RETAINING CUSTOMERS THROUGH CUSTOMER SERVICE IN THE
TELECOMMUNICATIONS INDUSTRY

SIYABONGA CHRIS MTATSI

Submitted in partial fulfilment of the requirements for the degree of
MASTERS IN BUSINESS ADMINISTRATION (MBA)
at the Nelson Mandela Metropolitan University

SUPERVISOR:    DR M. CULLEN

November 2011
DECLARATION

THIS WORK HAS NOT BEEN PREVIOUSLY ACCEPTED IN SUBSTANCE FOR A DEGREE AND IS NOT CURRENTLY SUBMITTED IN CANDIDATURE FOR ANY DEGREE.

SIGNED ..........................................
DATE ...........................................

STATEMENT 1

THIS TREATISE IS BEING SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS IN BUSINESS ADMINISTRATION.

SIGNED ..........................................
DATE ...........................................

STATEMENT 2

THIS TREATISE IS THE RESULT OF MY OWN ORIGINAL WORK AND ALL SOURCES USED OR REFERRED TO HAVE BEEN DOCUMENTED AND RECOGNISED.

SIGNED ..........................................
DATE ...........................................

STATEMENT 3

I HEREBY GIVE CONSENT FOR MY TREATISE TO BE MADE AVAILABLE FOR PHOTOCOPYING AND FOR INTERLIBRARY LOAN, AND FOR THE TITLE AND SUMMARY TO BE MADE AVAILABLE TO OUTSIDE ORGANISATIONS.

SIGNED ..........................................
DATE ..............................................
ACKNOWLEDGEMENTS

The completion of this dissertation would have been impossible without the guidance and support that was received from certain individuals. In particular, the following individuals are acknowledged:

- Dr Margaret Cullen of the Nelson Mandela Metropolitan University, my promoter/supervisor, for her professional guidance and encouragement;

- Canal Walk Vodashop management for allowing me to conduct this research, and the respondents, my colleagues, for their assistance and cooperation in compiling the questionnaires and conducting the interviews;

- My Heavenly Father, for giving me mental, physical strength to complete my studies and conduct this research; and

- My wife Phumza, children Melissa and Anda for their support and understanding throughout my studies.
South African Mobile network industry has seen many developments since its inception in 1994. When mobile technology was introduced in this country, the first two mobile network operators, namely Vodacom and MTN, enjoyed vast benefits of being early entrance in this business space and they grew at rate that was much faster than they themselves had expected. As expected, in the past five years this growth rate has slowly diminished due to various economic factors; these factors included increase in Government regulations, increase in number of players in the mobile network space and ever evolving technology.

The mobile network operators saw interconnect fees, which amounted to fifteen per cent of total revenue for each of these operators, being reduced by more than half, with Government foreseeing total removal of these fees. At the same time, the number of competitors grew from one to three within a period of five years forcing all operators, especially Vodacom and its Vodashops, to search for winning strategies that could ensure retention of their customers thus their revenue.

Therefore, the intention of this research is to investigate various strategies that are suitable and can be implemented for one of the Vodashops in Cape Town, namely Canal Walk Vodashop, to ensure that this store manages to retain and possibly grow its existing customers. The investigation led the researcher to find that, in a situation where the affected organisation is at the maturity level of the business, as it is the case with the selected store, the most effective strategy to retain and grow customers is the customer service strategy. This strategy includes various elements which are very important to its success; these elements include providing job specific skills to employees, designing and implementing suitable processes and creating best value for customers on products and services that the company offers.

The research was achieved by following the approach below:

- A literature study was done in order to determine the key elements of an effective customer service strategy;
• A survey of literature focusing specifically on employee skills development, design and implementation of processes and creation of value for the offered products and service;
• Insights of customers from the selected Vodashop were obtained via interviews to determine their perception on products and services offered; and
• Lastly, interview results were analysed to determine the areas of improvement and also what customer service strategies are suitable for highlighted problems.

Through this research, various customer service strategies that must be consistently and continuously executed in order to achieve this excellent customer service were recommended. The recommended strategies include training and development of employees, design and implementation of processes that are aligned to the selected Vodashop and also to the needs and expectations of customers.
# TABLE OF CONTENTS

DECLARATION.................................................................................................................... i
ACKNOWLEDGEMENTS ...................................................................................................... ii
ABSTRACT.......................................................................................................................... iii

## CHAPTER ONE

1.1 INTRODUCTION.............................................................................................................. 1
1.2 PROBLEM STATEMENT .................................................................................................. 3
   1.2.1 GOVERNMENT REGULATIONS ........................................................................... 6
   1.2.2 COMPETITION .................................................................................................... 7
   1.2.3 BANDWIDTH CONSUMPTION .......................................................................... 8
1.3 RESEARCH OBJECTIVES ............................................................................................. 9
1.4 RESEARCH METHODOLOGY ...................................................................................... 10
   1.4.1 RESEARCH PARADIGM .................................................................................... 10
   1.4.2 SAMPLING ........................................................................................................ 11
1.5 RESEARCH DEMARCATION ......................................................................................... 13
   1.5.1 SELECTED COMPANY ...................................................................................... 13
   1.5.2 GEOGRAPHICAL DEMARCATION .................................................................... 14
1.6 MEASURING INSTRUMENT ......................................................................................... 14
1.7 DATA ANALYSIS ......................................................................................................... 16
1.8 DEFINITION OF TERMS .............................................................................................. 16
   1.8.1 GLOBAL SYSTEMS FOR MOBILE COMMUNICATIONS (GSM) ....................... 16
   1.8.2 THIRD GENERATION MOBILE NETWORK (3G) ............................................. 17
1.9 OUTLINE OF THE STUDY ............................................................................................ 17
1.10 SUMMARY .................................................................................................................. 18
## CHAPTER FOUR

4.1 INTRODUCTION .............................................................................................................. 66

4.2 RESEARCH RESPONSE RATE ....................................................................................... 67

4.3 BIOLOGICAL RESULTS ANALYSIS .............................................................................. 68

4.4 CUSTOMER SERVICE SURVEY RESULTS ................................................................. 74
   4.4.1 CANAL WALK VODASHOP’S EMPLOYEE BEHAVIOUR ....................................... 75
   4.4.2 CANAL WALK VODASHOP’S PROCESSES ......................................................... 77
   4.4.3 CANAL WALK VODASHOP’S VALUE CREATION ................................................ 78

4.5 CONCLUSION .................................................................................................................. 79

## CHAPTER FIVE

5.1 INTRODUCTION .............................................................................................................. 80

5.2 SUMMARY OF FINDINGS ............................................................................................... 80

5.3 DISCUSSION OF PROBLEMS AND LIMITATIONS ....................................................... 85

5.4 RECOMMENDATIONS FOR IMPLEMENTATION ......................................................... 86
   5.4.1 RECOMMENDATION FOR SKILLS DEVELOPMENT ............................................ 86
   5.4.2 RECOMMENDATIONS ON PROCESSES ........................................................... 93
   5.4.3 RECOMMENDATIONS ON VALUE CREATION ................................................... 98

5.5 FURTHER RESEARCH OPPORTUNITIES ..................................................................... 98

5.6 CONCLUSION .................................................................................................................. 99

SOURCE OF REFERENCES ................................................................................................ 101
### LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.1</td>
<td>GSM to 3G Evolution</td>
<td>1</td>
</tr>
<tr>
<td>Figure 1.2</td>
<td>National Interconnection Revenue, 2003 to 2008</td>
<td>7</td>
</tr>
<tr>
<td>Figure 2.1</td>
<td>The Fundamental Components of Value</td>
<td>21</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>Parasuraman, Berry and Zeithaml’s GAP Model of Service Quality</td>
<td>27</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>TARP’s Formula for Maximising Customer Satisfaction and Loyalty</td>
<td>32</td>
</tr>
<tr>
<td>Figure 2.4</td>
<td>The Three Integrative Pillars to Manage Change</td>
<td>41</td>
</tr>
<tr>
<td>Figure 2.5</td>
<td>The EFQM Assessment Model</td>
<td>44</td>
</tr>
<tr>
<td>Figure 3.1</td>
<td>Research Data Types</td>
<td>54</td>
</tr>
<tr>
<td>Figure 3.2</td>
<td>Validity Types Questions</td>
<td>58</td>
</tr>
<tr>
<td>Figure 5.1</td>
<td>Training Cycle</td>
<td>87</td>
</tr>
<tr>
<td>Figure 5.2</td>
<td>Range of Training Methods</td>
<td>90</td>
</tr>
<tr>
<td>Figure 5.3</td>
<td>Customer Contact Employees’ Task to Customer Problems</td>
<td>95</td>
</tr>
</tbody>
</table>

### LIST OF CHARTS

<table>
<thead>
<tr>
<th>Chart</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chart 4.1</td>
<td>Number of Customers, Research responses and Nature of Complaints</td>
<td>67</td>
</tr>
<tr>
<td>Chart 4.2</td>
<td>Responses according to gender</td>
<td>68</td>
</tr>
<tr>
<td>Chart 4.3</td>
<td>Responses according to age</td>
<td>69</td>
</tr>
<tr>
<td>Chart 4.4</td>
<td>Responses according to race</td>
<td>70</td>
</tr>
<tr>
<td>Chart 4.5</td>
<td>Responses according to suburbs</td>
<td>71</td>
</tr>
<tr>
<td>Chart 4.6</td>
<td>Responses according to occupation</td>
<td>72</td>
</tr>
<tr>
<td>Chart 4.7</td>
<td>Response rate by service package</td>
<td>73</td>
</tr>
<tr>
<td>Chart 4.8</td>
<td>Employees' Responsiveness Rating</td>
<td>75</td>
</tr>
<tr>
<td>Chart 4.9</td>
<td>Employees’ Professionalism</td>
<td>76</td>
</tr>
<tr>
<td>Chart 4.10</td>
<td>Queuing Response Rating</td>
<td>77</td>
</tr>
<tr>
<td>Chart 4.11</td>
<td>Product Delivery Rating</td>
<td>78</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 4.1 Number of Customers, Research responses and Nature of Complaints 67
Table 4.2 Results according to gender 68
Table 4.3 Results according to age 69
Table 4.4 Results according to race 70
Table 4.5 Results according to suburbs 71
Table 4.6 Results according to occupation 72
Table 4.7 Results according to service package 73
Table 4.8 Responses on behaviour, value creation and processes 74

LIST OF APPENDICES

Appendix: A Covering letter of the questionnaire 111
Appendix: B Biological Questionnaire 112
Appendix: C Customer Service Questionnaire 113
CHAPTER ONE

1.1 INTRODUCTION

Mobile cellular was launched in South Africa in 1994 with only two service providers at the time, namely Vodacom and Mobile Telephone Network (MTN). In 2001 and 2009, these two cellular service providers were joined by a third and fourth cellular service providers called Cell-C and Telkom Mobile (also known as 8ta) respectively. These service providers also provide the same services as Vodacom and MTN (ICASA, 2009).

Figure 1.1: GSM to 3G Evolution


All of these mobile network service providers initially provided basic voice telephony and mobile data service was only limited to General Packet Radio Service (GPRS) technology (Harper and Buress, 2008). GPRS, as shown in figure 1.1, is second generation (2G) mobile network technology which operates in the 900 MHz frequency band known as Global Systems for Mobile Communications (GSM) and provides data download speeds of up to 57.6 Kbits per second (Hanrahan, 2007).
Enhanced Data rates for GSM Evolution (EDGE) or Enhanced GPRS were later introduced in the three networks, this is shown as 2.5G in figure 1.1, and it provided data transfer speeds that were faster than GPRS. EDGE gave a maximum data transfer speed of 237.4 kbps. In places where an EDGE network is not available, GPRS automatically takes over (Hanrahan, 2007).

According to ICASA (2009), Vodacom was awarded a third generation (3G) technology license in June 2004 and launched in December 2004 thus opening the door to offer mobile broadband to the consumers. 3G operates at 2100 MHz frequency band providing access to video telephony and significantly much faster data download speeds of between 384Kbps and recently up to 43.2 Mbps (Wesolowski, 2002). He further states that in the absence of 3G network, if available, EDGE or GPRS will automatically be available to be used by subscribers.

The telecommunications industry like any other business sector is also regulated, for example, Ensor (2009) quoted the Minister of Communications as saying that “termination costs charged by cell phone operators for calls landing with another service provider were “very, very high” and that needed to be dealt with”. This resulted in inter-network call termination, for example calls from Vodacom to MTN, costs being subsequently reduced.

There are various reasons for the regulation of telecommunications industry and according to Thornton, Carrim, Mtshaulana and Reyburn (2006) these are:

- To maintain control over the use of a valuable national resource, namely the radio frequency spectrum;
- To control anti-competitive behaviour by dominant players in the market, which in turn will lead to the realisation of universal service and to increased quality and choice; and
- To ensure the development and implementation of effective universal service policies (Thornton et al., 2006).
According to Vodacom Group (2008), Mobile voice and data services have been instrumental in the rapid growth of information technology; these services have helped businesses and individuals to perform services, such as teleconferencing, internet, emails, banking and other data services. This rapid growth has in the past ensured high returns on the technology invested by these network service providers especially for Vodacom and MTN as they were the first to enter the market in South Africa.

Increase in competition, increase in Voice over IP applications which are used by subscribers to make calls at no cost to them and also Government regulations, meant that there was much less revenue generated from traditional voice calls than before. This posed a threat to these ever growing companies and resulted in these organisations seeking better strategies that would ensure competitive advantage (Econex, 2008).

1.2 PROBLEM STATEMENT

In 2008, Cellular SIM card penetration in South Africa was estimated at 94%, whilst people penetration was estimated at between 60% and 70%. Baron and Shane (2008) state that as the market matures, the growth for a company starts to decrease and this produces the following changes in the industry’s environment:

- Competitors start to look for different ways to take away customers from each other; popular strategies used to achieve this include things such as cuts in prices for offered products and services, companies embarking more on advertising their products and services and other strategies that companies find effective to use;
- Buyers become more demanding and sophisticated, do a thorough product evaluation before buying and also use this information to negotiate for better deals; and
• This in certain situations forces some companies to merge with or buy some of its competitors, resulting in smaller number of larger players in the industry (Baron and Shane, 2008).

As a result of the maturing industry, Vodacom started to reposition itself from being a mobile-centric operator to becoming a total communications provider (Vodacom Group, 2008). Mobile-centric operator is the one that only provides radio network services that are provided by connecting two or more network devices via a base station (Harper and Buress, 2008). They state that total communications provider, provides all network services by connecting two or more network devices via all means of network elements including base stations.

The decision for Vodacom to move from being a mobile-centric to becoming a total communications company was due to increase in data usage thus indicating a need for other means of ensuring enough resources to provide data services are provided. This was indicated by former Vodacom CEO statement, Allan Knott-Craig when he said, “For the first time data revenue has contributed more than 10% of the Group’s revenue, as cellphones become more computer-like, it has become the most used business tool in the world by far. Added to the huge demand for all forms of mobile computing, we have grown the data market with affordable data products, better speeds and better quality” (Vodacom Group, 2008).

The feature of mobility in telecommunications proved to be a great success and brought significant profits to shareholders of Mobile Network Operators (MNO). Initially, the MNO’s focused their attention on delivering voice services to subscribers; the problem is that the profits are now slowly being eroded by decreasing Average Revenue per User (ARPU) and the industry expects this loss in revenue will be reversed by mobile data service (McClune, 2002). Collins and Porras (2005) state that there are other factors, other than decreasing ARPU, that are contributing to eroding profits; these factors are listed and briefly described in the following subsections.
With so much potential for growth, excellent success that Vodacom and its subsidiaries has achieved over the years since coming to the market, it becomes easy to relax and be complacent. Visionary companies have no ultimate finish and there is no “We have made it”; these companies understand that being happy about and much in your current situation leads to complacency, which inevitably leads to death of an organisation (Collins and Porras, 2005). The problem is how to avoid being complacent, how can a company remain disciplined once it has achieved so much and become the best in its market. So, the objective is not that a company that has achieved so much should create internal competition in order to keep its business going but it is that it should have mechanisms it uses to show discomfort in order to fight complacency, a disease that inevitably infect companies that have achieved lots of success in their fields (Collins and Porras, 2005).

According to Kreitner and Kinicki (2007), learning and development is highly valued and is part of vision and mission of visionary companies such as Vodacom; these values represent eagerness to achieve, to better the current situation and are explicitly communicated to all employees. Manager leaders always trust that these values will highly influence employee attitude and behaviour. Eagerness to achieve does not automatically produce the desired results, that is, good attitude and behaviours because people do not always do as they say. Values that are enshrined in the company’s value system represent the values and norms that are actually directing employee behaviour (Kreitner and Kinicki, 2007).

At the selected Vodashop for this study, there may be a noticeable gap between the followed and enshrined values; especially when it comes to learning and development, and processes employed by the company. Therefore, the Vodashop should do something about this gap since it is influential in employees’ attitudes and performance thus further impacting on type of service offered to customers.

So, in order to focus this research study, the problem statement is outlined in a form of a question: “What are the winning customer service strategies that can be implemented
by Canal Walk Vodashop in order to retain its customers?” The customer service strategies in general should assist in identification of suitable strategies to close the perceived gaps for this Vodashop in order to achieve its objective.

1.2.1 GOVERNMENT REGULATIONS

Government regulations are laws that surround the operations of an economy (Hoffman, Czinkota, Dickson, Dunne and Griffin, 2005). There are various regulations that Government has put in place in order to ensure that certain rules and regulations are followed when, for example, a transaction takes place between a service provider and a consumer. Mobile network industry is not exempt from Government regulations; mobile number portability is one example. This is the ability for a mobile phone user to change mobile network operator without having to change cellphone number, for example, a subscriber who has a Vodacom number can move to MTN network and still use the Vodacom cellphone number by just porting to the destination provider (ICASA, 2007).

Another example of regulation that heavily impacted on the cellular industry is the mobile interconnection fees. This regulation required MNO’s to reduce fees charged when a user belonging to one service provider, for example Vodacom, makes or receives a call from another user belonging to different service provider, for example MTN (ICASA, 2007). These fees accounted for more than fifteen percent of the each network operator’s total revenue in each financial year; this is shown in figure 1.2 below for the three providers, namely, Vodacom, Cell C and MTN.

Figure 1.2 shows all three mobile operators earned substantial amounts from the interconnection fees; this amount increased steadily in each year during 2003 - 2008 periods. This steady increase in interconnection revenue was directly linked to the increasing number of customers that each mobile operator got. Vodacom enjoyed the most revenue generated from interconnection fees with an average annual increase of ten percent. In 2008, Vodacom earned more than seven billion rand from the fees charged for interconnecting calls between Vodacom and other networks.
As stated by Vodacom Group (2008) that these regulations were eroding the revenue generated from voice traffic. This is because allowing customers to keep their numbers to any service provider means that a customer can easily move from one service provider without fear of losing his or her cellphone number thus losing contact with friends, business people or any other important contacts.

As shown by figure 1.2, taking away an income of more than seven billion rands per year from any company would result in big financial loss. These regulations resulting in big financial losses enforced Vodacom to develop strategies that would grow income to compensate for losses due to regulations or at least prevent any further losses.

1.2.2 COMPETITION

Porter (2008) states that competition is the most powerful force that makes things better for human life; this requires companies to have good strategies in order to deliver a superior value than its competitors. He states that this strategy is shaped by five
competitive forces, namely: existing competition, customers, suppliers, potential entrants and substitute products.

According to Porter (2008), rivalry occurs among existing businesses that are trading similar products and services and also targeting same customers. In the beginning when mobile telephony was first introduced in South Africa, Vodashops only had MTN service providers to compete with. Then there were Cell C service providers and later followed by the 8ta service provider entering the mobile telephony products and services space. These two mobile operators were new entrants and they posed threat of taking some of the incumbents’ market share thus further potential revenue loss.

This increase in competition encouraged all service providers to come up with substitute products that would meet customers’ expectations. In some industries an increase in competition usually results in price reduction strategy being implemented by competitors (Porter, 2008). This has also been the case with these four mobile service providers, for example, in 2011 8ta significantly reduced its mobile data pricing and that resulted in other mobile operators doing the same (Hurst, 2011).

So, this increase in the number of mobile network operators meant that the market share for Vodacom is being reduced thus the reduction in Vodashop sales. This means that the service providers must seek strategies that will keep their business profitable thus gaining competitive advantage.

1.2.3 BANDWIDTH CONSUMPTION

Bandwidth is the maximum transmission rate that can be achieved along a network path from sender to receiver; this is similar to the width of the road which determines how many cars can drive at any particular time (Pujolle et al., 2000).

In telecommunications, the bigger the bandwidth the faster the data transferred and the quicker users can download data from the network. An increase in bandwidth requires
higher investments in broadband infrastructure, yet the revenues from mobile broadband are not commensurate with investments required (Vodacom Group, 2008).

It is therefore important for Vodacom to review its business model taking into consideration these macroeconomic factors and to develop a business strategy that will sustain its competitiveness and growth. In order to do this Vodacom needs to ensure that its products and services distribution channels provide the service expected by customers and even more.

1.3 RESEARCH OBJECTIVES

The first step of the research is to define the problem that the research seeks to solve and this step is followed by defining the objectives of the research. These are specific parts of the research problem that the researcher will be working on in order to answer the overall research problem (Kothari, 2006). For these objectives to be achievable they must be clear so as to directly assist in answering the research question (Polonsky and Waller, 2010).

The primary objective for this research is to develop business strategies that will ensure that the Vodacom shop based in Canal Walk shopping Centre retains its customers and gain competitive advantage over its competitors. Porter (2008) defines competitive advantage as an advantage over competitors, gained by offering consumers greater value either through lower prices or by providing more benefits that justify higher prices.

In order for a company to achieve competitiveness, it needs to have a good business strategy. A business strategy explains how and why the business will generate revenues sufficient to cover its costs, produce attractive profits and return on investments (Porter, 2008). With a good business strategy, a company is almost certain to earn significant profits, will enjoy a durable and sustainable competitive advantage.
Actions and elements of a good business strategy make a competitive advantage sustainable, causing an attractive number of buyers to have a lasting preference for a company’s products and services (Hough, Thompson Jr, Strickland III and Gamble, 2008).

For the primary objective to be achieved; three secondary objectives must be achieved and these are listed below as to:

- Investigate attitudes and behaviour of the customer contact employees from this Vodashop;
- Investigate and analyse the processes implemented by this shop in attending to customer demands; and
- Investigate and analyse the value created on products and services offered by this Vodashop.

In order for the objectives of the research to be achieved, a framework for collecting the information needed should be decided upon and this framework is introduced in the next section.

1.4 RESEARCH METHODOLOGY

1.4.1 RESEARCH PARADIGM

According to Collis and Hussey (2009), the research paradigm is the framework that guides how the research should be done; this is based on people’s philosophies and their assumptions about the world. They state that the research paradigm is divided into two, namely the positivistic and phenomenological paradigms.

The positivist paradigm is based on the assumption that social reality is singular and objective and is not affected by the act of investigating it (Collis and Hussey, 2009). According to Cohen, Lawrence and Morrison (2000), the positivistic paradigm is based
on the philosophical ideas of the French philosopher August Comte, who emphasized observation and reason as means of understanding human behaviour.

According to Cohen et al. (2000), Comte states that true knowledge is based on experience of senses and can be obtained by observation and experiment. Positivistic thinkers adopt his scientific method as a means of knowledge generation and thus it has to be understood within the framework of the principles and assumptions of science.

Phenomenology is a theoretical viewpoint which believes that individual behavior is determined by the experience gained out of one’s direct interaction with the phenomena and rules out any kind of objective external reality. During interaction with various phenomena, human beings interpret the experience and attach meanings to different actions and or ideas, thereby constructing new experiences (Cohen et al., 2000). They state that the researcher has to develop empathic understanding to know the process of interpretation by individuals so that feelings, motives and thoughts that are behind the action of others can be reproduced.

A suitable paradigm for this study is the phenomenological paradigm because qualitative research that will lead to constituting a business strategy and ensure customer retention will be done.

**1.4.2 SAMPLING**

It is not possible to collect information from the entire population in South Africa; therefore a smaller section of the population that accurately represents the patterns of the total target population is selected.

Collis and Hussey (2009) define sampling as a subset of the population that is divided into two categories, namely, Probability or Objective and Non-Probability or Subjective Sampling. They state that Probability Sampling is different to Non-Probability sampling in that the entire number of respondents from whom a probability sample will be drawn is known well in advance.
Probability sampling is subdivided into four types, namely:

- Simple random sampling: Anderson, Sweeney and Williams (2009) describe this method as only used where a complete sampling frame of the population exists and each member of the population has identical chance of being chosen;
- systematic sampling, this is a sampling method in which only the first unit is selected at random with the rest being automatically selected according to a predetermined pattern (Singh, 2003);
- Stratified sampling, the entire population is grouped into several sub-populations and members are selected from each group or stratum in a systematic or simple random method (Kothari, 2004); and
- cluster sampling, elements in the population are first divided into separate groups called cluster and each element of the population only belong to one cluster then a simple random sample of the clusters is taken (Anderson et al., 2009).

According to Polonsky and Waller (2010), non-probability sampling is subdivided into three types, namely:

- Convenience sampling, this is the sampling method where respondents’ participation is voluntary. This type of sampling is often used in shopping centers and in exploratory research when little is known about the research;
- Quota sampling, specific numbers of respondents who possess certain known characteristics are chosen to affect the research e.g. the interviewer can split respondents according to age, salary and sex or can interview certain number of males under or over certain age; and
- Judgment sampling, in this method respondents are chosen by an expert who provides a list of respondents who he/she feels will form representative sample (Polonsky and Waller, 2010).
Suitable sampling methods for this study are the simple random and quota samplings; this means that the number of respondents will be chosen before and they will be selected randomly.

1.5 RESEARCH DEMARCATION

Research demarcation helps explain to the reader what the researcher is responsible for and also why. Demarcation states what is included in the dissertation and what is not. The following subsections explain what is included in this dissertation and why it is included.

1.5.1 SELECTED COMPANY

Canal walk Vodashop has been selected to conduct this study; this Vodashop is part of South Africa’s largest mobile network operator, Vodacom. This Vodashop has fourteen employees; four of these employees are mobile phone technicians and they repair faulty phones, one is a store manager, two supervisors and eight customer contact employees. The customer contact employees work two shifts and at any shift there are always four of them on duty plus one supervisor.

This store provides voice and data products to one thousand five hundred and thirty contract subscribers; this figure excludes prepaid customers due to unavailability of accurate database for this customer base. These products can be offered to subscribers either on twenty four months contract or on prepaid packages; the type of package depends on the subscriber’s needs and for contract packages it depends on whether the subscriber meets the credit scoring.

Over the past two years the mobile network industry has seen so many changes as discussed in the problem statement section of this study; more changes against this industry are expected as there are many people and forces calling for reduction in call rates.
So, this Vodashop needs to understand and determine what can be done to retain and grow its existing customer base in order to maintain its business.

1.5.2 GEOGRAPHICAL DEMARCATION

Canal Walk Vodashop is situated in Cape Town in the shopping centre called Canal Walk. This Vodashop has its customer base made up of subscribers from almost all parts of Cape Town but mainly from Century City and Milnerton suburbs as these are the neighbouring suburbs to the shopping centre.

The empirical survey was conducted by means of a questionnaire that was administered via telephone to participants from various suburbs. The reason for administering the questionnaire via telephone was to get responses quicker and this was the main benefit for this administration method.

1.6 MEASURING INSTRUMENT

According to Gay, Mills, Geoffrey and Airasian (2010) measuring instruments are tools used to collect data and quantify or score a subject’s performance; there are different types of instruments and they are:

- cognitive – this is measuring intellectual processes such as thinking, memorising, problem solving, analysing or reasoning;
- achievement – measuring what people already know;
- aptitude – measuring general mental ability, usually for predicting future performance;
- affective – assessing individuals’ feelings, values, attitudes, beliefs; and
- scales used for responding to items on affective tests:
➤ Likert scale, positive or negative statements to which subjects respond on scales such as strongly disagree, disagree, neutral, agree, or strongly agree;
➤ Semantic differential bipolar adjectives (i.e., two opposite adjectives) with a scale between each adjective. dislike: ___ ___ ___ :like; and
➤ Rating scales – rankings based on how a subject would rate the trait of interest (Gay et al., 2010).

There are four variables for this study; one of these variables is the main problem and is a depended variable; all others are sub problems and are independent variables. All these variables will use a five point Likert scale measuring instrument and are described below.

**Main Problem:** Canal Walk Vodashop's customer service will be measured using a Likert scale; the scale will be anchored on five point scale. Understanding the perception consumers have about service rendered by this Vodashop will help identify whether there are differences in its customer service strategies and if so then provide recommendations to improve for the benefit of retaining and attracting customers.

**Sub-problem one:** customer contact employees’ skills will also be measured by a Likert scale. The scale will be anchored on a five point scale. Understanding the perception customers have about this Vodashop’s customer contact employees’ attitude and behaviour. Knowing this will help understand where the gaps are compared to the recommended attitude and behaviour expected from employees interacting with customer, and then provide necessary recommendation to this shop’s management.

**Sub-problem two:** Processes will be measured by Likert scale and will be anchored on a five point scale. This will determine the perception consumers have on the way things are done by this shop when attending to the customer’s pre and post sales requests.
**Sub-problem three**: value creation methods for consumers or users of the offered services and products will be measured using a Likert scale; the scale will be anchored on a five point scale. This will determine how consumers perceive the value for their money on products and services offered by this Vodashop.

### 1.7 DATA ANALYSIS

A survey was conducted with individuals as shown on Table 4.1. After the survey each individual’s response was analysed with responses summed up to create a score for each respondent under products and services, network coverage and quality and customer services. The scores will help determine the possible gaps for improvement and will be shown in a graphical format.

### 1.8 DEFINITION OF TERMS

**1.8.1 GLOBAL SYSTEMS FOR MOBILE COMMUNICATIONS (GSM)**

According to Narang and Kasera (2007), GSM is a digital mobile network system which was developed in 1988 by European Telecommunications Standards Institute (ETSI) to provide mainly mobile voice telephony and very limited data services. The data service initially provided by GSM was called General Packet Radio Service (GPRS) and it provided data download speeds of up to 57.6 kilobits per seconds.

Frequency band between 890 to 960 MHz was allocated for this system and supplementary services such as short message service (sms), call barring, call forwarding and others were some of advantages of this system over tradition landline telephones (Narang and Kasera, 2007).
1.8.2 THIRD GENERATION MOBILE NETWORK (3G)

GSM proved to be successful in providing voice telephony and also text messaging; a growing demand for requirements for faster mobile data services was noticed by the mobile telecommunications standardisation bodies and that resulted in the development of third generation network. 3G also provided the same services but had more features than 2G, for example, video telephony and much faster internet download speeds of up to 384 Kbits per second (kb/s) (Hanrahan, 2007).

More developments within the 3G system are being seen throughout the whole world; these developments are further improvements in download speeds that one can achieve and the latest speeds are at 43 Megabits per second (Mb/s) (Hanrahan, 2007).

1.9 OUTLINE OF THE STUDY

The study will be divided into five chapters and as outlined below:

The first chapter of this study is about the introduction of all mobile network operators in South Africa and evolution of different mobile technologies. Also included in this chapter are the problem statement, research objectives, different types of research, sampling and measuring instruments; these are defined and described with examples given where possible. Data analysis briefly describes how the field survey will be analysed and what format will be used to show the results of the survey.

The second chapter will be the identification of the components of business strategies. This will be done by doing a literature review and then develop a theoretical business strategies based on the literature study.

The third chapter comprises of the methodology to collect data, the analysis and writing up of empirical results of the study. The results should give an indication of what factors
to consider for developing strategies that will ensure that the Canal walk Vodashop retains its existing customer and possibly grow them.

The fourth Chapter will be the interpretation of the empirical results of the study. The aim of this chapter will be to present the empirical results from chapter three in a format that is suitable for the development of customer care strategies.

The fifth and the last chapter will provide conclusions and recommendations on the information acquired about primary and secondary problems through the integration of the theoretical and empirical aspects of the study.

1.10 SUMMARY

This chapter provided an overview of the mobile network operators in South Africa, the market share each provider has and how different services provided by these operators have evolved with time. All this information should help the reader understand how this industry is shaped, what are the contributing factors to the growth or death of players in this mobile network industry.

The nature of this research required that the researcher use the sampling method and measuring instruments as discussed in these sections of this chapter; the decision on what sampling method and measuring instrument to use was further made easier by the literature review that will be seen in chapter two.
CHAPTER TWO

2.1 INTRODUCTION

Competition in industry after industry around the world is becoming increasingly intense and many companies are searching for ways to build competitive advantage (Woodruff and Gardial, 2002). They believe that competitive advantage comes from the creation, communication and delivery of superior customer service. Creation, communication and delivery of superior service consists of a series of activities that are designed to enhance the level of customer satisfaction, that is, the feeling that a service has met the customer expectation (Turban, King, Lee, Warkentin and Chung, 2002).

Zemke (2003) states that to enhance customer service, what was promised to customers must be accurately provided and done so with dependability; also courtesy and knowledge of the product must be competently and confidently displayed by the employee serving the customer. He says that the quality of equipment and physical facilities within the business premises must be top notch; employees must demonstrate willingness to help, show care and give attention to each customer.

According to Gross (2004), customer service is the only product that is produced one at a time, on the spot and is largely dependent on the perception a customer has about the employee rendering the service.

This makes the customer-contact employees important and central role players on service provided to customers because they affect customer perceptions of service quality, satisfaction and value (Brady and Cronin, 2001).

The influence customer-contact employees have on how the service is perceived by customers, starts before and continues during and after purchase. This influential role that customer-contact employees play requires that their attitudes, behaviours and performance at work be effectively managed (Chung-Herrera, Goldschmidt and Hoffman, 2004); the attitude, behaviour and performance of an employee can be
affected by the perceptions employees have about their job and the environment in which they work (Singh, 2003).

When customer service is well managed and enhanced in a company, good reputation about that company within and across marketplace is created thus enabling attraction and retention of customers; this happens at no cost to the company because loyal and satisfied customers are more likely to recommend your products and services to their families and friends (Cook, 2010).

For this reason, this chapter will seek to understand the framework and factors affecting customer service, also strategies that can be implemented to improve customer service in a highly competitive services retail industry.

2.2 CUSTOMER SERVICE FRAME

According to Snow and Yanovitch (2010), customer service has a framework that consists of four components, namely, the customer, physical environment in which the service is taking place, employees especially the customer-contact employees and the processes taking place within the company. For this reason it is important to briefly discuss to see what and how much role each component plays in this framework.

2.2.1 THE CUSTOMER

These are people who are current or potential buyers or users of products and services and are constantly looking for a service experience that is intentional, consistent, differentiated and valuable (Smith and Wheeler, 2002). In addition, Fogli (2006) states that customers play a significant role in a business because they are the reason why the company exists and it is important for the business to keep them happy so that they can continue doing business with your company instead of a competitor.

In order for customers to be happy, they require reliable service that is offered at promised time by employees who show care, who inspire trust and confidence in
them (Snow and Yanovitch, 2010). They say once these are offered to the customer then the main purpose of the business is fulfilled and customers will continue to do business with your company.

Customers perceive value as a trade-off between what they perceive as benefits from the products purchased and perceived sacrifice which relates to costs to be paid for the products. Figure 2.1 show the costs incurred by the customer are more than just the monetary costs, other costs are time, energy and psychic costs. These are the amount of time, physical and mental energies that the customer uses to get the product or service they want. Similar to the perceived sacrifice, the perceived benefits are more than just product benefits; there are other benefits, namely, service benefits, personnel benefits and image benefits. These benefits relate to benefits that are derived from the product, warranties and guarantees that are attached to the product, competency of employees serving the customers and the value of the brand as perceived by the customer (Hoffman, Czinkota, Dickson, Dunne and Griffin, 2005).

Figure 2.1: The fundamental Components of Value

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Perceived Sacrifice</td>
<td>VALUE</td>
<td>Perceived Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Hoffman et al. (2005)

All these components shown in figure 2.1 make it clear that the customer is a central role player and also a driver of the service strategy within a business environment, it
is important for a company to learn what makes its customers tick and use that knowledge to build a sustainable relationship because without that connection, customers may view your goods or services as easily replaceable products (Inghilleri and Solomon, 2010).

2.2.2 PHYSICAL ENVIRONMENT

In order for employees to excel at their jobs and customers to come in to your company, an environment that allows employees to excel and that attracts customers must be created; this includes having things like the right hardware and software, correct lighting, comfortable furnishings, break-time area for employees as a safe place to unwind, decompress and recharge (Jones and Kober, 2010). This attractive and comfortable environment influences customers’ perceptions of the quality of your product or service and also encourages employees to want to work for your company (Snow and Yanovitch, 2010).

More initiatives that relate to the business environment are being taken; these initiatives include things such as music stores playing the latest songs in order to encourage more CD purchases, while food stores attract customers by allowing things such as the smell from the bakery department to fill the whole store. The outside appearance of the shop matters as well, many customers judge a shop by its colours and other external aspects of its appearance; the outside appearance of a shop can be based on type of customers targeted (Hoffman et al., 2005).

2.2.3 EMPLOYEES

According to Singh (2003), these are the people who are constantly interacting directly or indirectly with customers and they play an important role in determining customer satisfaction. He further states that, in order for the customers to be served to their satisfaction; employee attitudes and behaviours must show willingness to listen and provide best service to the customer. Positive attitude and behaviour must be accompanied by empowerment; this gives authority and confidence to make decisions thus boosting employees’ productivity (Belding, 2005).
Smith and Wheeler (2002) state that there are certain essentials required to harness people power and confidence. Firstly a company should know and understand its customer expectations and create a company with the culture to deliver on these expectations. They say that knowing and understanding customer expectations means that the company should always hire people with competences to satisfy customer expectations.

As a second essential, Goodman (2009) says that employees do not instantly use their attitudes and skills in a manner that is best suited to deliver great customer experiences and this is the case for both new and existing employees; therefore training that will assist in delivering experiences that uniquely fit the brand promise of the company must be provided to all employees.

Thirdly, employees must be rewarded and recognised for the right behaviours and most importantly senior managers should set the tone, be an example and display behaviour to deliver great customer expectations (Smith and Wheeler, 2002).

Cook (2010) continues to add five more of these essentials that motivate employees and these must be applied by management in order to achieve this; these are activity, ownership, power, affiliation, competence. Activity refers to employees given something to do and be involved thus avoiding boredom; ownership and power are that people feel better about themselves when they own things and they want to have power to control their destiny with more freedom given to them. Cook (2010) continues to say that people are social creatures, they like to interact with each other and an organisation should provide support and encourage employees to interact with one another regularly; this should be complemented by creating opportunities for employees and this makes them feel more competent.

In summary, employees should be empowered and rewarded for their efforts; this enables them to take ownership of problems and make decisions that will result in great service being offered to customers and make the customers feel valued (Faulkner, 2003).
2.2.4 PROCESSES

In a business to business environment it is vital that organisations understand their customer’s corporate culture; for the business to customer marketplace this is different because the culture of an organisation needs to be driven by the culture of its customer base (Faulkner, 2003). According to Singh (2003), this culture should determine how things are done in an organisation, that is, the processes and these processes should be managed at every stage of employee-customer contacts. These processes include awareness, decision making, purchasing, follow-up service and returns or replacements of products; also different departments involved in the customer process should work together in order to make sure that the customer makes a seamless transition from one area to another thus developing a positive image of the entire organisation (Bliss, 2006).

Jones and Kober (2010) state that when processes are impeded, customer service gets to be negatively impacted, this for example, happens when an employee cannot get approval for necessary purchases or receive the run around when trying to solve problems. This inefficient process does not only adversely affect customer service but employee productivity as well because reaching any goal requires extra time and effort from an employee (Goodman, 2009).

Yang (2010) cites the following as the common problems that are experienced in the customer service process: first one is the excessive waiting period by customers, poor customer service quality, poor customer-employee interaction quality, excessive errors, excessive rework and excessive service costs. Often, causes to these common problems are poor design of service processes, poor employee training, unbalanced processes, poor management of operations, poor management of work flows and poor employee motivation and behaviour.

According to Pupo (2010), cultural processes in an organisation have a powerful influence on how everyone behaves because processes drive behaviour; people quickly learn what behaviour is acceptable and what is not, then strive to conform. Having a good system gives an organisation a strong competitive edge and there are
six main qualities of a well-designed cultural system devoted to customer service (Basch, 2003):

- **Vision** — this is a clear picture of the kind of experience that an organisation wants to provide to its customers;
- **Values** — these are rules of behaviour that must be kept and not violated by employees of an organisation;
- **Goals** — these are specific results an organisation wants to achieve in a certain time period, and goals that fit an organisational cultural structure must be created and must be consistent with an organisation’s vision and values; such goals should be:
  - Balanced — they should serve customers, employees and owners;
  - Contributory — they should foster profitable growth;
  - Well-disseminated — they should be known to everyone in the organisation;
  - Measurable — they should be assessed with feedback;
  - Concrete and limited — limited number of goals must be set so that it can be easy for everyone to focus on achieving them;
  - Relevance — this is the desire people feel about achieving a goal because they find it meaningful.
- **Actions** — these are particular steps people need to take in order to achieve set goals; and
- **Feedback** — this is the measurement system that assesses employee’s and business achievement (Basch, 2003).

There are other methodologies that can be used to design the processes of an organisation, these include six sigma. This is a methodology that uses statistical data to identify important factors that affect the quality of processes and design required results. There are five phases entailed in this methodology, the first one is for a company to define the activities, goals and deliverables to customers; once these are defined, the performance of the process is measured and root causes of errors, if any, are analysed and determined. The determination and analysis of root causes of
errors help in improving the process so that these errors are eliminated and also in ensure control of the process performance (Brue, 2002).

Prahalad and Ramaswamy (2004) state that in smoothly functioning cultural processes; an organisation’s clear vision directs and focuses people’s actions as they work to achieve goals that were set in accordance with the organisation’s values. Vision provides goals, relevance makes the goals matter to employees and values set the boundaries of acceptable behaviour (Prahalad and Ramaswamy, 2004).

2.3 CUSTOMER SERVICE GAP MODEL

According to Hill and Alexander (2000), it is important to ensure that there are no gaps between the four elements of the customer service framework; once there’s a gap between any of the four elements of customer service model, service rendered to customers becomes poor and leads to customers being dissatisfied.

This gap that results in an unhappy customer is the gap between what the customer expects and the actual experience but the root cause can be due to one of five gaps (Hill and Alexander, 2000). Hernon and Whitman (2001) use Parasuraman, Berry and Zeithaml’s GAP model shown in figure 2.2 to illustrate these five gaps that are possible causes to customer dissatisfaction and they explain each gap as follows:

- Gap 1 or Understanding gap, here manager’s perceptions of customers’ needs, priorities and expectations are not the same as the actual needs, priorities and expectations of the customer;
- Gap 2 also known as the Procedural gap, occurs when the company fails to understand what matters most to customers as a result fail to translate customers’ expectations into appropriate operating procedures and systems;
- Gap 3 or Behavioural gap, sometimes a company would have clear procedures that match customers’ needs but fail to consistently achieve high quality customer service due to things such as insufficiently trained employees;
Figure 2.2: Parasuraman, Berry and Zeithaml’s GAP model Gap Model of Service Quality

Gap 4 or Promotional gap: this gap can be traced to marketing communications because in eagerness to get more customers companies can create expectations that are difficult to fulfil;

Gap 5 also known as the Perception gap, sometimes all other gaps 1 to 4 do not exist but due to customer experience of poor service in the past; the
customer continues to perceive the company as uncaring and this usually takes some time and good service to change (Hernon and Whitman, 2001).

2.4 DELIVERING AND MANAGING CUSTOMER SERVICE

Customer service delivery is an on-going process with long range plans on critical factors such as customer focused processes, human resources and innovation so as to meet customer demands (Cook, 2002).

According to Pupo (2010), effective customer service delivery depends on managing a set of critical service factors and these are specific actions that create a direct and positive customer experience. These factors are that top executive management should be committed and demonstrate good customer service; this helps improve employees’ performance and to do this, management is required to be able and put an effort to change traditions and implement procedures and policies that encourage good customer service (Groves, Herbert and Correll, 2008). In addition to this, customers must be central to business strategy because business strategy is often based on a company’s strengths such as leveraging special corporate resources, superior technology and technical specialist; these strengths drive the structure, mission statements and vision of a company; so customers must also be included as the driver of the strategy (Reidenbach, Goeke and McClung, 2002).

Adding to the business strategy, a customer service ethic must be developed. Companies that commit to service must demonstrate sound ethics and implement a reward system for employees who deliver great service and this should include discussions on performance lapses and ways to improve service must be held openly to all employees (Pupo, 2010). He states that the last factor to be considered is the empowerment of customer-contact employees such as bank tellers and salespeople and give them knowledge and authority to solve customer problems immediately.

In addition to the critical customer service factors that are mentioned above, Shaw (2007) states that there are four clusters of emotions that affect customers’
emotional commitment to a company and these are: The “Destroying Cluster”, this drives customers away by evoking negative emotions and lowers your company’s value. The other three clusters of emotions that affect customers’ emotional commitment are the Attention, Recommendation and Advocacy Clusters; these last three add value to the business and must be understood otherwise if not they can cause a customer to feel stressed, neglected, unsatisfied, frustrated, disappointed, unhappy and irritated (Shaw, 2007).

Customers do not want products and services; they want what a product or service can do for them and most importantly they want to be understood and valued (Brooks, 2002).

2.4.1 VALUE CREATION

According to Stinnett (2005), customers perceive value as the functional capabilities that products and services can provide in order to achieve their goals; for a company to do business with customers it must ensure that the perceived value is provided. He says that the perceived value for a product or service must be at least equal to or greater than the money that is paid by customers for the same product.

In order to have great value service provided to customers, value must first be created for employees; employees must feel that they are valued by the company they work for so that the employees can treat the customers the way they believe they are treated (Brooks, 2002). Experienced shareholders know that value will come to them once it has first been created for customers and employees; this means that value for shareholders is the result of running a business successfully and success for business is the product of happy employees and customers (Groves, Herbert and Correll, 2008).

Customer value should be managed; that should start by identifying and targeting the desired customers and asking those very customers to describe their vision of an ideal value delivery from your company; once it’s known what customers consider ideal, a strategy to create the business capabilities and infrastructure to meet their wishes must be developed (Thompson, 2000).
There are three key components of the customer value management process that allow an organisation to achieve the focus on customer service and value (Reidenbach, Goeke and McClung, 2002). They say these key components are the creation of customer centred business vision, design of operational strategy that can help the company differentiate itself on service and value; lastly an organisation should seek to understand what makes its own customers loyal. According to Mascarenhas (2011), business vision can involve increasing market share or becoming the provider of choice for a particular product or service while strategy can include finding touch points in a company where value can be created by using each customer interaction to target and personalise services and distinguish most valuable customers so that more value can be provided to them.

Lastly, seeking to understand what is valued by customers helps an organisation know why customers want to buy from your organisation, so that you can continue to fulfil that priority (Thompson, 2000).

### 2.4.2 MANAGEMENT OF CUSTOMER COMPLAINTS

Belding (2005) says that bad experiences with a few customers have lasting effects which can adversely affect an organisation’s relationship with all its customers; this adverse effect causes customers to be unhappy and unhappy customers come in two varieties, namely, dissatisfied and unreasonable customers.

Dissatisfied customers are customers who are initially satisfied customers that become dissatisfied because a company fails to live up to customer’s high expectations and may generally be reasonable people who are temporarily acting inappropriately out of disappointment (Groves, Herbert and Correll, 2008). They say unreasonable customers are customers with unrealistic expectations, who may become verbally abusive; these customers misjudge salespeople and have inaccurate perceptions of their personal behaviour.

Faulkner (2003) states that both dissatisfied and unreasonable customers can be proactively managed by looking inward at actual service levels compared with
customer expectation and once service levels fall below the internal accepted standard then complaints can be expected to follow. Having established that complaints will be forthcoming the organisation can put in place a process for dealing with the imminent complaints influx (DiJulius III, 2003).

The process of preventing or minimising customer complaints can be achieved by continuously practicing the six functions (Goodman, 2009):

- **Listen to customers** – Good listening requires practice and concentration; for example, if an irate customer starts yelling in a public area, ask him or her to follow you to an area that has more privacy. Make eye contact and avoid confrontational body language. Stand erect and do not pace around the room. Don’t conduct the conversation from behind a desk or some other barrier;
- **Echo the issue** – this shows the customer that you are listening and when the customer agrees with your summary of the problem, you have found common ground and can work together to find a resolution. If the customer disagrees with your rephrasing of the problem, he or she will correct you. Focus on the problem, not on emotions. Never raise your voice or become sarcastic;
- **Sympathise with your customer’s emotional state** – Show the customer you are on his or her side by offering to take action to resolve the problem. Sympathise doesn’t necessarily mean agreeing; you’re simply demonstrating that you understand why the customer is angry;
- **Thank the customer for his or her input** – Complaints are unpleasant, but they’re not always bad and when you receive a response, acknowledge it.
- **Evaluate your options** – goal is not to win the battle against the customer, but rather to find a solution that will make both you and the customer happy. So, ask the customer what he or she would like you to do and once you find a solution, maintain your attitude of sympathy and respect;
- **Respond with a win-win solution** – Determine what you can do to benefit both the customer and your organisation, and take immediate action (Goodman, 2009).

All the steps listed above require an employee to be empowered and have authority to resolve problems fully and quickly, this is because, customers want to deal with
someone who is responsible and accountable (Belding, 2005). According to Goodman (2009), the steps listed above are all reactive and at times could not be as effective in preventing a customer from getting dissatisfied; he states that proactive actions are important to satisfying and winning customers’ loyalty and steps to doing so are shown in figure 2.3 and discussed below.

According to Goodman (2009) and as shown in figure 2.3, maximum satisfaction and loyalty as experienced by customers is the sum of effectively managed customer contacts and doing things right the first time. The first step of this customer satisfaction formula is to do the job right the first time the employee does it; this requires consistency in providing quality products and services and also understanding of customer’s real needs so as to meet expectations. This step results in very small number of unhappy customers.

Figure 2.3: TARP’s Formula for Maximising Customer Satisfaction and Loyalty

Source: Goodman (2009)
The second step is to manage customer interaction effectively; this step has several actions that must be implemented. The first action requires customer contact employees to be effective and knowledgeable in handling questions or enquiries made by customers; this as mentioned in section 2.2.3 requires all customer contact employees to be well trained so that they can be highly knowledgeable about the products and services they sell and about handling customers.

Second action is for employees to quickly identify sources of dissatisfaction; well trained and empowered employees would find it fairly easy to get the root cause and solution to dissatisfaction. Once causes of dissatisfaction have been identified, feedback should be given to management; this feedback should describe the customer experience, the causes and solution to the problem (Goodman, 2009).

Lastly, knowing things that cause customers to be unhappy and possible solutions to these causes helps the company achieve the final action of managing customer contacts; this action is that the company must improve its products and services. All the steps and actions listed above will result in customers coming back to buy, buying more products, telling others about the best service you provide to them and also buy other products they usually buy somewhere else (Goodman, 2009).

2.4.3 EMPLOYEE RECRUITMENT AND DEVELOPMENT

Every business begins and ends at the front desk; when people talk about terrible customer service, nine out of ten are based on problems experienced at the front desk with customer-contact employees (DiJulius III, 2003).

According to Cook (2002), in order to minimise problems experienced at the front desk and also to enhance good customer service, criteria based selection process, performance related pay, employee surveys and annual and quarterly reviews should be practiced in a company. Furthermore, extensive training that is job specific backed by telephone excellence and how to achieve exceptional customer service must be provided to employees (Cook, 2002).
In addition to extensive training and other internal processes that are mentioned above, Gross (2004) says that the employer should treat the existing employees as if they were customers, this results in high employee retention and much fewer new employees to hire; the existing employees become a living testimonial to the customers that this is a great place to be part of and because of this, employees’ friends and families will continue to do business with your company.

Therefore employee retention is the function of a superior customer service; the company must recruit and hire the best people with best people attitude and training must also be provided to these employees (Goodman, 2009). Types of training provided should for example include customer service, systems and procedures. These are company policies on customer service; communication skills which includes active listening and sales training (Dorrian, 2007).

Training alone may not be the solution to improve and develop employees; managers should add coaching of employees to their responsibilities. This helps the manager prioritise coaching thus contributing to employees’ development and company building. A developmental coaching strategy should entail the following elements: defining success, creating a coaching-friendly environment, challenges that can stimulate learning, stopping the action, observe effectively and provide balanced feedback, collaborating with employee to discuss performance gaps and their meaning and then create a plan for continued action and follow up (Hunt and Weintraub, 2010).

Defining success is what business results the manager intends to achieve through coaching. This determines what good performance looks like and this further assists the manager to know what to look for and what feedback to give the affected employees. It is important for the manager and employees to have a common understanding of needs to be achieved and what actions to do in order to accomplish the set target. The important element that determines success of coaching is for the manager to create a coaching friendly environment; this encourages employees to raise ideas, thoughts about their work responsibilities without fear of being targeted by the management (Hunt and Weintraub, 2010).
The next step for coaching is for an employee to be a coachable coachee. This means that employees that are being coached must be willing to learn and display enthusiasm in the coaching program. For this to happen, coaching managers need to encourage willingness to be coached by hiring the right people with right attitude, spotting those employees who are keen to be coached, assigning challenging tasks that will provide opportunity to pursue goals of the employees that are coached and mentioned above, create an environment that encourages coaching (Coetsee, 2003).

So, in the customer service environment the people must be empowered and given authority to take responsibility for serving customers and make decisions; with authority and responsibility, good results for the business will be seen with lower recruitment and replacement costs because more people will stay longer (Thompson and Strickland, 2003).

2.4.4 EFFECTIVE COMMUNICATION

Belding (2005) describes communication as the life-blood of developing and sustaining a service quality, therefore it is important for an organisation to develop a communication plan to ensure that the most appropriate medium is chosen to convey messages to employees and customers. Gross (2004) states that appropriate communication medium can be verbal or non-verbal. Verbal communication consists of, for example, one-on-one discussions, meetings and telephone conversations; non-verbal communications consisting of posters, videos and exhibitions.

Groves, Herbert and Correll (2008) state that a communication strategy needs to be developed in order to ensure the consistency of messages to all stakeholders. Cook (2010) states that there are number of questions that need to be answered when developing this strategy and these questions include:

- How does he communication strategy fit into the overall service programme?
- What are the objectives of communication?
- What are the precise messages that need to be delivered?
- Who are targets for these messages and where are they located?
- What is the culture within the environment they work?
- What communication channel is currently used for these audience and how effective is it?
- What is the budget for communication, can this budget be split?
- How can feedback be generated? (Cook, 2010)

These questions give direction when creating the communication strategy; once the strategy is developed, management should ensure that these are consistently implemented and that feedback is invited from all stakeholders. Listen and act on comments and suggestions made (Brown, 2000).

According to Bliss (2006), communication should also be enhanced between employees and customers and attention paid to customers all the time; firstly by stopping whatever the employee is doing when the customer comes in, greet the customer and give your name. Customers are in search of importance and purpose, stopping whatever you do and paying attention to a customer makes him or her feel important (Crain, 2007).

The next step is for the employee to ask how he or she can help the customer and when doing so, the employee must look directly with a smile and focus on the customer that he or she is helping (Blazey, 2008). He says this shows that the employee is interested and willing to help at the same time showing that the employee has positive attitude towards the customer.

Evenson (2007) states that once the employee has asked how he or she can help the customer, an employee should listen carefully and pay attention to the customer; if an employee cannot pay attention, he or she cannot be a good listener and to listen effectively, an employee should apply the following:

- Ask how you can help and listen to the answer. No one can listen and talk at the same time so it is important for the employee to keep quiet and listen when the customer is talking;
• Form the mind-set that the customer is the reason you have a job;
• It is important to also listen to what is not said by paying attention to nonverbal clues and tone of voice;
• Remain objective and never judge a customer based on appearance or manner of speaking;
• Before responding, gather as much information as needed to make sure that the customer’s needs (Evenson, 2007).

All these effective communication actions are important because they ensure a common understanding between the employee and the customer. This makes it easy for the employee to meet the customer’s expectations and in return meeting customer’s expectations results in the customer being loyal to the organisation (Crain, 2007).

2.5 CUSTOMER LOYALTY THROUGH SERVICE

Brown (2000) defines customer loyalty as the result of a company creating a benefit for the customer so that the customer can maintain or increase the purchases from the company. According to Hill and Alexander (2000), as much as customers can be loyal, their loyalty to a certain company can be due to different reasons; first reason could be due to monopoly loyalty, this is when customers have little or no choice but to use one supplier to buy products or services because the supplier has no competition and is the only one supplying the products and service. They say an example of this would be an electricity supplying company like Eskom, who is the only major electricity supplier in the country.

The second reason could be due to cost of change being high or difficult and customers will do it as a last resort after trying everything they can in order to have their expectations met (Crain, 2007).

The third reason could be due to incentives being offered to customers, an example of this is the frequent guest packages being offered by certain hotels and airlines which enhance customer loyalty (Basch, 2003). The fourth reason is the habitual
loyalty, due to time constraints customers tend to use businesses that are in their familiar routes that can be quickly accessed without much thought and effort, an example of this loyalty is the supermarket used daily to buy small goods like bread and milk (Barnes, 2006).

The last reason is the committed loyalty. The company earns this loyalty by delivering values that meet its customer’s expectations at every customer encounter (Hill and Alexander, 2000). In order to get this commitment from customers and get maintenance of or increase in purchases, Brown (2000) states that the company must build courtship; it must first get to know the customers and gradually build a mutual trust and relationship just like courtship. In phase to relationship building, he says that the company must ensure good quality products and services are sold to customers.

Secondly, the company should engage with customer attitude before and after the purchase by listening to the customer; once this is done the product and service is no longer the only determining factor, also the relationship that being built becomes a factor and the result of this is the mutual desire that causes both parties to see benefit in continuing to grow the relationship (Brown and Gulycz, 2002).

The continued growth in the relationship leads to the customer being satisfied and get personally involved with the company; this leads to stronger bonds between the two parties like a marriage (Crain, 2007). Committed customers to your business in a competitive business environment ensure maintenance or increase in sales and that gives a business a sustainable advantage over its competitors (Reichheld, 2003).

2.6 CUSTOMER RETENTION MANAGEMENT

Customer retention management (CRM) is said to be the system used to improve the relationships between people including suppliers and customers of products and services (Thompson and Strickland, 2003). They describe customer retention management as a method of supporting and strengthening the customer-company relationship by, for example, using computer-based tools to gather information about
customers’ wants and needs in order to allow companies to better their service and build long term relationship with customers.

Cook (2002) says that there are various benefits of gathering information about customers’ wants and needs and one of these benefits is better storage; CRM systems help to store customer information and this information is very important for the business as it makes it easy to connect with customers, as well as documenting their orders. She says, knowing a customer well makes it easy to create a lasting relationship and it is important to have CRM system in place so that pertinent information about customers can be recovered.

Another benefit as stated by Kumar and Reinartz (2006) is that, CRM system does not only give immediate access to customer information but it also gives customers an opportunity to do a variety of tasks such as obtaining their basic information and placing orders; this can help a business save lots of money, as well as time.

In order for the business to gain these benefits of CRM, it needs to build a customer performance program and this program should entail who your customers are, what they need and what their purchasing patterns are (Brown and Gulycz, 2002). This information can help a company understand and predict customer behaviour; also marketing efforts armed with this customer information are more successful at both finding new customers and cultivating more spending from current customers (Anderson and Kerr, 2002).

In addition, the program should entail the effect of the business’s present marketing and communication efforts to its customers; understanding this effect helps an organisation in the future to present marketing and communication efforts that appeal to its customers (Reichheld, 2003).

Lastly, this program should entail the match between the customers’ needs and the services or products that the business offers; a company’s profit depends on its ability to assess the needs and wants of the targeted customers and then delivers products that satisfy these customers thus important to ensure the match (Kumar and Reinartz, 2006). In order to ensure this, a business can customise its product
and make it adaptive, that is, a customer must be able to alter the product to suit its needs; also a company may be collaborative and communicate with the customer and identify distinctive needs and make a suitable product (Peppers and Rogers, 2004). According to Barnes (2006), the gathered customer information should be used to plot current and anticipated customer needs, wants and expectations.

It is important to note that plots and measures that come from customer data don’t accurately reflect the level and quality of an organisation’s connections with its customers; so to find out about relationships with customers, an organisation must meet with customers individually or in small groups then ask them about what’s on their minds and watch for patterns as they respond (Kumar and Reinartz, 2006).

2.7 CHANGING CUSTOMER SERVICE ENVIRONMENT

Several strategies of best customer service, such as empowering and providing training to employees, improving processes and encouraging team work have been discussed in previous sections of this chapter. In an environment where these customer service determining factors are not present and are required, introducing them could mean moving employees out of their comfort zones and in most cases this becomes a problem (Berndt and Brink, 2004). They state that this requires that the employers implement the three pillars used to manage change in a company; these pillars are behavioural, structural and operational strategies. Figure 2.4 shows these three pillars and are also discussed below.

Starting with behavioural strategy; Robbins (2009) states that the attitudes and motivation levels people have determine what they do, that is, their behaviour. Werner and DeSimone (2009) define motivation as “the psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal directed”. Further to this definition they state that there is a process that motivation focuses on and this is the generation of effort that must be applied to behaviour and done so continuously.
The definition given above for motivation shows that people’s motivation levels are the source of good or bad attitude, and behaviour comes from the same elements of motivation; therefore creating a motivating environment would change attitudes and instil new behaviours in people.

So, how is a motivating environment created? According to Coetsee (2003), employers or managers should ensure that people have the skills, abilities and experience to perform their day to day job activities. This should be complemented by ensuring that all employees know what their responsibilities are and where they fit in the company. Another thing to do is for a manager to always keep employees well informed of things happening in their working environment, listen to emotions communicated by employees and create opportunities for everyone to participate in preparing and making decisions. The manager with employees should create shared values system and these are set of rules that determine how things are done inside the employees' work environment, including employees in creating this value system encourages employees to take ownership and abide to the rules they themselves have helped create (Coetsee, 2003).

Figure 2.4: The Three Integrative Pillars to Manage Change

SOURCE: HARVEY AND BROWN (2001)
Coetsee (2003) continues to say that in order to create motivating climate the manager should stimulate effort by making tasks seem interesting to employees, assigning tasks that are challenging and of higher order to employees. The performance of employees should be continuously measured, evaluated and feedback given to employees; this should be accompanied by acknowledgement and recognition of outstanding results achieved by employees.

According to Besanko, Dranove, Shanley and Schaefer (2009), the structure of an organisation follows the strategy that the organisation intends to implement. This determines how knowledge is disseminated and decisions are made throughout the organisation. In big companies, structure helps top management to focus in making strategic decisions and let lower level management to make decisions on day to day operational issues such as building strong teams between different departments (Besanko et al., 2009). Based on figure 2.4, the structure of a company should be formed in such a way that it encourages building interdepartmental relationships thus enhancing and improving team work.

Operations strategy is the third pillar for implementing the change. Cook (2010) states that for a company to focus on customer service it needs to adopt the process re-engineering strategy. This is the series of actions with inputs and outputs that are used by the company to determine how it can create and deliver value to its customers. Each action is identified so as to show all processes that are followed in ensuring customers satisfaction; these processes are then mapped in order to identify unwanted things such as duplication and unnecessary tasks, delays between actions, opportunity for using automatic processes and other things. This exercise usually yields big benefits for the company such as cost savings, product quality improvement and faster times to provide products and services to customers.

Lowson (2002) states that the organisation should introduce e-operations in its business systems; this is the application of internet and its related technologies in operations management. He describes it as the,” Information, material flow, product attributes and decision making realise the full potential of e-commerce technologies. Information flows in this ideal world will be accurate, rich and instantaneous. Information, moreover, will be based in all supply transactions”; he further states that
products ordered by the company from the supplier will be controlled by just in time delivery method. In this method changing of suppliers costs nothing to the company and products are manufactured according to the company’s needs.

The benefits of the e-operations to the customers are that, customers have twenty four hour access to the company’s products and services, it provides the company information about its customers so as to use this information to encourage more buying from these customers. This process also assists in increasing speeds between product purchase and delivery.

It is important to measure success of the implemented strategies. This can be done using different tools such as balanced scorecard or the European Foundation for Quality Management (EFQM) model. The Balanced score card is a system that is used to measure performance in terms of customer satisfaction, financial performance, development of staff and organisational learning. EFQM is a model which many organisations are starting to use and it can be used at different levels in an organisation to measure of service delivery. EFQM focuses on measuring leadership, people management, policy and strategy, resources and processes; results of these can be reflected on customer satisfaction, employee satisfaction, impact on society and financial results of the company (Cook, 2010). This model is shown in figure 2.5 and discussed below:

In the EFQM figure shown above, all the categories are weighted to show significance of each; this framework start with leadership at ten per cent, people or employees at nine per cent, policy and strategy at eight per cent, partnerships and resources at nine per cent and processes at fourteen per cent. These categories together form the enablers of results to be achieved by the organisation; the actual results are also weighted with people results at nine per cent, customer results at twenty per cent, society results at six per cent and key performance results at fifteen per cent. Leadership, as shown by their weightings, is one of the highly weighted on the enablers’ side showing that is most important enabler. This is because the growth or the death of a business depends on the leadership that a company has, for example, if leadership does not practice some of the key leadership characteristics such as listening to people, encouraging team work, recognising and acknowledging
good performance, employees will be demotivated; demotivated employees do not perform at their best capabilities thus not meeting set goals. So, highly performing companies have leaders who are in control of the future and who make it happen for the company; these leaders are role models for the company’s values and ethics and inspire trust at all times. They develop effective mission, vision, values and ethics; they also define, continuously review and drive the improvement of the organisation’s performance (Cook, 2010).

Figure 2.5: The EFQM Assessment model

Leadership is then followed by strategy; highly performing companies implement their mission and vision by formulating a strategy that focuses on its stakeholders. Policies, plans, objectives and processes are formulated and implemented in order to deliver the organisational strategy. These companies base their strategies on understanding the needs and expectations of both its stakeholders and that of external environment such as increasing competition and others; internal performance and employees’ skills are taken into consideration when formulating and implementing the strategy.
The winning organisations value their people and create an environment that allows achievement of both organisational and personal goals. These organisations promote equality; they care for, keep them informed, reward and recognise excellent performance in a way that motivates employees, stimulate commitment and enable them to freely use their skills and knowledge for the benefit of the company. These organisations plan and manage all their partnerships such as suppliers and also internal resources in order to support its strategies and policies to ensure effective operation of processes (Coetsee, 2003).

Processes are the highest weighted enablers in this model; highly performing organisations design, manage and improve processes to increase value for their customers and other stakeholders. These processes are designed and managed to ensure that customers find value in products and services offered by these companies. Statistical data in service environments can be used to assist in designing processes; this should include the rate at which customers arrive in the shop, length of line before balking and the length of customers waiting before reneging (Yang, 2010).

High performing companies develop a set of key performance indicators and related results that determine the successful implementation of their strategies and supporting policies that are based on the customers’ needs and expectations. Accompanying these policies are the set of clear goals which are also based on the needs and expectations of these companies customers, in line with their strategies. They continuously review results over a set period to clearly analyse and understand the underlying drivers of observed trends and the impact these results will have on other performance of the organisation. Analysis and understanding of these trends helps anticipating future performance of the organisation and results to expect; this information also help organisations to compare their performance against that of its competitors, where relevant, change their strategy to achieve better than its competitor (Cook, 2010).

The perception customers have about the organisation plays a big role determining customer results. These may be obtained through different customer service methods such as customer surveys, compliments and complaints. These
perceptions give a clear understanding of how effective, from the customer’s perspective, the implementation of the company’s strategy, policies and processes are.

Last part of the EFQM is the key performance indicators. These are the internal measures used by the organisation in order to monitor, understand, predict and improve the performance of the organisation and to predict their impact on the perceptions of its external customers. These indicators should give a clear understanding of the efficiency and effectiveness of the deployment and execution of the organisation’s customer strategy and supporting policies and processes.

All the strategies discussed can be designed as a solution to challenges that a business is facing but their implementation success cannot be guaranteed. The successful implementation of any strategies can be blocked by various factors which exist inside the affected organisation. These factors that are possible barriers to successful implementation of strategies are: resistance to change, in this barrier both employees and managers become defensive when new policies and processes are introduced and would defend their existing ways of doing things. In order to prevent this, senior management should allow any issues relating to new processes to be raised and discussed in public; this makes all employees feel as part of decision making thus taking ownership of new strategies (Hough et al., 2008).

The second barrier to implementation of new strategies is the lack of organisational purpose and commitment. This is due to misaligned purposes between the line management and senior management resulting in less commitment put by line management in execution of new planned strategies. Senior management should strive for common purpose between all management levels and open discussion with all employees.

The third barrier is the prevention of organisational learning. This is caused by senior management basing their decisions on old mental models with dishonest feedback being given to employees and with no open discussions on implementation of strategies (Hough et al., 2008). There are five areas that organisations need to improve in order to be learning organisations; these are: “individuals should have a
good understanding of themselves, they should challenge the deeply entrenched mental model that members bring into their activities, build a shared vision for what the organisation wants to achieve, encourage open dialogue and co-operation among other groups to encourage team learning and finally, a ‘system thinking’ that encourages managers to step back and have an overall perspective of the organisation rather than focusing on one or some aspects of it”, Senge (2006).

The fourth barrier to implementation of strategies is due to power and existence of politics in an organisation. This problem could stem from managers fighting each other for different things such as resources, power to make decisions and career advancements. When managers put forward their departmental interests over those of the organisation, they use resources or employees for their department’s benefits without considering the implication that would have in the entire organisation (Hough et al., 2008).

So, the management team should be aware of barriers to strategy implementation and implement measures discussed above in order to prevent them. When all barriers are prevented and strategies implemented, reviewed and corrections made where needed, it becomes easier to achieve a transformed organisation with highly motivated employees that continuously focus their efforts in the right direction so as to achieve set goals, improve customer satisfaction and business results.

2.8 CONCLUSION

Service rendered to customers can have a detrimental or a good impact towards retention of customers thus success or failure of a business. Good service makes customers want to continue doing business with you; also they market your business to their friends and family members at no cost to your business through word of mouth. The same happens for poor service, customers tell their friends and family members who also tell their friends and the results are that more customers run away from your business and go to competitors for the same products and services you provide. This has unfortunately unwanted results of a company going out of business and eventually downsizing and closing its doors.
It is therefore important that customer service, as it is a product and the only product that is produced one at a time, on the spot and is customised by how a customer defines it, be closely monitored and enhanced.

Strategies applied in enhancing customer service consist of difficult and on-going processes but once these processes are started and are thoroughly and consistently practised they produce much higher returns than what is invested for their implementation. With implementation of strategies such as value creation, effective communication with customers, empowering employees and good customer service; it becomes an easy task to retain both your employees and customers. This causes your employees to be motivated, see themselves as being part of your business and that at the same time gets transferred to your customers through the passion displayed and good service they receive from your empowered employees.

Focusing on customers could also mean changing the traditional organisational structure and being ready to change an organisation in response to customer's needs. When necessary an organisation should look for better solutions, such as a new technology or an improved methodology. The better solution should be committed as soon as it is available and with all employees in the organisation involved.

As part of doing business, it is possible to encounter difficult customers and in this case it is important to learn to control your feelings and actions and find out what is bothering the customer then take necessary action based on the information received from the customer. These actions on dealing with customers require an employee to be empowered and authorised to take whatever action necessary to solve customer’s problem.
CHAPTER THREE

3.1 INTRODUCTION

In chapter two, a literature review on how to retain customers through customer service was done. Different customer retention strategies such as hiring the right people for the job, empowering them and creating an environment that is attractive to both employees and customers were discussed in this chapter.

Following on from chapter two is this research methodology chapter. Leedy and Ormrod (2005) define research methodology as an approach selected for conducting research, showing how the data collection tools and data interpretation procedures were developed as well as describing sample selection method and criteria for selection and interpretation format.

The purpose of this chapter is to discuss in detail the research methodology used and to provide motivation for using the selected methodology in solving the main problem, namely to:

- Analyse and evaluate how Canal Walk Vodashop can retain its customers through customer service in the cellular industry.

This chapter also presents the empirical research of this study which consists of a survey in which a questionnaire is used as a data gathering tool. The questionnaire is used to collect data about the extent to which the sound customer service strategies exist within the Vodashop; this data will be analysed in the next chapter and used to solve any problems found.

3.2 RESEARCH DESIGN

According to Gratton and Jones (2010), research is a systematic process of discovery and advancement of human knowledge that is generated by specific questions, hypothesis or problem.
Leedy and Ormrod (2005) state that research is not just a systematic process used to collect information about a problem but scientific approach and certain research tools are required. They further define research tools as specific strategies that a researcher uses to collect and interpret data, with the following as six general research tools:

- The library resources;
- Statistics;
- Measurements techniques;
- Human mind;
- Computer hardware and software; and
- Facility with language (Leedy and Ormrod, 2005).

The research definition stated above helped the researcher in structuring this study in a systematic way by dividing it into the main problem with three sub-problems. The main problem for this study is to:

Analyse and evaluate how Canal Walk Vodashop can retain its customers through customer service in the cellular industry.

**Sub – problem 1**: Analyse and evaluate the level of customer contact employees’ attitudes and behaviour.

**Sub – problem 2**: Analyse and evaluate processes in place at the Canal Walk Vodashop in order to provide solutions that meet customer expectations.

**Sub-problem 3**: Analyse and evaluate value creation methods for consumers or users of the offered services and products.

All these sub-problems were addressed by means of a theoretical study that was done in chapter two. This chapter showed that processes should be managed at every stage of employee-customer contacts and that these processes should include awareness, decision making, purchasing, follow-up service and returns or
replacements of products; also different departments involved in the customer process should work together. For these processes to be implemented effectively, people involved in conducting them should display positive attitude towards each other and customers. This positive attitude and behaviour amongst employees must be accompanied by empowerment; empowerment gives authority and confidence to make decisions thus boosting employees’ productivity (Belding, 2005).

In order to advance the knowledge about customer retention strategies implemented by the Vodashop and also the level of employees’ skills and attitudes, interviews were conducted with the Vodashop customers. The interviews helped in getting the views of these customers about their perception on services offered and whether they met their expectations.

Information on the interviews was incorporated in the design of the questionnaire that was used as a data gathering tool in this study. All the sub-problems were addressed by means of an empirical study and the research methodology used for the empirical study is presented and discussed in the next sub-section.

### 3.3 EMPIRICAL STUDY

According to Collis and Hussey (2009), research can be classified according to the purpose, process, logic and outcome. This is the reason why research was conducted, how the data were collected, analysed and whether the expected outcome is the solution to a particular problem or not. They describe research as being exploratory, descriptive, analytical or predictive; with:

- exploratory research being conducted when there are very few or no earlier studies to which reference for information about the problem can be made;
- descriptive research being conducted to identify and obtain information on the characteristics of a particular problem;
- analytical or explanatory research being the continuation of descriptive research, where a researcher would describe, analyse and explain why the problem being studied is happening;
• Predictive research being conducted to forecast the likelihood of a similar situation taking place elsewhere (Collis and Hussey, 2009).

The method used by the researcher in this study was the descriptive survey method because it is suitable to identify and obtain information on the characteristics of the customer retention strategies used in the Vodashop.

The chosen method does not only identify and obtain information on characteristics of the problem but also goes further in examining a problem by ascertaining and describing the characteristics of the pertinent issues (Swanson and Holton III, 2005).

So, this method will further examine the customer retention strategies implemented at the Canal Walk Vodashop by ascertaining and describing the characteristics of important issues linked to good customer service practices.

3.4 THE POPULATION AND RESEARCH SAMPLE

Selecting a sample is the important part of a qualitative research and it is made up of some of the members of the population (Collis and Hussey, 2009). They define population as a collection of items that a research is being conducted on, with sample as being the fraction or subset of the population; they also state that a good sample for the population must be taken at random, be unbiased and must be large enough to satisfy the requirements of the research.

According to Polonsky and Waller (2010), there are two types of samplings; they are probability and non-probability samplings. Probability sample is the one in which each element of the population has equal probability of being selected for the sample and is divided into four sampling techniques, namely simple random sampling, systematic sampling, stratified sampling and cluster sampling. Simple random is defined as the technique in which each member has a known and equal chance of being selected; systematic sampling is the technique in which a random starting point is selected followed by selecting n\text{th} member of population in succession.
Stratified sampling divides the population into two subpopulations then randomly selects members from each subpopulation. Cluster sampling is also a two subpopulation technique that is divided into mutually exclusive clusters; also in this sampling method members are selected randomly (Polonsky and Waller, 2010).

The sample for this study was randomly selected; this is the sampling method where each member of the population has equal chance of being selected and selected independently from each other. The sample included nine prepaid customers that have been with Vodacom network for more than six months; thirty six contract customers.

The reason for the period of six months for prepaid customers to be interviewed was that, it has been found that customers on pre-paid packages tend to frequently change cellular network providers within a short period of time but those that are six or more months tend to remain with the network provider they have chosen thus deemed to be providing more reliable information for research purposes (Vodacom Group, 2008).

The questionnaire was administered via the telephone to randomly selected customers who were on different service packages to ensure that each package was represented.

In the case of some customers, the telephone was used due to its high response rate and few customers were emailed the questionnaire at their request. These two methods of administering the questionnaire are discussed in detail in section 3.6 of this study and next section is how the questionnaire was developed and structured.

### 3.5 THE DEVELOPMENT AND STRUCTURE OF THE QUESTIONNAIRE

Polonsky and Waller (2010) state that there are two main sources of data; these sources of data are primary and secondary data.
They define primary data sources as things that are under investigation and that have never been analysed by anyone else before; secondary sources provide a researcher with existing data that has already been analysed by somebody else. Malhotra, Hall, Shaw and Oppenheim (2006) have a model that shows these two types of research data; this model is shown in figure 3.1 and briefly discussed below.

Figure 3.1: Research Data Types

According to Malhotra et al. (2006), methods used to gather data are displayed from left to right across figure 3.1; they suggest that secondary data be used first because it provides background for the researcher to work from. Secondary data can be found inside the company or externally; externally means data can, for example be collected by an independent organisation. Externally collected data can be published via different data channels such as journals, newspapers; databases are also used to store and access data from external source by, for example, doing searches of required information on internet (Malhotra et al., 2006).
Figure 3.1 shows that primary data can be qualitative or quantitative; in qualitative research small number of participants are required to provide their feelings and thoughts on the subject that is being researched (Gibson and Brown, 2009). Qualitative research can be conducted as follows:

- Focus groups: here participants are grouped together with a leader guiding them in discussing how they feel and what their reaction is about the researched phenomenon;
- Interviews: in this method questions are planned in advanced to find out from selected participants what they do and also how they feel about a certain problem being researched; and
- Projections: this is the method used to get participants’ subconscious feelings, thoughts and the most used methods are storytelling and sentence completion (Gibson and Brown, 2009).

It is from this small number of participants and methods that the conclusion on the researched subject is made.

Quantitative method is another method used to gather primary data; data are collected using surveys, observations and experiments; these three collection methods are described as:

- Observation: this method is used mainly in laboratories and natural environments where observations about participants’ actions are recorded
- Surveys: usually a questionnaire is structured then given to the respondents and is usually used to gather information on attitude, motivation and behaviour. Demographic and life styles of respondents are often compared to the way they behave and their attitude; and
- Experiments: this is the method that is often used in scientific research; experiments are often conducted in a laboratory with smaller number of participants. This method is less expensive and can be done over shorter period of time than other methods (Polonsky and Waller, 2010).
Hair, Celsi, Money, Samouel and Page (2011) say that questionnaires and interviews are more commonly used research methods because they carry relatively low costs and are more suitable for wider geographically dispersed participants.

Saunders, Lewis and Thornhill (2009) also agree to the statement that says questionnaires and interviews are most common methods, but add that many researchers do not consider other methods such as observations, secondary data sources but rather jump into using questionnaire as their preferred method. The concern they have about this is that, jumping into developing questionnaires and conducting interviews without considering other methods such as the readily available data in the form of secondary sources can be costly and time wasting.

Questionnaires and interviews are the selected methods for this research because no research was ever done for a specific Vodashop especially on customer retention or service. It is best to hear from customers how they feel and perceive their interaction with this shop so that corrective measures can be implemented to make improvement where required.

Leedy and Ormrod (2005) state that it is important to follow guidelines when developing a questionnaire; these guidelines are that the language used must be simple and clear, questions should be short and brief, there must be consistency, the researcher must make the respondents see it easy to respond to questions and also conduct a pilot study.

A questionnaire was used as a tool for collecting data in this study; this is one of the most common data collection tools used in research. The questionnaire was used to determine the extent to which the customer-contact employees are skilled and empowered, what processes are put in place to ensure best customer service and how customers and employees perceive the environment they work and do business in.

The literature study discussed in chapter two was used to develop this questionnaire. The questionnaire was selected as a data gathering tool because it allows for a uniform answering style and is quicker and easier to administer and analyse.
The Likert type scale was used to develop the questionnaire for the study; Struwig and Stead (2001) state that the Likert type scale is the preferred type to other forms of questions such as dichotomous or open-ended questions; this is because Likert scale provides ordinal data. The following Likert type scale was used:

- Excellent;
- Good;
- Satisfactory;
- Poor;
- Very Poor.

The questionnaire developed was divided into two sections.

- Section A was developed for customers and required these respondents to provide their biographical data. Biographical data assists in analysing and describing events in lives of the participants and also explains why participants behaved in a certain manner, showing participants’ feelings, problems and how they deal with them (Blessing and Chakrabarti, 2009).

  So, for this chapter and section, a questionnaire with biographical data was developed using multiple-choice and dichotomous questions without analysing the results and the questionnaire used is shown in Appendix B.

- Section B was also developed for customers and required these respondents to provide their perceptions based on their interaction with the services provided by the Vodashop.

  Section B questionnaire is also shown in Appendix B. This questionnaire was administered to the randomly selected pre and post-paid customers with network quality and competitiveness topics representing the value creation. Professionalism represents customer contact employees’ skills and attitude they show to the customers; with delivery, support and responsiveness representing processes inside the Vodashops.
3.5.1 VALIDITY

Any measuring instrument has to be checked for its validity; this is defined as the extent to which the instrument measures what it is supposed to measure with findings accurately reflecting the phenomena under study (Collis and Hussey, 2009). Trochim (2000) states that there are four validity types and each type address a particular question as follows:

Figure 3.2: Validity Types Questions

- Conclusion validity indicates the extent to which an instrument represents a specific concept and relies on subjective judgement of experts who are in a position to decide whether an instrument measures what the researcher wants to measure. In this study, the research department’s Manager in Vodacom and the researcher’s supervisor who is the lecturer at the NMMU
business school were requested to respond to the content and layout of the questionnaire;

• Internal validity is the extent to which the mechanism is perceived to represent exactly the pertinent areas that are essential to the subject content. In this study, the questionnaire was developed based on the results of the theoretical study with customers and customer contact employees at the Vodashop targeted to give their feelings and perceptions;

• Construct validity determines the degree to which an instrument successfully measures a theoretical structure. The theoretical study also contributes to the construct validity of the questionnaire;

• External validity indicates the extent to which the research can be extended to other groups. Though the questionnaire was administered to Vodashop customer contact employees and customers; it could be used in any product or service providing business (Trochim, 2000).

These validity types are illustrated in figure 3.2 above. This figure shows the questions addressed by each type as a staircase along with the key question for each validity type and how validity types build on one another.

Starting with the concluding step of this figure, Gliner and Morgan (2009) state that comparative and associational research approaches can lead to strong conclusions about problem variables but they are limited in showing the relationship between cause and effect on the variables. In compensating for the limitations, they say that an approximate validity needs to be done so that reason can be given for saying a relationship is causal and this is achieved by doing an internal validity.

Internal validity depends on how strong the research design is and has an influence on the conclusion whether independent variables caused changes on the dependent variables or not (Gliner and Morgan, 2009). They state that internal validity is susceptible to threats, namely, equivalence of groups on participant characteristics and also control of environmental variables. According to Hartas (2010), when the assigning of random treatment to similar groups is not done, lack of equivalence of groups happens thus causing differences in outcomes between them; therefore to prevent this, treatment to different groups should be randomised.
Jackson (2009) states that control of the environment helps in deciding who should be in the study and ensures that the sample is representative of the population about whom generalisation is to be achieved.

After internal validity has been done conclusion validity should follow; conclusion validity is defined as the degree to which a test measures some hypothetical construct (Frick, Barry and Kamphaus, 2009). They state that construct validity cannot be based on a single type research study; it should be based on a long term gathering of evidence about a particular measuring instrument using different procedures to assess its validity. Construct validity is shown on the graph below as the third step of the validity process and based on the construct help determine whether the researcher can generalise to the construct.

External validity helps people to be able to generalise the results of a research and say that results are true for other people in other environments in the larger targeted population (Johnson and Christensen, 2010). They state that external validity is susceptible to various threats and these include lack of population validity, ecological validity, temporal validity, treatment variation validity and outcome validity.

Population validity is defined as the ability to generalise the results to and across different parts of the targeted population; with ecological validity being the ability to generalise results across different settings. If results can be generalised across different times that is called temporal validity and when the same results can be generalised across different outcomes, outcome validity is achieved (Johnson and Christensen, 2010).

Once all these validity checks are done and found to be true for different situations, environments and times, then the results as shown by the last step on the figure can be declared to be valid.

So, in this study validity was checked by administering a questionnaire to the Vodashop customers; the researcher could therefore compare the responses obtained from the customer care centre reports to those obtained from the survey and compare the results to the theoretical findings.
The questionnaire used in this study measured the perception customers had of the products offered, behaviour and attitudes of customer contact employees and process implemented by the selected Vodashop.

The essence of the study was to find out if there are any gaps in the customer service strategies applied by the Canal Walk Vodashop and rectify any that are available in accordance to the strategies discussed in the literature review. This would ensure implementation of tried and tested customer service strategies resulting in retention of existing at the same time attracting new customers.

### 3.5.2 RELIABILITY

Anything can be measured accurately only when it can be measured and produce consistent results; this means that in order to have validity there must also be reliability in the data (Collis and Hussey, 2009). Reliability of a measurement instrument is the extent to which it yields consistent results when the characteristic being measured has not changed (Leedy and Ormrod, 2005). They further state that the more valid and reliable the measurement instruments, the more likely that the presented conclusions form the data collected and also reliably solve the research problem.

Struwig and Stead (2001), state that reliability of research can be determined by giving the same questionnaire to the same respondents after a period of time. The results of the two tests are then examined and if the same results on the two tests are produced then the data will be found to be reliable and this is called the retest method. Cohen, Manion, Morrison and Morrison (2007) state that reliability can be addressed in different ways as follows:

- Stability of observations: this is whether the same observations and interpretations would have been made if they were done at different time or place;
• Parallel forms: this is whether the same observations and interpretations had been seen if the researcher paid attention to other research problem during the observation; and

• Inter-rater reliability: this is whether a different person making with the same theoretical information and making the same observations would have seen and interpreted them in the same way (Cohen, et al., 2007).

They further state that reliability of a study can be reduced by a researcher being biased when conducting interview. Biasing can be caused by researcher not adhering to sampling instructions, by poor relationship of mutual understanding between interviewer and interviewee, changes to question wording and poor prompting and biased probing for more information (Cohen, et al., 2007).

For this study, some of same Canal Walk Vodashop customers who were interviewed in a previous year in the customer service study for Vodacom (Pty) Ltd were again asked to respond to the questionnaire specifically designed for this shop. The reason for this was that, most of the questions for the Vodashop questionnaire were taken from the Vodacom (Pty) Ltd questionnaire but only the suitable questions were selected.

Reliability of this study was done using the retest method; this method was used to determine whether the results obtained before would be obtained again. The researcher undertook a pilot study to ensure consistency at all times and questions asked previously were again asked. The second time the respondents answered the questionnaire they answered the same way they did when the pilot was conducted. There were questions that were similar where the respondents had answered the same way which was a form of ensuring data reliability.

### 3.5.3 PILOT STUDY

According to Sekaran (2003), the questionnaire should be tested before distributing it to the selected respondents. He further states that the aim of conducting a pilot study is to determine whether anyone has difficulty in understanding any of the questions
and also highlight inconsistencies so that, if any, they can be addressed before the actual survey is conducted.

The setup of the pilot study should be as close as possible to the actual study and if there are limitations in availability of participants, the most important ones should be avoided. Avoiding the use of most important participants for pilot study is due to that some of them have little time available therefore their time should be used for the actual study (Blessing and Chakrabarti, 2009).

The Research manager from Vodacom (Pty) Ltd assisted in the development of the questionnaire for this study; line managers who are in sales and also network departments were requested to complete the questionnaire to determine whether the questions were appropriate and whether they were clear and easy to understand. This pilot also helped to determine how long each respondent took to answer the questions and this time included in the questionnaire so as to inform the respondents.

The pilot study showed that there was a need for this short yet effective questionnaire as findings from the previous one was found to be taking longer to answer. Also, the respondents showed interest in participation and there were no major improvements that were suggested.

The suggested improvements were to add a column on the questionnaire for comment or suggestion on how a particular issue raised by the respondent can be solved and also on being specific when posing questions to respondents.

3.5.4 COVERING LETTER

Covering letter should state what the purpose of the research is and should provide clear instructions on how to complete and return the questionnaire.

Appendix A shows the covering letter that was attached for some of the customers administered on the email and it explains the purpose of the research, the due date for responses from participants and also how the completed questionnaire must be returned.
3.6 THE ADMINISTRATION OF THE QUESTIONNAIRE

There are different ways in which a questionnaire can be administered and each way is influenced by the costs, the size and location of a sample (Collis and Hussey, 2009). They list the following as the methods of administering a questionnaire:

- By telephone: this can be a valuable method as it is quicker to get response; the response rate for this method can be up to ninety per cent;
- By electronic mail (email): this method is inexpensive and quicker to distribute but its response rate is lower than telephone method;
- By post: this is a much inexpensive method and easy to administer but its response rate is very low;
- Face to face: the questionnaire can be taken to any location and has high response rate but is time consuming (Collis and Hussey, 2009).

The questionnaire was delivered via telephone interviews which were done by call centre agents and also by emails sent to some of the customers who have access to emails. The email customers were allowed a week in which to complete the questionnaire but the telephone interview completed the questionnaire as they managed to get hold of most of the targeted customers. Follow up after a week was done as the respondents did not all respond within the given time and not all participants responded.

The information supplied by the respondents was solely utilised for the purpose of the research and only the researcher know show the respondents answered the questionnaire. The cover letter informed the respondents that confidentiality was guaranteed and that they would not in any way be linked to any information that is published about the survey.
3.7 CONCLUSION

An overview of the research methodology and design used in this study was provided in this chapter, with a quantitative research design method and a questionnaire as data-collecting tool being used.

The questionnaire was administered to various customers staying in Cape Town and who are Canal Walk Vodashop customers. Both prepaid and contract customers on various voice and data packages from various geographical locations in Cape Town were selected randomly.

Response from the sample was received and in the next chapter the responses and findings of the survey are presented, explained and analysed.
CHAPTER FOUR

4.1 INTRODUCTION

As mentioned in the previous chapter that the purpose of this research survey was to provide insights and views that Canal Walk Vodashop customers have about this retailer. This information could be useful in developing customer service practices and strategies that this retailer could use and improve service it provides to its customers. The strategies could not only improve customer service but also help the selected retailer retain and possibly grow its customer base.

In order to acquire the insights and views of customers about the service this retailer offers, a questionnaire was developed and consisted of two sections. Section one was biological information about the responds and section two provided questions that would gather information about three aspects of customer service, namely employee behaviour and attitude, processes implemented by this retailer and also whether customers find value on products provided.

The questionnaire was administered via telephone and took less than five minutes to administer. The telephone administration method, as cited by Collis and Hussey (2009), is the quickest method that produces higher response rate than other methods available and it can also be helpful with sensitive questions. So, forty five respondents were randomly selected from the Vodashop’s customer base and this was based on their residential area, age, race and occupation.

Therefore, this chapter presents the analysis of the results received from these respondents. These results are presented in separate sections, with biological results being the first followed by section on customer service survey results. The customer service survey section is broken into the three subsections of interest under customer service, namely, employee attitudes and behaviour, selected retailer’s processes, value creation on products provided. The last section consists of the conclusion of the survey results and analysis.
4.2 RESEARCH RESPONSE RATE

Forty Five customers were initially selected for the administration of the questionnaire for this study in and around the Canal Walk Shopping centre. The administration was administered via telephone and fourteen out of forty five respondents were unwilling to do the questionnaire citing their busy schedules thus not having time for this exercise. Table 4.1 show the number of responses, nature of complaints, response rate as well as category of complaints are displayed in tabular format in.

Table 4.1: Number of Customers, Research Responses and Sample

<table>
<thead>
<tr>
<th>Number of Customers</th>
<th>Sample</th>
<th>Number of Responses</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1467</td>
<td>45</td>
<td>31</td>
<td>68.9%</td>
</tr>
</tbody>
</table>

Chart 4.1: Number of Customers, Research Responses and Nature of Complaints
The overall response rate of 68.9 per cent as shown on table 4.1 was an excellent result. This sample was selected randomly and represented all the population, race, age groups, gender, occupations and geographical areas that bring business to the selected store.

4.3 BIOLOGICAL RESULTS ANALYSIS

As mentioned in the previous chapter, the questionnaire for this study was divided into two sections and one of the two is the biological data questionnaire. Results of the biological data questionnaire are analysed in this section and are shown in tables 4.2 to 4.7 followed by a brief discussion of each table.

Table 4.2: Results according to gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of Responses</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>22</td>
<td>71%</td>
</tr>
<tr>
<td>Female</td>
<td>9</td>
<td>29%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>31</td>
<td>100%</td>
</tr>
</tbody>
</table>

Chart 4.2: Gender Response Rate
Table 4.2 and chart 4.2 show that 71 per cent of respondents are male customers; this is four per cent lower than the total number of male customers the Canal Walk Vodashop has. Female customers are at 25 per cent thus their representation on this study is at 29 per cent, which the researcher found to be a close match to the total female customer percentage the selected shop has.

Table 4.3: Results according to age

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of Responses</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 24</td>
<td>9</td>
<td>29%</td>
</tr>
<tr>
<td>25 - 34</td>
<td>5</td>
<td>14%</td>
</tr>
<tr>
<td>35 - 44</td>
<td>9</td>
<td>29%</td>
</tr>
<tr>
<td>45 - 54</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>55 - 64</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>31</td>
<td>100%</td>
</tr>
</tbody>
</table>

Chart 4.3: Age Response Rate
Table 4.3 and chart 4.3 show results of the questionnaire based on respondents’ age groups; the age breakdown closely matches the age groupings of the selected company’s customers. In the selected company’s customer base, age group between 18 to 24 amounts for 29 per cent, 25 to 34 is at 14 per cent, 35 to 44 at 29 per cent, 45 to 54 at 14 per cent and 54 to 64 age groups are at 14 per cent.

Table 4.4: Results according to race

<table>
<thead>
<tr>
<th>Race</th>
<th>Responses</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Coloured</td>
<td>13</td>
<td>43%</td>
</tr>
<tr>
<td>Indian</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>White</td>
<td>10</td>
<td>29%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>31</td>
<td>100%</td>
</tr>
</tbody>
</table>

Chart 4.4: Race Response Rate

Based on the researcher’s observations without formal research, these figures are true reflections of population of the affected shopping centre as a whole; at first sight there seems to be more young people employed mostly in the retail industry as sales
agents and managers. These people constitute the bigger percentage of the selected company’s customer base as shown above and also to note is that all information in this chapter regarding population demographics is obtained from Statistics South Africa (General household survey, 2009).

The Coloured population dominate the city within which the selected company does its business. This population constitute 45 per cent of the selected company’s customer data base and that is only 3 per cent lower than the number of respondents as shown in figure 4.4 and chart 4.4. White population follows on this company’s database at 30 per cent with Africans at 15 per cent and lastly Indians at 10 per cent.

Table 4.5: Results according to suburb

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Responses</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bothasig</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Century City</td>
<td>10</td>
<td>29%</td>
</tr>
<tr>
<td>Milnerton</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Table View</td>
<td>9</td>
<td>29%</td>
</tr>
<tr>
<td>Welgelegen</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>31</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Chart 4.5: Response Rate by Suburb
Table 4.5 and chart 4.5 show that Milnerton, Welgelegin and Bothasig suburbs each have 14 per cent of respondents; Table View and Century City suburbs are each represented by 29 per cent. This is a true representation of these suburbs when compared to the customer base from these areas that the selected Vodashop has.

Table 4.6: Results according to occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Responses</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Consultant</td>
<td>11</td>
<td>29%</td>
</tr>
<tr>
<td>Engineer</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Medical Doctor</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Bank Manager</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Store Manager</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Business Owner</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>31</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Chart 4.6: Response Rate by Occupation

Table 4.6 and chart 4.6 show the distribution of responses according to the six occupations that top the selected Vodashop’s customer base.
This distribution is dominated by sale consultants; this could be due to the number of retail shops that are in centre where the selected Vodashop is based but this would need to be investigated separately in order to verify this statement. The sales consultants make up 29 per cent of the distribution with all other occupations following at 14 per cent each.

Table 4.7: Results according to service package

<table>
<thead>
<tr>
<th>Service Package</th>
<th>Responses</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Top up</td>
<td>10</td>
<td>29%</td>
</tr>
<tr>
<td>Voice Contract</td>
<td>13</td>
<td>43%</td>
</tr>
<tr>
<td>Voice and Data Contract</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>31</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Chart 4.7: Response Rate by Service Package

Voice contract and Top up packages follow each other at the top of most sold packages from this store; this led to selecting respondents accordingly.
Table 4.7 and chart 4.7 show responses from participants who are on these two packages were at forty three per cent and twenty nine per cent respectively; these were followed by prepaid and voice and data contract packages at 14 per cent each.

4.4 CUSTOMER SERVICE SURVEY RESULTS

The research methodology used in getting the insights and view respondents have about the selected store was discussed in chapter 3; the methodology was discussed in order to get views on employee behaviour, the processes that are implemented and the perceived value created on products and services offered by this store.

TABLE 4.8: Responses on behaviour, value creation and processes

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>QUESTION</th>
<th>DNK</th>
<th>P</th>
<th>S</th>
<th>G</th>
<th>E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1 Responsiveness</td>
<td>How do you rate our responsiveness in dealing with you?</td>
<td>0</td>
<td>18</td>
<td>9</td>
<td>4</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>How do you rate the passion and enthusiasm shown by employees?</td>
<td>0</td>
<td>13</td>
<td>9</td>
<td>9</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>B2 Professionalism</td>
<td>How do you rate our professionalism in dealing with you?</td>
<td>0</td>
<td>13</td>
<td>9</td>
<td>9</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>How do you rate employees' knowledge of products and services offered?</td>
<td>0</td>
<td>9</td>
<td>9</td>
<td>13</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>B3 Support</td>
<td>How do you rate the waiting period in queue before you received assistance?</td>
<td>0</td>
<td>9</td>
<td>13</td>
<td>5</td>
<td>4</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>How do you rate the waiting period on the telephone before the customer support employee was available?</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>13</td>
<td>4</td>
<td>31</td>
</tr>
</tbody>
</table>
### B4 Delivery

<table>
<thead>
<tr>
<th>Question</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you rate our delivery on time performance?</td>
<td>4 5 0 13 9 31</td>
</tr>
<tr>
<td>How do you rate our commitment to meet your delivery expectations?</td>
<td>0 0 4 9 18 31</td>
</tr>
</tbody>
</table>

### B5 Competitiveness

<table>
<thead>
<tr>
<th>Question</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you rate the competitiveness of our products?</td>
<td>0 4 5 9 13 31</td>
</tr>
<tr>
<td>How do you rate value for the products and services offered by the store?</td>
<td>0 0 4 18 9 31</td>
</tr>
</tbody>
</table>

### B6 Overall

<table>
<thead>
<tr>
<th>Question</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you rate Canal Walk Vodashop?</td>
<td>0 9 13 5 4 31</td>
</tr>
</tbody>
</table>

Responsiveness and professionalism topics that are shown on Table 4.8 above were used to get insights that respondents have on the behaviour that is displayed by employees to customers in the store; for processes, delivery and support questions were used with competitiveness topic used to determine value of products as perceived by the respondents. Results of the questionnaire and response rates are given on the right hand side of the table. The results on these three topics are analysed and interpreted in the following sub sections.

#### 4.4.1 CANAL WALK VODASHOP’S EMPLOYEE BEHAVIOUR

Responsiveness Topic: results for question B1 of this topic show that fifty eight per cent of the respondents perceive responsiveness of the employees in dealing with them to be poor.

Chart 4.8: Employees’ Responsiveness Rating
Twenty nine per cent are satisfied whilst fourteen per cent of the respondents perceive the responsiveness of the employees to customers to be good. All this information is shown in chart 4.8 above.

On professionalism displayed by employees, forty two per cent deem the service offered by employees to be poor whilst twenty nine per cent of the respondents found this aspect of the employees to be satisfying and good. These results are shown in chart 4.9 below. Poor knowledge of products and services with response rate of fifty seven per cent has been shown by the results; twenty nine per cent and fourteen per cent of respondents perceived this aspect to be satisfying and good respectively.

Chart 4.9: Employees’ Professionalism

Both responsiveness and professionalism results showed that these are areas of concern and action needs to be taken to improve these elements. The extent to which these two elements exist in an employee, as discussed in chapter 2, are directly linked to availability or lack of customer service skills, ability, experience and motivation that each employee possess.

As discussed in chapter 2, people’s motivation levels are the source of good or bad attitude, and behaviour comes from the same elements of motivation. This means
that lack of customer service skills and knowledge of products and services offered by the selected store could lead to lack of motivation for an employee to perform his or her responsibilities and instil bad behaviour in him or her.

4.4.2 CANAL WALK VODASHOP’S PROCESSES

Support topic: Chart 4.10 shows that forty two percent of respondents were satisfied with the time they spend waiting on queues before receiving assistance from the store employees; sixteen per cent of respondents perceived the queuing system to be good with other thirteen per cent seeing it as being excellent. Twenty nine per cent of these respondents were not happy with queues and rated this aspect as poor.

Chart 4.10: Queuing Response Rating

Forty two per cent of the respondents showed that waiting period before telephone calls are answered is good with those perceiving this to be excellent and satisfying, all at fourteen per cent each. Sixteen percent rated this as poor and this means that there are some problems experienced by customers regarding standing in queues waiting for assistance; these problems could be due to less number of employees assisting customers during peak times or slow service but they need to be solved.
Delivery of products and services seems to be rated high with fifty eight per cent and twenty nine per cent of respondents saying that the store is good and excellent respectively in this aspect of customer service. These results are shown in chart 4.11

Chart 4.11: Product Delivery Rating

![Pie Chart showing product delivery rating]

Fifty eight per cent of respondents rated the store as excellent in showing commitment to meet customer’s delivery expectations whilst twenty nine per cent and thirteen per cent respectively perceived this to be good and satisfying. No respondents rated these to be poor; this means that the store is doing well on this aspect and it must try to at least maintain this standard or improve it.

4.4.3 CANAL WALK VODASHOP’S VALUE CREATION

In this section of the chapter, competitiveness of the store’s products and services as perceived by the respondents is analysed; this should help determine whether the offered products and services meet the customers’ expectations. Forty three per cent of the respondents perceived the products offered by the store to be excellent with twenty nine per cent saying the products are good. This means that the respondents see the products offered by the store as meeting their expectations compared to the same products but offered by the store’s competitors; only fourteen per cent of respondents that are satisfied.
Fifty seven per cent see good value for products and services offered by this store whilst twenty nine per cent rated this aspect as excellent.

4.5 CONCLUSION

The purpose of this chapter was to show the results of the empirical study, reflecting the insights and views of the respondents regarding the extent to which the selected store has implemented customer service strategies and to use this information to determine what needs to be done to make improvements where necessary. When doing the analysis of the results, the researcher took into consideration the objectives of the study as stated in the first chapter and noticed that there was consistency shown by respondents when they responded to customer service questions. The results of the survey showed that the store is doing very well in ensuring that the value of the products and services they offer, meets the expectations of their customers. As good as this is, it needs to at least be maintained or improved to ensure more quality and valued products.

However, two elements of good customer service strategies, namely, behaviour and processes were rated much lower for a company that aspires to retain its customers through customer service. This was shown by low ratings on employees’ professionalism and responsiveness to customers; in the next chapter recommendations on how to improve employee behaviour and also company processes will be given based on these results.
CHAPTER FIVE

5.1 INTRODUCTION

The previous chapters of this study provided overview of the industry within which the all Vodashops operate, literature review on customer service strategies, design and methodology used and analysis of data collected from respondents; all the information in these chapters was compiled using various references and was discussed in detail.

This chapter, chapter 5, provides the researcher an opportunity to close gaps that might be visible and to summarise what has been discussed, analysed and explained by the researcher in this study. In this last chapter, the researcher will attempt to provide solution to the main problem stated in the first chapter; the researcher will attempt to do this by bringing solutions to the sub-problems.

Also in this final chapter of the study, problems and limitations that the researcher came across during the research, opportunities that are there for the research to be extended and recommendations that are based on the differences identified by the empirical study will be discussed.

5.2 SUMMARY OF FINDINGS

The first chapter provided the overview of the mobile network industry, when this industry started in South Africa and what services are provided by this network; also provided in this chapter was the outline and introduction of the main problem with its sub-problems of this research study.

The main problem and sub-problems identified for this study were defined as follows:

- Main problem is to analyse and evaluate how Canal Walk Vodashop can retain its customers through customer service in the cellular industry.
The main problem thus the study was prompted by the fact that there are so many challenges that are facing mobile network service providers, with the Canal walk Vodashop included. These challenges include, amongst others, increased number of regulations that continue to erode the revenue generated by these service providers, for example, interconnection rates between different operators that were reduced. The revenue generated from these rates accounted for more than fifteen percent of the total revenue per each service provider; its reduction left a big loss in all the providers (Vodacom Group, 2008).

Another regulation that negatively impacted the service providers is mobile number portability regulation which allowed subscribers to move to other service providers without changing the cell phone number. This impacted heavily on Vodashops, prompting them to search for ways and strategies that they can implement in order to retain their existing customers (Econex, 2008).

Various researchers such as Zemke (2003), Gross (2004) and Cook (2010) did research on customer service excellence and they all confirm that the employer should recruit employees that display positive attitude and behaviour, create a physical environment that is attractive and also processes that meet the expectation of customers. These authors further confirm that customer service skills for employees especially customer contact employees should be developed, these employees must have qualification that is relevant to the job that they are expected to perform.

These authors state that good attitude, attractive environment and employee’s skills development coupled with the manager practising equitable working practices are essential tools to create a motivating environment. This motivating environment instils good attitude on employees which in turn gets displayed and provided to customers by the motivated employees.

Three sub-problems were developed for this study in order to solve the main problem; these were also addressed in different chapters of this study and also answers provided as follows:
• Sub-problem one is to analyse and evaluate the level of customer contact employees’ attitudes and behaviour.

A literature study was conducted, this helped the researcher determine what attitude and behaviour do customers expected and accept from customer contact employees; this information assisted in providing information that could be used to answer sub-problem one.

This literature review was done in chapter 2; it revealed that in order to minimise problems experienced at the front desk and bad attitude from employees, a criterion based selection process, performance related pay, annual and quarterly employee surveys and reviews should be practiced in a company. Furthermore, extensive job specific training must be provided to customer contact employees; types of training provided should for example include customer service, systems and procedures; these are company policies on customer service; communication skills which includes active listening and also sales training (Dorrian, 2007).

In addition to extensive training and other actions to be implemented, the employer should treat the existing employees equitably as if they were customers. This results in high employee retention and much fewer new employees to hire; the existing employees become a living testimonial to the customers that this is a great place to be part of and because of this employees’ friends and families will continue to do business with your company (Gross, 2004).

Therefore from Gross and Cook’s statements, both customer and employee retention is the function of a superior service received by the customer from employees and in turn by the employees from the employer; it is thus important for the company to recruit and hire best people with best people attitude and training must also be provided to these employees.

However, from the data analysis chapter, it was revealed that there’s an element of bad attitude being displayed by some employees from the Canal Walk Vodashop, for example, one of the respondents made a comment that “I applied for a contract transfer and upgrade in Aug 11. The sales person was a trainee and did not have a
clue. I believe there was no proper training for this guy”. So, this is a clear indication of how important it is for employees to be extensively trained before they provide service to customers.

So, employee recruitment criteria, equitable working practises and employee skills development are the key steps in ensuring best customer service and retention.

Through the literature review in chapter 2 and also the results obtained from the data analysis in chapter 4, sub-problem two was answered.

- Sub-problem two is to analyse and evaluate processes in place at the Canal Walk Vodashop in order to provide solutions that meet customer expectations.

In chapter two, it was stated how important it is to implement processes that should at all times meet the expectations of a customer. The qualities of well-designed processes should include the clear picture of the kind of experience that an organisation wants to provide to its customers, behaviour that must be kept and not violated by employees of an organisation, specific results an organisation wants to achieve in a certain time period and goals that fit an organisational cultural structure must be created and be consistent with an organisation’s vision and values (Basch, 2003). Most importantly all the above actions must be implemented and feedback requested and given to employees about the systems that are used.

When these processes are impeded, customer service gets to be negatively impacted; this for example, happens when an employee cannot get approval for necessary purchases or receive the run around when trying to solve problems. This inefficient process does not only adversely affect customer service but employee productivity as well because reaching any goal requires extra time and effort from an employee (Goodman, 2009).

It was therefore evident that, for smoothly functioning processes, an organisation’s clear vision directs and focuses people’s actions as they work to achieve goals that were set in accordance with the organisation’s values; vision provides goals,
relevance makes the goals matter to employees and values set the boundaries of acceptable behaviour within the working environment.

The data analysis showed a need for improvement in processes being implemented at this Vodashop; this was revealed when one of the respondents made a comment that she took out a new contract in February 2011 to get a BlackBerry 9300, as she tried the phone she noticed that it was not working properly and she took it back. The phone was sent to Johannesburg but could not be repaired and a "new" refurbished phone was sent to her. This caused this customer upset because she could not understand why she must get a refurbished phone whereas she bought and paid for a brand new phone.

So, the actions required to ensure smooth processes in an organisation, as mentioned above, are also being included as part of the recommendations for this Vodashop to implement.

Lastly, through literature review findings in chapter two and also data analysis in chapter four, value creation methods and also recommendations for the Vodashop were revealed.

• Sub-problem three is to analyse and evaluate value creation methods for consumers or users of the offered services and products.

Value is perceived by customers as the functional capabilities that products and services can provide in order to achieve their goals; for a company to do business with customers it must ensure that the perceived value is provided. The perceived value for a product or service must be at least equal to or greater than the money that is paid by customers for the same product (Stinnett, 2005).

Value in the Vodashop environment means that all products and services that are offered to customers must perform well and provide all the features and functionalities that were promised to the customer. For example, if a mobile handset is advertised by the Vodashop as being able to connect to internet, it must be able to
switch on and be able to pick network signal and also perform the internet connection function without any problems being experienced by the customer. Sub problem two example revealed that this has not always been the case for the Canal Walk Vodashop products; on this example, the customer took her phone back to the shop because it was not functioning properly thus she couldn’t get value for money.

Lastly, continuously seeking to understand what is valued by customers helps an organisation know why customers want to buy from your organisation, so that you can continue to fulfil the customer expectations.

5.3 DISCUSSION OF PROBLEMS AND LIMITATIONS

The questionnaire was administered telephonically; problems encountered were very few and were expected problems.

The following problems were encountered:

- Lack of interest and unavailable of some of the respondents, two respondents when called indicated that they were busy to assist with the administration of the questionnaire. This was expected to happen, other two subscribers who had the same customer profile as the others who declined were contacted successfully. The two that declined accounted for twenty percent of the sample.
- One respondent was unavailable; his mobile phone was off at the time of contact and again in this situation another subscriber that fitted the profile of the unavailable subscriber was contacted successfully.

There were some limitations for this study. These are details of what the researcher is responsible for and also the research scope of work; this is because the conclusion of a study may not be applicable in certain environments or may not address certain relevant issues thus important to state in the research paper (Gibson and Brown, 2009)
Limitations for this study were due to the size of the selected geographical area, this study was restricted to the Cape Town suburbs; this limits the subscribers dealing with company that are outside the area of study. The feelings and opinions of subscribers outside Cape Town were therefore not part of this research. The average biographical profile of the respondents from outer parts of Cape Town could also differ from that of the selected sample.

Sample selection guidelines as given by Collis and Hussey (2009:62) were strictly followed; this was to ensure that the selected sample was unbiased and represented the total population.

Therefore, despite the few problems and limitations that were encountered, the research can be taken as the true reflection of the feelings and opinions that exist amongst the customers of the selected company at a specific point in time.

5.4 RECOMMENDATIONS FOR IMPLEMENTATION

Recommendations could also be called “Suggestions for application of research”; this is because they detail how to implement the results of the study in the real world and these recommendations must be reasonable, feasible to implement and clearly useful (Gibson and Brown, 2009)

So, the following are the recommendations on findings that relate to each of the sub-problems that were discussed in chapter one of this study.

5.4.1 RECOMMENDATION FOR SKILLS DEVELOPMENT

As per findings of this study that the bad attitude and behaviour displayed by employees towards customers seemed to be amongst things that must be improved for the company being researched.
Dorrian (2007) stated that bad behaviour and attitude can be directly linked to lack of job related skills and training; so in order to minimise these problems experienced at the extensive job specific training must be provided to customer contact employees.

Cook (2010) provides a model that can be used to continuously ensure that employees are well trained; she calls this model a “Training Cycle”. This model is shown in figure 5.1 below and is discussed as to how it can be applied to the company under study.

The first step of the training cycle shown in figure 5.1 is to listen to customers; listening to customers helps understand the customer insights, behaviours and needs. Listening does not only mean verbal communication; some of the insights that customers have about your business can be received through different channels such as social media where customers voice their views on different products and services you offer and also about anything affecting them as buyers including the service offered by employees (Carroll, 2011).

Figure 5.1: Training Cycle

Source: Cook (2010)
There are three points that this Vodashop needs to take into consideration when listening to customer views; these are:

- What issues are being expressed by this shop’s customers? This helps in determining whether these issues are legitimate or not, if they are especially on social media channels, the manager must follow up with the customer who originally voiced the dissatisfaction, apologise for whatever made the customer unhappy and take appropriate action that would satisfy the customer, for example, have customer’s phone checked or replaced if it has something to do with poor functioning mobile handset;
- What sentiments are being shared by customers in general? These can either be positive or negative and can help show how customers feel about the products and services offered by this Vodashop. Traditional ways such as putting an X next to your views about service provided to you and also social media can be used; and
- What sentiments are specifically shared about customer-employee interactions? From this, the employer must determine whether the information is about Vodashop at large or about a particular incident that took place? Knowing this can help clear up customer experience details and draft actions to take in order to rectify and prevent same thing from happening in future.

All these customer insights and behaviours must be shared amongst employees; this helps in communicating and making all employees aware of different insights their customers have and most importantly how to deal with these different behaviours.

Secondly, set training and development objectives; this is a set of guidelines of what the company wants to achieve and this makes it easier to determine the type of training required in order to achieve the objectives.

In the case of Canal Walk Vodashop, the primary objective is to achieve the best customer service offered and as Cook (2010) says, training suitable for both the manager and employees in order to achieve this objective is as follows:
• Creating a departmental customer service vision: understanding the vision of the organisation helps align employees’ activities and makes it easier to achieve set goals;
• Benchmarking customer service: once employees have done this training they will be able to measure their customer service performance against their competitors and make changes where they are needed.
• Setting customer service team objectives: this training helps everyone to understand how to set departmental objectives thus daily activities leading to achievement of the set objectives;
• Customer handling skills and dealing with difficult customers: this helps employees, especially customer contact employees, improve their ways of providing service to customers and also learn how to deal with upset or irritated customers;
• written communication; and
• Team work and customer service: this training provides employees with skills on how to build strong teams and teaches them benefits of working as a team.

Based on the findings of this research, the training shown above would be suitable for the whole team from the Canal Walk Vodashop; it should help improve the attitudes, behaviours of the employees and make them aware of the different challenges faced within the customer service environment.

Thirdly, the employer together with employees should decide on the method of training to be selected; figure 5.2 shows different training methods. Telling and showing, and also knowledge training methods can be offered through different mediums such as lectures, workshops, prescribed learning and these two methods require very little trainee involvement; trainees, for example, can attend a workshop and to determine whether they are paying attention would be difficult to tell because there’s no means in place for the trainee to interact with them.

Discussion and experience, and skills and development methods require very high trainee involvement with the latter being the most highly trainee involved; these two
methods can also be offered on different mediums such as individual coaching, case study, mentoring and others.

Figure 5.2: Range of Training Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Medium</th>
<th>Level of involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telling and showing</td>
<td>lecture</td>
<td>Trainer involvement high/ trainee involvement low</td>
</tr>
<tr>
<td>Prescribed reading</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demonstration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Video/DVD/Podcasts/Webcasts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programmed learning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>knowledge</td>
<td>Group instruction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Workshop</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Discussion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E-Learning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Video/DVD/Podcasts/Webcasts</td>
<td></td>
</tr>
<tr>
<td>Discussion &amp; Experience</td>
<td>Case Study</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exercise</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Role Playing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business Games</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Simulation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Job Shadowing</td>
<td></td>
</tr>
<tr>
<td>Skill and understanding</td>
<td>Individual Coaching</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mentoring</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Computer based training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Open learning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e-learning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>m-learning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Video/DVD/Podcasts/Webcasts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trainer involvement low/ Trainee involvement high</td>
</tr>
</tbody>
</table>

Source: Cook (2010)

When the employer is making a decision on what method to select for training, he or she should take the age group of his or her employees into consideration; this is because Generation Y (born between 1980 and 2000) employees are more technological aware and enthusiastic than Generation X therefore they would be
more interested to do training on methods such as electronic learning, mobile learning and all computer based methods (Cook, 2010).

The other advantage of electronic learning methods or computer based methods is that they are more effective in a busy working environment where the employees are required to be present at work place and attend to customers; this would be an option to be considered by the Vodashop when the training is scheduled during peak times of the business.

Where possible, that is, when there’s a much lower number of customers expected, the method that should be selected is the one that encourages participation, dialogue and debate between trainer and trainees; in figure 5.2 this is shown as “Skills and understanding method” and this is where the trainee is expected to be highly involved.

Once the suitable training method has been selected, the manager should organise relevant training with the training suppliers to conduct the requested training and development.

After the training has been conducted with the employees, validity of the training should be done; according to McArdle (2010) this is a process of evaluating the success of training on employees and this leads to improvements in the content, duration and instructional strategies of the program.

According to Cook (2010), in order to achieve validation of training programme, all the trainees should each keep learning points of the programme they attend. Once trainees have recorded the learning points, they should present them and highlight ways in which the programme could in the future be done.

The next step of the training cycle is to review performance of the employees. According to Coetsee (2003) performance is the realisation of set goals and meeting of expectations and is the product of skills and development, motivation and resources (equipment, tools, information etc.). So, the following are the steps that
Vodashop’s manager is required to follow in order achieve high performing employees:

- Job responsibilities and expectations with time frames must be set by the manager and clearly communicated to the employee;
- Give feedback and support to employees throughout the set period; and
- Formally evaluate the performance of each employee.

An example of a performance review template is attached on Appendix C.

Following review performance step is the coaching and employee development; Nelson and Economy (2010) state that both the employee and manager must make a joint agreement and put an effort in coaching and development of an employee. This is because coaching and development is an on-going process that requires support and encouragement from the manager to the employee; employees just need to identify areas where they want to be developed. They state that following are the key steps that must be followed in creating the employee development plan:

- Goals that must be achieved: these goals must be specific, clear and be time bound;
- Resources required to achieve set goals: these resources include assignment of an employee to teams, very challenging tasks, formal training and others;
- Standards for measuring completion of goals: every goal that is set must have a way to determine whether it is completed or not, for example, completion of a goal could be determined by whether the employee using the learnt skill Nelson and Economy (2010).

So, these three steps should also be taken into consideration for the Vodashop employees and they are important for the success of coaching and development of an employee.

Last part of the training cycle as shown in figure 5.1 is to listen to customers. This stage is the same as the first stage of this cycle and this is because this is significant
for the success of this cycle and the business, in this case the Canal Walk Vodashop. Continuously keeping customers close and consider their views, feeling and insights on your products and services makes it easier to quickly attend to issues raised and also improve where compliments have been given.

### 5.4.2 RECOMMENDATIONS ON PROCESSES

According to Singh (2003), processes should determine how things are done in an organisation and they should be managed at every stage of employee-customer contacts. There are various processes in various organisations and they include awareness, decision making, purchasing, follow-up service and returns or replacements of products. Different departments involved in the customer processes should work together in order to make sure that the customer makes a seamless transition from one area to another thus developing a positive image of the entire organisation (Bliss, 2006).

As found on the data analysis of this research that there are issues relating to poor processes being implemented by this Vodashop, for example one of the respondents mentioned that she bought a phone from this shop and only to find that some of its features are not functioning properly. Based on this finding, it is therefore important for this shop to draft and implement the six main steps of well-designed processes devoted to customer service as suggested by Basch (2003); these are:

- Creating the Vodashop’s Vision — this is a clear picture of the kind of experience that this Vodashop wants to provide to its customers;
- Values — these are rules of behaviour that must be kept and not violated by employees;
- Goals — these are specific results that the Vodashop wants to achieve in a certain time period, and goals that fit an organisational cultural structure must be created and must be consistent with an Vodashop’s vision and values; such goals should be:
  - Balanced — they should serve customers, employees and owners;
  - Contributory — they should foster profitable growth;
• Well-disseminated — they should be known to everyone in the organisation;
• Measurable — they should be assessed with feedback;
• Concrete and limited — limited number of goals must be set so that it can be easy for everyone to focus on achieving them;
• Relevance — this is the desire people feel about achieving a goal because they find it meaningful.

• Actions — these are particular steps employees and management need to take in order to achieve set goals. These actions, as stated by Goodman (2009) are:

  o Employees should strive to do the right thing the first time; this should minimise number of customers complaining about the service provided to them;
  o Should the complaints arise, the process should be made easy for customers to voice their unhappiness and information to solve those complaints be easy to find;
  o Linked to the training cycle, employees must be empowered to make their own decisions. This build confidence in employees thus motivated them to do even better in their job;
  o Employees must be encouraged to perform at full potential, this can be done by allowing them to do cross selling, for example, employees to deal with platinum, gold and silver categorised customers;
  o The service must be viewed as word of mouth management function; every transaction has a potential word of mouth impact be it positive or negative but this opportunity must be used for service improvement.

• Feedback — this is the measurement system that assesses employee’s and business achievement.

Furthermore to the six main processes to be followed are tasks that must be executed whenever a customer comes in at this Vodashop with problems relating to
a product that he took; these tasks are shown in figure 5.3 and are discussed below for Canal Walk Vodashop.

Task one: Respond to individual customer and capture data

First step to figure 5.3’s task one is for an employee to see the customer as a person rather than as a problem; this must be followed by the employee gathering and capturing information on factors impacting to the problem and this allows immediate diagnosis of how the problem came about. The gathered information must be kept in a data server for future reference.

Figure 5.3: Customer contact employees’ tasks to customer problems

![Diagram](image)

Source: Strategic Customer Service: Managing the Customer Experience to increase positive word of mouth, build loyalty and Maximise Profits (Goodman, 2009).
Task two: Identify sources of dissatisfaction

Problem capturing is followed by identifying the reasons for the customer to be dissatisfied. There's usually tension that arise during this period due to problem probing questions being asked by the employee to the customer; the employee is required to manage this tension by trying to stay calm, ask questions in a non-accusatory manner and explain to the customer why these questions must be asked. The employee needs to gather information that would help the company understand the nature and origin of the problem experienced by the customer.

Task three: Conduct root cause analysis

In some cases task three is not a customer contact employee's responsibility but questions asked in task two by this employee can make conducting root cause exercise much easier by asking specific questions relating to the reported problem. The analysis may start with customer contact employees then transferred to a department that is best suitable to analyse the causes of the problem. For example, in a case where a mobile phone does not switch on, asking whether the phone cannot switch on, when did the problem start? Was it connected to power outlet before stopping to work?, could give technicians a starting point and indicate that the power supply has been damaged by electricity; this would also increase the probability of making the problem solving shorter than when detailed and specific information was not available. For this analysis to be useful, a computer based database that is easy to use, that combines data from different sources and compiles and creates readable reports must be used.

Task four: Triage to solve or resolve system problems

The analysis that is done in task three assists the team, for example repairing the mobile handsets, in reviewing existing issues and making a decision on which problem to be fixed first. This triage exercise provides three possible results: prevention of similar problem by educating customers, prevention by repairing the
faulty product or deal with the problem whenever it is reported. Prevention of similar reported problems by education has advantage over other two methods, it also make those that who do not complain know how to prevent the reported problems from happening.

Task five: Provide feedback on prevention

All the information that the customer contact employees collect from customers contribute to preventive database and analysis that was described in task three. This database is used for identification and clarification of reported product or service problems, their causes and solutions. So this information can be used to provide feedback to customers on to prevent various problems that had in the past been reported; this for example, can be done by broadcasting the preventive messages to customers through their mobile phones. Constantly and continuously providing this type of feedback can help minimise problems experienced and reported by customers thus at times saving costs for the business.

Task six: Confirm improvement of product and service quality

The final task is to confirm to the customer that the problem has been resolved and also give a description of how the problem was resolved. This provide a customer with an information that he can use to prevent the same problem from happening again and also keeping description on resolving a problem in your database can assist in determining which of your products are susceptible to certain type of problems. Once you have the information on problems mostly experienced by certain products, the company take that up with the manufacturers or suppliers of the affected product.

Having the six qualities and six main processes to be followed discussed above would help the Vodashop in effectively dealing with customer problems relating to products and services offered by this company thus minimising costs associated with product defects and chances of losing valuable customers.
5.4.3 RECOMMENDATIONS ON VALUE CREATION

Customers perceive value as the functional capabilities that products and services can provide in order to achieve customer’s goals; for a company to do business with customers it must ensure that the perceived value is provided. The perceived value for a product or service must be at least equal to or greater than the money that is paid by customers for the same product (Stinnett, 2005).

In order to have great value service provided to customers, value must first be created for employees; employees must feel that they are valued by the Vodashop so that the employees can treat the customers the way they believe they are treated (Brooks, 2002).

This section of this study did not show any problems relating to low value products and services that are perceived by the respondent but it is important for the Vodashop to understand the meaning of value creation as defined by both Stinnett (2005) and Brooks (2002) and also to implement, if not already doing so, the recommendations that are provided by these two authors in order to improve this aspect of customer service.

5.5 FURTHER RESEARCH OPPORTUNITIES

(Hofstee, 2006) states that future research opportunities are required for a study in order to address things the researcher couldn’t do but that flow from the work that has been done; his argument is that in life in general one good answer is usually followed by several new good questions. So, this section of this study serves as the final part that is required for completion of this research study so as to provide identified opportunities of the research problem that can be researched further.

The researcher believes that investigating this research further will help complement knowledge and findings that were gained from this study; the following points are valuable for further investigation:
• The size of the mobile network industry in South Africa is very big; also the geographical area serviced by the Vodacom is as big as the entire country. This is the reason for having so many Vodashops in the entire country so that the products and services offered by this company can be close to all people in this market. The size of the mobile network market confined this study only to the Vodashop based at the Canal Walk shopping centre in Cape Town. Similar research on the same topic could be done in other geographical areas in Cape Town and also in other South African provinces in order to see whether results obtained in this research could be produced for other geographical areas.

• The bad employee attitude and behaviour that was reported by one of the respondent is another aspect of this study that can be investigated further. As much as recommendations relating to improving employee attitude were given in this study, more investigation can be done to find out, beside lack of skills and development, what are other underlying causes to the bad attitude displayed by employees at the Canal Walk Vodashop. There are various causes both internal and external; for example, an employee might feel that he or she is paid much less than colleagues on the same level that are doing the same job, the management style of the superior in charge of the Vodashop is perceived to be autocratic and or the employee is experiencing problems outside the working environment.

5.6 CONCLUSION

The decline in revenue generated from voice traffic together with increasing number of competitors and Government regulations puts pressure on the mobile network industry thus forcing the players in this industry to continuously look for effective ways of sustaining their businesses. This study revealed that the interconnection fees regulation alone impacted heavily on all mobile network players causing them to lose revenues of around fifteen per cent. Further to the above revelations, this study showed that conventional ways of retaining and attracting customers are no longer effective as they were in the past; these include strategies such as price drops.
Through this research, it was revealed that excellent customer service helps an organisation to achieve customer retention and the potential customer growth; this growth can be achieved free of charge and only by word of mouth marketing strategy. However, there are various customer service strategies that must be consistently and continuously executed in order to achieve this excellent customer service; incorrect implementation of these customer service strategies can result in undesired business circumstances such as breaking of teams that usually result to poor performance of employees and subsequent difficulty in meeting set targets.

The strategies recommended, which are training and development of employees, design and implementation of processes that are aligned to the strategy of the Vodashop and also of the customers’ needs and expectations, should be prioritised as they play a big role in the success of the business.
SOURCE OF REFERENCES


Ensor, L. 2009. *Cut telecoms costs or suffer regulation.* South Africa: Business day


APPENDIX A: COVERING LETTER FOR THE QUESTIONNAIRE

3 Blackburn Place
Beacon Bay
East London
Cell: 0829921942
September 2011

Dear Sir/Madam,

I am currently studying towards a Master's degree in Business Administration (MBA) at the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth.

In order to meet the requirements of this qualification, I am undertaking dissertation research with the title “Retaining customers through customer service in a telecommunications industry: a case for a Vodashop”. The research questionnaire is directed at customers who do business with the Canal Walk Vodashop and who are based in Cape Town.

I would like to request your assistance in completing and returning the attached questionnaire; the questions should take less than 10 minutes. Please note that the confidentiality of the results is guaranteed and the survey is anonymous.

Please e-mail the completed questionnaire to chris.mtatsi@vodacom.co.za or fax a copy to (021) 400 8177 by no later than Friday, 23 September 2011.

Thank you for assistance

Yours sincerely

Chris Mtatsi
Researcher

Dr. Cullen
Supervisor
APPENDIX B: BIOLOGICAL QUESTIONNAIRE

Section A: Customer Information Questionnaire

The following details are required for statistical purposes and confidentiality is guaranteed. Please respond by putting a tick next to your answer under response column:

<table>
<thead>
<tr>
<th>Question</th>
<th>Action</th>
<th>Suggested Choices</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Please indicate your gender</td>
<td>Please tick one of the choices</td>
<td>· Male</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Female</td>
<td></td>
</tr>
<tr>
<td>A2 Which range includes your age?</td>
<td>Please tick one of the choices</td>
<td>· Younger than 18</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· 18 -24</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· 25 - 34</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· 35 - 44</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· 45 - 54</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· 55 - 64</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· 65 or older</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Prefer not to answer</td>
<td></td>
</tr>
<tr>
<td>A3 Please indicate your race</td>
<td>Please tick one of the choices</td>
<td>· African</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Coloured</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Indian</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· White</td>
<td></td>
</tr>
<tr>
<td>A4 Please indicate your disability</td>
<td>Please tick one of the choices</td>
<td>· Disabled</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Not Disabled</td>
<td></td>
</tr>
<tr>
<td>A5 What Suburb do you live in?</td>
<td>Please specify</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6 What City do you live in?</td>
<td>Please specify</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7 What is your occupation?</td>
<td>Please specify</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8 What cell phone package are you on?</td>
<td>Please tick of the choices</td>
<td>· Prepaid</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Top up</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Data Contract</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Voice Contract</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Voice and Data Contract</td>
<td></td>
</tr>
</tbody>
</table>
## Section B: Customer Service Questionnaire

Please tick the appropriate box to indicate your degree of satisfaction with our service:

<table>
<thead>
<tr>
<th>Customer Service Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where: 5 = Excellent, 4 = Good, 3 = Satisfactory, 2 = Poor, 1 = Do not know</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>QUESTION</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Network Quality How do you rate our Network Quality and Performance?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td>Responsiveness How do you rate our responsiveness in dealing with you?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B3</td>
<td>Professionalism How do you rate our professionalism in dealing with you?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B4</td>
<td>Support How do you rate the waiting period in queue before you received assistance?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>How do you rate the waiting period on the telephone before the customer support employee was available?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B5</td>
<td>Delivery How do you rate our delivery on time performance?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>How do you rate our commitment to meet your delivery expectations?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B6</td>
<td>Competitiveness</td>
<td>How do you rate the competitiveness of our products?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>-----------------</td>
<td>----------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do they represent best value for total cost of lifetime ownership?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B7</td>
<td>Overall</td>
<td>How do you rate Canal Walk Vodashop?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Any comments or suggestions that would help us improve our quality of customer service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>