

# Thesis

**Title:** *An investigation of service delivery: the difference between front-line employees' and customer's perception of the service delivery within the New Zealand Real Estate Industry.*

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## **Attestation of Authorship**

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a university or other institution of higher learning, except where due acknowledgement is made in the acknowledgments.”

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Vicki Anne Edwards

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## **Abstract**

The aim of this thesis is to investigate the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry. This research examines the service perception of the service delivery within the real estate industry using an exploratory study, pretest and a survey. The lack of knowledge within real estate particularly around the importance of services has been a major motivator for this research.

In reviewing the literature, a substantial amount of literature was available on service delivery however there was a gap in the literature on the service delivery in the real estate industry. This research addresses this gap through analysing the real estate industry, focusing on the Auckland market.

Four dimensions of service were identified using SERVQUAL . Findings from the factor analysis showed that employees and clients have different perceptions of service. The management implications are wide and will positively impact the industry. For the industry, increasing service delivery will ensure the industry gains a more professional image and standing within New Zealand business.



# **Chapter 1: Introduction**

## ***1.1 Introduction***

The delivery of quality, in goods and services, became a marketing priority in the 1980's (Leonard and Sasser, 1982; Rabin, 1983). Though marketers of tangible goods have defined and measured quality with increasing levels of precision, (Crosby, 1979; Garvin, 1984) marketers of services experience difficulty in understanding and controlling quality (Parasuraman, Zeithaml and Berry, 1988). Many service firms are inclined to failure within service delivery, due to the attitudes and behaviour of contact employees, which significantly influences a customer's perception of the intended service (Bowen and Schnieder, 1985).

*This study investigates the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry.* This research direction is founded on Parasuraman, Zeithaml and Berry's (1988) SERVQUAL study, which measures the gaps between the perceptions of service delivery between front-line employees and customers. In particular this study examines the influence of the five service dimensions; tangibility, assurance, empathy, responsiveness and reliability within the New Zealand real estate industry.

The real estate industry in New Zealand has been selected for the study, as it deals with a high-value consumer product within a service industry. The service problem in real estate is the lack of knowledge of the importance of the service provided by front-line employees and the consumed service. This lack of knowledge impacts on the real estate agents and companies because customers take their business elsewhere or buy and sell privately. The transaction of houses in New Zealand is a multifaceted one, where success for the vendor and purchaser is dependent on the knowledge, expertise and advice provided by the real estate company and agent involved.

Chapter one provides the reader with an overview of the research area of service marketing. This chapter firstly examines the background to the research problem and why the real estate industry has been chosen for the research, it will then outline the research problem and the hypotheses for the research. Subsequently the justification for the research will be analysed

including the intended methodology. An outline of the thesis will then follow including the definition of terms and delimitations of scope and key assumptions.

## ***1.2 Problem Orientation***

The New Zealand real estate market is highly competitive. Greater marketing and professionalism is now a requirement in the real estate industry, as is the service provided to procure a successful sale and or purchase. As in the real estate industry, service delivery is complicated by the presence of the customer at the point of service production (Chase, 1978). The customer contact employee must accommodate uncertainty and variability introduced by the customer (Sergeant & Frenkel, 2000), which in the real estate industry is vital to being successful. Average service and lack of knowledge is no longer acceptable to vendors and purchasers in the buying or selling of property, like all industries within New Zealand, stringent legislation and ethical practice is strongly upheld and governed by the real estate institute of New Zealand.

Accordingly these aspects highlight the significance of services marketing both in New Zealand and internationally. This thesis concentrates on investigating the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry. An understanding and appreciation of consumption and the consumer in real estate services is arguably more important than ever if providers of real estate services are to rise to the competitive pressures building in the sector.

Real estate, as with all service businesses, need to focus on the quality of service as it is becoming an increasingly important differentiator between competing businesses (Parasuraman, Zeithaml and Berry, 1988) and in many industries, such as real estate, it is often the only core differentiator. Currently the real estate industry does not appreciate the impact (Cahill, 1995; Johnson, Dotson, & Dunlap, 1988; Nelson & Nelson, 1995; Seiler, Webb, & Whipple, 2000) that front-line employees have on the service delivery process and the data gathered from this study will contribute substantially to the industry.

This research study will enable employees of the real estate industry to understand and increase their awareness of the importance of good service delivery, this in turn, will significantly improve real estate practice within New Zealand which supports Rex Hadley's

(2004) statement that the Real Estate Institute of New Zealand is committed to adding value to the day to day services provided by real estate agents.

### ***1.3 Background to the research problem***

Since the early writings on service management (Gronroos, 1984) there has been a general agreement on the important role of front-line employees in delivering quality service. Recent comparative research has provided some evidence of the positive impact of front-line job related conditions, internal marketing and training (Parasuraman, Berry and Zeithaml, 1991; Bowen and Schnieder, 1985, Boshoff and Tait, 1996; Nielsen and Host, 2000) thus providing an area of interest and subsequently a gap within the real estate industry.

The front-stage versus the back stage perspective is critical to the outcome of service quality. Research has provided an insight into the significance of the two perspectives of front-line employees and the customers (Hsieh and Hsieh, 2001; Mangold and Emin, 1991; Parasuraman, Zeithaml and Berry, 1988; Tsang and Qu, 2000). As Keating and Harrington (2002) state, an improvement in the service-delivery process offers an opportunity to improve the overall quality of the service – an approach which is likely to be especially valuable when facing difficult market conditions, a characteristic of the real estate industry.

The business problem facing the real estate industry is the lack of information regarding the impact of the relationship between customer contact employees and the customers' perceptions of the intended service (Johnson et al., 1988; Nelson & Nelson, 1995; Seiler et al., 2000). Currently the industry does not recognise the relationship and can therefore not improve on its service offerings or rectify service failures that will be currently occurring within the industry thus the magnitude of the importance of this research is enormous.

With the business problem highlighted, it raises the question of how to measure the perceptions of customer contact employees and the customers' perceptions of the intended service. Previous research within services marketing has focused on the gap between front-line employee's perception of the level of service delivered to the customers and the customers perception of the level of service that was actually delivered from the front-line employees (Burton, Sheather and Roberts, 2003; Ham, Johnson, Weinstein, Plank & Johnson, 2003; Hartline, Woolridge and Jones, 2003; Hsieh and Hsieh, 2001; Johns and Howard,

1998; Johnston and Heineke, 1998; Mangold and Emin, 1991; Tsang and Qu, 2000). However the majority of research on front-line services versus the back stage perspectives has been predominantly carried out in the hospitality industry (Bandy, 2002; Hartline and Jones, 2003; Mangold & Emin, 1991; Tsang & Qu, 2000).

The proposed research is being conducted within the real estate industry, an industry that has few academic writings and sparse research carried out within the realm of services marketing (Cahill, 1995; Isakson and Spencer, 2000; Lee and Kok, 1996; The New Zealand Real Estate Industry, 2001). However it is by no means a small industry in New Zealand with it providing employment for over 16,000 people and having reported an increase of 3.8% of Real Estate Companies in New Zealand since 2000.

The industry is a large part of the New Zealand economy, predominantly involved in service encounters and is of interest to a large number of the population. The real estate industry in New Zealand is governed by the Real Estate Institute of New Zealand. All agents are expected to comply with the Institute's code of ethics which protects the consumers and to ensure that the industry remains professional and reducing unethical practices in connection with any real estate transaction (Real Estate Institute of New Zealand, 2004).

The New Zealand real estate industry has enjoyed a buoyant market over the previous two years. The industry provides employment to a large number of New Zealanders and provides a professional service of buying and selling property within New Zealand. However poor service can negatively impact this industry on a large scale. It is an industry that is constantly in the media with particular focus on the negative service and unethical behaviour of agents or agencies with service and commission rates being questioned.

The industry is well known to be prone to a seven year cycle dependent largely on supply and demand, interest rates and the health of the New Zealand economy and international economies. The New Zealand economy as a whole is more robust than previously expected and more likely to grow than shrink in the coming years (National Business Review, 2004). However the real estate industry is currently not as buoyant with prices stabilising and houses remaining on the market longer than previously (Real Estate Institute of New Zealand).

The real estate industry currently uses minimal marketing principles. As Cahill (1995) states, the marketing concept consists of three requirements: examining people's needs and wants as the basis of deciding what the business will do, select the best way to meet those needs and wants and achieving the organisation's performance goals by meeting those needs and wants to the customer's satisfaction. Cahill's (1995) study demonstrated the lack of use of the above marketing principles which can be aligned accurately with the New Zealand market. In summary it is designing an organisation committed to delivery to customers of what they want and need which will positively impact on this industry.

The effects of poor service quality within the real estate industry severely impacts on both the clients, agents and the real estate company. If a client is not communicated with frequently, is given unfair treatment or unethical service they may decide to use an alternative agent either from the same company or a competing company or buy and sell privately, this in turn negatively impacts on the original company, their reputation, working in between companies and limits referral business.

#### ***1.4 Research Problem and Hypotheses***

The following is the proposed research problem that will be conducted within the real estate industry.

***To investigate the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry.***

The principal purpose of the research is to establish whether the levels of service quality provided by front-line employees and received by customers are perceived to be the same. The research is guided by the following questions:

- From the contact employee's point of view, what service quality aspects are important?
- From the customer's point of view, what service quality aspects are important?
- Do customers and front-line employees report the same level of service quality delivered and received during the service encounter?
- Are the service dimensions ranked the same by real estate clients, employees and managers?

The above questions have been chosen to understand the research problem from both the customer's perspective and the front-line employee's perspective and to enable an understanding of the service quality that has been delivered. These questions are the basis of the research problem and the areas that will be analysed to comprehend the different perspectives.

The following are the hypotheses for the thesis:

H<sub>(1)</sub> = There are differences between the perceived levels of service delivered by real estate agents and received by the Clients

H<sub>(2)</sub> = The customer's perception of the service, provided by the real estate customer contact employee, is represented by the five dimensions of SERVQUAL which are; reliability, responsiveness, assurance, empathy and tangibles.

H<sub>(3)</sub> = There is a relationship between the importance attributes between the real estate agent and the manager

H<sub>(4)</sub> = There is a relationship between the age of clients and their expectation of service delivery

H<sub>(5)</sub> = There is a relationship between the number of houses bought by clients and their expectation of service delivery

H<sub>(6)</sub> = There is a relationship between the agents length of time in real estate and their perception of their service delivery

### ***1.5 Justification for the research***

The aim of the study is to investigate the perception of service delivery within the real estate industry. Currently the real estate industry is unaware of the impact of front-line employees and service delivery (Cahill, 1995; Isakson & Spencer, 2000; Johnson et al., 1988; Sparks, Bradley, & Callan, 1997); consequently this research will contribute substantially to the

industry, education and the effect of service delivery (Johnson et al., 1988; Nelson & Nelson, 1995; Seiler et al., 2000).

The findings will contribute to both marketing literature and marketing practice. At the current time, there is a lack of academic articles or studies carried out within the real estate industry (Cahill, 1995; Isakson and Spencer, 2000; Lee and Kok, 1996; The New Zealand Real Estate Industry, 2001). The articles that are available focus predominantly on the traditional marketing principles (i.e. the four p's of traditional marketing) rather than focussing on services marketing and the marketing of intangible, heterogeneous products. Accordingly, this research aims to contribute substantial research findings, not only to marketing research, but also to the real estate industry both nationally and internationally.

This research will employ the SERVQUAL measurement tool (Parasuraman et al., 1988) whilst capitalising on the critiques and criticisms provided by several researchers, strengthening both the use of SERVQUAL as a measurement tool within services marketing and also the application and applicability of the tool within the real estate industry internationally. As Seiler, Webb and Whipple (2000) state the better a real estate firm understands the needs of its potential customers, the better it will be able to satisfy those needs and the more likely the firm will be successful, SERVQUAL will help enable the industry to gain that understanding of its potential customers.

This research will increase awareness of service delivery and possible gaps in understanding between managers, agents and clients. The gaps that are highlighted from the research will help inform the industry of how improvements can be made in service delivery and communication; this will result in a flow on effect by increasing the current standard of service delivery and will therefore increase the industries professionalism.

## ***1.6 Methodology***

An exploratory study will be conducted using various secondary sources to establish dimensions and attributes specific to the real estate industry which will form the basis of the questionnaire. A positivist approach will be used employing statistical analysis techniques to test the hypothesis.

A questionnaire was based on the SERVQUAL measurement tool (Parasuraman et al., 1988) and distributed via mail to 1000 respondents. Of that 150 questionnaires were sent to the managers of real estate companies, 425 to front-line employees and 425 to clients of real estate companies.

All surveys will have 28 questions in section a where respondents will be asked to rate the service provided based on the attributes of each question, section b also had twenty eight questions and will focus on the importance of these attributes. Section c will ask for demographics of the respondents and d, for any additional feedback.

## ***1.7 Definition of Terms***

Customer contact, customer interaction, customer encounters, customer participation, customer involvement and customer influence are the phrases used in the service management literature for this construct (Kellogg, 2000). The following terms –will be referred to throughout the thesis. Definitions of key terms used in this study are detailed below:

Service encounters:	Defined by a customer as coming into contact with any aspect of the company, however remote, and thereby has the opportunity to form an impression
Front-line employees:	An employee of a company that has contact with a customer whether it be by the phone, in person or via electronic means
Quality:	A measure of the extent to which the service delivered meets the customer's expectations
Perceived service quality:	The disconfirmation or disparity between the consumers' expectations and perceived service performance
Vendor:	The person who owns the home
Purchaser:	The client that is looking to buy the home
A Listing:	Vendor's or client's home that is on the market for sale
Sole and General Agencies:	The type of listing that a vendor can choose for selling their home
Sole Agency:	Restricted to one company, all other agents must go through this company and not direct to the vendor



General Agency:	Several agents have a listing of the home and it is not exclusively to one company.
Marketability of the house:	The agent offering advice about external features around the home that can be tidied or changed to make the home more saleable
Best way to list the house:	The different listing options that are available to a vendor
All documentation:	Copy of the listing form plus a copy of any final agreement for the client to retain
Financial institutions:	Mortgage brokers that could be used and the different types of mortgage brokers available.

The following is the definition of what is expected of a real estate agent (as on the Real Estate Institutes' website) expertise, "walk through of the whole process from the planning of the sale of your home to closing the deal, determining your buying power and referring you to lenders who are best suited to serve you, help with the complexities of the negotiation (inclusive of the agreement, price, finance, date of possession, terms and chattels), knowledge of the district and zoning, the use of the land and any trends you may require" ([www.reinz.co.nz](http://www.reinz.co.nz)).

## ***1.8 Organisation of Thesis***

The structure of this thesis is divided into five chapters. Chapter one provides the reader with an understanding of where this research is situated within existing market research. Chapter one also identifies the specific research problem addressed by this study and an overview of the methodology used in addressing this problem.

Chapter two reviews the literature surrounding service encounters, front-line employees and the customer's perspective of service delivery. Here the services marketing literature is reviewed, gaps within the literature are identified and linked to the research problem of this study.

Chapter three will discuss the methodology, analysis, sampling and the survey method. It will establish the process of how the questionnaire will be designed, distributed and data to be collected. The methodology used will also incorporate the adaptability of SERVQUAL and

the tailored attributes to the real estate industry including justification of these attributes; it will also highlight the sequence of research tasks.

Chapter four will analyse the results with relevance to the research questions previously discussed and the hypothesis already provided. The data will also include information on the demographics of those respondents that participated in the questionnaire, analytical testing, ANOVA, mean scores, t-tests and factor analysis.

Chapter five will discuss the conclusions and the implications of this research; it will provide interpretation of the results, limitations of the study and managerial conclusions. It will naturally bring a close to the thesis.

### ***1.9 Delimitations of scope and key assumptions***

The delimitations of scope and key assumptions for this research are that it is not a national survey due to limited time and financial elements. The survey will be conducted within the Auckland area, however, the survey does have a national and multinational focus to it as multinational companies will be sent surveys and due to the number of multinational companies in New Zealand the assumption is made that a percentage of these companies will respond.

The Treaty of Waitangi and its principles are an important part of the cultural and constitutional identity of New Zealand. I acknowledge that my research has taken into consideration the principles of the Treaty of Waitangi of participation, protection and partnership. I provide participation to all New Zealanders and do not in any way knowingly exclude any potential participant.

### ***1.10 Conclusion***

This chapter has highlighted the importance of the research within the real estate industry and the impact that it will have on the real estate industry and the service provided and consumed. It has laid the foundations for the thesis providing background to the research problem and gaps within research available. The research problem, questions and hypotheses has been introduced. The research has been justified, definitions have been presented, and the

methodology briefly described. An outline of the thesis and the limitations has been provided. Based on these explanations, the thesis can proceed with the literature review in chapter 2.

## **Chapter 2: Literature review**

### ***2.1 Introduction***

Chapter 1 has identified that the research problem is to investigate the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry. Consequently this chapter discusses the research questions identified in the previous chapter, the gaps in the body of knowledge of services marketing and the measurement tools available. This chapter builds on the introduction and provides insight into the theory and practice of service quality.

The importance of this research for the real estate industry is that identifying areas for improvement and making the warranted changes will improve the industries' ability to satisfy its customers' needs, thus increasing customer satisfaction and translating into increased profits for firms individually and helping to ensure longevity for the industry as a whole. In addition a more realistic appreciation by the real estate brokerage industry of itself, as a service organisation, will help guide this service sector to a more in-depth level of understanding of the impact of good service hence making the industry more resilient (Seiler, Webb and Whipple, 2000).

The objective of the literature review is to examine the literature currently available on front-line employees' perception of service versus the customer's perception of the service delivery within the real estate industry. The literature review will discuss theories provided on the front-stage versus back-stage perspective, conflicting works, methodologies, evidence provided and gaps within the current theory to understand in more depth the influence that service quality, encounters and perceptions have in the real estate industry and future research directions required.

To achieve this, the following models and constructs will be reviewed to gain some understanding of contemporary approaches and studies:

- Services marketing (Bandy, 2002; Berry & Parasuraman, 1993; Nielsen & Host, 2000; Prabhakaran, 2003)
- Service encounters (Chase, 1978; Sergeant and Frenkel, 2000; Bitner, Booms and Mohr, 1994; Bandy, 2002)

- Service quality – the clients, employees and managers perspective (Asubonteng, McCleary, & Swan, 1996; Buttle, 1996; Cronin and Taylor, 1992; Cronin and Taylor, 1994; Mangold and Emin, 1990; Mangold and Emin, 1991; Parasuraman, Zeithaml, and Berry, 1988; Philip and Hazlett, 1991; Tan and Pawitra, 2001)
- Expectations and perceptions (Parasuraman, Berry and Zeithaml, 1991; Hsieh and Hsieh, 2001; Bowen and Schneider, 1985; Gronroos, 2001; Solomon, 2004),
- Service quality models (Buttle, 1996; Cronin & Taylor, 1994; Ghobadian, Speller, & Jones, 1994; Kang, James & Alexandris, 2002; Mangold & Emin, 1990; Nelson & Nelson, 1995; Philip & Hazlett, 1991; Sigala, 2004; Vaughan & Shiu, 2001)
- SERVQUAL Theory (Asubonteng, McCleary, & Swan, 1996; Buttle, 1996; Cronin and Taylor, 1994; Llosa, Chandon & Orsingher, 1998; Parasuraman, Zeithaml & Berry, 1988, 1993, 1994; Tan and Pawitra, 2001)

The existing literature provides a solid foundation for future research with the opportunity for new and revised models in the future. The majority of research affirms that service expectations differ between customers and front-line employees although it is difficult to measure.

## ***2.2 Services Marketing***

The discipline of services marketing has been given much focus in recent years particularly in relation to the traditional marketing mix. The business world is undergoing a dramatic metamorphosis as it shifts from a product focus to a customer focus (Lin & Su, 2003). Recent and ongoing changes in the business environment – most notably escalating competition, increasing globalisation of markets and more demanding customers – are making it more difficult to compete effectively on the basis of traditional marketing mix variables alone (Parasuraman et al., 1988).

Services marketing is a fundamental sector for many economies with up to two-thirds of the United Kingdom, United States and New Zealand work force employed in service industries (Doherty, Hart & Ellis-Chadwick, 2000) New Zealand Business Demographic Statistics, [www.stats.govt.nz](http://www.stats.govt.nz)). The service sector, has not only spurred economic growth, but it has also challenged the traditional approach of doing business by creating new and innovative service solutions (De Chernatony & Segal-Horn, 2001) to ensure that this growth continues.

The service industry spans across a broad range of areas spanning from health care to retailing, fashion designing, construction and real estate. Again in each of the areas, the organisation can be an individually run enterprise or a multinational conglomerate, depending upon the level of sophistication, the prices charged also vary. The sizes of the businesses vary as much as the nature of the service itself. The importance of understanding the service dimension of each sector is vitally important, as it forms the basis of evaluation of the service itself (Prabhakaran, 2003).

The real estate industry may feel that since their industry is unique, concepts of service quality developed in other settings generally do not apply (Nelson and Nelson, 1995). Thus the large and growing body of knowledge in services marketing is left untapped. If the real estate industry is conceptually similar to other service industries, then this knowledge not only becomes available for use, its application becomes imperative. From research available it is palpable that the sphere of services marketing is fundamental and requires further research on existing models and empirical data.

### ***2.2.1 The Service Encounter***

Service encounters are defined by Collier (1994) as episodes in which a customer comes into contact with any aspect of the company, however remote, and thereby has the opportunity to form an impression (Driver & Johnston, 2001). From the customer's point of view, the most immediate evidence of service occurs in the service encounter, or the 'moment of truth', when the customer interacts with the firm (Bitner, Booms, & Mohr, 1994). In real estate this occurs generally in the first phone call where the client could talk to the receptionist or a sales person. Therefore, as Bitner et al., (1994) state they construe that front-line personnel are a critical source of information about customers.

In many routine service encounters, particularly for experienced employees and customers, the roles are well defined and both the customer and employee know what to expect from each other (Bitner et al., 1994). In real estate a client would expect the salesperson to know the listing that they are enquiring about. Bowen and Schneider (1985) states that people who choose to work in service occupations, generally have a strong desire to give good service (Bitner et al., 1994). However it is also critical for managers to understand the relative

impact, beyond the zone of tolerance, of individual quality factors to ensure that superior service is actually provided (Johnston and Heineke, 1998). Management in real estate need to coach their agents to know all the local listings that are available to ensure a high level of service is provided.

### ***2.2.2 Customer Satisfaction***

Customer satisfaction is an important topic for both researchers and managers, because a high level of customer satisfaction leads to an increase in repeat patronage among current customers and aids customer recruitment by enhancing an organisations market reputation. Being able to successfully judge customers' satisfaction levels and to apply that knowledge are critical starting points to establishing and maintaining long term customer retention and long term competitiveness (Yuksel & Yuksel, 2002). Customer satisfaction brings many benefits. Satisfaction increases customer retention and customer retention is dependent on the substance of the relationship between parties (Eriksson, Vaghult and Lofmarck, 2000; (Hansemark & Albinsson, 2004) which is also affected by the service delivered.

Satisfaction is an "overall customer attitude towards a service provider" (Levesque and McDougall, 1996 pg 14), or an emotional reaction to the difference between what customers anticipate and what they receive (Zineldin, 2000), regarding the fulfilment of some need, goal or desire. For most products or services, aspects of performance can be objectively assessed. Although these attributes can be objectively measured, customers' assessments may not objectively reflect measured performance (Burton et al., 2003). Some clients may be taken to several homes that 'fit' their criteria but are unsuitable to the clients personal taste which leads to the clients assessment of the service as being unpleasant because they did not see listings that they liked.

The measurement of service quality, within the service encounter and based on customer satisfaction, is an important link in the cycle of service provision, but at the same time involves assessing customers' thoughts and feelings. Logically such measurements should be made within the customer's own frame of reference i.e. in the customers' terms. On the other hand, if such measurement is to be used for improving the provision of service, it must be translated into the provider's terms (Johns & Howard, 1998).

Kano, Bentler and Li-tze (1984) developed a model to categorise the attributes of a product or service based on how well they are able to satisfy customer needs. Considering Kano's model, one sees how it may not be enough to merely satisfy customers by meeting only their basic and performance needs. In a highly competitive marketplace, organisations need to adopt strategies and to create product attributes targeted specifically at exciting customers and over-satisfying them (Tan & Pawitra, 2001). In real estate to excite or over satisfy customers, an agent would need to have a thorough and vast knowledge of all listings in the local area.

In essence, it is the experience and attitudes of the individuals in closest contact with customers that are most likely to affect whether or not customers are satisfied and willing to return to the company. It is also the people in direct contact with customers who determine who the retained and satisfied customer's are, and their experience determines how they treat the customers (Hansemark & Albinsson, 2004) thus impacting on the service quality delivered.

### **2.2.3 Service quality**

The concept of service quality as a whole construct is large and varied. The theory has been elaborated on by many researchers. Berry, Parasuraman and Zeithaml (1985) write 'service quality as perceived by consumers stems from a comparison of what they feel service firms should offer (i.e. from their expectations) with their perception of the performance of the firm providing the services. Perceived service quality is therefore viewed as the degree and direction of discrepancy between consumers' perceptions and expectations. For example in real estate, this would be what the client is expecting from the agent in comparison to which is actually delivered by that agent.

There are numerous definitions of service quality, but the following summarises a measure against the models and theories used in this thesis:

*"A service is intangible and heterogeneous; its production, distribution and consumption are simultaneous processes; a service is an activity or a process; it is a core value created in buyer-seller interactions; customers participate in its production; but it cannot be kept in stock and there is no transfer of ownership (Gronroos, 2001)."*



These characteristics indicate the significant interactive qualities of services within a service encounter, which also emphasizes that services are produced, distributed and consumed in the interaction between the service provider and the service receiver (Svensson, 2003). In real estate, that interaction occurs from the moment the client and agent speak either verbally or electronically. It is evident that research on goods quality is inadequate in the service field, which has three inherent characteristics: intangibility, heterogeneity and inseparability between production and consumption (Berry, Parasuraman and Zeithaml, 1985).

### **2.2.3.1 The Customer's Perspective of Service Quality**

Service quality is usually expressed as a function of customers' expectations of the service to be provided (based upon their previous experience, the organisations image, the price of the service for example) compared with their perceptions of the actual service experience (Gronroos, 1984; Berry et al, 1985; Johnston and Heineke, 1998). Perceptions are defined as the consumer's judgement of the service organisation's performance (Llosa, Chandon and Orsingher, 1998). However, Parasuraman et al (1988) delve deeper and define the service performance gap as the discrepancy between the specifications of service and the delivery (Chenet, Tynan, & Money, 2000).

Imrie, Cadogan and McNaughton (2002) study shows that using service quality as a key point of market differentiation positively influences customer retention (Fornell and Wernerfelt, 1987; Reichheld and Sasser, 1990; Haskett and Schlesinger, 1997) and market growth (Buzzell and Gale, 1987; Jacobson and Aaker, 1987).

Kelley (1992) argues that customer orientation plays a more important role in service firms than in any other firms because of the intangibility, heterogeneity and inseparability of services (Berry, Parasuraman and Zeithaml, 1985). In an attempt to establish a competitive advantage, marketing practitioner's often seek to differentiate their service offering upon service quality, a vital element to real estate due to the large amount of agents and competition. Berry et al., (1985) state that the benefits of differentiating on the basis of a service quality platform are significant in respect to both defensive and offensive strategies (Imrie, Cadogan, & McNaughton, 2002) which is particularly relevant to real estate as there are limited elements of differentiation between companies. Commissions are generally the

same as is the access to listings particularly when most companies will in together to get a deal through.

Kellogg (2000) states that customers have contact with the service delivery system in three ways: directly, being physically present; indirectly, via a surrogate, such as paper or some electronic media, or with no contact. However, Gronroos argues that employee performance constitutes the service as far as customers are concerned (Hartline et al., 2003). Within the real estate industry Kellogg's (2000) statement is more apt as this can often be the first contact.

In many cases, customer contact employees are the first and only representative of a service firm. Therefore, customers often base their impressions of the firm largely on the service received from customer contact employees (Hartline and McKee, 2000). Johnston and Heineke (1998) summarise that if a customer expects a poor performance then they may be satisfied with a poor performance. This is one of the paradoxes of service quality as identified by Gronroos (1989). This would also be affected by nationality and culture, where expectations can differ greatly.

However, there is extensive literature in the field of social psychology on the effects that passage of time has on attitudes and perceptions. Abercrombie (1967) pointed out that perceptions are not stable over time by stating that: with the passage of time, experiences, which at first were defined and separate from each other, tend to become associated and confused, this particularly occurs in real estate if a client has been out with many agents from different companies and seen a number of listings. It is not so much that we actually forget things, but that we do not remember them correctly (O'Neill & Palmer, 2001).

The most common explanation of the difference between service quality and satisfaction is that perceived service quality is a form of attitude, a long-run overall evaluation, whereas satisfaction is a transaction-specific measure (Bitner, 1990; Bolton & Drew, 1991; Parasuraman, Zeithaml and Berry, 1988). Parasuraman et al., (1988) further suggest that the difference lies in the way disconfirmation is operationalized. They state that in measuring perceived service quality the level of comparison is what a consumer *should* expect, whereas in measures of satisfaction the appropriate comparison is what a consumer *would* expect (Cronin and Taylor, 1992).

### **2.2.3.2 The Front-line employees' perspective of Service Quality**

Unlike goods quality, which can be measured objectively by such indicators as durability and number of defects, service quality is an elusive construct that may be difficult to measure (Parasuraman et al., 1988). From the customer's point of view, the most immediate evidence of service occurs in the service encounter when the customer interacts with the firm (Bitner et al., 1994) hence the importance of the front-line employee to the service encounter.

Subsequently, the service-providing employee links the service organisation and its consumer. This linkage results from the fact that, for most services, production and consumption occurs simultaneously and the consumer is highly involved in the production process, therefore, in most service environments, the employees who produce and deliver the service, greatly influence the overall level of quality (Mangold & Emin, 1990). A valid point in real estate where in a lot of the cases the only contact a client sometimes has with an organisation is through that salesperson. Support needs to be given to the principle (Ghobadian et al., 1994) that customers are the lifeblood of any organisation. Consequently, service quality can win and keep customers.

Sergeant and Frenkel (2000) support this by stating that customer contact employees, who are responsible for the delivery of customised services, are a critical resource. Services are a crucial issue in the strategic, tactical and operative management of business operations in many organisations, although the actual performance of a service takes place at an operative level in a service encounter (Svensson, 2003). Thus excellent service quality and high customer satisfaction is the key issue and challenge for today's service industry, an area that needs to be fostered.

Many service firms are suspect to failures in service delivery because the attitudes and behaviour of contact employees influence a customer's perceptions of the intended service (Bowen and Schneider, 1985). Therefore a service-orientated firm must effectively manage their customer contact employees to ensure that their attitudes and behaviour are conducive to the delivery of quality service (Hsieh & Hsieh, 2001). For the real estate industry, this would be included during the training and be emphasised on a daily basis to ensure that it becomes a natural attitude. Bandy (2002) supports this and states that the best service strategy can falter

without employees who are dedicated to delivering the best service possible. Employee attitude is what differentiates one company from another.

Alternatively, Gronroos's (2001) viewpoint compares a service to an interactive experience somewhat similar to a theatrical performance. Solomon (2004) also endorses Gronroos's (2001) statement "a service firm has no products, only interactive processes" and it is evident that those interactive processes are strongly influenced by the front-line employees.

### **2.2.3.3 The Manager's Role in Service Quality**

The first conceptual model of service quality was developed by Gronroos to enhance understanding of consumers' service quality perceptions and the factors that influence those perceptions. According to the model, consumers' perceptions of service quality result from an evaluation process, in which consumers' expectations are compared with their perceptions of the service actually delivered (Mangold & Emin, 1990).

It is suggested that managers need to understand the types of service quality factors for their own service(s) and understand their various relationships between perception and performance in order to design, measure and control their service. Service levels need to be set and strategies devised, that first recognise the relative impact of individual factors on overall perceptions and secondly, link them to the organisation's quality strategy (Johnston & Heineke, 1998).

Swan and Trawick (1979) divide the customer's expectations into two types – desired expectation, that is to say the wanted performance level – and foretold expectation, the performance level that is predicted to happen (Llosa, Chandon, & Orsingher, 1998). Kellogg (2000) also divides customer's expectations into two traits; furthermore, Kellogg (2000) goes on to define the implications: permanence implies that the changes provided by the service are expected to last. Its conceptual opposite is transience, that is, the results of the service, will fade with time. Reversibility implies the ability to undo the effects of the service (Kellogg, 2000). Whilst Llosa et al., (1998) also believe that perceived service quality has two main facets, one representing the output quality, the other the service process. This also supports and relates to the dimensions explored by Gronroos (1984).

Most writers agree that customers' expectations are rarely concerned with a single aspect of the service package, but rather with many aspects (Johnson et al., 1988). Gronroos (1984), for example, investigates an attitudinal construct, resulting from the discrepancy between consumers' expectations and their perceptions of the quality of service actually delivered (Mangold & Emin, 1990).

Furthermore, when decision makers in service organisations, such as banks and hospitals are asked what constitutes quality in their services, the answers are less well-defined and tend to vary more from individual to individual. Consequently, the measurement, monitoring and improvement of quality is an elusive task in many service organisations. While the concept of service quality is difficult to define, the fact is, that both consumers and service providers evaluate service quality on a daily and revolving basis (Mangold & Emin, 1990).

### ***2.3 Expectations and Perceptions of Service Quality***

Several conceptual models have been developed to help define the service quality construct and the factors that enter into consumers' perceptions of service quality (Mangold & Emin, 1991). Driver and Johnston (2001) ascertain that there is a general agreement that a service comprises a complex bundle of explicit and implicit attributes. The relative importance of different attributes is likely to differ from service to service and from person to person (Cronin and Taylor, 1994, Parasuraman, Zeithaml and Berry, 1994) which is particularly relevant to the real estate industry where no two clients have the same requirements or expectations.

In fact, Svensson (2003) agrees that service quality is a fundamental feature in services marketing (Gronroos, 1989), industrial marketing, relationship marketing and consumer marketing (Kotler, 1999). Berry et al., (1985) deem that quality is essential when service is what is being sold (O'Neill & Palmer, 2001).

Mangold and Emin (1991) focus on 'front-stage' and 'back-stage' perspectives, whereby both the customer and the employees observe different perspectives of activities and problems that accompany the service delivery process. This approach is particularly relevant to a service environment because the 'front-stage' and 'back-stage' perspectives of the two groups may result in a lack of agreement about the level of service that should be provided (Mangold &

Emin, 1991). Thus because the service encounter involves at least two people, it is important to understand the encounter from multiple perspectives (Bitner et al., 1994).

Some authors have suggested that perceptions are more dominantly driven by experiences (i.e. the service performance) rather than expectations (Cronin & Taylor, 1992; Cronin and Taylor, 1994; Taylor and Baker, 1994; Parasuraman, Berry and Zeithaml, 1994; Johnston and Heineke, 1998). Alternatively, quality has been defined as the consumer's overall impression of the relative inferiority or superiority of the organisation and its services (Zeithaml, Berry and Parasuraman, 1983; Taylor and Baker, 1994). Perceived service quality is an attitude – a consumer judgement on the overall service (Spathis, Petridou, & Glaveli, 2004).

Measuring perceptions of service quality has subsequently produced various models of measurement (Gronroos, 1984, 1989; Parasuraman et al, 1988; Stafford, 1996; Bahia and Nantel, 2000). The SERVQUAL model of Parasuraman et al (1988) proposed a five-dimensional construct of perceived service quality – tangibles; reliability; responsiveness; assurance; and empathy – with items reflecting both expectations and perceived performance (Spathis et al., 2004).

### ***2.3.1 Service Quality Models***

Due to the vast array of research in relation to service quality and the amount of criticisms that SERVQUAL has received over the last decade alternative studies and measurement tools have been created and conducted with the aim to measure service quality in the most effective way.

There have been five predominant measurement tools since 1991. These tools all differ in theoretical background, data collection, sample size dimensions and response. No one measurement tool has been classified as superior but applicability is determined by the final result and the industry that is to be investigated. The following are the five measurements tools since 1991.

Two-way (Schvaneveldt and Enkawa, 1991) used latent evaluations factors based on the theory that service quality is evaluated by answers given by customers about 'objective' (quality attributes) and 'subjective' (satisfaction levels). The survey was sent to 330 service

providers including banks, restaurants, laundries and supermarkets. Schvaneveldt (1991) employed a five-point semantic scale, to examine the five dimensions. Performance, security, completeness, ease of use and emotivity/environment.

SERVPERF (Cronin and Taylor, 1992) based their survey on the theory that service quality is evaluated by perceptions only and used two banks, pest control companies, laundries and fast food companies with a sample size of 600. Cronin and Taylor (1992) also used a seven-point semantic differential scale and utilised the same dimensions as the SERVQUAL study. The key difference was that only perceptions were evaluated.

Normed quality (Teas, 1994) was based on the theory that the problem for expectation runs to a redefinition of this component and discriminate between ideal expectation and feasible expectation to calculate service quality and was conducted on three large department stores with a sample size of 120. It also employed the same semantic scale and dimensions as SERVQUAL.

Qualitometro (Franceschini, Cignetti and Caldara, 1998) is founded on the determinants of service quality. Customer expectations and perceptions are evaluated in two distinct moments. Quality evaluation is carried out by means of a comparison between quality and expectations and perception profiles. The study was conducted in a library facility, utilising a sample size of 100. It also deployed the same semantic scale and dimensions as SERVQUAL.

SERVQUAL was developed to measure the service quality construct as defined by the service quality model and the extended service model. SERVQUAL is used to measure consumers' and service providers' expectations and perceptions. This approach enables the expectations and perceptions gaps to be assessed, while providing a measure of the service quality gap and the service delivery gap (Mangold & Emin, 1990). According to Parasuraman et al's., (1988) model, the gap between consumers' expectations and perceptions are a function of several other gaps in the service delivery process (Mangold & Emin, 1990).

SERVQUAL (Parasuraman et al., 1991) uses the determinants method of service quality and gap theory. Service quality is calculated as the difference between perceptions and expectations with importance weights associated to each dimension. The original survey was

based on two telephone companies, insurance companies and banks with a sample size ranging from 290-497. Parasuraman et al., (1991) utilised a seven-point semantic differential scale. The survey consisted of the following five dimensions: tangibles, reliability, assurance, responsiveness, and empathy.

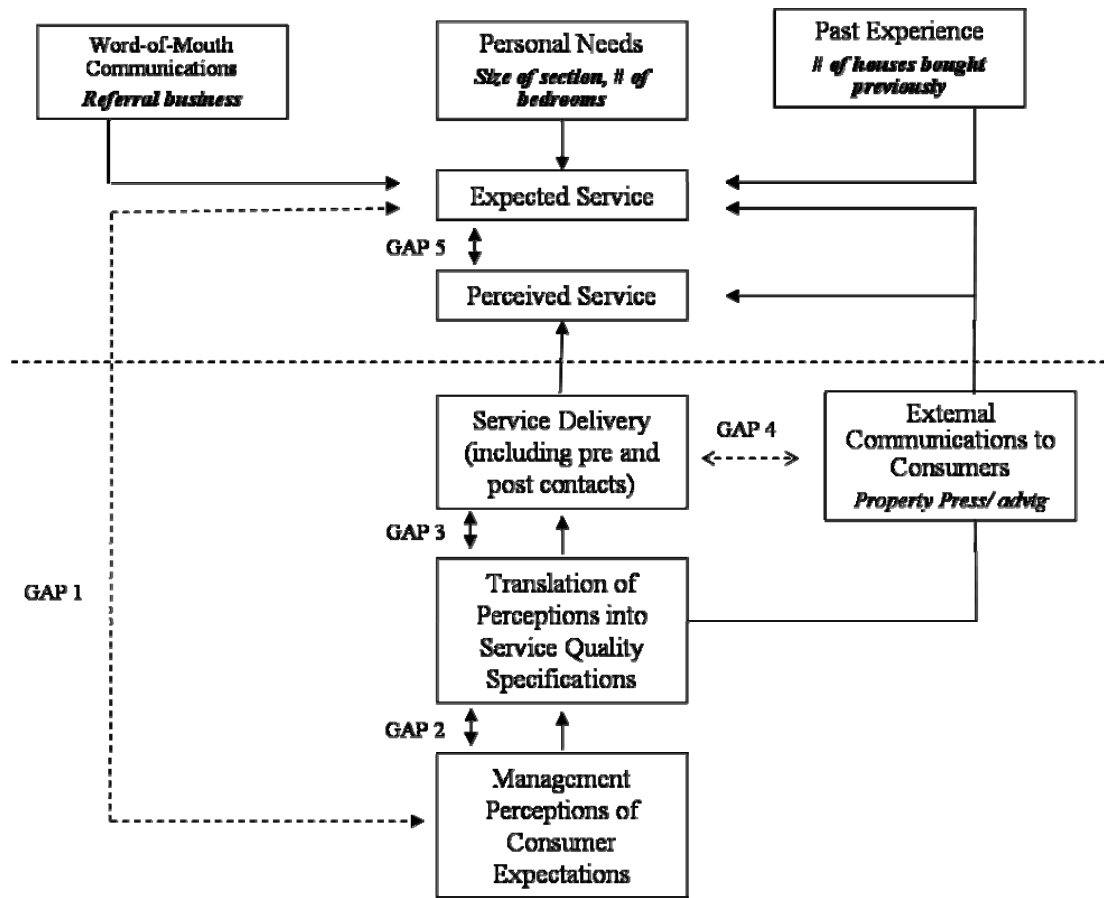
SERVQUAL, in essence, is an instrument 'for assessing customer perceptions of service quality in service and retailing organisations (Parasuraman et al., 1988), the customer's judgement about an entity's overall excellence or superiority'. It is a sort of attitude and comes from a comparison of expectations and perceived performance. Exploratory research conducted in 1985 showed that clients judge service quality by using the same general criteria, regardless of the type of service. The evaluations are collected using a seven-point likert scale.

The SERVQUAL model is used widely to measure service quality and has undoubtedly had a major impact on the business and academic communities (Buttle, 1996). Its original service dimensions were determined by Berry et al., (1985), with subsequent refinements and industry-specific adaptations. Zeithaml et al., (1983) augmented SERVQUAL to further differentiate between service quality and customer satisfaction. SERVQUAL is designed and used as a diagnostic technique for uncovering broad areas of an organisation's service quality strengths and weaknesses (Tan & Pawitra, 2001).

The following SERVQUAL model illustrates the relationship of SERVQUAL to the real estate study.



### Conceptual Model of Service Quality



Source: Parasuraman, Zeithaml and Berry, 1988

Within real estate, this conceptual model of service quality is refined in terms of the real estate industry with word-of-mouth communication coming from referral business from previous clients, personal needs are the needs and wants of the clients and the criteria they have for buying a home and past experience is influenced by previous houses and the number of them they have previously bought and sold. However the expected and perceived service from the customers and front-line employees and managers' perspective may all differ providing gaps in the service.

## 2.4 SERVQUAL – Gap Analysis

SERVQUAL defines customer's evaluation of quality as a function of the gap (difference) between expected service and perceived service. Gap analysis defines service quality in terms of the gap between what the service should provide and the customer's perception of what the service actually provides (Boulding, Klara and Staelin, 1999). Parasuraman et al., (1988)

identified the following five gaps that can result in unsuccessful service delivery and how it affects the real estate industry from the client's perspective:

1. ***Gap between customer expectation and management perception*** this may result from a lack of understanding of what customers expect from a particular service such as the clients may expect the salesperson to know the local school zones, local services and are disappointed when they do not. This may be viewed by management as a non-important issue and training or encouragement to know this information may not be encouraged.
2. ***Gap between management's perception and service quality specifications*** this gap results when there is a discrepancy between what management perceives to be the customers expectations and the actual established service quality specifications. This would occur in real estate if management assumes clients do not want to know about things such as financial guidelines but the clients do actually want and need this information provided.
3. ***Gap between service delivery and external communication*** even when guidelines or specifications exist for performing excellent service, its delivery may not be up to standard due to poor employee performance, resulting in this gap. If a salesperson doesn't know their listings (homes on the market) or they aren't a good negotiator, this would affect all aspects of the service delivery.
4. ***Gap between service delivery and external communication.*** Customer expectations are established by promises made by a service provider's promotional messages. These gaps measure the consistency between the quality image portrayed in promotional activities and the actual quality of services offered. Many New Zealand real estate companies' utilise promotional messages such as "large client base" which if the client is not shown a property to their liking will negatively affect the service provided.
5. ***Gap between perceived service and delivered service*** would occur in real estate when one or more of the previous gaps occur between customers, front-line employees and management.

## **2.5 *SERVQUAL evaluation***

On the first glance at SERVQUAL, it would appear that this scale is very versatile and could be used to define, measure and monitor service quality in any setting however, the SERVQUAL approach has not been without its critics. There has been concern about the central role of expectations and the significance of a subtractive ‘gap’ as a measure of quality (Asubonteng et al., 1996; Buttle, 1996). More significantly the universality of the SERVQUAL dimensions across different types of services has been questioned (Babakus, Emin and Mangold, 1991; Carman, Mazumdar and Monroe, 1990; Babakus, Emin and Boller, 1992). However, despite criticisms, no viable measurement techniques or approaches have been put forward as serious alternatives.

Carman et al., (1990), for instance, found that it is often necessary to incorporate additional items in certain dimensions because they are particularly important for some service categories. A further critique of SERVQUAL concerns its emphasis on service and product dimensions, and its neglect of other dimensions of the marketing mix – especially price (Spathis et al., 2004).

The service quality gap model and related SERVQUAL scale based on five dimensions of quality has undoubtedly made a substantial contribution to our understanding of the concept of service quality and the factors that influence it. This model has great intuitive appeal and has been widely used by researchers in a variety of different service settings with a mixed degree of success.

Philip and Hazlett (1991) state that developing valid and accurate measures of service quality is not a straightforward task, especially since any measurement instrument must necessarily deal with abstract and intangible constructs and attempt to reconcile the thorny issue of expectations and perceptions in the customers’ minds.

The SERVQUAL scale has also been criticised for the use of gap scores, positively and negatively worded items, the generalisability of SERVQUAL dimensions and the defining of a baseline standard for ‘good’ quality (Hsieh & Hsieh, 2001). Whilst Cronin and Taylor (1992) provided criticism concerning the lack of importance rating of each feature/attribute. This is an area that is highlighted, reviewed and adapted within this research study.

Driver and Johnston (2001) supplement SERVQUAL by highlighting and analysing the impact of soft and hard attributes (as in table below) with regard to services marketing and measuring service quality.

Table 1.0 Soft and Hard Attributes (Driver and Johnston, 2001)

<i><b>Soft attributes</b></i>	<i><b>Hard attributes</b></i>
Attentiveness/helpfulness	Availability
Care	Competence
<b>Commitment</b>	Functionality
Communication	Integrity
Courtesy	Reliability
Flexibility	Responsiveness
Friendliness	

The above attributes are included within this research study, as research demonstrated that these dimensions are relevant and applicable to the real estate industry. Buttle (1996) also supports the addition of these attributes stating that SERVQUAL's five dimensions are not universal across industries. Furthermore, within the real estate industry it was evident that the five dimensions may not be entirely universal to this industry particularly in reference to the tangible dimension which includes the company premises, many clients never see inside a real estate companies premises.

According to Cahill's (1995) study there are several attributes displayed by agents of both satisfied buyers and sellers. The leading seven attributes were keeping clients best interests in mind, keeping clients up-to-date, knowing the market, professionalism, showing houses that are right for the buyer, knowing financing programmes and knowing the area. These attributes have also been incorporated into this research project.

According to Carman validity checks suggest that the dimensions put forward in SERVQUAL by Parasuraman et al., (1988) are not so general that users of these scales should not add items on new factions which they believe are important in the quality equation. It is obvious that each service industry may reveal different and unique dimensions. Alternatively, Imrie et al.,

(2002) focus on the global & cultural impact on services, from a global perspective of why SERVQUAL is not successful.

Philip and Hazlett (1991) propose alternative suggestions to the criticisms of SERVQUAL, these alternatives have been used within this research study to increase reliability. Firstly Philip and Hazlett (1991) suggest the growing need to develop service specific dimensions and attributes and that the dimensions of SERVQUAL do not adequately address some of the more critical issues associated with assessment of individual services.

Furthermore, Imrie et al., (2002) deem that there is a growing need to explore and develop service sector-specific attributes and dimensions as opposed to global, all-embracing service attributes. They suggest that the main dimensions of SERVQUAL do not adequately address some of the more critical issues associated with the assessment of individual services, all dimensions are treated as being of equal importance and a single (combined) scale should be used to measure service quality as opposed to two separate scales (i.e. expectations and perceptions).

Philip and Hazlett (1991) also raise concerns of what SERVQUAL actually measures; service quality or customer satisfaction which they propose are actually two constructs. Robinson (1999) also focuses on the dimensionality of service quality and whether the prime purpose is diagnostic or predictive.

A further highlighted criticism is the necessity for prior knowledge of the service one is asked to evaluate. Research suggests that once a person has experienced the service and is satisfied with their expectations for the next encounter will be higher. Within this research study, the questionnaire specifically asks this information to establish whether there was prior knowledge of the service which could consequently impact on their expectations. It also raises issues relating to expectations with regard to the nature of the attitude: whether it relates to performance, expectations and/or ideal standards (Robinson, 1999).

Philip and Hazlett (1991) emphasise that all variables are treated as equally important to the clients. Parasuraman et al., (1988) conceded at this point and have attempted to refine their original survey to include an additional question. Respondents are given 100 points to

allocate between the 5 dimensions. However this also raises the question of whether the scale is being interpreted by respondents in the same way.

An additional criticism is that the negatively worded statements confuse the respondents. Consequently most replicated studies have reworded statements to a more positive format to enhance understandings of the constructs.

It is anticipated that the SERVQUAL measures may need to be tailored for the real estate industry in New Zealand and hence the author has adapted specific dimensions and attributes from the Real Estate Institute of New Zealand, agents in the industry and formal research conducted by Bleasdale (1991) and Cahill (1995). Secondly Philip and Hazlett (1991) propose that individual dimensions should have different weights attached to them to indicate the importance with which they are held by the consumer, which has been included in this research study to understand the importance of each attribute and dimension.

Robinson (1999) also raises questions on the approach of SERVQUAL for instance when to actually measure expectations, before or after the service encounter, whether importance should be measured by item or dimension, or inferred from performance and expectations scores and whether the expectations are relevant to the service quality. As Babakus, Emin and Boller (1992) support, pursuing the development of alternative measurement scales for specific service industry sectors and disaffiliate from the SERVQUAL mould. However from a researchers perspective, this is an unrealistic alternative particularly with the growing number of service specific industries globally.

## **2.6 Summary**

Several conceptual models have been developed to help define the service quality construct and the factors that enter into consumers' perceptions of service quality (Mangold & Emin, 1991). Driver and Johnston (2001) ascertain that there is general agreement that a service comprises a complex bundle of explicit and implicit attributes, particularly relevant to real estate as what is said and what is not by the client often occurs. The relative importance of different attributes is likely to differ from service to service and from person to person (Cronin & Taylor, 1994; Parasuraman, Zeithaml and Berry, 1994).

The review of the literature pertaining to services marketing has highlighted the scope of the subject matter. The literature includes service encounters, service quality, expectations and perceptions and a large number of service quality models. It was found the SERVQUAL (Parasuraman, Berry and Zeithaml, 1988) theory of gap analysis incorporates many components for measuring the perception of service quality within different service industries. It was also found that little research has examined the service perceptions in the real estate industry. The study, SERVQUAL (Parasuraman, Berry and Zeithaml, 1988), chosen as the foundation for this study has a strong empirical base comprising of many research streams.

The literature review shows the relevance and the applicability that this study will have within both New Zealand and the real estate industry. Service firms are suspect to failures in service delivery because of the attitudes and behaviour of contact-employees, with this in mind and changing attitudes and behaviour of the front-line employees with the industry will dramatically increase the service provided within the industry.

The literature review also demonstrates that, not only does this impact the front-line employees, but also the managers. From the literature managers will need to review training procedures, emphasize and embrace the importance of providing good service from very contact opportunity to ensure that their organisation retains the success that derives from superior service encounters.

## **Chapter 3: Methodology**

### ***3.1 Introduction***

Chapter three will examine the research methodology employed for this study. Firstly, research issues are discussed which focuses on the perceptions of service delivery. Secondly, the pilot and exploratory studies, measurement tool, questionnaire, population, will be outlined; thirdly the adaptations to the SERVQUAL study (Parasuraman, Berry and Zeithaml, 1988) and limitations will be discussed. A description of how the data will be analysed is then provided.

Based on Babakus et al., (1991), Tsang and Qu (2000) and Hsieh and Hsieh's (2001) studies in alternative industries, this study investigates front-line employees' perception of service versus the customer's perception of the service delivery within the Real Estate Industry. The study is. The perceptions of service delivery are explored and adapted through the use of Parasuraman, Berry and Zeithaml's (1988) SERVQUAL; a multiple item scale for measuring customer's perception has been tailored to the real estate industry for the questionnaire.

The literature review showed that the business problem facing the real estate industry is the lack of information regarding the impact of the relationship between customer contact employees and the customers' perceptions of the intended service (Johnson et al., 1988; Nelson & Nelson, 1995; Seiler et al., 2000). Currently the industry does not recognise the relationship and can therefore not improve on its service offerings or rectify service failures that are currently occurring within the industry.

This study, consistent with the SERVQUAL study (Parasuraman, Berry and Zeitham, 1988) explores the perception of service delivery and the five dimensions of service quality: tangibility, responsiveness, reliability, assurance and empathy. The objective of this study is to understand the perception of service from both the front-line employees and the customer's perspective.

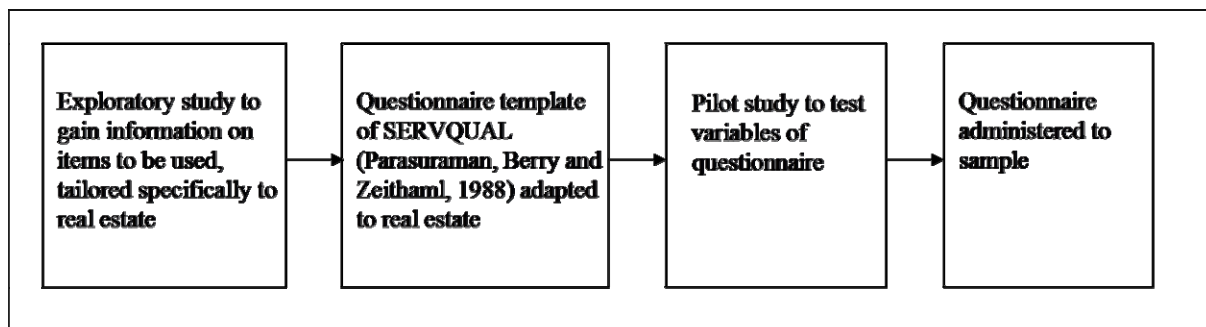


### 3.2 Research Design

The research design for this study develops a theory of perception of service delivery gaps between consumers and front-line employees (SERVQUAL). Quantitative research was used to measure the gap between the front-line employee's perspective of service versus the customer's perception of the service delivery within the Real Estate Industry.

Tull and Hawkins (1990) define survey research as the systematic gathering of information from respondents in order to understand and/or predict some aspect of behaviour of the population of interest, generally in the form of a questionnaire. The research process applied to this study is diagrammatically illustrated below:

*Table 3.0: Research Process*



### 3.3 Data collection

An exploratory study, pretest and a written questionnaire were used in the collection of data for this study. Due to the lack of information of specific attributes for real estate within the service industry, the exploratory study was chosen to establish the attributes to be used within this study. The pretest was designed to ensure that these attributes were applicable to the real estate industry and the terminology was understood. These three data collection methods are now discussed further.

#### 3.3.1 Exploratory Information

Due to the criticisms of SERVQUAL (Cronin and Taylor, 1992; Cronin and Taylor, 1994; Llosa et al., 1998; Parasuraman, Zeithaml and Berry, 1994; Philip and Hazlett, 1991) it is apparent that one of the primary concerns is the lack of specific attributes to the service industry being studied. Lack of research in the real estate industry has been limited and therefore specific attributes have not been instigated prior to this study. For SERVQUAL to

be replicated and provide substantial results to marketing practice and research, it was evident that specific attributes were required.

These attributes were gained from various secondary sources including a small exploratory study within a real estate company and current literature available, Cahill (1995) and the Real Estate Institute of New Zealand.

The exploratory study was carried out at Edwards Realty (MREINZ) with members of the sales team and their clients that were currently dealing with the company. The brief for the clients was what attributes are important to you when dealing with a real estate company and for the salespeople, what attributes do you think are important in providing a good service to your clients. Once this information had been gathered, the Real Estate Institute of New Zealand's website ([www.reinz.co.nz](http://www.reinz.co.nz)), where the Institute provides information to both international and national clients as to what to expect from a salesperson, company, service and how to find an effective agent, was investigated as to attributes to look for in an agent.

### ***3.3.2 Pilot Study***

Once this exploratory work had been conducted, those attributes were transferred to the SERVQUAL survey, ensuring that the survey was tailored specifically to the real estate industry and then a pretest was conducted to examine the validity of the measurement items within the real estate industry. The participants were asked to complete the questionnaire and any items that did not consistently match the dimensions were eliminated from the questionnaire.

The pretest highlighted a missing selection box on the employee's survey. The check box was added onto the survey for the final questionnaire to be distributed. No other items were eliminated or added after the pretest.

### ***3.3.3 Implementation***

At stage two, quantitative analysis techniques were used to analyse the gaps between front-line employees, customers and managers perception of service within the real estate industry.

A survey to collect the required data from managers and real estate front-line employees was dispersed via mail. The remaining surveys were also sent by post to clients in the industry who were randomly selected from a real estate database, together with a covering letter, consent form and information sheet. The surveys were distributed to real estate companies and clients in Auckland, addressed to the Receptionists, Managers and Vendors by name after phoning each individual company, and were returned to an independent Post Office Box for data input and analysis onsite at AUT in July.

### ***3.4 Adaptations to SERVQUAL***

The SERVQUAL scale provided the foundations for measuring service quality within the real estate industry. However, this scale was modified and tailored specifically towards the real estate industry. The scale used a seven-point likert scale which all items were measured against, similar to the SERVQUAL study. Three questionnaires were distributed which were all slightly different according to whom the recipients were to be and the demographic questions differed slightly also, gaining an insight into our respondents.

As Philip and Hazlett (1991) state, on first glance it would seem that the SERVQUAL scale is very versatile and could be used to define measure and monitor service quality in any setting. However, after analysis of the critique and criticisms of SERVQUAL it is evident that changes are required to ensure that it successfully measures service quality in relation to the real estate industry. Subsequently the following changes have been made to SERVQUAL, taking into account the criticisms of it:

- Growing need to develop service specific dimensions/attributes to each individual industry studied
- Dimensions of SERVQUAL don't adequately address some of the more critical issues associated with assessment of individual services
- Individual dimensions should have different weights attached to them to indicate the importance with which they are held by the consumer (Philip & Hazlett, 1991)

The responses to the questions, other than demographic questions, were in the form of seven-point likert scales, as the original SERVQUAL survey. Respondents were asked to rate their responses based on the real estate company that they were dealing with.

All three surveys had twenty eight questions in Section A which asked respondents to rate the service provided based on the attributes in each question. Section B also had twenty eight questions and asked respondents to rate the importance of each of these attributes named. Both sections with the twenty eight questions were divided into five different dimensions; reliability, responsiveness, assurance, empathy and tangibles. Section C asked for demographics of the respondents to gain an insight into our respondents and the impact that they may have on the study and Section D asked for additional feedback on either the service or the questionnaire.

The customers questionnaires had questions relating to the salesperson they had been dealing with, the employees questions related to the service they believed they provided to their clients that they were currently dealing with and the managers questions asked them to rate the service they believed there salespeople provided to their clients.

### ***3.5 Sample***

The research population, as defined by Collis and Hussey (1997), is a subset of a population and should represent the main interest of the study. A population is any precisely defined set of people or collection of items which is under consideration.

The pretest involved 10 participants who were representative of the population that was surveyed. The participants in the pre-test were managers, front-line employees and clients within the real estate industry in Auckland. The 10 respondents for the pretest were selected from the real estate industry; 2 managers, 4 salespeople and 4 clients.

The questionnaire (Appendix A, B, C and D) will be distributed via mail to 1000 respondents. Of that 150 questionnaires were sent to the managers of real estate companies, 425 questionnaires were sent to front-line employees of real estate companies, including office managers, receptionists, salespeople and personal assistants. The remaining 425 questionnaires were sent to clients of real estate companies.

The justification for selecting these numbers was to obtain approximately 200 responses, which would provide viable for the data analysis, at an estimated response rate of 20 per cent.

This number is consistent with other surveys conducted in the service marketing area. For example Tsang and Qu's (2000) survey used a sample of 90 hotel managers and 270 international tourists. Of the questionnaires distributed, there was a total response rate of 22%. The clients' response rate was 24%, employees 21% and licensees 21%. The response rates were of equal sizes.

For every one manager who received a survey there were four employee surveys accompanying it. In a standard real estate office in New Zealand there is always only one licensee who holds the license for the company but a company may have several employees ranging from 2 employees to 50.

### ***3.6 Data Analysis***

The data gathered was of a quantitative nature. 'It enables us to recognise and evaluate the errors involved in quantifying our experience, especially when generalising from what is known of some group (as sample) to some wider group (the population) (Collis & Hussey, 1997). After the data was gathered, it was entered into SPSS statistical analysis software by the researcher. This was the only statistical analysis software utilised for this study.

Initially the respondents will be analysed on a group basis to enable some insight into their demographics and their impact on their perception of the service provided. Subsequently the missing data will be analysed and to ensure that they are dealt with in the most appropriate way for this study.

The mean scores for both Section A, the SERVQUAL dimensions, and Section B, the importance ratings, will then be analysed and if numerical differences are analysed then ANOVA will be conducted. The Bartlett test of sphericity and KMO sampling will be conducted to ensure that factor analysis can proceed. Factor analysis will be conducted on all three groups individually and all data combined producing scree plots, eigenvalues and component transformation matrixes. The dimensions of SERVQUAL (Parasuraman, Zeithaml and Berry, 1988) will be analysed in relation to the real estate industry.

Exploratory factor analysis will be used for analysis so the thesis can identify the gap between the relationships, descriptive statistics and frequencies which will be used to analyse

demographics in association with relationships. Exploratory factor analysis is a standard methods for exploring the dimensions of a construct in the marketing discipline. Correlations give information on validity of the constructs and the relationships between them.

The graphical and statistical tests directed toward assessing the multivariate techniques revealed little terms of violation of the assumptions. Where violations were indicated, they were relatively minor and should not present any serious problems in the course of the data analysis

### ***3.7 Research Validity***

The following steps were taken to ensure validity.

#### ***3.7.1 Internal Validity***

Internal validity focuses on establishing “causal relationships where certain conditions are shown to lead to other conditions, as distinguished from spurious relationships” (Yin, 1994, p.33). Internal validity was achieved through the preliminary research (exploratory study and pretest) that generated attributes that could be incorporated into the SERVQUAL (Parasuraman, Berry and Zeithaml, 1988) study.

#### ***3.7.2 External Validity***

External validity for this study concerns comparisons between the clients, employees and managers perceptions of service delivery and establishes what these differences are.

#### ***3.7.3 Reliability***

Reliability focuses on being able to repeat the study with the same results (Yin, 1994). Through full disclosure of the methods and instruments used, including the exploratory study, pretest and the questionnaire used in this study, a researcher would be able to replicate this study. Reliability of the constructs can also be assessed using Cronbach’s alpha.

### ***3.8 Limitations of the survey***

A potential limitation to the survey was the fact it was conducted within the Auckland region and it wasn't a national survey however it did have a national and multinational aspect. However some of the respondents worked or were dealing with multinational companies.

Prior to the surveys being sent out, all real estate companies in Auckland were phoned for contact details of the branch manager or licensee of the office so that personal letters could accompany the questionnaire. Unfortunately some receptionists were not happy to disclose this information and requested to not be part of the study which was a limitation as the branch manager or licensee may have been happy to contribute to the findings and may have offered some valuable input.

Another limitation of the survey was that the questionnaires were sent to only those companies that had more than six employees in it due to the fact that with every one manager's survey were five surveys for employees therefore limiting the surveys to larger companies.

Due to the lack of independent offices within New Zealand, there were more franchise and multinational companies involved in the study than independent offices however this percent replicated the percent of independent offices to franchise offices. None of the above limitations negatively affected the final outcome of the study and the results.

### ***3.9 Ethical Issues***

The researcher consulted with participants involved in the pretest to examine any concerns that they had to ensure that future participants were not subjected to physical or psychological harm. However, the questionnaire is based on a business nature rather than a personal nature and therefore no negative consequences were anticipated. The consent forms were separated from the questionnaire when received and stored in separate locations in the NCR building, Level 3, 46 Wakefield St. At the data entry stage each questionnaire was coded. The code for the questionnaire did not correlate to the consent form. The data is not being analysed on an individual basis but as a whole.

### ***3.10 Summary***

The methodology employed in this study is strongly based on Parasuraman, Berry and Zeithaml's (1988) SERVQUAL instrument and tailored specifically to the real estate industry. The methodology investigates whether customers, front-line employees and managers report the same levels of service performance within the real estate industry, leading to satisfaction and dissatisfaction.

The minor adaptations to the questionnaire do not change the fundamentals of the model that this research is based on. The differences occur because of extending the model to the real estate market. The next chapter discusses the analysis that was carried out on the data. The survey had an acceptable response rate received therefore the data is ready to proceed to the analysis stage.



## **Chapter 4:      Analysis Section**

### ***4.1 Introduction***

As stated in Chapter 1, the objective of the analysis is to investigate the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand real estate industry. Previous chapters have reviewed the literature available and outlined the methodology employed in this study. This chapter examines the returned surveys and analyses the information received from these respondents.

The analysis conducted within this chapter has been performed on all data received from real estate clients, employees and managers. Analysis occurred in two stages, firstly by analysing each of the three groups independently and then analysing the employees and managers data collectively employing factor analysis. The analysis consists of examining the demographic information about the individual respondents, investigating the missing data, analysis of differences between items and assessment of the mean scores and standard deviations.

As a result, ANOVA will be conducted to determine what differences exist between the means, reliability testing will then examine the relationships between individual items in the scale and factor analysis will be performed to identify the underlying variables explaining the pattern of correlations within the set of observed variables. Factor analysis will be conducted on each of the five original SERVQUAL dimensions; tangible, reliability, responsiveness, assurance and empathy, these will then be discussed, including discussion around the factors retained and factor labelling.

The analysis begins by examining the three separate groups of respondents; real estate clients, employees and managers. This examination of data is intended to provide an insight into the respondents, their statistics and attributes that may affect, negatively or positively, on the perception of the service provided.

### ***4.2 Examining respondent demographics***

This section will analyse the real estate clients, employees and managers response to questions based on their age, price and number of houses bought, position of employees and

managers, length of time in the company and the number of employees in the company. The objective of this section is to gain an insight into differences between the respondent demographics which will subsequently be used in forthcoming analysis, determining whether the demographics impact on the perception of the service delivered.

*Table 4.2 Response Rates*

	<b>Number of questionnaires sent out</b>	<b>Number of returned questionnaires</b>	<b>Response Rate %</b>
<b>Clients</b>	425	102	24
<b>Employees</b>	425	87	21
<b>Managers</b>	150	32	21
<b>Total</b>	1000	221	22

#### **4.2.1 Real Estate Clients**

The majority of the clients that responded were aged between 36 and 55 years of age with the next age group 56 – 80 years. More males (41%) responded to the questionnaire than females (39%) however this question provided the bulk of the missing data (20%) demonstrating that respondents did not want to reveal their gender or did not believe it necessary to do so.

*Table 4.3 Age and Gender of Real Estate Clients*

<b>Age</b>	<b>Frequency</b>	<b>Valid percent</b>
<b>0 - 35</b>	20	19.8
<b>36 – 55</b>	62	61.4
<b>56 – 80</b>	19	18.8
<b>Total</b>	101	100
<b>Male</b>	42	41.0
<b>Female</b>	39	39.0
<b>Missing Data</b>	20	20.0
<b>Total</b>	101	100

Most of the client respondents had paid \$201,000 to \$350,000 for their last home with the next highest segment \$351,000 to \$499,000. Of the respondents, none had paid more than \$1,000,000 for a property.

*Table 4.4: Real Estate Clients House Purchase Experience*

Price of last house bought			Number of homes bought in the last 5 years		
	Frequency	Percent		Frequency	Percent
Up to \$200,000	12	12.1	1	43	44.3
\$201,000 - \$350,000	40	40.5	2-4	54	55.7
\$351,000 - \$499,000	29	29.3	5+	0	0
\$500,000-\$1 million +	18	18.1			
Total	99	100	Total	97	100

Most respondents had primarily bought between two and four houses in the last five years (55.7%) and the next largest segment to respond were those that had bought one home in the last five years (44.3%).

#### **4.2.2 Real Estate Employees**

The majority of employees that responded were salespeople with the remaining respondents being receptionists or sales managers. It is interesting to note that the sales managers that responded as employees are those sales managers that are selling managers intermixed with a management role.

*Table 4.5: Real Estate Employees Position and Length of Employment in Company*

Position of employees in the company			Length of time in the company		
	Frequency	Percent		Frequency	Percent
Sales Manager	2	2.3	Less than 1 year	6	7.0
Salesperson	84	96.6	1 – 4 years	41	47.7
Receptionist	1	1.1	5 – 7 years	12	13.9
			15 years plus	27	31.4
Total	87	100	Total	86	100

Of the respondents, the majority had been in the company either one year or more than fifteen years and were in an office of either twelve or twenty five people. All employee respondents stated that they had contact with customers which provided classification of their role as front-line employees.

#### **4.2.3 Real Estate Managers**

Of the manager's responses (table 4.5), 44% were the licensee or director of the company, 47% sales or branch managers (non-selling) and the remaining 9% were office managers. .

*Table 4.6: Real Estate Managers Position and Length of Employment in Company*

Position of employees in the company			Length of time in the company		
	Frequency	Percent		Frequency	Percent
Sales Manager	15	46.9	1 year	4	13.0
Licensee	14	43.8	2 – 4 years	8	25.9
Office Manager	3	9.3	5 - 9 years	10	32.4
			10 – 14 years	3	9.7
			15 years plus	6	19.0
Total	32	100	Total	31	100

The majority of the respondents have been with the company for 5 years, or more than 15 years. Of all the respondents, 80% of them stated that they had regular contact with customers. Subsequently, we can summarise from this information that the manager's responses can be combined with the employee's data for further analysis.

*Table 4.7: Size of Company*

	Employees		Managers	
	Frequency	Percent	Frequency	Percent
1 -10 employees	7	8.8	3	9.3
11 – 15 employees	26	33.0	9	28.3
16 – 20 employees	13	16.4	7	21.9
21 – 30 employees	22	27.8	9	28.1
31 – 50 employees	11	14.0	4	12.4
Total	79	100	31	100

Table 4.7 highlights that the majority of managers and employees had between eleven and fifteen employees in their company or twenty one to thirty employees; highlighting the average numbers of employees in real estate companies in Auckland thus this research is based predominantly on companies that have more than eleven employees.

### ***4.3 Analysis of the demographics and the service perception***

Based on the demographics asked of the respondents, the aim was to investigate the impact that these demographics had on the perception of the service delivery, if any. The third hypothesis states:

$H_{(3)}$  = There is a relationship between the importance of the attributes between the real estate agent and the manager.

Factor analysis was conducted on the real estate employees and managers on the importance of attributes (Appendix E). The correlation matrix found that there is a strong correlation i.e. over 0.5 on several items between the real estate employees and the managers thus supporting the hypothesis. The lowest correlation was 0.039 which was local school zones and ethical and the highest correlation was 0.736 which was local school zones and local services. The majority of the correlations were over 0.503. The fourth hypothesis states:

$H_{(4)}$  = There is a relationship between the age of clients and their expectation of service.

ANOVA was used to determine if there is a relationship between the age of clients and their expectation of service (table 4.8). ANOVA testing showed that the significance level was higher than 0.05 in all cases therefore demonstrating that there was no relationship between the age of clients and their expectation of service. The fifth hypothesis states:

$H_{(5)}$  = There is a relationship between the number of houses bought by clients and their expectation of service delivery.

ANOVA testing was used to determine if there is a relationship between the number of houses bought by clients and their expectation of service delivery (table 4.8). ANOVA showed that the significance level was lower than 0.05 in the majority of cases therefore demonstrating that there is a relationship between the number of houses bought by clients and their expectation of service delivery. The sixth hypothesis states:

$H_{(6)}$  = There is a relationship between the agent's length of time in real estate and their perception of service delivery.

Again ANOVA was used to determine if there is a relationship between the agents length of time in real estate and their perception of service delivery (table 4.8). This analysis showed that the significance level was lower than 0.05 in the majority of cases therefore demonstrating that there is a relationship between the agent's length of time in real estate and their perception of service delivery.

Table 4.8: ANOVA testing to determine relationships for  $H_{(4)}$ ,  $H_{(5)}$ ,  $H_{(6)}$

Variables	Customer $H_{(4)}$ Sig.	Customer $H_{(5)}$ Sig.	Employee $H_{(6)}$ Sig.
Company is ethical and professional	.952	.083	.154
The employee demonstrates skill & expertise	.415	.001	.004
Employee provided personal assistance	.524	.019	.208
Explanation of financial guidelines	.298	.569	.293
Prompt presentation and advice on all offers	.689	.320	.002
Employee was a good negotiator	.251	.073	.1069
Employee eliminated any unforeseen problems	.357	.383	.156
Employees knowledgeable about real estate	.930	.021	.002
Employee knowledgeable about services	.684	.002	.004
Employee knowledgeable about local services	.561	.406	.216
Employee knowledgeable about school zones	.615	.285	.174
Employee listens	.335	.230	.035
Employee is courteous	.676	.008	.011
Employee is focused	.933	.053	.100
Employee is professional	.600	.004	.000
Employee demonstrates integrity	.581	.014	.000
Employee is a good communicator	.064	.170	.024
The employee understands my needs	.790	.144	.295
The employee has good time management	.120	.018	.015
The employee is punctual	.417	.003	.045
The employee communicates frequently	.352	.034	.576
The company is knowledgeable	.713	.018	.001
The employee is well presented	.925	.074	.009
The employee provided me with advice	.696	.474	.122
The employee provided marketing advice	.882	.288	.040
The employee provided listing advice	.894	.157	.254
The employee provided me with documentation	.751	.016	.040
Good employee activity from contract to closing	.311	.372	.146
P<0.05			

#### 4.4 Analysis of Missing Data

The objective of this section is to address concerns caused by incomplete data, particularly significant for the study, as cases with missing values are systematically different from cases without missing data and will therefore skew the results. More importantly though, the assumptions behind the statistical procedures to be used in this study are based on complete cases and missing values may obscure the final results.

The following table (4.9) shows missing data was not substantial. Data entry errors and data collection were not the cause of the missing data, alternatively it was an action on the part of

the respondent (refusal to answer) that produced the missing data (Hair, Anderson, Tatham, & Black, 1998).

*Table 4.9: Missing Data*

	<b>Client</b>		<b>Employees</b>		<b>Manager</b>	
<b>SERVQUAL Item</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>	<b>No.</b>	<b>Percent</b>
Company knowledgeable	0	0.0	0	0.0	0	0.0
Ethical	0	0.0	0	0.0	0	0.0
Employee knowledgeable	1	1.0	0	0.0	0	0.0
Services knowledge	1	1.0	0	0.0	0	0.0
Local services	2	2.0	0	0.0	0	0.0
Local school zones	1	1.0	0	0.0	0	0.0
Courteous	1	1.0	0	0.0	0	0.0
Focused	0	0.0	0	0.0	0	0.0
Professional	0	0.0	0	0.0	1	3.1
Integrity	1	1.0	0	0.0	0	0.0
Presentable	0	0.0	0	0.0	0	0.0
Listen	0	0.0	0	0.0	0	0.0
Communicate	0	0.0	0	0.0	0	0.0
Understand needs	0	0.0	1	1.1	0	0.0
Time management	0	0.0	1	1.1	0	0.0
Punctual	0	0.0	1	1.1	0	0.0
Skill	0	0.0	1	1.1	0	0.0
Communicate frequently	0	0.0	2	2.3	0	0.0
Advice*	5	4.9	1	1.1	0	0.0
Marketing advice*	7	6.9	1	1.1	0	0.0
Listing advice*	10	9.8	2	2.3	0	0.0
Documentation	1	1.0	1	1.1	1	3.1
Personal assistance	1	1.0	2	2.3	0	0.0
Finance*	7	6.9	2	2.3	0	0.0
Offers*	7	6.9	1	1.1	0	0.0
Contracts	3	2.9	1	1.1	0	0.0
Good negotiator	3	2.9	2	2.3	0	0.0
Eliminates problems	1	1.0	1	1.1	0	0.0

\* These questions were inapplicable to some respondents as they had either not sold their home or did not require financial information

The missing data highlighted that respondents could not answer certain questions if they had only purchased a house and not sold one. Another area that highlighted missing data was

related to school zones, where some respondents noted that they did not have children and therefore the question was not applicable to them.

The missing data (table 4.9) was not replaced in SPSS, as the classification of the missing data was inapplicable to the respondents due to the specific needs and requirements whilst in the process of buying or selling a home. For example, the lack of requirement for information on financial guidelines because the client already had an approved mortgage with a specified bank, or they did not require finance for the contract to go ahead. The data was analysed on the basis of only those respondents that did answer the questions.

#### ***4.5 Differences between real estate clients and employees***

The objective of this section is to investigate whether there are differences between the groups. The analysis will divide the populations into distinct groups which will then allow testing of differences between the individual SERVQUAL variables, allowing investigation between items. The following sections will also analyse the mean, standard deviation and ANOVA results to ensure that we can proceed with factor analyses on clients and real estate employees.

ANOVA has been conducted to ensure validity that the dependent variable is normally distributed and that variances are equal for all treatment groups. In addition to the impact of heteroscedasticity, ANOVA is especially sensitive to outliers and their impact on the Type I error. The data has been thoroughly examined to observe outliers and eliminate them from the analysis to ensure that the overall results will not be disproportional.

Although the univariate and multivariate tests of ANOVA allow us to reject the null hypothesis that the group means are all equal, it will not pinpoint where the significant differences lie if there are more than two groups. Many procedures are available to further investigate specific group mean differences, all of which can be classified as either a priori or post hoc. These procedures use different approaches to control Type I error rates across multiple tests (Hair et al., 1998). Within this analysis, the Scheffe method has been utilised identifying groups with significant differences. This method provided tests of each combination of groups thus simplifying the interpretative process.



## 4.6 The SERVQUAL dimensions

The following table (4.10) shows the mean scores for the first section of the survey, which consisted of questions that were founded on the original SERVQUAL dimensions (Parasuraman, Berry and Zeithaml, 1988). The questions asked respondents from the three segments; clients, employees and managers, to evaluate their perception of the service delivered. Numerical differences have been observed from the table and ANOVA testing follows.

*Table 4.10: Mean Scores for Perception Statements for all three segments*

Variables	<b>Customer</b> Mean/Std Dev	<b>Employees</b> Mean/Std Dev	<b>Manager</b> Mean/Std Dev
Company is ethical and professional*	5.2 (1.4)	6.7 (0.8)	6.8 (0.5)
The employee demonstrates skill & expertise	5.4 (1.3)	6.3 (.08)	5.9 (0.8)
Employee provided personal assistance*	5.3 (1.5)	6.5 (.07)	6.1 (0.8)
Explanation of financial guidelines	4.3 (1.6)	4.8 (1.7)	4.6 (1.3)
Prompt presentation and advice on all offers*	5.3 (1.3)	6.7 (0.6)	6.7 (0.6)
Employee was a good negotiator*	5.3 (1.4)	6.2 (1.0)	5.8 (0.9)
Employee eliminated any unforeseen problems*	4.9 (1.6)	5.7 (1.0)	5.3 (1.1)
Employees knowledgeable about real estate	5.5 (1.2)	6.1 (1.1)	6.1 (0.9)
Employee knowledgeable about services*	5.6 (1.2)	6.3 (0.9)	6.2 (0.9)
Employee knowledgeable about local services	5.3 (1.3)	5.4 (1.4)	5.5 (1.3)
Employee knowledgeable about school zones*	5.7 (1.1)	5.1 (1.6)	5.4 (1.8)
Employee listens	5.6 (1.2)	6.6 (0.7)	5.7 (0.8)
Employee is courteous	5.9 (1.1)	6.6 (0.7)	6.2 (1.0)
Employee is focused	5.8 (1.1)	6.1 (0.9)	5.6 (1.1)
Employee is professional*	5.7 (1.2)	6.6 (0.7)	6.1 (0.7)
Employee demonstrates integrity*	5.6 (1.3)	6.7 (0.7)	6.3 (0.8)
Employee is a good communicator	5.6 (1.1)	6.3 (0.9)	5.8 (0.8)
The employee understands my needs	5.3 (1.3)	6.2 (0.8)	5.5 (0.7)
The employee has good time management*	5.2 (1.3)	6.3 (0.8)	5.6 (1.0)
The employee is punctual	5.5 (1.2)	6.6 (0.6)	6.0 (0.7)
The employee communicates frequently	5.3 (1.5)	5.9 (1.0)	5.3 (1.1)
The company is knowledgeable*	5.5 (1.2)	6.7 (0.6)	6.7 (0.6)
The employee is well presented	5.8 (1.1)	6.5 (.08)	6.1 (0.9)
The employee provided me with advice*	4.9 (1.5)	6.2 (0.9)	5.9 (0.9)
The employee provided marketing advice*	4.9 (1.6)	6.4 (0.8)	6.1 (0.8)
The employee provided listing advice*	4.7 (1.6)	6.5 (0.8)	6.4 (0.8)
The employee provided me with documentation*	5.4 (1.3)	6.4 (1.0)	6.4 (0.9)
Good employee activity from contract to closing	5.3 (1.3)	6.5 (0.9)	5.9 (1.0)
N Sample size	102	87	32

P<0.05

\* Significant difference between the respondent segments

#### ***4.7 Examination of differences based on the SERVQUAL dimensions***

Due to numerical differences observed between the mean and standard deviation the objective of this section is to determine what differences exist between the three different segments; clients, employees and managers and the impact of these findings.

The ANOVA (Appendix F) demonstrated that two items were not significant, those items being the local service knowledge ( $p = .494$ ) and the financial institutions ( $p = .135$ ). After analysis it was evident that the results were evenly divided between managers and employees, and managers and clients. Ten of the items; courteous, focused, presentable, listen, communicate, understand needs, time management, skill and communicate frequently, demonstrated that clients and managers rated the service similarly.

Twelve of the items demonstrated a similar response rate from the employees and the managers. The items were, company knowledgeable, ethical, employee knowledgeable, services knowledge, integrity, advice, marketing advice, listing advice, documentation, personal assistance, offers and good negotiator.

Two items, punctuality and contracts, provided three varied responses from the individual groups of respondents. Whilst local services, local school zones and financial institutions provided the same response from all three sets of respondents. In summary, this analysis demonstrated that clients had radically different perceptions of the service delivery in comparison to the managers and the employees.

From the results, these items based on the SERVQUAL dimensions used in the first section of the survey, will be analysed by factor analysis as two individual groups; customers and real estate employees (employees and managers). The findings demonstrated that employees and managers rated the items in a similar way and will be, from hereon in, referred to as the real estate employees. The findings supported that clients and real estate employees rate the service delivery differently.

#### ***4.8 Importance rating of each SERVQUAL dimension***

The objective of this section is to investigate the difference between front-line employees' perception of service versus the customer's perception of the service delivery and therefore an understanding of the importance of those questions is required, one criticism of the original SERVQUAL measurement tool. This is particularly significant for this study as it will provide an insight into how the three segments rate the importance of each statement. The following sections will also analyse the mean, standard deviation and ANOVA results to ensure that we can proceed with factor analysis.

Alternative SERVQUAL studies deem that individual statements should have different weights attached to them to indicate the importance with which they are held by the consumer. In this study, the questionnaire used the seven point likert scale to ascertain the importance weighting of each question, which was again broken down into the SERVQUAL dimensions.

Table 4.10 shows the means scores for the rating of the importance of each question for the three segments. It is evident from this table that there are numerical differences between the three groups and some of these differences are vast for example the variable employee knowledgeable about school zones. This table also illustrates that both employees and managers rate the service in a similar way, consequently ANOVA testing follows.

*Table 4.11: Mean Scores for Importance Rating of each statement*

Variables	Customer Mean/Std Dev	Employee Mean/Std Dev	Manager Mean/Std Dev
Company is ethical and professional	6.4 (0.8)	6.7 (0.8)	6.8 (0.5)
The employee demonstrates skill & expertise	6.3 (0.8)	6.4 (0.8)	5.9 (0.8)
Employee provided personal assistance	6.2 (0.9)	6.5 (0.7)	6.1 (0.8)
Explanation of financial guidelines	5.4 (1.4)	4.8 (1.7)	4.6 (1.3)
Prompt presentation and advice on all offers	6.3 (0.9)	6.7 (0.6)	6.7 (0.6)
Employee was a good negotiator	6.5 (0.8)	6.2 (1.0)	5.8 (0.9)
Employee eliminated any unforeseen problems	6.3 (1.0)	5.7 (1.0)	5.3 (1.1)
Employees knowledgeable about Real Estate	6.3 (0.9)	6.1 (1.1)	6.1 (0.9)
Employee knowledgeable about services	6.2 (1.0)	6.3 (0.9)	6.2 (0.9)
Employee knowledgeable about local services	5.7 (1.2)	5.4 (1.4)	5.5 (1.3)
Employee knowledgeable about school zones	5.9 (1.3)	5.1 (1.6)	5.4 (1.8)
Employee listens	6.4 (1.0)	6.6 (0.7)	5.7 (0.8)
Employee is courteous	6.2 (0.9)	6.6 (0.7)	6.2 (1.0)
Employee is focused	6.4 (0.8)	6.1 (0.9)	5.6 (1.1)
Employee is professional	6.5 (0.8)	6.6 (0.7)	6.1 (0.7)
Employee demonstrates integrity	6.5 (0.8)	6.7 (0.7)	6.3 (0.8)
Employee is a good communicator	6.4 (0.9)	6.3 (0.8)	5.8 (0.8)
The employee understands my needs	6.4 (0.9)	6.2 (0.8)	5.5 (0.7)
The employee has good time management	6.2 (0.9)	6.3 (0.8)	5.6 (1.0)
The employee is punctual	6.3 (0.9)	6.6 (0.6)	6.0 (0.7)
The employee communicates frequently	6.2 (1.0)	5.9 (1.0)	5.3 (1.1)
The company is knowledgeable	6.2 (1.0)	6.7 (0.6)	6.7 (0.6)
The employee is well presented	6.1 (1.1)	6.5 (0.8)	6.1 (0.9)
The employee provided me with advice	6.2 (1.0)	6.2 (0.9)	5.9 (0.9)
The employee provided marketing advice	6.0 (1.1)	6.4 (0.8)	6.1 (0.8)
The employee provided listing advice	6.1 (1.1)	6.5 (0.8)	6.4 (0.8)
The employee provided me with documentation	6.4 (0.9)	6.4 (1.0)	6.4 (0.9)
Good employee activity from contract to closing	6.4 (0.9)	6.5 (0.9)	5.9 (1.0)
N Sample size	102	87	32

#### ***4.9 Examination of ANOVA based on the importance ratings***

This section will determine the importance of the questions asked and establish what differences exist between the three different segments; clients, employees and managers and the impact of these findings.

ANOVA (Appendix G) has been conducted in this section to analyse the importance of the questions asked within the survey. The ANOVA results in the importance sector provided very different results in comparison with the first section. The second section had four items that were not significant. These items were local service knowledge ( $p = .757$ ), school zone knowledge ( $p = .813$ ), time management ( $p = .416$ ) and financial institutions ( $p = .638$ ).

The results of the post hoc ANOVA tests showed that on eight items all three groups responded in the same way, the items included services knowledge, local services, local school zones, understanding needs, time management, financial institutions and elimination of problems. Communication and knowledge were rated the same by clients and employees whilst clients and managers rated the following items similarly, employee knowledge, punctuality, documentation and good negotiation skills.

The last fourteen items, company knowledge, ethical, courteous, focused, professional, integrity, presentable, listen, skill and expertise, communicate frequently, marketing advice, listing advice, personal assistance and offers were all rated similar in importance by employees and clients.

The results for the second section, in comparison to the first section of the survey, demonstrated that the employees and managers answered on a similar basis, more in the second section, in terms of the rating of importance than in the first section regarding the perception questions. In the second section, it was evident that the clients thought very differently to the other groups as opposed to the first sections responses.

The importance of the SERVQUAL dimensions reveals that the managers rated all aspects lower than the customers and the employees, except on the questions within the tangible dimension, with regard to providing advice, providing marketing advice, providing listing advice and providing documentation. On all these questions clients and employees rated importance to be in the middle, however, on the questions within the reliability dimension particularly the question how important is it that the company is ethical and professional, they rated the importance level the highest.

#### ***4.10 Factor Analysis- SERVQUAL dimensions***

The objective of the factor analysis is to identify the underlying variables, or items, that explain the pattern of correlations within the set of observed variables. Factor analysis is often used in data reduction to identify a small number of items that explain most of the variance observed in a much larger number of manifest variables. Factor analysis is also being conducted to screen variables for subsequent analysis.

Factor analysis is particularly significant for this study as it imparts a direct insight into the interrelationships among variables and respondents and provides empirical support for addressing the conceptual issues relating to the underlying structure of the data. Factor analysis will provide a clear understanding of which variables may act in concert together and how many variables may be expected to impact this analysis (Hair et al., 1998).

The sample size of this study was 102 clients and for real estate employees (employees and managers) the sample size was 119 which is considered an adequate sample size for factor analysis (Hair et al., 1998). For this study, pre-existing sets of items are based on the SERVQUAL variables.

#### ***4.10.1 Correlations among items***

Within the factor analysis, correlations among the variables are analysed (R-Type factor analysis) which will identify similar relationships between the variables. The variables that are being used are of metric measurement and thus enabling the factor analysis to observe patterns among the groups of variables.

Principal component analysis has been used which considers the total variance and then derives items that contain small proportions of unique variance. Component analysis was used as the primary concern was prediction (Hair et al., 1998).

#### ***4.10.2 Extraction of items***

The extraction of items has been utilised within this factor analysis with the objective of redistributing the variance from earlier factors to later ones to achieve a simpler and more meaningful factor pattern. Initially factor analysis was conducted on five factors based on the original SERVQUAL (Parasuraman, Berry and Zeithaml, 1988) study and then the practicalities of the five factors were assessed.

*Table 4.12: Examination of eigenvalues, extraction and rotation*

Comp- onent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative
1	16.252	58.041	58.041	16.252	58.041	58.041	8.149	29.105	29.105
2	1.592	5.685	36.726	1.592	5.685	63.726	4.493	16.045	45.151
3	1.384	4.942	68.668	1.384	4.942	68.668	3.685	13.064	58.215
4	.946	3.377	72.046	.946	3.377	72.046	2.819	10.067	68.281
5	.771	2.754	74.800	.771	2.754	74.800	1.825	6.519	74.800
6	.749	2.675	77.475						
7	.719	2.568	80.042						
8	.641	2.289	82.332						
9	.555	1.982	84.314						
10	.450	1.606	85.920						
11	.433	1.547	87.467						
12	.411	1.466	88.933						
13	.366	1.307	90.240						
14	.305	1.088	91.328						
15	.268	.958	92.286						
16	.268	.956	93.242						
17	.239	.855	94.097						
18	.226	.808	94.905						
19	.209	.745	95.650						
20	.199	.710	96.359						
21	.184	.656	97.016						
22	.171	.611	97.627						
23	.153	.546	98.173						
24	.142	.508	98.681						
25	.116	.414	99.095						
26	.105	.376	99.471						
27	.081	.291	99.762						
28	.067	.238	100.00						

\* Extraction Method: Principal Component Analysis

Table 4.12, shows the extraction of the SERVQUAL dimensions and the principal component analysis shows that the first five factors account for 74.8% of the variance and that factor one is predominant with an eigenvalue of 16.252.

The number of factors to extract was determined by the reliability tests and the corrected item correlation that produced results lower than 0.5 (Table 4.13). Eight items fell into this category however only two items appeared within both the clients and the real estate employees (employees and managers) reliability test. The extraction of the two items proved the best representation of the data.

In this study, VARIMAX was the rotational approach selected, as it is designed to simplify the columns of the factor matrix and provide a clear positive or negative association between the variable and the factor as variable-factor correlations are close to either +1 or -1 or close to 0 representing a clear lack of association. VARIMAX was also chosen as it tends to be more invariant than that obtained by alternative methods.

Appendix G shows the inter-correlations among all variables with the significant correlations being above 0.3. The table shows that there are few variables below the 0.3 however those that are below the 0.3 show that there are limited correlations.

#### ***4.10.3 Reliability Tests***

The objective of the reliability analysis is to study the properties of the measurement scales and the items that were used in the survey. The reliability analysis procedure calculates a number of commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale. Intraclass correlation coefficients can be used to compute interrater reliability estimates. The following tables are the reliability tests for both the clients and real estate employees (employees and managers) to gain an understanding of items that need to be removed prior to factor analysis being conducted.

The following reliability tests (table 4.13) demonstrates that two items needed to be removed from the client's results before factor analysis occurs: financial guidelines and employee is well presented as both items were under the significant level of 0.5 and appeared on both the clients and real estate employees reliability tests.

Table 4.13 highlights the items that are below the acceptable 0.5 correlation, however it is noted that only two of the items were eliminated from further factor analysis and that the remaining six items were retained due to the fact that even though they were below the acceptable 0.5 for real estate employees they were of an acceptable standard for clients therefore the decision to retain them was made on this basis.



*Table 4.13: Reliability tests for clients and real estate employees*

Variables	Corrected Item Total Correlation - <b>Clients</b>	Corrected Item Total Correlation – <b>Real Estate Employees</b>
Company is ethical and professional	.653	<b>.146</b>
The employee demonstrates skill & expertise	.733	.679
Employee provided personal assistance	.705	.599
Explanation of financial guidelines*	<b>.441</b>	<b>.475</b>
Prompt presentation and advice on all offers	.703	<b>.442</b>
Employee was a good negotiator	.839	.652
Employee eliminated any unforeseen problems	.804	.702
Employees knowledgeable about Real Estate	.809	<b>.424</b>
Employee knowledgeable about services	.869	.520
Employee knowledgeable about local services	.767	.568
Employee knowledgeable about school zones	.680	<b>.445</b>
Employee listens	.749	<b>.231</b>
Employee is courteous	.795	.750
Employee is focused	.787	.684
Employee is professional	.912	.805
Employee demonstrates integrity	.825	.809
Employee is a good communicator	.622	.721
The employee understands my needs	.845	.671
The employee has good time management	.826	.785
The employee is punctual	.855	.637
The employee communicates frequently	.752	.621
The company is knowledgeable	.572	<b>.322</b>
The employee is well presented*	<b>.474</b>	<b>.419</b>
The employee provided me with advice	.743	.646
The employee provided marketing advice	.804	.786
The employee provided listing advice	.793	.704
The employee provided me with documentation	.653	.656
Good employee activity from contract to closing	.731	.600

\* Represents the items eliminated in further factor analyses

#### ***4.10.4 Assumptions of factor analysis***

The Bartlett test of sphericity provides the statistical probability that the correlation matrix has significant correlations among at least some of the variables and is therefore significant. The KMO sampling adequacy, for both clients and real estate employees, is greater than .6. The Kaiser-Meyer-Olkin measure of sampling adequacy for the clients is .931 and for the real estate employees it is .921. The data matrix had significant correlations (correlations are greater than 0.3) and the measure of sampling adequacy (MSA) is above 0.80 which can be interpreted as meritorious.

After careful analysis, it has been found that these results justify the application of factor analysis; therefore it is appropriate to proceed with factor analysis as it is evident that some underlying structure does exist in the set of selected variables. For this study separate factor analysis has been performed on clients and then the real estate employees as differing results have been identified between the respondents.

#### ***4.11 Clients Factor Analysis SERVQUAL dimensions***

From the analysis that has been conducted it is apparent that the clients, employees and managers do not respond in a similar manner and do not view the service that is delivered as the same, consequently, there is a prerequisite to analyse the clients separately from the employees and the managers. The objective of the client analysis section is to gain an understanding of the items that interact together. The employees and managers have factor analysis conducted collectively and subsequently the two sets of results will be evaluated against each other.

The five factors were found to be deficient and it was decided to analyse only twenty six of the items (table 4.14). The factor analysis procedure for clients is based on the initial computation of a complete table of intercorrelations among the variables. This correlation matrix is then transformed through estimation of a factor model to obtain a factor matrix. The loadings of each variable on the factors are then interpreted to identify the underlying structure of the variables. From table 4.9.3 elimination of two factors occurred: financial guidelines and the employee is well presented and will not be included in any further analysis testing.

Table 4.14 shows the twenty six possible items and their relative explanatory power which is expressed by their eigenvalues. The eigenvalues also assist in selecting the number of items and the scree plot for clients identified the minimum number of items to be extracted, before the amount of variance begins to dominate.

*Table 4.14: Assessment of components for clients*

Comp- onent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative
1	15.963	61.398	61.398	15.963	61.398	61.398	8.272	31.815	31.815
2	1.758	6.762	68.160	1.758	6.762	68.160	6.512	25.045	56.860
3	1.269	4.880	73.039	1.269	4.880	73.039	4.207	16.180	73.039
4	.961	3.697	76.736						
5	.916	3.522	80.258						
6	.815	3.136	83.395						
7	.616	2.368	85.762						
8	.545	2.097	87.859						
9	.449	1.725	89.585						
10	.367	1.412	90.997						
11	.304	1.170	92.167						
12	.271	1.041	93.207						
13	.232	.894	94.101						
14	.207	.797	94.897						
15	.203	.780	95.677						
16	.161	.618	96.295						
17	.155	.595	96.890						
18	.135	.521	97.411						
19	.133	.510	97.291						
20	.109	.419	98.340						
21	.094	.360	98.700						
22	.084	.323	99.023						
23	.079	.302	99.325						
24	.070	.269	99.594						
25	.060	.229	99.823						
26	.046	.177	100.00						

Table 4.14 shows the three possible items and their relative explanatory power as expressed by their eigenvalues. In addition to assessing the importance of each component, the eigenvalues assist in selecting the number of items. The forth item is not included as its eigenvalue is lower than one. This factor analysis has the two items, financial guidelines and well presented removed as discussed earlier.

#### ***4.11.1 Client's Rotated Component Matrix***

The following table (4.15) demonstrates that a satisfactory factor solution has been derived. A minimum level of significance for factor loading has been selected and the criteria for selection are loadings greater than 0.5. All significant factor loadings have been used in the interpretation process. The factor solutions have been derived from component analysis with

a VARIMAX rotation of the clients and real estate employee's perceptions of the real estate service provided.

*Table 4.15: Clients VARIMAX Rotation SERVQUAL*

Variable	Factors			
	Assurance, responsiveness, empathy	Reliability	Tangibles	Comunalities
Comp knowledgeable	<b>.662</b>	.307	.259	.599
Emp knowledgeable	<b>.784</b>	.336	.178	.760
Services knowledge	<b>.781</b>	.357	.315	.837
Local services	<b>.640</b>	.025	.526	.687
Local school zones	<b>.569</b>	.008	.354	.450
Courteous	<b>.663</b>	.513	.002	.702
Focused	<b>.616</b>	.570	.062	.709
Professional	<b>.707</b>	.585	.112	.854
Integrity	<b>.698</b>	.542	.117	.793
Listen	<b>.745</b>	.290	.250	.701
Communicate	<b>.592</b>	.313	.405	.613
Understand needs	<b>.639</b>	.434	.386	.746
Time management	<b>.727</b>	.331	.252	.701
Punctual	<b>.677</b>	.550	.216	.808
Skill	<b>.704</b>	.440	.300	.779
Ethical	.564	<b>.576</b>	.168	.678
Communicate frequently	.474	<b>.526</b>	.417	.675
Documentation	.283	<b>.796</b>	.275	.789
Personal assistance	.365	<b>.644</b>	.307	.643
Offers	.256	<b>.728</b>	.283	.676
Contracts	.333	<b>.626</b>	.483	.736
Good negotiator	.358	<b>.734</b>	.337	.781
Eliminates problems	.232	<b>.696</b>	.412	.709
Advice	.247	.256	<b>.856</b>	.860
Marketing advice	.203	.384	<b>.835</b>	.885
Listing advice	.240	.400	<b>.776</b>	.819
Eigenvalue	15.963	1.758	1.269	
% of variance explained	61.398%	6.762%	4.880%	

The VARIMAX rotated component factor matrix has the same total amount of variance extracted as the unrotated solution. However there are two apparent differences; firstly the variance has been redistributed so that the factor-loading pattern and the percentage of variance for each of the factors is different. In the VARIMAX rotated solution, the first factor accounts for 40 percent of the variance compared to 97 percent in the unrotated solution. Likewise the second item accounts for 36 percent versus 2 and the third accounts for 26 percent versus one in the unrotated solution. Thus the explanatory power has shifted slightly to a more even distribution because of the rotation. Secondly, the interpretation of the factor matrix has been simplified as on the unrotated factor solution all variables loaded significantly on the first factor.

In the rotated factor solution the variables company knowledgeable, employee knowledgeable, services knowledge, local services, local school zones, courteous, focused, professional, integrity, listen, communicate, understand needs, time management, punctual and skill load significantly on item 1, the items ethical, communicate frequently, documentation, personal assistance, offers, contracts, good negotiator and eliminates problems load significantly on item 2 whilst the variables advice, marketing advice and listing advice load significantly on item 3. No variables load significantly on more than one item. It is apparent that the factor interpretation has been simplified considerably by rotating the factor matrix.

#### ***4.11.2 Naming the Clients factors***

The objective of this section involves substantive interpretation of the pattern of factor loadings for the variables, including their signs, in an attempt to name each of the factors. Before interpretation a minimum acceptable level of significance for factor loadings must be selected. All significant factor loadings typically are used in the interpretation process but variables with higher loadings influence to a greater extent the name or label selected to represent a factor.

The factor solution has been derived from component analysis with a VARIMAX rotation of the twenty six perceptions of real estate service delivery. The cut off point for interpretation in this study is +/- 0.500 or above.

Substantive interpretation is based on the significant higher loadings, item one has fifteen significant loadings, item two has eight and item three has three significant loadings. All items have positive signs which show that these perceptions are quite similar among respondents and do not act in differing directions. All labelling of the items are based on the SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) labels and the definitions of these labels are as follows:

<b>Dimension</b>	<b>Definition</b>	<b>Dimension retained or changed?</b>
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence	Retained but assurance, responsiveness and empathy are all classified as item one
Responsiveness	The willingness to help customers and to provide prompt service	
Empathy	The provision of caring, individualised attention to customers	
Reliability	The ability to perform the promise service dependably and accurately	Retained as factor 2
Tangibles	The appearance of physical facilities, equipment, personnel and communication materials	Factor 3 but only included communication materials

Hence from the above definitions based on the original SERVQUAL labelling, item one would be labelled the assurance, responsiveness and empathy dimension, item two is classified as the reliability dimension and item 3, is the tangible dimension. The tangible dimensions, as defined by the original SERVQUAL (Parasuraman et al., 1988), differs in its interpretation in real estate as it is not the physical facilities of the real estate company but instead the communication materials which include the advice, marketing advice and listing advice which is always provided in written documentation and is classified as communication materials hence making it a tangible item.

It is to be noted that financial guidelines and well presented have not been included in the factor analysis due to their elimination after analysis of the reliability tests. Even though the process of labelling is subject to considerable criticism, the labels in this study have been

logically assigned and represent the underlying nature of the factors and are therefore justifiable.

#### ***4.12 Real estate employee's factor analysis***

From the previous analysis that has been conducted for this study it has been apparent that the employees and managers respond in a similar manner and do view the service that is delivered as the same, consequently, there is a prerequisite to analyse the employees and the managers in cooperation, but separate from the clients.

The objective of the real estate employees (employees and managers) analysis section is to gain an understanding of the items that interact together for this segment. The employees and managers are analysed collectively and then the two sets of results (real estate employees and clients) will be evaluated against each other.

The factor analysis procedure for real estate employees is based on the initial computation of a complete table of intercorrelations among the variables. This correlation matrix was then transformed through estimation of a factor model to obtain a factor matrix. The loadings of each variable on the factors are then interpreted to identify the underlying structure of the variables. From table 4.13 elimination of two factors occurred: financial guidelines and well presented and will not be included in any further analysis testing.

Table 4.16 shows the twenty six possible items and their relative explanatory power which is expressed by their eigenvalues. The eigenvalues also assist in selecting the number of items and the Scree plot for real estate employees identified that the minimum number of factors to be extracted, before the amount of variance begins to dominate the common variance structure is 6.

*Table 4.16: Assessment of components for real estate employees*

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative
1	11.806	45.409	45.409	11.806	45.409	45.409	4.682	18.008	18.008
2	2.004	7.708	53.117	2.004	7.708	53.117	4.482	17.238	35.247
3	1.455	5.595	58.712	1.455	5.595	58.712	4.171	16.042	51.289
4	1.224	4.706	63.418	1.224	4.706	63.418	2.261	8.696	59.985
5	1.144	4.402	67.819	1.144	4.402	67.819	1.798	6.916	66.901
6	1.006	3.869	71.689	1.006	3.869	71.689	1.245	4.788	71.689
7	.849	3.266	74.955						
8	.785	3.017	77.972						
9	.673	2.588	80.560						
10	.585	2.250	82.810						
11	.566	2.177	84.987						
12	.487	1.875	86.861						
13	.455	1.751	88.612						
14	.402	1.545	90.157						
15	.391	1.503	91.660						
16	.338	1.300	92.960						
17	.284	1.093	94.053						
18	.265	1.018	95.071						
19	.246	.947	96.018						
20	.213	.818	96.837						
21	.178	.686	97.522						
22	.165	.634	98.156						
23	.160	.617	98.773						
24	.136	.524	99.297						
25	.107	.412	99.708						
26	.076	.292	100.00						

#### ***4.12.1 Rotated Component Matrices for Real estate Employees***

The following table (4.17) demonstrates that a satisfactory factor solution has been derived and a minimum level of significance for factor loading has been selected. All significant factor loadings have been used in the interpretation process. The factor solution has been derived from component analysis with a VARIMAX rotation of the clients and real estate employee's perceptions of the real estate service provided.



Table 4.17: VARIMAX Rotated Component Analysis for Real Estate Employees

Variable	Factors						Comun alities
	Assurance	Empathy & tangible	Reliability	Service	Ethical	Company	
Courteous	<b>.691</b>	.173	.365	.096	-.069	.192	.692
Focused	<b>.580</b>	.218	.495	.031	.184	-.117	.677
Professional	<b>.778</b>	.329	.200	.044	-.016	.248	.817
Integrity	<b>.736</b>	.208	.263	.050	-.047	.387	.809
Listen	<b>.729</b>	.220	.009	-.013	.289	-.125	.679
Communicate	<b>.678</b>	.253	.390	.121	.168	.016	.719
Punctual	<b>.563</b>	.444	.335	.066	-.191	.139	.687
Understand needs	.435	<b>.547</b>	.349	-.025	.027	-.183	.645
Time management	.472	<b>.651</b>	.273	-.072	-.067	-.112	.744
Communicate frequently	.450	<b>.509</b>	.262	-.050	.027	-.151	.557
Marketing advice	.268	<b>.718</b>	.304	.110	.058	.185	.730
Listing advice	.031	<b>.684</b>	.410	.265	.081	.234	.768
Documentation	.038	<b>.730</b>	.105	.327	.212	.240	.754
Personal assistance	.247	<b>.800</b>	.235	.102	.056	.078	.776
Contracts	.311	<b>.688</b>	.090	.235	.150	.012	.656
Advice	.296	.488	.375	.048	.305	.144	.583
Services knowledge	.429	.123	<b>.600</b>	.129	.193	.269	.686
Emp knowledgeable	.135	.166	<b>.831</b>	.081	.135	.225	.812
Skill	.312	.482	<b>.620</b>	.019	-.063	.077	.725
Offers	.212	.283	<b>.570</b>	.113	-.315	.102	.573
Good negotiator	.241	.302	<b>.759</b>	.157	.064	-.176	.785
Eliminates problems	.339	.379	<b>.633</b>	.046	.068	-.031	.667
Local services	.116	.256	.122	<b>.820</b>	.067	-.099	.780
Local school zones	.018	.100	.102	<b>.891</b>	-.092	.050	.826
Ethical	.126	.086	-.023	-.089	<b>.745</b>	.250	.649
Comp knowledgeable	.252	.186	.119	-.041	.138	<b>.647</b>	.552
Eigenvalues	11.806	2.004	1.455	1.224	1.144	1.006	
% of variance explained	45.409	7.708	5.595	4.706	4.402	3.869	

As with clients, the VARIMAX rotated component analysis factor matrix, has the same total amount of variance extracted, as the unrotated solution and again there are two apparent

differences; firstly the variance has been redistributed so that the factor-loading pattern and the percentage of variance for each of the factors is different. In the VARIMAX rotated solution, the first item accounts for 26 percent of the variance compared to 87 percent in the unrotated solution. Likewise the second item accounts for 28 percent versus 2.5, the third 24 percent versus 2.5 percent, the fourth 10 percent versus 5 percent and the fifth and sixth accounts for 6 percent versus 1.5 percent in the unrotated solution. Thus the explanatory power has shifted slightly to a more even distribution because of the rotation.

The table 4.17 demonstrates that a satisfactory factor solution has been derived. A minimum level of significance for factor loading has been selected. The factor solution has been derived from component analysis with a VARIMAX rotation of the clients and real estate employee's perceptions of the real estate service provided with a cut off point for interpretation being +/- 0.500 or above.

In the rotated factor solution the variables courteous, focused, professional, integrity, listen, communicate, and punctual all load significantly on item 1, the variables understand needs, time management, communicate frequently, marketing advice, listing advice, documentation, personal assistance and contracts all load significantly on item 2, employee knowledgeable, services knowledge, skill, offers, good negotiator and eliminates problems, load significantly on item 3, local services and local schools zones load significantly on item 4, ethical loads significantly on item 5, whilst the variable company knowledgeable load significantly on item 6. No variables load significantly on more than one item. It is apparent that the factor interpretation has been simplified considerably by rotating the factor matrix.

#### ***4.12.2 Labelling the items – Real Estate Employees***

Substantive interpretation is based on the significant higher loadings, item one has seven significant loadings, item two has eight and item three has six, item four has 2 and both items five and six have one significant loading. All items have positive signs which show that these perceptions are quite similar among respondents and do not act in differing directions.

As with the labelling for the clients items, all labelling of the items for the real estate employees (employees and managers) are based on the SERVQUAL (Parasuraman et al., 1988) labels and the definitions of these labels are as follows:

<b>Dimension</b>	<b>Definition</b>	<b>Dimension retained or changed?</b>
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence	Retained as factor one
Tangibles	The appearance of physical facilities, equipment, personnel and communication materials	Retained but tangibles and empathy were interlinked and classified as factor two
Empathy	The provision of caring, individualised attention to customers	
Responsiveness	The willingness to help customers and to provide prompt service	Not retained
<b>Additional Dimensions</b>		
Service	The knowledge of local services available including local school zones	New dimension, factor 4
Ethical	The ethics of the salesperson and the company	New dimension, factor 5
Company	The reputation of the company incorporating both knowledge of the market and the industry	New dimension, factor 6

Hence from the above definitions based on the original SERVQUAL labelling, item one would be labelled the assurance dimension, item two is classified as the empathy and tangible dimension and item 3, the reliability dimension, four is a new dimension labelled service dimension, five is the ethical dimension and six is the company dimension. Three new dimensions have been created as there was no clear link to the original SERVQUAL dimensions as multiple item loadings occurred.

Again, financial guidelines and well presented have not been included in the factor analysis due to their elimination after analysis of the reliability tests. Even though the process of labelling is subject to considerable criticism, the namings in this study have been logically assigned and represent the underlying nature of the items and is therefore justifiable.

#### ***4.13 Comparison of SERVQUAL analysis between clients and real estate employees***

Analysis of the data from the first section of the questionnaire provided insight into the perceived service that was delivered by all segments in the real estate industry. As stated previously the twenty eight questions used in the first section were then divided into the dimensions as proposed by Parasuraman et al., (1988). Analysis of the dimensions highlighted factors that appeared to be relatively redundant in the construct of perceived service quality. The following items proved to be redundant for both the clients and real estate employees; the employee of the real estate company provided an explanation of guidelines from financial institutions and the employee of the real estate company is well presented.

However there were items that proved to be less significant for the real estate employees but not the clients. The items were not removed from the factor analysis but further research could examine their relevance to the items. The items were the real estate company is ethical and professional, the employee of the real estate company provided prompt presentation and advice of all offers, the employee of this real estate company is knowledgeable about the real estate market and area, the employee of the real state company knows the school zones, the employee of the real estate company listens and the real estate company is knowledgeable about the real estate market and the local area.

The following is a summary of the client and real estate employee's dimensions:

<b>Dimension</b>	<b>Client's dimensions retained or changed?</b>	<b>Employee's dimensions retained or changed?</b>
Assurance	Retained but assurance, responsiveness and empathy are all classified as one	Retained as item one
Tangibles	Factor 3 but only included communication material	Retained but tangibles and empathy were interlinked and classified as item two
Empathy	Retained but assurance, responsiveness and empathy are all classified as one	
Responsiveness	Retained but assurance, responsiveness and empathy are all classified as one	Not retained
Service	Not applicable	New dimension, item 4
Ethical	Not applicable	New dimension, item 5
Company	Not applicable	New dimension, item 6

#### ***4.14 Analysis of the importance of the services***

The objective of this section is to perform analysis on the importance ratings of the questions asked. This is particularly significant for this study, as it is one of the major criticisms of the original SERVQUAL (Parasuraman et al., 1988) study however, it will also provide insight into the key areas for clients when buying or selling real estate. For employees and managers it will provide evidence of items that need further clarification or increased training within real estate companies around New Zealand.

*Table 4.18: Mean Scores for Importance rating of each statement*

Variables	<b>Customer</b> Mean/Std Dev	<b>Employees</b> Mean/Std Dev	<b>Manager</b> Mean/Std Dev
Employee was a good negotiator	6.5 (0.8)	6.2 (1.0)	5.8 (0.9))
Employee is professional	6.5 (0.8)	6.6 (0.7)	6.1 (0.7)
Employee demonstrates integrity	6.5 (0.8)	6.7 (0.7)	6.3 (0.8)
Employee is a good communicator	6.4 (0.9)	6.3 (0.8)	5.8 (0.8)
Employee is focused	6.4 (0.8)	6.1 (0.9)	5.6 (1.1)
Company is ethical and professional	6.4 (0.8)	6.7 (0.8)	6.8 (0.5)
Employee listens	6.4 (1.0)	6.6 (0.7)	5.7 (0.8)
The employee understands my needs	6.4 (0.9)	6.2 (0.8)	5.5 (0.7)
The employee provided me with documentation	6.4 (0.9)	6.4 (1.0)	6.4 (0.9)
Good employee activity from contract to closing	6.4 (0.9)	6.5 (0.9)	5.9 (1.0)
The employee demonstrates skill & expertise	6.3 (0.8)	6.4 (0.8)	5.9 (0.8)
Prompt presentation and advice on all offers	6.3 (0.9)	6.7 (0.6)	6.7 (0.6)
Employee eliminated any unforeseen problems	6.3 (1.0)	5.7 (1.0)	5.3 (1.1)
Employees knowledgeable about Real Estate	6.3 (0.9)	6.1 (1.1)	6.1 (0.9)
The employee is punctual	6.3 (0.9)	6.6 (0.6)	6.0 (0.7)
Employee provided personal assistance	6.2 (0.9)	6.5 (0.7)	6.1 (0.8)
Employee knowledgeable about services	6.2 (1.0)	6.3 (0.9)	6.2 (0.9)
Employee is courteous	6.2 (0.9)	6.6 (0.7)	6.2 (1.0)
The employee has good time management	6.2 (0.9)	6.3 (0.8)	5.6 (1.0)
The employee communicates frequently	6.2 (1.0)	5.9 (1.0)	5.3 (1.1)
The company is knowledgeable	6.2 (1.0)	6.7 (0.6)	6.7 (0.6)
The employee provided me with advice	6.2 (1.0)	6.2 (0.9)	5.9 (0.9)
The employee is well presented	6.1 (1.1)	6.5 (0.8)	6.1 (0.9)
The employee provided listing advice	6.1 (1.1)	6.5 (0.8)	6.4 (0.8)
The employee provided marketing advice	6.0 (1.1)	6.4 (0.8)	6.1 (0.8)
Employee knowledgeable about school zones	5.9 (1.3)	5.1 (1.6)	5.4 ( 1.8)
Employee knowledgeable about local services	5.7 (1.2)	5.4 (1.4)	5.5 (1.3)
Explanation of financial guidelines	5.4 (1.4)	4.8 (1.7)	4.6 (1.3)

Both table 4.18 and 4.19 show the importance rating for each segment individually. On several items, the managers and the employees both rate items with the same importance; however it is obvious that the clients do not, except on item number 28, where all groups rated financial guidelines as the least important of all items.

Interestingly, for the clients and the employees within the importance section, they rated differently. What the employees believed to be important was the opposite of what the clients believed. The clients believe that the following items are important and they rated the highest on these questions; good negotiator, professional, integrity, good communicator and focused.

Alternatively the employees rated the following with the highest importance; integrity, company ethical, prompt presentation of offers, company knowledgeable and professionalism.

However managers rated the following the most important; company ethical, prompt presentation of offers, company knowledgeable, listing advice and documentation.

*Table 4.19: Importance ranking by individual groups*

	<b>CLIENTS</b>	<b>EMPLOYEES</b>	<b>MANAGERS</b>
1	Good negotiator	Integrity	Company ethical
2	Professional	Company ethical	Prompt presentation of offers
3	Integrity	Prompt presentation of offers	Company knowledgeable
4	Good communicator	Company knowledgeable	Listing advice
5	Focused	Professional	Documentation
6	Company is ethical	Listens	Integrity
7	Listens	Punctual	Knowledgeable about services
8	Understands my needs	Courteous	Courteous
9	Documentation	Well presented	Employees knowledgeable
10	Contract to closing	Listing advice	Professional
11	Skill & expertise	Contract to closing	Well presented
12	Prompt presentation of offers	Personal assistance	Personal assistance
13	Eliminated problems	Documentation	Marketing advice
14	Employees knowledgeable	Skill & expertise	Punctual
15	Punctual	Marketing advice	Contract to closing
16	Personal assistance	Good communicator	Advice
17	Knowledgeable about services	Knowledgeable about services	Skill & expertise
18	Courteous	Time management	Communicates
19	Time management	Advice	Good negotiator
20	Communicates frequently	Good negotiator	Listens
21	Company knowledgeable	Understands my needs	Time management
22	Advice	Focused	Focused
23	Well presented	Employees knowledgeable	Local services
24	Listing advice	Communicates frequently	Understands my needs
25	Marketing advice	Eliminated problems	School zones
26	School zones	Local services	Communicates frequently
27	Local services	School zones	Eliminates problems
28	Financial guidelines	Financial guidelines	Financial guidelines

#### ***4.15 The dimensions***

The original SERVQUAL (Parasuraman et al., 1988) study produced five dimensions and all of these dimensions were applicable at some stage of this study, however, they did not fit into both segments in the same way. For the clients, all five dimensions were relatively significant to the real estate industry, however, some item loading did occur. For the real estate employees (employees and managers) only four of the dimensions were applicable to the real estate industry and they were empathy, tangible, assurance and reliability. In addition to the four dimensions, three new dimensions were created, service, ethical and company dimension.

The analysis has provided several key insights into the structure of the variables for data reduction. There are clearly four separate and distinct dimensions of evaluation by real estate clients. The relativity focuses on the salesperson and their personal nature, assurance is dependent on the contractual and negotiation aspect of the salesperson's job. The responsiveness dimension concentrates on the advice that an agent provides on services that the company offers and the tangible dimension encompasses the written collateral left by salespeople.

Alternatively, from the real estate employees' point of view, the dimensions differed slightly. The reliability dimension was similar to that of clients, however it focused more on the personal features of a salesperson. The responsiveness dimension included marketing and advice whilst also including time management as an aspect to this dimension. Assurance dimension was the same for real estate employees as it was for clients and the tangible dimension comprised of only one variable. After completion of the analysis it was evident that the employees rated the level of service perception higher than clients and managers.



#### 4.16 Hypotheses

	Hypotheses	Supported/ unsupported
H <sub>(1)</sub>	There are differences between the perceived levels of service delivered by real estate agents and received by the Clients	Supported
H <sub>(2)</sub>	The customer's perception of the service, provided by the real estate customer contact employee, is linked to the five dimensions of SERVQUAL; reliability, responsiveness, assurance, empathy and tangibles.	Unsupported
H <sub>(3)</sub>	There is a relationship between the importance of the attributes between the real estate agent and the Manager	Supported
H <sub>(4)</sub>	There is a relationship between the age of clients and their expectation of service delivery	Unsupported
H <sub>(5)</sub>	There is a relationship between the number of houses bought by clients and their expectation of service delivery	Supported
H <sub>(6)</sub>	There is a relationship between the agents length of time in real estate and their perception of their service delivery	Supported

#### 4.17 Conclusion

Chapter four has examined and analysed the returned questionnaires. The foundations of the analysis have been on the front-line employees' perceptions of service versus the customer's perception of the service delivery within the real estate industry.

In the analysis conducted, it was evident that the items that the clients felt strongly about, were the ones that directly affected them or their time, however; the relationships were based on combined data from not only the clients but also the employees and managers.

Furthermore, analysis of the importance rating provided evidence that the three segments placed different weightings on what was considered to be important factors to providing a good or superior service. Based on Parasuraman, Zeithaml and Berry's (1988) SERVQUAL dimensions, analysis found that only four of the five items were relatively significant and the

other two items did not contribute to the perception of service quality within the industry. The four items were assurance, empathy, reliability and tangibility.

After completion of the analysis it was evident that the employees believed that the level of service that they were providing was high and of a substantial standard, however, results from the clients and managers demonstrated that they did not believe that the service level is as good as the employees perceived it to be.

## **Chapter 5: Discussion and Conclusions**

### ***5.1 Introduction***

This study has addressed the research question to investigate the difference between front-line employee's perception of service versus the customer's perception of the service delivery within the New Zealand real estate industry. In addressing this research question the different perspectives of service delivery have been examined within the real estate industry.

Support was found for four of the six hypotheses. Firstly it was found that perspectives of service delivery differed between real estate clients, employees and managers. Secondly, it was found that the SERVQUAL model, with specific adaptations to the real estate industry, could be used to examine the different perceptions of service.

Previous chapters have reviewed the literature available, the methodology employed has been outlined, the returned surveys examined and the information from the respondents analysed. This chapter examines whether the research makes a distinct contribution to the body of knowledge and investigates the applicability of the methodology used in the field of real estate. It will also examine the findings from the research questions, hypotheses and the research problem. Consequently the recommendations, limitations and the implications for further research will be discussed.

Chapter two built on the introduction and provided insight into the theory and practice of service quality. The literature review demonstrated the vitality of this research within the real estate industry and identified areas for improvement and how making the warranted changes would improve the industries ability to satisfy its customers' needs and thus increase customer satisfaction, translating into increased profits for firms individually and ensuring longevity for the industry as a whole.

Chapter three examined the research methodology employed for this study and considered the measurement tool, questionnaire, population, pilot and exploratory study and the limitations that arose during the study. The methodology was loosely based around studies by Babakus, Emin and Mangold (1991), Tsang and Qu (2000) and Hsieh and Hsieh's (2001) study which were all conducted in alternative industries. Chapter three ensured that the survey was

conducted in a reasonable way and that an acceptable response rate was received and that the data was ready to proceed to the analysis stage.

Chapter four provided analysis of the data received from clients, employees and managers. Analysis occurred in two ways, firstly by analysing each of the three groups independently and then combining all the groups (clients, employees and managers) and analysing the data in its entirety. The analysis consisted of examining the demographic information about the individual respondents, investigating the missing data and the cause of it, analysis of interactions between items as well as the effects of distinct items, the mean scores and then the standard deviations of each item and group of respondents were compared and evaluated.

It is evident from the review and analysis of the literature and the data analysed within this thesis, that the research does make a distinct contribution to the body of knowledge. The research has supported that the front-stage versus the back stage perspective is critical to the outcome of service quality particularly in the real estate industry where an improvement in the service-delivery process offers an opportunity to improve the overall quality of the service which is invaluable when facing difficult market conditions which is a character of the real estate industry.

## ***5.2 Conclusions about the research questions***

This section will analyse the research questions and hypotheses that were established in chapter one. The findings for each research question and hypotheses will be examined individually.

From chapter one the first question, from the front-line employee's point of view, what service quality aspects are important? From analysis of the literature and chapter four, from the returned questionnaires, it is evident that the following service quality aspects are the five most important items from the contact employee's point of view: that the employee has integrity, the company is ethical that the employee presents offers promptly, that the company is knowledgeable and the employee is professional.

The second question, from the customer's point of view, what service quality aspects are important, showed that the following five service quality aspects are important to them when

conducting business with a real estate sales person is that the customer contact employee is a good negotiator, professional, has integrity is a good communicator and is focused.

Finally the third question investigated whether customers and front-line employees reported the same level of service quality delivered and received during the service encounter, from chapter four it was evident that the level of service quality delivered and received by front-line employees and customers was not reported to be perceived at the same level. Employees rated their service better than the customers perceived it.

Section D of the survey (Appendix I), asked customers, front-line contact employees and managers to provide any extra comments that they would like to. Many of the comments were very interesting and provided an insight into how the three different segments perceived the service delivered and received from all perspectives.

From the client's comments, two comments were based on services that could have been provided better; providing an outline of solicitors' fees for comparison and recommending financial institutions mortgage rates in comparison to mortgage managers. One comment made with regard to the financial knowledge by front-line contact employees was that, real estate sales people very often lack knowledge about finance and economics which makes the front-line contact employees, frustrated when dealing with professional investors/financial people.

Alternatively some of the other comments provided by clients were of a negative content with regard to the sale and marketing of their properties including generalisations of the industry. The comments included comments on unethical behaviour, lack of professionalism by agents and the lack of knowledge of some salespeople. However, this respondent summed up competently the importance of providing good service quality within the real estate industry:

*“Integrity, communication and professionalism is what one wants to experience with their salesperson when the purchase/sale of one's property is probably the most stressful and important transaction in ones lifetime”.*

The employees comments were of a more positive nature however they covered comments from both new and more experienced agents providing an insight into the '*front-line contact employees*' perspective. Many of the comments from the agents focused on the questions in

the survey and many made positive comments that the survey was a good representation of the items that are important in real estate. Alternatively the manager's comments provided some honest and realistic comments including information on media criticism, the aims of the offices and their ethical and professional stance.

After thorough research on this subject and taking into consideration the comments provided by all three individual segments it is evident that the service quality provided by front-line contact employees is a vital role and can impact both positively and negatively on the final outcome of the service delivered and received and thus confirms that real estate, as with all service businesses, need to focus on the quality of the service as it is becoming an increasingly important differentiator between competing businesses (Parasuraman, Berry and Zeithaml, 1988) and as with many industries it is often the only core differentiator. It is also evident that average service and lack of knowledge is no longer acceptable to vendors and purchasers in the buying or selling of properties.

### ***5.3 Conclusions about the research problem***

The following is the research problem that was proposed in chapter one of this study:

***To investigate the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry.***

From the previous chapters it is evident that there is a difference between the front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry. Based on the SERVQUAL (Parasuraman, Berry and Zeithaml, 1988) dimensions the following analysis demonstrates the difference between the front-line employees, customer's perception and the manager's perception of the service delivery within the New Zealand Real Estate Industry.

#### ***5.3.1 Reliability dimension***

Analysis of the reliability dimension demonstrated that the customers' perception of the service delivery for this dimension was rated lower than that of the employees and the

managers. The managers however rated the dimension slightly better than the customers but did not rate the service as highly as the employees did.

### ***5.3.2 Empathy dimension***

In this dimension, again the customers rated the service level lower than the managers and the employees. Within this factor the managers and employees rated the service quality in a similar manner except with regard to local services where the managers believed the service was higher and in terms of listening to the customer, the employees rated this service quality higher than the other two segments.

### ***5.3.3 Assurance dimension***

In the assurance dimension, the customers rated the service level lower than the employees and managers except on the salespersons focus question, where in this question the managers rated the service level as lower. In all other questions the same results as previous dimensions prevailed except in the communication question where the customers believed they communicated extremely well.

### ***5.3.4 Tangibles dimension***

The tangible dimension was also similar to the reliability dimension and the empathy dimension.

## ***5.4 Implications***

From analysis of the literature it has been evident that there is a gap in the body of knowledge in services marketing on the difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry and therefore the implications of this study is vast.

The implications of this study have impacted on the professional practice within the real estate industry. As stated previously the literature review demonstrated the vitality of this research within the real estate industry and the study has identified relevant areas for

improvement and how making the warranted changes will improve the industries' ability to satisfy its customers' needs and thus increase customer satisfaction, translating into increased profits for firms individually and ensuring longevity for the industry as a whole. Increased service delivery will impact on both practice and on the decision making process by vendors and purchasers. A more professional service will ensure that the industry gains a more professional outlook and standing within New Zealand business.

The implications, based on a scholarly understanding of the field have also increased. There have been few academic writings on the real estate industry particularly in relation to services marketing. This study substantially contributes to illustrating the relevance of the services marketing academic world and links real estate strongly to the practices of services marketing thus allowing academics to maximise the vast amount of knowledge of services marketing in relation to this industry.

Consequently, these implications flow onto increased theory building of the basic fundamental services marketing techniques and how the real estate industry fits into these theories. This study has proved that the real estate industry fits into the gaps model and the SERVQUAL (Parasuraman, Berry and Zeithaml, 1988) model with minor adaptation to the original study. The implications for further research are enormous, research is now required into alternative models of services marketing and their impact on the real estate industry.

## ***5.5 Recommendations***

It is evident that further research is required in the field of the real estate industry to gain a comprehensive understanding of the real estate industry and services marketing in comparison to traditional marketing. The first recommendation would be to analyse in more depth the variables that were used within this study that were based on the original SERVQUAL (Parasuraman, Berry and Zeithaml, 1988) study and the variables produced from Cahill's (1995) study and from the Real Estate Institute of New Zealand's website ([www.reinz.co.nz](http://www.reinz.co.nz)) on attributes to look for in a sales person when buying or selling a home in New Zealand. Further research could also establish whether those variables are solely applicable to the New Zealand real estate market or whether they are adaptable to other countries real estate industry.



The dimensions created within this study also provide an area for further research. The dimensions created within this study included additional dimensions to the original five SERVQUAL (Parasuraman, Berry and Zeithaml, 1988) dimensions, which is consistent with studies in alternative industries (Broderick & Vachirapornpuk, 2004; Hsieh & Hsieh, 2001; Llosa et al., 1998; Mangold & Emin, 1991; Prabhakaran, 2003; Yuksel & Yuksel, 2002) where other dimensions have also been created to adapt to specific industries.

This study will change academic concepts, knowledge and professional practice within the real estate industry. The real estate industry has always followed traditional marketing practices however it is blatantly evident that the real estate industry should be classified as a service and therefore services marketing approaches need to be adapted and utilised within this industry to remain a substantial part of the New Zealand economy and to provide New Zealand citizens with a superior and professional service. Academic concepts need to be adapted and changed specific to real estate particularly since it is a growth area within New Zealand. Licensees, managers and front-line employees also need to examine their professional practice and knowledge of the industry and the areas that have arisen within this study as vital to clients to ensure that their professionalism increases and superior service is provided.

Changes and modifications that were made to the SERVQUAL survey need to be used as standard modifications made specific to each particular industry and this study has shown that the criticisms of SERVQUAL have certainly provided validity to those criticisms and made this study stronger. However, even though adaptations have been made to the SERVQUAL study, the concept of SERVQUAL is particularly relevant to arena of services marketing.

For New Zealand real estate companies the following recommendations and changes within offices such as front-line employees understanding the role they play in the service encounter and the impact they have on the service delivery will positively affect companies. Sales people need to be good negotiators, be professional, have integrity, be a good communicator and be focused whilst from a company's perspective they need to be ethical and demonstrate this to the public. This will signify increased training for all front-line employees from receptionists to the managers of the office, increased training for salespeople on their skills on negotiation and during hiring practice ensuring that potential candidates are professional, have

integrity, are ethical and possess good communication skills without these changes, the industry will not improve.

### ***5.6 Limitations***

The primary limitation to the survey was the fact it was conducted within the Auckland region and it wasn't a national survey however it did have a national and multinational aspect to it as some of the respondents worked or were dealing with multinational companies.

Prior to the surveys being sent out, all real estate companies in Auckland were phoned for contact details of the branch manager or licensee of the office so that personal letters could accompany the questionnaire. Unfortunately some receptionists were not happy to disclose this information and requested to be excluded from this study which was a limitation as the branch manager or licensee may have been happy to contribute to the findings and may have offered some valuable input. None of the above limitations negatively affected the final outcome of the study and the results.

### ***5.7 Overall conclusion***

This study suggests that there is a difference between front-line employees' perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry and is comparable with the services marketing literature. This theory-building research showed that the front-line employee's perception of service versus the customer's perception of the service delivery within the New Zealand Real Estate Industry is more complex than the literature suggests and sets the foundation for further research about this interface.

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# Appendix A: Participant information sheet for clients, employees and managers

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## Participant Information Sheet



**Date Information Sheet Produced:** 28<sup>th</sup> May 2004

**Project Title** Front-line employees' perception of service versus the customer's perception of the service delivery within the Real Estate Industry.

### Invitation

I would like you to participate in this significant research project. My name is Vicki Edwards. I am a Masters student at Auckland University of Technology in the Business faculty. My supervisor is Mark Glynn who is a Senior Lecturer in the Postgraduate Studies Group in the Faculty of Business at Auckland University of Technology.

Your participation would involve completing a questionnaire, which will take approximately 20 minutes. Your participation will make a valuable contribution to my research which will be used as the basis to my masterate thesis, so I thank you for considering this invitation.

### What is the purpose of the study?

The purpose of the study is to understand the relationship between front-line employees' perceptions of their service in comparison to the customer's perception of the service delivery.

### How are people chosen to be asked to be part of the study?

You are invited to participate in this project, if you have a current listing on your house with a Real Estate Company or you are a front-line employee or are the manager in a Real Estate Company within New Zealand. The study is being sent out nation-wide around New Zealand to participants who are similar to yourself. Completion of the questionnaire will be considered as consent to participate. When returned to the researcher, the data will be collated and analysed.

### What are the benefits?

This research study is an international first. The findings from this research will increase awareness of service delivery and possible gaps in understanding between agents and clients. This will inform the industry on how to improve service delivery and communication. The research will also contribute to marketing literature and practice on an international scale.

### How will my privacy be protected?

As a participant you are entitled to retain the Participant Information Sheet, however if you would like feedback please return it with the questionnaire. If both the Participant Information Sheet and the questionnaire are returned, they will be separated and stored in different locations. When the questionnaires are coded for analysis, this coding, will not, in any way correlate to the Participant's Information Sheet. All research materials will be stored securely and destroyed, by shredding, in six years. The researcher and the applicant will be the only two people privy to the responded questionnaires. No individual response will be identifiable in the aggregated results of this research.

### What are the discomforts and risks?

There is no discomfort or risk to you as a participant. However prior to the immediate separation of the Participant Information Sheet and the questionnaire by the researcher, the information gathered will not be confidential if you have requested feedback on the results of the research.

### Use of Data

The data will be used to analyse service delivery in the Real Estate Industry. The data is analysed on a group basis to increase awareness and understanding of the importance of service delivery within the industry.

### Opportunity to receive feedback on results of research

If you would like to receive feedback on the results of the research, please place your email or mailing address here:

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### **Participant Concerns**

Participation in this project is entirely optional and voluntary. If you develop any concerns with this research project, you can withdraw yourself and any information that you have provided for this project at any point prior to the beginning of data analysis.

Any concerns regarding the nature of this project should be notified in the first instance to Mark Glynn, the Project Supervisor, Mark Glynn, [MARK.GLYNN@AUT.AC.NZ](mailto:MARK.GLYNN@AUT.AC.NZ), 917 9999 ext: 5813

Concerns regarding the conduct of the research should be notified to the Executive Secretary, ATEC, Madeline Banda, [MADELINE.BANDA@AUT.AC.NZ](mailto:MADELINE.BANDA@AUT.AC.NZ), 917 9999 ext 8044.

**Researcher Contact Details:** Vicki Edwards, [VICEDW05@AUT.AC.NZ](mailto:VICEDW05@AUT.AC.NZ) (09) 534 9996

**Project Supervisor Contact Details:** Mark Glynn, [MARK.GLYNN@AUT.AC.NZ](mailto:MARK.GLYNN@AUT.AC.NZ), (09) 917 9999 ext: 5813

**Approved by the Auckland University of Technology Ethics Committee on 28<sup>th</sup> May 2004 ATEC**  
**Reference number 04/84**

## Appendix B: Client's Survey

### SERVICE PROVIDED BY REAL ESTATE COMPANIES IN NEW ZEALAND

Thank you for completing this questionnaire, which is divided into four sections. Section A covers your perceptions of the Real Estate Company's service, which we are measuring. Section B relate to your feelings about the importance of each feature. Section C asks for some information about your firm. Section D asks for any feedback you have on this survey. A scale for rating is provided for each question on the right.

We are trying to assess the relationship between service provided, perception and expectation within the Real Estate Industry from a customer's perspective. We are using your responses to understand your perception of the service that this Real Estate Company has provided to you. Please endeavour to complete the whole survey to enable us to gather a comprehensive depiction of this relationship.

**DIRECTIONS:** This survey deals with your opinions of the Real Estate Company's services. Please show the extent to which you think the firm offering the services has carried out the feature described by the statement. Do this by picking one of the seven numbers next to each statement. If you strongly agree that this firm has carried out a feature circle the number 7. If you strongly disagree that this firm has carried out a feature, circle 1. If your feelings are not strong, circle one of the numbers in the middle. There are no right or wrong answers – all we are interested in is a number that best shows your perceptions about this firm's offering of the service.

	Strongly Disagree						Strongly Agree
The real estate company is knowledgeable about the real estate market and the local area	1	2	3	4	5	6	7
The real estate company is ethical and professional	1	2	3	4	5	6	7
The employee of this real estate company is knowledgeable about the real estate market and area	1	2	3	4	5	6	7
The employee of the real estate company is knowledgeable about the services and advice they provide	1	2	3	4	5	6	7
The employee of the real estate company knows the local services available (i.e. churches etc)	1	2	3	4	5	6	7
The employee of the real estate company knows the school zones	1	2	3	4	5	6	7
The employee of the real estate company is courteous	1	2	3	4	5	6	7
The employee of the real estate company is focussed	1	2	3	4	5	6	7
The employee of the real estate company is professional	1	2	3	4	5	6	7
The employee of the real estate company demonstrates integrity	1	2	3	4	5	6	7

The employee of the real estate company is well presented	1	2	3	4	5	6	7
The employee of the real estate company listens	1	2	3	4	5	6	7
The employee of the real estate company is a good communicator	1	2	3	4	5	6	7
The employee of the real estate company is able to understand my specific needs	1	2	3	4	5	6	7
The employee of the real estate company effectively makes good use of my time	1	2	3	4	5	6	7
The employee of the real estate company demonstrates punctuality and interest	1	2	3	4	5	6	7
The employee of the real estate company demonstrates skill and expertise	1	2	3	4	5	6	7
The employee of the real estate company has communicated with me frequently	1	2	3	4	5	6	7
The employee of the real estate company has provided me with advice on how to improve the marketability of my home	1	2	3	4	5	6	7
The employee of the real estate company has provided and explained the marketing campaign for my home	1	2	3	4	5	6	7
The employee of the real estate company provided me with information on the best way to list my house	1	2	3	4	5	6	7
The employee of the real estate company provided copies of all documentation to me	1	2	3	4	5	6	7
The employee of the real estate company provided me personalised assistance through the buying/selling process	1	2	3	4	5	6	7
The employee of the real estate company provided an explanation of guidelines from financial institutions	1	2	3	4	5	6	7
The employee of the real estate company provided prompt presentation and advice of all offers	1	2	3	4	5	6	7
The employee of the real estate company provided information of all activity from contract to closing	1	2	3	4	5	6	7

The employee of the real estate company is a good negotiator	1	2	3	4	5	6	7
The employee of the real estate company eliminated unforeseen problems and surprises	1	2	3	4	5	6	7

The following set of statements relate to **your feelings about the importance of each feature described in your decision to purchase Real Estate services**. A 7 means you consider the feature very important in deciding where to purchase Real Estate services, a 1 means it is very unimportant. Please circle the appropriate number on the scale beside each feature to indicate its importance to you. There are no right or wrong answers – all we are interested in is your perception of how important each feature is to you in your decision where to purchase real estate services.

	Very un- important						Very important
Company's market and area knowledge	1	2	3	4	5	6	7
Company's ethics and professionalism	1	2	3	4	5	6	7
Employee's market and area knowledge	1	2	3	4	5	6	7
Employee's knowledge of services and advice	1	2	3	4	5	6	7
Employee's knowledge of local services (i.e. churches etc)	1	2	3	4	5	6	7
Employee's knowledge of schools	1	2	3	4	5	6	7
Employee's courteousness	1	2	3	4	5	6	7
Employee's focus	1	2	3	4	5	6	7
Employee's professionalism	1	2	3	4	5	6	7
Employee's integrity	1	2	3	4	5	6	7
Employee's presentation	1	2	3	4	5	6	7
Employee listening skills	1	2	3	4	5	6	7
Employee's communication	1	2	3	4	5	6	7
Employee's understanding of needs	1	2	3	4	5	6	7
Employee's time management	1	2	3	4	5	6	7

Employee's punctuality and interest	1	2	3	4	5	6	7
Employee's skill and expertise	1	2	3	4	5	6	7
Employee's frequent communication	1	2	3	4	5	6	7
Employee's advice on marketing my home	1	2	3	4	5	6	7
Employee's explanation of marketing	1	2	3	4	5	6	7
Employee's information on listing	1	2	3	4	5	6	7
Copies of all documentation provided	1	2	3	4	5	6	7
Personalised assistance through the buying/selling process	1	2	3	4	5	6	7
Explanation of financial institutions	1	2	3	4	5	6	7
Prompt presentation and advice of all offers	1	2	3	4	5	6	7
Information from contract to closing	1	2	3	4	5	6	7
Employee is a good negotiator	1	2	3	4	5	6	7
Employee eliminated unforeseen problems and surprises	1	2	3	4	5	6	7

**SECTION C:**

Finally, we have some questions about yourself. These are primarily to assess the cross-section of customers we have in our survey and enable a research and statistical comparison in our final results: *Please tick the most eligible.*

Which real estate company are you referring to?

Age:

Under 25 ☐  
56 – 65 ☐

26 – 35 ☐  
65 – 80 ☐

36 – 55 ☐  
80+ ☐

Gender:

Male ☐

Female ☐

Price of the last house bought or sold:

Up to \$150,000 ☐  
\$351,000 - \$499,000 ☐  
\$801,000 - \$999,000 ☐

\$151,000 - \$200,000 ☐  
\$500,000 – \$650,000 ☐  
\$1,000,000+ ☐

\$201,000 - \$350,000 ☐  
\$651,000 - \$800,000 ☐  
☐

Number of houses bought over the last 5 years:

1 ☐  
6-8 ☐

2-4 ☐  
9-14 ☐

5 ☐  
15+ ☐

**SECTION D:**

Please provide any feedback on the questions, the questionnaire in general, or the service provided by Real Estate Companies here.

Thank you again for your assistance with our research project by completing this questionnaire.



## Appendix C: Employee's Survey

### SERVICE PROVIDED BY REAL ESTATE COMPANIES IN NEW ZEALAND

Thank you for completing this questionnaire, which is divided into four sections. Section A covers your perceptions of the service that you, as an employee, provide, which we are measuring. Section B relates to your feelings about the importance of each feature. Section C asks for some information about your firm. Section D asks for any feedback you have on this survey. A scale for rating is provided for each question on the right.

We are trying to assess the relationship between service provided, perception and expectation within the Real Estate Industry from an employee's perspective. We are using your responses to understand your perception of the service that you provide to clients in your Real Estate Company. Please endeavour to complete the whole survey to enable us to gather a comprehensive depiction of this relationship.

**DIRECTIONS:** This survey deals with your opinions of your services. Please show the extent to which you think you have carried out the feature described by the statement. Do this by picking one of the seven numbers next to each statement. If you strongly agree that your firm has carried out a feature circle the number 7. If you strongly disagree that your firm has carried out a feature, circle 1. If your feelings are not strong, circle one of the numbers in the middle. There are no right or wrong answers – all we are interested in is a number that best shows your perceptions about the offering of the service.

	Strongly Disagree						Strongly Agree
My real estate company is knowledgeable about the real estate market and the local area	1	2	3	4	5	6	7
My real estate Company is ethical and professional	1	2	3	4	5	6	7
I am knowledgeable about the real estate market and area	1	2	3	4	5	6	7
I am knowledgeable about the services and advice they provide	1	2	3	4	5	6	7
I know the local services available (i.e. churches etc)	1	2	3	4	5	6	7
I know the school zones accurately	1	2	3	4	5	6	7
I am courteous	1	2	3	4	5	6	7
I am focussed	1	2	3	4	5	6	7
I am professional	1	2	3	4	5	6	7
I demonstrate integrity	1	2	3	4	5	6	7
I am well presented	1	2	3	4	5	6	7

I listen to my clients	1	2	3	4	5	6	7
I am a good communicator	1	2	3	4	5	6	7
I understand my clients specific needs	1	2	3	4	5	6	7
I make good use of my clients time	1	2	3	4	5	6	7
I demonstrate to my client punctuality and interest	1	2	3	4	5	6	7
I demonstrate to my clients skill and expertise	1	2	3	4	5	6	7
I communicate frequently with my clients	1	2	3	4	5	6	7
I provide advice to my clients on how to improve the marketability of their home	1	2	3	4	5	6	7
I provide and explained the marketing campaign to my clients	1	2	3	4	5	6	7
I provide my clients with information on the best way to list their house	1	2	3	4	5	6	7
I provide copies of all documentation to my clients	1	2	3	4	5	6	7
I provide personalised assistance through the buying/selling process	1	2	3	4	5	6	7
I provide an explanation of guidelines from financial institutions	1	2	3	4	5	6	7
I provide prompt presentation and advice of all offers	1	2	3	4	5	6	7
I provide information of all activity from contract to closing to my clients	1	2	3	4	5	6	7
I am a good negotiator	1	2	3	4	5	6	7
I eliminate any unforeseen problems and surprises	1	2	3	4	5	6	7

The following set of statements relate to **your feelings about the importance of each feature described in your decision to provide Real Estate Services**. A 7 means you consider the feature very important in providing Real Estate services, a 1 means it is very unimportant. Please circle the appropriate number on the scale beside each feature to indicate its importance to you. There are no right or wrong answers – all we are interested in is your perception of how important each feature is to you in providing real estate services.

	Very un- important						Very important
Company's market and area knowledge	1	2	3	4	5	6	7
Company's ethics and professionalism	1	2	3	4	5	6	7
My market and area knowledge	1	2	3	4	5	6	7
My knowledge of services and advice	1	2	3	4	5	6	7
My knowledge of local services (i.e. churches etc)	1	2	3	4	5	6	7
My knowledge of schools	1	2	3	4	5	6	7
My courteousness	1	2	3	4	5	6	7
My focus	1	2	3	4	5	6	7
My professionalism	1	2	3	4	5	6	7
My integrity	1	2	3	4	5	6	7
My presentation	1	2	3	4	5	6	7
My listening skills	1	2	3	4	5	6	7
My communication	1	2	3	4	5	6	7
My understanding of needs	1	2	3	4	5	6	7
My time management	1	2	3	4	5	6	7
My punctuality and interest	1	2	3	4	5	6	7
My skill and expertise	1	2	3	4	5	6	7
My frequent communication with client	1	2	3	4	5	6	7
My advice on marketing my clients home	1	2	3	4	5	6	7
My explanation of marketing options	1	2	3	4	5	6	7
My information on listing	1	2	3	4	5	6	7

Providing copies of documentation	1	2	3	4	5	6	7
Personalised assistance through the buying/selling process	1	2	3	4	5	6	7
Explanation of financial institutions	1	2	3	4	5	6	7
Prompt presentation and advice of all offers	1	2	3	4	5	6	7
Information from contract to closing	1	2	3	4	5	6	7
My negotiation skills	1	2	3	4	5	6	7
Elimination of unforeseen problems and surprises	1	2	3	4	5	6	7

### SECTION C:

**Finally, we have some questions about your own firm. These are primarily to assess the cross-section of companies we have in our survey.**

What is your position in the firm?

Sales Manager ☐  
Licencee/Director ☐

Marketing Manager ☐  
Receptionist ☐

Salesperson ☐  
Office Manager ☐

How long have you been in this position?  Years

Do you work closely with customers in your job? Yes ☐

No ☐

Approximately how many employees does your firm have?

Number

Which real estate company are you referring to?

---

**SECTION D:**

**Please provide any feedback on the questions, the questionnaire in general, or the service provided by Real Estate Companies here.**


Thank you again for your assistance with our research project by completing this questionnaire.

## Appendix D: Manager's Survey

### SERVICE PROVIDED BY REAL ESTATE COMPANIES IN NEW ZEALAND

Thank you for completing this questionnaire, which is divided into four sections. Section A covers your perceptions of your own Real Estate Company's services, which we are measuring. Section B relates to your feelings about the importance of each feature. Section C asks for some information about your firm. Section C asks for any feedback you have on this survey. A scale for rating is provided for each question on the right.

We are trying to assess the relationship between service provided, perception and expectation within the Real Estate Industry from a Manager's perspective. We are using your responses to understand your perception of the service that your company provides to clients. Please endeavour to complete the whole survey to enable us to gather a comprehensive depiction of this relationship.

**DIRECTIONS:** This survey deals with your opinions of your Real Estate Company's services. Please show the extent to which you think your Real Estate Company has carried out the feature described by the statement. Do this by picking one of the seven numbers next to each statement. If you strongly agree that your firm has carried out a feature circle the number 7. If you strongly disagree that your firm has carried out a feature, circle 1. If your feelings are not strong, circle one of the numbers in the middle. There are no right or wrong answers – all we are interested in is a number that best shows your perceptions about your firm's offering of the service.

	Strongly Disagree						Strongly Agree
My real estate company is knowledgeable about the real estate market and the local area	1	2	3	4	5	6	7
My real estate company is ethical and professional	1	2	3	4	5	6	7
My employees are knowledgeable about the real estate market and area	1	2	3	4	5	6	7
My employees are knowledgeable about the services and advice they provide	1	2	3	4	5	6	7
My employees know the local services available (i.e. churches etc)	1	2	3	4	5	6	7
My employees know the school zones accurately	1	2	3	4	5	6	7
My employees are courteous	1	2	3	4	5	6	7
My employees are focussed	1	2	3	4	5	6	7
My employees are professional	1	2	3	4	5	6	7
My employees demonstrate integrity	1	2	3	4	5	6	7
My employees are well presented	1	2	3	4	5	6	7

My employees listen to their clients	1	2	3	4	5	6	7
My employees are good communicators	1	2	3	4	5	6	7
My employees understand their clients specific needs	1	2	3	4	5	6	7
My employees make good use of their clients time	1	2	3	4	5	6	7
My employees demonstrate to their clients punctuality and interest	1	2	3	4	5	6	7
My employees demonstrate to their clients, skill and expertise	1	2	3	4	5	6	7
My employees communicate frequently with their clients	1	2	3	4	5	6	7
My employees provide advice to their clients on how to improve the marketability of their home	1	2	3	4	5	6	7
My employees provide and explain the marketing campaign to their clients	1	2	3	4	5	6	7
My employees provide their clients with information on the best way to list their house	1	2	3	4	5	6	7
My employees provide copies of all documentation to their clients	1	2	3	4	5	6	7
My employees provide personalised assistance through the buying/selling process to their clients	1	2	3	4	5	6	7
My employees provide an explanation of guidelines from financial institutions	1	2	3	4	5	6	7
My employees provide prompt presentation and advice of all offers	1	2	3	4	5	6	7
My employees provide information of all activity from contract to closing to their clients	1	2	3	4	5	6	7
My employees are good negotiators	1	2	3	4	5	6	7
My employees eliminate any unforeseen problems and surprises	1	2	3	4	5	6	7

The following set of statements relate to **your feelings about the importance of each feature described in your decision to provide Real Estate Services.** A 7 means you consider the feature very important in providing Real Estate services, a 1 means it is very unimportant. **Please circle the appropriate number on the scale beside each feature** to indicate its importance to you. There are no right or wrong answers – all we are interested in is your perception of how important each feature is to you in providing real estate services.

	Very un- important						Very important
Company's market and area knowledge	1	2	3	4	5	6	7
Company's ethics and professionalism	1	2	3	4	5	6	7
Employees' market and area knowledge	1	2	3	4	5	6	7
Employees' knowledge of services and advice	1	2	3	4	5	6	7
Employees' knowledge of local services (i.e. churches etc)	1	2	3	4	5	6	7
Employees' knowledge of schools	1	2	3	4	5	6	7
Employees' courteousness	1	2	3	4	5	6	7
Employees' focus	1	2	3	4	5	6	7
Employees' professionalism	1	2	3	4	5	6	7
Employees' integrity	1	2	3	4	5	6	7
Employees' presentation	1	2	3	4	5	6	7
Employees' listening skills	1	2	3	4	5	6	7
Employees' communication	1	2	3	4	5	6	7
Employees' understanding of needs	1	2	3	4	5	6	7
Employees' time management	1	2	3	4	5	6	7
Employees' punctuality and interest	1	2	3	4	5	6	7
Employees' skill and expertise	1	2	3	4	5	6	7
Employees' frequent communication with client	1	2	3	4	5	6	7
Employees' advice on marketing my client's home	1	2	3	4	5	6	7
Employees' explanation of marketing options	1	2	3	4	5	6	7
Employees' information on listing	1	2	3	4	5	6	7



Providing copies of documentation	1	2	3	4	5	6	7
Personalised assistance through the buying/selling process	1	2	3	4	5	6	7
Explanation of financial institutions	1	2	3	4	5	6	7
Prompt presentation and advice of all offers	1	2	3	4	5	6	7
Information from contract to closing	1	2	3	4	5	6	7
Employees' negotiation skills	1	2	3	4	5	6	7
Employees' elimination of unforeseen problems and surprises	1	2	3	4	5	6	7

### SECTION C:

Finally, we have some questions about your own firm. These are primarily to assess the cross-section of companies we have in our survey.

**What is your position in the firm?**

Sales Manager ☐  
Licencee/Director ☐

Marketing Manager ☐  
Receptionist ☐

Customer Service Manager ☐  
Office Manager ☐

How long have you been in this position?  Years

Do you work closely with customers in your job? Yes ☐

No ☐

Approximately how many employees does your firm have?

Number

Which real estate company are you referring to?

---

**SECTION D:**

**Please provide any feedback on the questions, the questionnaire in general, or the service provided by Real Estate Companies here.**


Thank you again for your assistance with our research project by completing this questionnaire.

## Appendix E: Matrix of correlation of real estate employees and managers on the importance attributes

	V <sub>(1)</sub>	V <sub>(2)</sub>	V <sub>(3)</sub>	V <sub>(4)</sub>	V <sub>(5)</sub>	V <sub>(6)</sub>	V <sub>(7)</sub>	V <sub>(8)</sub>	V <sub>(9)</sub>	V <sub>(10)</sub>	V <sub>(11)</sub>	V <sub>(12)</sub>	V <sub>(13)</sub>
Company knowledgeable	1.000												
Ethical	.421	1.000											
Employee knowledgeable	.304	.159	1.000										
Services knowledge	.370	.256	.616	1.000									
Local services	.298	.064	.236	.436	1.000								
Local school zones	.187	.039	.252	.317	.736	1.000							
Courteous	.269	.430	.330	.383	.101	.111	1.000						
Focused	.233	.352	.340	.449	.206	.161	.692	1.000					
Professional	.221	.448	.240	.346	.035	.096	.648	.558	1.000				
Integrity	.161	.438	.211	.251	-.044	.013	.727	.503	.692	1.000			
Presentable	.268	.312	.304	.464	.187	.145	.671	.660	.648	.544	1.000		
Listen	.351	.349	.205	.382	.224	.075	.589	.476	.606	.428	.571	1.000	
Communicate	.285	.358	.423	.478	.193	.125	.677	.522	.611	.533	.684	.811	1.000
Understand needs	.228	.183	.396	.573	.411	.136	.356	.511	.380	.286	.476	.681	.658
Time management	.238	.075	.434	.452	.209	.178	.289	.447	.254	.228	.497	.293	.397
Punctual	.266	.388	.265	.414	.061	.069	.451	.564	.406	.397	.690	.429	.557
Skill	.129	.294	.306	.468	.205	.171	.455	.357	.369	.361	.576	.427	.508
Communicate frequently	.320	.328	.232	.337	.089	.017	.462	.296	.411	.402	.448	.444	.567
Advice*	.358	.551	.285	.454	.125	.131	.566	.505	.494	.509	.604	.478	.532
Marketing advice*	.282	.411	.214	.508	.288	.088	.465	.404	.363	.366	.634	.558	.570
Listing advice*	.290	.384	.305	.454	.280	.152	.466	.483	.298	.339	.540	.427	.511
Documentation	.188	.233	.061	.364	.313	.006	.232	.233	.168	.191	.393	.404	.409

Personal assistance	.240	.345	.295	.463	.159	.085	.485	.356	.484	.463	.495	.481	.548
Finance*	.354	-.025	.279	.286	.189	.092	.141	.225	-.045	.029	.211	.255	.184
Offers*	.206	.239	.359	.377	.004	.065	.573	.369	.518	.520	.494	.442	.514
Contracts	.387	.244	.235	.405	.247	.077	.467	.301	.430	.371	.540	.691	.710
Good negotiator	.021	.090	.291	.320	.073	.048	.408	.598	.333	.369	.555	.342	.491
Eliminates problems	.336	.236	.444	.450	.247	.157	.439	.361	.345	.349	.433	.532	.544

	V <sub>(14)</sub>	V <sub>(15)</sub>	V <sub>(16)</sub>	V <sub>(17)</sub>	V <sub>(18)</sub>	V <sub>(19)</sub>	V <sub>(20)</sub>	V <sub>(21)</sub>	V <sub>(22)</sub>	V <sub>(23)</sub>	V <sub>(24)</sub>	V <sub>(25)</sub>	V <sub>(26)</sub>
Understand needs	1.000												
Time management	.447	1.000											
Punctual	.402	.536	1.000										
Skill	.424	.381	.499	1.000									
Communicate frequently	.317	.347	.491	.392	1.000								
Advice*	.361	.382	.552	.478	.632	1.000							
Marketing advice*	.571	.287	.527	.715	.432	.670	1.000						
Listing advice*	.509	.342	.523	.531	.363	.501	.599	1.000					
Documentation	.594	.159	.308	.588	.239	.255	.714	.553	1.000				
Personal assistance	.505	.311	.448	.689	.577	.458	.617	.457	.525	1.000			
Finance*	.362	.381	.231	.117	.089	.238	.263	.276	.218	.178	1.000		
Offers*	.255	.192	.331	.523	.480	.484	.425	.403	.233	.606	.168	1.000	
Contracts	.635	.262	.322	.526	.526	.401	.631	.493	.646	.683	.289	.601	1.000
Good negotiator	.411	.410	.506	.304	.272	.345	.326	.371	.172	.399	.171	.379	.379
Eliminates problems	.558	.355	.362	.481	.424	.409	.458	.520	.401	.655	.352	.552	.687

	$V_{(27)}$	$V_{(28)}$
Good negotiator	1.000	
Eliminates problems	.472	1.000

## Appendix F: ANOVA results for Section A

	ANOVA				
	F.	Sig.	Clients Post Hoc	Employees Post Hoc	Managers Post Hoc
Company knowledgeable	49.1	.000	A	B	B
Ethical	41.7	.000	A	B	B
Employee knowledgeable	7.4	.001	A	B	B
Services knowledge	13.3	.000	A	B	B
Local services	0.7	.494	A	A	A
Local school zones	3.7	.026	A	A	A
Courteous	16.7	.000	B	A	B
Focused	4.2	.017	B	A	B
Professional	18.6	.000	B	A	B
Integrity	27.5	.000	A	B	B
Presentable	10.2	.000	B	A	B
Listen	26.4	.000	B	A	B
Communicate	15.4	.000	B	A	B
Understand needs	14.4	.000	B	A	B
Time management	22.6	.000	B	A	B
Punctual	29.4	.000	A	B	C
Skill	15.6	.000	B	A	B
Communicate frequently	5.4	.005	B	A	B
Advice	26.8	.000	A	B	B
Marketing advice	36.5	.000	A	B	B
Listing advice	51.9	.000	A	B	B
Documentation	17.4	.000	A	B	B
Personal assistance	24.6	.000	A	B	B
Finance	2.0	.135	A	A	A
Offers	44.9	.000	A	B	B
Contracts	20.3	.000	A	B	C
Good negotiator	11.1	.000	A	B	B
Eliminates problems	8.0	.000	B	A	B

## Appendix G: Mean Scores for Importance Rating of each statement

	<b>F.</b>	<b>Sig.</b>	<b>Clients Post Hoc</b>	<b>Employees Post Hoc</b>	<b>Managers Post Hoc</b>
Company knowledgeable	16.6	.000	A	B	B
Ethical	22.2	.000	A	B	B
Employee knowledgeable	6.9	.001	B	A	B
Services knowledge	4.8	.009	A	A	A
Local services	.3	.757	A	A	A
Local school zones	.2	.813	A	A	A
Courteous	21.5	.000	A	B	B
Focused	7.9	.000	A	B	B
Professional	14.0	.000	A	B	B
Integrity	15.6	.000	A	B	B
Presentable	11.7	.000	A	B	B
Listen	7.5	.001	A	B	B
Communicate	8.9	.000	A	A	B
Understand needs	3.1	.047	A	A	A
Time management	.9	.416	A	A	A
Punctual	10.5	.000	B	A	B
Skill	9.2	.000	A	B	B
Communicate frequently	15.1	.000	A	B	B
Advice	14.5	.000	A	A	B
Marketing advice	19.1	.000	A	B	B
Listing advice	16.6	.000	A	B	B
Documentation	4.7	.010	B	A	B
Personal assistance	10.9	.000	A	B	B
Finance	.5	.638	A	A	A
Offers	11.7	.000	A	B	B
Contracts	5.5	.005	A	A	A
Good negotiator	5.9	.003	B	A	B
Eliminates problems	4.2	.016	A	A	A

## Appendix H: Matrix of Combined Data

	V <sub>(1)</sub>	V <sub>(2)</sub>	V <sub>(3)</sub>	V <sub>(4)</sub>	V <sub>(5)</sub>	V <sub>(6)</sub>	V <sub>(7)</sub>	V <sub>(8)</sub>	V <sub>(9)</sub>	V <sub>(10)</sub>	V <sub>(11)</sub>	V <sub>(12)</sub>	V <sub>(13)</sub>
Company knowledgeable	1.000												
Ethical	.695	1.000											
Employee knowledgeable	.609	.523	1.000										
Services knowledge	.668	.637	.769	1.000									
Local services	.307	.245	.398	.440	1.000								
Local school zones	.075	.008	.198	.204	.591	1.000							
Courteous	.561	.606	.574	.694	.308	.158	1.000						
Focused	.467	.479	.555	.586	.348	.180	.692	1.000					
Professional	.658	.685	.639	.721	.348	.153	.810	.675	1.000				
Integrity	.637	.691	.634	.731	.339	.096	.801	.625	.882	1.000			
Presentable	.461	.527	.533	.631	.286	.124	.626	.573	.677	.687	1.000		
Listen	.566	.574	.514	.640	.348	.063	.585	.578	.711	.704	.632	1.000	
Communicate	.539	.490	.607	.654	.396	.155	.567	.600	.713	.691	.573	.721	1.000
Understand needs	.546	.550	.603	.641	.415	.140	.580	.586	.713	.661	.535	.699	.717
Time management	.568	.533	.600	.653	.376	.122	.603	.566	.703	.659	.508	.679	.651
Punctual	.661	.626	.626	.718	.380	.128	.727	.619	.771	.779	.596	.671	.667
Skill	.618	.591	.753	.760	.405	.160	.659	.566	.734	.724	.542	.590	.674
Communicate frequently	.480	.477	.502	.595	.322	.162	.564	.623	.603	.619	.487	.556	.555
Advice*	.527	.537	.506	.624	.402	.103	.500	.457	.536	.579	.438	.530	.592
Marketing advice*	.598	.577	.509	.617	.415	.105	.529	.448	.607	.619	.470	.525	.599
Listing advice*	.637	.604	.524	.615	.370	.140	.540	.416	.602	.592	.394	.494	.553
Documentation	.562	.586	.502	.569	.406	.244	.529	.469	.617	.607	.471	.468	.501



Personal assistance	.578	.579	.554	.619	.379	.142	.624	.555	.663	.660	.556	.543	.572
Finance*	.303	.316	.330	.412	.353	.167	.298	.395	.363	.293	.305	.408	.407
Offers*	.0574	.542	.559	.600	.315	.089	.602	.490	.612	.632	.466	.500	.532
Contracts	.548	.561	.483	.575	.422	.240	.552	.515	.649	.565	.453	.608	.624
Good negotiator	.524	.545	.674	.641	.423	.160	.576	.608	.654	.626	.530	.531	.683
Eliminates problems	.450	.541	.578	.598	.347	.152	.538	.532	.651	.626	.516	.491	.634

	V <sub>(14)</sub>	V <sub>(15)</sub>	V <sub>(16)</sub>	V <sub>(17)</sub>	V <sub>(18)</sub>	V <sub>(19)</sub>	V <sub>(20)</sub>	V <sub>(21)</sub>	V <sub>(22)</sub>	V <sub>(23)</sub>	V <sub>(24)</sub>	V <sub>(25)</sub>	V <sub>(26)</sub>
Understand needs	1.000												
Time management	.799	1.000											
Punctual	.727	.798	1.000										
Skill	.755	.768	.818	1.000									
Communicate frequently	.654	.667	.653	.674	1.000								
Advice*	.608	.577	.610	.608	.617	1.000							
Marketing advice*	.621	.570	.635	.639	.621	.855	1.000						
Listing advice*	.616	.599	.664	.657	.579	.792	.882	1.000					
Documentation	.581	.560	.636	.594	.551	.570	.648	.700	1.000				
Personal assistance	.616	.677	.704	.660	.678	.632	.701	.708	.737	1.000			
Finance*	.431	.413	.360	.383	.398	.505	.476	.484	.420	.406	1.000		
Offers*	.615	.599	.705	.630	.466	.541	.612	.686	.657	.671	.331	1.000	
Contracts	.648	.631	.671	.616	.564	.606	.692	.686	.698	.681	.500	.718	1.000
Good negotiator	.670	.593	.693	.725	.600	.570	.631	.622	.629	.636	.451	.669	.655
Eliminates problems	.653	.550	.616	.667	.529	.571	.631	.588	.605	.613	.491	.609	.628

	$V_{(27)}$	$V_{(28)}$
Good negotiator	1.000	
Eliminates problems	.774	1.000

## Appendix I: Comments from the survey

The following are comments from Section D of the survey.

### Comments from clients:

- The real estate agent was very professional that sold me the property but the women that had listed it was unethical and did not point out some small issue with the house. She was only interested in the sale. She pretended she had other buyers also but the agent that I bought through was honest and told me that she was just doing this to make me make a decision. I believe it is hard to trust a real estate agent because of the games they play. The agent I used was new and so was probably not going to lie
- Like all businesses they are only interested in the sale or purchase of its property. This is their job and livelihood, why would you expect any more? Buyer beware, and have knowledge of what you are doing
- A suggestion re agent: property was offered at auction, however I was not enthused by the action of the top auctioneer, whom I believe did not generate any interest in the property offered
- I have found out first hand the ‘dog eat dog’ nature of the real estate business. I would like to find an agent who will work for my interests rather than work for a quick sale at a minimum price (i.e. maximise their income in minimum time)
- Real estate companies need to show real knowledge about the market. Presently it is a sellers market and the estate companies are not required to show many of the services and attributes listed in your survey above
- Have dealt with three companies recently. Company number one<sup>1</sup> was good overall, Company number two average and company number three below average; I assume a lot of it is up to the people who are their frontline – the agents and the philosophy behind the companies. We dealt with a lot of ‘newer’ agents who were ‘below average’ on everything. People need to be properly trained before being let loose on the unsuspecting public!
- Doesn’t matter how good the real estate company is when you’re dealing with a good or bad agent!
- Estate agent developed credible rapport with us over the course of the sale, this established a very thorough trust in her and enabled far more detailed and precise communication – pivotal in success of the sale!
- The salesperson did not see from the owners point of view as to what is the best way/option to market the property like general listing rather than sole agency (contract of sole agency had expired) also pushing hard for property to go to auction when the owner is not keen to do it.
- I have always been entirely satisfied by the service provided
- In general I found that Real estate companies provide a professional service

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<sup>1</sup> Please note the company names have been removed to ensure confidentiality to those companies named within the survey comments of Section D of the survey

### **Comments from employees:**

- As I am new to the industry and still learning I have marked some aspects quite low, otherwise a good questionnaire with relative data covered. Often media and client feedback is very negative re real estate salespeople/companies but as a person now in the industry and having bought and sold in the past, I think this is unfounded. I am proud to now be involved in real estate and consider it a good profession to be in and my goal is to be successful
- I believe that Real Estate companies are giving an important service. Many people are not confident enough to handle the buying & selling of property and have no idea where to start. We give our time, knowledge and people skills often for no return financially and are happy to do so and this very often leads to a commission further down the line. I feel the poor reputation given to real estate salespeople is unwarranted and unfair in this day our ethics now are closely scrutinised by the institute and it can be extremely costly if we break the rules.
- *Company* prides themselves of the service they give to their clients and vendors. Their standards they set are very high
- I am afraid that agents among us who are on the other side with 1,2 answers will not questionnaires back or will not be given the list and they are the ones giving the industry bad perception in the eyes of consumers. But anyway like everywhere in life those 5% are seen so obviously that 95% of hard working, good agents are measured by them as well
- I am aware that people complain about agents that do not return calls or get back to them. This is a double edged sword as it's my experience that clients are/can be very hard to deal with and do not return calls etc.
- Questions all very relevant to real estate, to be a successful sales person you must show and present each of the questions to a maximum potential
- The real estate company should be very professional by providing very good service and very knowledgeable in the real estate field
- *Company* is very vendor focused and ensures that all possible interest from purchasers is presented to the vendor to get the best offer for them. The salespeople do no work in isolation and communicate with each other
- Not enough ethical guidance provided or expected from agents

### **Comments from managers:**

- I believe the real estate industry provide a high quality of service equal to other industries. Unfortunate media criticism does not help our image and find it unfounded as I have worked my way up through the ranks to owner/operator and have always had a high standard of professionalism and ethics and believe my sales people are the same.
- Sales staff are encouraged to verify school zones or professional service advice before presenting to clients as absolute professionalism and integrity are important
- Obviously we strive to deliver the highest level of service, however the quality of salespeople is not always as good as we would wish. Problems with customer relations generally only arise when there is a 'problem' this could be avoidable in many case but often are as a result of situations beyond our control

- I feel that feedback to similar questions put to vendors/purchasers would be vastly different to my own opinions. Unfortunately, the actions of a few tarnish the whole industry
- I will be interested in the results as I would expect most real estate people to say everything is important and is done and many customers to say that these things are important but they are not done – surely that is just human nature.
- These questions relate to my small office only. There are more than 900 salespeople in my company. We are not mortgage brokers so I don't feel we need to know too much only enough to understand if the purchaser is in a position to get a loan
- While all salespeople should be 100% in an ideal world – in reality some salespeople offer a higher standard of service and are more professional than others
- I would be interested in having information gathered around the importance of time in the selling process eg. How important is it to you to complete a sale as quickly as possible. I suspect that getting the deal done is a common aim rather than getting the best price
- Congratulations on getting us some reliable information to help improve our service and our image