CUSTOMER SERVICE EXPECTATIONS FROM ALCOHOLIC BEVERAGE SUPPLIERS IN THE NORTH WEST PROVINCE

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A Proposal submitted in the fulfillment of the requirements for the degree *Master Baccalaureus Commercii* in Business Management in the Faculty of Commerce and Administration at the North -West University Mafikeng Campus

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Date: 25 October 2012

DECLARATION

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I , Jacques Beukes declare herewith that the mini-dissertation/dissertation/thesis entitled,

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which I herewith submit to the North-West University as completion/partial completion of the requirements set for the Mcom degree, is my own work and has not already been submitted to any other university.

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Signed at Mafikeng this 18th day of October 2012 .

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Kind regards

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Statistical Consultation Services

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ABSTRACT

CUSTOMER SERVICE EXPECTATIONS FROM ALCOHOLIC BEVERAGE SUPPLIERS IN THE NORTH WEST PROVINCE

KEY WORDS: Customer Service, Service Quality, SERVQUAL, North West Province, Alcoholic beverage suppliers.

South Africa has a highly competitive alcoholic beverage market. All role-players in this market place a huge emphasis on service delivery and customer service, due to the fact that these two aspects can be the determining factors in terms of overall customer satisfaction and on overall business performance.

The main purpose of this study was to evaluate what influence the volume an organisation buys from alcoholic beverage suppliers has on their service quality expectations. The research also investigated the following aspects:

- To ascertain whether customers perceive customer service differently based on their purchase quantity.
- To establish the perceptions customers have regarding service quality in relation to quantity purchased.
- To establish whether customer service is of equal importance for customers with different purchase quantities.

For the purpose of this study the target population comprised customers of alcoholic beverage supply companies situated in the North West Province of South Africa. The primary alcoholic beverage focus areas used in this study in the North West Province were Rustenburg, Mafikeng and Potchefstroom. A non-probability judgment sample method was used, and the sample size quantity was 220 respondents.

The questionnaire requested respondents (high and low-volume) to rank their customer service expectations and opinions with reference to Parasuramans's service delivery

dimensions. Ranking was done using a five-point Likert scale. In addition, the respondents were asked to provide certain demographic data.

The findings of the study indicated that both the high and low-volume customers felt that alcoholic beverage supplying companies had to deliver on all five service delivery dimensions but failed to do so to full satisfaction. There were also differences between the high and low-volume customers' opinions and expectations.

Thus, the results indicated that there are differences between customers' (high and low-volume) expectations and opinions of service delivery from alcoholic beverage supply companies. These findings, if used strategically and as a guideline, can improve an alcoholic beverage supply company's retention and profit growth.

UITTREKSEL

KLANTEDIENSVERWAGTINGE VAN ALKOHOLIESE DRANKVERSKAFFERS IN DIE NOORDWES PROVINSIE

SLEUTELWOORDE: Klantediens, Dienskwaliteit, SERVQUAL, Noordwes Provinsie, Alkoholiese drankverskaffers.

Suid-Afrika het 'n hoogs-kompeterende alkoholiese drankmark. Alle rolspelers in hierdie mark plaas 'n baie hoë premie op dienslewering en klantediens omdat hierdie twee aspekte bepalende faktore kan wees in terme van oorkoepelende klante-tevredenheid en op oorkoepelende besigheidsprestasie.

Die hoofdoelwit van hierdie studie was om 'n evaluering te doen van die invloed wat die volume aankope wat 'n organisasie van alkoholiese drankverskaffers doen het op hulle verwagtinge in terme van dienskwaliteit. Die navorsing is ook gerig op die volgende aspekte:

- Om te bepaal of klante kliëntediens verskillend ervaar wanneer hulle dink in terme van die volume van hulle aankope.
- Om te bepaal die vlak van persepsies klante het oor dienskwaliteit in verhouding tot die hoeveelhede wat aangekoop word.
- Om te bepaal of klantediens van ewe veel belang is vir klante met verskillende volumes aankope.

Vir die doeleindes van hierdie studie was die teikenpopulasie klante van alkoholiese drankaankope van maatskappye wat besigheid doen in die Noordwes Provinsie van Suid-Afrika. Die primêre alkoholiese afsetpunte wat in hierdie studie gebruik is, sluit in Rustenburg, Mafikeng en Potchefstroom, en 'n nie-waarskynlikheidssteekproef is gebruik. Die steekproefgrootte was 220 respondente in totaal.

Die vraelys het van respondente verwag (hoë- en lae-volume) om hul klantediensverwagtinge in volgorde te plaas deur die diensleweringsdimensie ontwerp deur Parasuraman met

betrekking tot die dienslewering deur alkoholiese drankverskaffers op 'n vyfpunt Likert-skaal te gradeer. Hierby is respondente ook gevra om sekere demografiese data te verskaf.

Die bevindinge van die studie het aangetoon dat beide hoë- en lae-volume klante gevoel het dat alkoholiese drankverskaffers diens moes lewer in terme van al vyf diensleweringsdimensies, maar dat hulle nie ten volle daarin geslaag het nie. Daar was ook verskille tussen hoë- en lae-volume klante se opinies en verwagtinge in terme van die dienslewering van alkoholiese drankverskaffers.

Hieruit blyk dit duidelik dat daar verskille is tussen klante (hoë- en lae-volume) se verwagtinge en opinies van dienslewering deur alkoholiese drankverskaffers. Hierdie bevindinge, sou hulle strategies as riglyne gebruik word, kan die retensie- en winsgroeivermoë van alkoholiese drankverskaffers verbeter.

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LIST OF ABBREVIATIONS

CS	Customer Service
SAT	Satisfaction
SQ	Service Quality
BI	Customers' Behavioural Intentions

CHAPTER 1

CONCEPTUALISATION OF THE RESEARCH

Keywords: Service Quality, Customer service, SERVQUAL

1.1 INTRODUCTION

The purpose of this study was to evaluate what influence the volume an organisation buys (this is also referred to as their size) from alcoholic beverage suppliers has, on their service quality expectations. Many original researchers (Cronin & Taylor,1992, 1994; Gronroos 1984; Parasuraman, Zeithalm & Berry, 1985, 1988) devoted considerable attention to the development and testing of models for the measurement of service quality in retail banks, long distance telephone companies and credit card companies.

Offering quality service is considered an essential strategy for success and survival in today's competitive business market (Dabholkar, Thorpe & Rentz, 1996:3; Parasuraman *et al.*, 1985:41). A commitment to quality must start from the top of any organisation, be it a service delivery company, a manufacturing or merchandising business, and spiral down to the bottom. The goal for every individual and department in any organisation is to ensure that they do understand the expectations of their customers and that they fulfil those expectations (Gummesson, 1988:21).

This is where certain gaps can become apparent, for example, the gap between service specifications versus service delivery. There is a discrepancy between customer expectations and their perceptions of the service delivered. Also a discrepancy between customer expectations and employees' perceptions. Where a service delivery company concentrates on the high buying volume customers because of the high amount of financial revenue that is generated, and therefore anything and everything is done to keep the customers happy. Meanwhile on the other end of the scale there is neglect to offer the smaller volume customers the same type of service, effort and time. This might have a negative impact on the supplier company in the medium to long term.

Service quality focuses on the standard of service delivery and the interaction between the customer and the service provider in order to ensure the customer's expectations are met (Hernon, 2001:1; Palmer, 2005:64). The Nordic School of Service Marketing (NSSM) differentiates between the effects of the technical and functional elements of the service encounter on customers. Gronroos (1984:38-40), however, suggests a multi-dimensional construct of service quality pertaining to the five dimensions of service quality, namely: tangibles, reliability, responsiveness, assurance and empathy, thus resulting in three dimensions of service quality which is technical, functional and image, where "image" is a filter in the service quality perceptions.

The literature addresses several models for service quality, for example "SERVQUAL" (Parasuraman, Zeithalm & Berry: 1985, 1988), the "servicescape" model as developed by Booms and Bitner (1981: 39) and the "Servuction" model (Eiglier & Langeard, 1987 cited in Palmer, 2005:82). For the purposes of this study, the SERVQUAL model plays a more important role in the measurement of the service quality at a service firm due to the five service quality dimensions: (1) tangibility; (2) reliability; (3) responsiveness; (4) assurance and (5) empathy as identified by Parasuraman *et al.*, (1988:23). Parasuraman *et al.*, (1988:23) hypothesise that the dimensions are related to the discrepancy between customers' perceptions and their expectations.

It is considered that perceived service quality, by customers, stems from a comparison of what customers feel the service firm should have offered and how this matches up with their perceptions of the performance of the firms providing the service.

Previous empirical research (on service quality) has focused primarily on the measurement of service quality in hotels (Erto & Vanacore, 2002:165), for domestic airlines (Chang & Yeh, 2002:166), tourists' judgements on service quality (Weiermair & Fuchs, 1999:1004), and retailers' perceptions of the service levels at a tourist destination (Vogt & Fesenmaier, 1994:763). It is evident that previous empirical research focused on service quality research in other sectors of the industry. Limited attention has been given to investigating the influence that volume/size of organisations that receives stock from numerous alcoholic beverage suppliers has on their customer service expectations and service quality expectations.

Empirical research using the SERVQUAL model in a South African context is limited. Van der Wal, Pampallis and Bond (2002), Berndt (2006), De Jager and Du Plooy (2006) as well as Kgaile and Morrison (2006) have used the SERVQUAL method for research in different industries like a cellular company, motor dealership, public health as well as education. However, not much has been done to explore a comparison between lower volume/size and higher volume/size organisations when it comes to service delivery.

1.2 BACKGROUND TO THE STUDY

This study is based on the results from the SERVQUAL questionnaire to compare what the effect of buying volume is on customers of alcoholic beverage supplying companies, and their service quality expectations.

The SERVQUAL method mentioned above focuses on the customer's perception of service quality (Jiang, Klein & Karr, 2002:145; Kassim & Bojei, 2002:845). This plays an important role in the measurement of service quality at a service delivery company, due to the five dimensions noted before. SERVQUAL further also encompasses several unexplored dimensions that have lately attracted research attention into other disciplines (Casadesus, Viadiu & Saizarbitoria,2002; Jiang, Klein & Karr,2002; Kang, James & Alexandris, 2002; Zhao, Bai & Hui,2002).

Some of these unexplored service dimensions or "gaps" in the SERVQUAL method appear to be important and worthy of investigation in the context of alcoholic beverage supplying company. These include: the gap between service specifications and service delivery, the discrepancy between customer expectations and their perceptions of the service delivered, the discrepancy between customer expectations and employees' perceptions, and customers' expectations versus management perceptions.

In today's highly competitive FMCG (fast moving consumer goods) market there is huge emphasis on service delivery and customer service, due to the fact that these two aspects can be the determining factor on overall customer satisfaction and on overall business performance. Within the market as shown in Figure 1.1, it is clear that it is divided into two main areas, namely food and beverages. For the purposes of this study emphasis will be on the beverage side of the industry. The beverage industry is divided into two sectors namely alcoholic beverages and non-alcoholic beverages. Again for the purposes of this study emphasis will be on alcoholic beverages. The alcoholic beverage industry is categorised by way of the different categories of alcohol it produces (beer, ciders, wine and spirits). In this market segment of South Africa there are four main entities as illustrated in figure 1.1, all of these companies competes within the market to deliver their products with the best possible customer service and service delivery to their respective customers.

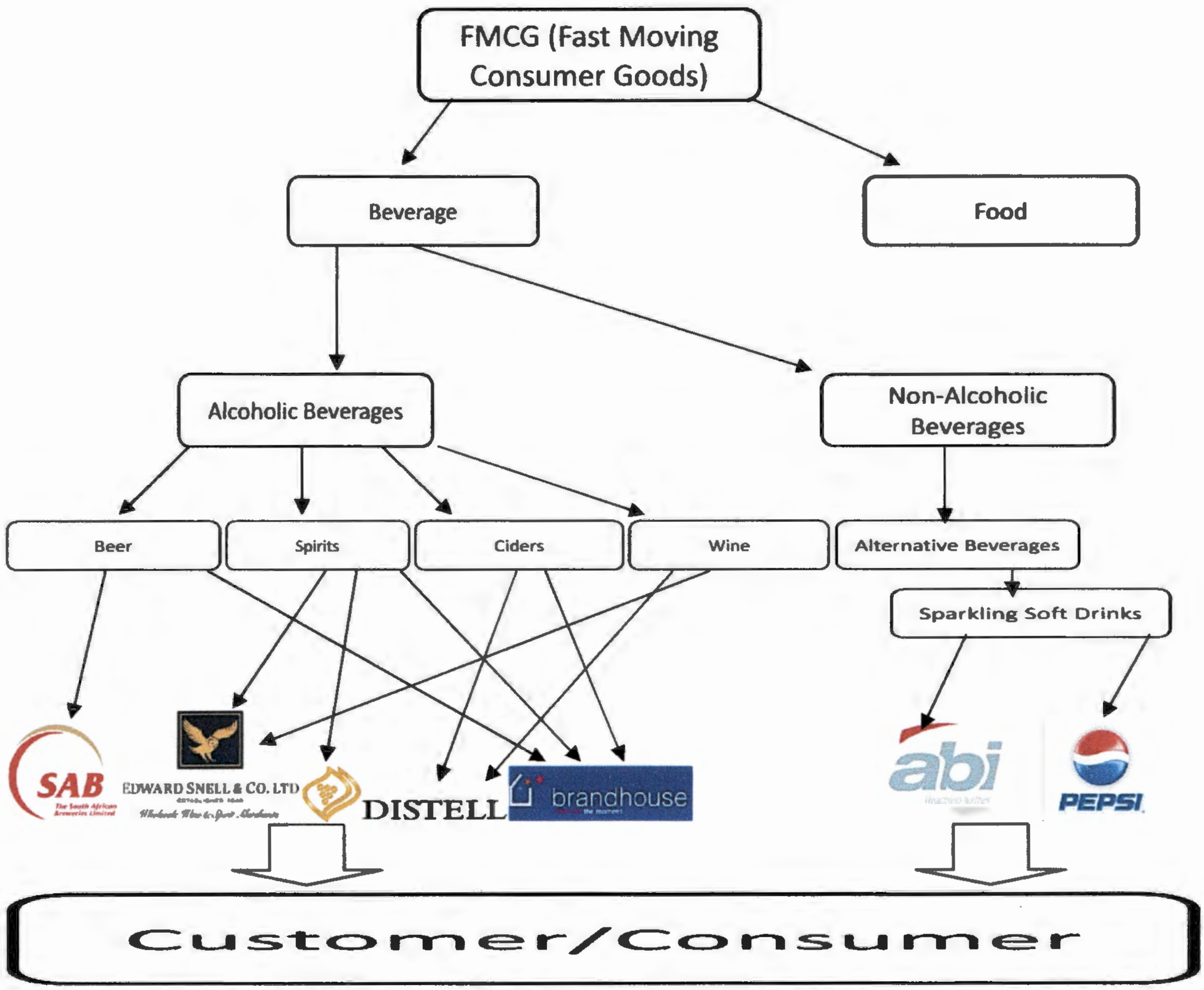

Figure 1.1: Industry framework

Source: Beukes – Personal experience & Prinsloo – Oral conveyance (2012)

1.3 PROBLEM STATEMENT

The concept of service quality is complex, diffuse and abstract, mainly because of the three distinctive features of a service, namely intangibility, heterogeneity and inseparability of consumption (Perez, Abad, Carillo & Fernandez, 2007:135).

Estimation of respective service quality expectations and opinions are difficult to determine within the alcoholic beverage supplying industry. This problem is enhanced by the fact that no similar studies could be found within this industry.

1.4 OBJECTIVES OF THE STUDY

In this section of the study a primary and secondary objective will be described:

1.4.1 Primary objective

The primary objective of the study is to investigate the relationship between volume of alcoholic beverages purchased and customer service expectations.

1.4.2 Secondary objectives

In accordance with the primary objective of the study, the following secondary objectives are formulated:

- Ascertain whether customers perceive customer service differently based on their purchase quantity.
- Establish the perceptions customers have regarding service quality in relation to quantity purchased.
- Establish whether customer service is off equal importance for customers with different purchase quantities.

1.5 RESEARCH DESIGN AND METHODOLOGY

The research design is the "blueprint" for the measurement of the collected data (Cooper & Schindler, 2003:146).

This study comprises a literature review and an empirical study.

1.5.1 Literature review

Secondary data sources include both local and international literature. Topics that attention was given to include service delivery, customer service, customer satisfaction, SERVQUAL and customer service expectations. The following sources were consulted to obtain information around the topics mentioned:

- The Internet.
- Book publications.
- Academic journals.
- Online academic databases.

1.5.2 Empirical study

Quantitative research, using the SERVQUAL method as basis, was used for the empirical portion of the study. The empirical portion of this study comprises the following methodological dimensions:

1.5.2.1 Target population

The target population comprised of customers of alcoholic beverage supplying companies (these are customers that buy from the previously mentioned alcoholic beverage supplying companies in figure 1.1) situated in the North West province of South Africa. The list of customers was obtained from an existing formal sector customer database of alcoholic beverage supplying companies.

1.5.2.2 Sample frame

The sample frame selected for this study was obtained from a list of customers serviced by numerous alcoholic beverage supplying companies based in the North West province. The primary alcoholic beverage focus areas in the North West Province are in Rustenburg, Mafikeng and Potchefstroom. A list of customers serviced by alcoholic beverage supplying companies was acquired by using secondary data available on the customer database of the alcoholic beverage supplying companies. The quantity customers serviced by the different alcoholic beverage suppliers was established, the list was then divided into high/middle/low volume customers. For the purposes of this study the middle-volume customers will be removed due to the study focussing on the two extremes (big and small volume customers).

The size of a customer is determined by how many cases the customer buys from the numerous alcoholic beverage supplying companies, as an example a customer that buys 5000 cases a month is seen as big and a customer that buys 100 cases a month is seen as small.

1.5.2.3 Sample method

From the sample frame, a non-probability judgment (also referred to as purposive) sample method was chosen, which involves choosing sample units subjectively. This study focused on customers of alcoholic beverage supplying companies. In the North West Province there are three main focus areas for the alcoholic beverage supplying companies.

These three geographical areas include Rustenburg, Mafikeng and Potchefstroom which have a total of 772, 738 and 690 customers respectively which receives deliveries from the alcoholic beverage supplying companies. This added to 2200 customers (total population). Out of this total customer (population) base, 10% was targeted within each area. This reflects a sufficient representation within each area.

Customers (respondents) in these areas were then further divided into equal numbers of big and small volume customers. This sampling approach brought the quantity of targeted respondents to 220, which is a 10% representation of the total population. This is illustrated in figure 1.2.

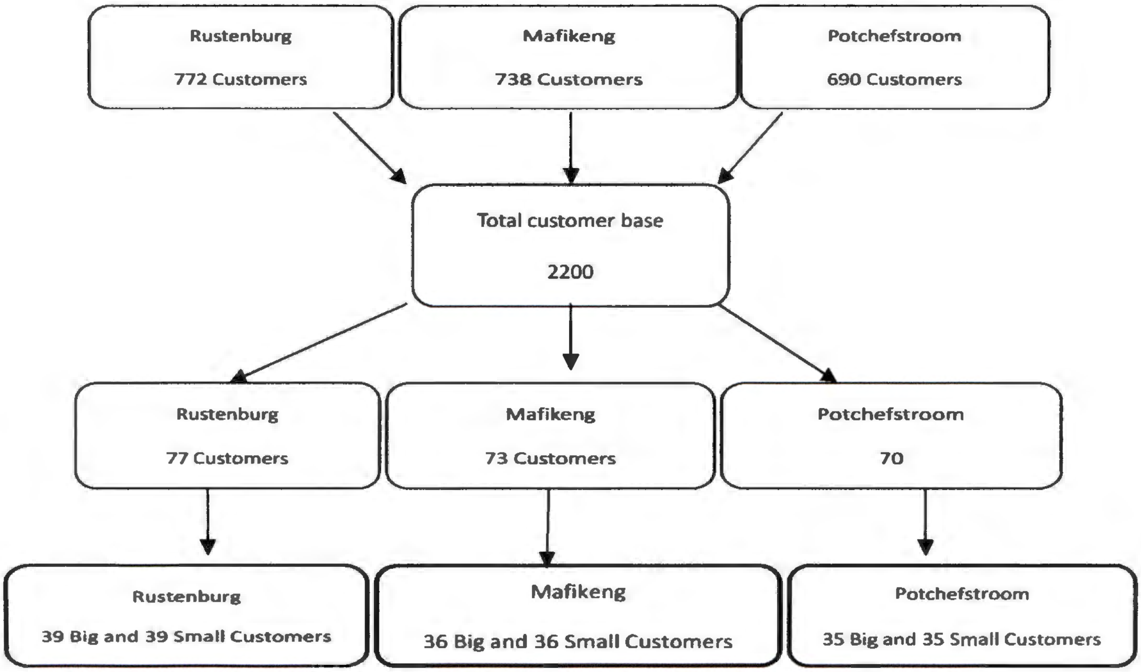

Figure 1.2: Customers per geographical focus area in the North West Province
Source: Beukes – Personal experience& Prinsloo – Oral conveyance (2012)

1.5.2.4 Sample size

The sample size selected for the study was220alcoholic beverage supplying companies' customers in total. This again was equally divided between geographical areas and volume size.

1.5.2.5 Measuring instrument and data collection method

The survey method was used to collect the primary data. Data was collected by means of a structured questionnaire. Items in the questionnaire were based on the SERVQUAL method adapted to fit this specific study. All questions were adapted to be applicable to the sample population of this study, which was collated into a book format with a cover page explaining the purpose, objectives, and application of the study.

Section A comprised of the demographic details of the respondents. Section B consisted of a Likert scale based on the 22 items in the SERVQUAL method questionnaire. Responses on this scale ranged from 1 = strongly agree to 5 = strongly disagree. This questionnaire was hand delivered to the220 selected customers.

1.5.2.6 Pilot study

A pilot study was done on 1% or 22 of the total customer base to establish the reliability and validity of the questionnaire.

1.5.3 Statistical analysis

The Statistical Package for Social Sciences (SPSS) Version 20.0 for Windows was used for the data processing and analysis. Empirical findings were presented within different contexts. Firstly, descriptive statistics are graphically presented with numerics included. Secondly, cross tabulation or comparative statistics are graphically depicted. Lastly, statistical tests were depicted in table format with detailed explanations of the analysis.

1.6 LIMITATIONS OF THE STUDY

The only limitation to this study was an issue regarding the language and comprehension barrier between the questionnaire in the study and the customers.

1.7 ETHICAL CONSIDERATIONS

The following code of ethics was adhered to during the research process:

- Permission was obtained from respondents in order to conduct interviews.
- Respondents were under no obligation to complete the questionnaire. Where a respondent refused to participate in the research, the respondent was thanked and the next qualifying respondent approached to participate in the research.
- Results of the research will be made available to receivers/buyers of business organisations who participated in the study upon request.
- Each respondent was informed of the purpose of the study.
- The questionnaire did not contain any questions detrimental to the self-interest of respondents.
- The researcher assured respondents that anonymity and confidentiality would be observed.

- The researcher treated participants with fairness and equity during all stages of research.

1.8 CHAPTER CLASSIFICATION

Chapter 1 provides the background to the study and the introduction. It also consists of the problem statement and objectives of the study.

Chapter 2 focuses on customer service and service quality. A theoretical explanation is given of service quality and customer service. The relationship between customer service and customer satisfaction, and the service quality gaps involved is investigated. This chapter also consists of a brief theoretical look at two models of service quality.

Chapter 3 describes the research methodology and research methods used, also the steps used in the selection of the sample and the research design employed in the study. It concentrates on the procedure used in the design of the service quality scale and the development and distribution of the questionnaires. Measurement reliability and validity, pre-testing, and refinement of the measuring instrument are also discussed.

Chapter 4 comprises an analysis, interpretation and evaluation of the research findings. The results and findings are illustrated in table format and graphical illustrations with detailed explanations.

Chapter 5 reviews the study as a whole and provides a conclusion for the study. Recommendations are discussed and implications for future research are given.

Now that an indication has been given in chapter 1 about the research that that was done, attention will now be given to customer service and service quality in chapter 2.

CHAPTER 2

SERVICE QUALITY AND CUSTOMER SERVICE

2.1. INTRODUCTION

Service quality has been of interest to marketing academics and managers since the early 1960's. Whilst products, process quality and total quality emerged as a prime concern in the manufacturing sector, service is acknowledged to be critical for all types of organisations (Ennew *et al.*, 1993:59).

It is first off all important to define quality. The ISO (International Organisation for Standardisation) 8420 Act of 2002 defines quality as "the totality of features and characteristics of a product and service that bears on its ability to satisfy stated or implied needs". Quality professionals simply refer to quality as "everything that makes a customer satisfied" (Harding, 2005:31). In simple terms, quality can be thought of as the ability of a service or product to perform its specific tasks. When looking at products, there are clearly defined performance specifications against which quality of an item for consumption can be judged. With regards to services, it is seen more as an act rather than a specific item and its quality may be judged not only on the result but also on the process by which the service is delivered (Gronroos, 1984:36).

Getz (1997:176) states that quality has many connotations, i.e., it is the mark of excellence, being the best, reliability or the equalling or exceeding of expectations. The following are identified as characteristics of quality by Getz (1997:176):"

- an error-free performance,
- the safe performance of activities, services and settings,
- promptness of services and on time programming,
- efficient and effective performances of all services,
- correct solution of problems, and
- courteous, reliable and trustworthy behaviour.

Townsend and Gebhardt (1988:3) differentiate between quality in fact and quality in perception. They refer to the degree to which a product or service is produced in accordance with set specifications. This is the established way of defining quality and is, according to Townsend and Gebhardt (1988:3) of partial use as it views quality from a producer perspective only. The latter quality in perception addresses this limitation as it describes quality as the customer sees it. A product or service achieves "quality in perception" when it meets a customer's expectations.

Believing that quality should not be treated in a basic and uniform fashion, Zeithaml *et al.* (2009) identify the following dimensions of quality:

- reliability: the degree of probability of a products failure within a specified period of time,
- durability - the useful life of a product before it physically deteriorates,
- serviceability - the ease, speed, courtesy and competence of repair,
- perceived quality - the image, reputation and name of the product,
- responsiveness - willingness to assist customers and attend to their needs as speedy as possible,
- empathy - provides care and attention to its customers, and
- assurance - employees knowledge and skill to inspire trust and confidence

In most cases quality has been defined in broad terms or in terms of dimensions or standards, thus it is now appropriate to examine how researchers and scholars define service quality.

2.2 DEFINING SERVICE QUALITY

Definitions of service quality, prior to 1985, focused on the complexity of customers to evaluate service quality, the forming of service quality expectations in evaluation with the actual service and the involvement of quality assessment in the process of service delivery rather than the discrepancies that exist in the perception of expectations in the delivery of quality service to the customer (Parasuraman *et al.*, 1985:42; 44).

Defining service quality is essentially difficult as the nature of services, particularly intangibility, complicates the meaning (Dhurup, 2003:68). The result is that a generally agreed upon definition of what constitutes service quality does not exist (Gronroos, 1984:36). As a result of the non-existence of a universally accepted definition of service quality, some researchers have used basic theories in an effort to conceptualise service quality, namely, the Attribute Theory, Satisfaction Theory and the Interaction Theory (Boshoff, 1990: 143).

The Attribution Theory views service quality from a product-quality viewpoint by describing the attributes of the service delivery system. The theory assumes that the attribute of that which is thought constitutes service quality, and can be manipulated by management. Gummeson and Gronroos (1987), for instance, identify four "qualities" that establish apparent quality: design quality, production quality, delivery quality and relational quality. These qualities are regarded by the authors as being equally applicable to services.

The Customer Satisfaction Theory regards service quality as a perception of quality, whereby a service only meets the desired criterion if the customer sees it as quality. In this theory, service quality is defined as the distinction between expected service and actual service received (Marx 2005). This argument has been supported by Zeithaml *et al.* (2009) who sees service quality as a dominant element in customers' evaluations. Delivering quality service means conforming to customer expectations on a consistent basis.

The Interaction Theory claims that service quality is shaped through personal interaction between the service firm workers and customers, and that both parties benefit through the mutual satisfaction of desires. In addition it is also evident that researchers (Weitz & Wensley, 2006; Zeithaml *et al.*, 2009) in their attempt to define service quality identified various dimensions or determinants of service quality.

Parasuraman *et al.* (1988:12 -35) originally developed ten dimensions and later reduced the number by correlation to five dimensions of service quality (SERVQUAL) namely, tangibles, reliability, responsiveness, assurance and empathy. These authors describe service quality in terms of perceived service quality as the degree and direction of difference between customers' perception and expectation. Service quality is therefore viewed as a worldwide judgement of an attitude relating to the superiority of the service.

Weitz and Wensley (2006:340) state that service quality comprises different elements, namely, physical quality, personnel, functional quality, corporate quality and interactive quality. To obtain good service quality, the suitable mix of these elements must be found and carefully balanced.

Since early 2002 there has been a shift of focus to more technologically influential dimensions, whereby the effects that technology has on the service quality are assessed (Zeithaml, 2002; Zeithaml *et al.*, 2009; Weitz & Wensley, 2006). For the purpose of this study no attention will be given to the *e*-commerce influences on service quality and aspects of *e*-service quality.

Quality is defined by Marx (2005) as a matching requirement. Quality can also be viewed internally and externally, for example, internally means how a company's employees and management perceive the quality of their services and /or products to be, and externally means how customers view the same aspects.

Internal quality is based on conformance with specifications. External quality is based on relative customer-perceived quality. It is necessary that quality be measured from the customer perspective and not what managers within a company think their customers' views are (Dhurup, 2003). Several reasons have been identified as to why it is dangerous to rely on management opinions of customer perceptions. These include the following:

- Management may not know what specific purchase criteria customers consider important.
- Management may have failed to recognise that customer needs have evolved in response to competitive product developments, technological advances, market or environmental influences.
- Management may misjudge what customers perceive the performance of competitive products on specific performance criteria to be.

Evardsson (1994) cited in Dhurup (2003), Zeithaml *et al.* (2009) presents certain aspects of quality that influence customers' perceptions:

- Technical quality – to comprise skills of service personnel and the design of the service system.
- Integrative quality - the ease with which different portions of the service delivery system work together.

- Functional quality - to include all aspects of the method in which the service is delivered to the customer.
- Outcome quality - whether or not the actual service product meets both service standards or specification and customer needs and expectations.

According to Weitz and Wensley (2006:340) service quality can be defined as the dissimilarity between a customer's expectation of what a service provider should offer and his perception of how the service provider actually performs. Zeithaml and Bitner (2009) define service quality as the delivery of outstanding or superior service relative to customer expectations.

These authors make a distinction between process and technical outcome quality and maintain that customers judge the quality of services on their perspective of the technical outcome and how it was delivered. For example, a hypermarket customer who has a complaint will judge the quality of the outcome, or how the complaint was handled and resolved, and also the excellence of the process. Process quality would include such things as the manager's timeliness, his responsiveness in returning to the upset customer, his politeness and listening skills. Svensson (2004) identifies six criteria for good perceived service quality. These are:

- Professionalism and skills.
- Attitudes and behaviour.
- Accessibility and flexibility.
- Reliability and trustworthiness.
- Recovery.
- Reputation and credibility.

It is clear from the mentioned definitions that service quality is a one-sided concept and that many factors, both internal and external, influence a customer's expectations of a service. Seeing that service quality has been defined, attention will now be given to the two most popular SERVQUAL models and how the service quality theory originated.

2.3 HISTORICAL VIEW OF THE SERVICE QUALITY THEORY

Many researchers (Cronin & Taylor, 1992, 1994; Gronroos, 1984; Parasuraman *et al.*, 1985, 1988) have dedicated considerable thought to the development and testing of models for the measurement of service quality. The literature deals with two of these models of service quality namely the "SERVQUAL" model (Parasuraman *et al.*, 1985, 1988), and the Gronroos service quality model (Swart, 2007).

2.3.1 The SERVQUAL model

Before the 1980s marketing researchers disputed the question as to what extent service marketing was different from the marketing of fast moving customer goods. Characteristics of services as previously mentioned and the presence of a seller arose from these debates. The question was then turned in 1985 to the service encounters and more specifically service quality. Oliver (1981:25); Zeithaml (2009); Weitz and Wensley (2006) gave more insight into this matter by demonstrating the gap between customer expectations and perception appeared to be an important concept in the measuring of customer satisfaction and service quality (Ryan 1999:268-269). Parasuraman, Zeithaml and Berry in 1985 published the first statements of the SERVQUAL model and began with their supremacy in this research field

The SERVQUAL model was officially introduced in 1988 and included several unexplored dimensions that had lately attracted research attention in other disciplines, i.e. a department store and retail banking just to name a few (Alzola & Robaina, 2005; Newman, 2001; Shuttleworth 2006). Some of these unexplored dimensions in the SERVQUAL model appeared to be important and deserving of investigation in the context of a service firm. Breiter and Milman (2006) had applied the importance-performance theory at a convention centre during an exhibition; however, they didn't use the SERVQUAL model as a service quality measurement instrument (Swart, 2007).

The SERVQUAL 22-item instrument model is for assessing customer perceptions of the service quality in a service organisation. The rest of this section summarises the development and application of the SERVQUAL model as prepared by Parasuraman *et al.* (1988:13-30).

In the creation of the SERVQUAL model Parasuraman *et al.* (1988:17) identified 10 service quality dimensions, which resulted in the creation of 97 items. These statements were recast into two statements, namely one to measure the expectations and the other to measure the perception about the service category within a specific firm. Nearly half the statements were worded positively and the other part worded negatively and arranged in a seven-point Likert scale ranging from "Strongly Agree" to "Strongly Disagree". The first half of the instrument grouped the expectations" statements together and the matching "perception" statements formed the second half.

2.3.2 Data collection and scale purification

Two stages of data collection and alteration were used for the creation of the final SERVQUAL model. The 97- instrument is subject to:

- Only considering the instrument by retaining those items capable of discrimination across the respondents who had differing quality perceptions in the categories of the firms, and
- stage two being involved in the confirmation and re-evaluation of the scales dimensionality and reliability through an analysis of the fresh data from four independent samples. More refinements also occurred during this stage but will be discussed in more detail (Parasuraman *et al.*, 1998:18).

A sample of 200 test subjects in a shopping mall was recruited for the refinement of the 97-instrument. Respondents were further spread across five diverse service categories, namely appliance repair, retail banking, long distance telephone, securities brokerage and credit cards. Qualified respondents had to complete the 97-statement questionnaire by first completing the perception part then the experienced part. The 97-item instrument was refined by the examined pool of data to produce a scale that is consistent and significant for general applicability. During modification of the SERVQUAL model the 97-item scale was reduced to a 34-item scale which made up seven dimensions (Weitz & Wensley, 2006).

Data for the second stage was collected from four of the five categories, excluding the security brokerage. The four samples were analysed and showed consistent results, with two main ones differenced from the first stage findings and refined to a 22-item scale spread among the five dimensions of quality. The stable psychometric properties were indicated by the reliabilities and the factor structure as indicated by the final 22-item scale consisting of five dimensions. Only items that were relevant to all four of the service firms were retained.

Therefore the SERVQUAL model could be used to a present form to assess and compare service quality across a wide variety of firms or units (Chi Cui *et al.*, 2003). The SERVQUAL model has since seen a shift in usage, mostly to assess customer service satisfaction and service quality in the new age of technology, simply referred to as e-SERVQUAL (Zeithaml *et al.*, 2009; Badri *et al.*, 2005).

The SERVQUAL model could be considered as possessing content validity as well as the execution of the experimental assessment of the assessment of the convergent validity. Lastly, the SERVQUAL model was further assessed through an examination of whether the measured construct was empirically associated with measures of other conceptually related variables. All of the above findings supported the model's validity.

2.3.3 Applications of the SERVQUAL model

Parasuraman *et al.* (1988:28-36) suggested the following applications of the SERVQUAL model:

- The SERVQUAL model was developed and aimed at retail service providers to assist them in understanding the service expectations and perceptions of the customers to improve their services. The SERVQUAL model was a concise multiple-item model, which was dependable and valid and could be applied across a broad spectrum of services.
- SERVQUAL model was most valuable when it was used together with other forms of service quality measurements to track service quality trends.
- Five service dimensions, namely tangible, assurance, reliability, responsiveness and empathy, could be accessed through the SERVQUAL model by arranging the different scores on the items that make up the dimensions.
- The relative importance of the influence of the five service quality dimensions on the customers overall quality perceptions could be measured through the SERVQUAL model.

- The SERVQUAL model could be used in the categorisation of the service organisation's customers into several perceived quality segment, i.e. Low, medium and high customers on the basis of their individual SERVQUAL model scores.

2.3.4 The Gronroos service model

Service quality, as depicted in Figure 2.1 was evaluated by Gronroos (1984:36-44). Gronroos argued that quality is dependent upon two variables: expected service and perceived service.

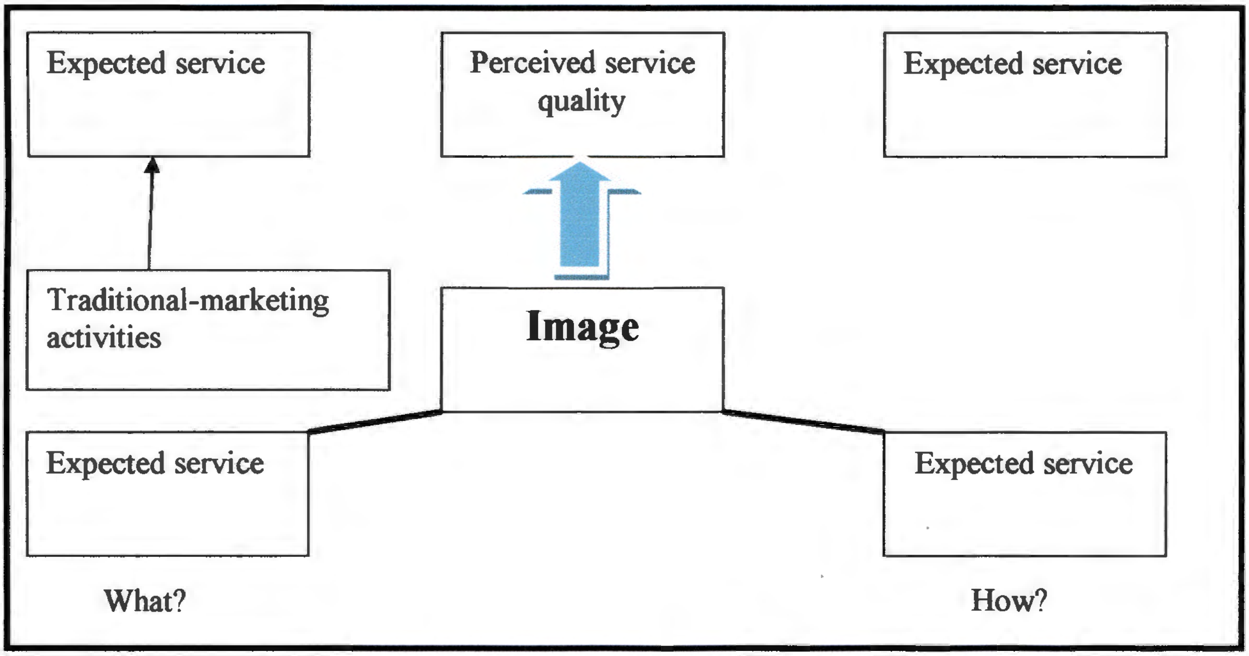

Figure 2.1: The service quality model

Source: Gronroos (1984:40)

Traditional marketing activities such as advertising, field selling and pricing can be used in order to give guarantees to the target market. Thus according to Gronroos (1984:37) such guarantees influence the expectations of customers and have an impact on expected services. Furthermore, previous experiences with a service also influence the expectations of customers. He maintains that service quality comprises three dimensions, namely technical, functional quality and corporate image. The technical quality of an outcome refers to the genuine outcome of the service encounter. The service is basically irrelevant and can be characterised as an activity when production and consumption to a large extent take place simultaneously (Dhurup, 2003).

In a buyer-seller interaction the service is rendered to the customer. Clearly what happens in these exchanges will have an impact on perceived services. This technical outcome of the process is what the customer receives in his interaction with the service. Gronroos's technical service quality dimensions consist of five output-related attributes.

These are:

- employees' technical ability and machine quality,
- employees' knowledge,
- technical solutions, and
- computerised systems.

However, as the service is produced in interaction with customers, the technical quality will not count for the total quality that the customer receives. The customer will also be influenced by the way in which the technical quality is transferred to him functionally. The accessibility of stores personnel, the appearance, behaviour, what they say and how they say it, also impact on the customers' view of a service.

Furthermore, the more a customer accepts self-service activities, which he may be expected to perform, the better he would probably consider the services. Other customers simultaneously consuming the same service may influence the way a given customer will perceive the service. This dimension refers to the functional quality, which answers the question as to how he gets the service.

The functional service quality dimensions consist of seven attributes that are process related (Dhurup, 2003; Weitz & Wensley, 2006). These are employees':

- behaviour,
- attitude,
- accessibility,
- appearance,
- customer contact, and
- internal relationship.

The technical quality could be enhanced by improving the technical skills of the service personnel or by the usage of modem technology, whereas ensuring satisfying service encounters and maintaining good inter-personal relations could improve functional quality. It is evident from Figure 2.1 that the customer is not only interested in what he receives but how he receives it.

The third quality dimension identified is corporate image. This refers to the customer's general perception of the supplier (Aldlaigan & Buttle,2002:363). Usually this service firm cannot hide behind brand names or distributors. In most cases the customer will be able to see the firm and its resources during a buyer-seller interface. Therefore the corporate image is of utmost importance to the service firm. The expectations of the customers are influenced by their view of the company for example by their image.

Gronroos (1984:37) also maintains that the most important part of a firm, which customers see and perceive, is its services. Therefore, the corporate image can be built mainly by the technical and the functional quality of its services, and he also posits the view that in some cases the functional quality is more important than the technical quality dimension. Central to his dispute is that the conceptualisation of service quality should be customer based and that customer perceptions of quality should thus be the main ingredient of a model of service quality. Placing greater emphasis on the functional quality dimensions is seen as a main drawback of this model.

Throughout the creation of the SERVQUAL model it has given rise to some service quality gaps in the process and this is discussed in the following section.

2.4 SERVICE QUALITY GAPS

There are seven major gaps in the service quality concept (Stromgren, 2007; Shuttleworth, 2006; van Heerden, 2010), which are illustrated in Figure 2.2. According to the following description (Luk & Layton, 2002), the three important gaps, which are more associated with the external customers, include Gap 1, Gap 5 and Gap 6, since they have a direct relationship with customers.

- Gap 1: Customers' expectations versus management perceptions: as a result of the lack of a marketing research orientation, insufficient upward communication and too many layers of management.

- Gap 2: Management perceptions versus service specifications, as a result of insufficient commitment to service quality.
- Gap 3: Service specifications versus service delivery, as a result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.
- Gap 4: Service delivery versus external communication, as a result of inadequate horizontal communications and propensity to over-promise.
- Gap 5: The discrepancy between customer expectations and their perceptions of the service delivered, as a product of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences.
- Gap6: The discrepancy between customer expectations and employees' perceptions: as a result of the differences in the understanding of customer expectations by front-line service providers.
- Gap7: The difference between employees' perceptions and management perceptions: as a result of the differences in the understanding of customer expectations between managers and service providers.

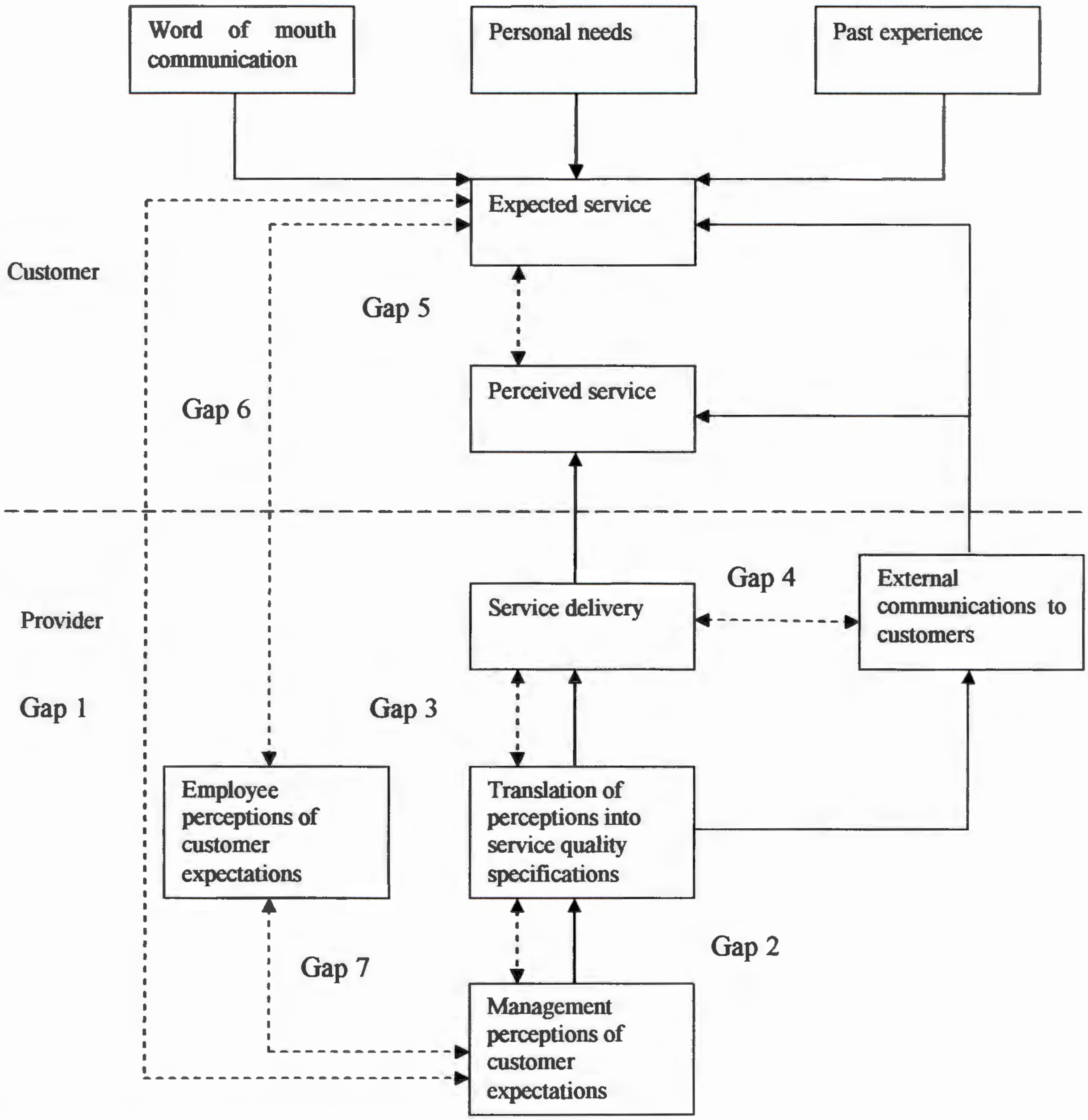

Figure 2.2: Model of service quality gaps

Source: Stromgren (2007:8)

Parasuraman *et al.* (1988: 12-35) through scale purification and successful elimination of substance, reduced the number of dimensions to five, namely: tangibles, reliability, responsiveness, assurance and empathy. This resulted in a twenty-two item scale. This will be discussed in added detail later in chapter 3. These 5 dimensions of service quality are illustrated in Figure 2.3.

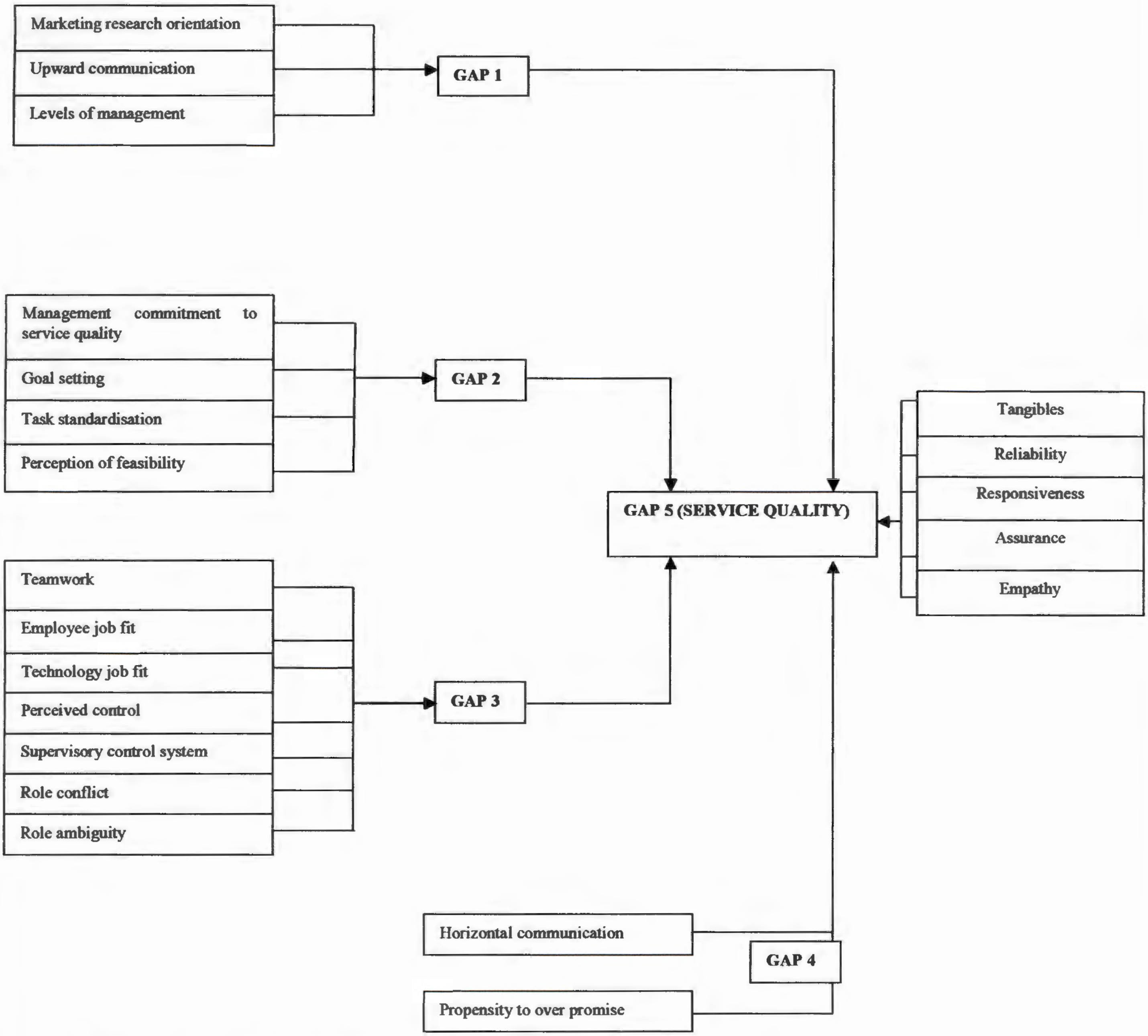

Figure 2.3: Extended gap model of service quality

Source: Stromgren (2007:9)

Over the years, service quality and customer satisfaction have been the focal point of the marketing theory and practice and arguably, both the concepts are at the core of the marketing concept. The relationship between these two concepts, namely service quality and customer satisfaction, will now be analysed.

2.5 RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND SERVICE QUALITY

Dhurup (2003), Kotler and Amstrong (2010) define customer satisfaction as an individual's expectations relevant to the perceived performance of a product. Botha (2010) defines customer satisfaction as the external customer perceptions of the purchase-consumption experience. In contrast, product service satisfaction refers to the customer's emotional response to his or her evaluation of the experiences obtained from usage, consumption and possession of the specific goods or services.

Kotler and Armstrong (2010) posit that satisfaction is more "transaction specific" and that incidents of satisfaction over time result in perceptions of service quality i.e. the direction of causality is from customer satisfaction to service quality. Other researchers (Zeithaml *et al.*, 2006 & 2009) also support the argument that customer satisfaction eventually leads to service quality.

In recent years attention has been given in the conceptualisation and measurement of service quality and customer satisfaction (Zeithaml, 2009). There seems to be a great deal of similarities between these two concepts, yet researchers are usually cautious to state that they are different concepts (Shuttleworth, 2006). There has been some uncertainty regarding the difference between service quality and customer satisfaction (Swart 2007). It is only recently that the conceptual and empirical overlap between the two concepts has raised a dispute amongst service quality researchers (Zeithaml *et al.*, 2006; Zeithaml *et al.*, 2009).

Some researchers and scholars debate that customer satisfaction leads to service quality, whereas others believe that service quality leads to customer satisfaction. In addition the relationship between customer satisfaction and service quality and the way these two concepts relates to purchasing behaviour intentions remains largely unsolved (Hoffman & Bateson, 2002:324). Dhurup (2003) maintains that this distinction is significant to managers and researchers alike because service providers need to know whether their purpose should be to have customers who are satisfied with their performance or to deliver the maximum level of perceived service quality. Zeithaml *et al.*,(2009) also maintain that these two constructs are dissimilar.

Customer satisfaction is important because there is significant short and, long term costs associated with customer services. Short-term displeasure could result in a walkout, whereas long-term dissatisfaction may guide to customer defection (Galiano & Hathcote, 1994:61). There have been numerous definitions put forward of customer satisfaction over the years. Customer satisfaction is a measure of how a retail firm's "total product" performs to a set of customer needs (Nigel *et al.*, 1999:07). Customer satisfaction is also seen as the customer fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfilment Zeithaml *et al.*, (2006).

It is important to note that customers will each comprehend a somewhat different set of in-store and product experiences, depending upon the details of their shopping patterns and products required. Therefore, customers derive contentment or dissatisfaction from individual experiences in the store as well as in the use of each product or service.

Research undertaken by Cronin *et al.*(2000:202) on the effects of quality, value and customer satisfaction on customer behavioural intentions, show that both service quality and service value lead to satisfaction, and that these three constructs must be measured simultaneously and not in isolation.

Some authors propose that service quality serves as a forerunner to satisfaction (see Table 2.1) whereas others believe satisfaction precedes service quality. Further effort has revealed that service quality and satisfaction have direct relationships with behavioural intentions (Cronin *et al.*, 2000:193-218). Table 2.1 reflects the argument and in progress debate as to the order in which these constructs impact on customers' behavioural intentions.

Table 2.1: Customer behavioural intentions, satisfaction and service quality

AUTHORS	YEAR	RELATHIONSHIP PROPOSED
Parasuraman, Zeithaml and Berry	1985	SAT - SQ
Athanassopoulos	2000	SAT – SQ – BI
Bitner	1990	SAT – SQ - BI
Bolton and Drew	1991	SAT – SQ - BI
Parasuraman, Zeithaml and Berry	1988	SAT – SQ - BI
Andreassen and Lindestad	1998	SQ – SAT - BI
Chenet, Tynan and Money	1999	SQ – SAT - BI
Cronin and Taylor	1992	SQ – SAT - BI
Dabholkar, Sheperd and Thorpe	2000	SQ – SAT - BI
De Ruyter, Bloemer and Peeters	1997	SQ – SAT - BI
De Ruyter, Wetzels, Lemmink and Mattsson	1997	SQ – SAT - BI
Ennew and Binks	1999	SQ – SAT - BI
Fornell, Johnston, Anderson, Cha and Bryant	1996	SQ – SAT – BI
Gotlieb, Grewal and Brown	1994	SQ – SAT – BI
Cronin, Brady and Hult	2000	SAT – BI, SQ - BI
Parasuraman, Zeithaml and Berry	1994	SAT – BI, SQ - BI

SAT = Satisfaction: SQ = Service Quality: BI = Customers' Behavioural Intentions

Source: Ferrell *et al.* (2001:588)

From a customer's point of view pleasure is easy to grasp. If customers get what they want and if their requirements are met, they are happy. Customer satisfaction depends very much on interaction, feedback, praise and complaints. It is relative to what the customer desires. To measure customer satisfaction requires one to measure both customer expectations (importance) and the fulfilment aspect (performance). It is evident from Figure 2.4 that if customers receive less than expected services, they are dissatisfied but they are delighted when they receive more than expected services from a retailer.

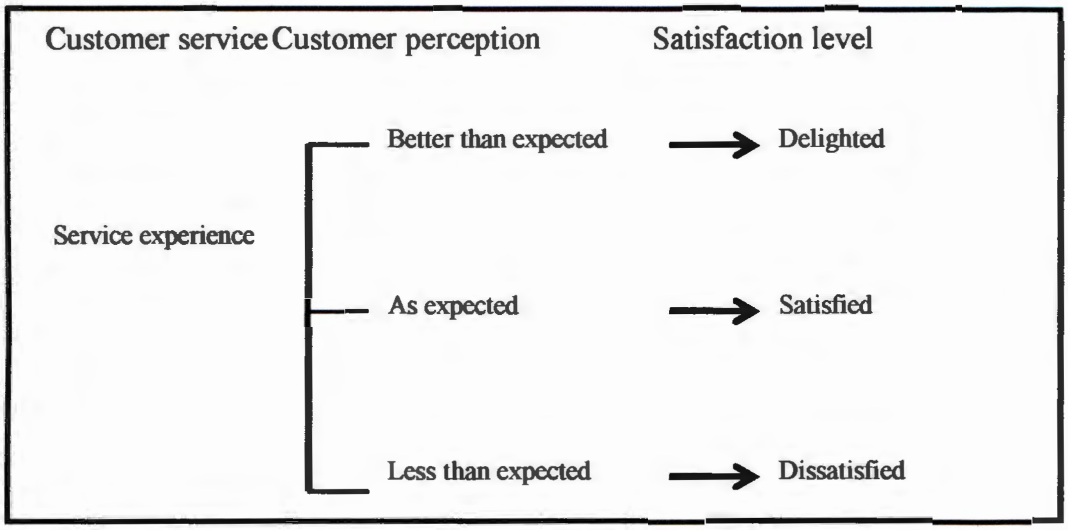

Figure 2.4: Customer satisfaction model

Source: Anton (1996:28)

2.5.1 Customer service in terms of service quality and customer satisfaction

The customer service offered to a customer by a firm is a mixture of six elements (product, price, place, personnel, processes and promotions) that are interdependent and jointly represent the physical and social surroundings where the retail transaction takes place (Bahia & Nantel 2000:86).

The customer plays no active part in how the elements of customer service are offered, other than to interpret and utilise the service while visiting the store. Customer service appears to be an implicit statement within the notion of relationships, be it from an interaction or other relationship perspective, between the company and the customer (Zolkiewski & Lewis, 2004:10). The perception and interpretation of the elements of customer service should contribute to an accountable informed buying decision that results in customer satisfaction, where satisfaction is defined as the customers overall evaluation of performance of a consumption-related experience, based on all prior experience in a store (Bennett & Rundle-Thiele 2004:515).

The extent to which a shop provides certain wanted characteristics will influence the quality of service perceived (Gothan, 2008). Services are produced and consumed simultaneously and are predominantly intangible making quality difficult to control and service outcomes harder to guarantee (Gothan, 2008). The customer's awareness of service quality is influenced by the technical quality of the end outcome of the service transferred to the customer and the practical quality of the method by which the service is transferred (Gothan, 2008:53). Service quality is determined every day in relationships between service providers and customers and is a major influence in the formation of service loyalty (Goodwin 1996:400). Perceived service quality is the result of a subjective comparison of the customer expectations of what a store should provide and the level of satisfaction experienced (Graham, 2002:1).

The difference between customer satisfaction and perceived service quality is important to managers and researchers because service providers need to know whether their objective should be to have customers who are satisfied with their presentation or to deliver a utmost level of perceived service quality (Gothan, 2008). Most researchers maintain that these two constructs are different (Parasuraman *et al.* cited in Gothan, 2008) but it felt that greater understanding of the association between perceived service quality and satisfaction is needed. There is ample empirical support for service quality as a forerunner of customer satisfaction in the forms of types of attitudes that is predictive of future and repurchases intentions (Anderson, 1994:53; Bitner, 1990:71; Cronin *et al.*, 2000:195).

Customer satisfaction is the outcome of the customer's expectations versus his knowledge of the purchase. Sometimes the terms quality and satisfaction are used interchangeably as if the two were fundamentally evaluative constructs Gothan (2008:54) and Marx (2005), however it was found that service quality is determined by price, backstage service and expertise of the salespeople, while customer satisfaction depends on timeless, service recovery and physical surroundings.

The customer's on-site service experience is impacted on by the swiftness of the service, how well recovery takes place if an error is made and the appearance of the environment in which the meet occur. Thus, the difference between the quality and satisfaction may mirror managerial versus customer concerns (Gothan, 2008). Characterising quality as being within the domain, managers and satisfaction, as the evaluative reaction of customers would present a clear basis for distinction. Quality programmes involving total quality management would centre on improving the managerially controllable concepts of the service-delivery system and measures of customer satisfaction would capture customer's response. It was found in a study by Cronin *et al.* (2000), that both improvements in service quality and service value are significant predictors of satisfaction, leading directly to positive behavioural intentions (Cronin *et al.*, 2000:198).

Satisfaction is based on the customer's reaction to the perceived difference between performance assessment and expectations (Gothan, 2008), not all customers have a guideline to base expectations on, and also the understanding to evaluate the information and facilitation offered. Customers may therefore be satisfied with a purchase that was by no means the best or responsible choice. Displeasure may arise after some time when an increase in experience highlights the negative aspects of the decision. Disconfirmed expectations cause the customer to move towards a state of dissatisfaction, while the confirmation of expectations leads to satisfaction (Wirtz *et al.*, 2000:348). The ideal outcome of customer service (CS) and service quality (SQ) is therefore customer delight, which is considered a superior form of customer satisfaction. When the experience of CS and SQ surpasses customer's expectations, enjoyment is experienced.

2.6 SERVICE CHARACTERISTICS

There are mainly four service characteristics, which are believed to distinguish a service from a physical product (Zeithaml *et al.*, 2009:20). In service marketing literature, services are frequently described by characteristics such as intangibility, heterogeneity, inseparability of consumption from production and the impossibility to keep services (perishability) in supply (Swart, 2007; Kasapila, 2006). Physical goods are produced in a plant, whereas services are produced in a process in which the customers interconnect with the production resources of the service firm. Some elements of the service may be ready before the customer enters the process, but for service quality perceptions, the critical part of the service process takes place while interacting with customers (Zeithaml *et al.*, 2009). Therefore, what the customers consume in a service context is essentially different from what the focus of consumption is with regards to physical goods.

Services are intangible and have to be shaped in the presence of a customer often with the customer's active participation (Kasapila, 2006:33). The customer therefore cannot measure the intangible aspects of the service before the event (Dotchin & Oakland, 1994:12). Unlike goods where customers may rely on search properties, customers must rely on knowledge of the service itself. Because services are performances rather than objects, they cannot be seen, felt, tasted or touched in the same manner in which products can (Zeithaml *et al.*, 2006; Kotler & Armstrong, 2010).

The four distinguishing characteristics of services are intangibility, inseparability, heterogeneity and perishability, which have implications for management and deliverance of service quality. Table 2.2 also reflects the use of these characteristics to describe services by many authors.

Table 2.2: Characteristics of services

Authors listing unique characteristics of services					
Characteristics of services					
	Intangibility	Heterogeneity	Inseparability	Perishability	No ownership
Ahtola 1985	X	x	x		
Bateson 1979	X		x	x	
Besson and Jackson 1975	X		x	x	
Blois 1974	X				
Booms and Bitner 1981	X	x	x	x	x
Cowell 1985	X	x	x	x	x
Davis, Guiltinan and Jones 1979	X	x	x	x	x
Eiglier *et al* 1977	X		x		
George, Kelly and Marshall 1983	X	x	x	x	
George 1977	X		x		
Gronroos 1978	X		x		x
Gronroos 1980, 1984b	X		x	x	
Grove and Fisk	X		x		
Rathmell 1966	X	x	x	x	
Regan 1963	X	x	x	x	
Schneider 1987	X		x	x	
Shetty 1987	X	x	x	x	
Shostack 1977	X				x
Smith and Houston 1963	X		x		
Thomas 1978	X	x		x	
Zeithaml 1981	X	x	x		

Source: Dhurup (2003:41)

2.6.1 Intangibility

As mentioned before, services are intangible, and unlike physical products they cannot be seen, tasted, felt, heard or smelt before they are bought (Shuttleworth, 2006). To reduce doubt, buyers will look for signs or evidence of the service quality (Kotler, 2000:429; Kasapila, 2006). They will draw conclusions about quality from the place, people, equipment, communication material, symbols and price that they see. According to Kotler and Armstrong (2010) all products are a blend of tangible and intangible characteristics. What differs is the relative amount of each. Figure 2.5 reflects that products based on goods tend to have more tangible characteristics, whereas products based on services tend to have more intangible characteristics.

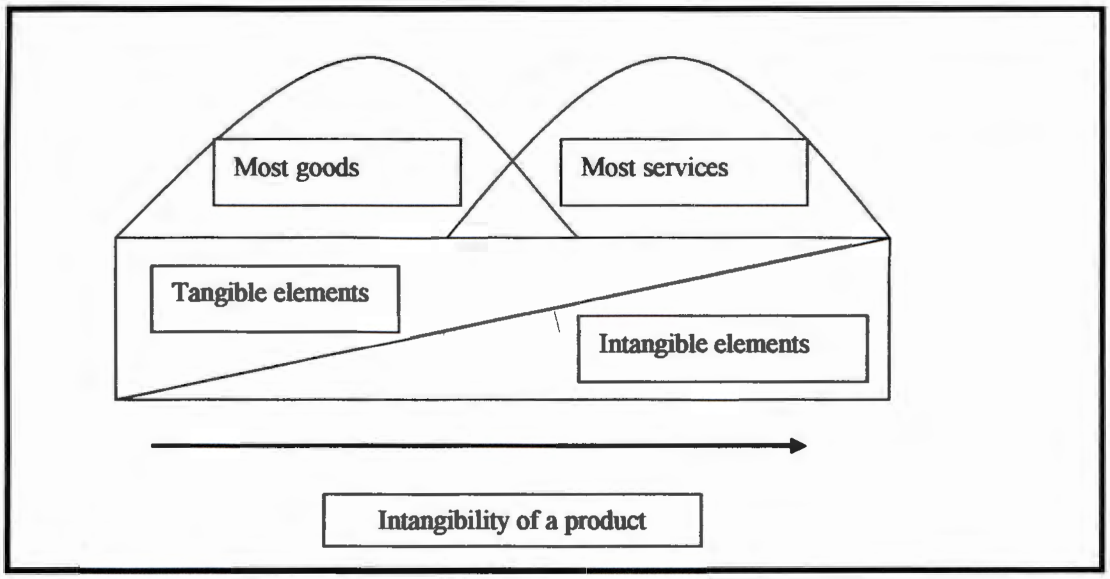

Figure 2.5: Intangibility of a product

Source: Dhurup (2003:30)

2.6.2 Inseparability

This entails the real-time production and use of services. Whereas goods are just produced, then sold and consumed, services are first sold, then produced and consumed at the same time (Kotler, 2000:432). Since the customer must be in attendance during the production of services, inseparability forces the customer into close contact with the production process (Kotler & Armstrong, 2010). However, this is not always the case. Some services can be shaped and delivered while the customer is not present. Therefore, the participation of the customer in the delivery process introduces an additional process factor, the customer, over which management has little or no undeviating control (Kotler & Armstrong, 2010).

Moreover, the behaviour of one group of customers does influence other customers' perception of service quality. Inseparability also means that the producer and the seller are the same body, making only direct distribution possible in most cases, and causing marketing and production to be highly interactive. There are certain implications of service inseparability. The inseparability of service production and service consumption demand management of the service encounter by the service provider. A further implication of the synchronized production and consumption of a service is that the production facility and the production tools, both add to the delivery experience (Zeithaml *et al.*, 2006; Kasapila, 2006). Thus, when a customer walks into a supermarket to purchase a product, the appearance of the supermarket and the modernness of the equipment and technology used impact on the customer's perception of service quality.

2.6.3 Heterogeneity

The quality of service performance differs from one service organization to another (Kotler, 2000:432). Customers are always directly involved in the production of services as are service delivery personnel. As a result there is incomplete scope for standardising a service firm's output. Therefore the quality and essence of a service can differ from producer to producer, from customer to customer and from day to day. In effect what the firm intends to deliver may be entirely different from what the customer receives. Service operations depend on customers to articulate their needs or provide information. The accuracy of' the information and the ability of the service provider to interpret this information correctly have a significant influence on the customer perceptions of service quality (Zeithaml *et al.*, 2006). The priority and expectation of customers may vary each time with the use of a service. The variability of service from one period to another and from customer to customer makes quality assurance and control difficult.

Smith (1990:28) argues that "the intangible nature of services, products and interaction with customers and employees creates a problem with measurement of input". Thus, two employees similar in training and experience and receiving the same salary may differ greatly in their effectiveness in dealing with customers. Zeithaml (2006:23) confirms that customers notice greater risks when buying services than when buying products. It is therefore evident that service providers have to rely a great deal on the competence and ability of their staff to understand the requirements of the customer and respond in an appropriate manner.

To institute quality control (Kotler, 2000:432) outlines three steps in this regard. The first is to spend on good hiring and training procedures. Recruiting the right service employees and providing them with excellent training is crucial regardless of whether employees are highly skilled professionals or low-skilled workers. The second is standardizing the service performance process throughout the organization. The third step is observing customer satisfaction through suggestion and complaints systems and customer surveys. It is therefore evident that service providers have to rely heavily on the competence and ability of their staff to understand the requirements of the customer and react in an appropriate manner (Dhurup, 2003).

2.6.4 Perishability

Perishability means that services cannot be saved, warehoused or stored (Shuttleworth, 2006). Services stop existing the moment they are created. If a service is not used when accessible, the service capacity is wasted. Unlike physical products, services cannot be stored but have to be shaped on demand. Services marketers are unable to keep a record of their services for later use during peak demand (Zeithaml *et al.*, 2009:22; Kotler & Armstrong, 2010).

Because services are performances that cannot be stored, service businesses often find it difficult to synchronise supply and demand. Kotler and Armstrong (2010) posit that demand variations do, however, lead to a major service quality problem encountered by retailers, that of queuing and the associated trouble of striking a balance between speed and personalized service quality. Unlike manufactured goods, it is not possible to have a last quality check of the service. The service provider needs to get the service right the first time. These characteristics pose quality challenges exclusive to services and must be taken into account when designing, marketing, producing and delivering services (Dhurup, 2003:24).

2.7. SYSTEMS APPROACH TO CUSTOMER SERVICE AND SERVICE QUALITY

The systems approach is an approach that was proposed by Ludwig von Bertalanffy in the 1940s to study multifaceted, natural artificial and socio-political culture phenomena (Mora *et al.*, 2007:1). It is generally used to describe and explain the actions of a complex, but organised and structured system. Literature clearly defines and explains both CS and SQ as separate entities that are defined and researched at an integrated level, as well as at the factor level. This is in agreement with the basic assumptions of the systems approach.

2.7.1 Core assumptions of the system theory

In any system the effect of the whole is greater than the addition of its parts. According to systems theory, systems should be treated at an integrated level or in terms of components (Alter. 2007:10; Marx, 2005). Customer service per se can thus be considered or perceived as the offering of a complete service as well as in terms of the individual elements it compromises of. These individual elements form a holistic offering of CS, and through the systems perspective, CS as a service offering can be studied in terms of how the individual elements give to the integrated service. The same applies to SQ, which is defined as an integrated phenomenon or in terms of its dimensionality.

The five dimensions of SQ identified by Botha (2010:7); Zeithaml *et al.* (2006); Zeithaml *et al.* (2009); Kotler and Armstrong (2010), namely intangibles, reliability, responsiveness, assurance and empathy, jointly represent the concept. Service quality and CS are therefore perceived by customers as a holistic phenomenon.

Systems theory focuses on the arrangement of an affiliation between parts in a system, which shapes them into a whole (Gothan, 2008:20). A system may be defined as a set of elements that are interrelated (Alter, 2007:10). Systems theory thus points to the fact that CS (as well as SQ) should be analysed and evaluated in terms of the individual elements or dimensions in order to identify potential problems or shortage. The interactive effect between the elements can be evaluated to indicate the routes of contact in the operation of a system as a whole to understand how they affect the system (either CS or SQ) as a whole (Alter, 2007:10).

A customer's perception of CS and SQ will thus be affected by his perception of individual elements or dimensions. The significance of each of the elements of CS and SQ can therefore not be discussed in seclusion; the behaviour of the components also exhibits mutual influence: what happens in one element/attribute generally affects the other (Alter 2007:11). Some elements, however, may also be regarded as being more vital by the customer than other role players, if a customer, for instance, disapproves of a physical environment of a store, but finds the cheaper price attractive, he may still support the store because price is regarded as more important. A harmful experience with one of the elements of CS or SQ will not necessarily result in a negative perception of CS in that store, because various elements of the service may compensate for one or the other.

When explaining CS or SQ, it is meaningful to identify and describe all the factors (elements) that influence the information about and/or aspects of the internal and external environment of the store that acts as inputs, that is, factors that affect customers' perception of a service offering. Transformation occurs when the inputs are collectively interpreted in customers' minds (cognitive frameworks) on the basis of prior experiences and expectations to result in an outcome, that is, a constructive or negative service encounter (Alter, 2007:9). All these factors that affect CS or SQ are thus recognized as inputs, these inputs are transformed within cognitive frameworks that are pre established and result in an output, namely, praiseworthy CS or not , and outstanding SQ or not. The latter depends on a customer's ability to assess and interpret the service offering critically (Gothan, 2008:21).

Every system has a clear goal or purpose. Purposefulness is a core property of a system, for example, admirable CS and exceptional SQ (Mora *et al.*, 2007:3). The final state of a system should be in balance, where the feedback and control indicate that the inputs were transformed to produce the desired outcome (Alter 2007:10). Equilibrium is clearly determined by the initial inputs. If the elements of CS and the dimensions of SQ are not perceived in the same way as was proposed by the store, equilibrium may then still then be possible through equifinality.

Equifinality occurs when equilibrium is reached from initial circumstances and in different ways, for example, when CS is perceived to be good as a result of a reasonable price, despite poor attention by personnel. In another store CS could be perceived positively owing to attentive personnel, despite high prices (Gothan, 2008:22).

2.7.2 Elements of customer service (inputs and outputs)

For the customer, CS represents a contribution of various individual service elements. The following elements of the marketing mix broadly signify the resources or capabilities of a store. These elements will be discussed according to their contribution to CS in terms of SQ, leading to customer satisfaction, as it enclose in the purchase of products. In the conclusive recommendations for optimal CS, namely improved customer service, the offering of the elements of CS must assist the customer collectively in not only experiencing satisfaction with the purchase situation, but also making an informed, in charge buying decision that will benefit parties concerned (Gothan, 2008:26-36; Marx, 2005).

2.7.2.1 Products

Products refer to the merchandise offering of a store and contain all the dimensions that are relevant to a product variety, for example quality, variety and accessibility (Mitchell, 2002:79). In any retail channel the products in stock, in terms of brands and types, coincide with what is regarded as suitable for the relevant market segment. Department stores thus stock a basic variety of products that is selected according to needs of their target market. Speciality stores, on the other hand, may offer more technological superior and top of the range products that would once again meet needs of more complicated target market (Gothan, 2008:27; Grabowski ,2010).).

Stores display and focus on products, but customers do not buy a product; they buy a solution to an existing problem, i.e. people buy drain cleaner only when there is a problem with their drain, it doesn't form part of their monthly grocery shopping. Products therefore must be presented in such a way that customers are able to assess their characteristics and make educated decisions. Supervision by a well-trained salesperson, in explaining digital, automotive and electronic appliances, is therefore essential (Gothan, 2008:28). Products are usually evaluated in the store through assessment of product characteristics on the spot where it can be observed. The evaluation may include a combination of functional, financial, durability, status and aesthetic factors against a set of parameters that the person anticipates or look forward to (Bathia & Nantel, 2000:86; Marx, 2005).

2.7.2.2 Price

In an economic viewpoint, underlying the functioning of many stores, profitability and productivity are the two basic financial objectives of a business, with emphasis on gross margin, profit contribution and net profit. Many stores focus mainly on price to draw customers because profit may be more important to them than the personnel or customer satisfaction (Gothan, 2008).

Price may be a very vital determinant of a customers' eventual product choice, especially with regards to high-priced products. Price is a concrete measure indicating affordability, exclusiveness, and value for money and even quality for diverse customers (Dunn, Lusch & Griffith 2002:369). Customers sometimes buy the cheapest product for the sake of affordability or they purchase the most expensive, as they regard the price as an assurance of quality. The assumption of a price-quality relationship is a very firm, and often justified, market belief (Solomon, Bamossy & Askegaard,2002:255).

A customer will view the price as acceptable if the worth of the product equals or exceeds the value of the money that is spent (Buttle, 2004:237; Marx, 2005). An expensive product involves a higher perception of monetary and psychological risk, and is therefore only purchased after a widespread information search (Solomon *et al.*, 2002:246).

Customer decisions are often influenced through pricing strategies in a subtle way, for example buy one get one free promotions, even though the prices are almost the same if you buy the product separately, and the 99 cents strategy, to close a deal and customers are generally not able to guard against these (Dunne *et al.*, 2002:43). Retailers that present better CS tend to be more high-priced (Dunne *et al.*, 2002:370).

Eventually all financial characteristics that refer to the comparative cost and affordability of a product should be disclosed to ensure educated customer decisions, that is, the original purchase price, the cost of repairs, maintenance and running cost. In the case of experienced buyers, this information needs to be explained by sales staff in order to allow in charge buyer decision (Gothan, 2008).

2.7.2.3 Physical environment

Present research shows that non-verbal, affective elements of the environment have the capacity to sway a customers' evaluation of a product (Solomon *et al.*, 2002:273). The store design and layout, lighting and display fixtures, colours and décor, the overall size of the store, temperature and noise level, smell, music, and worker sociability are therefore proposed to improve customers' in-store emotions and to provide pre-purchase information (Marx, 2005). These frame of mind improvements may lead to a host of required behaviours, including greater willingness to purchase, longer stays within the stores and improved fulfilment (Dabholkar, Thorpe & Rentz, 1996:4).

Although the elements of a marketing mix have a joint influence on the customer, improvement of the in-store environment, for example, the display of products, ease of demonstration and space for possible evaluation will assist the customer (Gothan, 2008). Constant observing of the store's image and adapting it to the target market is therefore essential to enhance store loyalty (Gothan, 2008; Grabowski, 2010). Any attribute that affects the appeal of the surroundings could influence and even determine possible customers understanding of a customer service offered (Machleit, Eroglu & Mantel, 2000:29) even though it might have no result on whether a customer has a better understanding of the product he/she intends to buy. The physical environment may thus be a significant reflection in deciding whether to patronise a store or not.

2.7.2.4 Personnel

Personnel include any person who becomes part of the sales experience encounter; this could be salespeople, supervisors and cashiers. To the customer the salesperson represents the company and will help to form the customers view about the company. Personal communication and contact with the salesperson are important in building a relationship that benefits both the salesperson and the customer, as they may increase customers felt partaking with the product and the aware buying decision (Gothan, 2008; Grabowski, 2010; Marx, 2005).

The consequence of frontline employees as boundary spanners between the company and its customers is often documented in the literature (Gothan & Erasmus, 2003:95). The salesperson's ability as a customer facilitator, culminating in his/her skills and the knowledge, may be considered priceless to inexperienced customers in the transformation process, especially in terms of the prevention of cognitive disagreement and the decrease of risk perception (Sarin *et al.*, 2003:71).

Salespeople who realise the magnitude of proper customer facilitation may provide a key to informed, accountable buyer decisions, ensuing in sales. The ideal is that salespeople should be seen as competent, trustworthy, friendly, expert, honest, helpful and troubled about satisfying needs of customers (Crie, 2003:69). Customers often build up special relationships and bonds of trust with employees, instead of the store, especially in a fast-paced world where customers tend to open up easier and build high levels of trust more rapidly. Several authors have the same opinion that a retailer, through his sales personnel, must first thoroughly appreciate the customer and his/her needs and then apply this to understanding and serving the customer Gothan (2008).

2.7.2.5 Processes

Processes encompass the delivery of the service to the customer and enhancing customer-perceived value with customer satisfaction as a central outcome of the service delivery process (Bendall-Lyon & Powers, 2004:115). This among other things engages SQ management, prompt delivery and installation of products, availability of credit card facilities that include quick purchase approvals and/or special discounts, financial information, such as discounts available, special offers, terms of payment and availability of credit facilities (Gothan, 2008:32). Processes in fact contribute to hassle-free shopping and peace of mind, and the retailers' intent to prevent and minimise aggravation for their customers. Accuracy, completeness and convenience of service delivery understood. Convenience is becoming increasingly vital to customers, especially time-related perceptions (Berry, Seiders & Grewal, 2002:1; Grabowski, 2010).

Cultural factors can, however, affect customers' attitudes on the way to time scarcity, value of time, and sensitivity to time–related issues. Waiting time in queues was for example mentioned as an important reason for discontent with some retails stores among sophisticated customers (Marx & Erasmus, 2006:63).

After-sales service is an additional aspect of the so-called processes. It suggests that complaints must be heard completely and with understanding, be met with fair and appropriate action, reported easily and resolved with swiftness (Bendall-Lyon & Powers, 2004:115). This often determines customers' perception of stores as emphatic and trustworthy. Marx and Erasmus (2006:65) report that process-related attributes are one of the major contributors to poor CS. In a highly competitive marketplace, processes could very well stand for the crucial discriminating factors that distinguish one outlet from another (Buttle, 2004:249).

2.7.2.6 Promotions

Promotions refer to all forms of marketing communication that convey a store's offerings visually, verbally or auditorily with the intention of influencing and attracting customers, or changing their opinions and sometimes needs (Shiffman & Kanuk, 2000:388; Marx, 2005). The objective of sales promotions of limited extent is to nudge a customer into a hasty purchase (Gothan, 2008:33). Promotions do not necessarily improve responsible decision-making, but rather focus on aspects like social significance, price and environmental considerations.

On the constructive side, promotions provide customers with three useful benefits, namely savings, higher product quality, and improved shopping experience, and the hedonic benefits of intrinsic motivation, fun and self-esteem (Chandon, Wansink & Laurent,2000:65). Sometimes promotions emphasize the fact that products are seen as symbols, representing social images. Promotions may also accentuate the practical aspects of products as well as price in an effort to impress/attract potential buyers (Erasmus 2005:93).

From a CS point of view, a purchase has been accomplished fruitfully when an informed responsible buying decision has been made that will at the same time fulfil the need of that customer. CS, as an output of a responsible informed buyer decision because the experience becomes part of a customer's inner frame of reference, forming schemata to be used as reference in future purchase decisions (Gothan, 2008). It will also result in a stable word-of-mouth promotion in favour of the store and may enhance store loyalty. It decreases the business cost in finding new customers and minimises switching behaviour among customers (Gowan *et al.*, 2001:278). Unavoidably customers place greater importance on the superiority of the CS experience than they do on the costs associated with the acquisition of manufactured goods (Cronin *et al.*, 2000:209).

Evidence shows that a purely cognitive approach to CS may be insufficient for the modelling of satisfaction evaluation (Wirtz, Matilla & Tan, 2000:348). Customer fulfilment and especially customer pleasure with the CS offered emotional responses that reflect a positive affect regarding cognitive and moving elements (Buttle, 2004:21). Research indicates that products are not only bought for the performance payback, but also social and psychological reasons that may lead to dissimilar criteria dominating the purchase decision (Erasmus, 2005:89).

2.7.2.7 Impact of atmospherics on CS and SQ

The physical facility or the surroundings where a service is performed, delivered, and consumed is referred to as service-scapes in service settings and atmospherics in retailing. Atmospherics is the built setting, i.e. the manmade physical surroundings, as opposed to the natural and social environment. Dhurup (2003:152) and Kasapila (2006) maintain that the effects of atmospherics of physical design and decor elements on customers have been recognised by managers as they try endlessly to plan, build, change and manage an organisation's physical surroundings. Due to the intangibility of services, service quality is difficult for customers objectively to evaluate. As a result, customers often rely on the touchable evidence that surrounds the services to help them form their evaluations (Hoffman & Bateson, 2002:221). Many of the studies on atmospherics are built around environmental psychology. Figure 2.7 reflects the Merabain-Russel model of environmental influence

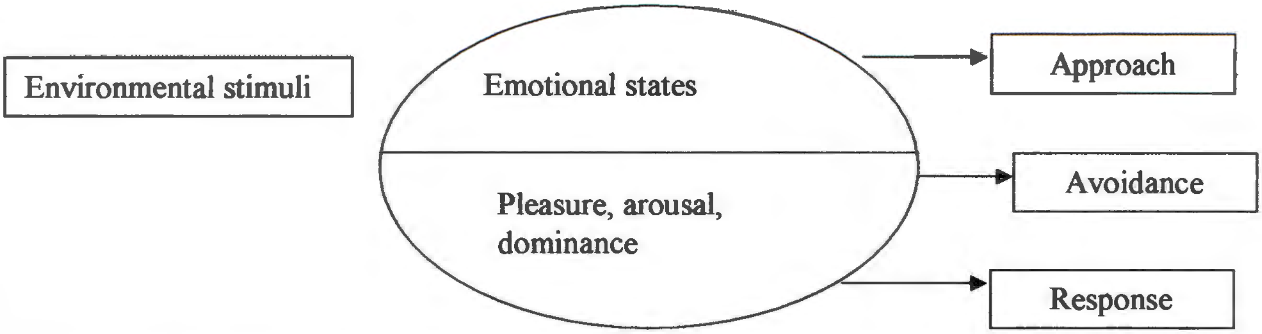

Figure 2.6: The Merabaim-Russel model of environmental influence

Source: Adapted from Terlutter (2001)

The response of employees and customers to a set of stimuli is prejudiced by three basic emotional states: pleasure/displeasure, arousal/non-arousal, and dominance/submissiveness (Hoffman & Bateson, 2002:229). The pleasure/displeasure emotional state reflects the degree to which customers and employees feel satisfied with the service occurrence. The arousal/non-arousal state reflects the degree to which customers and employees feel excited and stimulated. The third emotional state, dominance/submissiveness reflects feeling of control and the ability to act freely within the service environment. Ideally service firms should use physical evidence to build environments that contribute to pleasure and arousals states and avoid producing atmospheres that create submissiveness (Dhurup, 2003:153). Atmospheric variables are listed below in table 2.3

Table 2.3: Atmospheric variables

Variables external	
• Exterior signs	• Lawns and gardens
• Entrances	• Address and location
• Height of building	• Surrounding area
• Colour of building	• Congestion and traffic
• Surrounding stores	• Exterior walls
• Exterior display window	• Architectural style
General interior	
• Flooring and carpeting	• Width of isle
• Lighting	• Wall composition
• Music	• Paint and wall paper
• Colour scheme	• Ceiling composition
• Merchandise	• Cleanliness
• Scents	• Temperature
Layout and design	
• Space design	• Dead areas
• Layout of merchandise	• Furniture
• Grouping of merchandise	• Racks and cases
• Placing of equipment	• Traffic flow
• Waiting areas	• Waiting queues
• Placement of cash registers	• Department location
Point of purchase	
• Signs and cards	• Artwork
• Wall decorations	• Product displays
• Pictures	• Teletext
• Point of purchase displays	• Usage instructions
Human variable	
• Employee characteristics	• Employee uniforms
• Crowding	• Privacy
• Customer characteristics	

Source: Dhurup (2003:161)

The environment could therefore be optimistically loaded (for example, novel and surprising) or negatively loaded (for example, uninspiring, usual or dull). Such environments therefore have the potential to create encouragement (both positive and negative) on the part of the customer. This model thus aids in assessing customers' perceptions of a store. In a retailing context, an example of an optimistically loaded store would be one that is modern looking, well-lit, and intelligently laid out.

On the other hand an unconstructively loaded store might be poorly maintained, haphazardly laid out, consisting of narrow and poorly lit aisles and may have old fixtures and fittings. Therefore, if stores are negatively loaded, the customer may have less positive thoughts about the stores products and quality perceptions. This model therefore provided an attractive framework in which to undertake research on store image, aesthetics and atmospherics and its impact on customer's perceptions of retail stores and quality. The influence of retail atmospherics is laid out in Figure 2.7.

2.7.2.8 Customers' assessment of customer service (CS) and service quality (SQ)

While it is true, generally speaking, that people throughout the world have comparable needs and desires, it is also true from a global marketing point of view that these needs can be satisfied in diverse ways, depending on or because of the differences in culture, tradition, lifestyles or ways of even managing business (Kong & Jogaratnam, 2007:276). It is thus suggested that organisations in different countries should not take on a standardised marketing approach. Gothan (2008) describes the dissimilarity between the perception and the practical implementation of the dimensions of SQ between developed and developing countries and explain that in developed countries service dependability assumes consistently performing the service dependably and accurately, while in developing countries with emerging economies would place the significance of the availability of sophisticated technology second to the importance of the human touch to service.

The root causes of SQ problems are classically blamed on inadequate systems. Shortage of communication and/or feedback at various levels and in all directions also seems to be a dilemma (Gothan, 2008:43). Insufficient on-the-job training, especially with modern technology, is a problem that is often laid at the door of the salespeople, as is a high turnover rate of personnel, usually due to lack of inspiration. Everybody does not necessarily consider quality a top precedence and errors are often considered to be expected or anticipated. From the customer's point of view, the greatest worry in terms of SQ is with quality on the accuracy level, timeliness, on time delivery and responsiveness.

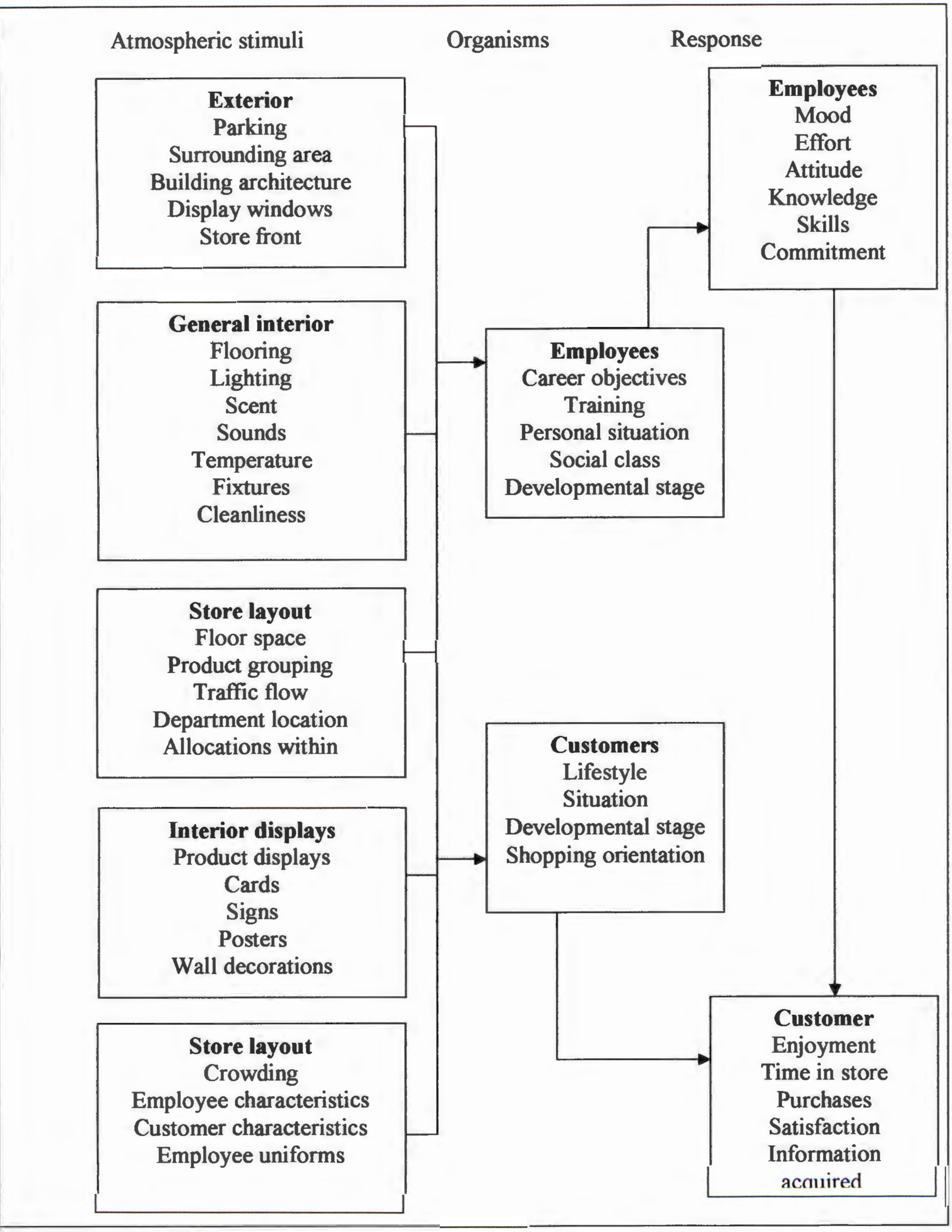

Figure 2.7: The influence of retail atmospherics

Source: Turley and Milliman (2000:196)

It has been reported that customers from emerging economies generally have lower quality prospects and therefore demonstrate a wider zone of lenience for ineffective services compared to customers in developed countries (Malhotra *et al.*, 1994:8).

While customers in developed countries place a higher value on time, timely and sufficient response to enquiries and complaints, responsiveness in developing countries merely means responding in substantive terms, rather than an apt response. In the individualistic societies of developed economies the capability of service personnel is more important and higher regard is given to individual rights, beliefs and privacy as well as on individuals' initiative and accomplishments. Non-personal contact seems more important, and higher levels of relationship marketing must be employed because emphasis on intangibles may achieve better marks. The difference in the expectations of different customer groups poses exceptional challenges to retailers who have to serve a diverse customer group (Gothan, 2008).

In the collectivist societies of developing countries, on the other hand, personal contact and social norms are more key, and service personnel should not only abide by the widely adequate social norm of the community, but also mirror their respect for and commitment to these norms. This is hard to achieve in an organisation where customers from diverse backgrounds have to be served. The focus is on the competence of the organisation that provides the service, overriding individual identity and skills of the service employees, which is in contrast to the approach in developed countries (Gothan, 2008).

2.8 CUSTOMER FORMATION OF EXPECTATIONS

Customers have specific and actual expectations of a service retailer. These expectations may include such features as price, quality of service outcome, and quality of interaction with store personnel (Dhurup, 2003). Two concepts are important in the understanding of expectation, the anticipatory nature of expectations and their normative quality.

Generally, a customer's expectation of a service retailer is preventative when dealing with the firm for the first time. Expectations take on a normative quality when they have become recognized through previously encountered situations, for example, when the customer can consistently anticipate the behaviour of the service retailer (Dhurup, 2003:99). Thus when a customer has interrelated with a service retailer and has experienced a certain level of service that is satisfactory, the customer expects that the retailer will continue to behave so in future encounters.

Furthermore, the performance of a service retailer may result from:

- Knowledge of what the retailer was able to do in the past,
- Knowledge that the retailer has the ability to perform the service, and
- Knowledge that others, in whose opinion the customer has confidence, believe that the retailer can perform the service.

A customer's expectations are based on beliefs about service delivery that serves as a benchmark or reference point against which performance is judged Zeithaml *et al.* (2009:75).For example, a customer shopping at a large supermarket expects the store to have knowledgeable salespeople who can provide information and assistance. Robledo (2001:28) outlines various additional sources of expectations. These include:

- Informal recommendations, like word of mouth communication,
- Formal recommendations, for example, those found in publications such as customer magazines,
- The price to be paid for a service determines in the customer's mind the level of quality to be expected,
- The elements of the promotional mix that convey a message to the customer and that have an influence on expectations,
- Personal needs determine what is important for the customer and what is not, and
- A good corporate image as it shapes positively the expectations of customers.

According to Zeithaml *et al.* (2009), in assessing the quality of service, two primary dimensions of technical and functional quality are sifted through the image that the client has of the service firm. Thus because of the impact a firm's image has on customer expectations and purchase intent, managing a firm’s image becomes a critical marketing function. Managing a firm's image begins with retailers delivering the service that is guaranteed to customers. This image impacts not only on customers' evaluation of the service, but also on what they will expect from the retailer during the next service encounter.

Before and during the service encounter, customers look for physical cues to indicate what to expect in terms of the firm's capabilities and service performance. Tangibles such as decor, furniture and equipment impact both on what customers would anticipate during the next service encounter and their image of the firm. In addition, the image that the customer has of a service firm is affected by the word of mouth communications a customer receives from others Zeithaml *et al.*(2009) reiterate that customers use tangible cues in the physical environment of a service business to create or modify the reflection of the retailer.

Zeithaml *et al.* (2009) view customer expectations as beliefs about service delivery that function as standards or orientation points against which performance is judged. Therefore, knowing what the customer expects is the first and critical step in delivering quality service. Being wrong about what customers want may signify losing a customer to another company. In addition, being wrong may signify expending money; time and other resources are of no distress to the customer (Dhurup, 2003).

Expectations, according to Oliver (1981:33), have two components: a probability of occurrence (for example, the likelihood that a clerk will be available to wait on customers) and an assessment of the occurrence (for example the degree to which the clerk's attention is desirable or undesirable). The author explains expectations in terms of high and low levels as follows in table 2.4:

Table 2.4: Probability of occurrence

Expectations	Shopper anticipation
High	Desirable event will occur Undesirable events will not occur.
Low	Desirable events will not occur. Undesirable events will occur.

Source: Dhurup(2003:102)

The author further posits the view that customers' expectations for retail settings include what we often refer to as retail images. The objectives of these expectations are those attributes of the store which make up its image. In service quality literature, researchers therefore view expectations as requirements or wants i.e. what one feels that a service provider should offer, rather than would offer and that these expectations are shaped on the basis of previous experience of a particular retailer, whilst in satisfaction literature, expectations are viewed as forecasts made by customers about what is likely to happen during an impending transaction or exchange (Parasuraman *et al.*, 1988:17).

Customer expectations are usually rational, but they can vary depending on circumstances and experience (Zeithaml, 2006). Because services are characterised by heterogeneity, customers learn to expect difference in service delivery from one location to the next and even from the same provider from one day to the next (Hoffman & Bateson, 2002:314). Customers who accept this variation develop a zone of lenience, which reflects the difference between desired service and adequate service. As shown in Figure 2.8 if service drops below the adequate service, the minimum level considered acceptable, customers will be frustrated and their satisfaction with the company may be undermined.

If service performance is outside the zone of tolerance at the top end, where performance exceeds needed service, the customers would be pleased. As an example, consider the service by the cashier at a supermarket. Most customers hold a range of acceptable times for this service encounter, probably between five and ten minutes.

If the service consumes that period of time, customers probably may not pay much attention to the wait. If a customer, however, enters the queue and finds sufficient numbers of cashiers at their queue to serve the customers, and the customer is served quickly, the customer may notice that the service was excellent. On the other hand, if the customer has to wait for fifteen or twenty minutes in the queue, due to insufficient cashiers, he may begin to grumble and perhaps look at his watch. Therefore, the longer the wait is outside the zone of tolerance, the more frustrated the customer becomes Zeithaml *et al.* (2009:80-82).

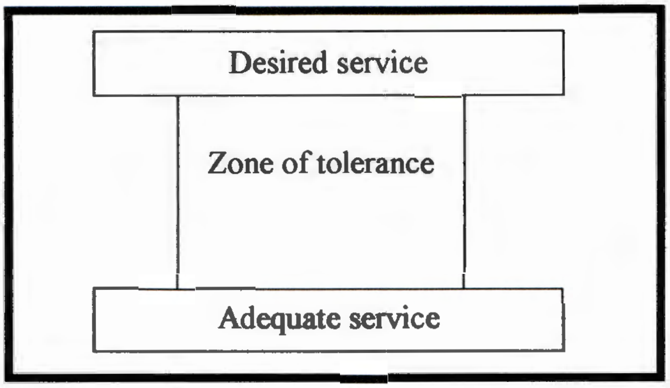

Figure 2.8: Zone of tolerance
Source: Zeithaml *et al.* (2009:81)

Furthermore, is has been argued that expectations are not steady and change over time (Dhurup, 2003:104). For example, if customers are exposed to additional promotional material or word of mouth communications from a friend, such information may be expected to influence the customer's expectations. Due to the complexity of a retail store milieu, the potential for anticipation disconfirmation is greatly enhanced. During shopping at a supermarket, for example, parking areas may be full, stock-outs may occur, cashiers may be discourteous or on the pleasant side, an unanticipated bargain may be encountered. Table 2.5 outlines the three scenarios with regard to disconfirmation of expectations.

Table 2.5: Scenarios reflecting disconfirmation of expectations

Disconfirmation	**Shopper experience**
Positive	Low probability described events occur High probability undesirable events occur
Zero	Low and high probability events do or do not occur as expected
Negative	High probability desirable events do not occur Low probability/undesired events occur

Source: Dhurup (2003:105)

Customers also base their appraisal of store service on their perceptions. While these observations are affected by the actual service provided, service, due to its intangibility, is often hard to evaluate precisely. Table 2.5 shows some cues customers use to evaluate services. Employees can play a vital role in customer perceptions of service quality.

Customer evaluations of service quality are often based on the manner in which store employees provide the service, not just the conclusion (Dhurup, 2003:106). Certain determinants of service quality are reflected in table 2.6.

Table 2.6: Determinants of service quality

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

Source: Dhurup (2003:106)

Dhurup (2003) and Shuttleworth (2006) posit that perceptions are not those of a specific service encounter, but instead the perceptions of service quality based on customers' growing experience with the retailers service delivery. Therefore, an understanding of the perceptual process is important to marketers as customers' decisions to purchase merchandise will be influenced to a large extent by the way he perceives the product. Individuals differ in their tendency to perceive elements that make up a service offer. At any time our senses are overwhelmed with a variety of challenging stimuli.

Customers are able to focus thought on only a selected number of stimuli and only a few are clearly perceived. This process of discriminating between stimuli is known as selectivity of perception. Within this process, there are three important characteristics in determining a customers' propensity to generalise stimuli, each referred to as threshold levels: absolute threshold', differential threshold which demands that an increase of stimuli must be significant before the customer will notice the difference (often referred to as Weber's Law) and just noticeable difference, which refers to the differential threshold that exists when comparing two stimuli (Shiffman & Kanuk, 2000). If Pick 'n Pay supermarkets reduced its own brand washing power by twenty cents, would this be noticeable to the customer, as opposed to a one rand reduction?

Zeithaml *et al.* (2006) define perceived quality as: "the customer's judgement about the product's overall excellence or superiority". Perceived quality in these terms is thus what the customer judges to be quality and it is also a subjective judgement and is:

- different from objective or actual quality,
- a higher level abstraction rather than a specific attribute of a product,
- a global assessment that in some cases resembles attitudes, and
- judgement usually made within a customer's evoked set.

Shuttleworth (2006) and Zeithaml *et al.* (2009)view perceived quality of a given service as an outcome of an assessment process where customers compare their expectations with the service they perceive they have received. Figure 2.9 illustrates the perceived service quality compared with the expected service.

Figure 2.9: Perceived service quality
Source: Dhurup (2003:109)

2.9 CUSTOMER SERVICE

According to Levy and Weitz (1998:571) customer service is a set of activities and programmes commenced by the retailer to make the shopping experience more rewarding for customers. It involves the extras the retailer should provide in support of the firm's primary offering of goods and services.

Zeithaml *et al.* (2009:5) describe customer service as the services given in support of the company's core product, the customer usually doesn't get charged for these activities, and it can occur on-site or off-site. These activities increase the value customers receive from the merchandise they purchase. These services furnish information about retailers' aid and make it easier for the customer to locate and purchase the product. Customer service is defined by Grabowski (2010) as a representation of all effort made by organisations to meet customer needs and expectations. In order to deliver quality service to its customers, retailers should be guided by a set of clearly defined objectives as described in Dhurup (2003).

2.9.1 Creating form utility

Retailers can create form utility by offering services like modifications to garments, installation of home appliances and engraving. Customers are usually short of time with getting the products ready for use and it is therefore the retailer's task to create such utilities for them.

2.9.2 Creating time utility

Many customers want instant gratification from the products they purchase. Some of the ways that retailers can create time utility is by providing customer credit and extended store hours. Some customers do not have enough money immediately to purchase products, thus lay bye services can be provided to assist the customer to reserve the purchase of the product for some future time when payment is more suitable.

2.9.3 Enhancing place utility

Place utility can be improved by convenient store locations. For example, some super-centres, hypermarkets and supermarkets have created service courts that house postal, dry cleaning, photocopying, movie rental, entertainment ticket booths, payment of electricity bills and repair facilities. Delivery services could also form part of a retailer's service offering.

2.9.4 Enhancing possession utility

Possession utility can be created by permitting customers immediate use of products. This can be done by the acceptance of credit cards and by allowing customers to open accounts with retailers.

2.9.5 Increasing customer convenience

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

2.9.6 Provision of customer security

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

2.9.7 Developing a customer-focused culture

To focus on the customer requires of a firm to change its commercial culture. A change in the process requires a change in the mindset of top management and employees as conventional structures cannot support the cultural and managerial adjustments needed to become customer-focused. A customer-focused culture is one which focuses primarily on the customer. According to Anton (1996: 130), customer focus is an understanding of the firm and its people that leads to positive experiences for its customers. This focus comes only through the expansion of a corporate culture that keeps a constant eye on whether customers' needs are being met or exceeded. Table 2.7 clearly reflects the two corporate mindsets.

Table 2.7: Profit focused and customer focused cultures

Profit-focused	**Customer-focused**
Standards are adhered to	Customer designs usability
Technical skills dominate	Interpersonal skills are key
Only sales people deal with customers	Everyone deals and interact with customers
Policies are difficult to change	Flexibility is encouraged
Financials are the focus	Focus is on customer relationship
Profit is number one	Customer and customer satisfaction is number one

Source: Anton cited in Dhurup (2003:81)

These are some characteristics of a customer-focused company according to Joy (2010):

- Companies that reward staff when they achieve customer satisfaction,
- managers who support their staff members in doing their jobs well, with the staff focusing on customer satisfaction,
- employees are advanced and rewarded for good customer service skills,
- employees get training to provide outstanding customer service,
- employees know their customers and greet them by name,
- employee feedback is regularly sought and considered on key customer issues before decisions are made,
- regular tracking of customer satisfaction is part of the business,
- customer satisfaction results are brought to every employee's attention at each level, from senior management to production workers, and,
- every department considers the results and has input on how to improve the results.

2.10 IMPORTANCE AND RELEVANCE OF SERVICE QUALITY SERVICE DELIVERY

Providing dependable service has many benefits for a retail firm. Firms that provide reliable service have elevated levels of customer retention and benefits from positive word of mouth advertising (Dhurup, 2003:82; Zeithaml, 2009). Providing superior quality service can boost a firm's performance through increased market share. Reliable services can also lead to lesser costs (through having to re-perform the service less often), and improved productivity (resulting from higher employee morale and lower employee turnover). The following benefits are derived from service quality according to Dhurup (2003:83):

- Improved service.
- Higher profits.
- Increased retention and business from existing customers.
- Improved positive word of mouth communication.
- More opportunities to demand higher prices.
- Increased sales.
- Lower cost and higher productivity.
- Lower staff turnover.
- Higher morale and enthusiasm among staff.
- Reduced cost resulting from less redoing.

The cost of not delivering quality service is also high. If the retail firm falls short of performing services at levels expected by a customer, the cost may go well beyond losing a single transaction. Customers who have received poor quality service will seldom tell the offending firm of their occurrence, but instead spread word about the experience to friends and family. The value of service quality can be best appreciated by analysing its relationships among profitability, price, market share and productivity.

2.10.1 Quality and profitability

The influence of quality and its link with profitability have been verified through research. The link between service quality and profits is neither clear-cut nor simple, and the immediate link between the two constructs has not yet been well understood (Zeithaml *et* *al*.,2009). Possibly the most significant research work in this field has been the Profit Impact of Marketing Strategy (PIMS) project. Studies using the PIMS data have exposed significant association amongst service quality marketing variables and profitability.

Findings from these studies Zeithaml *et al.*(2009:546) reflect that companies offering superior service achieve higher than ordinary market share. These authors further argue that service quality and profitability affiliation take time to verify, part of the delay being due to the unfounded expectation that the connection was simple and straight. Zeithaml and Bitner (2000:67) maintain that investment in service quality, however, does not track directly to profits for a variety of reasons:

- Firstly, like advertising, service quality benefits are rarely experienced in the short term. The effects are cumulative and therefore evidence of a link may develop slowly. Furthermore, service quality is just one variable (pricing, advertising and store image are amongst other variables) that can influence profits.
- Secondly, since many variables such as pricing, distribution, competition and advertising influence company profits, it becomes difficult to isolate the effect of individual variables that contribute to profits.
- Thirdly, the mere spending on service quality is not what leads to profits; instead, spending on the right variables is important.

Figure 2.10 reflects a conceptual model that outlines the variables involved in the relationship between service quality and profits. In dealing with the question about the impact of service quality on profits, scholars distinguish between offensive effects (i.e. market capture and markets share) and defensive effects (i.e. retaining customers, lowering marketing and promotional costs). Only a small set of studies exists on offensive marketing (i.e. the impact of service on obtaining new customers).

These studies usually engage the relationship between service quality and antecedents of profitability such as market share, a firm's reputation and the ability to command a price premium. When it comes to keeping customers, a firm already has an approach called defensive marketing (Zeithaml *et al.*, 2009:548-549)and researchers have, in the past ten years, acknowledged and quantified the financial impact of existing customers. Figure 2.10 shows the linkages between customer preservation and profits through the identified intervening factors of cost, increased purchases, price premium and word of mouth communication.

Zeithaml *et al.* (2009:548-549) uphold the notion that attracting new customers is much more costly, almost five times as much, than retaining an existing one. Consultants and researchers who have focused on these relationships emphasize that customer defections have a strong impact on a company's profit and market share. Customers who are satisfied with a company's services are probable to increase the amount of money they spend with that company. Evidence suggests that a customer who observe and values services provided by a company pay premium prices for them (Zeithaml *et al.*, 2009:548)

In addition, word of mouth communication has been considered more convincing than other sources of information. Word of mouth brings new customers to the firm, and the financial cost of this form of encouragement can be measured by a company in terms of promotional costs it saves, as well as the income generated from new customers.

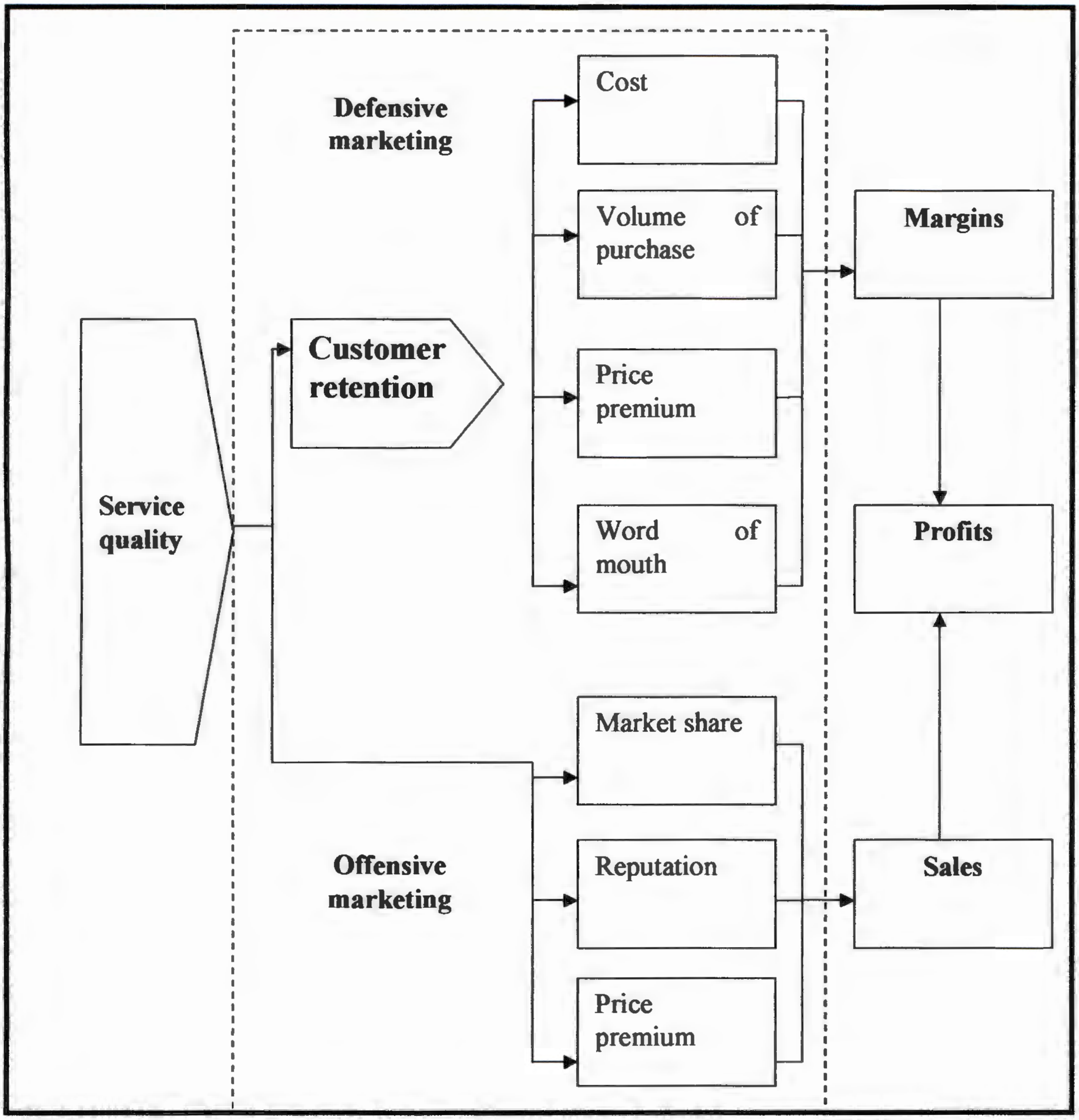

Figure 2.10: Conceptual model of service quality and profitability

Source: Zeithaml and Bitner (2000:74)

Zeithaml *et al.* (2006) also uphold the idea that the longer customers stay with companies, the lower the costs to serve them, the higher the price premium they bear and the greater the positive word of mouth communication they engage in. Lowering customer defection rates can be profitable. Research has shown that retaining customers is a far more profitable strategy than gaining marketing share or dropping costs (Zeithaml *et al.*, 2006). Rust *et al.* (1995:58-70) proposed a model of service quality enhancement and profitability. Based on the model the researchers found that service quality improvements led to higher customer satisfaction and retention rate, generated greater revenue and market share, realize cost reduction, attracted greater revenue and yielded greater profitability.

Findings from research studies undertaken by Anderson *et al.* (1994:66) indicate that the economic returns from improving customer satisfaction is not realised right away. Because efforts to increase current customer satisfaction primarily effects future buying behaviour, the greater portion of any economic returns from improving customer satisfaction will be realised only in the subsequent periods.

In addition, the resources allocated to improving service quality and customer satisfaction should be treated as an investment rather than an expense. Loyal and satisfied customers are revenue-generating assets of a firm that are not without cost to obtain, retain and increase. In their study, Grant and Schlesinger (1995:59-72) emphasised the importance of realising the customers' full potential. Using a grocery store context, they calculated the impact of expanding the customer base by 2% with primary shoppers. A profitability increase of more than 45% was realised. Using the return on quality approach (ROQ), a link has been shown between service quality and profits.

However, they also maintain that it is possible to waste too much time and effort on quality and that not all quality expenditures may be equally valid. In the same vein, firms that have been lauded for their service quality programmes have run into financial problems, in part because they spent too lavishly on customer service. For example, the Wallace Company won the Malcolm Balridge National Quality Award in 1990. The high levels of spending on quality enabled them to win the award, but at the same time, produced unsound losses and within two years they were bankrupt. Failure to pay attention to the rising costs caused recoil by ratepayers, resulting in its quality programme being taken apart (Zeithaml *et al.*, 2009:545). These experiences therefore reveal to us that there are diminishing returns to expenditures on quality. Table 2.8 and table 2.9 synthesize existing research and company evidence in order to identify relationships between service quality and profits, negative and positive.

Table 2.8: Negative service quality and profitability relationships

Topic	Research	Findings
Service quality and profits	**Negative evidence**	
	Bounds, York ,Adam and Ranney (1994)	Implementation problems led quality to fail to affect business performance
	Ittner and Larcker (1996)	Only 29% of the executives stated that they could link quality to accounting returns such as return on assets and only 12% could link their TQM initiative to the creation of value
	Sterman, Repenning and Kofman (1997)	Many quality strategies failed to deliver anticipated business performance improvements to many companies
	Greising (1994)	Only a few firms that were contacted for a story on the relationship between quality and financial performance could provide documentation. Internal process orientation was to blame.

Source: Zeithaml (2000:68)

Table 2.9: Positive service quality and profitability relationships

Topic	Research	Findings
Service quality and profits	**Positive evidence**	
	Anderson, Fornell and Lehmann (1994)	They found a significant association between customer satisfaction and accounting returns on assets
	Hendricks and Singhal (1997)	Found strong evidence that firms that won quality awards outperformed control firms on operating income based measure. The mean change of income over a ten year period for the test sample was 107% higher than that of the control sample.
	Easton and Jarrel (1998)	Found quality improvements was related to overall corporate performance
	Rucci, Kirn and Quinn (1998)	Using a system of measurement called Total Performance Indicators found profits documenting a turnaround at Sears from 1992-1993. Saels increased by 9%

Source: Zeithaml (2000:69)

2.10.2 Quality and price

In disparity to the quality-profitability relationship, the quality-price relationship is more controversial (Dhurup, 2003). Price, from a customer's perspective, is what is given up or sacrificed to obtain a product. Despite the fact that a large number of research studies have addressed the price-quality relationship issue, both theoretical and empirical results still remain inconclusive.

Zeithaml *et al.* (2009:518) indicate that customers will use price not just to indicate service cost but also quality, price can be seen as a pull variable and a repellent. Zeithaml *et al.* (2006) also argue that research studies have tried to test whether price and quality are positively related. Despite the belief of a positive relationship, results have provided mixed evidence and that the relationship has not clearly surfaced. Zeithaml *et al.* (2009:518) maintain that price becomes less important as a quality indicator where other product quality cues, such as brand name or store image, are present.

In a cross-sectional study using price and quality data over a 15-year period (1961-1975). Riesz (1978:22) confirmed the price-quality relationship and found that it remained essentially unchanged. In a longitudinal study of the price-quality relationship in a well-defined product category over a 30-year period (1961- 1980), however, Curry and Riesz (1988:44) concluded that the price-quality relationship actually weakens over time. In their study, Stafford and Enis (1969:457) confirmed that price does serve as a cue to quality insight (especially if price is the only cue present), but they offer some investigational evidence which reveals that extrinsic cues other than price (for example, store image) have a significant influence on quality perceptions of their respondents.

Dhurup (2003:81) states that most past price-quality research has been exploratory and has not succeeded in resolving the question of when price is used to infer quality. According to the author, contingencies affecting the use of price as a quality indicator fit into three categories: informational factors, individual factors and product category factors. The first category of factors believed to affect the price-quality relationship, consists of other information available to the customer.

When intrinsic cues to quality are readily available, when brand names provide evidence of a company's reputation, or when the level of advertising communicates the company's beliefs in the brand, the customer may prefer to use those cues instead of price. Several individual factors may also account for variation in the use of price as a quality signal. One explanatory variable is the price awareness of the customers: customers unaware of the product price obviously cannot use price to infer quality.

Customers also appear to depend more on price as a quality signal in some product categories than in others. For example, in packaged goods categories (such as beverages) where products differ little in price, the customer may not attribute higher quality to products that cost only a few cents more than those of competitors. In categories where little deviation is expected amongst brands (such as salt or sandwich bags) price may function only as an indicator of sacrifice, whereas in categories where quality variation is expected (such as seafoods or washing machines) price may also function as a sign of quality. It is also maintained that a brand name is more important than price when it comes to overall service quality.

It therefore appears that price as a quality indicator differs by product class and depends on several factors, one of which is the other information accessible to customers. When service cues to quality are readily accessible, when brand names provide evidence of a company's reputation, or when levels of advertising communicate the company's belief in the brand, customers may prefer to use that prompt instead of price (Zeithaml *et al.*, 2009).

In other situations, however, such as when quality is hard to detect or when quality or price differs a great deal within a class of services, customers may believe that price is the best indicator of quality. Another factor that increases the reliance on price as a quality indicator is the risk associated with the service purchase. In high-price situations, many of which involve credence services such as medical treatment or management consulting, the customer will look to price as a surrogate for quality (Zeithaml *et al.*, 2009).

2.10.3 Quality and productivity

According to Dhurup (2003:97) service firms find themselves in an altering environment. On the customer side, the number of services offered to them is being increased thus leaving them with more alternatives. Therefore, making sure that customers become and stay satisfied is crucial. Firms thus have to know their own performance in terms of output and quality. Productivity and quality are both an appreciation of how well the resources in any activity are used. The kind of appreciation and the qualified emphasis placed on productivity or quality depends on how output is defined and whose view is taken into account.

Other elements can be organised around service quality. From a firm's view, output is the result of a particular transformation process, whereby firms look at the utilisation of their resources during the process. Research undertaken by Lee *et al.* (2001:604-625) on the relationships between quality and productivity approaches at present used in Chinese companies found a strong relationship of company performance with quality and productivity improvements.

In studies of the relationship between service quality and productivity, Parasuraman (2002:06) posits that disagreement often arises between cost considerations and customer service improvements, which are often resolved in good deeds of the former. This is especially true within firms which are aiming particularly at boosting bottom lines by cutting costs. While increasing service productivity is laudable, especially in the short term, a sole focus on it can be counterproductive in the long term. The author's view that the producer-oriented concept of productivity, i.e. increasing units produced (output), with no increase or less than proportionate increase in production costs (inputs), or decreasing production costs or less than a proportionate decrease in units produced, is insufficient for service contexts.

This is so because, in a service framework, what is produced is a set of "performances" typically produced and consumed at the same time. In a service context, customers often play a co-production role, providing some form of direct or indirect input in the form of time, physical effort and cerebral energy. Parasuraman (2002:07) defines productivity from a customer's perspective as the ratio of the service output experienced by a customer to the input provided by that customer as a member in the service production.

Figure 2.11 depicts a conceptual framework that sums up the company and customer perspectives of productivity and portrays the central role of service quality in linking the two concepts. As inferred by the dotted arrows leading to the oval of the framework, inputs from both the company and the customer influence service quality.

A noteworthy point in Figure 2.11 is that the framework depicts a company's output in broad terms (for example, sales and profit) rather than in narrow terms (for example, number of customers served and number of transactions processed). Furthermore, the components of productivity from the two perspectives also have some direct connection. The relationship labelled “1” in Figure 2.11 captures the view that as a company channels more resources into service provision, the customer's input should decline. The linkage labelled “2”suggests that the extent to which changes in company inputs trigger changes in customer inputs will depend upon how the company allocates its available inputs.

Therefore, if a company increases its inputs but allocates them in the wrong way, for example, a call centre spending its resources more on sprucing up its facilities than on more pressing issues such as employee training, the corresponding reduction in customer inputs will be lower than if the company inputs are allocated properly. The relationship labelled "3" in the figure reflects the intertwining of two productivity perspectives. Outputs from the customer (for example: Was the service performed properly and as promised? Was the service experience pleasant?) may impact on company outputs such as sales and profits.

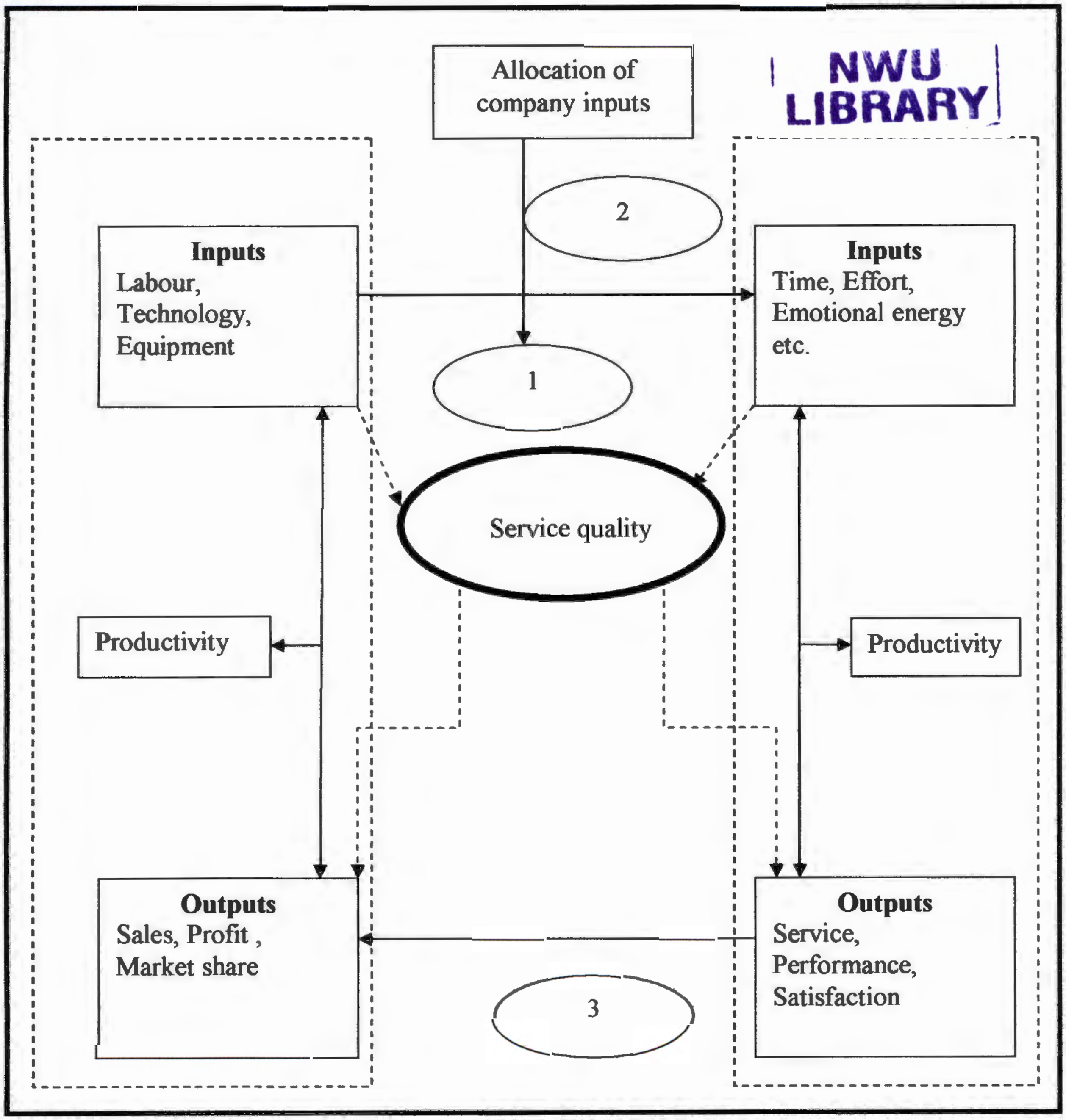

Figure 2.11: Synergistic interplay between service quality and productivity

Source: Parasuraman (2002:09)

2.10.4 Quality and market share

The goal of embracing service quality with religious passion is not new to many retailers (Hellofs & Jacobson, 1999:16). Whilst various linkages (both positive and negative) have been reported in literature with regard to cost and quality (Zeithaml *et al*,. 2009), two streams of thought have also appeared with regard to the relationship between service quality and market share. One stream of thought emphasises the positive effects of market share on customer perceptions of quality. Dhurup (2003:94) maintains that higher current market share can be understood by customers as a signal of higher quality. These authors note that this creates additional incentives to compete for market share as they attempt to influence customers' perceptions of quality.

Another stream of thought, however, emphasises the negative effects that enlarge market share may have on perceived quality (Dhurup, 2003). According to this stream of thought, perceived quality decreases as market share increases. Widespread popularity can strain resources and therefore reduce quality. When product usage rises beyond a certain threshold, systems can become overburdened and service times can increase. Studies performed by these authors found negative effects of market share and quality, i.e. perceived quality falls as market share rises. This is in line with the findings above, and their studies also found that for premium priced brands, which are not elite, market share gains had a positive effect on quality.

2.11 CONCLUSION

In today's world of brutal competition, rendering quality service is the key for survival and success. It may seem that retailer's find it difficult to grasp and anticipate what aspects suggest high quality of services to customers. Retailers are beginning to take hold of the verities behind what their manufacturing counterparts learnt in the past decades, that quality does not improve unless it is considered (Sureshchandar *et al.*,2001:111) and thus venturing into diverse approaches to evaluate the quality of their services.

Service quality offers a means of achieving success among competing retailers that offer similar products. Customers have gradually learnt to move their support to firms who offer superior customer satisfaction and customers have begun to arrange themselves to protect their rights as customers. The rise of customerism can be viewed as a suggestion of the need to revise the marketing concept, and as an opportunity for marketing to develop rather than be a threat to its existence. The payback associated with service quality includes increases in market share and repeat business (Hoffman & Bateson,2002:348).

Services are regarded by most authors as intangible, in other words, they cannot be tasted, seen, felt, heard or smelt prior to the purchase. Products are tangible objects that exist in both time and space, while services consist of social acts or interactions that exist in time only (Zeithaml *et al.*, 2009). Since services are performances fashioned by people, employees and customers, no two services will be identical. This is an important challenge for service providers in offering consistently high-quality services. Service suppliers therefore have to spend time and effort in selection, training, managing and motivating their employees. In the end the key to delivering service quality lie in a detail perceptive of the needs of the customer

Quality however proves to be a more difficult concept to define and describe (du Plessis *et al.*,1995:302). At its most basic, quality can be defined as "conforming to requirements" (0' Neill *et al.*,1998:127). This means that organisations must establish requirements and specifications and once established, the quality goals are to comply strictly with these provisions. Whilst there may be a great deal of similarity between service quality and customer satisfaction, researchers and scholars make a distinction between the two notions. Researchers (Parasuraman *et al.* 1994a:112; Oliver 1981:27) argue that satisfaction is "transaction specific" that leads to service quality, whilst others (Cronin *et al.* 2000:202;

Dabholkar *et al.* 2000:55-68) are of the view that service quality leads to customer satisfaction. However, the exact nature of the difference between the two concepts is still inconclusive.

The concept of service quality is correlated to the concept of perceptions and expectations. If perception exceeds expectations, the service provided by retailers will be considered excellent, if perceptions only equal expectations, it will be regarded as good or adequate. If perceptions do not exceed expectations the services are classified as poor or deficient. Researchers and scholars have attempted to explain service quality using various theories and service quality dimensions. Various factors influence customer perceptions such as the service encounter, evidence of service, price and corporate image. Thus the insight of quality is influenced by both intrinsic and extrinsic attributes.

In the chapter that follows, the research methodology will be explained and examined. The population, sampling frame and sampling procedure will be explained. The statistical procedures used are also explained.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research can be defined as the search for knowledge, or as any systematic investigation, entered into with an open mind, to establish novel facts, solve new or existing problems, prove new ideas, or develop new theories by means of various objective methods and procedures (Welman *et al.*, 2012). The primary purpose of basic research (as opposed to applied research) is to document, discover and interpret, or the process of research and development of methods and systems for the advancement of human knowledge. Approaches to research depend on epistemologies, which vary considerably both within and between humanities and sciences.

Research can take a number of forms, depending on the discipline it pertains to. In experimental work, it typically involves direct or indirect observation of the researched subject, e.g., in the laboratory or in the field, documents the methodology, results, and conclusions of an experiment or set of experiments, or offers a novel interpretation of previous results. In analytical work, there are typically some new (for example) mathematical results produced, or a new way of approaching an existing problem. In some subjects where one does not typically carry out experimentation or analysis of this kind, the originality lies in the particular way in which existing understanding is changed or re-interpreted based on the outcome of the work of the researcher (Sing *et al.*, 2009).

The concept of research methodology is broad. It can be classified as a tool for problem-solving or a way to conduct and gather new knowledge. Anything that can contribute to this is research methodology. Research methodology considers and explains the logic behind research methods and techniques (Welman *et al.*, 2012). This chapter provides details of the methodology employed in the design of the research. It focuses, *inter alia*, on the sample and the sampling procedure, data collection methods, the research instrument, the procedure for the design and administration of the questionnaire.

According to Bjorklund and Paulsson (2003), academic work can be signified by the journey between different abstraction levels, between the general, commonly known methods and theories.

There are several strategies to approach research whereas Welman *et al.* (2012) and Burney (2008) present two approaches, the inductive and the deductive methods. The inductive approach is initialised by specific observations in data material from which generalisations are made without conducting a literature review, thus creating new theory from observation, pattern identification and hypothesis. A deductive approach is the opposite, initiating by reviewing and gathering theory on collection and conclusion are based. The purpose of this study is to evaluate what influence the volume of product that an organisation buys from alcoholic beverage suppliers, can have on their service quality expectations. The following aspects were covered in literature:

- Definition and description of customer service and service quality
- The relationship between customer satisfaction and service quality
- Service quality gaps and models of service quality
- Customer or consumers formation of service expectations

3.2 RESEARCH DESIGN

Research design, according to Welman *et al.* (2012), is the plan or blueprint according to which research participants are obtained and information is gathered from them. This could also be a set of advanced decisions that make up a master plan that specifies methods and procedures used to collect and analyse information (Burns & Bush, 2010). There are three types of research approaches according to Malhotra (2007); Burns and Bush (2010) and Smith and Albaum (2005) namely:

- Exploratory research,
- descriptive research, and
- causal research.

Exploratory research or formulative research: The objective of exploratory research is to gather preliminary information that will help define problems and formulation of new alternative courses of action (Smith & Albaum 2005).

Descriptive research: The objective of descriptive research is to describe things, such as the market potential for a product or the demographics and attitudes of customers who buy the product. Descriptive research is characterized by prior formulation of specific research questions (Malhotra & Birks 2006).There are two types of descriptive studies available, according to Burns and Bush (2010): cross-sectional and longitudinal. Cross-sectional studies measure components from a sample of the population at one point in time, and this type of study can also be seen as a snapshot of a population. Longitudinal studies repeatedly measure the components of a population over time therefore this type of study is usually seen as the movies of the population.

Causal research: The objective of causal research is to test hypotheses about cause-and-effect relationships. If the objective is to determine which variable might be causing certain behaviour, i.e. whether there is a cause and effect relationship between variables, causal research must be undertaken. In order to determine causality, it is important to hold the variable that is assumed to cause the change in the other variable(s) constant and then measure the changes in the other variable(s). This type of research is very complex and the researcher can never be completely certain that there are not other factors influencing the causal relationship, especially when dealing with people's attitudes and motivations. There are often much deeper psychological considerations that even the respondent may not be aware of.

The focus of this study was to obtain info regarding the influence that the volume of product that an organisation buys from alcoholic beverage suppliers, has on their service quality expectations. This resulted in a descriptive research method being implemented. The research is also cross-sectional in nature and was executed during June and July 2012. The research approach used in this study is discussed next.

3.3 RESEARCH APPROACH

There are two distinctive ways of doing research, namely qualitative and quantitative (Welman *et al.*, 2012; Malhotra & Birks, 2006; Malhotra, 2007; Burns & Bush, 2010). The main difference between the two types of methods is the use of numbers/statistics and interpretation, and both methods also have advantages and disadvantages, but selection must be based on the purpose of the study as intended (Burns & Bush, 2010; Malhotra & Birks, 2006).

A quantitative method is based and structured by surround information that can be measured and valued numerically. A quantitative approach is usually used when the purpose it to verify existing theories or to test hypotheses developed based on previous research. Qualitative research on the other hand goes much deeper to create understanding of a specific subject or occurrence and it is more descriptive than predictive (Burns & Bush 2010). Central to this method is to get a deeper understanding of the studied problem, collecting, analysing and interpreting the data that cannot be expressed in numbers (Bjorklund & Paulsson, 2003).

To understand the full potential of the different methods, it is better to then understand their possibilities and constraints as a whole. First of all one method isn't better than the other; it all depends on the situation and the purpose of use. A qualitative method is good at providing the possibility of exploring the happening, going into greater depth in studying the research problem. However, its main disadvantage includes the subjectivity and narrative nature of the argument, which feeds into the belief that validity and reliability are difficult to address. A quantitative method on the other hand is very good for gaining an objective and precise assessment of the phenomenon (Welman *et al.*, 2012; Malhotra, 2007).

This study required a quantitative research approach due to the planned statistical analysis application that is going to flow from the data received.

3.3.1 SAMPLING STRATEGY

Churchill and Iacobucci (2002) outlined six steps in drawing a sample as seen in Figure 3.1. The strategy that was followed in this research study utilised the following aspects of the sampling procedure.

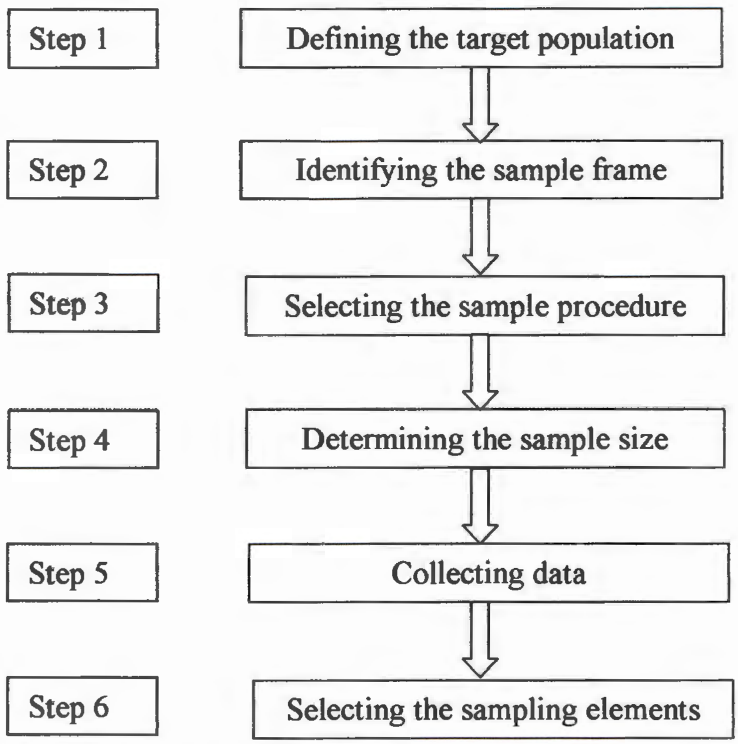

Figure 3.1 Six steps procedure for drawing a sample
Source: Churchill and Iacobucci (2002:449)

3.4.1 Target population

A population is defined as the entire group being studied as specified by the objectives of the research project (Burns & Bush, 2010). The target population is a clearly defined group of entities that have some characteristics in common, and possesses the information sought by the researcher (Boyce, 2002:232; Malhotra & Burks, 2006). Often in research the population is described by one or two behavioural characteristics. Hair *et al.* (2002:328) view a population as an identified group of elements that the researcher is aware of and that are pertinent to, and understanding of something about the population. The researcher therefore has to be particular in specifying exactly what elements are of interest and what elements are to be excluded.

The target population for this study comprised of customers of alcoholic beverage supplying companies situated in the North West Province of South Africa. These mentioned customers differ in buying volume and/or size and geographical focus areas.

3.4.2 Sampling frame

After the target population has been defined, the researcher should assemble a list of all eligible sampling entities, referred to hereinafter as the sampling frame. Some common sources of sampling frames are lists of registered voters, customer lists or even a map. Hair *et al.* (2002:330) maintain that it is often very difficult to gain access to accurate or representative sampling frames. In such instances the researcher will have to employ different methods such as random-digit dialling or a location survey in order to generate a sample of probable respondents Welman *et al.* (2012).

The sample frame selected for this study was obtained from a database of customers serviced by numerous registered alcoholic beverage supplying companies based in the North West Province. The primary alcoholic beverage focus areas in the North West province are located in the Rustenburg, Mafikeng and Potchefstroom, and based on the official industry sales and distribution figures. A record of customers serviced by alcoholic beverage supplying companies was obtained by using secondary data available on the customer database of the alcoholic beverage supplying companies, which include SAB, Brandhouse, Distell and Edward & Snell.

3.4.3 Method of sampling

Bernt and Petzer (2011:173-175) distinguish between two methods of sampling, namely probability sampling and non-probability sampling. Probability sampling is based on the concept of random selection, whereas non-probability sampling involves choosing sample units subjectively. Outlined below is a more detailed description of the sampling methods:

Probability sampling methods: A mathematical chance of selecting the respondent.

- Simple random samples: Potential list of people to interview is randomly selected, which can be done by computer.

- Systemic samples: Consecutive numbers in a list get chosen, example every 5th person on the list gets chosen.
- Multi-stage samples: Respondents are broken down through defined stages.

Non-probability samples: Used when the study requires focusing on a specific group.

- Convenience sampling: Where the researcher questions anyone who is available. This method is quick and cheap.
- Quota sampling: Using this method when the sample audience comprises potential purchasers of your product. For example if you feel that your typical customers will be male between 18-23, female between 26-30, then some of the respondents you interview should form part of the group, i.e. a quota is given.
- Dimensional sampling: An extension to quota sampling. The researcher takes into account several characteristics e.g. gender, age income, residence education and ensures there is at least one person in the study that represents that population.

Non-probability sampling was used in this study. From the sample frame, a non-probability judgment (also referred to as purposive) sample method was used, which involves choosing sample units subjectively, and is usually used for reasons of convenience and economy (Welman *et al.*, 2012). This study focuses on customers of alcoholic beverage supplying companies. In the North West Province there are three main focus areas for the alcoholic beverage supplying companies. These three geographical areas include Rustenburg, Mafikeng and Potchefstroom which have a total of 772, 738 and 690 customers. Out of a total base of 2200 customers, a 10% sample out of each focus area has been chosen.

3.4.4 Sampling size

Sample size refers to determining how many units or elements of the total population should be included in the sample. Since the sample size formulas cannot suitably be used for non-probability samples, the purpose of the necessary sample size is usually a subjective, spontaneous judgement made by the researcher, based on past studies or the amount of resources available(Burns & Bush, 2012). The sample size selected for this study was 220 alcoholic beverage supplying companies' customers in total, equally divided between geographical areas and volume size. This is also in line with previous historical research done on customer service and service quality, as seen in Table 3.1

Table 3.1 Studies conducted in related fields

Type of study	Researchers	Sample size	Country	Year
A measure of service quality in retail stores	Dabholkar, *et al.*	224	South-Eastern Asia	1996
Measuring retail service quality	Boshoff and Terblanche	352	South Africa	1997
Relationship between store loyalty and store image	Bloemer *et al.*	124	Switzerland	1996
Use of alternative scales for service quality in retailing	Metha et al.	161	Singapore	2000
Service intangibility and service quality	Bebko	261	USA	2000
Service quality in supermarket retailing: identifying critical service experience	Vasquez *et al.*	267	Spain	2001
The validations of generic service quality dimensions	Ekinci	308	Turkey	2001
A measure of retail service quality	Siu and Cheung	200	Hong Kong	2001
Measuring customer perceived service quality for banks	Sureshchander, *et al.*	277	India	2002

Source: Dabholkar *et al.* (1996:09); Bebko (2000:14); Bloemer and Ruyter (1998:501); Metha*et al.* (2000:13); Sui and Cheung (2001:90); Ekinci (2001:6); Boshoff and Terblanche (1997:125); Sureshchander *et al.* (2002:16).

3.5 DATA COLLECTION METHOD

The choice of a primary data collection method determines the quality, quantity and type of data that can be gathered, and also the choice of statistical analyses. In this study, a quantitative approach is adopted. There are three approaches to gathering external primary marketing data: observation methods, survey methods, and experimentation (Wegner, 2000:70).In this study, a self-administered questionnaire using the survey method was used to collect the required data.

3.5.1 Questionnaire design

A questionnaire is defined by Malhotra and Birks (2006:326) as a formalised set of questions designed specifically to obtain information from respondents. According to Malhotra (2010:333) a questionnaire is an important step in formulating the research design. As presented in Figure 3.2 there are certain steps or processes to be followed when designing a questionnaire. Once the researcher has specified the nature of the research design and the scaling, a questionnaire form can then be developed. It is formatted from formalised questions that are used to obtain information from respondents. There are a couple of set objectives that a questionnaire has.

First it must translate the information needed into a set of specific questions that can be easily answered. Developing questions that are easy to answer but still yield the desired information is difficult. Secondly, a questionnaire must motivate and involve the respondents so that they finish the questionnaire, and in order to achieve this result the researcher must minimise respondents fatigue, boredom, or plain lack of interest. And lastly the questionnaire must minimise response error (Malhotra, 2010:335; Malhotra & Birks, 2006:326).

Malhotra (2010:336) and; Welman *et al.* (2012:174-175) note that the researcher needs to develop questions and decide upon scaling. The questions may be structured (close-ended) or unstructured (open-ended). A quantitative research design usually makes use of structured questions with a predetermined set of responses or scale points. This study made use of all the above-mentioned guidelines to ensure that a good quality questionnaire is handed to respondents.

The study made use of close-ended questions, a process which allows for easier completion of the questions and also ensured uniform responses. The questionnaire was set out in English due to it being the universal business language in the sector. The empirical research objectives were clearly stated and used to design the questions in the questionnaire. Instructions were clearly formulated for the respondents to answer, and the questionnaire was accompanied by a cover letter explaining the purpose of the study, to further minimise confusion.

Straight forward questions were put in a simple language to ensure the respondents understand and interpret the data correctly. The questionnaire was administered to customers personally by the researcher over a four-week span, upon receiving any unanswered or incomplete questionnaires back, the researcher then went to the respondent again to have it completed.

3.5.1.1 Pilot study

Prior to finalisation of the administered questionnaire a pilot study was done on a limited number of respondents from the same population, a pilot study is referred to by Malhotra and Birks (2006:345); Smith and Albaum (2005) as testing a questionnaire on a small sample of respondents to identify and eliminate problems, the pilot study helped in detecting any flaws the questionnaire had, which in this case was some spelling errors and format details in the questionnaire, and to identify any unclear items.

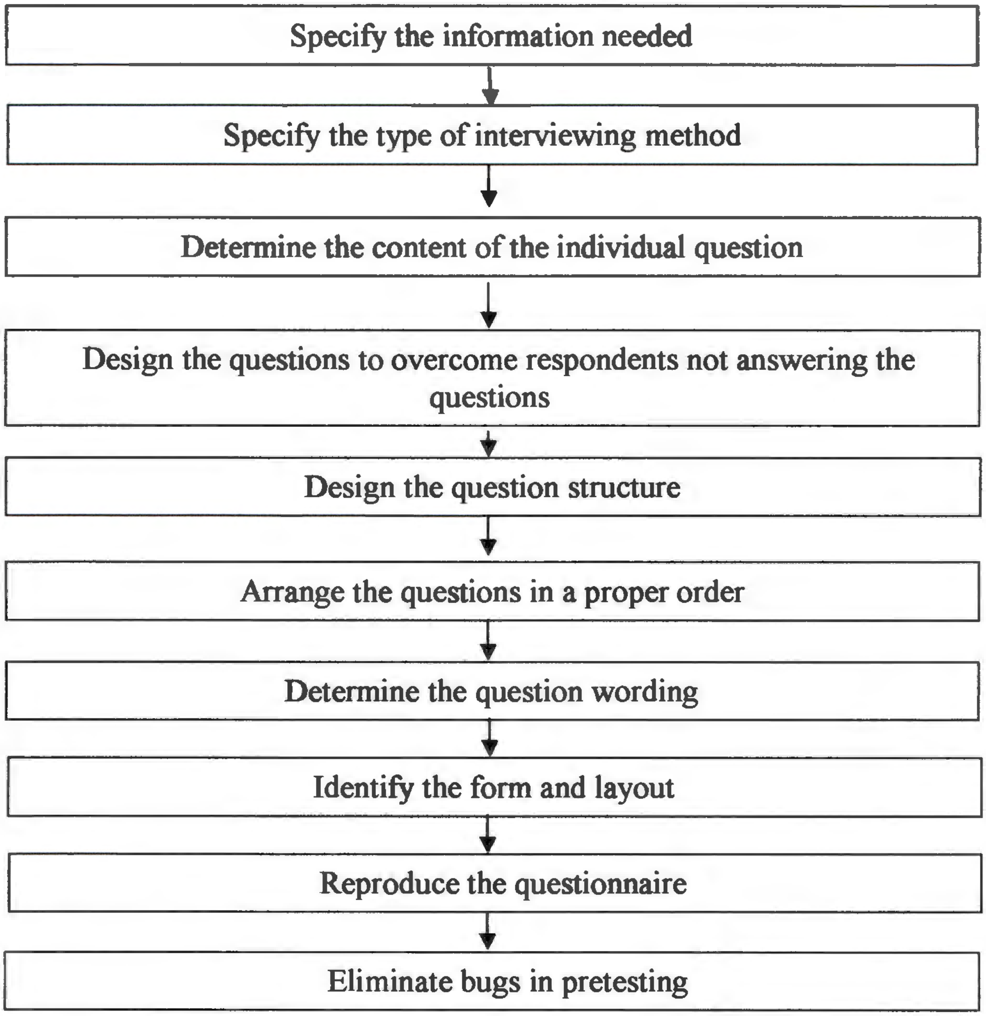

Figure 3.2 Questionnaire design process

Source: Malhotra (2010:336)

3.5.2 Questionnaire layout

The questionnaire used in this study consisted of three sections. The first section, Section A, requested demographical information from the respondents. This included age, gender, language, education and position in the business. The second section, Section B lists the questions pertaining to the respondent's expectations of the alcoholic beverage supplying company, and lastly, Section C lists the questions pertaining to respondents' opinions of the alcoholic beverage supplying company. Sections B & C consist of a five-point Likert scale design to determine the expectations and opinions customers have with regards to an alcoholic beverage supplying company. The Likert scale ranges between strongly agree to strongly disagree. Questionnaires that were administered to high and low volume customers consisted of the same questions and formats.

3.6 ADMINISTRATION OF THE QUESTIONNAIRE

The final questionnaire distribution of this research study was conducted during June/July 2012. In order to ensure that all the data obtained for the study from the respondents were provided in the same format, a standardised questionnaire was used based on the SERVQUAL principle. This questionnaire tested high and low volume customer expectations and opinions.

This sampling approach brings the quantity of targeted respondents to 220, which is a 10% representation of the total population within the mentioned focus areas. A self-administered questionnaire was given to each customer at their premises (physical location of their outlet) to complete, and then collected after the respondents were done.

3.7 STATISTICAL ANALYSIS

The Statistical Package for Social Sciences (SPSS), Version 20.0 for Windows was used to analyse the captured data. The following section describes the statistical methods applied to the empirical data sets.

3.7.1 Descriptive statistics

Descriptive statistics is a summary of the characteristics or measure of a sample (Malhotra, 2010:404). Malhotra (2010:486) notes that the types of descriptive statistics used by marketing researchers fall into two groups, namely measures of central tendency (mean, median and mode) and measures of dispersion (range, variance and standard deviation).

3.7.1.1 Mean

The mean, or average value, is used to measure central tendency. The mean is calculated by summing all the elements in a set and dividing it by the number of elements (Malhotra, 2010:486; Burns & Bush, 2010:465).

3.7.1.2 Median

Median is the measure of the central tendency given as the value above which half of the values fall and below which half of the values fall (Malhotra, 2010:486; Welman *et al.*, (2012:229); Malhotra (2006:450). It can be seen as the midpoint between two values.

3.7.1.3 Mode

The mode is the value that occurs the most frequently (Malhotra, 2010:486).

3.7.1.4 Range

The range measures the spread of the data by calculating the difference between the smallest and largest value (Burns & Bush, 2010:465; Malhotra & Birks, 2006:450).

3.7.1.5 Variance

The variance is the mean squared deviation from the values from the mean (Malhotra, 2010:487; Malhotra & Birks, 2006:451; Burns & Bush, 2010:470).

3.7.1.6 Standard deviation

This is done to determine whether the scores on a parametric test are evenly distributed and clustered closely around the mean (Welman *et al.*, 2012:230; Malhotra & Birks, 2006:451; Burns & Bush, 2010:468).

3.8 RELIABILITY AND VALIDITY

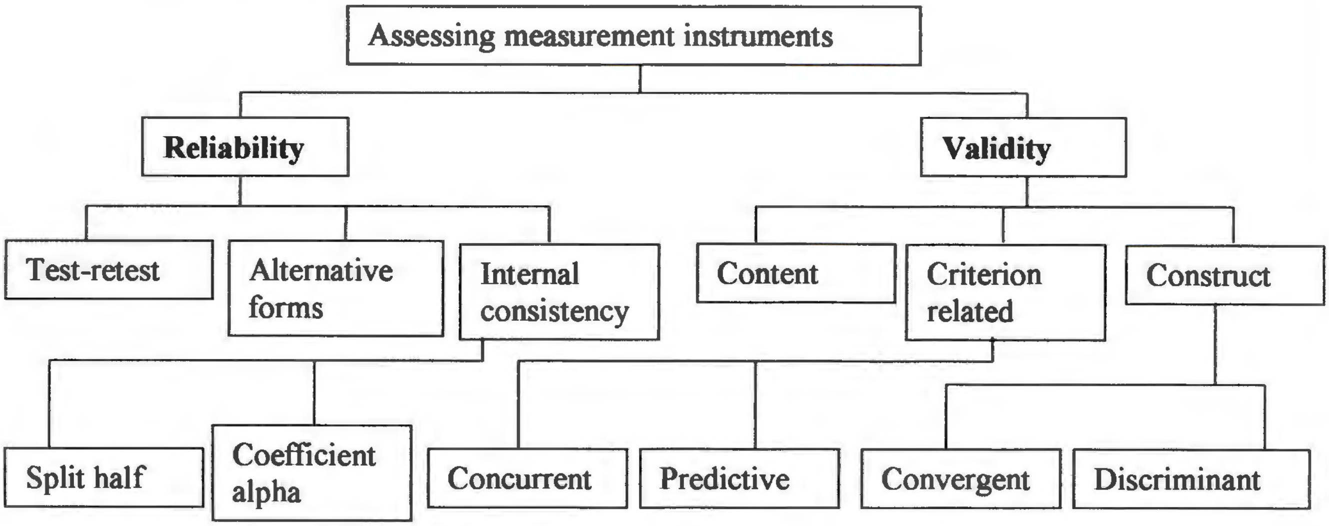

Figure 3.3: Types of reliability and validity

Source: Adapted from Welman *et al.* (2012:142-148)

3.8.1 Reliability

Reliability is concerned with the findings of the research study and relates to the credibility of the findings (Welman *et al.*, 2012:145). A clear description of validity and reliability can be seen in Figure 3.3.

Malhotra (2010:318-319), Welman (2012:145-148), and Malhotra (2007:285-286) define several types of reliability, which are the following:

- Test-retest reliability, an identical set of scale items is given to different groups at different times.
- Alternative forms reliability, two equivalent forms of the scale items are constructed. It is measured at two different times, with a different scale form being administered each time.
- Internal consistency reliability, the reliability of a summated scale where several items are summed to form a total score.
- Split half reliability, items in a scale are divided into two halves, and the resulting half scores are correlated.

The relationship between reliability and validity can be understood in terms of the true score model. If a measure is reliable it will also be perfectly valid and *vice versa* (Malhotra, 2007:287). The opposite also applies that if the measure is unreliable it can't be perfectly valid.

For the purpose of this study, an internal consistency method was used by means of the coefficient alpha (Cronbach's alpha) reliability test. Coefficient alpha is a technique for judging internal consistency of a measurement instrument by averaging all the possible ways of splitting test items and then examining the degree of correlation. Coefficient alpha is a measure of squared correlation between experiential scores and factual scores. Variables derived from these test instruments are declared to be reliable only when they provide reliable and constant responses over frequent administration of the tests.

3.8.2 Validity

Malhotra (2010:320-321), Malhotra (2007:286); and Smith and Albaum (2005) define validity as the extent to which differences in observed scale scores reflects true difference among objects on the characteristic being measured, rather than systematic or random error. This means that the conclusions and findings do indeed represent reality. This study made use of two main validities, namely face validity and validity check.

3.8.2.1 Face validity

Content validity represents the degree to which the content of a measurement scale seems to tap all relevant aspect of an issue that can influence respondents' attitudes. One way to judge the validity of a scale is to request professionals or experts on the test topic to assess the scale (Malhotra, 2007:286). Scales that pass this test are said to have content validity. This test of validity is highly one-sided, because the personal experiences and beliefs of the experts inevitably come into play.

Face validity is accessing by examining the measure with an 'eye' towards determining the domain that is sampled. It is therefore evident that face validation is a matter of subjective judgement. The collection of items in the initial stages should therefore be large enough so that after scale modification the measure still contains enough items adequately to sample each of the variables' domains.

3.8.2.2 Validity check

The questionnaire used in this study was adapted from a SERVQUAL model and questions adapted to the specific needs of this study. A validity check was thus very important to establish the feasibility of the questionnaire. After the face validity had been exacuted, the revised questionnaire was then administered to 22 respondents who formed part of the target population but were excluded from the final group of respondents. The respondents were also asked to give feedback regarding the overall questionnaire, for example if the questions were clear and easy to read and understand. The final questionnaire, with the relevant changes, was then administered to the actual target population.

3.9 PRACTICAL SIGNIFICANCE

For the purpose of this study a Cohen's-D statistic was used. Cohen's-D statistic is often used to establish the effect size to determine whether there is practical significance in means. Cohen's-Deffect size (Steyn, 2000:l) is denoted as follows:

- $0.20 \leq D < 0.50$: indicates small practical significance.
- $0.50 \leq D < 0.80$: indicates medium practical significance.
- $0.80 \leq D$: indicates large practical significance.

3.10 CONCLUSION

The research methodology used in the design of this research study was discussed in this chapter. The focus of this study was to obtain information regarding the influence the size of an organization has on their customer service expectations and this resulted in a descriptive research method being implemented. A quantitative research approach was chosen for the purpose of this study due to the statistical analysis intended. The data collection and administration processes used were discussed. The various statistical procedures used in this study were also investigated. The research design outlines the various steps that were undertaken in the development of the service quality scale. The next chapter contains an analysis of the empirical study. The information obtained will then be reported on.

Several statistical methods will be used in order to interpret the findings. The data is analysed by means of descriptive statistics and the results of the reliability test are presented.

CHAPTER 4

ANALYSIS AND INTERPRETATION OF EMPIRICAL FINDINGS

4.1 INTRODUCTION

This chapter reports on and interprets the empirical findings of this study. The chapter includes an overview of the preliminary data analysis in Section 4.2. The descriptive analysis of the data is analysed and discussed in Section 4.3. Section 4.4 depicts an overview on the reliability and validity of the study.

In order to evaluate and perform the data analysis, SPSS Version 20.0 for Windows was used. The statistical analysis was performed by the Statistical Consultation Services at the North-West University. The first stage involved analysing the descriptive statistics. The next section will discuss the preliminary data analysis procedure.

4.2 PRELIMINARY DATA ANALYSIS

A preliminary data analysis by means of coding and tabulation was performed before the data was analysed. Coding and tabulations of the data will be discussed below.

4.2.1 Coding

Burns and Bush (2010:352) define coding as the use of numbers associated with question response options to facilitate data analysis after the survey has been done. The data should be grouped into meaningful categories and numerical codes assigned to these categories. This enables a data set to be created that is suitable for analysis. Refer to Appendix B for the tables presenting variable codes and assigned values.

Questions in the questionnaire used in this study were classified into three sections, namely:

- Section A - demographical data of respondents.
- Section B – respondents' expectations of alcoholic beverage supply companies service delivery.

- Section C –respondents' opinions of alcoholic beverage supply companies' service delivery.

Expectations for the purpose of this study refer to that which the customers (respondents) of alcoholic beverage supply companies expect certain items of service delivery to be, or what satisfaction levels they would want to get out of specific service delivery items. Opinions, for the purpose of this study, refer to what the reality of customers (respondents) of alcoholic beverage supply companies is, that is to say what the real life situation is for the customers on the same service delivery items.

One questionnaire was developed and was distributed amongst high-volume customers and low-volume customers of alcoholic beverage supply companies. These questionnaires measured the expectations and opinions of both customer groups separately. With the exception of the high and low-volume customers, the content of the questionnaire was the same.

4.2.2 Tabulation

Once the data has been coded, the next step is to tabulate the data. Cant *et al.* (2003:233) define tabulation as the simple process of counting the number of responses in each of the categories. Tabulation can be done either through one-way tabulation or through cross-tabulation. One-way tabulation focuses on the frequency of a single variable, whereas cross-tabulation compares two variables in one table. Refer to Appendix C for the one-way and cross-tabulation of the frequencies of responses for the various sections.

4.2.3 Data-gathering process

As indicated in Chapter 3, the final questionnaire consisted of 48 items per questionnaire, grouped into three sections each for high and low-volume customers. Section A consisted of five items, which gathered the demographic data of the respondents. Section B had twenty two items, which were used to determine customer's expectations of alcoholic beverage supply companies. Section C consisted of another 22 items, designed to determine the customer's opinions of alcoholic beverage supply companies. These items were coded from B 1 – B 22 which measured expectations from alcoholic beverage supply companies' customers. C 23 – C 44 are the same items as in B 1 – B 22 but measured the opinions of alcoholic beverage supply companies' customers. The questionnaire is presented in Appendix A.

The North West Province's three main alcoholic focus areas were used to gather information from the target population. These focus areas comprises of Rustenburg, Potchefstroom and Mafikeng (as mentioned in Chapter 1). The main focus areas were equally divided to form the basis of the research population. In order to obtain the presentative sample size of 220, 110 high-volume and 110 low-volume customers of alcoholic beverage supply companies in the North West Province were selected.

The 220 questionnaires were distributed and all were received back. Fifteen questionnaires were returned not fully completed. They were returned to the customers for completion.

The descriptive statistics, confirmatory factor analysis, reliability and t-tests, which consisted of dependent and independent t-tests, computed in this study, will now be discussed.

4.3 RESULTS

McDaniel and Gates (2002:488) indicate that the most efficient way of summarising the characteristics of a large set of data is by means of descriptive statistics. Wells *et al.*(2002:232) illustrate that descriptive statistics may be presented graphically by means of histograms, bar diagrams and pie charts. Graphic illustrations of the data make it easier to interpret and understand large sets of data.

The data gathered are analysed as follows: Section A involved the sample's demographic data and frequency distributions. These mentioned are presented in table format and bar charts. Section B focussed on the expectations customers have of alcoholic beverage supply companies' service delivery performance. This was based on the five service quality dimensions according to Parasuraman being tangibility, reliability, responsiveness, assurance and empathy. Tables and graphs are used to present the results. The same has been done for Section C, which measured opinions of customers of alcoholic beverage supply companies' opinions about the items within the five service quality dimensions.

Section A of the questionnaire consisted of five questions regarding the demographic profile of the respondents. The questions focussed on gender, age, position in the business, education and language. All will be represented graphically for high-volume respondents and low-volume respondents.

4.3.1 Gender distribution of respondents

The first question respondents had to answer in section A was to indicate their gender. Results of the gender distribution of respondents high and low-volume are displayed graphically below.

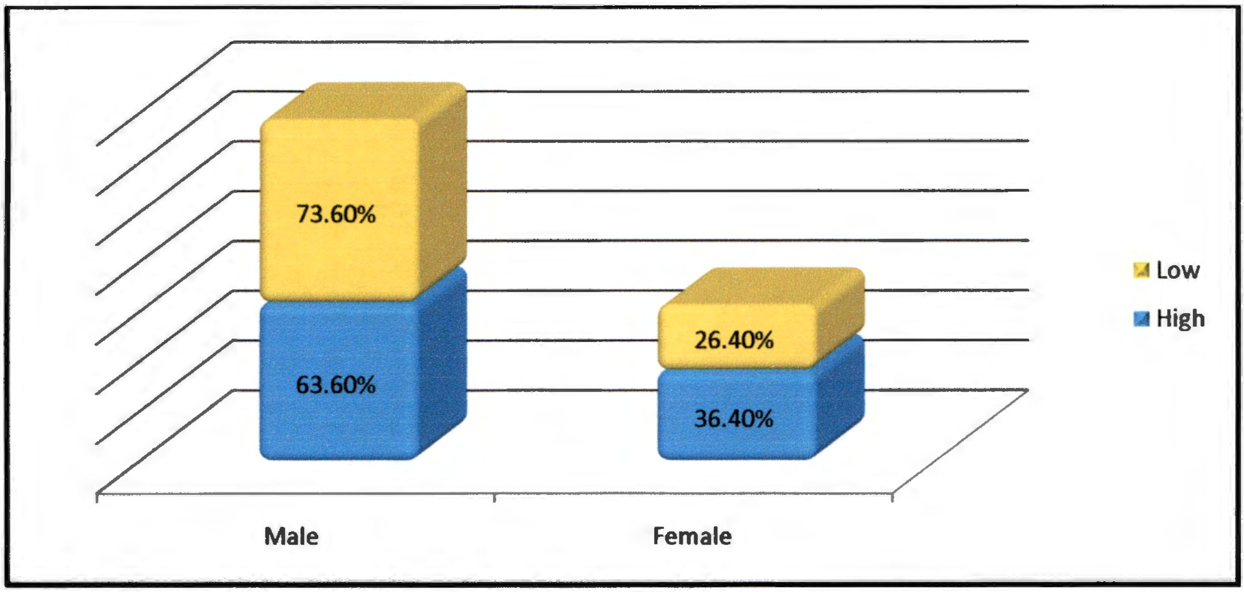

Figure 4.1: Gender distribution of respondents

Males represented the majority of the respondents in the high and low-volume questionnaires. Within the male contingent there are more male respondents (73.6%) in the low-volume responses than in the high-volume responses (63.60%). Amongst the female contingent the high-volume respondents outnumbered the low-volume respondents slightly.

4.3.2 Age distribution of respondents

The second question in section A required respondents to indicate their age. The age categories were differentiated between the ages of 20 to 70 and are displayed in figure 4.2.

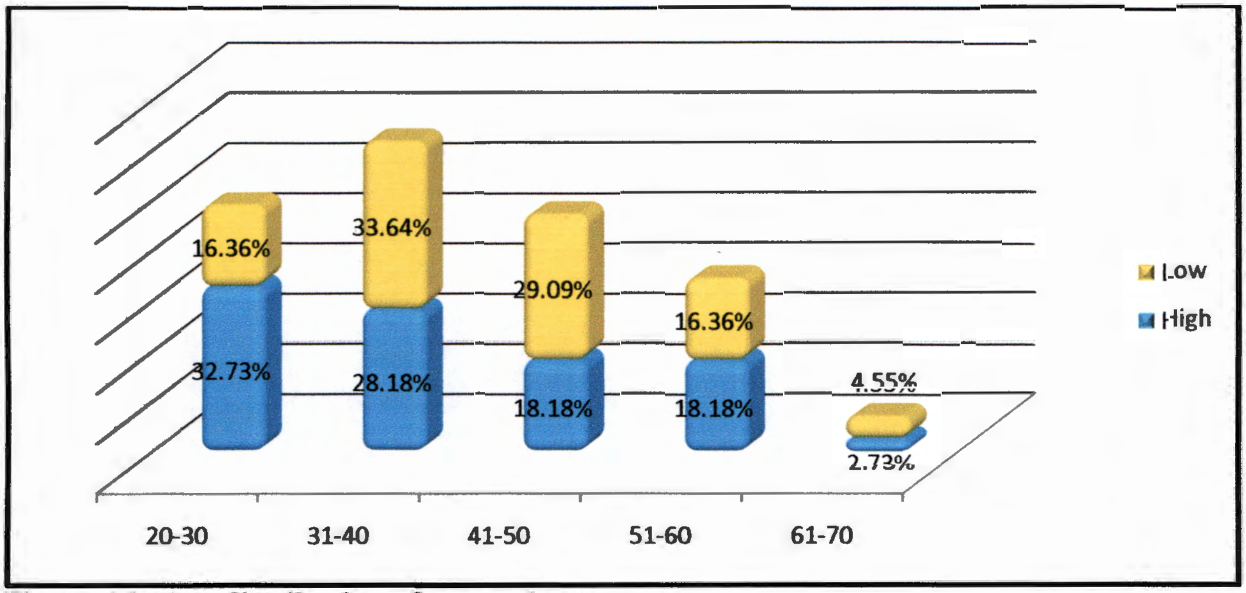

Figure 4.2: Age distribution of respondents

Young respondents (20-40) within the high-volume range comprised 60.89%. Low-volume respondents in the same context represented 50.00%. Amongst the age groups 41 to 70, the low-volume respondents dominated with 50.00%.Within the same age distribution the high-volume respondents represented 39.11%. There was also a bigger representation of respondents in the low-volume customer questionnaire in the age groups 31-40, 41-50 and 61-70. The age groups 20-30 and 51-60 were dominated by the high-volume respondents.

4.3.3 Respondents' position in the business

The respondents were then required to indicate what their positions in the business are.

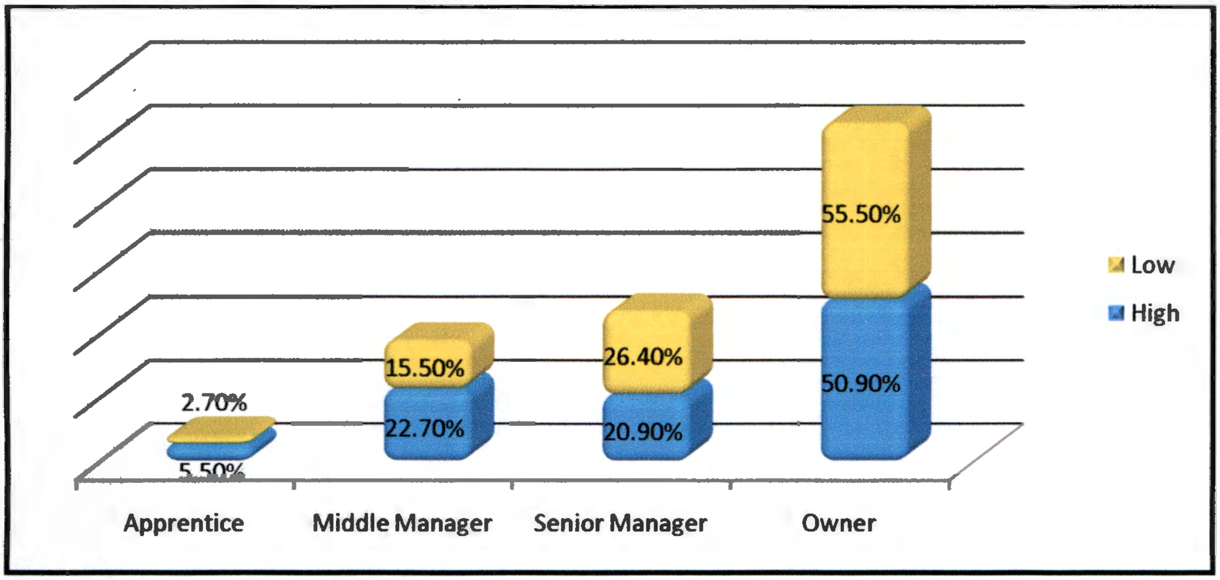

Figure 4.3: Respondents' positions in the business

Figure 4.3 illustrates that there are more senior managers (26.4%) among the low-volume respondents' than in comparison to the high-volume respondents (20.9%). Among middle managers the high-volume respondents dominated with 22.7% in contrast to 15.5% of the low-volume respondents. There are more business owners in the low-volume respondents' than the high-volume respondents.

4.3.4 Education of respondents

The fourth question requiredrespondents' educational information.

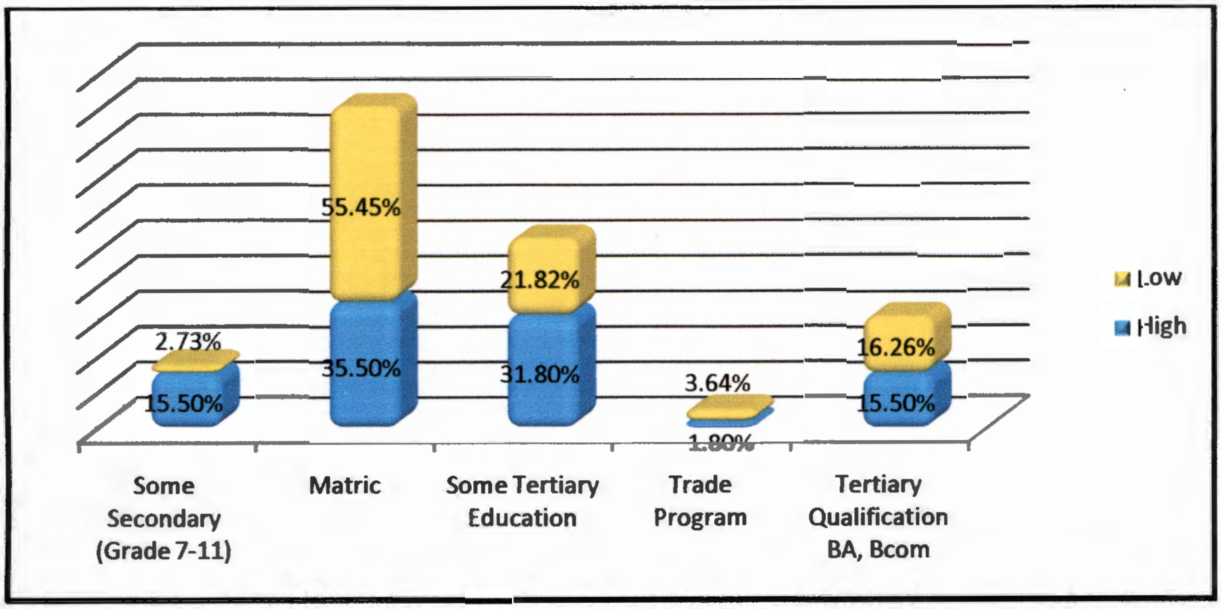

Figure 4.4: Education of respondents

Figure 4.4 reflects that the low-volume respondents dominated with 55.45% of the representation of respondents who had completed the matriculation examination. In relation to this the high-volume respondents' result returned was 35.5%. Amongst the high-volume respondents more respondents had some tertiary education (31.8%) than in the low-volume respondents' (21.82%). Also depicted in figure 4.4 is the fact that there were more respondents who had some tertiary education in the high-volume respondents' than amongst in the low-volume respondents'.

4.3.5 First language of respondents

The last question in section A required respondents to indicate their first language. This is displayed in figure 4.5 below.

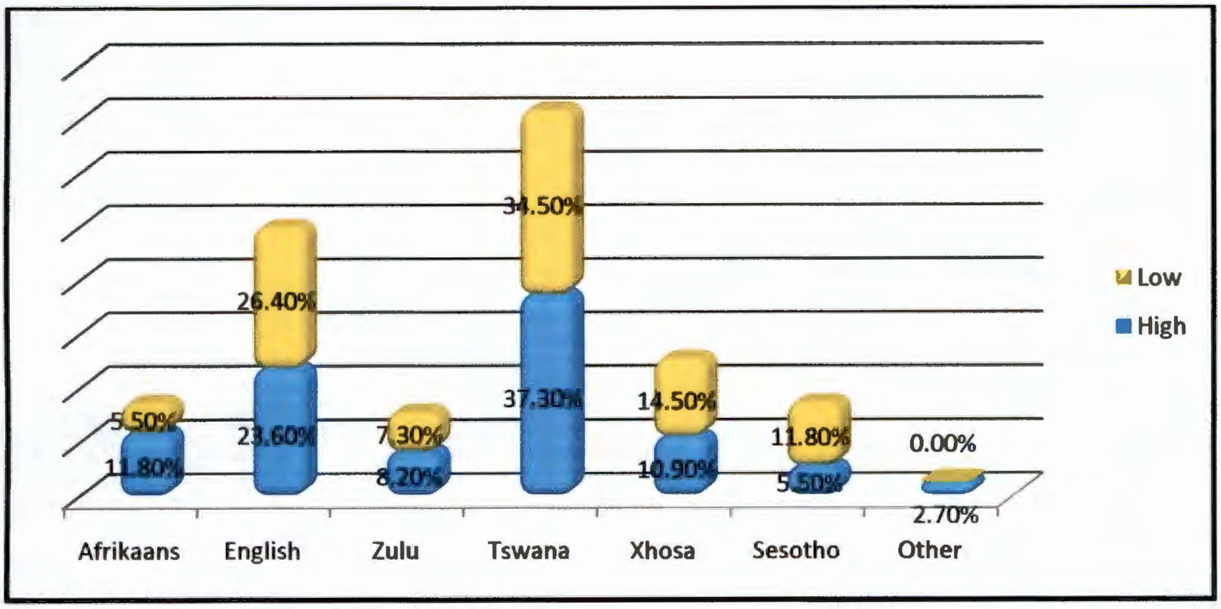

Figure 4.5: First language of respondents

Figure 4.5 reflects that there were more Tswana, English, Xhosa and Sesotho first language speakers with regards to the low-volume respondents' than the high-volume respondents'. There were more Afrikaans, Zulu, and other languages (Italian, Portuguese) first-language speaker in the high-volume respondents' than the low-volume respondents' questionnaire.

4.3.6 Descriptive statistics

Descriptive statistics are concerned with the description and/or summary of the data obtained for a group or individual according to Welman *et al.* (2012).

4.3.6.1 Frequency of response of high-volume respondents

The frequency of response of high-volume respondents is displayed in table 4.1.

Table 4.1: Frequency of response: high-volume respondents

Expectations: High volume								
Dimension	Questionnaire Number	% of Strongly Agree	% of Agree	% of Neutral	% of Disagree	% of Strongly Disagree	Mean	Std Deviaton
	B1	32.73	64.55	1.82	0.91	0.00	1.71	0.55
	B2	34.55	59.09	5.45	0.91	0.00	1.73	0.60
	B3	35.45	57.27	6.36	0.91	0.00	1.73	0.62
Tangible	B4	40.00	54.55	4.55	0.91	0.00	1.66	0.61
	B5	35.45	55.45	8.18	0.91	0.00	1.75	0.64
	B6	35.45	57.27	5.45	1.82	0.00	1.74	0.65
	B7	36.36	54.55	8.18	0.91	0.00	1.74	0.65
	B8	37.27	54.55	7.27	0.91	0.00	1.72	0.64
Reliability	B9	43.64	50.00	4.55	1.82	0.00	1.65	0.66
	B10	38.18	51.82	9.09	0.91	0.00	1.73	0.66
	B11	40.00	53.64	6.36	0.00	0.00	1.66	0.59
	B12	39.09	55.45	4.55	0.91	0.00	1.67	0.61
Responsiveness	B13	40.00	53.60	6.40	0.00	0.00	1.66	0.59
	B14	38.18	55.45	6.36	0.00	0.00	1.68	0.59
	B15	40.91	50.91	8.18	0.00	0.00	1.67	0.62
	B16	44.55	48.18	7.27	0.00	0.00	1.63	0.62
	B17	40.91	54.55	4.55	0.00	0.00	1.64	0.57
Assurance	B18	43.64	50.91	5.45	0.00	0.00	1.62	0.59
	B19	40.00	54.55	5.45	0.00	0.00	1.65	0.58
	B20	41.82	50.00	8.18	0.00	0.00	1.66	0.63
	B21	40.00	54.55	5.45	0.00	0.00	1.65	0.58
Empathy	B22	43.64	50.91	5.45	0.00	0.00	1.62	0.59
Opinions: High volume								
Dimension	Questionnaire Number	% of Strongly Agree	% of Agree	% of Neutral	% of Disagree	% of Strongly Disagree	Mean	Std Deviation
	C 23	4.59	33.03	47.71	14.68	0.00	2.72	0.77
	C 24	5.45	31.82	44.55	18.18	0.00	2.75	0.82
	C 25	4.55	28.18	47.27	20.00	0.00	2.83	0.80
Tangible	C 26	7.27	29.09	46.36	17.27	0.00	2.74	0.83
	C 27	2.73	34.55	42.73	20.00	0.00	2.80	0.79
	C 28	0.91	30.00	51.82	17.27	0.00	2.85	0.70
	C 29	0.91	36.36	42.73	20.00	0.00	2.82	0.76
	C 30	0.91	32.73	50.00	16.36	0.00	2.82	0.71
Reliability	C 31	2.73	33.64	54.55	9.09	0.00	2.70	0.67
	C 32	1.82	30.00	59.09	9.09	0.00	2.75	0.64
	C 33	2.73	37.27	48.18	11.82	0.00	2.69	0.71
	C 34	1.82	29.09	52.73	16.36	0.00	2.84	0.71
Responsiveness	C 35	2.73	30.91	51.82	14.55	0.00	2.78	0.72
	C 36	3.64	26.36	57.27	12.73	0.00	2.79	0.71
	C 37	3.64	30.00	50.91	15.45	0.00	2.78	0.75
	C 38	1.82	29.09	52.73	16.36	0.00	2.84	0.71
	C 39	0.91	30.91	53.64	14.55	0.00	2.82	0.68
Assurance	C 40	1.82	33.64	48.18	16.36	0.00	2.79	0.73
	C 41	1.82	25.45	53.64	19.09	0.00	2.90	0.72
	C 42	0.00	23.64	52.73	23.64	0.00	3.00	0.69
	C 43	0.00	20.91	53.64	25.45	0.00	3.05	0.68
Empathy	C 44	0.00	19.09	54.55	26.36	0.00	3.07	0.67

Table 4.1 represents the frequency of response from the high-volume respondents' questionnaire. This questionnaire was answered by 110 respondents respectively. The results are reflected as a percentage of how many respondents chose each option for each of the items.

The standard deviation provides an average distance of the responses for each item from its mean (Welman *et al.*, 2012:230). The returned results from the high-volume respondents' expectations ranged between 0.55 and 0.66. This indicates that there is little variation between the respondents' answers and that their opinions correspond on most of the items, with the highest standard deviation being 0.66, questionnaire number B 9 and B 10. The lowest standard deviation result returned was questionnaire number B 1 at 0.55. This indicated that there was agreement between the respondents' feeling regarding the questionnaire items.

The highest frequency of response on the high-volume expectations was on the strongly agree and agree options. The percentage frequency on these items ranged between 64.55% and 32.73%.

High-volume opinions of respondents' standard deviation ranged between 0.64 and 0.83. This also indicates that there is a small variation between the respondents' answers and that their opinions correspond on most of the items. The majority of the frequency of response was on the neutral and agree options.

None of the respondents in the high-volume questionnaire indicated that they strongly disagreed with any of the items.

Thus there is a tendency towards a stronger expectation level in comparison with opinions amongst high-volume respondents.

4.3.6.2 Frequency of response of low-volume respondents

The frequency of response of low-volume respondents is displayed in table 4.2.

Table 4.2: Frequency of response: low-volume respondents

Expectations: Low-volume								
Dimension	Questionnaire Number	% of Strongly Agree	% of Agree	% of Neutral	% of Disagree	% of Strongly Disagree	Mean	Std Deviation
	B1	28.18	60.00	11.82	0.00	0.00	1.84	0.61
	B2	24.55	59.09	16.36	0.00	0.00	1.92	0.64
	B3	20.91	66.36	10.91	1.82	0.00	1.94	0.63
Tangible	B4	22.73	57.27	17.27	2.73	0.00	2.00	0.72
	B5	18.18	53.64	25.45	2.73	0.00	2.13	0.73
	B6	21.82	47.27	23.64	7.27	0.00	2.16	0.85
	B7	26.36	53.64	14.55	5.45	0.00	1.99	0.80
	B8	19.09	63.64	15.45	1.82	0.00	2.00	0.65
Reliability	B9	20.91	61.82	15.45	1.82	0.00	1.98	0.66
	B10	23.64	68.18	8.18	0.00	0.00	1.85	0.55
	B11	23.64	74.55	1.82	0.00	0.00	1.78	0.46
	B12	17.27	76.36	6.36	0.00	0.00	1.89	0.48
Responsiveness	B13	21.82	61.82	16.36	0.00	0.00	1.95	0.62
	B14	36.36	49.09	14.55	0.00	0.00	1.78	0.68
	B15	36.36	50.91	12.73	0.00	0.00	1.76	0.66
	B16	30.91	52.73	16.36	0.00	0.00	1.85	0.68
	B17	30.00	60.00	10.00	0.00	0.00	1.80	0.60
Assurance	B18	23.64	67.27	9.09	0.00	0.00	1.85	0.56
	B19	25.45	68.18	6.36	0.00	0.00	1.81	0.53
	B20	23.64	71.82	4.55	0.00	0.00	1.81	0.50
	B21	23.64	70.00	6.36	0.00	0.00	1.83	0.52
Empathy	B22	26.36	71.82	1.82	0.00	0.00	1.75	0.47
Opinions: Low-volume								
Dimension	Questionnaire Number	% of Strongly Agree	% of Agree	% of Neutral	% of Disagree	% of Strongly Disagree	Mean	Std Deviation
	C 23	4.55	33.64	52.73	9.09	0.00	2.66	0.71
	C 24	6.36	30.91	52.73	10.00	0.00	2.66	0.75
	C 25	2.73	35.45	43.64	18.18	0.00	2.77	0.77
Tangible	C 26	2.73	43.64	33.64	20.00	0.00	2.71	0.82
	C 27	5.45	36.36	38.18	20.00	0.00	2.73	0.85
	C 28	3.64	42.73	36.36	17.27	0.00	2.67	0.80
	C 29	4.55	34.55	44.55	16.36	0.00	2.73	0.79
	C 30	4.55	30.91	59.09	5.45	0.00	2.65	0.66
Reliability	C 31	7.27	28.18	55.45	9.09	0.00	2.66	0.75
	C 32	2.73	29.09	63.64	4.55	0.00	2.70	0.60
	C 33	1.82	25.45	63.64	9.09	0.00	2.80	0.62
	C 34	0.91	24.55	59.09	15.45	0.00	2.89	0.65
Responsiveness	C 35	0.91	29.09	57.27	12.73	0.00	2.82	0.65
	C 36	2.73	30.91	51.82	14.55	0.00	2.78	0.72
	C 37	0.00	29.09	50.91	20.00	0.00	2.91	0.70
	C 38	3.64	24.55	52.73	19.09	0.00	2.87	0.76
	C 39	0.92	25.69	56.88	16.51	0.00	2.89	0.67
Assurance	C 40	0.91	30.00	58.18	10.91	0.00	2.79	0.64
	C 41	0.91	30.91	58.18	10.00	0.00	2.77	0.63
	C 42	0.00	22.73	64.55	12.73	0.00	2.90	0.59
	C 43	0.00	22.73	56.36	20.91	0.00	2.98	0.66
Empathy	C 44	0.00	23.64	63.64	12.73	0.00	2.89	0.60

Table 4.2 represents the frequency of response from the low-volume respondents'. The questionnaire was answered by 110 respondents respectively. The results are reflected as a percentage of how many respondents chose each option for each of the items.

The standard deviation provides an average distance for each item from the mean. The returned results from the low-volume respondents' expectations ranged between 0.46 and 0.85. This indicates that there is little variation between the respondents' answers and that their responses correspond on the majority of the items.

The highest frequency of response on the low-volume expectations was also on the strongly agree and agree items. The percentage frequency on these items ranged between 18.18% and 76.36%.

Low-volume opinions of respondents' standard deviation ranged between 0.59 and 0.85. This also indicates that there is little variation between the respondents' answers and that their opinions correspond on most of the items. The majority of the frequency of response was also on agree and neutral items.

None of the respondents in the low-volume questionnaire indicated that they strongly disagree with any of the items.

Thus there is a tendency towards a stronger expectation level in comparison with opinions amongst low-volume respondents.

4.3.7 Confirmatory factor analysis

According to Bradley (2010:322) factor analysis is a term that is used to describe a set of procedures used to reduce and summarise data. It does not distinguish the dependent from independent variables and so seeks to find the factors underlying any relationships. The method aims to discover simple patterns, and it happens by grouping the variables and reducing them to a small set of factors.

Both questionnaires were grouped into different factors based on the 5 dimensions of service quality, namely: tangibility, reliability, responsiveness, assurance and empathy. This was also reflected in table 4.1 and 4.2. For the purpose of this analysis no differentiation was made between high and low volume respondents responses. Expectations and opinions were treated as separate units within the context of the factor analysis. Each dimension will be depicted in table format, reflecting its determinant, Kaiser-Meier-Olkin (KMO), Bartlett's test results (Sig.) determinant, and also its communalities and total variance explained.

4.3.7.1 Tangibility factor analysis

Table 4.3 displays the factor analysis done for the tangibility dimension.

Table 4.3: Tangibility expectations and opinions factor analysis

Tangibility – Expectations		Tangibility - Opinions	
Communalities		Communalities	
B1	0.650	C 23	0.653
B2	0.715	C 24	0.758
B3	0.587	C 25	0.649
B4	0.362	C 26	0.531
Total Variance Explained		Total Variance Explained	
Factor	% of Variance	Factor	% of Variance
1	69.746	1	76.343
Determinant[a]		Determinant[a]	
0.115		0.710	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	
0.740		0.784	
Bartlett's Test of Sphericity (Sig.)		Bartlett's Test of Sphericity (Sig.)	
P value < 0.001		P value < 0.001	

For the first dimension, namely tangibility, based on respondents expectations and opinions, the factor analysis is displayed in table 4.3. High and low-volume questionnaires are combined.

The determinant measures whether the correlation between items is too high. If the determinant is > 0.00001 then there is no severe multicollinearity. Multicollinearity suggests that several of the independent variables are closely correlated (Field, 2009:675). The returned determinant on the dimensions was .115 for tangibility expectations and 0.710 for tangibility opinions. This indicates that there was no severe multicollinearity between the dimensions items.

The Kaiser-Meier-Olkin(KMO) measure measures sampling adequacy. Sample adequacy, according to Field (2009), reflects the ability of the sample to contain the organism of interest. A result of < 0.5 is perceived as not acceptable, between 0.5 and 0.7 is medium, 0.7-0.8 is good, 0.8-0.9 is very good and >0.9 is superb. The returned result on tangibility expectations of respondents was 0.740 and 0.784 for the tangibility opinions. This indicates that both of the sample sizes were seen as acceptable.

A Bartlett's test was also conducted, and Field (2009) states that it measures if the correlations between the items are high enough, and the p-value returned must be lower than 0.05 to reflect adequate correlation. Both dimensions returned a p- value of < 0.05. This shows a high enough correlation between the section items.

Communalities in table 4.3 reflect the proportion of the item's variances explained by the factors. All communalities must be above 0.3 (Field 2009). All the communalities were above 0.3 for each dimension section and this shows that the proportion variance of the item as explained by the factors is sufficient.

The total variance is explained by extracted factors, and it must be higher than 50%. Tangibility's expectations returned a value of 69.746% as one factor, and opinions 76.343%, which indicates that 1 factor in both incidents, explains more than 50% of the total variance (Field 2009).

4.3.7.2 Reliability factor analysis

The following table displays the reliability dimensions factor analysis.

Table 4.4: Reliability expectations and opinions factor analysis

Reliability - Expectations		Reliability - Opinions	
Communalities		Communalities	
B5	0.680	C 27	0.640
B6	0.832	C 28	0.740
B7	0.793	C 29	0.650
B8	0.785	C 30	0.700
B9	0.675	C 31	0.580
Total Variance Explained		Total Variance Explained	
Factor	% of Variance	Factor	% of Variance
1	77.453	1	67.060
Determinant[a]		Determinant[a]	
0.110		0.370	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	
0.790		0.752	
Bartlett's Test of Sphericity (Sig.)		Bartlett's Test of Sphericity (Sig.)	
P value < 0.001		P value < 0.001	

Table 4.4 displays the factor analysis of the second dimension of service quality namely reliability expectations and opinions. All the communalities in this table (expectations and opinions) returned a value higher than 0.3, which shows that adequate variances of all items are explained by the factors.

The factors explained 77.453% of reliability expectations' total variance and 67.060% of reliabilities opinions' total variance.

The determinants for respondents' expectations and opinions were 0.110 and 0.370 respectively which is higher than the 0.00001 required to show no severe multi-collinearity. This reflects that there was no severe multi-collinearity within the reliability dimensions items.

The KMO measure was returned as 0.790 and 0.752 for the reliability dimensions expectations and opinions respectively. This results shows that both expectations and opinions in this dimension illustrate sample adequacy.

Both factors in the expectations and opinions section of the dimension returned a p-value of < 0.05 on the Bartlett's test. This reflects that there is high enough correlation between the items.

4.3.7.3 Responsiveness factor analysis

Responsiveness factor analysis is explained in the following section.

Table 4.5: Responsiveness expectations and opinions factor analysis

Responsiveness - Expectations		Responsiveness- Opinions	
Communalities		Communalities	
B 10	0.386	C 32	0.426
B 11	0.547	C 33	0.524
B 12	0.557	C 34	0.529
B 13	0.360	C 35	0.505
Total Variance Explained		Total Variance Explained	
Factor	% of Variance	Factor	% of Variance
1	64.169	1	59.237
2	17.472	2	25.560
Determinant[a]		Determinant[a]	
0.226		0.224	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	
0.719		0.627	
Bartlett's Test of Sphericity (Sig.)		Bartlett's Test of Sphericity (Sig.)	
P value < 0.001		P value < 0.001	

The factor analysis of the third service quality dimension is reflected in table 4.5. All communalities in the responsiveness dimension, expectations and opinions returned a value higher than 0.3, which shows that more than 30% of the items variance is explained through the factors.

The p-value returned for the Bartlett's test on both sections was also below 0.05, which shows high enough correlations between the items.

The KMO measure for responsiveness expectations was returned as good due to it being 0.719 and opinions as medium due to the item being between 0.5 and 0.7.

The two sections, expectations and opinions total variance explained by the factors returned a value of 64.17% and 59.24%. This indicates that 1 factor in both incidents, explains more than 50% of the total variance.

Both factors also returned a determinant of higher than 0.00001, which again shows no severe multi-collinearity between the items.

Table 4.6: Responsiveness factor analysis continued

	Factor	
	1	2
C35	[illegible]	
C34	.825	
C32		[illegible]
C33		[illegible]

Factor determinant

Factor	1	2
1	1.000	.448
2	.448	1.000

In conjunction with table 4.5 it can be seen in table 4.6 above that respondents viewed the four items on the responsiveness dimensions opinions as two factors. The purpose of the factor analysis was to view these factors as a whole. Due to the high correlation between the two factors and reliability based on all four items being above 0.700 (as displayed in section 4.3.8), it will be viewed as one factor for the purpose of this study.

4.3.7.4 Assurance factor analysis

Assurance factor analysis is explained in the following section.

Table 4.7: Assurance expectations and opinions factor analysis

Assurance - Expectations		Assurance - Opinions	
Communalities		Communalities	
B 14	0.589	C 36	0.442
B 15	0.657	C 37	0.601
B 16	0.639	C 38	0.690
B 17	0.600	C 39	0.644
B 18	0.481	C 40	0.334
Total Variance Explained		Total Variance Explained	
Factor	% of Variance	Factor	% of Variance
1	64.280	1	63.463
Determinant[a]		Determinant[a]	
0.620		**0.080**	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	
0.776		0.779	
Bartlett's Test of Sphericity (Sig.)		Bartlett's Test of Sphericity (Sig.)	
P value < 0.001		P value < 0.001	

As depicted in table 4.7, all communalities on assurance' expectations and opinions returned a value higher than 0.3. This indicates that more than 30% of the items variance is explained through the factors

The p-value returned for Bartlett's test was also <0.05 on both factors' response. This again reflects a high enough correlation between the items.

The determinant figures returned on both sections of the dimension was > 00001. The assurance expectations determinant result returned was 0.620 and assurance opinions 0.080. This shows no severe multi-collinearity between the items within this dimension.

The KMO measure result returned was 0.776 on assurance expectations and 0.779 on opinions respectively, indicating sample adequacy on both accounts.

The total variance of both assurance expectations' and opinions' items explained by the factors returned a value of 64.280% on assurance expectations and 63.463% on assurance opinions.

4.3.7.5 Empathy factor analysis

Table 4.8 displays the empathy dimension factor analysis.

Table 4.8: Empathy expectations and opinions factor analysis

Empathy – Expectations		Empathy - Opinions	
Communalities		Communalities	
B 19	0.558	C 41	0.373
B 20	0.726	C 42	0.514
B 21	0.763	C 43	0.637
B 22	0.665	C 44	0.620
Total Variance Explained		Total Variance Explained	
Factor	% of Variance	Factor	% of Variance
1	79.182	1	70.124
Determinant[a]		Determinant[a]	
0.520		0.144	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	
0.813		0.777	
Bartlett's Test of Sphericity (Sig.)		Bartlett's Test of Sphericity (Sig.)	
P value < 0.001		P value < 0.001	

The last dimension of service quality factor analysis is displayed in table 4.8. Empathies' communalities were above 0.3 on both respondent questionnaire sections, expectations and opinions, which shows that more than 30% is explained through the factors.

The p-value reflected a high enough correlation between the items due to it being < 0.05 on both respondents' expectations and opinions of the empathy dimension.

One factor explained 79.182% of the total variance on expectations and 70.124% of the total variance of opinions.

The determinant returned 0.520 on empathies expectations and 0.144 on opinions. These returned results explain that there is no severe multi-collinearity within this dimensions items.

A KMO figure was returned of 0.813 on empathy expectations, which falls in the very good category of the measure. A KMO figure of 0.777 was returned on the opinions customer questionnaire section for the empathy dimension, this also is viewed as good sample adequacy.

4.3.8 Reliability

The reliability of the scales was tested by means of Cronbach's alpha. The Cronbach alpha coefficient was calculated for each service quality dimension. This was separated between expectations and opinions but high and low combined, as can be seen in table 4.9.Malhotra (2010:319) states that a coefficient value below 0.60 indicates unsatisfactory internal consistency or reliability. All of the scales tested returned Cronbach alphas values above 0.70, which indicates good internal reliability(Pallant, 2010:100).

The standard deviation is displayed in table 4.9, and provides an average distance for each factor from the mean. The results were between 0.46 and 0.68 across the five service quality dimensions opinions and expectations. This indicates that there was a small variation between the respondents' answers and that their opinions correspond on most of the items within the service quality dimensions on expectations and opinions.

The mean values returned ranged between 1.72 and 1.88 on the five dimensions pertaining to the respondents' expectations. The result indicates that a relatively high number of the respondents agreed with the factor and that alcoholic beverage supply companies must deliver on these dimensions.

The mean value returned on the opinions dimensions was in the range of between 2.73 and 2.94. This indicates that most of the respondents had a neutral opinion about the actual service delivery from alcoholic beverage supply companies.

Table 4.9: Reliability of service quality dimensions

Expectations	Cronbach's Alpha	Mean	Std. Deviation
Tangibility	0.84	1.81	0.52
Reliability	0.92	1.88	0.62
Responsiveness	0.80	1.77	0.46
Assurance	0.86	1.72	0.49
Empathy	0.91	1.72	0.49
Opinions	**Cronbach's Alpha**	**Mean**	**Std. Deviation**
Tangibility	0.89	2.73	0.68
Reliability	0.87	2.74	0.61
Responsiveness	0.76	2.78	0.51
Assurance	0.85	2.82	0.56
Empathy	0.85	2.94	0.55

4.3.9 Comparative studies

In this section of the study there will be an analysis done with regards to the dependent t-test and independent t-test results. The dependent t-test (also called the paired t-test or paired-samples t-test) compares the means of two related groups to detect whether there are any statistically significant differences between these means. The independent t-test compares the means between two unrelated groups on the same continuous, dependent variable (Hill & Lewicki, 2008).

4.3.9.1 Dependent t-test

The dependant t-test as explained above compares the means of two related groups. In this section of the study it will refer to the high-volume respondents' expectations versus their opinions and low-volume expectations versus their opinions.

4.3.9.1.1 High-volume dependant t-test

The following section displays the high-volume respondents' dependent t-test result.

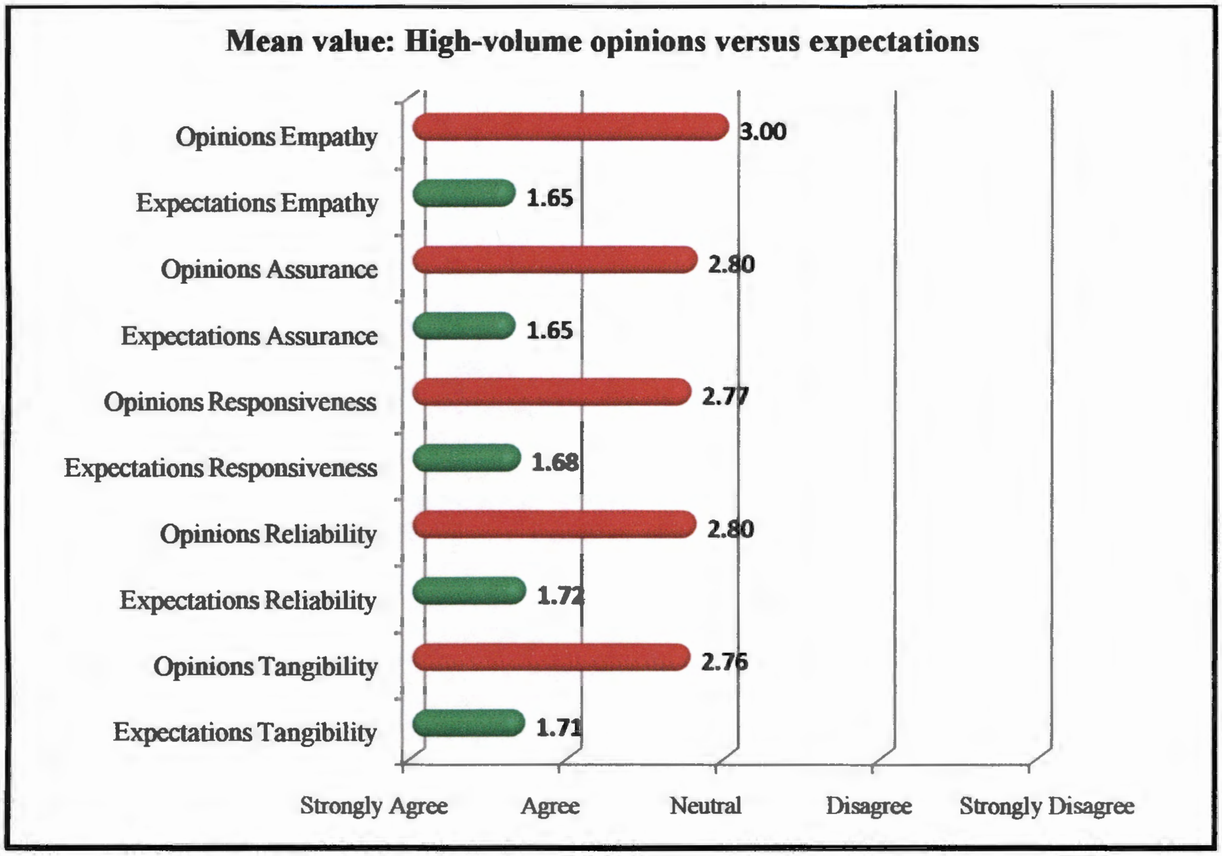

Figure 4.6: High-volume: opinions versus expectations

Figure 4.6 displays the high-volume respondents' opinions and expectations mean values. Results based on the Likert scale used displays that most of the respondents expect alcoholic beverage supply companies to deliver on the five dimensions of service quality. All five dimensions returned results based on averages close to agree. This indicates that the majority of respondents expect alcoholic beverage supply companies to deliver on the five service quality dimensions.

In contrast to the expectations the high-volume respondents returned result on the opinions section yielded results close to neutral. This indicated that most of the respondents can't really portray whether they are receiving good customer service or not from the alcoholic beverage supplying companies.

The largest difference on all the dimensions was on the empathy dimension. The difference on this dimension was 1.35. This indicates that most of the respondents agreed that the alcoholic beverage supply companies must deliver on this dimension due to the mean being 1.65. In contrast most of the respondents indicated that in their opinion the actual service delivery from alcoholic beverage supply companies is neutral. This also indicates that most of the respondents can't say whether they are getting good customer service or not, due to the returned mean result being 3.00. The rest of the dimensions returned similar results, due to all the dimensions opinions mean results being higher than their expectation.

This was in relation to the Likert scale.

- Expectations tangibility result 1.71 (agree) vs 2.76 (neutral) opinions,
- expectations reliability result 1.72 (agree) vs 2.80 (neutral) opinions,
- expectations responsiveness result 1.68 (agree) vs 2.77 (neutral) opinions and
- expectations assurance 1.65 result (agree) vs 2.80 (neutral) opinions.

In conjunction with figure 4.6 the high-volume respondents' opinions and expectations will now be explained by means of the returned standard deviation, effect size and p-value.

The effect size for high-volume respondents and returned p-values will now be discussed.

Table 4.10: High-volume opinions versus expectations

High-volume		Mean	Std. Deviation	Effect size	p-value
Tangibility	Expectations Tangibility	1.71	0.51	1.45	p value < 0.001
	Opinions Tangibility	2.76	0.73		
Reliability	Expectations Reliability	1.72	0.57	1.71	p value < 0.001
	Opinions Reliability	2.80	0.63		
Responsiveness	Expectations Responsiveness	1.68	0.51	1.86	p value < 0.001
	Opinions Responsiveness	2.77	0.58		
Assurance	Expectations Assurance	1.65	0.48	1.99	p value < 0.001
	Opinions Assurance	2.80	0.58		
Empathy	Expectations Empathy	1.65	0.53	2.2	p value < 0.001
	Opinions Empathy	3.00	0.62		

Table 4.10 in association with figure 4.6 clearly illustrates the difference in high-volume respondents' opinions versus their expectations. Most of the high-volume respondents of alcoholic beverage supply companies felt that the companies must deliver on all five service quality dimensions, but in their opinions the companies did not necessarily deliver to the full satisfaction of the respondents.

Most of the respondents can't state if they are getting satisfactory service or not, seeing that most dimensions (assurance, responsiveness, reliability, tangibility and empathy) were closer to the neutral result than the agree result based on the Likert scale.

It is evident from table 4.10 that there was a practically significant difference between the means on all the service delivery dimensions when considering high volume respondents responses. Steyn (2000: l) explains it as follows:

$\approx$ 0.2 Small, indicates no practically significant difference,
$\approx$ 0.5 Medium, indicates practically visible difference,
$\approx$ 0.8 Large displays practically significant difference.

From table 4.10 there was a large or practically significance difference between the means of high-volume respondents' expectations and opinions on all five dimensions. This reflects that most of the high-volume respondents felt that the alcoholic beverage supply companies must deliver on the respondents' expectations.

The effect size clearly indicates that there is a difference between the expectations and opinions on all five dimensions for the high-volume respondents. The largest effect size was on the empathy (d= 2.20) and assurance dimension (d= 1.99). This indicates that most of the high-volume respondents expected good service delivery on these dimensions but in contrast they could not indicate whether the alcoholic beverage supply companies do deliver on the dimensions or not, hence the returned result is neutral from the high-volume respondents.

The p-value indicates whether there is a statistically significant difference between the means. All dimensions in table 4.10 indicate p-values below 0.05 which indicates a statistically significant difference between the means of all the paired dimensions (Field 2009).

4.3.9.1.1 Low-volume dependent t-test

The following section of the study reflects the dependent t-test result for the low-volume respondents' expectations versus their opinions.

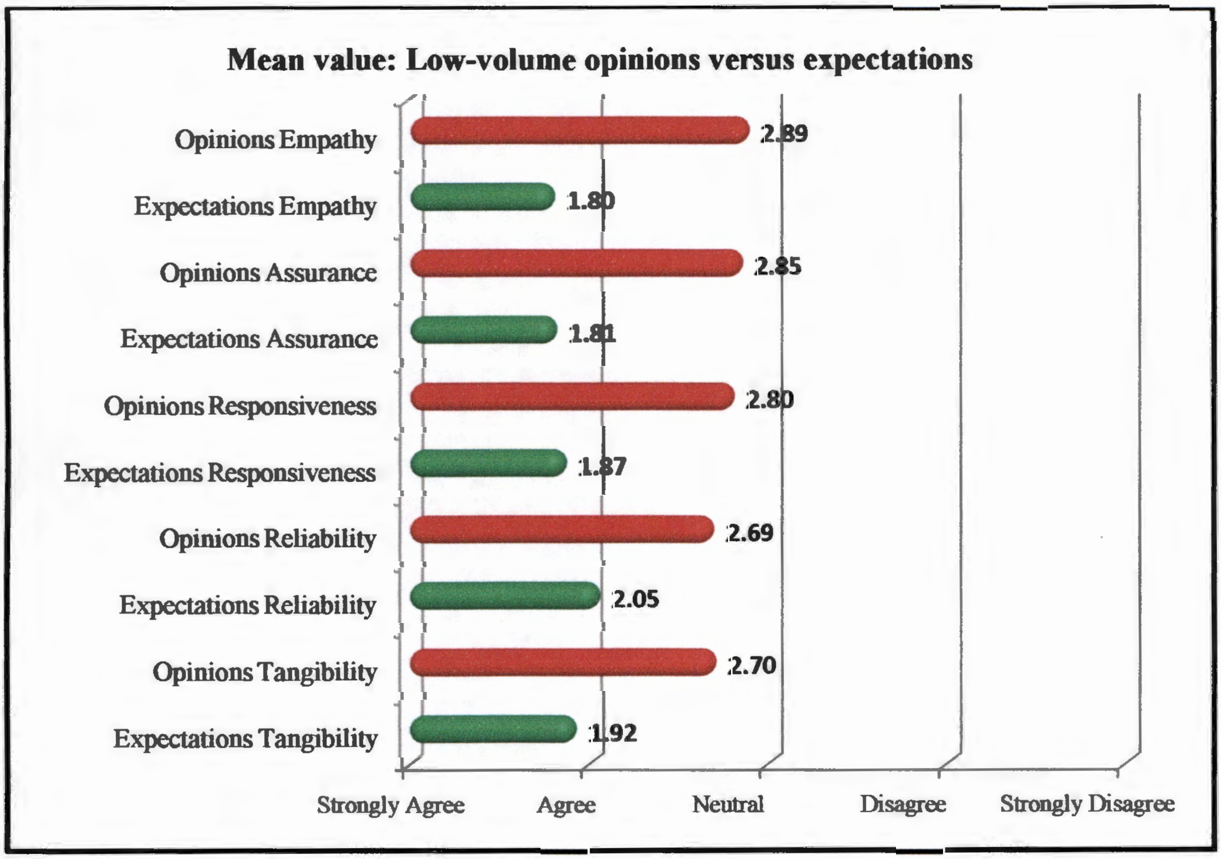

Figure 4.7: Low-volume: opinions versus expectations

Figure 4.7 and table 4.13 displays a comparison between the mean values of the low-volume respondent questionnaires expectations and their opinions. Results based on the Likert scale used displays that most of the low-volume respondents expect alcoholic beverage supplying companies to deliver on all five dimensions of service quality. All five dimensions returned results based on averages close to agree. This indicates that the majority of the low-volume respondents expect alcoholic beverage supply companies to deliver on the five service quality dimensions.

In contrast to the expectations, the low-volume respondents' returned result on the opinions section of all five service quality dimensions yielded results close to neutral. This indicated that most of the respondents can't really indicate whether they are receiving good customer service or not from the alcoholic beverage supply companies.

The largest difference with regards to low-volume respondents' expectations and opinions as reflected in figure 4.7 and table 4.11 were also on the empathy dimension. The returned results were 1.80 on the low-volume respondents' expectations and opinions returned result of 2.89. This indicates that most of the low-volume respondents agree that the alcoholic beverage supply companies must deliver on this dimension but indicated that they felt neutral toward the real life situation. The balance of the dimensions returned similar results:

- Expectations tangibility result 1.92 (agree) vs 2.70 (neutral) opinions,
- expectations reliability result 2.05 (agree) vs 2.69 (neutral) opinions,
- expectations responsiveness result 1.87 (agree) vs 2.80 (neutral) opinions, and
- expectations assurance 1.81 result (agree) vs 2.85 (neutral) opinions.

Low-volume respondents' effect sizes and returned p-value will now be discussed.

Table 4.11: Low-volume opinions versus expectations

Low-volume		Mean	Std. Deviation	Effect size	p-value
Tangibility	Expectations Tangibility	1.92	0.52		
	Opinions Tangibility	2.70	0.64	1.23	p value < 0.001
Reliability	Expectations Reliability	2.05	0.64		
	Opinions Reliability	2.69	0.59	0.99	p value < 0.001
Responsiveness	Expectations Responsiveness	1.87	0.39		
	Opinions Responsiveness	2.80	0.43	2.19	p value < 0.001
Assurance	Expectations Assurance	1.81	0.5		
	Opinions Assurance	2.85	0.54	1.93	p value < 0.001
Empathy	Expectations Empathy	1.80	0.44		
	Opinions Empathy	2.89	0.47	2.32	p value < 0.001

The above table in association with figure 4.7 clearly illustrates the difference in low-volume respondents' opinions versus their expectations. Most of the low-volume respondents of alcoholic beverage supplying companies felt that the companies must deliver on all five service quality dimensions, but in their opinions the companies did not deliver to full satisfaction of these expectations.

Most of them can't state whether they are getting satisfactory service or not, seeing that most dimensions (assurance, responsiveness, reliability, tangibility and empathy) were closer to the neutral result than the agree result, based on the Likert scale.

The effect size of the paired samples of the low-volume respondents is displayed in table 4.11. Effect size indicates practically significant differences between the mean as mentioned before.

It is evident from table 4.11 that there are large or practically significant differences within each service quality dimension for low-volume respondents. There is a clear difference between the expectations and opinions of low-volume respondents. The effect size displays that across all the dimensions the low-volume respondents mostly expected good quality service delivery from alcoholic beverage supply companies but failed to indicate whether this was actually the case, due to the result returned being neutral.

The largest paired difference is also on the empathy dimension, with the result being d= 2.32. This indicates that respondents mostly felt that the alcoholic beverage supply companies should deliver on their expectations within this dimension but the respondents couldn't indicate whether the companies delivered to their satisfaction or not.

The second largest difference was on the responsiveness dimension, d= 2.19. This indicates again that the respondents mostly expected good service delivery on this dimension, but returned a result of neutral on the opinions dimension. This reveals that low-volume respondents mostly couldn't indicate whether they were getting satisfactory service delivery or not.

The p-value indicates whether there is a statistically significant difference between the means as mentioned beforehand. All the dimensions in table 4.11 p-value were below 0.05 which indicates a statistically significant difference between the means of all the paired dimensions.

4.3.9.2 Independent t-test

As mentioned previously the independent t-test compares the means between two unrelated groups on the same continuous dependent variable. In the following section the high-volume versus low-volume respondents' expectations and opinions will be discussed.

4.3.9.2.1 High and low-volume respondents' expectations

Figure 4.8 portrays the high-volume respondents' expectations versus the low-volume respondents' expectations mean values.

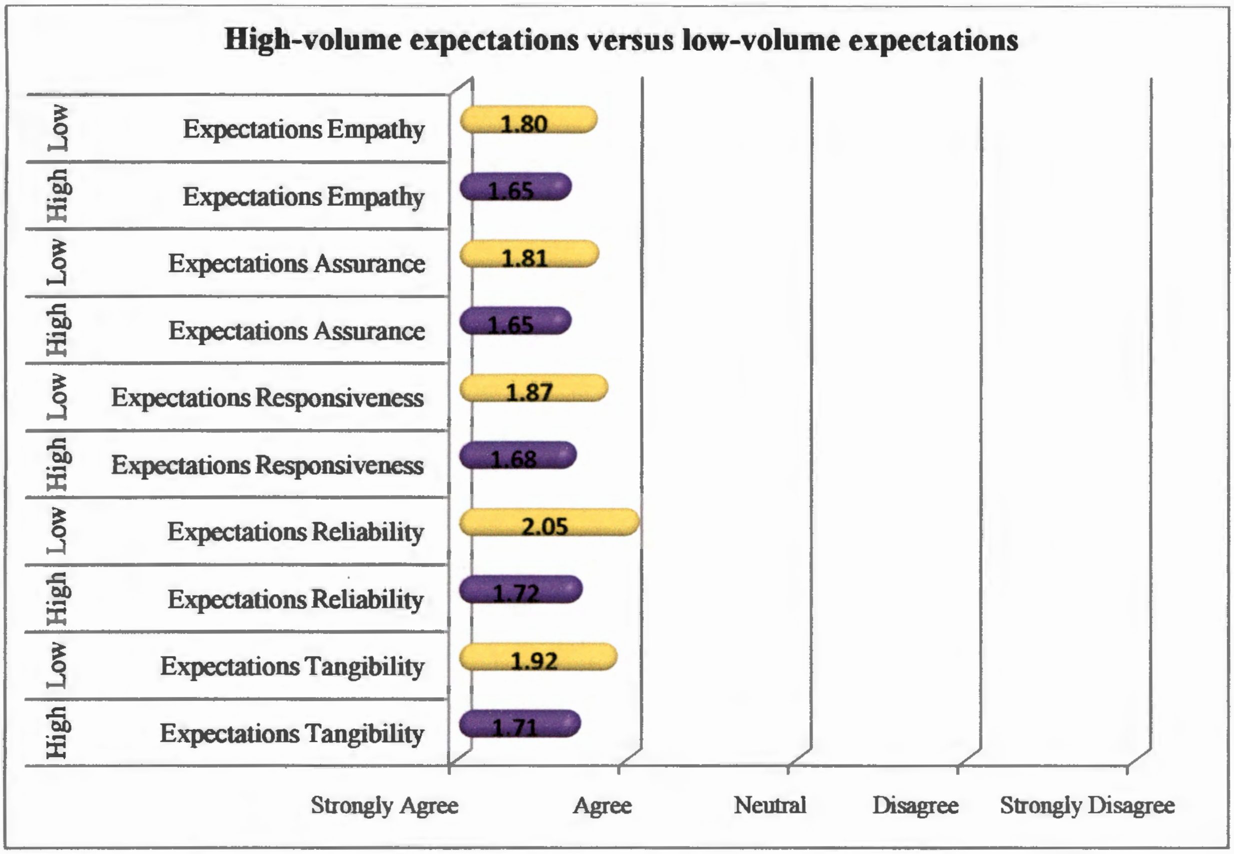

Figure 4.8: High-volume expectations versus low-volume expectations

The above figure displays the high-volume and low-volume respondents' results as per their expectations. Most of the respondents indicated that they expected good service delivery from the alcoholic beverage supplying companies on all five dimensions of service quality.

Most of the high-volume respondents primarily indicated that, based on averages, all five service delivery dimensions must be delivered on based on their expectations. This is due to all the dimensions average returned being close to the agreed coding within the Likert scale. This indicates that most of the respondents in the high-volume section agreed that they expected good service delivery on the tangibility, reliability, responsiveness, assurance and empathy dimension.

In comparison to this, and as can be seen in figure 4.8, majority of the low-volume respondents also agreed that the alcoholic beverage supply companies must deliver on their expectations.

All five dimensions results returned were also near to the agreed coding. This shows that most of the respondents in the low-volume section expect good customer service delivery within the five dimensions of service quality.

The results from the high and low-volume respondents' expectations indicate that most of the respondents in both the high and low sections indicated that they agree that alcoholic beverage supplying companies must deliver on the five service delivery dimensions.

There was a difference between the low-volume and high-volume respondents' expectations. Mostly, the low-volume respondents agreed that the alcoholic beverage supply companies must deliver on the five dimensions expectations. This is due to their averages being close to the agree variable on all five dimensions of service quality. The high-volume respondents' results on the different dimensions were all below the low-volume respondents, showing they mostly tend to strongly agree more on all five dimensions expectations.

The largest difference between the results was on the reliability dimension, the low-volume respondents' results being 2.05 (agree) and high-volume 1.72 (strongly agree to agree). This indicates that most of the high-volume respondents agreed that the alcoholic beverage supply companies must deliver on their expectations on this dimension and the low-volume respondents indicated that they indeed agreed that service delivery must take place on this dimension.

The paired effect size and returned p-values will now also be discussed for high and low-volume respondents' expectations.

Table 4.12 High and low-volume expectations

High/Low		Mean	Std. Deviation	Effect size	p-value
Expectations Tangibility	High	1.71	0.51	0.41	0.002
	Low	1.92	0.52		
Expectations Reliability	High	1.72	0.57	0.52	0.000
	Low	2.05	0.64		
Expectations Responsiveness	High	1.68	0.51	0.36	0.003
	Low	1.87	0.39		
Expectations Assurance	High	1.65	0.48	0.33	0.015
	Low	1.81	0.50		
Expectations Empathy	High	1.65	0.53	0.28	0.022
	Low	1.80	0.44		

In table 4.12 it emerges that in all the expectations dimensions it is clear that the respondents felt the same around what they expect alcoholic beverage supply companies should deliver on the five service quality dimensions.

This was primarily due to a mean value ranging between 1.65 (strongly agree to agree) and 2.05 (agree). This shows that the respondents mostly agreed that they expected the alcoholic beverage supply companies to deliver on the dimensions.

The effect size displayed in table 4.12 indicates the following on the effect size results:

- Tangibility expectations reflect a small to medium or practically non-significant to practically visible difference.
- Reliability expectations show a medium or practically visible difference.
- Responsiveness expectations show a small to medium or practically non-significant to practically visible difference.
- Assurance expectations indicate a small to medium or practically non-significant to practically visible difference.
- Empathy expectations show a small to medium or practically non-significant to practically visible difference.

This shows that all the respondents felt the same regarding the dimensions, and what they expect alcoholic beverage supply companies to deliver at a level to satisfy their expectations.

The p-value, which indicates whether there is a statistically significant difference between the means, must be below 0.05 to show that there is in fact a statistically significant difference between the means (Field 2009).

The dimensions tangibility expectations, reliability expectations and responsiveness expectations were below 0.05, which shows there is a statistically significant difference between the means on these dimensions.

4.3.9.2.2 High and low-volume respondent's opinions

The following information in figure 4.9 displays the high-volume respondents' opinions versus the low-volume respondents' opinions mean values.

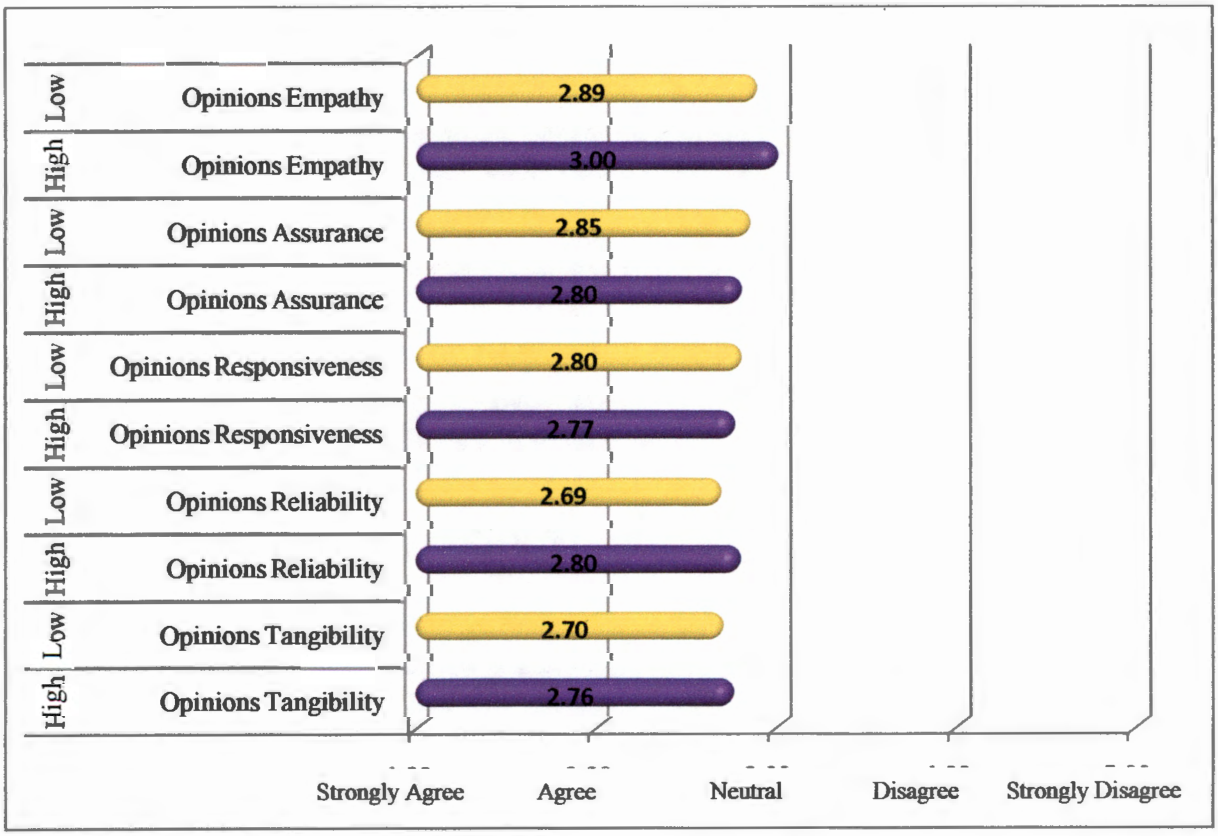

Figure 4.9: High-volume opinions versus low-volume opinions

Figure 4.9displays the results from the high-volume and low-volume respondents on their opinions on the five service delivery dimensions. Most of the high-volume respondents indicated that they were neutral with regards to the actual service delivery on all five dimensions. This explains that the respondents can't indicate whether they are receiving the service delivery dimension to their satisfaction or not.

All the sections returned values being close to the neutral coding within the Likert scale used, with the high-volume respondents' empathy dimension being the highest at 3.00. The balance of the dimensions in the high-volume section all returned results of averages around the neutral coding
This indicates that the high-volume respondents can't say whether the alcoholic beverage supply companies are delivering on the dimensions or not.

Most of the low-volume respondents also indicated that they were neutral with regards to the five service delivery dimensions. This was due to the mean values averaging close to the neutral Likert scale coding. The low-volume respondents also couldn't indicate whether the alcoholic beverage supply companies were delivering on the five service delivery dimensions or not.

The highest returned value on all five dimensions was also on the empathy dimension at 2.89 for the low volume respondents. The high volume respondents returned value was 3.00, also on the empathy dimension.

The results from the high and low-volume respondents' opinions indicated that the respondents in both sections felt neutral. This shows again that they can't indicate whether they are receiving service delivery on all five dimensions

There were no significant differences between the low-volume and high-volume respondents' opinions. The high and low-volume respondents' results show that the two type of respondents felt the same way about the actual alcoholic beverage supply companies service delivery based on the five service delivery dimensions, which is more neutral than agree or even strongly agree.

The paired effect size and p-values that were returned will now be discussed for the high and low-volume respondents' opinions.

Table 4.13 High and low-volume opinions

High/Low		Mean	Std. Deviation	Effect size	p-value
Opinions Tangibility	High	2.76	0.72	0.08	0.516
	Low	2.70	0.64		
Opinions Reliability	High	2.80	0.63	0.17	0.187
	Low	2.69	0.59		
Opinions Responsiveness	High	2.77	0.58	0.06	0.599
	Low	2.80	0.43		
Opinions Assurance	High	2.80	0.58	0.08	0.552
	Low	2.85	0.54		
Opinions Empathy	High	3.00	0.62	0.19	0.111
	Low	2.89	0.47		

The above table displays the independent t-test results for high and low-volume of respondents' opinions. Table 4.13 displays the effect size and p-values of the t-test done between the high and low-volume respondents on each dimension individually. As mentioned before on the effect size 0.2 indicates a small practically significant difference, 0.5 indicates a medium practically significant difference and 0.8 a large practically significant difference (Steyn, 2000).

It is clear from the above table that most of the dimensions had small or practically non-significant differences:

- Opinions empathy at 0.19,
- opinions assurance at 0.08,
- opinions responsiveness at 0.06,
- opinions reliability 0.17, and
- opinions tangibility 0.08.

The information obtained above indicates that both sections high and low agree that they feel the same about the reality of the alcoholic beverage supply companies' service delivery on all five dimensions. This, as mentioned in previous sections, was a returned result of neutral.

This was due to the means on all the opinion dimensions being between 2.69 and 3.00, and the standard deviation between 0.43 and 0.72, which shows agreement between the respondents' answers.
The p-value, which indicates whether there is a statistically significant difference between the means must be below 0.05 to show that there is in fact a statistically significant difference between the means (Field, 2009).

All the dimensions returned a p-value higher than 0.05. This indicates that there was no statistically significant difference between the means and that the respondents agreed that they all felt neutral about the alcoholic beverage supply companies' actual service delivery

4.4 CONCLUSION

This chapter sought to report on and interpret the empirical findings of the study. Section 4.2 described the preliminary data analysis process, which included a discussion of the coding, tabulation of the data and data-gathering process.

Section 4.3 presented a descriptive analysis of the data sets, where the results of the main questionnaire were then tabulated and graphically illustrated. The factor analysis and reliability were tabulated and comparative study results were also tabulated and graphed. In addition, the data was tested for validity and reliability. T-tests were used to test whether there were any significant statistical differences between the five service quality dimensions, and based on high and low-volume respondents' answers within these dimensions. Cohen's D tests were used to investigate whether significant practical differences existed between the high and low-volume respondents' expectations and opinions.

The next chapter, Chapter 5, presents the recommendations and concluding remarks of the study.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

At the end of any research project it is important that the researcher should reflect on the study in order to determine whether or not all objectives have been met, and to ensure that the study represents reliable and accurate results.

5.2 OVERVIEW OF THE STUDY

Each chapter in this research study played a specific role concerning the outlined objectives of the study. These objectives were used as a guideline to help construct the chapters and to ensure that objectives of the study were met.

The primary objective of the study was to investigate the relationship between volume of alcoholic beverages purchased and customer service expectations. To attain this objective, the following secondary objectives were formulated:

- Ascertain whether customers perceive customer service differently based on their purchase quantity.
- Establish the perceptions customers have regarding service quality in relation to quantity purchased.
- Establish whether customer service is of equal importance for customers with different purchase quantities.

Chapter 2 of the research study focused on the theoretical aspects of customer service and service delivery whereby the main aspects were discussed in section 2.2 (Defining service quality), 2.3 (Historical view of the SERVQUAL models), 2.4 (Service quality gaps), 2.5 (Relationship between customer satisfaction and service quality), 2.6 (Service characteristics), 2.8 (Customers formation of expectations), 2.9 (Customer service) and 2.10 (Importance of service quality).

Once the theoretical objectives were met, the empirical research followed. In order to ensure that the correct research methods were used to investigate the empirical objectives, chapter 3 analysed the research methodology used in this research study. The research design (Section 3.2) and the research approach (Section 3.3) were outlined, together with the sampling strategy (Section 3.4) and the data gathering process (Section 3.5).

The administration of the questionnaire (Section 3.6) and the statistical analysis of the data (Section 3.7) were discussed. Then also (Section 3.8), together with the reliability and validity, and tests of significance (Section 3.10) were outlined within chapter 3. The research methodology then created the foundation for the empirical research study undertaken.

In chapter 4 the research findings of the empirical study were outlined. Section 4.3 presented the descriptive statistics that answered the questions emanating from the empirical objectives.

Section 4.3.1-4.3.5 presented the frequencies of the demographics of the respondents in the high and low sections. The confirmatory factor analysis that was returned from the data obtained was presented in section 4.3.7, outlining the communalities, total variance, KMO measure, correlation matrix and Bartlett's Test of Sphericity of all the dimensions of service quality, expectations in contrast to opinions per dimension.

Section 4.3.8 outlined the studies reliability, and section 4.3.9 the comparative t-test to establish the difference in expectations versus opinions of respondents in the high and low categories.

In the following section the limitations of and contributions made by the study will be discussed.

5.3 LIMITATIONS OF THE STUDY

Within the research study certain aspects were less than ideal:

- The research study didn't evaluate the individual elements of the dimensions and therefore companies won't have the knowledge of which specific elements to focus on.

- The Likert scale used limited the study to indicate clear and concise results. The neutral items in the Likert limited broader results and conclusions.

5.4 MAIN FINDINGS AND CONTRIBUTION OF THE STUDY

This research study investigated the relationship between volume a customer buys from an alcoholic beverage supply company and what influence it has on their customer service expectations. Customers of any company or that receives any type of service from any company expect to get the best possible service from a supplier.

Customers have a certain psychological perception about what is adequate customer service and what they feel is needed to meet and satisfy their needs. Satisfactory customer relations tend to create a demand for companies' services and/or products. Good customer service also contributes to customer retention.

The contribution of this study to the alcoholic beverage supply companies in the North- West province can be summarized as follows: Firstly the study has exposed the demographic profiles of customers in different sections of the industry. This may assist alcoholic beverage companies to better understand the customers' demographic profiles. This information can be used for specific catered service delivery.

Customers' gender, age, education, language and position in the business, even though in different sections of the industry (high or low), did not change their perception on how they understood customer service and what their expectations of service delivery is. Alcoholic beverage supply companies must also understand that, among others, a young educated woman in the low-volume section of the industry views customer service and expects the same service in comparison to young educated women in the high-volume section.

Secondly the study revealed that the satisfaction level experienced by customers in both sections of the study (high and low), with a considerable gap between expectations and opinions within the empathy dimension. The majority of the customers of beverage supply companies indicated that their expectations aren't being met within this dimension.

There were also gaps between the mean values of the expectations and opinions in the balance of the dimensions (tangibility, responsiveness, reliability and assurance). Alcoholic beverage supply companies must evaluate which items within these dimensions are of importance to the customers, and work on improving them one by one.

5.5 RECOMMENDATIONS

Based on the main findings/contributions of the study mentioned above, it is recommended that the alcoholic beverage supply companies should address the problem areas exposed in this study to avoid defection of customers and other repercussions associated with customer dissatisfaction.

Due to fierce competition in this industry it is important that the alcoholic beverage supply companies must strive for satisfactory levels of service delivery.

The SERVQUAL dimensional questionnaire clearly indicated that employees of alcoholic beverage supply companies have a definite influence on the customers' service quality perception. Employees at alcoholic beverage supply companies must be made aware that their responsiveness, reliability, attitude, skills and knowledge are very key and important to the customers. These factors mentioned have a direct impact on the outcome of their service quality to customers. Alcoholic beverage companies may consider customer service training for all their call centre agents and employees that work in the trade and face-to-face with customers, seeing as the worst performing dimensions was empathy.

The use of a SERVQUAL adapted model internally at alcoholic beverage supply companies to measure customer satisfaction on dimensions that they feel they are lacking in their service delivery to their customers. This will also assist them in identifying gaps and to monitor improvements made on the gaps.

It was evident from the empirical results that low-volume customers also viewed customer service as very important. They also had high expectations of what they perceive to be satisfactory service delivery. Therefore managers at alcoholic beverage supply companies should view all customers (high and low-volume sections) as important.

Suppliers should not only focus on high-volume customers' needs but also view low-volume customers as equally important. The same marketing, logistics and customer service levers must be implemented and used within the low-volume section as in the high-volume section of the industry.

5.6 FUTURE RESEARCH OPPERTUNITIES

The primary focus of this study was to determine whether the volume a customer buys from an alcoholic beverage supplier influences his service quality expectations. The study focused only on customers of alcoholic beverage supply companies in the North West Province, and a primary focus was given to the expectations and opinions based on results per service quality dimension. Further research opportunities can be the following:

- A research study can be conducted on the expectations and opinions of customers that receive deliveries from alcoholic beverage supply companies in more than one province in South Africa. A comparative study between the provinces can be considered.
- A similar study focusing on the differences between elements within each dimension of the existing SERVQUAL questionnaire.
- A national empirical study that compares expectations between opinions of high and low-volume customers of the alcoholic beverage supply industry.
- An empirical study that doesn't differentiate between high and low-volume customers in the alcoholic beverage industry due to the universal results.
- An empirical study that evaluates what elements in the dimensions are of more importance to customers within the high or low section separately.
- A research study with a different Likert scale content to evaluate customers' expectations versus their opinions. Rather ranging from very important – not important at all. Instead of the limiting strongly agree- strongly disagree.

5.7 CONCLUDING REMARKS

Customer service is a daily event for any service delivery company or any individual that is offering a service to a customer. Customer satisfaction and service quality depend upon interaction, praise, complaints and feedback. Complaints need to be viewed in a constructive and positive way by managers in companies. These complaints can also be used to measure performance and assist in allocating resources to the deficient areas of the business.

For this to be achieved there must be a paradigm shift away from the previous ways of interaction between companies and customers. Greater emphasis must also be placed on employee commitment and customer involvement. This requires challenging and engaging tasks, good human relations with customers, co-workers and management. These factors play a very important role in satisfying customer needs and to deliver a service that is of a high quality. It is of utmost importance that the service that is offered to the customer gets done to the highest level of customer satisfaction. However important customer satisfaction and service quality are, they cannot be bought at any price, it must be earned.

In conclusion the purpose of this study was to determine whether there are discrepancies between the expected levels of service delivery and experienced level of service delivery. Also in relation to this if the volume a customer buys from alcoholic beverage supply companies influences his customer service expectations. Thus, the conclusion can be made that the objectives of the empirical study have been accomplished.

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APPENDIX A

FINAL QUESTIONNAIRE

NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

CUSTOMER SERVICE EXPECTATIONS FROM ALCOHOLIC BEVERAGE SUPPLIERS IN THE NORTH WEST PROVINCE

Dear Respondent (Service Receiver)

Thank you very much for your willingness to complete the questionnaire regarding the expected customer service from alcoholic beverage supplying companies. **Please note this is about your expectations and experience that you have around the whole alcoholic beverage industry and not just one company.**

The purpose of the questionnaire is to collect data that can be used to:

a) Determine the expectations receivers of services have about service that will be provided by alcoholic beverage supplying companies
b) Determine the opinions receivers of services have about the service provided by alcoholic beverage supplying companies
c) Determine receiver of services preferences towards certain categories of service delivery

This is an anonymous and confidential questionnaire. You cannot be identified and the answers will only be used for research purposes. To complete this questionnaire will take about 10 minute. As a respondent you are not obligated to complete the questionnaire, but can withdraw at any time

Completion of the questionnaire also indicates your consent that the data may be used for the purpose of this study and any subsequent studies.

Please answer all questions. There is no right or wrong answer.

Section A

Respondent's demographic information (Answer the question with an X in the relevant space provided)

Please indicate the following by making an X in the appropriate space provided

1. Please indicate your gender

	X	
Male		1
Female		2

2. Please indicate your age

Current age: Years____________Months_______________

3. Please indicate your position in the business

	X	
Apprentice		1
Middle Manager		2
Senior Manager		3
Owner		4

4. Please indicate your completed qualification

	X	
Primary School		1
Some Secondary (Grade 7-11)		2
Matric		3
Some tertiary education		4
Trade Program		5
Tertiary qualification, BA, BComm		6
Post-Grad Qualification		7

5. Please indicate your home language

	X	
Afrikaans		1
English		2
Zulu		3
Tswana		4
Xhosa		5
Ndebele		6
Venda		7
Sesotho		8

Other ______________________________

Section B :Expectations	
Expectations Defined: **"A belief that someone will or should achieve something". Source: Oxford Dictionary (2004)**	Please indicate your expectations **(What you as a service receiver would like it to be)** by encircling the most appropriate number.

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. Alcoholic beverage supplying companies will have modern looking equipment.	1	2	3	4	5
2. The physical delivery trucks at alcoholic beverage supplying companies will be visually appealing.	1	2	3	4	5
3. Employees at alcoholic beverage supplying companies will be neat in their appearance.	1	2	3	4	5
4. Materials associated with the service (pamphlets or statements) will be visually appealing at alcoholic beverage supplying companies.	1	2	3	4	5
5. When alcoholic beverage supplying companies promise to do something by a certain time, they do.	1	2	3	4	5
6. When a customer has a problem, the alcoholic beverage supplying companies will show a sincere interest in solving it.	1	2	3	4	5
7. Alcoholic beverage supplying companies will perform the service right the first time.	1	2	3	4	5
8. Alcoholic beverage supplying companies' will provide the service at the time they promise to do so.	1	2	3	4	5
9. Alcoholic beverage supplying companies' delivery companies will insist on error free invoicing.	1	2	3	4	5
10. Employees of alcoholic beverage supplying companies will tell customers exactly when services will be performed.	1	2	3	4	5
11. Employees of alcoholic beverage supplying companies will give	1	2	3	4	5

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
prompt service to customers.					
12. Employees of alcoholic beverage supplying companies will always be willing to help customers.	1	2	3	4	5
13. Employees of alcoholic beverage supplying companies will never be too busy to respond to customers' requests.	1	2	3	4	5
14. The behaviour of employees in alcoholic beverage supplying companies will instil confidence in customers	1	2	3	4	5
15. Customers of alcoholic beverage supplying companies will feel safe in transactions.	1	2	3	4	5
16. Employees of alcoholic beverage supplying companies will be consistently courteous with customers.	1	2	3	4	5
17. Employees of alcoholic beverage supplying companies will have the knowledge to answer customers' questions.	1	2	3	4	5
18. Alcoholic beverage supplying companies will give customers individual attention.	1	2	3	4	5
19. Alcoholic beverage supplying companies will have operating hours convenient to all their customers.	1	2	3	4	5
20. Alcoholic beverage supplying companies give individual attention to customers.	1	2	3	4	5
21. Alcoholic beverage supplying companies will have their customers' best interest at heart.	1	2	3	4	5
22. The employees of alcoholic beverage supplying companies will understand the specific needs of their customers.	1	2	3	4	5

Section C: Experience	
Opinion Defined: **"The prevailing or popular feeling or view".** **Source: Oxford Dictionary (2004)**	Please indicate your opinion **(What the real situation is)** by encircling the most appropriate number.

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
23. Alcoholic beverage supplying companies will have modern looking equipment.	1	2	3	4	5
24. The physical delivery trucks at alcoholic beverage supplying companies will be visually appealing.	1	2	3	4	5
25. Employees at alcoholic beverage supplying companies will be neat in their appearance.	1	2	3	4	5
26. Materials associated with the service (pamphlets or statements) will be visually appealing at alcoholic beverage supplying companies.	1	2	3	4	5
27. When excellent beverage supplying companies promise to do something by a certain time, they do.	1	2	3	4	5
28. When a customer has a problem, the alcoholic beverage supplying companies will show a sincere interest in solving it.	1	2	3	4	5
29. Alcoholic beverage supplying companies will perform the service right the first time.	1	2	3	4	5
30. Alcoholic beverage supplying companies 'will provide the service at the time they promise to do so.	1	2	3	4	5
31. Alcoholic beverage supplying companies' delivery companies will insist on error free invoicing.	1	2	3	4	5
32. Employees of alcoholic beverage supplying companies will tell customers exactly when services will be performed.	1	2	3	4	5
33. Employees of alcoholic beverage supplying companies will give prompt service to customers.	1	2	3	4	5

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
34. Employees of alcoholic beverage supplying companies will always be willing to help customers.	1	2	3	4	5
35. Employees of alcoholic beverage supplying companies will never be too busy to respond to customers' requests.	1	2	3	4	5
36. The behaviour of employees in alcoholic beverage supplying companies will instil confidence in customers	1	2	3	4	5
37. Customers of alcoholic beverage supplying companies will feel safe in transactions.	1	2	3	4	5
38. Employees of alcoholic beverage supplying companies will be consistently courteous with customers.	1	2	3	4	5
39. Employees of alcoholic beverage supplying companies will have the knowledge to answer customers' questions.	1	2	3	4	5
40. Alcoholic beverage supplying companies will give customers individual attention.	1	2	3	4	5
41. Alcoholic beverage supplying companies will have operating hours convenient to all their customers.	1	2	3	4	5
42. Alcoholic beverage supplying companies give individual attention to customers.	1	2	3	4	5
43. Alcoholic beverage supplying companies will have their customers' best interest at heart.	1	2	3	4	5
44. The employee's of alcoholic beverage supplying companies will understand the specific needs of their customers.	1	2	3	4	5

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e) Determine the opinions receivers of services have about the service provided by alcoholic beverage supplying companies
f) Determine receiver of services preferences towards certain categories of service delivery

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Completion of the questionnaire also indicates your consent that the data may be used for the purpose of this study and any subsequent studies.

Please answer all questions. There is no right or wrong answer.

Section A

Respondent's demographic information (Answer the question with an X in the relevant space provided)

Please indicate the following by making an X in the appropriate space provided

1. Please indicate your gender

	X	
Male		1
Female		2

2. Please indicate your age

Current age: Years____________Months________________

3. Please indicate your position in the business

	X	
Apprentice		1
Middle Manager		2
Senior Manager		3
Owner		4

4. Please indicate your finished qualification

	X	
Primary School		1
Some Secondary (Grade 7-11)		2
Matric		3
Some tertiary education		4
Trade Program		5
Tertiary qualification, BA, BComm.		6
Post-Grad Qualification		7

5. Please indicate your home language

	X	
Afrikaans		1
English		2
Zulu		3
Tswana		4
Xhosa		5
Ndebele		6
Venda		7
Sesotho		8

Other ______________________________

Section B : Service expectations	
Expectations Defined: **A belief that someone will or should achieve something. Source: Oxford Dictionary (2004)**	Please indicate your expectations **(What you as a service receiver would like it to be)** by encircling the most appropriate number.

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
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2. The physical delivery trucks at alcoholic beverage supplying companies will be visually appealing.	1	2	3	4	5
3. Employees at alcoholic beverage supplying companies will be neat in their appearance.	1	2	3	4	5
4. Materials associated with the service (pamphlets or statements) will be visually appealing at alcoholic beverage supplying companies.	1	2	3	4	5
5. When alcoholic beverage supplying companies promise to do something by a certain time, they do.	1	2	3	4	5
6. When a customer has a problem, the alcoholic beverage supplying companies will show a sincere interest in solving it.	1	2	3	4	5
7. Alcoholic beverage supplying companies will perform the service right the first time.	1	2	3	4	5
8. Alcoholic beverage supplying companies' will provide the service at the time they promise to do so.	1	2	3	4	5
9. Alcoholic beverage supplying companies' delivery companies will insist on error free invoicing.	1	2	3	4	5
10. Employees of alcoholic beverage supplying companies will tell customers exactly when services will be performed.	1	2	3	4	5

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
11. Employees of alcoholic beverage supplying companies will give prompt service to customers.	1	2	3	4	5
12. Employees of alcoholic beverage supplying companies will always be willing to help customers.	1	2	3	4	5
13. Employees of alcoholic beverage supplying companies will never be too busy to respond to customers' requests.	1	2	3	4	5
14. The behaviour of employees in alcoholic beverage supplying companies will instil confidence in customers	1	2	3	4	5
15. Customers of alcoholic beverage supplying companies will feel safe in transactions.	1	2	3	4	5
16. Employees of alcoholic beverage supplying companies will be consistently courteous with customers.	1	2	3	4	5
17. Employees of alcoholic beverage supplying companies will have the knowledge to answer customers' questions.	1	2	3	4	5
18. Alcoholic beverage supplying companies will give customers individual attention.	1	2	3	4	5
19. Alcoholic beverage supplying companies will have operating hours convenient to all their customers.	1	2	3	4	5
20. Alcoholic beverage supplying companies give individual attention to customers.	1	2	3	4	5
21. Alcoholic beverage supplying companies will have their customers' best interest at heart.	1	2	3	4	5
22. The employees of alcoholic beverage supplying companies will understand the specific needs of their customers.	1	2	3	4	5

Section C : Experience	
Opinion Defined: **the prevailing or popular feeling or view. Source: Oxford Dictionary (2004)**	Please indicate your opinion **(What the real situation is)** by encircling the most appropriate number.

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
23. Alcoholic beverage supplying companies will have modern looking equipment.	1	2	3	4	5
24. The physical delivery trucks at alcoholic beverage supplying companies will be visually appealing.	1	2	3	4	5
25. Employees at alcoholic beverage supplying companies will be neat in their appearance.	1	2	3	4	5
26. Materials associated with the service (pamphlets or statements) will be visually appealing at alcoholic beverage supplying companies.	1	2	3	4	5
27. When excellent beverage supplying companies promise to do something by a certain time, they do.	1	2	3	4	5
28. When a customer has a problem, the alcoholic beverage supplying companies will show a sincere interest in solving it.	1	2	3	4	5
29. Alcoholic beverage supplying companies will perform the service right the first time.	1	2	3	4	5
30. Alcoholic beverage supplying companies 'will provide the service at the time they promise to do so.	1	2	3	4	5
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Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
prompt service to customers.					
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41. Alcoholic beverage supplying companies will have operating hours convenient to all their customers.	1	2	3	4	5
42. Alcoholic beverage supplying companies give individual attention to customers.	1	2	3	4	5
43. Alcoholic beverage supplying companies will have their customers' best interest at heart.	1	2	3	4	5
44. The employee's of alcoholic beverage supplying companies will understand the specific needs of their customers.	1	2	3	4	5

APPENDIX B

CODING

Table B1 Coding

Section A: Demographic Data			
Question	Code	Variable	Value assigned
1	A1	Gender	Male (1) , Female (2)
2	A2	Age	Open
3	A3	Position in the business	Apprentice (1), Middle Manager (2), Senior Manager (3), Owner (4)
4	A4	Finished Qualification	Primary School (1), Some Secondary (2), Matric (3), Some Tertiary (4), Trade Program (5), Tertiary Qualification (6), Post Grad Qualification (7)
5	A5	Home Language	Afrikaans (1) , English (2), Zulu (3), Tswana (4), Xhosa (5) , Ndebele (6), Venda (7), Sesotho (8), Other (9)

Table B2 Likert scale coding

Section B			
Question	Code	Value Assigned	Description
1-22	B1- B22	1	Strongly agree
		2	Agree
		3	Neutral
		4	Disagree
		5	Strongly Disagree
Section C	Code	Value Assigned	Description
23 - 44	C 23 – C 44	1	Strongly agree
		2	Agree
		3	Neutral
		4	Disagree
		5	Strongly Disagree

APPENDIX C

FREQUENCY TABLES

C1 Frequency table of response: Gender high volume

Gender	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	70	63.6	63.6	63.6
	Female	40	36.4	36.4	100.0
	Total	110	100.0	100.0	

C2 Frequency table of response: Position in the business high volume

Position		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Apprentice	6	5.5	5.5	5.5
	Middle Manager	25	22.7	22.7	28.2
	Senior Manager	23	20.9	20.9	49.1
	Owner	56	50.9	50.9	100.0
	Total	110	100.0	100.0	

C3 Frequency table of response: Education high volume

Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Some Secondary (Grade 7-11)	17	15.5	15.5	15.5
	Matric	39	35.5	35.5	50.9
	Some tertiary education	35	31.8	31.8	82.7
	Trade Program	2	1.8	1.8	84.5
	Tertiary qualification, BA, Bcom	17	15.5	15.5	100.0
	Total	110	100.0	100.0	

C4 Frequency table of response: First language high volume

Language		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Afrikaans	13	11.8	11.8	11.8
	English	26	23.6	23.6	35.5
	Zulu	9	8.2	8.2	43.6
	Tswana	41	37.3	37.3	80.9
	Xhosa	12	10.9	10.9	91.8
	Sesotho	6	5.5	5.5	97.3
	Other	3	2.7	2.7	100.0
	Total	110	100.0	100.0	

C5 Frequency table of response: Age high volume

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20	1	.9	.9	.9
	21	2	1.8	1.8	2.7
	22	8	7.3	7.3	10.0
	23	3	2.7	2.7	12.7
	24	3	2.7	2.7	15.5
	25	3	2.7	2.7	18.2
	26	4	3.6	3.6	21.8
	27	5	4.5	4.5	26.4
	28	3	2.7	2.7	29.1
	29	2	1.8	1.8	30.9
	30	2	1.8	1.8	32.7
	31	3	2.7	2.7	35.5
	32	5	4.5	4.5	40.0
	33	6	5.5	5.5	45.5
	34	4	3.6	3.6	49.1
	35	4	3.6	3.6	52.7
	37	3	2.7	2.7	55.5
	38	4	3.6	3.6	59.1
	39	1	.9	.9	60.0
	40	1	.9	.9	60.9
	41	4	3.6	3.6	64.5
	42	3	2.7	2.7	67.3
	43	2	1.8	1.8	69.1
	44	6	5.5	5.5	74.5
	45	1	.9	.9	75.5
	46	1	.9	.9	76.4
	48	2	1.8	1.8	78.2
	49	1	.9	.9	79.1
	51	2	1.8	1.8	80.9
	52	1	.9	.9	81.8
	53	3	2.7	2.7	84.5
	54	3	2.7	2.7	87.3
	55	6	5.5	5.5	92.7
	57	2	1.8	1.8	94.5
	58	3	2.7	2.7	97.3
	60	1	.9	.9	98.2
	63	1	.9	.9	99.1
	67	1	.9	.9	100.0
	Total	110	100.0	100.0	

C6 Frequency table of response: Age low volume

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	22	1	.9	.9	.9
	23	2	1.8	1.8	2.7
	24	1	.9	.9	3.6
	25	2	1.8	1.8	5.5
	26	2	1.8	1.8	7.3
	28	3	2.7	2.7	10.0
	29	6	5.5	5.5	15.5
	30	1	.9	.9	16.4
	31	1	.9	.9	17.3
	32	3	2.7	2.7	20.0
	33	8	7.3	7.3	27.3
	34	8	7.3	7.3	34.5
	35	3	2.7	2.7	37.3
	36	2	1.8	1.8	39.1
	37	3	2.7	2.7	41.8
	38	4	3.6	3.6	45.5
	39	4	3.6	3.6	49.1
	40	1	.9	.9	50.0
	41	1	.9	.9	50.9
	42	3	2.7	2.7	53.6
	43	4	3.6	3.6	57.3
	44	5	4.5	4.5	61.8
	45	4	3.6	3.6	65.5
	46	4	3.6	3.6	69.1
	47	4	3.6	3.6	72.7
	48	4	3.6	3.6	76.4
	49	2	1.8	1.8	78.2
	50	1	.9	.9	79.1
	51	1	.9	.9	80.0
	52	1	.9	.9	80.9
	53	1	.9	.9	81.8
	54	5	4.5	4.5	86.4
	55	7	6.4	6.4	92.7
	56	3	2.7	2.7	95.5
	61	1	.9	.9	96.4
	62	1	.9	.9	97.3
	64	1	.9	.9	98.2
	66	1	.9	.9	99.1
	67	1	.9	.9	100.0
	Total	110	100.0	100.0	

C7 Frequency table of response: Gender low volume

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	81	73.6	73.6	73.6
	Female	29	26.4	26.4	100.0
	Total	110	100.0	100.0	

C8 Frequency table of response: Position in the business low volume

Position		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Apprentice	3	2.7	2.7	2.7
	Middle Manager	17	15.5	15.5	18.2
	Senior Manager	29	26.4	26.4	44.5
	Owner	61	55.5	55.5	100.0
	Total	110	100.0	100.0	

C9 Frequency table of response: Education low volume

Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Some Secondary (Grade 7-11)	3	2.7	2.7	2.7
	Matric	61	55.5	55.5	58.2
	Some tertiary education	24	21.8	21.8	80.0
	Trade Program	4	3.6	3.6	83.6
	Tertiary qualification, BA, B Comm	18	16.4	16.4	100.0
	Total	110	100.0	100.0	

C10 Frequency table of response: First language low volume

Language		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Afrikaans	6	5.5	5.5	5.5
	English	29	26.4	26.4	31.8
	Zulu	8	7.3	7.3	39.1
	Tswana	38	34.5	34.5	73.6
	Xhosa	16	14.5	14.5	88.2
	Sesotho	13	11.8	11.8	100.0
	Total	110	100.0	100.0	