provision of customer information. Attributes such as store equipment and fixtures, credit facility and store layout emerged as smaller gaps in service quality.

These exploratory findings may provide cues for wide-variety merchandise retailers to explore and improve quality in service delivery.

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Dear Professor Venter

Editing of dissertation for M. Dhurup

This letter serves as confirmation of the fact that I was the editor of Mr. M. Dhurup's dissertation. In general the changes made by me included attention to grammatical problems such as concord, use of inverted commas and specifics relating to referencing. In few instances I assisted in clarifying issues by expanding points made by the researcher.

The original that I received from Mr. M.Dhurup was in no way substantially altered. The changes that I made were all to do with expression and presentation, and not with the essence of the dissertation.

Please feel free to contact me at the above address.

Yours faithfully

M.Balkissoon

Tel: 032- 9444079

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

In the global economy, the retail industry remains one of the largest sectors. Retailing in South Africa is one of the toughest and the most competitive industries. The South African retail business environment is becoming increasingly hostile and unforgiving, with intense competition from both domestic and foreign companies. It is vibrant and demanding and boasts extremely innovative and sophisticated components, particularly in the areas of finance and assets' management. At the same time it grapples with a complex legacy of social and structural problems, unique to South Africa (Terblanche, 1998:01).

In today's saturated retail market, retailers face ever increasing hurdles to attract and maintain consumers. Heightened competition from other retailers and alternative retail formats, for example the Internet and catalogues has contributed to the situation (Reichheld et al., 1990:57). This increased competition, along with a decrease in new consumers, has resulted in the cost of attracting new customers becoming far greater than the cost of retaining current customers. At the same time consumers have become more value conscious. These circumstances have created a retail environment in which the retailer must seek ways to maximize the value they provide their current customers (Naylor et al., 2000:37).

With the deregulation of the South African economy, the doors opened to increasing competition in the international arena. This may lead to greater expectations and demands by consumers. For competitive survival many retail firms are focusing on areas of operations that may give them an edge over their competitors (Metha et al., 2000:21).

According to The Bureau of Market Research (2000:06) in the 40th annual research review, the total household expenditure for 2000 was estimated at R559,9 billion. Of this sum, R482,0 billion or 87,9% was in cash and R67,9 billion or 12,1% in kind. Expenditure in kind includes benefits from employees, gifts, support other than cash and imputed rent.

The distribution of total household expenditure by the main expenditure group reflected that 22% of the total household budget is spent on housing and electricity. Of importance is the expenditure of 19% on food.

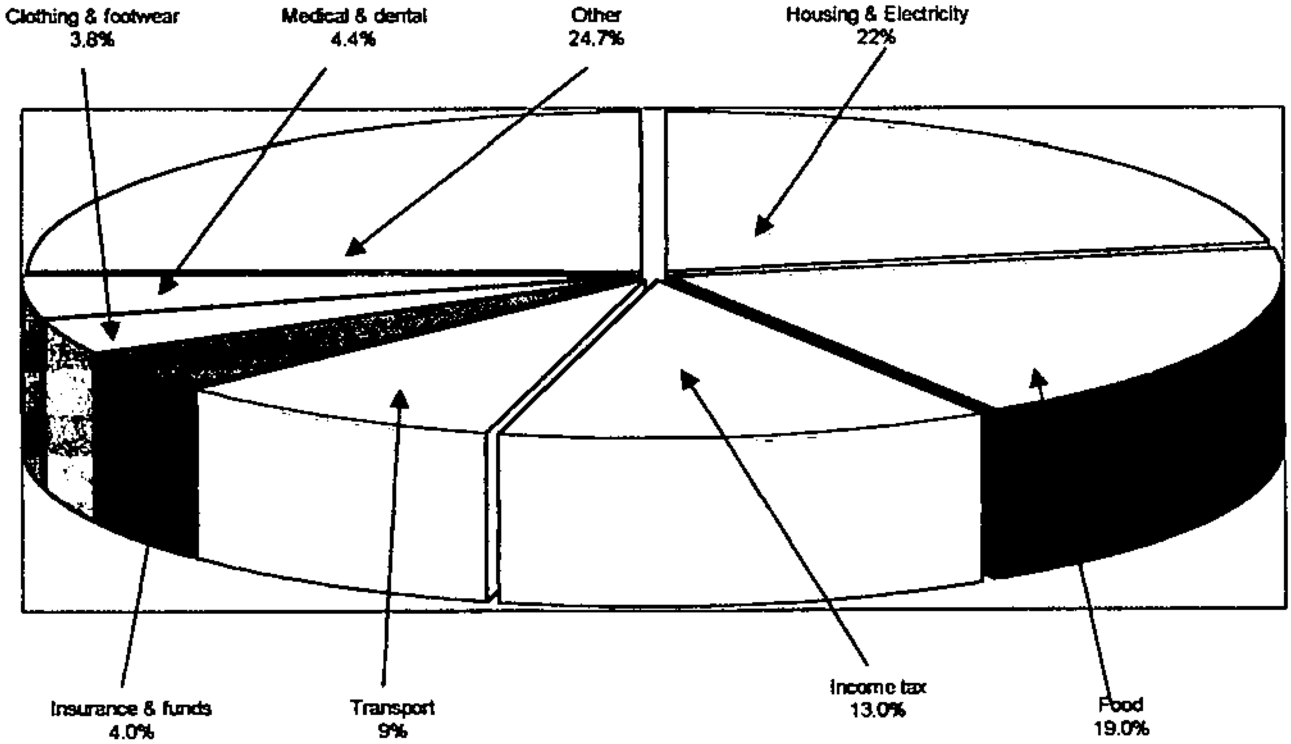
If one looks at Figure 1.1 (page 3) clothing, footwear and food combined contribute to the largest expenditure in households. For wide variety merchandise retailers, these figures may be very gratifying, but they pose many challenges, the most important of which is how to capture the biggest share of disposable income of the South African household market.

Whilst retailers may employ various methods to gain a competitive share in the market, the key to this competitive edge is delivery of high levels of quality service to its consumers.

Figure 1.1 (page 3) which is an analysis of household expenditure of cash and kind by main expenditure groups in South Africa for the year 2000, is presented on the next page.

FIGURE 1.1 HOUSEHOLD EXPENDITURE OF CASH AND IN KIND BY MAIN EXPENDITURE GROUPS IN SOUTH AFRICA – 2000.

R559,9 Billion



Source: Bureau of Market Research, (2000 :07)

For a merchandise retailer, competitive success is now and will continue to be driven to a large extent by consumer perceptions of the quality of service. The demand for high quality customer service is on the increase as consumers want a hassle-free shopping atmosphere as they are pressed against time to locate and wait for merchandise (Lewison, 1997:115). Good customer service keeps customers returning to a retailer and generates positive word-of-mouth communication. This in turn attracts new customers.

According to Penstone et al. (2000:14) there are, for the retailer, many challenges that lie ahead in his area of business. The Age of the Consumer is upon us. Customers have more choice, more information and more influence than ever before.

Customers will make the decisions that will drive a retail business. Retailers need to be mindful of the old adage: a happy customer tells three people, an unhappy customer tells eleven. Marcus (1998:494) confirms that it costs five times more to gain a new customer, than to keep an existing one, and ten times more to get a dissatisfied customer back.

Berman et al. (1998:61) state that "the longer the customer stays with the firm, the more the customer is worth. Long term customers buy more, take less of a company's time, are less price sensitive and bring in new customers."

According to Trivella (1999:46), from the retailer's point of view, they have a "gold mine" of customer information that could be a key to their future growth. Retailers can make better use of this information by using it to expand the spending of existing customers. Retailers can use this information to develop a better understanding of their customer base and anticipate customer behaviour.

According to Terblanche (1998:260), retailers have to place greater emphasis on customer services to differentiate themselves from their competitors. The level, number and types of services all provide a basis for differentiation because customers vary in respect of level, amount and the type of service they require.

The modern shopper is more sophisticated and better informed, and retailers have little option but to provide certain services at a competitive level if they want to appeal to the customer. Consumers now, have also taken for granted certain services like parking or adjustments and alterations to merchandise. Customers also expect prompt, courteous attention from salespeople. They want their purchases to be neatly wrapped and bagged. They expect to be able to return articles they find unsatisfactory and without resistance from the retailer. Customers feel that their complaints should be heard sympathetically.

As we move further into the new millennium, it is becoming very clear that retailers have to, in the quest for progress and advancement, place customers first. True competitive advantage will only be established through excellence in customer value and by ensuring relentless care and attention to the customer (Zairi, 2000:331).

1.2. PROBLEM STATEMENT

- Consumers may be no longer willing to overlook the lack of personal attention and poor service quality from retailers. Table 4.1 (page 67) outlines the determinants of service quality, the absence of which may lead to poor service quality. Table 3.3 (page 54) further reiterates some of the experiences which may lead to poor service quality.

- Retailers merchandise offerings are sometimes inappropriate and promises are not fulfilled. Retailers confuse customers by saying one thing and doing another. They have disorganised and ineffective store policies and practices (Mason et al., 1991:559). According to Mason et al. (1991:559) a few of the more pronounced problems encountered by customers are:
- discontinuation of services such as cheque cashing, wrapping, alteration and repairs, without offering the customers an alternative.
- preaching but not practising customer services eg. by placing restrictive signs throughout the store such as "please no not handle the merchandise" and "we honour only manufacturers' warranties".
- aisles are narrow or cluttered with merchandise, with no natural grouping of merchandise categories.
- provisions such as rest-rooms are difficult to find, dirty and out of supplies.
- departmental and merchandise signs are inadequate.
- inadequate shelf marking with no prices on merchandise or shelves.
- merchandise is out of stock and customers are not assisted in any way.
- employees in the store are sometimes not courteous to customers
- employees in the store lack the knowledge to answer customers' questions.

Consumers need to know their basic consumer rights: " the right to safety, the right to be informed, the right to choose and the right to be heard." Consumer education regarding their channels of communication regarding redress is lacking. Often, consumers do not like to complain as dissatisfaction is stressful and, for many people, going to complain is even more stressful. Complaining can be good for customers and retailers, yet many retail firms discount complaints or fail to solve the problem. This leads to an unhappy customer (Nyer, 2000:18). According to Nel (2000:36) many customers do not complain, they merely switch brands. Complaints provide retailers with an early warning system for potential problems. They also provide the opportunity to regain the business of the person complaining as well as that of five or ten people they will tell (Nel, 2000: 36).

1.3 OBJECTIVES OF THE STUDY

1.3.1 Primary objective

The main purpose of this study is to evaluate customer services with regard to service quality amongst consumers purchasing merchandise from wide variety merchandise retailers.

1.3.2 The secondary objectives of the study are:

- To determine from literature the expenditure patterns and disposable income amongst South African households.
- To provide an overview of the various types of customer services in order to indicate the importance of these services.

- To establish from literature the importance for retailers to manage customer relationships in order to create customer value.
- To carry out a literature study on service quality in order to adapt and apply a retail service quality model for wide-variety merchandise retailers.
- To identify gaps in service quality by comparing the level of importance and satisfaction amongst consumers.
- To identify problem areas retailers need to concentrate on as priorities for improvement (PFI's) in an attempt to improve service quality.
- To assess the overall level of satisfaction in terms of service quality amongst consumers.

1.4 HYPOTHESIS

The hypothesis set in this study are as follows:

Ho : There is no difference between the customers level of perception and expectation of service quality amongst shoppers at wide-variety merchandise retailers.

1.5 DEMARCATION OF THE FIELD OF STUDY

Since the retail industry is extremely diverse, with varied types of retail firms, classifying them into one neat system is often difficult (Cox et al., 1993:9). Furthermore, many classification schemes have been developed over time in different countries. Some authors prefer to classify retail stores on the basis of shop and non-shop types, ownership, merchandise carried, level of specialization and location.

For the purposes of this study, the research will be conducted with consumers who shop at "wide variety merchandise retailers." According to Terblanche (1998:120) wide variety merchandise retailers are departmental stores, superstores, hypermarkets and full line discount stores. This classification will be used throughout the study.

The study will be conducted within the Northern Precinct of the Durban Unicity. The major towns that are included in this new Metropolitan demarcation are Tongaat and Umhlanga Rocks. (refer annexures A, B and C.) These towns represent the focal growth points for both residential and shopping centre developments.

1.6 RESEARCH METHODOLOGY

Two research methods will be undertaken.

1.6.1 Literature review

A literature study on customer services and service quality will be done. This would include textbooks on retail and marketing, journals, magazines on retail and marketing, newspaper articles and Internet to establish a theoretical background.

1.6.2 Empirical Study

An empirical investigation will be undertaken which will provide the practical basis to ensure that a reasonably accurate version is given which measures up to the purpose of the study. The empirical study will be done in two parts:

Part one:

A preliminary exploratory research will be done using depth interviews in order to obtain a fairly accurate measure of customer perceptions and customer expectations of quality service. This will set the basis for the development of the main survey questionnaire. The judgement sampling method will be utilised as this is merely an exploratory research. This will ensure a good mix of consumers from the different designated areas.

Part two:

A simple random sampling method will be used. Elements will be drawn proportionately in relation to the population in the designated towns. This will ensure that every unit of the population will have a known chance of being drawn (Martins et al., 1999: 260).

Primary data will be generated by means of a questionnaire taking into account consumers' expectations determined in part one. It will be pre-determined how many completed questionnaires would be needed to ensure that an accurate and reliable result would be obtained. Mail surveys will be used for the completion of the questionnaires.

1.7 CONTENTS OF THE STUDY

1.7.1 CHAPTER ONE

Chapter one deals with the background and scope of the study focusing on the competitive nature of the retail industry. It highlights the problem statement, the research objectives and demarcation of the field of study. The research methodology is spelt out in this chapter. The null and alternative hypothesis, is set in this chapter.

1.7.2 CHAPTER TWO:

This chapter provides an overview of the dynamic nature of Retailing in South Africa. It will focus on the population of the Metropolitan areas in South Africa and the expenditure patterns. Retail classification and alternative methods of retail classification will be discussed.

A distinction will be made between pre-transaction, transaction and post transaction services. Factors affecting customer services in a retail setting specifically with regard to wide variety merchandise retailers will be highlighted in this chapter.

1.7.3 CHAPTER THREE

This chapter will deal with managing customer relationships and methods of creating customer value in a retail setting. Development of a customer-centric culture will be highlighted as a recent trend in creating customer value. Complaints' handling as a means of creating customer value and developing customer relationships, in retail stores will be discussed. This chapter will also focus on building customer loyalty through loyalty programmes and other customer satisfaction programmes.

1.7.4 CHAPTER FOUR

The main focus of this chapter will on measuring service quality. The SERVQUAL model of improving service quality will be explained. The model will be adapted for use in a retail setting as set out by Dabholkar, Thorpe and Rentz (DTR model). The basis of the questionnaires design as set out in chapter five will be adapted from the SERVQUAL and DTR models and taking into account the exploratory research expectations of consumers. Recent trends and current debate on measuring service quality will also be highlighted in this chapter.

1.7.5 CHAPTER FIVE

The first part of this chapter will concentrate on the design and the research method utilized ie. the exploratory research and the rationale for its implementation, the development and the distribution of the questionnaire. The focus of the research will be on expectation and perceptions of customers with reference to service quality. The second part of this chapter will deal with analysis, interpretation and evaluation of the research findings.

1.7.6 CHAPTER SIX

Chapter six will review the entire study and make recommendations in respect of the level of service quality in the Northern Precinct of the Durban Unicity.

1.8 TERMINOLOGY

Terms, definitions and concepts used in this study are outlined below:

Departmental store
A large retailing institution that carries a wide variety of merchandise lines with a reasonably good selection within each line.

Employee empowerment
The authority to act and the resources to which employees have access to, and the decisions they are permitted to make.

Hypermarkets
A large superstore format which features a wide combination of hard goods, soft goods and food products.

Northern Precinct of the Durban Unicity
The area, formally within the North Local Council jurisdiction of the Durban Metropolitan Council.

Retailer
A business that sells products and services to ultimate consumers.

Retailing
The business activity of selling goods or services to the final consumer.

Retail competition
The actions of one retailer against other retailers in obtaining resources and the patronage of customers.

Service Recovery
A process of returning aggrieved customers to a state of satisfaction in a retail firm.

Superstore
A large combination supermarket and discount merchandise store that stocks and sells a complete selection of food products together with a wide variety of hard and soft goods.

Wide variety merchandise retailers
Wide variety merchandise in South Africa are departmental stores, superstores, hypermarkets and full line discount stores.

1.9 LIST OF ABBREVIATIONS

BMR: Bureau of Market Research

DTR : Dabholkar, Thorpe and Rentz model of retail service quality.

PFI's : Priorities for improvement

SERPERF: Service Performance

SERVQUAL: Service Quality

UK: United Kingdom

1.10 GENERAL

- The simplified Harvard method of references is used.
- Annexures are placed at the back of the dissertation.
- Tables and figures are placed on the relevant pages in the dissertation.
- Where no sources are mentioned, it refers to own research.

CHAPTER

2

THE RETAIL ENVIRONMENT IN PERSPECTIVE

2.1 INTRODUCTION

Retailing has become a high-tech business. When one buys merchandise from a large departmental store or a hypermarket, a sequence of electronic activities and decisions is triggered. A single transaction will determine what merchandise has to be delivered from the company's warehouse to the store the next day. Retailing therefore does not take place in a vacuum. It is subject to a multitude of forces in the environment (Terblance, 1998:25).

2.2 RETAILING IN SOUTH AFRICA

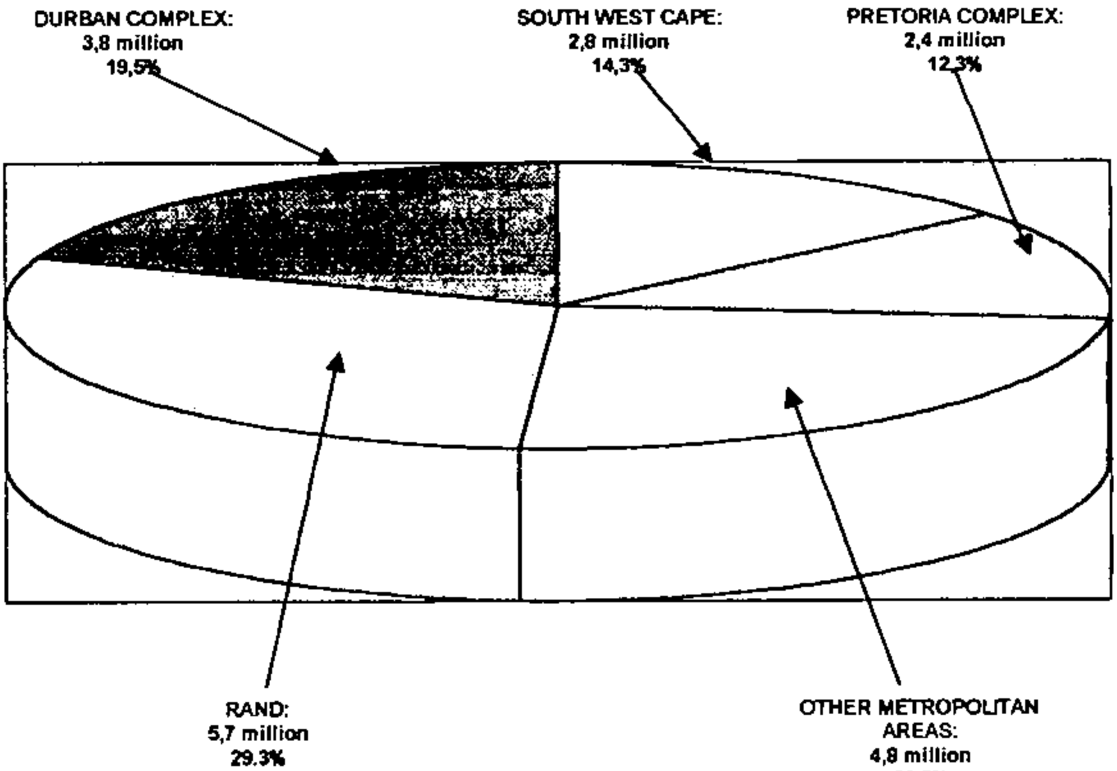
South Africa has an interesting retailing landscape. It boasts of the most sophisticated hypermarkets, regional shopping centres to a simple spaza store and pavement selling. A feature that retailers need to understand is the different demographics of the South African population. The age, size, culture and location all present marketing opportunities and challenges for retailers. South Africa's apartheid laws kept retailers and consumers of different races apart, which resulted in inadequate shopping facilities in the black townships and an oversupply in the traditionally white areas (Terblanche, 1998:27). Gaining access to new markets of South Africa is one of the host of challenges facing the retail sector.

2.3 DENSITY OF POPULATION AND EXPENDITURE PATTERNS

The population density is an important factor in location decisions for a retailer. Figure 2.1 reflects the population of the metropolitan area in South Africa. The metropolitan areas house a total of 19.5 million people with the Rand Metropolitan area being the most densely populated, followed by the Durban Metropolitan complex. A large part of the population lives in rural areas or on the fringes of the metropolitan areas.

FIGURE: 2.1 POPULATION OF THE METROPOLITAN AREAS IN SOUTH AFRICA

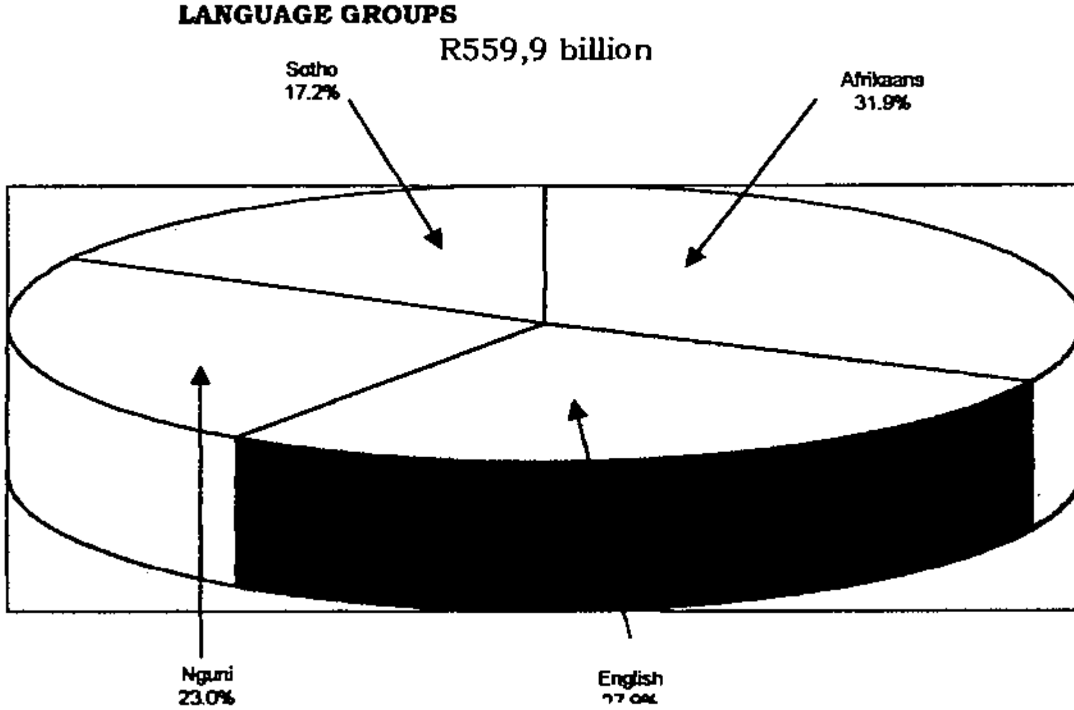
Metropolitan total 19,5 million



Source: Bureau of Market Research, (2000:06)

According to The Bureau of Market Research (2000:06) in the 40th Annual Research Review, households with Afrikaans as the home language have the largest share in the total expenditure in cash and in kind of the four language groups in the year 2000. Figure 2.2 reflects that Afrikaans speakers are responsible for 32% and English speakers, 28% respectively of the household expenditure of R559,9 billion. The share of Nguni speakers is 23% and that of Sotho speakers is 17%. Considerable differences exist in the expenditure patterns of the various language groups. Amongst the Afrikaans and English speaking households, housing and electricity takes up the greater share of the household budget whilst of the expenditure items in Nguni and Sotho speaking households, food takes up the greater part of the household budget.

FIGURE: 2.2 HOUSEHOLD EXPENDITURE IN CASH AND IN KIND BY LANGUAGE GROUPS

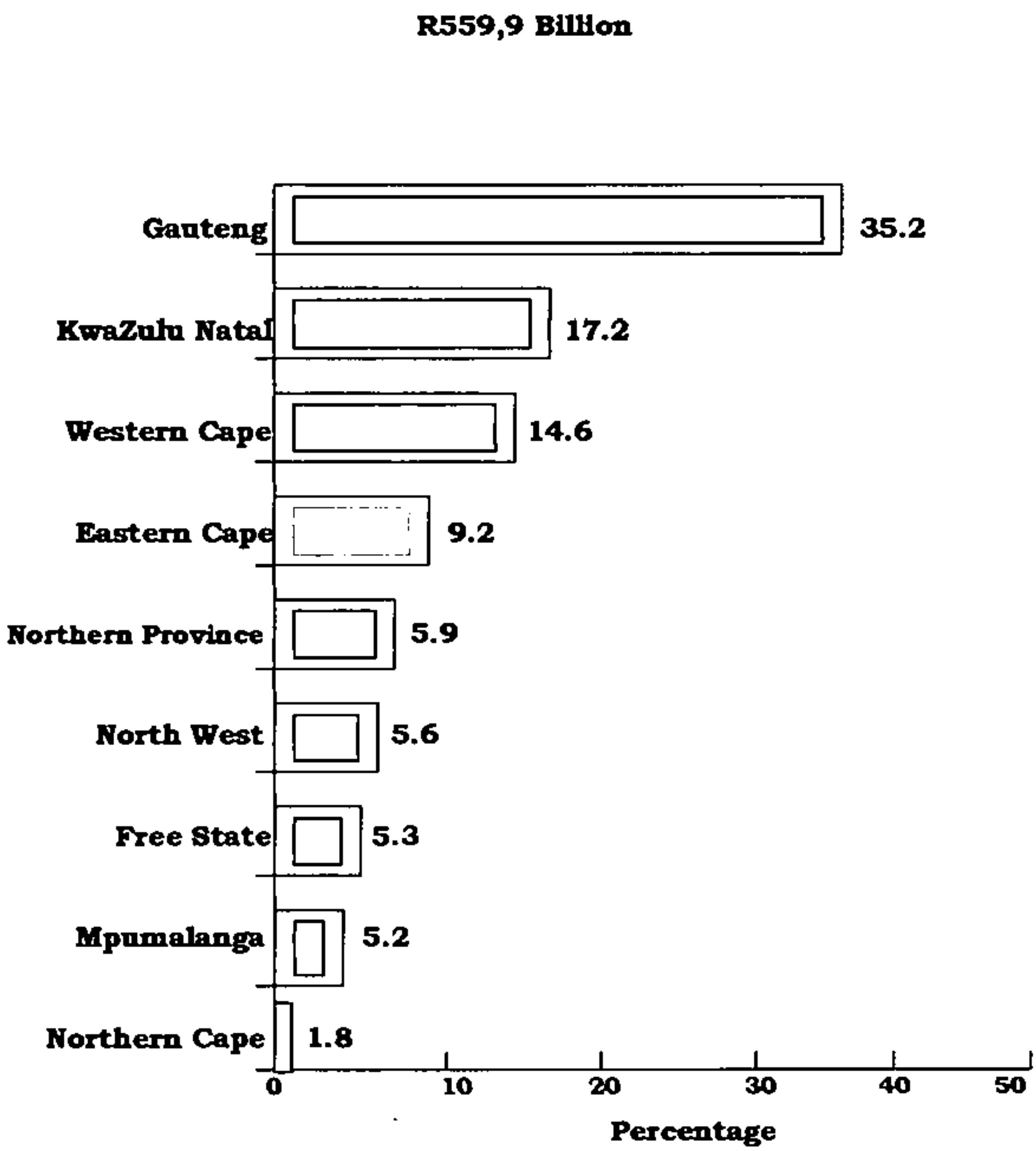


Source: Bureau of Market Research, (2000:06)

Figure 2.3 depicts the total household expenditure in South Africa by province for the year, 2000. Households living in Gauteng are responsible for 35% of the total expenditure of R559,9 billion. Gauteng is followed by KwaZulu-Natal with 17% of the total expenditure and the Western Cape (15%). These three provinces, where less than half of the total population of South Africa resides, is responsible for two thirds of the total expenditure in South Africa. According to The Bureau of Market Research (2000:18) in the 40th Annual Research Review the estimated real growth rate was 2% in the formal retail trade for the year 2000, compared with a rate of 1,2% in 1999. This is mainly in the trade of semi-durables for example, clothing and durable example, household furniture and appliances.

The total household expenditure in South Africa by province for the year 2000 in shown in figure 2.3 on the next page.

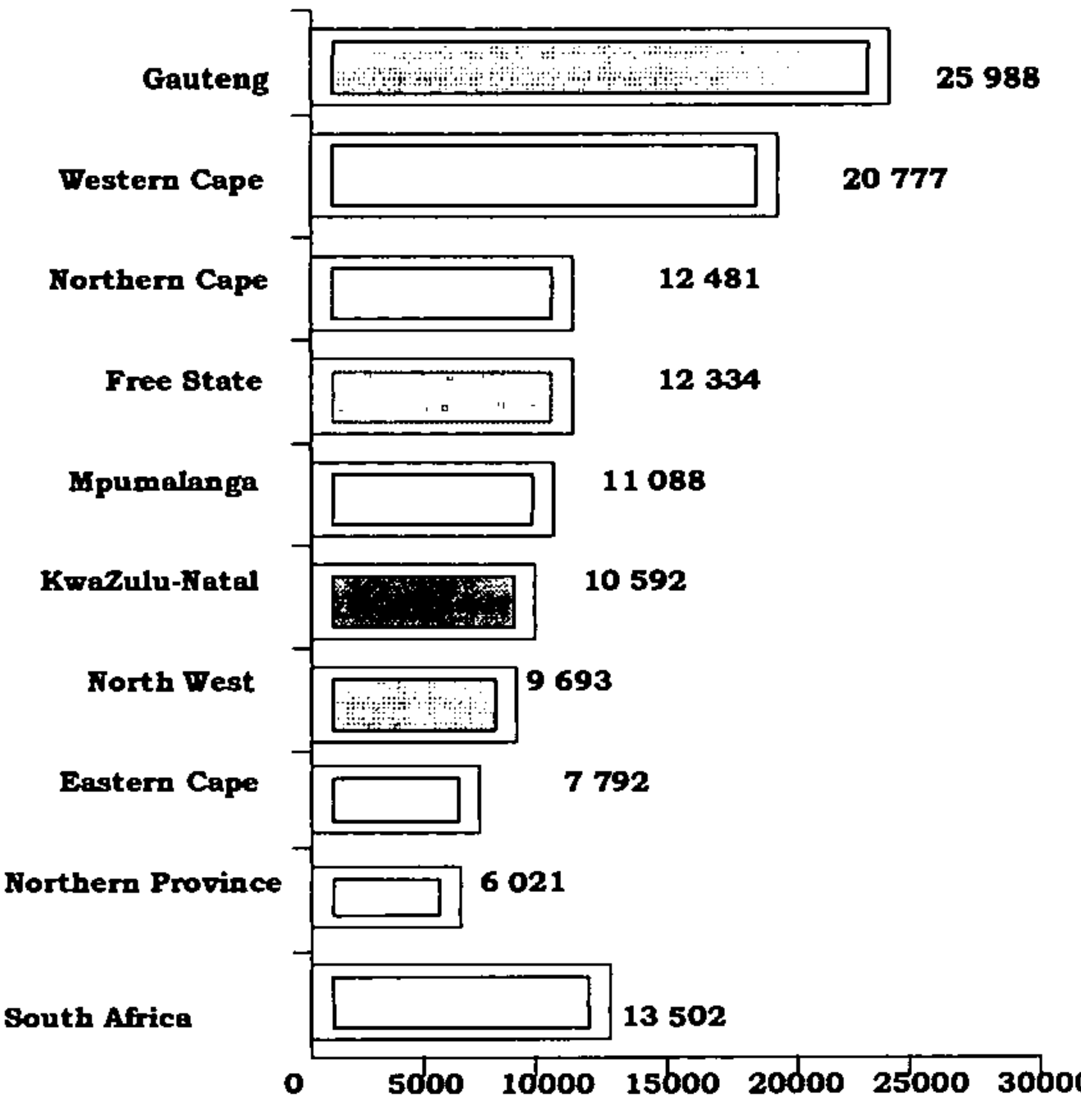
FIGURE: 2.3 HOUSEHOLD EXPENDITURE IN SOUTH AFRICA BY PROVINCE-2000



Source: Bureau of Market Research, (2000:08)

Of significance to retailers is the share of the disposable income, since this reflects marketing opportunities. Figure 2.4 shows the personal disposable income per capita by province. The average disposable income per capita for South Africa is estimated to be R13 502 billion in 2000, with the highest average figure in Gauteng (R25 988) followed by Western Cape (R20 777).

FIGURE: 2.4 PERSONAL DISPOSABLE INCOME PER CAPITA BY PROVINCE- 2000



Source: Bureau of Market Research, (2000:25)

2.4 RETAIL CLASSIFICATION

Retail institutions can be classified according to a variety of schemes. Lewison (1997:45) classifies retailers from the perspective of six distinct competitive strategies, namely:

- merchandise selection focussing on narrow product line variety supported by a deep assortment of product items(brand, sizes, models, styles and prices). These retailers may serve a single niche market. An example is a special store retailer.
- merchandise pricing placing emphasis on price as a powerful motivator of consumer behaviour. Examples of which are discount store, superstore retailers and hypermarkets.
- operational structure focussing on lowering the operating costs through operational efficiency. Chain store retailing which utilizes a centralised form of ownership and control often use this strategy.
- time/place convenience where consumers are pressed for time and financially squeezed and hence demand more convenience and better value. Supermarkets, convenience stores and fast-food restaurants stress time and place convenience as essential success ingredients for their merchandise.
- direct marketing which do not use conventional store facilities as part of their standard mode of operations. Direct mail which offer utilises data base marketing to communicate their offer to consumers.
- and core service marketing whereby the sale of services represents the core business for the retailer. Examples of such business that uses this format are financial institutions and the insurance industry.

Terblanche (1998:117) classifies retailers into descriptive, strategic and service categories. For the purpose of this study, classification will be based on stores that sell a wide variety of merchandise. Typical retailers which fit into this category are reflected in table 2.1.

TABLE: 2.1 CLASSIFICATION OF STORES OFFERING DIFFERENT VARIETIES OF MERCHANDISE

Wide variety merchandise retailers	**Limited variety merchandise retailers**
Departmental stores	Speciality stores
Superstores	Fast food outlets
Hypermarkets	Convenience food stores
Full-line discount store	

Source: Terblanche, (1998:120)

2.5 FACTORS AFFECTING THE TYPE OF SERVICES OFFERED BY RETAIL STORES

The type, level and variety of services offered by retail firms form part of the retailers service mix. The importance of these factors varies from store to store. Retail stores use a blend of the different types of services. Some of the typical factors that should be considered in the decision regarding a retailer's service mix are:

2.5.1 The marketing strategy

A retail store's market strategy must take into account the image the store wants to project to its customers. Care should be taken that these services do not contradict each other for example, a retail store has special check-out points for consumers with special needs but makes no provision for rest- room facilities for shoppers with special needs.

2.5.2 Competition

Retailers need to take into account services that are offered by their competitors. Certain services are essential for some retail operations, for example, providing warranties for electrical appliances. It is important to establish whether the consumer really wants the service offered.

2.5.3 Customer expectations

Retailers' activities such as advertising or sales promotions develop certain expectations amongst consumers. Retailers should therefore anticipate customers' expectations and offer those services that will satisfy them. For example, a prospective buyer of a R10 000 music system will insist on the personal attention of a salesperson to answer questions and provide advice.

2.5.4 Customer attitude to service offered

A retailer has to consider whether the service is essential, expected or optional from the perspective of the consumer. The retailer has to decide whether or not optional services do provide the store with a competitive advantage.

2.5.5 Types of merchandise offered

The type of merchandise carried by a store will determine the kind of service to be offered. For example, a full-line departmental store will provide a wide range of services to attract and retain customers.

2.5.6 Sales promotion strategy

Sometimes a service feature may be offered to customers, not because of competition, but because it proves to be profitable in terms of sales. For example, a retail firm offering a cheque cashing facility not only creates an immediate sale, but also builds customer loyalty.

2.5.7 Type of retail store

The type of retail operation will determine the type of merchandise carried and the nature of the competition. A retailer which matches its own type of operation with others may choose to provide essentially the same services as their rival retailers.

2.6 CLASSIFICATION OF RETAIL SERVICES

Various types of classification systems exist in grouping retail services. Terblanche (1998:266) classifies retail services into essential, expected and optional services. Mason et al. (1991:564) classify retail services into four broad categories viz. support services, disappointers, basic services and patronage builders. Lewison (1997:498) classifies retail services into pre-transaction, transaction and post- transaction services. The problem with the first two classifications is that what may seem optional and support services to a customer or retailer may be seen as essential to another customer.

These classifications are therefore subjective. For example, some retailers provide children's playroom facilities with attendants to supervise the children. Some parents will welcome this opportunity to shop without their children and yet feel assured that their children are safe and happy. For other parents, the childrens' playroom is a service they can do without and they never avail themselves of the opportunity to use it. For the purpose of this research, the classification system as developed by Lewison will be used as it draws no bias of perceptions from the retailer.

2.6.1 Pre- transaction services

2.6.1.1 Parking

As part of the service mix of retailers, close and convenient parking is essential and may serve as a major draw card. The non-availability of parking may act as a deterrent to customers. Equally important is the security of the parking facility.

2.6.1.2 Convenient shopping hours

Recent changes in legislation make it possible for retailers to trade on every day of the week. Due to changed lifestyles of consumers such as dual-income earners, retailers need to stay open later to make shopping more convenient for consumers. However, Sunday shopping can be costly to the retailer in the light of current labour legislation in terms of payment to staff.

2.6.1.3 Customer information

Shoppers must be informed when retailers are open, what goods and services are available, where to find items and credit card acceptance, amongst other aspects.

2.6.2 Transaction services

2.6.2.1 Provision of credit facilities

According to Lewison (1997:499) to a substantial majority, credit has become either an expected or essential part of a retailer's service mix. Retailers can use the granting of credit facilities to provide an edge over competitors. Customers who buy on credit tend to buy more and become more store loyal (Terblanche, 1998:269). Various types of credit are offered such as instalment sale, open- charge credit, deferred billing credit, revolving credit, and lay-bye arrangements. A more recent phenomenon is the introduction of own credit cards by large retailers. Retailer-generated credit cards saves the sales fee payable in respect of outside credit cards. Customers tend to shop with the retailer issuing the card because it is usually limited to that retailer. From the retailers point of view credit card information is also useful for the generation of a database of customers and the provision of important market information.

2.6.2.2 Wrapping services

Customers expect their purchases to be wrapped or bagged. Besides providing customers with this service, retailers make the most of it by enhancing the image of the store.

2.6.2.3 Shopping assistance

For many who do not have the time or others who need assistance in selecting the right merchandise, a valuable addition to the retailer's service mix is the personal shopper. The customer provides the store with a range of personal information such as measurements, lifestyle, colour and style preferences. This information is used to compile a range for customers and the individual customer can then avail himself at his own convenience to try out and purchase the merchandise.

2.6.2.4 Play areas and child-care

Play areas with supervision is important for some parents as this is a welcome opportunity to shop without their children. An example of such retailers are Pick and Pay and Mc Donalds.

2.7.2.5 Facilities for customers with special needs

Customers who are aged and disabled have special needs. Ramps, wide aisles, curbside parking and rest- room accessibility are some of the ways in which stores can physically aid disabled consumers who have the potential to become customers. Store employees should be sensitive and be prepared to assist customers with special needs within certain limits.

2.6.3 Post-transaction services

2.6.3.1 Delivery services

A delivery service is difficult to plan, execute and control. Before a delivery service is included in the service mix of the retailer, the retailer must have a clear understanding of when to offer it, and under what terms and conditions it should be offered. Retailers can make use of an in-store delivery system which is wholly owned and operated by the store or an independent delivery system which is independently operated from the retail store. A further dimension of a delivery system is to determine whether it should be paid for by the customer or it should be free. According to Terblance (1998:272), in instances where the merchandise is heavy and the customer cannot transport the merchandise on his own, it is justifiable to charge for delivery.

2.6.3.2 Alterations and repairs

Consumers expect retailers of expensive clothing to provide an alteration service and retailers of appliances and television sets to provide repair services. Many retail firms offer alterations services free of charge to lure customers to the store, whilst others charge a fee and regard such services as additional revenue generating sources.

2.6.3.3 Customer returns and complaints resolution

Retail stores must have in place a merchandise return and complaints resolution policy. It is a means of developing good customer loyalty and serves as a major source of information regarding the retail firm's product, services and other merchandising activities.

2.6.3.4 Installations and assembly

More complex products such as audio and visual equipment and computers need to be installed by the retailer. In complex instances where products need to be assembled before the product functions, an installation service should be regarded as primary.

2.6.3.5 After-sales service and guarantees

The increase in the reseller label products makes it necessary for a retailer to provide after-sales service or any other service in terms of a guarantee for an article if required. Where retailers do not provide a service itself but acts as an agent to the manufacturer or supplier, it is necessary to ensure that the guarantee is met. In such instances the retailer is placed in a "fix" because the retailer is the first point of contact with the customer. According to Hart (1991:84) a guarantee serves the following purpose in a retail firm:

- It is a powerful marketing tool for marketing service quality and for achieving it.
- It pushes the entire retail firm to focus on the customer's definition of a good service.
- It sets clear standards and at the same time it tells the employee what it stands for.

- A guarantee builds marketing muscle. It encourages consumers to buy by reducing the risk of a purchase decision. It builds more sales and builds customer loyalty.

2.7 CONCLUSION

To succeed in the long-term, retailers must anticipate and take to the changing environment of retailing, the population diversity and the demographics of the country. The diversity and complexity of retail formats in the retail industry make it difficult to make classification simple. Retail services offered vary, depending on the type of retail operation.

Various factors affect the type of services offered by retailers. Much depends on the marketing strategy, competition, customer expectations and attitude, type of merchandise offered, sales promotion strategy and the type of the retail store. Services can be classified into transaction, pre-transaction and post transaction services.

CHAPTER 3

CUSTOMER SERVICE – MANAGING CUSTOMER RELATIONSHIPS AND CREATING CUSTOMER VALUE

3.1 INTRODUCTION

Most services that the retailer provides are intangible. The customer cannot see touch or feel the services. The intangible nature of customer services makes it very difficult for both the consumer and the retailer to evaluate these services. Taking cognisance of the retailers' point of view, one notes that they cannot count or measure services before these are delivered to the customer (Levy et al.,1998:522). As a result of this intangibility, consumers rely on various cues when making a purchase decision. Very often they rely on the appearance of the service provider's facilities and comments from family and friends.

3.2 CUSTOMER SERVICES

According to Levy et al. (1998:571) customer services is a set of activities and programmes undertaken by the retailer to make the shopping experience more rewarding for consumers. Customer services can be defined as all the "features, acts and information that augment the customer's ability to realize the potential value of a core product or service" (Lewison, 1998:492). It involves the extras the retailer should provide in support of the firm's primary offering of goods and services. These activities increase the value consumers receive from the merchandise they purchase. From the table 3.1 it can be seen that these services furnish information about the retailers offerings and makes it easier for the consumer to locate and purchase the product.

TABLE: 3.1 SERVICES OFFERED BY RETAILERS

➤ Acceptance of credit cards ➤ Alteration of merchandise ➤ Assembly of merchandise ➤ Bridal registry ➤ Cheque cashing ➤ Child care facilities ➤ Credit ➤ On time delivery ➤ Demonstration of Merchandise ➤ Display of merchandise ➤ Dressing rooms	➤ Gift wrapping ➤ Convenient store hours ➤ Signage to identify merchandise ➤ Facilities for customers with special needs ➤ Lay-bye services ➤ Presentations on how to use merchandise. ➤ Repair services ➤ Rest rooms ➤ Return privileges and warranties

Source: Levy et al. (1998:571)(adapted)

3.3 CUSTOMER SATISFACTION

Customer satisfaction is a measure of how a retail firm's "total product" performs to a set of customer requirements (Nigel et al.,1999:07).

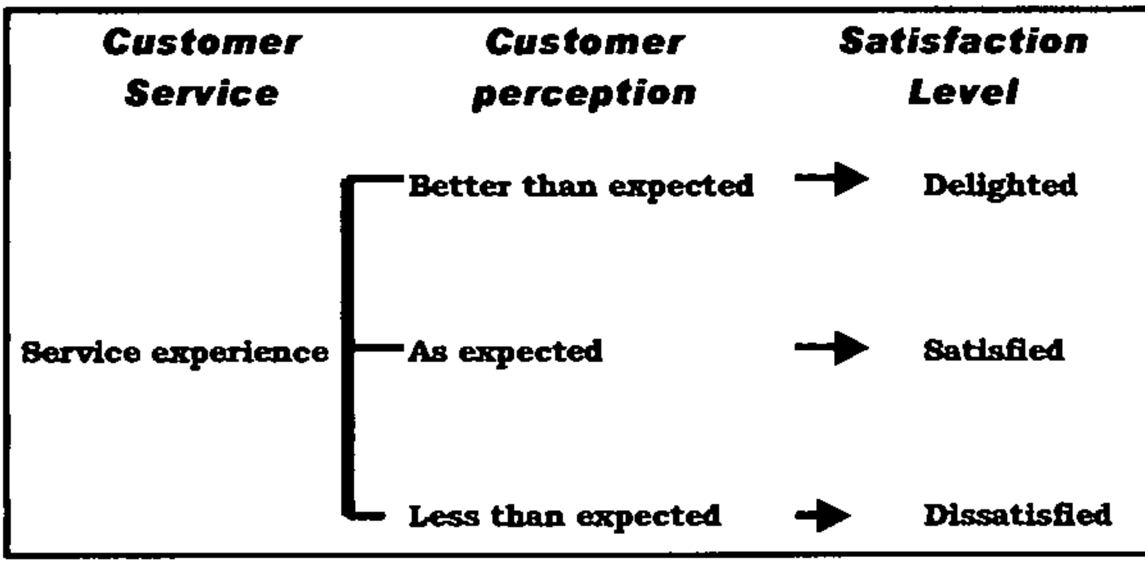
Anton (1996:23) describes customer satisfaction as a state of mind in which customers wants and expectations have been met or exceeded, resulting in re- purchase and loyalty.

Gerson (1993:07) describes customer satisfaction as "when a product or service meets or exceeds a customer's expectations, the customer is usually satisfied".

It is clear from the above definitions that a retailer's product or service consists of a number of individual elements which collectively influence customer satisfaction. It represents every aspect of the retail firm (Wellington, 1995:52). It is therefore not solely the product or sales persons' services that create customer satisfaction. Every employee, including top management in retail firms must have a role to play in delivering a firm's customer care programme.

From a consumer's point of view, satisfaction is easy to grasp. If customers get what they want and if their requirements are met, they are satisfied. Furthermore, satisfaction is a not an absolute concept but a relative one (Zairi, 2000:332). It very much depends on interaction, feedback, praise and complaints. It is relative to what the consumer wants. To measure customer satisfaction therefore, requires one to measure both customer expectations (importance) and the satisfaction aspect (performance). From Figure 3.1 it can be seen that if customers receive less than expected services, they are dissatisfied but they are delighted when they receive more than expected services from a retailer.

FIGURE: 3.1 A SIMPLE CONSUMER SATISFACTION MODEL



Source: Anton, (1996:28)

3.4 OBJECTIVES OF CUSTOMER SERVICE EFFORTS

In order to deliver quality service to its customers, retailers must be guided by a set of clearly defined objectives. The following discussion will focus on primarily wide-variety merchandise retailers:

3.4.1 Creating form utility

Retailers can create form utility by offering services like alterations to garments, installation of home appliances and engraving. Consumers are usually pressed against time with getting the products ready for use and it is therefore the retailers task to create such utilities for them (Lewison, 1997:496).

3.4.2 Creating time utility

Many consumers want immediate gratification with the products they purchase. Some of the ways that retailers can create time utility is by providing consumer credit and extended store hours. Some consumers do not have sufficient money immediately to purchase products, thus layby services can be provided to assist the customer to reserve the purchase of the product for some future time when payment is more convenient.

3.4.3 Enhancing place utility

This can be enhanced by convenient store locations. For example, some supercentres and hypermarkets have created "service courts" that house postal, dry cleaning, photocopying, movie rental, entertainment ticket booths, payment of electricity bills and repair services. Delivery services could also form part of a retailer's service offering.

3.4.4 Enhancing possession utility

Possession utility can be created by allowing consumers immediate use of the product. This can be done by the acceptance of credit cards and by allowing customers to open accounts with retail firms.

3.4.5 Increasing customer convenience

Packaging, free parking, cheque cashing facilities, snack bars, and rest rooms, by way of example, all assist in creating customer convenience. Any service that helps customers to walk around and stay in the store not only enhances customers' convenience but also increases the chances of planned as well as unplanned purchases.

3.4.6 Providing customer security

Parking facilities with security or perhaps rest room attendants make customers feel safe and secure in a shopping experience. Equally important, is whether the customer is feeling safe about the product purchased. This type of security can be secured by providing customers with warranties, return privileges, allowances, refunds and maintenance contracts. In this way, the perceived risks of their purchases can be greatly reduced.

3.5 DEVELOPING A CUSTOMER- FOCUSED CULTURE

To focus on the customer requires a firm to change its corporate culture. A change in the process requires a change in the mindset of top management and employees as traditional management structures cannot support the cultural and managerial changes needed to become customer-focused.

A customer focused-culture is one, which primarily focuses on the customer. According to Anton (1996:130), customer focus is an arrangement of the firm and its people that leads to positive experiences for its customers and this focus comes only through the development of a corporate culture that keeps a constant eye on whether customers' needs are being met or exceeded. It is therefore a move away from the profit-focused or management focused culture. Table 3.2 clearly reflects the two corporate mindsets.

TABLE: 3.2 PROFIT FOCUSED AND CUSTOMER FOCUSED CULTURES

Profit-focused	**Customer-focused**
➢ Standards are adhered to.	➢ Customer designs usability.
➢ Technical skills dominate.	➢ Interpersonal skills are key
	➢ Everyone deals with and listens to customers.
➢ Only salespeople deal directly with customers.	➢ Flexibility is encouraged.
➢ Policies are difficult to change.	➢ Focus is on customer relationships.
➢ Financials are the focus	
➢ Profitability is number one.	➢ Customer satisfaction is number one.

Source: Anton, (1996:131)

Anton (1996:132) outlines the following steps that firms should follow in developing a customer focused-culture:

- Define the firm in terms of continuous service to your customers, from pre-sales to post-sales. Introduce cross-functional thinking and decentralize decision- making. Think like a customer.
- Identify and differentiate customers in terms of roles, power, special characteristics and needs. No business can satisfy all its customers, therefore target specific products/services for specific niche' or target markets.
- Determine customers' prioritized expectations related to service product attributes (performance and perceptions) and outcome.
- Continuously measure the degree to which expectations are met. Obtain feedback from customers and act on the information promptly.
- Continually train, educate and develop people in areas of customer-satisfaction.
- Establish internal control measures to manage customer relationships.

According to Massnick (1997:27), the following aspects also make a company truly customer-centric:

- Top management must have the commitment to having the company being customer-centric.
- Decisions on what is best for the customers must be implemented.
- Compensation and incentives for all employees must be linked to customer satisfaction.

3.6 DEVELOPING CUSTOMER LOYALTY

Retail firms are involved in a concerted effort to win over the hearts, minds and wallets of customers (Magrath, 2000:23). Customer loyalty is a powerful tool in retaining customers in a retail environment. Unless retail firms can retain the loyalty of their customers, they will not be able to ensure repeat business and their-long term future would be uncertain (Linton, 1993:03).

When one looks at retail firms that have consistently built a loyal customer base, one common denominator surfaces time and time again. Each company consistently created a system for getting and keeping customers (Griffin, 2000:36).

Rewarding customers is not a novel concept. The purpose of such programmes is to recognize and reward, based on tracking their purchase behaviour. When customers are offered something in return for their patronage, they are more likely to openly discuss their buying behaviour, and both parties are involved in the benefit (Harris, 2000:37).

Linton (1993:6) outlines the following benefits of customer loyalty.

- It helps the organization to focus on the customer

- It ensures repeat purchases. The 80/20 principle ie. eighty percent of a company's business comes from twenty percent of its customers demonstrates the power of repeat business and customer loyalty. The cost of winning new customers can be high, but repeat business can often be won when customers can be satisfied with the product or services. This means that a company needs to protect its regular customers to ensure long-term stability.

- It increases customer retention. Customer retention is closely linked to repeat purchases, but has different aims; repeat purchase programmes are built around products rather than customers. Customer loyalty programmes, on the other hand, focus on the changing needs of customers. The organization is thus driven by customers and not by the products.

- It shortens the purchase cycle. The purchase cycle is the interval between purchases. The purchase cycle for durable goods like household appliances may be long (3 to 5 years). This time gap between purchases is dangerous because customers can forget about the firm and competitors can make inroads on a firms business. Loyalty programmes therefore assist the retail firm in increasing the level of contact with its customers.

In developing a customer loyalty, the following aspects are imperative (Griffen, 2000:37).

- Recruit the right staff and provide them with the relevant training programmes. It must be driven by people who have both commitment and responsibility.

- Motivate staff to be integral to the loyalty programme by developing incentive programmes for staff. Staff need to be involved at all levels i.e. in the recommendation, decision and action stages to build customer loyalty. Improve co-operation across all departmental functions so that staff understand and are committed to the firm's objectives.

- Make the sales area and product information user-friendly. While it is essential to let all the staff in a retail firm to know how they can contribute to customer loyalty, it is equally important to obtain the highest standards of performance from key staff whose actions have a direct impact on the customer- the customer-facing staff. By identifying those people and analyzing the skills they need to achieve the highest levels of satisfaction, a retail firm can concentrate its training and resources on key activities.

- Help customers make their own choices and build a reputation for service. A firm's reputation is one of the key factors in repeat sales and customer loyalty. The retail firm should not be a hostile environment where customers have to face over-enthusiastic staff or long queues. If customers feel comfortable and satisfied, they will return to the store.

- Improve customer convenience. Retail firms should look closely at all aspects of its business where they impact on customer satisfaction. They must be conveniently located.

- Match new products to the profile of the customer. It is important to have the right goods to match the customer base. It gives the store more popularity and retains customer loyalty.

- Reward loyalty. Previews of sales or other special events can be used to attract card-holders and encourage additional spending. Additional discounts can be granted to card-holders.

- Introduce all employees to the importance of customer loyalty. Build customer loyalty into employee-performance and compensation.

- Get employees involved in the development and maintenance of loyalty programmes. Staff members' inputs, recommendations and ideas can play an important role in the programme's success. It is not a secret that employees are more likely to support a programme they helped to put together. A loyalty programme cannot truly thrive without the understanding and enthusiasm of the staff.

- Continue to modify, fine-tune and correct loyalty programmes

3.7 OFFERING TOLL-FREE AND LOCAL CHARGE - RATE SERVICES

In the United States if you advertise your product without a toll-free number you do not take the customer seriously. Offering a free call can make an organization more accessible and promote the image of efficiency and customer-focus amongst its target audience (Murley, 1997:552). Toll free and local rate services can form part of the retailers intelligent network services.

3.8 SERVICE RECOVERY (COMPLAINTS HANDLING) AS AN EFFECTIVE MEANS OF CREATING CUSTOMER VALUE

According to Brown et al. (1996:34) service recovery is defined as a satisfactory solution to a problem and the actions the service provider takes to respond to a service failure. Recovery procedures include refunds, compensation, apologies as well as fixing what went wrong and redoing the service.

Boshoff (1997:111) describes service recovery as a process for returning aggrieved customers to a state of satisfaction within a retail firm after the service or product has failed to live up to expectations.

From the above definitions, it is clear that service recovery entails "fixing" or compensating service failure. In the event of a service failure, firms should be committed to performing the service right the second time. A retail firm's true test of commitment to service quality depends on how it responds after disconfirmation. Disconfirmation results when a product or service does not perform to customer's expectations, which results in dissatisfaction (Zemke et al., 1990:42).

According to Berry et al. (1992:05) failure to ensure customer satisfaction through service recovery could lead to a decline in customer confidence, lost customers, negative word-of-mouth, possible negative publicity and a direct cost of re-performing the service.

Although service recovery procedures can increase costs, it can also provide information needed to redesign systems free of deficiencies. In this regard front-line staff are key to customer satisfaction and in the creation of service quality. Employees should be encouraged to provide information accurately and consistently about service recovery and failures so that management can utilize the information to improve the service recovery system.

Brown et al. (1996:25) outlines the following factors that inhibit the delivery of quality services:

- Employees who do not understand the role they are supposed to play or who feel "squeezed" between customers and the firm's management.
- Inappropriate training provided to front-line employees.
- Failure to empower employees and create an environment in which teamwork prevails.

Customers have a choice in terms of complaints. They can bring the complaint to the retail firm or go straight to the competitor. Rather than dwelling on the negative aspects of customer problems, retailers should focus on the positive opportunities they generate. Service problems and complaints are an excellent source of information about the retailers offering, its merchandise and service. Armed with this information, retailers can make changes to increase customer satisfaction (Levy et al., 1998:593).

Service problems also enable a retailer to show its commitment to providing high-quality customer services. By encouraging complaints and handling problems, a retailer has an opportunity to strengthen its relationship with its customers.

According to Weymes (1998:175), it is claimed that for every hundred customers in retail, fifty-seven are lost in the first three years of setting up a business for the following reasons:

- Customers have moved away
- Indifferent treatment
- Poor quality of merchandise
- Poor service
- Grievances are not settled to customers' satisfaction.

3.8.1 Problems faced by retail firms when handling complaints

According to Johnson (1997:129) a complaint is an expression of dissatisfaction from a customer. Zairi (2000:332) cites several problems retail firms face when handling complaints:

- Firms suffer from a lack of a systematic approach to complaints handling.
- Management does not recognize the importance of customer complaints at a strategic level.
- Retail firms are ill- equipped in terms of systems and processes for logging in complaints and processing them.
- They are not proficient with measurement and in particular in non-financial areas such as customer satisfaction and complaints.
- They have adverse cultures and too much of "blame and reprimand" practices.
- They have not embraced the concept of service quality and its related concepts.

The challenges for any retail organization wanting to succeed in a competitive environment must start with acknowledging that the "customer is king" and that the whole purpose of any retail organization is to serve customers and then become profitable, not the reverse (Zairi, 2000:334).

Hinton et al. (1994:78), outlines some of the key reasons why customers are reluctant to complain:

- It is not worth the hassle; many customers merely shrug off a bad service or poor quality. They seek an alternative place to conduct their business.
- Customers do not know where to complain or how to file a complaint; customers feel that you have to go through a bureaucratic maze, on how to proceed with a complaint.
- Customers fear retaliation or revenge; many consumers do not like confrontation as they feel that it is stressful.

3.8.2 Turning complaints into opportunities

The following points should be taken into account when handling complaints:

- Retailers should look at complaints as "situations" and not as something that cannot be resolved. This will help to keep the retailer focused on the solution.
- When customers complain, regardless of how they express themselves, their motivation is to have the complaint resolved. The anger should be seen as secondary. Acknowledge that the

customer is sincere, even though the customer may have not spoken to you in a pleasant way.

- Do not try to argue with the customer and do not try to be a winner. Satisfactory solutions rarely arise when store employees have an antagonistic attitude or assume that the customer is trying to cheat the store.
- Expect customers to be annoyed, and show a caring attitude. Listen to the customer and without interruption as the customer narrates his or her experience. Interruptions can further irritate customers who may already be emotionally upset.
- Restore trust in the customer by aligning with the customer, so that the customer feels that your are on his or her side. Reassure the customer that you want to solve the problem. Customers want a sympathetic response to their complaints. Demonstrate your understanding of the issue by summarizing the points and make sure that the customer agrees with your understanding.
- Indicate ways in which you intend to resolve the problem.
- Thank the customer for the complaint as many customers register their complaint by taking its elsewhere. Employees should make it clear that they are happy that the problem has been brought to their attention.
- Follow up with the customer and once the complaint has been resolved, the customer must be contacted again to check that he/she is satisfied before the matter is closed.

Studies conducted by Boshoff (1997:16) confirms that quick service recovery and a high level of compensation provided by a retail firm enhances customer satisfaction and consumers are willing to return to a firm for future service. Time delays in solving problems may therefore increase felt anger and has a negative impact on service quality (Taylor, 1994:56).

Speedy response to customer complaints enhances the possibility that a complaining customer will remain loyal to a firm (Conlon et al., 1996:1040).

3.9 EMPOWERING EMPLOYEES - THE KEY TO SERVICE QUALITY

Many argue that by providing exceptional customer services, a business acquires an edge over its competitors. However many employers do not realize that in order to do this, they require an empowered work force (Tschohl, 1998:14). Empowerment, according to Terblance (1998:385) is the authority to act and refers to the resources which employees have access to, and the decisions they are permitted to make.

Essentially, empowerment is about serving customers better through giving employees, the power to act. In a retail store, the front line staff is most affected by the introduction of empowerment. They are closest to the customer and in the best position to determine what action is required.

3.9.1 Benefits of empowerment

The primary benefit of employee empowerment is to provide better and more responsive service to customers. Instead of delivering strict, "by the book" services, an empowered employee can act quickly and is able to deliver personal customized service to each customer.

When a service failure occurs, an empowered employee can act swiftly to appease the customer. Employees who have control over ways in which they do their work are likely to be more polite, friendly and helpful, which results in an increase in service quality (Terblance, 1998:386).

3.9.2 Financial implications of empowerment

An empowered workforce, however, must be an educated and trained workforce (Tschohl, 1998:16). Firms must therefore invest funds in the training of their staff. Too often organizations spend all their money seeking new customers and they do not spend any time or money keeping them or making sure they can deliver the product and services.

3.9.3 Myths regarding the empowerment of employees

According to Tschohl (1998:18), most businesses today operate under myths that hinder employee empowerment.

- Businesses operate under a myth that they should not trust the customer. Many executives think that the customer is out to take advantage of the store. As a result of this, they develop rules, policies and procedures to ensure that this does not happen.

- Businesses operate under a myth that they cannot trust front-line staff. They think that if they are paying staff a minimum wage, they could possibly not trust that person to make a decision without the customer taking advantage of him/her.
- Businesses operate under a myth that empowerment will diminish the role of the middle manager. Many middle-managers are obstacles to employee empowerment, fearing that it will lessen their control and eventually eliminate the need for their positions.
- To make empowerment decisions means taking risks, but the greatest concern for many employees is that they will be reprimanded, or worse, fired for making bad business decisions. Employees should be assured that decisions made at times can be poor decisions, in the process of working honestly to win customer satisfaction.

It is therefore imperative for executives to move away from these myths if empowerment is to work, and for their businesses to prosper and succeed. An organization's mission should be to take care of the customer and in order to do so, employees must be trained in customer services and be empowered to provide exceptional services.

3.10 DEVELOPING A CUSTOMER SATISFACTION PROGRAMME

According to Naumann (1995:137), if a retail firm cannot satisfy its customers, the competitors will. If a retail firm has no satisfaction programme and no interest in starting one, it would be a delight to the retail firm's competitors. A customer satisfaction programme is at the heart of being customer driven.

3.10.1 Basic steps in developing a customer satisfaction programme

3.10.1.1 Involve top management

Top management should not give lip service to customer satisfaction, but should be actively involved in its implementation. A cross-functional approach is required in developing a customer satisfaction programme. It involves all the departments in an organization. It is therefore top management's responsibility to make sure that every one understands the importance of focusing on the consumer.

3.10.1.2 Know your customers

A customer-centric firm views each customer as a valuable asset and constantly tries to increase its assets' base. According to Hinton (1994:27), if firms do not sincerely listen and know their customers, they become complacent. Understanding customers' expectations and making appropriate changes to improve customer satisfaction is possible only if one listens to what the customers have to say and then move quickly to act upon their suggestions.

3.10.1.3 Let the customers define what attributes are important

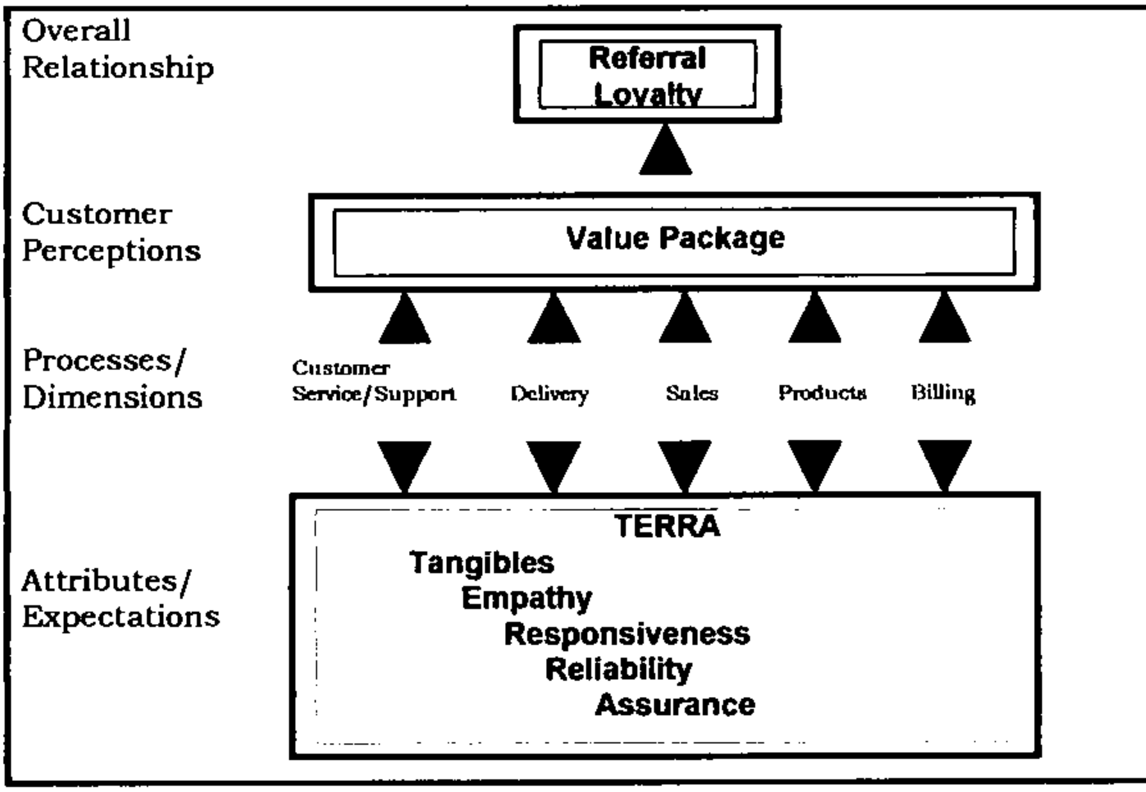
Retailers must discover what their customers really want. To begin with, retail firms should first assess internal available data on the customer. This entails uncovering all the features or dimensions that are important to the customer ie. product quality, service quality, and price perceptions. Through depth and focus group interviews, many customer ideas and perceptions are revealed. It is also important to include not only current customers but lost and potential customers, as lost customers normally provide details about the strengths and weaknesses of a particular firm. Potential customers provide the firm with a good source of overall industry perceptions (Naumann, 1995:137).

Anton (1996: 127) reaffirms that by monitoring the five basic quality tributes as expounded by Parasuraman et al. (1991:423) i.e. tangibles, reliability, responsiveness, assurance and empathy that customers expect in a company's processes, a company can continuously improve the customer-perceived value of the total product, thereby achieving long-term customer retention and loyalty. Figure 3.2 shows the processes and dimensions that are important to consumers in a customer relationship value chain. A value chain encompasses all the elements viz. customer loyalty, customer satisfaction, service value and internal service quality that contributes to the consumers perception of the "total product".

3.10.1.4 Understand the customer's requirements, expectations and wants

Requirements are those products and service attributes that the customer must have. For example, if a retail firm guarantees that an order will be delivered within four working days, this becomes a requirement to the customer. Expectations are product or service quality standards that a customer expects. Wants are "satisfiers" or "delighters" that a customer likes but does not really expect.

FIGURE : 3.2 A CUSTOMER RELATIONSHIP VALUE CHAIN



Source: Anton, (1996: 128)

3.10.1.5 Establish the relative importance of the customers decision criteria

Find out from customers' experiences when they were satisfied or dissatisfied. Management should then separate the most important attributes. According to Levy et al. (1998:579) customers are motivated to evaluate service quality when an unexpected or unusual event occurs - when they need special attention from the store personnel. Table 3.3 on page 54 outlines situations that stimulate satisfactory and unsatisfactory experiences amongst consumers in a retail setting.

TABLE: 3.3 SITUATIONS STIMULATING SATISFACTORY AND UNSATIS-FACTORY EXPERIENCES

SITUATION	MORE SATISFYING EXPERIENCE	LESS SATISFYING EXPERIENCE
Unavailable services- Customers find that no attendant to present on how to use a product	Store manager apologises and ensures customers of an attendant.	No explanation-no apology and no assistance
Employee responds to slow service – Customer waits two weeks to have the washing machine delivered when a two-day delivery period was promised	Employee apologises and goods delivered the next day with a free ten kg box of washing power.	Employee remarks that the appliance will be delivered two days every two days.
Employee responds to service failure- customer finds a frayed cord on a lamp and returns it, asking for a replacement.	Employee finds a replacement cord.	Employee suggests that the cord was not frayed when the customer left the store; suggests the customer damaged it and is trying to rip the store off.
Response to a special need- customer brings a baby into the store and has trouble shopping and taking care of the baby.	Salesperson holds baby while the customer tries on clothing	Salesperson suggests the customer return to the store when someone can take care of the baby.
Response to an admitted error- customer leaves charge card in the store after making a purchase	Salesperson notifies customers and then deliver/post card to customer	Salesperson waits until customer discovers charge card is missing and customer returns to the store to obtain it.
Response to customer need- customer wants a toaster in a size not in stock in the store.	Salesperson locates toaster in another store and has it delivered to customer's home	Salesperson suggests the customer to check with other store to see if the toaster is available
Attention paid to customer –customer walks into the store and asks for assistance.	Salesperson treats customer like royalty -finds merchandise- arranges clothing with accessories.	Salesperson acts as if customer is a bother, provides short answers and turns attention to setting up a display.

Source : Levy et al. (1998:579)

3.10.1.6 Gather information and trust the data

If in the discovery process it has been identified, a pre-tested questionnaire must be developed, then attributes that are relevant to customers must be measured in some objective method. If a firm has a small customer base, a census of all customers is appropriate. If the customer base is large, most firms will resort to a sample.

3.10.1.7 Benchmark against competitors

Benchmarking is a process of comparing a firm's performance to some standard. The first type of benchmarking is based on some internal performance base. For example, benchmarking against a particular past year level. The second type of benchmarking can be based on an industry wide comparison. The third type, and most useful type of benchmarking, is benchmarking against key competitors. A retail firm needs to identify the key competitors in its industry and then gather information on those competitors' customers as well as its own customers. This will enable the retail firm to pinpoint critical problem areas and then develop detail action plans to correct their shortcomings. Retail firms can also opt to choose a firm which is the best performer in a particular activity. Benchmarking is then done in comparison to the retail firm.

3.10.1.8 Develop cross-functional action plans

The purpose of customer satisfaction programmes is to generate detailed action plans. If continual improvement does not result and the firm does not make internal changes to increase customer satisfaction based on data collected, then management has given only superficial support. When results of the customer satisfaction programme lead to changes within the firm, then the process is worthwhile (Naumann, 1995:148).

3.10.1.9 Measure continuously

A customer satisfaction programme must be ongoing. Customer needs are always changing and evolving. Competition is always present in the retail industry. A retail firm may be improving in customer satisfaction, but at a much slower rate than its competitors. This can only be determined through the process of benchmarking.

3.10.1.10 Be committed to getting better

No customer satisfaction programme is perfect. Over time every programme can be improved and enhanced. The question that each retailer should always be asking, "Are there better ways of doing things?" (Naumann, 1995:141).

4. CONCLUSION

An increase in competition has forced many retail firms to seek alternative ways to differentiate themselves. For retail firms to succeed, a shift from product focus to customer focus is required where management has to move away from the traditional ways of conducting its business. In the retail sector, the quality of personal service makes a major contribution to building customer satisfaction and loyalty. However, there are many other factors which can be used to retain customers, namely, improving the quality of staff and giving customers greater choice.

The management of customer complaints and adjustments is an important component of service rendering and customer-retention. Retailers should create an atmosphere, which is conducive to complaint handling. If this is not the case, customers will tend to steer way from lodging complaints and they may be lost to the store forever. A retail firm's customer-complaints system must be geared to handle complaints with speed and ensure that the customer is not financially disadvantaged due to poor service delivery (Boshoff, 1997:121). It is essential that front line staff be empowered to take responsibility for service delivery.

Services must be offered in a planned way with a proper customer-satisfaction-programme in place. Customer-satisfaction research is clearly an essential type of research that a retail firm can conduct. It produces the real scorecard for measuring delivered customer value.

CHAPTER 4

SERVICE QUALITY

4.1 INTRODUCTION

Receiving a high level of service is important to consumers but understanding how to evaluate the service quality received is more difficult. Two retail consumers receiving what appears to be the exactly the same service may evaluate the quality of their service differently. One customer may feel that the service was good while the other may feel the service was performed poorly. Kurtz et al. (1998:99) outlines three underlying principles that should be borne in mind when examining service quality:

- Service quality is more difficult than the quality of the merchandise for the consumer to evaluate.
- Service quality is based on consumers' perceptions of the outcome of the service and their evaluation of the process by which the service was performed.
- Service quality perceptions result from a comparison of what the consumer expected prior to the service and the perceived level of service received.

4.2 DEFINING SERVICE QUALITY

According to Lewison (1998:495) service quality can be defined as the difference between a customer's expectation of service and the customer's perception of the service actually received. Sivadas (2000:13) explains service quality as a global evaluation of a firm's service delivery system.

Terblanche (1998:373) describes service quality as the consumer's overall impression of the relative inferiority or superiority of a firm and its services. It is clear from the above definitions that service quality is a subjective concept.

The concept of service quality is therefore linked to the concept of perception and expectation. According to Vazques et al. (2001:01) if perceptions exceeds expectations, the service provided by retail companies will be considered excellent. If it only equals the expectations, it will be regarded as good or adequate. If perceptions do not exceed expectations the services are classified as poor or deficient.

A consumer's service expectations can be derived from comments of other customers, the retailer's promotional claims and the customer's past shopping experience. Consumers are therefore concerned with how the services are performed and what services are provided by retail firms.

4.3 CHARACTERISTICS OF SERVICES

Services have unique characteristics that differentiate them from goods or manufactured products (Payne, 1993:07). Four inherent attributes that are most commonly used to identify services are:

- Intangibility
- Inseparability
- Heterogeneity
- Perishability

4.3.1 Intangibility

It has been argued that the single most important difference between products and services is the characteristics of intangibility. Intangibility is the key in determining whether or not an offering is a service or a product. (Bebko, 2000:23) indicates that services cannot be touched, counted or handed to customers. As a result of its intangibility, consumers rely on different cues when making a purchase decision.

Potential buyers must therefore rely on the recommendations of others with appropriate knowledge and the appearance of the service providers' facilities to access the quality of the service offered. Inability to evaluate services before they are consumed requires service marketers to communicate the benefits sold in order to encourage customers to make a purchase decision.

4.3.2 Inseparability

Services are produced and sold at the same time. This characteristic refers to the simultaneous nature of production and consumption in the services industry. Service production generally requires the presence of the customer. This is not always the case. Some services can be produced and delivered while the customer is not present.

4.3.3 Heterogeneity

The quality of service performance varies from one service organization to another. Consumers are invariably directly involved in the production of service (as are service delivery personnel) as a result there is a limited scope for standardizing a service firm's output.

In addition, every consumer is different and has different service requirements, and that every person involved with the provision of services has a different personality and approach to their job. As a result of this, the output of service firms is both heterogeneous and non-standardised. In addition, variations in customer and employee abilities and compatibilities all contribute to heterogeneity in the service experience.

4.3.4 Perishability

Services cease to exist the moment they are created. (Sekolanyane, 1998:50). They cannot be stored or resold. Once the service has been rendered, it cannot be repossessed. As a result of its perishability, an unhappy customer cannot return the service for a refund. At the same time a service may have limited recourse in the event of non-payment.

4.3.5 Other features of services

Irons (1997:13) identifies further characteristics of services :

- Services are transient; they have no lasting material being and may have only memories or promises and
- Services are mainly represented by people; they cannot be separated from the person of the provider whose personal characteristics and self-perceptions are on show to the customer and form an important part of customer perception

4.4 THE IMPORTANCE OF QUALITY IN SERVICE DELIVERY

Providing reliable service has many benefits for a retail firm. Firms which provide reliable service have higher levels of customer retention and benefits from positive word-of-mouth advertising (Terblanche, 1998: 317). Providing superior quality service can boost a firm's performance, through increased market share. Reliable services can also lead to lower costs (through having to re-perform the service less often), and increased productivity (resulting from higher employee morale and lower employee turnover). Figure 4.1 on page 64 depicts the factors lead to better financial performance.

The cost of not delivering quality service is also high. If the retail firm fails to perform services at levels expected by a customer, the cost may go well beyond losing a single transaction.

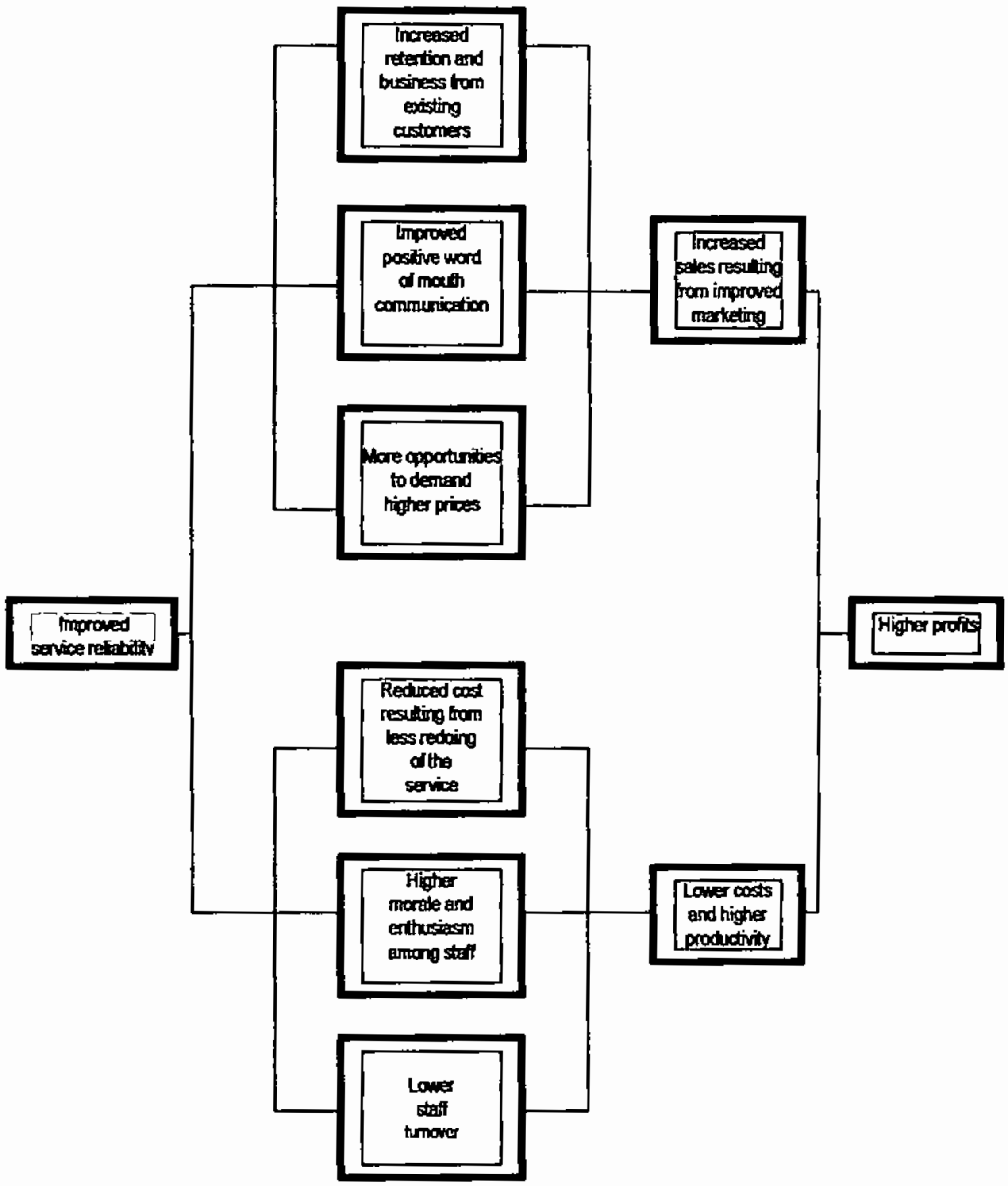
Customers who have received poor quality service will seldom tell the offending firm of their experiences, but instead spread the experience to friends and relatives.

4.5 MEASURING SERVICE QUALITY

Due to the intangible and multifaceted nature of many services, the evaluation of services is more difficult as compared to product measurement in terms of quality (Lovelock, 1996:464). After much research in the field, Parasuraman et al. (1985:47) identified ten dimensions of evaluating service quality. The dimensions identified were: tangibles, reliability, courtesy, responsiveness, communication, credibility, security, competence, understanding and access.

Figure 4.1 outlines the benefits of service quality on the next page.

FIGURE : 4.1 BENEFITS OF SERVICE QUALITY



Source: Terblanche, (1998:372)

In later research these ten dimensions were narrowed down to five core dimensions (Parasuraman et al., 1988:23), namely:

- tangible: appearance of the physical elements such as equipment and appearance of personnel,
- reliability: the ability to perform the promised service and be dependable and accurate,
- responsiveness: the willingness to help customers and provide prompt service,
- assurance: competence, courtesy, credibility of employees and their ability to inspire trust and confidence and
- empathy: easy access, good communication and customer understanding.

The last two dimensions (assurance and empathy) contain items representing seven original dimensions, namely communication, credibility, security, competence, courtesy, understanding and access which did not remain distinct after the scale purification (Parasuraman et al., 1998:23).

4.6 CUSTOMER EVALUATION OF SERVICE QUALITY

When customers evaluate retail services, they compare their perceptions of the service they receive with their expectations. Customers are satisfied when the perceived service meets or exceeds their expectations. They are dissatisfied when they feel the service the retailer provided falls below their expectations.

4.6.1 The role of expectations

A customer's expectation is based on the customer's knowledge and experiences with the retailer and its competitors (Levy et al., 1998: 576). For example, a customer shopping at a large departmental store expects the store to have knowledgeable salespeople who can provide information and assistance.

Robledo (2001:28) outlines various additional sources of expectations. These include:

- Informal recommendations, ie. word-of-mouth communication. According to Gronroos (1990:158) this is one of the most influencial sources of expectation.
- Formal recommendations, for example, recommendations found in publications such as consumer magazines.
- The price to be paid for a service determines in the consumers mind the level of quality to be demanded.
- The elements of the promotional mix that convey a message to the customer that has an influence on expectations.
- Personal needs determine what is important for the customer and what is not.
- A good corporate image, as it shapes positively the expectations of customers.

4.6.2 Perceived service

Customers base their evaluations of store services on their perceptions. While these perceptions are affected by the actual service provided, service-due to its intangibility is often hard to evaluate precisely. Table

4.1 shows some cues customers use to evaluate services. Employees can play an important role in customer perceptions of service quality. Customer evaluations of service quality are often based on the manner in which store employees provide the service, not just the outcome.

Table 4.1 DETERMINANTS OF SERVICE QUALITY

Tangibles ➢ Appearance of the store ➢ Display of merchandise ➢ Appearance of salespeople	**Courtesy** ➢ Friendliness of staff ➢ Respect shown to customers ➢ Interest shown in customers
Understanding ➢ Providing individual attention ➢ Recognising regular customers	**Access** ➢ Short waiting times ➢ Convenient operating hours ➢ Convenient location ➢ Manager available to discuss problems
Security ➢ Feeling safe in parking lot ➢ Communication and transactions treated confidentially	**Competence** ➢ Knowledgeable and skilled staff ➢ Customers questions answered
Credibility ➢ Honoring commitments ➢ Trustworthiness of salespeople ➢ Return policy	**Responsiveness** ➢ Returning a customer's call ➢ Giving prompt service
Information provided to customers ➢ Explanation of services and its cost ➢ Notes sent to customers informing them of sales ➢ Assurance that a problem will be resolved	**Reliability** ➢ Accuracy in billing ➢ Performing service at designated time ➢ Accuracy in completing sales transaction

Source: Levy et al. (1998:578)

For most customers their dealing with a retail firm is quite ordinary. They visit a store, select an item, pay for it and leave. These uneventful experiences do not stimulate customers to evaluate the service they receive. The problem arises when an eventful experience occurs; they become motivated to evaluate the service quality of the particular retailer (Levy, 1998:579).

4.7 THE SERVQUAL MODEL OF MEASURING SERVICE QUALITY

SERVQUAL is a multiple-item scale that retailers can utilize to better understand the service expectations and perceptions of consumers in order to improve service quality. SERVQUAL was developed to measure service quality. The instrument was based on the premise that service quality is the difference between customers' expectations and their evaluation of the service they received (Kurtz, 1998:105). The instrument has been tested and adapted for use in various settings to evaluate the quality of service offered by hospitals, business schools, pest control firms, dry cleaning company, fast foods and banking (Metha et al., 2000: 16)

This model often referred to as the disconfirmation model is based on the disconfirmation paradigm (Robledo, 2001:23). Quality is therefore explained as the gap between customer's expectation and perception and the customer will perceive quality positively only when the service provider meets or exceeds his expectations.

The first part of the questionnaire asks customers to indicate the level of service they would expect from a firm in a particular industry. The second part of the questionnaire asks customers to evaluate the service performed by a specific firm. The level of service quality is then determined by subtracting the perceived service score from the customers expectation score of each of the questions. This method of determining service quality is referred to as the Gap theory.

SERVQUAL uses a twenty-two item scale to measure the five dimensions of tangibles, reliability, responsiveness, assurance and empathy. Through SERVQUAL, firms can measure customers' evaluation of their service performance. For example, if customers give a firm consistently low scores for one of the dimensions, such as reliability, the firm's management can take the necessary steps to improve that particular dimension of their service offering.

A retailer can learn a great deal about its service quality by administering SERVQUAL regularly during the year. It can be used in categorizing a firm's customers into several perceived-quality segments (high, medium and low) on the basis of their individual SERVQUAL scores.

SERVQUAL could also be useful in multi-unit retail companies to track the level of service provided by each store in the chain. By asking respondents to identify a particular store in the chain with which they are most familiar and then provide perception responses for each unit, the researcher can compare each store's average SERVQUAL score with scores from other stores. Service quality scores could also form part of one of the many factors to be taken into account in stores' managers' performance appraisals.

A further application of SERVQUAL for retailers, is to use the scale to access its service performance relative to its principal competitors. The two sections in the format of the instrument make it convenient to measure the quality of many firms simply by including a set of perception statements for each firm. For example, a departmental store chain could include its two principal competitors in the market; respondents could then rate their perception score for each of the companies with which they have had shopping experiences. Comparisons can then be made with the different companies against the departmental store to identify the various strengths and weaknesses.

4.8 THE GAP THEORY FOR IMPROVING SERVICE QUALITY

Arising out of the SERVQUAL model, the GAP theory was developed which reflects what retailers need to do to provide high-quality customer service. When customers' expectations are greater than their perceptions of delivered service, customers are dissatisfied and consumers feel that the level of a retailers service is poor. Figure 4.2 is a typical model reflecting the GAP theory for improving service quality. It can be seen from figure 4.2 that retailers need to reduce the **service gap** to improve customer satisfaction. According to Levy et al. (1998:580), four factors affect the service gap:

- Knowledge gap: This is the difference between the customer expectations and the retailer's perception of customer expectations.
- Standards gap: This is the difference between the retailer's perception of customer' expectations and the customer service standard it sets.

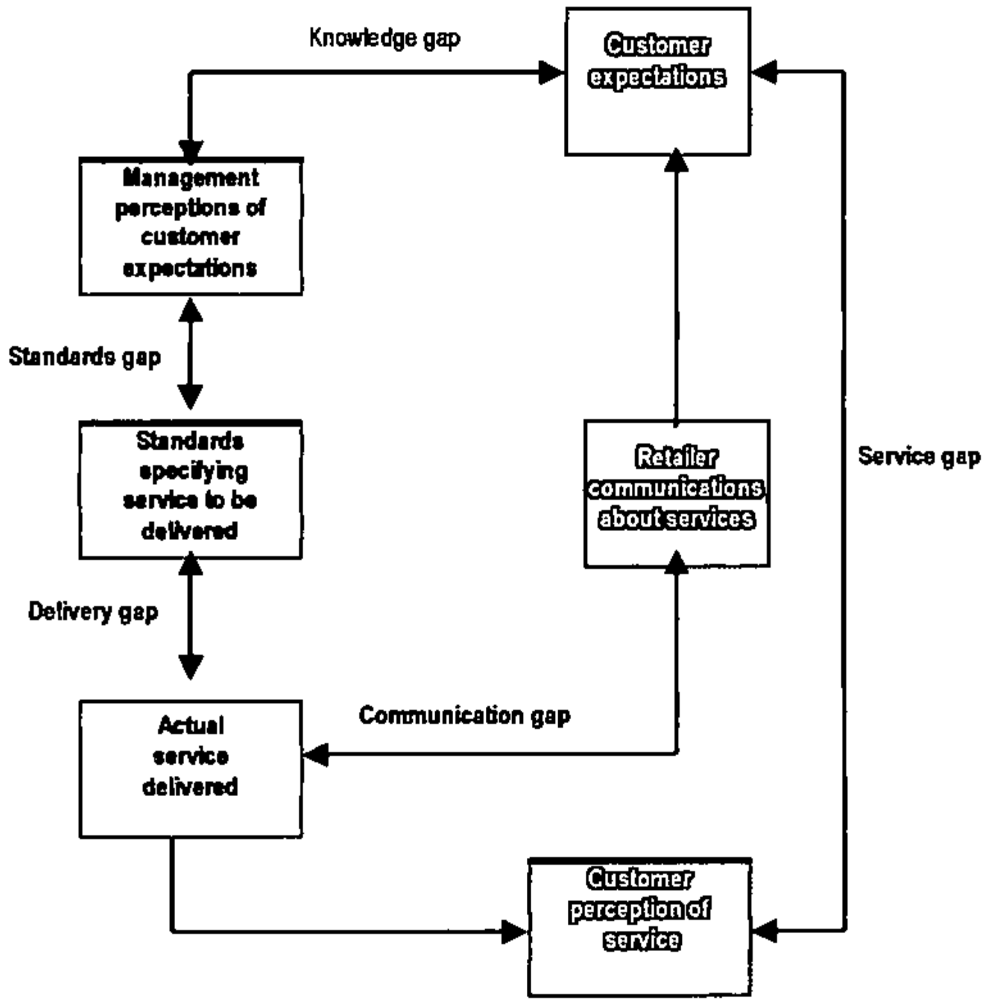
- Delivery gap: The differences between the retailer's service standards and the actual service provided to customers.
- Communications gap: The difference between the retailers actual service provided to customers and the service promised in the retailer's promotion.

The four gaps add up to the service gap. It is the task of the retailer to close these gaps by reducing each of the four gaps. The key to improving service quality is to:

- Understand the level of service customers expectations
- Set standards for improving service quality
- Develop and implement programmes to meet these standards
- Develop communications programmes to inform customers about the services offered by the retailer.

Figure 4.2 in the next page outlines the gap theory for improving service quality.

FIGURE: 4.2: THE GAPS THEORY FOR IMPROVING SERVICE QUALITY



Source: Levy et al. (1998:580)

4.8.1 The knowledge gap

Retailers often lack proper information that customers need and expect. For example, a departmental store may hire people to make sure the shelves are well stocked so that customers will always find what they want but may fail to realize that customers are more concerned about waiting for long periods at the checkout point. From the consumer's point of view, the stores service would improve if they hired more staff to open extra checkout points. The strategy that can be used by retailers to reduce this gap is to use market research to better understand customers' expectations. Complaints handling is also an effective way to isolate and correct service problems. Upward communication is important in reducing this gap. Service contact personnel must be encouraged to communicate with management in an open, non threatening manner. To be effective, upward communication must be requested by top management. Ideas for improvement should not only be sought from service personnel but they should be rewarded for productive ideas. (Kurtz et al., 1998: 112).

4.8.2 The standard gap

Management may understand and know what customers want, but may fail to translate these expectations into correct service policies. The information must therefore be used to set standards and develop systems for delivering high-quality service. For example, a superstore may set an operations standard whereby warehouse deliveries to the store take place every day. Frequent deliveries may not mean more merchandise on the shelves or improved customers' impressions of shopping convenience. To close this gap requires commitment from top management in providing a high level of service. Service quality goals needs to be set and these goals must be customer orientated. Including customers in the goal setting process can be advantageous to both management and service contact personnel. Task standardization can also contribute to reducing this gap.

Work methods can be standardised to provide a uniform delivery of service. Retailers need to continuously assess service quality to ensure that goals will be achieved. Many retailers undertake periodic customer surveys to assess service quality. Many retail stores in the USA use mystery shoppers to assess their service quality (Levy et al., 1998: 589). A mystery shopper is a professional shopper who "shops" a store to assess the service provided by store employees.

4.8.3 The delivery gap

The primary cause of this gap is due to the variable and inseparable nature of services. As most services are performed by people, the quality of services is largely dependent upon how well the service provider performs the job. To reduce this gap, retailers must give service providers the necessary skills, provide instrumental and emotional support, and empower employees to act in the customer's and firm's best interests. Store employees must be knowledgeable about the product they offer as well as know their customers' needs. With this information, employees can answer customers' questions and suggest products. In terms of instrumental support, employees must be provided with the appropriate systems and equipment to deliver the service desired by customers. Emotional support is the support that is required by a staff member from their co-workers and superiors. Teamwork is therefore an important ingredient in developing emotional support. Equally important is the concept of perceived employee control (Kurtz et al., 1998:117). When employees are allowed some flexibility and control in the service process, morale is enhanced, and there is a greater desire to perform the service properly. Flexibility and control will also allow the service by employees to modify the process to meet the particular needs and desires of the customers. Employee empowerment should therefore be encouraged.

4.8.4 The communications gap

To reduce this gap requires retailers to address two issues, namely, horizontal communication and the propensity to over-promise.
Overstating the services offered raises customer expectations. Promises made to consumers by a firm's advertising, sales promotion and sales staff may be explicitly stated or they may be implied. If the retail firm does not provide the service that is promised, there is gap between what customers expected and the service received. Raising expectations too high may initially bring in more customers, but it can also create dissatisfaction and reduce repeat business. Advertising programmes are typically prepared by the marketing department, while the store operations divisions delivers the service. Poor communication between these areas can result in a mismatch between an advertising campaign and the services the store can actually offer. Service contact staff should have input in the firm's advertising and promotional campaigns. This will ensure that the message that is conveyed to the prospective customers can be operationally performed.

4.9 MEASURING SERVICE QUALITY IN A RETAIL SETTING

As mentioned previously the SERVQUAL five dimensions are used as a basis for evaluating service quality. In a retail setting, the retail service quality differs slightly to reflect the unique nature of retail services. Care must be taken when applying the SERVQUAL instrument in retail stores (Metha, 2000:15). There is therefore a need to look at quality from the perspective of services and merchandise to derive a set of items that accurately measures this construct.

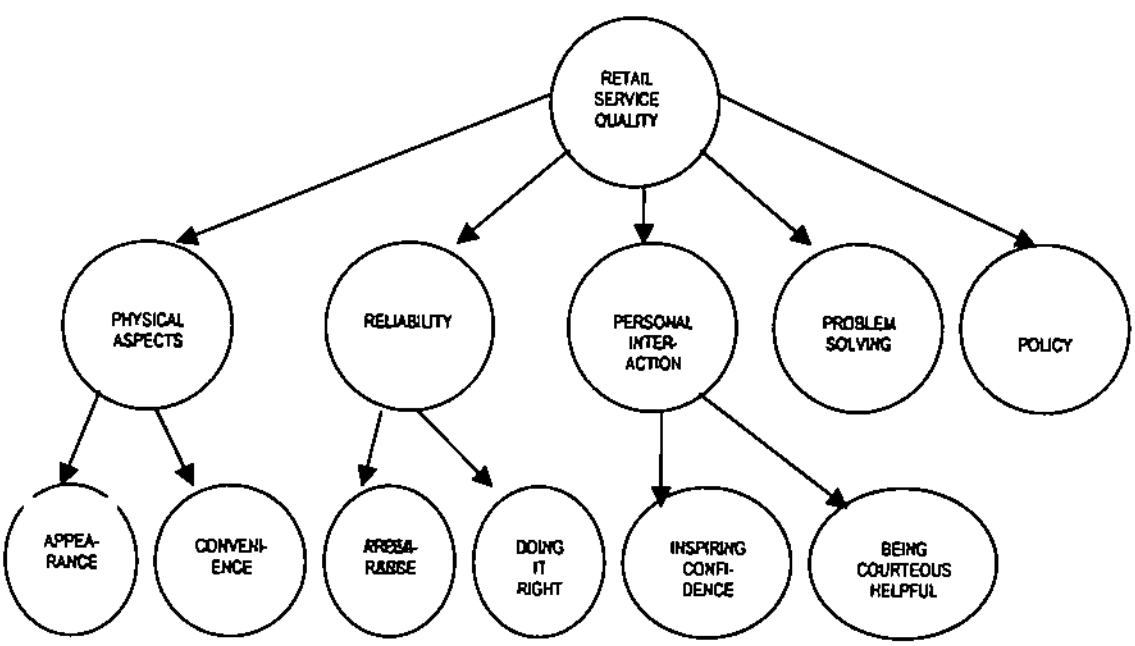
In order to throw some light to this problem, a scale was developed and empirically validated by Dabholkar et al. (1996:13) and henceforth called the DTR scale. This scale was developed from the SERVQUAL scale to specifically measure the service quality within the retail environment (Metha et al., 2000:15). Dabholkar et al. conducted qualitative research using three different methodologies: phenomenological interviews, exploratory depth interviews, and tracking the customer through the store. By combining these qualitative findings with SERVQUAL, Dabholkar et al. proposed that retail service quality comprises five basic dimensions with three of the items, having two sub-dimensions. The five basic dimensions proposed were physical aspects, reliability, personal interaction, problem solving and policy.

Physical aspects refer to the appearance of the store, cleanliness of its public facilities and the convenience offered to the customers by the layout of the physical facilities. Reliability was viewed as a combination of keeping promises and "doing it right". Personnel interaction involved two sub-divisions, namely, service personal inspiring confidence and being courteous and helpful. This refers to the store's personnel and the ability to help when needed. Problem solving, addressed the handling of returns and exchanges as well as complaints. Policy referred to aspects of service quality that were directly influenced by store policy, for example; convenient operating hours, credit and charge policies and quality of merchandise.

The DTR's proposed measure of retail services quality measure consists of a twenty-eight item scale, consisting of seventeen items from SERVQUAL and eleven items developed by Dabholkar et al.

According to Metha et al. (2000:17), no other study has yet deployed this scale in measuring service quality of a retail institution, since the instrument is only recent. In South Africa, Terblance (1998:377) also proposes the use of this scale in measuring service quality in the retailing environment. Figure 4.3 shows the dimensions of retail service quality as proposed by Dabholkar et al.

FIGURE 4.3 THE DIMENSIONS OF RETAIL SERVICE QUALITY



Source: Dabholkar et al. (1996:06)

4.10 RECENT TRENDS AND CURRENT DEBATE ON MEASURING SERVICE QUALITY

It is now more than a decade since the SERVQUAL instrument was first reported in research literature. Whilst the instrument was widely used, it has also been widely criticised. SERVQUAL was adapted and used in different contexts. According to Steward (1999:03), for many of the studies significant changes were made to the items and dimensions included in the instrument. Lee et al. (2000:217) argued that SERVQUAL could not be a generic measure that could be applied to any service. Amongst those who severely criticised the SERVQUAL instrument, were Cronin and Taylor who developed their own theory and measuring instrument (SERVPERF). They concluded that performance best reflects a customer's perception of service quality and that expectations are not part of service quality. In return Parasuraman et al. defended their approach while making changes to the SERVQUAL instrument in response to criticisms and additional research (Robinson, 1999:27). What is apparent is that the debate over how best to measure service quality is far from complete. Table 4.2 summarises the main areas of disagreement in the debate to measure service quality.

However, notwithstanding, all the criticism, SERVQUAL has made one contribution, albeit an important one, in the evolution of an understanding of service quality and its measurement (Robinson, 1999:32). Table 4.3 reflects a comparison between the SERVQUAL and the DTR model.

Recent research conducted by Robledo (2001:27) compared both the SERVQUAL and SERPERF models, confirms that models that measure service quality, considering expectations (disconfirmation paradigm) are superior to models that measure service quality as a function of performance only. It has been demonstrated therefore, that expectations are an integral part of service quality evaluations.

TABLE: 4.2 THE SERVICE QUALITY MEASUREMENT DEBATE

➢ The purpose of the measurement instrument. ➢ The definition of service quality ➢ Models for service quality measurement ➢ The dimensionality of service quality ➢ Issues relating to expectations ➢ The format of the measuring Instrument	Whether the main purpose is diagnostic or predictive The nature of the attitude: whether it relates to performance expectations or ideal situations Whether to measure importance Whether the five dimension model is correct for its original use Whether to measure expectations before or after the service encounter Which measurement approach is best: non-difference scores or semantic differentiation Whether importance should be measured by item or dimension or inferred from performance and expectation scores

Source: Robinson, (1999:23)

TABLE: 4.3 STRUCTURES OF THE SERVQUAL AND RETAIL SERVICE QUALITY DIMENSIONS

SERVQUAL DIMENSIONS	RETAIL SERVICE QUALITY DIMENSIONS
➢ Tangibles ➢ Reliability ➢ Assurance ➢ Responsiveness ➢ Empathy	➢ Physical aspects ➢ Reliability ➢ Personal interaction ➢ Problem solving ➢ Policy

Source: Dabholkar et al. (1996:14)

4.11 CONCLUSION

The challenge facing retailers, is to periodically measure and manage service quality. In view of the unique characteristics of service, namely, intangibility, inseparability, heterogeneity and perishablity, measuring service is difficult.

The SERVQUAL model whilst critised has been widely used, with modifications, to measure service quality. SERVQUAL is a generic instrument with good reliability and validity with broad applicability. Tangibility, understanding, security, courtesy, access are some of the cues used by consumers to evaluate the services they receive in a predominantly service business.

Current measures of service quality do not adequately capture customer's perceptions of service quality for retail stores.(ie. stores that offer a wide mix of goods and services) (Dabholkar et al., 1996:03) Hence retail service quality is measured, based on the following dimensions: physical facilities, reliability of service, courtesy, prompt response to problem solving and the store's policy.

CHAPTER

5

RESEARCH METHODOLOGY AND EMPIRICAL FINDINGS

PART ONE

5.1 INTRODUCTION

This chapter provides details of the methodology employed in the empirical research. It focuses on the sample design which outlines the population, sample frame, the size of the sample and the sampling procedure. The exploratory research will also be discussed. Questionnaire design and the data collection procedure will be highlighted. Emphasis will be placed on the adaptation of the SERVQUAL and the DTR models to determine the service quality levels amongst wide variety merchandise retailers. Items scales will be constructed within the framework of retail stores.

An analysis and evaluation will be made from mail surveys.

5.2 SAMPLE DESIGN

Since the design of the sample is an integral part of the total research design, great care should be taken at every stage in the development of a suitable sample (Chrisnall, 1992:90). Table 5.1 on page 83 reflects five steps in the selection of a sample as outlined by Kinnear and Taylor (1991:396).

TABLE 5.1 STEPS IN SAMPLE SELECTION

Step One	Define the population	
	• Elements	
	• Units	sample units
		observation units
	• extent	
	• time	
Step Two	Identify the sampling frame	
Step Three	Determine the sample size	
Step Four	Select a sampling procedure	
Step Five	Select the sample	

Source : Kinnear and Taylor, (1991:396)

5.2.1 Defining the population

A population is the aggregate of all elements defined prior to the selection of the sample. (Kinnear et al., 1991:393). It is therefore elements or units about which the researcher wishes to make an inference.

In this study the survey population are consumers living in the Tongaat and Umhlanga Rocks areas (refer to annexures A and B). Householders over the age of twenty-one years living in the designated areas will be interviewed. According to Lewison, (1997:154), whilst the family influences the buying decision, the householder is normally the decision maker who decides what will be bought and at what time, place and source. Table 5.2 reflects the population of the Northern precinct of the Durban Unicity.

TABLE 5.2 POPULATION OF NORTHERN PRECINCT OF THE DURBAN UNICITY- ACCORDING TO AGE

AGE CATEGORIES	POPULATION
0 - 10	22 702
11 - 20	22 675
21 - 30	23 325
31 - 40	19 971
41 - 50	14 892
51 - 60	9 333
61 -70	4 898
71- 80	2 122
81+	554
Unspecified	898
TOTAL	**121 370**

Source: (Durban Metropolitan Council: 2000)

5.2.2 Defining the survey population

The survey population is the aggregate of elements from which a sample is drawn. In practice, a complete list or record is seldom available, so the sample has to be drawn from records that do not always contain all the elements (Martin et al., 1999:252).

The survey population for this study is indicated in Table 5.3. The towns that are included in the study are Tongaat and Umhlanga Rocks. These towns are included in the study for the following reasons:

- They represent the diversity in terms of the main race groups, namely the Indians, Black and the Whites.
- They represent the diversity amongst the various income groups in the region.
- The inclusion of the other towns like Verulam and La-Lucia would be a mere duplication of the demographic profiles of the study population.

Informal settlements are excluded from this study for the following reasons:

- The buying behaviour patterns of this group is still unknown.

- The constant mobility of informal dwellers from one area to another, make it extremely difficult to obtain fairly accurate records in terms of permanent abode.

Table 5.3 which outlines the population statistics of the survey population is reflected on the next page.

TABLE: 5.3 POPULATION STATISTICS OF THE SURVEY POPULATION

Areas	Age 21-30	Age 31-40	Age 41-50	Age 51-60	Age 61-70	Age 71-80	Age 81+	Total
Tongaat North	1890	951	801	379	179	60	22	4282
Tongaat South	432	774	622	496	187	48	18	2577
Tongaat East	538	552	447	331	156	91	13	2128
Tongaat West	2498	1761	1655	971	444	113	32	7474
Tongaat C.B.D	1402	1122	781	562	294	101	27	4289
Umhlanga Rocks	1819	1943	1753	1392	1006	581	214	8708
Total	**8579**	**7103**	**6059**	**4131**	**2266**	**994**	**326**	**29458**

Source: (Durban Metropolitan Council:2000)

5.2.3 The identification of the sample frame

A sampling frame is a list of all the sampling units available for selection at some stage of the sampling process. At the final stage, the actual sample is drawn from such a list. According to Martin et al. (1999:252), a reliable sample frame must meet the following requirements:

- It represents all the elements
- There is no duplication of elements
- It is free from foreign elements
- The sample frame is accessible and the information is arranged in such a manner, that a sample can be drawn from it.

For the purpose of this study, the sample will be drawn from the municipal valuations roll obtained from the North Local Council.

5.2.4 Sample and sampling procedure

An important issue in survey research is how large a sample to draw. Large samples are generally more precise than small samples but associated with higher costs (Dillon et al., 1990:275; Mc Daniel et al., 1999:437). With large samples the researcher is generally more confident that the results are representative of what is being measured. Therefore, the larger the sample, the smaller the sample error.

Based on the research studies undertaken by marketing researchers in the related fields (see table 5.4) a sample size of 320 was considered appropriate for the study. The sample size recognizes the comments of various researchers (Chrisnall, 1992:93; Mc Daniel et al., 1999:437; Dillon et al.,1990:275) namely the need to take cognizance of the statistical, financial and managerial issues of data collection.

Table 5.4 which reflects a comparison of similar studies in the same field is reflected on the next page.

TABLE: 5.4 STUDIES CONDUCTED IN THE RELATED FIELDS

TYPE OF STUDY	RESEARCHERS	SAMPLE SIZE	NO OF COMPLETED QUESTIONNAIRES	COUNTRY
➢ A measure of service quality for retail stores	Dabholkar et. al.	227	224	South Eastern – U.S.A.
➢ Service intangibility and service quality	Bebko	300	261	Mid-West state Universities U.S.A
➢ Relationship Between store image and store loyalty	Bloemer, et al.	300	124	Switzerland
➢ Use of Alternative scales for service quality in retailing	Metha, et al.	300	161	Singapore

Source: Dabholkar et al. (1996:09); Bebko (2000:14); Bloemer et al. (1998:501); Metha et al. (2000:13).

Further more the sample size was validated using tables constructed to determine sample size (Zikmund, 2000:518). Thus if a decision is made on the allowable error and the estimated proportion of the population who possesses the characteristic of interest, the sample size can be calculated. According to Zikmund (2000:515) researchers typically use a 95% level of confidence and a 5% allowable error as an arbitrary decision based on convention and past research studies. Based on the above information and according to the table provided by Zikmund (2000:518) the sample size is 321.

In addition the researcher used the following formulae for estimating population proportions as proposed by Martins et al. (1999:269) and Mc Daniel et al. (1999:451).

$$n = \frac{Z^2 P (1 - P)}{E^2}$$

Where n = the required sample size

Z = the number of standard deviations units in the normal distribution that will produce the desired level of confidence

P = the estimated proportion of the population which possesses the characteristics of interest

E = the allowable error

The calculation of the sample size follows on the next page.

The sample size was calculated as follows:

$$n = \frac{Z^2 P (1 - P)}{E^2}$$

$$= \frac{(1{,}96)^2 (0{,}7)(1-0{,}7)}{(0{,}05)^2}$$

$$= 322$$

A simple random sampling method was used. Elements were drawn proportionately in relation to the population in the designated towns. Simple random sampling is unique in that all elements in the population have a known chance of being included in the sample (Martins et al., 1999:259).

In practice the drawing of a simple random sample is facilitated by the use of tables with random numbers. The table of random numbers produced by Martins et al. (1999:258) was used to draw the sample of 320 elements.

The 5.4 on the next page reflects the selection of the sample from the different towns.

TABLE 5.5 DRAWING OF SAMPLES FROM THE SAMPLE FRAME

TOWNS	POPULATION	PERCENTAGE	NUMBER SELECTED
Tongaat	20750	70	224
Umhlanga Rocks	8708	30	96
TOTAL	**29458**	**100**	**320**

Source: Own Research

5.3 THE EMPIRICAL RESEARCH DESIGN

5.3.1 Introduction

The choice of an appropriate data collection method depends upon how much of data is required, the cost and the time factor. For the purpose of this study the mail survey was used. Self-administered questionnaires present a challenge to the researcher because they rely on the efficiency of the written word rather than the skills of the interviewer (Zikmund, 2000:260). Mail surveys were utilised because of geographical flexibility, cost, respondent convenience, anonymity of respondent and absence of interviewer bias.

One of the more critical activities, before the survey can be conducted is the design of the questionnaire. The layout, questions and rating scales was considered prior to the design of the questionnaire.

5.3.2 The exploratory research

In order to obtain a fairly accurate measure of service quality, a useful starting point, prior to the actual design of the questionnaire, is to commence by asking customers what their main requirements are in terms of service quality (Nigel, 1999:11).

According to Vazquez et al. (2001:03) a preliminary qualitative study enables the researcher to familiarize himself with the problem and a useful method in compiling a questionnaire aimed at analyzing service quality in retail companies.

It was therefore essential to conduct exploratory research, which allows the customers to set the agenda. Obtaining feedback from customers on what makes them satisfied or dissatisfied in terms of service quality is essential. According to Nigel et al. (1999:13) to conduct a customer service quality research, the researcher has to talk to some customers either by way of personal depth interviews or by focus group interviews.

Where the customer base is small, interviewing ten to twelve will suffice. With a larger customer base, twenty interviews will suffice (Nigel et al., 1999:13).

Since the exploratory research was not statistically valid, it was not necessary to use any complicated sampling technique to select the sample of twenty. Judgement sampling was used to ensure a "good mix" of the different types of consumers from the designated towns. The depth interview was conducted jointly by Calypso Consulting and the researcher. An introductory letter for the depth interviews was sent to the participants.

For the purpose of this research, the researcher had taken a sample of twenty respondents for the exploratory research. Respondents were required to enumerate what factors they considered most important in receiving quality customer service when they shoped at wide variety merchandise retailers. The definition of wide variety merchandise retailers was explained to the respondents prior to the dept interview so as to enlist focused answers. The attributes listed below reflect a summary of the main points that emerged from the depth interview.

- On time delivery
- Demonstration of merchandise
- Convenient and safe parking
- Demonstration on how to use the merchandise
- Provision for returns and exchanges
- Handling of consumer complaints
- Provision of credit facilities
- Free alterations of merchandise (clothing)
- Provision of after sales service
- Proper store atmosphere with spacious layout of the store
- Friendly and helpful staff
- High quality merchandise
- Making provision for shoppers with special needs
- Open on Sundays and extended hours
- Reasonable pricing

All these questions were modified and incorporated in the design of the questionnaire except pricing. Price is not part of the generally accepted understanding of service quality (Dabholkar et al., 1996:06). Vazquez et al. (2001:9) also hold the view that pricing policies are not essential items in the evaluation of service quality perceptions amongst merchandise retailers.

5.4 THE QUESTIONNAIRE DESIGN

After the exploratory research was conducted, the questionnaire was designed. The structure of the questionnaire was guided by the results of the exploratory research, established models and frameworks as set out by Parasuraman et al. and Dabholkar et al. A twenty-five item scale was developed.

The questionnaires were mailed to customers with the response rate being four weeks after posting. A self-addressed, postage paid envelope was included for this purpose.

If there was a negative response from the respondent, a subsequent respondent was chosen at random and a questionnaire posted. Questionnaires were edited by the researcher. Incomplete and incorrectly filled questionnaires were discarded.

The questionnaire in this study is divided into three sections. Section A contains questions aimed at establishing the expectation (importance) of the consumers with regard to service quality, shopping at wide variety merchandise retailers. The following retail service quality dimensions were used:

- **Physical aspects** – modern looking equipment, store layout, physical facilities, materials associated with the store services such as shopping bags, catalogues etc. cleanliness, attractiveness and convenient public areas. Easy to find merchandise, adequate space to move around in the store.

- **Reliability** – Promises are kept, store performs the right service first time, availability of merchandise, error free sales.
- **Personal interaction**- Employees have knowledge to answer questions, behaviour of staff instils confidence, customers feel safe in their transaction with the store. Staff gives personal attention, staff is courteous.
- **Problem solving** – Store is willing to handle returns and exchanges, Staff shows sincere interest in solving customers problems, employees in the store are able to handle customer complaints immediately.
- **Policy**- Store offers high quality merchandise, convenient parking, convenient store hours, store accepts most credit cards, store offers its own credit.

Section B contains questions aimed at establishing the perceptions (performance) of wide variety retailers with regard to service quality delivery. The same twenty five item scale was used.
Section C contains questions pertaining to the respondents profile aimed at establishing customers demographic details relevant to the study.

Verbal rating scales, dichotomous and multiple-choice questions with a single answer were utilized in the questionnaire design.

Table 5.6 shows the structure of the SERVQUAL and DRT models together with the modifications made.

TABLE 5.6 MODIFIED SERVQUAL AND DTR MODEL (SERVICE QUALITY MODEL)

SERVQUAL DIMENSIONS	RETAIL SERVICE QUALITY DIMENSIONS (DTR)	CORRESPONDING ITEM SCALES	MODIFICATION OF THE RETAIL SERVICE QUALITY DIMENSIONS BY RESEARCHER
Tangible	Physical aspects	Modern looking equipment and fixtures	None
Tangibles	Physical aspects	Facilities visually appealing	None
Tangibles	Physical aspects	Visually appealing materials associated with the store	Dropped off the item scale as it did not feature important in exploratory research – overlapping with questions
Not included in SERVQUAL	Physical Aspects	Clean attractive public facilities	None
Not included in SERVQUAL	Physical aspects	Layout makes it easy to find things	None
Not included in SERVQUAL	Physical aspects	Store layout makes it easy to move around	None
Reliability	Reliability	When the store promises to do something it is done	None
Reliability	Reliability	Store provides its services at the time it promises to do so	Dropped off the item scale - did not feature prominently in exploratory research-overlapping
Reliability	Reliability	Store performs services right the first time	None
Reliability	Reliability	Store has merchandise available when needed	None
Reliability	Reliability	Error free transactions	None
Assurance	Personal Interaction	Employees have the knowledge to answer customers' questions	None

TABLE 5.6 CONTINUED ...

SERVQUAL DIMENSIONS	RETAIL SERVICE QUALITY DIMENSIONS (DTR)	CORRESPONDING ITEM SCALES	MODIFICATION OF THE RETAIL SERVICE QUALITY DIMENSIONS BY RESEARCHER
Assurance	Personal interaction	Behaviour of employees instils confidence	None
Assurance	Personal interaction	Customers feel safe when transacting with the store	None
Responsiveness	Personal interaction	Prompt service given to customers	None
Responsiveness	Personal interaction	Employees inform customers when services will be performed	Modified to the "what services the store provides"
Responsiveness	Personal interaction	Employees never too busy to help customers	Dropped off the item scale-overlap
Empathy	Person interaction	Store gives customers individual attention	None
Assurance	Personal interaction	Staff treat customers courteously on the telephone	Dropped off the item scale-included above
Not included in SERVQUAl	Problem solving	Store willing to handle returns and exchanges	None
Reliability	Problem solving	Store shows sincere interest in solving customer complaints	None
Not included in SERVQUAL	Problem solving	Employees are able to handle customer complaints	Modified to "empowered to handle customer complaints"
Not included in SERVQUAL	Policy	Store offers high quality goods	None
Not included in SERVQUAL	Policy	Plenty of convenient parking	Modified to also Include safe parking
Empathy	Policy	Convenient operating hours	None
Not included in SERVQUAL	Policy	Store accepts major credit card	None
Not included in SERVQUAL	Policy	Offers own credit card	Modified to in-store credit facility
Not included in SERVQUAL	Not included in Retail Service Quality Dimension	None	Store makes provision for customers with special needs

Source : Dabholkar et al. (1996:14)

TABLE 5.7 BATTERY OF STATEMENTS AND CORRESPONDING DETERMINANTS USED IN THIS STUDY

STATEMENT NUMBER	STATEMENTS	DETERMINANT (FACTOR)
1	Stores have modern looking equipment and fixtures	Physical aspects
2	Stores physical facilities should be visually appealing	Physical aspects
3	The store layout should be arranged in such a way that, it makes it easy for customers to find what they need.	Physical Aspects
4	The store should have clean and convenient public areas.	Physical aspects
5	The store layout should be arranged in such a way that it makes it easy for customers to move around.	Physical Aspects
6	When a store promises to do something by a certain time, they should do so.	Reliability
7	The store should perform services, right the first time.	Reliability
8	Stores should have merchandise available when the customer wants it.	Reliability
9	Stores should keep records accurately	Reliability
10	Employees in the stores should have the knowledge to answer customers questions about the products they sell.	Personal Interaction
11	The behavoiur of employees should instill confidence in customers.	Personal Interaction
12	Customers should feel safe when transacting with the store	Personal Interaction.
13	Employees in the store should give prompt service to customers.	Personal Interaction
14	Employees in the store should tell customers what services the store provides.	Personal Interaction
15	The store should make provision for customers with special needs	Policy
16	The store should give customers individual attention.	Personal Interaction
17	Employees in the store should be consistently courteous with all customers	Personal Interaction
18	The store should be willing to handle returns and exchanges.	Problem solving
19	When a customer has a problem with the store, the store should show an interest in solving the problem.	Problem solving
20	Employees in the store should be empowered to handle customer complaints directly and immediately.	Problem solving
21	Merchandise offered at the store should be of a high quality	Policy
22	The store should have convenient and safe parking	Policy
23	Convenient shopping hours should be provided by the store to its customers	Policy
24	The store should accept major credit cards	Policy
25	Stores should offer its own in-house credit facility	Policy

Source: Dabholkar et al. (1996:14-15)

5.6 PRE-TESTING THE QUESTIONNAIRE

Once the questionnaire had been designed, it was pre-tested to ensure that the wording and the questions were not ambiguous and vague. Questionnaires were given to ten customers to fill in order to test the questionnaire. The pilot study was conducted using a face-to face interview as opposed to the use of posted questionnaires. This ensured that, should any ambiguity arise in any questions/s, it would be identified and the appropriate changes made.

Part two of this chapter which examines the analysis of the empirical data and evaluation is reflected on the next page.

PART TWO

5.7 ANALYSIS AND INTERPRETATION OF DATA

5.7.1 INTRODUCTION

In this section of the chapter, the findings of empirical research undertaken are analyzed and discussed. Data was analyzed using the Statistical Analysis System (SAS) package by a research analyst who has several years of experience with research.

A total of 320 questionnaires was sent out to respondents. Of these 218 questionnaires were returned. 8 questionnaires were incomplete and had to be discarded. 210 (66% response rate) questionnaires were analyzed.

5.7.2 QUESTION FORMAT

The Likert scale format is used in section A and B parts of the questionnaire to allow customers to respond in varying degrees to each item that describes the service. The low end represents a negative response, while the high end represents a positive response. The explanations are accompanied by bar charts with percentages to illustrate the outcomes

Furthermore, the use of the Likert scale allows the researcher to determine the percentage of positive and negative responses for a given item. According to Hayes 1992:59) this can be done by combining the responses on the ends of the scale (for example, by combining important and very important categories on the scale)

Section C of the questionnaire consists of demographic details of customers. Dichotomous and multiple-choice questions are used.

The first set of data analyzed pertains to service quality in terms of the level of importance and satisfaction to consumers. The second part of the analysis is based on identifying "gaps" in service quality and priorities for improvement (PFI's). The third part of the analysis examines the overall level of satisfaction in terms of service quality amongst consumers. The analysis is concluded by a demographic data analysis of the customers.

5.7.3 EVALUATION OF CUSTOMER SERVICES WITH REGARD TO SERVICE QUALITY

The first objective was to evaluate customer services with regard to service quality amongst consumers. The analysis will be done in accordance with the dimensions of service quality as outlined in this chapter (see page 94). The five dimensions are physical aspects, reliability, personal interaction, problem solving and policy.

The overall results obtained from each dimension will be discussed and thereafter that which matters most to customers will be highlighted in the evaluation.

5.7.3.1.The physical aspects of the store

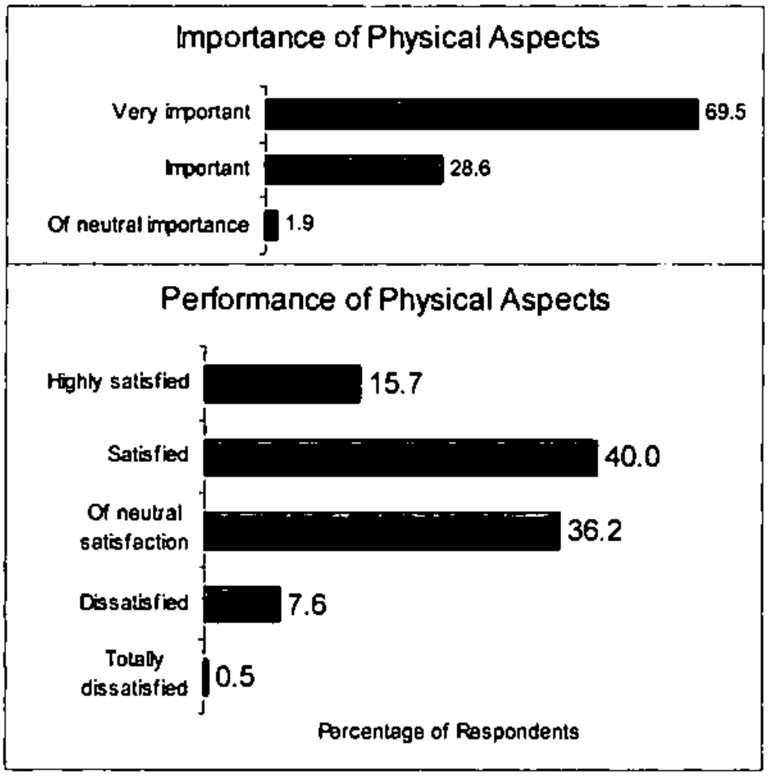
The following questions (see annexure F on page 164) were used to collect data on the level and importance and satisfaction amongst customers with regard to the physical aspects of the store:

Question A 1:	Stores should have modern looking equipment and fixtures.
Question B 1:	The stores have modern looking equipment and fixtures.

Question A 2:	Stores physical facilities should be visually appealing.
Question B 2:	The stores physical facilities are visually appealing.
Question A 3:	The store layout should be arranged in a way that, it makes it easy for customers to find what they need.
Question B 3:	The layout is arranged in a way that, it makes it easy for customers to find what they need.
Question A 4:	The store should have clean and convenient public areas (such as restrooms and fitting rooms)
Question B 4:	The store has clean and convenient public areas (such as restrooms and fitting rooms)
Question A 5:	The store layout should be arranged in such a way that it makes it easy for customers to move around.
Question B 5:	The store layout is arranged in such a way that it makes it easy for customers to move around in the store.

Figure 5.1 reflects the overall results obtained. 98.1% of the consumers considered the physical aspects of the store to be important, while 55.7% of the customers were satisfied with the physical aspects and layout the store.

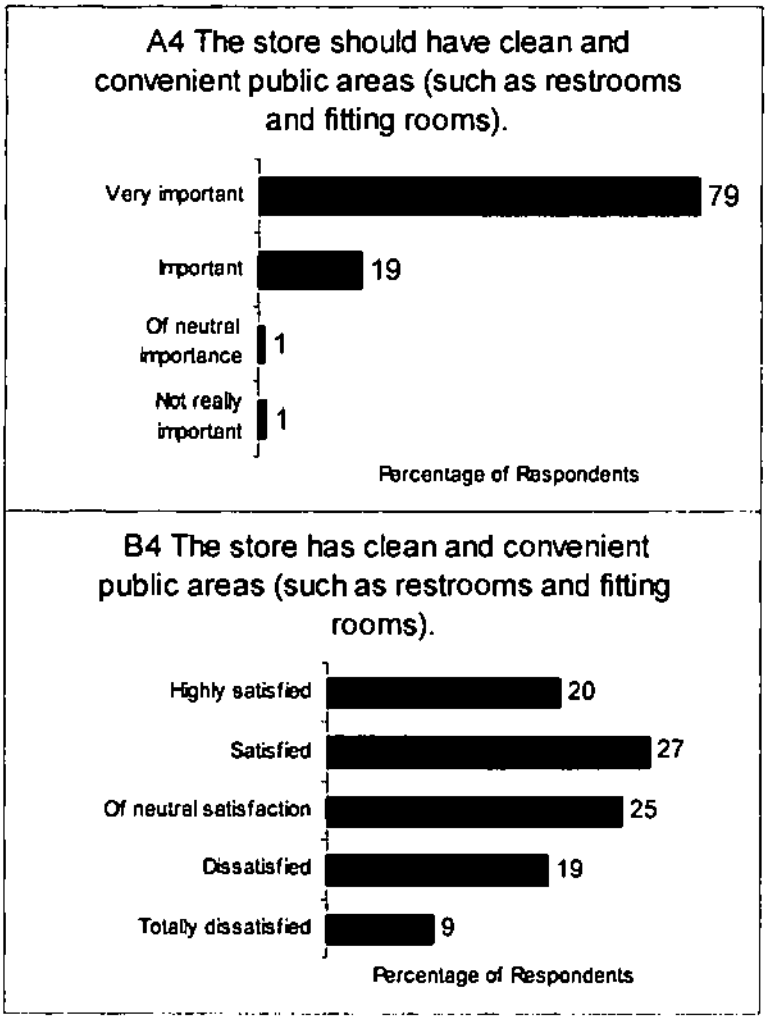
FIGURE 5.1 PHYSICAL ASPECTS OF THE STORE



Source: Own Research

From a retailer's perspective store layout should entice customers to move around the store to purchase more merchandise than they have originally planned. Important for customers was the arrangement of the store, clean and convenient restrooms and movement within the store. Figure 5.2 reflects that 98% of the consumers considered clean and convenient public areas important, while 47% of the customers were satisfied with the quality of the service provided. The 41% difference between expectation and experiences is rather telling, pointing to the fact that stores need to focus more decisively upon customer wants.

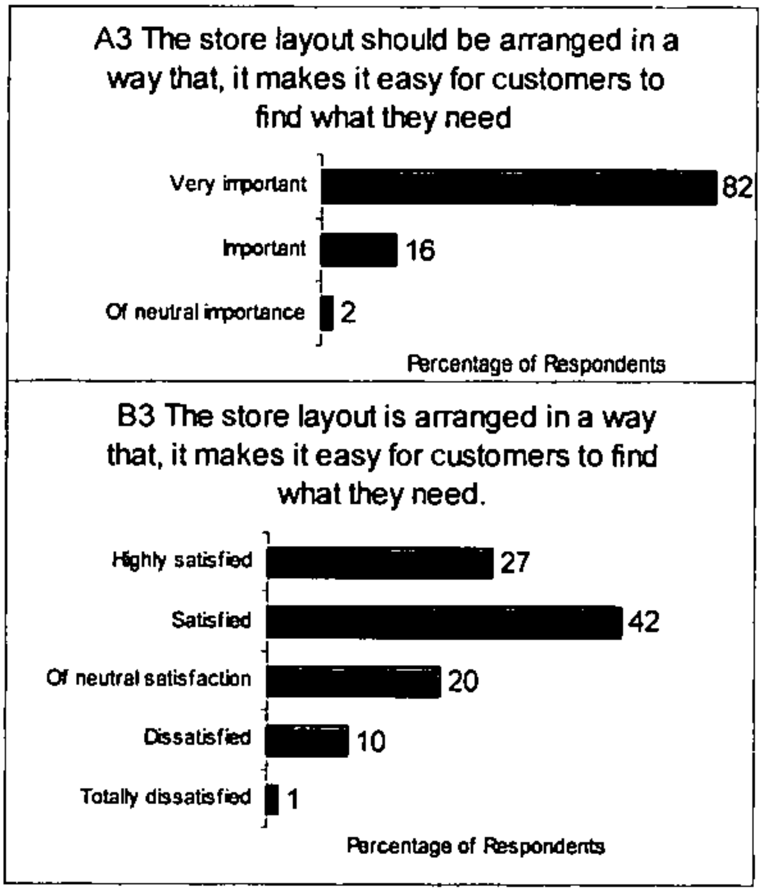
FIGURE 5.2 CLEAN AND CONVENIENT PUBLIC AREAS



Source: Own Research

Results obtained in figure 5.3 indicates that 98% of the consumers are of view that store layout should be arranged in a way that it makes it easy for them to find what they need, while 69% of the customers were satisfied with the service provided.

FIGURE 5.3 STORE LAYOUT



Source: Own Research

5.7.3.2. Reliability of the retail store

The following questions (see annexure F on page 164) were used to collect data on the level and importance and satisfaction amongst customers with regard to reliability of the retail store:

Question A 6: When the store promises to do something by a certain time, they should do so (eg. delivery).

Question B 6: When a store promises to do something by a certain time, it is done (eg. delivery).

Question A 7: The store should perform services right, the first time.

Question B 7: The store performs the services right, the first time.

Question A 8: Stores should have merchandise available when the customer wants it.

Question B 8: Stores have merchandise available when the customer wants it.

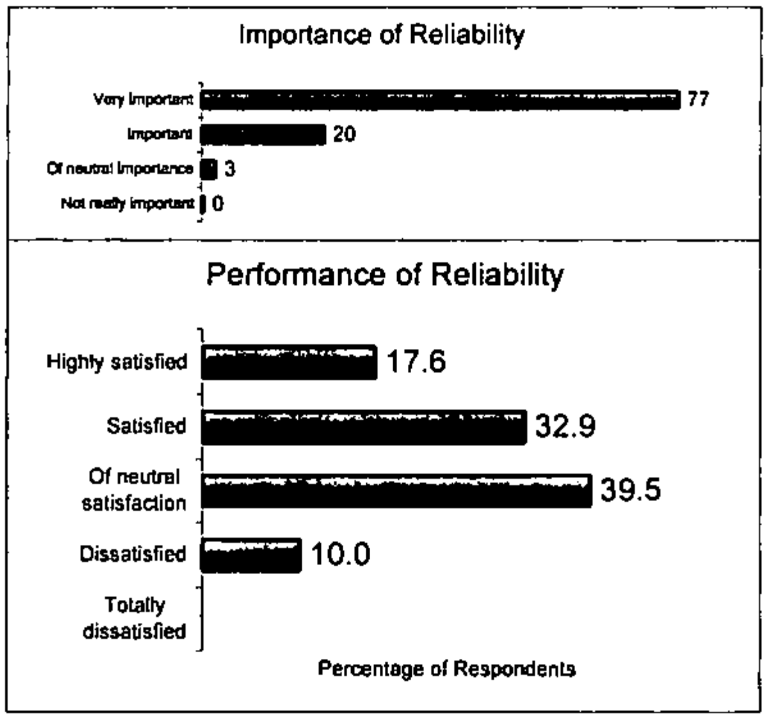
Question A 9: Stores should keep records accurately.

Question B 9: Stores keep records accurately.

Customers consider reliability of the retail store as important. 97% of the customers placed a high importance on reliability, while 50% of the customers were satisfied with stores performance in this regard.

The results are reflected in figure 5.4. on the next page.

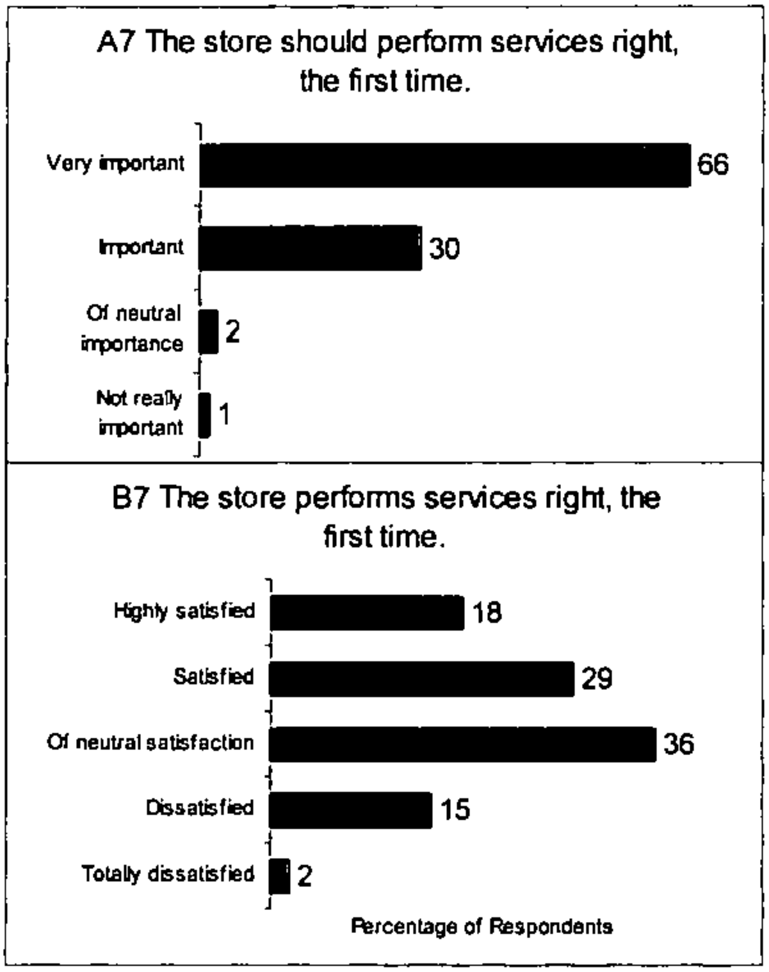
FIGURE 5.4 RELIABILITY OF THE STORE



Source: Own Research

Of most importance to customers was that stores should perform services right, the first time and the availability of merchandise. Figure 5.5 confirms that 96% of the customers see the performance of services being performed right, the first time as important, while 47% were satisfied with the service provided. A difference of 50% between how customers see reliability and their actual encounters points to the fact that retailers are certainly not in tune with their customers.

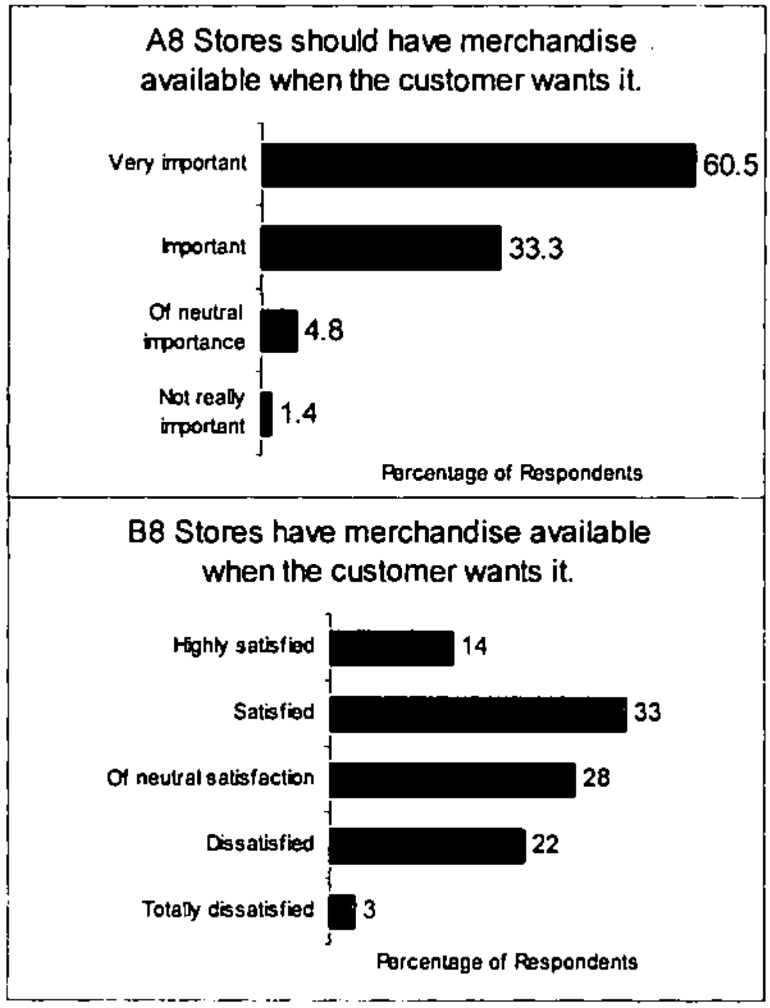
FIGURE 5.5 STORES SHOULD PERFORM SERVICES RIGHT THE FIRST TIME



Source: Own Research

Figure 5.6 shows that 93% of the consumers viewed the availability of merchandise, especially when it was needed as important. 47% of the customers were satisfied with service in this regard. It is clear that customers find waiting for merchandise as annoying and frustrating. This certainly does not help the retailer who is there (and generally promises) to provide timeous and satisfying service.

FIGURE 5.6 AVAILABILITY OF MERCHANDISE



Source: Own Research

5.7.3.3 Personal Interaction with Customers

The following questions (see annexure F on page 164) were used to collect data on the expectations and perceptions of customers with reference to personal interaction of store employees with customers:

Question A 10: Employees in the store should have knowledge to answer customers question about the products they sell.

Question B 10: Employees in the store have the knowledge to answer customers questions about the products they sell.

Question A 11: The behavior of employees should instil confidence in customers.

Question B 11: The behavior of employees instil confidence in customers.

Question A 12: Customers should feel safe when transacting with the store.

Question B 12: Customers feel safe when transacting with the store.

Question A 13: Employees in the store should give prompt service to customers.

Question B 13: Employees in the store provides prompt service to customers.

Question A14: Employees in the store should tell customers what services the store provides.

Question B 14: Employees in the store inform customers what services the store provides.

Question A16: The store should give customers individual attention.

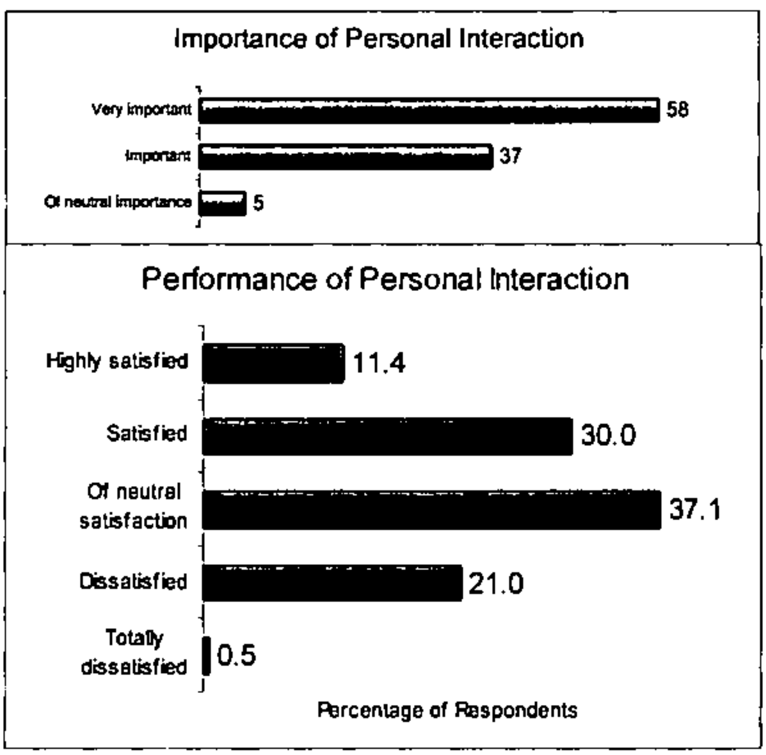
Question B16: The store provides customers with individual attention.

Question A17: Employees in the store should be consistently courteous with all customers.

Question B17: Employees in the store are consistently courteous with customers.

Figure 5.7 reflects the overall results. 95% of the customers considered personal interaction with store employees to be important while 41% were satisfied with the level of personal interaction.

FIGURE 5.7 PERSONAL INTERACTION



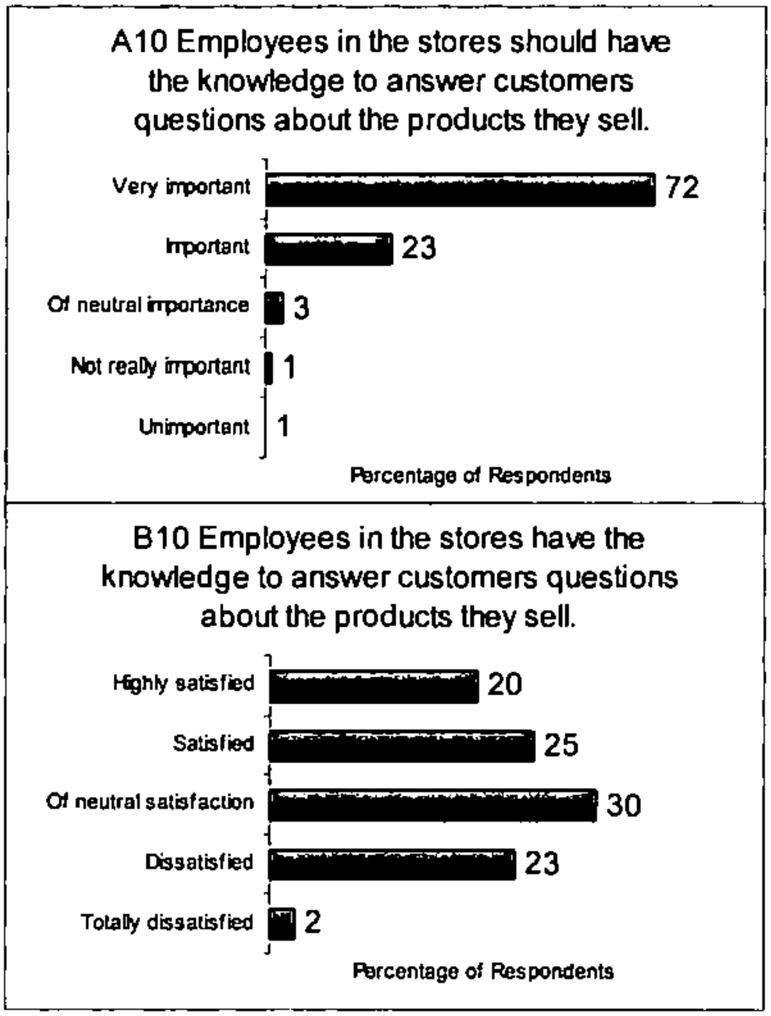
Source: Own Research

Consumers considered the following aspects of personal interaction as important:

- Employees in the store should have knowledge to answer customers questions about the products they sell. The results depicted in figure 5.8 reflects that 95% of the customers considered this aspect important while only 45% of the customers were satisfied with the level of employee knowledge about the products they sell. This points to inadequately trained staff or merely inadequate staff. It also points to a poor hierarchical structure wherein policies, objectives and good customer relationship skills are not transferred from management to floor staff.

Figure 5.8 which reflects the employees knowledge on the products they sell is shown the next page.

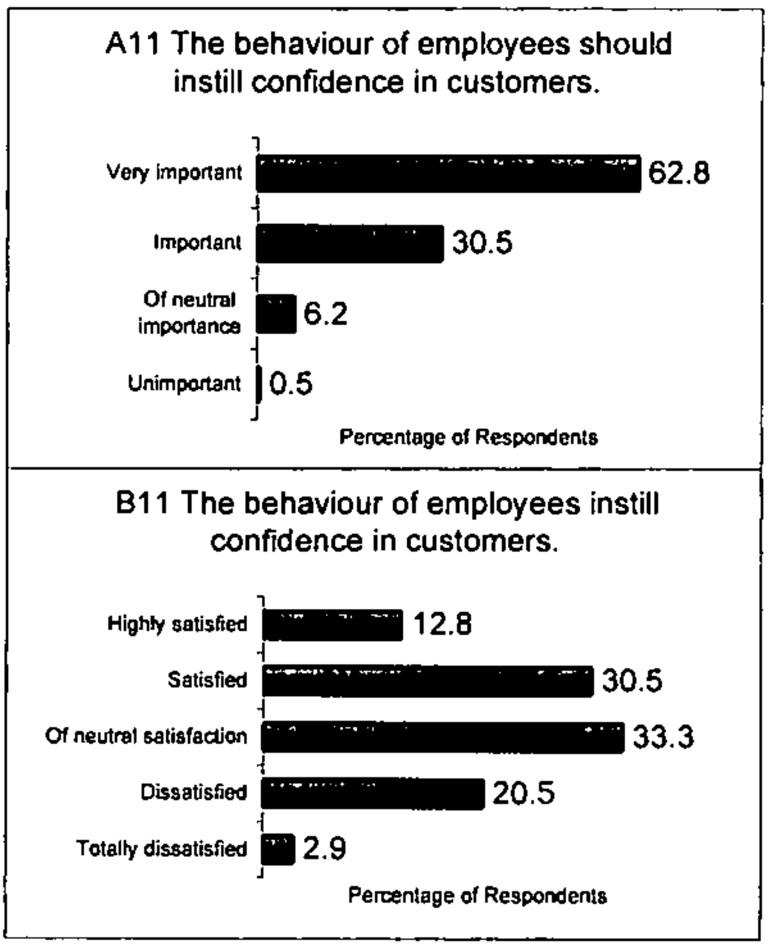
FIGURE 5.8 EMPLOYEES KNOWLEDGE OF THE PRODUCTS THEY SELL



Source: Own Research

- The behavior of the employees should instil confidence in customers. 93% of the customers felt that employees should instil confidence in them when transacting with a store. 43% of the customers were satisfied with the behavior of store employees in this regard. It is evident that the majority (50%) of the customers were of the view that retail stores need to place greater emphasis in this aspect of customer relations. The reality that emerges from this statistic is that retailers are unable to enjoy repeat sales or visits through poor staff-customer interaction. The results are shown in figure 5.9.

FIGURE 5.9 BEHAVIOUR OF EMPLOYEES SHOULD INSTIL CONFIDENCE IN CUSTOMERS



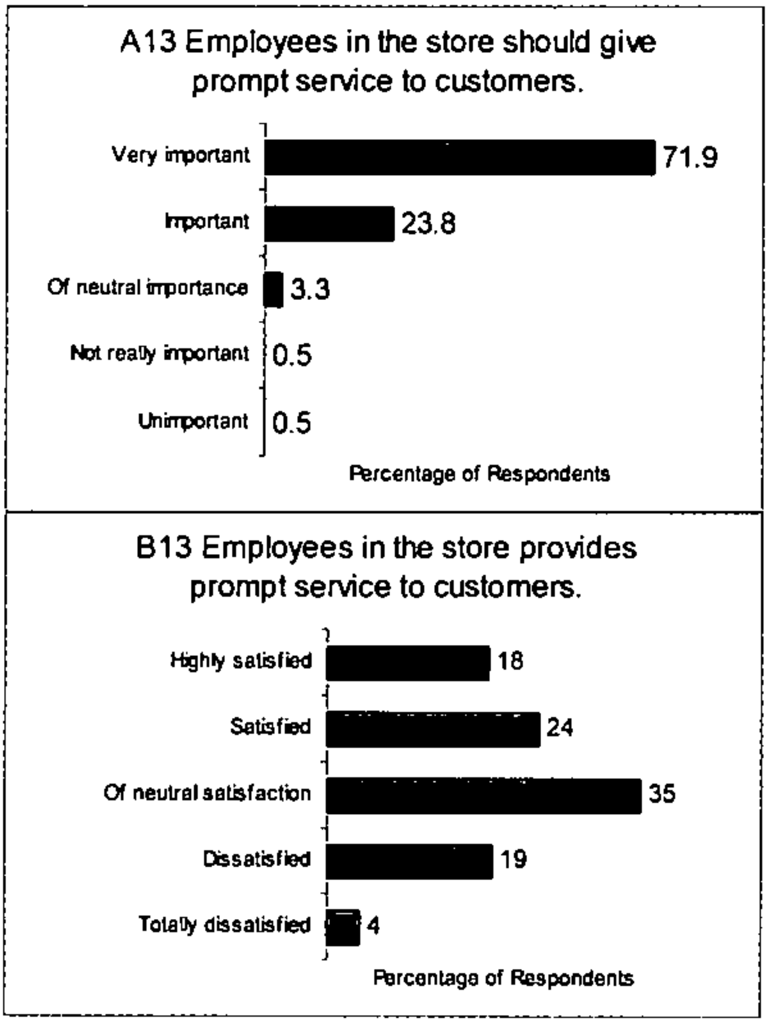
Source: Own Research

- Employees in a store are expected to give prompt service to customers. Customers are generally pressed for time and it is evident that customers do not like to wait for long periods to receive service from stores personnel. 96% of the customers view promptness of service as a priority, while only 42% of the customers were satisfied with the stores urgency of service to customers. The lack of correlation does not do much to help retailers. The results are reflected in figure 5.10.

- Employees in the store should tell customers what services the store provides. Services such as alterations and repairs, provision of credit, shopping assistance, installation and assembly are important to customers when transacting with wide variety merchandise retailers. This is valued information especially to a first time customer. Further this knowledge develops confidence in the customer and should certainly prompt return visits. Figure 5.11 reflects that 90% of the customers consider such services important, while 39% of the customers were satisfied with the services provided. It is a disturbing conclusion when one examines figure 5.11 wherein the gap between expectation and experience is almost 50%.

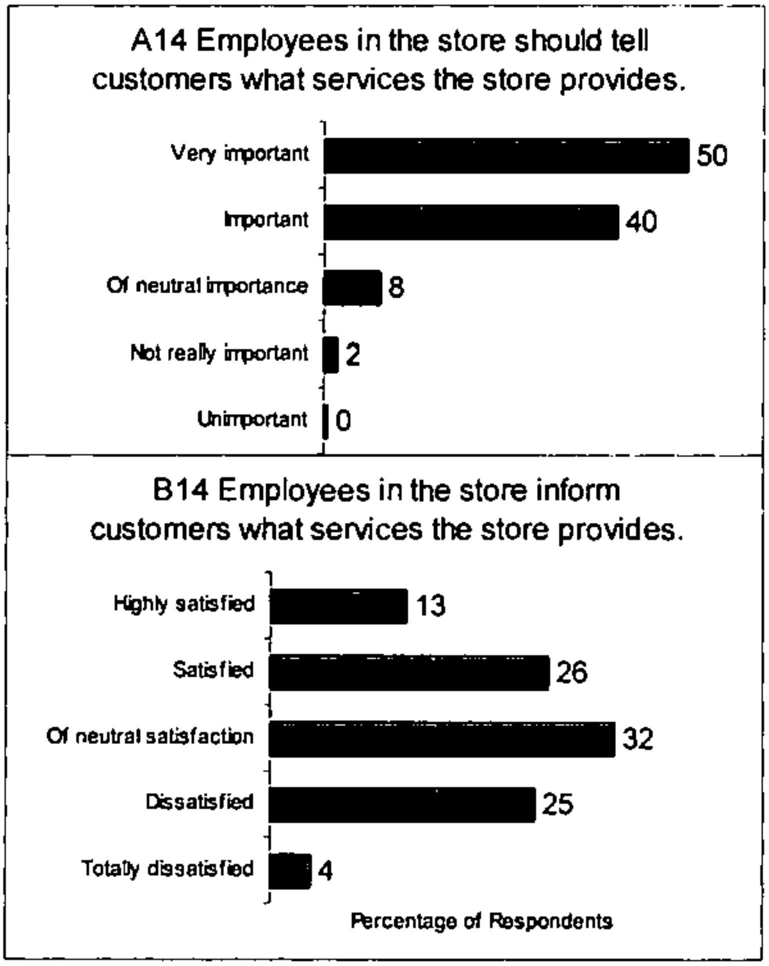
Figure 5.10 reflecting the promptness of service is shown on the next page.

FIGURE 5.10 PROMPTNESS OF SERVICE TO CUSTOMERS



Source: Own Research

FIGURE 5.11 CUSTOMER INFORMATION ON SERVICES PROVIDED



Source: Own Research

5.7.3.4 Problem Solving

The following questions (see annexure F on page 164) were used to collect data on the level of importance and satisfaction amongst customers with reference to the solving of customer problems:

Question A 18: The store should be willing to handle returns and exchanges.

Question B18: The store is willing to handle returns and exchanges.

Question A 19: When a customer has a problem with the store, the store should show interest in solving the problem.

Question B 19: When a customer has a problem with the store, the store shows an interest in solving the problem.

Question A 20: Employees in the store should be empowered to handle customer complaints directly and immediately.

Question B 20: Employees in the store are empowered to handle customer complaints directly and immediately.

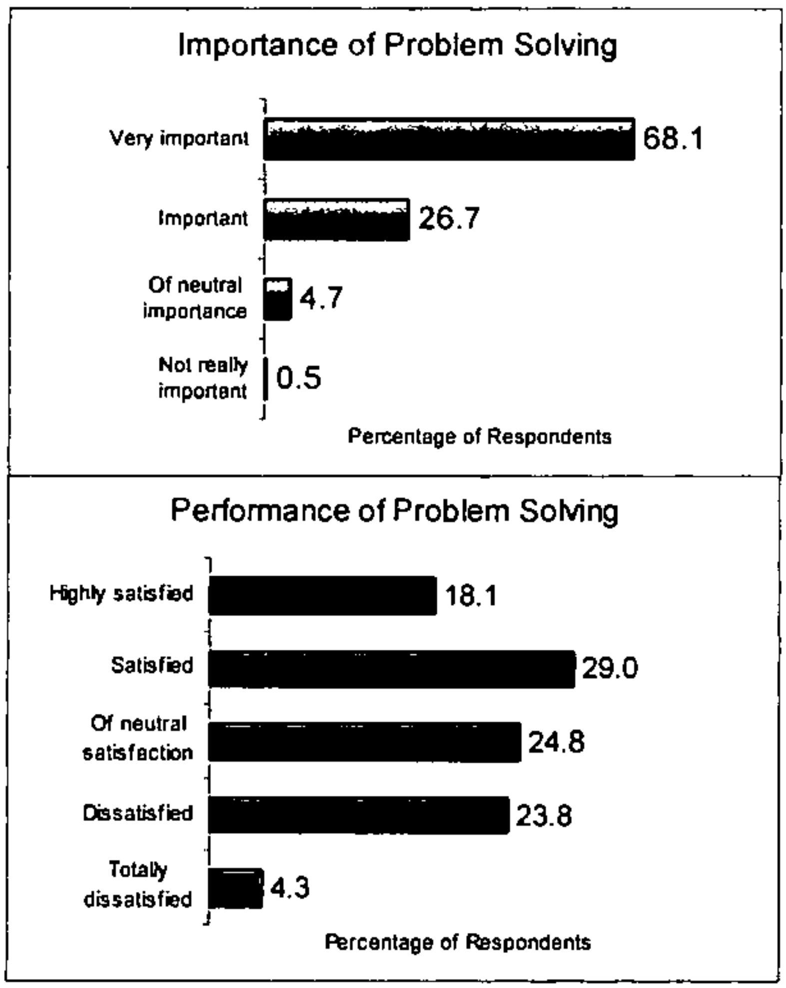
Figure 5.12 reflects the overall results with regard to customer problem solving in retail stores. 95% of the customers considered problem solving to be important, while 47% of the customers were satisfied with retail stores problem solving strategies and service recovery programmes.

Of most importance to customers with regard to problem solving were the following:

- Employees in the store should be empowered to handle customer complaints directly and immediately. Service excellence occurs when top management provides leadership and demonstrates commitment. This commitment must be demonstrated to employees who must be empowered to act in improving service quality by directly handling consumer complaints. 93% of the consumers considered this aspect of problem solving important while 39% of the customers were satisfied with employee empowerment and complaints handling.

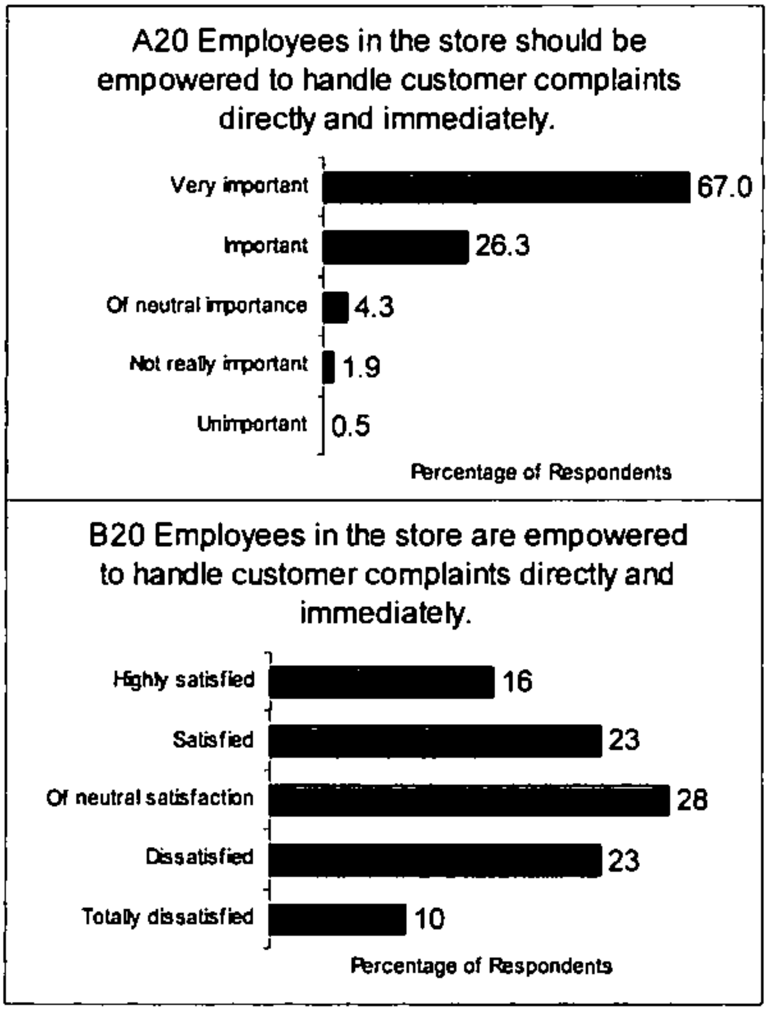
The results are reflected in figure 5.13. Some reasons for this could be poor staff quality through poor salaries, shortage of sufficient staff as a cost saving measure or simply indifference to the customer who is regarded by the store as being unsophisticated and ill-informed.

FIGURE 5.12 PROBLEM SOLVING



Source: Own Research

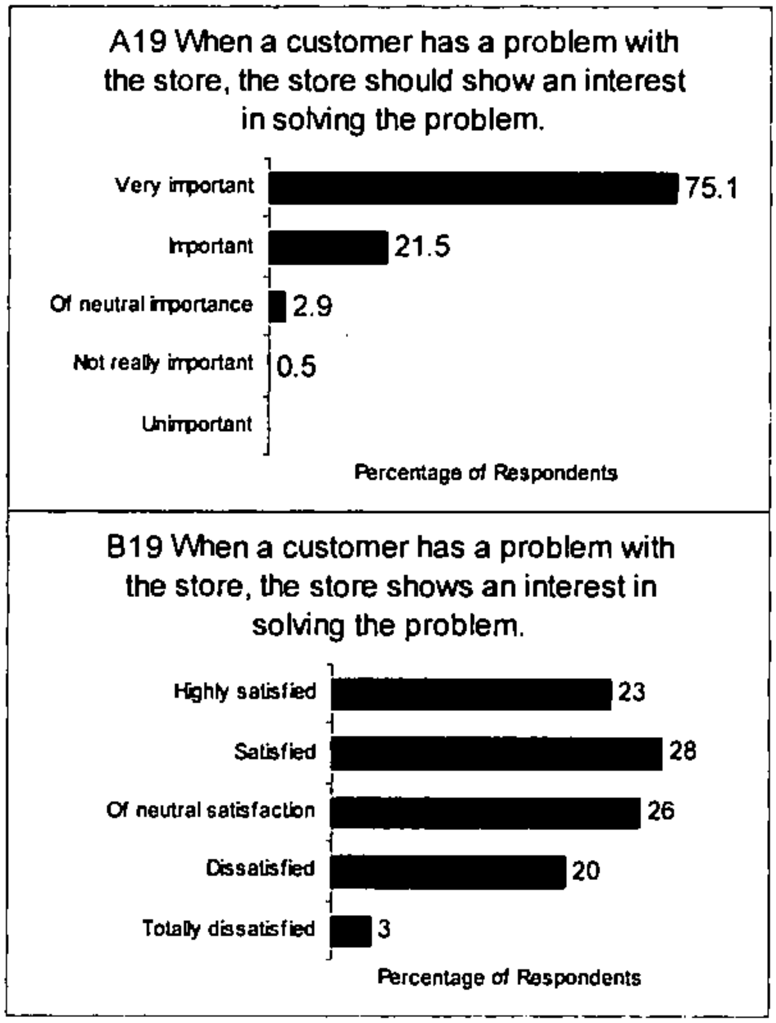
FIGURE 5.13 EMPLOYEE EMPOWERMENT AND COMPLAINTS HANDLING



Source: Own Research

- When a customer has a problem with the store, the store should show an interest in solving the problem. A store that does not regard this as vital is one that rarely enjoys a return visit by disgruntled shoppers. Figure 5.14 reflects that 97% of the customers considered this aspect as important, while 51% of the customers were satisfied in this regard.

FIGURE 5.14 STORES INTEREST IN SOLVING THE PROBLEM



Source: Own Research

5.7.3.5 Store Policy

The following questions (see annexure F on page 164) were used to collect data on the level of importance and satisfaction amongst customers on store policy:

Question A 15: The store should make provision for customers with special needs (eg. physically handicapped).

Question B15: The store makes provision for customers with special needs (eg. physically handicapped and the frail).

Question A 21: The merchandise offered at the store should be of a high quality.

Question B 21: The merchandise offered at the store is always of a high quality.

Question A 22: The stores should have convenient and safe parking.

Question B 22: The stores have convenient and safe parking.

Question A 23: Convenient shopping hours should be provided by the store to its customers.

Question B 23: Convenient shopping hours are provided by the store to its customers.

Question A 24: The store should accept major credit cards.

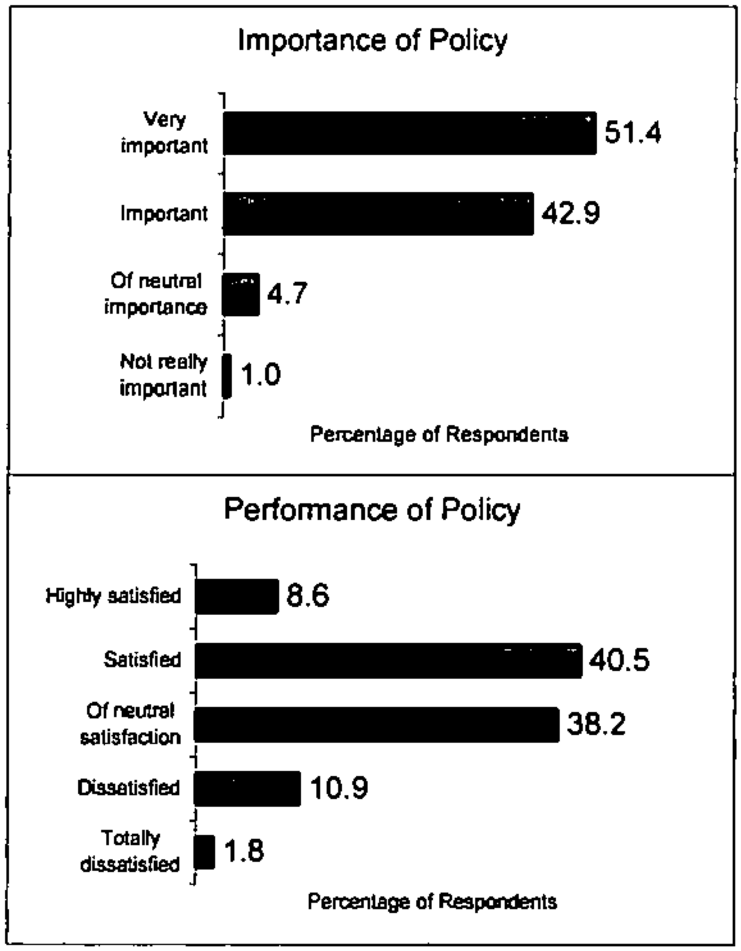
Question B 24: The store accepts major credit cards.

Question A 25: Stores should offer its own in-house credit facility.

Question B 25: Stores offer its own in-house credit facility.

Figure 5.15 depicts the overall level of importance and performance with regard to store policy. 94% of the customers considered store policy important, while 49% of the customers were satisfied with the perceptions of the stores policies.

FIGURE 5.15 **STORE POLICY**

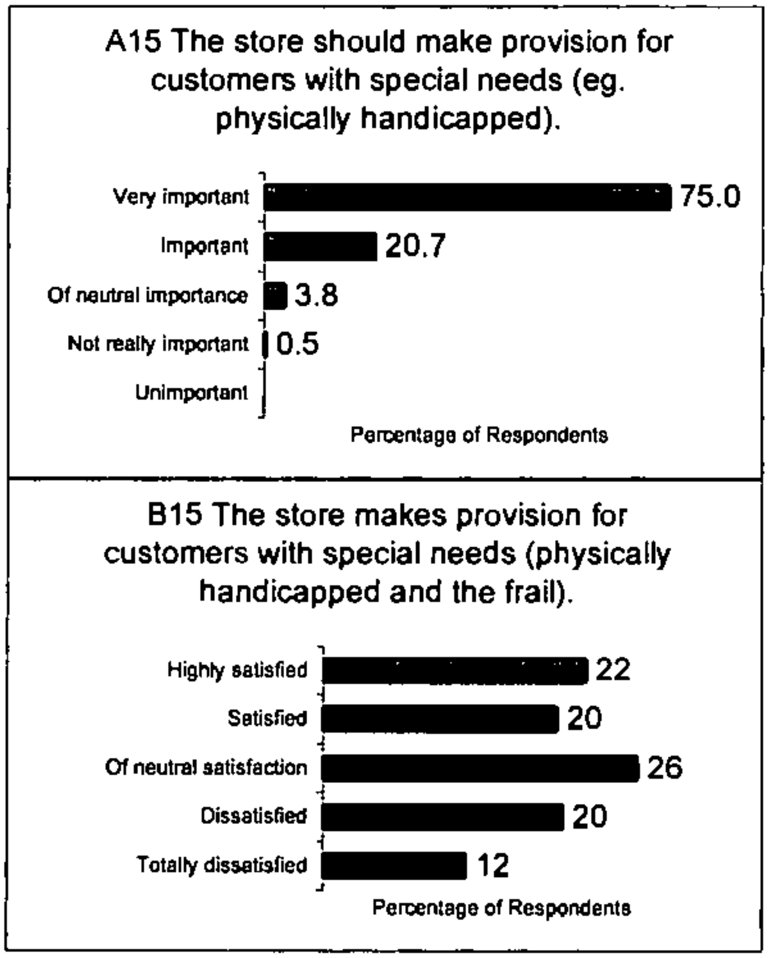


Source: Own Research

Of most importance to customers were the following:

- The store should make provision for customers with special needs (for example, the physically handicapped). Special checkouts, ramps for wheelchairs, restrooms facilities for the frail and the handicapped are considered important to customers. A stores architecture that does not make provision for such facilities may run the risk of losing customers. Figure 5.16 reflects that 96% of the customers view the provision of such facilities important, while only 42% of the customers were satisfied with the facilities provided by retail stores.

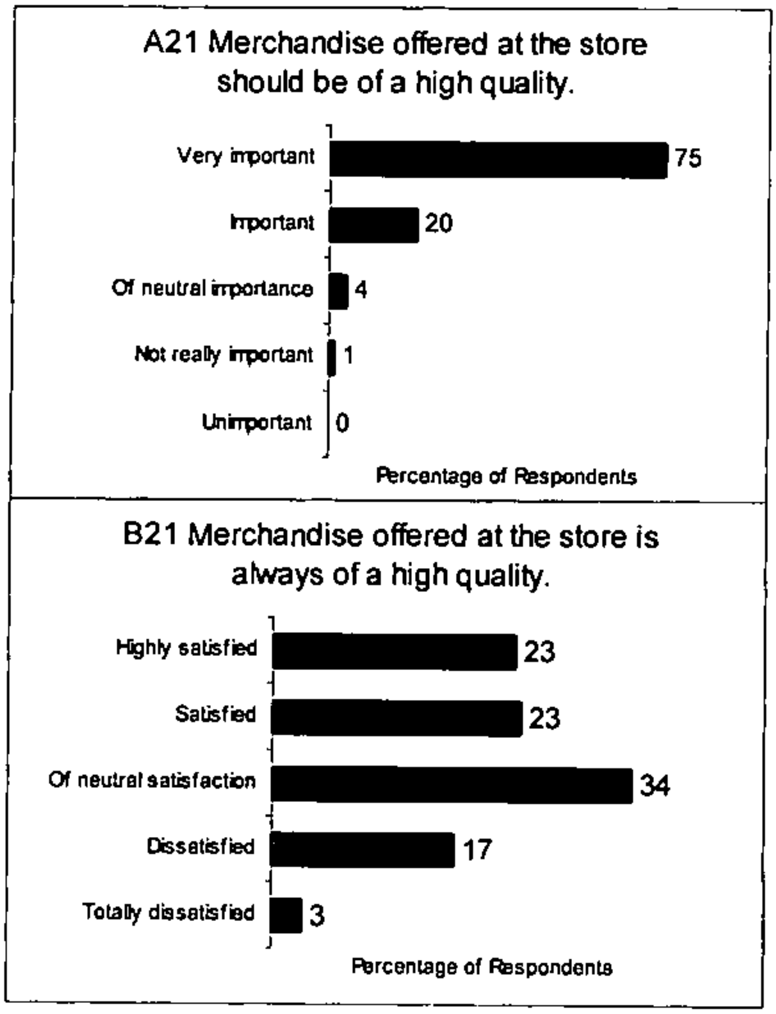
FIGURE: 5.16 PROVISION FOR CUSTOMERS WITH SPECIAL NEEDS



Source: Own Research

Customers place great importance on the quality of merchandise in retail stores. 95% of the customers considered the quality of merchandise important, while 46% of the customers were satisfied with the quality of merchandise offered by retail stores. The results are reflected in Figure 5.17.

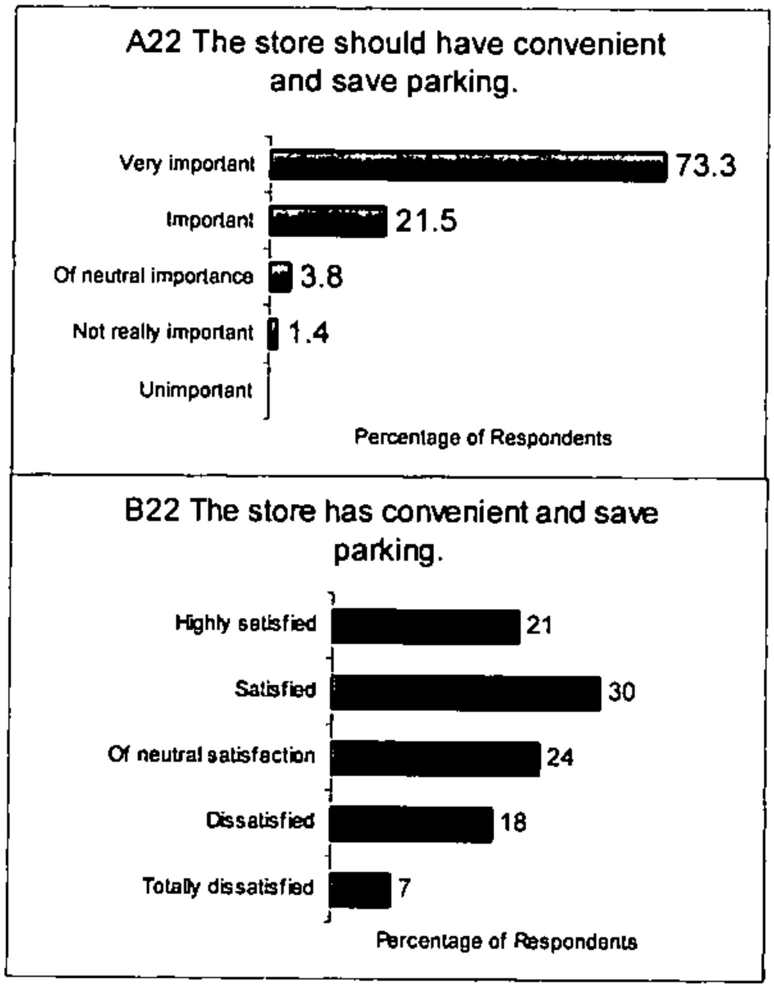
FIGURE 5.17 QUALITY OF MERCHANDISE



Source: Own Research

Consumers consider convenient and safe parking as an integral part of the retailers service mix. Non-availability of parking deters customer patronage to a store. 95% of the customers view safe and convenient parking as an essential part of the retailers service mix. Security of parking is equally important. 51% of the consumers were satisfied with the stores parking facilities. The results are reflected in Figure 5.18.

FIGURE 5.18 STORE CONVENIENCE AND PARKING



Source: Own Research

5.7.4 IDENTIFICATION OF GAPS IN SERVICE QUALITY

The objective was to analyse whether customers perceive themselves to be obtaining the level of service quality they expected. This gap between expectations of service quality and perceptions of service quality delivered measures gap five in the Parasuraman et al. (1991:445) model of service quality (SERVQUAL).

According to Nigel (1999:74) if the satisfaction scores are lower than the importance scores the retail store may be falling short and these are the areas the retail store needs to concentrate on in order to improve service quality.

The gap analysis of all 25 attributes was undertaken. Table 5.8 reflects the gaps between the perception and expectation scores.

It is clear from the table that the larger gaps in service quality are in the areas of employee empowerment and complaints handling, provision for customers with special needs such as the physically handicapped and the frail, promptness of service to customers, employee courteousness, employees product knowledge, information on services provided and clean and convenient public areas. One notes here that it is the inter-relationship between the shopper and the store that is highlighted.

The smaller gaps in service quality are in the areas of credit facility, both in-house and credit card facilities, store facilities, store equipment and convenient shopping hours.

Table 5.8 which identifies the gaps in service quality is shown on the next page.

TABLE 5.8 IDENTIFICATION OF GAPS IN SERVICE QUALITY

QUESTIONS/ATTRIBUTES	PERCEPTION SCORE	EXPECTATION SCORE	% GAP	RANK ORDER
1. Equipment and fixture	74,64	55,50	19,14	25
2. Physical facilities	86,67	64,11	22,56	24
3. Store layout	97,62	68,57	29,05	21
4. Clean/convenient public areas	**97,62**	**47,12**	**50,50**	**07**
5. Easy movement within the store	97,62	60,48	37,12	19
6. Stores keeps promises	96,67	48,01	48,66	10
7. Performs services right, first time	96,19	46,67	49,52	09
8. Availability of merchandise	93,81	47,37	46,44	12
9. Stores keeps accurate records	91,00	51,50	38,50	18
10. Employees products knowledge	**95,24**	**44,29**	**50,95**	**05**
11. Behaviour of employees	**93,33**	**43,33**	**50,00**	**08**
12. Customers feel safe in the store	98,10	55,71	42,39	15
13. Prompt service to customers	**95,71**	**42,11**	**53,06**	**03**
14. Information on services provided	**89,95**	**39,05**	**50,90**	**06**
15. Provision for special needs	**95,67**	**41,63**	**54,04**	**02**
16. Individual attention	69,52	27,75	41,77	16
17. Employee courteousness	**94,29**	**43,33**	**50,96**	**04**
18. Returns and exchanges	90,00	50,00	40,00	17
19. Interest in solving problems	96,65	51,20	45,45	13
20. Employee empowerment	**93,30**	**39,05**	**54,25**	**01**
21. High quality merchandise	94,26	46,19	48,07	11
22. Convenient and safe parking	94,74	51,44	43,30	14
23. Convenient shopping hours	95,24	61,43	33,81	20
24. Stores accepts major credit cards	87,14	62,68	24,46	22
25. In-house credit facility	60,00	36,84	23,16	23

Source: Own Research

5.7.5 IDENTIFICATION OF PRIORITIES FOR IMPROVEMENT (PFI's)

Areas where retail stores are below par are areas where retailers need to focus on if they want to improve the level of service quality Nigel (1999:75). The area for the greatest potential for improving customer satisfaction, is not the attribute with the lowest satisfaction score (in-house credit facility) but the one with the largest gap (employee empowerment and customer complaints).

According to Nigel (1999:75) it is not feasible to have many priorities for improvement. In deciding which gaps are most serious and should be adopted as PFI's, four factors should be considered:

5.7.5.1 Size of the gap

Greater gains in customer satisfaction can be achieved by closing a larger gap than a smaller gap.

5.7.5.2 Importance to customers

Almost as significant as the size of the gap is the importance of the issue to customers whose satisfaction judgement is more heavily influenced by their most important requirements.

5.7.5.3 Quick wins

Some PFI's will be more difficult, more time consuming and more costly to address than others. The relatively easy PFI's can be addressed quickly so that customers can see quick action being taken.

5.7.5.4 Policy regulations

Some retail stores may be constrained from closing gaps because of circumstances beyond their control, which may be contrary to customers' wishes. For example, it may not be possible to provide additional parking due to urban planning and the geographical layout of the store. In such cases the retailer should attempt to close other necessary gaps.

Table 5.8 reflects the gaps between the perceptions and expectations scores of customers which retailers can concentrate on as priorities for improvement.

However, the following aspects are worth noting as priorities for improvement.

- Employee empowerment in handling customer complaints.
- Provision for customers with special needs.
- Information on customer services offered by the retail store.
- Clean and convenient public areas and restrooms.
- Store employees behaviour should instil confidence in customers.
- Stores should perform services right, the first time.
- Retail stores should keep up to its promises.
- The merchandise offered by the retail store should be of a high quality.

The above attributes were highlighted as priorities for improvement for the following reasons:

- Many of these attributes also emerged as important for customers during the preliminary depth interviews.
- They were rated as important by customers during the main survey.
- They represent the largest gaps between the expectation and perception scores.

5.7.6 OVERALL CUSTOMER SATISFACTION

After the identification of the PFI's, the overall customer satisfaction (satisfaction index) can be determined. According to Nigel (1999:81) there are several possible ways of producing such an index.

On of the ways to work out such an index is to include a "catch all" question at the end of the questionnaire such as:

> ***Overall, how satisfied are you with the quality of the services provided by wide variety merchandise retailers.***

This method was not used in this study to calculate the overall satisfaction for the following reasons:

- No "catch all' question was asked at the end of the questionnaire because respondents were already asked about the main items that made them satisfied or dissatisfied.

The second approach would be to calculate the overall average of all satisfaction scores. This would be better but would not be ideal because some attributes are more important to one customer than the other.

The third approach would therefore be to calculate the satisfaction index, which would be more strongly influenced by attributes with the highest importance scores. In other words it must be calculated on the weighted satisfaction scores.

Table 5.9 reflects the detailed calculation of the satisfaction index using weighting factors. According to the table the satisfaction index shows that wide-variety merchandise retailers are 49% successful in satisfying its customers.

Of notable importance in this study is that the overall importance and satisfaction scores was also calculated using the average importance and satisfaction scores. Figure 5.19 reflects the overall importance and satisfaction scores. The results reflect that almost 51% of the customers were satisfied with the quality of services provided by wide-variety merchandise retailers.

The results show that the overall satisfaction, calculated using the latter two approaches is almost negligible in this study as both the conclusions arrived at are almost the same.

Table 5.9 which reflects the detail calculation of the satisfaction index using weighting factors is shown on the next page.

TABLE 5.9 CALCULATION OF THE CUSTOMER SATISFACTION INDEX

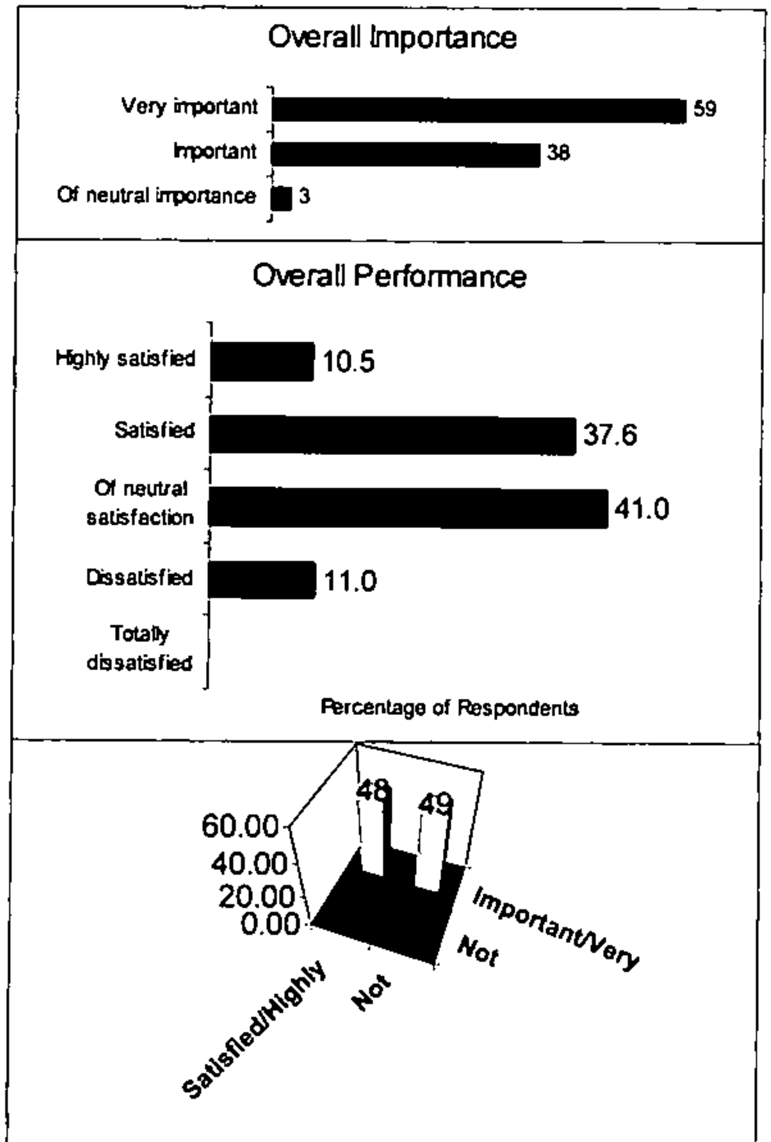
Question No	Importance Score	Weighted Score	Question No	Satisfaction Score	Weighted Score
A1	74.64	3,28	B1	55,5	1,82
A2	86,67	3,80	B2	64,11	2,43
A3	97,62	4,29	B3	68,57	2,94
A4	97,62	4,29	B4	47,12	2,02
A5	97,62	4,29	B5	60,48	2,59
A6	96,67	4,25	B6	48,01	2,04
A7	96,19	4,22	B7	46,67	1,97
A8	93,81	4,12	B8	47,37	1,95
A9	91,00	4,00	B9	51,50	2,06
A10	95,24	4,20	B10	44,29	1,86
A11	93,33	4,10	B11	43,33	1,78
A12	98,10	4,32	B12	55,71	2,40
A13	95,71	4,20	B13	42,11	1,77
A14	89,95	3,95	B14	39,05	1,54
A15	95,67	4,21	B15	41,63	1,75
A16	69,52	3,05	B16	27,75	0,84
A17	94,29	4,14	B17	43,33	1,79
A18	90,00	3,96	B18	50,00	1,98
A19	96,65	4,25	B19	51,2	2,18
A20	93,30	4,10	B20	39,05	1,60
A21	94,26	4,15	B21	46,19	1,91
A22	94,74	4,17	B22	51,44	2,15
A23	95,24	4,18	B23	61,43	2,56
A24	87,14	3,83	B24	62,68	2,40
A25	60,00	2,63	B25	36,84	0,96

SATISFACTION INDEX	**49,29 %**

Source: Own research

Figure 5.19 which analyses the overall importance and satisfaction scores together with the overall gap is shown on the next page.

FIGURE 5.19 OVERALL CUSTOMER SATISFACTION



	Satisfied/Highly	Not
■ Not	0.00	2.86
□ Important/Very	48.10	49.05

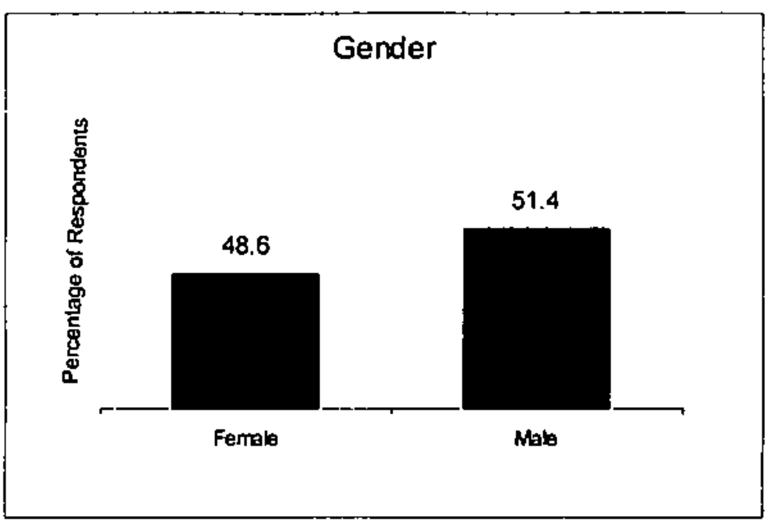
Source: Own Research

5.7.7 DEMOGRAPHIC ANALYSIS

5.7.7.1 Gender

Figure 5.20 sets out the gender of the respondents. In the present era, while the male is still seems to be the head of family purchase decisions, the percentage clearly shows that this role is gradually changing. This may be due to the changing roles of women in the decision making process and dual income family units. The women's changing role in the family coupled with career pressures can create significant opportunities for retailers. An important factor here is that they generally run and manage a household and are for this reason more particular about service quality.

FIGURE 5.20 GENDER

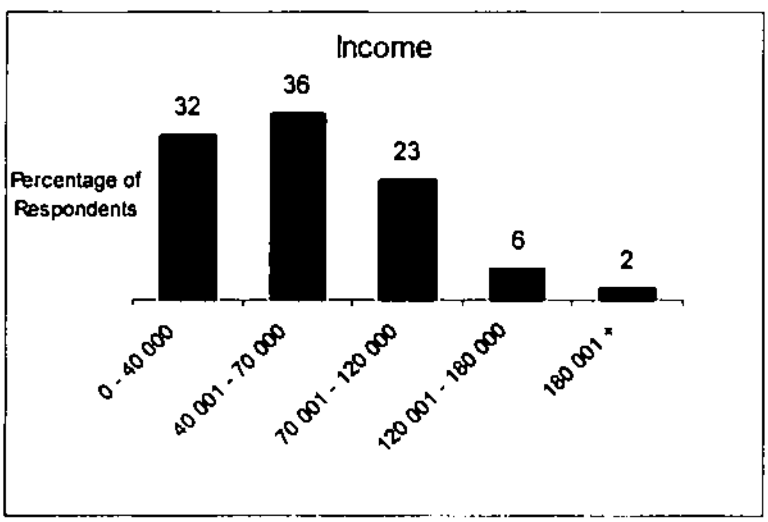


Source: Own Research

5.7.7.2 Income level of customers

Figure 5.21 sets out the different income categories of the customers. The majority (36%) of the customers who participated in the study earned between R40 000 to R70 000, with about 8% earning above R120 000. One percent of the customers considered income levels as personal and did not furnish details regarding their salary. It is evident that the middle and lower income earners are the more appealing markets for wide-variety merchandise retailers. Furthermore they constitute the majority of the population.

FIGURE 5.21 INCOME CATEGORIES OF CUSTOMERS

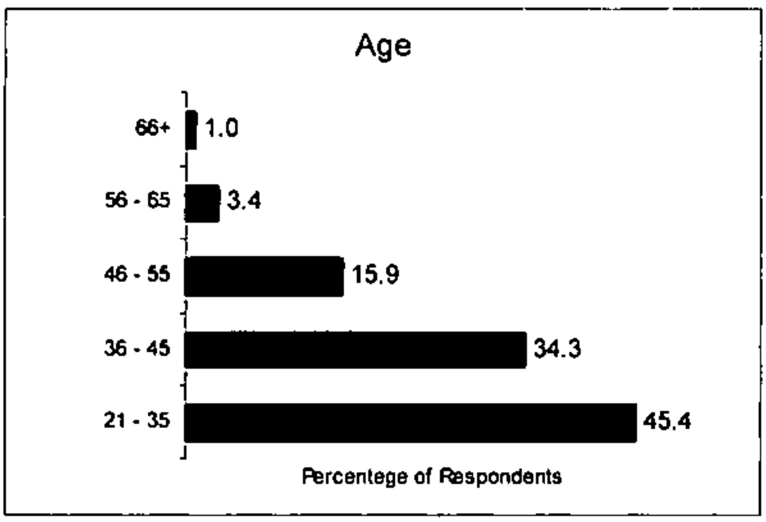


Source: Own Research

5.7.7.3 Age categories of customers

Majority (79.7%) of the customers in the study were amongst the ages of 21 to 45 years. The study therefore reflects that this market segment is important to retailers. Figure 5.22 below reflects the age categories of the customers in the study.

FIGURE 5.22 AGE CATEGORIES OF CUSTOMERS



Source: Own Research

5.8 CONCLUSION

Chapter Five described the empirical research methodology and the empirical design that was followed in this study. The modification of the SERVQUAL and Retail Service Quality Models were presented.

The second part of this chapter provided a statistical overview of the data obtained from the research process. The information was analysed and summarized, using graphic illustration and tables. The tables and illustrations were accompanied by brief descriptions of the data.

The next chapter will provide a general overview of the study against the literature review from the previous chapters. This will be followed by the hypothesis evaluation, recommendations of the study and concluding remarks.

CHAPTER

6

CONCLUSION AND RECOMMENDATIONS

6.1 GENERAL REVIEW

The importance of service quality amongst wide-variety merchandise retailers has been appropriately focused in the previous chapters. The main conclusion that has emerged from the study is that people are the key to both creating and sustaining service quality. The research has identified the crucial role of the "people" factor in retail firms, particularly in relation to customers' perceptions of enhanced service value.

Hence, the personal interaction between front-line employees, who deliver the service and the customer who experiences the so called " moments of truth" are important factors in determining customer satisfaction and are indicators of the quality of service offered.

The impact of proper employee empowerment cannot be sufficiently emphasized. Empowerment encourages employees to exercise initiative and use their imagination in their daily interaction with customers. It is therefore the task of management to create an environment that nurtures and encourages employee initiative. Shari (1995:9) reaffirms that when employees "own" their jobs; when they are able to measure and influence their individual successes as well as the successes of their departments and their companies they become more energetic and passionate. Equally important is a retail firm's service recovery programmes. It affords a retail firm a "second chance" to meet customers' expectations of service. Management should not view complaints as something to be feared and discouraged. According to Terblanche (1998:379) a firm's image may be enhanced and customers may associate a lower risk with purchasing a firm's product if it has a reputation for handling complaints satisfactorily.

Employee courteousness, deportment and behaviour are important ingredients in the service quality mix for a merchandise retailer. Naylor (2000:14) confirms that the role and importance of the salesperson has expanded in recent years. Salespersons should no longer be employed with the express purpose of "pushing" merchandise for retailers. Instead, they can do the job better by making the customers lives better.

Berry (2001:133) outline five interlocking ways of creating value to customers:

- Solving customers problems. It has become commonplace for retailers to talk about selling solutions rather than products or services. Customers usually shop for a reason: they have a problem-a need-and the retailer hopes to provide the solution. Focusing on solutions means employing salespeople who know how to help customers.
- Treat customers with respect. Disrespectful retailing is not just about bored, rude, and unmotivated service workers. Cluttered, poorly organized stores, and confusing prices all show lack of respect for customers.
- Connect with customers' emotions. Retailers place too much emphasis on prices. The promise of low prices may appeal to customers' sense of reason, but it does not speak to their passions.
- Set the fairest (not the lowest) prices. Constant sales, markdowns on over-inflated prices, and other forms of pressure pricing may

boost sales in the short term but winning customers' trust through fair pricing will pay off in the long term.

> Save the customers' time. Retailers often contribute to this problem by wasting customers' time and energy in various ways, from confusing store layout to inefficient checkout operations.

Table 6.1 reflects the five pillars of solid retailing.

TABLE 6.1 PILLARS OF SOLID RETAILING

	INFERIOR RETAILERS	SUPERIOR RETAILERS
SOLUTIONS	Gather products, stack them on shelves, put price tags, on them, and wonder where their customers are.	Consider what people really need and how they can meet that particular need better than competitors can
RESPECT	Are staffed by people who don't know what customers want.	Actually train and manage the salespeople they hire so that they are courteous, energetic and helpful.
EMOTIONS	Act as if customers make purchase solely according to cold logic.	Recognise that everything about a retail experience sends a message to customers that goes to the heart, not just to the brain.
PRICING	Focus exclusively on low prices, often because they have nothing else of value to offer customers	Focus on having fair prices instead of playing games with "special offers", fine print, and bogus sales.
CONVENIENCE	Are open to business when it's convenient for them, close checkout lanes when it's convenient for them.	Understand that people's most precious commodity in the modern world is time and do everything they can to save as much of it as possible for their customers.

Source: Berry, (2001:136)

There is no doubt that a proper service quality programme can enhance the value received by customers and at the same time help retailers gain a competitive share in the market.

The secondary objectives of the study were achieved as follows:
Objective One: Chapter Two
Objective Two: Chapter Two
Objective Three: Chapter Three
Objective Four: Chapter Four
Objectives Five, Six and Seven: Part two of chapter Five.

6.2 HYPOTHESIS EVALUATION

There are six basic steps to be followed in significance testing. They are:

- Formulation of the null hypothesis.
- Selection of an appropriate statistical test.
- Deciding on a particular significance level.
- Determination of the critical value of the test statistic.
- Determining the observed value of the test statistic.
- Comparing the observed value with the critical value.

The hypothesis set in this study are as follows:

Ho : There is no difference between customers' levels of perception and expectation of service quality amongst shoppers at wide-variety merchandise retailers.

According to Martin et al. (1999:334), one occasionally has to make before and after measurements on the same elements. The test is therefore to determine whether there is a significant difference between the means of the two sets of data. ***The appropriate procedure is to use the t- test for related samples.***

The remaining related steps in the calculation of the mean difference, standard deviation, standard error and observed t-value was computed on the SAS system for each of the 210 observations. The results are reflected in Table 6.1. A 5 % level of confidence was used in the study.

At a 5 % level of confidence, according to the t-table the critical value read is 1,960 for a two-tailed test. Since the observed t-value for all 210 observations is more than the critical value of 1,960 we reject the null hypothesis that there is no difference between the expectations and perceptions of consumers regarding service quality shopping at wide-variety merchandise retailers. The findings in part 5.7.6 (overall customer satisfaction) and the rejection of the null hypothesis is therefore sufficient to support the alternative hypothesis in this study.

Table 6.2 which reflects the mean, standard deviation and standard error is shown on the next page.

TABLE 6.2 MEAN, STANDARD DEVIATION AND STANDARD ERROR

Variable	Mean	Std Dev	Std Error	T	Prob>lTl
D1	0.4278846	1.2016862	0.0833219	5.1353173	0.0001
D2	0.6028708	1.0652696	0.0736862	8.1815926	0.0001
D3	0.9666667	1.0277645	0.0709225	13.6299036	0.0001
D4	1.4567308	1.2883922	0.0893339	16.3065795	0.0001
D5	1.0047619	1.0329389	0.0712796	14.0960735	0.0001
D6	1.2523810	1.1315903	0.0780872	16.0382460	0.0001
D7	1.1523810	1.1220364	0.0774279	14.8832846	0.0001
D8	1.1961722	1.1908242	0.0823710	14.5217590	0.0001
D9	1.0143541	1.0582936	0.0732037	13.8565962	0.0001
D10	1.2904762	1.2778588	0.0881806	14.6344620	0.0001
D11	1.2523810	1.2052989	0.0831735	15.0574466	0.0001
D12	1.1761905	1.1501632	0.0793688	14.8193051	0.0001
D13	1.3253589	1.2782869	0.0884210	14.9891947	0.0001
D14	1.1818182	1.3139249	0.0908861	13.0032907	0.0001
D15	1.5120773	1.4274014	0.0992113	15.2409853	0.0001
D16	0.9186603	1.4471743	0.1001031	9.1771373	0.0001
D17	1.2857143	1.1837358	0.0816855	15.7398051	0.0001
D18	1.0857143	1.3911153	0.0959961	11.3099865	0.0001
D19	1.2259615	1.3157900	0.0912336	13.4376065	0.0001
D20	1.4497608	1.3723269	0.0949258	15.2725621	0.0001
D21	1.2009569	1.2851964	0.0888989	13.5092447	0.0001
D22	1.2608696	1.3757841	0.0956236	13.1857569	0.0001
D23	1.0047619	1.2119723	0.0836340	12.0137926	0.0001
D24	0.7224880	1.2047668	0.0833355	8.6696351	0.0001
D25	0.7368421	1.4553058	0.1006656	7.3197006	0.0001

Source: Own Research

6.3 RECOMMENDATIONS

Based on the literature study on customer satisfaction, service quality and feedback to the questionnaires sent to customers, the following recommendations, which should prove useful to the management of wide-variety merchandise retailers are suggested. As mentioned previously in chapter five (section 5.7.5) that it is not feasible for retail stores to have many priorities for improvement. Retail stores therefore need to take into account the size of the gap, importance to customers, quick win issues and policy regulations in deciding which gaps needs to be addressed as priorities.

- Management needs to stress forcefully, **complaints management** as a tool for discovering customer dissatisfaction; to learn how to handle the situation, compensate for the mistake and explain why it happened. Efficient service recovery cannot compensate for poor quality service delivery but it can go a long way towards reducing the harmful impact.

  To achieve this, managements of retail businesses must have in place a customer complaints' system to ensure that the customer is not financially disadvantaged due to poor service recovery. Equally important, is that management needs to equip employees with the necessary "tools" to handle complaints.

  This would assist in closing the **delivery gap** as espoused by Parasuraman et al.

- Coupled with the above, management needs to **empower front line-staff** so that they can take the responsibility for service recovery. The reasons are two fold. Firstly, front-line staff through their frequent contact with customers, know their needs better and secondly, their involvement frees management to concentrate on more strategic issues in the firm. Thus, not empowering front-line staff to deal with customer complaints handling could not only result in lost customers but could result in employees being disillusioned. This would help reduce the **knowledge and delivery gap.**

- Retailers must encourage their sales staff to **initiate contact with customers**, rather than waiting to be approached by them. This cannot only help shoppers feel good about their visit but can also save them time. Training in skills such as body language, self confidence and sound knowledge of a store's philosophy are important.

Research undertaken by Naylor et al. (2000:14) also supports the view that perceptions of retail experiences amongst customers were lowest when there was no contact with salespersons and highest when the salesperson approached them.

It is further recommended that retailers adequately staff the sales floor. Besides staffing, training employees to be responsive to customers is also crucial. Establishing a tracking system that monitors whether employees are initiating contact may prove beneficial for the retailer. The feedback can be used to establish an intrinsic or extrinsic reward system for salespersons.

The use of mystery shopping is suggested as an effective tracking system in this regard. According to Wilson (1998:414) a mystery shopper is a researcher who acts as a customer or potential customer to monitor the quality of processes and procedures used in delivery of service. It is widely used in the United Kingdom (UK). It must be pointed out that mystery shoppers should not be used as simply another stick for managers to beat staff. Instead it should be used as a diagnostic tool, identifying failing and weak points in an organisation's service delivery. This would assist management in closing both the **delivery and communications gap.**

One of the disturbing factors in the employment of individuals in wide-variety retailers is the fact that during periods of high sales volumes, for example weekends, public holidays or seasonal high periods, retailers have a tendency of employing part-time or casual unskilled persons. This does nothing to improve the quality of services. It is therefore necessary to have senior skilled employees working with newcomers so that customer-related matters are given due and prompt attention.

- Special attention needs to be paid by management to **train store employees in customer care and interpersonal skills.** Unprompted or unsolicited employee actions such as special attention, un-requested service, politeness are predominant characteristics of a memorable service encounter. Rudeness, being ignored by employees and slow service leads to dissatisfactory encounters. In this way management can come a long way in closing the **communications gap**.

One also notes that South Africa being a developing country has a fair mix of sophisticated and unsophisticated shoppers. It is necessary to bring to hear upon employees the importance of first world retailer-customer values. This does not mean upgrading training programmes but at, the same time, taking into account of local circumstances. Two aspects that spring to mind are those of language and cultural norms and values.

- Management needs to ensure that store employees have the necessary **knowledge on the products they sell**. It is the task of management to provide the necessary technical skills and training. With this information, employees can answer customer's questions and suggest products. This in turn instils confidence and a sense of competence. Research done by Naylor el al. (2000:16) suggests that unknowledgeable employees lead to unsatisfied customers who are likely to switch to other retail stores.

- Management should seize the opportunity to meet the **needs of "special customers"**, including the infirm, aged, deaf, blind and those who are confined to wheelchairs. Store employees should be prepared to assist these customers. Sensitivity training, sign language courses and personal shopping assistance by appointment are ways of providing such customers with a special type of customer service. Such a barrier-free environment is a plus factor in attracting the handicapped customer, his/her family and friends. In the UK legislation is in place regarding architectural compliance in developing barrier free-environments. In South Africa, provision is made in the National Building Regulations and Buildings Standards Act 103 of 1977 in part S of the amendment for facilities for disabled persons. However these amendments were made post 1994 in terms of the new constitution of the country in which disabled persons were recognized to play a full and meaningful role in society. S2 of the regulation makes provision for suitable access for use by disabled persons including those who are obliged to use a wheelchair or who are able to walk but who are unable to negotiate steps from the outside of the building. Provision is also made for ramps for the use by persons in wheelchairs (RSA 1977:127). However, since such provisions were only made post 1994, many old buildings do not have provisions for such facilities. Stores therefore need to examine ways by which these aspects are given attention to make the stores more customer orientated so that some of these shortcomings are minimized.

- Greater emphasis needs to be placed by management of retail stores on **informing customers on the services provided**, for example, when the store is open, what goods and services are available and where to find items. Customer service call buttons can be installed in strategic positions within the store to assist customers. Some information needs to be supplied through the media. One finds that advertisements by stores sometimes focus solely on products and special offers rather than the nature of a stores service.

- Top management should be the foremost **practitioner of leadership**. They should design and spread quality policy for all parts of the business and then divide the responsibility within the organization. Service quality should be part of the leadership and the firm's culture. Regular training programmes needs to be undertaken, taking into account local needs.

- Management needs to move away from an "introverted" profit-orientated approach to a more **customer-focused** and market oriented approach. In this way the firm begins to understand customer's articulated and unarticulated needs. This calls for a dynamic approach to customer-retailer relationships. Sophisticated shoppers who have experiences of being treated with importance and respect by "upper class" retailers expect this from all retailers including those who may not be that upmarket.

- All customers are not created equal. Therefore, keeping the right customers is as critical to success as acquiring new customers. There is a need for management to develop **customer retention strategies** to add value and in turn build customer loyalty. Customer loyalty programs can prove to be a useful investment. Staff should be made advocates of customer loyalty programs. Who better to firmly establish the benefits of long-term loyalty programs participation than front-line staff.

6.4 CONCLUDING REMARKS

Although the managements of wide-variety merchandise retailers can pride themselves on many success areas on service quality, with increasing competition, efforts will have to be continuously focused on service excellence.

Management needs to take heed of training of employees so that they are empowered to take actions for their personal development.

Management must create an environment that nurtures and encourages employee initiative. For employees to be truly empowered, managers have to give up some control and engage in a more supportive management style. Developing employee confidence and skill are critical.

Customer satisfaction and service quality much depends upon interaction, feedback, praise and complaints. Complaints have to be looked at in a constructive, positive and professional manner. Complaints are a useful way of measuring performance and allocating resources to deal with deficient areas of the business. This means a paradigm shift from the way in which stores and customers related in the past. A key precept of present day retailing is that a shopper does not anymore depend on a store but that the converse is true and this makes the difference between successful and unsuccessful enterprises.

Greater emphasis needs to be placed on employee commitment and customer involvement. This requires challenging and engaging tasks, good human relations with customers, co-workers and management. This also has a bearing upon the salaries or wages paid to employees. Unskilled and poorly paid employees can help little in the success of the store.

Gerstner in (Schiff, 2001:04) aptly sums up customer satisfaction in the competitive retail environment as, " being best in class in customer satisfaction is not the result of any one person's effort-it comes from leadership, focus and passion at every level of the organization ".

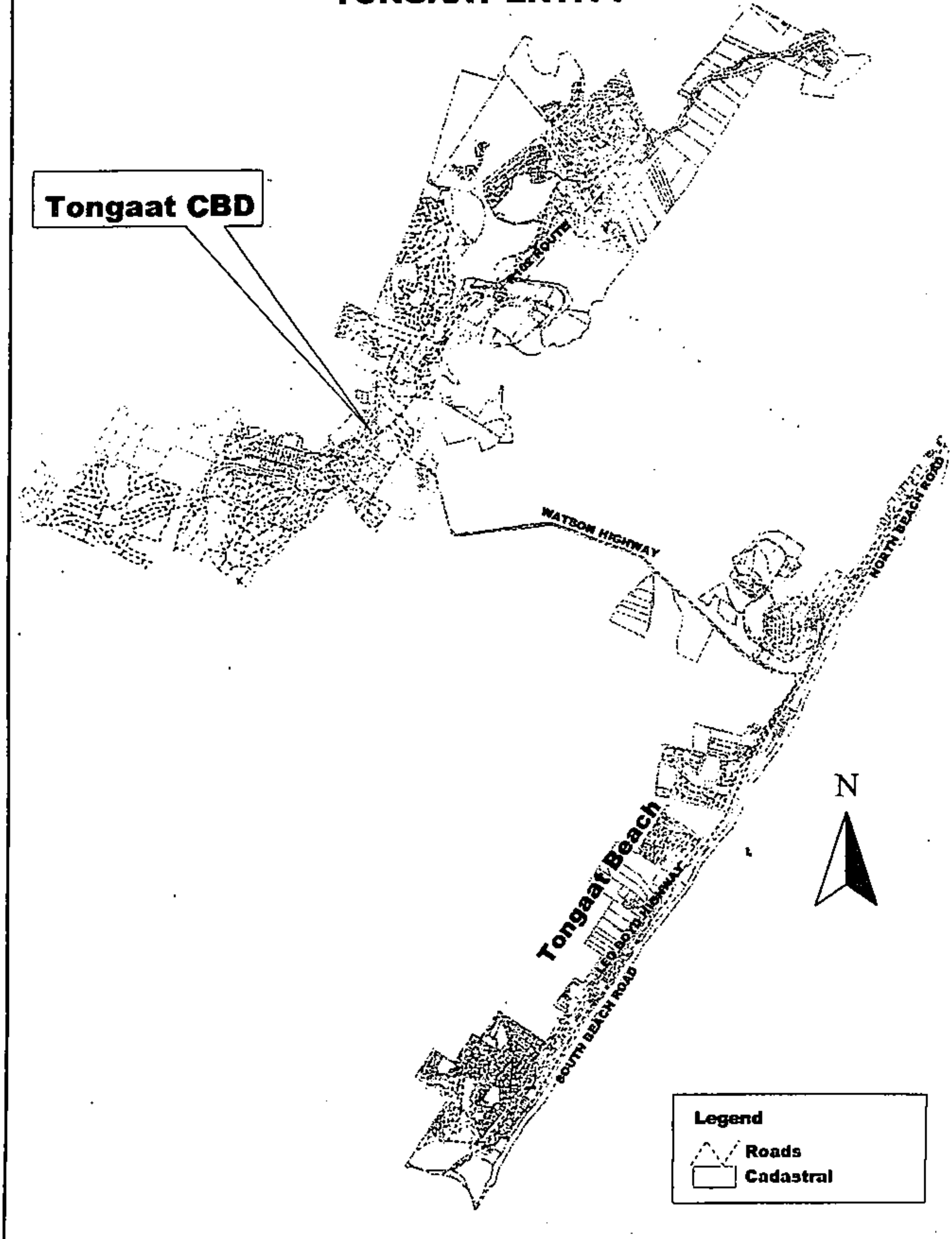
In conclusion, however important customer satisfaction and service quality is, it cannot be bought at any price. Ultimately the decision to invest in such programmes has to be a trade-off between the cost of making those improvements and the potential gain from doing so.

ANNEXURES

ANNEXURE A

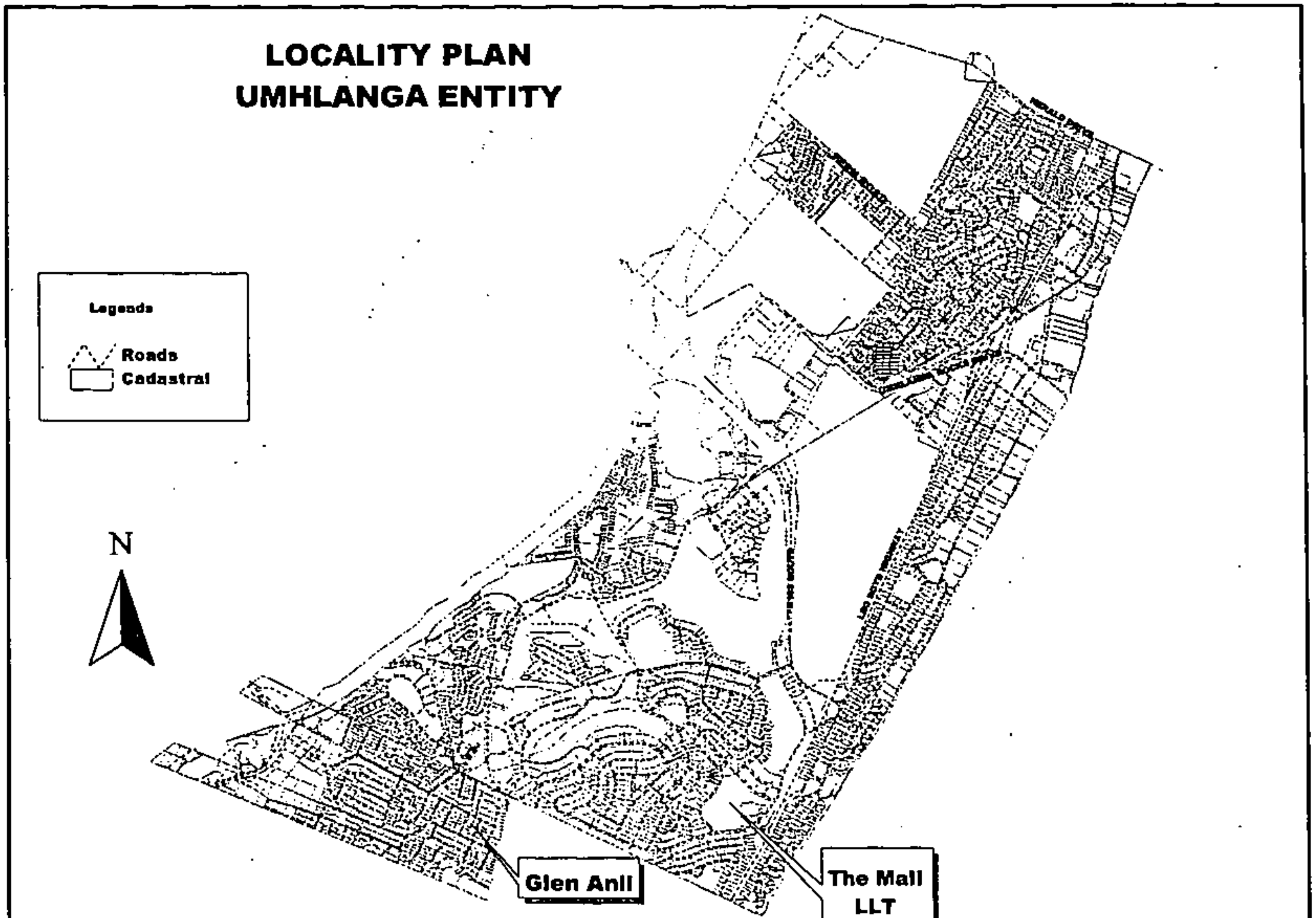
LOCALITY MAP
TONGAAT ENTITY

LOCALITY PLAN
TONGAAT ENTITY



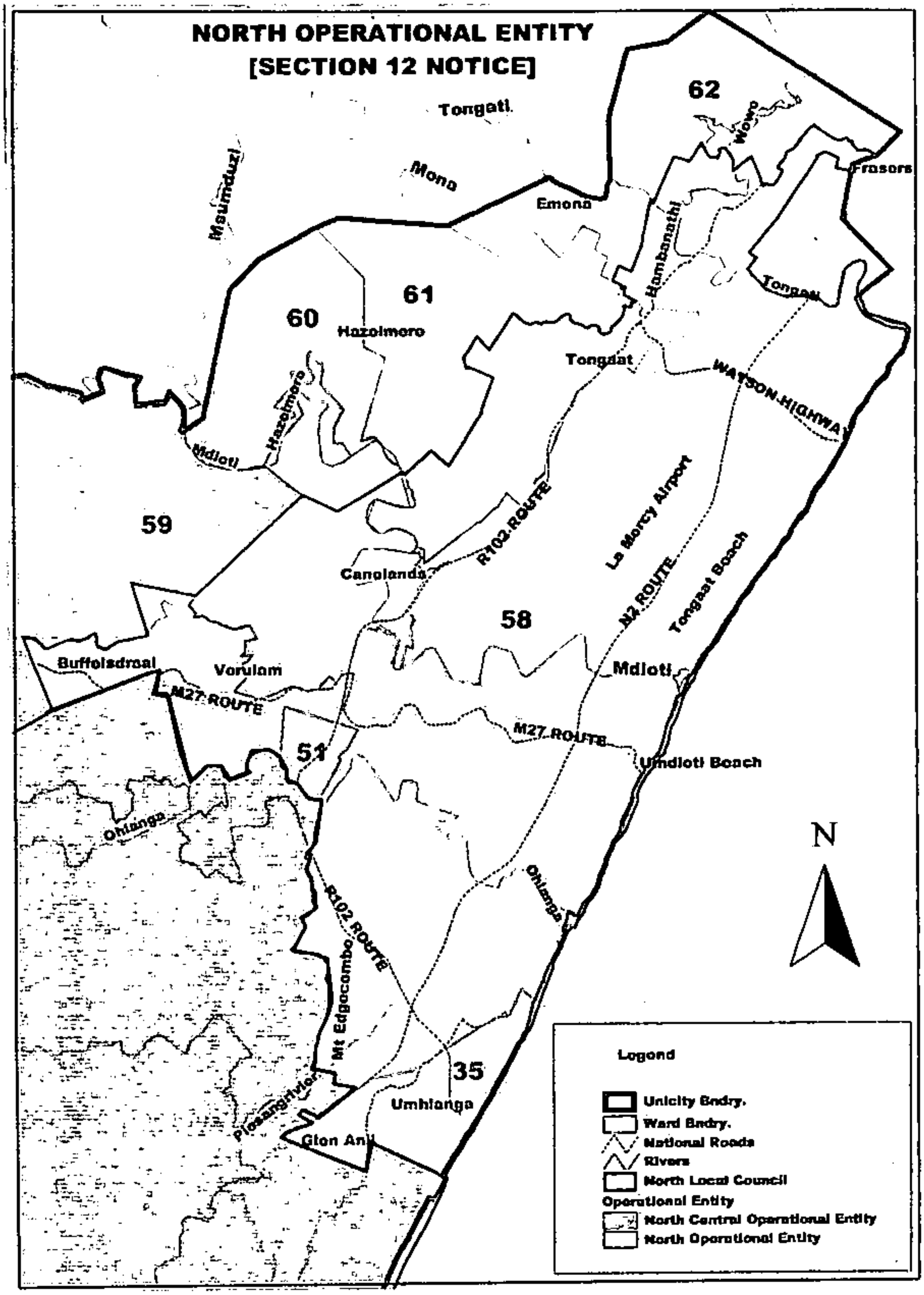
ANNEXURE B

LOCALITY MAP
UMHLANGA ENTITY


LOCALITY PLAN
UMHLANGA ENTITY
Legends
Roads
Cadastral
N
Glen Anil
The Mall
LLT

ANNEXURE C

LOCALITY MAP
NORTH LOCAL COUNCIL


NORTH OPERATIONAL ENTITY
[SECTION 12 NOTICE]
62
Tongati
Wewe
Mona
Msumduzi
Frasers
Emona
Hambanathi
61
60
Hazelmere
Tongaat
Tongati
Hazelmere
WATSON HIGHWAY
Mdloti
59
R102 ROUTE
La Mercy Airport
Canelands
N2 ROUTE
Tongaat Beach
58
Buffelsdraai
Verulam
Mdloti
M27 ROUTE
M27 ROUTE
51
Umdloti Beach
N
Ohlanga
Ohlanga
R102 ROUTE
Mt Edgecombe
35
Umhlanga
Glen Anil
Legend
Unicity Bndry.
Ward Bndry.
National Roads
Rivers
North Local Council
Operational Entity
North Central Operational Entity
North Operational Entity

ANNEXURE D

Letter of invitation for depth interview

M. Dhurup
Vaal Triangle Technikon
Private Bag X 021
VANDERBIJLPARK
1900

Dear ....

I am currently undertaking a research on the evaluation of customer services with regard to service quality amongst consumers shopping at wide-variety merchandise retailers in the Northern Precinct of the Durban Unicity. Before the commencement of the formal survey, a request is made to a small number of consumers, including you, to participate in a preliminary depth interview in order to clarify factors most important to you in receiving quality customers service when shopping at wide-variety merchandise retailers. Wide-variety merchandise retailers are departmental stores, superstores, hypermarkets and full-line discount stores.

I believe that this process needs to be carried out in a professional manner and have therefore appointed Calypso Consulting – 3 Beverley Hills Centre, Mc Cousland Crescent, Umhlanga Rocks, Durban to carry out the exercise on my behalf. They will contact you in due course to make the necessary arrangements.

The purpose of this exercise is to ensure that the survey concentrates on issues that are relevant and important to consumers.

I would like to thank you in advance for assisting me with this exercise.

Yours sincerely

M.Dhurup

Tel: (016) 950 9635 (office hours)
Cell: 083 560 2078

ANNEXURE E

Covering letter to the Questionnaire

M.Dhurup
Vaal Triangle Technikon
Private Bag X021
VANDERBIJLPARK
1900

2 January 2001

____
____
____
____

Dear sir/madam

I am currently undertaking a research on the evaluation of customer services with regard to service quality amongst consumers in the Northern Precinct of the Durban Unicity.

The purpose of the research is to establish issues that are of importance and relevance to customers, shopping at wide-variety merchandise retailers. Wide-variety merchandise retailers are: **departmental stores, superstores, hypermarkets and full line discount stores.**

It would be greatly appreciated if you could assist me by completing the attached questionnaire. The questionnaire will take approximately ten minutes to complete.

Kindly post the questionnaire to: The Researcher
M. Dhurup
103 Watsonia drive
Watsonia
Tongaat
4400

A self-addressed, postage paid envelope has been enclosed for this purpose.

Your responses will be treated in total confidentiality and anonymity and scores will be used for research purposes only.

I would like to thank you in advance for assisting me with this exercise.

Yours Sincerely

M.Dhurup

Tel: (016) 950 9635 (o/h)
Cell: 083 560 2078.

ANNEXURE F

QUESTIONNAIRE

QUESTIONNAIRE ON THE EVALUATION OF CUSTOMER SERVICES WITH REGARD TO SERVICE QUALITY AMONGST CONSUMERS, SHOPPING AT WIDE-VARIETY MERCHANDISE RETAILERS.

Wide-variety merchandise retailers are:	*Departmental stores/Superstores*
	Hypermarkets
	Full-line discount stores

This questionnaire is strictly confidential and your responses will be treated with total anonymity.

SECTION A : *(Attributes that are important to you)*

Detailed below are features regarding service quality relating to wide-variety merchandise retailers.

Please indicate the extent to which you consider the feature important by circling ONE of the five numbers to the statement. Score the level of importance by using the following scale. There are no right or wrong answers.

1	2	3	4	5
↓	↓	↓	↓	↓
unimportant	not really important	of neutral importance	important	very important

1. Stores should have modern looking equipment and fixtures.

1	2	3	4	5

2. Stores physical facilities should be visually appealing.

1	2	3	4	5

3. The store layout should be arranged in a way that, it makes it easy for customers to find what they need.

1	2	3	4	5

4. The store should have clean and convenient public areas (such as restrooms and fitting rooms).

1	2	3	4	5

5. The store layout should be arranged in such a way that it makes it easy for customers to move around in the store.

1	2	3	4	5

6. When a store promises to do something by a certain time, they should do so (e.g. delivery).

1	2	3	4	5

7. The store should perform services right, the first time.

1	2	3	4	5

8. Stores should have merchandise available when the customer wants it.

1	2	3	4	5

9. Stores should keep records accurately.

1	2	3	4	5

10. Employees in the stores should have the knowledge to answer customers questions about the products they sell.

1	2	3	4	5

11. The behaviour of employees should instill confidence in customers.

1	2	3	4	5

12. Customers should feel safe when transacting with the store.

1	2	3	4	5

13. Employees in the store should give prompt service to customers.

1	2	3	4	5

14. Employees in the store should tell customers what services the store provides.

1	2	3	4	5

15. The store should make provision for customers with special needs (eg.physically handicapped).

1	2	3	4	5

16. The store should give customers individual attention.

1	2	3	4	5

17. Employees in the store should be consistently courteous with all customers.

1	2	3	4	5

18. The store should be willing to handle returns and exchanges.

1	2	3	4	5

19. When a customer has a problem with the store, the store should show an interest in solving the problem.

1	2	3	4	5

20. Employees in the store should be empowered to handle customer complaints directly and immediately.

1	2	3	4	5

21. Merchandise offered at the store should be of a high quality.

1	2	3	4	5

22. The store should have convenient and safe parking.

1	2	3	4	5

23. Convenient shopping hours should be provided by the store to its customers.

1	2	3	4	5

24. The store should accept major credit cards.

1	2	3	4	5

25. Stores should offer its own in-house credit facility.

1	2	3	4	5

SECTION B: (Your perception – of actual services provided)

We would like to know how satisfied or dissatisfied you are with the performance of these retail stores. Again, circle the number which best reflects your view. This time score your level of satisfaction or dissatisfaction by using the following scale:

1	2	3	4	5
totally dissatisfied	dissatisfied	of neutral satisfaction	satisfied	highly satisfied

1. The stores have modern looking equipment and fixtures.

1	2	3	4	5

2. The stores physical facilities are visually appealing.

1	2	3	4	5

3. The store layout is arranged in a way that, it makes it easy for customers to find what they need.

1	2	3	4	5

4. The store has clean and convenient public areas (such as restrooms and fitting rooms.)

1	2	3	4	5

5. The store layout is arranged in such a way that it makes it easy for customers to move around in the store.

1	2	3	4	5

6. When a store promises to do something by a certain time, it is done.(eg delivery).

1	2	3	4	5

7. The stores performs the service right, the first time.

1	2	3	4	5

8. Stores have merchandise available when the customer wants it.

1	2	3	4	5

9. Stores keep records accurately.

1	2	3	4	5

10. Employees in the stores have the knowledge to answer customers questions about products they sell.

1	2	3	4	5

11. The behaviour of employees instill confidence in customers.

1	2	3	4	5

12. Customers feel safe when transacting with the store.

1	2	3	4	5

13. Employees in the store provides prompt service to customers.

1	2	3	4	5

14. Employees in the store inform customers what services the store provides.

1	2	3	4	5

15. The store makes provision for customers with special needs (physically handicapped and the frail).

1	2	3	4	5

16. The store provides customers with individual attention.

1	2	3	4	5

17. Employees in the store are consistently courteous with customers.

1	2	3	4	5

18. The store is always willing to handle returns and exchanges.

1	2	3	4	5

19. When a customer has a problem with the store, the store shows an interest in solving the problem.

1	2	3	4	5

20. Employees in the store are empowered to handle customer complaints directly and immediately.

1	2	3	4	5

21. Merchandise offered at the store is always of a high quality.

1	2	3	4	5

22. The store has convenient and safe parking.

1	2	3	4	5

23. Convenient shopping hours are provided by the store to its customers.

1	2	3	4	5

24. The store accepts major credit cards.

1	2	3	4	5

25. Stores offer its own in-house credit facility.

1	2	3	4	5

SECTION C: *(General information)*

In this section, we kindly request you to provide us a few details about yourself. This is important as different groups of customers often have different needs, and it will therefore help us to make a fairly accurate analysis of the survey.

Please complete the following by circling the correct gender or number.

1. Kindly indicate your gender.

Male	Female

2. Please indicate your income category per annum.

0 - 40 000	1
40001 - 70 000	2
70001 - 120 000	3
120001- 180 000	4
180001+	5

3. Please indicate your age.

21 - 35	1
36 - 45	2
46 - 55	3
56 - 65	4
66+	5

THANK YOU VERY MUCH FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE. YOUR VIEWS ARE MUCH APPRECIATED.

RETURN DATE: 17 February 2001.

Please return your completed questionnaire using the postage paid addressed envelope to : The Researcher-M.Dhurup, 103 Watsonia drive, Tongaat, 4400.

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