DETERMINING AND IMPROVING THE LEVELS OF SERVICE QUALITY AT INTERNATIONAL HEALTHCARE DISTRIBUTORS (IHD)

By

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DECLARATION

This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed:...................
Date:.....................
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ABSTRACT

The levels of service quality at International Healthcare Distributors (IHD) have been determined.

Service quality in organisations require a strong emphasis on customer service and service delivery processes. The main area of this study focuses on the need for appropriate levels and criteria of service quality that will satisfy customers of pharmaceutical distributors. Various determinants affecting service quality levels have been discussed. The nature of service quality has been outlined and customer expectation standards have been determined. Customer satisfaction versus service quality has been discussed and the consumers’ perceptions towards service quality have been identified. Obstacles to attaining service quality have been described and potential causes of service quality shortfalls have been defined. Various surveys were studied to determine the implementation of service quality dimensions in a variety of disciplines.

A sample was taken from the IHD customer base and a questionnaire was designed and distributed to the customers. The questionnaire examined five dimensions, tangibility, reliability, responsiveness, assurance and empathy. There was a hundred percent response rate. The results indicated that the tangibility dimension was highest in terms of customer agreement and reliability the lowest. The results of the questionnaire have proven that two of the hypotheses are negative and one positive.

Concluding remarks and recommendations were highlighted and it is evident that IHD needs to improve its level of service quality in order to meet their customer requirements.
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CHAPTER 1
THE SCOPE AND METHODS OF THE STUDY

1.1 INTRODUCTION

The 21\textsuperscript{st} century is often referred to as the service quality era. Many organisations, in distribution or otherwise, attribute their success to a strong emphasis on customer service. Many businesses consider the improvement of the quality of service delivery processes to be one of the dominant competitive methods towards quality customer service (Olsen, Teare and Gummesson 1996:1). The concepts of service quality, the influence of organisation culture on achieving service quality and the role of communication are of vital importance in accomplishing overall success for the pharmaceutical distribution industry, in particular.

Pharmaceutical distributors need to deliver the right medicine, at the right time to the right place. Trebilcock (2000:23) proposes that the characteristics that distinguish the top distributors, include qualities such as:

\begin{itemize}
\item the ability to deliver accurately and on time;
\item dependability of service and customer service;
\item the ability to deal with errors quickly, (whether the customer’s or distributor’s);
\item meeting and exceeding customer needs;
\item the ability to meet the price.
\end{itemize}

Service and quality exist only in the perceptions of the customer and are heavily dependent upon the skills and attitudes of service staff. Furthermore, any strategy that embodies the delivery of service quality will need to consider the human elements both internally and externally to the organisation (Olsen \textit{et al.} 1996:2). Customers do not evaluate service quality solely on the outcome of the service, for example, the appearance of a product or drug.
The process of service delivery is also considered, the involvement, responsiveness and friendliness that the customer service staff present towards them (Zeithaml, Parasuraman and Berry 1990: 15).

1.2 STATEMENT OF THE PROBLEM

Service quality is achievable within all industries. Those companies that do not produce products are where customers expect service quality as part of every purchase (Cannie 1991:9). He further states that companies have entered a period where they perform their service to become competitively advantaged over other companies. Customers in this new era focus on service quality far more than any other factor. The only criteria that count in evaluating service quality is defined by customers. Customers evaluate service quality based on the perceptions created about the service received from the service provider (Zeithaml et al.1990:16). These perceptions are achieved from the customer expectations when the provider performs the service. Woods (1991:125) argues that the need to integrate the processes and procedures for service design and delivery with organisational culture can be achieved by involving the employees in all processes and procedures. The employee, who is viewed as the internal customer, should be treated the same as the external customer. Both are customers who participate in ensuring that service quality is achieved and therefore should be accorded the same degree of interest and respect (Olsen et al. 1996: 3).

The management of corporate strategies, systems and people, according to Albrecht (1994:3), must exceed the needs and expectations of customers in order to provide service quality. Service quality begins within the organisation and is transmitted downwards from the top management structure and human resource functions. Service quality is implemented in all the processes and functions within the organisation before selling the service to the customer. The success of any company starts and ends with the service delivered to the customers. Service will need to exceed customer needs and expectations.
Organisational culture must be supported by an effective human resource function, which can select and train the employee to deliver a high standard of service quality (Olsen et al. 1996: 4). The delivery of service quality can be met when people are trained on how and why service is the one factor that ensures that customers, for example, repeat the business when they are satisfied with the service. Customers will respond with renewed efforts in ensuring that the service does occur (Albrecht 1994: 131). Culture building within an organisation demands the use of people skills and involves three important stages, gaining commitment, rewarding competence and maintaining consistency with service delivery (Blem 1995: 49). The common purpose of service quality is to maximise customer satisfaction, by translating itself to all levels and functions within the organisation. This can be achieved by management through the strategy of selecting, motivating, rewarding, retaining and unifying good employees, who strive for high standards of performance and are committed to superior customer service. There is a need for the company’s human resource function to contribute and support in the maintenance of a strong, meaningful organisational structure by selecting and training employees able to provide and deliver high standards of service quality. The levels of service quality as perceived by both internal (employees) and external customers will be investigated, for the purpose of this study.

The main area of this study will focus on the need for appropriate levels and criteria of service quality that will satisfy customers of pharmaceutical distributors. This study will also determine the standard of service levels within the pharmaceutical distribution field, through the customers’ perceptions of service quality.
1.3 BENEFITS OF SERVICE QUALITY

Companies will be profitable who treat their customers right, make them feel comfortable in the environment, and give them the distinct impression that the company values their patronage (Tschohl and Franzmeier 1991:15). The value of service quality is enhanced when retaining the existing customers. Future business prospects are enhanced by developing a reputation that attracts new customers.

The benefits of service quality, according to Albrecht (1994:6), can be summarised as follows:

- Customer loyalty, an increase in market share and return on sales;
- Increased sales and profits;
- More frequent sales. Repeat business, bulk-buying sales, order upgrading and re-ordering;
- Higher customer count and customer base increase;
- Savings in marketing, advertising and promotional budgets;
- Positive company reputation;
- Differentiation;
- Improved employee morale and productivity due to customers’ positive response; and
- Lower staff turnover.

There are a number of realities that necessitate primary research into service quality in the pharmaceutical distribution industry. Pharmaceutical distributors serve a diverse customer base and are service orientated. There is a demand for service quality and excellence in this industry. Service quality may be the only factor that differentiates one pharmaceutical distributor from another. Customer satisfaction, according to Anton (1996:45), is closely linked to
profits, cost savings and market share. It cannot be achieved without delivering high service quality.

Martin (1993:10) suggests that customer service is often the only contact the public has with a company. Service quality, or its lack can be a serious factor in the reputation and success of an organisation. Sviokla and Shapiro (1993:86) maintain that customers are new only once: “yesterday’s service is today’s minimum standard and tomorrow’s disappointment”. Companies who wait for customers to define the standard could be forced into a defensive position.

Organisations need to continuously research their service quality levels. The macro and microenvironments surrounding the pharmaceutical industry change on a daily basis. Competition is fierce. This type of research benefits International Healthcare Distributors (IHD) as the results can assist in designing implementation models to improve the quality of service. This empirical study will focus on service quality provided by IHD as perceived by its customers.

1.4 OBJECTIVES OF THE STUDY

This study will investigate the specific levels of service quality that are required to deliver services to the customers of IHD. Possible alternatives will be sought to determine what actions management need to undertake to ensure that IHD delivers service quality. The study is intended to evaluate the existing service quality strategies that are part of the overall marketing and communication activities of the organisation. A comparison is intended between the head office plans, the operational activities and the customer reactions, by using a literature study. The relationship between IHD and its other business partners, such as suppliers, will not be examined, for the purpose of this study. The focus will be on the customers’ viewpoint of service quality received from IHD.
1.5 HYPOTHESES

According to Leedy (1997:60), hypotheses and questions are helpful as they provide a focal point around which the researcher searches for relevant data. Hypotheses can neither be proved nor disproved but provide a position from which the study may explore the problem or the sub-problem. The hypotheses act as a checkpoint against which the findings that the data seem to reveal are tested.

The following hypotheses were formulated to address the stated objectives:

Hypothesis 1: IHD’s efforts to provide prompt delivery service improves both customer satisfaction and levels of service quality.

Hypothesis 2: Sufficient stock levels at IHD influences high levels of customer satisfaction and service quality.

Hypothesis 3: Levels of customer satisfaction and service quality is positively influenced by prompt service and helpfulness by the employee.

1.6 RESEARCH METHODOLOGY

1.6.1 The Sample

The empirical component of this study will be limited to customers situated within the Eastern Cape region. This region will include the Port Elizabeth, Uitenhage and Despatch areas, East London, Knysna and George. The customers will be targeted according to their purchasing history, for the six months prior to the research being performed. Customers belonging to the category ‘A’ have an average purchasing history of R100 000.00 per month and above. Customers in category ‘B’ have an average purchasing history between R50 000.00 and R 100 000.00 per month. Customers in category ‘C’
have an average purchasing history between zero and R50 000.00 per month. The purchasing history will be obtained from the purchase sales analysis report downloaded from the IHD computer system. The motivation for using a sample from each category is to obtain a diverse customer group so that the findings can be equitable over the research population.

1.6.2 The measuring instruments

A questionnaire will be designed specifically to determine the existence of any service standard gaps and the service performance gaps between IHD and its customers. The set of questions will determine the need to research the current status of possible gaps within the business-to-business markets and to examine whether the results vary systematically across different customer groups within the IHD customer base. Approximately 25 customers will be used to test the questionnaire. The questionnaire will be forwarded to the customers.

A questionnaire will be formulated based on questions that test whether adequate levels of service quality exist at IHD. The questions will be developed by studying the hypotheses, objectives and problem statement. The distribution frequency method will be used to group the questions that have been answered. This method shows the manner in which the scores on a variable list are distributed and how the frequencies of the various measurement categories vary (Huysamen 1998: 15). IHD can assess its service performance relative to its customers’ levels of tolerance, using data collected through this instrument. The tolerance levels are the following factors, reliability, responsiveness, assurance, empathy and tangibles.

1.7 DEMARCATION OF THE STUDY

The research has been planned to consist of the following chapters:
CHAPTER 1: THE SCOPE AND METHODS OF THE STUDY

Chapter 1 describes the scope of the study, the problem investigated; the objectives pursued and the methodology used.

CHAPTER 2: OVERVIEW OF SERVICE QUALITY

Chapter 2 details a literature overview of prior research into the implementation of service quality strategies to provide the organisation with a competitive advantage.

CHAPTER 3: PRACTICAL OVERVIEW OF QUALITY LEVELS IN SELECTED ORGANISATIONS IN THE SERVICE INDUSTRY

The literature available will be applied critically to this study. The research findings of other relevant studies in IHD and other countries will be evaluated and compared.

CHAPTER 4: RESEARCH METHODOLOGY OF THE STUDY

Description of the research methodology. The researcher has planned to use questionnaires to establish the viewpoints of the customers as well as its employees towards service quality.

CHAPTER 5: THE RESULTS OF THE EMPIRICAL STUDY

The empirical results of the research are summarised. A research findings are analysed and data.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

Summary and conclusions. In this section, the researcher plans to make recommendations to the management of IHD.
1.8 SUMMARY

In this chapter, the statement of the problem was outlined and the benefits of service quality were explained. The objectives of the study were underlined and the hypotheses formulated. The research methodology was discussed and the demarcation of the study was outlined. In Chapter 2, service quality will be defined and a literature survey of prior research into service quality implementation strategies will be addressed.
CHAPTER 2

OVERVIEW OF SERVICE QUALITY

2.1 INTRODUCTION

Chapter One described the scope of the study and developed a problem statement, the objectives and hypotheses of the study.

Service quality is by nature a subjective concept and the understanding how the customer thinks about service quality is essential for effective management. The following three related concepts are crucial to this understanding:

- service quality;
- customer satisfaction;
- customer perceptions.

Management often treat these concepts as interchangeable but they are quite distinct (Rust and Olivier 1994:2). They are important considerations for management and the measurement of service quality levels within a company.

In this chapter, various aspects of service quality will be explained. New ideas in service quality centre on a better understanding of how the customer is affected by service quality and how a company implements and measures service quality improvements. The effective management of service quality requires a clear understanding of its nature and what it actually means. It is necessary to understand the consumer perceptions of service quality and the effect this has on business performance. The improvement of the quality of service requires an understanding of customer satisfaction and customer
loyalty. The role of information technology and customer retention affect the changes in business and levels of service quality (Wilkie 1990:85).

### 2.2 THE NATURE OF SERVICE QUALITY

Service can be defined in terms of tangible and intangible components (Baron and Harris 1995: 159). Service is the vital ingredient of any business that enhances customer satisfaction. Service becomes the competitive advantage in organisations where the aim is essentially to gain customers and retain them (Tschohl and Franzmeier 1991: 3). Money and profit will follow of their own accord, if service is the main objective of a business (Van der Rooy 2000: 35). Service is not giving everything to everyone, according to Butcher and Pereira (2001:42), but rather delighting and exceeding customers’ expectations that lead to service excellence. A service is an act or performance that creates benefits for customers by bringing about a desired change in or on behalf of the recipient, according to Lovelock and Wright (1999:3).

Service is viewed from the customer’s viewpoint, for the purpose of this study, and is defined in terms of the roles of customer and service-provider choices in creating and delivering service encounters.

Quality is defined as defect free conformance to customer requirements (Cannie and Caplin 1992: 13). Quality must be noticeable and it must benefit customers continuously, not occasionally. There is a growing acceptance that quality should be seen as consistently exceeding customer expectations (Maroun 2001: 58). The theory behind this is that, if one does not improve quality delivery to the customers, the competitors will take over the market. Maroun (2001:58) states that customers are becoming less tolerant of poor quality and with many competing items or services on offer, it is easy to switch loyalties to another supplier who can deliver to their satisfaction. Lovelock
and Wright (1999: 3) define quality as the degree to which a service satisfies customers by meeting their needs, wants and expectations. Competition makes quality a business imperative especially when companies do business in global markets.

Service quality can be directly linked to the quality of service levels that bring increased patronage, competitive advantage and long-term profitability to the company (Baron and Harris 1995: 158). Service quality can be divided into three main elements, service product, the service environment and the service delivery (Rust and Olivier 1994:10). The service product is the service that is designed to be delivered and involves service specifications and targets. The service environment consists of two main themes, the internal environment and the external environment. The internal environment is primarily focused on organisational culture. The external environment is focused on the physical ambience of the service setting. The third element of service quality, service delivery, is the consumers’ perception of it. These expectations can facilitate or impede critical post-encounter behaviours, such as re-patronage or complaints. Lovelock and Wright (1999:4) define service quality as customers’ long-term, cognitive evaluations of a company’s service delivery.

Customers all over the world are concerned about the continued neglect of product and service quality (Milakovich 1995: 10). They become frustrated by perceptions of unacceptable delays, mistakes, rudeness, incompetent service, defective materials and poor workmanship (Milakovich 1995: 11). The distinction between the quality of a finished product or service consumed at the point of delivery is irrelevant. The continuous improvement of customer driven service quality has become a priority for all organisations. Customers will not be satisfied unless they receive the service that is acceptable to them. Currently, consumers demand that services be received at an acceptable level of quality (Milakovich 1995: 12).
2.3 CUSTOMER EXPECTATIONS

A service is provided and when the service rendered is more than expected, then the customer perceives this as a different service. The perception of difference is more focused and customers are willing to pay an increased premium for the satisfying service (Stauss and Mang 1999: 11). The product is important but it is the service provided that is key to making customers satisfied, particularly when there are different types of products sold by one provider. (Stauss and Mang 1999: 11).

Expectations are developed about the service and when these expectations are met by the providers’ employees, the feelings toward the service provider remain positive even when a product proves unsatisfactory, because a corrective action will occur. Customer expectation standards are largely determined by their predictions of how the service should be (Stauss and Mang 1999: 11).

Customers should have a clear idea and realistic picture of how the actual services are rendered. It is necessary to influence customer expectations through communication to achieve this. Effective service levels can be achieved by communicating service through promotional campaigns, mission statements, corporate communication campaigns and consumer education programmes.

Service quality and customer satisfaction will result from how close the actual service performance, the service process and outcome, matches the customers’ expectations (Ojasalo: 2001:1). Expectations and their management are of great significance to perceived service quality and satisfaction. Customer perceived service quality results from how well customer expectations match the actual experiences of services.
2.3.1 Managing customer expectations

The delivery of professional services require solutions that are in-depth and which include accurate information. The stakes involved with service success or failure are high and the target is to create long lasting business relationships. The following are some of the measures that can be used for effective expectations management (Ojasalo 2001:2).

- Be aware that customers may have other expectations towards the service than just those expressed to the service provider. Management of these expectations may provide an opportunity to achieve long-lasting customer satisfaction, strong customer relationships and competitive advantage.

- Customer satisfaction level with the service provided may vary significantly as the satisfaction may be short or long term. Short-term quality generates satisfaction, which emerges immediately but does not sustain. Long-term quality generates satisfaction, which is slow to emerge but lasts a long time. Customers do not know what satisfies them long term since they only see the symptoms of bad service quality, not the real underlying problem.

- The realisation of effective expectations requires management to focus on fuzzy expectations, reveal implicit expectations and calibrate unrealistic ones.

- Expectations management can be used to provide high long-term quality to create long-term customer relationships. The natural tendency of any service provider is to provide both high short-term and high long-term quality. This is not always possible in practice and it is
better to provide long-term quality at the expense of short-term quality than vice versa.

2.3.2 Exceeding customer expectations

An understanding of customers’ expectations is a prerequisite for delivering superior service because they are the implicit performance standards that customers use in assessing service quality (Parasuraman 1998:6). Seller to customer agreements often specify standards for service attributes. These will include a minimum delivery time for product shipments and speed of response for customer orders. It is necessary to ascertain customers’ expectations for service aspects relating to the process of interactions between seller and customer personnel. An extensive focus group study by Parasuraman (1998:40) and Zeithaml et al. (1994:30) was performed to explore the general nature and determinants of customers’ service expectations in multiple sectors. It was found that the customers have a zone of tolerance for each service attribute.

The zone of tolerance is bounded at the upper end by desired service. This service level represents a blend of what customers believe “can be” and “should be” provided. The lower end is represented by adequate service, the minimum service level customers are willing to accept. There are managerial implications attached to the concept of zone of tolerance. Parasuraman (1998:25) have argued that a company will be at a competitive disadvantage if its service performance (as perceived by customers) falls below the zone and at a competitive advantage if its service performance is within the zone. The company will enjoy unwavering customer loyalty if its service performance exceeds the zone.

A related issue that can assist in this area is the impact of effective communication among different levels / functional areas with the service
provider on the customers’ expectations and tolerance zones. Zeithaml et al. (1994) state that inadequate communication between different functional areas within the service provider can lead to over promising and elevation of customers’ expectations. Zeithaml further states that inadequate communication between managerial levels and customer-contact personnel within the organisation can result in poor assessment of the suppliers’ service. Both managing and exceeding customer expectations are a prerequisite for delivering superior service and in understanding and assessing levels of service quality.

2.4 CUSTOMER SATISFACTION

Customer satisfaction is the link between short-term success and long-term growth and prosperity (Anton 1996:23). Companies are realising that customer satisfaction is a critical strategic tool that results in increased market share and profits. It begins with the commitment of top management and involves the entire organisation.

Anton (1996:24) further states that there are only three possibilities of customer satisfaction: one delivers more than expected, as expected or less than expected. The customer will subconsciously grade the relationship after each experience, no matter how subtle. The accumulation of all these scores depends on whether the customer will do repeat business.

Customer satisfaction is the product of the accumulated experience of a customer's purchase and consumption experiences (Andreassen and Lanseng 1997: 3). It is assumed that the customer is capable of evaluating the company's performance. The service experience is compared to expectations. Any discrepancy between expectations and the actual experience leads to disconfirmation. Positive disconfirmation increases or maintains satisfaction and negative disconfirmation creates dissatisfaction.
Certain myths retard a company in its efforts to profitably identify and satisfy its customers' needs (Halbrooks 1994: 22). One such myth is the belief that customer satisfaction is associated with product features and price factors. It is the fact that it is impossible to sustain a competitive advantage with only product or price. It is what is done for the customer beyond the product that sustains a long-term competitive advantage. Companies satisfy the unique needs of the customers over time - the empathy component - to secure a competitive advantage. Competitors are quickly building onto existing companies services and are competing on a larger scale. Service deliverables like answering the telephone in three rings, returning calls immediately, on-time delivery, order accuracy, speed of service, business knowledge, company flexibility, expertise and all the other components of service delivered beyond the product sale generate customer focus, customer service and customer satisfaction (Halbrooks 1994: 23).
2.4.1 Customer satisfaction versus service quality

There appears to be some confusion with the relationship between service quality and customer satisfaction within the services marketing literature. Service satisfaction and service quality are clearly related but researchers do not share common definitions in the terms. There is no clear understanding expressed in the literature of how the two relate to each other.

The difference between service quality and customer satisfaction is highlighted by Bateson (1992:245). Quality is generally conceptualised as an attitude and is the customer’s comprehensive evaluation of a service offering. Service quality is built up from a series of evaluated experiences and is less dynamic than satisfaction. Satisfaction is the outcome of the evaluation a consumer makes of any specific transaction. Rosen and Surprenant (1998: 4) further argues that satisfaction is seen as a transaction specific evaluation while quality represents a long term overall evaluation or attitude.

Satisfaction and quality are important concepts in the evaluation of service relationships. Some literature suggests that satisfaction is an antecedent of service quality (Bolton 1991:4) while Parasuraman (1998:34) suggest that perceived service quality leads to satisfaction. It appears that to adequately evaluate service relationships both concepts must be measured to account for the ongoing nature of the relationship.

The concept of satisfaction with respect to customer loyalty has a co-relation and will be discussed.

2.5 CONSUMER PERCEPTIONS OF SERVICE QUALITY
A central theme of services literature over the past fifteen years is the conceptualisation of service quality relationship to the satisfaction construct (Gabbott and Hogg 1997: 45). Traditionally, it has been easy for service managers to claim that the unique characteristics of their services prevented any attempt of measurement and the competitive nature of present day business has forced a serious dimension towards this attitude (Lovelock 1983: 15).

The delivery of service quality is continually being seen as central to service providers’ efforts to position themselves more effectively in the market place (Zeithaml, Parasuraman and Berry 1990: 32). This view is reinforced by Berry and Parasuraman (1995: 44) who state that quality is essential when service is being sold.

Consumers evaluate the level of a service performance and they compare that performance to what they expected. In turn, these expectations provide a baseline for the assessment of a customer’s level of satisfaction. Theorists contend that service quality can be conceptualised as the difference between consumer expectations and their perceptions of actual delivery (Zeithaml et al 1990: 46). They hold that product and service performance exceeding some form of standard leads to satisfaction, while service performance falling below this standard results in dissatisfaction (Wilkie 1990: 216).

2.6 SERVICE QUALITY FROM A MANAGEMENT PERSPECTIVE

The emphasis of studies of service quality has focused mainly on the customer side. Management needs to determine what actions it needs to undertake to ensure that it delivers service quality. Peters (1988:2) states the “under promising and over delivering” aspect of service quality. It is difficult to disagree with the practical wisdom of this and it should be remembered that customer expectations are learned partly from experience. The very act of
over delivering will increase expectations for the next encounter. It is probably easier and better practice in the long run for companies to deliver exactly what they promise, every time.

Marketers will need to develop new ways of helping their companies meet and exceed customer expectations. Customer expectations, where possible should be exceeded in service delivery. Zeithaml et al. (1994:52) have addressed the problems and issues involved in the management of customer expectations. Management should perform the following tasks (Zeithaml et al. 1994:53)

- They must portray to customers a realistic picture of the service.
- They must place a premium on company service reliability. Berry and Parasuraman (1995:24) define service reliability as “performing the service dependably and accurately”. Management must seek service leadership from within the company where leaders set high standards and seek a “do it right the first time culture”.
- They must communicate effectively with customers. Effective communications is the basis of long-term relationships. Communication stems from the organisational culture, a set of values and systems that is developed from top down within a company. Service quality can be improved only through a systematic, step by step voyage that enhances the employee’s ability and willingness to provide service by creating an organisation that supports service in all areas (Berry and Parasuraman 1995:45). In order to achieve this, one of the key factors will need to be effective communication.
• Another key factor is that management fails to realise that the development of service quality remains a senior management issue that strikes as the very heart of the organisation - its true culture. Effective managers solve service quality at the highest level within the organisation with real commitment to service quality. This underlines David Crosby's words: "People perform to the standards set and attained by their leader" (Vasilash 1996:47).

• They need to ensure that employees excel during service delivery. Only experienced employees can excel in service delivery. Stewart (1996:9) contends that the importance of employee retention as a point in competitive advantage is the key to customer loyalty. Customer contact is with line employees not top executives and the customers’ perceptions of the company’s service reliability depends on their experience with employees. Loyal customers will result in revenue growth, declining costs and increased profits. This could lead to higher employee retention as a result of more job pride and satisfaction.

• They must ensure that systems are in place that exploit the recovery situation to the full. No system is perfect and things will occasionally go wrong. In this situation it is important to have good recovery systems in place. A good recovery can turn angry frustrated customers into loyal ones (Hart, Heskett and Sasser 1990:155).

2.7 PREREQUISITES FOR SERVICE QUALITY

One of the main barriers hampering the development of service quality seems to be the lack of top management commitment and leadership. One of the fundamental changes needed when introducing a quality initiative is that of
employee attitude and the importance of management commitment (Bricknell 1996:18). A clear and shared quality vision and top management commitment is an essential ingredient for the success of quality. Secondly, the vision must be the common goal. The purpose of the change must be communicated and employee involvement, team spirit and commitment must be achieved from the top down (Tanner 1994:58).

Successful communication of vision requires integrity and a relationship of trust. If the whole organisation is not working as a team to encourage quality the efforts will be in vain. Once top management has proven its commitment, it will flow through the company and become part of every employee in the organisation.

Thirdly, for companies to be successful in achieving service quality, management with leadership skills is required. Management’s ability to create and support an empowering atmosphere is one of the most important aspects of leadership. Empowerment emphasizes that people not only choose what they listen to, but also have a chance to air their viewpoints and have the means to make themselves heard. Managers with a commitment to service quality should empower employees. It is essential in a high contact environment that decisions should be made by the entire organisation and not exclusively by management (Christison 1994:7). This in essence directs the organisations away from the military style hierarchies, where top down communication was the order of the day. It establishes a new, broad-minded, communication oriented leadership style.

A fourth requirement for service quality success is employee research. Berry and Parasuraman (1995:26) state that the following are the three important reasons why organisations should conduct both customer research and employee research:
• Employees are the customers of the internal service and are thus the only people who can accurately assess internal service quality.

• Employees can offer insight into conditions that reduce service quality in the organisation.

• Employee research serves as an early warning system. Based on employees’ exposure to the service delivery system, a system breakdown is often noticed before the customer does.

Employee research allows the company to examine individuals as a team, the dynamics of the team and the team relationships with external parties (Rosenthal 1997:3). This research will assist the leaders of the organisations to assist team development and identify possible shortcomings. Information on these aspects can lead to tremendous improvement in team dynamics and therefore team performance.

Lastly, an important reason for conducting employee research is to ensure employee retention (Stewart 1996:11). Employee retention is as critical as retaining customers as companies cannot get customer loyalty if employee loyalty is absent. Employee retention saves the company money and increases competency by their knowledge of the product sold and the relationships formed with customers.

2.8 SERVICE QUALITY AND BUSINESS PERFORMANCE

The underlying reason for seeking service quality improvement is a belief that increased customer satisfaction can contribute significantly to business performance (Berry and Parasuraman 1991:49). The Strategic Planning Institute in the United States has made a comprehensive study of business success through its PIMS (Profit Impact of Market Strategy) project. A
database comprising thousands of companies has been developed and is used as the bases for establishing the correlations between a large number of business factors.

The PIMS findings state that there is a strong positive correlation between market share and profitability, measured as both long term return on investment (ROI) and short term return on sales (ROS), as expressed in Figure 2.2. The key drivers of market share were found by PIMS to be the company’s ability to sustain service quality, innovation and intellectual property. It is not surprising that a strong positive correlation is found between service quality and profitability. The measure of quality used by PIMS is the customer’s view of the company’s quality relative to competitors of that company.

**FIGURE 2.2**

**SERVICE QUALITY IMPROVES PROFITABILITY**

![Service quality improves profitability](image)

Source: Trollip (2001: 15)

**2.9 OBSTACLES TO ATTAINING SERVICE QUALITY**

Various obstacles occur in improving service quality and can be described as follows (Trollip 2001:15):
• Lack of visibility

Service quality problems are not always visible to the provider. It has been estimated that 25 percent of customers are sufficient dissatisfied with a service to stop repurchasing, whereas only four percent complain to the organisation. This places greater responsibility on the service provider to be proactive in the identification of quality problems.

• Difficulties in assigning specific accountability

The customer’s overall perception of service quality is influenced by experience at different stages of service delivery. It is difficult to attribute quality problems to a particular stage of service delivery.

• Time required to improve service quality

Service quality problems often require major effort over a long period of time to resolve. This is because service quality is more dependant on people than systems and procedures. Attitudes and beliefs take longer to change than procedures.

• Delivery uncertainties

The control of service delivery and quality is complicated by the individual and unpredictable nature of the people element. This encompasses both customers and frontline staff of the service organisation (Ghobadian, Speller and Jones 1994:3). Another problem occurs when organisations promise that they will deliver one level or type of service but in reality deliver something different (Baron and Harris 1995: 163).
2.10 POTENTIAL CAUSES OF SERVICE QUALITY SHORTFALLS

Zeithaml et al. (1990) define five service quality gaps, which are the major causes of service quality gaps that the customers may perceive. Lovelock and Wright (1999: 93), on the other hand, have defined seven service quality gaps that can lead to customer dissatisfaction.

2.10.1 Gap 1- Knowledge Gap

The Knowledge gap is the difference between what service providers believe customers expect and the customers’ actual needs and expectations (Lovelock and Wright 1999:93). This gap is very similar to Zeithaml’s Gap 1. Management may not always be completely aware of which characteristics denote high quality to customers as illustrated in Figure 2.3. Managers may not know what service features are critical in meeting customers’ desires or even which levels of performance customers need along with those features. Senior managers inaccurate understanding of what customers expect and what really matters to them, as in Gap 1, is likely to result in service delivery performance that is perceived by customers as falling short of their expectations. The necessary first step in improving quality of service is for management to acquire accurate information about customers’ expectations and close Gap 1.
2.10.2 Gap 2- Standards Gap

Lovelock and Wright (1999: 93) state that the gap, called the standards gap is the difference between management’s perceptions of customer expectations and the quality standards established for service delivery.
Management’s correct perceptions of customers’ expectations are necessary, but not sufficient for achieving superior quality service. The reason for the potential gap between awareness of customers’ expectations and the translation of that awareness into appropriate service standards may be the absence of wholehearted management commitment to service quality. The closing of Gap 2 by setting performance standards that reflect customers’ expectations should have a favourable impact on customers’ service quality perceptions.

2.10.3 Gap 3- Delivery Gap

A service performance gap (Gap 3) or the delivery gap is likely due to a number of constraints, for example, poorly qualified employees, inadequate internal systems, and insufficient capacity to serve. Service standards must reflect customers’ expectations and be backed up by adequate and appropriate resources (people, systems, technology) to be effective. When the level of service delivery performance falls short of the standards (Gap 3), it fails to meet customers’ expectations. The difference between specified delivery standards and the provider’s actual performance leads to the delivery gap.
2.10.4 Gap 4 – Internal communications gap

A key determinant of customers’ expectations is the service provider’s communication to them. Promises made by a service company through its media advertising, sales force and other communications raise expectations, serve as the standard against which customers assess service quality. A discrepancy between the actual service and the promised service (Gap 4) therefore has an adverse effect on customers’ expectations of service quality.

2.10.5 Gap 5- Perceptions gap
External communications can affect more than the customers’ expectations about a service and their perceptions of the delivered service. Discrepancies between service delivery and external communications adversely affect customers’ assessment of the service quality (Gap 5). Gap 4 essentially reflects an underlying breakdown in coordination between those responsible for delivering the service and those in charge of promoting the service to customers. When the latter group does not fully understand the reality of the actual service delivery, they are likely to make exaggerated promises or fail to communicate to customers, aspects of the service intended to serve the customers. The result is poor service quality perceptions. Effectively coordinating actual service delivery with external communications narrows Gap 4 and favourably affects Gap 5 as well.

2.10.6 Gap 6 – Interpretation Gap

Lovelock and Wright (1999: 93) state the interpretation gap as the difference between what a service provider’s communication efforts actually promise and what a customer thinks was promised by these communications.

2.10.7 Gap 7 – Service Gap

This gap is the difference between what customers expect to receive and their perceptions of the service that is actually delivered. The service gap is the most critical of all as the customer compares an overall assessment of the service expected to what is received. The ultimate goal of improving service quality is to narrow the service gap as much as possible.

2.11 ROLE OF INFORMATION TECHNOLOGY IN SERVICE QUALITY

The Internet has been identified as the world’s fastest growing marketplace with seemingly limitless opportunities for marketing products and services (Domains 1999: 3). The main driving forces behind the growth of the virtual
marketplace are cost efficiency, working twenty fours hours per day and seven days per week (24/7) accessibility, a lack of geographic limitations, interactivity and low entry barriers (Porteus 1999: 16). Traditionally, the concept of e-commerce has been associated with providing information, expressing brand awareness and telling the corporate story in the virtual marketplace. The use of virtual storefronts enables sales transactions and the distribution of products is an important function of e-commerce by a growing number of companies. It has recently become clear that the information and sales functions of e-business need to be supplemented by electronic customer service (Ruyter, Wetzels and Kleijnen 2001: 2)

The implementation of e-services extends the range of options for customers and the use of an enhanced service portfolio may improve the value of a relationship with a particular company for the customer (Alsop 1999: 36). E-service may decrease the cost of service and allow for service differentiation. Delivering value added, interactive services to customers on-line, in real-time is increasingly becoming important for gaining a competitive edge in the electronic marketplace. Companies need to offer better and more unique customer services options if they want to distinguish themselves on-line (Tambini 1999: 66). It can be seen that the adoption of Information Technology in the service experience means that the customer is drawn even closer into the production of the service which corresponds with the service characteristic of inseparability.

Electronic channels make services easier in that improvements to the way services are presented and used are easier to control and monitor. Improvements are possible in the manner in which services are linked together (McKeown 2001: 20). E-commerce has considerable potential to radically increase interactivity available via existing electronic channels.
Electronic channels create deeper and richer facilities that provide experiences that are complete. They go beyond the "miles wide, inches deep" approach of many existing services. McKeown (2001:21) further states that these developments all combine to improve the e-customer life and build enhancements to the real world.

There are a number of potential advantages for the use of Information Technology in the service delivery such as the following:

- Information systems manage the random demand for service efficiently.

- It is possible to monitor the use of the facility and thereby collect customer information, which can be used to support its improvement.

- Delivery of the customer service is less constrained by location, particularly if the transaction is entirely information based. Portable technology allows service agents to complete transactions in travel environments, leisure environments, in assorted workplaces and in the home.

- Both customer and service agent are better informed about the product or service on offer, the credit worthiness and the purchase habits of the customer. Customer information can form the basis of a “learning relationship”; the more than a company interacts with the customer, the more it learns about the customer. The learning is communicated to all service agents and on its basis, it may be possible to offer a more personalised service.

- The service waiting period may be shortened provided that transaction times are reduced and that there are sufficient service points.
• In do-it-yourself applications, the customer needs to learn how to use the system and will benefit from simple and carefully designed interfaces.

The question that is often asked is that, whilst IT systems may be able to support customers in performing transactions, do they also cultivate customer loyalty and evoke appropriate emotional responses that might lead to repeat and additional purchases?

2.12 SUMMARY

It can be concluded that from the various aspects of service quality customer expectations, customer satisfaction and customer retention are important concepts in evaluating levels of service quality.

Various concepts relating to service quality have been identified. The understanding of customers’ service quality expectations is the key to delivering service quality. The importance of customer expectations and satisfaction has been discussed in the evaluation of service relationships. Measurement of these phenomena is necessary to fully evaluate service quality (Anton 1996:35).

Consumer perceptions of service quality have an effect on business profitability and both these concepts have been discussed. Finally the potential causes of service quality gaps have been addressed. These gaps are important in assessing the customers’ overall perception of what is expected against what is received (Parasuraman 1998:56).

In Chapter 3, a practical overview of quality levels in selected organisations in the service industry will be discussed.
CHAPTER 3

PRACTICAL OVERVIEW OF QUALITY LEVELS IN SELECTED ORGANISATIONS IN THE SERVICE INDUSTRY

3.1 INTRODUCTION

Chapter Two described the nature of service quality, its effect on business performance and potential causes of service quality shortfalls.

The implementation of service quality dimensions in organisations is important to ensure that service quality strategies are reached. Service quality strategies assist the company in enabling employees to become leaders in their tasks or jobs. Employees are totally committed to serving the customers. Concepts needed to describe the criteria used by customers in assessing the levels of service quality will be discussed in this chapter.

The customer service survey performed on International Healthcare Distributor customers will be explained in terms of the criteria that are needed to increase customer satisfaction (Markinor Survey 1999: 3). Surveys performed at other companies to evaluate the levels of service quality will be assessed and identified. Management’s viewpoint towards the perception of employee satisfaction and expectations of the levels of service quality will be addressed.

3.2 CUSTOMER SERVICE SURVEY ON IHD

A Markinor survey was performed on International Healthcare Distributors in January 1999. Markinor is one of the leading research companies in South Africa. They initiated the first independent survey to test levels of brand awareness, trust and confidence in South Africa (Markinor Survey 1999: 3). Markinor has been involved with international companies since the start of the nineties in conducting international research for South African and
international clients. In 1992 Markinor linked up with Walker Information, a global resource for measuring and managing stakeholder relationships. Markinor is now part of a network operating in more than 45 countries. Recently Markinor introduced a range of research tools to determine what influences and motivates consumers. Markinor’s Customer Relationship Assessment (CRA) tool integrates customer satisfaction measurement with relationship marketing and quality management. This survey measured customer opinions over the period of 16th and 24th November 1998. It tested the opinions of the IHD customer base, obtained results about customer service expectations in general and the effect of that satisfaction on service. The management of IHD recognised that to be the leading distributor of pharmaceutical products (Figure 3.1), attention needs to be given to customer satisfaction and the effect of that satisfaction on service (Markinor Survey 1999:3).

FIGURE 3.1

EFFECT OF CUSTOMER SATISFACTION ON SERVICE

Improved Service

Leading Distributor

Satisfied Customers

Source: Markinor Survey 1999: 4

The purpose and objectives of the survey was to understand the customer needs and requirements (Markinor Survey 1999). The survey was aimed at providing a complete assessment of this service, both overall and in terms of methods of ordering, delivery service, Hotline/ emergency deliveries, Credit
return procedures, Customer Liaison representatives and Invoicing (Figure 3.2).

One of the major objectives of this survey was to determine customer perceptions, attitudes and intentions with regard to the service received from IHD personnel. The results of this survey would provide IHD with a minimum level of monitoring of service levels and where possible improvements would be made to accommodate the shortcomings in the service provided by IHD.

The Customer Satisfaction Methodology (CSM) used for this survey was established by Walker in the USA in 1939. The Walker CSM is a division of Walker, the leading CSM company in the USA (Markinor Survey 1999: 5). The multi-national manufacturers, for whom IHD is the sole distributor, is part of the CSM worldwide, which is represented in 45 countries. Markinor is part of the largest CSM group in the world.

**FIGURE 3.2**

**CUSTOMER SATISFACTION METHODOLOGY**

- Likelihood of recommending
- Overall quality of service
- Methods of Delivery
- Delivery Service
- Emergency deliveries
- Credit Returns
- Customer Liaison reps
- Invoicing

Customer Relationship Outcomes

Customer Attitudes

3.2.1 Results of Markinor Survey

**TABLE 3.1**

**EVALUATION OF OVERALL QUALITY OF SERVICE**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Hospital Pharmacists</th>
<th>GP’s</th>
<th>Retail Pharmacists</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1997-Excellent</strong></td>
<td>52 %</td>
<td>55 %</td>
<td>74 %</td>
<td>40 %</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>32 %</td>
<td>30 %</td>
<td>22 %</td>
<td>37 %</td>
</tr>
<tr>
<td><strong>Fair/poor</strong></td>
<td>16 %</td>
<td>15 %</td>
<td>4 %</td>
<td>23 %</td>
</tr>
<tr>
<td><strong>1998-excellent</strong></td>
<td>36 %</td>
<td>58 %</td>
<td>52 %</td>
<td>28 %</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>41 %</td>
<td>24 %</td>
<td>36 %</td>
<td>46 %</td>
</tr>
<tr>
<td><strong>Fair/poor</strong></td>
<td>23 %</td>
<td>18 %</td>
<td>12 %</td>
<td>26 %</td>
</tr>
</tbody>
</table>

Source: Markinor Survey 1999:5

The overall service received from IHD was considered by just under fifty percent of respondents as average (Markinor survey 1999:3). This resulted in the management of IHD reconsidering the levels of service quality offered to retail pharmacists in particular. The focus shifted to retail pharmacists as the pharmacy legislation was in their favour.

The Markinor survey (1999:3) further ascertained that the main reasons for underlying poor service were the inadequate delivery service that customers received, the out-of-stock situation at the IHD distribution centres were high and no reasons were given for the circumstances. Poor service in terms of insufficient discounts and slow service generally was another underlying factor. IHD was termed as a monopoly because the products distributed by
them were only available through their distribution centres. The customers felt they were forced to overstock due to the monopolistic situation they found themselves in (Markinor 1999:5).

The reasons underlying the excellent service were the quality service received from customer liaison representatives and the attitude of staff. Hotline deliveries were efficient, regular communication was given and orders were always correct.

The Critical Improvement Matrix was formulated on the overall service levels of IHD based on ordering procedures, delivery service, customer liaison representatives, hotline deliveries, invoicing and credit returns (Markinor Survey 1999:3).

The ordering procedures and delivery service are the areas requiring critical improvement, according to the Markinor Survey (1999:4). Long-term improvement involves the customer liaison representatives while Hotline deliveries demands maintaining work performance. The invoicing and credit returns procedures demand further improvements as part of the critical improvement matrix. IHD is a service industry, providing the customer with a service which allows it to be related and compared to other service industries for example, the hospital, and airline and banking institutions etcetera (Markinor Survey 1999:6).

### 3.3 SURVEY PERFORMED ON PHARMACY CUSTOMERS

A study of service quality determinants for pharmacy customers was attempted by the Swedish School of Economics and Business Administration (Finland and Paltischik 1991:1). Although this study determined the perceptions and level of customer satisfaction with customers of retail
pharmacies, it can be closely related to the purpose of this study. The retail pharmacist is the common factor depending on whether the service received from the supplier will determine the quality of service given to the customer.

The researchers started with the ten original determinants of service quality by Parasuraman (1998:24) and ended up with 22 items. The researchers took up the challenge of Zeithaml (1988:44), to find higher-level abstract dimensions of service quality. The researchers looked, in particular, for quality concepts to describe the criteria used by customers in assessing service quality both on a general level and on a pharmacy specific level.

There are no private chain-discount or department store pharmacies in Sweden. The national corporate of Swedish pharmacies has the sole right to distribute medicines to the public through community pharmacies and through hospital pharmacies offering out-patient services. There are categories of staff that work in the pharmacies, namely, the pharmacy technician and two levels of qualified pharmacists. The authorities monitor the prices which are the same everywhere, regardless of where in Sweden the product is bought (Finland and Paltschik 1991:2).

A few decades ago, most medicines dispensed were produced inside the pharmacies. These days most medicines are pre-packed from the manufacturer and are ready to be sold. The pharmacies have been forced to change from a traditional production business to a service enterprise. Pharmacies have made efforts, in the last two decades, to establish a reputation among their customers as more than mere production units and retail outlets for medicines. Pharmacies want to provide a service to the customers, which extends beyond the selling of medicine over the counter. Pharmacies now project the image of service centres and emphasise the strategy of offering advice to customers on medicines and health related questions. A fairly high level of personal interaction between the pharmacist
and the customer is assumed for a positive service encounter to occur (Hedvall and Paltschik, 1991:2).

The ten determinants of service quality proposed by Parasuraman (1998:25) were applied to the pharmacy context. Parasuraman spent a year working in the pharmacies and the inside experience gained was used as a basis for the application development. Twelve pharmacies took part in the study. Pharmacists distributed questionnaires to customers purchasing from their pharmacies.

Hedvall and Paltschik (1991:2) proposed a four-concept, pharmacy specific solution. These four concepts were explained within the context of the study and are professionalism, commitment, confidentiality and milieu. Professionalism refers to having the customer’s best interest at heart and performing the duties of the pharmacist promptly and accurately. Milieu refers to the physical premises of the pharmacy, which are the pre-conditions for the service offered. The pharmacies could give added value to their customers by emphasising commitment by making a special effort to serve the customers, in particular, by giving them advice about the products purchased. Confidentiality refers to creating an atmosphere enabling customers to feel that they are cared for and permits them to feel free to discuss problems and ask questions. Quality in terms of willingness and ability to serve the physical and psychological aspects is important to the customer.

Hedvall and Paltschik (1991:4) found that service quality is discussed in two dimensions, functional and technical. Functional quality is covered by the concept of willingness and ability to serve. Technical quality describes the nature of the particular service business rather than customer attitudes to and satisfaction with the outcome of the service. Gronroos (1984:15) states that technical quality answers the question of what is offered to the customer. Functional quality, on the other hand, answers the question of how it is
offered. Technical quality is more or less fixed and quality perceptions are primarily based on the functional dimension.

Therefore, the dimensions of reliability, responsiveness, flexibility to adapt, buying accessibility, price and deliveries are important to the customer.

### 3.4 SURVEY PERFORMED ON NEW ZEALAND SERVICE FIRMS

Problems experienced by many New Zealand firms confirm that aspects of service measurement, service maintenance practices and quality control were clear indicators that service quality was not being adhered to (Kandampully and Menguc 2000: 2). This study investigated the results of the importance ratings of the these strategies, the significance of the main effect of customer service relating to the company size, number of years in business and the competency of the personnel in service industries.

The study findings highlighted that sustaining service quality or maintaining a consistent level of service quality is viewed to be an essential consideration in maintaining the market levels of service quality. Service companies that have been in business for many years and are large in terms of number of employees were found to be more systematic in the way that they managed service quality. Smaller companies concentrated on issues pertaining to quality control. Companies recognised the inevitable fact that mistakes do happen due to the heterogeneity in services. Companies recognise regular monitoring and corrective maintenance as an essential component of the service quality. Regular monitoring will also present service companies with an opportunity to learn about customers’ changing needs, providing management with information to refocus their organisation to serve the customers better (Kandampully and Menguc 2000:2).
Findings have shown that companies considered serving the customer right the first time to be of great importance. Faultless service simultaneously provide companies with the opportunity to prevent the loss of customers and money through mistakes while, providing an attractive means of gaining customers attention and loyalty. Service maintenance practices such as training and development of employees was deemed a priority. Services are provided by people and inadequate training of employees directly reflects on service quality effected through service interactions (Collier 1994:26).

Specific factors have been identified, from this study, to determine service quality levels and the factors affecting service quality levels that are required for businesses today.

3.5 SURVEY PERFORMED ON CUSTOMER OPINIONS ON SERVICE DELAY

A study was conducted on customers’ perceptions and reaction to service delay (Sarel and Marmorstein 1999:2). Customers may wait before a service is rendered, during its delivery and even after the core service has been completed. Despite the fact that a variety of problems can cause delays, waiting for service is a very common experience owing to the real time nature of service delivery (Sarel and Marmorstein 1999: 1).

The longer the delay the angry customers became, according to Sarel and Marmorstein (1999:2). The analysis revealed three other statistically significant effects on consumer anger. There were two main effects due to prior waiting experience and perceived employee effort.

The main effect indicates that bad service experiences seem to have a cumulative impact on customers’ reaction to subsequent service delays. Any negative past experiences accentuate the impact of the current service failure
instead of reducing customers’ expectations about the quality of service and lessening customers’ reaction (Sarel and Marmorstein 1999:2).

Perceived employee effort, also had a significant bearing on the customer reaction to the long delay. The main effect of perceived employee effort demonstrates that it is essential for service marketers to understand and manage the perception that consumers make about the cause for the delay and the provider’s desire to minimise it.

The impact of an employee apology for the delay was another effect that was examined. In all conditions an employee apology makes customers less angry about the service delay. However, when customers frequently experience long waits and the employees have not served them quickly, the apology makes things worse.

The customer’s negative perceptions of service delivery are important to eradicate, thus making the customer happier. It is important that companies manage the system so that the problems can be resolved without the customer taking their business elsewhere. It is also important for employees to be made aware of the impact of their behaviour on customers. It is vital for the customer to be continuously educated and trained on the reasons for the delay in service to ensure that service quality is maintained. The relevant information may make the wait less uncomfortable and will assist customers to know what to expect, should delays occur in the future (Sarel and Marmorstein 1999:5).

Both customer satisfaction and service quality are important concepts in the evaluation of service relationships. Satisfaction, according to Bitner (1990:3), is an antecedent of service quality while Parasuraman et al. (1990:30) suggests that perceived service quality leads to customer satisfaction. Measurements of these phenomena are necessary and additional dimensions
have been identified which are needed to assess the health of a service relationship (Bitner 1990:46).

3.6 SURVEY PERFORMED ON CUSTOMER SATISFACTION AND SERVICE QUALITY

A survey performed on customer satisfaction and service quality explored the concepts of satisfaction and quality in the context of relationships. These studies were conducted by companies in different industries and employed different methodologies and the purpose was to assess relationships using satisfaction and quality as outcome measures.

The survey involved an industrial organisation supplying sophisticated equipment to business consumers. Technological advances and competitive pressures, in this type of industry, have resulted in the search for new areas to gain competitive advantage. One such area is that of service including “after-sale” service, applications engineering, customer support and installation and training (Rosen and Surprenant 1998:34).

Data on customer satisfaction and quality perceptions were collected by a major supplier of industrial equipment, as part of a larger study to assess quality improvements. Overall quality was assessed by asking customers to rate the extent to which the company was viewed as a “World-Class” provider on a five-point Likert scale (Rosen and Surprenant 1998:36).

The results showed clearly that overall customer satisfaction was low. Satisfaction with the service rendered was significantly higher with the highest satisfaction ratings being given to the behaviour of employees, both sales and customer service. It may seem strange that customers appear satisfied with the employees but dissatisfied with the service. Other studies of service perceptions have found that customers distinguish between the competence
of the company and its systems and the behaviour of the employees (Rosen and Surprenant 1998: 7).

The factors that were important were reliable products and services, keeping commitments, problem solving, doing things right the first time and on –time performance. Prompt service and willingness to assist were part of the necessary conditions for customer satisfaction. The employee factors of competent support, follow-up, courtesy and individual attention were important to satisfy customers. Price appeared to be the lowest factor of concern to the customer possibly because in this study the equipment downtime would incur heavy costs, which would exceed the total cost of the machinery (Rosen and Surprenant 1998: 7).

Another survey included a large consumer electronics manufacturer based in the US supplying national retail accounts, large retailing outlets and small retailers. A telephone survey was conducted using a customer service satisfaction questionnaire, which had been initiated by the logistics department and used by the company for three years. After three years of administering the survey, the management of logistic services decided to re-evaluate the applicability of the survey in a changing environment. The perception of change was driven by the increasingly competitive nature of the industry, as the big national retailers were moving towards stronger partnering relationships. Rosen and Surprenant (1998:8) state that the company’s satisfaction survey resulted in the following findings:

- The company’s performance was stagnant and some of the service factors were actually diminishing.
- Key competitors’ ratings for the same period of time were stable or improving.
• The best services were the responsiveness to problems, flexibility in dealing with the situation that the customer experienced and strong communication lines.

The surveys provide a starting point for understanding the changing nature of outcome measurement in an environment, which is moving towards higher levels of customer relationships and stronger customer bonds. Strong partnerships provide organisations with a means to achieve sustainable competitive advantages. Both studies provide evidence that communications, flexibility and responsiveness are important sources of satisfaction. Measurements which focus on on-time delivery, meeting training requirements and correct order processing are important for an ongoing relationship with the customers (Rosen and Surprenant 1998:7). Elements, which led to customer satisfaction, are on-time deliveries, understanding customer’s business, engaging in mutual problem solving and providing enhancements to businesses.

The company redesigned their customer satisfaction survey to reflect these new elements. Ratings on basic requirements remained part of the survey and questions were now included. The new survey, according to one manager, provided the company with a better understanding of their customers’ perceptions of the market and resulted in clearer directions for action to correct deficiencies. The management originally assumed that because their industry did not dramatically change in terms of service delivery from one year to the next, there was no need to re-examine the survey format on an annual basis. The shift in the nature of satisfiers and dissatisfiers was not identified quickly and efficiently because of the format of the company’s analysis.

The surveys have indicated that measuring customer satisfaction or service quality provides a superficial examination of a company’s ability to deliver
value. It is essential to measure customer satisfaction using specific service activities so that these activities can be easily assessed. Another measurement system must be designed to reach beyond the activity level and measure performance at the consequence or process level, in order to uncover innovative ways to create value for its customers. This requires that the company employ more creative measures which incorporate qualitative techniques designed to get the customer to talk about what they value.

3.7 MANAGEMENT VIEWPOINTS OF SERVICE QUALITY

The definition of services and service management defines explicitly the inseparable nature of production and consumption of services, which implies a connection between the service provider and the service consumer (Anthanassopoulos 1997:2). The attempts to measure service quality and customer satisfaction are predominantly customer oriented, focusing on the customers’ perceptions of the service experience. The need to take into consideration all other participants is important and not to rely exclusively on customers’ views. Lewis and Entwistle (1990:13) pursued the idea of investigating issues of service quality by focusing on the employees’ perceptions. This further supported the view of involving all parties concerned with the service process.

There have been conflicting results regarding the congruence between the service customers and service providers’ viewpoints about the service experience. Customer satisfaction dimensions were investigated by exploring alternative options concerning the type of operations supported and the difference between the management’s satisfactions about their customers’ perceptions (self and received perceptions).

Four models of customer satisfaction were investigated and discussed and the following was addressed (Anthanassopoulos 1997:7). Managers’ views of
their customers’ perceptions towards service quality were examined in the first application on the Swedish customers. The dimensions that were identified encapsulated the managers’ understanding about the way their customers perceive the provided services. The term “interactive” captures the relationship factor of the service offered which according to Parasuraman et al. (1990:62) represents a framework for a multitude of dimensions used to identify customer perceptions. Managers recognise a relatively simple structure of service quality behaviour of their individual customers. The physical element of customer satisfaction entails product related elements, which can be considered as a source of competitive advantage. Another dimension within this model was convenience and is concerned with the physical location features of a particular business. The weakest component of customer satisfaction corresponded to price setting and related items (Anthanassopoulos 1997:8).

The survey performed on the New Zealand firms examined managers’ self-perceptions about services to individual customers. The four dimensions of customer satisfaction included the “interactive” dimension that is very similar to the first application of the Swedish pharmacies. The remaining three dimensions have substantial differences compared to the first application’s results. The “physical” dimension contains solely product-related items that are separated from the physical surrounding of a business. The “corporate” dimension of the customer satisfaction is considerably undermined in the managers’ own perceptions as it is an issue outside of the discretion of branch managers. The price related dimension includes the operating hours, which is a cost contributing factor to the business (Kandampully and Menguc 2000: 5).

The survey of customer opinions on service delay examined managers’ perceptions of their business customers. Managers “interactive” dimension was predominant as opposed to the convenience and product related
dimension. The price dimension did not feature very highly as expected in the business customer satisfaction role (Sarel and Marmorstein 1999:25).

The survey involving customer satisfaction and service quality, managers’ self-perceptions of services to business customers was examined. The “interactive” customer satisfaction element remained unchanged throughout the four models. The “price” component was given increased significance when the managers expressed their own perceptions, reflecting their understanding of how to market their products to their customers.

The surveys examined indicate that management perceptions in the levels of service quality and customer satisfaction play a vital role in ensuring that the customers receive the desired service as per their perceptions.

Most studies have shown that service reliability is the most important dimension of service quality (Caruana 1997: 3). Relative service quality as perceived by customers has a major impact on a number of measures of corporate success in most companies. The link between service reliability and overall performance is significant. Significant relationships exist between service reliability and Return On Capital Employed (ROCE) and between service reliability and sales growth. The results indicate that error minimisation as a dimension of service reliability is a strong driver of overall performance (Caruana 1997: 4). Service reliability would imply a two-pronged effect on performance, firstly, minimal service errors will attract and retain customers, boosting revenues. Secondly, error minimisation implies lower costs, thus lowering costs and increasing margins (Caruana 1997: 4).

Generally, people expect reliability from the goods and services they purchase. People rely on the fact that when a service is required by an individual, whether it is the bank that is visited or the post office, it should be available. Caruana (1997:4) reported that the key elements defining reliability

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for a service business should involve the existence of corporate mission statement, culture diversity plan, customer focus, training and management development, communications and service planning. Caruana (1997:4) further states that business goals should encompass zero service errors, which forms a key part of establishing a reliable service. The existence of a corporate mission statement results in the need to accept zero errors as an improvement to business performance.

3.8 SUMMARY

The overview of levels of service quality within many industries is a multi-dimensional process reaching far beyond the principles that are being implemented. The importance of service quality is well appreciated within all industries where it is practiced as well as the perceptions of customer satisfaction and accompanying practices leading to service quality. The implementers of this service strategy need to focus on service quality as a tool to increase their competitive advantage. Companies need to realise that by including service quality into their strategies, it is a continuous process for change that needs to be understood by everyone. IHD’s customer opinions have been surveyed together with many other industry studies. These are all part of the process leading to improved quality changes and by having a practical overview of service quality, a strong competitive position can be maintained.

In Chapter Four, a description of the research methodology will be described. The formulation of the survey questionnaire will be explained.
CHAPTER 4

RESEARCH METHODOLOGY OF THE STUDY

4.1 INTRODUCTION

An overview of service quality was described in Chapter Three. A literature survey of prior research into the implementation of service quality strategies was examined. Chapter Four describes the sample procedure and the data collection method used by the researcher. It describes how the questionnaire was designed and how the questions were formulated. The measuring instruments will be discussed and the empirical model will be addressed. The various tables will be discussed and analysed.

4.2 THE SAMPLE PROCEDURE

The sampling plan, the sampling unit, sample size and sampling procedure will be discussed.

4.2.1 Sampling plan

A sampling plan is the collection of individuals that will be surveyed, according to Kotler (1997:27). The sampling plan is a course of action that consists of the required decisions. The sampling unit is the targeted group or population. The sample size is the number of people to be surveyed. The sampling procedure is how the respondents should be chosen (Kotler 1997: 27).

4.2.2 Sampling unit

The sampling unit is the target population that will be sampled. The population that has been targeted in this study includes the retail pharmacists who are customers of IHD.
4.2.3 Sample size

Twenty-five respondents were approached to avoid the possibility that the results could become skewed. All twenty-five of the respondents answered the questionnaire. A larger sample size would have guaranteed more reliable results, according to Kotler (1997:28), however, it is not necessary to sample the entire target population or even a substantial portion thereof as it is too large and would be impractical.

4.2.4 Sampling procedure

A non-probability sampling method has been used, for the purposes of this study, particularly a convenience sampling method. There were 270 pharmacists, within the IHD customer base and a sample of twenty-five pharmacists was chosen. A few defining characteristics of the population were identified:

- the number of employees that the business employs;
- the municipal area in which the business resides;
- the position of the person answering the questionnaire;
- their race;
- the duration of the existence of the business.

A representative number of customers were chosen from each municipal area. This was based on the prominence and influence of the pharmacist and their business strength.

4.3 DATA COLLECTION

Methods used for collecting data must be scientifically valid (Smit 1995: 17). Provision must be made in the planning phase for the operational and
organisational decisions that need to be taken. Operational decisions concern the practical methods of investigation that are going to be implemented. Organisational decisions concern the administrative aspects of data collection.

The process of data collection is preceded by a number of administrative measures:

- Arranging venues where the data will be collected;
- Choosing auxiliary staff;
- Deciding on the way in which the test subjects will be approached and involved

Saunders, Lewis and Thornhill (1997: 249) state that the questionnaire used to collect data must reflect questions specifically defined for the survey before the actual data collection occurs. The questionnaire offers only one chance to collect the data, whereas in interviews, one can prompt and explore issues further. This means that the time spent planning precisely what data needs to be collected, how the analysis is performed and designing the questionnaire to meet the requirements of this study, is crucial in the collection of data.

4.4 THE MEASURING INSTRUMENTS

Welman and Kruger (1999:147) describe various types of measuring instruments, one of which is the use of a questionnaire. This measuring instrument was used in this study and is described in greater detail. The purpose of the survey questionnaire is to ascertain the current situation, what people are thinking or doing, and perhaps how things are changing (Janes 1999:10).
The design of each item should be determined by the data one needs to collect (Saunders et al 1997: 254). There are various options available to researchers when designing individual questions:

- adopt questions used in other questionnaires;
- adapt questions used in other questionnaires;
- develop their own questions.

It may be necessary to adopt or adapt questions to replicate or compare findings with another study. This allows reliability to be assessed. It is more efficient than developing one’s own questions, provided that data can still be collected to answer the research questions and meet the objectives.

The questionnaire was formulated based on items that test whether adequate levels of service quality exist at IHD. The items were developed by looking at the hypotheses, objectives and problem statement. The items were derived from the SERVQUAL (Service Quality) questionnaire pertaining to various dimension variables. SERVQUAL is a concise multiple-item scale with good reliability and validity that companies can use to better understand the service expectations and perceptions of their customers (Zeithaml et al. 1990: 175). SERVQUAL is a standardised 22-item scale that measures expectations and perceptions about critical quality dimensions (Lovelock and Wright: 1999). The items in the questionnaire are grouped under the following headings: tangibles, reliability, responsiveness, assurance and empathy, which are similar to the SERVQUAL scale. Three to five items were used as measuring instruments for each dimension. These were adapted from the SERVQUAL statements (Zeithaml et al. 1990: 181). The researcher was able to assess the overall level of service quality as perceived by the customers by examining each item under its specific dimension. Additionally, the key dimensions were identified and facets within those dimensions were realised as those which the company should focus its quality improvement efforts on.
The questions were constructed in such a manner so as not to offend or underestimate the respondent’s intelligence level. Preference was given to concise and unambiguous questions, which clearly state the essential information required to correctly understand and interpret them. Care was taken not to suggest or imply a particular response when constructing the questions (Welman and Kruger 1999: 175).

### 4.4.1 Survey Questionnaire

Questionnaires are the most widely used survey data collection techniques (Saunders et al. 1997:244). They collect precise data to answer research questions and achieve the objectives of the study. The distribution frequency method will be used to group the questions that have been answered. This method shows the manner in which the scores on a variable list are distributed and how the frequencies of the various measurement categories vary (Huysamen 1998:15). Data collected through this instrument allow IHD to assess its service performance relative to its customers’ levels of tolerance. The tolerance levels are the factors of, reliability, responsiveness, assurance, empathy and tangibles.

The use of questionnaires is popular in quality management research (Madu 1998:2). The questionnaire can be used to obtain opinions, beliefs, convictions, typical behaviour and attitudes of the sample that is tested. Issues that are often addressed include customer satisfaction, service quality and quality dimensions (Madu 1998:2).

The questionnaire must be designed to be able to address the questions pertaining to the study (Madu 1998:20). The questions should be clear, precise and comprehensive. Questionnaires that are short in form, clear and precise generally tend to get higher response rates.
The design of the questionnaire affects both the response rate and the reliability and validity of the data that is collected, according to Saunders et al. (1997:245). Response rates, validity and reliability can be maximised by careful design of individual questions; clear layout of the questionnaire form and lucid explanation of the purpose of the questionnaire.

The researcher has little control over the way in which postal questionnaires are completed. The respondents are allowed to complete the questionnaires at their own convenience and this may result in a low return rate. Postal surveys generally have a return rate of less than 50 % of the target population (Welman and Kruger 1999: 152).

Welman and Kruger (1999: 153) state that there are alternative ways of distributing the surveys. These include delivering in person to the respondents’ addresses with a request that the questionnaire be posted back on completion. The questionnaire could be posted and collected personally or both delivered and collected personally. Welman and Kruger (1999:153) further suggest that questionnaires can be followed up by letters or postcards reminding the respondents to complete and return the questionnaires.

During the construction of a questionnaire, the opinions and beliefs of the respondents are important considerations to assess than when information about biographical details and typical behaviour is collected (Welman and Kruger 1999:171). The content and format, question type, wording and sequence of the questions are important aspects to consider, when constructing the questionnaire, according to Welman and Kruger (1999: 154).

4.4.2 Question Content and Format

The questions included in the questionnaire may be open-ended, giving the respondent the opportunity to express his/her opinion and provide factual
information for example, the age, gender or geographical location of the respondent. The questions may be closed-ended, where the respondent is provided with a number of choices from which the most appropriate response must be chosen (Welman and Kruger 1999: 172). These questions are usually quicker and easier to answer, as they require minimal writing. Questions should be formulated in terms of words and concepts with which the respondent is familiar. The command of language of the group being investigated should be taken into account.

Questions that were closed-ended, opinion seeking “Yes/Uncertain/No” questions were used in the questionnaire, for this study.

4.4.3 Population to be surveyed

The questionnaires were electronically mailed to the customers of IHD in the various metropoles of the Eastern Cape region.

4.4.4 Completion of the questionnaires

This was a restricted population so the response time was limited to one week from the date of receipt of the questionnaires.

The completed questionnaires were returned to the researcher at IHD for analysis. The responses to the questionnaire were recorded by the researcher, using the table composition below.

4.5 EMPIRICAL MODEL

The empirical study will consist of the following:

- Mail survey
A mail survey will be conducted among the customers of IHD using a questionnaire drawn up by the researcher to establish the levels of service quality at IHD.

• Measuring instrument

The researcher will develop a comprehensive questionnaire for this study to determine the present levels of service quality at IHD.

• Sample

A sample of the customers drawn from the IHD customer base will be used to test the questionnaire.

• Analysis of data

The descriptive method of analysis will be used in determining and interpreting the data obtained from questionnaires returned to the researcher.

4.6 SUMMARY

The proposed research methodology, survey method and the construction of the questionnaire were explained in this chapter. In Chapter Five the results of the empirical study will be presented and discussed.
CHAPTER 5

THE RESULTS OF THE EMPIRICAL STUDY

5.1 INTRODUCTION

In chapter four the research methodology was discussed and the questionnaire design, construction and administration analysed. The results and a report of the empirical study will be presented in this chapter. The findings of the study will be analysed. The outcome of each statement is presented, followed by an interpretation relating to the theoretical framework outlined in chapter two and three.

5.2 RESULTS OF THE SURVEY

A total of twenty-five questionnaires with a covering letter were sent out to the customers of IHD Port Elizabeth. A total of twenty-five usable questionnaires were returned for analysis. This represents a hundred percent response rate.
### 5.2.1 The Composition of the Respondent group in demographic terms

<table>
<thead>
<tr>
<th>TABLE 5.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>FREQUENCY DISTRIBUTION OF RESPONDENTS AMONG VARIOUS CATEGORIES</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 – 5</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>6 – 10</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>11 – 15</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>16 – 20</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>21 - 25</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>26 - 30</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Position / Rank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Co-owner</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Employee</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Owner</td>
<td>14</td>
<td>56</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>23</td>
<td>92</td>
</tr>
<tr>
<td>Female</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asian</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Black</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>White</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Coloured</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Business experience (years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 – 5</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>6 – 10</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>11 – 15</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>16+</td>
<td>14</td>
<td>56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5.1 outlines a frequency distribution of respondents among various categories.
5.2.2 Analysis of demographic data

Table 5.1 shows that the majority of the businesses that responded fell into the group of six to ten employees. The group of zero to five employees represented twenty four percent, whilst the group of eleven to fifteen employees represented twenty percent. The group of sixteen to twenty and twenty-one to twenty five both represented eight percent. Twelve percent of the businesses fell into the group of twenty-six to thirty employees.

The municipal areas are represented as follows: Port Elizabeth at thirty six percent, Uitenhage at sixteen percent, Despatch at four percent, East London at sixteen percent, Garden Route at twenty percent and Grahamstown at eight percent. The majority of the customers are situated in the Port Elizabeth area, therefore a higher percentage is evident.

Table 5.1 shows that the owners accounted for fifty six percent of respondents. Managers represented sixteen percent and co-owner twelve percent, whilst employee represented sixteen percent. There were no other positions represented.

The male respondents represented ninety two percent and the female respondents represented eight percent. It is not known how many males and females were in the population, it is generally known that female pharmacists are in the industrial and institutional pharmacy field. The largest group of respondents was white (eighty percent) whilst Asian respondents accounted for twenty percent and Coloured respondents four percent. There were no black respondents.

The majority of respondents (fifty six percent) have sixteen and more years of experience in business, whilst twenty four percent have between eleven and fifteen years experience in business. Twelve percent of the respondents have between six and ten years experience whilst only eight percent have between zero and five years experience in business.
5.3 THE RESULTS OF THE RESPONSES OF SERVICE QUALITY

5.3.1 Tangibility as a Dimension of Service Quality

TABLE 5.2
THE RESULTS OF THE RESPONSES TOWARDS THE SERVICE TANGIBILITY OF IHD:

<table>
<thead>
<tr>
<th></th>
<th>Yes (n)</th>
<th>%</th>
<th>No (n)</th>
<th>%</th>
<th>Un (n)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHD has modern looking and state-of-the-art facilities</td>
<td>20</td>
<td>80</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Customer liaisons who visit you are professional and well mannered</td>
<td>24</td>
<td>96</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Customer liaisons at IHD are well composed and knowledgeable</td>
<td>20</td>
<td>80</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Materials associated with the service, such as Viewpoint magazines and paraphernalia, eg. Supplements, are visually appealing</td>
<td>16</td>
<td>64</td>
<td>3</td>
<td>12</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>The physical equipment at IHD is appealing and operational</td>
<td>10</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>60</td>
</tr>
</tbody>
</table>

Table 5.2 indicates that the respondents generally agreed that IHD has facilities and representatives that are acceptable and pleasing. Eighty percent of the customers agreed that IHD do have the necessary and modern facilities and forty percent of this number further agreed that the physical equipment is appealing and operational. Sixty percent highlighted that they were uncertain about the uses of some features of the equipment. This indicates that even though IHD facilities are modern looking, the equipment used is not functional and this has a negative impact on the physical appearance of the firm. However, sixty four percent of the respondents agreed that IHD is making an effort in providing customers with enough reading material and other
interesting brochures. These are visually appealing and create a better understanding of the uses of IHD products. Over twenty percent state that they are not familiar with such material and the rest could not remember anything that would attract their attention to the physical surroundings of the firm. A higher percentage indicates a favourable dimension. It also shows that the customer does not entirely agree with IHD’s advertising and magazines. The success in capturing the customers’ interest and attention needs to be worked on and would create a challenge for the marketing department. There was a positive response of more than eighty percent with regard to the professionalism and appearance of staff towards their customers. Less than twenty percent of the respondents highlighted that some representatives are unacceptable and sometimes are too casual when dealing with customers. This indicates that the image of IHD projected to the customer is positive. The link between IHD and the customer is well served by meeting customer needs and requirements.

5.3.2 Reliability as a Dimension of Service Quality

Table 5.3 shows that more than fifty percent of the respondents agree that IHD is reliable. Twenty four percent of respondents highlighted that whilst delivery is prompt and according to customer requests, sometimes inconsistency in fulfilling the delivery and product price requests, is still experienced. This creates a situation of uncertainty with regard to IHD’s service delivery. Twenty four percent are dissatisfied with the way IHD handles their promises and requests. This indicates that more than half the customers positively attest that IHD keep their prompt delivery and promises. IHD is seen as being reliable.

Sixty four percent of the respondents agreed that IHD does not over deliver and under promise orders. Twenty eight percent complain that their requests with regard to orders are not properly met and eight percent are unsure whether this matter is the real issue or there are other reasons contributing to this problem. This further reinforces that the services provided are reliable.
The majority of the respondents, sixty four percent indicate that IHD effectively solves its customers’ problems. Twenty four percent of respondents indicated that although IHD makes an attempt to solve their problems sometimes they are not fairly resolved. Twelve percent still maintains that IHD fails to pay attention to their problems.

**TABLE 5.3**

THE RESULTS OF THE RESPONSES TOWARDS THE SERVICE RELIABILITY OF IHD:

<table>
<thead>
<tr>
<th></th>
<th>Yes (n)</th>
<th>%</th>
<th>No (n)</th>
<th>%</th>
<th>Un (n)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>When IHD promises to do something by certain time, they do so.</td>
<td>13</td>
<td>52</td>
<td>6</td>
<td>24</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>IHD under delivers and over promise on their service</td>
<td>7</td>
<td>28</td>
<td>16</td>
<td>64</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>When a customer has a problem, IHD shows a sincere interest in solving the problem.</td>
<td>16</td>
<td>64</td>
<td>3</td>
<td>12</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>IHD performs the service right the first time</td>
<td>11</td>
<td>44</td>
<td>4</td>
<td>16</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>IHD provides their services at the time they promise to do so</td>
<td>12</td>
<td>48</td>
<td>3</td>
<td>12</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>IHD insists on error free orders and records of customers</td>
<td>16</td>
<td>64</td>
<td>1</td>
<td>4</td>
<td>8</td>
<td>32</td>
</tr>
</tbody>
</table>

Only forty four percent of the respondents agree that IHD performs the service correctly the first time. Sixteen percent indicated IHD have never attempted to provide the service right the first time. Forty percent of the respondents highlighted that IHD do not always succeed in providing the service right the first time. Since less than half of the customers agreed that the service is not done efficiently, it can be assumed that this is an area where IHD needs to focus to improve its service quality.
Forty eight percent of the respondents agreed that IHD provides services at the promised time. Twelve percent of the customers disagreed and forty percent were uncertain. Services provided by IHD need to be dependable and accurate.

Table 5.3 indicates that IHD strives to maintain error free orders and records of customers. Sixty four percent of the respondents agree, four percent disagree and thirty two percent were uncertain.
IHD needs to perform the promised service dependably and accurately, as only half the respondents believe that IHD yields consistent results, in terms of the reliability dimension.

5.3.3 Responsiveness as a Dimension of Service Quality

Table 5.4 shows that the seventy two percent of respondents agree that IHD is quite responsive in ensuring awareness of new products and encouraging brand loyalty to customers. Twenty eight percent of respondents highlighted that IHD was not putting enough effort in improving the lines of communication between the service employees and customers. This indicates that the communication and marketing strategies used by IHD are effective because the customer is informed, persuaded and reminded at all times concerning any changes or updates where necessary in the company.

Eighty percent of the respondents agree that IHD employees respond quickly to their questions. Twelve percent disagreed and eight percent were uncertain. This indicates that the staff within the company is focused on customer needs and expectations in order to make important decisions. Seventy six percent of the respondents agreed that employees give prompt service to the customers. Eight percent disagreed and sixteen percent emphasized that sometimes IHD does not deliver in good time.
**TABLE 5.4**

**THE RESULTS OF THE RESPONSES TOWARDS THE SERVICE RESPONSIVENESS OF IHD:**

<table>
<thead>
<tr>
<th></th>
<th>Yes (n)</th>
<th>%</th>
<th>No (n)</th>
<th>%</th>
<th>Un (n)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHD communicates with their customers on a regular basis</td>
<td>18</td>
<td>72</td>
<td>7</td>
<td>28</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees at IHD are quick to respond to questions eg. when customers enquire about how long a particular service will take</td>
<td>20</td>
<td>80</td>
<td>3</td>
<td>12</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Employees at IHD will give prompt service to customers</td>
<td>19</td>
<td>76</td>
<td>2</td>
<td>8</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Customers believe IHD can give better customer service</td>
<td>13</td>
<td>52</td>
<td>2</td>
<td>8</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Employees at IHD are always willing to help customers</td>
<td>20</td>
<td>80</td>
<td>2</td>
<td>8</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Employees at IHD are never too busy to respond to customers' requests</td>
<td>19</td>
<td>76</td>
<td>3</td>
<td>12</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Staff at IHD always listen to my problems</td>
<td>21</td>
<td>84</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Customers perceive IHD employees to be good at their jobs</td>
<td>19</td>
<td>76</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>IHD ensures that out-of-stocks are efficiently communicated to customers and stock is obtained promptly from another branch should this occur</td>
<td>8</td>
<td>32</td>
<td>10</td>
<td>40</td>
<td>7</td>
<td>28</td>
</tr>
</tbody>
</table>

Table 5.4 indicates that fifty two percent of the respondents agree that IHD strives to provide a better service at all times. Eight percent disagreed and forty percent were uncertain. This indicates that IHD needs to ascertain which areas of the service need to be improved. The results of this dimension negatively influence the first hypothesis of this study.

Table 5.4 shows that seventy to eighty percent of the respondents agree respectively that employees at IHD are willing to assist customers and that they are not too busy to assist in responding to customer requests. Eighty percent of the respondents agree that the staff at IHD always listens to their
problems. Four percent of the respondents disagreed and twelve percent were uncertain. This indicates that staff place great emphasis on ensuring that the customers problems are solved promptly and every effort is taken to ensure that their requests are met timeously. This is further supported by the seventy six percent of the respondents who perceive IHD employees as people who perform to best of their abilities. Forty percent of customers disagreed and twenty eight percent were uncertain. Table 5.4 revealed that thirty two percent of the customers agree that there is lack of inventory (stock) management at IHD. This problem is not well received by the customers. This result indicates that management of IHD should pay more attention to this problem.

5.3.4 Assurance as a Dimension of Service Quality

Table 5.5 indicates overall that the majority of respondents agree that IHD gives assurance to its customers. A minority still doubt the support that they get from IHD. Table 5.5 shows that seventy six percent of the respondents agreed that the behaviour of employees at IHD instil confidence in the customers. Four percent disagreed and twenty percent were uncertain.
### TABLE 5.5
THE RESULTS OF THE RESPONSES OF THE SERVICE ASSURANCE OF IHD TOWARDS EMPLOYEES:

<table>
<thead>
<tr>
<th></th>
<th>Yes (n)</th>
<th>%</th>
<th>No (n)</th>
<th>%</th>
<th>Un (n)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The behaviour of employees at IHD instils confidence in customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers feel safe with the recording of their transactions, in other words, they are satisfied with the way that their orders are placed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at IHD are flexible when delivering a service eg. they can quickly adjust to the changing needs of customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers are consistently satisfied with the politeness received from the employees at IHD.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at IHD have the knowledge to answer any customers’ questions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees of IHD inspire trust and confidence when dealing with customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.5 shows that seventy six percent of the respondents agree that they feel safe with the recording of their order transactions. Customers are provided with the opportunity to control their orders electronically and having diminishing contact with the telesales personnel. This ordering method allows the customer to have full control over their orders and buying patterns and ultimately their accounts with IHD. Twenty percent of the respondents felt uncertain with regard to their transactions. Customers are hesitant to use electronic ordering methods and do not feel safe when doing electronic business as opposed to the conventional method of telephonic ordering.

Table 5.5 indicates that, forty four percent of the respondents agreed that employees at IHD are flexible when delivering a service. Sixteen percent
disagreed and forty percent were uncertain. The result of the uncertain customers can be due to the fact that interaction between IHD and the employee is diminishing telephonically. Interaction takes place electronically and therefore the customers do not have an idea of the flexibility or inflexibility of the staff.

Seventy six percent of the respondents agreed that they are consistently satisfied with the politeness received by the employees of IHD. Twenty four percent were uncertain. This indicates that the customer will always be retained, as he is consistently satisfied with the manner in which he is spoken to, approached and cared for. The employees at IHD create an atmosphere where customers feel that they are cared for.

Table 5.5 indicates that fifty two percent and sixty four percent of the respondents respectively agree that employees of IHD who inspire trust and confidence have sufficient knowledge to answer any customer questions. Respondents generally perceive IHD’s employees as competent. IHD’s management provide their employees with adequate skills to enable them to answer any customer queries and questions. This promotes the credibility of employees, which is vital in ensuring the trustworthiness and honesty. This is an important factor when dealing with professional services within IHD.

5.3.5 Empathy as a Dimension of Service Quality

Table 5.6 reveals that sixty percent of the customers agreed that IHD employees are empathetic towards them. Eleven percent disagreed and twenty six percent were uncertain.
TABLE 5.6

THE RESULTS OF THE RESPONSES OF SERVICE EMPATHY OF IHD TOWARDS CUSTOMERS:

<table>
<thead>
<tr>
<th></th>
<th>Yes (n)</th>
<th>%</th>
<th>N (n)</th>
<th>%</th>
<th>Un (n)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHD gives its customers individual attention</td>
<td>18</td>
<td>72</td>
<td>4</td>
<td>16</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>IHD continually strives to improve their services</td>
<td>17</td>
<td>68</td>
<td>2</td>
<td>8</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>IHD has operating hours that are convenient to all its customers</td>
<td>18</td>
<td>72</td>
<td>3</td>
<td>12</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>IHD has the customers’ best interest at heart</td>
<td>13</td>
<td>52</td>
<td>4</td>
<td>16</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>Employees of IHD understand the specific needs of their customers</td>
<td>11</td>
<td>44</td>
<td>3</td>
<td>12</td>
<td>11</td>
<td>44</td>
</tr>
</tbody>
</table>

Seventy two percent of the customers agreed that IHD gives its customers individual attention, sixteen percent disagreed and twelve percent were uncertain. This indicates that the customers are known personally and every interest is taken to ensure that customer needs are established and ascertained. Sixteen percent disagreed and taking the 80/20 principles into consideration, it can be assumed that the twenty percent of customers are ‘looked after’ with greater effort than the eighty percent.

Sixty eight percent of the customers agreed that IHD continually strives to improve their services, eight percent disagreed and twenty four percent were uncertain.

Table 5.6 shows that sixty eight percent of the customers agreed that IHD ensures that customers are satisfied with regards to the services, twelve percent disagreed and twenty percent were uncertain.

Seventy two percent of the customers agreed that IHD has operating hours that are convenient to all is customers, twelve percent disagreed and sixteen percent were uncertain.
Table 5.6 reveals that fifty two percent of the customers agree that IHD gives personal attention to their customers and have the customers’ best interest at heart. This indicates that the employees have a caring attitude and pay attention to customer needs.

Forty four percent of the customers agreed that employees of IHD understand the specific needs of the customers, twelve percent disagreed and forty four percent were uncertain. The same percentage reflects agreement and uncertainty so it can be assumed that additional work needs to take place to ensure that the employees understand customer specific needs. Employees need to place themselves into the customers’ position when dealing with them. In this manner it will be easy to visualise the customers’ problems and will help to solve their issues at hand.

5.4 SUMMARY

Considering all the dimensions used in the questionnaire, on average the tangibility dimension was highest in terms of customer agreement and reliability the lowest. The tangibility dimension refers to the external interface between IHD and the customer. This represents the competence of the customer service representative in the various services they perform, with respect to the computer functions, interpersonal relations and in the knowledge of the company, services and staff.

Hypothesis 1 states that IHD’s efforts to provide a prompt delivery service improves customer satisfaction and levels of service quality. The research has ascertained that a large percentage of respondents agree that IHD strives to provide a better service at all times but a smaller percentage disagreed. This indicates that IHD needs to ascertain which areas of the service need to be improved. The result of this dimension negatively influences the hypothesis of this study.
The majority of the respondents agreed that at IHD, there is lack of inventory (stock) management and this problem is not well received by the customers. This result indicates that management of IHD should pay more attention to this problem. IHD is the sole distributor of many multinational pharmaceutical companies and effective stock management needs to be in place to prevent a possible stock-out situation. This result negatively influences the hypothesis of this study.

The dimension of responsiveness, the willingness to help customers and to provide a prompt service, has been proven to be positive. This indicates that the customers are satisfied with the manner in which they are served and the assistance given by the employees has instilled confidence in the customer to purchase from IHD.

In Chapter Six the conclusion and recommendations of the study will be discussed. The various dimensions tested will be analysed and explained.
CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter deals with the recommendations and concluding remarks of the research. The goal of this research was to determine and improve the levels of service quality at International Healthcare Distributors (IHD).

In Chapter One the objectives of the study was examined with particular interest in the benefits of service quality. A brief description of the sample was presented included the measuring instruments used in this study. An outline of the study was identified and the hypotheses were outlined.

An overview of service quality was discussed in Chapter Two. The nature of service quality and various levels of customer expectations were explained. The importance of customer satisfaction versus service quality and customer loyalty was explained. Consumer perceptions of service quality were highlighted in this chapter. A management perspective of service quality was explained and factors that are prerequisites to service quality were identified. An attempt was made to explain the obstacles that occur in attaining service quality. Customer retention was briefly explained and the potential causes of service quality shortfalls were stated.

The implementation levels of service quality were discussed in Chapter Three. A customer service survey on IHD was explained in detail and its outcome was discussed. The main reasons for good and poor service were underlined. Various surveys were performed on respective customers were explained. These were surveys performed on pharmacy customers in Sweden and on New Zealand service firms. A survey performed on customer opinions on service delay was detailed. A survey performed on customer satisfaction and service quality compared companies in various service industries, which
employed different methodologies were discussed. Management viewpoints of service quality were discussed resulting in the need for management to change their mindsets in order to view service quality in a different light.

Chapter Four discussed the research methodology of the study. The sampling procedure was explained comprising of the sampling plan, the sampling unit and the sample size. Methods used for collecting data were discussed and the measuring instruments were described in detail. The design of the questionnaire with its content and format were briefly explained.

In Chapter Five the results of the empirical study were explained. The analysis of the demographic data as well as the results of the responses of service quality were described in detail. The first hypothesis was not accepted in this study. It was evident that IHD need to improve its services in order to positively influence the levels of service quality. The second hypothesis was not accepted in this study. Effective stock management needs to be in place to improve the level of service quality. The third hypothesis was accepted. The willingness of employees of IHD to assist customers and provide a prompt service has a positive influence on the level of customer satisfaction and service quality.

This finding is in line with a major study undertaken by the management centre at the University of Leicester in the United Kingdom. The tangibility dimension was the most important dimension in a service organisation. Responsiveness was the next highest dimension with reliability being very low. It seems that this could be a universal problem where service in general need to be more reliable and should be carried out right the first time.

6.2 THE TANGIBILITY DIMENSION

Many of the respondents agreed that the tangibility dimension is acceptable and pleasing. A smaller percentage disagreed or were uncertain. Many respondents agreed that IHD is making an effort in improving its overall image to the customers. Some respondents, however, are not in agreement with
IHD’s advertising and marketing campaigns. The success in the ability to capture the customers’ interest and attention needs to be worked on and would create a challenge for the marketing department. Professionalism and dress code appearance of staff towards their customers gained a positive response. The image of IHD projected to the customer is positive and the link between IHD and the customer is well served in meeting customer needs and requirements.

6.3 THE RELIABILITY DIMENSION

The lowest of all dimensions is the reliability dimension. Some customers agreed that IHD is reliable with regards to its service. A small percentage disagreed and others were uncertain. Only half the customers agreed to IHD being reliable so it can be concluded that IHD needs to focus on this area to improve its service quality. The management of IHD needs to utilise proven systems that will work without failure, in order to build reliability. The assurance of consistency with service will allow the customers to become dependent on the company and will lead to greater customer retention. It is evident that IHD solves its customer problems. IHD can significantly improve customer retention rates by resolving the problems to the customers’ satisfaction and by performing the service right the second time.

Some of the respondents agreed that IHD provides the service right the first time, it can be assumed that this is an area where IHD needs to improve on. IHD needs to ensure that its employees are always aware of the customer needs and wants so that the company as a whole becomes proactive. A few of the respondents agreed that IHD provides services at the time they promise to do so. Services of IHD need to be dependable and accurate. IHD needs to perform the promised service dependably and accurately in terms of the reliability dimension, as only half the respondents believe that IHD yields consistent results. Reliable service needs to be attained before building long-term relationships with customers.
Staff training needs to take place to ensure that there is consistency with regards to the service performance. It is necessary to understand what motivates customers to buy and to identify those who will be profitable to serve and retain. Customer retention, as the aim of the organisation, requires some radical changes in key areas to be made, according to Murphy (2000: 67). Whatever segment of customers an organisation decides to favour, the changes will follow the same basic pattern and will be governed in detail only by customer preferences. The goal will ultimately be geared towards service quality excellence.

6.4 THE RESPONSIVENESS DIMENSION

Responsiveness is the second highest dimension. The majority of the respondents agreed that IHD is responsive to their needs. The communication and marketing strategies used by IHD are effective, according to the customer. The customer is informed concerning any changes or updates where necessary.

A great percentage of respondents agreed that IHD employees respond quickly to their questions and is an indication that the staff within the company is focused with regards to customer needs and expectations in order to make important decisions. Staff that is well-trained and motivated perform their tasks effectively and will provide clear service quality perceptions to the customer.

Many customers agreed that IHD could give a better service. This indicates that IHD needs to ascertain which areas of the service need to be improved. A great percentage of respondents agreed that the employees at IHD are willing to assist customers and that they are never too busy to assist in responding to customer requests. This indicates that staff place great emphasis on ensuring that the customers problems are sorted out promptly and every effort is taken to ensure that their requests are met timeously in order to please the customer. Employees need to have a clear service quality
vision due to the interactive nature of the service provided. The absence of a clear vision and definition implies that employees are likely to have their own interpretation of service quality. Lack of consistency is likely to have an adverse impact on the perception of quality.

The IHD out of stock situation is a problem and is not well received by the customer. This indicates that an improvement in this area needs to be stepped up and that better availability of stock needs to be available or be obtained from another branch within a reasonable time period.

6.5 THE ASSURANCE DIMENSION

The next highest dimension is assurance. Over half the customers agreed that IHD gives assurance to its customers. A small percentage disagreed and a smaller percentage was uncertain.

A high percentage of respondents agreed that the behaviour of employees at IHD instil confidence in the customers. This result is directly influenced by the customer liaisons that visit the customers every six weeks to promote the services of IHD. It is necessary that employees possess the necessary skill, knowledge and information to perform the service effectively, when employees are posed with problems or queries. The customer interface is mainly telephonic. It can be assumed that the customers are of the opinion that employees’ telephonic manners and conduct is appropriate in handling even the most irate customers. The reason for the customers who were uncertain about the employees' behaviour, is probably due to the little contact between the customer and employee as most orders are now being done via the Internet.

More than half of the customers agree that they feel safe with the recording of their order transactions electronically. This has resulted in the customers having full control over their ordering methods. A few customers felt uncertainty with regards to their transactions and this is probably due to the
hesitancy that people have in using electronic ordering methods and in this way do not feel safe when doing business as opposed to the conventional method of telephonic ordering.

A minority of respondents were uncertain with regards to their views that employees at IHD are flexible when delivering a service. The number of customers who have disagreed can be an indication of the lack of empowerment of employees who could not be flexible due to company policies and procedures. In most instances, where the first line person cannot assist the customer, the next level of management is then advised to contact the customer concerning the issue at hand. It is at this level that a decision is made according to company rules and regulations.

The majority of the customers agreed that they are consistently satisfied with the politeness received from the employees of IHD. This indicates that the customer will always be retained, as he/she is consistently satisfied with the manner in which he is spoken to, approached and cared for. This can be attributed to the professionalism of the employees towards the customer. The employees create an atmosphere enabling customers to feel that they are cared for, by having the customer’s best interest at heart and performing the duties promptly and accurately.

Over half of the customers agreed that employees of IHD who inspire trust and confidence, have the knowledge to answer any customer questions. Sufficient training of employees allows them to have adequate skills to be able to answer any customer queries and questions. The credibility of employees is vital in ensuring the trustworthiness and honesty, which is important when dealing with professional services within IHD.

Competence ensures that employees have the necessary skills and knowledge to perform his or her duties. This attribute is vital in assuring that the customer will be service efficiently and effectively. The employees, by being courteous and understanding and knowing the customer gives the
assurance that the customer will be treated fairly and honestly. Personalised service is allowed by finding out the customer’s specific requirements and by giving individual attention,

Assurance refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence in others. This dimension can also refer to the technical knowledge and ability of employees to assist the customers. Assurance appears to be the most important dimension in highly customised services, according to Rosen and Karwan (1994:7).

6.6 THE EMPATHY DIMENSION

The third highest dimension is empathy. The majority of the customers agreed that IHD employees are empathetic towards them, whereas a smaller group disagreed and others were uncertain.

Many of the customers are known personally to IHD employees and every effort is made to ensure that their needs are established and ascertained. It is reasonable to say, therefore, where the service is unique to that customer that the ability to convey trust and confidence is of utmost importance.

The majority of the customers agreed that IHD continually strives to improve their services. This result can be attributed to the changes in the delivery service, where customers can order from seven am to seven pm and their orders will be delivered the following day. Many customers requested a same-day delivery, as many of their patients required the medication urgently. IHD developed the emergency toll free line for the delivery of emergency medicine. This further indicates that management of IHD are continually looking at ways to improve its services to customers. The pharmacy advisory forums, which are held every three months in each respective region allows customers to have the opportunity to air their views concerning any matter that is problematic or favourable.
Employees have a caring attitude to customers’ needs and therefore can visualise the customers’ problems to solve their issues at hand. Customers need individual attention. Employees who communicate feelings of empathy to customers reduce the tension within the job and increase their job satisfaction. This leads to better customer employee relationships where mutual respect for one another is enjoyed.

6.7 STUDY LIMITATIONS

A larger sample of the population could have been chosen to obtain a broader and more focused picture of the levels of service quality in the industry. Another limitation of this study is the number of respondents chosen within each demographic area. A representative number of respondents was needed in each demographic area to accurately obtain the attitudes towards the level of service quality. Another limitation, that appeared after the study was completed, was that the questionnaire needed questions that were focused on the specific services provided by IHD. Additionally, an interview could have been conducted to obtain an accurate assessment of the levels of service quality. Lastly, lack of open-ended questions in the questionnaire could have assisted in collecting valuable information.

6.8 RECOMMENDATIONS

Future research includes more specific studies to be performed on the levels of service quality of various pharmaceutical distributors. A comparison needs to be done with the pharmaceutical wholesalers and the effect of their service quality levels on the customers. The result of this research indicates that future research including more specific studies should be performed on service quality levels of pharmaceutical distributors. More attention should be paid to the perceptions of employees with regard to the improvement of service quality levels in an organisation.
REFERENCES


http://giorgio.emeraldinsight.com


Trollip, N. 2001. *Quality Management Modules 1,2 and 3.*


APPENDIX A

COVERING LETTER SENT TO CUSTOMERS
November 2001

Dear Customer / Respondent

I am a MBA student at the Technikon (PE). My field of study is Business Management. To complete the MBA I need to gather information on your views of service quality. I would appreciate your completing the enclosed questionnaire and returning it in the self addressed envelope at your earliest convenience but before the 23\textsuperscript{rd} November 2001. It will only take a few minutes of your time to answer the questions and you might find it an interesting experience. Ensure that you answer every question. Since only a relatively small number of people are being surveyed, your response is very important to me. Your answers will be treated as strictly confidential. Thank you in advance for your time and effort.

Yours sincerely

Anne Vassen
APPENDIX B

QUESTIONNAIRE
Dear Respondent

This questionnaire concerns how you feel about aspects of service quality levels at International Healthcare Distributors (IHD) and your views towards the company's service quality levels. The questionnaire is completed anonymously and will not be identified in any way. The reference number on the top of the first page of the questionnaire is for administrative purposes only as questionnaires are sent to customers from other geographic areas.

Mark your response to each statement by means of a circle e.g. 2

Yes = 1  No = 2  Uncertain = 3

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes (1)</th>
<th>No (2)</th>
<th>Uncertain (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHD has modern looking and state-of-the-art facilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Customer liaisons who visit you are professional and well mannered</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Customer liaisons at IHD are well composed and knowledgeable</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Materials associated with the service, such as Viewpoint magazines and paraphernalia, eg. Supplements, are visually appealing</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>The physical equipment at IHD is appealing and operational</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>When IHD promises to do something by a certain time, they do so.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>IHD under delivers and over promise on their service</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>When a customer has a problem, IHD shows a sincere interest in solving the problem.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>IHD performs the service right the first time.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Statement</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
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</tr>
<tr>
<td>IHD provides their services at the time they promise to do so.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IHD insists on error free orders and records of customers.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>IHD communicates to their customers on a regular basis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at IHD are quick to respond to questions eg. when customers enquire about how long a particular service will take</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at IHD will give prompt service to customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers believe IHD can give better customer service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at IHD are always willing to help customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at IHD are never too busy to respond to customers’ requests.</td>
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<tr>
<td>Staff at IHD always listen to my problems</td>
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<tr>
<td>Customers perceived IHD employees to be good at their jobs</td>
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<tr>
<td>IHD ensures that out-of-stocks are efficiently communicated to customers and stock is obtained promptly from another branch should this occur</td>
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<tr>
<td>The behaviour of employees at IHD instils confidence in customers.</td>
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<tr>
<td>Customers feel safe with the recording of their transactions, in other words, they are satisfied with the way that their orders are placed</td>
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<tr>
<td>Employees at IHD are flexible when delivering a service, eg. they can quickly adjust to the changing of customers’ needs</td>
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<tr>
<td>Customers are consistently satisfied with the politeness received from the employees at IHD</td>
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<tr>
<td>Employees at IHD have the knowledge to answer any customers’ questions.</td>
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<tr>
<td>Employees of IHD inspire trust and confidence when dealing with customers.</td>
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<tr>
<td>IHD gives its customers individual attention.</td>
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</tbody>
</table>
IHD continually strives to improve their services  1  2  3

IHD ensures that customers are satisfied with regard to their services  1  2  3

IHD has operating hours that are convenient to all its customers.  1  2  3

Employees of IHD give personal attention to their customers  1  2  3

IHD has the customers’ best interest at heart.  1  2  3

Employees of IHD understand the specific needs of their customers.  1  2  3

Mark your response to each statement by means of a cross (X) in the appropriate box.

1. How many employees does your business have in total?

   0-5  
   6-10  

   11-15  
   16-20  

   21-25  
   26+  

2. In which municipal area is your business?

   Port Elizabeth  
   Uitenhage  

   Despatch  
   East London  

   Garden Route  
   Grahamstown  

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3. What position do you hold in the business/pharmacy?

Manager [ ] Co-owner [ ]

Owner [ ] Employee [ ]

Other [ ]

4. Please indicate your gender.

Male [ ] Female [ ]

5. Please indicate your race.

Asian [ ] Black [ ]

White [ ] Coloured [ ]
6. For how long have you been in business (years)?

0-5 □ 6-10 □

11-15 □ 16+ □

KINDLY ENSURE THAT YOU HAVE ANSWERED ALL THE QUESTIONS

THANK YOU FOR YOUR CO-OPERATION