

**AN APPLICATION OF SERVQUAL TO DETERMINE  
CUSTOMER SATISFACTION OF FURNITURE RETAILERS  
IN SOUTHERN AFRICA: A CROSS - NATIONAL STUDY**

---

**Shaun Prithivirajh**

Thesis submitted in fulfilment of the requirements for the degree **Philosophiae  
Doctor Business Management** at the Vaal Campus of the North - West  
University.

**Promoter: Prof C.J. May**

**Vanderbijlpark**

**August 2013**

## DECLARATION

---

I, **Shaun Prithvirajh** declare that **AN APPLICATION OF SERVQUAL TO DETERMINE CUSTOMER SATISFACTION OF FURNITURE RETAILERS IN SOUTHERN AFRICA: A CROSS - NATIONAL STUDY** is my own work, that all the sources used or quoted have been identified and acknowledged by means of complete references, and that this dissertation has not previously been submitted by me for a degree at any other university.

Signature: \_\_\_\_\_

August 2013

## LANGUAGE EDITING

Mary Hoffman  
55 May Avenue  
ARCON PARK  
1939

Tel: 016 428 1577  
Cell: 073 147 8764

E-mail:  
maryhoffman@telkomsa.net

---

16 August 2013

### To Whom It May Concern

This certifies that the following dissertation/thesis has been edited for language accuracy and fluency. I trust that all corrections and suggestions made have been applied after due consideration by the author of the document:

***An application of SERVQUAL to determine customer satisfaction of furniture retailers in Southern Africa: a cross-national study***

Submitted in fulfilment of the requirements of the PhD degree

by

**Shaun Prithvirajh**



**Mary Hoffman**

(SATI Registration: 1001632)

## **STATISTICAL ANALYSIS**

To whom it may concern

This serves to confirm that Professor Bennie Grobler (University of Johannesburg, Soweto Campus) completed the statistical analysis for the PhD thesis titled:

**AN APPLICATION OF SERVQUAL TO DETERMINE CUSTOMER  
SATISFACTION OF FURNITURE RETAILERS IN SOUTHERN AFRICA: A  
CROSS - NATIONAL STUDY**

**August 2013**

## **ACKNOWLEDGEMENTS**

A word of thanks to the following persons for their assistance in completing this study:

- To my supervisor, Professor Christopher May, for his guidance and willingness to assist.
- To my statistical consultant, Professor Bennie Grobler.
- To my wife, Jenisha and my daughter Cheyenne, for understanding the time commitment that this study required.
- To my parents, Steve and Teresa who gave me the gift of education and the constant encouragement to study further.

## **ABSTRACT**

### **AN APPLICATION OF SERVQUAL TO DETERMINE CUSTOMER SATISFACTION OF FURNITURE RETAILERS IN SOUTHERN AFRICA: A CROSS-NATIONAL STUDY**

**KEY WORDS:** SERVQUAL, SOUTHERN AFRICA, RETAIL, CULTURE, EXPECTATIONS, PERCEPTIONS.

Africa, and Southern Africa in particular, has been identified by both South African and international retail chains as an area for growth. Because conflict on the continent has all but dissipated, economic growth naturally follows political stability. Africa, with its wealth of resources, provides attractive markets for international investors. This increased investment leads to a growing middle class, with growing needs for goods and services. The reason for the interest from organised retail is therefore obvious. The challenge, however, is that, given the size of the individual markets in Southern Africa, it is not financially viable to have an independent marketing strategy for each market. There is no cross-national empirical research that has measured customers' expectations and perceptions, allowing marketers to develop financially viable marketing strategies. This research, which can be considered an exploratory study, attempted to fill that void.

Quality is an elusive and indistinct construct, and as such, it is difficult to measure. A large body of customer satisfaction/dissatisfaction literature acknowledges the importance of expectations in the customers' evaluation (perception) of their service experience. Although there are several models which have been used to measure service quality, SERVQUAL remains the most popular. It has been successfully adapted to a range of service and retail environments, more especially in emerging markets. This study also employs an adapted SERVQUAL instrument to measure customer satisfaction levels in Southern Africa.

The main objective of this study was to investigate the similarities in and differences between the perceptions and expectations regarding service quality of the customer groups of retail stores in different Southern African countries in order to develop financially viable retail strategies. In order to achieve this, the following secondary objectives were identified:

- To determine the applicability of the adapted SERVQUAL model in Southern African countries.
- To determine, by means of a cross-national study, whether other dimensions of service quality are relevant in the development of a service quality model in a Southern African context.

The research population constituted all the existing and potential customers of Beares, Ellerines and FurnCity stores in Namibia, Botswana, Zambia, Swaziland, Lesotho and South Africa. Six hundred questionnaires in total were distributed, one hundred being sent to different stores in each of the six countries. Stores were chosen from both rural and metropolitan areas. This was a convenience sample and an interviewer-administered survey. Existing and prospective customers were intercepted in the store and interviewed by store managers.

The findings indicated that there were statistically significant differences between expectations and perceptions in two factors of the measuring scale. Although the measuring instrument SERVQUAL was found to be both valid and reliable, only two factors were loaded during the analysis stage, and, as a result, the adaptability of SERVQUAL is questionable. The effect of culture does not form part of the SERVQUAL measuring scale yet service quality literature indicates that national cultures affect both the perceptions and the expectations of service quality.

## UITTREKSEL

### **'n TOEPASSING VAN SERVQUAL OM KLANTE VAN MEUBELKLEIN- HANDELAARS SE TEVREDENHEIDSVLAKKE IN SUIDER-AFRIKA TE BEPAAAL: 'n NASIONALE KRUISSTUDIE.**

**SLEUTELWOORDE:** SERVQUAL, SUIDER-AFRIKA, PERSEPSIES, KULTURELE VERWAGTINGE, KLEINHANDELSKETINGWINKELS.

Suid-Afrikaanse en internasionale kleinhandelskettingwinkels het Suider-Afrika, en veral Suid-Afrika, as gebiede met bogemiddelde groeipotensiaal geïdentifiseer. Afname in Afrika-konflik en die gevolglike politiese stabiliteit lei tot positiewe ekonomiese groei, en gevolglik is Afrika, met sy rykdom van hulpbronne, 'n aantreklike mark vir internasionale beleggers. Hierdie verhoogde beleggingsgroei lei op sy beurt tot 'n groter middelklas met groeiende behoefte vir produkte en dienste. Dit is dus vanselfsprekend dat die georganiseerde kleinhandelbedryf 'n belangstelling in hierdie mark toon. As gevolg van die grootte van elke afsonderlike mark in Suider-Afrika, is dit nie werklik finansiëel haalbaar om 'n selfstandige bemarkingstrategie vir elke mark te ontwikkel nie. Verder bestaan daar nie tans enige nasionale empiriese kruisnavorsing oor die verwagtinge en persepsies van klante nie, wat die finansiële haalbaarheid van die ontwikkeling van onafhanklike bemarkingstrategieë verder kompliseer. Die navorsing in hierdie dokument kan dus gesien word as 'n verkenningsstudie wat beoog om hierdie gaping te vul.

Kwaliteit is 'n baie en moeilik definieerbare begrip, wat dit uiters moeilik maak om te meet. Daar is 'n oorvloed van inligting oor die tevredenheids- en ontevredenheidsvlakke van klante wat die klant se ervaring (persepsie) tydens die dienssituasie beklemtoon. Alhoewel daar 'n magdom modelle bestaan waarvolgens diensvlakke gemeet kan word, bly SERVQUAL die beste opsie. SERVQUAL is met welslae aangepas om in 'n reeks diens- en kleinhandel-dataomgewings te kan werk, veral dié in ontwikkelende markte. Die SERVQUAL-meetinstrument is ook aangepas om Suider-Afrikaanse klante se tevredenheidsvlakke te meet.

Die hoofdoel van hierdie studie was om die ooreenkomste en verskille tussen persepsies oor en verwagtinge van kwaliteitsdiens van klante van kleinhandelwinkels in verskillende lande in Suider-Afrika te bepaal, met die oog daarop om finansiëel haalbare handelstrategieë te

ontwikkel. Met hierdie eindresultaat in gedagte is die volgende sekondêre doelwitte geïdentifiseer:

- Om die toepasbaarheid van die aangepaste SERVQUAL-model in Suider-Afrikaanse lande te bepaal.
- Om deur middel van nasionale kruisstudie te bepaal of enige ander diens-kwaliteitsmetings van toepassing sou wees vir die ontwikkeling van dienskwaliteitsmodel vir die Suider-Afrikaanse konteks.

Die ondersoekgroep het uit al die huidige en potensiele klante van Beares, Ellerines en FurnCity se winkels in Namibië, Botswana, Zambië, Swaziland, Lesotho en Suid-Afrika bestaan. Totaal van seshonderd vraelyste is uitgestuur; een honderd per land wat dan weer verder per winkelgroep verdeel is. Beide stedelike en plattelandse gebiede is gedek. Onderhoudvoerders – in hierdie geval die winkelbestuurders – het die opnames in steekproefformaat uitgevoer deur bestaande en potensiele klante in hulle winkels te nader om hulle menings in te samel. Daar het beduidende statistiese verskille tussen die persepsies en die verwagtinge in twee van die faktore van die metingskaal voorgekom. Alhoewel die SERVQUAL-instrument as beide geldig en betroubaar bevind is, het slegs twee faktore tydens die analisefase voorgekom/uitgestaan, wat daarop dui dat die aanpasbaarheid van SERVQUAL bevraagteken kan word. Die invloed van kultuur het nie deel van die SERVQUAL-metingskaal gevorm nie, alhoewel literatuur oor dienskwaliteit aandui dat nasionale kultuur beide persepsies oor en verwagtinge van dienskwaliteit beïnvloed.

## CONTENTS

DECLARATION .....	ii
LANGUAGE EDITING.....	iii
STATISTICAL ANALYSIS.....	iv
ACKNOWLEDGEMENTS .....	v
ABSTRACT .....	vi
UITTREKSEL .....	viii

### CHAPTER 1

#### INTRODUCTION AND BACKGROUND TO THE STUDY

1.1	Introduction.....	10
1.2	Role of perceptions and expectations.....	11
1.3	Comparison of selected service quality models.....	13
1.4	Critique of customer satisfaction measurement and the effect of culture.....	17
1.5	Background and importance of the study .....	20
1.6	Problem statement .....	21
1.7	Research objectives of the study.....	24
1.7.1	Primary research objective.....	24
1.7.2	Secondary research objectives.....	24
1.8	Research design.....	24
1.8.1	Secondary research.....	24
1.8.2	Primary research.....	25
1.8.2.1	Population, sample frame and sampling method.....	25
1.8.2.2	Questionnaire design .....	25
1.8.2.3	Pilot testing of questionnaire.....	26
1.9	Data processing and analysis.....	26
1.10	Contribution of the research study.....	26
1.11	Limitations of the study.....	27
1.12	Structure of the research study.....	27
1.13	Conclusion.....	28

## CHAPTER 2

### THE LITERATURE REVIEW

2.1	Introduction.....	29
2.2	Customer satisfaction.....	29
2.2.1	Customer loyalty.....	31
2.2.2	Customer relationship marketing (CRM).....	32
2.3	SERVQUAL.....	33
2.3.1	Aspects of technical (objective) and functional (perceived) quality.....	35
2.3.2	Service quality as attitude.....	35
2.4	The relationship between service quality and satisfaction.....	36
2.5	How is service quality measured?.....	36
2.6	Gap Analysis Model.....	39
2.6.1	Gap Model of service quality.....	39
2.6.1.1	Service Provider Gap 1 (Information Gap).....	40
2.6.1.2	Service Provider Gap 2 (Specifications Gap).....	40
2.6.1.3	Service Provider Gap 3 (Performance Gap).....	40
2.6.1.4	Service Provider Gap 4 (Communications Gap).....	40
2.6.1.5	Service Customer Gap 5 (Perceived Service Quality Gap).....	41
2.7	Extended Gaps Model of service quality.....	43
2.7.1	Criticisms of Gaps Model .....	44
2.8	An example of SERVQUAL research.....	44
2.8.1	SERVQUAL studies conducted in other developing countries .....	46
2.9	Retail Service Quality Scale (RSQS).....	48
2.9.1	An example of RSQS.....	49
2.10	Zones of tolerance.....	51
2.11	Cultural differences.....	52
2.11.1	Hofstede's model.....	53
2.11.2	National culture.....	57
2.11.3	Socio-economic differences.....	58
2.11.4	The effect of salespeople on service delivery.....	60
2.12	Comparative studies.....	61
2.13	Conclusion.....	64

## CHAPTER 3

### SAMPLING DESIGN AND QUESTIONNAIRE DEVELOPMENT

3.1	Introduction.....	66
3.2	Background to the adapted SERVQUAL instrument.....	66
3.3	Research paradigm.....	68
3.4	Research design.....	68
3.5	Population and sample.....	69
3.6	Validity and reliability of the research instrument.....	70
3.6.1	Reliability.....	71
3.6.2	Validity.....	71
3.6.2.1	Content validity.....	71
3.6.2.2	Construct validity.....	72
3.6.2.3	Criterion validity.....	73
3.7	Descriptive statistics of the demographic data.....	73
3.8.	Country of residence.....	74
3.8.1.1	Namibia.....	75
3.8.1.2	Botswana.....	77
3.8.1.3	Zambia.....	79
3.8.1.4	Swaziland.....	81
3.8.1.5	Lesotho.....	83
3.8.1.6	South Africa.....	85
3.8.2	Gender.....	87
3.8.3	Age.....	87
3.8.4	Repeat customers.....	87
3.8.5	Brand of store.....	88
3.8.6	Distance customers live from the store.....	89
3.9	Collective customer perceptions of service delivery (Section 2 of the questionnaire) of all the countries sampled using mean scores.....	89
3.10	Customer expectations of service delivery (Section 3 of the questionnaire) in all the countries sampled according to the mean scores obtained.....	91
3.11	Synthesis of descriptive analysis.....	92
3.12	Conclusion.....	94

## CHAPTER 4

### ANALYSIS OF THE DATA

4.1	Introduction.....	95
4.2	Factor analysis of the items dealing with the perceptions and expectations of customers regarding service delivery.....	95
4.2.1	Factor analysis of the items present in Section 3 of the questionnaire.....	97
4.2.2	Factor analysis of the items present in Section 2 of the questionnaire.....	101
4.2.3	Comparison of all customers in the sample regarding their expectations and perceptions of service delivery.....	101
4.3.1	Comparing two independent groups with the perceived and expected factors of service delivery.....	105
4.3.1.1	Differences between the gender groups on the four factors.....	106
4.3.1.2	Differences between first-time and repeat customer groups regarding the four factors involved in service delivery.....	106
4.3.1.3	Differences between the distance from the store groups regarding the four factors of service delivery.....	108
4.3.2	Comparing three or more independent groups with the perceived and expected factors of service delivery.....	109
4.3.2.1	Comparing the three age groupings for significant differences on the four service delivery factors.....	110
4.3.2.2	Comparing the three brand groupings for significant differences for the four factors of service delivery.....	110
4.3.2.3	Comparing the Southern African countries in the sample for significant differences on the four service delivery factors.....	111
4.3.2.4	Expectations of the service delivery of employees (FEE1.1).....	113
4.3.2.5	Perceptions of service delivery of employees (FPE1.1).....	114
4.3.2.6	Expectations of service delivery of the store (FES1.2).....	115
4.3.2.7	Perceptions of service delivery of the store (FPS1.2).....	116
4.4	Service quality (SQ) as the difference between perceptions (FP2.1) and expectations (FE2.1) of the countries sampled.....	117
4.4.1	Service quality of employees (FPE1.1 – FEE1.1).....	118
4.4.2	Service quality of store (FPS2.1 – FES2.1).....	119

4.5	Comparison of differences between individual items regarding service quality.....	120
4.6	Determining the best predictors of the expectations factor (FE2.1) of service delivery using multiple regression analysis.....	125
4.7	Analysis of section 4 of the questionnaire.....	127
4.8	Weighted SERVQUAL .....	130
4.8.1	A comparison of all customers in the sample using the importance weighted SERVQUAL.....	131
4.8.2	A comparison of the Southern African countries using the importance weighted SERVQUAL.....	134
4.8.2.1	A comparison of the Southern African countries using the importance weighted SQ of <i>employee factor</i> with Bonferroni correction.....	135
4.8.2.2	A comparison of the Southern African countries using the importance weighted SQ of the <i>store</i> factor with Bonferroni correction.....	136
4.8.3	A comparison of the brand stores using the importance weighted SERVQUAL.....	138
4.9	Synthesis of statistical analyses.....	139
4.10	Conclusion.....	142

## CHAPTER 5

### RECOMMENDATIONS AND CONCLUSIONS

5.1	Introduction.....	144
5.2	Addressing the problem statement.....	144
5.3	Addressing the primary research objective.....	144
5.3.1	Expectations held of employees.....	145
5.3.2	Perceptions held of employees.....	145
5.3.3	Expectations of the store.....	146
5.3.4	Perceptions of the store.....	146
5.3.5	The difference between perceptions and expectations.....	147
5.4	Addressing the secondary research objectives.....	147
5.4.1	Adaptability of SERVQUAL.....	148
5.4.2	Relevant dimensions in the development of a service quality model.....	149
5.5	Recommendations for closing identified service delivery gaps as identified in Table 4.11 .....	150

5.5.1	Store appearance (Pair 1 & 2) .....	150
5.5.2	Customer communication (Pair 14 & 17) .....	151
5.5.3	Stock (Pair 6 & 7) .....	152
5.5.4	Merchandise display (Pair 6) .....	152
5.5.5	After-sales service (Pair 4 & 5) .....	153
5.5.6	Service delivery by employees (Pair 8, 9, 11 & 12) .....	154
5.6	Conclusion.....	154

LIST OF REFERENCES.....	155
APPENDIX 1: Adapted SERVQUAL Questionnaire.....	169
APPENDIX 2: RSQS Questionnaire.....	173
APPENDIX 3: Review of Service Quality Scales.....	174
APPENDIX 4: Transcript- Operations Director interview.....	187

LIST OF TABLES

Table 1.1:	Key determinants used in other selected studies of service quality.....	18
Table 2.1:	Examples of SERVQUAL Studies.....	46
Table 2.2:	Examples of SERVQUAL in Developing Countries .....	47
Table 2.3:	Selected Examples of RSQS Studies.....	50
Table 3.1:	Frequency of country where data were collected .....	75
Table 3.2:	Frequency Table of location of stores in Namibia.....	76
Table 3.3:	Frequency Table of location of stores in Botswana.....	78
Table 3.4:	Frequency Table of location of stores in Zambia.....	80
Table 3.5:	Frequency Table of location of stores in Swaziland.....	81
Table 3.6:	Frequency Table of location of stores in Lesotho.....	83
Table 3.7:	Frequency Table of location of stores in South Africa.....	85
Table 3.8:	Frequency of the three age groups.....	87
Table 3.9:	Repeat customers of the store.....	88
Table 3.10:	Frequencies indicating various brand names sampled in regions.....	88
Table 3.11:	Ranked mean scores of perceptions of customers regarding service delivery ...	90
Table 3.12:	Ranked mean scores of the expectations of customers regarding service delivery .....	92
Table 4.1:	The pattern matrix formed by SPSS showing the factor loadings.....	98

Table 4.2:	Descriptive statistics of the perceptions and expectations factors.....	102
Table 4.3:	The paired samples t-test [Expectations (FE2.1) – Perceptions (FP2.1)].....	102
Table 4.4:	Paired samples test of the expectations versus the perceptions regarding the employees (FEE1.1- FPE1.1).....	103
Table 4.5:	Paired samples t-test of the expectations versus the perceptions regarding the service delivery of the store (FES1.2 – FPS1.2).....	103
Table 4.6:	Data for the Wilcoxon signed rank test.....	104
Table 4.7:	Significance of differences between the two gender groups with respect to the four factors.....	106
Table 4.8:	Significance of differences between first time and repeat customer groups with respect to the four factors of service delivery.....	107
Table 4.9:	Significance of differences between the two distances from the store groups with respect to the four service delivery factors.....	108
Table 4.10:	Significance of differences among the countries with respect to the four expectation and perception service delivery factors.....	112
Table 4.11:	The paired between the perceptions and the expectations items.....	121
Table 4.12:	Coefficients of the regression model.....	126
Table 4.13:	Descriptive statistics for items in Section 4 of the questionnaire.....	128
Table 4.14:	The Kruskal-Wallis test for section 4 of the questionnaire.....	129
Table 4.15:	Importance of perceptions of service quality (Imp_FP2.1) compared with the importance of the expectations of service quality (Imp_FE2.1).....	132
Table 4.16:	The difference between the importance of perceptions and expectations with respect to the service quality of employees.....	132
Table 4.17:	Paired differences between the importance of perceptions of the SQ of store (Imp_FPS1.2) and importance of expectations of SQ Of Store (Imp_FES1.2)...	133
Table 4.18:	Differences among countries on the employee service Quality Factor (Imp_FPE1.1 - Imp_FEE1.1).....	135
Table 4.19:	Differences among countries on the store service quality factor (Imp_FPS1.2- Imp_FES1.2).....	137

**LIST OF FIGURES**

Figure 1.1:	Zone of tolerance.....	12
Figure 1.2:	Grönroos' Service Quality Model.....	13
Figure 2.1:	Factors contributing to customer satisfaction.....	31

Figure 2.2:	Determinants of Perceived Service Quality.....	34
Figure 2.3:	Conceptual Gap Model of Service Quality.....	42
Figure 2.4:	The Extended Gaps Model of Service Quality.....	43
Figure 2.5:	Zones of Tolerance Theory .....	51
Figure 2.6:	Service quality dimensions.....	64
Figure 3.1:	Customers perceived service delivery.....	67
Figure 3.2:	The means of the perceptions of service delivery (FP2.1) in the various locations in Namibia.....	76
Figure 3.3:	The means of the expectations of service delivery (FE2.1) at the various locations in Namibia .....	77
Figure 3.4:	The means of the perception of service delivery (FP2.1) at the various locations in Botswana.....	78
Figure 3.5:	The means of the expectations of service delivery (FE2.1) in the various locations in Botswana.....	79
Figure 3.6:	The means of the perceptions of service delivery (FP2.1) in the various locations in Zambia.....	80
Figure 3.7:	The means of the expectations of service delivery (FE2.1) in the various locations in Zambia.....	81
Figure 3.8:	The means of the perceptions of service delivery (FP2.1) in the various locations in Swaziland.....	82
Figure 3.9:	The means of the expectations of service delivery factor (FE2.1) in the various locations in Swaziland.....	83
Figure 3.10:	The means of the perceptions of service delivery factor (FP2.1) in the various locations in Lesotho.....	84
Figure 3.11:	The means of the expectations of service delivery factor (FE2.1) at the various locations in Swaziland.....	84
Figure 3.12:	The means of the perceptions factor (FP2.1) at the various locations in South Africa.....	86
Figure 3.13:	The means of the expectations of service delivery (FE2.1) at the various locations in South Africa.....	86
Figure 4.1:	The factor plot with oblique rotation.....	99
Figure 4.2:	Histogram and box plot showing the expectations held for service delivery.....	100

Figure 4.3:	Expectations minus perceptions or perceptions minus expectations.....	105
Figure 4.4:	The difference between perceptions held of employees and expectations held of employees and distance from the store.....	109
Figure 4.5:	The difference between perceptions and expectations of the service delivery and brand of the store.....	111
Figure 4.6:	A comparison among the countries sampled of the expectations held regarding service delivery of employees .....	114
Figure 4.7:	A comparison of the perceptions held of employees regarding service delivery among the countries sampled.....	115
Figure 4.8:	A comparison of the expectations held of the store regarding service delivery among the countries sampled.....	116
Figure 4.9:	A comparison of the perceptions held of the store regarding service delivery among the countries sampled.....	117
Figure 4.10:	The service quality as the difference between perceptions and expectations of the six Southern African countries in the sample.....	118
Figure 4.11:	The service quality as the difference between perceptions held of employees and expectations held of employees of the six countries in the sample .....	119
Figure 4.12:	The service quality as the difference between perceptions of the store and expectations of the store regarding the six countries in the sample.....	120
Figure 4.13:	The differences between the perceptions and expectations of selected pairs of items... ..	124
Figure 4.14:	Mean scores of the various countries regarding item 4.3 in Section 3 of the questionnaire.....	130
Figure 4.15:	Difference between the importance of the service qualities of employees and the importance of service quality of the store.....	134
Figure 4.16:	The differences among countries between the importance of the employee service Quality factor (Imp_FPE1.1 - Imp_FEE1.1).....	136
Figure 4.17:	The differences among countries on the importance of the store service quality factor (Imp_FPS1.2 - Imp_FES1.2).....	137
Figure 4.18:	Mean scores of the brand stores on the importance of service quality of the store.....	138
Figure 5.1:	Two factor Service Quality Scale.....	149

## CHAPTER 1

### INTRODUCTION AND BACKGROUND TO THE RESEARCH STUDY

#### 1.1 Introduction

Service delivery is paramount to the success of any firm. Consistently high levels of service delivery can assist in developing a core of loyal customers, contributing to the bottom line of the firm. Various scales have been developed to measure service quality satisfaction as a means of improving the delivery of the service quality of firms. Some of the scales are generic, while others are very industry-specific. The Service Quality (SERVQUAL) model, the mainstream method of measuring service quality, was developed by Parasuraman, Zeithaml and Berry (1985; 1988). Most of the research on quality before 1985 concentrated on physical goods. Industry-specific scales have also been developed by researchers and academics.

Ladhari (2008), in conducting a review of research done on service quality from 1990 to 2007, analysed 14 studies across different industries in terms of sample size, questionnaire administration, data analysis procedures, scales used, number of dimensions analysed and the reliability of the scales. Although the SERVQUAL model is the generic model used for measuring service delivery across different industries and cultural backgrounds, Ladhari (2008: 68) suggested that industry-specific measures might be more appropriate than a single generic scale. Dabholkar, Thorpe and Rentz (1996) developed a scale to measure the service quality of retail stores and compared it with that of the SERVQUAL instrument (see Appendices 1 and 2 for the questionnaires used in the two studies). They, like Ladhari (2008), arrived at the conclusion that industry-specific scales were more appropriate.

One of the challenges of researching service delivery is the difficulty of measuring it (Parasuraman *et al.* 1985: 41; Ladhari, 1996: 70). Parasuraman *et al.* (1985: 41) are more specific, stating that “quality is an elusive and indistinct construct”. Characteristics of intangibility, heterogeneity, perishability and inseparability of services confound the measurement of the quality of services. These four main characteristics of service quality greatly increase the degree of perceived risk in the purchasing and use of services (Mitchell & Greator, 1993: 182). The challenge for any firm is to reduce the perceived risks and the anxiety of prospective customers.

Given that services are heterogeneous, hence the delivery of services may differ from one service encounter to another and the performances of the employees of firms may differ from one encounter to the next (Parasuraman *et al.* 1985: 42). This also presents a challenge to a firm to deliver a consistent quality of service. Another characteristic of service is that production and consumption are activities that take place simultaneously. In the delivery of the service, the customers are involved in the production process and may either positively or negatively affect the outcome of the encounter. Services are also perishable as they cannot be saved, stored, resold or reduced (Duclos, Siha & Lummus, 1995: 38). Therefore, every encounter in the delivery of service quality is vital in developing and retaining customers and there is a need to develop strong recovery strategies if something should go wrong. Service recovery strategies will include employee initiatives to make the service fail-safe, to encourage and track complaints and to cultivate relationships with customers (Freyman & Cuff, 2010: 382).

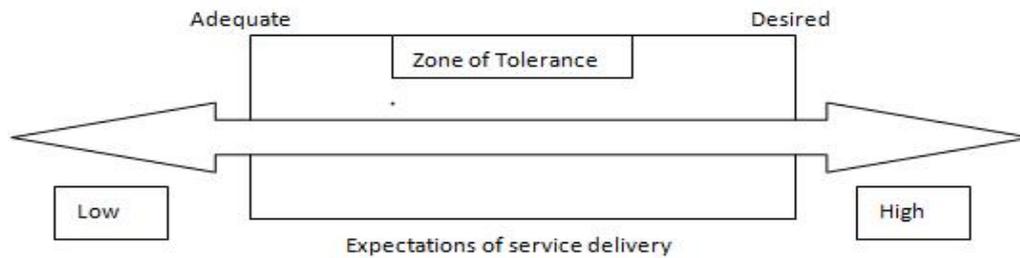
## **1.2 Role of perceptions and expectations**

Tse and Wilton (1988: 205) argued that the customer satisfaction/dissatisfaction literature acknowledges the importance of expectations in the customers' evaluation of their service experience. They generally agree that expectations act as a reference point for customers to assess service performance. However, as highlighted by Cronin and Taylor (1992: 125), there is an ongoing debate as to how best to incorporate expectations into service quality measurement scales. They further question the empirical usefulness of expectations in terms of their explanatory power.

Generally, researchers have treated expectations as normative standards, the customers' views about what a service provider should offer. Customer satisfaction/dissatisfaction researchers view expectations as predictive standards, what customers believe a service provider should offer. To better understand the various standards of expectations, Zeithaml, Berry and Parasuraman (1993) conducted a multi-sector investigation and developed an integrative model of customers' service expectations. They posited that customer expectations exist at two levels:

- Desired service: A combination of what customers believe can be and should be provided.
- Adequate service: The minimum level of service customers are willing to accept.

These two levels are separated by a “zone of tolerance”, which represents a range of services which will be satisfactory to the customer (see Figure 1.1).



**Figure 1.1: Zone of Tolerance**

**Source:** Parasuraman, Berry and Zeithaml (1991: 421)

Perceived quality is the customer’s judgement about a product’s service excellence or superiority (Zeithaml *et al.* 1988: 3). Perceived product quality is the result of a cultural assessment ranging from “bad” to “good”, characterised by a high abstraction level and referring to a specific consumption setting. The importance of perception has an impact on purchase intentions of goods and services. Consumers who perceive a product or service to be of high quality have higher intentions to purchase than those who perceive a product or service as being of inferior quality (Carman, 1990:37; Boulding, Karla, Staelin & Zeithaml, 1993:11).

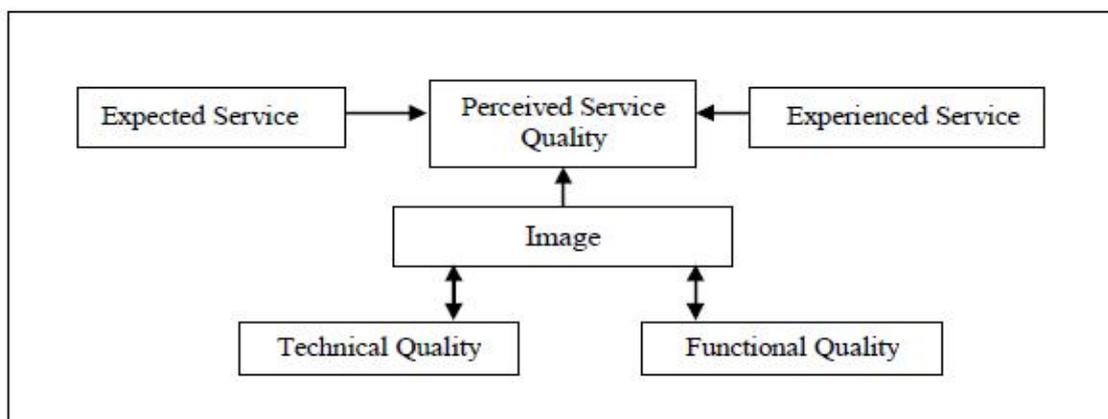
However, research also suggests that negative perceptions of a product or service quality have little to no effect on intentions to purchase, and that perceptions are largely shaped by satisfaction after the purchase has been made (Cronin & Taylor, 1992: 57). Although Alhabeeb (2004: 1) argued that perceived quality is generally a post-purchase construct, some researchers contend that perceived quality is both a pre- and post-purchase construct, as previous product or service experience is not needed to assess quality (Kuksov & Xie, 2008: 9). The next section presents a comparison of selected service quality models to provide an insight into views presented by researchers in this area of research.

### 1.3 Comparison of selected service quality models

The understanding of service quality and the best way to measure it is an ongoing debate in the field of services marketing. As a result, service quality models, especially the perceived service quality model (Grönroos, 1984) and the gaps model (Parasuraman *et al.* 1985) have emerged as dominant theories that have evolved over the past two decades.

Grönroos, in his 1984 article “A Service Quality Model and Its Marketing Implications”, designed a conceptual model for service quality in order to explain the concept of service quality. After examining key attributes of service quality, he stressed that for businesses to be successful they must understand customers’ expectations and perceptions of service quality, as these have a direct effect on the customer’s choice of a service provider. His main argument centres on the notion that the image dimension influences perceived service quality.

He further claimed that service quality concepts should include what customers are seeking, what they are assessing and how the service is delivered. The model makes a distinction between the technical and functional dimensions of service quality. The technical dimension is the final result of the customer’s interaction with service providers or businesses. The functional dimensions reflect how the service is delivered, or the way through which customers obtain the technical outcomes of services (see Figure 1.2).



**Figure 1.2: Grönroos’s Service Quality Model**

**Source:** Grönroos (1984: 40)

Grönroos (1984: 41) also argued that the image of the business serves as a filter which modifies customers' perceptions of service quality. In 2001, he identified a list of determinants of good service quality, which he further refined to seven in 2007, namely:

1. Professionalism and Skills
2. Attitudes and Behaviours
3. Accessibility and Flexibility
4. Reliability and Trustworthiness
5. Service Recovery
6. Servicescape
7. Reputation and Credibility

Tayeb (2007: 20), however, argued that Grönroos's model was intended to offer a conceptual framework to understand service quality and not as a measurement model.

Developed by Parasuraman *et al.* (1988), the SERVQUAL model is widely known in the services sector. Their aim was to develop a scale of multiple items to measure service quality, which was the difference between expectations and perceptions. They also identified 10 dimensions and used 97 items to describe these dimensions, which were rated by customers based on their expectations and perceptions, using Likert scales. Their responses varied from "strongly agree" (7) to "strongly disagree" (1). They later refined the scale by decreasing the number of items used, as well as the number of dimensions, which was later reduced to five. They tested this version by means of a mail survey which enabled them to refine the instrument even further to 22 items and to confirm its reliability and validity.

Parasuraman *et al.* (1985: 48), through focus group studies with service providers and customers, also developed a list of ten determinants of service quality, which included the following items:

1. Access
2. Communication
3. Competence
4. Courtesy
5. Credibility
6. Reliability
7. Responsiveness

8. Security
9. Understanding
10. Tangibles

In the next phase of their research, Parasuraman *et al.* (1985: 45) found a high degree of correlation between Communication, Competence, Courtesy, Credibility and Security, and between Access and Understanding. This led to the broad dimensions of Assurance, Empathy Reliability, Responsiveness and Tangibles, which formed the basis of their service quality measurement instrument, SERVQUAL. They further posited that Reliability was the most important dimension, followed by Responsiveness, Assurance and Empathy. They also argued that intangibles were of least importance to service customers. The SERVQUAL scale developed by Parasuraman *et al.* (1988) covered the following dimensions:

- Tangibles – the physical evidence of services such as physical facilities, equipment and the appearance of personnel.
- Reliability – the ability of the service provider to perform the promised service dependably and accurately.
- Responsiveness – the willingness or readiness of employees to help customers and provide prompt service.
- Assurance – the instilling of confidence through aspects such as communication, credibility, security, competence and courtesy.
- Empathy – the provision by the business of caring and individualised attention to customers.

Although these dimensions have received some criticism, they have formed the basis of a considerable amount of research and application in the field of services management.

Finn and Lamb (1991: 489), in a study in retailing, concluded that their results did not support those of Parasuraman *et al.* (1985). The purpose of their study was to assess the validity of SERVQUAL in a variety of business settings, including retail. They argued that the instrument could not be used to measure quality in a wide range of service businesses and that the model's five dimensions were insufficient to cover service quality in a retail environment. Their main

concern was the generic nature of the five dimensions and they suggested that more development was required. Their main findings concluded that:

- SERVQUAL scales do not capture the essence of the service quality construct in retailing.
- Perceived service quality in retailing is not a function of the five constructs identified by Parasuraman, Zeithaml, and Berry (1988).

Cronin and Taylor (1992), in their research into banks, pest control, dry cleaning and fast foods, also found little support for the five dimensions and stated that their results suggested that the five-component structure proposed by the SERVQUAL scale was not confirmed in any of their research samples. Their main findings concluded the following:

- The SERVQUAL model is based on a flawed paradigm and service quality should be measured as an attitude.
- The SERVPERF model is more efficient in that it reduces the number of items from 44 to 22.
- In using Confirmatory Factor Analysis, the chi square statistic revealed a poor fit between the theoretical and the measurement models of the SERVQUAL five-component model.

The research of Johnston and Silvestro (1990) investigated the comprehensiveness of the 10 determinants of Parasuraman *et al.* (1988), using empirical data gathered in 10 UK service businesses. Although they were generally supportive of the 10 determinants, they suggested a refined list of 12, as set out below:

1. Access
2. Appearance/aesthetics
3. Availability
4. Cleanliness/tidiness
5. Comfort
6. Communication
7. Competence
8. Courtesy
9. Friendliness

10. Reliability
11. Responsiveness
12. Security

The limitations of their study are unlike those of Parasuraman *et al.* (1988). Johnston and Silvestro (1990) did not use customer data in order to identify the determinants of service quality but used managements' perceptions of service instead. Many other researchers have also postulated their own determinants of service quality (see Table 1.1). In most cases, however, it appears that these research studies have been based on the work of Parasuruman *et al.* (1985). Table 1.1 highlights some of these studies with the determinants of service quality used in these selected studies. A more detailed analysis of other service quality studies is presented in Chapter 2.

In 1992 Cronin and Taylor researched the measuring capacity of a more concise scale than SERVQUAL, based exclusively on performance. They took the items directly from the SERVQUAL model and criticised the conceptualisation of the SERVQUAL scale, as it had very little theoretical support. Research in services marketing offered considerable support for the idea that service quality measurements based on performance are superior. In view of these criticisms, Parasuraman, Zeithaml and Berry (1994: 215) stated that there is strong theoretical support for the general notion that a customer's assessment after a stimulus invariably occurs in connection with some standard.

Dabholkar *et al.* (1996) used only performance-based measures in their study, rather than the perception–expectation gap. They developed the Retail Service Quality Scale (RSQS), an adaptation of the SERVQUAL model, designed specifically for the retail sector (see Appendix 2). They argued that evidence in the current literature suggests that perceptions have a stronger predictive power than gap scores do. When tested, their scale was found to have strong reliability and validity scores among US retail stores.

#### **1.4 Critique of models of customer satisfaction measurement and the effect of culture**

Grönroos's 1984 model illustrates that perceived service quality is determined by the difference between the expected and the experienced quality. Nevertheless, Seth, Deshmukh

and Vart (2004: 919) argued that this model is over-simplistic because service customers' expectations and perceptions of service quality seem to be influenced by different external factors, including values and cultures, personal experiences and communication sources. They further contended that the model fails to provide any instrument for measuring technical and functional service quality.

**Table 1.1: Key determinants used in other selected studies of service quality**

DATE	RESEARCHER	KEY DETERMINANTS
1996	Dabholkar, Thorpe and Rentz	<ul style="list-style-type: none"> <li>• Scale for retail and not general service settings</li> <li>• Triangulation research design</li> <li>• Hierarchical structure with five dimensions</li> </ul>
1992	Cronin and Taylor	<ul style="list-style-type: none"> <li>• Measured as an attitude instead of satisfaction</li> <li>• Performance-only approach</li> <li>• Effect of service quality on purchase intentions</li> </ul>
1990	Walker	<ul style="list-style-type: none"> <li>• Product reliability</li> <li>• Quality environment</li> <li>• Delivery systems, personal service, staff attitude, knowledge and skills</li> </ul>
1990	Armistead	<ul style="list-style-type: none"> <li>• “firm” – time, fault freeness, flexibility</li> <li>• “soft” – style, steering (customers in control of their own destiny), safety</li> </ul>
1990	Grönroos	<ul style="list-style-type: none"> <li>• Professionalism and skills</li> <li>• Attitudes and behaviours</li> <li>• Accessibility and flexibility</li> <li>• Reliability and trustworthiness</li> <li>• Recovery</li> <li>• Reputation and credibility</li> </ul>
1985	Albrecht and Zemke	<ul style="list-style-type: none"> <li>• Care and concern</li> <li>• Spontaneity</li> <li>• Problem solving</li> <li>• Recovery</li> </ul>

Grönroos's 1984 model is helpful in terms of identifying the links between quality and operational factors, but does not provide a practical procedure capable of identifying service quality problems or practical means of improving service quality. The model also does not address how service quality should be measured (Seth *et al.* 2004: 919).

The conceptual gap models of service quality (SERVQUAL and subsequent modifications) to determine customer satisfaction have been theoretically criticised, especially as regards the aspects of conceptualisation and measurement. Mattila (1999: 379) and Riddle (1992: 304) claim that these gap models have culturally interrelated issues that create a circular debate. Service quality measurement involves a subjective judgement by customers, which is inevitably culturally influenced. The customer has a cultural understanding of the expectations and perceptions set out by the measuring instrument. Furthermore, it is plausible to assume that all businesses want to perform as best as they can to close all service quality and customer satisfaction gaps, which also depends on the cultural background of the business. Ekinic and Riley (1998: 353) argued that service quality is culturally determined and that customers form their expectations based on specific national cultures and values.

Customers' preferences, in terms of perceived service quality, are also formed by the same national cultures and values. National culture, therefore, has an explicit influence on conceptualising perceived service quality because this national culture defines the customers' preferences, as well as their evaluations of perceived service quality. Smith, Dugan and Trompenaars (1996: 244) argued that determining customers' expectations and perceptions involves cognitive processes that result from their social settings or cultural backgrounds. Imrie, Cadogan and McNaughton (2002: 12) claimed that the conceptual gap models of service quality assume that the customer gap is similar for all customers, regardless of their different national cultures, and this raises a theoretical question about the validity of these conceptual gap models.

On the business side, national culture is an important relational factor in delivering service quality. National culture influences how businesses and their employees close and eliminate service quality gaps. Rosene (2003: 52) argued that the conceptual gap models of service quality (discussed in further detail in Chapter 2) require additional explanations based on a cultural approach, and that the culture factor "cuts across" all the quality gaps in delivered services. Rosene (2003: 54) believes that an additional gap, which he termed the "complacency gap", needs to be added to the four internal service provider gaps. Rosene's critical review identifies the role of culture in conceptualising and measuring service quality. This proposed new gap indicates a need to consider the cultural approach when trying to understand how quality gaps in delivered service occur.

The existing literature suggests that service quality theory in general, and conceptual gap models in particular, are not culture-free. Although it is generally agreed that national culture has an influence on both perceived service quality and delivered service quality, exactly how national culture dimensions influence perceived and delivered service quality is still open to debate.

## **1.5 Background to and importance of the study**

South African and international retail chains are looking increasingly to Africa, particularly Southern Africa, for growth opportunities. The success of groups like Shoprite, and more recently, Woolworths, in the African continent has paved the way for others to follow. Over the past decade, six of the world's fastest growing economies were African. The International Monetary Fund (IMF) expects Africa to grow by 6% in 2012, with a steadily growing middle class. According to the World Bank, approximately 60 million Africans have an income of 3 000 USD per year and by 2015 that number is expected to grow to 100 million Africans with an income of 3 000 USD per year. Trade between Africa and the rest of the globe has increased by 200% since 2000; inflation has dropped from 22% in the 1990s to 8% in the past decade. Africa's population is set to double from 1 billion to 2 billion in the next 40 years (The Economist, 2011: 68).

Previous growth spurts on the continent were attributed largely to commodity prices. When the global recession struck in 2008 it had hardly any effect on African growth rates, as African economies have become far more resilient. Governments have invested wisely, particularly in infrastructure. Roads have contributed to the development of production in connecting remote markets with suppliers. There is also a wider range of buyers for African commodities, with Brazil, Russia, China and India (BRIC) now accounting for 20% of trade, from 1% a decade ago (The Economist, 2011: 31). As these BRIC countries continue to grow, the trade relationship will become reciprocal. Another factor contributing to growth is the use of technology. Africa has 600 million cellular users – more than the US and Europe. Civil war has all but abated on the continent with only a few political scars yet to be resolved (The Economist, 2011: 31).

Against this backdrop, examining differences in customer satisfaction is a topic of current interest mainly because of the rising importance of foreign Southern African revenues and

profits for South African businesses. The recessionary business environment has forced businesses to find alternative markets for goods and services other than the traditional developed markets of the US and Europe. For retail businesses, the need to understand customer satisfaction levels and drivers in foreign markets is paramount in developing customer loyalty. Further complexity in this understanding is added by the need to determine customer satisfaction levels in multiple national contexts simultaneously. Although several US and European studies have researched cross-national studies with regard to customer satisfaction levels, there are no comparative studies that have been conducted in Southern Africa. Refer to Appendix 2 (Ladhari, 2008, 2009) for a more comprehensive list of similar studies grouped by geography.

This research study examines and compares the findings from South Africa, Botswana, Lesotho, Namibia, Zambia and Swaziland, with data gathered from 487 respondents, using an adapted SERVQUAL questionnaire. This research study was conducted on Ellerine Holdings Limited (EHL), a furniture retailer operating in the above markets under the Ellerines, Beares and FurnCity brands. EHL has been active in these markets since the early 1980s and as there is a lack of organised large-scale retailers in these markets, except for South Africa, EHL can be considered as having had a pioneering effect on retail institutional processes in these markets.

According to Wagner (2011), “early adopters” shape processes that impact on the entire industry. For this reason, only one business within the retail industry was selected for this study. The contribution of this research to the existing literature is that it is the first multi-national retail customer satisfaction study in Southern Africa. Second, it may provide valuable market research data for multi-nationals and South African retail businesses that wish to follow an expansion strategy into Southern Africa. It may provide multi-national retail businesses, which are already operating in these markets, with valuable information from which capital investment decisions can be made. Retail growth is spurred by the middle class and Africa is the place to be. The challenge for retailers is to understand the customers in these markets.

## **1.6 Problem statement**

Crossing national borders makes it difficult for businesses to consistently meet customers’ individualised needs or to judge their performance in successfully satisfying the needs of

customers. As a result, customer satisfaction measurement has become an important phenomenon. It is common for Western-based firms to implement satisfaction measurement programmes from standardised instruments across multiple countries and analyse results across these markets as the basis of performance incentives, operational decision making, and process improvement (Morgeson, Mithas, Keiningham & Aksoy, 2011: 199).

The goal of customer measurement is more than just the creation of satisfied customers. It is driven by the belief that improving satisfaction will result in increased loyalty and the financial benefits associated with having a loyal customer base. Morgeson *et al.* (2011: 199) and Nadirra, Kandampully and Hussain (2009: 1548) support the argument that customer satisfaction has a measurable impact on the following financial indicators of the business:

- Purchase intentions
- Customer retention
- Positive word of mouth
- Financial performance
- Positive impact on equity prices
- Valuation ratios such as Tobin's q
- Market-to-book ratio
- Cash flow variability
- Stock prices and shareholder value
- Lower volatility in stock returns and lower systematic risk

In summary, research into customer satisfaction overwhelmingly supports the idea that satisfaction impacts on consumer intentions and business outcomes associated with customer loyalty, and thus supports the implementation of these cross-national satisfaction measurement programmes.

According to Iacobucci, Grisaffe, Duhachek, and Marcati (2003:12), implementing satisfaction efforts across multiple markets to secure customer loyalty presents distinct challenges. They recognise that customers from different cultures and countries vary in their response styles in surveys and, as a result, researchers have sought effective ways to equate responses from various cultures to allow for meaningful comparisons. They conclude that different calibrations that relate to satisfaction at different cultural levels can correspond to the same actual levels of

satisfaction, but the researcher has to be mindful of the operational implications. According to Buttle (1996:10), the SERVQUAL model, or an adaptation thereof, provides a reliable measurement instrument for comparing customer satisfaction results across cultures.

According to Tayeb (2007: 35), while culture can complicate the interpretation of differences in survey data, a variety of national-level differences exist that can have a substantial effect on consumer satisfaction. A range of cross-national differences, including cultural, economic, and socio-economic factors, influence how consumers perceive and respond to their consumption experience and the level of satisfaction delivered by an economy, for example, are consumers in more competitive, freer market economies generally more or less satisfied? Do individualist cultures and collectivist cultures have an effect on customer satisfaction? How do the factors of age, gender, the distance one lives from a retail outlet or whether one is a first-time or repeat customer affect survey results? This research attempts to explain these issues in the context of the geography of the Southern African Development Community (SADC).

Given the importance of these questions to multi-national corporations, one would expect a significant amount of literature on cross-national consumer satisfaction to have emerged. While a few studies have explored these and related topics, such as cross-national service quality, complaint behaviour and customer loyalty, the current literature remains quite limited. Many studies analysed survey data from non-African regions and, therefore, the ability of researchers and managers to generalise from these findings is limited.

As mentioned earlier, there has been a lot of debate and critique as to which type of construct is most suitable in measuring service quality. Therefore, it poses the question whether the applicability of a generic scale with a standard set of dimensions of service quality across different service sectors and different countries is possible. This is debatable, as many authors such as Cronin & Taylor (1992), Gounaris (2005) and Carman (1990) have questioned whether the service quality dimensions of Parasuraman *et al.* (1988) can be classified into only five dimensions (Robinson, 1999: 25). These researchers have suggested a different number of dimensions; for example, Cronin and Taylor (1992: 64) have suggested only one dimension (attitude), Gounaris (2005: 424) has suggested two dimensions and Carman (1990: 47) has suggested ten dimensions. In this study, the dimensional issue of a service quality construct that was determined through factor analysis will also be discussed.

## **1.7 Research objectives of the study**

The following primary and secondary research objectives have been identified for the study.

### **1.7.1 Primary research objective**

The primary research objective was to investigate the similarities and differences between the perceptions and expectations regarding service quality of customer groups of furniture retail stores in different countries in Southern Africa.

### **1.7.2 Secondary research objectives**

- To determine the applicability of the adapted SERVQUAL model in Southern African countries.
- To determine by means of a cross-national study whether other dimensions of service quality are relevant in the development of a service quality model in a Southern African context.

## **1.8 Research design**

The research design incorporates both secondary and primary research.

### **1.8.1 Secondary research**

Secondary research incorporated both local and international literature, which serve to underpin the empirical research. The following sources were consulted:

- The Internet
- Book publications
- Academic journals and conference proceedings
- Databases (Emerald, EBSCO Host, Google Scholar and SA Publications)

## **1.8.2 Primary research**

This quantitative research design adopted a positivist philosophy in that the researcher was able to generalise from the findings of the data analysis. Given the location of the markets under study and practical considerations related to the research environment, a quantitative research design was considered appropriate. Primary research included data collection as well as the analysis of the data. An interview with the Operations Director was also conducted and a transcript is available as Appendix 4.

### **1.8.2.1 Population, sample frame and sampling method**

The research population constituted all the existing and potential customers of Beares, Ellerines and FurnCity stores in Namibia, Botswana, Zambia, Swaziland, Lesotho and South Africa. These three brands are part of Ellerine Holdings Limited. Together with the store managers it was decided to use a Friday and a Saturday of the first week in May 2012 for the survey and that every fifth possible respondent entering small stores would be approached and asked whether he/she was willing to participate in the survey. In the larger stores every tenth customer would be approached. In this way a systematic random sample of present and prospective customers could be sampled to obtain their perceptions and expectations of the stores concerned. The element of this study was the individual respondent's perceptions and expectations regarding the service delivery of the store and its employees.

### **1.8.2.2 Questionnaire design**

All questions were collated in a questionnaire format with a message to all store managers explaining the purpose, objective and application of the research. The particulars of the author were also provided. The questionnaire comprised four sections.

Section 1 included questions regarding the demographic make-up of the respondents. Sections 2 and 3 contained questions about the five factors of the SERVQUAL model, with regard to perceptions and expectations respectively. Section 4 focused on the importance of certain satisfaction items and customers were asked to rank the five SERVQUAL factors in order of importance according to their personal view. Six-point type Likert type scales were used.

Content and face validity of the questionnaire were established by asking a number of experienced academics as well as current management and a statistical consultant to review the questionnaire, which was an adaptation of the SERVQUAL instrument that has been used in similar research studies.

### **1.8.2.3 Pilot testing of questionnaire**

A pilot survey was conducted, in which 50 people across the different countries were interviewed. Ten people were interviewed in Botswana, Namibia, Zambia and South Africa. Five people were interviewed in Lesotho and Swaziland. The Cronbach alpha value for all perception questions was 0.951. All the individual perception items had Cronbach alpha values of 0.94 and greater, and therefore, all perception items were retained for the study. The Cronbach alpha value for all expectation questions was 0.968. All the individual expectation items had Cronbach alpha values greater than 0.960, and therefore, all expectation items were retained for the study. Reliability statistics for the final questionnaire fielded are provided in Chapter 4 in section 4.8.

## **1.9 Data processing and analysis**

The Statistical Package for Social Sciences (version 20) was used for the data processing and analysis. Basic descriptive statistics (means and standard deviations) and multi-variance analysis such as one-way between-groups analysis of variance (ANOVA), factor analysis, paired t-tests and independent samples t-tests were used.

### **1.10 Contribution of the research study**

It is evident from the preliminary literature review that no other cross-national study, with the above-mentioned research objectives, has been conducted in the SADC region. This can be considered as an exploratory study. As there are no other cross-national studies conducted on customer perceptions and expectations of service quality in this region, the information may be valuable to marketers already operating in the SADC region, or to those who are contemplating entering these markets. To reiterate, the research study endeavoured to determine if an alternative service quality model applicable to Southern African countries could be developed.

### **1.11 Limitations of the study**

The following are the limitations regarding the research study:

- The study focused on similarities and/or differences in perceptions and expectations on a cross-national basis and did not investigate the reasons for these similarities and/or differences.
- Cultural differences and their impact on the expectations and perceptions of service quality were only indirectly referred to, as the adapted SERVQUAL model did not directly measure the impact of cultural differences *per se*.

### **1.12 Structure of the research study**

The research study has been divided into the following chapters:

Chapter 1 encompasses the introduction and background to the research study. The role of expectations and perceptions of service quality is elucidated. A comparison of selected service quality models is presented, followed by a critique of customer measurement models. The problem statement, research objectives, the research design, limitations of the study and the structure of the study are provided.

Chapter 2 presents a comprehensive review of the literature study and discusses important issues regarding customer satisfaction. Customer loyalty and customer retention are important factors of service quality and these two elements are discussed briefly. Service quality, especially the SERVQUAL model and adaptations of the SERVQUAL model, are discussed in greater detail. Of great relevance to the topic is the effect of culture on the perceptions of service quality, and this is briefly explored in the review. The chapter also discusses other studies that used SERVQUAL and adaptations of the SERVQUAL model.

Chapter 3 presents the processes and components of the sampling design and the questionnaire development. A background is provided of the adapted SERVQUAL model which forms the basis of the research paradigm, the research design and research objectives. Reliability and validity issues are discussed. Introductory descriptive statistics are also provided.

Chapter 4 covers the analysis and interpretation of the data. Factor analysis has been used to determine the underlying constructs of the data. Other statistical techniques, such as the Wilcoxon non-parametric signed-rank test, t-tests and ANOVA, have been used in the analysis phase.

Chapter 5 presents recommendations and conclusions in light of the problem statement and research objectives and also indicates possible areas for further research.

### **1.13 Conclusion**

This chapter presented the foundation of this research in terms of the research problem in respect of the retail sector, as well as the primary and secondary research objectives, together with other structural explanations of the study. Initially, this chapter identified the importance of service quality measurement. Service quality measurement scales were discussed, with particular attention given to the SERVQUAL model because of its reliable adaptation to the retail environment. Because Southern Africa has been identified as a geographic area that will grow faster than other markets around the globe, this study may assist firms wanting to enter the countries of this region to take cognisance of customers' perceptions and expectations in terms of their marketing positioning in these different countries.

The limited number of empirical business research studies undertaken in the SADC region led to the phrasing of the research problem. In order to address this, the primary research objective was identified, as well as the secondary research objectives. The research focus and approach were explicitly presented. Finally, this chapter ended with the research concepts and an outline of the rest of the thesis.

The next chapter is the literature review, which provides an in-depth study of the research conducted in various countries and industries and the findings of this research. The determinants of service quality are discussed, as well as the various aspects which can be measured. This leads to the discussion and critique of the various scales used for measuring service quality. Although culture does not form part of the research methodology, its effects on service quality are also provided.

## CHAPTER 2

### THE LITERATURE REVIEW

#### 2.1 Introduction

The importance of Southern Africa, particularly for business firms seeking retail growth from foreign operations, has been highlighted in Chapter 1. The danger, however, is the lack of understanding of customer satisfaction drivers in these markets. Chapter 2 reviews the existing literature on service quality. The literature study provides an overview of customer satisfaction, customer loyalty and customer relationship marketing (CRM). The service quality (SERVQUAL) measurement scale is then discussed in greater detail as it is inferred that SERVQUAL is better at measuring service quality in a cross-cultural context (Lee, 2007). The SERVQUAL instrument has been theoretically and empirically studied and researched in several research settings. Apart from being implemented to measure service quality in different service settings, it has also been employed across different countries and cultural backgrounds (Ladhari, 2008). The literature review also explores an alternative measuring instrument, namely, the Retail Service Quality Scale (RSQS). The issue of culture is also addressed.

Retail stores form part of the service industry, offering a hybrid of goods and services. It is because of this that the quality of products and services forms part of the overall customer experience. Parasuraman *et al.* (1985: 43) argue that retail businesses are service businesses, and, as such, have been the basis of both management and academic theory research of service quality. As service quality research has progressed, different service industries have received specific attention with regard to conceptual models and measurement methods of service quality.

#### 2.2 Customer satisfaction

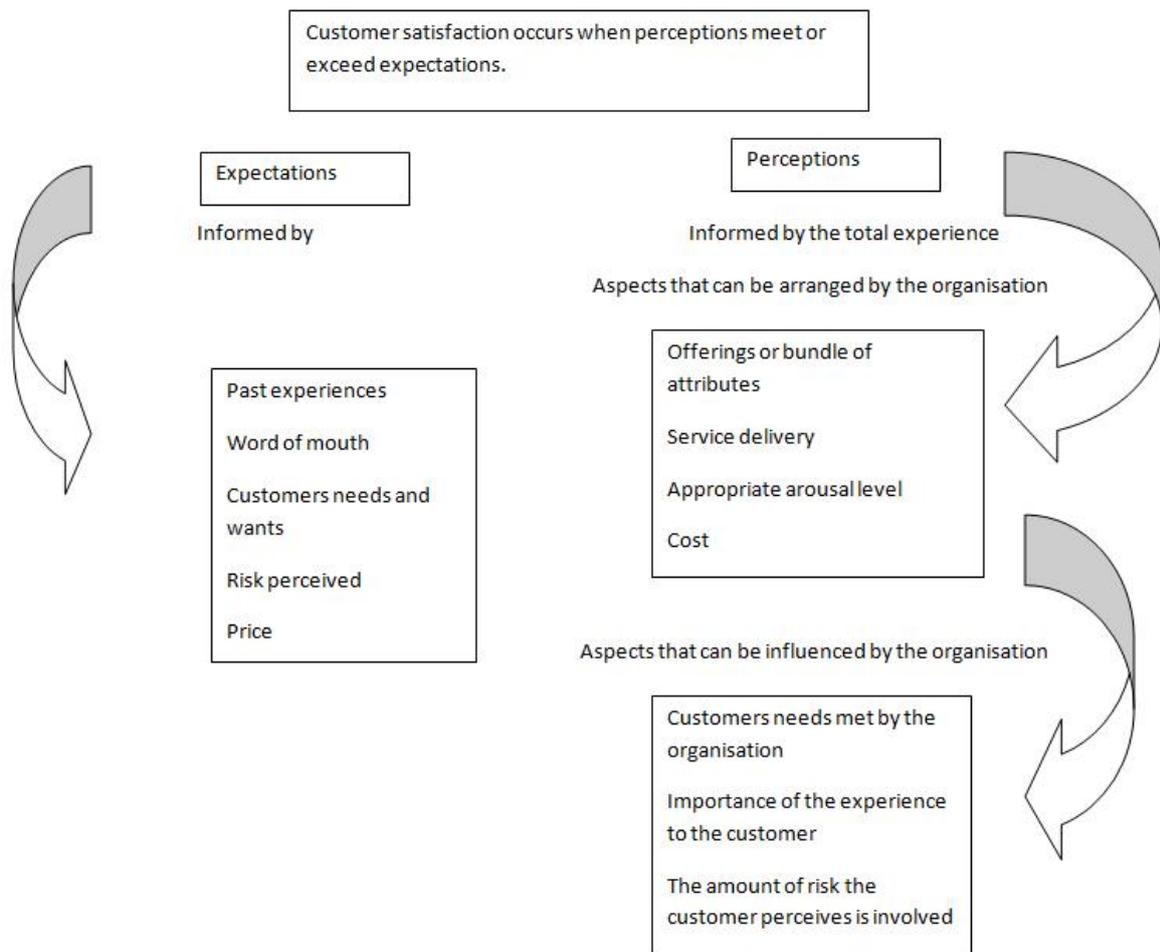
Parasuraman *et al.* (1985: 42) and Grönroos (1990: 4) agree that customer satisfaction consists of expectations and perceptions as well as the relationship between the two. Khalifa (2004: 649) elaborates on Kotler's (1996: 20) argument that customer satisfaction is the delta between expectations and perceptions of a product and that a customer might experience varying degrees of satisfaction. Levitt (1976: 66) argues that customer satisfaction is a psychological

outcome resulting from a service interaction as gauged by the customer's expectations and perceptions.

The satisfaction of customer needs is the litmus test of a retail business, and the business objective should be to serve customer needs more efficiently and effectively than competitors do. The survival of the business is determined not only by sales, but also by the ability of the business to satisfy the needs of the customer efficiently. Therefore, the ability to deliver superior value is the foundation of customer need satisfaction, and a satisfied customer is the only true asset a business possesses, as opposed to what the business believes it produces best (Cant, Strydom & Jooste, 2006: 9). Gee and Nicholson (2008: 362) posited that there is a direct link between customer satisfaction and customer behavioural intentions. Strong customer service results in customer satisfaction, which will ultimately lead to loyal customers (retention of customers). Clottey, Collier and Stodnick (2008: 39) argue that the benefits of customer satisfaction include the lower acquisition costs of attracting new customers and increased customer satisfaction, which also reduces the overall costs, while increasing base profits. However, the most important benefit of customer satisfaction is customer loyalty, which leads to positive, free word-of-mouth advertising and referrals by satisfied customers.

Figure 2.1 gives an overview of the factors that contribute to customer satisfaction. Customer expectations are generally informed by factors outside the control of the business; however, past experiences of customers with the business also contribute to the formulation of expectations. Perceptions can be managed by the business as well influence it. Customer satisfaction occurs when perceived levels of service meet or exceed the customer's expectations.

Kuusik (2007: 19) argued that the foundation of customer loyalty can be traced to behavioural theories stemming from brand loyalty. Boora and Singh (2011: 157) cited theorists such as Cunningham (1956), Farley (1964), Tucker (1964) and Day (1969), who identified customer loyalty through repeat purchase behaviour. Day (1969) further argued that a customer's recommendation of a service provider is a surrogate indicator of customer loyalty and that true loyalty is displayed when a customer has a favourable attitude toward a product and purchases that product repeatedly.



**Figure 2.1: Factors contributing to customer satisfaction**

**Source:** Williams (2003: 63)

### 2.2.1 Customer loyalty

Machirori and Fatoki (2011: 7667) discussed Ehrenberg’s “leaky bucket theory”, which analysed customer loyalty through the related concept of customer retention theory. The “leaky bucket theory” refers to the rate at which businesses lose customers (low customer retention rate). Ehrenberg (1988) posited that while businesses expect high customer loyalty from existing customers, their marketing and advertising strategies are aimed at replacing disloyal customers who have “leaked away” with new customers in order to keep sales volumes constant. Successful businesses develop a bond with loyal customers that exhibit a preference for one’s business over its competitors, and this loyalty is repaid through repeat purchases. The

loyalty is based on customer feelings and perceptions about the business enterprise and not merely on pricing and promotions (Kuusik, 2007: 17). The adage that it costs five times more to acquire a new customer than to retain an existing one holds an important lesson for marketing professionals (Gee & Nicholans, 2008: 362): keeping existing customers satisfied is more cost-efficient than acquiring new ones (Parker, Nitse & Tay, 2009: 8) further posited that customer loyalty is displayed by the intention to repurchase a product or service and can be measured as the customer's repeat purchase probability.

Terblanche and Boshoff (2010) investigated customer loyalty among race groups in the fast food industry in South Africa. Their study also included how different race groups perceived quality, value and satisfaction. Using an adaptation of the American Customer Satisfaction Index (ACSI) scale, structured questionnaire interviews were conducted among 533 respondents in seven major metropolitan hubs in South Africa. They found little difference in how customers from different racial groups viewed quality and value. However, although these customers were fairly satisfied with the retail offering, this did not necessarily result in loyalty.

The findings of this study need to be analysed in the broader context of the Group Areas Act and the legacy of geographies that was created by it. Although the Act has been scrapped, there has not been a fundamental change in where the majority of racial groups reside. Retail businesses have been limited in terms of locations in previously non-white areas, and although the local black customer in Soweto, for example, may be satisfied with the service, the customer may purchase from other areas, depending on convenience. Furthermore, customers are well aware that branded fast food retailers have a high degree of standardisation, and that, therefore, customer satisfaction should be at similar levels across the retail supply chain. Although customers may be satisfied with the brand, they may not necessarily be loyal to the store. In developing customer loyalty, many businesses have introduced customer relationship marketing programmes. In the next section, customer relationship marketing is introduced.

### **2.2.2 Customer relationship marketing**

Owing to technological advancements, customers have greater access to information about products than any other previous consumer generation. Price and quality comparisons can be made without leaving one's home and it is in this environment that businesses have to develop creative methods of growing revenues from an ever-shrinking pool of loyal customers.

Businesses need to have a better understanding of customer needs and to develop customer relationship programmes (CRM) to target certain customers who are the biggest contributors to revenues. Once these key accounts have been identified, they should be given special attention, emphasising the move from transaction-based sales to long-term collaborative relationships (Crader & Brown, 2011: 6).

### 2.3 SERVQUAL

SERVQUAL is one of the first methods developed to measure service quality. Parasuraman *et al.* (1988: 13) focused on the belief that service quality is measurable. They determined the dimensions that make up service quality from studying the specific factors that the customer perceived as being important. Only customers can judge quality – all other judgements are considered to be essentially irrelevant. They set out to establish what those customer expectations from services are, as well as the characteristics that define these services; for example, what is the level of service in the mind of the customer?

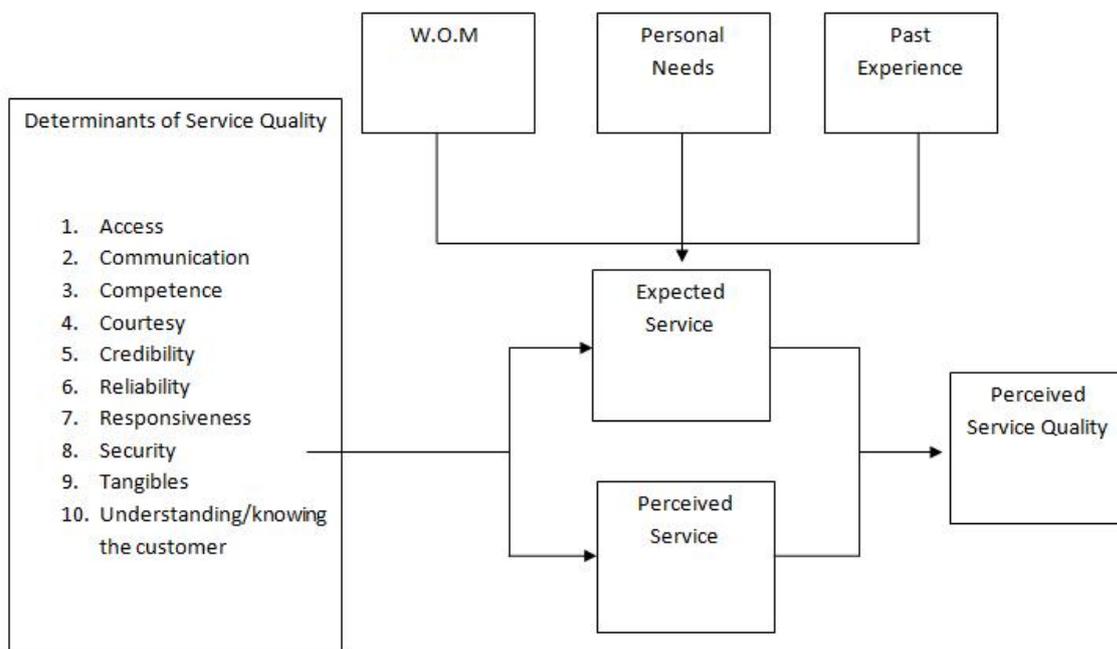
The model of Parasuraman *et al.* (1988), which emphasises the differences between expectations and perceptions, is also referred to as a disconfirmation model. Parasuraman *et al.* (1985) first developed a conceptual model of service quality and subsequently endeavoured to develop an instrument for measuring customers' perceptions of service quality compared with their expectations. Their findings have evolved from a set of qualitative marketing research procedures, culminating in a quantitative technique for measuring service quality, known as the SERVQUAL model (derived from service quality).

In the initial study of Parasuraman *et al.* (1985: 46), focus groups were used to determine what criteria consumers use to evaluate service quality. This exploratory research identified 10 key categories (somewhat overlapping, as this was an exploratory study). They were:

- Access
- Communication
- Competence
- Courtesy
- Credibility

- Reliability
- Responsiveness
- Security
- Tangibles
- Understanding / knowing the customer

Figure 2.2 indicates that perceived service quality is the result of the difference between expected and perceived service, and the importance of the 10 determinants may differ according to the consumer's perceptions of the delivered service. Generally, if there is a match between expectations and perceptions, the customer is satisfied, and if the customer's expectations are exceeded, the customer is delighted.



**Figure 2.2: Determinants of perceived service quality**

**Source:** Parasuraman *et al.* (1985: 48)

According to Tayeb (2007: 16), the original conceptual work on the SERVQUAL scale was developed from studies on the meaning of service quality conducted by Sasser, Olsen and Wyckoff (1978), Grönroos (1983) and Lehtinen and Lehtinen (1984). The conceptual work was derived from extensive qualitative research work that defined service quality and illustrated the dimensions along which customers perceived and evaluated service quality. The

SERVQUAL measuring instrument is based on perceived quality, which is the customer's judgement about an entity's overall excellence or superiority; it is a form of attitude which is quantified from a comparison between expectations and perceptions of performance.

### **2.3.1 Aspects of technical (objective) and functional (perceived) quality**

With regard to earlier studies on service quality, Parasuraman *et al.* (1985: 41) explained that earlier studies, such as those of Garvin (1983) and Dodds and Monroe (1984) identified the difference(s) between objective and perceived quality. Dodds and Monroe (1984) found that customers do not attach the same meaning to the term "quality" that researchers and marketers do. The conceptual definition, according to researchers and marketers, distinguishes between mechanistic and humanistic quality. Mechanistic quality involves any objective aspect or features while humanistic quality involves the subjective response of people to objects and is therefore a highly relativistic phenomenon that differs among those perceiving the quality. From a customer's perspective, Grönroos (1984: 38) identified "technical" and "functional" quality as the two principal components of quality. Technical quality encompasses the relatively quantifiable elements of a service that customers receive in their interactions with a service firm.

Because services involve direct customer–supplier interaction, customers are also influenced by how the technical quality is delivered to them. This is what Grönroos (1984: 38) described as functional quality and it cannot be measured as objectively as the elements of technical quality. Grönroos (1984: 39) also identifies the role of a business's corporate image in defining customers' perceptions of quality. The SERVQUAL measuring instrument assists in quantifying certain elements of functional quality.

### **2.3.2 Service quality as attitude**

Parasuraman *et al.* (1988: 15) also discussed the view of Olshavsky (1981), who saw quality as an overall evaluation of a product. Holbrook and Corfman (1985) suggested that quality acts as a relatively global value judgement, while Parasuraman *et al.* (1985: 41) argued that service quality is an overall evaluation similar to attitude. Parasuraman *et al.* (1985: 43) conducted 12 focus groups with current or recent customers in four different services, namely, retail banking, credit card services, securities brokerage, product repair and maintenance. The interviews

focused on issues such as the meaning of quality in the context of the service, the characteristics of the service, high-quality image and the criteria customers use in evaluating service quality. A comparison of the findings from the focus groups revealed that, regardless of the type of service, customers used the same general criteria in arriving at an evaluative judgement about service quality.

## **2.4 The relationship between service quality and satisfaction**

Most businesses tend to view service quality and customer satisfaction as similar business constructs; there is a difference, however, although a definite relationship exists between the two. Oliver (1981: 42) summarises the transaction-specific nature of “satisfaction” and differentiates it from “attitude” as the customer’s enduring affective orientation for a product, store, or process (e.g. customer service). Satisfaction is the emotional reaction following a disconfirmation experience which acts on the base attitude level and is consumption-specific. Attitude is therefore measured in terms more general to a product or a store and is less situationally oriented.

According to Mittal and Kamakura (2001: 139), the distinction between attitude and satisfaction is replicated in the distinction between service quality and satisfaction. Perceived service quality is a global judgement or attitude relating to the superiority of the service, whereas satisfaction is related to a specific transaction. In the 12 focus groups conducted by Parasuraman *et al.* (1985: 43), respondents described several instances when they were satisfied with a specific service but did not feel the service firm was of a high quality. In this manner, the two constructs are related as, over time, incidents of satisfaction result in perceptions of service quality.

## **2.5 How is service quality measured?**

There are numerous models for measuring service quality. In this chapter only two of these models, namely, SERVQUAL and RSQS are discussed in detail.

The work of Andronikidis and Bellou (2010: 571) and the 12 focus group interviews conducted by Parasuraman *et al.* (1988: 43) support the notion that service quality, as perceived by customers, arises from a comparison of what they feel service firms should offer (their expectations) and their perceptions of the performance of firms providing the service.

Therefore, perceived service quality is viewed as the degree of discrepancy between customers' perceptions and their expectations.

The original work by Parasuraman *et al.* (1985: 48) revealed that the criteria used by customers in assessing service quality fit 10 potentially overlapping dimensions. Items representing various facets of the 10 dimensions of service quality were generated to form the initial item pool for the SERVQUAL instrument. This resulted in the generation of 97 items (approximately 10 items per dimension). Two statements were created from each item – one to measure expectations about businesses, and the other to measure perceptions about that particular industry.

Approximately half of the statement pairs were positively worded and the rest were negatively worded, in accordance with recommended procedures for scale development. A seven-point scale ranging from “Strongly Agree” (7) to “Strongly Disagree” (1), with no verbal labels for scale points 2 to 6, accompanied each statement (scale values were reversed for negatively worded statements prior to data analysis). The expectation statements were grouped together and formed the first half of the instrument. The corresponding perception statements formed the second half.

Further multiple refinements of the scale reduced the number of items from 97 to 22. Techniques to accomplish this ranged from the Cronbach coefficient Alpha, as a measure of the reliability of scale items, to Factor Analysis (with oblique rotations) to measure the dimensionality of the scales used. Through the above process the original scale of 97 items collapsed into the refined SERVQUAL scale of 22 items, reducing the ten dimensions to five:

- Tangibles

This refers to the physical evidence of service such as physical facilities, equipment, and appearance of personnel. Customers want to be comfortable with and delighted in their purchasing experience.

- Reliability

This is the ability of the service provider to perform the promised service dependably and accurately. Nothing upsets customers more than a promise made but unfulfilled.

- Responsiveness

This refers to the willingness or readiness of employees to help customers and provide prompt service. When a customer experiences problems with a service (when something goes wrong) the customer's confidence is negatively influenced but probably not destroyed, unless the problem reflects a pattern of negative experiences.

- Assurance

This includes communication, credibility, security, competence and courtesy. It involves instilling confidence in customers by being consistently courteous to them, by being resourceful and knowledgeable in the various aspects of the products and services that are being offered, and by answering all customer questions satisfactorily.

- Empathy

Empathy is the provision of caring and individualised attention to customers by the business. Customers will not only be at ease when employees understand their specific needs, but will also feel comfortable when they receive individualised attention with their best interests at heart.

The last two dimensions (assurance and empathy) include items representing seven original dimensions: communication, credibility, security, competence, courtesy, understanding customers, and access. These were not identified as separate factors after the two scale revisions. Therefore, while SERVQUAL has only five distinct dimensions, it captures 10 of the originally conceptualised dimensions. Today, various businesses use an adapted SERVQUAL instrument to measure customer satisfaction within their industry. This instrument is highly regarded for its ability to measure the abstract phenomena of customer satisfaction when it is adapted to that particular industry.

The measuring instrument requires responses to four or five questions within each of the defined dimensions listed above and measures the perceptions and attitudes of the respondents. The main body of the measuring instrument uses a Likert-type scale for each question. Each question is asked twice, once initially when measuring perceptions of the service and then when measuring expectations of the experienced service. Customers are also asked for supplementary demographic data and additional questions are also added if deemed necessary by management and researchers. The differences between expectations and perceptions are then calculated (in totality and then per dimension). The results of this once-off study inform

the business about whether it is meeting customer expectations and provides an indication of customer perceptions of what service quality should be. A business or industry group can use the information gained from the analysis of the data to improve its position by acting upon the results and seeking to surpass customers' expectations on a continuous basis. Additionally, the expectations-perceptions results, along with the demographic data, may also facilitate effective customer segmentation.

## **2.6 Gap Analysis Model**

The objective of the conceptual gap models of service quality is the service customer gap, which refers to the difference between the expectations and the perceptions of customers. Businesses should generally strive to close this gap in order to satisfy their customers' needs and build long-term relationships with them. Strategically, business's understanding of customer expectations should guide and inform operational activities (procedures, practices, specifications, service delivery and external communications).

### **2.6.1 Gap Model of service quality**

Parasuraman, Zeithaml and Berry's (1985) conceptual Gap Model is regarded as the most effective scale for service quality measurement (Tayeb, 2007: 21). Their model paid particular attention to service providers and customers and was based on an empirical study investigating provider and customer perceptions of service quality. This led them to assert that service quality is the function of five gaps, of which four are internal to the business, and one is an external gap on the side of the customer. The Gap Model also identifies how customer expectations are influenced by actual service delivery and by external communication. The model highlights how customer expectations can be a catalyst for change in the business's management style and practices, which will subsequently influence service delivery. The model consists of two dimensions:

- Gaps 1 – 4: Service provider's internal gaps.
- Gap 5: Perceived service quality (external gap).

### **2.6.1.1 Service Provider Gap 1 (Information Gap)**

This gap is the difference between a customer's expectations and the service business's understanding of those expectations. Senior management may not fully understand which aspects of service quality are important to customers and what levels of performance associated with the features of service quality are perceived to be of superior quality (Tayeb, 2007: 22). Management may believe that it knows what customers want and proceed to deliver this when, in fact, customers may expect something completely different.

### **2.6.1.2 Service Provider Gap 2 (Specifications Gap)**

This gap is the difference between the business's understanding of customer expectations and the development of service specifications and standards to meet those expectations. Management may not set quality specification objectives or may define them poorly. Alternatively, management may set clear quality specifications but these may not be achievable owing to current resource constraints both in human and asset capital (Tayeb, 2007: 22).

### **2.6.1.3 Service Provider Gap 3 (Performance Gap)**

This gap is the difference between the developed service specifications and standards, and actual service performance. Service specifications must be supported and enhanced by the appropriate people, systems and technology together with performance management if they are to be effective. Employees in the service interaction must also be compensated accordingly with sufficient incentives to display the required behaviours. Unforeseen challenges or a lack of management oversight can lead to a service provider failing to meet service quality specifications. This may be due to human error or mechanical and procedural malfunction.

### **2.6.1.4 Service Provider Gap 4 (Communications Gap)**

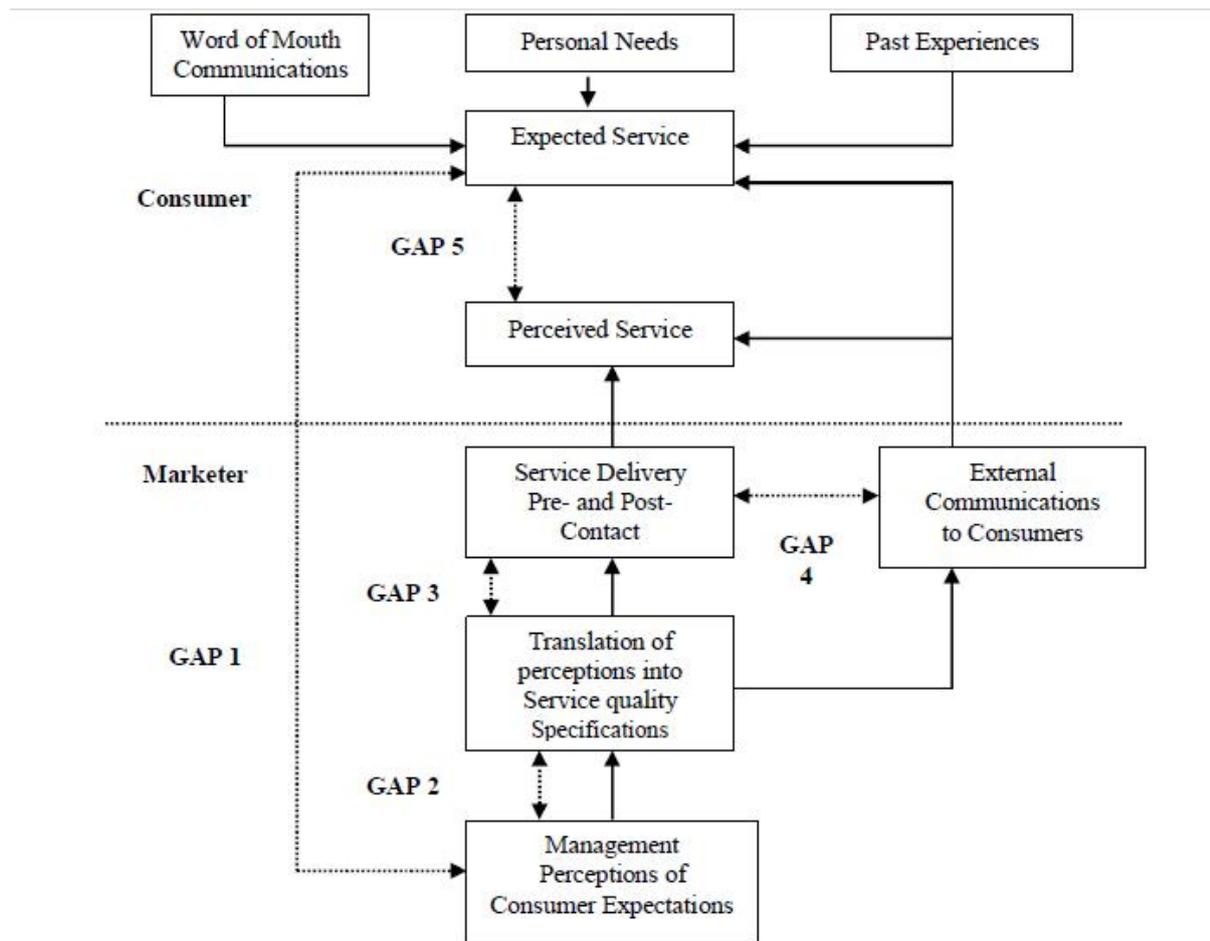
This refers to the difference between the business's promise and what is actually delivered. Promises made through advertising, the business's sales force and other external communications may raise customers' expectations to a level that becomes the standard against which customers measure the service quality of the business. There may be dissatisfaction with a service because of excessively heightened expectations developed through the service

provider's marketing communications effort. Dissatisfaction occurs where actual delivery does not meet the expectations created by the communication (Tayeb 2007: 23).

#### **2.6.1.5 Service Customer Gap 5 (Perceived Service Quality Gap)**

This gap identifies the difference between customer expectations and their perceptions of the delivered service. This gap is a result of all the other four internal provider gaps. The customer interaction manager and service employee must eliminate service quality gaps in order to ensure that the customer receives a high level of service quality.

The gaps model, as illustrated below, is useful as it allows management to make an analytical assessment of the causes of poor service quality. If the first gaps are significant, the task of bridging the subsequent gaps becomes greater. It is evident from the literature that the Conceptual Gaps Model is a multidimensional concept that is inter-related and inter-consequential. The Conceptual Gaps Model has been further improved by Zeithaml, Berry and Parasuraman (1988) in order to link service quality gaps with both organisational and managerial theories. This is known as the Extended Gaps Model.



**Figure 2.3: Conceptual Gaps Model of service quality**

**Source:** Parasuraman *et al.* (1985: 44)

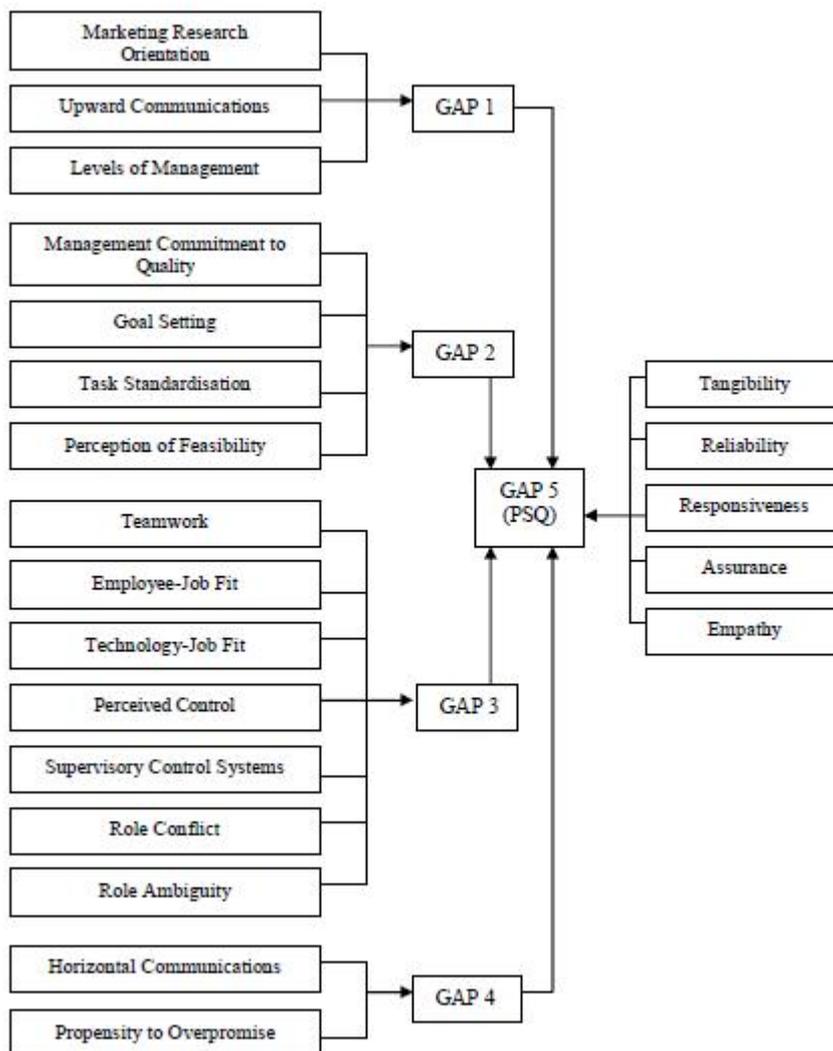
Zeithaml *et al.* (1988: 39) argued that the extent of the internal provider gaps (Gaps 1 to 4) depends on organisational and managerial factors (Figure 2.3). These factors can enhance the understanding of service quality delivery and can assist in identifying corrective actions to eliminate various service gaps. The Extended Gaps Model links the conceptual gap model to organisational antecedents of service quality. In this model, the customers' perception of quality is influenced by four internal gaps of the service provider business, and the business must focus on these internal gaps in order to minimise the customer gap (Gap 5).

## 2.7 Extended Gaps Model of service quality

Wetzels (1998: 54) agree that the Extended Gaps Model provides for two levels of analysis:

- The customers as individuals
- The service provider at the service organisational level

This would mean that investigating customer gaps (Gap 5) depends on data collected at the individual customer level and, similarly, investigating internal gaps (Gap 1 – 4) requires data to be collected from senior management as well as service interaction employees.



**Figure 2.4: Extended Gaps Model of Service Quality**

Source: Zeithaml *et al.* (1988: 46)

### **2.7.1 Criticisms of the Gaps Model**

Cronin and Taylor (1992) suggested that there is a lack of evidence of the expectation-performance gap as a predictor of service quality. They argued that assessing customer expectation is sufficient for evaluating service quality and measuring customer expectations is therefore unnecessary in service quality research. Calculating the difference between customer perceptions and customer expectations (P-E) is futile as they define Service Quality as a customer perception without expectations. They proposed that a performance based measurement approach (SERVPERF) is superior to the perception-expectation gap approach.

Teas (1993) questioned the validity of the Gaps model with conceptual and operational problems in the definition of the expectation. While perceptions (P) are measurable as the customer's belief about service is experienced, expectations (E) are subject to multiple interpretations. The service quality literature defines expectations as "normative expectations" and "ideal expectations". Normative expectations take into account the constraints of the organisation (facilities, human resources, equipment, etc.) whilst ideal expectations refer to limitless constraints. The question then is which term is the respondent using when measuring expectation?

Carman (1990) raised psychometric concerns as delta scores (Perception-Expectation) used in the Gaps model would display poor reliability as they would be positively correlated. He further argued that if the statistical variance of perception and expectation scores were different, any test of statistical significance would become more complex and that SERVQUAL was not applicable to a wide variety of service contexts as a common tool to measure service quality.

### **2.8 An example of SERVQUAL research**

Khare, Parveen and Rai (2010) investigated retailer behaviour as a determinant of service quality in the Indian retail industry, using an adapted SERVQUAL instrument. Only customers of retailers selling groceries and household goods were interviewed; the study did not include service retailers involved in repairs, banking, restaurants, cleaning services or selling of durable goods. They argued that, because of regular interaction with grocery retailers, service quality will be dependent on behavioural attributes. The five SERVQUAL dimensions were

adapted to determine customer perceptions of service quality in a 16-construct questionnaire that used a five-point Likert scale. Customers were intercepted in stores and interviewed, ensuring a random sampling technique. Cronbach alpha showed that the instrument was reliable for initial research.

Responsiveness and Reliability had the highest mean scores, with Empathy scoring the lowest. Customers held that interaction with the retailer was important and that there was a further need for improvement on this dimension. A correlation test was run to identify the relationship among the five SERVQUAL dimensions. Tangibles had a strong positive correlation with Assurance and Empathy. The researchers argued that the appearance of the retailer and staff members reassured the customer as to their ability to keep promises, their knowledge of the products, handling customer complaints and building long-term relationships, solving problems and offering guidance. They posited that, as purchasing groceries is a routine activity, customers do not generally give much thought to the store specifications but do attach significant importance to the behaviour of the retailer and his ability to instil confidence and understand customers' unique needs.

Reliability had a strong positive correlation with Assurance, Responsiveness and Empathy. The researchers stated that if the retailer was responsive to customers' needs, understood their product preferences, provided clear answers and made concessions, then customers had confidence in the quality of the service. The remaining correlations between the dimensions are identified below:

- Reliability did not have any positive correlation with Tangibles.
- Assurance had a positive correlation with all of the four dimensions, but especially with Reliability, Responsiveness and Empathy.
- Empathy showed a positive correlation with Reliability, Assurance and Responsiveness.
- There was a positive correlation between the Tangibles dimension and Empathy.

The authors further noted that in a similar study carried out by Kim and Jin (2001) on Korean customer perception, Tangibles were found to be most important. In the study of Khare *et al.* (2010), Responsiveness was seen as the leading dimension, and in Siu and Cheung's (2001) Hong Kong study, Empathy, as displayed in the policy of the business, had the greatest impact

on the customer evaluation of service quality. Table 2.1 below lists a few key studies that were concluded using SERVQUAL.

**Table 2.1: Examples of SERVQUAL studies**

<b>Authors</b>	<b>Year</b>	<b>Setting</b>	<b>Key Findings</b>
Carman	1990	Tyre retailers	Nine factors of service quality were identified, using principal axis factor analysis.
Finn Lamb	1991	Department stores and discount stores	Confirmatory factor analysis did not provide a good fit to the proposed five-factor structure of SERVQUAL for either department stores or discount stores.
Guiry, Hutchinson & Weitz	1994	Retail store	Original 22-item SERVQUAL was modified to a 51-item instrument by dropping seven items and adding 36 new items. Exploratory factor analysis revealed seven dimensions.
Gagliano	1994	Apparel speciality store	Identified four factors, two of which had no correspondence in SERVQUAL.

### **2.8.1 SERVQUAL studies conducted in other developing countries.**

In order to further develop the research objectives of this study it was important to investigate the use of SERVQUAL in other developing economies. Table 2.2 highlights other studies that were conducted in these markets.

**Table: 2.2 Examples of SERVQUAL in developing countries**

<b>Researchers &amp; Date</b>	<b>Developing country</b>	<b>Industry</b>	<b>Hypotheses / Research Objectives</b>	<b>Hypotheses / Research Objectives accepted/rejected</b>
Machirori & Fatoki (2011)	South Africa	Grocery Retail	Measure levels of customer satisfaction and customer loyalty in big retail stores	Accepted.
Lee, Cho & Ahn (2011)	Hong Kong	Food Restaurant	Measure perceptions of senior citizens to restaurant service quality.	Accepted
Pansiri & Mmereki (2010)	Botswana	Health Care	Measure Work Improvement Teams in increasing customer satisfaction at health care facilities.	Accepted.
Kumar <i>et al.</i> (2010)	India	Retail Banking	Examine service quality dimensions at Indian Private Retail Banks	Accepted
Yilmaz (2009)	Turkey	Tourism & Hospitality	Measuring customer use of multi-expectation framework in evaluating hotel service.	Accepted
Ferreira (2009)	Brazil	Education	Measure ability to adapt SERVQUAL scale for use in Higher-Education facilities.	Accepted

According to Carrillat, Jaramillo and Mulki (2007), SERVQUAL is a preferred scale for the measurement of service quality in developing markets. They argue that because of the adaptive nature of the SERVQUAL to context, predictive validity is increased. They further argue that measures of services quality gain predictive validity when used in less individualistic cultures, non-English speaking countries, and industries with an intermediate level of customization. The countries surveyed in this research meet all of these criteria.

## 2.9 Retail Service Quality Scale (RSQS)

Dabholkar, Thorpe and Rentz (1996: 8) identified the need for developing the dimensions of service quality to measure service quality in retail stores. This led to the development of a scale to measure retail service quality. They conducted phenomenological and exploratory interviews and used qualitative methods for tracking the thought processes of customers while they were shopping at a store. From the findings of this investigation, combined with existing literature and SERVQUAL, the researchers developed a RSQS which contained five new dimensions:

- Physical Aspects

Physical Aspects is a broader interpretation than Tangibles from the SERVQUAL scale as it includes the appearance of the physical facilities as well as the store layout and public areas.

- Reliability

This is similar to SERVQUAL as it is mainly concerned with the store's ability to keep promises and perform functions correctly.

- Personal Interaction

In RSQS, Personal Interaction is a combination of SERVQUAL's Responsiveness and Assurance dimensions. This measures customer perceptions of whether or not the store has courteous and helpful employees who inspire confidence and trust.

- Problem Solving

This is a new dimension that assesses the store's performance on the basis of its ability to handle potential problems. Problem solving did not form part of the Personal Interaction dimension, as service recovery was seen as critical for good service.

- Policy

This new dimension represents all aspects of service quality that are influenced by store policy. It includes high-quality merchandise, convenient parking, convenient store hours, acceptance of major credit cards, and availability of a store credit card.

The RSQS included 28 items, 17 from the existing SERVQUAL scale and the remaining 11 derived from the literature and qualitative research. Five of the items of SERVQUAL were deemed inappropriate and were excluded. The RSQS scale was tested with US department

store customers. Because it was found to possess strong validity and reliability, it could serve as a diagnostic tool that would allow retailers to determine areas that were weak and needed attention.

### **2.9.1 An example of RSQS**

Boshoff and Terblanche (1997) replicated the original study of Dabholkar *et al.* (1996) to measure service quality in a South African retail environment. Their study had three research objectives:

- Replicate the original RSQS model using confirmatory factor analysis.
- Evaluate the validity of the RSQS instrument proposed by Dabholkar *et al.* (1996).
- Assess the internal reliability of the overall scale as well as its underlying dimensions.

Their sample population was defined as active retail shoppers and consisted of 352 hypermarket shoppers in an intercept-type situation. Interviews were conducted immediately after shoppers had completed their shopping and were queuing to pay at the tills. Shoppers were selected from longer queues as it gave the interviewer sufficient time to complete the interview and also ensured randomness. Hypermarkets were selected as they offered a mix of both goods and services. There were three reasons for collecting the data in this manner:

- The questionnaire was more meaningful to the respondents as they were in the environment they were evaluating.
- They could focus on the dimensions of service quality that were important to them as they had just experienced it.
- They did not have to recall a shopping experience to respond as they were currently undergoing the experience, thus avoiding questionable results due to poor memory.

Of the 32 items on the questionnaire, 17 items were from the original SERVQUAL scale and 11 from the RSQS developed by Dabholkar *et al.* (1996). In order to assess predictive, convergent and discriminant validity, four additional questions were added.

Boshoff and Terblanche (1997) found the RSQS to be a valid and reliable instrument for measuring retail service quality in South Africa. They argued that the RSQS was suitable for

research in retail businesses offering a mix of services and goods, speciality stores and hypermarkets and was useful in forming benchmarks and quality checks to measure service quality.

**Table 2.3: Selected examples of RSQS Studies**

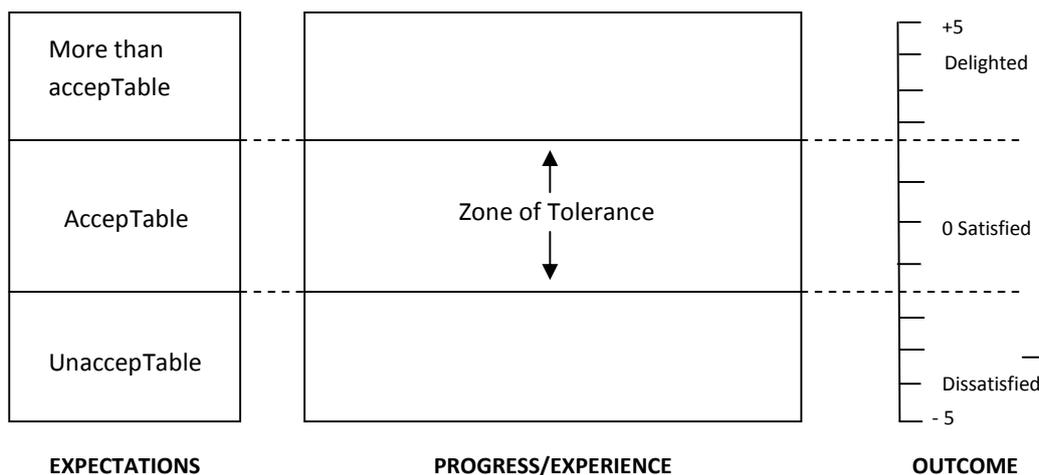
<b>Authors</b>	<b>Year</b>	<b>Setting</b>	<b>Key Findings</b>
Boshoff & Terblanche	1997	Department stores, speciality stores and hypermarkets in South Africa	RSQS found to be a valid and reliable measure of retail service quality.
Mehta, Lalwani & Han	2000	Supermarket and electronic goods retailers in Singapore	RSQS scale was a better measure of service quality for a supermarket retailer than for an electronic goods retailer.
Kim & Jin	2001	Discount stores in US and Korea	Five items designed to measure policy found to be unreliable in both countries. Personal interaction and problem solving combined into a single construct named Personal Attention Measurement and equivalence did not exist across US and Korean samples. RSQS could not be viewed as a reliable and valid measure for cross-cultural comparisons
Siu & Cheng	2001	Departmental Store chain in Hong Kong	Three items deleted in a pre-test. Five-factor structure of RSQS could not be identified: instead six service quality dimensions emerged from the study.
Siu & Chow	2003	Japanese supermarket in Hong Kong	Five Items deleted due to low Cronbach alpha values. Problem solving dimension, as given in the retail service quality scale, was integrated into the personal intersection construct, while a new factor, trustworthiness, emerged from the study.
Kaul	2005	Speciality	RSQS dimensions not valid in India. Indian retailing has a four-dimension structure. At the sub-dimensions level a four-factor structure instead of six factors was supported.

They further argued that the instrument was suitable as a diagnostic tool that allows retailers to identify service delivery gaps and take corrective action. Data could be analysed at an overall level, as well as at the dimension level, thus allowing management to allocate appropriate resources to the problem areas only. Many researchers have suggested the adaptation of scales to address variations in terms of industry setting and the country of study because of the differences in cultural factors. Ongoing refinement of these scales borne out by qualitative research will assist in identifying items that need to be considered in scale development. These adapted scales can then be subjected to further testing by applying them in different retail settings and by using cross-cultural samples.

### 2.10 Zones of tolerance

Parasuraman, Berry and Zeithaml (1991: 425) explained that customers' expectations exist at two levels:

- The desired level: The service that the customer hopes to receive made up of what the customer believes "can be" and "should be".
- The adequate level: Describes what the customer finds acceptable. This level reflects the customer evaluation of what the service "will be".



**Figure 2.5: Zones of Tolerance Theory**

**Source:** Adapted from Berry and Parasuraman (1991)

The Zone of Tolerance Theory is depicted diagrammatically in Figure 2.5. Between the levels of “more than acceptable” and “unacceptable” there is a zone of tolerance, which is a range of service performance that the customer finds satisfactory. A level below this will lead to customer frustration and decreasing customer loyalty, resulting in dissatisfaction. A level above will lead to positively surprised customers that may strengthen loyalty, resulting in satisfied customers. To illustrate this, Berry and Parasuraman (1991: 67) describe a customer at a bank. The customer wishes to have a cheque cashed in 3 minutes (desired service level). As a result of past experience, the customer knows that factors such as length of queue, time of day and time of month might increase the waiting time. The customer is then willing to tolerate a total transaction time of 10 minutes (adequate service level). His zone of tolerance is, therefore, between 3 minutes and 10 minutes.

## **2.11 Cultural differences**

Through cultural symbols and values one filters and interprets information which informs the choices made that give meaning to our lives in a complex network of cultural relationships. Hofstede (1980: 25) defines culture as “the collective programming of the mind which distinguishes the members of one group or category of people from those of another”. Sivakumar and Nakata (2001: 559) argue that “within any nation-state there is a model set of values. Other values may co-exist, but one set is more common and thus broadly descriptive of the society as whole. This value set constitutes a country’s ‘national culture’ ”.

The pervasive influence of national culture on how individuals perceive and interact with their environment is also likely to impact on individual members of society in their role as customers. Considerable research has confirmed the importance of culture to cross-national marketing, finding a correlation between a range of relevant customer intentions and behaviours. According to Khan, Naumann, Bateman and Haverila (2009: 378), prior research suggests a correlation between culture and customer satisfaction, customer expectations, sensitivity to prices, customer tipping behaviour, perceptions of service quality, the relationship between price and perceived quality and between perceived service quality and satisfaction, complaint behaviour, brand loyalty intention, and loyalty to domestic (versus foreign) retailers.

Malhotra, Ulgado, Agarwal and Baalbaki (1994: 7) argued that, as countries develop, customers attach greater importance to the intangible attributes of service quality than to the

tangible ones. Khare *et al.* (2010: 313) found that the personal interaction of the retailer is an important determinant of service quality, as quality is not only about purchasing products, but is also based on interactions with the retailer. They posited that different cultures evaluate service quality dimensions differently because environmental factors affect customers' perceptions of service quality. For example, Khare *et al.* (2010: 312) argued that Indian culture is more collectivist, and as such, people prefer long-term relationships.

Banerjee (2008: 368) posited, for example, that social acceptability, relationships and group norms are given priority in India and this may be reflected in their evaluation of service quality. Tombs and McColl-Kennedy (2003: 449) stated that interactions form an important part of service quality. In collectivist cultures, the retailer knows the customers individually, and is familiar with their families and household issues. The retailer is seen as a friend who advises customers and instils confidence in their purchase decisions in these instances.

In their study, Kim and Jin (2002: 236) found that American customers considered personal attention the most important dimension of quality while Korean customers placed greater emphasis on tangible factors. Using Hofstede's (1980) cultural model, they identified US customers as being characterised by a high degree of individualism, small power distance and weak uncertainty avoidance. In contrast, Korean customers were characterised by a highly collectivist culture, with a large power distance and strong uncertainty avoidance. Kim and Jin (2002: 224) explained that in individualistic societies, customers are more likely than customers from collectivist cultures to demand that retailers are efficient.

### **2.11.1 Hofstede's model**

Most cross-cultural studies in the marketing discipline have employed Hofstede's (1980) model to test its importance. In order to classify and compare national cultures, Geert Hofstede developed a five-dimensional model. The national culture model developed by Hofstede (1980) is discussed in this research to provide a further understanding of national culture and its effect on service quality relationships. There is also a strong likelihood that national culture will also help explain cross-national variance in customer satisfaction. It is important to note, moreover, how employees facing customers will be influenced by culture in their interaction with customers. Hofstede (1991: 4) argued that basic beliefs and values are acquired early in life through socialisation and education. The way inhabitants of a country come to share certain

basic assumptions and the tendency to prefer a certain state of affairs over others is national culture. His model expressed national culture in terms of the following five dimensions:

- Power distance
- Uncertainty avoidance
- Individualism versus collectivism
- Masculinity versus femininity
- Long-term versus short-term orientation

Hofstede's Culture Model of national culture has been frequently applied in different cultural contexts; however, current literature provides the following significant criticisms of his suggestions:

- Relevancy

Schwartz (1999: 25) argued that a survey is not an appropriate instrument for accurately determining and measuring cultural disparity. This is especially apparent when the variable being measured is a value that is culturally sensitive and subjective. Hofstede addresses this criticism by stating that surveys were not the only method used in his data collection (Hofstede, 1998: 481).

- Cultural homogeneity

Hofstede's study assumed that domestic populations are homogenous. However, most nations are groups of ethnic or racial units (Nasif, Al-Daeaj, Ebrahimi & Thibodeaux 1991: 82). Therefore, analysis is constrained by the character of the individual being assessed and the outcomes have a possibility of arbitrariness. Hofstede also tends to ignore the importance of community and its influences (Dorfman & Howell, 1988: 129).

- National divisions

McSweeney (2000) argued that nations are not the proper units of analysis, as cultures are not necessarily bounded by borders. According to DiMaggio (1997: 267), recent research has identified the fact that culture is fragmented across group and national lines. Hofstede responded that national identities are the only means we have of identifying and measuring cultural differences (Hofstede, 1998: 481).

- Political influences

The results pertaining to “Masculinity” (Sondergaard, 1994: 451) and “Uncertainty Avoidance” (Newman, 1996: 775) may have been influenced by the timing of the survey. Europe was in the midst of the cold war and the communist insurgence in Asia, Africa and Europe was gaining ground. As a result of political instability, the sample does not include socialist countries or affluent Third World countries.

- The one-company approach

A study was conducted on only one company (IBM) and, therefore, cannot possibly provide information on the entire cultural system (Graves, 1986: 14). In response, Hofstede (1998: 41) argued that using a single, multinational employer eliminated the effect of the corporate culture and practices from different companies which could influence behaviour differently, leaving only national culture to explain cultural difference.

- Out-dated

Researchers have also claimed that the study is too old to be of any value in today’s rapidly changing global environments. Recent replications of Hofstede’s study support the fact that cross-cultural outcomes are based on centuries of indoctrination and that culture will not change overnight (Hofstede, 1998: 481).

Although there is significant criticism of Hofstede’s Culture Model, in the absence of recognised alternatives for modelling national culture, Hofstede remains relevant. Hofstede’s model differentiates between national culture and other layers such as organisational, business and professional cultures. The model depicts national culture as being embedded in the people’s values and beliefs, while other cultural layers are embedded in the practices of specific types of organisations and professions. National culture is more strongly rooted in the minds and in the behaviours and practices of people.

According to International Business Wiki (Hofstede's cultural dimensions theory, 2004), “individualism versus collectivism” is the degree to which individuals are integrated into groups. Individualist cultures are representative of loose individual ties. In individualistic cultures everyone is expected to look after him/herself and his/her immediate family. In collectivist cultures, people are integrated into strong cohesive groups, often extended families, which continue protecting them in exchange for loyalty. To Hofstede, the word “collectivism” in this sense has no political meaning, as it refers to the group, not to the state. A country’s index score for individualism is listed as its IDV and values range from 0 to 100. Countries

with high IDVs include the US (91), Australia (90) and Great Britain (89). Countries with low IDVs include Asian and Latin American cultures, as well as cultures of the Middle East.

Countries with high IDV scores generally present the following:

- Identity revolves around the word “I”.
- Goals are individual.
- It is acceptable to pursue individual gain at the expense of others.
- Laws protect personal choices and freedom of speech.
- Individualism is encouraged, whether in personality, clothes or musical tastes.

In the business world, high IDV numbers present the following:

- One cannot depend on group for answers; individuals are expected to take their own initiative.
- The environment is less reliant on relationships and personal contacts.
- Employees expect the chance to work independently.
- People attempt to stand out from the rest in meetings, presentations and group work.

Countries with low IDV scores generally present the following:

- "We" comes before "I."
- Conformity is expected and viewed positively.
- Individual desires and expectations are less important than the success of the group.
- Families are often very important and goal oriented.
- Rules provide stability, order and obedience.

In the business world, low IDV numbers present the following:

- Strong obligation to family makes business less important.
- Praise for work goes to the team and not the individual.
- Promotions depend on seniority and experience rather than individual achievement or performance.

- Decision making is a longer process as many individual opinions need to be taken into account.

African countries tend to have a very low IDV score, but South Africa has a moderately high IDV score of 65. This moderately high index score is an indicator of the many different cultures within the South African community. One reason the score is much higher than that of most African nations is the high level of European influence in South Africa. Because many of the citizens have English or Dutch backgrounds, the white population of South Africa tends to be very individualistic. In contrast, citizens who are not English-speaking tend to have a lower IDV. Black individuals from the Xhosa, Zulu, and Sotho tribes tend to have much lower Individualism indices. Because of this diversity, South Africa's score of 65 is moderately high, yet European influence continues to drive this index up. South Africa is still very individualistic when compared with every other African country

Because service quality is a multi-dimensional construct that is subject to both individual (customers) and organisational (providers) factors, Hofstede's Culture Model has a degree of appropriateness. As a result, national culture as an influential factor seems to have an effect on both aspects of service quality: perceived and delivered.

### **2.11.2 National culture**

Inglehart and Baker (2000: 24) identified two measures of national-cultural values:

- Traditional vs secular-rational values
- Survival vs self-expression

They argue that people of traditional societies have high levels of national pride, are more respectful of authority, take protectionist attitudes toward foreign trade and feel that environmental problems can be solved without international agreements. Traditional societies emphasise social conformity rather than individualistic striving, support consensus rather than open political conflict, support deference to authority, and have high levels of national pride and a nationalistic outlook. Societies with secular-rational values prefer the opposite of all of these criteria. The authors further define the survival vs self-expression values dichotomy as

societies that emphasise survival values with relatively low levels of subjective well-being, report relatively poor health, are low on interpersonal trust, relatively intolerant of out-groups, are low on support for gender equality, emphasise materialist values, have relatively high levels of faith in science and technology, are relatively low on environmental activism, and relatively favourable to authoritarian government. Societies high on self-expression values tend to have the opposite preferences on these topics.

Inglehart and Baker's (2000) formulation of national-cultural values is significant, and points to potential correlations with customer satisfaction. Individuals in traditional societies strive for consensus and the minimisation of conflict by valuing conformity over individuality. Passivity is the norm in traditional societies and open conflict is rare. Conversely, in secular-rational societies, individuals are less constrained by the traditional structures of authority. These values have an impact on political institutions which, in turn, impact on economic and customer relationships in the way individuals actually perceive the service as well as in the way that they recall these experiences.

Morgeson *et al.* (2011: 201) suggested that as societies move from traditional toward secular-rational values individuals will be more willing to reject authority, question institutions and form independent critical judgements. They conclude that customers in more secular-rational societies will express lower satisfaction with goods and services. Conversely, in self-expressive societies, individuals take physical and economic security for granted. The greater levels of interpersonal trust that have developed in these cultures extend beyond personal relationships to customer interactions. Stronger perceptions of health and well-being are correlated with greater happiness and satisfaction with regard to a range of life experiences. They conclude that customers in more self-expressive societies will express greater satisfaction with the goods and services they have experienced.

### **2.11.3 Socio-economic differences**

Claycamp and Massy's (1968) research led to the development of customer segmentation models and customer relationship management strategies within many organisations. They found that at the level of the individual customer, a relationship between the characteristics of customers and their attitudes and behaviours existed which differed from other groups of customers. Anderson, Pearo and Widener (2008: 368) further suggest that customers not only

expect different attributes from a product or service, but that some customers are harder to satisfy than others. They postulated that it was reasonable to assume that these links between customer characteristics and satisfaction at the individual level could be applied as an aggregation at the national level. They identified wealth and literacy as two factors related to cross-national variations in customer satisfaction.

Anderson *et al.* (2008: 371) argued that economic prosperity within a country is positively related to customer satisfaction. At the customer level, wealthier customers should be more satisfied customers. They have greater access to funds to satisfy their needs and more expensive goods are typically of better quality. However, Bryant and Cha (1996: 22) argued that wealthier customers become more critical as a consequence of higher standards and discerning tastes. Morgeson *et al.* (2011: 202) postulated that higher GDP per capita will result in lower satisfaction with goods and services. They also suggest that higher literacy rates will result in more satisfied customers as they will be better able to conduct research and make better purchasing decisions. More literate customers will be better able to use “self-service technology” in both developing and developed markets.

The components of a nation’s economic freedom can greatly influence the ability of an organisation to satisfy its customers (Thompson, 2004: 203). For instance, if it is government policy to limit competition, then the choices available to the customer are limited and they cannot manifest their brand loyalty. As Adam Smith (Eecke, 2013: 8) argued, customers will experience the greatest satisfaction within a free market economy because competition will lead to better quality products as organisations compete to win customer loyalty. Johnson, Herrmann and Gustafsson (2002: 754) argued that organisations in markets with higher levels of economic freedom will have a business reason to satisfy customers and expected greater economic freedom to have a positive impact on customer satisfaction. Less economic freedom limits customer choices.

Morgeson, *et al.* (2011: 203) also argued that customers in markets with fewer barriers to free trade and international commerce will experience greater satisfaction with the goods and services they have received. Furthermore, customers in markets with fewer barriers to internal business development will also express greater satisfaction with the goods and services they have received. These two types of economic freedom will increase competition and broaden

the number, quality and pricing of competitive alternatives in a way which is beneficial to the customers within these markets.

#### **2.11.4 The effect of salespeople on service delivery**

Almost all variations of SERVQUAL measure the impact of salespeople on customers' overall evaluation of service delivery. As a furniture retailer, EHL has not developed salespeople who have moved away from transactional to relationship selling (Appendix 4). Faced with ever-increasing retail competition in the SADC countries and with competitors selling similar products because they use common suppliers with the supply chain capabilities of reaching the SADC markets, relationship selling will hold the key to competitive advantage.

Relationship selling, as opposed to transaction-oriented selling, stresses the importance of forming relationships with prospective and existing customers across all stages of the buyer-seller relationship (Jones, 2000: 19). The relationship or collaborative-oriented salesperson is one who takes the time at the beginning to build a sincere, committed relationship and tries to understand the customer's needs. Transaction selling is most effective with single-exchange transactions driven by price. Given the interest in the SADC markets by both retailers and independent importers, competing on price will have a negative effect on the financial viability of a business in these markets.

Jones (2000: 19) defines transactional selling as engagements and clashes that will produce a winner and a loser. Alessandra and Barrera (1993: 4) suggest that in traditional selling there is total lack of commitment by the salesperson to develop a long-term relationship that will have a positive financial impact on the business as a result of customer retention. They also suggest that transactional selling results in an adversarial relationship in which the business stands to lose the most.

Although relationship selling is important, transactional selling cannot be discounted. What is required is a combination of both techniques and the ability of the salesperson to adapt to the situation. Adaptive selling is defined as "altering of sales behaviours during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation" (Weitz, Sujan & Sujan, 1986: 175). These researchers incorporated the following elements in the adaptive selling process:

- Recognition that different selling approaches are needed in different sales situations.
- Confidence in the ability to use a variety of different sales approaches.
- Confidence in the ability to alter the sales approach during the customer interaction.
- Knowledge of structure that facilitates the recognition of different sales situations and access to sales strategies appropriate for each situation.
- Collection of information about the sales situation to facilitate adaptation.
- The actual use of different approaches in different situations.

Weitz *et al.* (1986: 182) argued that salespeople have the opportunity to match their behaviour to the specific customer and situation they encounter and that they are able to evaluate each selling situation and adapt behaviour to the expectations of the buyer. Williams (1998: 281) combines relationship selling and adaptive selling in suggesting that the longer-term focus of customer-oriented, relational selling requires the salesperson to bypass the immediate gratification and reward promised by short-term sales. In addition, more time and effort is required in order to gather information about customer needs, adapt responses, and provide post-sale follow-up. Thus, the relationship and adaptive selling process is dependent on the buyer's expectation of interpersonal interaction as the key ingredient in sales effectiveness.

Although there is debate about whether relationship selling and transactional selling are both appropriate means of adapting the selling approach to the buyer, the importance of recognising the interpersonal interaction variables in the buyer-seller relationship (i.e. bonding, communication and trust) forms the core of the knowledge needed to practise adaptive selling. Additionally, the common thread throughout the available literature is that the way to accomplish the task of gaining buyer knowledge is through appropriate sales training.

## **2.12 Comparative studies**

As stated by Kim and Jin (2001: 223), retailers are advised not to adopt a standardised marketing approach when expanding into cross-national markets. Owing to cultural and environmental differences, customers have different expectations of service delivery and a standardised approach could negatively affect their perceptions of the actual service. As stated in Chapter 1, there are numerous comparative studies on customer satisfaction, yet none have

been conducted in the SADC region. All these studies highlight the need for differentiation, and caution that any attempt by retail businesses to enforce global standards is problematic. Machirori and Fatoki (2011) investigated the level of customer satisfaction and customer loyalty at four large retailers in King William's Town, South Africa. To measure customer satisfaction, a modified version of the SERVQUAL model introduced by Parasuraman *et al.* (1985) was used. This ensured empirical validity; Cronbach's alpha was used as a measure of reliability. They focused on seven dimensions of customer satisfaction: Tangibility, Responsiveness, Courtesy, Customer handling, Competence, Accessibility and Security. These dimensions were presented in terms of both expectations and perceptions. T-tests were performed on the mean scores of expectations and perceptions items and dimensions to identify the existence of significant differences in the mean scores. They found that customer satisfaction and customer loyalty existed at the retail stores. However, queuing time was a significant area of dissatisfaction. The Courtesy dimension had the lowest scale mean and was also an area of concern. Their recommendations were to focus on improving queuing time and staff courtesy.

Arasli, Katircioglu and Mehtap-Smadi (2005) analysed and compared the service quality in the commercial banking sector of Cyprus and investigated the relationship between overall bank customer satisfaction in Turkish- and Greek-speaking areas. A total of 268 commercial bank customers responded to a Greek- and Turkish-translated version of the SERVQUAL instrument. After descriptive and factor analysis, multivariate regression was used to estimate the impact of service quality dimensions on overall customer satisfaction.

The Responsiveness dimension failed to load and thus the SERVQUAL scale proved to be of a four-dimensional structure and was found to be reliable. Research results revealed that the expectations of bank customers in both areas were not met and that the largest gap was found in the Empathy dimension. The Assurance dimension had the largest influence on customer satisfaction and overall satisfaction of bank customers in both areas of Cyprus and had a positive effect on their word-of-mouth "advertising". At the time of the study, both parts of the island (North and South) were considering accession to the EU, which will result in greater competition.

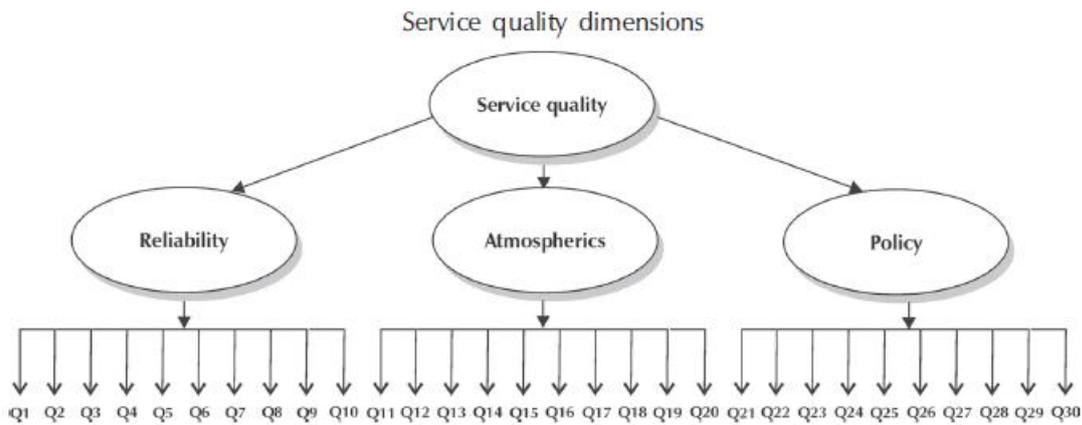
Shukla (2011) investigated the loss of market share of the state-sponsored Life Insurance Corporation (LIC) to new entry private companies in India. Using an adapted SERVQUAL

scale, the study attempted to identify the dimensions of service quality that are important to customers as well as identified “gaps” between expectations and perceptions. Using a five-point Likert-type scale, 200 respondents were randomly selected from the LIC database of customers in Delhi. The Cronbach Alpha score for expectations was 0.741 and for perceptions 0.825, and as both coefficients were greater than 0.7, the measurement scale was found to be reliable. Shukla found that LIC had a high differential between perceptions and expectations in certain dimensions. LIC had to show considerable improvement in the Tangibles dimension as customers identified it as most important to service quality and it was this dimension that had the greatest difference between perceptions and expectations.

Pansiri and Mmerekhi (2010) studied the adaptability of the SERVQUAL scale in the Botswana health care system. Structured seven-point Likert-type scale questionnaires were distributed to 200 randomly selected patients in Gaborone. To test for reliability, the Cronbach Alpha values were above 0.7, although the researcher used 0.5 as an acceptable cut-off. There were statistically significant variances on all five of the original SERVQUAL factors and the authors concluded that SERVQUAL is an acceptable measuring scale for health care in Southern Africa.

Venter and Dhurup (2005) investigated the reliability and validity of the adapted SERVQUAL scale in a supermarket environment in South Africa. Over a three-week period, data were collected from 607 respondents using a questionnaire with a six-point Likert-type scale. This was a random-intercept survey at a store belonging to one of the larger retail chains in the Vaal triangle. The findings of this study showed that only three dimensions of the original five emerged as factors, namely, Reliability, Atmospherics and Policy. The Reliability factor showed the greatest variance and emphasised the importance attached by customers to the human factor of retail service delivery.

Atmospherics combined elements of tangibles from the SERVQUAL scale and physical aspects from the Retail Service Quality Scale (RSQS). The identified variance highlighted the point that customers draw attitudinal conclusions about service delivery based on the physical appearance of the store and employees. The Policy dimension used the Responsiveness factors of SERVQUAL and identified “gaps” that contributed to the customers’ perception of service quality. Venter and Dhurup posited a structure with three basic dimensions for developing a measurement scale for retail service quality.



**Figure 2.6: Service quality dimensions**

**Source:** Venter and Dhurup (2005: 430)

Mengi (2009) identified the dimensions of SERVQUAL that ensure maximum satisfaction for customers in the banking sector in India. The researcher compared the customer satisfaction levels of private sector banks and public sector banks. Using a five-point Likert scale, a structured questionnaire was developed and a sample of 88 respondents was used for the analysis. The Cronbach alpha score was above 0.7 for all five factors of the adapted SERVQUAL instrument. The sample of customers of the public sector banks was highly satisfied with the bank service in comparison with the customers of the private sector banks. Public sector banks scored better on the provision of complete information on bank statements, accurate record keeping and employees' understanding of customers' needs. These items were deemed important to customer satisfaction in the banking industry and private sector banks need to improve in this area if they want to retain customers and attract new ones through positive word-of-mouth advertising.

### 2.13 Conclusion

Chapter 2 defined the boundaries of this study and provided a review of the pertinent literature which grounds the rest of the research. Customer satisfaction consists of many contributing factors and the ability to measure it is challenging. It is important to note that the factors of customer satisfaction are not independent of each other, but rather work as a sum of parts that influences the customers' perception of service delivery. Although the SERVQUAL measuring scale has been widely used, there seems to be a strong suggestion that adaptations of

SERVQUAL are more suited to service industries than general retailers of non-perishable goods. The RSQS model has proved unreliable in a series of studies while providing reliable results in once-off research. One important point to consider when comparing any interaction across national borders is the effect of culture.

Although culture does not form part of the SERVQUAL measuring philosophy, Hofstede's cultural dimensions, as well as criticisms of them, were discussed in this chapter, as customers' perceptions and expectations are invariably associated with their cultural perspective. Apart from the physical attributes of the retail stores, employees of the business play a pivotal role in the customers' perception of service quality. Ongoing transactional selling should not be discontinued, but an adaptive approach between transactional and relationship selling is required. This chapter also provided a summary of similar studies that have used the SERVQUAL instrument to measure service delivery in different environments.

Chapter 3 will discuss the statistical tools employed to analyse the data that were collected using a structured questionnaire adapted from the SERVQUAL measuring instrument.

## CHAPTER 3

### SAMPLING DESIGN AND QUESTIONNAIRE DEVELOPMENT

#### 3.1 Introduction

The transformation of public service delivery was announced in South Africa in 1997, using the concept of Batho Pele, or “people first”. Simply stated, Batho Pele was an initiative to get public servants service-orientated, to strive for excellence in service delivery and to commit to continuous service delivery improvement. The concept of service delivery, although relatively recent to public servants in South Africa, is something which has been part of private enterprise for many decades. Awareness of the perceptions and expectations of customers regarding the delivery of service is a necessity for any organisation that aspires to improve customer service.

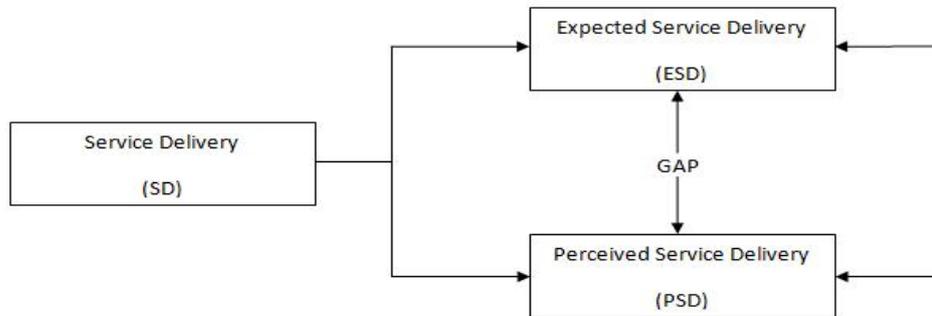
Chapter 2 reviewed the literature that laid the foundation of the structured questionnaire used to probe the perceptions of present and prospective customers regarding the delivery of services by the various brand stores falling under Ellerine Holdings Limited (EHL), operating in the retail and appliance sector in Southern Africa. Both their actual perceptions and their ideal expectations were important as the researcher was interested in investigating whether the so-called performance gap existed between the expectations of customers and their perceptions regarding services delivered. This gap in quality of service delivery is explored in Chapter 4.

As this research made use of the SERVQUAL instrument to measure service delivery, it was based in the positivist paradigm and was concerned mostly with numerical data. However, the interpretation of the data also makes use of qualitative explanations. The interpretation of the expectations and perceptions can be problematic and hence some background on the SERVQUAL instrument is first offered.

#### 3.2 Background to the adapted SERVQUAL instrument

This research used an adapted version of the service quality instrument (SERVQUAL) as designed by Parasuraman *et al.* (1988). It can thus also base service delivery on a comparison between expected and perceived service delivery, provided the instrument is found to be valid and reliable. The so-called gap between expected and perceived service delivery can be used as

a measure of service quality, which is well captured by Fitzsimmons and Fitzsimmons (2001: 44). For this research, an adapted version was used in the sense that the researcher preferred to use the term “service delivery”. The service quality gap is the difference between perceptions and expectations and is dealt with separately in Chapter 4.



**Figure 3.1: Customers’ perceived service delivery**

**Source:** Adapted from Fitzsimmons and Fitzsimmons (2001: 44)

Using the concept of expected and perceived service delivery one could specify the 19 items adapted from Parasuraman *et al.* (1988) in the form of the following equation:

$$SQ = \frac{1}{N} \sum_{i=1}^N (P_i - E_i) = \frac{1}{N} \left( \sum_{i=1}^N P_i - \sum_{i=1}^N E_i \right) \text{ where } N \text{ is the number of respondents}$$

*and i the value of the response*

One can also assume that the expectations of service delivery (as the ideal value) will differ from the perceptions of service delivery as the real value, and that there will be a difference or gap between the two. In this chapter, the emphasis is only on providing a description of the perceptions and expectations of service delivery and not on the actual quality of service, as this can be defined as the difference or gap between perceptions and expectations.

According to Luke (2007: 11), expectations are the reference points that customers have when they experience service of some kind or other. On the other hand, their perceptions can be seen to reflect the actual service as they experience it. There will thus be a gap between their actual expectations of service delivery and their perceptions of service delivery. Bateman and Zeithaml (1993: 26) refer to this as the performance gap and indicate that it is the gap between

the organisation's actual performance and the performance it should have. The gap could also occur when performance is good but someone else may be of the view that it could be better. The gap exists between what "is and what could be". Parasuraman *et al.* (1985: 46) refer to this as "gap 5" and it is the difference between customer expectations and perceptions about the delivery of a particular service. One of the challenges with this approach is that people's expectations (the ideal) of something are generally higher than their perceptions (the reality), thus the service gap has a negative value. If one subtracts the value of perceptions from the value of expectations then the result will be positive; however, it remains a gap seen from a positive perspective. The researcher has used both connotations. The research paradigm is briefly discussed in the next section.

### **3.3 Research paradigm**

In the positivist paradigm, the object of study is regarded as independent of the researcher, with knowledge being discovered and verified through direct observations or measurements of phenomena and data established by taking the phenomenon apart to examine its component parts (Babbie, 2008: 45). In line with the objective of this research, the constructs measured are the perceptions and expectations of present and possible future customers regarding the service delivery of the various brand stores falling under Ellerines Holdings Limited (EHL) operating in the retail and appliance sector under the Ellerines, Beares and FurnCity brands. The dependent variables are the constructs of perceived and expected service delivery of the customers sampled and the independent variables are the various demographic variables utilised.

### **3.4 Research design**

The design of this research can be described (to be all inclusive) as descriptive, exploratory and quantitative quasi-experimental in the sense that the respondents already belonged to a condition inherently present, such as gender and age. In this design the independent variables, or more correctly, the quasi-independent variables, were manipulated by the researcher by using different participants (Field, 2009: 15). The researcher thus assigned participants to a particular condition (such as gender) for which they inherently qualified by allowing the respondents to indicate this on the structured questionnaire. The researcher could then determine whether males differed from females with respect to the dependent variables,

namely, perceptions and expectations of the service delivery provided. Thus, the researcher did not randomly assign participants to a condition, but did randomly select the element of research, which was the various present and possible future customers of stores belonging to EHL in the Southern African countries, by sampling customers that entered the various stores on two different days and times. As this researcher decided to manipulate the independent variable using different respondents, the data collection is therefore a between-groups, between-subjects, or quasi-independent design.

### **3.5 Population and sample**

The research population consisted of the present and prospective customers of Beares and Ellerines stores in Namibia, Botswana, Swaziland, Lesotho and South Africa. In Zambia, EHL operates only under the FurnCity brand. In South Africa, it was decided to use the Gauteng province as it has the most stores and is considered to be the economic hub of South Africa. However, no present basis exists for determining the possible future clients for these stores. The researcher thus asked store managers to count all present and possible customers who entered the stores during the months of March and April 2012.

The numbers supplied varied from 600 to greater than 3000 per month, depending on the store's location. The managers also identified Fridays and Saturdays as the busiest days in terms of foot traffic. As it was not possible to sample the whole population owing to policy and time constraints, it was decided to invite every fifth person who entered the smaller stores (approximately 20 customers per day) and every tenth person in the larger stores to participate in the survey (approximately 100 customers per day).

Furthermore, the researcher personally visited all the store managers involved, sought their participation and explained the aim and procedures of the research to be conducted. It was suggested to them that they should use a Friday and Saturday of the first week in May 2012 to conduct the survey. They were also instructed to ensure that the persons surveyed were informed of the fact that participation in the survey was voluntary and that they were free to withdraw from the survey at any time. The information provided by participants would be confidential and would be used for research purposes only.

The researcher was also aware that he was using store managers to obtain the information on his behalf and he therefore ensured their willing participation by informing them of the research objective and indicated that all research results would be available for their scrutiny at any time. Managers were assured that none of the data collected would be used in a way that might be detrimental to their work security or to that of any of the employees. The entire structured questionnaire was interrogated with the store managers involved, making sure that the questions were clearly understood. As English was the language of use in all the countries concerned the questions were framed in English. All store managers had employees that were conversant in English as well as in the use of Setswana (Botswana), Sesotho (Lesotho), Zulu, Sotho and Afrikaans (South Africa) and Swati (Zambia). They would thus have been able to provide clarity on items in the questionnaire to any respondents who indicated that they were unsure as to the meaning of any of the items.

Together with the store managers it was decided that on a Friday and a Saturday of the first week in May 2012, every fifth possible respondent entering small stores would be approached and asked whether they were willing to participate in the survey. In the larger stores every tenth customer would be approached. In this way a systematic random sample of present and prospective customers could be sampled to obtain their perceptions and expectations regarding the stores concerned. The element of this study was the individual respondent's perceptions and expectations regarding the service delivery of the store and its employees.

The study population was an aggregation of the elements from which the sample was collected (Babbie, 2008: 211). The researcher also provided each of the stores involved with 10 questionnaires for completion. Hence 100 questionnaires per country were provided. Furthermore, as 31.0% of the sample consisted of first-time customers, this suggests that the sample was of a random nature regarding present and prospective customers. A discussion of the demographic variables is provided under the descriptive statistics.

### **3.6 Validity and reliability of the research instrument**

As the research is related to retail customer satisfaction levels in Southern Africa, the researcher adapted the measure of service quality developed by Parasuraman *et al.* (1988: 14). However, the instrument developed had to be both valid and reliable in the context of Southern Africa. Also, it should be noted that Parasuraman *et al.* (1988: 17) define quality as the

difference between perceptions and expectations. At this stage of the research, the researcher wished to investigate both the perceptions and expectations of customers regarding service quality delivery only.

### **3.6.1 Reliability**

Reliability is the degree to which the same event or behaviour produces the same score each time it is measured (Heiman, 2001: 61). Thus, if a respondent scores “agree” (5) on the first administration of a questionnaire on question 1 in Section 2 and then scores “disagree” (2) on a second administration and a score of 4 on the third administration for the same question then the instrument would not be very reliable. The easiest way to assess reliability is to test the same group of people twice, using a test-retest method. In this research project, the respondents completed the questionnaire once only, and as the internal reliability coefficient was more relevant, the Cronbach alpha reliability coefficient was used.

This method randomly splits the data set into two. A score for each participant is then calculated based on each half of the scale. If a scale is very reliable a person’s score on one half of the scale should be the same as or similar to his score on the other half. Thus, across several respondents, scores from two halves of the questionnaire should correlate well (Field, 2009: 674). Large correlations are a sign of reliability, with a general rule of thumb being that a reliability coefficient should be 0.7 or above to be acceptable.

### **3.6.2 Validity**

An instrument such as a structured questionnaire is valid if it measures what it is supposed to or sets out to measure (Field, 2009: 11). To be valid, an instrument must first be reliable. There are numerous types of validity standards, but for the purposes of this research, content, construct and criterion validity will be discussed.

#### **3.6.2.1 Content validity**

The measurement of a single dimension or component such as perceptions or expectations of service delivery is unlikely to be covered by one variable alone. Service delivery depends on numerous behaviours and one has to cover all these dimensions in order to measure content

validity (Heiman, 2001: 63). Thus one could lose content validity if the questionnaire were in English only as respondents who are not fluent English speakers may not be able to understand the content in order to answer the question appropriately. Hence, it is important to keep the language simple and clear so that all respondents can understand the content equally. In most cases content validity is established in discussions with other experts (Blunch, 2008: 43). This researcher adapted items which had already proved to be reliable and valid and had both his supervisor and a statistical consultant scrutinise the questionnaire to see if the content was adequate.

However, the research was done in the Southern African context, where the first language is often an ethnic one with English a possible second language. It was thus important to keep the wording as simple as possible. The researcher further attempted to ensure clarity by discussing the questionnaire in great detail with each store manager and asked them to ensure that each respondent had clarity regarding the aim of the survey and that he or she understood what was being asked. Where applicable, the meaning would be provided in the language requested by the respondent either by the store manager or one of the employees fluent in the home language of the respondent.

However, the researcher was aware of the use of the many indigenous languages in the various countries and translating the various items into numerous languages was not feasible. Asking respondents to answer in their mother tongue would possibly have been a better alternative, but this would have required six different questionnaires as the various indigenous languages, especially in Namibia and South Africa, would have complicated the development of the different questionnaires and would have required a grouping of the language categories for analytic purposes. As English is the official language in all countries, except South Africa, it was deemed appropriate to use English in the questionnaires. It is also the language most widely used in the retail businesses of all countries surveyed.

### **3.6.2.2 Construct validity**

The constructs to be measured were related to service quality delivery and the items involved were adapted from the SERVQUAL instrument designed by Parasuraman *et al.* (1998: 14), which were found to be both valid and reliable. As the context of this research was different, the data were again submitted to a factor analytic procedure, namely, a principal axis factoring

(PAF). It was an exploratory analysis in the sense that the items were used in a new context of respondents from selected stores belonging to EHL in Southern Africa. This aspect of construct validity is discussed in detail in Chapter 4.

### **3.6.2.3 Criterion validity**

The criterion validity of a measuring instrument is evaluated by comparing the actual measurement with a criterion variable (Blunch, 2008: 43). However, one distinguishes between concurrent validity, where the criterion is measured at the same time as the variable one wishes to evaluate, and predictive validity, where the criterion is measured at a later time. A concurrent criterion is usually a measurement of the same concept with a different measurement instrument, while an example of a predictive criterion could be the ability to predict that the perceptions of service quality delivery would be lower than the expectations that customers have of the service that should have been delivered. In this research, the concern was more about the predictive validity of the instrument. The characteristics and summarising of the sample data are discussed in the next section.

## **3.7 Descriptive statistics of the demographic data**

The actual collection of the data for this research was the first step in the process of data analysis and interpretation. One also needs to organise the raw data into a more useable and interpretable format and for this purpose frequency Tables and graphs depicting the mean scores of present and prospective customers regarding their perceptions and expectations of service were used. There were seven demographic variables in this research and the distribution of the data in these variables needs to be described. This was done using SPSS version 20.0. As the graphs provided contain abbreviated names for the various factors found during the factor analytic procedure, clarification is first provided regarding the abbreviations used:

- Expectations of service delivery (FE2.1) = Expectations held of employees (FEE1.1) + Expectations of the store (FES1.2).
- Perceptions of service delivery (FP2.1) = Perceptions held of employees (FPE1.1) + Perceptions of the store (FPS1.2).

Note that the expectations of respondents were found to consist of two sub-dimensions, factors or sub-scales, namely, one which referred to employees (FEE1.1) and one that referred to the store (FES1.2). As they were both first-order factors they were abbreviated as F1.1 and F1.2. The factor relating to the Expectations held of employees (E) is identified as FEE1.1 and their expectations of the store as FES1.2. A second-order factor analytic procedure indicated that these two sub-scales formed one scale only and hence this was identified as expectations of service delivery and abbreviated as FE2.1.

When the perceptions of the respondents were analysed the same procedure was followed, with two first-order factors or sub-scales again resulting from the procedure. The first-order factors were named "Perceptions of service of employees" (FPE1.1) and "Perceptions of service of the stores" (FPS1.2). The second-order procedure resulted in one factor only and it was named "Perceptions of service delivery" (FP2.1).

### **3.8 Country of residence**

The perceptions and expectations regarding service delivery of prospective and present customers were probed in six Southern African countries, namely, Namibia, Botswana, Zambia, Swaziland, Lesotho and South Africa. Table 3.1 provides a collective frequency Table of the respondents who participated in the survey. The sample was collective in the sense that the respondents from the brand stores of Ellerines, Beares and FurnCity were combined into one. These three brands were acquired and merged into EHL. Ellerines and Beares are differentiated in terms of their market offering, but given the size of the markets, they do, to a large extent, serve the same customer base. The emphasis in this research was to determine these perceptions and expectations regarding the service delivery of stores falling under EHL. In the case of Zambia, only FurnCity stores were applicable.

**Table 3.1: Frequency of responses of the collective sample according to country where the data were collected**

Country		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Namibia	93	19.1	19.1	19.1
	Botswana	82	16.8	16.8	35.9
	Zambia	100	20.5	20.5	56.5
	Swaziland	52	10.7	10.7	67.1
	Lesotho	60	12.3	12.3	79.5
	South Africa	100	20.5	20.5	100.0
	Total	487	100.0	100.0	

The researcher provided each country with 100 questionnaires and the overall response rate was 81.2%, which was good. However, the response rate varied from 52% to 100%, mainly due to the uncertainty of respondents' visits to the stores in the various countries and regions.

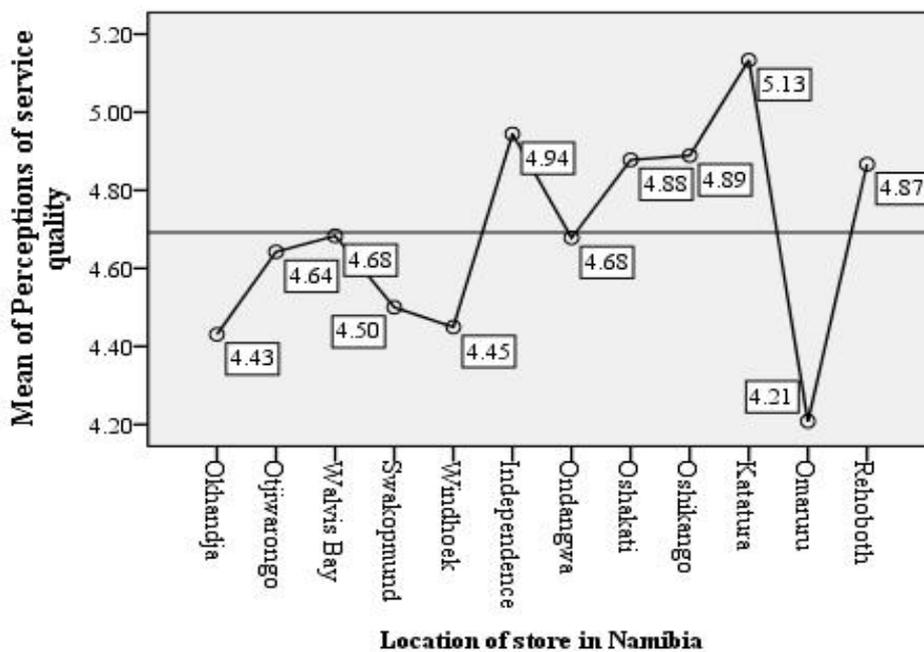
The data in Table 3.1 are further analysed by using frequency Tables followed by the mean scores of the perceptions of service delivery (FP2.1) of the customers in each country and their expectation of service delivery (FE2.1). The mean scores, as interval measures, are provided according to the region of the country concerned as categorical measures. Hence a line graph shows the mean score of the collective stores in a particular region of the Southern African country concerned. In addition, this provides some information regarding any possible differences between the perceptions and expectations of service delivery, which are investigated in greater depth in Chapter 4 of the research.

### **3.8.1.1 Namibia**

The frequency of responses per location in Namibia is provided in Table 3.2. The mean score for the items in Section 2 of the questionnaire which probed the perceptions of service delivery (FP2.1) was 4.66 and this value is shown by the horizontal line on the graph in Figure 3.2. The Namibian respondents thus partially agreed with the perception of service delivery items of the collective stores falling under EHL. The highest factor mean was for respondents from Katatura (5.13), who agreed with the perceptions of service delivery while the lowest factor mean was from Omaruru (4.22), where respondents only partially agreed with the perceptions of service delivery.

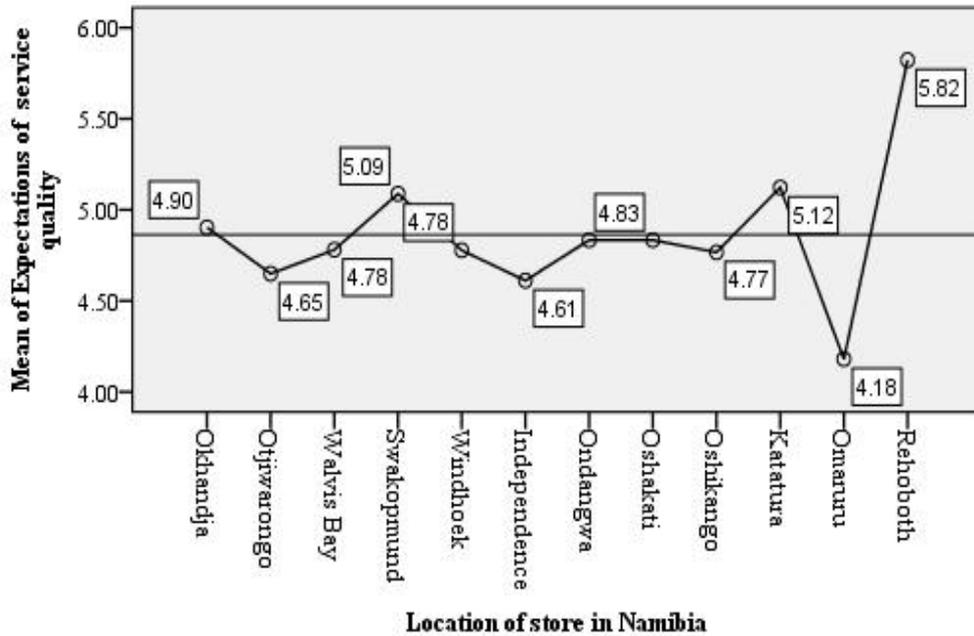
**Table 3.2: Frequency of the responses of the collective sample according to the regions in Namibia**

Location of store in Namibia	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Okahandja	4	0.8	4.3	4.3
	Otjiwarongo	16	3.3	17.2	21.5
	Walvis Bay	20	4.1	21.5	43.0
	Swakopmund	12	2.5	12.9	55.9
	Windhoek	11	2.3	11.8	67.7
	Independence	1	0.2	1.1	68.8
	Ondangwa	5	1.0	5.4	74.2
	Oshakati	5	1.0	5.4	79.6
	Oshikango	5	1.0	5.4	84.9
	Katatura	5	1.0	5.4	90.3
	Omaruru	4	0.8	4.3	94.6
	Rehoboth	5	1.0	5.4	100.0
	Total Namibia	93	19.1	100.0	
Total of all countries	487	100.0			



**Figure 3.2: The means of the perceptions of service delivery (FP2.1) in the various locations in Namibia**

The graph showing the mean of the factor regarding customers' expectations of service delivery (FE2.1) for the various locations in Namibia is shown in Figure 3.3.



**Figure 3.3: The means of the expectations of service delivery (FE2.1) at the various locations in Namibia**

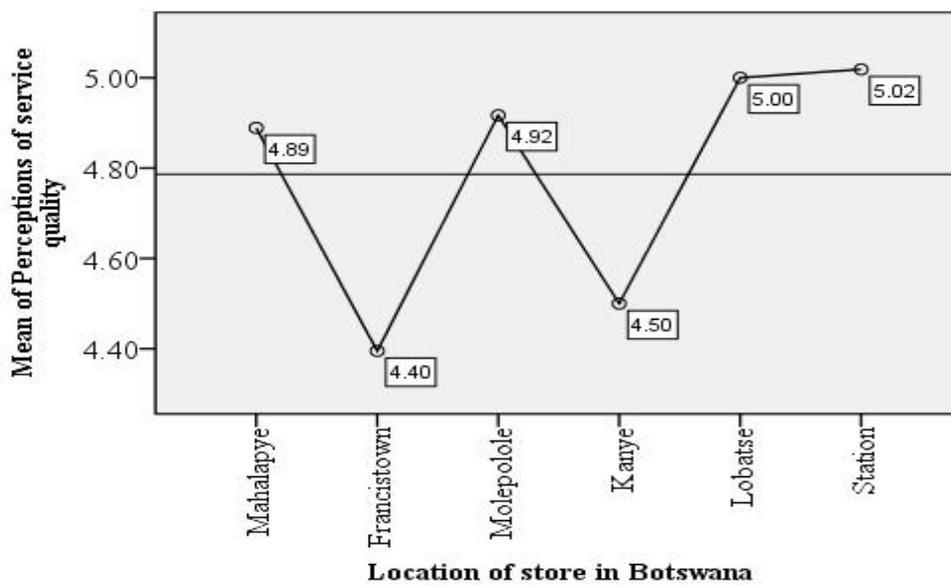
Customers from Rehoboth had the highest expectations (5.83) of service delivery and they tended towards strong agreement with the factor. Respondents from Omaruru had the lowest expectations (4.22) and tended at most towards partial agreement with the expectations of service delivery (FE2.1). The mean of 4.84 indicated that the present and prospective customers of the collective sample in Namibia tended to agree regarding their expectations of service delivery. This mean was higher than the mean of perceptions.

### 3.8.1.2 Botswana

Table 3.3 provides the frequency of responses from the various store locations in Botswana. The graph provided in Figure 3.4 of the mean perception scores regarding service delivery (FP2.1) in Botswana was 4.76, indicating partial agreement tending to agreement with the perceptions of service delivery. However, customers from Lobatse had the highest factor mean (5.00), probably because there were only two respondents. Present and future customers from Francistown had the lowest perception of service delivery (4.34) and partially agreed with the factor.

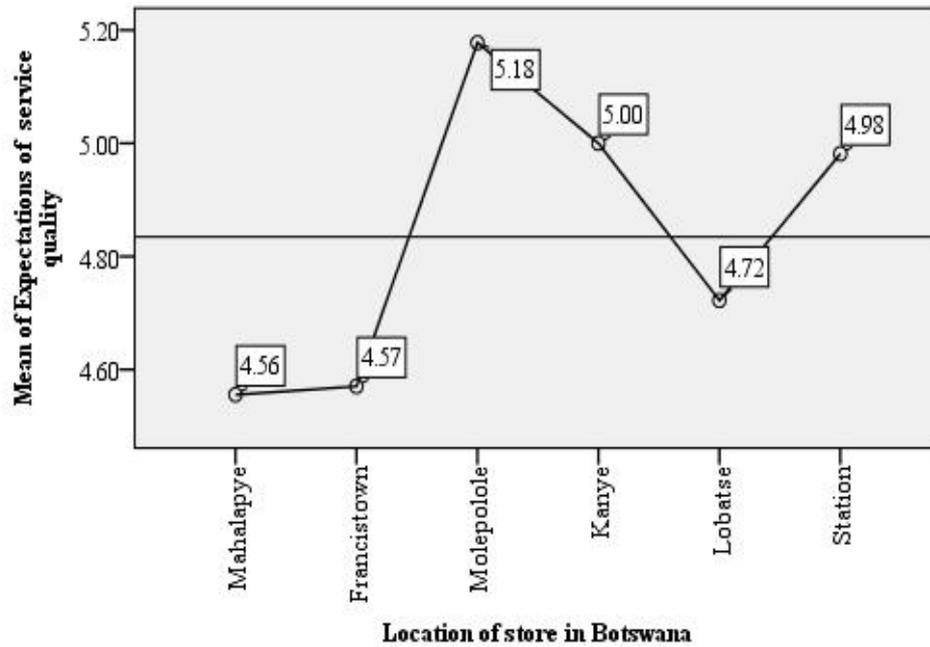
**Table 3.3: Frequency of the responses of the collective sample according to the regions in Botswana**

Location of store in Botswana		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mahalapye	9	1.8	11.0	11.0
	Francistown	45	9.2	54.9	65.9
	Molepolole	10	2.1	12.2	78.0
	Kanye	10	2.1	12.2	90.2
	Lobatse	2	.4	2.4	92.7
	Station	6	1.2	7.3	100.0
	Total Botswana	82	16.8	100.0	
Total of all countries		487	100.0		



**Figure 3.4: The means of the perception of service delivery (FP2.1) at the various locations in Botswana**

The mean scores on the expectations of the service delivery (FE2.1) are provided in Figure 3.5. The mean score on the expectations factor was 4.72. What was surprising was that the expectations factor had a lower mean score than the perceptions factor (4.76), as this is usually the other way around. The difference of 0.04 is small, however, and is unlikely to be significant in a statistical sense and hence this difference could be due to sampling error.



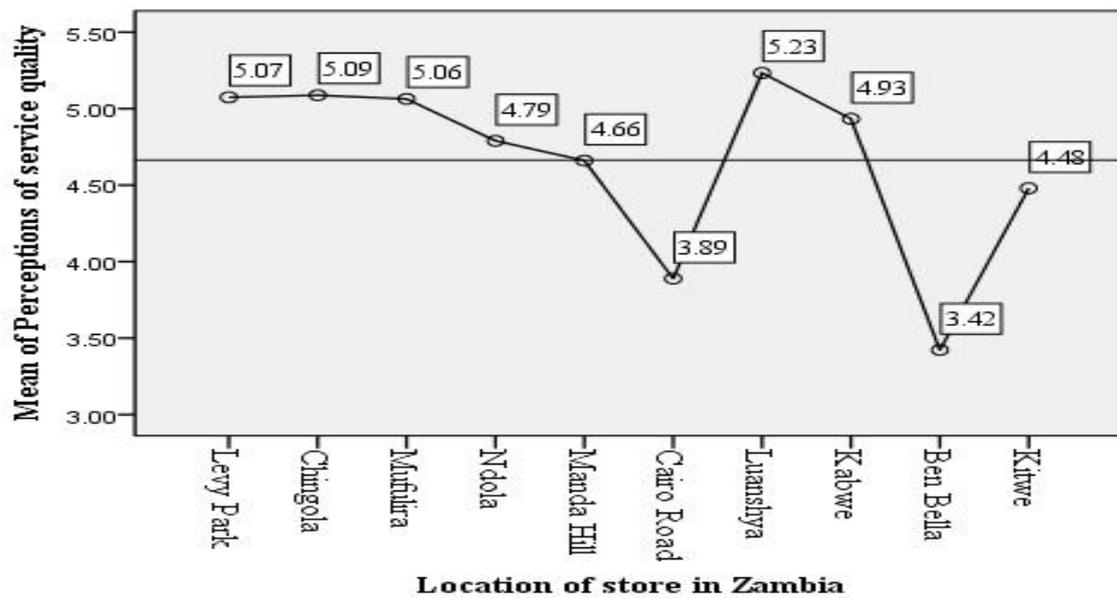
**Figure 3.5: The means of the expectations of service delivery (FE2.1) at the various locations in Botswana**

### 3.8.1.3 Zambia

The frequencies of the 11 store locations in Zambia are given in Table 3.4. The mean score of the Zambian customers on the perceptions of service delivery was 4.67 and only Cairo Road and Ben Bella had scores below the factor means. The appropriate graph is provided in Figure 3.6.

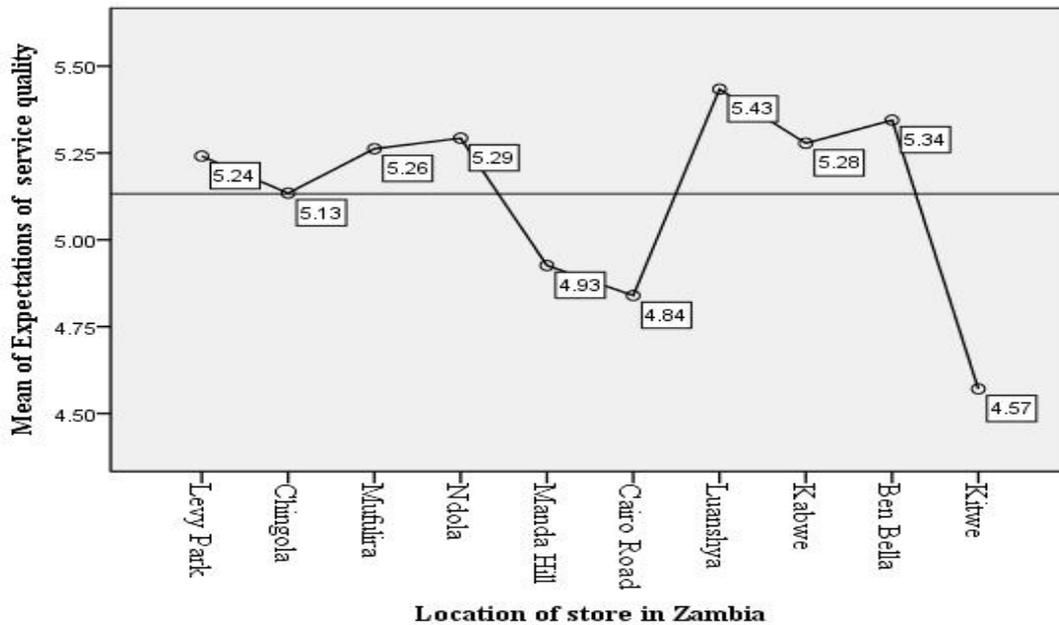
**Table 3.4: Frequency of the responses of the collective sample according to the regions in Zambia**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Levy Park	6	1.2	6.1	6.1
	Chingola	12	2.5	12.2	18.4
	Mufulira	7	1.4	7.1	25.5
	Ndola	19	3.9	19.4	44.9
	Manda Hill	9	1.9	9.2	54.1
	Cairo Road	9	1.9	9.2	63.3
	Luanshya	10	2.1	10.2	73.5
	Kabwe	10	2.1	10.2	83.7
	Ben Bella	5	1.0	5.1	88.8
	Kitwe	11	2.3	11.2	100.0
	Total	98	20.2	100.0	
Missing	System	388	79.8		
Total		486	100.0		



**Figure 3.6: The means of the perceptions of service delivery (FP2.1) at the various locations in Zambia**

The mean score of the expectations of service delivery (FE2.1) was 5.12, indicating that most Zambian customers agreed with the items in the service delivery factor. Only four of 11 locations scored below the mean regarding the expectations factor. The appropriate graph is given in Figure 3.7.



**Figure 3.7: The means of the expectations of service delivery (FE2.1) at the various locations in Zambia**

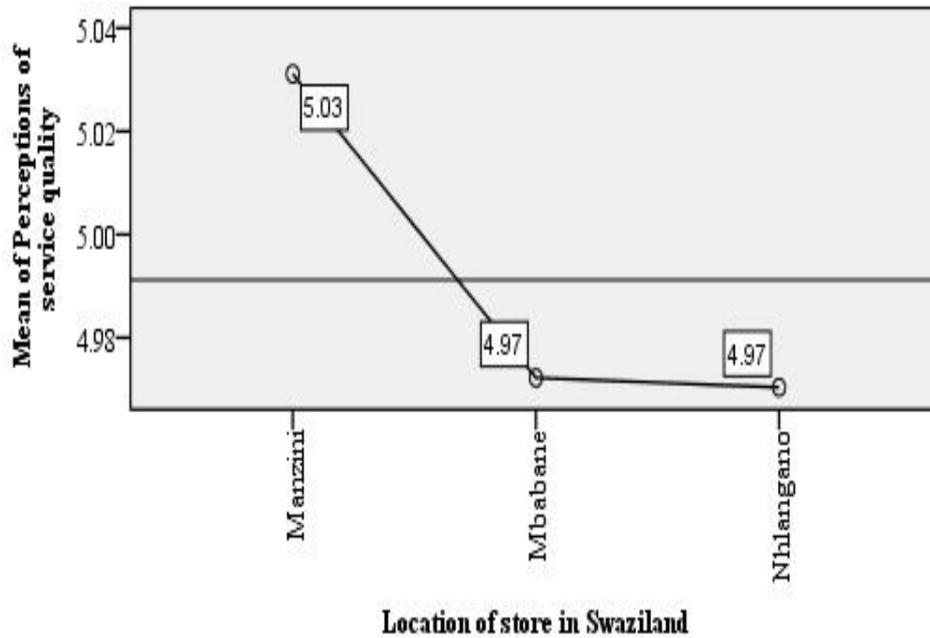
### 3.8.1.4 Swaziland

Swaziland had three locations and the frequency Table of the responses from the various store locations is provided in Table 3.5.

**Table 3.5: Frequency of the responses of the collective sample according to the regions in Swaziland**

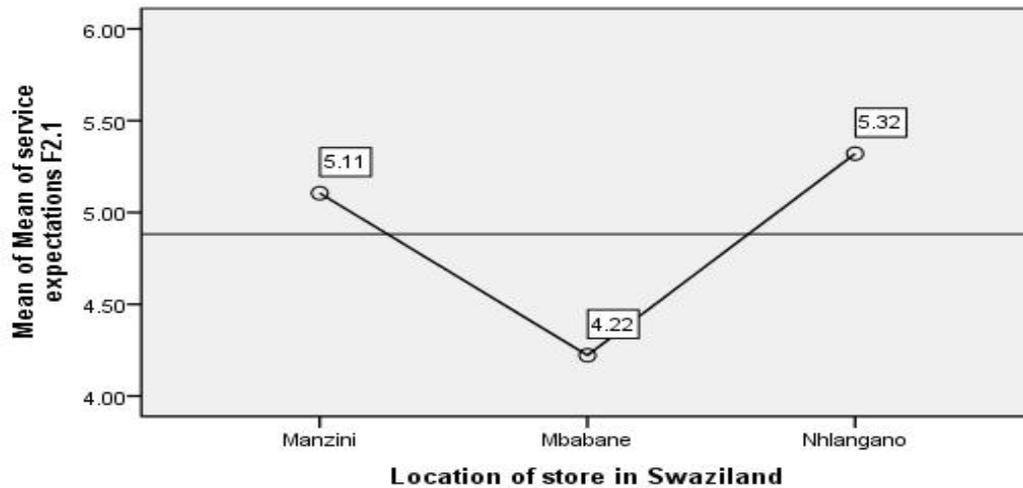
Location of store in Swaziland		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manzini	25	5.1	48.1	48.1
	Mbabane	12	2.5	23.1	71.2
	Nhlangano	15	3.1	28.8	100.0
	Total Swaziland	52	10.7	100.0	
Total		487	100.0		

The mean score of the respondents from Swaziland regarding their perceptions of service delivery was 4.99. The respondents from the three store locations had scores close to the mean of 4.99, indicating that respondents agreed with the perceptions of service delivery (FP2.1). The graph shown in Figure 3.8 clearly shows this.



**Figure 3.8: The means of the perceptions of service delivery (FP2.1) at the various locations in Swaziland**

With respect to the expectations factor of service delivery (FE2.1), customers from Nhlangano agreed with the expectation of service delivery items while customers from Mbabane partially agreed with the expectations of service delivery. The graph showing the mean scores of the three location groups is provided in Figure 3.9.



**Figure 3.9: The means of the expectations of service delivery factor (FE2.1) at the various locations in Swaziland**

### 3.8.1.5 Lesotho

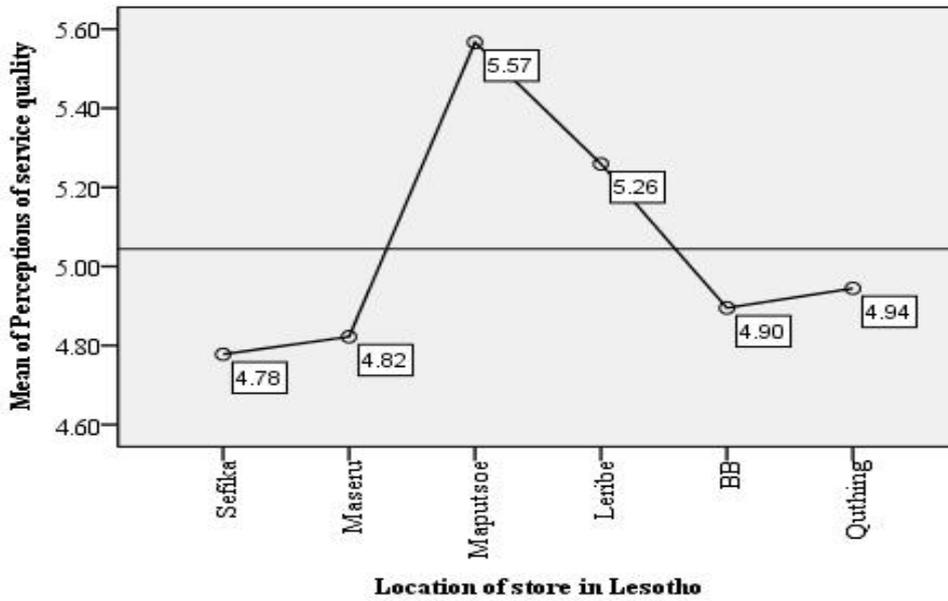
The data in Table 3.1 indicated that there were 60 customers from Lesotho and frequency Table 3.6 gives a further refinement of the store locations of the customers.

**Table 3.6: Frequency of the responses of the collective sample according to the regions in Lesotho**

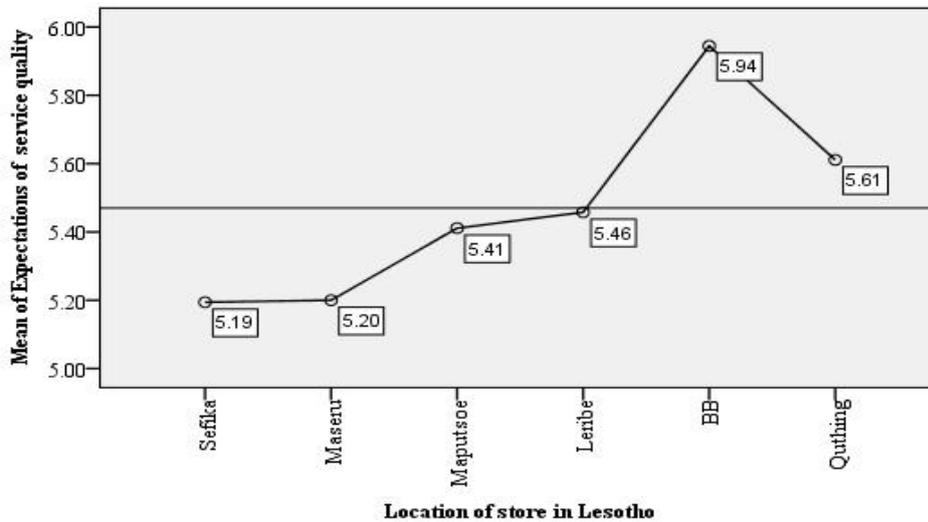
Location of store in Lesotho		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sefika	8	1.6	13.3	13.3
	Maseru	15	3.1	25.0	38.3
	Maputsoe	5	1.0	8.3	46.7
	Leribe	21	4.3	35.0	81.7
	BB	9	1.9	15.0	96.7
	Quthing	2	.4	3.3	100.0
	Total	60	12.3	100.0	
Total		487	100.0		

The mean scores of the various location groups regarding their perceptions of service delivery (FP2.1) are given in Figure 3.10. Customers from The expectations that Lesotho customers have of service delivery (FE2.1) had a factor mean of 5.4 and they thus agreed with the expectations of the service delivery factor. Customers from BB strongly agreed with the

expectations of service delivery (FE2.1). Maputsoe tended to strongly agree with the perceptions factor of service delivery (FP2.1).



**Figure 3.10: The means of the perceptions of service delivery factor (FP2.1) at the various locations in Lesotho**



**Figure 3.11: The means of the expectations of service delivery factor (FE2.1) at the various locations in Swaziland**

However, the small number of respondents probably had an influence on the mean score. The appropriate graph is provided in Figure 3.11.

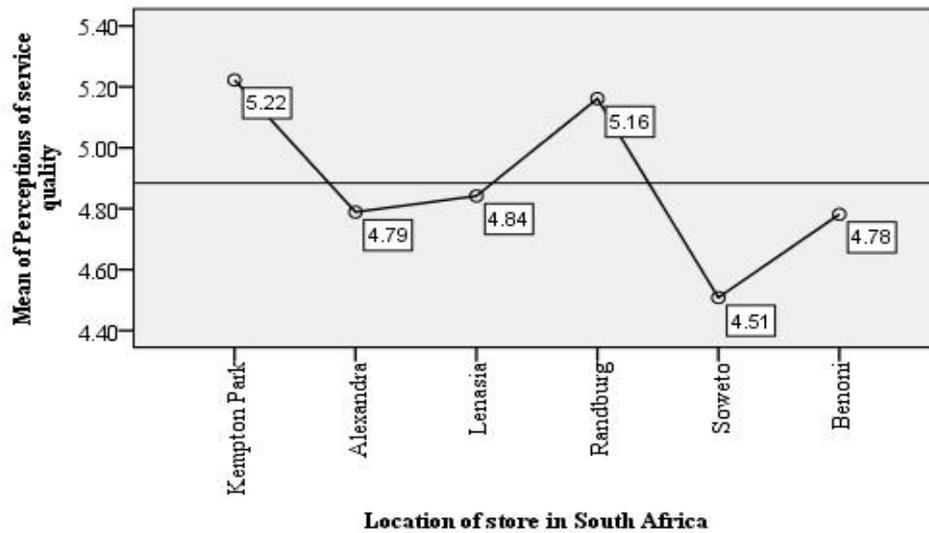
### 3.8.1.6 South Africa

Table 3.7 is a frequency Table showing customers’ responses from the various store locations in Gauteng, South Africa.

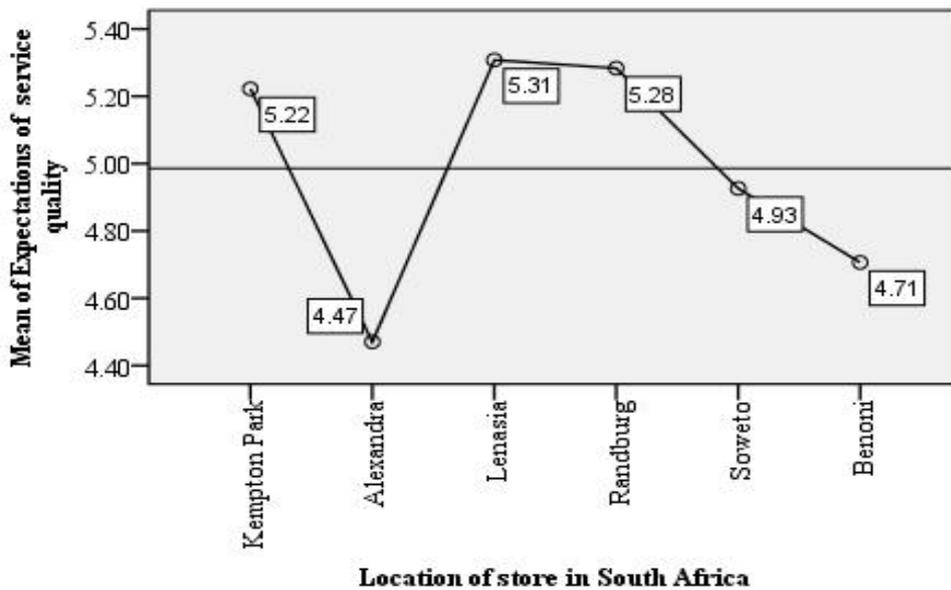
**Table 3.7: Frequency of the responses of the collective sample according to the regions in Gauteng South Africa**

Location of store		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Kempton Park	11	2.3	11.0	11.0
	Alexandra	15	3.1	15.0	26.0
	Lenasia	13	2.7	13.0	39.0
	Randburg	20	4.1	20.0	59.0
	Soweto	27	5.5	27.0	86.0
	Benoni	14	2.9	14.0	100.0
	Total for SA	100	20.5	100.0	
<b>Total for all countries</b>		487	100.0		

The mean score for the perceptions of service delivery factor (FP2.1) was 4.87, indicating agreement with the factor by customers from the various store locations in Gauteng. The graph in Figure 3.12 presents the various factor means relative to the overall mean score and indicates that customers from Kempton Park (5.22) had the highest mean score, followed by customers from Randburg (5.14). The lowest mean score was recorded by customers from Soweto (4.47), who partially agreed with the perceptions of service delivery factor (FP2.1).



**Figure 3.12: The means of the perceptions factor (FP2.1) at the various locations in South Africa**



**Figure 3.13: The means of the expectations of service delivery (FE2.1) at the various locations in South Africa**

With respect to the expectations items of service delivery (FE2.1), the mean score of the store locations sampled was 4.98, indicating agreement with the expectations factor of service delivery. Randburg, Lenasia and Kempton Park had the highest factor means with respect to their expectations of service delivery. Customers from Alexandra had the lowest expectations

regarding service delivery (4.48) and partially agreed with the factor. The appropriate graph is given in Figure 3.13.

### 3.8.2 Gender

Male customers made up 46.2% and females 53.8% of the population. This is reasonably representative of gender numbers in Southern Africa.

### 3.8.3 Age

Age was re-coded into three groups and the frequencies of the responses are provided in Table 3.8. There were too few respondents who were below 25 years of age to create a meaningful category of 25 years of age or less. Most respondents fell into the age group of 29 to 37 years, but as group size was important for statistical purposes it was decided to use only three age groups.

**Table 3.8: Frequency of the three age groups**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<= 30	175	35.9	35.9	35.9
	31 - 39	167	34.3	34.3	70.2
	40+	145	29.8	29.8	100.0
	Total	487	100.0	100.0	

The majority of respondents fell into the category of less than 30 years old, with the youngest customer being 18 years old and the oldest customer being 71 years of age. The mean age was 35.75 and the median was 35. The distribution was bimodal, with modes of 26 and 37 years respectively.

### 3.8.4 Repeat customers

The responses of “yes” or “no” are provided in Table 3.9.

**Table 3.9: Repeat customers of the store**

<b>Repeat customer</b>		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	No	151	31.0	31.0	41.9
	Yes	336	69.0	100.0	100.0
	Total	487	73.9		
Missing	System	0	0		
Total		487	100.0		

The data in Table 3.9 indicate that there were 2.3 times as many repeat customers as first-time customers.

### 3.8.5 Brand of store

There were only three brand names and 75 (15.4%) were customers of Beares, 310 (63.7%) of Ellerines and 102 (20.9%) of FurnCity. Ellerines and Beares are present in Gauteng, Namibia, Botswana, Swaziland and Lesotho. FurnCity is found only in Zambia. However, these three brand names to a large extent serve the same customer base. The collective frequencies for the three brand names falling under Ellerines Holdings Limited in the various countries is provided in Table 3.10.

**Table 3.10: Frequencies indicating the various brand names sampled in the Southern African regions**

<b>Southern African Region</b>	<b>Brand names falling under Ellerines Holdings Limited</b>			<b>Total</b>
	<b>Ellerines</b>	<b>Beares</b>	<b>FurnCity</b>	
Namibia	45	48	-	93
Botswana	74	8	-	82
Zambia	-	-	99	99
Swaziland	30	22	-	52
Lesotho	58	-	2	60
South Africa	100	-	-	100
Total	307	78	101	486

### **3.8.6 Distance customers live from the store**

As the distance customers live from the store varied from one kilometre to 76 kilometres, the responses were grouped into two categories, namely, less than 10 km from the store and more than 10.0 km from the store. There were 275 (56.5%) respondents who indicated that they resided less than 10 km from the store and 212 (43.5%) who indicated that they resided more than 10 km from the store. As a percentage of residents in the country who resided more than 10 km from the store, Botswana (58.5%) was ranked first, Swaziland (55.8%) second and Lesotho (53.3%) third.

### **3.9 Collective customer perceptions of service delivery (Section 2 of the questionnaire)**

The 19 items in Section 2 were ranked according to their mean scores, which are provided in Table 3.10. The various dimensions to which the items belonged, according to Parasuraman *et al.* (1988: 23), are provided in brackets after a description of the item. The original meanings for the five dimensions, as provided by Parasuraman *et al.* (1988: 23), were:

- Tangibles: Physical facilities, equipment, and appearance of personnel.
- Reliability: Ability to perform the promised service dependently and accurately.
- Responsiveness: Willingness to help customers and provide prompt service.
- Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- Empathy: Caring, individualised attention that the firm provides its customers.

An important consideration is that because this research was carried out in Southern Africa, the meaning and interpretation respondents assign to items will probably differ from the responses in western economies. The mean ranked scores of the items as obtained from the responses are provided in Tables 3.10 and 3.11.

If one considers the items that scored above the mean of 4.78, then Tangibles had one item in the top 12 mean scores, Empathy had 4, Responsiveness had 4 and Assurance had 3. One could thus argue that empathy, responsiveness and assurance are important to customers in Southern Africa because in collectivist societies the personal relationship prevails over the task and

should be established first (Hofstede, 1991: 67). Personal relationships are grounded in caring, courtesy and a willingness to help others. Even item 3, which refers to the dress of employees, can be seen, in the Southern African context, as something the employee of a store does in recognition of the customer as a person. Item 3 can thus be grouped together with the other 11 top-ranked scores as they all deal with the human aspects of service delivery.

**Table 3.11: Ranked mean scores of the perceptions of customers regarding service delivery**

<b>Item</b>	<b>Description</b>	<b>Mean</b>
3	The store's employees are neat in appearance (T)	5.11
15	The store gives you individual attention (E)	5.07
17	The store has employees who give you personal attention (Res.)	5.04
12	You feel safe in your transactions with the store (E)	5.02
9	Employees in the store give you prompt service (A)	4.98
16	The store has operating hours convenient to all its customers (Res.)	4.96
14	Employees in the store are knowledgeable about the products they sell (E)	4.95
13	Employees in the store are consistently courteous to you (E)	4.91
11	The behaviour of employees in the store instils confidence (A)	4.89
19	The employees of the store understand your specific needs (Res.)	4.87
8	Employees in the store tell you honestly what the benefits of a product are (A)	4.84
18	The store has your best interests at heart (Res.)	4.78
5	When you have a problem, the store shows a sincere interest in solving it (Rel.)	4.67
2	The store's physical features are visually appealing (T).	4.59
6	The store has the right products for me (T)	4.52
1	The store is modern looking (T)	4.46
4	When the store promises to do something by a certain time, it does so (Rel.)	4.25
7	The store has available stock at the time it promises to do so (Rel.)	4.05
Average		4.78

(Note: Item 10 was removed as it was repetitive of 9). T = Tangibles, E = Empathy, Rel. = Reliability; A = Assurance; Res. = Responsiveness

### **3.10 Customer expectations of service delivery (Section 3 of the questionnaire) in all the countries sampled according to the mean scores obtained**

The same 19 items used to measure the actual perceptions were also used to probe present and prospective customers' expectations or the ideal value regarding service delivery. If one considers the items that scored above the mean of 5.00 then Tangibles, as described by Parasuraman *et al.* (1988: 29) had one item in the top 12 mean scores, Empathy had 4, Responsiveness had 4 and Assurance had 3. One could thus argue that empathy, responsiveness and assurance are important to customers in Southern Africa. One could also see that item 3, which refers to the dress of employees, is, in the Southern African context, more concerned with human aspects, and together with the other 11 top-ranked scores, they deal with the human aspects of service delivery.

Reliability also does not appear among the top 12 ranked items, probably because they all refer to the particular store's reliability. It thus also seems that the expectations of customers of the ideal of service delivery can be grouped into two dimensions, one dealing with the customers' expectations of the employee's delivery of service and the other dealing with the service delivery of the particular store.

One would expect that the expectations of customers as the ideal or desirable value (Hofstede, 1991: 9) of service delivery should be rated higher by customers than their actual perceptions or that which they desire regarding the service delivery. If the real perceptions are subtracted from the ideal expectations then this could result in the so-called quality gap in service quality as referred to by Parasuraman *et al.* (1998). However, in order to compare the items, one will need to compare "like with like" and the two constructs of real and ideal quality service thus need to be valid and reliable constructs. The process of factor analysis was used to determine the construct validity and reliability of the two constructs and is discussed in Chapter 4.

**Table 3.12: Ranked mean scores of the expectations of customers regarding service delivery**

Item	Description	Mean
12	You feel safe in your transactions with excellent retail stores (E)	5.19
3	Employees at excellent retail stores will be neat in appearance (T)	5.14
15	Excellent retail stores give you individual attention (E)	5.14
14	Employees at excellent retail stores are knowledgeable about the products they sell (E)	5.10
19	The employees of excellent retail stores understand your specific needs (Res.)	5.07
17	Excellent retail stores have employees who give you personal attention (Res.)	5.04
11	The behaviour of employees in excellent retail stores instils confidence (A)	5.04
16	Excellent retail stores have operating hours convenient for all their customers (Res.)	5.04
9	Employees at excellent retail stores give you prompt service (A)	5.03
13	Employees at excellent retail stores are consistently courteous to you (E)	5.02
18	Excellent retail stores have your best interests at heart (Res.)	5.01
8	Employees at excellent retail stores tell you honestly what the benefits of a product are (A)	5.00
5	When a customer has a problem, excellent retail stores will show a sincere interest in solving it (Rel.)	4.97
2	The physical facilities at excellent retail stores will be neat in appearance (T)	4.94
1	Excellent retail stores look modern (T)	4.88
6	Excellent retail stores have the right products for their customers (T)	4.87
4	When excellent retail stores promise to do something by a certain time, they do (Rel.)	4.79
7	Excellent retail stores have available stock at the time they promise to do so (Rel.)	4.63
Average		4.99

Note: Item 10 was removed as it was also removed from Table 3.10.

### 3.11 Synthesis of descriptive analyses

The perceptions about service delivery of present and future customers is built on the foundation of two sub-dimensions, namely the perceptions which customers have about employees and the perceptions that they have about a particular store. The perceptions regarding service delivery by the various brand stores falling under Ellerines Holdings Limited

operating in the retail and appliance sector in Southern Africa were measured using a structured questionnaire. Customers from Lesotho held the most positive perceptions ( $\bar{X} = 5.04$ ), agreeing with the items contained in the perceptions of service delivery factor or dimension. Customers from Swaziland also agreed with the perceptions factor ( $\bar{X} = 4.98$ ) as did customers from South Africa ( $\bar{X} = 4.82$ ), Zambia ( $\bar{X} = 4.71$ ) and Namibia ( $\bar{X} = 4.62$ ). Customers from Botswana partially agreed with the perceptions of service delivery ( $\bar{X} = 4.55$ ).

The expectations of customers as regards the ideal value was also founded on two first-order factors or sub-dimensions, namely expectations held about the service delivery of employees and expectations that customers had about the service delivery of the store. Among the Southern African countries whose expectations were probed, customers from Lesotho ( $\bar{X} = 5.41$ ) agreed most strongly with the items contained in the expectations of service delivery factor, followed by Zambia ( $\bar{X} = 5.12$ ), South Africa ( $\bar{X} = 4.98$ ) and Swaziland ( $\bar{X} = 4.96$ ). Customers from Namibia ( $\bar{X} = 4.83$ ) and from Botswana ( $\bar{X} = 4.73$ ) also agreed, although they did so to a smaller extent.

The largest difference between perception mean scores and expectation mean scores was between customers from Zambia ( $\Delta\bar{X} = -0.41$ ), followed by customers from Lesotho ( $\Delta\bar{X} = -0.37$ ). Other countries in the sample that also held more positive expectations than perceptions were Namibia ( $\Delta\bar{X} = -0.21$ ), Botswana ( $\Delta\bar{X} = -0.18$ ) and South Africa ( $\Delta\bar{X} = -0.16$ ). The only country where customers had lower expectations than perceptions was Swaziland ( $\Delta\bar{X} = +0.02$ ). When considering all six Southern African countries together, the difference between perceptions and expectations of service delivery was  $\Delta\bar{X} = -0.23$ . These differences are further explored in Chapter 4.

The sample contained 1.2 female customers for every one male customer, while the youngest customer was 18 years old and the oldest was 71 years of age. The median age of the sample was 35 years of age. There were 2.3 times more repeat customers than there were first-time customers. Of the 487 respondents, 75 were customers of Beares, 310 of Ellerines and 102

indicated that they were customers of FurnCity. There were 275 customers who resided less than 10 km from the store and 212 who resided more than 10 km from the store.

Ranking the responses according to mean scores indicated that both perceptions and expectations of service delivery were based on two sub-dimensions, which were named “Perceptions of service delivery by employees” and “Perceptions of service delivery by the store”. Likewise, the expectations of service delivery contained expectations of service delivery from employees and expectations of service delivery from the store.

### **3.12 Conclusion**

A descriptive analysis of the data in Chapter 3 indicates that the original five sub-dimensions assigned by Parasuraman *et al.* (1988: 23), can be reduced to two sub-dimensions. The first involves mostly human factors such as empathy, responsiveness, assurance and employee dress. This fits in well with the African Ubuntu tradition since in a collectivist society the personal relationship prevails over the task at hand and should be established first. The second sub-dimension contains items which are mainly applicable to the store. In Chapter 4, a more detailed analysis of the data collected will be undertaken.

## CHAPTER 4

### ANALYSIS OF THE DATA

#### 4.1 Introduction

Chapter 3 discussed the SERVQUAL methodology as well as the concept of service delivery. Basic descriptive statistics were also discussed and a synthesis of the descriptive statistics was provided. Chapter 4 will explore the gap in service delivery, using various statistical techniques.

#### 4.2 Factor analysis of the items dealing with the perceptions and expectations of customers regarding service delivery

Factor analysis is a statistical technique used to identify a relatively small number of factors that explain the observed correlations among variables (Norusis, 2009: 389); for example, the service quality referred to by Parasuraman *et al.* (1988) has sub-dimensions or components of Reliability, Empathy, Assurance, Responsiveness and Tangibles that are linear combinations that make up service quality. Factor analysis can also reduce a large number of correlated variables to a more manageable number of independent factors that can be used in subsequent analyses (Norusis, 2009: 389; Field, 2009: 628); for example, the 18 items used in this research regarding the expectations of service delivery determined by customers seem to group into two factors or sub-dimensions.

The method used to explore the structure contained in the data from this research was principal factor analysis. Principal factor analysis is concerned with deriving a mathematical model from which factors are estimated by analysing the shared variance among the variables (Field, 2009: 638; Norusis, 2009: 398). According to Field (2009: 628), the correlation between pairs of questions can be arranged in an R-matrix, where the diagonal elements of this matrix are all ones, meaning that every variable correlates perfectly with itself ( $r = 1$ ). The off-diagonal elements are the correlation coefficients between items and the presence of large correlation coefficients between subsets of variables that suggest that these variables could be measuring aspects of the same underlying dimension. These underlying dimensions are known as factors or latent variables. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is used as

an index that compares the sizes of observed correlation coefficients with the sizes of partial correlation coefficients. If the KMO ratio is close to 1, it means that all of the partial correlation coefficients are small compared with the ordinary correlation coefficients. This is what the researcher hopes to find because it indicates that the variables are linearly related (Norusis, 2009: 394). Thus KMO values above 0.5, as suggested by Kaiser (*in* Field, 2009), are an indication that factor analysis can be used to reduce the items into underlying dimensions. However, this value depends on the sample size and a common rule of thumb is to use KMO values that are greater than 0.7. Interpretation of factor analysis is made easier by factor rotation and SPSS has three methods of orthogonal rotation (varimax, quartimax and equamax) and two methods of oblique rotation (direct oblimin and promax).

This research used direct oblimin rotation because the researcher expected that customer expectations and perceptions of service quality would be related (Field, 2009: 644; Norusis, 2009: 410). The number of factors to use or extract is facilitated by examining the eigenvalues and the scree plot that is produced in SPSS. Kaiser (1960 *in* Field, 2009: 640 and Norusis, 2009: 400) recommended that one make use of all factors with eigenvalues greater than 1. However, Kaiser's criterion overestimates the number of factors to be used and therefore the Monte Carlo PCA for Parallel Analysis should also be used (Pallant, 2007: 191). This research made use of both eigenvalues and the Monte Carlo Parallel Analysis to determine the most parsimonious number of factors.

In factor analysis one is interested in determining the common underlying factors within the data and so one is also interested in the common variance that is present. The proportion of common variance present in a variable is known as its communality (Field, 2009: 637). In the factors extracted the communality is a measure of the proportion of variance explained by the extracted factors. The goal of factor analysis is to explain as much variance as possible using as few factors as possible (Norusis, 2009: 399). This research also used communality values in determining the items that were included in the factors concerned; items with communality values of 0.3 or smaller were removed as the sample size was greater than 300 (Field, 2009: 644).

#### 4.2.1 Factor analysis of the items present in Section 3 of the questionnaire

This researcher made use of the SPSS 20 program to assist in the analysis of the data collected. Section 3 of the questionnaire made use of items adapted from the SERVQUAL instrument in an attempt to obtain the expectations of present and prospective customers regarding the extent to which customers agreed or disagreed with the key aspects of actual service delivery. A six-point type Likert scale was used, anchored by “strongly disagree” (1) at one end and “strongly agree” (6) at the opposite end. A problem with measuring service delivery is that it is a multivariate construct composed of numerous constructs such as the five suggested by Parasuraman *et al.* (1988). The items used were an attempt to represent service delivery; the expectation items were not intended to test the ability to answer the items but the ability to distinguish between expectations (ideal) and perceptions of what they experience (real). Thus the items on the expectations that people have of service delivery were used because the dimensionality of service delivery should be based on what is expected (the ideal) and not on the perceptions of actual service delivery (Luke, 2001: 44). The reliability of each of the components of service delivery should also be determined separately.

Item 10 was removed from the analysis as it did not appear in both the expectations and perceptions sections of the questionnaire. The remaining 18 items contained in Section 3 of the questionnaire, which asked customers to think about what employees at an excellent retail store should be doing and what the same store should look like, were subjected to a factor analytic procedure. As substantive loadings of more than 0.3 are typically considered to be important (Field, 2009: 644) the researcher had the program suppress loadings smaller than 0.4. The 18 items had a Kaiser-Meyer-Olkin (KMO) value of 0.948, a  $\chi^2(153) = 6369.95$ ;  $p = 0.000$ , indicating that a further reduction of items would be feasible. Oblimin rotation indicated that two first-order factors explaining 63.27% of the variance were present. The appropriate pattern matrix and factor plot in rotated factor space produced by SPSS 20 are provided in Table 4.1 and Figure 4.1.

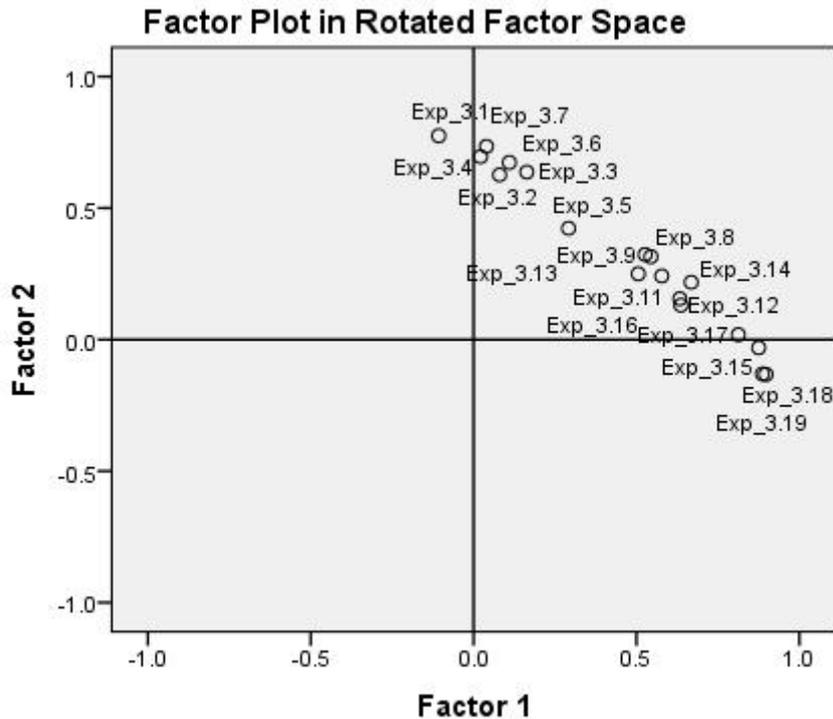
**Table 4.1: The pattern matrix formed by SPSS showing the factor loadings**

Items concerned with the expectations of excellent stores	Factor	
	1	2
3.18 Excellent retail stores have your best interests at heart	0.897	
3.19 The employees of excellent retail stores understand your specific needs	0.887	
3.15 Excellent retail stores give you individual attention	0.875	
3.17 Excellent retail stores have employees who give you personal attention	0.812	
3.14 Employees at excellent retail stores are knowledgeable about the products they sell	0.668	
3.12 You feel safe in your transactions with excellent retail stores	0.637	
3.16 Excellent retail stores have operating hours convenient to all their customers	0.633	
3.11 The behaviour of employees in excellent retail stores instils confidence	0.578	
3.8 Employees at excellent retail stores tell you honestly what the benefits of a product are	0.544	
3.9 Employees at excellent retail stores give you prompt service	0.526	
3.13 Employees at excellent retail stores are consistently courteous to you	0.505	
3.1 Excellent retail stores look modern		0.775
3.7 Excellent retail stores have available stock at the time they promise to do so		0.735
3.4 When excellent retail stores promise to do something by a certain time, they do		0.696
3.6 Excellent retail stores have the right products for their customers		0.673
3.3 Employees at excellent retail stores will be neat in appearance		0.637
3.2 The physical facilities at excellent retail stores will be neat in appearance		0.626
3.5 When a customer has a problem, excellent retail stores will show a sincere interest in solving it		0.423

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization

Rotation converged in 10 iterations

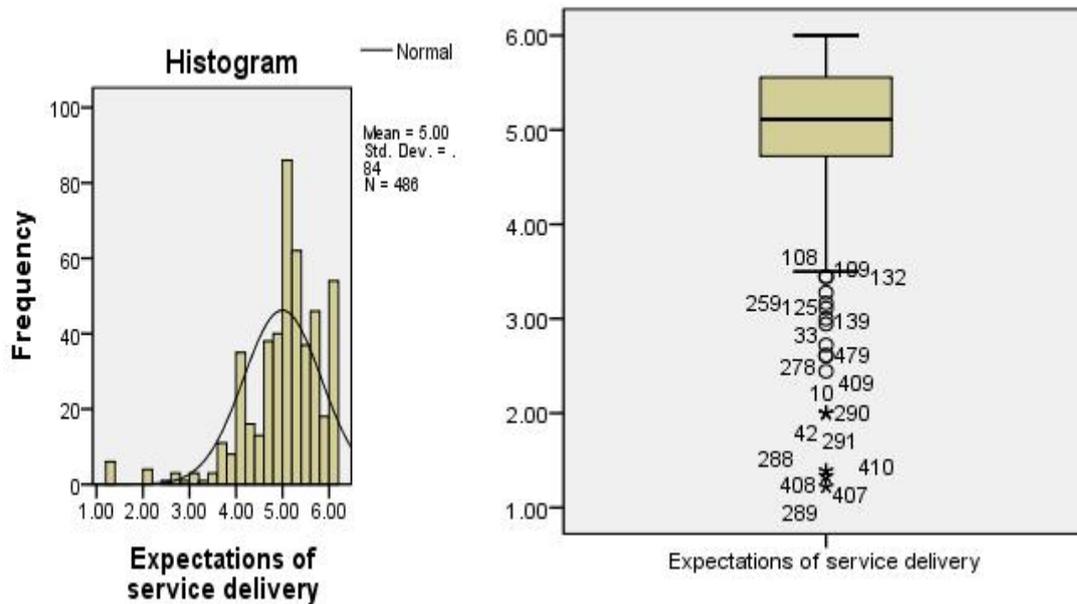


**Figure 4.1: The factor plot with oblique rotation**

Both the pattern matrix and the factor plot indicate the presence of two factors which were named:

- Service delivery expectations regarding employees (FEE1.1), containing 11 items with a Cronbach alpha reliability coefficient of 0.945.
- Service delivery expectations regarding the store (FES 1.2), containing seven items with a Cronbach alpha reliability coefficient of 0.881.

A second-order factor analysis on these two factors resulted in one factor only that was named “Expectations held of the service delivery of employees” (FE 2.1). It contained 18 items with a Cronbach reliability coefficient of 0.905 and explained 88.26% of the variance present. The resulting histogram and box-plot are shown in Figure 4.2.



**Figure 4.2: Histogram and box plot showing the expectations held for service delivery**

Both the histogram and the box plot indicate a negatively skewed distribution of data as one would expect that the customers would agree with what is *expected* from excellent retail stores. The box plot indicates the presence of some outliers such as respondents 408–411. These respondents were all from Alexandra in South Africa and three of them are repeat customers. They varied in age from 30 to 42 years. It seems that they do not value the ideal expectations of service delivery proposed for excellent retail stores and this aspect is possibly due to cultural differences, with groups in Alexandra tending to be more collectivist. The items proposed for idealised expectations tend to favour service delivery as seen by individualistic groups.

The factor analytic procedure followed indicates that the original five factors of Tangibles, Reliability, Responsiveness, Assurance and Empathy can be reduced to just two components: one related to the expectations held for employees (FEE1.1 the human aspects) and the other to expectations held for the store (FES1.2 non-human aspects). These two factors form one factor related to expectations held about service delivery (FE2.1). It can thus be concluded that the construct of expectations of service delivery has two underlying sub-scales of service delivery: one related to expectations held for employees and the other to expectations held for the store. This is similar to the findings of Padgett (2005: 24).

#### **4.2.2 Factor analysis of the items present in Section 2 of the questionnaire**

Section 2 of the questionnaire probed the actual *perceptions* of present and prospective customers by using the same 18 items used in the expectations section. The items in the two factors were tested for reliability using the same two factors, namely *an employee factor and a store factor*. The 11 items concerning perceptions about employees had a Cronbach alpha reliability of 0.881 while the seven items concerning perceptions about the store had a Cronbach coefficient of 0.800. When these two first-order factors were subjected to a second-order procedure only one factor resulted which explained 88.26% of the variance present. It had a Cronbach reliability of 0.905 and was named “Perceptions held about service delivery” (FP2.1). The distribution of data was also negatively skewed.

As all the first-order factors had sufficiently high reliabilities, and because of dimensionality issues and comparing “like with like”, it was decided to use the first-order factors in most of the statistical tests. However, using two factors for expectations and two for perceptions can be confusing. The researcher thus used the following symbols in an attempt to avoid confusion:

- Expectations of service delivery (FE2.1) = Expectations held of employees (FEE1.1) + Expectations of the store (FES1.2).
- Perceptions of service delivery (FP2.1) = Perceptions held of employees (FPE1.1) + Perceptions held of store (FPS1.2).

As the expectation factors and the perception factors contained the same items and had high reliabilities, one could compare them across the various independent groups asked for in Section 1 of the questionnaire. The first comparison is between the perceptions and expectations of all customers surveyed.

#### **4.2.3 Comparison of all customers in the sample regarding their expectations and perceptions of service delivery**

As the sample was large one could use the dependent t-test to determine if any statistically significant difference was present between the respondents regarding their expectations and their perceptions. The first test was to determine whether the expectations of customers regarding service delivery (FE2.1) had a statistically significant difference from their

perceptions regarding service delivery (FP2.1). The relevant descriptive data for the dependent t-test are provided in Table 4.2.

**Table 4.2: Descriptive statistics of the perceptions and expectations factors**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Expectations of service delivery (FE2.1)	4.9963	486	0.83961	0.03809
	Perceptions of service delivery (FP2.1)	4.7775	486	0.72604	0.03293

Table 4.2 indicates a difference between the expectations held about the service delivery (FE2.1 = 4.99) and the perceptions of service delivery (FP2.1 = 4.78). Whether this difference in mean scores is statistically significant or whether it is due to chance factors could be resolved using the paired samples t-test, as the customers who answered both sections were the same. Table 4.3 provides the relevant statistics.

**Table 4.3: The paired samples t-test [Expectations (FE2.1) – Perceptions (FP2.1)]**

		Paired Differences			t	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Expectations of service delivery (FE2.1) - Perceptions of service delivery (FP2.1)	0.21872	0.76092	0.03452	6.337	485	0.000

(Note: If the Expectations factor had been subtracted from the Perceptions factor the mean difference would be -.21872 and the t-test value -6.337)

The data in Table 4.3 indicate a statistically significant difference [ $t(485) = 6.34$ ;  $p < 0.05$ ;  $r = 0.28$ ] between the expectations and perceptions held regarding service delivery. However, the factor analytic procedure performed in Table 4.2 indicates that the expectations factor is composed of two sub-scales: one of them dealing with employees and one with the store. By comparing the expectations and perceptions between the employees' factors (FEE1.1 and

FPE1.1) and the store's factors (FES1.2 and FPS 1.2) further insight may be possible. Tables 4.4 and 4.5 give the relevant data.

**Table 4.4: Paired samples test of the expectations versus the perceptions regarding the employees (FEE1.1-FPE1.1)**

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Expectations of service delivery of employees (FEE1.1) - Perceptions of service delivery of employees (FPE1.1)	0.12421	0.77556	0.03518	3.531	485	0.000

The data in Table 4.4 indicate there is a statistically significant difference between the expectations and the perceptions held of employees regarding service delivery [ $t(485) = 3.53$ ;  $p < 0.05$ ;  $r = 0.16$ ]. The expectations versus the perceptions factors of the store are provided in Table 4.5.

**Table 4.5: Paired samples t-test of the expectations versus the perceptions regarding the service delivery of the store (FES1.2-FPS1.2)**

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Expectations of service delivery of the store (FES1.2) - Perceptions of service delivery of the store (FPS1.2)	0.36758	0.94502	0.04287	8.575	485	0.000

The data in Table 4.5 indicate there is a statistically significant difference between the expectations and the perceptions of the service delivery of the store [ $t(485) = 8.58$ ;  $p < 0.05$ ;  $r = 0.36$ ]. Thus the expectations and perceptions of the service delivery of the store seem to be the most important aspect of the difference between expectations and perceptions as found in Table 4.3. The answer to which is the most important difference lies in a comparison of the effect sizes.

The effect size ( $r$ ), which is an objective measure of the importance of an effect (Field, 2009: 57), allows one to directly compare the first-order factors and shows that the difference in the expectations (FES1.2) and perceptions (FPS1.2) that customers have about the service delivery of the store is more important ( $r = 0.36$ ) than those that they hold on the difference between expectations (FEE1.1) and perceptions about employees (FPE1.1) ( $r = 0.16$ ). This is probably because it is easier to change peoples' perceptions about things (such as a store) than it is to change perceptions about people (such as employees). The Wilcoxon non-parametric signed-rank test showed a similar result, which is shown in Table 4.6.

**Table 4.6: Data for the Wilcoxon signed-rank test**

	Perceptions of service delivery of the employees (FPE1.1) - Expectations of service delivery of the employees (FEE1.1)	Perceptions of service delivery of the store (FPS1.2) - Expectations of service delivery of the store (FES1.2)
Z	-4.538 <sup>b</sup>	-8.738 <sup>b</sup>
Asymp. Sig. (2-tailed)	0.000	0.000

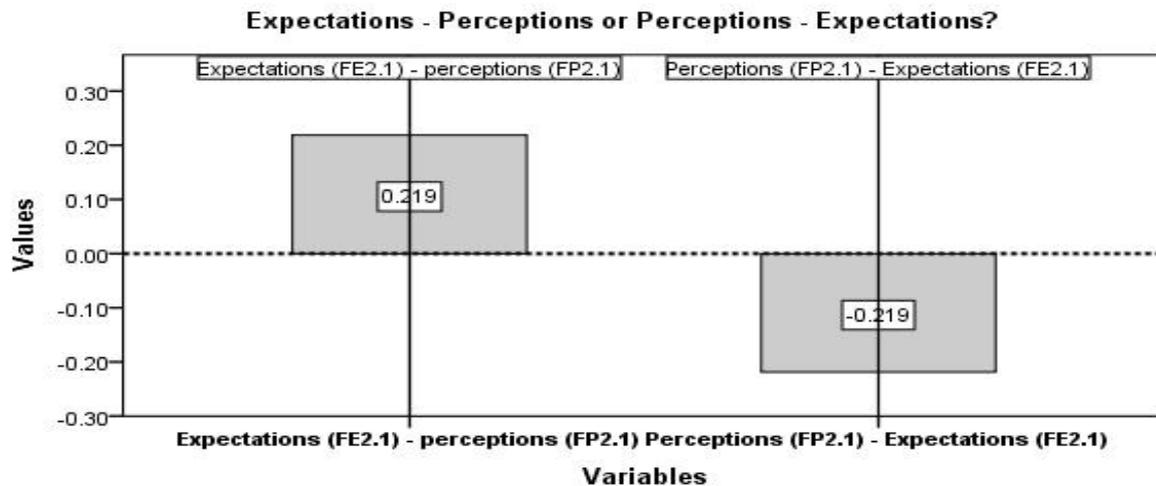
b. Based on positive ranks.

Z (FPE1.1–FEE1.1) = - 4.54;  $p = 0.000$ ;  $r = 0.21$

Z (FPS1.2 – FES1.2) = -8.74;  $p = 0.000$ ;  $r = 0.40$

Effect size 0–0.3 = Small; 0.3–0.49 = Medium; 0.5–0.9 = Large (Field, 2009:57)

In the Wilcoxon signed-rank test, the value of Z is negative merely because the expectations were subtracted from the perceptions as could also have been the case for the paired t-test.



**Figure 4.3: Expectations minus perceptions or perceptions minus expectations**

Parasuraman *et al.* (1988) defined service quality (SQ) as Perceptions – Expectations and hence the gap between perceptions and expectations had a negative value. If reversed, the value is positive but the gap remains the same. In the paired t-test, the mean score of the expectations is subtracted from the mean score of the perceptions, taking the standard error of these differences into account. In this sense it is similar to the gap analysis suggested by Parasuraman *et al.* (1988). This gap was shown to be statistically significant for both the employee and the store factors, using the paired t-test in Table 4.2. However, the effect size was larger when the perceptions and expectations held of the store ( $r = 0.36$ ) were compared with those held of the employees (0.16).

#### **4.3.1 Comparing two independent groups with respect to the perceived and expected factors of service delivery**

When testing for significant differences between the factor means of two independent groups, Levene's t-test can be used. Levene's test is used to see whether the variances between the two groups involved are different. If the variances are similar ( $p > 0.05$ ) then equal variances are assumed and if they are significantly different ( $p < 0.05$ ) then equal variances are not assumed.

#### 4.3.1.1 Differences between the gender groups on the four factors

The data for the two gender groups are provided in Table 4.7.

**Table 4.7: Significance of differences between the two gender groups with respect to the four factors**

Factor	Group	Mean	t-test (p-value)	Effect size (r)
Expectations of service delivery of the employees (FEE1.1)	Male	4.97	0.04*	0.10
	Female	5.14		
Perceptions of service delivery of the employees (FPE1.1)	Male	4.92	0.55	-
	Female	4.96		
Expectations of service delivery of the store (FES1.2)	Male	4.83	0.13	-
	Female	4.95		
Perceptions of service delivery of the store (FPS1.2)	Male	4.53	0.99	-
	Female	4.53		

\* Significant at the 5% level ( $p > 0.01$  but  $p < 0.05$ )  
Effect size 0–0.3 Small; 0–0.49 Medium; 0.5–0.9 Large

The data in Table 4.7 indicate that female respondents agree to a statistically significantly larger extent than male respondents do with respect to the expectations of the service delivery of the employees only (FEE1.1). The effect size was small ( $r = 0.10$ ). Using a non-parametric Mann-Whitney test similar results were found ( $U = 24470$ ;  $Z = -2.96$ ;  $p < 0.05$ ;  $r = 0.14$ ). One can thus conclude that, relative to the male customers, the females in this research place greater expectations on the service delivery of the employees than they do on their expectations of the service delivery of the store.

#### 4.3.1.2 Differences between first-time and repeat customer groups regarding the four factors involved in service delivery

There were two groups where “no” (not a repeat customer) was coded as 1 and “yes” (a repeat customer) was coded as 2. The data are provided in Table 4.8

**Table 4.8: Significance of differences between first-time and repeat customer groups with respect to the four factors of service delivery**

Factor	Group	Mean	t-test (p-value)	Effect size (r)
Expectations of service delivery of employees (FEE1.1)	No	5.20	0.02*	0.12
	Yes	4.97		
Perceptions of service delivery of employees (FPE1.1)	No	5.02	0.10	-
	Yes	4.89		
Expectations of service delivery of store (FES1.2)	No	4.95	0.48	-
	Yes	4.88		
Perceptions of service delivery of store (FPS1.2)	No	4.62	0.06	-
	Yes	4.44		

\* = Statistically significant at the 5% level ( $p > 0.01$  but  $p < 0.05$ )

Effect size 0–0.3 Small; 0.3–0.49 Medium; 0.5–0.9 Large

The data in Table 4.8 indicate that there is a significant difference at the 5% level between the repeat customer groups with respect only to the expectations of employee service delivery (FEE1.1). Using The Mann-Whitney test, similar results were found ( $U = 13811$ ;  $Z = -1.96$ ;  $p = 0.05$ ;  $r = 0.08$ ). Those customers who were not repeat customers agreed to a significantly greater extent with the expectations of the employee service delivery factor (FEE1.1). They thus had a more positive perception than the repeat customers regarding their expectations of employee service delivery. One can also see that in each case the prospective customers (“no”) had a larger factor mean score, indicating stronger agreement regarding both the expectations and perceptions of the service delivery of employees and of the service delivery of the store.

This could be a concern for the company as it may indicate that exposure to the service delivery of the employees and the service delivery of the store had reduced the expectations and perceptions that customers previously held about service delivery. The customers could also have compared their perceptions of other similar stores with those they formed of this particular retail store. However, no intervention was performed and the effect size of any intervention is not being determined. It may indicate that an intervention of some kind could yield positive results with regard to the perceptions of the customers and thus one could close the gap between expectations and perceptions of both the employee and the store factors with respect to service delivery.

### 4.3.1.3 Differences between the distance from the store groups regarding the four factors of service delivery

The distance that customers estimated they lived from the store in kilometres was re-coded to two groups: less than 10 km and 10.01 and more km from the store. The appropriate data are provided in Table 4.9. These data indicate that the prospective and present customers who stay closer than 10 km from the store agreed to a greater extent with each of the factors. There is a statistically significant difference at the 1% level between the two distance groups regarding their expectations (FEE1.1) of service delivery held for employees. The Mann-Whitney U-test gave similar results for the expectations of service delivery ( $U = 25978$ ;  $Z = -2.054$ ;  $p < 0.05$ ;  $r = 0.09$ ).

**Table 4.9: Significance of differences between the two distances from the store groups with respect to the four service delivery factors**

Factor	Group	Mean	t-test (p-value)	Effect size (r)
Expectations of the service delivery of the employees (FEE1.1)	<10km	5.18	0.002**	0.16
	10.01km+	4.91		
Perceptions of the service delivery of the employees (FPE1.1)	<10km	4.99	0.09	-
	10.01km+	4.88		
Expectations of service delivery of the store (FES1.2)	<10km	4.99	0.007**	0.10
	10.01km+	4.76		
Perceptions of service delivery of the store (FPS1.2)	<10km	4.60	0.05	0.06
	10.01km+	4.43		

\*\* = Statistically significant at the 15 level ( $p < 0.01$ )

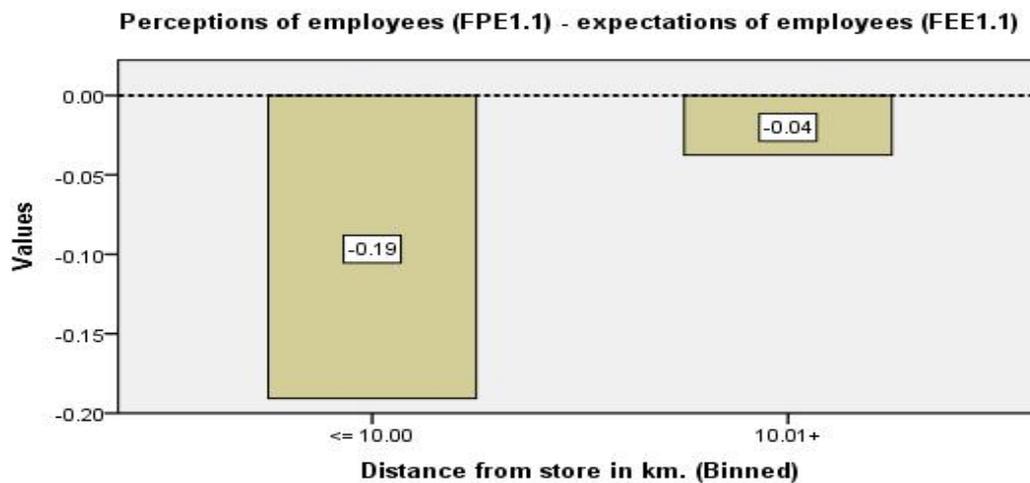
\* = Statistically significant at the 5% level ( $p > 0.01$  but  $p < 0.05$ )

Effect size 0–0.3 Small; 0.3–0.49 Medium; 0.5–0.9 Large

When it came to the expectations and perceptions of service delivery of the store (FES1.2 and FPS1.2), then customers closer than 10 km from the store had higher factor mean scores than customers further than 10 km from the store. Distance from the store is thus related to both the expectations and the perceptions held of employees in an inverse sense, in that the greater the

distance from the store the lower the expectations and perceptions held about employees and store service delivery.

The lowest mean scores are associated with the perceptions of service delivery of the store, with customers further than 10 km having the lowest mean score and only partially agreeing with this factor. It is likely that customers who live far from the store location seldom come to the store and, when they do, they visit numerous stores, which possibly also influences their perceptions of the service delivery of the store. The difference between the perceptions and expectations of the employees is also significant for the customers less than 10 km from the store, as shown in Figure 4.4 [ $F(1,484) = 4.70$ ;  $p < 0.05$   $r = 0.10$ ].



**Figure 4.4:** The difference between perceptions held of employees and expectations of employees and distance from the store

#### 4.3.2 Comparing three or more independent groups with respect to the perceived and expected factors of service delivery

When testing three or more independent groups for possible significant differences then one can make use of analysis of variance (ANOVA). If differences are found among all three groups taken together then post-hoc tests can be used to make a pairwise comparison.

#### 4.3.2.1 Comparing the three age groupings for significant differences on the four service delivery factors

No statistically significant differences could be found among the three age groups regarding their expectations or perceptions of employee or store service delivery:

$$(\bar{X}_{FEE1.1_{<30\text{ yrs}}} = 5.02; \bar{X}_{31-39\text{ yrs}} = 5.10; \bar{X}_{40+\text{ yrs}} = 5.07; F(2, 483) = 0.30; p > 0.05)$$

$$(\bar{X}_{FPE1.1_{<30\text{ yrs}}} = 4.88; \bar{X}_{31-39\text{ yrs}} = 4.98; \bar{X}_{40+\text{ yrs}} = 4.97; F(2, 483) = 0.39; p > 0.05)$$

$$(\bar{X}_{FES1.2_{<30\text{ yrs}}} = 4.86; \bar{X}_{31-39\text{ yrs}} = 4.92; \bar{X}_{40+\text{ yrs}} = 4.90; F(2, 483) = 0.82; p > 0.05)$$

$$(\bar{X}_{FPS1.2_{<30\text{ yrs}}} = 4.54; \bar{X}_{31-39\text{ yrs}} = 4.52; \bar{X}_{40+\text{ yrs}} = 4.51; F(2, 483) = 0.05; p > 0.05)$$

The expectations held for employees and the store regarding service delivery were higher than the perceptions held for employees and stores but they were not significantly different. It was only the perceptions held about the service delivery of the store (FPS1.2) that seemed to decrease with age. In the other factors the age group of 30 to 39 years had the highest mean score.

#### 4.3.2.2 Comparing the three brand groupings for significant differences on the four factors of service delivery

No statistically significant differences could be found between the brand stores with respect to the four service delivery factors. All factors had scores indicating agreement with the factors. However, the lowest mean score of 4.36 for the perceptions factor of the service delivery of the store was for customers of FurnCity, and they indicated only partial agreement:

$$(\bar{X}_{FEE1.1_B} = 5.14; \bar{X}_E = 4.50; \bar{X}_{FURN_C} = 5.20; F(2.483) = 2.29; p > 0.05)$$

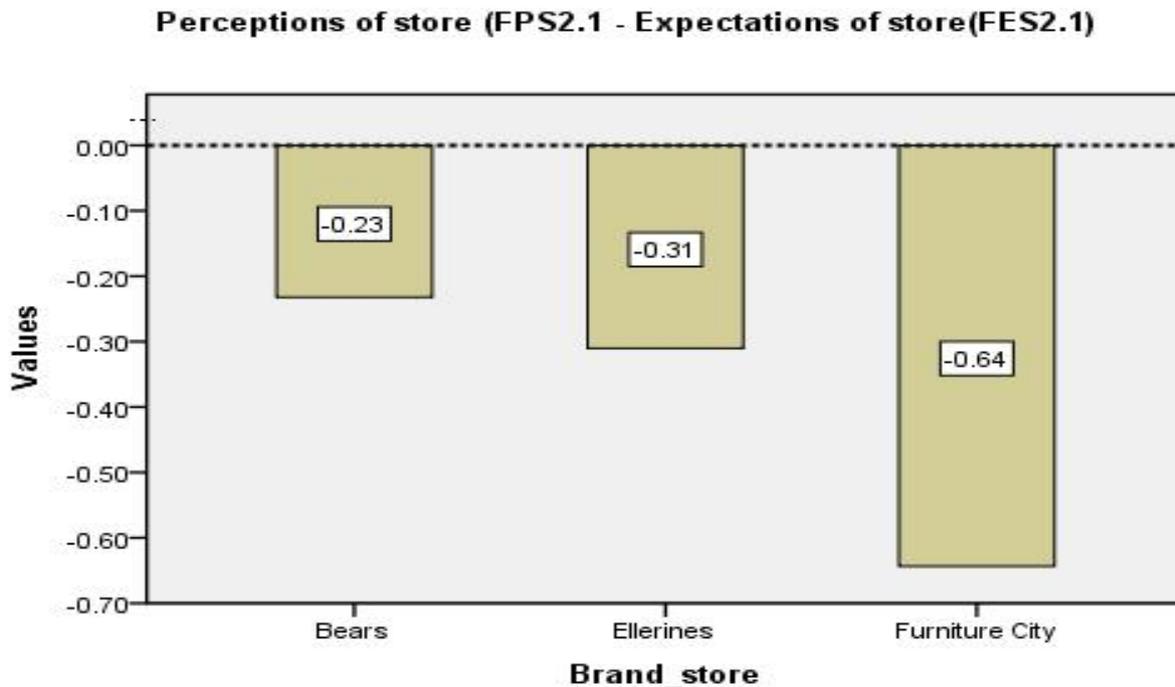
$$(\bar{X}_{FPE1.1_B} = 4.99; \bar{X}_E = 4.92; \bar{X}_{FURN_C} = 4.96; F(2.483) = 0.71; p > 0.05)$$

$$(\bar{X}_{FPS1.2_B} = 4.67; \bar{X}_E = 4.54; \bar{X}_{FURN_C} = 4.36; F(2.483) = 2.78; p > 0.05)$$

$$(\bar{X}_{FES1.2_B} = 4.91; \bar{X}_E = 4.85; \bar{X}_{FURN_C} = 5.01; F(2.483) = 0.32; p > 0.05)$$

B=Beares; E= Ellerines; FurnC = FurnCity

The only factor that showed a consistent decrease in factor mean scores was the perceptions factor of the store service delivery (FPS1.2). With respect to the differences between perceptions (FP2.1) and expectations (FE2.1) of service delivery there was a statistically significant difference [F (2,483) = 3.51;  $p < 0.05$ ;  $r = 0.12$ ].



**Figure 4.5: The difference between perceptions and expectations of the service delivery and brand of the store**

Further investigation showed that this difference was between the perceptions and the expectations of the service delivery of the store [F (2,483) = 5.75;  $p < 0.05$ ;  $r = 0.15$ ]. This difference is shown graphically in Figure 4.5.

#### **4.3.2.3 Comparing the Southern African countries in the sample for significant differences on the four service delivery factors**

The four factors involved in service delivery were subjected to a MANOVA, as the four dependent factors influence one another. The Pillai's trace for multivariate tests was  $V = 0.12$ ,  $F (20,465) = 2.93$ ,  $p < 0.005$  indicating that the four factor means differed at the multivariate level. Separate univariate ANOVAs also revealed that the means of each of the four factors differed significantly among the six (6) countries:

- FEE1.1 (5,480) = 5.74; p < 0.005; r = 0.25
- FPE1.1 (5,480) = 3.86; p < 0.005; r = 0.20
- FES1.2 (5,480) = 5.18; p < 0.005; r = 0.22
- FPS1.2 (5,480) = 5.13; p < 0.005; r = 0.22

**Table 4.10: Significance of differences among the countries with respect to the four expectation and perception service delivery factors**

Factor	Group	Mean	ANOVA (p-value)	Post-hoc tests Scheffé and Dunnnett T3						
				1	2	3	4	5	6	
Expectations of service delivery of employees (FEE1.1)	Namibia	4.92	0.000**	1	/	-	-	-	**	-
	Botswana	4.79		2	-	/	-	-	**	-
	Zambia	5.20		3	-	-	/	-	-	-
	Swaziland	5.00		4	-	-	-	/	-	-
	Lesotho	5.50		5	**	**	-	-	/	-
	South Africa	5.04		6	-	-	-	-	-	/
Perceptions of service delivery of employees (FPE1.1)	Namibia	4.81	0.000**	1	/	-	-	-	-	-
	Botswana	4.73		2	-	/	-	-	*	-
	Zambia	4.95		3	-	-	/	-	-	-
	Swaziland	5.13		4	-	-	-	/	-	-
	Lesotho	5.15		5	-	*	-	-	/	-
	South Africa	5.00		6	-	-	-	-	-	/
Expectations of service delivery of the store (FES1.2)	Namibia	4.75	0.000**	1	/	-	-	-	**	-
	Botswana	4.63		2	-	/	-	-	**	-
	Zambia	5.00		3	-	-	/	-	-	-
	Swaziland	4.90		4	-	-	-	/	-	-
	Lesotho	5.32		5	**	**	-	-	/	-
	South Africa	4.88		6	-	-	-	-	-	/

Perceptions of service delivery of the store (FPS1.2)	Namibia	4.41	0.000**	1	/	-	-	-	*	-
	Botswana	4.36		2	-	/	-	-	*	-
	Zambia	4.34		3	-	-	/	-	**	-
	Swaziland	4.79		4	-	-	-	/	-	-
	Lesotho	4.89		5	*	*	**	-	/	-
	South Africa	4.61		6	-	-	-	-	-	/

\*\* = Statistically significant at the 1% level ( $p < 0.01$ )

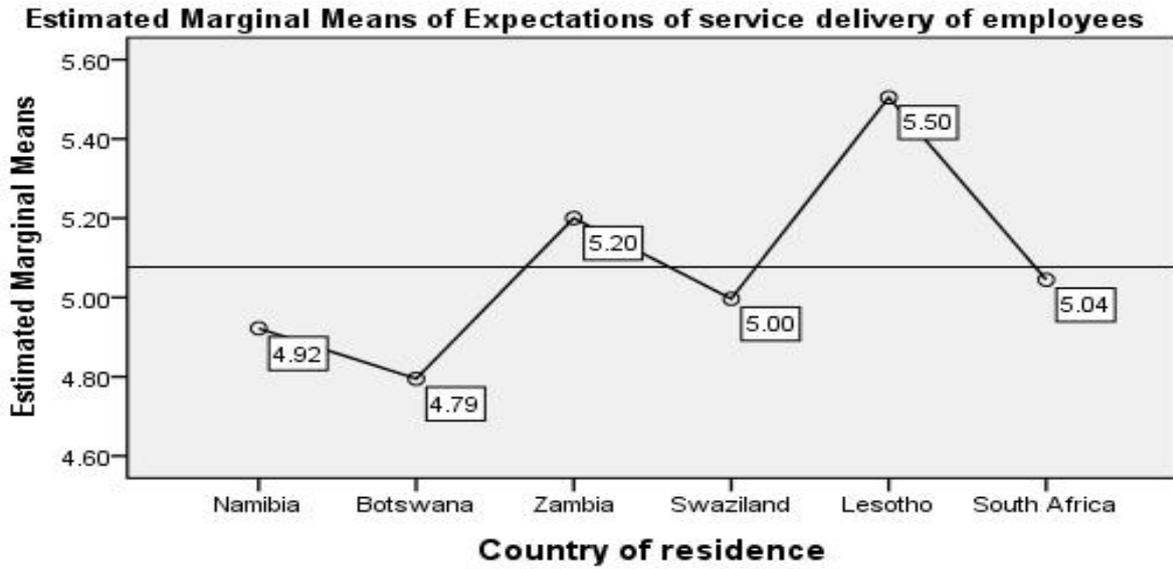
\* = Statistically significant at the 2.5% level ( $p > 0.01$  but  $< 0.025$ )

To determine pairwise differences, the Scheffé and Dunnett T3 tests were used. As four dependent variables were involved, a higher alpha level was set to reduce a type 1 error. The Bonferroni adjustment was made, i.e. the 0.05 level was divided by four and 0.013 was used to indicate a significant pairwise difference (Pallant, 2007:287). A summary of relevant statistics is given in Table 4.10.

The length of Table 4.8 makes it difficult to see and refer to all the factors together. The various factors will thus be discussed separately.

#### 4.3.2.4 Expectations of the service delivery of the employees (FEE1.1)

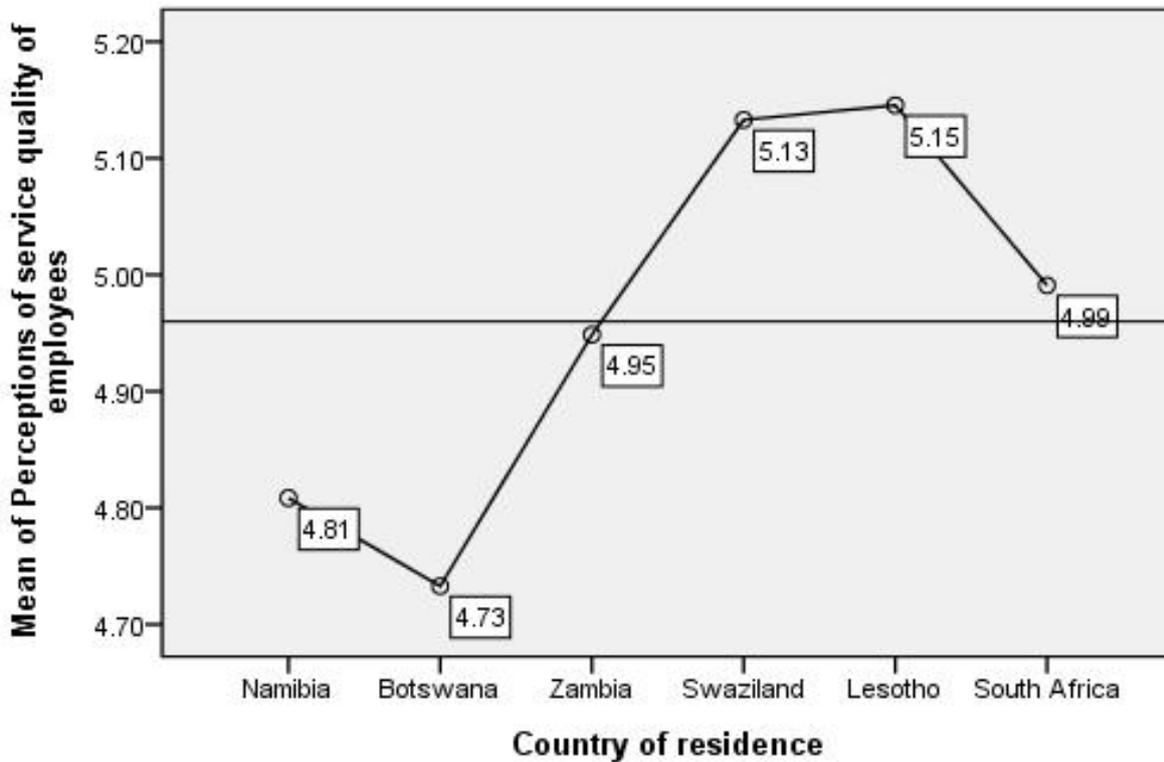
The customers of Lesotho had the highest mean score regarding the *expectations* held about the service delivery of *employees*. This is represented graphically in Figure 4.6. From the data in Table 4.8 and from Figure 4.6 it can be observed that customers from Lesotho agreed most strongly with the Expectations held of employees regarding service delivery (FEE1.1) while customers from Namibia and Botswana held the lowest expectations, differing from Lesotho customers at the 1% level of statistical significance. Customers from Lesotho tended towards strong agreement with the expectations held about employees while customers from Namibia and Botswana tended to partially agree, tending towards agreement with the factor.



**Figure 4.6:** A comparison among the countries sampled of the expectations held regarding the service delivery of employees

#### 4.3.2.5 Perceptions of service delivery of employees (FPE1.1)

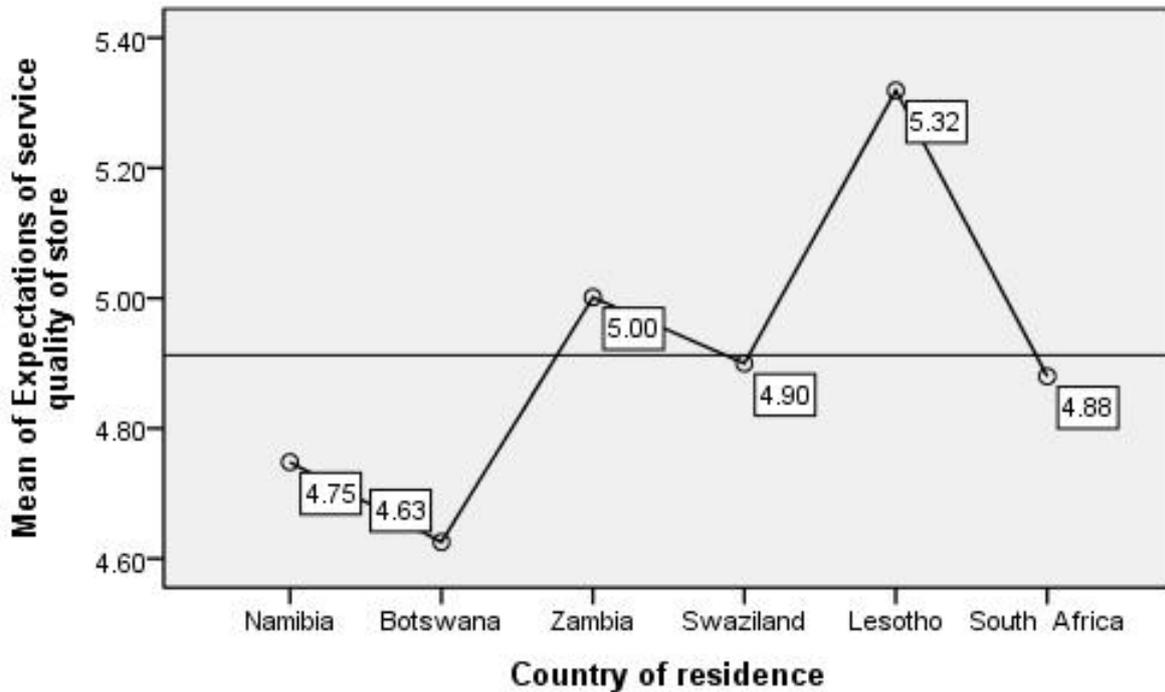
The data in Table 4.10 indicate that customers from Lesotho had the highest factor mean and, together with Swaziland customers, their perceptions of the service delivery of the employees was the highest. Respondents from Botswana had the lowest factor mean. Customers from Lesotho differed statistically significantly from customers from Botswana at the 5% level. The various factor mean scores are given in Figure 4.7.



**Figure 4.7:** A comparison of the perceptions held of the employees regarding service delivery among the countries sampled

#### 4.3.2.6 Expectations of service delivery of the store (FES1.2)

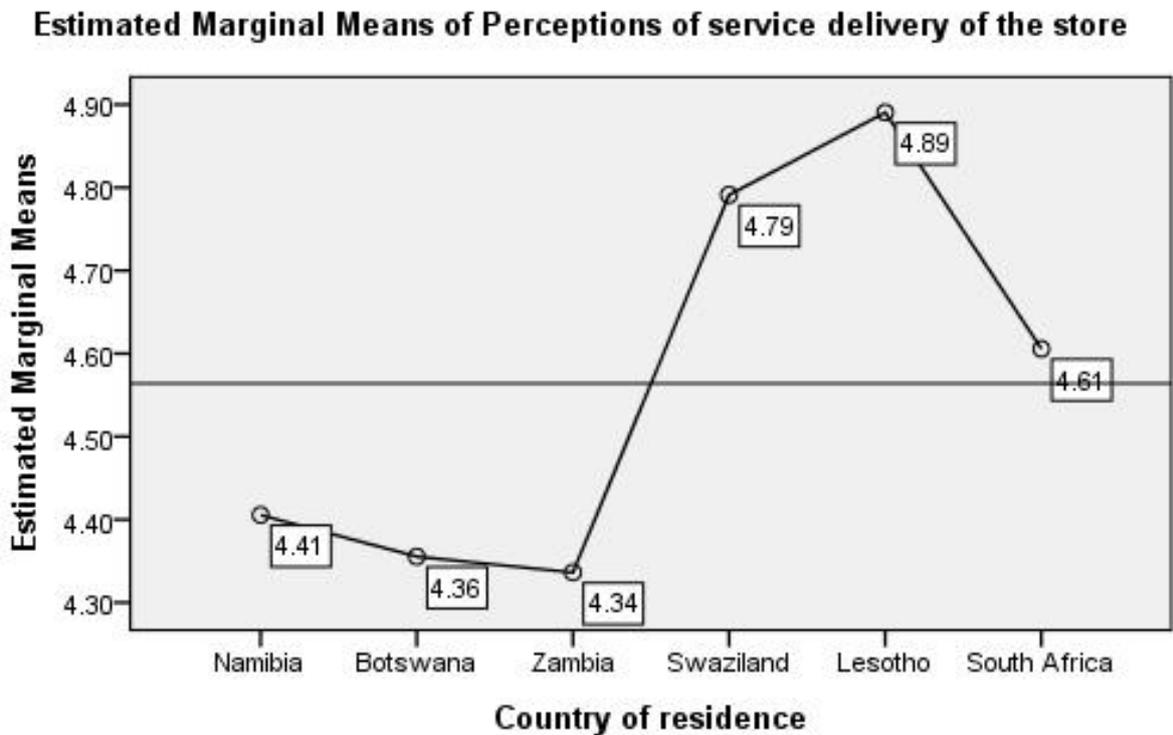
Customers from Lesotho again held the highest expectations of the service delivery of the store with a mean of 5.32. They differed statistically significantly from present and prospective customers from Botswana (4.63) and Namibia (4.75) at the 1% level. The factor mean scores are shown in Figure 4.8.



**Figure 4.8:** A comparison of the expectations held of the store regarding service delivery among the countries sampled

#### 4.3.2.7 Perceptions of service delivery of the store (FPS1.2)

The data in Table 4.10 indicate that customers from Lesotho had the highest factor mean at 4.89 and tended to agree with the factor of perceptions held about the store. Customers from Lesotho differed statistically significantly at the 1% level from customers from Zambia, with a mean score of 4.34 indicating that they only partially agreed with the perceptions of service delivery of the store. Lesotho customers also differed statistically significantly at the 5% level from those from Namibia and from Botswana. The factor mean scores are given in Figure 4.9.

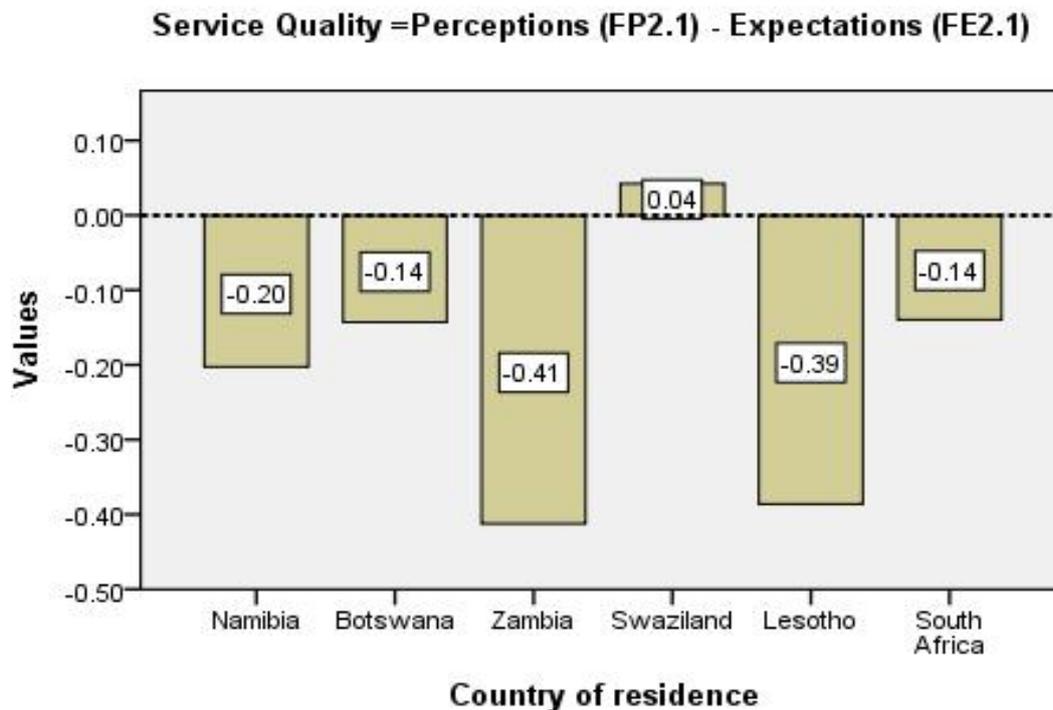


**Figure 4.9: A comparison of the perceptions held of the store regarding service delivery among the countries sampled**

Parasuraman *et al.* (1988: 19) make use of the term service quality (SQ), measured by subtracting the expectations (ideal score) items from the perceptions (real score). These differences in service quality are discussed in the next section.

**4.4 Service quality (SQ) as the difference between perceptions (FP2.1) and expectations (FE2.1) of the countries sampled**

When the service quality (SQ) was taken as the difference between the perceptions factor (FP2.1) and the expectations factor (FE2.1), there was a statistically significant difference among the six countries concerned [ $F(5,480) = 3.57; p < 0.05; r = 0.20$ ]. These differences are shown graphically in Figure 4.10.

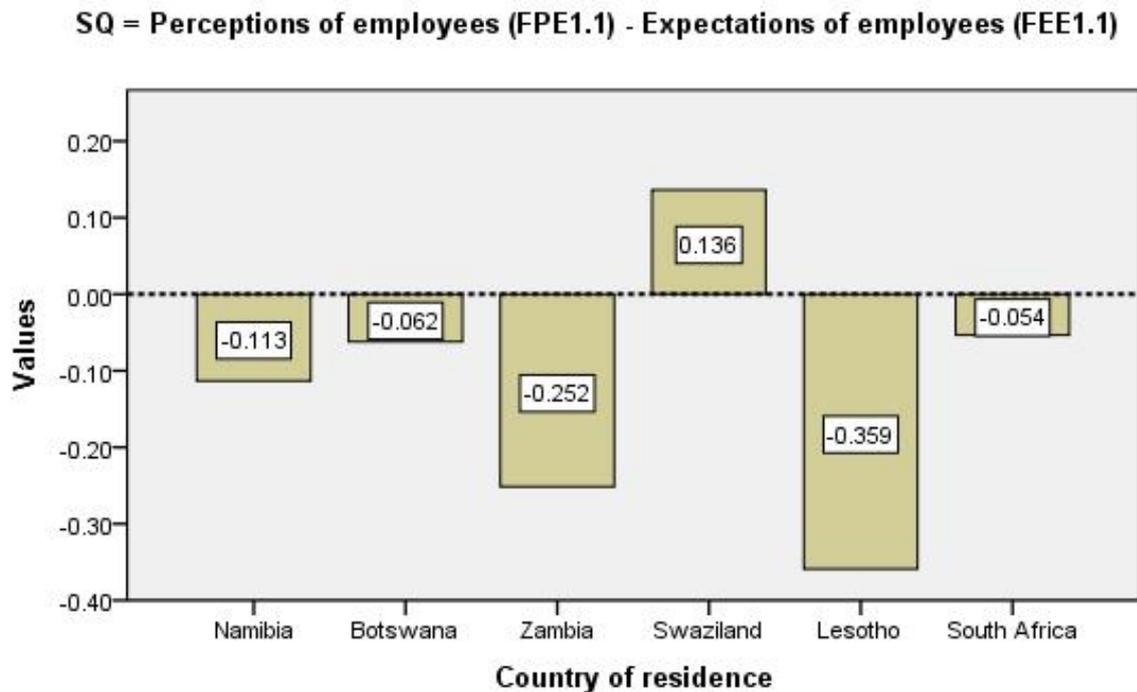


**Figure 4.10: The service quality as the difference between perceptions and expectations of the six Southern African countries in the sample**

All the countries indicate a gap in the service quality between the perceived and the expected factors, with the exception of Swaziland. Zambia had the largest gap, followed by Lesotho. Are these differences in service quality due to the differences between the employees or the store or both? The employee service gap will be the first to be explored.

#### **4.4.1 Service quality of employees (FPE1.1 – FEE1.1)**

The ANOVA values indicate a significant difference between the perceptions and the expectations of the employees factor [ $F(5,480) = 3.15$ ;  $p = 0.008$ ;  $r = 0.18$ ]. Lesotho had the largest employee quality gap, followed by Zambia. Swaziland was again the exception, with higher expectations than perceptions of service quality regarding the employees. The differences are indicated in Figure 4.11.

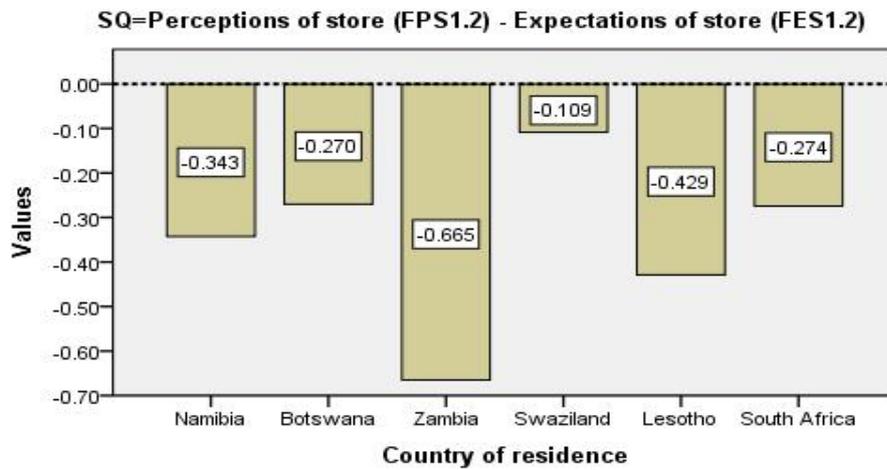


**Figure 4.11: The service quality as the difference between perceptions held of employees and Expectations held of employees of the six Southern African countries in the sample**

#### **4.4.2 Service quality of store (FPS2.1 – FES2.1)**

The ANOVA test indicated a significant difference between the perceptions and the expectations of the service quality of the store [ $F(5,480) = 3.25; p = 0.007; r = 0.18$ ].

Zambia had the largest store service quality gap, followed by Lesotho, while Swaziland had the smallest store service quality gap. All six of the countries showed differences regarding the service quality of the store. The quality gap is thus due to both the differences between the employees and the store, with the exception of Swaziland where it is due to the store service quality gap only. There are statistically significant differences between the perceptions and expectations of the employee and the store service quality factors. The source of these differences will be explored by a comparison of individual items.



**Figure 4.12: The service quality as the difference between perceptions of the store and expectations of the store regarding the six Southern African countries in the sample**

#### **4.5 Comparison of differences between individual items regarding service Quality**

The mean scores obtained in the perceptions factor (FP2.1) are compared with the expectations factor (FE2.1), using the paired t-test, as presented in Table 4.11.

**Table 4.11: The paired samples test between the perceptions and the expectations items**

Pairs (FP2.1 –FE2.1)		Paired Differences		t	df	Sig. (2-tailed)
		Mean	Std. Deviation			
Pair 1	2.1 The store is modern looking - 3.1 Excellent retail stores look modern	-0.4239	1.6663	-5.608	485	0.000**
Pair 2	2.2 The store's physical features are visually appealing - 3.2 The physical facilities at excellent retail stores will be neat in appearance	-0.3519	1.4163	-5.477	485	0.000**
Pair 3	2.3 The store's employees are neat in appearance - 3.3 Employees at excellent retail stores will be neat in appearance	-0.0309	1.1635	-0.585	485	0.559
Pair 4	2.4 When the store promises to do something by a certain time it does - 3.4 When excellent retail stores promise to do something by a certain time, they do	-0.5370	1.5458	-7.659	485	0.000**
Pair 5	2.5 When you have a problem the store shows an interest in solving it - 3.5 When a customer has a problem, excellent retail stores will show a sincere interest in solving it	-0.2984	1.4184	-4.637	485	0.000**

Pair 6	2.6 The store has the right products for me - 3.6 Excellent retail stores have the right products for their customers	-0.3546	1.2976	-6.019	484	0.000**
Pair 7	2.7 The store has available stock at the time it promises to do so - 3.7 Excellent retail stores have available stock at the time they promise to do so	-0.5761	1.6811	-7.555	485	0.000**
Pair 8	2.8 Employees in the store tell you honestly what the benefits of a product are - 3.8 Employees at excellent retail stores tell you honestly what the benefits of a product are	-0.1523	1.1934	-2.813	485	0.005**
Pair 9	2.9 Employees in the store give you prompt service - 3.9 Employees at excellent retail stores give you prompt service	-0.0556	1.3281	-0.922	485	0.357
Pair 11	2.11 The behaviour of employees in the store instils confidence - 3.11 The behaviour of employees in excellent retail stores instils confidence	-0.15226	1.30402	-2.574	485	0.010**
Pair 12	2.12 You feel safe in your transactions with the store - 3.12 You feel safe in your transactions with excellent retail stores	-0.16049	1.23812	-2.858	485	0.004**

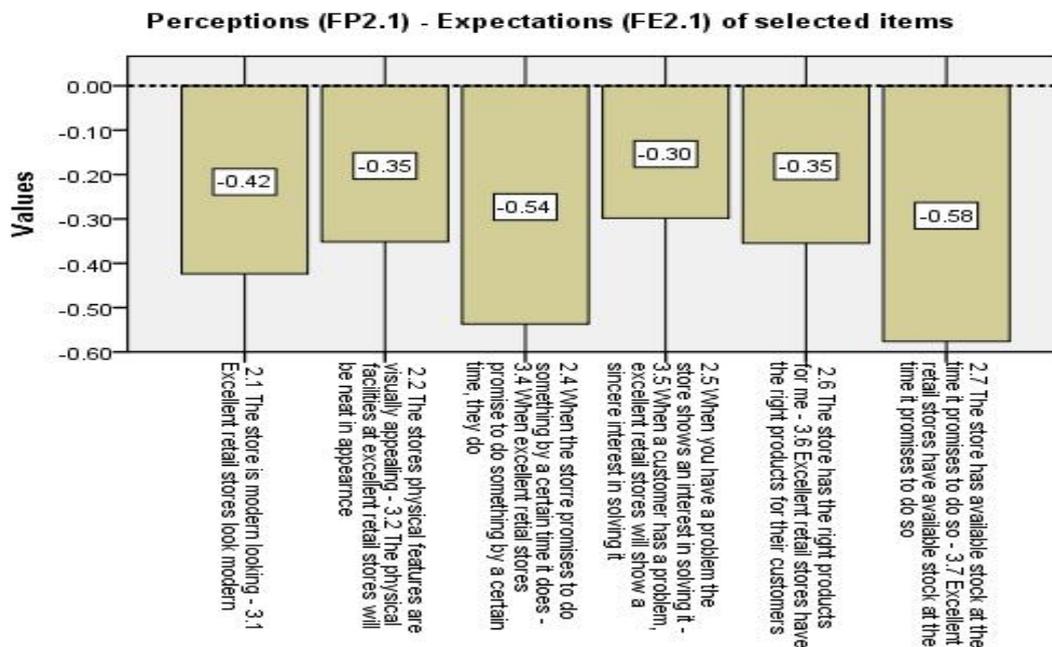
Pair 13	2.13 Employees in the store are consistently courteous to you - 3.13 Employees at excellent retail stores are consistently courteous to you	-0.11523	1.09690	-2.316	485	0.021*
Pair 14	2.14 Employees in the store are knowledgeable about the products they sell - 3.14 Employees at excellent retail stores are knowledgeable about the products they sell	-0.14815	1.07390	-3.041	485	0.002**
Pair 15	2.15 The store gives you individual attention - 3.15 Excellent retail stores give you individual attention	-0.07407	1.03877	-1.572	485	0.117
Pair 16	2.16 The store has operating hours convenient to all its customers - 3.16 Excellent retail stores have operating hours convenient to all their customers	-0.07819	1.19710	-1.440	485	0.151
Pair 17	2.17 The store has employees who give you personal attention - 3.17 Excellent retail stores have employees who give you personal attention	0.00206	1.16743	0.039	485	0.969
Pair 18	2.18 The store has your best interests at heart - 3.18 Excellent retail stores have your best interests at heart	-0.22634	1.43096	-3.487	485	0.001**

Pair 19	2.19 The employees of the store understand your specific needs - 3.19 The employees of excellent retail stores understand your specific needs	-0.20576	1.29664	-3.498	485	0.001**
---------	--	----------	---------	--------	-----	---------

\*\* = Statistically significant at the 1% level ( $p < 0.005$ )

\* = Statistically significant at the 5% level ( $p > 0.01$  but  $< 0.05$ )

From the data in Table 4.11 the following item-pairs are worth noting: Pair 4 [ $t(485) = -7.66$ ;  $p < 0.005$ ;  $r = 0.34$ ]; Pair 7 [ $t(485) = -7.56$ ;  $p < 0.005$ ;  $r = 0.32$ ]; Pair 6 [ $t(485) = -6.02$ ;  $p < 0.005$ ;  $r = 0.26$ ]; Pair 1 [ $t(485) = -5.61$ ;  $p < 0.005$ ;  $r = 0.25$ ]; Pair 2 [ $t(485) = -5.48$ ;  $p < 0.005$ ;  $r = 0.24$ ]; Pair 5 [ $t(485) = -4.64$ ;  $p < 0.005$ ;  $r = 0.21$ ]; Pair 19 [ $t(485) = -3.50$ ;  $p < 0.005$ ;  $r = 0.16$ ]; Pair 18 [ $t(485) = -3.49$ ;  $p < 0.005$ ;  $r = 0.15$ ] and Pair 14 [ $t(485) = -3.04$ ;  $p < 0.005$ ;  $r = 0.12$ ]. All of these pairs were statistically significant at the 1% level and pairs 4 and 7 had moderate effect sizes. The more important differences between the perceptions and expectations are shown in Figure 4.13



**Figure 4.13: The differences between the perceptions and expectations of selected pairs of items**

The items all fall under the service quality of the store and are thus items that can be attended to as they have to do with the service quality of the Tangibles and Reliability of the store.

#### 4.6 Determining the best predictors of the expectations factor (FE2.1) of service delivery using multiple regression analysis

From the tests conducted so far it appears that, in the customers' perceptions (FP2.1) of what is involved in service delivery, gender, country of residence, distance from the store, and repeat customer are all associated with the ideal expectations (FE2.1) that customers hold about excellent retail stores. Multiple regression can be used to determine which of the variables mentioned are the best predictors of the outcome variable named "Expectations of service delivery" (FE2.1). The equation can be written as follows:

$Y_i = (b_0 + b_1X_{i1} + b_2X_{i2} + \dots + b_nX_{in}) + v_i$  where Y is the outcome variable,  $b_1$  is the coefficient of the first predictor ( $X_1$ ) and so on.

In this particular research one can specify the equation as:

$$\text{Customer } exp_i = b_0 + b_1\text{customer } per_i + b_2\text{gender}_i + b_3\text{country}_i + b_4\text{distance}_i + b_5\text{repeat}_i$$

The data to be inserted into the equation are provided in Table 4.12. Thus the perceptions of service delivery factor (FP2.1) will increase the expectations of service delivery that customers have of excellent retail scores [ $t(478) = 13.55$ ;  $p = 0.000$ ]. It is also the most significant predictor of service delivery as expected. The standardised Beta values tell one the number of standard deviations that the outcome will change as a result of one standard deviation change in the predictor and give an insight into the importance of the predictor (Field, 2009: 239). Thus as the perceptions predictor of service delivery increases by one standard deviation unit (0.73) the expectations outcome factor of service delivery will increase by 0.520 standard deviations.

In multiple regression, the variables need to be either continuous (perceptions of service delivery variable) or categorical with only two categories; hence it is necessary to create dummy variables with South Africa serving as the baseline (coded 0). Here SPSS converts the Beta value to a t-statistic and the significance of the t-statistic is reported. This t-statistic reports whether the Beta value is 0 when one has two categories coded with 0 and 1, which means it is testing whether the difference between groups is zero (Field, 2009: 259). If it is

significant then it means that the group coded as 1 is significantly different from the baseline category. The data in Table 4.12 indicate that the t-test for Lesotho ( $t = 2.8$ ;  $p = 0.005$ ) and Zambia ( $t = 2.39$ ;  $p = 0.017$ ) are significant.

**Table 4.12: Coefficients of the regression model**

Model 4	Unstandardised Coefficients		Standardised coefficients	t	Sig.
	B	Std error	Beta		
(Constant)	2.137	0.267	-	7.998	0.000
Mean of perceptions (FP2.1) of service delivery	0.590	0.044	0.520	13.55	0.000
Namibia vs South Africa	-0.042	0.099	-0.020	-0.427	0.669
Botswana vs South Africa	-0.052	0.103	-0.023	-0.505	0.614
Zambia vs South Africa	0.231	0.097	0.112	2.391	0.017
Swaziland vs South Africa	-0.069	0.117	-0.026	-0.591	0.555
Lesotho vs South Africa	0.314	0.112	0.124	2.802	0.005
Gender	0.129	0.062	0.078	2.071	0.039
Distance from store in km. (Binned)	-0.153	0.065	-0.091	2.376	0.018

Dependent variable: Mean of expectations of service delivery factor (FE2.1). Using only the significant values ( $p < 0.05$ ), the equation can be written as:

$$\text{Expectations of Service Delivery.} = 2.14 + (.590 \text{ perceptions}) + .231 (\text{Zambia vs S.A.}) + .314 (\text{Lesotho vs S.A.}) + .129 (\text{Gender}) - .153 (\text{Distance})$$

Both Beta values are positive, so that one can say that as one changes from South African customers to Lesotho or Zambian customers the outcome or expectations factor becomes more

positive. Gender is also a significant predictor and as one goes from 0 (male) to 1 (female) the expectations factor increases, indicating that females are more positive in their expectations of service delivery than male customers are. Distance from the store had a negative Beta value ( $B = -0.09$ ), indicating that expectations of service delivery decrease as one is further than 10 km from the store.

In conclusion, the expectations that customers hold of the service delivery of excellent retail stores are best predicted by their actual perceptions of service delivery (FP2.1); the country in which they reside relative to South Africa, with Lesotho and Zambian customers being more positive; their gender, with females being more positive; and distance from the store, with customers closer than 10 km to the store having greater expectations of the service delivery of excellent retail stores.

#### **4.7 Analysis of Section 4 of the questionnaire**

In Section 4 of the questionnaire, respondents had to allocate scores to each of five items that asked about certain important features regarding service delivery. The points had to add up to 100. One of the problems with this type of question is that most respondents would merely allocate 20 points to each of the categories, as it is difficult to distinguish between them. One would thus expect a mean score of around 20 with the mean and the mode being similar. The descriptive statistics are provided in Table 4.13.

The mean scores are similar but it appears that the respondents rated item 4.1 the highest and thus they place more value on “the appearance of the store’s physical facilities, equipment, personnel and communication materials” than they do on the other four items. However, respondent 14 assigned a value of 85 to this item ( $z = 6.52$ ) and it is likely that this caused the mean score to be higher than it should be. It is also likely that, as this was the first question of five, the customers assigned a high value to it and then had to assign lower values to the other items to reach the limit of 100 for the five questions. This scenario is likely as the respondents from African countries are often not proficient in basic numeracy.

**Table 4.13: Descriptive statistics for items in Section 4 of the questionnaire**

	N	Minimum	Maximum	Mean	Std. Deviation
4.1 The appearance of the store's physical facilities, equipment, personnel and communication materials	486	2.0	85.0	22.271	9.6155
4.2 The store's ability to perform the promised service dependably and accurately	486	5.0	50.0	19.288	6.9933
4.3 The store's willingness to help customers and provide prompt service	486	2.0	50.0	20.136	6.6511
4.4 The knowledge and courtesy of the store's employees and their ability to convey trust and confidence	486	2.0	50.0	19.043	5.8605
4.5 The caring individual attention the store provides to its customers	486	1.0	60.0	19.262	6.9295

There were numerous outliers in this item, indicating the non-normality of the data. The items were tested against the various countries in the sample using non-parametric statistics, namely the Kruskal-Wallis test, to determine possible significance among all six of the countries involved. If a significant difference was found at this multivariate level then the Mann-Whitney test was used to determine where the pairwise difference was (Field, 2009: 562). The data produced by the Kruskal-Wallis test by SPSS is shown in Table 4.14.

**Table 4.14: The Kruskal-Wallis test for section 4 of the questionnaire**

	4.1 The appearance of the store's physical facilities, equipment, personnel and communication materials	4.2 The store's ability to perform the promised service dependably and accurately	4.3 The store's willingness to help customers and provide prompt service	4.4 The knowledge and courtesy of the store's employees and their ability to convey trust and confidence	4.5 The caring individual attention the store provides to its customers
Chi-Square	5.851	2.074	16.975	9.050	10.474
Df	5	5	5	5	5
Asymp. Sig.	0.321	0.839	0.005	0.107	0.063

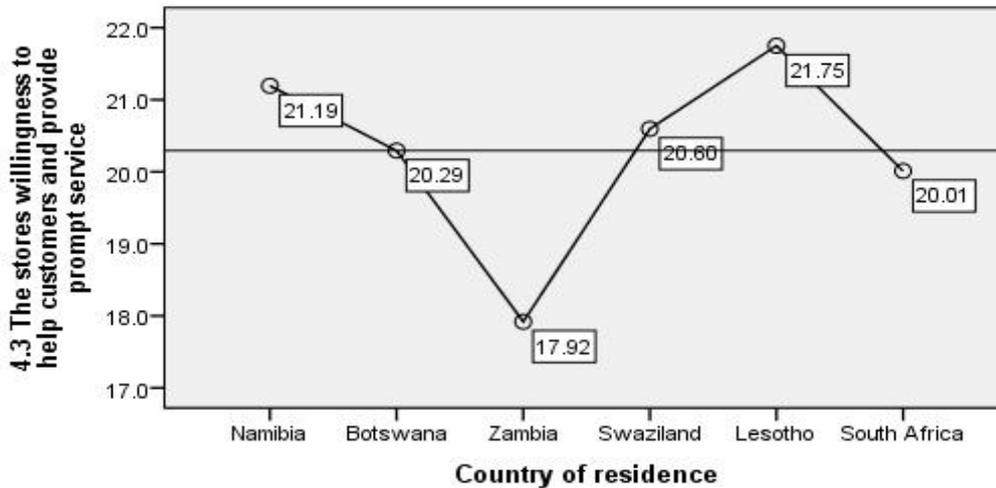
a. Kruskal Wallis Test

b. Grouping Variable: Country of residence

The data in Table 4.11 indicate that the customers in the six countries differ significantly from one another with respect to question 3: “the store’s willingness to help customers and provide prompt service” ( $t^2 = 16.98; p < 0.005$ ). Thus the six countries do differ from one another regarding “the store’s willingness to help customers and provide prompt service” but it is necessary to use the Mann-Whitney test to determine which pairs differ from one another. The Mann-Whitney test was used for testing Lesotho and Zambia against the baseline of South Africa. The following results were obtained:

- Zambia versus South Africa  $Z = -3.49; p = 0.000; r = 0.16$
- Lesotho versus South Africa  $Z = -2.34; p = 0.019; r = 0.10$

The mean scores obtained by the various countries are given in Figure 4.7. It can be seen that Lesotho had the highest score while Zambia had the lowest score. Zambia differs from the other countries at the 1% level of significance while Lesotho differs at the 5% level, after the Bonferroni correction has been applied ( $p < 0.025$ ).



**Figure 4.14: Mean scores of the various countries regarding item 4.3 in Section 3 of the questionnaire**

Parasuraman *et al.* (1991) included the concept of the importance consumers attach to the dimensions of service quality by introducing what they termed “weighted SERVQUAL scores”. This concept is first briefly discussed and then used in this research project.

#### 4.8 Weighted SERVQUAL

According to Parasuraman *et al.* (1991), the SERVQUAL scores obtained on the service quality dimensions are “unweighted” in that they do not account for the relative importance consumers attach to the various sub-dimensions. In this particular research project, both the perceptions (FP2.1) and the expectations (FE2.1) factors had two sub-dimensions. The situation can be summarised as:

- $FE2.1 = FEE1.1 + FES1.2$
- $FP2.1 = FPE1.1 + FPS1.2$

The service quality was obtained by subtracting the expectations factor from the perceptions factor, namely  $SQ = P - E$ . However, as there are two sub-dimensions in each of the perceptions and expectations factors it seems pertinent to keep “like with like” and hence:

$SQ \text{ Employees} = FPE1.1 - FEE1.1$  and  $SQ \text{ Store} = FPS1.2 - FES2.1$  should be used.

If one adds the so-called weighting of the importance aspect then the five items proposed in Section 3 of the questionnaire should be used. In Tables 3.10 and 3.11, the Parasuraman *et al.* (1988) dimensions of Empathy, Responsiveness and Assurance were postulated as belonging to the employee service delivery factors. Hence items 4.3, 4.4 and 4.5 in Section 4 of the questionnaire can be used to weigh the employee dimension as follows:

- Importance of SQ of the Employees =  $(FPE1.1 - FEE1.1) * \text{Mean of items 4.3, 4.4 and 4.5 as a percentage}$
- Importance of SQ of the Store =  $(FPS1.2 - FES2.1) * \text{Mean of items 4.1 and 4.2 as a percentage}$

This is similar to what Parasuraman *et al.* (1991) named the “Importance-weighted SERVQUAL” (Cronin & Taylor, 1994: 54).

#### **4.8.1 A comparison of all customers in the sample using the importance-weighted SERVQUAL**

The factor analytic procedure (see Table 4.1) indicated that both items dealing with perceptions and items dealing with expectations could be reduced to two first-order factors. To determine the difference in the importance of the perceptions of service quality and the importance of the expectations of service quality of the customers, a weighted SERVQUAL was created in the variable view of the data editor in SPSS version 20. The first pairwise comparison was between the importance of the perception of service quality of the second-order factors (Imp\_FPE2.1) and the importance of the expectation of service quality (Imp\_FE2.1). If a significant difference is found here then the two first-order factors will be investigated in an effort to distinguish between importance of employee service quality and that of store service quality.

**Table 4.15: Importance of perceptions of service quality (Imp\_FP2.1) compared with the importance of the expectations of service quality (Imp\_FE2.1)**

Importance FP2.1 – Importance of FPE2.1		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Importance of perceptions of SQ - Importance of expectations of SQ	-0.04374	0.15218	0.00690	-6.337	485	0.000

The data in Table 4.15 indicate a statistically significant difference [ $t(485) = 6.34$ ;  $p < 0.05$ ;  $r = 0.28$ ] between the importance of the perceptions and the importance of the expectations held regarding service quality. This is the same result as was found in Table 4.3. However, the factor analytic procedure performed in Table 4.2 indicates that the expectations factor is composed of two sub-scales, namely, one that deals with employees and one with the store. By comparing the importance of expectations and perceptions between the employees' factors (FEE1.1 and FPE1.1) and the stores' factors (FES1.2 and FPS 1.2), further insight may be possible. Tables 4.16 and 4.17 give the relevant data.

**Table 4.16: The difference between the importance of perceptions and Expectations held of employees with respect to the service quality**

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Importance of perceptions held of employees SQ (Imp_FPE 1.1) - Importance of Expectations held of employees (Imp_FEE1.1)	-0.02420	0.15108	0.00685	-3.531	485	0.000

The data in Table 4.16 are similar to those in Table 4.4 [ $t(485) = -3.531$ ;  $p < 0.05$ ;  $r = 0.16$ ]. The weighted SERVQUAL does not seem to make a difference in the employee service

quality. The difference between the importance of perceptions of the service quality of the store (Imp\_FPS1.2) and the importance of expectations of the service quality of the store (Imp\_FES1.2) is investigated in Table 4.17.

**Table 4.17: Paired differences between the importance of perceptions of the SQ of store (Imp\_FPS1.2) and importance of expectations of the SQ of store (Imp\_FES1.2)**

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Importance of perceptions of the SQ of store (Imp_FPS1.2) - Importance of expectations of the SQ of store (Imp_FES1.2)	-0.11164	0.20853	0.00946	-11.803	485	0.000

The importance of the perceptions of service quality of the store has a statistically significant lower mean score (0.94) than the importance of the expectations held by customers of the service quality of the store (1.05) [t (485) = -11.803; p <0.05; r = 0.54. This is probably due to the greater importance that customers attached to their expectations of the service quality of the store. The findings are similar to those in Table 4.5 [t (485) = 8.575; p <0.05; r = 0.36]. However, the effect size of the importance (or the weighted SERVQUAL) is large (r=0.54), indicating that the weighted SERVQUAL is more efficient in distinguishing the perceptions from the Expectations held of stores service quality. However, it is similar to the paired t-test results in Tables 4.3 to 4.5 in indicating that the factor dealing with perceptions of service quality of the store seems to be more important than the service quality of the employees. This difference is graphically indicated in Figure 4.15.



**Figure 4.15: Difference between the importance of the service quality of employees and the importance of the service quality of the store**

#### **4.8.2 A comparison of the Southern African countries using the importance-weighted SERVQUAL**

The only two importance-weighted SERVQUAL factors that will be investigated are the importance of the employee service quality factor (Imp\_FPE1.1 - Imp\_FEE1.1) and the importance of the store service quality factor (Imp\_FPS1.2 – Imp\_FES1.2). As there are two dependent variables to consider, a MANOVA test was used. The Pillai’s trace for multivariate tests was  $V= 0.056$ ,  $F(5,480) = 5.74$ ,  $p < 0.005$ ;  $r = 0.24$ , indicating that the two importance factor means differed at the multivariate level. Separate univariate ANOVAs also revealed that the means of each of the two “importance” or weighted SERVQUAL factors differed significantly among the six (6) countries, namely  $F(5,480) = 5.74$ ;  $p < 0.05$ ;  $r = 0.24$ . The two importance factors are discussed separately.

**4.8.2.1 A comparison of the Southern African countries using the importance-weighted SQ of employees factor with Bonferroni correction**

The relevant data for the comparison of the countries on the importance of the service quality of employees are provided in Table 4.18.

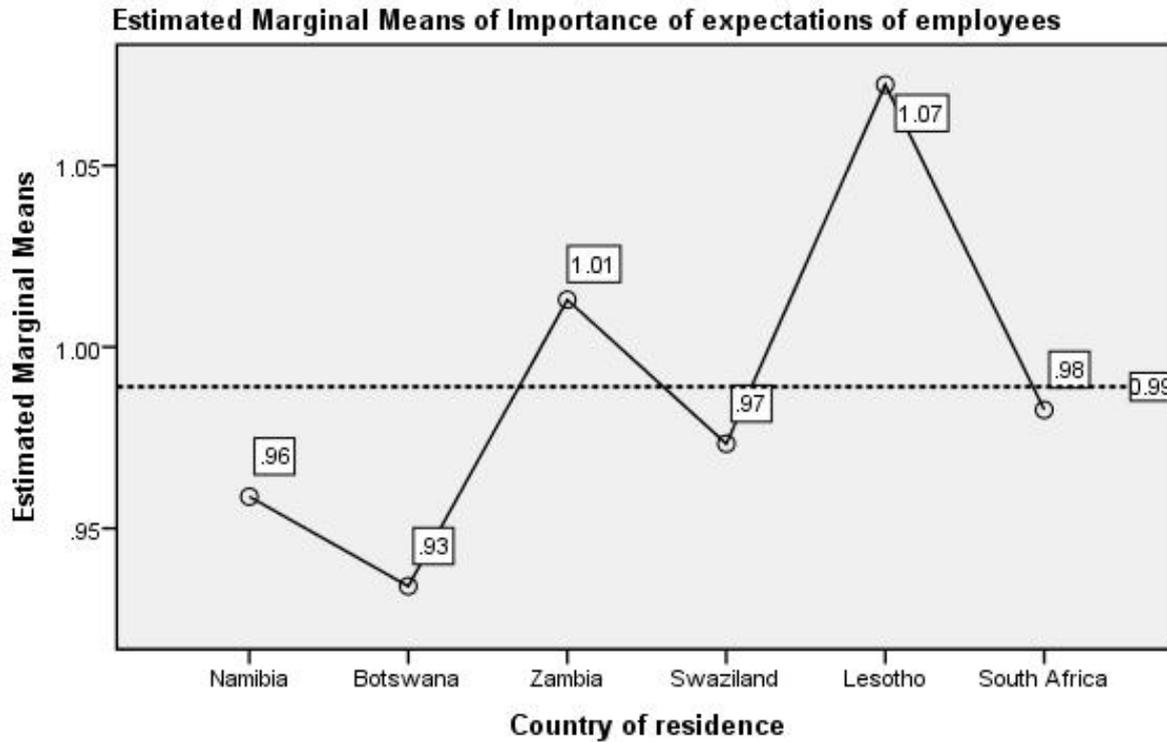
**Table 4.18: Differences among countries on the importance of the employee service quality factor (Imp\_FPE1.1 - Imp\_FEE1.1)**

Factor	Group	Mean difference	ANOVA (p-value)	Post-hoc tests using Bonferroni correction						
				1	2	3	4	5	6	
Importance of the employee service quality factor (Imp_FPE1.1 - Imp_FEE1.1)	Namibia	0.96	0.000**	1	/	-	-	-	**	-
	Botswana	0.93		2	-	/	*	-	**	-
	Zambia	1.01		3	-	*	/	-	-	-
	Swaziland	0.97		4	-	-	-	/	*	-
	Lesotho	1.07		5	**	**	-	*	/	*
	South Africa	0.98		6	-	-	-	-	*	/

\*\* = Statistically significant at the 1% level (p<0.010)

\* = Statistically significant at the 5% level (p>0.01 but p <0.05)

From the data in Table 4.18 it can be observed that Botswana had the lowest difference in importance of employee service quality and that it differed significantly from Zambia and Lesotho. The highest difference was obtained by customers from Lesotho, who differed significantly from customers from Namibia, Botswana, Swaziland and South Africa. These differences are clearly indicated in Figure 4.16.



**Figure 4.16: The differences among countries on the importance of the employee service quality factor (Imp\_FPE1.1 - Imp\_FEE1.1)**

**4.8.2.2 A comparison of the Southern African countries using the importance-weighted SQ of the store factor with Bonferroni correction**

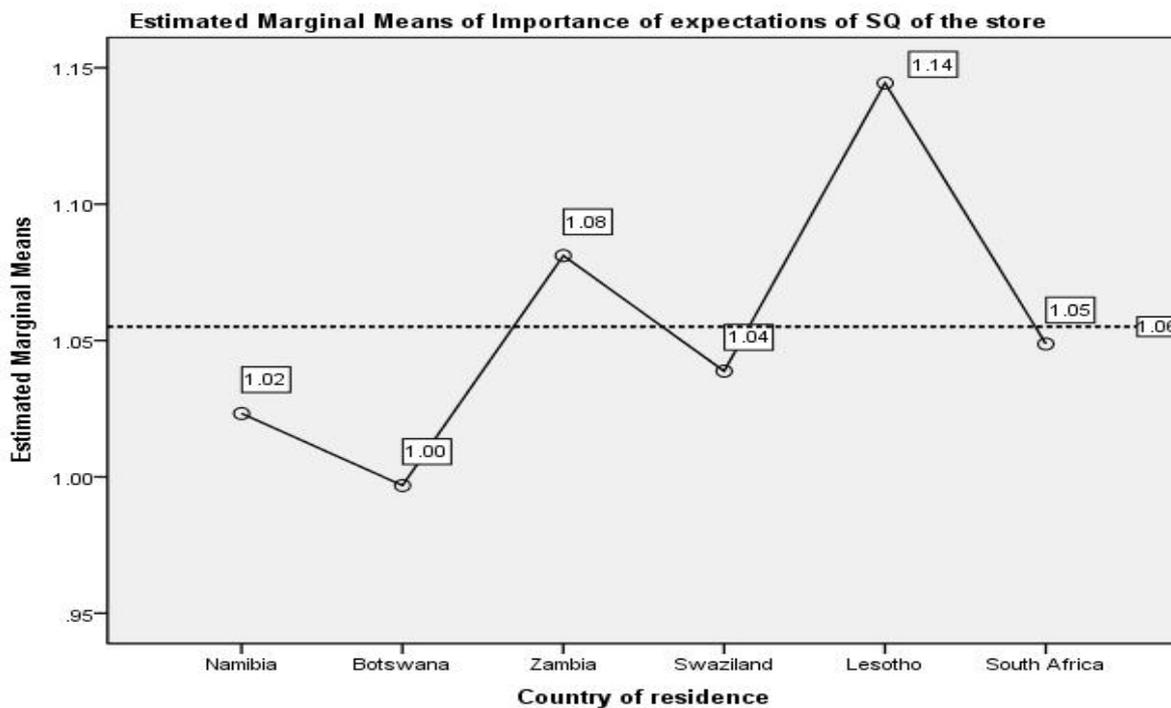
The relevant data are provided in Table 4.19 and the appropriate graph is shown in Figure 4.17. The data in Table 4.16 show that the differences of the importance of the store service quality are all higher than their employee counterparts in Table 4.18, indicating the importance that customers attach to the service quality of the store. Customers from Lesotho had the highest mean difference of 1.14 and differed statistically significantly from all countries except Swaziland. Botswana had the lowest difference in scores regarding the importance of the service quality of the store and differed statistically significantly from Zambia and Lesotho. The graph indicating the differences in countries between the importance of service quality of the store is given in Figure 4.17.

**Table 4.19: Differences among countries on the importance of the store service quality factor (Imp\_FPS1.2- Imp\_FES1.2)**

Factor	Group	Mean difference	ANOVA (p-value)	Post-hoc tests using Bonferroni correction						
				1	2	3	4	5	6	
Importance of the store service quality factor (Imp_FPS1.2 – Imp_FES1.2).	Namibia	1.02	0.000**	1	/	-	-	-	**	-
	Botswana	0.99		2	-	/	*	-	**	-
	Zambia	1.08		3	-	*	/	-	-	-
	Swaziland	1.04		4	-	-	-	/	*	-
	Lesotho	1.14		5	**	**	-	*	/	*
	South Africa	1.05		6	-	-	-	-	*	/

\*\* = Statistically significant at the 1% level (p<0.010)

\* = Statistically significant at the 5% level (p>0.01 but p <0.05)



**Figure 4.17: The differences among countries on the importance of the store service quality factor (Imp\_FPS1.2 - Imp\_FES1.2)**

In conclusion, it seems that the weighted SERVQUAL gives results similar to the “unweighted” SERVQUAL but it seems to be more efficient in distinguishing differences between the various countries.

### 4.8.3 A comparison of the brand stores using the importance-weighted SERVQUAL

The three brand stores were compared using the importance of the perceptions factor (Imp\_FP2.1) and the importance of the expectations factor (Imp\_FE2.1). A significant statistical difference was found between Beares and FurnCity:

( $Imp_{p\_}\Delta\bar{X}_E = -0.17$ ;  $Imp_{p\_}\Delta\bar{X}_{FC} = -0.02$ ;  $p = 0.04$ ;  $r = 0.10$ ). However, it was not known whether this difference is due to the weighted service quality of the employee factor or to the store factor. A subsequent ANOVA test and Hochberg's T2 post-hoc tests with Bonferroni correction indicated that the service quality difference was due to the importance of the service quality of the store and not to that of the employees [ $F(2,483) = 5.75$ ;  $p < 0.016$ ;  $r = 0.15$ ]. The mean scores of the three brand stores were ( $\bar{X}_B = -0.05$ ;  $\bar{X}_E = -0.06$ ;  $\bar{X}_{FC} = -0.14$ ).



**Figure 4.18: Mean scores of the brand stores on the importance of the service quality of the store**

The significant difference was between Ellerines and FurnCity ( $p = 0.006$ ). A line graph showing the mean scores of the three brand stores, as obtained on the weighted importance of service quality of the store, is given in Figure 4.18. As this chapter has produced a plethora of findings, a synthesis of the more important findings would be useful.

#### 4.9 Synthesis of statistical analyses

The factor analytic procedure followed indicates that the original five factors as found by Parasuraman *et al.* (1988), which they termed Tangibles, Reliability, Responsiveness, Assurance and Empathy, can be reduced to just two components, namely, one related to the expectations held for employees (FEE1.1 the human aspects) and the other to the expectations held for the store (FES1.2 non-human aspects). These two factors form one factor related to expectations held about service delivery (FE2.1). It can thus be concluded that the construct of expectations of service delivery has two underlying sub-scales of service delivery, namely one related to expectations held for employees and the other to expectations held for the store. Both factors had reliability coefficients greater than 0.7 with data distributions which were slightly negatively skewed.

Section 2 of the questionnaire probed the actual perceptions of present and prospective customers by using the same 18 items used in the expectations section. The items in the two factors were tested for reliability using the same two factors, namely an employee factor and a store factor. The 11 items concerning perceptions about employees had a Cronbach alpha reliability coefficient of 0.881 while the seven items concerning perceptions about the store had a Cronbach coefficient of 0.800. When these two first-order factors were subjected to a second-order procedure, only one factor resulted, which explained 88.26% of the variance present. It had a Cronbach reliability of 0.905 and was named “Perceptions held about service delivery” (FP2.1).

The paired-samples t-test was used to compare the expectations (FE2.1) of the respondents with their perceptions (FP2.1) regarding service delivery to determine possible significant differences between them. On testing the first-order factors of the perceptions (FPE1.1) with Expectations held of employees (FEE1.1), as well as the perceptions of the store (FPS1.2) with expectations of the store (FES1.2) regarding the service delivery, they were found to differ significantly from each another. However, a comparison of the effect sizes indicated that the service delivery of the store was seen as more important by the customers than the service delivery of the employees. Female respondents had a different perception in that they held greater expectations of the service delivery of the employees than of the service delivery of the store. In this regard they differed from the male customers.

First-time customers agreed to a significantly greater extent with the expectations of the employee service delivery factor (FEE1.1) than repeat customers did. They thus had a more positive perception than the repeat customers regarding their expectations of employee service delivery. With respect to distance from the store, prospective and present customers who stayed closer than 10 km from the store agreed to a greater extent with each of the four service delivery factors than did customers who stayed further than 10 km from the store. There was a statistically significant difference at the 1% level between the two distance groups regarding their expectations (FEE1.1) of service delivery held for employees. Distance from the store was associated with the expectations as well as the perceptions held of employees regarding service delivery in an inverse sense, namely, the greater the distance from the store the lower the expectations and perceptions held about employees and store service delivery.

The brand store with the largest difference between the perceptions of the service delivery of the store (FPS1.2) and expectations of service delivery of the store (FES1.2) was FurnCity (-0.64). Thus, FurnCity could be said to have the largest gap in store service delivery. A comparison of Southern African countries across the four service delivery first-order factors indicated that customers from Lesotho had the highest mean score regarding their expectations about employee service delivery (FEE1.1). Lesotho customers differed statistically significantly from customers from Botswana and Namibia, who had the lowest expectations of employee service delivery (see Figure 4.6).

Regarding the perceptions of service delivery of employees (FPE1.1), customers from Lesotho again had the highest factor mean, differing statistically significantly from Botswana customers, who had the lowest factor mean (see Figure 4.7). Customers from Lesotho also held the highest expectations of the service delivery of the store (FES1.2), with a mean of 5.32. They differed statistically significantly from present and prospective customers from Botswana (4.63) and Namibia (4.75) at the 1% level (see Figure 4.8). Regarding the fourth service delivery first-order factor, namely the perceptions of service delivery of the store (FPS1.2), customers from Lesotho had the highest factor mean at 4.89 and tended to agree with the factor. The Lesotho customers differed statistically significantly from customers from Zambia, Namibia and Botswana regarding their perceptions of the service delivery of the store (see Figure 4.9).

The concept of service quality (SQ), as postulated by Parasuraman *et al.* (1988), was measured by subtracting the expectations of service delivery factor (FE2.1) from the perceptions of service delivery factor (FP2.1). This results in the so-called quality or performance gaps which are similar to performing paired t-tests, which were conducted earlier on. All six of the Southern African countries, with the exception of Swaziland, indicated a gap in the service quality between the perceived and the expected factors. Zambia had the largest gap, followed by Lesotho (see Figure 4.10). This gap was composed of an employee quality gap and a store quality gap. Lesotho had the largest employee quality gap, followed by Zambia. Swaziland was again the exception with higher expectations than perceptions of service quality regarding the employees (see Figure 4.11). All six of the countries showed differences in respect of the service quality of the store (FPS1.2 – FES1.2). Zambia had the largest store service quality gap, followed by Lesotho, while Swaziland had the smallest store service quality gap. The quality gap is thus due to differences in perceptions and expectations regarding both the employees and the store, with the exception of Swaziland, where it is due to the store service quality gap only (see Figure 4.12).

A pairwise comparison of the expectation and perception items using a paired t-test was also conducted as this would indicate which of the pairs of items had the largest difference between them and were responsible for the quality gap between the perceptions and expectations factors. Only five pairs of items indicated no statistically significant difference, namely pairs 3, 9, 15, 16 and 17 (see Table 4.11). The other 13 pairs all showed significant differences between the perception and expectation comparisons. Items belonging to pair 4 (2.4 – 3.4) and pair 7 (2.7 – 3.7) showed the largest differences and had moderate effect sizes (see Table 4.11). Pairs 1, 2, 5 and 6 could be added and these items all had significant differences. Moreover, they belong mostly to the items in the factor of service quality of the store and are aspects that can readily be addressed via appropriate training and marketing strategies (see Figure 4.13).

From the tests conducted it appears that, in the customers' perceptions (FP2.1) of what is involved in service delivery, gender, country of residence, distance from the store, and repeat customer are all associated with the ideal expectations (FE2.1) that customers hold about excellent retail stores. In order to determine which of these variables were the best predictors of the expectations of service delivery (FE2.1), the researcher made use of the technique of multiple regression. The outcome variable (expectations that customers hold of the service delivery of excellent retail stores) was best predicted by the actual perceptions that respondents

have of service delivery (FP2.1); the country they are resident in relative to South Africa, with Lesotho and Zambian customers being more positive; gender, with females being more positive; and distance from the store, with customers closer than 10 km to the store having greater expectations of the service delivery of excellent retail stores.

The items in Section 4 of the questionnaire dealt with the relative importance that customers assigned to a particular sub-dimension of service delivery. A Kruskal-Wallis test indicated that the respondents differed statistically significantly with respect to item 4.3 “the store’s willingness to help customers and provide prompt service” (see Table 4.14). On this particular item Zambian customers had the lowest mean score while customers from Lesotho had the highest mean score (see Figure 4.14).

The five items in Section 4 enabled the researcher to use also the so-called weighted SERVQUAL. A pairwise comparison of the importance of the perceptions of service quality (Imp\_FP2.1) was conducted with the importance of the expectation of service quality (Imp\_FE2.1) – see Table 4.15. The significant difference found here was further investigated using the employee factors (FEE1.1 and FPE1.1) and the service quality of the store factors (FES1.2 and FPS1.2) – see Table 4.17. The service quality of the stores’ factor indicated that the significant difference lay with the service quality provided by the store. In addition, the weighted SERVQUAL seemed to be more sensitive in determining the significant differences between perceptions and expectations of the service quality of the store (see Figure 4.15).

#### **4.10 Conclusion**

As identified above, the factor analytic procedure indicated that the original five factors as found by Parasuraman *et al.* (1988) can be reduced to just two components, namely, one related to the expectations held for employees and the other to expectations held for the store. These two factors form one factor related to expectations held about service delivery. Because the factors in this study did not load according to the five dimensions mentioned in the original SERVQUAL study, the ability to use the adapted SERVQUAL measuring scale to measure customer satisfaction levels in SADC countries is also questionable as the instrument highlighted two dimensions for the SADC countries and not the original five. This is discussed in Chapter 5 together with an alternative measuring scale that can be used for further research.

The next chapter will also suggest recommendations to address the service delivery gaps that have been identified.

## CHAPTER 5

### RECOMMENDATIONS AND CONCLUSIONS

#### 5.1 Introduction

The empirical review presented in Chapters 3 and 4 provided data for the cross-national study of furniture retail customer satisfaction levels in the majority of the SADC countries. An adapted SERVQUAL measuring scale (Parasuraman *et al.* 1988) was used to develop a structured questionnaire from which the data were analysed, using various statistical techniques. Chapter 5 provides a summary of the study, highlighting the main points with regard to the objectives that were originally set. Chapter 5 also provides recommendations for closing the service “gaps” identified by this study.

#### 5.2 Addressing the problem statement

The research problem identified in Chapter 1 highlighted the limited number of empirical research studies conducted on customer satisfaction in the SADC market. Although there were a few country-specific studies (Boshoff & Terblanche, 1997; Pansiri & Mmereki, 2010) no cross-national studies have been conducted in Southern Africa. As Africa, and especially Southern Africa, receives greater attention from multi-national retailers, the need for retail organisations to understand customer expectations and perceptions across national borders is vital for financial viability. The literature review also highlighted the successful use of adaptations of the SERVQUAL instrument in other developing economies.

Accordingly, the research objective was to develop and administer a scale to measure customer satisfaction levels in Southern Africa. In order to accomplish this, primary and secondary research objectives were identified.

#### 5.3 Addressing the primary research objective

The primary research objective was to investigate the similarities and differences between the perceptions and expectations of service quality of customer groups of furniture retail stores in different countries in Southern Africa. The factor analytic procedure that was used in this

study indicated that the original five factors, as developed by Parasuraman *et al.* (1988), could be reduced to just two factors, namely:

- Expectations held of employees (human aspects)
- Expectations held of the store (non-human aspects)

Both factors had reliability coefficients greater than 0.7, with data distributions that were slightly negatively skewed. The same two items (employee factor and store factor) were used to probe the actual perceptions of current and prospective customers. The reliability coefficients were greater than 0.8 for both factors among both current and prospective customers. Both the histogram and box plot (Figure 4.2) indicated that, generally, customers' responses were fairly similar in terms of what they expected of excellent retail stores. There were, however, statistically significant differences between expectations of stores and expectations of employees.

### **5.3.1 Expectations held of employees**

With regard to Expectations held of employees, Figure 4.16 indicated that customers from Lesotho agreed most strongly with the expectations held of employees in respect of service delivery, followed by customers from Zambia. Lesotho and Zambia are fairly traditional societies, where those employed in the formal sector are admired and seen as occupying positions of greater importance (See Appendix 4, which is a summary of an interview with the operations director of the holding company. Salespeople in these countries are, more often than not, male, commonly wear formal business suits and are generally addressed by their surnames (Karsten, 2003: 306; Baylies, 1998: 197). Because of this, employees in the formal retail sector are seen as successful, educated and reliable, and customers' expectations of them are near ideal. As was also found by Khare (2010: 313), the retailer is seen as an advisor, whose advice is often sought.

### **5.3.2 Perceptions held of employees**

Table 4.18 indicates that customers from Lesotho had the highest perceptions of the service delivery of the employees. Respondents from Botswana had the lowest factor mean. For the

reasons stated above, Lesotho customers viewed employees as providing quality service and this result could be due to the cultural bias. Of all the SADC markets outside of South Africa, EHL faces the strongest competition in Botswana from a local retail organisation, FurnMart (Appendix 4). As FurnMart is a Botswana-based business, its training and marketing programmes are more suited to the local consumer. FurnMart employees can engage customers more knowledgeably about stock availability, product knowledge and delivery times than employees of EHL can. Therefore, the perception of employees' service delivery in Botswana is lower because of the presence of a local competitor which contributes to forming the ideal perception of employees.

### **5.3.3 Expectations of the store**

Customers from Lesotho held the highest expectations of the service delivery of the store and this is a result of two issues. Firstly, customers' expectations of the store are an extrapolation of their Expectations held of employees. Secondly, many Lesotho customers are employed in the informal sector in South Africa (Coplan, 1994). Their exposure to the retail environment in South Africa would raise their expectations of the service delivery of the store. For the reasons stated above, the competitor in Botswana has raised the expectations of customers as regards their stores. As EHL has not matched the competitor effort, the expectations of customers of EHL stores in Botswana have been lowered.

### **5.3.4 Perceptions of the store**

The data in Table 4.10 indicate that customers from Lesotho had the highest factor mean of 4.89 and tended to agree with the factor of perceptions held about the store. However, customers from Zambia, with a mean score of 4.34, indicated that they agreed only partially with the perceptions of service delivery of the store. EHL's Zambian retail business has experienced stock-outs and poor-quality merchandise (Appendix 4). Because of the distance from South Africa, exchange rates and importation procedures, getting stock to Zambia is a challenge for EHL. For this reason EHL established supply contracts with local Zambian suppliers, which affected the quality of the merchandise, contributing to customers' lower perceptions of the stores.

### **5.3.5 The difference between perceptions and expectations**

Expectations of service delivery have been identified as “Expectations held of employees + Expectations of the store”. Perceptions of service delivery were identified as “Perceptions held of employees + Perceptions of the store”. Service quality, as postulated by Parasuraman *et al.* (1988), was identified by subtracting the expectations of service delivery factor from the perceptions of service delivery factor. All six of the Southern African countries indicated a gap between the perceived and the expected factors of service quality, with the exception of Swaziland. Zambia had the largest gap, followed by Lesotho (see Figure 4.10). This gap was composed of an employee quality gap and a store quality gap. Lesotho had the largest employee quality gap, followed by Zambia. Swaziland was again the exception, with higher expectations than perceptions of service quality as regards the employees (see Figure 4.11). There were differences among the six countries regarding the service quality of the store (FPS1.2 – FES1.2). Zambia had the largest store service quality gap, followed by Lesotho, while Swaziland had the smallest store service quality gap. The quality gap is thus due to the differences between perceptions and expectations of both the employees and the store, with the exception of Swaziland, where it is due to the quality gap in store service only (see Figure 4.12).

Titone, Plummer and Kielar (2012: 27) stated that collectivistic cultures such as Swaziland emphasise personal relationships and group dynamics. While this is a common thread in all of the countries surveyed, as an Absolute Monarchy, it is more pronounced in Swaziland. Therefore, a possible reason for Swaziland being the exception is that customers could be measuring their relationship with employees of the retail store rather than the actual service delivery of both the store and the employees.

From the information derived from Chapter 4, it is evident that the primary research objective of investigating similarities and differences between retail customer perceptions and expectations was achieved.

## **5.4 Addressing the secondary research objectives**

In this study, the factor analytic procedure indicated that the original five factors, as found by Parasuraman *et al.* (1988), could be reduced to just two factors, one related to the expectations held of employees and the other, expectations held of the store. As the factors in this study did

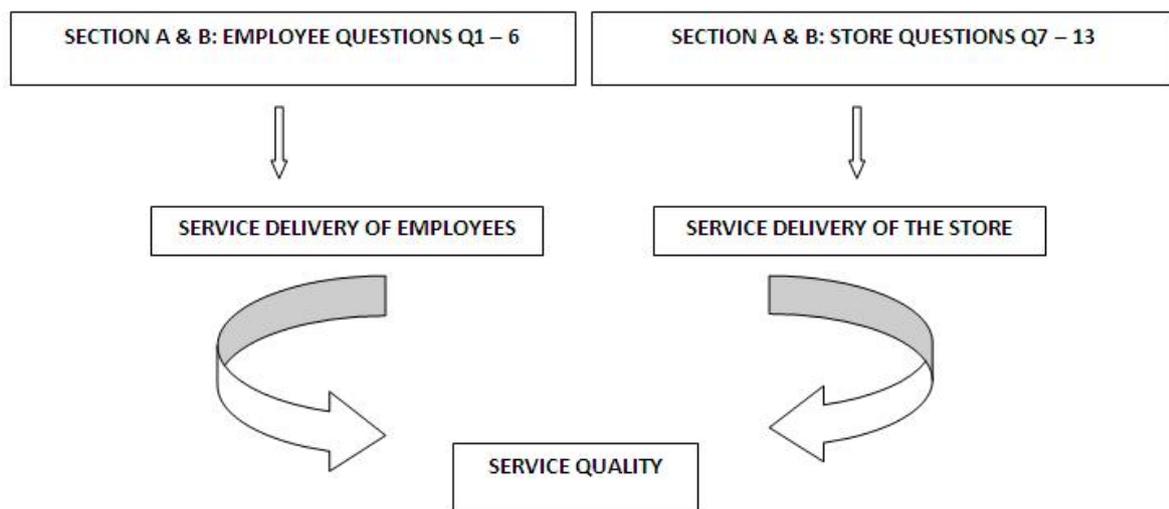
not load to the five factors in the original SERVQUAL study, the usefulness of the adapted SERVQUAL scale to measure customer satisfaction levels in the SADC region is questionable.

#### **5.4.1 Adaptability of SERVQUAL**

Secondary Research Objective 1: To determine the applicability of the adapted SERVQUAL model in Southern African countries.

As this study has identified, the adapted SERVQUAL model is not applicable to cross-national Southern African countries as the factors did not load to the original measuring scale. In a study by Arsali *et al.* (2005), only four of the five factors loaded. The Responsiveness dimension failed to load and the largest “gap” was found in the Empathy factor. A similar result was found in the study of Venter and Dhurup (2005: 433), whose original five factors consisting of forty variables were reduced by statistical analysis to thirty variables and three factors. They then posited a three-factor model for further study and refinement. As this study has identified statistically significant differences between perceptions and expectations, a two-factor model is suggested for future studies to validate or reject these findings.

As only five pairs of items indicated no statistically significant difference, a 13-item scale, namely pairs 3, 9, 15, 16 and 17 (see Table 4.11) is suggested. The other 13 pairs all showed significant differences in the perception and expectation comparisons. In the questionnaire used in this study (Appendix 1), questionnaire items 1, 2, 4, 5, 6, 7 and 18 (seven items) measured service delivery of the store and items 8, 10, 11, 12, 13 and 14 (six items) were used to measure service delivery of employees (Item 10 was removed from both sections in the analysis stage as it was a printing duplication in Section A.) Therefore, a 13-item scale is suggested.



**Figure 5.1: Two-Factor Service Quality Scale**

Boshoff and Terblanche’s (1997) replication study used an adaptation of the RSQS of Dhabolkar *et al.* (1996) in a South African retail environment, concluding that the scale was adaptable and valid. The 1996 study of Dhabolkar *et al.* found all dimensions and sub-dimensions to be valid in the US retail environment. Although this was not a cross-national study, if replicated in the Southern African market, it could contribute to the development of an ideal measurement instrument. Although the findings of this study do not support the adaptability of SERVQUAL in measuring service quality in Southern Africa across national borders, it is important to note that the original scale developed by Parasuraman *et al.* (1985; 1988) was meant for the service industry and not the retail of non-perishable goods.

#### **5.4.2 Relevant dimensions in the development of a service quality model**

Secondary Research Objective 2: To determine by means of a cross-national study whether other dimensions of service quality are relevant in the development of a service quality model in a Southern African context.

As noted in Chapter 2, culture plays an important role in the development of both customer expectations and customer perceptions. SERVQUAL and adaptations thereof do not take cultural elements into account. As different cultures can exist within the national borders of a single country, it is reasonable to conclude that cultural differences will influence any customer

satisfaction measurement across national borders. A possible scale which could make a significant contribution to the development of an ideal scale is the model posited by Tayeb (2007: 31), which would link national culture dimensions to service quality gaps in a single model. The mechanisms of his model established links between national culture and service quality. His study in the hotel sector was rooted in the effect of national cultures on service quality and attempted to explain how national cultural differences result in service quality gaps. Therefore, his model contributes to identifying the underlying theoretical reasons behind the effect of national cultural dimensions on service quality and the consequences of this. An ideal scale should incorporate the relevant factors of SERVQUAL, RSQS and Tayeb's Culture Model.

## **5.5 Recommendations for closing identified service delivery gaps as identified in Table 4.11**

Retail competition in the SADC region is intensifying and service differentiation is far more complex than providing primary levels of service. EHL has posted a long period of economically viable results in the SADC market, due mainly to limited competition and early entry into these markets (Appendix 4). Figure 4.11 in Chapter 4 identified the most significant SQ gaps, which are discussed in that order under the headings that follow. An interview conducted with the Operations Director of EHL (Appendix 4) provided insight into the reasons for these gaps and the action plan envisaged to close them.

### **5.5.1 Store appearance (Pair 1 & 2)**

When retail stores were first developed in the SADC countries, many South African retailers used South African contractors to set up the retail sites. Maintenance of stores was concentrated in South Africa, while stores in other SADC markets began to fall behind in terms of image. This under-spending has resulted in many retail sites requiring a complete revamp, as opposed to occasional mini-revamps which would have kept up the appearance of the stores. When the expense of sending South African contractors is added to this, the cost is such that senior management takes the decision not to commit large amounts of capital to these markets. As newer opposition stores are opened, the "gap" in store appearance becomes quite evident.

Hernandez and Bennison (2000: 362) argued that organisations should consider relocating stores to newer high foot-traffic locations instead of revamping the old stores, as the cost difference will be minimal. Furthermore, local contractors in the SADC region are quite capable of meeting the standard requirements of retail brands from South Africa, and this is a far less expensive alternative. These contractors must also provide scheduled routine maintenance in order to keep the image and functionality of the retail store up to the brand standard.

Naicker and Brijlal (2012: 6473) argued that retail stores that are located in lower LSM trading areas (street trading) run the risk of alienating customers if the brand image resembles newer stores that are located in the latest shopping malls. Customers' perceptions about price are formed by the appearance of the store and if the store image stands out in a particular trading area it may have a negative effect on sales even though there has been no change in pricing policy.

### **5.5.2 Customer communication (Pair 14 & 17)**

Owing to poor stock availability, to ensure a sale and hence earn a commission, salespeople make false promises with regard to times of delivery of stock to customers. Customers should also be given a tracking number which needs to be assigned to stock items so that they can track the delivery date of their purchase. Salespeople should also keep customers informed as to when their purchase will be delivered. With an IT system that provides more accurate stock availability data, salespeople can make realistic predictions for customers as to time of delivery. They will also be able to view particular stock items that are available in other branches so that they can conduct an inter-branch transfer when required.

The organisation's training programmes also need to be addressed. Every Wednesday morning all staff members of EHL brands operating in SADC have to attend a training session before the store opens. This session concentrates on product knowledge and any promotional activity that is planned for that week. No perceived training in a retail environment is provided in customer interaction and this is a major contributor to the lack of relationship-building with the customer. As stated earlier, these markets are collectivist in nature and, as such, they view the relationship with the customer as an important factor of service quality.

### **5.5.3 Stock (Pair 6 & 7)**

Although the supply chain into SADC markets is challenging, stock forecasting must be more accurate and should include adequate planning to take into account supplier lead times and transportation. For this purpose, warehousing facilities must be located in each of the major hubs in the individual countries. Also, stock selection must be country-specific and stock must not be selected as a combined order for all markets. Customers in each market differ from each other in terms of aspects such as style and value; EHL must therefore first understand the requirements and then fulfil that need. These differences are evident from the data, with some countries expressing greater satisfaction than others. Moreover, many of the SADC markets outside of South Africa have accumulated a large value of slow-moving and obsolete stock over the years and this must be removed from the current stockholding budget. Although it will result in a financial loss, as this stock has to be marked down to clear, it is necessary so that new country-appropriate stock lines can be made available at all retail stores at a higher margin, thus negating the effect on profit. The poor stock control over the years is also a result of poor IT systems and a common IT platform must therefore be introduced in all five countries outside of South Africa.

### **5.5.4 Merchandise display (Pair 6)**

Appliance and furniture brands resonate strongly with the customer base in the SADC market, and therefore suppliers need to provide individual appliance branding in stores to drive greater interest from potential customers. Stores need to display merchandise in a way that is visually appealing to customers and attempt to recreate the customer's home through the merchandise display. This will require non-sale merchandise such as bedside lamps and picture frames to be used in the display. Displays should also follow a logical sequence with, for example, all bedrooms displayed next to each other. This allows the customer the opportunity to compare what is most appropriate for his/her home.

Although many of the stores have an "old" image, the stores' neatness and cleanliness needs to be addressed. Excess (back-up) stock should not be kept in the display area as this creates a cluttered atmosphere with a wholesale rather than a retail feel. Cleaning rosters need to be implemented for all areas of the store and store managers need to control this against a check list on a daily basis. Salespeople have work stations in the store and need to ensure that their

space is tidy at all times, as this adds to the customers' overall perception of the merchandise that is on display.

Merchandise that is marketed to customers must be market-appropriate. In SADC countries, customer choice varies greatly between metropolitan and rural stores. Although, from a supply chain economy of scale, it is not financially viable to take individual store merchandise choice into account at all times, there must be product differentiation between rural and metropolitan stores. As the retail organisation under review in this study is not a manufacturer of goods, it should not be following a supply-driven strategy but a demand-driven one. Although central product buyers based in South Africa are responsible for stock, their demand forecasting must be based on processes from the ground up. Competitor information from the field in each of the markets, as well as the opinions of local salespeople, offers a useful and more prudent way of ensuring proper and appropriate product selection. Buyers should not be purchasing merchandise purely because they can get it at a good price as such merchandise may not be appropriate for the market.

#### **5.5.5 After-sales service (Pair 4 & 5)**

As with most appliance retail sales, the organisation in the SADC receives a fair number of after-sales complaints. The current challenge lies in the system of sending faulty appliances to South Africa for repairs, as all suppliers are South African-based. Stores generally collect all products requiring repair in order to decrease transportation costs, causing further customer dissatisfaction as salespeople do not explain the process to complainants.

One recommendation for addressing this is to use only suppliers that have agencies in each of the SADC countries. Stores will then be able to send products for repair more frequently, thus limiting the time the customer has to wait for the product to be returned. Salespeople will also be able to provide the customer with feedback that is realistic. Store managers need to measure customer complaints on a daily basis to track progress. After the product has been repaired and returned to the customer, the store manager needs to make a follow-up call as a matter of courtesy. When such situations arise, store staff must view it as an opportunity to impress the customer well beyond his normal service expectations.

### **5.5.6 Service delivery by employees (Pair 8, 9, 11 & 12)**

As in most collectivist societies, the relationship has greater significance for customer satisfaction than does the actual transaction (Hofstede, 1991:67). The appearance of the retail store staff has a profound effect on this relationship as salespeople who appear more professional show respect for the customer. Although the organisation has a policy on uniforms, it is not adhered to or enforced. This is partly because retail staff must purchase uniforms from the organisation, which should not be the case. Staff should be given uniform allocations at regular intervals and the dress code should then be made mandatory. Major product suppliers will also be willing to sponsor uniforms displaying their brands and the organisation could charge a fee as an advertising fund contribution to have brand names displayed on uniforms to off-set the cost.

## **5.6 Conclusion**

As stated in Chapter 2, the measurement of customer satisfaction and service delivery is challenging, yet it is the cornerstone of the financial success of organisations in the retail environment. This study attempted to fill the gap in the current literature regarding retail customer satisfaction levels in Southern Africa. Although the adapted SERVQUAL measurement scale used in this study did yield significant differences between customer expectations and perceptions, the factor analysis indicated that it was not suitable. An alternative, with further adaptations to the scale used in this study, is therefore one of the recommendations for future research to validate or reject these findings.

Another important issue that needs to be addressed in any future study of customer measurement in this geography is culture. In South Africa, one is aware of a number of different cultures within the borders of a single country. Clearly, there must also be cultural differences in customer expectations and perceptions among the different countries in Southern Africa. Marketing strategies are designed to attract different cultural groups to a common or differentiated product or service. SERVQUAL, however, does not take the cultural aspect into account. Any future study must therefore incorporate a cultural dimension in order to understand and identify service quality in these markets.

## LIST OF REFERENCES

- ALESSANDRA, T. & BARRERA, R. 1993. Collaborative Selling: How to Gain the Competitive Advantage in Sales, New York: John Wiley & Sons, Inc.
- ALHABEEB, M. J. 2004. A Conceptual Scheme for Consumer Perceptions of Product Quality, Value and Price. *Academy of Marketing Studies Journal*, 8(1): 1–3.
- AMANDA, G. 2008. Express Yourself. *Retail Merchandiser*, 48(4): 70.
- ANDERON, S., PEARO, L., & WIDENER, S. K. 2008. Drivers of service satisfaction: linking customer satisfaction to the service concept and customer characteristics. *Journal of Service Research*, 10(4): 365–381.
- ANDRONIKIDIS, A. & BELLOU, V. 2010. Verifying alternative measures of the service-quality construct: consistencies and contradictions. *Journal of Marketing Management*, 26(5): 570-587.
- ARASLI, H., KATIRCIOGLU, S.T., & MEHTAP-SMADI, S. 2005. A comparison of service quality in the banking industry. Some evidence from Turkish and Greek-speaking areas in Cyprus. *International Journal of Bank Marketing*, 23(7): 508–526.
- AYUB, A., ASLAM, M.S., RAZZAQ, A. & IFTEKHAR, H. 2013. Impact of Gender – Based Selling on Consumer Buying Behaviour. *Interdisciplinary Journal of Contemporary Research in Business*, 4(11): 427-435.
- BABBIE, E. 2008. The basics of social research. 4<sup>th</sup> ed. Belmont: Thomson Wadsworth.
- BANERJEE, S. 2008. Dimensions of Indian culture, core cultural values, marketing implications- an analysis. *Cross Cultural Management: An International Journal*, 15(4): 367–378.
- BATEMAN, T.S. & ZEITHAML, C.P. 1993. Management: Function & Strategy. 2<sup>nd</sup> ed. Boston: Irwin.

- BAYLIES, C.L. 1998. The Rise of a Zambian Capitalist Class in the 1970s. *Journal of Southern African Studies*, 8(2): 187-213.
- BERRY, L.L. & PARASURAMAN, A. 1991. Marketing services. New York: The Free Press.
- BLUNCH, N.J. 2008. Introduction to Structural Equation Modelling using SPSS and AMOS. London: SAGE.
- BOORA, K.K. & SINGH, H. 2011. Customer loyalty and its antecedents: A conceptual framework. *SRI Krishna Int. Res. Educ. Consort*, 2(1): 151-164.
- BOSHOFF, C. & TERBLANCHE, N.S. 1997. Measuring retail service quality: A replication study. *South African Journal of Business Management*, 28(4): 123-128.
- BOULDING, W., KARLA, A., STAELIN, R. & ZEITHAML, V.A. 1993. A dynamic process model of service quality: From expectations to behavioral intentions. *Journal of Marketing Research*, 30(2): 7-27.
- BRYANT, B.E., & CHA, J. 1996. Crossing the threshold. *Marketing Research*, 8(4): 20–28.
- BUTTLE, F. 1996. SERVQUAL: review, critique, research agenda. *European Journal of Marketing*, 30(1): 8-32.
- CANT, M., STRYDOM, J., JOOSTE, C. & DU PLESSIS, P., eds. 2006. Marketing Management. Cape Town: Juta and Company.
- CARMAN, J.M. 1990. Consumer perceptions of service quality: An assessment of the SERVQUAL dimensions. *Journal of Retailing*, 66(1): 33-55.
- CARRILLAT, F.A., JARAMILLO, F. & MULKI, J.P. 2007. The Validity of the SERVQUAL and SERVPERF Scales: A Meta-Analytic View of 17 years of Research across five Continents. *International Journal of Service Industry Management*, 18(5): 472-490.

- CLAYCAMP, H.J., & MASSY, W.H. 1968. A theory of market segmentation. *Journal of Marketing Research*, 5(4): 388–394.
- CLOTTEY, T., COLLIER, D. & STODNICK, M. 2008. Drivers of customer loyalty in a retail store environment, *Journal of Services Science*, 1(1): 35-48.
- COPLAN, D. B. 1994. In the time of cannibals: The word music of South Africa's Basotho migrants. Chicago: University of Chicago Press.
- CRADER, T. & BROWN, S. 2011. Transformational Teams and their Impact on Customer Satisfaction at One Firm. *Department of Management, John F. Welch College of Business, Sacred Heart University, Fairfield*, 4(6): 32–35.
- CRONIN, J.J. & TAYLOR, S.A. 1992. Measuring Service Quality: A Re-examination and Extension. *Journal of Marketing*, 56(3): 55-68.
- CUNNINGHAM, R. M. 1956. Brand Loyalty - What Where How Much? *Harvard Business Review*, 34(1): 116-128.
- DABHOLKAR, P.A., THORPE, D.I. & RENTZ, J.O. 1996. A Measure of Service Quality for Retail Stores: Scale Development and Validation. *Journal of the Academy of Marketing Sciences*, 24(1): 3–16.
- DAY, G.S. 1969. A Two-Dimensional Concept of Brand Loyalty. *Journal of Advertising Research*, 93(1): 29-36.
- DiMAGGIO, P. 1997. Culture and Cognition. *Annual Review of Sociology*, 23(1): 263-287.
- DODDS, W. B. & B. MONROE, K. B. 1984. The Effect of Brand and Price Information on Subjective Product Evaluations. *Advances in Consumer Research*, 8(12): 85-90.
- DORFMAN, P.W. & HOWELL, J.P. 1988. Dimensions of National Culture and Effective Leadership Patterns: Hofstede revisited. *Advances in International Comparative Management*, 3(1): 127-150.

- DUCLOS, L.K., SIHA, S.M. LUMMUS, R.R. 1995. JIT in Services: A Review of Current Practices and Future Directions for Research. *International Journal of Service Industry Management*, 6(5): 36-52.
- EECKE, W.V. 2013. Ethical Reflections on the Financial Crisis 2007/2008. *Springer Briefs in Economics*, DOI: 10.1007/978-3-642-35091-7\_2: 5-21
- EHRENBERG, A.S.C. 1988. Repeat Buying: Theory and Application. London: Charles Griffin and Co.
- EKINIC, Y. & RILEY, M. 1998. A Critique of the Issues and Theoretical Assumptions in Service Quality Measurement in the Lodging Industry: Time to Move the Goal Posts? *Hospitality Management*, 17(4): 349-362.
- FARLEY, J.U. 1964. Brand Loyalty and the Economics of Information. *Journal of Business*, 37(4): 370-381.
- FERREIRA, E.C. 2009. Adaptation and Application of the SERVQUAL Scale in Higher Education. *UNESP Sao Paulo State University*. Conference Paper: 011-0072.
- FIELD, A. 2009. Discovering statistics using SPSS. 3<sup>rd</sup> ed. London: SAGE.
- FINN, D.W. & Lamb, C.W. 1991. An evaluation of the SERVQUAL scale in a retailing setting. *Advances in Consumer Research*, 18(4): 483-490.
- FITZSIMMONS, J.A. & FITZSIMMONS, M.J. 2001. Service Management Operations, Strategy, and Information Technology. 3<sup>rd</sup> ed. New York: McGraw-Hill.
- FREYMAN, J.W. & CUFFE, B. 2010. Consumer Service Quality Assessments and Future Revenues in Small Businesses: A Case Study. *Services Marketing Quarterly*, 31(4): 381-419.

- GAGLIANO, K.B. & HATHCOTE, J. 1994. Customer Expectations and Perceptions of Service Quality in Retail Apparel Specialty Stores. *Journal of Services Marketing*, 8(1): 60–69.
- GARVIN, D. A. 1983. Quality on the Line. *Harvard Business Review*, 61(34): 37-48.
- GEE, R. C. & NICHOLSON, G. M. 2008. Understanding and Profitably Managing Customer Loyalty. *Journal of Marketing Planning*, 26(24): 359-374.
- GOUNARIS, S. 2005. Measuring Service Quality in b2b Services: An evaluation of the SERVQUAL scale. *The Journal of Services Marketing*, 19(6): 421-436.
- GRAVES, D. 1986. Corporate Culture - Diagnosis and Change: Auditing and Changing the Culture of Organizations. London: Frances Printer.
- GRÖNROOS, C. 1984. A Service Quality Model and Its Marketing Implications. *The European Journal of Marketing*, 18(4): 36-44.
- GUIRY, M., HUITCHINSON, W., & Weitz, B. 1992. Consumers Evaluation of Retail Store Service Quality and Its Influence on Store Choice. *Unpublished working paper*, University of Florida.
- HANSEN, K. T. 2003. Fashioning: Zambian Moments. *Journal of Material Culture*. 8(3): 301-309.
- HEIMAN, G. W. 2001. Understanding Research Methods and Statistics: An Integrated Introduction for Psychology. 2<sup>nd</sup> ed. Boston: Houghton Mifflin.
- HERNANDEZ, T., & BENNISON, D. 2000. The Art and Science of Retail Location Decisions. *International Journal of Retail and Distribution Management*, 28(8): 357-367.
- HOFSTEDE, G. 1998. Attitudes, Values and Organizational Culture: Disentangling the Concepts. *Organization Studies*, 19(3): 477–493.

- HOFSTEDE, G. 1991. *Cultures and Organisations, Software of the Mind: Intercultural Cooperation and its Importance for Survival*. London: McGraw-Hill.
- HOFSTEDE, G. 1980. *Culture's Consequences: International Differences in Work Related Values*. Beverly Hills, CA:Sage.
- HOLBROOK, M.B. & CORFMAN, K.P. 1985. Quality and Value in the Consumption Experience: Phaldrus Rides Again. In *Perceived Quality*, J. Jacoby and J. Olson (eds) Lexington, Massachusetts : Lexington Books: 31–57.
- IACOBUCCI, D., GRISAFFE, D., DUHACHEK, A., & MARCATI, A. 2003. FAC-SEM: a methodology for modelling factorial structural equations models, applied to cross-cultural and cross-industry drivers of customer evaluations. *Journal of Service Research*, 6(1): 3–23.
- IMRIE, B. C., CADOGAN, J. W. & McNAUGHTON, R. 2002. The Service Quality Construct on a Global Stage. *Managing Service Quality*, 12(1): 10-18.
- INGLEHART, R. & BAKER, W.E. 2000. Modernization, Cultural Change, and the Persistence of Traditional Values. *American Sociological Review*, 65(1): 19-51.
- INTERNATIONAL BUSINESS WIKI. 2011. Individualism versus Collectivism. Date of access: 5 May 2012. <http://internationalbusiness.wikia.com>
- JOHNSON, M. D., HERRMANN, A., & GUSTAFSSON, A. 2002. Comparing customer satisfaction across industries and countries. *Journal of Economic Psychology*, 23(6): 749–769.
- JOHNSTON, R. & SILVESTRO, R. 1990. Quality measurement in service industries. *International Journal of Service Industry Management*, 1(2): 54–56
- JONES, D.L. 2000. A Determination of Interpersonal Interaction Expectations in International Buyer-Seller Relationships. Virginia: Polytechnic Institute and State University. PhD Unpublished thesis.

- KAISER, H.F. 1970. A second-generation Little Jiffy. *Journal Psychometrika*, 35(4): 401-415.
- KHALIFA, A.S. 2004. Customer value: a review of recent literature and an integrative configuration. *Management Decision*, 42(5): 645 – 666.
- KHAN, M. S., NAUMANN, E., BATEMAN, R., & HAVERILA, M. 2009. Cross-cultural comparison of customer satisfaction research: USA vs. Japan. *Asia Pacific Journal of Marketing and Logistics*, 21(3): 376–396.
- KHARE, A ., PARVEEN,C. & RAI, R. 2010. Retailer behavior as determinant of service quality in Indian retailing. *Journal of Retail and Leisure Property*, 9(4): 303–317.
- KIM, S. & JIN, B. 2001. An evaluation of the retail service quality scale for U.S. and Korean customers of discount stores. *Advances of Consumer Research*, 28: 169–176.
- KOTLER, P. 1996. Principles of Marketing. 9<sup>th</sup> ed. London: Prentice Hall
- KUKSOV, D. & XIE, Y. 2008. Pre- and Post-Purchase Management of Customer Satisfaction. *Washington University in St. Louis*, 19(1): 1-36.
- KUMAR, S.A., MANI, B.T., MAHALINGAM, S. & VANJIKOVAN, M. 2010. Influence of Service Quality on Attitudinal Loyalty in Private Retail Banking: An Empirical Study. *The IUP Journal of Management Research*, 19(4): 21-38.
- KUUSIK, A. 2007. Affecting customer loyalty: Do different factors have various influences in different loyalty levels? University of Tartu Press. PhD dissertation.
- LADHARI, R. 2009. A Review of Twenty Years of SERVQUAL Research. *International Journal of Quality and Service Sciences*, 1(2): 172-198.
- LADHARI, R. 2008. Alternative measure of service quality: a review. *Journal of Managing Service Quality*, 18(1): 65-86.

- LEE, J. 2007. SERVQUAL vs SERVPERF: Round 2 in a Multi-cultural Setting, *The Free Library*. Available from [http://www.thefreelibrary.com/SERVQUAL vs SERVPERF: round 2 in a multi-cultural setting-a0172010692](http://www.thefreelibrary.com/SERVQUAL+vs+SERVPERF:round+2+in+a+multi-cultural+setting-a0172010692).
- LEE, J.T., CHO, H. & AHN, T. 2007. Senior Citizen Satisfaction with Restaurant Service Quality. *Journal of Hospitality Marketing and Management*, 21(2): 215-226.
- LEHTINEN, U. & LEHTINEN, J. R. 1982. Service Quality: A Study of Quality Dimensions. *Service Management Institute*, Helsinki. Unpublished research paper.
- LEVITT, T. 1976. The Industrialisation of Service. *Harvard Business Review*. 54(5): 63-74.
- LUKE, G.J. 2001. An assessment of the service quality expectations and perceptions of the patients of Awali Hospital in the Kingdom of Bahrain. Bahrain: Rhodes Investec Business School. Unpublished MBA dissertation.
- MACHIRORI, T. & FATOKI, O. 2011. An empirical investigation into the extent of customer satisfaction and customer loyalty at big retail stores in King William's Town, South Africa. *African Journal of Business Management*, 5(17): 7665-7673.
- MALHOTRA, N.K., ULGADO, F.M., AGARWAL, J. & BAALBAKI, I.B. 1994. International services marketing: A comparative evaluation of the dimensions of service quality between developed and developing countries. *International Marketing Review*, 11 (2): 5-15.
- MATTILA, A.S. 1999. The Role of Culture and Purchase Motivation in Service Encounter Evaluation. *Journal of Services Marketing*, 3(5): 376-389.
- MCSWEENY, B. 2000. The Fallacy of National Culture Identification. *6<sup>th</sup> Interdisciplinary Perspectives on Accounting Conference*, Manchester, UK.
- MEHTA, S.C., LALWANI, A. & HAN, S.L. 2000. Service quality in retailing: relative efficiency of alternative measurement scales for different product-service environments. *International Journal of Retail & Distribution Management*, 28(2): 62-72.

- MENGI, P. 2009. Customer Satisfaction with Service Quality: An Empirical Study of Public and Private Sector Banks. *The IUP Journal of Management Research*, 8(9): 7-17.
- MITCHELL, V.W. & GREATOREX, M. 1993. Risk perception and reduction in the purchase of consumer services. *The Service Industry Journal*, 13(4): 179-200.
- MITTAL, V. & KAMAKURA, W. 2001. Satisfaction, repurchase intent, and repurchase behavior: investigating the moderating effect of customer characteristics. *Journal of Marketing Research*, 38(2): 131–142.
- MORGESON, F.V., MITHAS, S., KEININGHAM, T.L. & AKSOY, L. 2011. An investigation of the cross-national determinants of customer satisfaction. *Journal of the Academy of Marketing Science*, 39(2): 198–215.
- NADIRIA, H ., KANDAMPULLY, J & HUSSAIN,K . 2009. Zone of tolerance for banks: a diagnostic model of service quality. *The Service Industries Journal*, 29(11): 1547–1564.
- NASIF, E.G., AL-DAEAJ, H., EBRAHIMI, B. & THIBODEAUX, M.S. 1991. Methodological problems in cross-cultural research: An updated review. *Management International Review*, 31(1): 79-91.
- NEWMAN, K. L. 1996. Culture and congruence: The fit between management practices and national culture. *Journal of International Business Studies*, 27(4): 753-765.
- NICKSON, D., WARHURST, C., & DUTTON, E. 2005. The Importance of Attitude and Appearance in the Service Encounter of Retail and Hospitality. *Managing Service Quality*, 15(2): 195-208.
- NORUSIS, M.J. 2009. PASW Statistics 18. Statistical Procedures Companion. Upper Saddle River: Prentice Hall.
- OLIVER, R. 1981. Measurement and Evaluation of Satisfaction process in Retail Settings. *Journal of Retailing*, 57(3): 25-48.

- OLSHAVSKY, R.W. 1981. *The Consumer Decision Making: An Integrated Theoretical Perspective*. Lexington, Massachusetts: Lexington Books.
- PADGETT, T. 2005. Patient satisfaction with rural primary care services: A study of the relationship between provider type and level of satisfaction. *The Florida State University: School of Nursing*. Unpublished MSc. Thesis.
- PALLANT, J. 2007. *SPSS Survival manual*. 3<sup>rd</sup> ed. New York: McGraw-Hill.
- PALMER, P.N., JANSEN, C.A. & Coetzee, M. 2006. Perceptions of South African managers' emotional intelligence: A preliminary investigation. *Southern African Business Review*, 10(1): 91-110.
- PANSIRI, J. & MMEREKI, R.N. 2010. Using the SERVQUAL Model to Evaluate the Impact of Public Service Reforms in the Provision of Primary Health Care in Botswana. *Journal of African Business*, 11(2): 219–234.
- PARASURAMAN, A., BERRY, L.L. & ZEITHAML, V.A. 1991. Refinement and assessment of the SERVQUAL scale. *Journal of Retailing*, 67(4): 420-449.
- PARASURAMAN, A., ZEITHAML, V.A. & BERRY, L.L. 1994. Alternative Scales for Measuring Service Quality: A Comparative Assessment Based on Psychometric and Diagnostic Criteria. *Journal of Retailing*, 70(3): 201-230.
- PARASURAMAN, A., ZEITHAML, V.A. & BERRY, L.L. 1988. SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*, 64(1): 12-40.
- PARASURAMAN, A., ZEITHAML, V.A. & BERRY, L.L. 1985. A conceptual model of Service Quality and Its Implications for Future Research. *Journal of Marketing*, 49 (4): 41-50.
- PARKER, K., NITSE, P. & TAY, A. 2009. The impact of inaccurate colour on customer retention and CRM. *International Journal of Emerging Trans-discipline*, 12(1): 1-18.

- RIDDLE, D.I. 1992. Leveraging Cultural Factors in International Service Delivery. *Advances in Service Marketing and Management*, 1(1): 297-322.
- ROBINSON, S. 1999. Measuring SQ: current thinking and future requirements. *Marketing Intelligence & Planning*, 17(1): 21-32.
- ROSENE, F. 2003. Complacency and Service Quality: An Overlooked Condition in the Gap Model. *Journal of Retailing and Consumer Services*, 10(1): 51-55.
- SACCANI, N., SOCCINI, L. & GAIARDELLI, P. 2006. The role and performance measurement of after –sales in the durable and consumer goods industries: an empirical study. *International Journal of Productivity and Performance Management*, 55(3/4): 259-283.
- SASSER, W.E., OLSEN, R.P. & WYCKOFF, D. 1978. Management of Science Operations: Text and Cases. Boston: Allyn and Bacon.
- SCHWARTZ, S.H. 1999. A Theory of Cultural Values and Some Implications for Work. *Applied Psychology*, 48(1): 23-47.
- SETH, N., DESHMUKH & V, P. 2004. Service Quality Models: A Review. *International Journal of Quality and Reliability Management*, 22(9): 913-949.
- SHIH, F.J. 1998. Triangulation in nursing research: issues of conceptual clarity and purpose. *Journal of Advanced Nursing*, 28(3): 631-641.
- SHUKLA, T. 2011. Customer Perception of Brand LIC: An Empirical Investigation. *Institute of Management Studies*, 8(1): 48-59.
- SIU, N.Y.M. & CHEUNG, J.T. 2001. A measure of retail service quality. *Marketing Intelligence and Planning*, 19(2): 88-96.
- SIU, N.Y.M. & CHOW, K. 2003. A Study of Service Quality in Grocery Retailing. *School of Business Hong Kong Baptist University*,: 1-24. Unpublished working papers.

- SIVAKUMAR, K. & NAKATA, C. 2001. The stampede toward Hofstede's framework: avoiding the sample design pit in cross-cultural research. *Journal of International Business Research*, 32(3): 555–574.
- SMITH, P. B., DUGAN, S. & F. TROMPENAARS, F. 1996. National Culture and the Values of Organizational Employees: A Dimensional Analysis across 43 Countries. *Journal of Cross Cultural Psychology*, 27(3): 231-264.
- SONDERGAARD, M. 1994. Hofstede's consequences: A study of reviews, citations and replications. *Organization Studies*, 15(3): 447–495.
- TAYEB, Y. A.A. 2007. The Effect of National Culture on Service Quality: Towards a New Model in the Hotel Sector. *School of Management and Governance - University of Twente*. Unpublished PhD dissertation.
- TERBLANCHE, N.S. & BOSHOFF, C. 2010. Quality, value, satisfaction and loyalty amongst race groups: A study of customers in the South African fast food industry. *South African Journal of Business Management*, 41(1): 1-9.
- THE ECONOMIST. 2011. Africa Rising. December 3<sup>rd</sup> to 9<sup>th</sup> ed (13): 68–69.
- THOMPSON, E.R. 2004. National competitiveness: a question of cost conditions or institutional circumstances? *British Journal of Management*, 15(3): 197–218.
- TITONE, C., PLUMMER, E.C. & KIELAR, M.A. 2012. Creating Culturally Relevant Instructional Materials: A Swaziland Case Study. *University of Tennessee International Education*, 42(1): 22-42.
- TOMBS, A. & McCOLL-KENNEDY, J.R. 2003. Social-servicescape conceptual model. *Marketing Theory*, 3(4): 447–475.
- TSE, D.K. & WILTON, P.C. 1988. Models of Consumer Satisfaction Formation: An Extension. *Journal of Marketing Research*, 25(5): 204-212.

- TUCKER, W. T. 1964. The Development of Brand Loyalty. *Journal of Marketing Research*, 1 (3): 32-35.
- VENTER, P.F. & DHURUP, M. 2005. Consumer Perceptions of Supermarket Service Quality: Scale Development and Validation. *South African Journal of Economic and Management Sciences*, 8(4): 424-436.
- WAGNER, U. 2011. Towards the Construction of the World Anti-Doping Agency: Analyzing the Approaches of FIFA and the IAAF to Doping in Sport. *European Sport Management Quarterly*, 11(5): 445-470.
- WILLIAMS , C. 2003. Service Quality in Leisure and Tourism. Buswell Wallingford: CABI.
- WEITZ, B.A., SUJAN, H. & SUJAN, M. 1986. Knowledge, motivation, and adaptive Behaviour: a framework for improving selling effectiveness. *Journal of Marketing*, 50(4): 174-191.
- WETZELS, M.G.M. 1998. Service Quality in Customer-Employee Relationships: An Empirical Study in After-Sales Context. *Maastricht University, the Netherlands*. Unpublished PhD dissertation.
- YILMAZ, I. 2009. Do Hotel Customers use a Multi-Expectation Framework in the Evaluation of Services? A Study in Cappadocia, Turkey. *Tourism and Hospitality Research*, 10(1): 59-69.
- ZEITHAML, V.A. 1987. Defining and Relating Price, Perceived Quality, and Perceived Value. *Marketing Science Institution*, Report No. 87 - 101: 32-40.
- ZEITHAML, V.A., BERRY, L.L. & PARASURAMAN, A. 1993. The Nature and Determinants of Customer Expectations of Service. *Journal of the Academy of Marketing Science*, 21(1): 1-12.

ZEITHAML, V.A., BERRY, L.L. & PARASURAMAN, A. 1988. Communication and Control Process in Delivery of Service Quality. *Journal of Marketing*, 52(1): 35-48.

**APPENDIX 1**  
**CUSTOMER SATISFACTION SURVEY**

All Store Managers

You are required to complete the questionnaire below with 10 of your customers. The questionnaire must be completed by the customer. Each customer's response must be completed on a separate questionnaire. No questions must be left unanswered. There are 4 sections and 4 pages to this document. This will not take more than 7 minutes to complete. Once completed, your General Manager will make arrangements to collect all 10 of your completed questionnaires. Remember to choose 10 customers randomly as they walk into the store.

**SECTION 1: DEMOGRAPHIC DATA**

Age : .....

Gender : .....

Repeat Customer (Yes / No) : .....

Name of Brand : .....

Location of Store : .....

Distance you live from store (km) : .....

<b>Country</b>	<b>Response</b>
South Africa	
Namibia	
Botswana	
Zambia	
Lesotho	
Swaziland	

**SECTION 2: PERCEPTIONS**

Please indicate your extent of agreement or disagreement with the following statements by marking it on the 6-point scale provided where:

**1 = Strongly disagree**

**2 = Disagree**

**3 = Partially disagree**

**4 = Partially agree**

**5 = Agree**

**6 = Strongly agree**

Item	Description	Agreement/Disagreement					
		Strongly disagree	Disagree	Partially Disagree	Partially agree	Agree	Strongly agree
	<b>Please indicate your disagreement or agreement with the following statements by placing a cross over the appropriate number in the column provided. You must answer each question based on this store.</b>						
<b>1</b>	The store is modern looking	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>2</b>	The stores physical features are visually appealing.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>3</b>	The store's employees are neat in appearance.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>4</b>	When the store promises to do something by a certain time, it does so.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>5</b>	When you have a problem, the store shows a sincere interest in solving it.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>6</b>	The store has the right products for me.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>7</b>	The store has available stock at the time it promises to do so.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>8</b>	Employees in the store tell you honestly what the benefits of a product are.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>9</b>	Employees in the store give you prompt service.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>10</b>	Employees in the store give you prompt service.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>11</b>	The behaviour of employees in the store instils confidence.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>12</b>	You feel safe in your transactions with the store.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>13</b>	Employees in the store are consistently courteous to you.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>14</b>	Employees in the store are knowledgeable about the products they sell.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>15</b>	The store gives you individual attention.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>16</b>	The store has operating hours convenient to all its customers.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>17</b>	The store has employees who give you personal attention.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>18</b>	The store has your best interests at heart.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>19</b>	The employees of the store understand your specific needs.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>

### SECTION 3: EXPECTATIONS

Please indicate your extent of agreement or disagreement with the following statements by marking it on the 6-point scale provided where:

1 = Strongly disagree

2 = Disagree

3 = Partially disagree

4 = Partially agree

5 = Agree

6 = Strongly agree

Item	Description	Agreement/Disagreement					
		Strongly disagree	Disagree	Partially Disagree	Partially agree	Agree	Strongly agree
	Please indicate your disagreement or agreement with the following statements by placing a cross over the appropriate number in the column provided. Here you must think about what the employees in an excellent retail store should be doing and what that store should look like.						
1	Excellent retail stores look modern.	1	2	3	4	5	6
2	The physical facilities at excellent retail stores will be visually appealing.	1	2	3	4	5	6
3	Employees at excellent retail stores will be neat in their appearance.	1	2	3	4	5	6
4	When excellent retail stores promise to do something by a certain time, they do.	1	2	3	4	5	6
5	When a customer has a problem, excellent retail stores will show a sincere interest in solving it.	1	2	3	4	5	6
6	Excellent retail stores have the right products for their customers.	1	2	3	4	5	6
7	Excellent retail stores have available stock at the time it promises to do so.	1	2	3	4	5	6
8	Employees at excellent retail stores tell you honestly what the benefits of a product are.	1	2	3	4	5	6
9	Employees at excellent retail stores give you prompt service.	1	2	3	4	5	6
10	Employees in excellent retail stores are never too busy to assist you.	1	2	3	4	5	6
11	The behaviour of employees in excellent retail stores instils confidence.	1	2	3	4	5	6
12	You feel safe in your transactions with excellent retail stores.	1	2	3	4	5	6
13	Employees at excellent retail stores are consistently courteous to you.	1	2	3	4	5	6
14	Employees in excellent retail stores are knowledgeable about the products they sell.	1	2	3	4	5	6

<b>15</b>	Excellent retail stores give you individual attention.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>16</b>	Excellent retail stores have operating hours convenient for all its customers.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>17</b>	Excellent retail stores have employees who give you personal attention.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>18</b>	Excellent retail stores have your best interests at heart.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>19</b>	The employees of excellent retail stores understand your specific needs.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>

#### **SECTION 4: SERVQUAL**

Listed below are five features pertaining to retail stores and the services they offer. We would like to know how much each of these sets of features is important to you the customer. Please allocate a score out of 100 for each of the five sets of features according to how important it is to you. Make sure the points add up to 100 in the end.

<b>FEATURES</b>	<b>POINTS</b>
1. The appearance of the stores physical facilities, equipment, personnel and communication materials.	
2. The stores ability to perform the promised service dependably and accurately	
3. The stores willingness to help customers and provide prompt service.	
4. The knowledge and courtesy of the store's employees and their ability to convey trust and confidence.	
5. The caring individual attention the store provides to its customers.	
<b>TOTAL</b>	<b>100</b>

## APPENDIX 2

### AN EXAMPLE OF RSQS QUESTIONNAIRE

Retail Service Quality Dimension	Perception Items
Physical Aspects	<p>P1. This store has modern-looking equipment and fixtures.</p> <p>P2. The physical facilities at this store are visually appealing.</p> <p>P3. Materials associated with this stores service (such as shopping bags, catalogs or statements) are visually appealing.</p> <p>P4. This store has clean, attractive convenient public areas (restrooms, fitting rooms).</p> <p>P5. The store layout at this store makes it easy for customers to find what they need.</p> <p>P6. The store layout at this store makes it easy for customers to move around the store.</p>
Reliability	<p>P7. When this store promises to do something by a certain time, it will do so.</p> <p>P8. This store provides its service, at the time it promises to do so.</p> <p>P9. This store performs the service right the first time.</p> <p>P10. This store has merchandise available when the customers want it.</p> <p>P11. This store insists on error-free sales transactions and records.</p>
Personal Interaction	<p>P12. Employees in this store have the knowledge to answer customers' questions.'</p> <p>P13. The behaviour of employees in this store instils confidence in customers.</p> <p>P14. Customers feel safe in their transactions with this store.</p> <p>P15. Employees in this store gives prompt service to customers.</p> <p>P16. Employees in this store tell the customers exactly when service will be performed.</p> <p>P17. Employees in this store are never too busy to respond to customers requests.</p> <p>P18. This store gives customers individual attention.</p> <p>P19. Employees in this store are constantly courteous with customers.</p> <p>P20. Employees in this store treat customers courteously on the telephone.</p>
Problem- Solving	<p>P21. This store willingly handles returns and exchanges.</p> <p>P22. When a customer has a problem, this store shows a sincere interest in solving it.</p> <p>P23. Employees of this store are able to handle customer complaints directly and immediately.</p>
Policy	<p>P24. This store offers high quality merchandise.</p> <p>P25. This store provides plenty of convenient parking for customers.</p> <p>P26. This store has operating hour's convenient top their customers.</p> <p>P27. This store accepts most major credit cards.</p> <p>P28. This store offers its own credit card.</p>

### APPENDIX 3

#### REVIEW OF SERVICE QUALITY SCALES IN DIFFERENT COUNTRIES (Ladhari 2008, 2009)

<b>Study</b>	<b>Service Industry</b>	<b>Country</b>	<b>Data Analysis Procedure</b>	<b>Dimensions (number of items)</b>	<b>Reliability</b>	<b>Source</b>
Knuston, Stevens, Patton and Thompson (1990)	Lodging Industry	USA	Confirmatory factor analysis	5 dimensions: reliability (4 items), assurance (5), responsiveness (3), tangibles (6), empathy(8)	Ranged from 0.63 to 0.80	Ladhari, R (2008)
Saleh and Ryan (1991)	Hospitality Industry	Canada	Exploratory factor analysis	4 dimensions for hotel guests: tangibles and reliability (10) responsiveness (8) assurance (8), empathy (6) 5 dimensions for management staff: tangibles (7), reliability (3) responsiveness (8), assurance (8), empathy (7)	ranged from 0.74 to 0.93 for hotel guests; ranged from 0.63 to 0.80 for management staff	Ladhari, R (2008)
Stevens, Knuston and Patton (1995)	Restaurant Industry	USA	Confirmatory factor analysis	5 dimensions: tangibles (10), reliability (5) responsiveness (3), assurance (6), empathy (5)	ranged from 0.89 to 0.92	Ladhari, R (2008)

Dabholkar, Thorpe and Rentz. (1996)	Retail Service quality	USA	Confirmatory factor analysis	5 dimensions: physical aspects (6items), reliability (5), personal interaction (9), problem solving (3), policy (5)	Ranged from 0.85 to 0.92	Ladhari, R (2008)
Mentzer, Flint and Kent. (1999)	Logistic service quality	USA	Confirmatory factor analysis	9 dimensions : information quality (2), ordering procedures (2), ordering release quantities(3) timeliness(3), order accuracy (3) order quality (3) order condition (3) order discrepancy handling (3)personal contact quality (3)	Ranged from 0.73 to 0.89	Ladhari, R (2008)
Shemwell and Yavas (1999)	Hospital service quality	USA	Confirmatory factor analysis	3 dimensions: search attributes (5 items), credence attributes (4 items), experience attributes (5 items)	Ranged from 0.75 to 0.83	Ladhari, R (2008)
Engelland, Workman and Singh (2000)	Career service centers on college campuses	USA	Exploratory factor analysis; confirmatory factor analysis	5 dimensions : tangibles (4), reliability (4) , responsiveness (3)(, empathy (3)	ranged from 0.76 to 0.89	Ladhari, R (2008)
Cook and Thompson (2001)	Library Service	USA	Exploratory factor analysis	4 dimensions : service (11 items),library as place (9), access to collections (7), reliability (7)	ranged from 0.80 to 0.94	Ladhari, R (2008)

Sower, Duffy and Singh (2001)	Hospital service quality	USA	Exploratory factor analysis	8 dimensions: respect and caring (26), effectiveness and continuity (15) appropriateness (15), information (7) efficiency (5) effectiveness-meals (5), first impression (1) staff diversity (1)	Ranged from 0.87 to 0.98	Ladhari, R (2008)
Janda, Trocchia and Gwinner (2002)	Internet Retail service quality	USA	Confirmatory factor analysis	5 dimensions: performance (6 items), access (4 items), security (4 items), sensation(4 items) information (4 items)	Ranged from 0.61 to 0.83	Ladhari, R (2008)
Getty and Getty (2003)	Lodging Industry	USA	Exploratory factor analysis	5 dimensions: tangibility (8 items), reliability (4), responsiveness (5), confidence (5) communication (4)	High reliability no detailed information	Ladhari, R (2008)
Wolfinbarger and Gilly (2003)	Online e-tail quality	USA	Exploratory factor analysis; confirmatory factor analysis	4 dimensions: web site design (5), fulfilment/reliability (3), security/privacy (3) customer service (3)	Ranged from 0.79 to 0.88	Ladhari, R (2008)
Carman (1990)	Customers of a dental clinic, a business school placement centre, a hospital and a tire store	USA	Exploratory factor analysis	Between 6 and 9 dimensions depending on setting with reliability tangibles and security appearing in all settings	Ranged from 0.51 to 0.84 (tire store), 0.52 to 0.85 (placement centre), 0.55 to 0.87 (dental clinic and 0.61 to 0.94 (hospital)	Ladhari, R (2009)

Parasuraman, Zeithaml and Berry (1991)	Customers of telephone company, insurance company and bank	USA	Exploratory factor analysis	5 dimensions ( 6 if tangibles is split into 2 dimensions)	Ranged from 0.83 to 0.91 (telephone co.), 0.80 to 0.92 (ins co.1), 0.84 to 0.93 (Ins Co.2), 0.85 to 0.92 (Bank 1) and 0.86 to 0.88 (Bank 2)	Ladhari, R (2009)
Finn and Lamb (1991)	customers of 4 different types of retail stores: stores like K-mart, Dillard and Neiman Marcus	USA	Exploratory factor analysis	Model fit for a 5 dimension structure was poor: no alternative factor structure was examined	Ranged from 0.59 to 0.83	Ladhari, R (2009)
Babakus and Boller (1992)	Customers of an electric and gas utility Company	USA	Exploratory factor analysis; confirmatory factor analysis	(1) 5-factor model not supported (2) 1 - dimensional structure supported	Ranged from 0.67 to 0.83	Ladhari, R (2009)
Cronin and Taylor (1992)	Customers of fast food restaurant, banking, pest control and dry cleaning	USA	Exploratory factor analysis; confirmatory factor analysis	(1) 5-factor model not supported (2) 1 - dimensional structure supported	Servqual: mean of 0.89 (banks), 0.90 (pest control), 0.90 (dry cleaning) and 0.85 (fast food) Servperf: mean of 0.93 (banks), 0.90(pest control), 0.93 (dry cleaning) and 0.88 (fast food)	Ladhari, R (2009)

Headley and Miller (1993)	Customers of Medical services	USA	Exploratory factor analysis	6 dimensions: dependability, empathy, reliability, responsiveness, tangibles and presentation	Ranged from, 0.58 to 0.77	Ladhari, R (2009)
Taylor and Cronin (1994)	individuals in shopping malls who had used hospital services within 45 days	USA	Exploratory factor analysis; confirmatory factor analysis	6 factors (expectations/ study1), four factors (perceptions/ study1) seven factors (expectations/study2), 3 factors (perception/study2)	0.74-0.96 (study1) 0.71-0.93 (study2)	Ladhari, R (2009)
Kettinger and Lee (1994)	Undergraduate and graduate students in several courses	USA	Confirmatory factor analysis	4 dimensions: reliability, responsiveness, assurance and empathy	ranged from 0.82 to 0.90	Ladhari, R (2009)
Pitt, Watson and Kavan (1995)	Users of online production systems (financial institution); internal users of information system department (accounting and consulting firm, information services business)	USA	Exploratory factor analysis	7 dimensions ( financial institution); 5 dimensions( consulting firm); 3 dimensions (information services business	Examined only for the servqual structure factors 0.62 to 0.87 (financial institution), 0.65 to 0.86 (consulting firm , 0.73 to 0.96 (information service business	Ladhari, R (2009)
Nitecki (1996)	Users of three services provided by an academic library (interlibrary loan, references and graduate reserves)	USA	Exploratory factor analysis	3 factors retained there is some overlap between reliability and responsiveness and even more overlap among the responsiveness, assurance and empathy dimensions	mean of 0.84	Ladhari, R (2009)

Duffy, Duffy and Kilbourne (1997)	Nursing home residents	USA and UK	factors structure was not examined	Only discrepancies between expectations and perceptions were compared between US and UK residents for each of the 5 service quality dimensions	Ranged from 0.67 to 0.91 (USA) Ranged from 0.45 to 0.83 (UK)	Ladhari, R (2009)
Morales Espinoza (1999)	Customers of supermarkets	Canada and Peru	Exploratory factor analysis; confirmatory factor analysis	the Servqual's dimensional structure was confirmed by the data	Ranged from 0.70 to 0.74 (Peru)	Ladhari, R (2009)
Cook and Thompson (2000)	Faculty, undergraduate and graduate students (all library users)	USA	Exploratory factor analysis	3 Factors retained ( for perception scores): affect of service experience, reliability, and tangibles	Ranged from 0.79 to 0.88 (for perception scores)	Ladhari, R (2009)
Engelland, Workman and Singh (2000)	Undergraduate college students and career services administrators at campus career services		Exploratory factor analysis; confirmatory factor analysis	The fit of the Servqual model was poor	Ranged from 0.69 to 0.86 (for the 5 servqual dimensions)	Ladhari, R (2009)
Gefen (2002)	Students who had previously bought on amazon.com	USA	Exploratory factor analysis; confirmatory factor analysis	3 Factor structure: tangibles, empathy and a reliability, responsiveness and assurance	Ranged from 0.393 to 0.99	Ladhari, R (2009)

Kilbourne, Duffy, Duffy and Giarchi (2004)	Nursing home residents from 10 long term care facilities in the USA and 15 Long term Facilities in the UK	USA and UK	Confirmatory factor analysis	4 factors model for US and UK samples: tangibles, reliability, responsiveness and empathy	Ranged from 0.70 to 0.87 for the 4 dimensions in the US sample. Ranged from 0.60 to 0.76 for the 4 dimensions in the UK Sample.	Ladhari, R (2009)
Landrum (2007)	Customers of 2 army corps of engineers research centres	USA	Structural equation modelling	Structural equation model fit the data	ranged from 0.84 to 0.92	Ladhari, R (2008)
Bouman and Van der Wiele (1992)	Care service industry	Netherlands	Exploratory factor analysis	3 factors: customers kindness (19), tangibles (13), faith (8)	Ranged from 0.76 to 0.92	Ladhari, R (2008)
Van damme and Leunis (1993)	Health care sector	Belgium	Exploratory factor analysis	6 dimensions: tangibles (4), medical responsiveness (3), assurance I (3) assurance II (3), nursing staff (2) personal beliefs and values (2)	Ranged from 0.58 to 0.82	Ladhari, R (2008)
Tomes and Ng (1995)	Service quality in NHS or NHS trust hospital services.	UK	Exploratory factor analysis	7 dimensions: empathy (10), relationship of mutual respect (9), dignity (9), understanding of illness (5), religious needs (1), food physical environment (9)	Ranged from 0.64 to 0.92	Ladhari, R (2008)

Frochot and Hughes (2000)	Service quality provided in historic houses (England and Scotland)	UK	Exploratory factor analysis	5 dimensions: responsiveness (8), tangibles (7), communications (4), consumables (3), empathy (2)	Ranged from 0.70 to 0.83	Ladhari, R (2008)
Vaughn and Shiu (2001)	Voluntary sector	UK	Exploratory factor analysis; Correlation matrix analysis	10 Dimensions: access (3), responsiveness (4), communication (4), humaneness (4), security (2), enabling/empowermebt (2), competence (3), reliability (3), equity (1), tangibles,	None available	Ladhari, R (2008)
Aldlaigan and Buttle (2002)	Banking	UK	Exploratory factor analysis	4 dimensions: service quality (5), machine service quality (5), service transactional accuracy (3)	Ranged from 0.80 to 0.93 (total Sample)	Ladhari, R (2008)
Gounaris (2005)	Business to Business service.	Greece	Confirmatory factor analysis (CFA)	4 dimensions: potential quality (6), hard process quality (6), soft process quality (6), output (5)	Ranged from 0.85 to 0.94	Ladhari, R (2008)
Markovic (2006)	High Education service	Croatia	Exploratory factor analysis	7 dimension: reliability (6), students in scientific work (4), empathy(4), assurance (3), e-learning (3), responsiveness (3), tangibles (3),	Ranged from 0.53 to 0.78	Ladhari, R (2008)

Caro and Garcia (2007)	Urgent transport service.	Spain	Exploratory factor analysis; confirmatory factor analysis	4 dimensions: personal interaction (3 sub - dimensions, 14 items), design (2 sub dimensions, 7 items), physical environment (0 sub-dimensions, 7 items), outcome (2 sub- dimensions, 8 items)	ranged from 0.74 to 0.96	Ladhari, R (2008)
Pitt, Watson and Kavan (1995)	Users of online production systems (financial institution); internal users of information system department (accounting and consulting firm, information services business)	UK, USA and SA	Exploratory factor analysis	7 dimensions ( financial institution); 5 dimensions( consulting firm); 3 dimensions (information services business	examined only for the servqual structure factors 0.62 to 0.87 (financial institution), 0.65 to 0.86 (consulting firm , 0.73 to 0.96 (information service business	Ladhari, R (2009)
Mels , Boshoff and Nel (1997)	clients of banks, insurance brokers, motor repair service stations, an electrical repair service company, and a life insurer	UK and SA	Exploratory factor analysis; confirmatory factor analysis	2 dimensions: intrinsic service quality (reliability, responsiveness, assurance and empathy) and extrinsic service quality (tangibles)	Not reported	Ladhari, R (2009)
Arasli, Mehtap-Smadi and Katircioglu (2005)	Bank Customers	Greece	Exploratory factor analysis	3 factors: tangibles, reliability, responsiveness, and empathy	Ranged from 0.87 to 0.94	Ladhari, R (2009)

Lam and Zhang (1999)	Travel agents	Hong Kong	Exploratory factor analysis	5 dimensions: responsiveness and assurance (6), reliability (5) empathy (4), resources and corporate image (5), tangibility (3)	Ranged from 0.67 to 0.88	Ladhari, R (2009)
Sureshchandar, Rajendran and Anantharaman (2002)	Banking	India	Confirmatory factor analysis	5 dimensions: core service or service product (5), human element of service delivery (17), systemization of service delivery (6), tangibles of service (6) social responsibility (7)	Ranged from 0.82 to 0.96	Ladhari, R (2008)
Yoon and Suh (2004)	Consulting service	Korea	Exploratory factor analysis	6 dimensions: assurance (4), responsiveness (3) reliability (12), empathy (4), process (9), education	Ranged from 0.87 to 0.95	Ladhari, R (2008)
Lam (1997)	Patients	Hong Kong	Exploratory factor analysis	1 dimensional structure for expectation and perception scores	Examined only for the Servqual structure factors ranged from 0.65 to 0.88 for expectation scores Ranged from 0.71 to 0.90 for perception scores	Ladhari, R (2009)
Durvasula, Lysonski and Mehta (1999)	Shipping Managers of various organizations (B2B)	Singapore	Confirmatory factor analysis	The fit of the Servqual model was acceptable but the one-factor model provides the best representation of the data	Ranged from 0.69 to 0.85 (for the 5 Servqual dimensions)	Ladhari, R (2009)

Kang, James and Alexandris (2002)	Employees working at a university surveyed about internal service	Korea	Confirmatory factor analysis	The fit of the Servqual model was adequate	ranged from 0.96 to 0.98	Ladhari, R (2009)
Lam (2002)	Bank customers	Macau	Exploratory factor analysis	6 dimensions assurance (employee attitudes and behaviour), tangibles, empathy 1 (tacit understanding of need), empathy 2 ( convenient operating hours, reliability and responsiveness (prompt services)	Not reported	Ladhari, R (2009)
Zhou, Zang and Xu.	Bank customers	China	Exploratory factor analysis	6 dimensions for expectation scores. Three dimensions for perception and gap scores	Ranged from 0.85 to 0.93 for the 3 perception dimensions ranged from 0.77 to 0.88 for the 5 perception dimensions ranged from 0.65 to 0.77 for the 5 expectations dimensions	Ladhari, R (2008)
Chi Cui, Lewis and Park (2003)	Bank customers	Korea	Exploratory factor analysis; confirmatory factor analysis	The fit of the Servqual model was unacceptTable	not reported	Ladhari, R (2008)
Jabnoun and Khalifa (2005)	Bank	UAE	Exploratory factor analysis	4 dimensions: personal skills (12), reliability (5), image (6), value (6)	Ranged from 0.85 to 0.94	Ladhari, R (2008)
Karatepe, Yavas and Babakus (2005)	Bank service	Cyprus	Exploratory factor analysis; confirmatory factor analysis	4 dimensions: service environment (4), interaction quality (7), empathy (5), reliability (4)	Ranged from 0.83 to 0.94	Ladhari, R (2008)

Akbaba (2006)	Business hotel industry	Turkey	Exploratory factor analysis	5 dimensions: tangibles (6) adequacy in service supply (7), understanding and caring (5), assurance (4) and convenience (3)	Ranged from 0.71 to 0.86	Ladhari, R (2008)
Badri, Abdulla and Al-Madani (2005)	Users of information technology services, decision makers, and service providers in higher education institutions	UAE	Exploratory factor analysis; confirmatory factor analysis	The fit of the servqual model was not entirely adequate	Ranged from 0.60 to 0.75 for the perception scores (5 servqual dimensions) Ranged from 0.67 to 0.80 for the expectation scores Ranged from 0.55 to 0.74 for gap scores.	Ladhari, R (2009)
Baldwin and Sohal (2003)	Dental care services patients (patients who held private health insurance that provides for dental treatment)	Australia	Exploratory factor analysis	4 dimensions for expectation and perception scores: skill and ability, punctuality, personal attention, tangibles 4 dimensions for gap scores: responsiveness, empathic assurance, reliability, tangibility	Ranged from 0.86 to 0.88 for expectation scores ranged from 0.83 to 0.90 for perception scores ranged from 0.78 to 0.91 for gap scores	Ladhari, R (2009)
Oneil and Palmer (2003)	Visitors to theme parks	Australia	Exploratory factor analysis	4 dimensions	Ranged from 0.88 to 0.87	Ladhari, R (2009)

Wilkins, Merrilees and Herington (2007)	Hospitality Service	Australia	Exploratory factor analysis; confirmatory factor analysis	3 dimensions: physical product (3 sub- dimensions, 13 items), service experience (3 sub-dimensions, 13 items) quality food and beverage (14 items)	Ranged from 0.72 to 0.90	Ladhari, R (2008)
Van der Wal, Pampallis and Bond (2002)	Cellular phone users/customers	SA	Exploratory factor analysis	5 dimensions: tangibles, reliability, responsiveness	Ranged from 0.63 to 0.88	Ladhari, R (2009)

## APPENDIX 4

### TRANSCRIPT: INTERVIEW WITH OPERATIONS DIRECTOR OF ELLERINE HOLDINGS

#### 1. Can you briefly describe the history and current operations of EHL in Southern Africa?

The EHL group became a subsidiary of African Bank in 2008. It was previously owned by the Relyant Group and the Ellerine Brothers. EHL has had a brand presence in the SADC markets for more than 25 years and it was only after 2008 that the various brands were rationalised into the Ellerines, Beares and FurnCity brands that found today.

There are obvious challenges when dealing with a diverse Southern African footprint; these challenges are many and differ from one country to another. As the South African business is fairly well known, comments will be made on each country individually.

#### Namibia

From the purchasing behaviour it is evident that there is a fair mix of contemporary and traditional cultures which affects buying behaviour. While Windhoek and the central areas have a strong contemporary element in the merchandise, as one travels further north, closer to the Angolan border, functional and sometimes more traditional types of furniture are required. The coastal areas also have a high number of German inhabitants with holiday homes in Walvis Bay and up the coast. They prefer more upmarket merchandise. The point that the researcher wishes to make is that the merchandise has to be market-appropriate as the customer profile, even in a single country, is so diverse.

#### Zambia

To date, this country has been the greatest challenge, compounded largely by two inter-related factors. The first is the Kwacha with all those zeros and the ability of a centralised IT system to accommodate these values. As the Kwacha has been rebased, EHL has now implemented an IT system for the business. Previously, the organisation had no insight into the merchandise that was being bought for this market. It did not know what was selling and in what quantities, nor the amount of stock being held. Now that the organisation can

examine the data, it is obvious that large amounts of obsolete stock have caused stock-outs of popular lines, which would obviously have caused customer frustration. Up until now EHL has had limited competition, but with FurnMart and Carnival aggressively pursuing the organisation's customers, it needs to up its game. EHL needs to change its marketing campaigns to make it more attractive to a new customer base.

### Lesotho and Swaziland

Lesotho and Swaziland are an extension of the organisation's South African business. It is obvious that a large part of the customer base for these markets (almost 78% from credit request documents verifying place of employment) is employed in South Africa, especially in the mining, domestic and building industries. Given the challenges currently facing retail in South Africa, the organisation is re-assessing the importance of these markets to the Group's overall performance. Because these customers spend more time in South Africa where they work than in their home countries, they have raised expectations of what the organisation can offer but these expectations are unfortunately not met when they want to make a purchase in their home country.

Botswana has been a challenge of late, especially since EHL's main competitor, FurnMart, is a Botswana-based company. They have obvious advantages in Botswana in that their merchandisers are closer to the market and the availability of stock is much better. Botswana, like Namibia, has a relatively small population that is widely dispersed and this increases distribution costs, especially since almost all the suppliers are based in South Africa. EHL is looking at the market seriously in terms of over-trading, and a strategic decision about the size of the organisation's footprint will have to be made.

## **2. Can you expand on the cultural challenges you mentioned earlier?**

As with all retail businesses, culture plays an important role, not only from a customer perspective but also from the perspective of employees. If one looks at Zambia and, to some extent, Lesotho and Swaziland, EHL's employees are "looked up to" as being part of a big formal business. This admiration stems from the fact that the majority of people are involved in informal employment and even subsistence livelihoods. Those employed by EHL and the likes of Shoprite are seen as "opinion makers" and they form an integral part of EHL's unseen marketing. When these employees return to their communities they can generate sales leads merely by virtue of being formally employed by a "big" brand. There is a level of trust

that develops at a community level with these employees which is difficult to explain. It can also be noted that Zambians are fairly traditional, not in the Zambian cultural ways but in the ways of ex-British colonialists – regardless of the heat, they prefer to wear full business suits and call each other by their surnames, preceded by “Mister”. In Lesotho, on the other hand, there is a strong Basotho traditional culture, where supervisors are referred to as “Ntate”, which means sir or father. This is also extended to people that are older.

**3. Supply chain is an obvious issue for all retailers operating in Southern Africa.  
What have EHL’s challenges been and how do you propose to overcome this?**

It is common knowledge that most retailers want to explore the Southern African opportunity but, as has been mentioned, supply chain is a significant challenge. Distance, exchange rates, ever-changing procedure and documentation are some of the issues. In order to reduce this cost EHL has tried to establish local supply contracts but the number of suppliers is limited. Furthermore, as the manufacturing is in-country, there is insufficient quality control, leading to inferior product quality that affects sales. In Zambia, for instance, EHL assisted a local supplier to set up a manufacturing operation in Lusaka. There were immediate issues with quality, which affected sales and the organisation was forced to close down the operation. Unfortunately, EHL still has some of that stock, which forms part of the obsolete stock file in Zambia.

Another issue is the distribution of merchandise to stores. Stores have limited storeroom space and, given the lead times, stock-outs are inevitable. Going forward, EHL will establish warehouses in each major trading centre in each country. This will allow larger volumes of stock to be sent to one destination, which can then be distributed to stores when needed. This will improve customer service, reduce costs and also reduce damage, as there will be less handling of stock.

**4. How does stock availability affect customers’ perceptions of EHL in these markets?**

It is important to understand the organisation’s remuneration policy first. Salespeople are target-remunerated, both in terms of a basic salary and at what point they start earning commissions. Salespeople, being eternal optimists, will often make false promises to customers in the hope that the stock will arrive before the customer cancels the deal and has to be refunded his deposit. When the stock does not arrive, the customer is obviously

frustrated and will in all probability take his or her business elsewhere. Consequently, the customer's perception both of the salespeople and of EHL is damaged, resulting in lower sales now and in the future as this could have been a repeat customer. Fixing the supply chain is therefore of paramount importance.

**5. Can you describe the ongoing training of staff to prevent this from happening?**

Every Wednesday morning, all staff must attend a training session before the store opens. This is conducted by the store manager, with the main focus on the facts and benefits of products which may be advertised or on special promotion. The material is sent from the marketing department to all stores. Unfortunately, there is no training on customer interaction, a gap the organisation plans to address.

**6. Please outline your marketing strategy.**

EHL's main marketing channel is through printed catalogues which are handed out at high foot traffic areas. This is not having the same effect as it previously did. With the increase of shopping malls the target market in urban areas is quite clearly defined in terms of location. EHL is currently exploring a mix of newspaper inserts and physical distribution. There are also different African marketing methods, from the use of "Call Boys" in Zambia who operate at taxi ranks, bringing customers to the shops for a minimal commission, to the use of hand-held loudspeakers in Swaziland to usher customers into shops to buy products. EHL has also recently started radio advertising but it is too soon to judge its effectiveness.

**7. Can you describe the appearance of your stores from a customer's perspective?**

EHL's image is "old". The organisation has not maintained or revamped stores at a rate equal to the commercial activity in South Africa. The previous belief that the customer will accept what is out there no longer rings true, especially when there are new competitor entrants into the markets. Most retail stores across brands and industries generally use the same South African contractors to conduct work in these locations. This brings an immediate additional cost element which is well above the cost of revamping a South African store. As mentioned earlier, there are numerous property developments of new shopping malls across the SADC geography. This has already moved foot traffic from the traditional high streets to these shopping centres as the anchor tenant is normally a branded FMCG retailer (Shoprite, Pick n Pay, etc). It may be better for EHL to relocate to these malls instead of incurring the cost of a revamp. EHL is also aware that the streets attract a different customer segment and, with its

“old” appearance, EHL may be perceived to be less expensive than a store in the mall. The organisation generally tracks Shoprite, which shares the Ellerines (and FurnCity) customer segment while Pick n Pay is more likely to share a customer segment with Beares.

**8. Do you have any further insights into customer segmentation in these markets, given that no formal study has been conducted by EHL?**

Since EHL is increasing its focus on the SADC markets, in due course the necessary customer segmentation analysis will be conducted in order to better inform decisions. What is noticeable is that there has been an incredible amount of urbanisation over the past 10 years. The development of malls and shopping centres as well as increased retail rental prices is a good indicator of this. With increased urbanisation comes a fundamental shift from previous buying behaviours. Increasingly, the retail industry is finding that women are the key purchase decision makers, either because husbands work away from home or because the woman is a financially independent contributor to the family structure. EHL needs to better understand the marketing drivers to entrench relationships with this customer segment. The organisation has also noted a growth in the demand for technology products, especially since there is a sizeable customer segment that is much younger. This could also be representative of the economic growth in these markets, where young adults are able to secure remuneration that can fulfil their demands. Therefore, EHL’s stock mix has to be well planned to meet this ever-changing demand.