IMPROVING SERVICE QUALITY AT AUTOMOTIVE DEALERSHIPS

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DECLARATION

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DECLARATION:
In accordance with Rule G4.6.3, I hereby declare that the above-mentioned treatise/dissertation/thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

SIGNATURE: ____________________________________________________________

DATE: __________________________________________________________________
ABSTRACT

The highly competitive landscape of the automotive industry places increasing pressure on automotive dealerships to continually improve the quality of services rendered to customers. Understanding customer expectations and customer perceptions is key to making improvements in areas that matter most to the customer. It is against this background that this study was conducted. The aim of this research was to measure service quality at automotive dealerships.

The literature review focused on the gaps model which resulted in the SERVQUAL measuring tool. The SERVQUAL instrument is supported by literature as the optimal instrument for measuring service quality. The 22-item questionnaire was adapted and used to solicit feedback from customers on their expectations and perceptions of the service rendered by dealerships across the five SERVQUAL dimensions; namely, tangibles, reliability, responsiveness, empathy and assurance. Gaps between customer expectations and perceptions were calculated as an indication of areas where customer expectations were met, unmet or exceeded. In order to identify priorities for improvement, each of the SERVQUAL dimensions was ranked in order of importance by the customer.

Convenience sampling was used as a sampling technique. A total of 142 Volkswagen owners who had their vehicles serviced or repaired at a franchised dealership were surveyed. The reliability of the SERVQUAL questionnaire was tested by calculating the Cronbach’s Alpha coefficient for each of the five dimensions. The calculation yielded an average coefficient of 0.83, indicating a high reliability of the measuring instrument and the data collected.

The overall gap score of -0.7 indicates that customer expectations exceeded customer perceptions. The lowest customer perceptions and the largest gaps were reported in the reliability and responsiveness dimensions. These two dimensions were also rated as the most important dimensions customers use for evaluating service quality. This
formed the basis for recommending that dealership employees and management focus most of their efforts on improving the reliability and responsiveness dimensions.

Key terms: Dealership, Service quality, Customer perceptions, Customer Expectations, SERVQUAL.
ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to everyone who played a role in the successful completion of this research project. Specifically, I would like to thank the following people:-

- To the almighty God, for giving me the wisdom and strength to complete this research project.
- To my research promoter, Mr. Bux Heather, for his patience, guidance and support during the course of this research.
- My husband, Letlatsa for encouraging me to embark on this journey and for his endless support throughout.
- To my parents, your love and support is beyond measure, I couldn’t have achieved this without you.
- To my children Siphehiile, Thato and Tumelo, for their patience and understanding.
- To my siblings for their encouragement and abundant support.
- To every respondent who took the time to participate in this study.
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CHAPTER ONE

INTRODUCTION, PROBLEM STATEMENT AND SCOPE OF THE STUDY

1.1 INTRODUCTION

The automotive industry has become increasingly competitive. The emergence of new entrants such as Chinese and Indian vehicle makers increases competition and threatens the sustainability of existing automotive manufacturers and retailers in South Africa. The competitive conditions facing the automotive industry have resulted in organisations having to shift their perspective from being suppliers of vehicles and related services to being customer driven organisations with customer centric processes in place. One manner in which automotive players in South Africa set themselves apart from competitors is through meeting and exceeding customer expectations. Automotive dealerships recognise the need to foster a customer centric culture and continuously implement various initiatives aimed at improving service levels.

Saxena (2009:98) suggests that as product differentiation reduces, the factor that enables companies to gain competitive edge is a focus on customer experience. All interactions that customers need to have should be examined meticulously and the experience be made pleasant and memorable. Raab, Riad, Vidyaranya and Goddard (2008:8) add that customer orientation is one of the most important factors of success needed to survive in an environment characterised by enormous competition. The goal of customer orientation is always customer satisfaction. Satisfied customers are more likely to choose the product again, passively or actively to recommend it, and to react with less price sensitivity. Goodman (2009: 256) suggests that the success of any organisation depends on high-quality customer service. He adds that for companies that strategically align customer service with their overall corporate strategy, it can transcend typical good business to become a profitable word-of-mouth machine that will transform the bottom line.
Today’s customer is better informed, more demanding and has high service level expectations. This makes it vital for any business to exceed customer needs and expectations at every encounter to achieve sustained success. A Customer Satisfaction Survey conducted by Accenture in 2007 (cited in Raab et al, 2008:56) found that 52 percent of respondents said their expectations for customer service were higher than in the period five years before. The survey also found that the number of consumers who left a company because of poor service was significantly higher than the number who left because they found a lower price elsewhere. Raab et al. (2008:63) argue that today’s customers are becoming harder to please; they are smarter, more demanding and less forgiving. More competitors with equal or better offers approach them, therefore the real challenges are not to produce satisfied customers, which several competitors can also do, but it is to produce delighted and loyal customers. Otherwise companies suffer from high customer churn; that is, high customer defection.

Parasuraman, Zeithaml and Berry (1985:42) suggest that knowing what customers expect is probably the most critical step in delivering good quality service. Ferrell and Hartline (2008:79) agree that understanding customer’s expectations is the basis for improving service levels. The delivery of superior customer service begins with understanding customer expectations. They argue that customer expectations are forever changing, therefore recommend staying in touch with customers by conducting frequent research to better identify their needs and expectations. Furthermore, these expectations need to be translated into quality standards. If customers want better ingredients, friendlier employees or faster delivery, then an organisation’s standards and processes should be set to match these expectations.

Against this background, automotive dealerships need to consistently seek to understand the ever changing customer expectations, assess their current service offering, identify gaps and implement changes that address these gaps with the aim of meeting and exceeding customer expectations.
1.2 MAIN PROBLEM STATEMENT

The main research question that the study seeks to address is:

**How can service quality be improved at Volkswagen dealerships?**

1.3 SUB-PROBLEMS

In order to address the main problem, the following sub-problems were identified:

- What are customers’ expectations of service from Volkswagen dealerships when servicing and repairing their vehicles?
- What are customers’ perceptions of the service rendered by Volkswagen dealerships when servicing and repairing their vehicles?
- What service gaps exist between customer expectations and customer perceptions in their experience of servicing and repairing their vehicles at Volkswagen dealerships?
- Which factors are most important and have the most influence on customers’ perceptions of service quality?
- Which business processes need improvement at dealerships in order to improve service quality.

1.4 DELIMITATION OF THE STUDY

Delimiting the study allows the researcher to set the parameters within which the study will be conducted. This is necessary to ensure that the study is not too broad and is clearly defined.
1.4.1 The organisation to be researched

For the purpose of this study it is necessary to draw the distinction between Volkswagen Group South Africa and Volkswagen dealerships. Volkswagen Group South Africa is the motor manufacturer responsible for the assembly of vehicles. Volkswagen dealerships are responsible for selling, maintaining and repairing vehicles. Dealerships act as vehicle distribution and maintenance centers and as such are at the forefront of customer interaction.

The research will be confined to Volkswagen passenger dealerships, with focus on the servicing and repair department of the dealerships. Only customers who own Volkswagen passenger vehicles and have had their vehicle serviced or repaired at Volkswagen dealerships will form part of the study.

1.4.2 Geographical delimitations

The study will be limited to customers who repair or service their vehicles at one of the Volkswagen dealerships located in the Eastern Cape.

1.5 DEFINITION OF KEY CONCEPTS

A definition of key terms used within the context of the study is offered below.

1.5.1 Motor vehicle manufacturer

A motor vehicle manufacturer, also known as an automotive Original Equipment Manufacturer (OEM), is a company that designs and manufactures motor vehicles. For the purpose of this study, Volkswagen Group South Africa is the selected motor vehicle manufacturer.
1.5.2 Dealership

An automotive dealership, also known as a franchised dealership, is a business authorised to sell, service and repair vehicles on behalf of the automotive manufacturer. The relationship between the automotive manufacturer and the dealership is usually governed by a franchise agreement.

1.5.3 Service quality

Service quality refers to a focused evaluation of how well a delivered service conforms to customer expectations. Parasuraman et al. (1985:41) defined service quality as the discrepancy between customer expectations and perceptions.

1.6 SIGNIFICANCE OF THE STUDY

Against the backdrop of a highly competitive environment, changing customer needs and high customer expectations, service quality is a business imperative for any organisation that wishes to survive in the long term. The vehicle sales process is equally as important; however, service after the sale is what sustains dealerships and retains customers in the long run. Failure to meet customer demands and exceed customer expectations could lead to loss of customers which translates to loss of revenue. This can have a negative impact on the organisation’s profitability and threatens the existence and sustainability of the organisation.

There is a wide body of work on the subject of service quality, customer service and customer satisfaction. However, the current body of work is limited with regard to what customers expect as good quality customer service when servicing or repairing a vehicle. In addition, given the dynamic nature of customer expectations, it is necessary to have them measured regularly. Identifying these customer expectations and the gaps that exist between the service rendered and customer expectations is critical. This will also uncover what customers perceive as important and assist the organisation in aligning its service offering to what matters most to the customer.
In highlighting the importance of excellent service quality, Saxena (2009:91) states that as the cost of acquiring a new customer is five times more than retaining an existing customer, encouraging brand loyalty is an ultimate goal for any business. Saxena (2009:80) emphasises the importance of service excellence and doing things right the first time and every time. He further states that bad service delivery not only creates a dissatisfied customer but also severely impacts the brand equity. This view is supported by Hill, Roche and Allen (2007:38) who suggest that satisfaction is the main driver of brand loyalty, but 'mere satisfaction' is not enough, customers have to be highly satisfied.

This study will have a positive impact on customers, automotive dealerships and will positively influence how the Volkswagen brand is perceived.

### 1.7 RESEARCH METHODOLOGY

The broad research methodology pursued in this study to address the main and sub-problems is described below.

#### 1.7.1 Literature review

An extensive literature review will form the basis of the research. The aim of the literature review is two-fold, firstly to discuss the concept of service quality and the theoretical framework for measuring service quality. The second aim of the literature study is provide an overview of the automotive industry and to outline service quality in the context of automotive dealerships.

#### 1.7.2 Empirical study

The SERVQUAL instrument will be used to address the research questions as it is a widely accepted instrument for measuring service quality. The questionnaire will be customised to the automotive industry to elicit responses that will provide answers to the research questions. The questionnaire has been chosen to gather data from...
respondents because it is self-administered and provides a simple way of collecting data. A pilot study will be undertaken to ensure that the questionnaire is clear and easy to understand.

1.7.3 Data analysis

Quantitative data collected from the completed questionnaires will be captured on Microsoft Excel and analysed by making use of the STATISTICA version 10 computer programme. The qualitative feedback will be summarised and categorised into themes.

1.7.4 Development of conclusions

The findings from the empirical study will be integrated with the theoretical perspective gained from the literature review. This will form the basis for drawing conclusions and providing recommendations on how to improve service quality at dealerships.

1.8 OUTLINE OF THE STUDY

The study will consist of the following six chapters:-

Chapter One - outlines the problem statement, the objectives of the study, the research methodology and the scope of the study.

Chapter Two – the South African automotive industry will be discussed and the concept of service quality in the context of automotive dealerships outlined.

Chapter Three - a literature review on the concept of service quality will be conducted and a theoretical framework for measuring service quality outlined.
Chapter Four - the research methodology that will be followed in the study will be discussed and the aspects that impact on the reliability and validity of the study explained.

Chapter Five – will comprise of the analysis of biographical data of the respondents, interpretation of empirical results and a summary of the results.

Chapter Six - will offer recommendations and conclusions of the study.

1.9 SUMMARY

This chapter introduced the research topic and discussed the purpose of the study. The main problem and the sub-problems were outlined. The delimitations of the study and the significance of the research were explained. Furthermore, a brief explanation of the research methodology followed in conducting the study was offered. An outline of the envisaged research study concludes this chapter.

Chapter Two will provide an overview of the automotive industry and discuss service quality in the context of the automotive industry.
CHAPTER TWO

AN OVERVIEW OF THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY

2.1 INTRODUCTION

Chapter one introduced the research topic and discussed the purpose of the study. The main and the sub-problems were also outlined. Chapter two will set the scene for understanding the automotive industry. The relationship between vehicle manufacturer and the retail dealerships will be discussed. Furthermore, service quality in the context of automotive dealerships will be discussed.

2.2 THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY

This section discusses the South African economy and the role of the automotive industry in the country.

2.2.1 The role of the automotive industry in the South African economy

South Africa is the economic powerhouse of Africa, leading the continent in industrial output and mineral production and generating a large proportion of Africa’s electricity. South Africa is not only an important emerging economy; it is also the gateway to other African markets. Its well-developed road and rail links provide the platform and infrastructure for ground transportation deep into Africa (South Africa Economic Overview, 2011).

The automotive industry is the leading manufacturing sector in the South African economy. It is the largest contributor to the national GDP after the mining and financial sectors (South Africa Economic Overview, 2011). The South African motor industry incorporates the manufacture, distribution, servicing and maintenance of motor vehicles and plays a vital role in South Africa’s economy. South Africa’s automotive industry is the country’s largest manufacturing sector, contributing between 6 percent and 7 percent of gross domestic product. This contribution takes into account vehicle and
component production, as well as vehicle retail, distribution and servicing activities (South Africa Economic Overview, 2011).

The global world production in 2011 amounted to over 8 million vehicles. South Africa produced 533,000 units for the same year, accounting for only 0.66 percent of the world’s vehicle production (NAAMSA, 2011). Table 2.1 below shows volume produced per country and ranks the various countries accordingly.

Table 2.1: Global Vehicle Production Ranking by Country

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Production in thousands ('000)</th>
<th>% of Global Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>18419</td>
<td>22.87%</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>8654</td>
<td>10.74%</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>8399</td>
<td>10.43%</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>6304</td>
<td>7.83%</td>
</tr>
<tr>
<td>5</td>
<td>South Korea</td>
<td>4657</td>
<td>5.78%</td>
</tr>
<tr>
<td>6</td>
<td>India</td>
<td>3936</td>
<td>4.89%</td>
</tr>
<tr>
<td>7</td>
<td>Brazil</td>
<td>3406</td>
<td>4.23%</td>
</tr>
<tr>
<td>8</td>
<td>Mexico</td>
<td>2680</td>
<td>3.33%</td>
</tr>
<tr>
<td>9</td>
<td>Spain</td>
<td>2354</td>
<td>2.92%</td>
</tr>
<tr>
<td>10</td>
<td>France</td>
<td>2295</td>
<td>2.85%</td>
</tr>
<tr>
<td>11</td>
<td>Canada</td>
<td>2135</td>
<td>2.65%</td>
</tr>
<tr>
<td>12</td>
<td>Russia</td>
<td>1988</td>
<td>2.47%</td>
</tr>
<tr>
<td>13</td>
<td>Iran</td>
<td>1649</td>
<td>2.05%</td>
</tr>
<tr>
<td>14</td>
<td>Thailand</td>
<td>1478</td>
<td>1.83%</td>
</tr>
<tr>
<td>15</td>
<td>United Kingdom</td>
<td>1464</td>
<td>1.82%</td>
</tr>
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<td>16</td>
<td>Czech Republic</td>
<td>1200</td>
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<td>17</td>
<td>Turkey</td>
<td>1189</td>
<td>1.48%</td>
</tr>
<tr>
<td>18</td>
<td>Indonesia</td>
<td>838</td>
<td>1.04%</td>
</tr>
<tr>
<td>19</td>
<td>Poland</td>
<td>837</td>
<td>1.04%</td>
</tr>
<tr>
<td>20</td>
<td>Argentina</td>
<td>829</td>
<td>1.03%</td>
</tr>
<tr>
<td>21</td>
<td>Italy</td>
<td>790</td>
<td>0.98%</td>
</tr>
<tr>
<td>22</td>
<td>Slovakia</td>
<td>640</td>
<td>0.79%</td>
</tr>
<tr>
<td>23</td>
<td>Belgium</td>
<td>562</td>
<td>0.70%</td>
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<tr>
<td>24</td>
<td>Malaysia</td>
<td>540</td>
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</tr>
<tr>
<td>25</td>
<td>South Africa</td>
<td>533</td>
<td>0.66%</td>
</tr>
</tbody>
</table>

Source: NAAMSA (2011)
Table 2.1 above depicts that South Africa ranks at position 25 and is therefore a small player in the global automotive arena. Locally however, the automotive sector is a significant sector, employing around 36 000 people (NAAMSA, 2011).

2.2.2 South African based vehicle manufacturers

South Africa’s vehicle manufacturing industry is concentrated in three of the country’s nine provinces, namely Gauteng, the Eastern Cape and KwaZulu-Natal, and in close proximity to its suppliers (Automotive Export Manual SA, 2011). Figure 2.1 below shows vehicle manufacturers with production plants in South Africa and their respective locations.

Figure 2.1: Motor Vehicle Production Plants in South Africa

Source: Automotive Export Manual SA (2011)
Figure 2.1 shows that most of the major vehicle makers are represented in South Africa. The South African automotive market is highly competitive with 60 brands and over 1100 models available to the consumer. Local vehicle manufacturers compete with each other for market share as well as with importers who are keen to make inroads into the South African market (NAAMSA, 2011). Figure 2.2 shows the market share of the manufacturers represented in the South African passenger market for 2011.

**Figure 2.2: Passenger vehicle market share for 2011**

![Pie chart showing market share of various car manufacturers in South Africa for 2011. The Volkswagen Group leads with 22.5%, followed by the Hyundai Group with 17.9%, and the Toyota Group with 13.2%. Other manufacturers include Merc, BMW, Chev, Nissan, Ford, Renault, Audi, and Mazda, with various market shares.

Source: NAAMSA (2011)

Figure 2.2 shows that the Volkswagen Group, consisting of Volkswagen and Audi brands, were market leaders with a total market share of 22.5 percent in 2011. The Hyundai Group, inclusive of Hyundai, KIA and Daihatsu brands, achieved second position with 17.9 percent market share. This was followed by the Toyota Group consisting of the Toyota and Lexus brands at 13.2 percent market share.
2.3 AN OVERVIEW OF THE DEALER NETWORK

An automotive dealership acts as a local vehicle distribution and maintenance centre on behalf of the manufacturer. Dealerships serve as the link between the assembly line and the customer, thus act as an extension of the manufacturer. They support the manufacturers’ efforts by providing a vast distribution channel that allows for efficient flow of product to the public (NADA, 2012). Dealerships typically offer the following services to customers:

- Sell new vehicles, parts and accessories;
- Arrange financing and insurance services;
- Perform vehicle service and repairs;
- Fulfil manufacturer warranty obligations;
- Handle product safety recalls;
- Facilitate the exchange of used vehicles.

(NADA, 2012)

A typical dealership is based in a large establishment with ample parking space outside and a building large enough to accommodate both vehicles and office space. The layout of a dealerships consists of a showroom for displaying new cars, an outside parking lot for stocking used cars, offices for personnel, as well as a separate entrance to the Service Department where parts are stored and vehicles serviced and repaired. Dealerships also have wash bay facilities for washing customers’ vehicles.

Figure 2.3 below shows a generic organisational structure of an automotive dealership.
The typical role played by each incumbent on the organogram is outlined below.

- **Dealer Principal (DP)** – the DP is the most senior person at the dealership. The main responsibility of the DP is the strategic planning and execution for the business. The DP’s role includes ensuring the dealership meets its sales targets and is profitable, and guaranteeing optimum customer satisfaction. Negotiating deals with customers also forms a significant part of the job (NADA, 2012).

- **Finance and Insurance Manager (F&I Manager)** – the primary tasks of the F&I Manager are completing all the legal paperwork involved in the purchase of a
vehicle, arranging credit for customers who need it, and then helping those customers protect their investments by presenting them with option packages. The F&I Department offer services far beyond credit and insurance. They also offer vehicle protection contracts and aftermarket products designed to protect the customer’s investment, such as alarm systems and products that protect vehicle finish and interior fabric. The Finance Department’s services focus attention on the benefits of financial arrangements and protection for both customers and their new vehicles (NADA, 2012).

- Sales Manager – the Sales Manager is responsible for managing sales personnel and keeping abreast of market trends and forecasts. Sales Managers are required to maintain the profitability of their department while controlling expenses and maintaining acceptable levels of customer satisfaction (NADA, 2012).

- Service Manager – the Service Manager is responsible for managing the service operations of the dealership’s workshop and service department and the personnel of the Service Department. Financial management and reporting, maintaining acceptable levels of customer satisfaction and ensuring the department is profitable are some of the key performance areas of a Service Manager (NADA, 2012).

- Parts Manager – the Parts Manager works with the Service Manager to ensure a timely turnaround of parts needed for repair and mechanical jobs. The Parts Manager is responsible for maintaining a balanced inventory consistent with the requirements of the Service Department and ad hoc DIY parts purchases (NADA, 2012).

- Sales Executive – A Sales Executive is the first point of contact for customers wishing to purchase a vehicle from the dealership. The main purpose of the job is to match customer requirements with available products and services. Sales Executives are required to meet sales targets for the sale of vehicles,
accessories and associated warranty, finance and insurance products whilst securing profits acceptable to the dealership’s business (NADA, 2012).

- Service Advisor – the Service Advisor is responsible for receiving customers bringing their cars in for service or repairs, documenting all customer concerns, selling needed service and repairs, handling factory and extended warranties, arranging alternative transportation for the customer, providing estimates, keeping the customer informed as to the progress of repairs and explaining the finalised repair order to the customer. Service Advisors translate the customer's concerns and the actual reality of a repair problem into the standard language of a repair order (NADA, 2012).

- Service Technician (also known as a Mechanic) – Service Technicians are considered the lifeblood of the Service Department as they are the ones who physically fix vehicles. They have advanced training in a particular area of automotive repair or on a certain make of vehicle. Training for service technicians is an ongoing process as new vehicles go into production every year. With these new vehicles come the latest technologies that must be learned, in addition to advancements in repair procedures for the older models. Technicians advise service advisors when problems exist that may require additional parts or services (NADA, 2012).

- Cashier – the cashier is responsible for collecting money and processing payments due (NADA, 2012).

- Booking Clerk – a Booking Clerk is responsible for booking in vehicles and scheduling service and repair date on the dealerships systems. A Booking Clerk is also responsible for advising customers on duration of repairs and gaining authority for any additional work that may need carrying out (NADA:2012).

- Driver – the Driver is responsible for the dealership’s shuttle service, which involves transporting customers from the dealership to their destinations. Drivers also deliver customer’s vehicles on request (NADA, 2012).
• Cleaner – is responsible for keeping the shop floor and all internal areas of the dealership clean (NADA, 2012).

• Wash Bay Attendant – is responsible for cleaning the interior and exterior of customer vehicles (NADA, 2012).

• Administrative Personnel – administrative personnel are responsible for all administrative functions within the Finance and Insurance department of the dealership. Duties include paying all creditors, issuing invoices to debtors, bookkeeping and payroll administration (NADA, 2012).

• Picker and Packer – A Picker and Packer is responsible for arranging and controlling receipt and dispatch of goods and keeping records. The role also involves picking and packing goods to be transported, carrying goods to be loaded on or unloaded from vans and trucks, carrying and stacking goods in the warehouses and sorting parts (NADA, 2012).

• Service Greeter (also known as “Meeter and Greeter”) – Service Greeters are mostly employed at larger high-volume dealerships. Greeters function as "traffic police" to help guide the high flow of customers into the appropriate area. Typical job duties for a greeter include setting service appointments, verifying appointments, providing follow-up calls and informing the appropriate service advisor of your arrival. They also provide customers with a friendly face and a beverage upon arrival at the dealership (NADA, 2012).

2.4 SERVICE PERFORMANCE AT AUTOMOTIVE DEALERSHIPS

Nyadzayo and Roberts-Lombard (2010:160) suggest that the competitiveness of the South African motor industry places pressure on vehicle retailers to focus on customer retention. They emphasise the need for automotive retailers to be customer centric in their approach if customer retention is their goal.

Customer service performance in the automotive dealership setting is measured by the Customer Satisfaction Index (CSI). An independent market research company called
Ipsos measures the customer service performance of dealerships on the sales and the service and repair experience as perceived by customers. The results are then ranked by manufacturer performance and used as an indicator of dealership performance in the service aspect. The ranked results are known as Competitor Customer Satisfaction Index (CCSI) (Synovate, 2011). The CCSI questions are standard for all competitor manufacturers, thus all the customers of different manufacturers get to answer the exact same questions. The CCSI includes the Sales measurements for customers who have purchased a vehicle; and a Service measurement used to measure customer satisfaction when servicing or repairing a vehicle. The results are grouped into Passenger Vehicles and Light Commercial Vehicles to allow for direct comparisons to be made (Synovate, 2011).

For the purpose of this study, only passenger vehicle scores will be considered. In addition, only the Service measurement will be considered relevant to the study. Figure 2.4 below illustrates CCSI scores from January 2008 to December 2011 and ranks service performance scores of competitors in the passenger vehicle market.
Figure 2.4 above shows that from January 2011 to December 2011 Chevrolet achieved a benchmark score in the service CCSI. Lexus and Volkswagen achieved second and third positions respectively. Also interesting to note is the increase in benchmark scores from 2008 to 2012. In 2008 Nissan achieved a benchmark score of 85.5 percent. The benchmark score increased to 89.8 percent in 2009, achieved by Lexus. The score increased further in 2010 and 2011 with Mitsubishi and Chevrolet attaining leading position with scores of 87.7 percent and 88.0 percent respectively. The continuous improvement of benchmark scores points to increased competition amongst automotive dealers to continuously improve service levels (Synovate, 2011).
2.5 CONCLUSION

This chapter provided an overview of the South African automotive industry and its role in the country’s economy. The relationship between vehicle manufacturers and their respective dealerships was detailed. Customer service in the automotive dealer network was discussed. Chapter three will review literature relating to service quality and the framework for measuring service quality.
CHAPTER THREE

SERVICE QUALITY MODELS AND MEASUREMENT

3.1 INTRODUCTION

Chapter two provided an overview of the South African automotive industry and outlined service quality in the industry. The aim of Chapter three is to provide a theoretical framework for the study being conducted. This section of the study seeks to define service quality and customer service and the relationship between the two concepts. A literature review of conceptual service quality models as researched by academics in the field will be conducted. These models seek to answer the question of what really determines service quality as perceived by customers. SERVQUAL, a service quality framework will also be discussed.

3.2 SERVICE QUALITY

The concepts of “service” and “quality” will be defined separately before exploring the concept of service quality

3.2.1 Definition of service and its characteristics

Grönroos (2007:27) defines a service as an activity or series of activities of a more or less intangible nature that normally, but not necessarily, takes place in interactions between the customer and service employees and/or systems of the service provider, which are provided as solutions to customer problems. According to Lakhe and Mohanty (1994:40) a service is a type of economic activity that is intangible, is not stored and does not result in ownership. A service is consumed at the point of sale. Services are one of the two key components of economics, the other being goods. Examples of services include the transfer of goods, such as the postal service delivering mail, and the use of expertise or experience, such as a person visiting a doctor. According to this approach, services are different from goods because they are intangible and heterogeneous and are simultaneously produced and consumed.
Kotler, Hayes and Bloom (2002:61) discuss the distinctive characteristics of a service that set it apart from physical goods, as intangibility, inseparability, variability (heterogeneity), and perishability. These characteristics are discussed below:

- **Intangibility** - Most services are not physical and cannot be touched, seen, heard, smelt or tasted by customers. New service concepts can therefore easily be copied by competitors (Kotler et al., 2002).

- **Inseparability** - The production and consumption of a service occurs simultaneously. The customer is thus involved in the production of the service (Kotler et al., 2002). According to Zeithaml and Bitner (2003:22) the quality of service and consumer satisfaction is highly dependent on what happens in “real time,” including actions of employees and the interactions between employees and customers.

- **Variability (Heterogeneity)** – Kotler et al. (2002:13) argue that due to the variability of the nature of service, the service provider is not able to standardise the quality thereof, thus making it possible for it to change over time. Zeithaml and Bitner (2003:22) add that because the performance of services always involves a human element even if only on the part of the user, they cannot be standardised in the same way that goods can. Services are subject to some variation in performance and developing realistic standards of performance is extremely difficult.

- **Perishability** – Kotler et al. (2002:13) stated that perishability of services means that they cannot be stored for later sale or use. They add that this characteristic of the service delivery process can cause severe problems if the demand for services is not uniformly distributed over time. They point out that service providers can overcome the fluctuation in the demand for services by careful planning.
3.2.2 Definition of quality

Kotler (2000:23) cites the following definitions of quality from existing literature:-
Quality is fitness for use (Juran, 1988); the core of a total quality approach is to identify and meet the requirements of both internal and external customers (Oakland, 1989); Quality means conformance to requirements (Crosby, 1997); Quality is to satisfy customers’ requirements continually (Kanji, 1990). Kotler (2000:23) pointed out that though quality has various definitions, literature agrees that quality is about meeting customer requirements and satisfying customer needs. According to Parasuraman et al. (1985:41) quality is an elusive and indistinct construct. Quality and its requirements are not easily articulated by consumers, therefore also difficult to measure. However, its importance to firms and consumers is unequivocal. Furthermore Parasuraman et al. (1985:41) emphasised that in a service business, the four Ps of marketing – Product, Place, Promotion and Price – have no use without a Q (quality).

3.2.3 Definition of service quality

Parasuraman et al. (1985:43) define service quality as the global evaluation or attitude of overall excellence of services. Thus, service quality is the difference between customers’ expectation and perceptions of service delivered by service firms. Parasuraman et al. (1985:44) view quality as the degree and direction of discrepancy between customers’ service perception and expectations. Lehtinen and Lehtinen (1982:81) defined service quality in terms of physical quality, interactive quality and corporate (image) quality. Physical quality relates to the tangible aspects of the service. Interactive quality involves the interactive nature of services and refers to the two-way flow that occurs between the customer and the service provider, or his/her representative, including both automated and animated interactions. Corporate quality refers to the image attributed to a service provider by its current and potential customers, as well as other publics. They also suggest that when compared with the other two quality dimensions, corporate quality tended to be more stable over time. According to Lewis and Booms (1983) cited in Raab et al. (2008:12) service quality is a
measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis.

In emphasising the importance of quality, Raab et al. (2008:14) stated that quality does it all. It sells, it satisfies; therefore how an organisation manages quality in service is the pivotal issue in today’s service economy. Raab et al. (2008:14) agree that service quality is one of the most influencing factors in a consumer’s purchase decision process. An empirical study conducted by Buzzell and Bradley (1987), cited in Kotler (2000:25) showed a positive relationship between service quality and organisational performance. Buzzell and Bradley concluded that the most critical factor affecting a business unit’s performance is the service quality of its products and services as perceived by the market relative to the perception about its competitors.

3.3 CUSTOMER SATISFACTION AND SERVICE QUALITY

Previous scholars have studied the relationship between customer satisfaction and service quality. A definition of service quality has been offered in 3.2.3 above. A definition of customer satisfaction is offered below followed by a discussion of the relationship between the two concepts as viewed by different scholars.

3.3.1 Definition of customer satisfaction

Kotler (2000:18) defined customer satisfaction as the level of a person’s felt state resulting from comparing a product’s perceived performance or outcome in comparison to his own expectations. He further stated that customer satisfaction is a highly personal assessment that is greatly affected by customer expectations. According to Padilla (1996:12) customer satisfaction is based on the customer’s experience of both contact with the organisation (the moment of truth) and personal outcomes. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. Padilla (1996:39) further states that customer satisfaction differs
depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these.

Based on the literature, it can be inferred that customer satisfaction is a measure of how a product and/or service provided by an organisation meets or exceeds customer expectations. It can also be inferred that customer service is about individual expectations and that dissatisfaction is a result of these expectations not being met fully. Thus, the level of customer satisfaction is determined by the customer’s evaluation of the service experience as compared to their expectations.

3.3.2 The Relationship between Customer Satisfaction and Service Quality

Sureshchandar (2002:22) argues that service quality and customer satisfaction are inarguably the two core concepts that are the crux of marketing. He also states that in today’s world of intense competition, the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers. Sureshchandar (2002:23) further states that there are two opposing views with regard to the relationship between service quality and customer satisfaction. In contrasting the two concepts, he cites work from various scholars. Bolton and Drew (1991) cited in Sureshchandar (2002:25) believe that customer satisfaction is an antecedent of service quality, while service quality is viewed as a global perception. Sureshchandar (2002:25), on the other hand, maintain that service quality is the cause of customer satisfaction.

Gottlieb, Grewal and Brown (1994:44) emphasise the need to focus on service quality and customer satisfaction, stating that service quality is a predecessor of the broader concept of customer satisfaction and the relationship between service quality and loyalty is mediated by satisfaction. They further state that customer satisfaction is a prerequisite for customer retention and loyalty, and helps in realising economic goals such as profitability, market share and return on investment. Tjiptono (1997) cited in Sureshchandar (2002:15) agrees that the creation of customer satisfaction can provide
several benefits, including harmonious relationships between companies and consumers, providing a good basis for the purchase and re-creation of customer loyalty, and form a recommendation by word of mouth that can benefit the company.

According to Sureshchandar (2002:16), the relationship between service quality and customer satisfaction has received considerable academic attention in the past few years. Research results have shown that the two constructs are indeed independent, but are closely related, implying that an increase in one is likely to lead to an increase in the other. Padilla (1996:49) agrees that the relationship between service quality and customer satisfaction has received considerable attention in the marketing literature. He further points out that numerous empirical studies have reported the positive relationship between customer satisfaction and service quality and suggest that service quality is a component of satisfaction. Firms that provide superior service quality also have a more satisfied customer base.

In contrasting the two concepts, Zeithaml and Bitner (2003:85) argue that service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, empathy, and tangibles. Customer satisfaction, on the other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors. According to Zeithaml and Bitner, customer satisfaction and service quality are fundamentally different in terms of their underlying causes and outcomes. Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses specifically on dimensions of service. Service quality can be viewed as a component of customer satisfaction.

In a study conducted by Sureshchandar (2002:47) to establish the relationship between service quality and customer satisfaction, he sought to answer the following two questions:-

- Are service quality and customer satisfaction two distinct constructs?
• If so, are they correlated or not?

The study found that there exists a great dependency between service quality and customer satisfaction, and that an increase in one is likely to lead to an increase in another. The investigation also showed that although there is a strong correlation between service quality and customer satisfaction, the two constructs are indeed different. It therefore becomes imperative for an organisation to view the two constructs separately.

Sureshchandar (2002:48) recommends that quality improvements by management should not merely focus on improving customer satisfaction but also target an improvement in customer perception of overall service quality. The service providers should attempt to continuously improve both service quality and customer satisfaction, as customer satisfaction alone may not be sufficient. The veritable gains of a quality revolution come only from customer delight, which to a great extent depends on a customer’s perception of the overall service quality.

3.4 SERVICE QUALITY MODELS

A number of models attempt to capture and define the concept of service quality. According to Salazar, Costa and Rita (2007:47) each of these models have their strengths and weaknesses. However, in the end the core definition is simple and consistent: service quality is customers thinking they are getting better service than expected. They point out that an organisation might think they deliver better service than competitors; however, if the customer perceives your service to be worse than that of your competitors, then that is all that matters. This is often referred to as the perception gap; that is, the gap between what the customer expects and what they think they received. The perception gap is difficult to measure, difficult to manage and is likely to change with time and experience, nevertheless it is vital to business success.

Salazar et al. (2007:48) conclude that the definition of service quality clearly indicates that what consumers assess through their own measurement criteria based on their
expectations and perceptions of a service experience is service quality. He further states that service organisations have to manage the concept from the customer’s point of view. Organisations need to understand what consumers are really looking for and what and how they evaluate the product or service.

The following models will be outlined and discussed in detail.

- Grönroos' Perceived Service Quality model considers what actually creates expectations and perceptions.
- The GAP model looks at what corporate processes are involved in managing and changing the perception gap and what strategic changes an organisation must make to improve service quality.
- SERVQUAL (also known as the RATER model) outlines key criteria that customers use to measure service quality.

### 3.4.1 Grönroos' Perceived Service Quality Model

Grönroos (1984:19) states that the service quality experienced by a customer has two dimensions; namely technical quality and functional quality. Functional quality describes how the service is delivered and technical quality describes what the customer received during a service delivery.

Figure 3.1 below illustrates Grönroos' Perceived Service Quality model.
Figure 3.1 Grönroos’ Perceived Service Quality model

Source: Adapted from Rao (2007:149)

Figure 3.1 depicts Grönroos' Perceived Service Quality model which illustrates that expectations are a function of market communications, image, word of mouth, and consumer needs and learning, whereas experience is a product of a technical (what/outcome) and functional quality (how / process), which is filtered through the image (who). Grönroos (1984:22) suggests that the customer experience is a product of the image of supplier quality and that of marketing as well as process, and technical quality has an effect on the perception gap.

Grönroos (1990:81) identified a list of six determinants and divided these into three criteria – outcome-related, process-related and image-related criteria. These are discussed below.
Outcome-related criteria

- Professionalism and skills – customers realise that the service provider, the employees, operational systems and physical resources have the knowledge and skills required to solve their problems in a professional way (Grönroos, 2007).

Process-related criteria

- Attitudes and behaviour – Customers feel that the service employees are concerned about them and interested in solving their problems in a friendly and spontaneous way (Grönroos, 2007).
- Accessibility and flexibility – customers feel that the service provider, the location, operating hours, employees and operational systems are designed and operate so that it is easy to gain access to the service, and that the services are adjusted to the demands and wishes of the customer in a flexible way (Grönroos, 2007).
- Reliability and trustworthiness – customers know that whatever takes place or has been agreed upon, they can rely on the service provider, the employees and systems, to keep promises and perform with the best interest of the customers at heart (Grönroos, 2007).
- Recovery – customers realise that whenever something goes wrong or something unpredictable happens, the service provider will immediately and actively take action to control the situation and find a new, acceptable solution (Grönroos, 2007).

Image-related criteria

- Reputation and credibility – customers believe that the service provider's business can be trusted and gives adequate value for money and that it stands for good performance and values which can be shared by customers and the service provider (Grönroos, 2007).

Rao supports Grönroos’ model of service quality. According to Rao (2007:150) every consumer makes an assessment of quality based upon the expectations that he has
developed of a service offering. In support of Grönroos’ theory, he discusses the following four factors that influence consumers while forming expectations:

- Market communication - market communication refers to the authentic source of information with an identified sponsor and, therefore plays a vital role in the formation of consumer expectation (Rao, 2007).
- Image – the image of a service firm at both corporate and local level influences the expectation of the customers. An image of proven skills, consistency, innovativeness, care and concern, empathy, performance and handling problems well are some of the identities companies develop over a period of time. These identities mould customer perceptions (Rao, 2007).
- Word-of-mouth communications – Rao (2007:151) says word-of-mouth communications are the most powerful, particularly in cases of services. He states that as services are intangible and variable, consumers often feel less confident about taking a purchase decision based upon communication from the service provider. They tend to look for advice and information support from others, whom they consider as having more knowledge and experience in that particular service, and who will give an honest opinion about the service.

Rao (2007:167) further states that the stakeholders that influence service quality are

- the management of the organisation;
- the employees and
- the customers.

To emphasise the role of each stakeholder in service quality, he cites a service quality management framework as developed by Grönroos (1990). According to this framework, management of the organisation decide the quality specifications. This is communicated to employees through internal marketing and to consumers through external marketing. The internal marketing efforts result in employee perception of desired service quality. External marketing, which aims at communicating with the target market, develops quality expectations in them. Customers with quality perceptions will interact with employees of the firm who decides the service to be offered and executes
Customers who experience service quality will evaluate quality by comparing experienced quality with expected quality and come to a conclusion on the perceived quality.

### 3.4.2 The GAPs model of service quality

The GAPs model of perceived service quality was developed by Parasuraman, Zeithaml and Berry in 1985. Figure 3.2 below illustrates the conceptual framework of the GAPs model.

**Figure 3.2: The GAPs model of service quality**

Source: Parasuraman et al. (1985:44)
The GAPs model of service quality is divided into two parts: one part relates to the internal process in a customer and the other part relates to the process involved between the service provider and the consumer. The model incorporates five gaps that an organisation should measure, manage and minimise. According to Rao (2007:167) each gap arises due to inconsistencies and deficiencies in the quality management process. The possible reasons for each gap arising and how each gap arises is discussed below.

3.4.2.1 Gap one - Customer Expectations – Management Perceptions Gap

This is the gap between management’s perceptions of consumer expectations and expected service; thus, the distance between what customers expect and what managers think they expect. Improper understanding or misunderstanding of consumer expectations is one of the root causes for not delivering services that satisfy consumer expectations. Rao (2007:167) lists the following as factors that lead to gap one:

- Insufficient market research;
- Inaccurate information from marketing research;
- Poorly interpreted information about expectations;
- No demand analysis;
- Research not focused on service quality;
- Lack of interaction between management and customers;
- Insufficient upwards and downward internal communication;
- Lack of market segmentation;
- Too many organisational layers between contact personnel and top management;
- No relationship focus.

Parasuraman et al. (1988:54) recommend the following actions in order to close this gap.

- Companies should carry out marketing research and managers must learn to turn research information and insights into action;
• Managers should spend time on the line, interacting with customers and experiencing service delivery;
• Improving upward communication from contact personnel to management, and
• Eliminating levels of management allows managers to be closer to the customers and better understand their needs and expectations.

3.4.2.2 Gap two - Management Perceptions - Service Quality Specifications Gap

This gap relates to the gap between management’s perception of consumers’ expectations and the translation of those perceptions into service quality specifications. According to Rao (2007:168) gap two may occur due to the following reasons:-

- Mistakes in planning or insufficient planning procedures;
- Lack of customer-driven service standards;
- Lack of formal process for setting service quality goals;
- Lack of management commitment;
- Unclear service designs;
- Unsystematic new service development process;
- Lack of support from top management.

Parasuraman et al. (1988:54) suggest the following actions steps for management to minimise the gap:-

- Increase commitment to service quality, constantly and visibly express their commitments to the employees;
- Be open to innovation, being receptive to different and possibly better ways of doing business;
- Standardising routine transactions, and
- Setting appropriate service quality goals that are challenging but realistic.
3.4.2.3 Gap Three - Service Quality Specifications - Service Delivery Gap

This refers to the gap between translation of perceptions of service quality specification and service delivery. Rao (2007:168) states that formulation of clear guidelines for performing services may not assure quality service performance. The standards must be supported by adequate and appropriate resources such as people, systems and technology. Employee motivation and satisfaction play an important role in the process. He further identifies the following reasons the service delivery gap exists:-

- Complicated and/or rigid process specifications;
- Deficiencies in human resource policies such as role ambiguity, ineffective recruitment, role conflict etcetera;
- Ineffective internal marketing;
- Poor management of service operations;
- Failure to match demand and capacity;
- Lack of proper customer education and training.

To reduce this gap, Parasuraman et al. (1988:55) suggest the following solutions:-

- Employees need specific and frequent communication from supervisors and managers about what they are expected to do.
- Employees need to know how well they are performing compared to the standards and expectations that management sets for them.
- Employees need to feel confident and competent in their jobs; this can be achieved through training them and equipping them with the necessary skills to satisfy customers.

3.4.2.4 GAP Four – Service Delivery - External Communications Gap

The external communication gap refers to the gap between service delivery and external communications to consumers. This gap arises when promises do not match delivery; for example, the company is not able to provide what was advertised or communicated to customers (Rao, 2007:168). According to Rao, service companies
make promises through the external marketing process to current as well as potential customers. The promises made through communication media potentially raise customer expectations. These expectations serve as standards against which the customer evaluated the experienced quality of service. The discrepancy between actual service and the promised one may occur due to the following reasons:-

- When a company fails to integrate marketing communication with service operations;
- Over-promising in external communication campaigns;
- Failure to manage customer expectations, and
- Failure to perform according to specifications.

Parasuraman et al. (1988:57) suggest that the problems leading to this gap can be counteracted by opening channels of communication between human resources, marketing and operations. In addition, companies must develop appropriate and effective communications with their customers.

3.4.2.5 GAP Five Expected Service - Perceived Service Gap (or the Service Performance Gap)

This is the gap between perceived service and expected service, thus the gap between the level of service consumers expect and actual service performance. According to Rao (2007:170), the reasons for this gap are difficult to analyse but organisations can reasonably expect some negative effects when such a gap arises. This gap may result in the following:-

- Negatively confirmed quality;
- Bad reputation;
- Lost customers;
- Negative corporate or local image.
3.4.3 The SERVQUAL model of service quality

The SERVQUAL model was developed by Parasuraman et al. in 1985. The SERVQUAL model is based on the view that customers assess quality of a service as the outcome of the difference (gap) between expected and perceived service quality (Parasuraman, 1985). The developers of the model initially introduced ten factors for evaluating service quality (Rao, 2007:189). These included tangibles, reliability, responsiveness, courtesy, credibility, security, accessibility, communication and understanding the customer. These ten factors were later simplified and collapsed into five dimensions that customers are believed to consider in their assessments of service quality. These five dimensions were used by the developers to develop SERVQUAL, an instrument for measuring service quality (Rao, 2007:189). A summary of the revised five dimensions of service quality and the SERVQUAL measuring instrument follows below.

3.4.3.1 SERVQUAL dimensions of service quality

- **Reliability** – Rao (2007:189) defines reliability as the ability to perform the service dependably and accurately. Reliable service performed is a customer expectation and means that the service is accomplished on time, in the same manner, and without errors every time. Rao (2007:189) states that the specific criteria that customers use to judge reliability are timeliness, consistency and accuracy.

- **Assurance** – According to Rao (2007:189), assurance refers to employees’ knowledge and courtesy and their ability to inspire trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer’s best interests at heart. Rao (2007:189) lists staff competence, safety and security, credibility and respect for stakeholders as the key criteria that customers use to determine the assurance dimension.

- **Tangibles** – Rao (2007:190) defines tangibles as appearance of physical facilities, equipment, personnel and communication materials. The condition of
the physical surroundings is tangible evidence of the care and attentions to detail that are exhibited by the service provider. This assessment dimension also can extend to the conduct of other customers in the service. Rao (2007:190) specifies physical facilities, equipment, technology and communication materials as criteria that customers use to judge tangibles.

- **Empathy** – refers to caring and individualised attention given to customers. Empathy includes the following features: approachability, sensitivity and effort to understand the customer’s needs (Rao, 2007). According to Rao (2007:190), the criteria used by customers to determine empathy is access (to staff, services, information), communication (clear, appropriate, timely), understanding stakeholders and individualised attention.

- **Responsiveness** – Rao (2007:192) states that responsiveness refers to willingness to help customers, provide prompt service and solve problems. Keeping customers waiting particularly for no apparent reason creates unnecessarily negative perceptions of quality. If a service failure occurs, the ability to recover quickly and with professionalism can create very positive perceptions of quality. Rao (2007:191) states that customers perceive responsiveness of an organisation in terms of willingness to help, prompt attention to requests and questions, problem resolution, complaint handling and flexibility.

3.4.3.2 The SERVQUAL measuring instrument

The SERVQUAL measuring instrument for measuring customer perceptions of service quality is based on the GAPS model detailed in 3.4.3.1 above. Parasuraman et al. (1985) conducted exploratory research which showed that customers perceive service quality by using the same service quality dimensions, regardless of the type of service (Rao, 2007). These dimensions are discussed in 3.4.3.1 above. Parasuraman et al. (1988) devised a 22 item questionnaire for measuring service quality based on the five service quality dimensions. The measuring instrument is administered twice, firstly to
determine customer expectations from the firm before the service experience, secondly to measure perceptions of the service rendered (Rao, 2007). The SERVQUAL instrument uses the equation below to compute service quality:

\[
Q = \frac{1}{22} \sum_{i=1}^{22} (P_i - E_i)
\]

where:
- \( Q \) = Perceived service quality;
- \( P_i \) = Performance level perceived on question i for the delivered service;
- \( E_i \) = Expected performance level on question i for the service;

Parasuraman et al. (1988:51) explain that service quality is the difference between customers’ perceptions and expectations. Thus the score obtained using this formula represents the discrepancy between customer perceptions and customer expectations.

According to Rao (2007:192) establishing what customers expect is essential to providing service quality. The SERVQUAL measuring instrument is useful in understanding customer expectations and perceptions of services. He further states that SERVQUAL as a measuring instrument allows a researcher to assess the service quality from the customer’s perspective; track customer expectations and perceptions over time and the discrepancies between them and prioritise service improvements based on what is important from the customer’s point of view.

3.5 CONCLUSION

This chapter reviewed literature on customer satisfaction and service quality. The relationship between the two concepts was also established. The role that customer expectations and perceptions play in overall service quality was emphasised. A selection of service quality conceptual models was discussed to understand what researchers
consider as the key determinants of service quality. In addition, the potential reasons for discrepancies in customer expectations and perceived quality of the actual service rendered were discussed and possible solutions tabled. The SERVQUAL measuring instrument was also introduced.

The next chapter discusses the research approach adopted in conducting the empirical study.
CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

Chapter three outlined the theoretical framework for service quality and the measurement thereof. The determinants of service quality were discussed and SERVQUAL, a measuring instrument for measuring service quality, introduced. Chapter four focuses on the research methodology followed in conducting the study, method of data collection and sampling method used. The findings of the study will be reported on in chapter five.

4.2 RESEARCH PARADIGMS

Aaker, Kumar and Day (2007:49) defines a research paradigm as a perspective held by a community of researchers that is based on a set of shared assumptions, concepts, values and practices. Collins (2010:15) view paradigms as a bundle of assumptions about the nature of reality, the status of human knowledge, and the kinds of methods that can be used to answer research questions. Sekaran (2000:34) describes a paradigm as a particular way of viewing the world, a framework of assumptions that reflect a shared set of philosophic beliefs about the world, which places strict guidelines and principles on how research should be conducted.

Collis and Hussey (2003:18) discuss two main paradigms associated with research, namely the phenomenological and positivistic paradigms. These two paradigms can be regarded as the two extremes of a continuum, where the features and assumptions of the one paradigm are gradually relaxed and replaced by those of the other paradigm. The phenomenological paradigm is also known as the qualitative, subjectivist, humanistic or interpretive research paradigm. The positivistic paradigm is alternatively
known as the quantitative, objectivist, scientific, experimentalist or traditionalist research paradigm. The two paradigms are discussed and contrasted below.

4.2.1 Phenomenological Paradigm

Collis and Hussey (2003:21) define phenomenology as the science of phenomena and refers to a phenomenon as a fact or occurrence that appears or is perceived, whose cause is in question. It can thus be concluded that the phenomenological paradigm is concerned with understanding human behaviour from the participant’s own frame of reference. Collis and Hussey (2003:21) argue that the phenomenological paradigm assumes that social reality forms part of the individual, and that social reality is dependent on the mind. Thus, what is researched, cannot be unaffected by the process of the research.

Phenomenology is a theoretical point of view that advocates the study of direct experience taken at face value; one which sees behaviour as determined by the phenomena of experience rather than by external, objective and physically described reality (Leedy and Ormrod, 2005). Leedy and Ormrod (2005:28) define phenomenology as a philosophical movement whose primary objective is the direct investigation and description of phenomena as consciously experienced, without theories about their causal explanation and as free as possible from unexamined preconceptions and presuppositions.

Collis and Hussey (2003:59) discuss the following assumptions that underpin the phenomenological paradigm:

- Ontological assumption relates to the nature of reality. The phenomenological paradigm views reality as subjective and multiple as perceived by the participants in the study.
- Epistemological assumption focuses on what is accepted as valid knowledge and involves examining the relationship between the researcher and what is being researched. The phenomenological paradigm is not independent from what is
being researched. The researcher interacts with the participants of the study. This can be in the form of observing or living with those being observed over time.

- Axiological assumption is concerned with the values of the researcher: Collis and Hussey (2003:59) argue that under the phenomenological paradigm, the researcher has values; these may or may not be made explicit.
- Rhetorical assumption relates to the language of research. The language of research is personal, informal and is based on definitions that evolve during the study.
- Methodological assumption is concerned with the method or process of the research. The research uses multiple methods and seeks to gain an in-depth understanding of the phenomenon being explored.

Collis and Hussey (2003:60) also identified the following features of the phenomenological paradigm:

- It tends to produce qualitative data;
- It is concerned with generating theories, using the inductive approach;
- Data is rich and subjective;
- Reliability is low, validity is high;
- It generalises from one setting to another, and
- It uses small samples.

### 4.2.2 Positivistic Paradigm

Aaker et al. (2007:50) believe that the positivistic paradigm is founded on the belief that human behavioural studies should be conducted in the same way as studies in the natural sciences. This belief is based on the assumption that social reality is independent of research objectives and exists regardless of whether or not we are aware of it. Aaker et al. (2007:50) further explain that the positivist paradigm sees the world as being based on unchanging, universal laws and the view that everything that occurs around us can be explained by knowledge of these universal laws. To understand these universal laws we need to observe and record events and
phenomena around us in a systematic way and then work out the underlying principle that has caused the event to occur.

Collis and Hussey (2003:59) discuss the following underlying assumptions of the positivistic paradigm:

- Ontological assumption - reality is objective;
- Epistemological assumption - the researcher is independent and distant from what is being researched;
- Axiological assumption - the research process is value-free and unbiased;
- Rhetorical assumption - the language of research is impersonal, formal and based on set of definitions. There is no personal voice and quantitative data is used, and
- Methodological assumption - the research process is deductive in nature, that is, generalisations lead to prediction, explanation and understanding.

Collis and Hussey (2003:62) identified the following features of the positivistic paradigm:

- It tends to produce quantitative data;
- It is concerned with hypothesis testing, using the deductive approach;
- Data is highly specific and precise;
- Reliability is high, validity is low;
- It generalises from sample to population, and
- It uses large samples.

4.2.3 **Comparison between positivistic and phenomenological paradigms**

Leedy and Ormrod (2005:36) provide a comparison of the two main research paradigms. The comparison is contained in Table 4.1 below.
<table>
<thead>
<tr>
<th>Question</th>
<th>Positivistic Paradigm</th>
<th>Phenomenological</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the purpose of the research?</td>
<td>To explain and predict</td>
<td>To describe and explain</td>
</tr>
<tr>
<td></td>
<td>To confirm and validate</td>
<td>To explore and interpret</td>
</tr>
<tr>
<td></td>
<td>To test theory</td>
<td>To build theory</td>
</tr>
<tr>
<td>What is the nature of the research process?</td>
<td>Focused</td>
<td>Holistic</td>
</tr>
<tr>
<td></td>
<td>Known variables</td>
<td>Unknown variables</td>
</tr>
<tr>
<td></td>
<td>Established guidelines</td>
<td>Flexible guidelines</td>
</tr>
<tr>
<td></td>
<td>Predetermined methods</td>
<td>Emergent methods</td>
</tr>
<tr>
<td></td>
<td>Somewhat context free</td>
<td>Context bound</td>
</tr>
<tr>
<td></td>
<td>Detached view</td>
<td>Personal view</td>
</tr>
<tr>
<td>What is the data like and how is it collected?</td>
<td>Numeric data</td>
<td>Textual and/or image based data</td>
</tr>
<tr>
<td></td>
<td>Representative, large sample</td>
<td>Informative small sample</td>
</tr>
<tr>
<td></td>
<td>Standardised instruments</td>
<td>Loosely structured or non-standardised observations and interviews</td>
</tr>
<tr>
<td>How is data analysed to determine the meaning?</td>
<td>Statistical analysis</td>
<td>Search for themes and categories</td>
</tr>
<tr>
<td></td>
<td>Stress on objectivity</td>
<td>Acknowledgement that analysis is subjective and potentially biased</td>
</tr>
<tr>
<td></td>
<td>Deductive reasoning</td>
<td>Inductive reasoning</td>
</tr>
<tr>
<td>How are findings communicated?</td>
<td>Numbers</td>
<td>Words</td>
</tr>
<tr>
<td></td>
<td>Statistics, aggregated data</td>
<td>Narratives, individual quotes</td>
</tr>
<tr>
<td></td>
<td>Formal voice, scientific style</td>
<td>Personal voice, literary style</td>
</tr>
</tbody>
</table>

Source: Adapted from Leedy and Ormrod (2005:37)
4.2.4 A justification for adopted research paradigm

According to Collis and Hussey (2003:51), each research paradigm has its strengths and shortcomings. Qualitative research is especially effective for studying subtle nuances in attitudes and behaviours, and for examining social processes over time. The chief strength of this method lies in the depth of understanding it permits. Collis and Hussey (2003:52) further argue that quantitative research offers statistically reliable results, thus produce quantifiable, reliable data that is usually generalisable to some larger population.

Given the nature of the research problem and data to be collected to address the primary and secondary problems, the positivistic approach is deemed most appropriate. The purpose of the study is to assess service quality at automotive dealerships. This will be achieved by gauging customer expectations of service levels at dealerships and comparing these to customer perceptions of actual service rendered by dealerships. Furthermore the study seeks to identify areas of customer discontent resulting from the discrepancy between expectations and perceptions. Therefore, the research can be best described as analytical. The researcher will conduct a quantitative study. The quantitative approach is a more appropriate choice for this study as the researcher aims to quantify the service gaps that exist between customer expectations and customer perceptions of service delivery at automotive dealerships. Quantitative data will be collected from a number of dealership customers with the intention of generalising the results to the wider population of customers. The data will be collected by means of a standardised instrument and analysed statistically.

The logic of the research can be labeled as deductive. The researcher seeks to apply general theories from previous scholars on service quality as the framework for examining determinants of service quality at automotive dealerships. The aim is to move from general theories on service quality to automotive dealership specific theories on service quality. The study is being conducted with the aim of applying its findings to address service quality issues at automotive dealerships. The outcomes will be used to
devise practical strategies to improve service quality. Therefore, the study can be described as applied research.

4.3 SERVQUAL - The Measuring Instrument

SERVQUAL is a survey instrument based on extensive research carried out by Parasuraman, Zeithaml and Berry. SERVQUAL consists of a 22-item instrument for assessing service quality. Contextualised in chapter three, service quality is the discrepancy between customer perceptions and customer expectations. According to Parasuraman et al. (1988:61) the SERVQUAL model is based on the disconfirmation theory that customers judge service delivery in terms of the acceptance that customer perceptions should be equal to or exceed customer expectations in order to be satisfied with the service provided. The instrument is designed to elicit customers’ expectations and actual perceptions based on service quality dimensions that correspond to the criteria used by consumers when assessing service quality. These dimensions are:

- Reliability,
- Assurance,
- Tangibles,
- Empathy, and
- Responsiveness.

Furthermore, the instrument seeks to assess the relative importance of each of these dimensions as viewed by the customer. Kang, James and Alexandris (2002:263) view the SERVQUAL model as an efficient model in helping an organisation shape up their efforts in bridging the gap between perceived and expected service. Kang et al. (2002:264) argue that the SERVQUAL measuring tool remains the most complete attempt to conceptualise and measure service quality. They argued that the instrument is well proven and widely recognised. Furthermore, they suggest that the instrument can enable organisations to achieve the following:

- Identify and understand where service gaps exist within the organisation and between the organisation and its customers;
• Prioritise those gaps in terms of relative impact on quality of service;
• Identify the reasons for the existence of those gaps;
• Develop a programme of activities to close those gaps;
• Implement an appropriate set of processes to continuously review and refine customer service quality.

4.4 DATA COLLECTION

Data were collected using the SERVQUAL self-administered questionnaire. Sekaran (2000:37) highlights the following advantages that are associated with the use of self-administered questionnaires:-

• They are easy to distribute to a target;
• They are relatively inexpensive to conduct;
• They allow anonymity, and
• They yield reliable data with ease and economy.

The questionnaire was customised to the automotive retail industry. Customers were requested to fill in the questionnaire when they made the booking for a vehicle service or repair. The questionnaire consisted of five sections, namely:-

• Section A - requested the respondents to indicate their demographic information.
• Section B - required the respondents to indicate the five dimensions in order of importance by allocating a weighting amounting to a total of 100 points.
• Section C - required the respondents to rate their expectations of service at the dealership on a scale of 1 (strongly disagree) to 5 (strongly agree) across the five service quality dimensions.

Sections A, B and C of the questionnaire were administered before the service experience.
- Section D - This section of the questionnaire required the respondents to rate their perception of the service rendered by the dealership on a scale of 1 (strongly disagree) to 5 (strongly agree).
- Section E - requested the respondents to make recommendations and suggestions on how to improve service quality at automotive dealerships.

Section D and E of the questionnaire were administered after the service experience. Each set of questionnaires were allocated a unique reference number to track responses and pair questionnaires. Unpaired questionnaires, where customers only returned one questionnaire, were disregarded.

Table 4.2 below indicates each dimension with respective questions.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
<th>Questionnaire Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>The appearance of physical facilities, equipment, personnel and communication materials</td>
<td>1 to 4</td>
</tr>
<tr>
<td>Reliability</td>
<td>The ability to perform the promised service dependably and accurately</td>
<td>5 to 9</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>The willingness to help customers and provide prompt service</td>
<td>10 to 13</td>
</tr>
<tr>
<td>Assurance</td>
<td>The knowledge and courtesy of employees and their ability to convey trust and confidence</td>
<td>14 to 17</td>
</tr>
<tr>
<td>Empathy</td>
<td>The provision of caring individualised attention to customers</td>
<td>18 to 22</td>
</tr>
</tbody>
</table>

Source: Adapted from Kang et al. (2002:283)
4.5 SAMPLING

Sekaran (2000:38) defines a population as a set of entities in which all the measurements of interest to the researcher are represented, or alternatively, the total set from which the individuals of units of the study are chosen. Collis and Hussey (2003:13) describe a sample as some members of a population. In all kinds of research, the ideal would be to test the entire population, but in most cases, the population is just too large so it is impossible to include every individual. This is the reason why most researchers rely on sampling techniques (Sekaran, 2000). Sekaran (2000:39) highlights that convenience sampling, a non-probability sampling technique is the most common of all sampling techniques as subjects are selected on the basis of their convenient accessibility and proximity to the researcher.

The population of interest for this study was customers who own passenger vehicles and have had their vehicles serviced or repaired at an authorised Volkswagen dealership. The researcher targeted a total of two hundred (200) participants. One hundred and forty two (142) eligible responses were received. For the purpose of this study, the sample was drawn from the population limited to customers who had their vehicles serviced in October 2012 at dealerships. Only customers located in the Eastern Cape formed part of the study as this is in close proximity to the researcher. Participants will be selected on the basis of their availability and willingness to participate in the study. The researcher had easy access to customers in the Eastern Cape; therefore convenience sampling provided the researcher with a fast and inexpensive way of conducting the study.

4.6 ETHICAL CONSIDERATIONS

A covering letter was attached to the questionnaire requesting the individual’s voluntary participation. The letter provided full details and purpose of the research. Furthermore, the letter contained a clause allowing the participants to withdraw from the study for whatever reason, at any point. The identity of the respondents was protected and their anonymity guaranteed.
4.7 DATA ANALYSIS

The STATISTICA computer software was used to analyse the data collected. Mean scores were calculated for each question on the questionnaire and for each dimension of service quality.

Collis and Hussey (2003:27) state that two measures exist to describe the credibility of research findings; namely reliability and validity. The steps taken by the researcher to ensure the credibility of the research findings are discussed below.

4.7.1 Reliability

Collis and Hussey (2003:48) suggest that reliability is concerned with the credibility of the research findings. Research findings are supposedly reliable if another researcher obtains the same results on replicating the research. The reliability of the findings of a research project is closely linked to the methods of data sourcing and the design of the research instruments. A research instrument is deemed to be reliable to the extent that it contributes towards consistent results. Blumberg, Cooper and Schindler (2005:47) agree that whilst reliability means many things to many people, in most cases the notion of consistency emerges. They argue that reliability can therefore be seen as the degree of similarity of the information obtained when the measurement is repeated on the same subject.

Leedy and Ormrod (2005) suggest the following ways to enhance the reliability of research responses and the research instrument:

- Test re-tests method – this method involves administering the same questionnaire twice to the same respondents, but on two separate occasions. The responses for the two ‘tests’ are then correlated and a correlation coefficient for the two sets of data is computed, thus providing an index of reliability (Leedy and Ormrod, 2005).
• Split-halves method or parallel forms – the key to this method is the development of alternate test forms that are equivalent in terms of content, response processes and statistical characteristics. This method involves administering one form of the test to a group of individuals, followed by an alternate form of the same test to the same group of people administered at some later time, and correlating scores from both tests. The correlation between scores on the two alternate forms is used to estimate the reliability of the test (Leedy and Ormrod, 2005).

• Internal consistency is used to assess the consistency of results across items within a test. Every item in the questionnaire is correlated with every other item across the entire sample and the average inter-item correlation is used as the index of reliability. The outcome of the calculations is the Cronbach’s alpha reliability coefficients (Leedy and Ormrod, 2005).

In order to assess the reliability of the research instrument used in this study, Cronbach’s alpha reliability coefficients were calculated. In addition, the research questionnaire was administered in a consistent manner; thus, a standardised procedure was adopted to administer the questionnaire to the respondents.

4.7.2 Validity

Collis and Hussey (2003:42) define validity as the extent to which a research finding accurately represents what is actually happening in the situation. According to Blumberg et al. (2005:48), validity is closely linked to the research instrument used. A research instrument must have the ability to measure what it intends to measure before claims of validity can be made. Leedy and Ormrod (2005) agree that the validity of a measurement instrument is the extent to which the instrument measures what it is supposed to measure. They further identify the four major types of validity in quantitative research; namely, conclusion, construct, internal and external validity. These types of validity are discussed below.
• Statistical conclusion validity is the most important of the four validity types because it is relevant whenever a researcher is trying to decide if there is a relationship in observations. Conclusion validity pertains to causal relationships, thus is an issue whenever a researcher concludes there is a relationship between variables (Leedy and Ormrod, 2005).

• Construct validity refers to the degree to which a measure confirms a network of related hypotheses generated from a theory based on the concepts. Construct validity implies that the empirical evidence generated by a measure is consistent with the theoretical logic about the concepts (Leedy and Ormrod, 2005).

• Internal validity is the freedom from bias in forming conclusions in view of the data, thus the extent to which researchers form conclusions on the data obtained without influencing the data in terms of their personal bias (Leedy and Ormrod, 2005).

• External validity – refers to the extent to which the conclusions made from the research can be generalised to the broader population, different subjects, settings, times and so forth and not merely the sample studied (Leedy and Ormrod, 2005).

Leedy and Ormrod (2005) suggest that all questionnaires should be pre-tested on a small population to test whether there are any items that the respondents may have difficulty understanding. Leedy and Ormrod (2005) also emphasise the importance of conducting a pilot study prior to using the questionnaire to collect data. They suggest that the purpose of the pilot study is to refine the questionnaire so that the respondents will have no problems in answering the questions and the researcher will have no problems recording the data. Furthermore, by making use of the pilot study the researcher will be able to obtain some assessment of the validity of the questions as well as the likely reliability of the data that will be collected. Furthermore, Leedy and Ormrod (2005) suggest that validity can be enhanced by using primary data and not secondary data.
The researcher will undertake a pilot study in order to ensure that the questionnaire is easy to understand in an effort to improve the validity and reliability of the study. For the purpose of the pilot study, ten individuals will be randomly selected and requested to complete the questionnaire. Questions deemed unclear or ambiguous will be refined to ensure clarity. For this study, only primary data will be sourced, thus increasing validity of the study.

4.8 CONCLUSION

The aim of this chapter was to outline the planning and execution of the empirical study. This chapter focused on the research methodology followed, the method used for sample selection and the measuring instrument used for data collection. The next chapter covers the analysis and interpretation of the empirical study.
CHAPTER FIVE

DATA ANALYSIS AND DISCUSSION OF EMPIRICAL FINDINGS

5.1 INTRODUCTION

In Chapter four the planning and execution of the study was discussed. SERVQUAL, a self-administered questionnaire was introduced as a data collection instrument for the study. The aim of this chapter is to present, analyse and interpret the results of the questionnaire. Tables and charts will be used to provide a graphical representation of the questionnaire responses. Furthermore, service gaps resulting from the study will be presented and discussed.

5.2 ANALYSIS OF RESULTS OF THE QUESTIONNAIRE

The SERVQUAL questionnaire used in the study is attached in Annexure A. A total of 200 questionnaires were sent out and 163 questionnaires were received back. However, 21 questionnaires only consisted of one part of the survey and could therefore not be paired. Such questionnaires were considered invalid and were not considered for the analysis. Eligible responses amounted to a total of 142 responses. The analysis is thus based on a 71% eligible response rate.

The first part of the questionnaire focused on customer expectations and was administered before the service or repair experience. This part of the questionnaire consisted of three section discussed below:-

(i) Section A required the respondents’ biographical information;
(ii) Section B asked respondents to rank the five dimensions of service quality in order of importance by allocating a total of 100 points amongst the dimensions;
(iii) Section C required respondents to answer 22 questions across the five service quality dimensions based on their service expectations from the dealership.
The second part of the questionnaire sought to measure customer perceptions regarding the service rendered by the dealerships and the respondents' views on how dealerships can improve service quality. This questionnaire was administered after the vehicle service and repair experience and consisted of two sections, namely:-

(iv) Section D required respondents to answer 22 questions across the five service quality dimensions based on their perception of service quality rendered by dealerships.
(v) Section E consisted of an open-ended question which asked respondents for general comments on how they think dealerships can improve their overall service quality.

The quantitative data gathered from the respondents were subjected to statistical analysis using the STATISTICA 10 software. The qualitative feedback in the form of general comments received from the respondents were summarised into themes. The results of the study are presented below.

5.3 DEMOGRAPHIC INFORMATION

This part of the questionnaire required demographic information about the respondents. Respondents were requested to provide information about their gender, race, age group and highest level of education. Each of these categories is analysed and represented in the tables and graphs below.

5.3.1 Responses to Question 1

This question required respondents to indicate their gender by ticking the appropriate box. The question that was being answered by the respondent was:-

Please indicate your gender

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
</tbody>
</table>
Table 5.1: Responses according to gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males</td>
<td>93</td>
<td>65.5%</td>
</tr>
<tr>
<td>Females</td>
<td>49</td>
<td>34.5%</td>
</tr>
<tr>
<td>Total Number of Responses</td>
<td>142</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.1 and Figure 5.1 show that the sample was skewed towards males; with females representing 34.5 percent of the respondents and males representing 65.5 percent of the respondents.

5.3.2 Responses to Question 2

Question 2 required respondents to indicate their race by ticking one of the four categories listed below:

<table>
<thead>
<tr>
<th>Race</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
</tr>
<tr>
<td>Black</td>
</tr>
<tr>
<td>Coloured</td>
</tr>
<tr>
<td>White</td>
</tr>
</tbody>
</table>

Table 5.2 and Figure 5.2 below depict responses to question 2.
From Table 5.2 and Figure 5.2, it can be observed that the majority of customers who participated in this study are Black respondents, comprising 38 percent of the sample, followed by White respondents at 28 percent. Coloured and Asian respondents made up 20 percent and 14 percent of the sample respectively.

5.3.3 Responses to Question 3

Question 3 required the respondents to indicate their age group by ticking one of the five categories below.
The age distribution of respondents is represented in Table 5.3 and Figure 5.3 below.

### Table 5.3: Age distribution of respondents

<table>
<thead>
<tr>
<th>Age group</th>
<th>Number of respondents</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 25 years</td>
<td>9</td>
<td>6%</td>
</tr>
<tr>
<td>26 - 35 years</td>
<td>39</td>
<td>25%</td>
</tr>
<tr>
<td>36 - 45 years</td>
<td>37</td>
<td>26%</td>
</tr>
<tr>
<td>46 - 54 years</td>
<td>32</td>
<td>25%</td>
</tr>
<tr>
<td>55+ years</td>
<td>25</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Figure 5.3: Age distribution of respondents
Figure 5.3 above shows that the age distribution of the respondents is approximately equally distributed amongst the age categories between 26 and 54, with 76 percent of the respondents falling in these age categories. 18 percent of the respondents were aged 55 and above and 6 percent of respondents were below the age of 25.

5.3.4 Responses to Question 4

Question 4 required respondents to indicate their highest level of education by ticking one of the four categories below.

<table>
<thead>
<tr>
<th>Highest Level of Education</th>
<th>Number of Respondents</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below grade 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matric</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Degree / Diploma</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postgraduate degree / diploma</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.4 and Figure 5.4 below indicate the education levels of the respondents.

**Table 5.4: Respondents’ education level**

<table>
<thead>
<tr>
<th>Highest Level of Education</th>
<th>Number of Respondents</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Matric</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td>Matric</td>
<td>40</td>
<td>28%</td>
</tr>
<tr>
<td>Degree / Diploma</td>
<td>64</td>
<td>45%</td>
</tr>
<tr>
<td>Postgraduate Diploma / Degree</td>
<td>32</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142</strong></td>
<td></td>
</tr>
</tbody>
</table>
The majority of respondents (96 percent) have Matric or higher as their highest level of education. This indicates that the majority of the respondents are well educated.

5.4 WEIGHTING OF SERVICE QUALITY DIMENSIONS

Section B of the questionnaire required respondents to indicate the importance of each of the service quality dimensions by allocating a total of 100 points amongst the five dimensions as tabled below.
The results of the weighting of the service quality dimensions are tabled in Table 5.5 and graphically represented in Figure 5.5 below.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>The appearance of physical facilities, equipment, personnel and communication materials.</td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td>The ability to perform the promised service dependably and accurately.</td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>The willingness to help customers and provide prompt service.</td>
<td></td>
</tr>
<tr>
<td>Assurance</td>
<td>The knowledge and courtesy of employees and their ability to convey trust and confidence.</td>
<td></td>
</tr>
<tr>
<td>Empathy</td>
<td>The provision of caring individualised attention to customers.</td>
<td></td>
</tr>
</tbody>
</table>

**Table 5.5  Average weighting per dimension**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Average Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>11%</td>
</tr>
<tr>
<td>Reliability</td>
<td>27%</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>27%</td>
</tr>
<tr>
<td>Assurance</td>
<td>19%</td>
</tr>
<tr>
<td>Empathy</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>
In order of importance, the responsiveness and reliability dimensions scored equally with an average of 27 percent each. Thus, on average these two dimensions are the most important dimensions to the respondents of this study. The assurance dimension was rated the third most important dimension with an average score of 19 percent. The empathy dimension scored a mean of 16 percent whilst the tangibles dimension was scored the least important factor with an average of 11 percent.

5.5 ANALYSIS OF FINDINGS

SERVQUAL, a framework for measuring service quality was adapted and used to measure service quality at the dealerships. The model is based on a theoretical deduction that service quality is a gap between customer expectations and customer perceptions of the service provider’s actual performance. The instrument involves measuring customer expectations and customer perceptions across five service quality dimensions; namely, tangibles, reliability, responsiveness, assurance and empathy.
According to Buttle (2003:10) SERVQUAL is recognised as a tried and tested instrument that has been successfully applied in numerous service industries. Barnes (2006:66) agrees that SERVQUAL is widely accepted and the most common method for measuring service quality in a number of different sectors.

The questionnaire consisted of at least four questions relating to customer expectations and perceptions for each dimension. Following responses to the questionnaire, an average gap score for each dimension was calculated by subtracting the average expectation score from the average perception score. A negative gap score indicates that the actual service rendered as perceived by the respondents was less than what was expected.

5.5.1 Tangibles Dimension

According to Parasuraman et al. (1985:42) the tangibles dimension relates the appearance of physical facilities, equipment, personnel and communication materials. The measuring instrument posed questions that sought feedback on the expectations and perceptions of customers on the appearance of equipment, physical facilities, personnel and materials at the dealerships. The questionnaire consisted of the following four (4) questions relating to the tangibles dimension:-

- Q1 - The dealership has modern looking equipment;
- Q2 - The physical facilities at dealership are visually appealing;
- Q3 - Employees at the dealership are neat in their appearance;
- Q4 - Communications materials associated with the service department of the dealership (pamphlets, invoices and statements) are visually appealing.

Table 5.6 below shows the average expectation and perception scores together with the respective gap scores for each question relating to the tangibles dimension.
Table 5.6: Mean Scores – Tangibles Dimension

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean Score (Expectations)</th>
<th>Mean Score (Perceptions)</th>
<th>Gap Score per question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>4.26</td>
<td>4.15</td>
<td>-0.11</td>
</tr>
<tr>
<td>Q2</td>
<td>4.32</td>
<td>4.18</td>
<td>-0.14</td>
</tr>
<tr>
<td>Q3</td>
<td>4.29</td>
<td>4.19</td>
<td>-0.10</td>
</tr>
<tr>
<td>Q4</td>
<td>4.47</td>
<td>4.33</td>
<td>-0.14</td>
</tr>
<tr>
<td>Average Score</td>
<td>4.34</td>
<td>4.21</td>
<td>-0.12</td>
</tr>
</tbody>
</table>

Figure 5.6: Mean scores – Tangibles Dimension

Figure 5.6 reflects high expectation scores with regard to the tangibles dimension. This indicates that the respondents expected dealerships to have modern looking equipment, visually appealing physical facilities and communications materials. Furthermore the respondents expected dealership employees to be neat in appearance.

Figure 5.6 also shows high perception scores with regard to the tangibles dimension. The average gap score of -0.12 for the tangibles dimension indicates that customer
expectations exceeded customer perceptions by an insignificant margin. This suggests that the respondents were satisfied with all areas relating to the tangibles dimension, therefore it can be concluded that the respondents were satisfied with the following aspects of the dealerships:

- The modern looking equipment;
- The visual appeal of the physical facilities;
- The neat appearance of employees, and
- The visual appeal of the communications materials.

5.5.2 Reliability Dimension

According to Parasuraman et al. (1985:42) reliability involves consistency of performance and dependability. It involves accuracy in billing, keeping records correctly and performing the service at the designated time. He adds that reliability also means that the firm performs the service right the first time and honours its promises. For this study, respondents were asked to rate the dealerships based on their expectations and perceptions of their ability to perform the promised service dependably and accurately. The questions focused on the extent to which dealerships kept their promises to customers, performed the service right the first time, showed a sincere interest in solving customer problems and kept accurate records.

The questionnaire consisted of the following five questions relating to the reliability dimension.

- Q5 - When the dealership promises to do something by a certain time, they do it;
- Q6 - When a customer has a problem, the dealership employees show a sincere interest in solving it;
- Q7 - The dealership performs the service right the first time;
- Q8 - The dealership provides the service at the time they promise to do so;
- Q9 - The dealership insists on error free records.
Table 5.7 shows the average expectation and perception scores together with the respective gap scores for each question relating to the reliability dimension.

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean Score (Expectations)</th>
<th>Mean Score (Perceptions)</th>
<th>Gap Score per question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q5</td>
<td>4.57</td>
<td>3.32</td>
<td>-1.25</td>
</tr>
<tr>
<td>Q6</td>
<td>4.62</td>
<td>3.27</td>
<td>-1.35</td>
</tr>
<tr>
<td>Q7</td>
<td>4.58</td>
<td>3.11</td>
<td>-1.47</td>
</tr>
<tr>
<td>Q8</td>
<td>4.54</td>
<td>3.19</td>
<td>-1.35</td>
</tr>
<tr>
<td>Q9</td>
<td>4.6</td>
<td>3.34</td>
<td>-1.26</td>
</tr>
<tr>
<td>Average</td>
<td>4.58</td>
<td>3.25</td>
<td>-1.33</td>
</tr>
</tbody>
</table>

Figure 5.7 above shows an average expectation score of 4.58 out of a possible 5. This indicates that the respondents have high expectations with regard to the reliability dimension. The high scores across all five (5) questions relating to this dimension confirm the following customer expectations:-
The respondents expected dealership employees to perform services and act according to promises;

The respondents expected dealership employees to show a sincere interest in solving customers’ problems;

The respondents expected the vehicle service or repair to be performed right the first time, and

The respondents expected dealership employees to maintain accurate records.

Figure 5.7 also shows an average perception score of 3.25 with regard to the reliability dimension. This score is much lower than the expectation score of 4.58, yielding a large gap of -1.33. The perception scores for all five (5) questions relating to the reliability dimension are similarly low. This indicates that there is a clear discrepancy between customer expectations and customer perceptions where the majority of the respondents have high service expectations and low perceptions of the actual service rendered. Customers depend on their vehicles for transportation, and more often than not, customers only have one vehicle they rely on. This translates into high expectations for dealerships to consistently offer punctual service delivery and to keep agreements and promises made to customers.

It can be concluded that customer perceptions of the service rendered by the dealerships do not meet customer expectations with regard to the following elements of the reliability dimension:

- The timeliness of performing services;
- Dealerships’ employees ability to show interest in solving customers’ problems;
- Performing services as promised;
- Ensuring customer vehicles are serviced or repaired right the first time, and
- Maintaining accurate records.
5.5.3 Responsiveness Dimension

Parasuraman et al. (1985:42) define responsiveness as the willingness to help customers and provide prompt service. The respondents were asked to rate the dealerships based on their expectations and perceptions of their ability to provide prompt service and readiness to help customers. The questions focused on the extent to which dealership employees' show willingness to help customers and respond to customers' requests. In addition, questions were posed about dealership employees' availability to attend to customers' queries and concerns. The questionnaire comprised the four following questions relating to the responsiveness dimension:

- Q10 – Dealership employees tell customers exactly when vehicle repairs or service will be performed;
- Q11 - Dealership employees give prompt service to customers;
- Q12 - Dealership employees are always willing to help customers;
- Q13 - Dealership employees are never too busy to respond to customers' requests.

Table 5.8 shows the average expectation and perception scores together with the respective gap scores for each question relating to the responsiveness dimension.

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean Score (Expectations)</th>
<th>Mean Score (Perceptions)</th>
<th>Gap Score per question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q10</td>
<td>4.36</td>
<td>3.08</td>
<td>-1.28</td>
</tr>
<tr>
<td>Q11</td>
<td>4.52</td>
<td>2.94</td>
<td>-1.58</td>
</tr>
<tr>
<td>Q12</td>
<td>4.37</td>
<td>3.11</td>
<td>-1.26</td>
</tr>
<tr>
<td>Q13</td>
<td>4.28</td>
<td>3.11</td>
<td>-1.17</td>
</tr>
<tr>
<td>Average</td>
<td>4.38</td>
<td>3.06</td>
<td>-1.32</td>
</tr>
</tbody>
</table>
Figure 5.8: Mean scores – Responsiveness dimension

Figure 5.8 above shows the expected and perceived dealerships’ scores for the responsiveness dimension. The average expectation score of 4.38 out of a possible 5 shows that the respondents have high expectations with regard to the responsiveness dimensions. The expectation scores across all four (4) questions are all relatively high; however, it is important to note that Question 11 has the highest score amongst all questions relating to the responsiveness dimension. This question relates to the extent to which dealership employees give prompt service to customers. In addition, customers have high expectations of the following elements of the responsiveness dimension:

- The respondents expected to be told exactly when vehicle repairs or service will be performed;
- The respondents expected dealership employees to always display willingness to help customers;

Question 13 has an expectation score of 4.28 which is the lowest score within this dimension. This question relates to the extent to which customers expect dealership employees to always be available to respond to customers' requests. This score is below average but is relatively high. This indicates that while customers expected dealership staff to be available to respond to their requests, they had some degree of tolerance with regard to their expectations.
The high customer expectations on the responsiveness dimension are somewhat unreasonable. Some vehicle repairs require lengthy diagnostic procedures, making it impossible to tell customers exactly when their vehicles will be repaired. It is also not possible for dealership employees to always respond to customer requests immediately. These high customer expectations show a discerning customer. This can be attributed to the type of customer surveyed as they are more educated and more knowledgeable, thus likely to more demanding and less tolerant of service failures.

The average perception score of 3.06 is way below the average expectation score of 4.38, yielding a large gap of -1.32. All four (4) questions scored similar scores with regard to the perception of the actual service delivered by the dealerships in relation to the responsiveness dimension. It should be noted that Question 11 had the lowest perception score and the largest gap for this dimension. This indicates that while customers had high expectations for dealerships to deliver a prompt service, the actual service rendered falls short of this expectation. Furthermore, the scores indicate that customer expectations far exceeded customer perceptions regarding the following elements of the responsiveness dimension as measured by the questionnaire:-

- Dealership employees’ ability to tell customers exactly when vehicle repairs or service will be performed;
- Dealership employees’ display of willingness to help customers;
- Availability of dealership staff to respond to customers’ requests.

5.5.4 Assurance Dimension

Bruhn and Georgie (2006:52) define assurance as the service provider’s capability to deliver the output, specifically in terms of knowledge, politeness and trustworthiness of the employees. The statements in the questionnaire relating to the assurance dimension focused on the respondents’ expectations and perceptions of the knowledge and courtesy of employees and their ability to convey trust and confidence in customers. The following four (4) questions relating to the assurance dimension formed part of the questionnaire:-
• Q14 - The behaviour of employees of the dealership instils confidence in customers.
• Q15 - Customers of the dealership feel safe in transactions.
• Q16 - Dealership employees are consistently courteous with customers.
• Q17 - Dealership employees have the knowledge to answer customers' questions.

Table 5.9 shows the average expectation and perception scores together with the respective gap scores for each question relating to the assurance dimension.

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean Score (Expectations)</th>
<th>Mean Score (Perceptions)</th>
<th>Gap Score per question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q14</td>
<td>4.29</td>
<td>4.11</td>
<td>-0.2</td>
</tr>
<tr>
<td>Q15</td>
<td>4.34</td>
<td>4.14</td>
<td>-0.2</td>
</tr>
<tr>
<td>Q16</td>
<td>4.26</td>
<td>3.36</td>
<td>-1.0</td>
</tr>
<tr>
<td>Q17</td>
<td>4.33</td>
<td>4.17</td>
<td>-0.2</td>
</tr>
<tr>
<td>Average</td>
<td>4.31</td>
<td>3.95</td>
<td>-0.36</td>
</tr>
</tbody>
</table>
Figure 5.9 above shows the expected and perceived dealership scores for the assurance dimension. The average expectation score of 4.31 out of a possible 5 shows that the respondents had high expectations with regard to assurance. Thus, this confirms that the respondents expected the following from the dealerships and dealership employees:

- The behaviour of employees to instil confidence in customers;
- To feel safe in transactions with the dealerships;
- Employees to show courtesy in dealings with customers; and
- Dealership employees to be knowledgeable to answer customers’ questions

The average perception score of 3.95 is slightly lower than the expectation score of 4.31, resulting in a small gap score of -0.36. This can be attributed to the low perception score in Question 16. This question relates to courtesy of dealership employees in dealing in with customers. In order to meet customer expectations with regard to this area, dealership employees need to consistently display politeness, friendliness and consideration towards customers.
Figure 5.9 also shows that, with the exception of Question 16 (courtesy in dealing with customers), the perception scores for the other three (3) questions relating to the assurance dimension were close to the expectation scores. All three questions yielded an insignificantly low gap score of -0.2 and are somewhat related. Question 15 relates to customers feeling safe when transacting with dealerships. The high perception score for this question indicates that customers have the assurance that their vehicles and the contents of their vehicles will be taken good care of by dealership employees. This indicates that fraud and theft are kept at a minimum, thus instilling confidence in customers as per Question 17. Questions 14 and 17 achieved similar perception scores. These questions are also related, as knowledgeable employees, who are able to answer customers’ questions is important in infusing customer confidence in the business and its respective services. It can be concluded that the respondents were satisfied with the following aspects of the dealerships:-

- The behaviour dealership employees instills confidence in customers;
- Customers feel safe in transactions with the dealerships; and
- Dealership employees have the knowledge to answer customers' questions.

5.5.5 Empathy Dimension

Parasuraman et al. (1985:42) refer to empathy as the caring and individualised attention the firm provides its customers. The statements in the questionnaire relating to the empathy dimension focused on measuring the respondents’ expectations and perceptions on factors such as convenient operating hours, provision of personalised services, understanding of customers’ needs and having customers’ best interests at heart. The questionnaire consisted of the following five (5) questions relating to the empathy dimension:-

- Q18 - The dealership gives customers individual attention;
- Q19 - The dealership’s operating hours are convenient to all their customers;
- Q20 - Dealership employees give customers personal service;
- Q21 - The dealership has their customers' best interest at heart;
• Q22 - Dealership employees understand the specific needs of their customers.

Table 5.10 shows the average expectation and perception scores together with the respective gap scores for each question relating to the empathy dimension.

**Table 5.10: Mean scores – Empathy dimension**

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean Score (Expectations)</th>
<th>Mean Score (Perceptions)</th>
<th>Gap Score per question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q18</td>
<td>4.36</td>
<td>3.48</td>
<td>-0.88</td>
</tr>
<tr>
<td>Q19</td>
<td>4.13</td>
<td>4.27</td>
<td>0.14</td>
</tr>
<tr>
<td>Q20</td>
<td>4.32</td>
<td>3.59</td>
<td>-0.73</td>
</tr>
<tr>
<td>Q21</td>
<td>4.10</td>
<td>4.01</td>
<td>-0.09</td>
</tr>
<tr>
<td>Q22</td>
<td>4.22</td>
<td>4.02</td>
<td>-0.20</td>
</tr>
<tr>
<td>Average</td>
<td>4.23</td>
<td>3.87</td>
<td>-0.36</td>
</tr>
</tbody>
</table>

**Figure 5.10: Mean Scores - Empathy Dimension**

![Bar chart showing mean scores and gap scores for Q18 to Q22 with the legend indicating Mean Score (Expectations), Mean Score (Perceptions), and Gap Score per question.](image-url)
Figure 5.10 above shows the expected and perceived dealership scores with regard to the empathy dimension. The average expectation score of 4.23 out of a possible 5 confirms that respondents have high expectations with regard to the empathy displayed by dealership employees in dealing with customers. The expectation scores across all five (5) questions are all relatively high; however it is important to note that Questions 18 and 20 have expectation scores higher than the average expectation score for this dimension. Question 18 relates to the individual attention given to customers by dealership employees. Question 20 relates to the extent to which dealership employees give customers personal service. These high scores indicate that the respondents had the highest expectations in terms of being given individual attention and a personal service. Furthermore, the expectation scores depict that the respondents expected dealerships to have operating hours that are convenient to all their customers, dealership employees to have their customers’ best interests at heart and to understand the specific needs.

Figure 5.10 also shows that the average gap score for the empathy dimension is a low -0.36. While this is the case, it is important to note that Questions 18 and 20 show significant gap scores of -0.88 and -0.73 respectively. This indicates that the actual service rendered by dealerships did not meet customer expectations in terms of giving customers individual attention and a personal service. Typically in a dealership setting, Service Advisors receive customers in the mornings when they drop their vehicles off and in the afternoon at collection time. There is usually a limited amount of time between customers, making it difficult for Service Advisors to give individual attention to customers without keeping other customers waiting and negatively affecting customer perceptions of promptness of service delivery. It is important to note that while the Service Advisors are the point of contact between the dealership and its customers requiring a service or vehicle repair, the repair process is performed by technicians who have no dealings with customers. In terms of the vehicle repair process, technicians are more concerned with throughput and repairing vehicles correctly the first time and not with personalising the service.
Question 19 yielded a positive gap score, so this indicates an area where customer perceptions exceed customer expectations. Thus, in terms of convenient operating hours, the dealerships exceeded customer expectations. Furthermore, questions 21 and 22 resulted in small negative gaps, an indication that customer expectations exceeded customer perceptions by an insignificant margin. It can therefore be concluded that respondents were satisfied that dealership employees had their customers' best interests at heart; and that dealership employees understood the specific needs of their customers.

5.6 COMPARISON OF MEAN SCORES PER DIMENSION

Table 5.11 below provides a summary of the data collected per dimension. This information is graphically presented in Figure 5.11

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Mean Expectation Score</th>
<th>Mean Perception Score</th>
<th>Mean Gap score per dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>4.34</td>
<td>4.21</td>
<td>-0.12</td>
</tr>
<tr>
<td>Reliability</td>
<td>4.58</td>
<td>3.25</td>
<td>-1.33</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>4.38</td>
<td>3.06</td>
<td>-1.32</td>
</tr>
<tr>
<td>Assurance</td>
<td>4.31</td>
<td>3.95</td>
<td>-0.36</td>
</tr>
<tr>
<td>Empathy</td>
<td>4.23</td>
<td>3.87</td>
<td>-0.36</td>
</tr>
<tr>
<td><strong>Average Score</strong></td>
<td><strong>4.37</strong></td>
<td><strong>3.67</strong></td>
<td><strong>-0.70</strong></td>
</tr>
</tbody>
</table>
Figure 5.11 above depicts customer expectations and perceptions for each dimension, together with the respective service gaps. The outer line represents the average expectation score, the middle line shows the perception score and the inner line shows the negative gaps per dimension.

Figure 5.11 depicts that in terms of customer expectations, the reliability dimension scored the highest with a mean score of 4.58. Responsiveness, tangibles and assurance scored closely to each other with average expectation scores of 4.38, 4.34 and 4.31 respectively. The empathy dimension scored the lowest in terms of customer expectations with an average score of 4.23.

Figure 5.11 also shows that, in relation to customer perceptions of the actual service rendered by dealerships, the tangibles dimension scored the highest with a mean score of 4.21. The assurance and empathy dimensions scored closely to each other with mean scores of 3.95 and 3.87 respectively. On the reliability dimension, the respondents’ scores yielded an average perception mean of 3.25. The responsiveness
dimension scored the least with a mean score of 3.06. It is also important to note that the respondents rated the reliability and responsiveness dimensions as the two most important dimensions for measuring service quality. The low perception scores combined with the high relative importance of these dimensions indicates an important area that needs urgent attention if dealerships wish to improve service quality.

All dimensions yielded negative gap scores; thus, across all five dimensions, customer expectations exceeded customer perceptions. The reliability and responsiveness dimensions showed the largest gaps with similar gap scores of -1.33 and -1.32 respectively. Both the assurance and empathy dimensions scored an average gap score of -0.36. This indicates that in some areas relating to the empathy and assurance dimensions, the customers’ perception of the dealerships’ performance meets their expectations. The tangibles dimension yielded the least gap score with an average gap score of -0.12. It can be concluded that the tangibles dimension meets customer expectations most closely.

5.7 RESPONDENTS’ SUGGESTIONS ON IMPROVEMENT AREAS

Section E of the questionnaire consisted of an open-ended question which asked respondents how they think dealerships can improve their overall service quality. The themes that emerged from this section of the questionnaire are summarised below.

- Availability of spare parts – the respondents indicated that the delay caused by the unavailability of spare parts causes major inconvenience to the customer and is cause for discontentment. The respondents suggested that the dealerships ensure availability of parts to minimise waiting time and the inconvenience on the part of the customer. Currently dealerships stock limited amounts of parts based on demand. Vehicle parts are costly and keeping an inventory of low demand parts will have significant cost implications for dealerships.
• Availability of loan vehicles – the respondents suggested that dealerships invest in a fleet of loan cars to cater for customers whose vehicles cannot be repaired the same day. There is a perception amongst the respondents that dealerships either do not have sufficient vehicles to loan to customers or that they are unwilling to do so. Currently dealerships have a limited amount of loan vehicles and these are provided at no cost to the customer. These are usually allocated to customers of luxury vehicles (for example, Touareg owners) whose vehicles need major repairs. This is likely to be the source of contention for most customers who drive lower-end vehicles within the Volkswagen brand. In addition, it is unreasonable to expect dealerships to make loan vehicles available to all customers given the cost of a vehicle.

• Regular shuttle service – the respondents commented that dealerships’ shuttle service is erratic. The suggestion is that dealerships should have a regular shuttle service during peak period; thus, in the mornings when customers drop their vehicles off at the dealerships for scheduled service and in the afternoon when customers need to fetch their vehicles from the dealerships.

• The ease of making a booking – The respondents commented that the ease of making a booking can be improved upon, firstly by making it convenient for customers to make bookings without having to phone the dealerships. The respondents suggested an online booking facility. Secondly, the respondents suggested that the dealerships be more accommodating in terms of catering for emergency repairs where a customer requires a repair or service to be performed on short notice.

• Managing customer expectations – the respondents suggested that dealership employees be more open and honest in communicating expected costs and duration of a service or repair to allow customers to plan their finances and time effectively.
5.8 RESULTS OF THE RELIABILITY TEST

The reliability and internal consistency of the factors used in the questionnaire was tested using Cronbach’s Alpha test. The test was executed for all five dimensions of service quality measured by the questionnaire. A summary of the Cronbach’s alpha scores for both expectations and perceptions are tabled below.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Cronbach’s Alpha Coefficient (Expectations)</th>
<th>Cronbach’s Alpha Coefficient (Perceptions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>0.72</td>
<td>0.75</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.85</td>
<td>0.94</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.74</td>
<td>0.85</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.78</td>
<td>0.87</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.78</td>
<td>0.74</td>
</tr>
</tbody>
</table>

Table 5.12 above indicates that the Cronbach’s alpha coefficient for all the dimensions is above the acceptable level of 0.70. This indicates the internal consistency and reliability of the factors used in the questionnaire to measure customer expectations and perceptions of the service rendered by dealerships.

5.9 CONCLUSION

In this chapter the results of the empirical study on customer expectations and perceptions of service rendered by dealerships were presented. Service gaps between customer expectations and customer perceptions were identified for each question on the survey and for each dimension of service quality. In addition, the relative importance of the five service quality dimensions was discussed.
The next chapter will summarise and conclude the study. Managerial implications will be discussed and recommendations made for improvement. Furthermore the limitations of the study will be highlighted and recommendations for future research made.
CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

In Chapter five the results of the empirical study were presented and discussed. Chapter six will focus on the extent to which the empirical findings provide answers to the main research problem and sub-problems. A summary of the findings will also be presented. Recommendations of how dealerships can improve service levels will be made. Limitations of the study will be highlighted and opportunities for further research suggested.

6.2 DISCUSSION AND INTERPRETATION OF FINDINGS

The objective of this research was to address the main problem: How can automotive dealerships improve service quality levels?

In order to address the main problem, the following sub-problems were identified:-

- Sub-problem 1 - What are customers’ expectations of service from Volkswagen dealerships when servicing and repairing their vehicles?
- Sub-problem 2 - What are customers’ perceptions of the service rendered by Volkswagen dealerships when servicing and repairing their vehicles?
- Sub-problem 3 - What service gaps exist between customer expectations and customer perceptions in their experience of servicing and repairing their vehicles at Volkswagen dealerships?
- Sub-problem 4 – Which factors are most important and have the most influence in customers’ perceptions of service quality?
- Sub-problem 5 – To ascertain customer suggestions for business process improvements required to improve service quality at Volkswagen dealerships.
6.2.1 Customer expectations

In chapter three customer expectations were defined as beliefs about service delivery that serve as standards or reference points against which performance is judged (Yap and Sweeney, 2007). Understanding customer expectations was highlighted as the most critical step in delivering good quality service as customers use their expectations as a reference point for evaluating service quality. Parasuraman et al. (1985:70) add that companies do not only need to be aware of customer expectations but should strive to meet or exceed them.

For the purpose of this study, the SERVQUAL questionnaire was adapted to the vehicle repair or service process. A section of the measuring instrument sought feedback from customers on their expectations from dealerships when servicing or repairing their vehicles. The findings of the study revealed that customer expectations were high on all five dimension of the SERVQUAL instrument. The highest mean expectation scores were attained in the questions relating to the reliability dimension; thus, the highest customer expectations from dealerships are to perform the service or repair right the first time and within the promised time frame.

6.2.2 Customer perceptions

As discussed in chapter three, knowing how customers perceive the business’ service level is an important part of improving service quality. The concept of customer perception is built by customer experiences, how they perceive the service they are offered and ultimately by whether they actually are satisfied with their experience or not (Wilson et al., 2008:22). A section of the SERVQUAL questionnaire required the respondents to rate the dealerships based on the perceptions of the service rendered. The findings from this study revealed that overall, customers scored dealerships poorly with regard to perceptions of the service rendered. Figure 6.1 shows areas where customers scored dealerships poorly.
Figure 6.1 depicts areas with the lowest perception scores. All the areas detailed in Figure 6.1 above relate to the responsiveness and the reliability dimensions. This indicates that customers perceive dealership performance poorly in terms of willingness to help, flexibility and prompt attention to requests and questions. Furthermore, customer expectations are unmet in areas relating to performing the service dependably and accurately. It is therefore evident that customers expect more than they get from dealerships.

6.2.3 Service gaps

The key to delivering high quality service is to balance customers’ expectations and perceptions and close the gaps between the two (Wilson et al., 2008:33). As discussed in chapter three, customers assess service quality by evaluating the difference between their expectation and perception. The SERVQUAL questionnaire was also used in this study to determine where these gaps exist in the vehicle servicing and repair process. Service quality gaps were identified by subtracting the expectation score from the perception score. Mean scores were computed for each dimension and per question on the survey.
All five (5) dimensions yielded negative gap scores. Figure 6.2 below shows questions with the most significant gap scores, computed as the difference between customer perceptions and expectations.

**Figure 6.2: Significant gap scores**

Figure 6.2 shows that the most significant gaps were attained in questions relating to the responsiveness and reliability dimensions. This highlights that the most prominent service delivery shortcomings as perceived by customers exist in delivering services promptly, dependably, accurately and as promised. As discussed in chapter five, customers rated the responsiveness and reliability dimensions as the two most important dimensions. The importance placed on these two areas emphasise the need for dealerships to make these priority performance areas. The findings could also be an indication that dealership performance is focused on areas that are less important to customers.
6.2.4 Relative importance of service quality dimensions

The literature review undertaken in chapter three revealed that the five quality dimensions of service quality are not uniformly important to customers. Kang et al. (2002:271) stated that an organisation needs to determine which service quality dimensions are the most important and therefore require the most attention. Figure 6.3 below depicts relative importance of each dimension as indicated by customers.

The findings of this study as shown in Figure 6.3 above, reveal that reliability and responsiveness are the most important dimensions for customers in the vehicle service and repair experience at dealerships. These two dimensions obtained an average weighting of importance of 27 percent each. This finding is supported by previous findings from other researchers. Kang et al. (2002:284) concluded that the reliability and responsiveness dimensions are critical to the perceptions of service quality. They also concluded that reliability and responsiveness influenced overall service quality perception. Kattara, Weheba and El-Said (2008:12) also used the SERVQUAL instrument in a similar study and found that the reliability dimension rated the highest, followed closely by the responsiveness dimension.
6.2.5 Customer suggestions for business process improvements

A summary of the feedback received from the respondents on how the dealerships can improve service quality is below:

- Ensure availability of spare parts to reduce customer waiting time
- Ensure availability of sufficient loan vehicles to cater for customers whose vehicles require a longer stay at the dealership.
- Monitor demand for shuttle service and plan accordingly to ensure a regular shuttle service for customers.
- Allow for online bookings of vehicle services and repairs.
- Be flexible in terms of accommodating emergency repairs and short notice customer requests.
- Ensure open and honest communication, specifically in terms of expected costs and duration of a vehicle service or repair.

6.2.6 Summary of the findings of the study

The purpose of the study was to address the main problem of improving service quality at automotive dealerships. Based on the responses received from customers, the greatest improvements can be made in the reliability and responsiveness dimensions. The study revealed that customers place great importance on these dimensions and have high expectations in respect of these areas. From the findings of this study, it is evident that dealerships need to ensure that they provide a dependable service by fixing customers’ vehicles correctly the first time and minimising unnecessary delays in the service process. Further improvements can be made by dealership employees in their demeanor. Employees need to show willingness to assist customers and give prompt attention to customers’ requests and complaints.
6.3 RECOMMENDATIONS BASED ON FINDINGS

- Most of the service gaps exist in areas where dealership employees interact with customers. This points to the need to improve dealership employees’ interpersonal skills. This can be achieved by implementing a soft skills training intervention to groom employees in such areas as politeness, etiquette, displaying a positive caring attitude and a friendly demeanour.

- Management needs to communicate the importance of excellent service delivery to employees. Employee performance needs to be monitored to build a high performance culture, identify employee weakness and implement interventions to address these.

- Dealership employees need to manage customer expectations by educating customers about dealership processes and be honest about what can be done and what cannot be done as opposed to promising unrealistic service delivery times.

- Customers place great importance on having their vehicles fixed correctly the first time. Dealerships need to establish the type of service or repair (for example, standard service or engine failure) that needs to be performed on a vehicle beforehand. This will allow them to allocate sufficient resources (parts, technicians, equipment). Service Advisors will also be able to estimate the amount of time required to perform the repair or service and inform customers accordingly, thus managing customer expectations.

- Communication with customers needs to be improved upon. Customers should be contacted regularly to give them feedback on the progress of their vehicles whilst being serviced or repaired. This will help manage customer expectations and communicate any unforeseen challenges.

- Dealerships should allow for online bookings to cater for customers who wish to make bookings for planned vehicle maintenance at their convenience.

- Service Advisors can also implement staggered drop off and pick up times. This will allow them time to properly establish customer requirements and give a personal service without keeping other customers waiting. It will also allow for a
proper handover of the vehicles in the afternoon, thus allow sufficient time to explain work performed on the vehicle, invoicing and all relevant information pertaining to the service or repair. This will make customers feel important and valued.

- Dealer Management should consider suggestions made by the respondents in this study and determine which suggestions are feasible and can be implemented to improve service quality. Furthermore, management could make use of suggestion boxes at dealerships and online resources where customers can make recommendations on changes they view necessary to improve service levels.

- In addition to opening communication channels for customers to give feedback to the dealerships, Dealer Management and employees should strive to respond quickly and with empathy to customers’ concerns.

### 6.4 LIMITATIONS OF THE STUDY

The study was successful in addressing the main problem and the sub-problems; however, some limitations were noted and the findings of this study should be interpreted in light of these limitations. The study was only limited to Volkswagen dealerships in the Eastern Cape Region. Specifically, the study focused on the vehicle servicing and repair experience of customers with passenger vehicles. In addition, the study concentrated on customers who had their vehicles serviced or repaired in October 2012.

### 6.5 RECOMMENDATIONS FOR FUTURE RESEARCH

The study focused on service excellence as perceived by customers. There is room for further research to ascertain perceptions from dealership employees and management’s viewpoint. Literature reviewed in chapter three shows that customer expectations are dynamic. This gives rise to the need to repeat this kind of study regularly to determine if there are still differences between customer perceptions and expectations. Literature also suggests that customer expectations are shaped by
previous exposure to the service experience. It would be recommended to establish whether or not the length of the relationship with a dealership has any impact on customer expectations and perceptions.

Future research can also look into whether or not customer expectations and perceptions are the same amongst vehicle owners of different car segments (that is, entry level vehicles such as Citi golf versus luxury vehicles such Touareg). Furthermore, future research can look into whether or not customer expectations and perceptions differ between customers with maintenance or service plans and cash paying customers.

6.6 CONCLUSION

The study sought to address the main problem of improving service quality levels at automotive dealerships. The literature review undertaken identified SERVQUAL as one of the most effective measuring instruments for service quality. This instrument was adapted to the automotive industry and used to source primary data. Analysis of the primary data shows that the objectives of the study were met.

The study highlighted that overall customer perceptions of the service rendered by dealerships were lower than their expectations. Gaps were observed in all five dimensions with the most significant gaps identified in the reliability and responsiveness dimensions. These two dimensions were also rated as the most important dimensions. Significant gaps were however not limited to these two dimensions but existed in some areas relating to empathy and assurance. Recommendations have been made in this study for dealerships to close the service gaps and improve the quality of service it renders to its customers. To better meet customer expectations, dealerships should focus on providing a prompt and dependable service in a courteous manner.
LIST OF SOURCES


Dear Respondent

I am a post-graduate student studying towards an MBA (Masters in Business Administration) at the Nelson Mandela Metropolitan University Business School. My research project entails measuring service quality at automotive dealerships. You are part of a selected sample of respondents which consists of motor vehicle owners who have had a car serviced or repaired at an automotive dealership, whose views and contribution we seek on the above-mentioned subject.

The study consists of two questionnaires. The first questionnaire seeks to measure customer expectations, thus what customers expect from a dealership during their service or repair encounter. The second questionnaire seeks to measure customer perceptions of the actual service rendered by the dealership, thus your perception of the dealership’s performance on service quality. There are no correct or incorrect answers. Please answer the questions as accurately as possible. For each statement, tick the number which best describes your experience. For example, if you strongly agree with the statement, tick the number 5. If you strongly disagree with the statement, tick the number 1. Tick only one answer for each statement, but answer ALL QUESTIONS please.

Participating in this study is voluntary and respondents can are free to exist the study at any stage. Please note that the information gathered will not be used against any person in any way and that all responses are strictly confidential. The empirical results of the study will be made available to the participants on request. The questionnaire
should not take more than twenty minutes of your time. Please return the completed questionnaire by the 20th of October 2012.

We thank you in advance for your highly appreciated contribution towards this study.

Vuyo Lekhelebana
082 775 1830
**SECTION A – DEMOGRAPHIC INFORMATION**

Please provide the following information by highlighting or ticking the appropriate box.

<table>
<thead>
<tr>
<th>1. Please indicate your gender</th>
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<td>Male</td>
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<td>Female</td>
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<th>2. Please indicate your race</th>
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<td>Asian</td>
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<td>Coloured</td>
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<td>White</td>
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<th>3. Please indicate your age group</th>
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<tr>
<td>18 to 25 Years</td>
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<td>26 to 35 Years</td>
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<td>36 to 45 Years</td>
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<td>46 to 54 Years</td>
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<td>55+</td>
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<th>4. What is your highest level of education</th>
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<td>Below grade 12</td>
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<td>Matric</td>
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<td>Degree / Diploma</td>
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<tr>
<td>Postgraduate degree / diploma</td>
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</table>
SECTION B

Listed below are the five sets of features pertaining to automotive dealerships and the services they offer. We would like to know how much each of these sets of features is important to you, the customer.

Please allocate a total of 100 points among the five sets of features according to how important each feature is to you. Make sure the points add up to 100.

<table>
<thead>
<tr>
<th>Features</th>
<th>Points</th>
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<tbody>
<tr>
<td>The appearance of the dealership's physical facilities, equipment, personnel and communication materials.</td>
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<tr>
<td>The dealership's ability to perform the promised service dependably and accurately</td>
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<td>The dealerships willingness to help customers and provide prompt service.</td>
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<td>The knowledge and courtesy of the dealership employees and their ability to convey trust and confidence.</td>
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<td>The caring individual attention the dealership provides its customers.</td>
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<td><strong>Total</strong></td>
<td><strong>100</strong></td>
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SECTION C

This section of the questionnaire requires that you rank your automotive dealership according to your expectations, that is, what you expect the dealership to provide.

<table>
<thead>
<tr>
<th>Number</th>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>E1</td>
<td>Excellent dealerships must have modern looking equipment.</td>
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<td>E2</td>
<td>The physical facilities at excellent dealerships must be visually appealing.</td>
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<td>E3</td>
<td>Employees at excellent dealerships must be neat in their appearance.</td>
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<td>E4</td>
<td>Materials associated with the service (pamphlets, invoices and statements) must be visually appealing at an excellent dealership.</td>
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<tr>
<td>E5</td>
<td>When excellent dealerships promise to do something by a certain time, they do it.</td>
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<tr>
<td>E6</td>
<td>When a customer has a problem, excellent dealership show a sincere interest in solving it.</td>
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<td>E7</td>
<td>Excellent dealerships will perform the service right the first time.</td>
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<td>E8</td>
<td>Excellent dealerships will provide the service at the time they promise to do so.</td>
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<td>E9</td>
<td>Excellent dealerships will insist on error free records.</td>
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<tr>
<td>E10</td>
<td>Employees of excellent dealerships will tell customers exactly when vehicle repairs or service will be performed.</td>
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<td>E11</td>
<td>Employees of excellent dealerships will give prompt service to customers.</td>
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<td>E12</td>
<td>Employees of excellent dealerships will always be willing to help customers.</td>
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<td>E13</td>
<td>Employees of excellent dealerships will never be too busy to respond to customers' requests.</td>
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<td>E14</td>
<td>The behaviour of employees in excellent dealerships will instil confidence in customers</td>
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<td>E15</td>
<td>Customers of excellent dealerships will feel safe in transactions (for example, payment for services, leaving their vehicles and contents at the dealership)</td>
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<td>E16</td>
<td>Employees of excellent dealerships will be consistently courteous with customers.</td>
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<td>E17</td>
<td>Employees of excellent dealerships will have the knowledge to answer customers' questions.</td>
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<td>E18</td>
<td>Excellent dealerships will give customers individual attention.</td>
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<td>E19</td>
<td>Excellent dealerships will have operating hours convenient to all their customers.</td>
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<td>E20</td>
<td>Excellent dealerships will have employees who give customers personal service.</td>
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<td>E21</td>
<td>Excellent dealerships will have their customers' best interest at heart.</td>
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<td>E22</td>
<td>The employees of excellent dealerships will understand the specific needs of their customers.</td>
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SECTION D
This section of the questionnaire requires you to rank the dealership according to your perception, that is, the extent to which you believe the dealership has the feature described in the statement.

<table>
<thead>
<tr>
<th>Number</th>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>P1</td>
<td>The dealership has modern looking equipment.</td>
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<td>P2</td>
<td>The physical facilities at dealership are visually appealing.</td>
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<td>P3</td>
<td>Employees at the dealership are neat in their appearance.</td>
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<td>P4</td>
<td>Materials associated with the service at the dealership are visually appealing (for example, pamphlets, invoices and statements).</td>
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<td>P5</td>
<td>When the dealership employees promise to do something by a certain time, they do it.</td>
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<td>P6</td>
<td>When a customer has a problem, the dealership shows a sincere interest in solving it.</td>
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<td>P7</td>
<td>The dealership performs the service right the first time.</td>
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<td>P8</td>
<td>The dealership provides the service at the time they promise to do so.</td>
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<td>P9</td>
<td>The dealership insists on error free records.</td>
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<td>P10</td>
<td>Employees of the dealership tell customers exactly when vehicle repairs or service will be performed.</td>
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<td>P11</td>
<td>Dealership employees give prompt service to customers.</td>
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<td>P12</td>
<td>Dealership employees are always willing to help customers.</td>
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<td>P13</td>
<td>Dealership employees are never too busy to respond to customers' requests.</td>
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<td>P14</td>
<td>The behaviour of employees of the dealership instils confidence</td>
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</table>
Customers of the dealership feel safe in transactions. (for example, payment for services, leaving their vehicles and contents at the dealership)

Dealership employees are consistently courteous with customers.

<table>
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<tr>
<th>Number</th>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
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<th>Strongly Agree</th>
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<td>P15</td>
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<td>P17</td>
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<td>P18</td>
<td>The dealership gives customers individual attention.</td>
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<td>P19</td>
<td>The dealership’s operating hours are convenient to all their customers.</td>
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<td>P20</td>
<td>Dealership employees give customers personal service.</td>
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<td>P21</td>
<td>The dealership has their customers’ best interest at heart.</td>
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<tr>
<td>P22</td>
<td>Dealership employees understand the specific needs of their customers.</td>
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</table>

SECTION E

Please provide suggestions and/or any additional comments on how dealerships can improve service quality.

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

_______________________________
____________________________________________